

HB

932

COMMITTEE REPORT

(7)

HOUSE

3/4/80

FURTHER: FINANCE

Date: III 4/1 80

Mr. Speaker:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HB 932

"An Act creating the office of rural development, and the Rural Development Council; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

BILL NUMBER AND TITLE: HB 932 Rural Development Council

ORIGINAL SPONSOR: Duncan
RECEIVED FROM: _____

OTHER SPONSORS: _____
FURTHER REFERRALS: Finance

HEARING DATE: 4/11/80

MEMBERS PRESENT:	Bill Parker	X	Pat Carney	X
	Margaret Branson	X	Charlie Parr	X
	Pat O'Connell		Fred Zharoff	
			Ray Metcalfe	X

Gordon Stockdale, Administrative Assistance, Rep. Duncan
Discusses changes in CS work draft with the committee.

Carney - Suggests word change on p. 4 line 14 which would convey the intent of "encourage in the cration and development of enterprises" rather than the use of "corporations".

Metcalfe - Suggests adding a 7-yr. sunset provision.

Branson - Expresses concern that this appears to be just another Council which has no power. What assurance is there that it will do anything?

Stockdale - Believes that having the Lt. Gov. as Chairman of the Council will assure that something is done.

Parr - Suggests that there be wording added on p. 4, a new #6 which would allow that the Council would be responsible for directing the state use of federal money for rural development purposes. This would address Rep. Branson's concern that the group may prove to be powerless.

Concurrence among committee members that these modifications would be made in the Committee Substitute.

COMMITTEE ACTION: CS to be drafted with amendments discussed.

TAPE # 8 SIDE 1 Footage 00-674



Alaska State Legislature

House of Representatives

COMMITTEE MINUTES

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

BILL NUMBER AND TITLE: HB932 Creating Rural Development Council

ORIGINAL SPONSOR: Duncan
RECEIVED FROM: _____

OTHER SPONSORS: _____
FURTHER REFERRALS: Finance

HEARING DATE: 4/7/80

MEMBERS PRESENT:	Bill Parker	X	Pat Carney	X
	Margaret Branson	X	Charlie Parr	X
	Pat O'Connell	X	Fred Zharoff	X
			Ray Metcalfe	

Gordon Stockdale, Administrative Assistant, Rep. Jim Duncan

Reviews changes in the committee substitute for the committee.

Parker - Questions if there is a need for a definition of "rural"? Stockdale responds that by defining one might create a vacuum for the urban areas and create a need to establish such a Council for the urban areas.

Carney - Believes that the Resource Development Council could do the job for the whole state. Stockdale stresses the need to get a cooperative effort for the rural areas.

Parr - Concerned that the office wouldn't be doing anything specific. Questions what the office can do to create industry. Stockdale says the office could access resource capabilities and facilitate use of such resources. Parr doesn't see that this Council is doing anything "different".

Carney - Doesn't like having just the rural areas addressed. Doesn't like policy statements on p. 1 lines 23-26. The renewable resources of the state should be developed and the Council should be composed of representatives of individual industries (fishing, timbering, etc)

Zharoff - Supports p.1 line 24 statement

Parr - On p. 1 line 24 "if there is an economic base" should be added. Doesn't believe in the statement as it stands.

Carney - Rural like style should be taken into consideration but he doesn't believe it should be given highest priority. Sees this as another bureaucratic office. If the thrust is for whole state concerns, then he questions the statements on p.1 lines 24-26 as a problem.

Bob Palmer, Special Projects Coordinator, Office of the Governor
Reviews President's initiative which led to the

COMMITTEE ACTION:

No action

TAPE # 7 SIDE 1 Footage 260-1505

The concept originated in the White House. It is being interpreted by the Governor's Office as involving wide-spread and broadbased representation. Would use "floating" membership in the group to deal with different problems affecting different areas of the state. Improved economic opportunities would be developed. Solutions would need to be prioritized. The designation of the lead agency has taken place with the Agricultural Council being used and there would be provision for private sector representatives as well. There would be a need for a full time staff. Currently two individuals are being considered for the job of Executive Director. An administrative order on the subject is being developed by the Governor. Core group would be established similar to HB932. Regional aquaculture association would be included. Agriculture Action Council reps would be included. The agricultural potential of various areas needs to be expanded and the bottomfish potential developed.

Parr - What would the office do specifically?

Palmer - Would make agricultural loans available.

Parr - Why is a separate Council needed? Why not use the Office of Commerce and Economic Development?

Palmer - The establishment of this separate group is being suggested because the federal government is requiring such a group and has indicated its interest in working with such a group.

Branson - Federal government hasn't done much to stimulate the economy and she believes it is silly to set up such an office to accommodate the federal government.

Palmer - There is a question of whether the monies which are coming into the state are being wisely spent and this group would establish priorities.

Carney - Development oriented people are not included in the proposed legislation. There would be no gain in the addition of this Council. The economic base of the whole state should be considered.

Palmer - The role of the existing Rural Development Council is different. Parr - That expertise should be used.

Palmer - The Governor is doing that and his Administrative Order should be ready shortly.

Carney - Legislative direction is needed. There should be specialists in different areas of expertise to advise this group.



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol

Juneau, Alaska 99811

Official Business

BILL NUMBER AND TITLE: HB 932 Creating Office of Rural Development and Rural Development Council

ORIGINAL SPONSOR: Rules/Request of OTHER SPONSORS: _____
RECEIVED FROM: Budget & Audit (Duncan) FURTHER REFERRALS: Finance

HEARING DATE: 3/19/80 Joint Meeting with Senate C&RA
Present: Sturgulewski, Kelly, Mulcahy, Stimson

MEMBERS PRESENT: Bill Parker X Pat Carney X
Margaret Branson X Charlie Parr X
Pat O'Connell X Fred Zharoff X
Ray Metcalfe X

Rep. Jim Duncan and Gordon Stockdale, Aide to Rep. Duncan testify on the intnet of HB 932, the history and development of the bill. Addressed their concerns relating to the narrow agency lines which are presently used for developing economic policy for rural Alaska. Want to build a role for the state in rural policy formation and want to bring federal and state resources together.

The specifics of the bill were reviewed and outlined for the Committee by Rep. Duncan.

Sen. Sturgulewski asked if it wasn't the role of the Rural Development Council to develop the policy statements and questioned those on pl. 1.

Stockdale - Pointed out the dependency of the rural areas on CETA funding and the instability of such funding and the need to develop self sustaining entities in rural Alaska.

Carney - The Council should be broadened to relate to the whole state. The Council should include representatives from private industry.

Stimson - Questions why the office is in the Office of the Governor rather than C&RA.

Parr - Questions the role of the state in the existence of a village and the policy statements on p.1. Doesn't believe that the state has a role. Asks shy the Dept. of Commerce and Economic Development can't handle the functions being proposed for the Council in this bill.

Duncan - The prime role of the Office and Council would be coordinative.

Parr - Suggests addition on p. 1 line 24 of "where there is or can be developed an economic base.

COMMITTEE ACTION:

No action.

TAPE # 4 SIDE 2 Footage 19-1636

Metcalf - Efforts should be coordinated with groups such as the Fairbanks Town and Viallage Association. But there should not be a policy to develop economic support where it can't be developed.

Duncan - This office would cross agency lines.

Parr - Asks relationship with the cooperative Extension Sedrvce and the Rural Development Council.

Stockdale - There are no executive branch members on the Rural Development Council.

Zharoff - Questions the large size of the board (16 members) and asks why Dept. of Commerce and Economic Development isn't included.

Bob Palmer, Special Projects Coordinator, Office of the Governor White House initiated suggestion for a Rural Policy Group. Thrust was to improve living conditions in rural America. Dept. of Agriculture is the lead agency. The Director of Agriculture is the lead person in Region X. Since the Governor's Office is already pursuing development of such a group and the reorientation of the Agricultural group, duplication of effort would result from the passage of this bill. Committee developed in Governor's Office would be an adjunct of the Agricultural Council.

Parr - Asks if Governor is planning to issue an executive order on the subject?

Palmer - Action Council has been given directive and that will be formalized

Stimson - Sees it as inconsistent that Agricultural Council would head up use of rural development money in Alaska. Focus would not necessarily be strictly agriculture.

Zharoff - Asks how Governor is defininf "rural".

Palmer - This has not been defined.

Mike DeMann

Discussed history of Dept. of C&RA and its origin in the Rural Development Office. Concern that there was no operational program to go along with the policy group. Ak. needs to get its own rural policy act together. We can make a stronger case with the federal government if we have our act together. Membership in the Council needs to be broad. Commerce and Ec. Developemtn is a resource as is DPDP. Sees Office as an opportunity to get the State's act together and to maximize initiative of the Federal Government.

Spud Williams, Tanana Chiefs Conference

Concerned that this is another "social club". Statewide organization needs to be decentralized. In the Interior an economic development district has been formed. Why create another organization? We are creating layers and layers of government on the central level. This can't work. Decentralize through the native non-profits. Local control is necessary.

Carney - Shares some of Williams' concerns but not his negative approach.

Williams - Make the existing Departments work. Step on tail of Dept. of C&RA and make it work as an advocacy group. It could in fact be economically oriented. It has a rural perspective or "had" such a perspective.

Jeff Smith, Director of Planning, Maneeluk

Regional Strategies are a broad planning effort currently underway in his region. Economic development needs to be specifically addressed. HB932 is excellent. Past policy is to do things "to" rather than "with" people. People want to have a say.

Parr-If initiative is coming from the people, then State and federal governments should be responded to the requests.

Sturgulewski - Problem is lack of coordination. There is no relationship with operating agencies in the direction of rural policy.



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Billy Berrier
FROM: Marjorie Gorsuch
DATE: 4/11/80
RE: CS HB932

Billy,

Attached is the latest version of HB 932 which has been passed out of committee with the following modifications to be included in a new CS:

p. 4 Lines 14-15 Rewrite as follows:

- (5) encourage and assist in the creation and use of regional development enterprises.
- (6) subject to the approval of the Governor, an appropriation by the legislature to this council will direct the state use of federal monies for rural development.

Sunset Provision

The Committee also wants provision for a sunset review of this piece of legislation after a seven year period of time.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 932
 Title An Act creating the office of rural development, and the Rural Development Council
 Requested by Representative Duncan Date 4-11-80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Local Government Assistance Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE 4-11-80 PREPARED BY *DM* Palmer McCarter
 AGENCY Community & Regional Affairs
 PHONE 465-4707
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K-STATE CAPITOL
JUNEAU, ALASKA 99811

465-3600

April 15, 1980

The Honorable Russ Meekins
Chairman, House Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

*Received after
bill was passed
out of Committee*

Re: CSHB 932, relating to
rural development

Dear Mr. Chairman:

We wish to call to your committee's attention some legal problems presented by CSHB 932, a bill establishing the office of rural development and the rural development council.

The bill provides for members of the legislature to serve on the rural development council then vests the council with a veto power over the expenditure of federal money for rural development. As you know, the ruling in Kelley v. Hammond was that the constitution does not permit that arrangement. Moreover, by vesting the council with that power and with the duty of providing policy direction for the office of rural development and assisting it in its activities, the bill necessarily makes membership on the commission a public office. Members of the legislature may not, of course, hold other office. Begich v. Jefferson, 441 P.2d 27 (Alaska 1968). Were they to accept appointment to this commission, they might forfeit their office as legislators, that being the general rule.

Additionally, the bill provides (Sec. 44.19.220) for the director of the office of rural development to hire staff and determine their compensation, within the budget limits. No reason occurs why this office should be different from others and not staff and fund positions in accordance with the same rules and procedures as all other agencies. This provision implies a difference.

We would recommend that lines 7-8 on page 2 of the

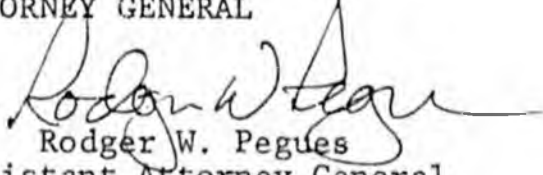
The Honorable Russ Meekins, Chairman
House Finance Committee
April 15, 1980
Page #2

bill be deleted, that lines 25 and 26 on page 2 be deleted, that everything after the word "council" on line 11 and all of lines 12 and 13 on page 3 be deleted, that the words "legislative co-chairman," on line 29 on page 3 be deleted, and that the first sentence on lines 19-20 on page 4 be deleted.

We appreciate this opportunity to bring these matters to your attention.

Sincerely yours,

AVRUM M. GROSS
ATTORNEY GENERAL

By: 
Rodger W. Pegues
Assistant Attorney General

RWP/pjg

cc: Honorable Bill Parker, Chairman
House Community & Regional
Affairs Committee

4/16/80

Meeting

Gordon Stockday, A.A. Jim Duncan
Billy Berrier, LAA
Marjorie Gorsuch, A.A. House C&RA

Discussed change in wording on
p. 2 line 6 to reflect intent of
committee . Would read:

Appropriations for rural development
from federal money be expended only with concurrence
of the Council.

Alaska State Legislature

TELECONFERENCE HEARINGS



DATE:

LOCATION:

SUBJECT:

NAME	REPRESENTING	ADDRESS	PHONE	HERE TO OBSERVE	HERE TO TESTIFY
Anika Tritonmel	TWO AL CAP	327 Eagle, Anch.	279-2511	✓	
Carol J Kaehle	Comm. & Reg. Affairs	Pouch B, Juneau, AK	465-4711	✓	
Jean Schramm	Comm. & Reg. Aff.	Pouch B, Juneau	465-4711	✓	
Andrew W. Dooan	TLINGIT-HAIDA CENTRAL COUNCIL	1 SEALASKA PLAZA JNU, AK. 99801	6-1432		X
Arlene G. Dilts	Central Council of the Tlingit & Haida Indian Tribes of Alaska	One Sealaska Plaza, Suite 200 Juneau 99801	586-1432	✓	
Jolly Rue	DFWP	RICH AD. JUNEAU	465-3573	✓	
Gordon Wickdale	Budget & Audit	Pouch V Juneau	465-3853	✓	X
Jon D. Halliwell	MAYOR OF HAINES	P.O. Box 179 - HAINES	766-2338		X
Gerald Anlon	here on RSVF for Government	P.O. Box 48 Iliamna AK 99606	571-1232	✓	
Bob James	USDA - Forest Service	Box 1628, Juneau 99802	586-7510	✓	
Robert L. Larson	Sealaska Corp	One Sealaska Plaza	586-1512		X

JUNEAU

ANCH. (BARBARA)

RODGER LANG - AK. NATIVE FOUNDATION

PHIL SMITH - RURAL CAP

JACK RODRICK - FARMERS HOME ADMINISTRATION

~~FBX~~ (Maxim)

Samuel Dementieff

(2)

SITKA (CHARLES)

KK LAR (LARRY)

SILOTTA (CHECK)

CHECK WITH Forule Macilhandy KPB

THE STORE

KODIAK (MARTIN)

BOB REED - KODIAK AREA NATIVE ASSO.

WILLINGHAM (MARTIN)

BETHEL (WALLY)

NOME (BOB)

CHARLES JOHNSON

GEORGE WILSON

NAME	RESIDENCE	TEL.	ADDRESS/NOTE
CLARENCE ANTOQUA	SEALASKA COOP.	586-1572	- address
Kate W. Burstein	F+G Suiport Bldg.	465-4110	- home obs
Lalard Kellard	Alaska Native Brotherhood	586-3301	

KOTZEBUE (MARY)

AL ADAMS

BOB KNOLL

WASILLA (MARY)

ELSIE O'BRIEN

VALVEZ (PAT)

3/28/80

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3/28/86

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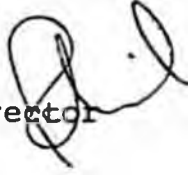
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Rural Alaska Community Action Program, Inc.

TO: DISTRIBUTION

DATE: April 1, 1980

FROM: Phil Smith, Executive Director 

SUBJECT: Attached (testimony on HB 932)

Attached, for your information and comment, is a copy of the testimony I prepared and delivered last Friday before the Joint House/Senate CRA Committees on HB 932.

In essence, it is a good Bill and sorely needed to meet the problems and issues it identifies. My only problem is that it doesn't seem to go far enough to serve as an instrument to truly force the Administration to develop appropriate rural Development policies for Alaska.

I would be interested in your comments and observations. Clearly, the time has come to push this issue.

Thanks for your help.

cc: Rep. Bill Parker
Sen. Arliss Sturgelewski
Rep. Jim Duncan
Bob Knoll, Mauneluk Assn.
Bob Peterson, KANA
Charles Johnson, Kawerak
Roger Lang, ANF
Janie Leask, AFN
Jeff Hiatt, CEDC
Don Argetsinger, Governor's Office
Jim Fisher, USDA
Ms. Lare, DCRA/RDA

Rural Alaska
Community Action Program, Inc.

TESTIMONY OF
PHIL SMITH, EXECUTIVE DIRECTOR
RURAL ALASKA COMMUNITY ACTION PROGRAM, INC.

BEFORE
JOINT HOUSE/SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEES

HB 932

MARCH 28, 1980

LADIES AND GENTLEMEN OF THE JOINT COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS, FOR THE RECORD, MY NAME IS PHIL SMITH. AS EXECUTIVE DIRECTOR OF THE RURAL ALASKA COMMUNITY ACTION PROGRAM, I WELCOME AND APPRECIATE THIS OPPORTUNITY TO TESTIFY ON HOUSE BILL 932, AND TO EXPRESS MY SUPPORT FOR ITS PASSAGE. CLEARLY, THE ISSUE OF RURAL DEVELOPMENT IN ALASKA IS ONE WHICH IS BOTH TIMELY AND APPROPRIATE FOR THE LEGISLATURE TO ADDRESS.

AT THE OUTSET, I WOULD LIKE TO CONGRATULATE THE AUTHOR AND SPONSOR OF THE BILL FOR RECOGNIZING THE SERIOUS PLIGHT OF RURAL ALASKA. FURTHER, THE STATEMENT OF FINDINGS, POLICY, AND PURPOSE CONTAINED IN SECTION 1 OF THE BILL IS LAUDABLE, IF FOR NO OTHER REASON THAN THAT THE BILL PROCLAIMS THE POLICY THAT "VILLAGES AND SMALL COMMUNITIES SHOULD EXIST IN THE STATE." IN SPITE OF THAT IMPORTANT AND SIGNIFICANT POLICY STATEMENT, HOWEVER, SECTION 1 MAY BE A LITTLE TOO OPEN TO INTERPRETATION. TERMS NEED TO BE DEFINED.

FOR INSTANCE, WHAT IS REALLY MEANT BY "RURAL DEVELOPMENT," A "HEALTHY PRIVATE ECONOMIC BASE," AND "THE ADVOCACY OF A PRIVATE ECONOMY?" IF THE ASSUMPTION IS THAT THE PUBLIC INTEREST IS TO BE SERVED BY THE EXISTENCE OF SMALL TOWNS AND VILLAGES IN ALASKA, THEN THE BILL'S EMPHASIS ON DEVELOPMENT OF A "PRIVATE ECONOMIC BASE" SEEMS TO ME TO RESPOND TO ONLY A SMALL PART OF THE CHALLENGE.

THERE IS NO DOUBT IN MY MIND THAT THERE IS A DEMONSTRATED NEED FOR THE STATE OF ALASKA TO DEVELOP AN ECONOMIC POLICY FOR RURAL ALASKA. ABSENT SUCH A POLICY, THE "ECONOMIC CRISIS" REFERRED TO IN THE BILL WILL UNDOUBTEDLY CONTINUE. ALSO, ABSENT SUCH A POLICY, IT WILL BE DIFFICULT, IF NOT IMPOSSIBLE, TO DEVISE AND IMPLEMENT APPROPRIATE POLICIES RELATING TO ENERGY, TRANSPORTATION, TELECOMMUNICATIONS, HUMAN SERVICES, LOCAL GOVERNMENT, AND THE WHOLE HOST OF OTHER PUBLIC ISSUES WHICH IMPACT THE LIVES OF VILLAGE PEOPLE.

- So, yes, we need an economic policy. I am not sure, however, that we need to develop such a policy by transferring all of the assumptions of the Western cash economy onto the backs of village people. An "economic policy" for rural Alaska must be one which is appropriate to each locale, not one that is designed only to maximize capital in the private sector in order to develop businesses for their own sake. An appropriate economic policy for rural Alaska must include a thorough and sensitive analysis of the nutritional/cultural/economic imperative of subsistence. Additionally, it must be planned and it must grow from the village and from the villager's own aspirations. Any "economic policy" devised in Washington or Seattle or Juneau or Anchorage and thrust upon the villages may well do far more harm than good.

Accordingly, as the language of HB 932 is further developed, I would suggest that the statement of findings, policy, and purpose be re-worked to demonstrate a high degree of sensitivity to what rural development is really all about -- that is, the well-being of rural Alaskan people on their own terms, with their own expectations being the bell-wether against which to measure its success, and the freedom and the authority to control their own destiny. It is clearly not enough to import the failing of the Western cash economy to rural Alaska.

All of the above implies a significant and most complex challenge for those who would develop public policy. Unfortunately, the mechanism proposed in HB 932 (the creation of a "Rural Development Council" and a staff position, both lodged within the Office of the Governor) may not be adequate to respond to the issues and concerns that the bill itself identifies.

The pervasive assumption behind the need to create the Council and the Office of Rural Development is that existing mechanisms already available to the Administration (such as the Department of Community and Regional Affairs and other line

DEPARTMENTS AND AGENCIES OF STATE GOVERNMENT, THE DIVISION OF POLICY DEVELOPMENT AND PLANNING IN THE GOVERNOR'S OFFICE, THE STATUTORIALLY AUTHORIZED BUT UNFUNDED RURAL AFFAIRS COMMISSION, AND OTHER STRUCTURES AVAILABLE TO THE GOVERNOR) LACK EITHER THE MANDATE, THE WILL, OR THE DIRECTION TO DO THE JOB. SINCE THERE IS A PERCEIVED LACK OF COMMITMENT ON THE PART OF THE ADMINISTRATION TO FORTHRIGHTLY ADDRESS THE PROBLEM, I AM CONCERNED THAT ALL THIS BILL REALLY DOES IS TO HAND THE GOVERNOR YET ANOTHER STRUCTURE WHICH MAY OR MAY NOT FUNCTION. THEREFORE, BOTH THE POWER AND THE AUTHORITY - OF THE COUNCIL NEED TO BE CONSIDERABLY EXPANDED.

ANOTHER CONCERN I HAVE WITH THE STRUCTURE, SCOPE, FUNCTION, AND MANDATE OF THE COUNCIL, AS OUTLINED BY THE BILL, IS THAT (WITH THE EXCEPTION OF THE DIRECTOR OF THE COOPERATIVE EXTENSION SERVICE OF THE UNIVERSITY), THERE IS NO ROOM FOR FEDERAL INVOLVEMENT. PRESIDENT CARTER'S DECEMBER 20TH PROMULGATION OF THE "SMALL COMMUNITY AND RURAL DEVELOPMENT POLICY" OF THE UNITED STATES GOVERNMENT IS A CLEAR INVITATION AND A CHALLENGE FOR GOVERNORS TO ESTABLISH STATE RURAL DEVELOPMENT COUNCILS AS MECHANISMS FOR INSURING COORDINATION OF JOINT FEDERAL/STATE EFFORTS TO IMPLEMENT LOCAL RURAL DEVELOPMENT PRIORITIES. IN SHORT, THE PRESIDENT IS ASKING STATES TO TELL THE FEDERAL GOVERNMENT WHAT RESPONSES IN FEDERAL POLICY AND PROGRAMS AND FUNDING PRIORITIES ARE NEEDED IN ORDER TO ACTUALIZE THE DEVELOPMENTAL DESIRES OF RURAL AMERICA.

ALTHOUGH I ADMIT IT IS POSSIBLE (EVEN TEMPTING ON OCCASION) TO BE CYNICAL ABOUT THE MOTIVES OF THE FEDERAL GOVERNMENT AS THEY RELATE TO ALASKA, THERE IS EVERY INDICATION THAT, AT LEAST IN THIS INSTANCE, THE PRESIDENT IS SERIOUS. IF THE PURPOSE OF HB 932 IS TO ESTABLISH A STRUCTURE TO TAKE ADVANTAGE OF PRESIDENT CARTER'S RURAL INITIATIVES, IT SEEMS TO ME THAT FEDERAL PARTICIPATION OF THE COUNCIL IS INDICATED.

IN CLOSING, I WOULD LIKE TO REITERATE MY SUPPORT OF HB 932, AND URGE ITS PASSAGE ONCE MORE. AS I NOTED EARLIER, THERE IS A SIGNIFICANT LACK OF POLICY DEVELOPMENT AND POLICY

DIRECTION RELATING TO COMMUNITY DEVELOPMENT IN RURAL ALASKA.
• THAT THIS FACT IS RECOGNIZED BY THE AUTHORS OF THE BILL AND BY THE COMMITTEES HOLDING HEARINGS ON IT IS A SIGNIFICANT STEP IN THE RIGHT DIRECTION. THE WEAKNESSES IN THE BILL WHICH I HAVE NOTED IN THIS TESTIMONY ARE MINOR. SHOULD THE COMMITTEES BE INTERESTED, I WOULD BE HAPPY TO WORK WITH THE MEMBERS TO ASSIST IN DRAFTING APPROPRIATE AMENDMENTS. BEYOND THAT, I AM SURE THAT OTHERS TESTIFYING TODAY WILL LIKEWISE COMMIT THE NECESSARY TIME AND EFFORT TO ASSURE THAT A COMMITTEE SUBSTITUTE EMERGES WHICH CAN DO THE JOB THAT SO DESPARATELY NEEDS TO BE DONE.

THANKS VERY MUCH FOR THE OPPORTUNITY TO TESTIFY.
I WOULD BE HAPPY TO ENTERTAIN ANY QUESTIONS YOU MIGHT HAVE.

BACKGROUND AND DISCUSSION PAPER ON STATE-LEVEL
RURAL DEVELOPMENT COORDINATION

(For Use at December 19 Meeting of USDA Rural Development
Coordinating Committee)

Re:
NAGLE

Background:

1. The President's Policy Statement on Small Communities and Rural Development calls for strengthening the interdepartmental Assistant Secretaries Working Group on Rural Development by designating the President's Assistant for Intergovernmental Affairs or his designee to be cochairperson with the Secretary of Agriculture's designee. The statement also assigns to the Working Group primary responsibility for implementing those programmatic initiatives and reforms requiring interagency coordination and cooperation.

2. In calling for support of state rural development councils to institutionalize and coordinate rural development efforts within state government and to provide a focus for coordination with federal agencies, the White House statement echoed the first three directives to State Rural Development Coordinating Committees listed in Secretary Bergland's Memorandum No. 1979 on Rural Development of March 21, 1979:

- 1) Support the establishment of a governor's rural development council or similar structure for rural development policy management within a State government.
- 2) Work with the governor's council and/or other appropriate agencies in the State to develop State and local rural development strategies.
- 3) Develop strategies for targeting USDA resources and encouraging other Federal and State agencies to cooperatively target their programs on locally determined rural needs.

3. Entities already in existence at the time of the Secretary's Memorandum include the Minnesota Rural Development Council under the Office of the Governor, the Alaska Rural Development Council, and Nevada's Resource Action Council. In recent months, governors in North Carolina, New York, New Mexico, and Arizona have established Rural Affairs Councils with staff support provided in part by Section 111 Rural Planning grants from FmHA. Planning for similar councils is underway in Maine, Vermont, New Hampshire, and Puerto Rico. They have also received Section 111 grants to help staff such councils. The governors of West Virginia and Arkansas are currently considering the official designation of present state Rural Development Committees if membership on them is broadened to include all the federal and state agencies with programs that impact on development in rural areas. The Rural Affairs Councils previously in existence, as well as those recently established, vary widely in structure and in the extent of the involvement of federal agencies.

12 States & Puerto Rico

4. Some outstanding examples of State Rural Development Committees which are successfully involving a wide range of non-USDA federal agencies, as well as state agencies and substate planning districts, include Florida, Massachusetts, Wyoming, Missouri, and Pennsylvania. Other committees that are undergoing revival and restructuring and that show promise of becoming effective interagency coordinating instruments include Washington, Oregon, Idaho, Wisconsin, and Kentucky. In the Kentucky restructuring, consideration is being given to asking the Governor to designate a state cochairperson of the committee who will serve with the elected federal chairperson. *10 states*

Most of the other State Rural Development Committees in both membership and emphasis are dominated by USDA. Although some have involved state agencies, very few have managed to attract the non-USDA federal agencies, such as HUD, EPA, and EDA whose funds account for so much of what is spent on development in rural areas. Although the committees have served as useful forums and coordination instruments for USDA itself, few could be described as effective instruments for coordination of agencies and programs outside USDA.

Action Recommendations:

1. The cochairpersons of the Assistant Secretaries Working Group on Rural Development should:

- a. invite governors who have already established Rural Affairs Councils to include either directly or on relevant subcommittees or task forces the key federal agencies with development programs impacting on rural areas;
- b. invite governors without such councils to establish them with the degree of federal agency involvement that will make the councils the major instrument of rural development coordination as called for in Section 603 of the Rural Development Act of 1972;
- c. request the chairpersons of the Federal Regional Councils to establish rural development task forces or subcommittees for each of the Federal Regions;
- (d) establish a direct tie between the state councils, the FRC committees, and the Assistant Secretaries Working Group on Rural Development;
- e. ask members of the ASWG to direct their respective field staffs to become actively involved in the FRC committees and the state-level Rural Affairs Councils;
- f. in states where governors are reluctant to establish official Rural Affairs Councils, ask the present State Rural Development

Committees to expand their membership or to establish appropriate task forces or subcommittees that would involve the relevant state agencies and such non-USDA agencies as HUD, EPA, EDA, and CSA. Such committees will be considered the major state-level coordination instrument as called for in Section 603 of the Rural Development Act. The Assistant Secretaries who make up the Assistant Secretaries Working Group on Rural Development will be asked to direct the ranking official of their agency in such states to become an active member of the committee.

2. The USDA Rural Development Coordinating Committee should:
 - a. Support the Assistant Secretaries Working Group on Rural Development and the White House Office for Intergovernmental Affairs in carrying out the above recommendations, by
 - (1) urging the chairpersons of the present State Rural Development Committees to reinforce the invitation to the governors by offering assistance in the establishment of a Rural Affairs Council;
 - (2) using the Regional Workshops to win the support and involvement of the Rural Development Committees in the move toward Governors' Rural Affairs Councils;
 - (3) ensuring that nothing of value in the work now going on in the state committees is lost in the creation of new entities.

Implications for Present Rural Development Committees:

1. Where governors' Rural Affairs Councils have been created, the former USDA-initiated Rural Development Committees are urged, but not required, to stay in existence. (In North Carolina, New Mexico, and Arizona, where Rural Affairs Councils have been created, the Rural Development Committees, made up of USDA agency heads, have remained in existence. Their continued existence enables the USDA agencies to respond to the initiatives of the Councils, to suggest certain initiatives to the Councils, and to deal with rural development matters more particularly to USDA.)

2. Where governors' Rural Affairs Councils are created, the present committees might well decide to rename as "USDA Rural Development Liaison Committees" to keep the distinction clear.

3. Because most of the present State Rural Development Committees are, in effect, USDA committees, with 11 of them now using USDA in their titles, little change would be necessary.

4. For those few present committees that are recognized by governors, state agencies, and non-USDA federal agencies as broadly representative federal/state coordinating instruments, some will very likely be asked to evolve more formally into a governor's officially designated Rural Affairs Council.

5. Since most of the present Small Farm and Land Use Committees are ~~related or subcommittees~~ or otherwise, to the present Rural Development Committees, a number of options are possible.

- a. Some might become subcommittees or task forces of a governor's Rural Affairs Council.
- b. Some might emerge as separate committees within the structure of the new USDA State Coordination and Administration Committees. (This would certainly be the case should a Rural Development Committee decide to dissolve itself.)
- c. Most will most likely remain and be related to a USDA Rural Development Liaison Committee.

Criteria for Governors' Rural Affairs Councils:

Much more thinking needs to be done. Such entities are pioneer efforts in federalism and public administration. Useful for discussion purposes are some criteria that apparently were considered in the establishment of the New York Rural Affairs Council. As described by the Council's co-vice chairperson, Karen Noble Hanson, the minimum requirements considered for the Council were:

- 1. Include at least five to six federal agencies.
- 2. Include major state agencies having rural development mandate or programs.
- 3. Have representation at the highest level of these agencies so that policy-level persons were present and able to make decisions.
- 4. Be chaired by the Governor or Lieutenant Governor, personally, with co-chairs of USDA and other state agencies.
- 5. Having working committees that would bring thoughtful program, legislative, and regulatory ideas or concerns to its attention. The committee would transmit these ideas to the proper state or federal officials.
- 6. Have the blessing and support of the Governor's office.
- 7. Be negotiated by written agreement.
- 8. Be staffed initially by a person from a Section 111 FmHA grant, eventually by the state government directly.

*state
legislative?*

The New York Rural Affairs Council is chaired by the Lieutenant Governor. Co-Vice chairpersons are the head of New York's State Agriculture and Markets Department and the USDA Regional Representative to the Federal Regional

Council. Federal agencies serving are: USDA, HUD, HEW, CSA, DOT, EPA, and EDA. Nine state agencies are included. Four subcommittees (agriculture, economic development, health, and housing) do the major work of the Council.

As described by Ms. Hanson, "All USDA agency heads have been invited to serve on all subcommittees of the Council. In addition, all USDA agency heads will serve on the subcommittee on agriculture." Apparently, although only one USDA representative will be a member of the Council itself, all USDA agency heads will be invited to all Rural Affairs Council meetings.

Calendar No. 183

96TH CONGRESS
1st SESSION**S. 835**

[Report No. 96-171]

To extend the Appalachian Regional Development Act and title V of the Public Works and Economic Development Act of 1965 and to provide for a nationwide system of multistate regional development commissions to promote balanced development in the regions of the Nation.

IN THE SENATE OF THE UNITED STATES

MARCH 29 (legislative day, FEBRUARY 22), 1979

Mr. RANDOLPH (for himself and Mr. MOYNIHAN) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

MAY 15 (legislative day, APRIL 9), 1979

Reported by Mr. RANDOLPH, with amendments and an amendment to the title

[Omit the part struck through and insert the part printed in italic]

A BILL

To extend the Appalachian Regional Development Act and title V of the Public Works and Economic Development Act of 1965 and to provide for a nationwide system of multistate regional development commissions to promote balanced development in the regions of the Nation.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Regional Development
4 Act of 1979".

5 SEC. 2. (a) Multistate regional commissions, established
6 under the Appalachian Regional Development Act of 1965
7 and title V of the Public Works and Economic Development
8 Act of 1965, and strengthened under the Regional Develop-
9 ment Act of 1975, have displayed a strong potential for in-
10 creasing State and substate efforts in behalf of regional con-
11 cerns. Significant opportunities and problems demanding
12 multistate regional cooperation and State participation
13 remain. In addition, a new range of national problems having
14 regional dimensions has appeared, including community con-
15 servation, energy development and conservation, transporta-
16 tion, and export development.

17 (b) In the Regional Development Act of 1975, the Con-
18 gress provided regional commissions with broader authorities
19 and placed the title V regional commissions with the Appala-
20 chian Regional Commission in a common framework in
21 which all commissions were encouraged to address shared
22 development problems and issues of regional transportation,
23 health, education, and energy development.

24 (c) The potential of multistate decisionmaking when ap-
25 plied to programs and projects of regional significance indi-

1 states the desirability of expanding the regional commissions
2 to cover the entire Nation. The Congress finds that all States
3 should be afforded the opportunity to join a regional commis-
4 sion established under this Act. The Congress also finds that
5 multistate regional institutions represent a unique and pro-
6 ductive means of providing incentives for concerted and coop-
7 erative action among groups of States acting together with a
8 Federal representative as a regional commission. The Con-
9 gress also finds that there is need to provide special incen-
10 tives beyond those authorized in existing legislation to im-
11 prove the ability of regional commissions to assist Governors
12 to coordinate regional, State, and substate development
13 programs.

14 (d) Therefore, it *It* is the purpose of this Act to create a
15 nationwide system *authorize creation* of regional commissions
16 and to provide a framework for regional commissions to co-
17 ordinate the efforts of Federal, State, and local governments
18 in (1) planning for growth and change so as to maximize the
19 social and economic benefits and to minimize the costs in
20 activities which will improve the quality of life for the people
21 in all the regions of the Nation; (2) implementing regional
22 programs and projects which can be carried out through in-
23 tergovernmental cooperation; (3) meeting the special prob-
24 lems created in a region as a result of national policies or
25 needs; (4) providing improved means to direct assistance to

1 States for resolving shared and interstate regional problems;
2 (5) providing a new mechanism for improving the ability of
3 Federal programs and policies to function effectively, taking
4 into account specific regional differences and perspectives;
5 and (6) serving as a model for simplified and flexible program
6 administration while meeting statutory objectives. (1) plan-
7 ning and implementing programs to improve the capability of
8 States and local governments to resolve shared and interstate
9 regional problems of economic decline and dislocation due to
10 rapid growth; (2) undertaking shared efforts to establish
11 stable and diversified regional economies and meet basic
12 service needs in areas and communities experiencing econom-
13 ic decline or dislocation due to rapid growth; (3) providing a
14 mechanism for improving the ability of Federal programs
15 and policies to function effectively, taking into account spe-
16 cific regional differences and perspectives; (4) establishing
17 priorities from the regional perspective for public and private
18 investment in areas affected by economic decline or disloca-
19 tion due to rapid growth; (5) fostering creation of regional
20 institutions to address shared problems and encouraging com-
21 monality of services on a regional basis where appropriate;
22 and (6) meeting the special problems created in a region as a
23 result of national policies or needs.

TITLE I

1

2 SEC. 101. This title may be cited as the "Appalachian
3 Regional Development Act Amendments of 1979".

4 SEC. 102. Section 2 of the Appalachian Regional De-
5 velopment Act of 1965 is amended as follows:

6 (1) The fifth sentence of subsection (a) of such
7 section is amended by inserting "including the provi-
8 sion of services to people in the region," after "special
9 problems,".

10 (2) The sixth sentence of subsection (a) is amend-
11 ed to read as follows: "The public investments made in
12 the region under this Act shall be concentrated in
13 areas where there is a significant potential for future
14 growth, including emerging small cities and urban cen-
15 ters and areas affected by energy development, where
16 the expected return on public dollars invested will be
17 the greatest, and in remote and hard-to-reach areas
18 where there are special problems in providing for
19 human service needs.".

20 SEC. 103. Subsection (b) of section 105 of the Appal-
21 chian Development Act of 1965 is amended to read as fol-
22 lows: "To carry out this section there are hereby authorized
23 to be appropriated to the Commission, *to be available until*
24 *expended*, for the *two-year* period ending ~~September 30,~~
25 ~~1983~~, *to be available until expended, such sums as may be*

1 ~~necessary.~~ September 30, 1981, not to exceed \$7,000,000
2 (of which not to exceed \$1,100,000 shall be available for ex-
3 penses of the Federal Cochairman, his alternate and his
4 staff) and for the two-year period ending September 30,
5 1983, \$8,500,000 (of which \$1,400,000 shall be available
6 for expenses of the Federal Cochairman, his alternate, and
7 his staff).

8 SEC. 104. Section 106 of the Appalachian Regional De-
9 velopment Act of 1965 is amended as follows:

10 (1) Paragraph (5) is amended by adding at the
11 end, "The Office of Personnel Management is further
12 authorized, under such terms and conditions as it shall
13 prescribe, to contract with the Commission *and with*
14 *any regional commission established or recognized*
15 *under the Regional Development Act of 1979* for cov-
16 erage as of the date of the Appalachian Regional De-
17 velopment Act Amendments of 1979 in such retire-
18 ment and other employee benefit programs of the Fed-
19 eral Government, of any employee of the Commission
20 not covered in such programs who gives written notice
21 to the Commission of his desire to come within the
22 purview of such coverage."

23 (2) Paragraph (7) is amended by striking out
24 "1979" and inserting in lieu thereof, "1983".

1 SEC. 105. Title 5, United States Code, is amended as
2 follows:

3 (1) The last sentence of section ~~5445(a)~~ 5334(a)
4 of title 5, is amended by striking out "was a Federal
5 employee immediately prior to such employment by a
6 commission and".

7 (2) Such title is amended by inserting after section
8 6312 a new section as follows:

9 **"§6313. Accrual and accumulation for former Appala-**
10 **chian Regional Commission and title 5**
11 **regional commission employees**

12 "Services rendered as an employee of the Appalachian
13 Regional Commission under section 106(2) of the Appala-
14 chian Regional Development Act of 1965, or of a regional
15 commission established pursuant to section 502 of the Public
16 Works and Economic Development Act of 1965, under sec-
17 tion 506(2) of such Act, *or pursuant to the Regional Develop-*
18 *ment Act of 1979* shall be included in determining years of
19 service for the purpose of section 6303(a) of this title in the
20 case of any employee as defined in section 6301 of this title.
21 The provision of section 6308 of this title for transfer of
22 annual and sick leave between leave systems shall apply to
23 the leave system established for such employees."

24 SEC. 106. (a) Section 201(g) of the Appalachian Re-
25 gional Development Act of 1965 is amended by striking

1 everything after "~~1979~~", and inserting in lieu thereof:
 2 "~~\$400,000,000 for fiscal year 1980; \$500,000,000 for fiscal~~
 3 ~~year 1981; \$550,000,000 for fiscal year 1982; \$550,000,000~~
 4 ~~for fiscal year 1983; \$550,000,000 for fiscal year 1984;~~
 5 ~~\$500,000,000 for fiscal year 1985; and \$470,000,000 for~~
 6 ~~fiscal year 1986.~~". "1980", and inserting in lieu thereof:
 7 "\$350,000,000 for fiscal year 1981; \$400,000,000 for fiscal
 8 year 1982; \$450,000,000 for fiscal year 1983;
 9 \$500,000,000 for fiscal year 1984; and \$500,000,000 for
 10 fiscal year 1985."

11 (b) The third sentence of section 201(a) of the Appala-
 12 chian Regional Development Act of 1965 is amended by
 13 striking "three thousand twenty-five" and inserting in lieu
 14 thereof "three thousand ~~one hundred~~ fifty-eight".

15 (c) Subsection (h) of section 201 of the Appalachian Re-
 16 gional Development Act of 1965 is amended by striking "70
 17 per centum" and inserting in lieu thereof "80 per centum"
 18 and by adding at the end the following: "Projects approved
 19 after March ~~30~~, 31, 1979, and on or before the date of enact-
 20 ment of the Regional Development Act of 1979 may be ad-
 21 justed to receive a Federal share not greater than 80 per
 22 centum."

23 SEC. 107. (a) Section 202 of the Appalachian Regional
 24 Development Act of 1965 is amended by adding the follow-
 25 ing new subsection:

1 “(f)(1) The Commission may make grants to the States;
2 including grants for reasonable administrative expenses, for
3 innovative projects and for demonstrations approved pursuant
4 to section 303, of methods and techniques for meeting human
5 services needs of individuals and families in the region which
6 the Commission determines cannot reasonably be
7 accomplished under other provisions of this title or other
8 Federal programs, and shall give special emphasis to demon-
9 strations serving people in the more remote and hard-to-
10 reach areas of the region and in areas impacted by energy
11 development.

12 “(2) States may carry out such demonstrations directly,
13 or through the employment of private individuals or firms
14 under contracts entered into for such purposes, or through
15 arrangements with public bodies and private nonprofit
16 organizations.

17 “(3) Demonstrations may be funded entirely from appro-
18 priations to carry out this Act or in combination with funds
19 available under other Federal grant-in-aid programs or from
20 any source. Notwithstanding any provision of law limiting
21 the Federal share in any such other program, funds appropri-
22 ated to carry out this subsection may be used to increase
23 such Federal share as the Commission determines appropri-
24 ate to a maximum of 80 per centum. No component of a
25 demonstration shall receive financial assistance under this

1 title after five years following the commencement of the as-
2 sistance for such component.”.

3 **(b)** *The seventh sentence of section 202(c) of the Appala-*
4 *chian Regional Development Act of 1965 is amended by*
5 *striking everything after “except” and through “child devel-*
6 *opment demonstrations” and inserting in lieu thereof “that*
7 *child development demonstrations assisted under this section*
8 *during fiscal year 1979 may, upon State request, be ap-*
9 *proved under section 303 of this Act for continued support*
10 *beyond that period”.*

11 **SEC. 108.** (a) Section 207(c)(2) of the Appalachian Re-
12 gional Development Act of 1965 is amended by—

13 (1) inserting “(including land acquisition)” after
14 “reasonable site development costs”;

15 (2) striking “10 per centum” each place it occurs
16 and inserting in lieu thereof “25 per centum”; and

17 (3) adding at the end thereof “The Secretary (or a
18 State acting under subsection (e) of this section) shall
19 assure that reductions in the cost of housing units due
20 to the acquisition of land pursuant to this section shall
21 accrue to the benefit of ultimate purchasers or tenants
22 of such housing units and not to the financial benefit of
23 any profitmaking entity.”.

1 (b) Section 207 of the Appalachian Regional Develop-
2 ment Act of 1965 is amended by adding the following new
3 subsections:

4 “(f) In furtherance of the purposes of this section, at the
5 request of the Commission *in accordance with section 303 of*
6 *this Act* the Secretary of Agriculture is authorized to use all
7 of the authority to acquire land under the provisions of sec-
8 tion 601(c) of the Powerplant and Industrial Fuel Use Act
9 (Public Law 95-260). Funds for such acquisition shall be
10 provided under this section or by the affected State.

11 “(g) The Commission is authorized and directed to un-
12 dertake a demonstration of appropriate incentives or pro-
13 grams to attract large scale housing developers to operate in
14 the central Appalachian region. In conducting such demon-
15 stration, the Commission, after consultation with potential
16 developers and to the extent practical, shall select at least
17 three sites or areas, and the Commission is authorized to use
18 the authority of this section or section 302 of this Act.”.

19 SEC. 109. Title II of the Appalachian Regional Develop-
20 opment Act of 1965 is amended by inserting after section
21 208 the following new section:

22 “BUSINESS, RAILROAD, AND ENERGY RESOURCE
23 ACTIVITIES

24 “SEC. 209. (a) In order to assist in stimulating agricul-
25 ture, mining, construction, manufacturing, commercial, and

1 other economic activities in the region, including the develop-
2 ment of indigenous arts and crafts, the Commission is author-
3 ized to make grants approved pursuant to section 303 to the
4 States, including grants for reasonable administrative ex-
5 penses, for—

6 “(1) Business related technical assistance, includ-
7 ing entrepreneurial development, management advice,
8 market analyses, and utilization or financial feasibility
9 studies.

10 “(2) Establishing revolving funds to be used for
11 business, agricultural and forestry enterprise develop-
12 ment loans, with special emphasis on loans furthering
13 development opportunities for entrepreneurs that are
14 identified through technical assistance activities under
15 this Act.

16 “(3) Making grants for—

17 “(A) Projects for the acquisition of rail prop-
18 erties by public bodies where critical to a State
19 investment program approved pursuant to section
20 303. No such grant for a project shall exceed 80
21 per centum of the cost thereof, and the non-Fed-
22 eral share may be in cash or in kind, fairly evalu-
23 ated, including but not limited to equipment and
24 services.

1 “(B) Projects for the rehabilitation, repair,
2 and modernization of rail properties (except roll-
3 ing stock) where critical to a State investment
4 program approved pursuant to section 303. No
5 such grant for a project shall exceed 50 per
6 centum of the cost thereof, and the non-Federal
7 share may be in cash or in kind, fairly evaluated,
8 including but not limited to equipment and
9 services.

10 “(4) Demonstration projects in connection with
11 the development, production, utilization, and conserva-
12 tion of the region's energy resources, including site de-
13 velopment where necessary for the feasibility of
14 projects.

15 “(5) *Assistance to communities in maintaining,*
16 *restoring, or augmenting commercial air passenger*
17 *service, but not including capital assistance or operat-*
18 *ing subsidies.*

19 “(b) States may carry out such activities directly, or
20 through the employment of private individuals or firms under
21 contracts entered into for such purposes, or through arrange-
22 ments with public bodies and private nonprofit organizations.

23 “(c) Assistance under this section may be funded
24 entirely from appropriations to carry out this Act or in com-
25 bination with funds available under other Federal grant-in-

1 aid programs or from any service. Notwithstanding any pro-
2 vision of law limiting the Federal share in any such other
3 program, funds appropriated to carry out this section may be
4 used to increase such Federal share as the Commission deter-
5 mines appropriate.”.

6 SEC. 110. The first sentence of subsection (c) of section
7 214 of the Appalachian Regional Development Act of 1965
8 is amended by striking “December 31, 1978” and inserting
9 in lieu thereof “October 1, 1983”.

10 SEC. 111. *The last sentence of section 302(b)(1) of the*
11 *Appalachian Regional Development Act of 1965 is amended*
12 *to read as follows: “No more than \$5,000,000 shall be obli-*
13 *gated for such energy resource related demonstrations in any*
14 *fiscal year under this section or section 209(c)(4), and no*
15 *more than \$2,500,000 shall be obligated for such indigenous*
16 *arts and crafts demonstrations.”.*

17 SEC. 112. *Section 302(b) of the Appalachian Regional*
18 *Development Act of 1965 is amended by adding the following*
19 *new paragraph:*

20 *“(5) The Commission shall investigate, seek op-*
21 *portunities for, and report on the use of technical as-*
22 *sistance and demonstration authority under this section*
23 *and assistance under section 207 to increase the use of*
24 *solar energy equipment in residences in the Appala-*
25 *chian region, to assist in the standardization of such*

1 *equipment, to encourage financing by regional credit*
2 *institutions and Federal programs of installations of*
3 *such equipment, and to facilitate inclusion of solar*
4 *energy equipment installation costs in residential mort-*
5 *gage financing. The Commission is authorized to con-*
6 *duct pilot projects to put in practice the findings of*
7 *such investigation."*

8 *SEC. 113. Title II of the Appalachian Regional*
9 *Development Act of 1965 is amended to add a new sec-*
10 *tion 304 as follows:*

11 *"SEC. 304. The Commission shall provide for the*
12 *continuing evaluation of projects and programs author-*
13 *ized under this Act which shall include measures of*
14 *their effectiveness in achieving the goals and objectives*
15 *prepared pursuant to sections 102(a)(1) and 225 of*
16 *this Act. The Commission shall prepare an annual*
17 *evaluation program which (1) includes a statement of*
18 *specific actions that have been or will be taken as a*
19 *result of previous evaluations, and (2) lists those spe-*
20 *cific program evaluations to be performed during the*
21 *current and succeeding years, including the estimated*
22 *cost of conduct such evaluation."*

23 ~~SEC. 114.~~ *114. Section 401 of the Appalachian Region-*
24 *al Development Act of 1965 is amended to read as follows:*

1 “SEC. 401. (1) In addition to the appropriations author-
2 ized in section 105 for administrative expenses, and in sec-
3 tion 201(g) for the Appalachian development highway system
4 and local access roads, there are authorized to be appropri-
5 ated to the President, to be available until expended, to carry
6 out this Act *and the Regional Development Act of 1979*,
7 \$340,000,000 for the two-fiscal-year period ending Septem-
8 ber 30, 1981, and \$380,000,000 for the two-fiscal-year
9 period ending September 30, 1983.

10 “(2) No more than 25 per centum of the funds available
11 for obligation in any fiscal year under this section shall be
12 obligated for direct grants by the Commission to carry out
13 the purposes of sections 202(f), ~~207(e)~~, and 209.”.

14 *SEC. 115. Section 403 of the Appalachian Regional*
15 *Development Act of 1965 is amended by adding the follow-*
16 *ing:*

17 *“The Commission is authorized and directed to study*
18 *whether, in view of the purposes set forth in section 2 of this*
19 *Act and in the Regional Development Act of 1979, any coun-*
20 *ties contiguous to the Appalachian region should be added to*
21 *the region or remain in regions established or recognized*
22 *under the Regional Development Act of 1979, and whether,*
23 *in view of such purposes, any such counties or blocks of*
24 *counties currently in the Appalachian region should be trans-*
25 *ferred to a region established or recognized under the Region-*

1 *al Development Act of 1979. Such study shall be conducted*
2 *in conjunction with the study required under the last sen-*
3 *tence of section 308 of the Regional Development Act of*
4 *1979, and the results of such study together with any recom-*
5 *mendations shall be submitted to the Congress not later than*
6 *two years after enactment of the Appalachian Regional De-*
7 *velopment Act Amendments of 1979."*

8 SEC. ~~412~~ 116. Section 405 of the Appalachian Region-
9 al Development Act of 1965 is hereby repealed.

10 TITLE II

11 SEC. 201. This title may be cited as the "Regional
12 Commission Act of 1979".

13 SEC. 202. (a) The Secretary shall recognize appropriate
14 "development regions" within the United States upon the
15 written request of the Governors of the States in which such
16 region will be wholly or partially located if the Secretary
17 finds that there are common cultural, economic, geographic,
18 natural resource, and social relationships among the areas
19 within such region *and that the region is of sufficient geo-*
20 *graphic size and population to warrant recognition.*

21 (b) It is the intention of the Congress that every area of
22 the Nation ultimately be included in a development region,
23 *but not in more than one each area of the Nation be included*
24 *in not more than one development region.*

1 (c) It is the intention of the Congress that every region
2 consist of two or more States, except in the case of Alaska if
3 the Secretary determines that a multistate approach is not
4 practical, which is hereby recognized as the Alaska Develop-
5 ment Region.

6 (d) The boundaries of a region may be subsequently
7 altered in the same manner as they were established.

8 ESTABLISHMENT OF REGIONAL COMMISSIONS

9 SEC. 203. (a) Upon the recognition of a development
10 region, the States shall establish a regional development
11 commission for such region. *In the case of the Alaska Develop-*
12 *ment Region, at the request of the Governor of Alaska, the*
13 *Secretary shall take any action necessary to establish and*
14 *operate the Alaska Regional Development Commission not*
15 *later than October 1, 1979.* Any such commission shall be
16 established and shall operate in accordance with section 502
17 (b) through (e) of the Public Works and Economic Develop-
18 ment Act of 1965. Sections 505(b), 506, 507, and 508 of
19 such Act shall apply to each such commission.

20 (b) Each regional commission established pursuant to
21 the Appalachian Regional Development Act of 1965 or title
22 V of the Public Works and Economic Development Act of
23 1965 shall continue in operation under this Act unless bound-
24 aries or State membership of such commission are altered
25 pursuant to this Act.

1 SEC. 204. (a) In carrying out the purpose of this Act,
2 each regional commission shall, with respect to its region:

3 (1) in accordance with title III of this Act, de-
4 velop and implement a regional growth policy process
5 which shall include the preparation of (i) a multiyear
6 regional development plan with policies and priorities
7 for action programs to guide Federal, regional, State,
8 private, and substate investments, and (ii) annual re-
9 gional investment strategies which include specific poli-
10 cies and investment proposals affecting Federal, re-
11 gional, State, and substate participation in support of
12 regional growth policies and priorities;

13 (2) develop and implement mechanisms for coordi-
14 nating the development and growth management activ-
15 ities of State governments and substate entities with
16 regional policy development, including, but not limited
17 to, economic development, coastal zone management,
18 comprehensive planning, environmental protection,
19 energy conservation and development, transportation,
20 *cultural resource development*, outdoor recreation plan-
21 ning, and implementation programs;

22 (3) conduct, in cooperation with relevant Federal
23 and State agencies and private resources, research on
24 and analysis of interstate and shared problems, re-

1 sources, and opportunities for advancing regional
2 development;

3 (4) provide consultation to and continuing liaison
4 with Federal Regional Councils and those Federal
5 agency members whose planning and development ac-
6 tivities bear on regional priorities, policies, and plans
7 regarding the regional interest in such activities;

8 (5) advise Federal agencies that fund multistate
9 organizations not covered by this legislation on the
10 relevance of such funding to regional commission plans,
11 priorities, policies, and programs and on the steps re-
12 quired to avoid duplication of activities;

13 (6) provide a working liaison (A) with private
14 sector leadership, especially those which operate at the
15 multistate level; (B) with other multistate organizations
16 including other regional commissions; and (C) with sub-
17 state entities engaged in functional or comprehensive
18 planning which bears on the fulfillment of regional
19 plans, priorities, and policies;

20 (7) engage in cooperative activities with other
21 regional commissions established under this Act, with
22 other regional organizations, with local governments,
23 and with Federal agencies.

24 (b)(1) As the Presidentially appointed Federal partner to
25 the Governors, each Federal Cochairman has the dual re-

1 sponsibility of presenting the national perspective to the re-
2 gional commission and of communicating the regional con-
3 cerns of the State members to the Federal Government.
4 Each Federal Cochairman is responsible for coordination and
5 cooperation between the Commission and Federal depart-
6 ments and agencies. As a member of a commission, each
7 Federal Cochairman has the responsibility for fostering the
8 development of a collaborative institutional setting in which
9 both State and Federal members jointly determine regional
10 development policy.

11 (2) Each Federal Cochairman shall—

12 (A) *present to the Congress, the committee estab-*
13 *lished under section 302 of this Act, other affected par-*
14 *ties, and except in the case of the Appalachian Region-*
15 *al Commission, the Secretary, on behalf of the Com-*
16 *mission, the regional development plan, annual invest-*
17 *ment strategy, growth policy recommendations, legisla-*
18 *tive recommendations, and reports on the activities of*
19 *the Commission;*

20 (B) encourage Federal departments and agencies
21 to apply their programs and policies to support devel-
22 opment plans, programs and priorities established by
23 the commission;

24 (C) involve Federal departments and agencies in
25 the activities of the Commission, as appropriate;

1 (D) assist the Commission in its participation in
2 the regional growth policy process;

3 (E) to the extent practicable, consult with appro-
4 priate Federal departments and agencies concerning
5 significant programs and projects to be considered by
6 the Commission prior to voting on such matters;

7 (F) represent, in dealings with the Commission,
8 Federal policies affecting regional development estab-
9 lished by the President and, except in the case of the
10 Appalachian Regional Commission, the Secretary;

11 *(G) assure that the Commission gives adequate*
12 *attention to problems and solutions which are shared*
13 *by two or more States in the region and preference to*
14 *projects or programs for which effort by two or more*
15 *States is useful in addressing needs effectively;*

16 ~~(G)~~ (H) take a leadership role in the preparation
17 of the Commission budget for submission *through the*
18 *Secretary (except in the case of the Appalachian Re-*
19 *gional Commission) and such persons as the Secretary*
20 *may designate to the Office of Management and*
21 *Budget and the Congress; and*

22 ~~(H)~~ (I) assure commission compliance with appli-
23 cable Federal fiscal and management requirements es-
24 tablished or identified under section 208 of this Act or,
25 in the case of the Appalachian Regional Commission,

1 established or identified by the Federal Cochairman *or*
2 *such Commission.*

3 Nothing in this Act shall preclude the Federal Cochairman
4 from presenting the Commission's budget to the Office of
5 Management and Budget or from communicating with appro-
6 priate committees of the Congress.

7 (3) When a Federal Cochairman dies, resigns, becomes
8 disabled, is removed, or is absent from the country, a desig-
9 nated assistant or the executive director of the Commission
10 shall perform the routine administrative duties of the Federal
11 Cochairman not involving the exercise of the vote of the Fed-
12 eral Cochairman, until a successor is confirmed or the
13 absence or disability stops.

14 (c)(1) Each Commission shall employ an executive di-
15 rector as the chief administrative officer of the Commission
16 and such other officers and staff as the Commission may de-
17 termine. The executive director shall be responsible for car-
18 rying out the administrative functions of the Commission, for
19 direction of the Commission staff and for such other duties as
20 the Commission may assign. The executive director shall be
21 appointed and may be removed by vote of the Commission.
22 All other officers and employees of the Commission shall be
23 appointed by the executive director under such rules of pro-
24 cedure as the Commission may determine.

1 (2) All appointments and promotions of officers and em-
2 ployees of the Commission shall be on the basis of merit and
3 fitness and no test or qualification with respect to politics,
4 race, color, sex, age, physical handicap, or religion shall be
5 permitted or given consideration. Any officer or employee of
6 the Commission who is found by the Commission to be guilty
7 of a violation of this ~~section~~ *paragraph* shall be removed from
8 office by the Commission.

9 (d) *In addition to the duties set forth in subsection (a) of*
10 *this section, the Alaska Regional Development Commission*
11 *may—*

12 (1) *review resources inventories of Federal agen-*
13 *cies;*

14 (2) *review and make recommendations to the*
15 *President, the Congress, and the Alaska State Legisla-*
16 *ture on Federal, State, and local land use plans and*
17 *proposed activities; and*

18 (3) *assist Alaska Native Regional Corporations*
19 *established pursuant to the Alaska Native Claims Set-*
20 *tlement Act (Public Law 92-203) in preparing land*
21 *use plans.*

22 SEC. 205. (a) An application for a grant or for any other
23 assistance for a specific project under section 207 of this Act
24 shall be made through the State member of the Commission
25 representing such applicant, and such State member shall

1 evaluate the application for approval. No application for
2 grants or other assistance for specific programs or projects
3 under any provisions of this Act shall be approved unless it is
4 certified by the State member and determined by the
5 Commission, including the affirmative vote of the Federal
6 Cochairman—

7 (1) to implement the Commission's regional devel-
8 opment plan;

9 (2) to be described in the Commission's annual
10 investment strategy;

11 (3) to be backed by adequate assurance and evi-
12 dence that the project will be properly administered,
13 operated, and maintained; and

14 (4) to otherwise meet the requirements for assist-
15 ance under this Act.

16 (b) Nothing contained in this Act shall be interpreted as
17 requiring any State or political subdivision thereof to engage
18 in or accept any project under this Act without its consent.

19 SEC. 206. (a) In addition to other activities authorized
20 by this Act, the Secretary is authorized to provide to com-
21 missions technical assistance and incentive grants to aid the
22 commissions in carrying out their responsibilities under this
23 Act and to undertake new program and policy objectives. In
24 general, such assistance may be provided ~~directly~~ through
25 members of the Secretary's staff or through incentive grants

1 to the commissions; ~~or, indirectly,~~ through the payment of
2 funds authorized for this section to other departments or
3 agencies of the Federal Government; through the employ-
4 ment of private individuals, partnerships, firms, corporations,
5 or suitable institutions, under contracts entered into for such
6 purposes; or through grants to institutions of higher educa-
7 tion or nonprofit organizations. Technical assistance may in-
8 clude studies and plans evaluating the needs of, and develop-
9 ing potentialities for, regional development; administrative
10 management; interregional cooperation; research on improv-
11 ing the conservation and utilization of the human, *cultural*,
12 and natural resources of the region; planning, investigations
13 and studies; economic and demographic information and anal-
14 ysis; and ~~innovative projects, demonstrations, and~~ training
15 programs which will further the purposes of this Act. Special
16 provision shall be made to assure that newly formed commis-
17 sions are able to function fully and effectively as soon as
18 practicable.

19 (b)(1) In carrying out its functions under this Act, each
20 commission is authorized to engage in planning, investiga-
21 tions, and studies, and to provide other technical assistance
22 to States, substate areas and communities, both urban and
23 rural, including the payment of administrative expenses to
24 substate planning and development organizations (including
25 economic development districts created under the Public

1 Works and Economic Development Act), which will further
2 the purpose of this Act, and which have been included in the
3 approved annual investment strategy. Such activities may be
4 carried out by the Commission through the payment of funds
5 to departments, agencies, or instrumentalities of the Federal
6 Government, or through the employment of private individ-
7 uals, partnerships, firms, nonprofit corporations, or suitable
8 institutions under contracts or grants entered into for such
9 purposes or through grants-in-aid to agencies of State or
10 local governments. ~~Special provision should be made for the~~
11 ~~development and growth management requirements of small~~
12 ~~towns, counties, and substate districts.~~

13 (2) *In carrying out this subsection each commission is*
14 *authorized to provide assistance to communities in maintain-*
15 *ing, restoring, or augmenting commercial air passenger serv-*
16 *ice, but not including capital assistance or operating subsi-*
17 *dies.*

18 (3) *Each commission shall investigate, seek opportuni-*
19 *ties for, and report on the use of technical assistance and*
20 *demonstration authority under this subsection and section*
21 *207 to increase the use of solar energy equipment in resi-*
22 *dences in its region, to assist in the standardization of such*
23 *equipment, to encourage financing by regional credit institu-*
24 *tions and Federal programs of installations of such equip-*
25 *ment, and to facilitate inclusion of solar energy equipment*

1 *installations costs in residential mortgage financing. The*
2 *commission is authorized to conduct pilot projects to put in*
3 *practice the findings of such investigation.*

4 (c) The Secretary is authorized to make incentive grants
5 to commissions for the following purposes:

6 (1) Encourage and enable States to develop and
7 improve mechanisms for coordinating State develop-
8 ment programs and planning within each State and
9 with commission development programs and planning,
10 with substate development activities and with State
11 budget processes. Such grants are to enable Governors
12 to develop among State agencies and levels of govern-
13 ment a unified set of development objectives for pro-
14 grams such as economic development, comprehensive
15 planning, outdoor recreation, *cultural resource develop-*
16 *ment*, coastal zone management, transportation, and
17 environmental protection.

18 (2) Encourage and enable commissions to develop
19 procedures, including public hearings, consultations,
20 and surveys program review, to enable Governors *and*
21 *State legislatures* to participate in regional growth
22 policy processes for the purpose of shaping Federal and
23 State programs and policies necessary for the success-
24 ful implementation of regional plans.

1 (3) Encourage commission and cooperative State
2 actions augmenting national energy, export, urban, and
3 rural community conservation, and similar policies
4 whose effectiveness would be strengthened by commis-
5 sion and State participation.

6 (4) Encourage other special activities needed to
7 strengthen the overall program including fostering in-
8 terregional cooperation; creating regionally based sys-
9 tems for demographic and economic analysis; expand-
10 ing activities of a multistate character; and increasing
11 State Government financial and other support for com-
12 mission plans.

13 SEC. 207. (a) In addition to any authority under the
14 Appalachian Regional Development Act of 1965 or title V of
15 the Public Works and Economic Development Act of 1965,
16 each regional commission is authorized to provide financial
17 assistance for projects which will further regional develop-
18 ment, ~~as defined in this Act.~~ *the purpose of this Act as ex-*
19 *pressed in section 2(d) (1) and (2).* Such projects may in-
20 clude, but are not limited to, transportation, energy develop-
21 ment and conservation, environmental and natural resource
22 management activities, fisheries, agriculture, tourism, forest-
23 ry, export promotion, business or industrial development,
24 productivity improvements, community conservation and
25 growth management, human resources, vocational, educa-

1 tional and training programs, ~~promotion of~~ *development of*
2 *indigenous* arts and culture, and flood or other natural hazard
3 protection activities. (b) To the maximum extent practicable,
4 each commission shall provide assistance under this section
5 by transferring funds ~~for~~ programs or projects approved by
6 the commission to the heads of Federal departments or agen-
7 cies to be used for—

8 (1) all or any portion of the basic Federal contri-
9 bution to programs or projects under any Federal
10 grant-in-aid program authorized on or before Septem-
11 ber 30, 1983, and for the purpose of increasing the
12 Federal contribution to programs or projects under
13 such programs above the fixed maximum portion of the
14 costs of such programs or projects otherwise authorized
15 by the applicable law; and

16 (2) the Commission contribution to programs or
17 projects and for grants management and technical
18 assistance provided by the department or agency for
19 projects at the request of the Commission.

20 Notwithstanding any other law, the heads of Federal
21 departments and agencies are hereby authorized to accept
22 such funds, to disburse them in accordance with policies
23 adopted by the Commission, and to provide any assistance
24 which may be necessary to carry out the approved program
25 or project. The Federal portion, including the commission

1 portion, of the costs of each program or project assisted shall
2 not exceed 80 per centum of such costs.

3 ~~(e)(1)~~ (b)(1) Each commission may make direct grants
4 to the States or to qualified multistate organizations ~~or re-~~
5 ~~gional organizations established by commissions~~ for innova-
6 tive projects and for demonstrations of unique methods and
7 techniques for meeting the purposes of subsection (a) of this
8 section which the Commission determines cannot reasonably
9 be accomplished under subsection ~~(b)~~ (a) of this section ~~or~~
10 *any other Federal program* and are in accordance with the
11 regional development plan.

12 (2) States may carry out such projects and demonstra-
13 tions directly, or through the employment of private individ-
14 uals or firms under contracts entered into for such purposes,
15 or through grants with public bodies and private nonprofit
16 organizations.

17 (3) Such projects and demonstrations may be funded en-
18 tirely from appropriations to carry out this Act which are
19 apportioned to the commissions by the Secretary or in combi-
20 nation with funds available under other Federal grant-in-aid
21 programs or from any source. Notwithstanding any provision
22 of law limiting the Federal share in any such other program,
23 funds provided to carry out this subsection may be used to
24 increase such Federal share as the Commission determines
25 appropriate. No component of any such project or demonstra-

1 tion shall receive financial assistance under this Act, the Ap-
2 palachian Regional Development Act of 1965 or title V of
3 the Public Works and Economic Development Act of 1965
4 after five years following the commencement of any assist-
5 ance for such component under one of the above Acts.

6 (4) Except as provided in subsection ~~(d)~~ (c), grants for
7 innovative projects and demonstration under *this* subsection
8 ~~(e)~~ may be made for up to ~~100~~ 80 per centum of the costs of
9 any project.

10 (5) No grant shall be provided for an innovative pro-
11 gram or demonstration project unless the ~~Federal Cochair-~~
12 ~~man~~ *Commission as a matter of policy* determines in what
13 respect the project is innovative and what it is intended to
14 demonstrate and certifies that there is a reasonable plan to
15 evaluate the results of the innovation or demonstration by an
16 independent source and to disseminate the results.

17 (6) *No more than 20 per centum of the funds available*
18 *to any commission under this title shall be used for the pur-*
19 *poses of this subsection or subsection (c) of this section,*
20 *unless such commission determines that a greater percentage*
21 *of such funds must be put to such use to implement a major*
22 *objective of the regional development plan addressing a need*
23 *shared by two or more States in the region.*

24 ~~(d)~~ (c) Each commission is authorized to make grants
25 for the operation of any project, including initial operating

1 funds which comprise, among other things, the cost of re-
2 cruiting and training qualified personnel, *for which the Com-*
3 *mission determines that funds for operation are not available*
4 *under any other Federal, State, or local program.* A grant for
5 the operation of any project shall be made only if the project
6 or facility is not operated for profit. Such grants may be
7 made for up to 100 per centum of the costs thereof for the
8 two-year period which begins, for each component facility or
9 service assisted under any such operating grant, on the first
10 day that such facility or service enters into operation as a
11 part of a project. For the next three years of operation, such
12 grants shall not exceed 75 per centum of such costs. No
13 grants for operation of any project shall be made after five
14 years following the commencement of such initial grant for
15 operation of the project. No such grants shall be made unless
16 the Commission is satisfied that the operation of the project
17 will be conducted under efficient management practices de-
18 signed to avoid operating deficits. The Federal contribution
19 may be provided entirely from funds authorized under this
20 section, or in combination with funds provided under other
21 Federal programs.

22 (e) (d) Financial assistance under this section shall not
23 be taken into account in the computation of the allotments
24 among the States made pursuant to any other provision of
25 law. Funds appropriated to carry out this Act shall be avail-

1 able without regard to any limitations on authorization for
2 appropriation in any other Act.

3 (†) (e) No financial assistance shall be provided under
4 this Act to assist private establishments relocating from one
5 area to another or to enable private contractors or subcon-
6 tractors to undertake work theretofore performed in another
7 area by other contractors or subcontractors. Section 704(e) of
8 the Public Works and Economic Development Act shall
9 apply to all financial assistance under this Act.

10 (‡) (f) The authorities and requirements of this section
11 and section 206 of this Act shall supersede and replace the
12 authority of ~~section~~ sections 505(a), 509, 515, 516, and 517
13 of the Public Works and Economic Development Act of
14 1965.

15 (g) *No commission shall provide financial assistance*
16 *under this section for the purposes of allowing a recipient to*
17 *use grant funds to make grants to profit-seeking business en-*
18 *terprises.*

19 (h) *No State and nc political subdivision of such State*
20 *shall be eligible to receive benefits under this Act unless the*
21 *aggregate expenditures of State funds exclusive of local funds*
22 *(other than those originated as revenues collected by the*
23 *State) and Federal funds, and, in the case of the Appala-*
24 *chian Regional Commission, exclusive of expenditures for*
25 *participation in the National System of Interstate and De-*

1 *sense Highways, for the benefit of the area within the State*
2 *located in the region are maintained at a level which does not*
3 *fall below the average level of such expenditures for its last*
4 *two full fiscal years preceding the date of enactment of this*
5 *Act. A commission may recommend a lesser requirement*
6 *when it finds that a substantial population decrease in that*
7 *portion of a State which lies within the region would not*
8 *justify a State expenditure equal to the average level of the*
9 *last two years or when it finds that a State's average level of*
10 *expenditure, within an individual program, has been dispro-*
11 *portionate to the present need for that portion of the State*
12 *which lies within the region. Funds may be provided for pro-*
13 *grams and projects in a State under this Act only if the*
14 *commission determines that the level of Federal and State*
15 *financial assistance under this Act, and under Acts other*
16 *than this Act, for the same type of programs or projects in*
17 *that portion of the State within the region will not be dimin-*
18 *ished in order to substitute funds authorized by this Act.*

19 (i) *Each commission in providing assistance under this*
20 *section shall afford first attention to areas affected by eco-*
21 *nomie decline, and in addition shall address basic service*
22 *needs in areas experiencing dislocation due to rapid growth,*
23 *as appropriate.*

1 COORDINATION

2 SEC. 208. (a) Taking into account all relevant national
3 policies, the Secretary shall coordinate and provide for Fed-
4 eral policy guidance to the Federal Cochairmen.

5 (b)(1) There is hereby established the Regional Develop-
6 ment Council, composed of the Federal Cochairmen of the
7 regional development commissions, which shall serve as a
8 mechanism for consultation regarding policy and administra-
9 tive improvements in the program authorized by this Act.
10 ~~The Council shall elect~~ *Secretary shall select, after consulta-*
11 *tion with the members,* one of its members to serve as chair-
12 man and one to serve as vice chairman. The council shall
13 participate in the liaison and coordination responsibilities pro-
14 vided under section 302 of this Act.

15 (2) There is hereby established in the Department of
16 Commerce an Office of Regional Development, which shall
17 be headed by a Director, appointed by the Secretary ~~in~~ *after*
18 consultation with the Chairman of the Regional Development
19 Council, and composed of such staff as may be necessary to
20 carry out its functions. Such Office shall perform such duties
21 in support of the regional commissions as are ~~requested by~~
22 ~~the commissions or as are~~ prescribed by the Secretary, pro-
23 vide staff for the Regional Development Council, perform re-
24 views and studies, assist the Federal Cochairmen in the prep-
25 aration of the budget for the commission program, facilitate

1 intercommission relationships, and provide supplemental
2 technical and support services as necessary for the Federal
3 Cochairmen. In addition such Office shall, subject to the pro-
4 visions of this Act, assist States in initiating Regional Com-
5 missions or proposed boundary modifications; and assist the
6 Federal Cochairmen in investigating the effects of the Feder-
7 al Government's procurement, scientific, technical, and other
8 related policies upon regional and area development.

9 (c) The Office, with the policy guidance of the Secretary
10 and the Council; Secretary shall identify the basic areas in
11 which minimum standards of fiscal responsibility and man-
12 agement, *including uniform cost principles*, must be adopted
13 to assure that commission activities are consistent with the
14 provisions of this Act. The Office Secretary shall specify such
15 minimum standards *in regulations* and require each regional
16 commission to adopt them as part of their internal regula-
17 tions. In addition, the Office shall adopt, with policy guidance
18 of the Secretary and Secretary shall adopt, after consultation
19 with the Council, procedures and regulations governing—

20 (1) the recognition of regions and changes in
21 boundaries;

22 (2) records to be kept by commissions and recipi-
23 ents of commission funds;

24 (3) administrative policies and procedures devel-
25 oped by the commissions;

1 (4) the establishment and operation of a manage-
2 ment information system covering activities authorized
3 under this Act.

4 (5) *conditions under which the Secretary may*
5 *withhold funds from a commission for violation of this*
6 *Act or any regulations adopted under this Act.*

7 (d)(1) *Each commission shall develop and adopt admin-*
8 *istrative policies and procedures to prevent the overobligation*
9 *of commission funds. Each commission, in accordance with*
10 *this section, shall develop and adopt specific policies and pro-*
11 *cedures to promote economy and efficiency in the administra-*
12 *tion of its programs and operations and to prevent and detect*
13 *fraud and abuse in such programs and operations.*

14 (2) *Each commission shall adopt specific policies and*
15 *procedures to assure that any program or project which re-*
16 *ceives assistance is properly and efficiently administered, op-*
17 *erated, and maintained.*

18 (e) *This section other than subsection (d) shall not*
19 *apply in the case of the Appalachian Regional Commission.*
20 *Such Commission shall consider adopting the minimum*
21 *standards of fiscal responsibility and management and the*
22 *procedures established under subsection (c) of this section.*

23 (f) *The Secretary shall evaluate on an annual basis the*
24 *performance of the regional commissions, other than the Ap-*
25 *palachian Regional Commission, in adhering to procedures*

1 *and regulations established under this section and in imple-*
2 *menting the provisions of this Act.*

3

BONDING, INSURANCE, LIABILITY

4 SEC. 209. (a) The executive director of a commission
5 and such other employees as the Commission requires shall
6 be bonded in such form and amounts as the Commission may
7 require. The Commission may pay the premium for the
8 bonds.

9 (b) The Commission shall purchase insurance and pay
10 the premiums therefor against loss or damage to any of its
11 personal property and against liability for injury to persons of
12 property. Such insurance coverage shall be in such form and
13 amount as the Commission may determine, ~~subject to the~~
14 ~~conditions of any grant from the Secretary.~~

15 (c) The Commission shall be responsible for claims aris-
16 ing out of negligent acts or omissions of its officers, agents,
17 and employees only to the extent prescribed by law generally
18 with respect to officers, agents, and employees of the Gov-
19 ernment of the United States.

20

RECORDS AND AUDIT

21 SEC. 210. (a) Each Commission shall keep such records
22 which will fully disclose the amount and disposition of the
23 funds provided to the Commission, and such other records
24 which will facilitate an effective audit. The records, books,
25 and accounts shall be available for audit by any member of

1 the Commission, *the Secretary (except in the case of the Ap-*
2 *palachian Regional Commission)*, and the Comptroller Gen-
3 eral of the United States or their duly authorized representa-
4 tives.

5 (b) All recipients of assistance from a commission and all
6 contractors of a commission shall keep such records which
7 will fully disclose the amount and the disposition by each
8 recipient of the proceeds of such assistance, the total cost of
9 the project or activity for which such assistance is given or
10 used, and the amount or activity supplied by other sources,
11 and such other records which will facilitate an effective audit.
12 The Secretary *(except in the case of the Appalachian Region-*
13 *al Commission)*, the Commission, the Comptroller General of
14 the United States or any of their duly authorized representa-
15 tives shall have access for the examination and audit of any
16 books, documents, and records of any and all recipients that
17 are pertinent to assistance received under this title. Any re-
18 cipient or contractor who fails to abide by this requirement or
19 who refuses to readily make his books available for inspection
20 and audit by those authorized to audit such records shall not
21 be eligible for further funding under this title.

22 **NONDISCRIMINATION**

23 *SEC. 211. No person in the United States shall, on the*
24 *grounds of race, color, national origin, sex, or physical*
25 *handicap, be excluded from participation in, be denied the*

1 *benefits of, or be subjected to discrimination under any pro-*
2 *gram or activity receiving financial assistance from a region-*
3 *al development commission.*

4 SEC. 211-212. (a) There are authorized to be appropri-
5 ated to the Secretary to carry out this Act other than title I,
6 to be available until expended, for each of the fiscal years
7 1980, 1981, 1982, and 1983, not to exceed \$250,000,000.

8 (b) After deducting such amounts as are required for the
9 administrative expenses of commissions other than the Appa-
10 lachian Regional Commission, the Secretary shall distribute
11 the remainder of the sums appropriated under this authoriza-
12 tion for any fiscal year as follows:

13 (1) beginning in fiscal year 1981 any funds in
14 excess of the sums appropriated for fiscal year 1980,
15 but not to exceed 20 per centum of the total sum ap-
16 propriated each year, ~~to~~ may be set aside for the pur-
17 poses authorized under section 206 (a) and (c) of this
18 Act;

19 (2) the balance of the sums appropriated to be
20 provided to the eligible commissions (other than the
21 Appalachian Regional Commission) to carry out the
22 activities authorized under sections 206(b), 207, and
23 303 of the Act, according to a formula to be developed
24 by the Secretary after consultation with the commis-
25 sions and the Senate Committee on Environment and

1 Public Works and the House Committee on Public
2 Works and Transportation.

3 *(c) Funds appropriated under this section shall be*
4 *provided by the Secretary to each of the Federal Co-*
5 *chairmen for the benefit of the appropriate regional*
6 *commission, in accordance with the distribution estab-*
7 *lished under subsection (b) of this section. Obligation*
8 *of such funds shall be approved by each commission in*
9 *accordance with section 205 of this Act. Each Federal*
10 *Cochairman is authorized to receive and hold such*
11 *funds, subject to the preceding sentence, on behalf of*
12 *such Commission.*

13 TITLE III

14 SEC. 301. This title may be cited as the "Regional
15 Growth Policy Process Act".

16 SEC. 302. (a) The President shall establish an inter-
17 agency committee, or use an existing committee, composed of
18 a senior White House official (who shall chair such commit-
19 tee), *the Chairman of the Regional Development Council,*
20 and senior officials of the departments and agencies con-
21 cerned with regional development activities, to provide
22 means for program coordination and support for the regional
23 commissions and the Federal Government in determining
24 policies and recommendations which will further the purposes
25 of this Act.

1 (b) The President shall assure the provision of effective
2 liaison between the Federal Government and the regional
3 commissions and access to Federal funding and technical
4 assistance for regional development activities.

5 (c) The recommendations contained in each commis-
6 sion's regional development plan and regional growth policy
7 recommendations shall be brought to the attention of the
8 heads of the Federal departments and agencies by the com-
9 mittee established under subsection (a) and its Chairman,
10 acting together with the Federal Cochairman, and a schedule
11 shall be established by the Chairman for review and response
12 by the agencies and departments affected. The Chairman
13 shall assure that discussions necessary to the resolution of
14 any issues occur between representatives of the commissions
15 and those of the affected Federal departments and agencies.
16 The Chairman shall also attempt to identify and encourage
17 solutions to regional issues which involve the participation of
18 two or more departments or agencies. The Chairman, in
19 transmitting such plans and policy recommendations to the
20 Federal departments and agencies, shall assure that, to the
21 extent practicable, adjustments in policies and procedures
22 necessary to the successful implementation of each commis-
23 sion plan will be made.

1 (d) To the extent practicable, the Federal Cochairman
2 of a regional commission shall be appointed as chairperson of
3 the appropriate Federal Regional Council.

4 (e) Each Federal department or agency shall, consonant
5 with law, cooperate with such commissions in assisting them
6 in carrying out their activities under this Act and, to the
7 maximum extent practicable, adjust its procedures and poli-
8 cies in order to assure—

9 (1) its participation in developing and implement-
10 ing each Commission's regional development plan; and

11 (2) coordination among development programs and
12 planning activities within States and between State
13 and regional development programs and planning
14 activities.

15 (f) Federal departments, agencies, and instrumentalities
16 undertaking or providing financial assistance for programs
17 shall take steps to assure that, to the maximum extent practi-
18 cable, such programs are not inconsistent with the goals, ob-
19 jectives, plans, and strategies established by the commissions
20 pursuant to this Act.

21 (g) Each Federal department and agency shall consult
22 with the appropriate commission or commissions in advance
23 of providing financial assistance to any multistate organiza-
24 tion engaged in activities related to the purposes of this title.

1 SEC. 303. (a) Each Commission shall set requirements
2 for State members to prepare and submit for Commission ap-
3 proval a development plan for their States in the region.
4 Such plan shall be revised annually. Each State development
5 plan shall reflect the goals, objectives, and priorities estab-
6 lished in any regional development plan, shall be built upon
7 an assessment of State problems and opportunities that in-
8 volves the participation of *State legislatures*, local govern-
9 ments, the private sector, and substate planning and develop-
10 ment organizations, and shall—

11 (1) describe the State organization and continuous
12 process for comprehensive development planning, in-
13 cluding the procedures established by the State for the
14 participation of development districts in such process;
15 the means by which such process is related to State
16 budget processes; and the method of coordinating de-
17 velopment planning, policies, and programs in the
18 State under this Act and other Federal and State
19 programs;

20 (2) set forth the development goals, objectives,
21 and priorities of the State and identify the needs and
22 opportunities on which such goals, objectives, and pri-
23 orities are based;

24 (3) describe the development program for achiev-
25 ing such goals, objectives, and priorities, including

1 funding sources and recommendations for an imple-
2 menting investment program, including specific projects
3 to receive assistance under this Act, in sufficient detail
4 to explain their contribution to the goals, objectives,
5 and priorities;

6 (4) describe the mechanisms established to assure
7 appropriate opportunity for participation of the private
8 sector in development planning and programing and to
9 coordinate activities between public and private
10 institutions;

11 (5) set forth a system for *periodically* evaluating
12 *in quantitative and qualitative terms, as appropriate,*
13 the effectiveness of plans, programs, and projects af-
14 fecting the attainment of the goals, objectives, and pri-
15 orities of the regional and State plans and programs;
16 ~~including, to the extent feasible, quantified measures of~~
17 ~~impact.~~

18 (b)(1) Substate planning and development districts certi-
19 fied by the State under subsection (c) of this section provide
20 the linkage between State and substate planning and devel-
21 opment. In carrying out the development planning process,
22 including the selection of programs and projects for assist-
23 ance, States shall consult with local planning and develop-
24 ment districts, local units of government, citizens, and
25 private sector organizations, and take into consideration the

1 goals, objectives, priorities, and recommendations of such
2 bodies. The districts shall assist the States in the coordina-
3 tion of substate activities.

4 (2) Each Commission shall develop a plan for and as
5 soon as practicable require the preparation and execution of
6 areawide action programs which specify interrelated projects
7 and schedules of actions together with the necessary agency
8 fundings and other commitments to implement such pro-
9 grams. Such programs shall make appropriate use of existing
10 plans affecting the area. To the extent permitted under this
11 Act, State and substate planning processes shall be designed
12 to coordinate and utilize to the maximum extent possible ex-
13 isting substate institutions and Federal, State, and local pro-
14 grams and projects in the affected areas and shall consider
15 anticipated private as well as public investments.

16 (c) No entity shall be certified as a development district
17 for the purposes of this Act, unless the Governor finds that—

18 (1) it is one of the following:

19 (A) a nonprofit public body organized or
20 chartered under the law of the State in which it is
21 located;

22 (B) an agency or instrumentality of a State
23 or local government;

24 (C) an agency or instrumentality created
25 through an interstate compact; or

1 (D) a combination of such bodies, agencies,
2 and instrumentalities;

3 (2) the proposed district is geographically and
4 politically structured to carry out a comprehensive
5 planning and development program;

6 (3) the district and its governing body have re-
7 sponsibility for all or most of the relevant development
8 planning activities being undertaken in its area;

9 (4) it is part of a single statewide system of devel-
10 opment districts;

11 (5) the governing body of the district is composed
12 of at least a majority of local elected officials of gen-
13 eral purpose local governments from the affected area.

14 *Wherever possible, areawide clearinghouses designated by*
15 *either the Office of Management and Budget or the Governor*
16 *pursuant to section 204 of the Demonstration Cities and*
17 *Metropolitan Development Act of 1966 as amended or title*
18 *IV of the Intergovernmental Cooperation Act of 1968, as*
19 *amended, shall be certified as substate planning and develop-*
20 *ment districts pursuant to this section.*

21 SEC. 304. (a) Within eighteen months after its establish-
22 ment or after enactment of this Act, whichever is later, each
23 regional development commission shall prepare in consulta-
24 tion with Federal, State, interstate, private, and substate de-
25 velopment organizations and local governments, a multiyear

1 development plan for its region. The plan shall reflect and
2 accommodate the goals, objectives, and priorities established
3 in the State development plans accepted by the commission.
4 The plan shall be built upon an assessment of regional prob-
5 lems and opportunities that involves the participation of State
6 and local governments and the private sector in the regional
7 development process and shall give due consideration to the
8 planning and proposed activities of other Federal, State,
9 interstate, substate, and local organizations and governments
10 which may significantly affect the region. The plan shall
11 include the following elements:

12 (1) a review of—

13 (i) prior regional studies of and plans for the
14 region,

15 (ii) the current regional economy and the
16 projected economy based on the best available
17 data,

18 (iii) relevant plans of other public planning
19 bodies and major private sector interests in the
20 region,

21 (iv) multistate and shared problems requiring
22 regional attention,

23 (v) the adequacy of existing Federal, State,
24 and local programs and policies to meet the com-
25 mission's goals and strategies;

1 (2) a framework for the continuing analysis of
2 data needed to conduct effective regional development
3 activities and to make decisions on programs and proj-
4 ect selection;

5 (3) a determination of necessary and feasible
6 regional goals, objectives, and priorities for regional
7 development;

8 (4) a development program to achieve the com-
9 mission's goals and objectives;

10 (5) strategies to implement the plan and recom-
11 mended levels of Federal, State, and local funding for
12 implementing Commission programs to attain the
13 goals, objectives, and priorities; and

14 (6) criteria for the identification and selection of
15 projects which are consistent with the goals of the
16 Commission.

17 (b) Each Commission shall prepare an annual invest-
18 ment strategy on a Federal fiscal year basis to implement its
19 regional plan. This strategy ~~should~~ *shall* include (i) identifica-
20 tion of specific Federal, interstate, State, and substate pro-
21 grams and projects which will assist the commission in re-
22 gional development activities; (ii) proposed funding of activi-
23 ties under this Act or the Appalachian Regional Develop-
24 ment Act of 1965; and (iii) proposed policies which may be
25 adopted by Federal departments and agencies and State and

1 local governments in order to reflect in the administration of
2 their programs and regulations, insofar as applicable statutes
3 permit, perspectives, conditions, and approaches particular to
4 each region and necessary to the successful implementation
5 of the regional plans. Such strategy shall be transmitted to
6 the committee established under section 302 and, except in
7 the case of the Appalachian Regional Commission, the Secre-
8 tary, prior to the start of the new fiscal year, *and* shall be
9 used as the basis of consultation with the heads of Federal
10 departments and agencies through the interagency mecha-
11 nism described in such section.

12 (c)(1) Prior to a commission vote to approve a regional
13 development plan or annual investment strategy under this
14 section, the Federal Cochairman shall have a maximum of
15 seventy-five days in which to review the plan or strategy and
16 seek review by the Secretary in accordance with paragraph
17 (2) of this subsection. The Federal Cochairman shall vote on
18 the plan or strategy only after consultation with appropriate
19 Federal departments and agencies, in order to assure that—

20 (A) the plan or strategy is consistent with na-
21 tional economic and social policies and trends,

22 (B) the plan or strategy addresses shared and in-
23 terstate regional problems and solutions and provides a
24 mechanism for project or program funding selection

1 which adequately attends to such problems and needs,
2 and

3 (C) the plan or strategy reflects interregional con-
4 sistency and compatibility, so that the activities of a
5 commission will not adversely affect the conditions in
6 or plans of another region.

7 (2) Except in the case of the Appalachian Regional
8 Commission, the plan described in paragraph (a) of this sec-
9 tion shall be reviewed by the Secretary and may be disap-
10 proved within sixty days of transmittal, only if the Secretary
11 determines that the requirements of paragraph (1) (A) and (C)
12 of this subsection are not met by the plan.

13 (d) Each commission shall review its multiyear plan an-
14 nually and undertake a formal assessment of such plan every
15 five years.

16 (e) Notwithstanding section 205(a)(1) of this Act, for a
17 period not to exceed eighteen months after the establishment
18 of a commission or the enactment of this Act, whichever is
19 longer, assistance may be provided under this Act on the
20 basis of State development plans and commission annual in-
21 vestment strategies.

22 SEC. 305. (a) The development planning process and
23 the regional growth policy process shall be ~~ultimately based~~
24 ~~on~~ reflect the goals, objectives, priorities, and recommenda-
25 tions of development districts and local governments as re-

1 flected in State development plans. ~~The~~ *To the extent practi-*
2 *cable, the* regional development plan, and annual investment
3 strategies shall be developed from and shall incorporate such
4 goals, objectives, priorities, and recommendations. The State,
5 in the preparation of a State development plan, and the Com-
6 mission, in the preparation of the regional development plan
7 and annual investment strategies, shall accommodate and to
8 the extent practicable harmonize the diverse goals, objec-
9 tives, priorities, recommendations, and needs identified by de-
10 velopment districts and local governments.

11 *(b)(1) To the maximum extent practicable, planning*
12 *processes required or assisted under this Act shall be based*
13 *on and not duplicate existing planning processes and institu-*
14 *tions, and shall make appropriate use of any existing plans*
15 *for the affected area. Planning assisted under section 302 of*
16 *the Public Works and Economic Development Act shall be*
17 *integrated to the maximum extent practicable with planning*
18 *required or assisted under this Act, and such planning shall*
19 *be conducted in conjunction with the review procedure re-*
20 *quired pursuant to title IV of the Intergovernmental Cooper-*
21 *ation Act of 1968.*

22 *(2) Each commission shall establish a satisfactory proc-*
23 *ess of consultation with general purpose local governments*
24 *and local planning and development districts to assure com-*
25 *pliance with section 303(a), (b)(1) and (b)(2) and section*

1 304(a). *Such process of consultation shall provide that any*
2 *local government or development district may petition to the*
3 *commission for review of any action of a State or the com-*
4 *mission inconsistent with such sections.*

5 (b) (c) Public and private sector participation in the de-
6 velopment of the goals, objectives, and priorities of regions,
7 States, and development districts shall be provided for, en-
8 couraged, and assisted. Regional development commissions
9 and member States shall prepare and publish guidelines to
10 assure full opportunity for public and private sector participa-
11 tion in the establishment of such goals, objectives, and prior-
12 ities.

13 SEC. 306. When used in this Act:

14 (1) The term "regional development" means the
15 process of improving conditions and opportunities for
16 individuals, communities, States, and regions through
17 selective management of resources and activities
18 toward the achievement of regional goals in the ap-
19 proved regional plan, including those goals affecting
20 human and cultural resources, institutional, communi-
21 ty, and economic development;

22 (2) The term "commission" refers to a regional
23 development commission established pursuant to this
24 Act, the Appalachian Regional Development Act of
25 1965, or title V of the Public Works and Economic

1 Development Act of 1965, unless the context indicates
2 otherwise;

3 (3) The term "Secretary" means the Secretary of
4 Commerce;

5 (4) The term "State", "States", and "United
6 States" include the several States, the District of
7 Columbia, the Commonwealth of Puerto Rico, the
8 territories of the Virgin Islands, Guam, American
9 Samoa, the Commonwealth of the Northern Marianas,
10 and the Trust Territory of the Pacific Islands;

11 (5) The term "Governor" includes the chief
12 executive officers of the territorial and political units
13 included in the definition of the term "State";

14 (6) The term "regional growth policy process"
15 means the process of developing and communicating
16 recommendations affecting shared and interstate prob-
17 lems of growth and decline set out in the regional plan
18 and annual investment strategy with specific reference
19 to policy recommendations applicable to the Federal,
20 State, and local governments and necessary to the suc-
21 cessful implementation of the plan and strategy;

22 (7) The term "substate planning and development
23 district" is a multijurisdictional entity certified to a re-
24 gional development commission either by the Governor
25 or legislature of the State in which such entity is lo-

1 cated, or by the State officer designated by State law
2 to make such certification, as having responsibility for
3 continuous, coordinated, comprehensive public facilities
4 and services planning. Unless otherwise provided under
5 State law, local development districts previously certi-
6 fied pursuant to the Appalachian Regional Develop-
7 ment Act of 1965 and economic development districts
8 designated pursuant to the Public Works and Econom-
9 ic Development Act of 1965 shall be recognized as
10 substate planning and development districts certified
11 pursuant to this paragraph; and

12 (8) The term "annual investment strategy" means
13 the annual project packages, investment programs, or
14 proposed funding elements of the member States as ap-
15 proved by the Commission and certified by such Com-
16 mission to be consistent with and in furtherance of an
17 approved regional development plan.

18 SEC. 307. (a) Each regional commission shall make a
19 full and detailed report each fiscal year to the Congress, each
20 State member, and the Secretary with respect to the commis-
21 sion's past and proposed activities. The first such report shall
22 be made for the first fiscal year in which a commission has
23 been in existence for more than three months after enactment
24 of this Act. Such reports shall be printed and transmitted to

1 the Congress not later than six months after the end of the
2 fiscal year for which the report is made.

3 (b) Each biennium, each regional commission, with the
4 assistance of the Secretary (except in the case of the Appala-
5 chian Regional Commission), shall submit a report to the
6 Congress of the economic trends, development inhibitors,
7 growth opportunities, and other relevant economic and social
8 data for each region.

9 (c) *Not later than one year after the establishment of the*
10 *Alaska Regional Development Commission pursuant to sec-*
11 *tion 203(a) of title II of this Act, the Secretary shall submit*
12 *a report to the President and the Congress on the following*
13 *issues:*

14 (1) *the desirability of creating a joint Federal-*
15 *State Economic Development and Land Use Planning*
16 *Commission for Alaska, with land use planning and*
17 *classification powers;*

18 (2) *a proposed structure and recitation of func-*
19 *tions and duties of such a commission;*

20 (3) *the extent to which such a commission should*
21 *be integrated with the Alaska Regional Development*
22 *Commission established pursuant to section 203(a) of*
23 *title II of this Act.*

1 *This report shall be prepared in consultation with the Secre-*
2 *taries of the Interior and Transportation and the Governor of*
3 *Alaska.*

4 SEC. 308. Within six months after the first biennium
5 after enactment of this Act, the President shall conduct a
6 comprehensive review of the commissions operating under
7 the authority of this Act. This review shall include, among
8 other things, an evaluation of the commissions' program ef-
9 fectiveness, a determination of the effectiveness of Depart-
10 ment of Commerce management and support of commissions,
11 any recommendations for preferred placement of the program
12 in the executive branch, and an assessment of the progress
13 made in unifying and coordinating federally assisted regional,
14 State, and substate development programs and planning ac-
15 tivities. Within eighteen months after enactment of this Act,
16 the President shall conduct a review of the appropriateness of
17 regional commission and Federal Regional Council bound-
18 aries. The President shall report the results of such reviews
19 to the Senate Committee on Environment and Public Works
20 and the House Committee on Public Works and Transporta-
21 tion.

22 SEC. 309. (1) *There is hereby established a system of*
23 *Border Resource Research Institutes under the jurisdiction*
24 *of the Southwest Border Regional Commission. Within one*
25 *year after enactment of this section, the Commission shall*

1 *designate one university in each border State for membership*
2 *in the system of Institutes.*

3 (2) *It shall be the duty of each such Institute to initiate*
4 *and support research programs in the various fields relative*
5 *to border problems and to provide for educational programs*
6 *and the training of specialists through such research, investi-*
7 *gations, and experiments. Such research, investigations, ex-*
8 *periments and training may include population issues;*
9 *water, land and air resource issues; and other aspects of*
10 *border resource problems, including the dissemination of the*
11 *results of research deemed potentially significant for the solu-*
12 *tion of border resource problems.*

13 (3) *The Commission is hereby charged with the respon-*
14 *sibility for the funding and proper administration of the In-*
15 *stitutes and shall prescribe such rules and regulations as*
16 *may be necessary to carry out these provisions. The Commis-*
17 *sion shall furnish such advice and assistance as will best*
18 *promote the purposes of the Institutes and encourage and*
19 *assist in the establishment and maintenance of cooperation*
20 *by and between the Institutes and between them and other*
21 *research organizations.*

Amend the title so as to read: A bill to extend the Appalacheian Regional Development Act and title V of the Public Works and Economic Development Act of 1965 and to provide for multistate regional development commissions to promote balanced development in the regions of the Nation.''.
''

Calendar No. 183

96TH CONGRESS
1ST SESSION

S. 835

[Report No. 96-171]

A BILL

To extend the Appalachian Regional Development Act and title V of the Public Works and Economic Development Act of 1965 and to provide for a nationwide system of multistate regional development commissions to promote balanced development in the regions of the Nation.

MARCH 29 (legislative day, FEBRUARY 22), 1979

Read twice and referred to the Committee on Environment
and Public Works

MAY 15 (legislative day, APRIL 9), 1979

Reported with amendments and an amendment to the title



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

BILL WORK SHEET

BILL NUMBER HB 932 RE Rural Development Council

Received from _____ Fical Note Requested
Referred to Finance LAA Legal Contact _____

CONTACTS:

Sponsor: Rules Committee by Request of
Leg. Budget & Audit

Duncan

Noted re 3/28/88 hearing

DRDB

Gov's Office

Mark Jacobs, Jr. - Sitka 747-8168

Theright/Haida Central Council 6-132 Andy Chona

Noted re 4/7 hearing

✓ Commerce & Econ. Dev.

✓ Gov's Office

✓ DRDB

REGIONAL DEVELOPMENT ACT OF 1979

MAY 15 (legislative day, APRIL 9), 1979.—Ordered to be printed

Mr. RANDOLPH, from the Committee on Environment and Public Works, submitted the following

REPORT

together with

MINORITY AND ADDITIONAL VIEWS

[To accompany S. 835]

The Committee on Environment and Public Works, to which was referred the bill (S. 835) to extend the Appalachian Regional Development Act and title V of the Public Works and Economic Development Act of 1965 and to provide for a nationwide system of multi-State regional development commissions to promote balanced development in the regions of the Nation having considered the same, reports favorably thereon with amendments and an amendment to the title and recommends that the bill as amended do pass.

GENERAL STATEMENT

Nearly 15 years ago, the Congress recognized the fact that certain regions of this nation were not enjoying the economic viability and prosperity common to the rest of the United States. Lagging regions could attribute their difficulties to a variety of reasons: depletion of natural resources; outmigration of population, technological changes resulting in obsolescence in single-industry areas and geographic isolation, among others. Most of the problems in these economically depressed areas transcended State boundaries.

To carry out an effective program of assistance in these distressed region, in 1965 the Congress authorized the creation of multi-state regional commissions through enactment of the Appalachian Regional Development Act and title V of the Public Works and Economic Development Act. These commissions are partnerships of the States and

the Federal Government. Under the shared guidance of the Governors of the States involved and a Federal representative, a commission's primary responsibility is to develop regional policy to address common problems. Commissions provide a cooperative structure for such problem identification. To carry out a regional investment strategy, a commission provides assistance in assembling, from the array of available existing State and Federal authorities, those programs and projects which will meet the special needs of an area. It works with Federal agencies in selecting and shaping activities appropriate to provide unique responses to regional problems.

It is through regional development commissions that local, State and Federal officials, in spite of individual concerns, can combine resources to address difficulties which are shared by contiguous units of governments. This kind of effort, stemming as it does directly from the people, is vital to the development of workable regional plans. Such a plan must encompass a set of goals and objectives jointly determined by the commission partners after consideration of the views of people from all sections and groups in the region.

The primary purpose and responsibility of the regional commissions established in 1965 was to aid lagging areas—areas of chronic and substantial unemployment and low incomes. This task has not been completed. Strides have been made over the last 10 years and disparities between regions have narrowed. But differences still exist and the widest disparities exist between areas within regions. The commissions are to continue to give first priority to areas of decline. These areas most need help to move forward. Because the problems are deep seated and long-standing, they require the combined ingenuity and resources of the States and Federal Government. Coherent, coordinated strategies must be planned and adhered to. Investment must be concentrated and planned over a long period. There is no short cut to remedy the years of decline. During consideration of this legislation, the Committee reaffirmed its intent that the first priority of a commission is to address declining areas.

States have argued that the commission structure is useful in helping them to cope with sudden, rapid growth and the dislocations such growth brings to a region. The Committee agrees and has expanded the authority to plan for and coordinate policies to deal with dislocations in areas of rapid growth.

Another purpose of the bill is to strengthen and improve the coordination role of the regional commissions. The growth planning process outlined in the bill will improve the ability of the commissions in carrying out this function.

As a result of the White House Conference on Balanced National Growth and Economic Development last year, the President announced in January his desire to institute a regional growth policy process. He reiterated the finding of the conference that the varied economic problems in regions of the Nation suggested a need for strong State and local action to develop regional balanced growth policies and to focus local, State, and Federal funds in accordance with these strategies. President Carter determined that the existing Appalachian Regional Commission and the title V commissions were the vehicles through which such policies should be channeled.

In a unique arrangement, decision making is shared by the chief elected State official—the Governor, and a representative of the Federal government—the Federal Co-chairman. This arrangement has made the Commissions valuable institutions for addressing on a cooperative basis other shared regional matters. While the primary purpose of the commissions is to overcome the gap in income and jobs, they have also become a forum for shared State action on other regional issues such as pollution, coastal zone management, and energy.

Through its unique partnership, the commissions have served a valuable liaison role between the region and the national government. The commissions have been able to represent particular regional issues and opportunities to the various Federal departments and agencies in the formulation of those agencies' policies and programs. Thus regional perspectives can be brought to national policy, helping to tailor national programs to situations as they exist in the particular regions of the country. For example, an energy consuming region of the country such as the Northeast brings a different focus to national energy policy than an energy producing area such as the West. Both of these views should be made known before policy is established. Unnecessary hardship could be avoided and adjustments could be provided for before dislocations occur rather than after the fact.

The commissions also serve as a liaison, bringing national goals and objectives to regional decision makers. Armed with this information, regional policy can be directed to take advantage of national policy where possible. At a minimum the region will avoid policies contrary to national goals.

The Appalachian Regional Commission and the title V commissions were originally authorized by separate acts of Congress. They were last extended by a single statute—the Regional Development Act of 1975. The Committee on Environment and Public Works feels that now, 14 years after their inception, all these commissions should be in a sense melded into a common framework, and made to demonstrate the viability and effectiveness of a well-conceived regional strategy.

The committee believes that this legislation will further this objective.

BACKGROUND

APPALACHIAN REGIONAL COMMISSION

The special needs of the Appalachian Region were recognized by the Congress in 1965 when it passed the Appalachian Regional Development Act. It was envisioned at that time as a unique partnership between the Federal Government and the 13 member States. It was created to address the severe problems of the Appalachian area. In spite of its rich human and natural resources, the area traditionally lagged behind the rest of the Nation in its rate of growth and development.

In the 14 years since its inception, the Appalachian program has come a long way toward fulfilling expectations. It has helped to change the face of the area dramatically by fostering new hope, new initiative, and new enterprise. Some of these advancements are as follows:

Appalachia's poverty population has decreased since 1960 from 31 percent of the total populace to 14 percent in 1976. This represents a

55-percent decline in poverty incidence during a period when nationwide figures show a 48-percent decline.

In per capita income, between 1965 and 1976 Appalachian total personal income climbed from 78 to 85 percent of the national average.

An existing trend of outmigration has been reversed. An average of 58,000 persons per year have migrated to the area.

The region added approximately 1.35 million jobs between 1965 and 1977, bringing Appalachia's official unemployment rate down to a level more nearly approximating that of the rest of the Nation.

In education, as of 1960, only one-third of the region's adult population had completed high school. By 1976, the percentage is estimated to have risen to approximately 60 percent.

In the area of health, the average number of physicians in the region rose from 92 for every 100,000 residents in 1963, to 116 per 100,000 in 1976.

Another major accomplishment under the Appalachian program has been the development of vocational schools. To date, the Commission has invested more than \$300 million in a regionwide system of vocational schools. There are now nearly 500 such schools serving 300,000 students.

The importance of the Appalachian development highway system to the economic growth of this mountainous region cannot be over-emphasized. Of the entire 3,025 miles now authorized, approximately 1,700 miles, or 56 percent are either completed or under construction. An additional 680 miles of access roads have been built to serve industrial sites, hospitals, schools, or other public facilities. When the entire system is completed, 85 percent of the people of Appalachia will be within 30 miles of a high quality highway. The highway program is vital to the development of Appalachia.

These are significant advances. But much remains to be done. Of Appalachia's 19 million inhabitants, 2.7 million continue to live in poverty. Only six out of the region's 397 counties have a per capita income that has reached the national income average. Despite improvements in the availability of health facilities, serious health problems remain. Infant mortality rates still exceed those of the rest of the Nation. A high incidence of diseases such as hepatitis, streptococcus, tuberculosis, measles, and rubella remains. And the 1976 ratio of 116 physicians to every 100,000 people lags behind the national average of 174 per 100,000.

The Committee considers that the most significant aspect of the total Appalachian experiment has been the continuing development of the partnership role among all levels of government. The experiment is succeeding. This legislation extends the Appalachian Regional Commission for an additional 4 years, and provides it with additional authorities and responsibilities.

TITLE V REGIONAL COMMISSIONS

The Public Works and Economic Development Act of 1965 recognized that there were lagging regions in parts of the country outside of Appalachia. Title V of that Act provided for the establishment of regional development commissions in other sections of the country which had special problems and needs demanding individual analysis

and response. Like Appalachia, they were given broad authority to supplement other Federal grants, to undertake planning and studies, provide technical assistance, and encourage investment plans and the capability of State members to foster economic growth. Federal direction for these programs was placed in the Department of Commerce.

There are now eleven title V commissions, comprising all or parts of 48 States, three of which were designated in December, 1978.

The commissions have pursued a wide variety of programs. They have differed in their development programs as their regions have differed one from the other in the nature and scope of the problems that distinguish them as lagging regions.

Commission programs for the most part are directed toward closing the income gap, creating more jobs, and raising education levels. Programs dealing with transportation, natural resources, regional economic analysis, State investment planning, energy development, vocational education, tourism, and health are typical examples.

In the Regional Development Act of 1975, Congress expanded the program authorities of the commissions in the fields of energy, transportation, health and education—comparable authorities earlier provided the Appalachian Regional Commission. Congress also attempted to upgrade regional development through the commissions by raising the annual authorization from \$150 million in 1975 to the present \$250 million level. By all accounts, program performance under the commissions has been significantly limited because past Administrations have never requested adequate funding. But this legislation again expands their authorities and provides a more clearly defined framework for their operation within the executive branch.

PURPOSE OF THE LEGISLATION

S. 855, as amended, extends the Appalachian Regional Development Act and title V of the Public Works and Economic Development Act, and provides for the creation of regional commissions to promote balanced development in all regions of the Nation to respond to economic distress.

The bill as approved by the Committee continues the operation of the Appalachian Regional Commission and its program for an additional four years, through fiscal year 1983. It also provides a mechanism for the implementation of a similar regional approach to areas of economic distress in the rest of the Nation, most of which are already included in commissions established under title V of the Public Works and Economic Development Act of 1965.

The regional commissions under title II of the reported bill are authorized at not to exceed \$250 million for each of the fiscal years 1980, 1981, 1982, and 1983. The nonhighway program authorization for the Appalachian Regional Commission under title I of the bill is \$340 million for the 2-fiscal-year period 1980 and 1981, and \$380 million for the 2-fiscal-year period 1982 and 1983. The Appalachian Development Highway Program authorizations are \$350 million for fiscal year 1981 (an increase of \$180 million); \$400 million for fiscal year 1982; \$450 million for fiscal year 1983; \$500 million for fiscal year 1984; and \$500 million for fiscal year 1985.

Title III, the "Regional Growth Policy Process Act", provides a means whereby the Federal Government, the States, and regional, substate and local entities can together address, on a regional basis, problems experienced in two or more States.

While a primary purpose of the regional commission program is still to assist areas of economic decline, their authority has been expanded to include hardship caused by sudden rapid growth.

A key feature of the legislation is the creation of an interagency committee at the White House level which shall provide program coordination and support for the regional commissions and the Federal agencies. This will provide the commissions with a visibility which they have lacked under the existing title V program, and should assure them a greater voice in the cohesion and coordination of the multifaceted Federal programs established to assist States and local governments in the resolution of their shared economic problems.

Provisions are included in the legislation which will assure accountability and responsibility on the part of the Federal, commission and State entities under this Act.

In conclusion, the legislation expands the authorities of the regional commissions while at the same time more clearly defines their responsibilities. This is intended to assure the development of an integrated approach to problems of economic distress based on local, State, and regional perceptions, and ultimately reflected in actions by the Federal Government.

REGIONAL GROWTH POLICY PROCESS

Title III of this legislation establishes a regional growth policy process to bring the Federal Government, regional commissions, States, and local governments into a cooperative structure for addressing regional issues.

FEDERAL COORDINATION

The President has proposed this new "process", based on recommendations of the 1978 White House Conference on Balanced National Growth and Economic Development. A January, 1979, memorandum from the President to agency and department heads on the subject of regional commission support provides appropriate background for a discussion of the growth policy process:

In light of the changing patterns of economic activity across the country, and in order to extend the ability of States and localities to shape Federal policies in behalf of regional concerns, new processes for planning, coordination and policy support are required. To develop and carry them out will require cooperation on the part of the Secretary of Commerce, Federal departments and agencies, the Interagency Coordinating Council, the Federal Cochairmen of the Appalachian and title V Regional Commissions and the Federal Regional Councils.

* * * I am instituting a regional growth policy process to assist the regional commissions in developing and implementing their multiyear regional development plans and annual

investment programs. These plans and, more importantly, the annual investment programs should be developed from the ground up, reflecting sub-state and State development plans. Through this policy process, the regional commissions will be given an opportunity to prepare recommendations to Federal departments and agencies for solutions to problems of regional growth and decline * * *

This important innovation expands the influence of the commissions beyond their limited funding base to all of the relevant Federal programs, including financial and technical assistance, direct development, and other Federal decisions. Use of the White House Inter-agency Coordinating Council assures that the regional commission point of view will have the attention of all units of the executive branch.

This opportunity for the governors and Federal cochairmen, acting together as commissions, to address the larger problems shared by the States of each region will require a spirit of constructive accommodation on the part of Federal agencies. Not every problem viewed by a commission to be of regional significance and requiring adaptation of some Federal policy or procedures can be accommodated by the affected Federal agencies. But this new process ought to identify those that can, and do so with reasonable speed.

Section 302 delineates the Federal role in coordinating with the regional commissions. The President is directed to establish an inter-agency committee for program coordination and support for the regional commissions and the Federal Government is determining policies and recommendations which will further the purposes of this Act. The committee is to be chaired by a senior White House official, and composed of the Chairman of the Regional Development Council, and senior officials of Federal departments and agencies concerned with regional development activities.

Each commission is required to prepare a multivear regional development plan and annual investment strategies. The inter-agency committee authorized in section 302 is directed to establish a schedule for review of the recommendations contained in each commission's plan and annual regional growth policy recommendations by the Federal departments and agencies represented on the committee. The commissions are to participate in any discussions with those Federal agencies which are necessary to resolve any issues, and the Chairman is to attempt to identify and encourage solutions to regional issues involving the participations of more than one department or agency.

This section also requires Federal Cochairmen of regional commissions to be appointed Chairpersons of appropriate Federal Regional Councils where practicable. If the Federal Regional Councils are to serve any useful purpose, it is important for them to be linked to the regional commissions.

Federal departments and agencies are directed to cooperate with commissions to the maximum extent possible. They are also directed to assure that existing Federal programs are not inconsistent with commission activities, and to consult with appropriate commissions prior to providing financial assistance to any multistate organization engaged in activities related to regional growth purposes.

REGIONAL PLANNING

Title III also establishes a regional planning process involving all levels of government.

The regional growth policy process set forth in this title emphasizes the importance of a ground-up approach to planning. The participation of substate and local entities is emphasized and the goals, objectives and priorities of communities are accorded great respect in this process. The warp and woof of this planning fabric—from local to multicounty to State to regional—will be as durable as the imagination, hard work and persistence of those involved.

At the same time, there must be adequate guidance from the commissions to States and substate levels. The planning process within a State must be relevant to regional goals and regional planning needs. The committee has no illusions that the process envisaged in this title will be productive if Federal departments and agencies and State and local governments do not develop respect for the plans and strategies generated by it. Without such respect, participants cannot be faulted for resisting the adaptation of their policies or procedures to accommodate the goals and priorities of these plans and strategies.

Section 303 establishes the base for the development planning process, outlining the responsibilities of States and development districts. Each commission shall require State members to prepare and submit a development plan for each State in the region, updated annually. Criteria for such State plans are delineated.

Each commission is directed to develop and require execution of areawide action programs. These programs, prepared at the multicounty level, set forth interrelated projects and schedules of actions and the financial resources necessary to carry them out. Subsection (c) authorizes Governors to certify development districts for these purposes. States are directed to work with local units of government, development districts, citizens, and private interests. A Governor may not certify a development district unless it conforms with specific criteria.

Section 304 describes the commission responsibility to prepare a multiyear development plan and annual investment strategy. The multiyear plan is due within 18 months of enactment. It is to be reviewed annually and formally assessed every five years.

Investment strategies are to be transmitted to the interagency committee and, except for the Appalachian Regional Commission, to the Secretary for use as the basis of consultation with Federal departments and agencies through the mechanism described in section 302. This strategy identifies programs and projects, proposed funding, and proposed policies which may be adopted by Federal agencies and State and local governments to reflect in their respective programs and regulations ways to further the implementation of the regional plan.

After development of a regional development plan or investment strategy, the Federal Cochairman shall have no more than 75 days to review such plan or strategy and to obtain the Secretary's review. The Federal Cochairman is directed to consult with appropriate Federal agencies in the course of that review.

The Secretary of Commerce has disapproval authority over regional development plans of all commissions except the Appalachian Re-

gional Commission. Such disapproval must be made within 60 days of transmittal, and must be predicated on a finding that the plan is inconsistent with certain national and interregional policies and activities.

Regional commissions are to review multiyear plans annually and do a formal assessment of such plans every 5 years.

Section 305 states that the Development planning process and the regional growth policy process are to reflect the goals, objectives, priorities, and recommendations of development districts and local governments as they are presented in approved State development plans. To the extent practicable, regional development plans and annual investment strategies are to be developed from and shall incorporate such goals, objectives, priorities, and recommendations.

The preparation of State and regional plans shall accommodate and harmonize the multiplicity of goals, priorities, recommendations and needs identified by development districts and local governments.

Commissions are required to assure an adequate process of consultation with local governments and development districts.

ACCOUNTABILITY

GAO REPORT AND DEPARTMENT OF COMMERCE AUDIT

On February 28 of this year the Department of Commerce released a report on its audit of selected activities of the title V regional commissions. In late April the General Accounting Office issued a report addressing the nonhighway activities of the Appalachian Regional Commission.

Both these reports were critical of existing commissions from several standpoints. The Department of Commerce report was directed to commission administrative activities rather than to specific programs. It found deficiencies in coordination, both at the Commerce Department level and with other Federal agencies. Problems were found in the planning, selection, and evaluation of projects, as well as operation and monitoring of completed projects. Inconsistencies in expenditures from program monies and administrative funds exist.

Many of these same problems were also mentioned in the report of the General Accounting Office on the Appalachian Regional Commission. In addition, problems were cited concerning a possible decline in State participation in nonhighway programs and priority of program evaluation.

The Committee recognizes that many of the points raised in these reports are valid. Specific language has been included in this legislation which the Committee believes will alleviate existing problems. The procedure spelled out in title III, the Regional Growth Policy Process, spells out in detail the role of the Federal government in coordinating with the regional commissions. The specific duties of the commissions are outlined in several sections of the bill, principally sections 204 and 304.

State responsibilities for maintenance of effort are spelled out in section 207(h).

Fiscal responsibility and management standards are required on the part of the Federal government and commissions.

The Committee is aware of existing problems in commission administration and programs. This legislation seeks to alleviate those problems while at the same time expanding the regional commission concept to other parts of the Nation. The Committee expects to monitor commission activities closely as they carry out the directives of this legislation.

LEGISLATIVE PROVISIONS

The committee considered the question of accountability to be of grave importance in the development of this legislation. The careful spelling out of the specific responsibilities of each element in this unique Federal, State and substate partnership is essential both from the standpoint of assuring the viability of the program and the protection of the participants.

Recent reports of the General Accounting Office and the Department of Commerce have criticized the operations of existing commissions. This legislation contains a number of safeguards to assure accountability on the part of the Federal, State and commission elements, as well as recipients of assistance from commissions.

For the commissions in title II, the Secretary of Commerce is required in section 208 to identify basic areas in which minimum standards of fiscal responsibility and management must be adopted, including uniform cost principles; to specify such minimum standards in regulations; to require each commission to adopt such standards as part of their internal regulations; and adopt procedures and regulations governing conditions under which the Secretary may withhold funds from a commission for violations of this Act or any regulations adopted under this act. The Secretary is further required to evaluate, on an annual basis, the performance of the commissions in adhering to such procedures and regulations, and in implementing the provisions of this act.

Section 204(b) (2) requires all Federal cochairmen to assure commission compliance with applicable Federal fiscal and management requirements either established under this legislation or by the ARC Federal Cochairman or that commission itself.

In section 210 the commissions themselves are mandated to keep records which will fully reflect the amount and disposition of the funds provided to them, and such other records which will facilitate an effective audit. They are also required, in section 208, to adopt policies to prevent fraud, waste, and abuse in their programs. They must adopt specific policies and procedures to assure that any program or project which receives assistance is properly and efficiently administered, operated, and maintained. Section 210 requires that approval by commissions of applications for grants or other assistance must be predicated upon a determination that there will be proper administration, operation, and maintenance of the project to be undertaken.

In section 208 the Appalachian Regional Commission is encouraged to adopt standards of fiscal responsibility and management. The Committee expects such standards to be no less stringent than those prescribed for the other commissions by the Secretary. The Appalachian Regional Commission is also directed, in section 113, to evaluate, on an annual basis, its effectiveness in achieving the goals and objectives of its program.

Finally, section 210 requires all recipients of assistance from a commission and all contractors of a commission to keep complete records, to be available to any member of the commission or the commission itself, the Comptroller General, and, except for the Appalachian Regional Commission, to the Secretary. Those refusing to comply with this requirement shall not be eligible for further funding under this act.

ROLE OF THE FEDERAL COCHAIRMAN

Section 204(b)(1) describes the expanded role of the Federal Cochairmen. As the Presidentially appointed partner to Governors, each Federal Cochairman has the dual responsibility for (1) communicating regional concerns of the State members to the Federal Government, and (2) presenting the national perspective to the regional commission.

Title III, the Regional Growth Policy Process Act, significantly enhances the role of the Federal Cochairman. As a statutory participant of the White House-Chaired interagency committee process, his responsibility is to assist in the implementation of regional development plans. He has an expanded role in the preparation and submission of commission budgets. The bill throughout encourages a greater advocacy role for the Federal Cochairman to encourage Federal departments and agencies to support commission plans, programs, and priorities.

The "Federal presence" in the person of the Federal Cochairman is an essential responsibility in the act. It is expected that such Cochairmen will assure commission compliance with applicable Federal fiscal and management requirements established in the act. It is vital that Federal Cochairmen represent the Federal interest in commission determinations with respect to: State maintenance of effort requirements (section 207(h)); commission priority for assisting areas of economic decline; the exercise of commission waivers of the 20 percent limitation on funds for innovative and demonstration projects authorized under section 207(b); the integrity of the relationship between the planning and policy process and project selections; and assuring adequate commission attention to problems and solutions shared by two or more States with each region.

The committee realizes that too little policy guidance has been provided in the past within the Executive Branch to assist the Federal Cochairmen in the exercise of their duties. With a national system of regional commissions and a national commitment to address certain problems at a subnational level, the absence of policy guidance and support inside the Executive Branch is no longer excusable.

PARTICIPATION OF APPALACHIAN COMMISSION PARTNERS

The 1975 amendments to the Appalachian Regional Development Act included provisions to enhance the participation of the Governors as active members of the Commission. The response of the Governors to those amendments has been gratifying. There are a few matters of concern, however, which have been observed in oversight on the Commission's implementation of the 1975 amendments.

While the Governors themselves have been active, occasionally alternates to the State Members have been appointed who do not meet the act's requirement that they be members of the cabinet or of the Governor's personal staff. It is important that only State officials with decision-making authority at the cabinet level or who have full access to the Governor serve as alternates. In addition, it is important that such an alternate attend all the Commission meetings when the State member is not present.

To maintain full gubernatorial participation, Commission meetings at which a quorum of State members must be present should not have to address administrative matters, contract approvals, or personnel questions not involving policy decisions. Minor modifications of annual investment programs also do not have to be decided at meetings which include the personal participation of a quorum of Governors.

In 1975 the Committee was concerned primarily with the role of Governors in the Appalachian Regional Commission. Historically, the Federal Cochairman, as the representative of the President, has been a key participant in the unique partnership experience of the Appalachian Regional Commission since its inception in 1965. The committee intends that the Federal Cochairman remain an active participant in the partnership.

The Federal Cochairman, in partnership with the Governors of the 13 Appalachian States, is charged by statute with working to bring about the growth and economic development envisioned by the Congress in the Appalachian Regional Development Act. There is no question that the Federal Cochairman should be a visible spokesman for the Commission throughout the Region. However, even more important are his responsibilities in Washington. It is the Federal Cochairman's personal responsibility to attend Commission meetings, and to work in concert with the States to develop programs and policies that will help shape the future of the Region. The Federal Cochairman has a full time position with a unique opportunity to influence the future of Appalachia by personal participation in dealings with Federal agencies, the Congress, and within the Commission itself.

There may be occasional instances when the Federal Cochairman must be absent from his duties, and the statute provides for an alternate to serve in his place at those times, and when not serving as such, to perform duties assigned him by the Federal Cochairman. The basic functions of the Federal Cochairman are, of course, not delegable to the alternate or anyone else.

APPALACHIAN HIGHWAYS

As stated in the general statement at the beginning of this report, approximately 56 percent of the 3,025 miles currently authorized for the Appalachian highway system is either complete or under construction.

The Administration bill (S. 912) authorized \$300 million for fiscal years 1980 through 1985 for the highway program. S. 835 as introduced contained a total of \$3.5 billion for 7 fiscal years for this purpose. This was the amount calculated by the States to be necessary for the completion of the entire system. The committee reduced these amounts to levels more compatible with anticipated appropriation levels and with

expected construction capabilities. Section 106 of S. 835 authorizes a total of \$2.03 billion for 5 fiscal years, as follows:

Fiscal year:	<i>Millions</i>
1981 (an increase of \$180 million over existing authorization) -----	\$300
1982 -----	400
1983 -----	450
1984 -----	500
1985 -----	500

S. 835 as amended also provides for a 33-mile increase in the authorized mileage for the system, from 3,025 miles to 3,058 miles. This increase is for centerline alignment and minor rerouting due to environment problems.

The committee is aware that the Commission prepares cost estimates for the Appalachian development highway system as a basis for allocating highway funds among the States. In the past, authorizations and funds have been distributed among the States according to each State's relative share of remaining costs to complete the system, with a maximum limit for any one State. Up to now this has been a workable policy.

However, the committee is also aware of the need to complete individual highway corridors and that some States have accelerated their construction programs utilizing their own funds and by prefinancing. Under present procedures, as States approach completion of their portion of highway corridors within the Appalachian highway system, their relative share of remaining costs diminish, thereby lengthening the time it takes to complete individual highway corridors. Therefore, in allocating authorization and funds in the future, the Commission should take into consideration the need to complete individual highway corridors and the efforts individual States have made to accelerate completion using their own funds on corridor segments in the past or future, as well as prefinancing.

The committee wishes to make clear that the present prohibition on the use of section 214 funds for highway or road construction is intended to preclude section 214 supplemental funding for the Appalachian development highway system or access road projects authorized under section 201 of this Act, or for Federal and highway programs under title 23 of the U.S. Code.

The committee agrees that the Commission may continue to supplement development projects under other Federal grant-in-aid programs which include incidental road construction as project components, such as the industrial site development programs authorized under title I of the Public Works and Economic Development Act or section 310B of the Consolidated Farm and Rural Development Act; or recreational development projects under the Land and Water Conservation Fund Act.

APPALACHIAN HOUSING

The problem of adequate basic housing in Appalachia has been severe for some time, and appears to be worsening. Over one million Appalachian homes are substandard—either unsafe, with insufficient plumbing, or overcrowded—in some cases all three. This figure is more compelling when it is realized that in central Appalachia, 38 percent of the housing is inadequate.

Section 107(b) of S. 835 amends section 202(c) to permit continued operational funding for these centers upon the request of a State. The amendment applies only to those projects supported in fiscal year 1979, and is not intended to restore or resume funding for projects whose grant funds ceased prior to that time. Projects initially approved after September 30, 1979, must conform to the existing 5-year limitation. The committee supports current Commission policies which promote and assist projects funded under this section to achieve earliest possible independence from ARC funding. The ability of States and local project sponsors to attract other public and private resources to maintain activities stimulated by flexible ARC aid is vital to the ARC demonstration process and its ability to generate new programs in undeserved areas. The Committee does not intend that the Commission become a direct operating program agency. Discretionary grants made in accordance with this amendment will follow the normal Commission approval process and will be included in state Appalachian development plans and programs, prior to being submitted by the Governor.

BUSINESS, RAILROAD, AND ENERGY RESOURCE ACTIVITIES

S. 835 as amended adds a new section to title II of existing law authorizing the Appalachian Regional Commission to make grants for the stimulation of agriculture, mining, construction, manufacturing, commercial, and other economic activities. Such grants can be made for business related technical assistance, establishment of revolving funds for business, agricultural and forestry enterprise loans, acquisition and rehabilitation of rail properties by public bodies, and projects for development, production, utilization and conservation of energy resources. States may carry out such activities directly or through the private sector, public bodies, or private nonprofit organizations.

With regard to the railroad activities authorized by this section, acquisition or rehabilitation of rail properties must be deemed critical to State investment plans. The Federal share for acquisition is limited to no more than 80 percent of the total cost, and Federal funding for rehabilitation can be no more than 50 percent. Neither acquisition nor rehabilitation grants may be made for rolling stock.

INCENTIVE GRANTS

Section 206 of S. 835 authorizes the Secretary to provide technical assistance and incentive grants to commissions. Each commission, in turn, is authorized to provide technical assistance to States, substate areas, and urban and rural communities.

Incentive grants to commissions by the Secretary are authorized for purposes such as improved coordination of development programs and planning; encouragement of procedures enabling Governors to participate in regional growth policy; development of cooperation of State and commission activities augmenting national energy, export, and urban policies; and encouragement of other special activities.

The committee amended this section by adding two additional technical assistance authorities for all commissions. Commissions are authorized to provide assistance to communities in maintaining, restor-

ing, or augmenting commercial air passenger service, excluding capital assistance or operating subsidies.

Further, each commission is directed to investigate, seek opportunities for, and report on the use of technical assistance and demonstration authority under this subsection and under section 207 to increase the use of solar energy equipment in residences in its region. Commissions are to assist in the standardization of such equipment, to encourage financing by regional credit institutions and Federal programs of installations of such equipment, and to facilitate inclusion of solar energy equipment installation costs in residential mortgage financing. Commissions are authorized to conduct pilot projects to put into practice the findings of such investigations.

The incentive grant authority in section 206 is an important element of this legislation. It is designed to further encourage commissions in their efforts under this Act, by providing funding for additional activities to those commissions displaying a determined effort to move forward in addressing regional economic problems.

Funds under this section are not to be used for State personnel or administrative costs which should be borne by the States. General concern has been expressed about the shifting of administrative costs to the Federal share of commission funding. The committee intends this matter to be addressed by the Secretary and all of the commissions in establishing rules and regulations.

COMMISSION AUTHORITIES

Section 207 includes program authority for the commissions. Existing law is expanded to make clear that commission funds may be spent for broad spectrum of economic activities, including transportation, energy development and conservation, environmental and natural resource management agriculture, and development of indigenous arts and culture.

The bill continues the authority of the commissions to supplement other ongoing Federal programs, to provide "first dollar" and to undertake innovative projects which can not be initiated under other Federal agencies. The bill places a 20-percent limit on the amount of funds the commission may use to undertake innovative projects or demonstrations. A waiver is provided where a commission can show that a larger percentage necessary to carry out a major objective of the commission plan. The Committee is aware of the flexibility provided in the demonstration authority and that, indeed, much of the commissions' effort is to develop new approaches to problems. This flexible authority, however, can be abused and becomes a means of substituting commission funds for other investments in the region. The Committee wants to make clear that this authority will be used only where necessary and on innovative programs.

This section imposes a 5-year limitation on funding any component of any project under this Act, the existing Appalachian Regional Development Act, (Public Law 89-1, as amended,) or the Public Works and Economic Development Act (Public Law 89-136). Funding may be made for up to 80 percent of project costs. Grant approval is contingent upon certification by the Commission that the project is truly innovative.

Grants for project operation may be made only for nonprofitmaking projects for which funds are not available under any other Federal, State, or local program. Such grants may be up to 100 percent for two years from the commencement of project operation, and up to 75 percent for the following three years, after which time no grants may be made for project operation.

The section further specifies that financial assistance under this Act may not be provided to assist in the relocation of private establishments or to enable private contractors or subcontractors to undertake work previously performed in another area by other contractors or subcontractors.

Cultural resource development has been included as an important element in promoting balanced social and economic regional development, with funding for developing and carrying out programs that promote cultural resources development and growth, for research on the conservation and utilization of cultural resources, and for incentive grants at the State level to develop a unified set of development objectives.

Cultural resources are "people magnets"—stimulating tourism, attracting ancillary businesses, and encouraging rehabilitation. They generate large cash flow for a modest investment, and also provide jobs in supplying goods and services while humanizing the environment. Cultural resources are the human and physical assets which contribute to the creation of fine and folk arts, music, theater, dance, literature, design and architecture, including those traditional academic and other institutions and groups which practice, preserve and transmit such arts.

REGIONAL DEVELOPMENT COUNCIL/OFFICE OF REGIONAL DEVELOPMENT

Section 208 establishes a procedure for the Secretary to provide Federal policy guidance to the Federal Cochairmen. A Regional Development Council is established to serve as a mechanism for consultation on policy and administrative improvements in the program established under this act. This Council is to be composed of the Federal Cochairmen, and shall participate in the liaison and coordination responsibilities under section 302. The Council Chairman shall be selected by the Secretary after consultation with the members.

Additionally, this section directs the establishment in the Department of Commerce of an Office of Regional Development, to be headed by a Director appointed by the Secretary, after consultation with the Chairman of the Regional Development Commission and composed of such staff as necessary. This office is to assist the Secretary in carrying out her responsibilities under this act. In addition, the office is to assist commissions in their budget preparations and in their relationships with each other, as well as providing technical and support services as necessary to the Secretary and the Federal Cochairmen. Other related responsibilities are described in the section.

The Secretary is directed to assure that commission activities are consistent with this act by specifying minimum standards of fiscal responsibility and management, and by adopting procedures and regulations governing recognition of regions and boundary changes, record-keeping, administrative policies, and establishment of a man-

agement information system. The section also spells out other accountability requirements discussed elsewhere in this report.

MAINTENANCE OF EFFORT

S. 835 was amended to include a maintenance of effort and substitution section. Section 221 of the Appalachian Regional Development Act (Public Law 89-4) contains a maintenance of effort provision which is intended to assure that the States not view the act as an opportunity to divert from Appalachia those State funds which would have been spent if the Appalachian Act had not been enacted. This section requires States to maintain the same level of expenditures in the Appalachian portions of their States as was spent in the last 2 full fiscal years preceding the date of enactment, that is 1963 and 1964.

The recent report of the General Accounting Office on the Appalachian Regional Commission suggested that it may be more appropriate to use "proportionate" levels of expenditures rather than "aggregate". The Committee chose instead, in section 207(h), to restate the maintenance of effort provision in an amended form, making it applicable to all regional commissions. The new base line for calculating past State expenditures will, however, be fiscal years 1977 and 1978.

The commissions are directed to give funding priority to areas affected by economic decline. Activities in areas experiencing rapid growth problems should be primarily directed to basic service needs.

The Committee suggests that the records to be kept by the commissions as required by these amendments should include data which will enable the commissions to monitor State financial participation in their programs.

The Committee has always been concerned that this program not be viewed as simply another conduit of Federal funds and that the States not use these funds to supplant other funding sources.

In its report on the Appalachian programs, the General Accounting Office indicated an increased use of that commission's first dollar authority and recommended the committee place a limit on the use of these funds. The committee does not believe a fixed limitation is warranted at this time, but is concerned about the increasing use of first dollar authority. The committee believes that the commissions need the flexibility provided by the first dollar authority. Regional policy is not bound by the availability of funding and gives commissions leeway in meeting their objectives. The committee is concerned, however, about excessive use of this authority. One of the primary goals and responsibilities of the commissions is to influence other Federal programs. Through excessive reliance on first dollar authority, the commissions duplicate existing programs and tend to become a direct, categorical grant program—a role that has never been intended for the commissions.

The committee believes the commissions must give more attention to this matter and take more effort to tap other funding sources. To assist the commissions in assessing the use of and need for first dollar funds, each annual investment strategy should identify where first dollar money is used.

The committee will continue to maintain a strong interest in this area.

CIVIL SERVICE

Section 104 extends Federal employment and retirement benefits to Appalachian Regional Commission and title V commission employees whether or nor they were previously Federal employees.

In accordance with existing legislation, ARC employees who were employed by the Federal Government immediately prior to Commission service are eligible for Federal retirement, life, health and disability programs. In establishing benefits for other Commission employees, the Commission has tried to provide comparability for all. With recent changes in the Social Security law and the Federal benefit system, the cost of providing comparability outside the Federal benefit program makes this virtually impossible. It is unfair to those who came to the Commission from State government, local communities and the private sector to receive lesser benefits than those who came from the Federal Government. Therefore, the bill authorizes the Office of Personnel Management to contract with the Commission for staff members' benefits. As the costs of benefits for the Commission staff are shared jointly by the Federal Government and the States, the savings realized would accrue to the Federal Treasury as well as the States.

APPALACHIAN BOUNDARY STUDY

From time to time since the inception of the Appalachian regional program, States have requested that additional counties be included within the Appalachian region. Such requests were received this year for several counties in Virginia and New York.

With the expansion of the regional commission concept to the rest of the Nation, the problem naturally arises of whether counties contiguous to the Appalachian region should be incorporated into that region or remain in another region established or recognized under this act.

Section 115, therefore, directs the Appalachian Regional Commission to conduct a study. The study shall evaluate the social and economic characteristics of the counties in the Appalachian region and contiguous to it with the goal of identifying, to the extent possible, those characteristics which counties within the region have in common and which therefore constitute reasonable standards for transfer in or out of the region.

The study is to be conducted in conjunction with the Presidential study of commissions and Federal Regional Council boundaries mandated in section 308, and the study results and recommendations are to be submitted to the Congress no later than 2 years after enactment of this act.

BORDER RESOURCE RESEARCH INSTITUTES

Section 309 of S. 835 as amended authorizes the establishment of a system of Border Resource Research Institutes under the jurisdiction of the Southwest Border Regional Commission.

The section requires the Commission to designate one university in each of the States of California, Arizona, New Mexico, and Texas for the purpose of initiation and support of research programs into border resource problems.

Once the Border Commission has designated the four Border Resource Research Institutes and rules and regulations have been drafted, a reasonable annual level of funding for the institutes at the outset would be \$250,000 per institute.

The committee realizes that the Research Institute program is new and must be meshed with other Southwest Border Commission efforts. Consequently, the committee recognizes that funding levels for this program must ultimately be determined by the Commission and implementation of the program may be in stages.

The designated universities need not be in one of the counties under the Southwest Border Commission, except when practicable. Instead, the Commission should select the university within the State that has the best capability to undertake studies on border resource problems.

ALASKA REGIONAL COMMISSION

In addition to reauthorizing existing commissions, the reported bill recognizes a development region embracing just the State of Alaska and requires the Secretary, at the request of the Governor of Alaska, to establish the Alaska Regional Development Commission no later than October 1, 1979.

This action is based on two findings. First, section 502(f) of the Public Works and Economic Development Act currently authorizes the establishment of certain single-State regional economic development commissions, including Alaska. Second, the committee decided that the State of Alaska meets all the criteria for designation as a development region set forth in this bill.

The circumstances of geography and size call for a unique approach in Alaska. These circumstances result in the existence of several regions within the State which are distinguished from each other by cultural, climatological and economic attributes. Three geographically distinct native groups (Eskimo, Indian, and Aleut) and the dispersed character of timber, fishery, mineral and tourism sectors of the economic base contrast with the similarity of each Alaskan region's difficulties with transportation, communication, social services, promotion of exports, the high cost of living, the high unemployment rate, and the constant battle with a hostile climate.

Upon consideration of these issues, it appears appropriate for Alaska to form a single State commission. Therefore, section 202(c) of the bill recognizes Alaska as the Alaska development region. Section 203(a) requires the Secretary of Commerce, at the request of the Governor of Alaska, to establish and operate the Alaska Regional Development Commission no later than October 1, 1979.

In addition to having all the duties of other commissions, section 204(d) authorizes the following activities which may be undertaken by the Alaska Regional Development Commission: (a) review resource inventories of Federal agencies; (b) review and make recommendations to the Federal Government and State legislature on land use plans and proposed activities; and (c) assist Alaska Native regional corporations in preparing land use plans.

Section 307(c) of the bill authorizes a study by the Secretary of Commerce of the desirability of creating a joint Federal-State Economic Development and Land Use Planning Commission for Alaska,

with land use planning and classification powers. This study is to be completed not later than one year after the establishment of the Alaska Regional Development Commission and is to be conducted in consultation with the Secretaries of the Interior and Transportation and the Governor of Alaska.

ROLLCALL VOTES

Section 133 of the Legislative Reorganization Act of 1970 and the rules of the Committee on Environment and Public Works require that any rollcall votes be announced in this report. During the committee's consideration of this measure six rollcall votes were taken. Each of those votes was publicly announced during the open meetings of the committee for marking up this legislation. The tabulation of the votes is available in the offices of the committee. S. 835, the Regional Development Act of 1979, was ordered reported on May 9 by a vote of 12 to 2. Senators Randolph, Muskie, Gravel, Bentsen, Burdick, Culver, Hart, Moynihan, Stafford, Baker, Domenici, and Pressler voted in the affirmative, and Senators Chafee and Simpson voted in the negative.

REGULATORY IMPACT

The committee believes that this legislation will cause no change in regulatory activity by the Federal Government, or by private business.

COST OF LEGISLATION

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires publication in this report of the Committee's estimate of the cost of the reported legislation, together with estimates prepared by any Federal agency. S. 835 as amended authorizes Federal expenditures of \$2,765,500,000 for fiscal years 1980 through 1983, and an additional \$1 billion for the Appalachian highway system for fiscal years 1984 and 1985. These amounts are allocated as follows:

Title I: Appalachian Regional Development Act Amendments:

Administrative expenses:	
1980-81	\$7,000,000
1982-83	8,500,000
Highways:	
1981	180,000,000
1982	400,000,000
1983	450,000,000
1984	500,000,000
1985	500,000,000
Nonhighway programs:	
1980-81	340,000,000
1982-83	380,000,000

Title II: Regional Commission Act:

Programs:	
1980	250,000,000
1981	250,000,000
1982	250,000,000
1983	250,000,000

Total 3,765,500,000

Section 403 of the Congressional Budget and Impoundment Control Act requires each bill to contain a statement of the cost of such a bill prepared by the Congressional Budget Office. The report follows:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., May 15, 1979.

HON. JENNINGS RANDOLPH,
Chairman, Committee on Environment and Public Works, U.S. Senate,
4204 Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 835, the Regional Development Act of 1979.

Should the committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

MAY 15, 1979.

1. Bill number: S. 835.
2. Bill title: The Regional Development Act of 1979.
3. Bill status: As ordered reported by the Senate Committee on Environment and Public Works on May 7, 1979.
4. Bill purpose: The bill authorizes the creation of regional commissions and provides a framework for these commissions to coordinate the development efforts of Federal, State and local governments in most areas requiring intergovernmental cooperation. The bill also extends the authorizations through 1983 for the Appalachian Regional Commission and title V of the Public Works and Economic Development Act of 1965, and it makes existing regional commissions part of a nationwide system of multi-State regional development commissions to promote balanced development in all region of the Nation.

TITLE I—APPALACHIAN REGIONAL DEVELOPMENT ACT AMENDMENTS
OF 1979

Title I authorizes appropriations for the Appalachian Regional Commission (ARC), the Appalachian development highway system, and for the nonhighway, regional development activity of all commissions covered by the bill. The title also clarifies the status of existing commission employees within the new commission framework and adds new grant authority for projects involving methods of meeting the human services needs in the region.

Title II of the Appalachian Regional Development Act of 1965 is amended by adding a section designed to stimulate economic investment by providing funds to States to make grants and establish revolving funds for business loans. Grants under this authority are directed toward transportation systems infrastructure, specifically rail and air service.

TITLE II—REGIONAL COMMISSION ACT OF 1979

This title establishes the intent of Congress that every area of the Nation be included as part of a development region and be represented by a regional development commission. All existing commissions (the Appalachian Regional Commission and all commissions created through title V of the Public Works and Economic Development Act of 1965) are automatically covered by authorities established in this act, subject to boundary changes authorized by the bill. This title specifies the procedures for creating commissions, their mission, and their role in the intergovernmental regional development process. New commissions require the written initiative of the governors of concerned States and will function according to procedures specified in the act. The bill creates an Office of Regional Development within the Department of Commerce to support regional commissions at the Federal level.

TITLE III—REGIONAL GROWTH POLICY PROCESS ACT

This title establishes an interagency committee to coordinate and support regional commissions and the Federal Government in determining policies and recommendations which will further the programs supported by this bill. In addition, it establishes the requirement for annual development plans for each State in each region and further requires each regional commission to prepare multiyear development plans and annual investment strategies.

Section 309 of title III establishes a system of Border Resource Research Institutes under the jurisdiction of the Southwest Border Regional Commission (SBRC) to address issues crucial to the area. Funding would come from SBRC funds.

The authorization levels established by this bill allow the ARC and other existing commissions to be funded at the level requested by the President for fiscal year 1980. The President's 1980 budget request includes \$208.6 million for regional commissions, excluding Appalachian highway funds. The bill authorizes approximately \$423 million for those same activities. Additional funds, in excess of the President's request, are provided for all regional commissions for grants and development support activities.

5. Cost estimate:

[In millions of dollars]

Estimated authorization level:¹

Fiscal year:

1980	-----	423
1981	-----	604
1982	-----	844
1983	-----	804
1984	-----	500

¹ For the purpose of this estimate, when specific amounts are authorized to cover a 2-year period (that is, sections 105 and 401 of the Appalachian Regional Development Act of 1965), one-half of the authorized amount is shown in each year. The budget impact of this bill does not include \$300 million in fiscal year 1979 and \$170 million in 1980 previously authorized for the Appalachian development highway system.

In addition to the amounts shown in the above table, the bill authorizes \$500 million for the Appalachian development highway system in 1985. A total of \$1.6 billion in outlays from the authorizations in this bill will be incurred after fiscal year 1984.

Including existing authorizations, total funds authorized for these programs are approximately \$723 million in fiscal year 1980 and \$774 million in 1981.

The costs of this bill fall within budget function 450.

(In millions of dollars)

Estimated outlays:

Fiscal year:

1980	-----	172
1981	-----	333
1982	-----	468
1983	-----	635
1984	-----	589

6. Basis of estimate: For the purposes of this cost estimate it is assumed that all authorized funds are appropriated and are available at the start of each fiscal year. The portion of costs attributable to the ARC is assumed to be spent at rates equal to the program's recent spending pattern, with highway and nonhighway spending treated separately. Of the sum authorized by section 113 of the bill, an amount equal to the President's 1980 budget request for ARC nonhighway programs was assumed to be allocated to those programs, with that value inflated in fiscal years 1981 to 1983 by the CBO inflator for the gross national product. The balance of the authorization was assumed to be distributed to regional commissions established by title II of this bill.

To estimate the outlays associated with title II it was necessary to make some assumptions about the number and nature of restructured regional commissions. For the purposes of this estimate it was assumed that the eight existing regional commissions would continue to operate essentially as in the past. Funding for these programs was assumed to be equal to the President's fiscal year 1980 request plus a prorated share of any additional funds. These funds were assumed to be spent at historical rates.

To meet the mandate for new commissions it was assumed that eight additional regional commissions would be recognized in fiscal year 1980. It was further assumed that these commissions would incur administrative expenses similar to the existing commissions, adjusted for startup costs and partial year administration expenses. Grants and other assistance from these new commissions were assumed to start late in fiscal year 1980 with normal activity first occurring in fiscal year 1981.

7. Estimate comparison: None.

8. Previous CBO estimate: On May 15, 1979, the Congressional Budget Office prepared a cost estimate for H.R. 2063, a bill which reauthorized the Appalachian Regional Commission and amended title V of the Public Work and Economic Development Act of 1965. The relevant portions of each bill are similar, except that the House provided authorizations for only 2 years in most instances and did not establish a number of reporting requirements provided for in S. 835.

9. Estimate prepared by: Linwood T. Lloyd (225-7760).

10. Estimate approved by:

C. G. NUCKOLS
(For James L. Blum,
Assistant Director for Budget Analysis).

HEARINGS

The Subcommittee on Regional and Community Development held 3 days of hearings on this legislation: April 3, 4, and 5, 1979. Issues relative to the subject of this legislation were also discussed in full Environment and Public Works Committee hearings on the proposed fiscal year 1980 budget requests for the Appalachian Regional Commission and the title V commissions. These hearings were held on February 21 and 22, 1979.

MINORITY VIEW OF MR. CHAFEE

As I said in our subcommittee on May 7, referring to the title V commissions:

We are taking a program that is existing and we are changing it; we are broadening it in a period when we are trying to reduce the pervasive impact of the Federal government on everybody's lives.

These commissions have not achieved their purpose, to date, of trying to foster multistate cooperation in meeting challenges. It is essential that these commissions first prove they can achieve this purpose before we give them a broader mandate.

All too often, title V commissions have become a method of receiving Federal money which is then simply divided amongst the states according to population. In fact, only 20 percent of their projects have been interstate in nature. Because of this, I have tried in the last few weeks to restrict the broadened mandate that this bill encompasses. As the recent audit by the Department of Commerce state,

The "regional" aspect of the title V program is the one unique quality that distinguishes this program from similar government programs concerned with economic development.

Unless this program develops some form of accountability that ensures the funding of truly regional projects, it will not receive my full support.

I have offered several amendments that have strengthened the concept of regional and focused the program on its original goal of aiding distressed areas. For instance, the committee agreed with my motion to limit the primary purpose of the commissions to aiding declining areas.

As regards the Appalachian Regional Commission, I do not believe that its powers should be broadened, mileage added to its highway system and the spending authorization greatly increased (it uses from \$450 million in the current fiscal year to \$640 million in fiscal year 1983) when already its authorizations and appropriations are far greater than all the title V's combined (\$368.7 million appropriated this year for ARC versus \$63 million for all the others).

ARC and the title V's were originally conceived to help distressed areas and were to last a finite time. Now they have grown into a nationwide system of commissions constantly conceiving of new rationale to justify their existence, and all viewed as permanent.

The time has come gradually to scale down authorizations for all these commissions with a view to blending their current responsibilities into existing Federal programs.

JOHN H. CHAFEE.

MINORITY VIEWS OF SENATOR SIMPSON

This legislation proposes to make permanent and extend the scope of a cluster of subnational quasi-governments known as Regional Development Commissions. Composed of Governors of the States lying within regional delineations of the country and a Federal cochairman—who has veto power over expenditures of Federal funds—the “title V commissions” are so named from their charter, title V of the Public Works and Economic Development Act of 1965.

The purpose of that act was to “help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development.” It was directed to “depressed areas”, as they were then termed not only as a humane effort for the people of those neglected areas but also in the broad interest of a healthy national economy. Title V—which established the Regional Action Planning Commissions and which the bill before the Senate proposes to replace while also extending the authority of the separately organized Appalachian Regional Commission—begins by setting forth in section 501 the criteria for identifying seriously lagging regions: high unemployment, low family incomes, poor housing, a single or two-industry economy in long-term decline, substantial outmigration of labor or capital, and the like.

The Regional Commissions were presented at that time as temporary institutions, designed to direct sharply focused assistance to clearly defined problem areas which were unresponsive to the general growth patterns of the national economy—geographic areas suffering an underlylag and intractable problem requiring extra-ordinary effort. In short, the Commissions were intended to be a kind of special task force addressing unique and severe problems. They were to concentrate the attention of the participating Governors, together with Federal funds and technical assistance, not only on ameliorating the manifest effects, but also to attack the root cause of distress.

I have reviewed this history because I consider the proposal now advanced to be wholly different—and that it cannot, therefore, be considered simply an extension of the title V commissions as originally conceived and generally accepted. The present proposal is, of course, one that comes to the Congress from the participants in the Regional Commissions and their advocates, so in that sense it is an extension of their hopes and desires for this form of “shadow government.”

That this is so may illustrate several things: (1) the natural growth of a bureaucracy once established; (2) the building of a constituency where Federal funds are in prospect; (3) the difficulty of disbanding an organization when its term is done or its task mainly completed; or (4) the passion for coordinated planning and paperwork which may soon overwhelm constitutionally established State, local and Federal Government.

What began as a sharply focused effort directed to limited geographic areas in crisis or chronic distress is now to cover the entire United States “wall to wall.”

What began as criteria of distress—the high unemployment and low income guidelines of section 501—has now been abandoned in favor of a type of planning for change through the growth policy process.

What began as “seed money”—supplemental funds designed to attract other Federal, State and local funds—became “first dollar money”; that is, extra funds whenever State priorities or Federal budgets failed to reach the desired project. Next comes 100 percent “demonstration project” funds. There is a curious type of logic here, as in the 50-percent matching programs of yore, which required a State or local “share” to be paid by communities of limited income, and now many of these programs are already 75 or 80 percent Federally funded. The “leverage” effect is to be found instead in the attempt to pry loose additional projects which might otherwise fail the criteria established by the Congress. The “multiplier” is a demonstration project which can be regenerated with Federal funds derived from all taxpayers.

What began as a tightly knit task force directed to priority goals has now become an organization which wants to coordinate all available Federal programs and play power broker for the taxpayer's dollar.

It will be argued that this reorientation of purpose, this change in the philosophy behind the title V commissions should come as no surprise; the trend has long been evident. That is appallingly quite true. The latest fashionable mode for regional commissions to embrace was most recently and effectively presented at the White House Conference on Balanced National Growth and Economic Development, sponsored by the chairman and members of the Senate Committee on Public Works and held in January 1978 as a precursor to the development of this legislation. The precise question before the Congress—upon which we are asked to vote—is whether or not to enact into law the direction of that Conference, as distilled and defined by the administration acting through the Department of Commerce in cooperation with representatives of the National Governors Association.

S. 835 as introduced, and the administration bill as reported by the House Public Works Committee, proposes “a nationwide system of multistate regional development commissions to promote balanced development in the regions of the Nation.” The first purpose of that bill was

planning for growth and change so as to maximize the social and economic benefits and to minimize the costs in activities which will improve the quality of life for the people in all the regions of the Nation.

I compliment my sincerely motivated colleague, Senator Chafee, in his capacity as ranking minority member of the Regional and Community Development Subcommittee, for his success in eliminating this stunningly broad purpose, and in striking the mandate to create a new political action device. He attempted to hold to the intention of existing law, by directing the clear purpose of the bill to “shared and interstate regional problems of economic decline and dislocation due to rapid growth.” I am afraid, however, that these and the other improvements secured in subcommittee, substantial as they are, cannot change the

basic direction given throughout the bill, or the intent of the Administration and the zealous advocates and wily bureaucrats of the title V commissions who support it.

To discover this underlying direction and intent, it is necessary only to review title III of the bill, which I commend to my colleagues for its instructive text:

Section 302, for example, requires the President to establish a committee chaired by "a senior White House official," who is instructed to periodically call on the carpet the heads of various Federal departments and agencies so as to determine whether or not they are carrying out the regional development plans prescribed by the bill, who presumably will knock heads to get "the resolution of any issues" between the regional commissions and the line agencies, and who will fix a schedule "for review and response" to commission plans by the rest of the Federal Government. So begins title III, which we will come to know as the Regional Growth Policy Process Act.

The record of the regional commissions over the past 12 years has been decidedly mixed: some successes with mostly indifferent results, and when a bad result surfaces it is usually blamed on a lack of Federal funds, or upon confused authority. Except, that is, for the Appalachian region, which has been handsomely funded, where life has improved and where in its central region, which elicited the 1965 national response, coal field poverty is being daily exchanged for the problems of boom and "energy impact."

Most recently, the commissions have been criticized through careful and responsible audits by the Department of Commerce and the General Accounting Office. Their findings support observations made by knowledgeable experts for years: that the projects selected often are not regional, that clear priorities and specific objectives are neither formulated nor followed, that even after 14 years goals are not quantified nor progress measured against the goals.

There is simply no way to determine how much of the job has been actually accomplished in the last 2 or 5 or 14 years—or when, if ever, the work of the Regional Commissions will be completed. For example, the GAO report to the Congress of April 27, 1979, addresses—

Problems and issues that need to be resolved by the Congress, the Office of Management and Budget, and the Commission before the Appalachian experience can be expanded to a nationwide system of multi-State regional commissions.

These evaluations are usually met with much strident philosophical rhetoric, and the full jargon of "creative federalism."

I can perceive four alternative outcomes if this legislation is enacted:

First, its rhetoric would become real, establishing a new political system coordinating all the rest of government; producing economic development planning, growth planning, and land-use planning; successfully presenting before the executive and legislative branches of the Federal Government regional views in which are incorporated State and grassroots goals—while in turn reflecting national policy back down the chain to the regional, State and local levels. Who can believe this will actually occur? It may be a worthy vision, but I think

we would be on fragile and treacherous ground if we believe writing this dream into law will make it so. It smacks of a total lack of confidence in the present American systems of government as we know them—at all levels. Passage of the legislation would implement the full coordination and planning potential of the administration bill and S. 835 as introduced. It would not, alone, require large project authority or grant funds. The great paradox of the administration bill, of course, is that this proposed mechanism of such enormous scope is accompanied by a request for only negligible funds in the President's budget.

So a second outcome could be that, realistically and hopefully, the proposed regional growth policy process will never replace the present institutional forms of government. The chief result of enacting this bill would then be only to open the doors of the treasury to rapidly increased funding for the title V commissions. Its advocates may well anticipate multiplying this year's budget of \$74 million by tenfold, and then by 10 again. That would not be inconsistent with "parity with Appalachia." It would provide a wonderful cornucopia, largely outside established restraints—such as local taxpayer wrath—and in any event we would greet a new set of players at the game board.

A third outcome could be the limitation of this program to sharply defined areas having special needs of such severity that they merit a specific national contribution for their remedy. It would require each commission to settle on one or two high priority objectives—tackle them, stick to them, and attain them. This is the approach I understand Senator Chafee, to his credit, pursued in subcommittee. But the record of the commissions, including Appalachia, raises great doubt as to their ability or desire to set quantified goals, or to faithfully devote their resources to the specific accomplishment of those established goals.

A fourth outcome could be that even if this legislation is enacted—with all of its high blown promise, and with an air barely submerged hope of grasping at future billions—the Regional Commissions will continue to be ineffective and superfluous. They may continue to be largely ignored, even if given a desk in the White House. But they would retain their extraordinary capacity for stimulating more studies, more think tank capers that demand coordination and signoffs, and a fixed base of operations for yet another set of novel planners. Failing the great new institutional promise, lacking the great escalation in program and project funds, they could remain small and somewhat useful bureaucracies—just as they were originally intended.

To assure that hoped for outcome, however, we need no bill at all.

ALAN K. SIMPSON.

ADDITIONAL VIEWS OF SENATORS BAKER, CHAFEE, DOMENICI, STAFFORD, AND SIMPSON

During the markup of this bill, we opposed the adoption of the provisions establishing a special commission, with broad authority over land use in the State of Alaska. These appear as sections 204(d) and 307(c) in the bill. No hearings were held on these provisions, and legislative language on these subsections was not presented during markup to the committee for its consideration.

The issue is not whether Alaska should be eligible for a separate title V commission. That, indeed, may be reasonable. Rather, we oppose the special character of this commission for three basic reasons:

First, the language of this provision states that the Commission may "review and make recommendations * * * (on) land use plans and proposed activities" and "assist Alaska Native Regional Cooperations * * * in preparing land use plans." We believe that such language establishes a dangerous precedent for extending potential land use authorities to other title V Commissions. That is not, and should not be, the responsibility of these commissions.

It is difficult to find a more politically explosive issue than Federal involvement in local and state land use planning. The battles on this issue have been fought both in committees and on the floor over successive sessions of Congress. Regardless of the merits of Federal involvement—even at the request of the particular State in question—this bill presents neither an appropriate time or place or such legislation. These amendments are an attempt not only to circumvent the Congressional process with regard to Alaskan lands, but also the congressional process with regard to Federal land use planning generally.

Second, these amendments establish the Secretary of Commerce, rather than the Secretary of the Interior, as the focus for this land-use intrusion in Alaska. It should be noted that a land-use commission has existed for Alaska since the early 1970's.

Third, we do not believe that the volatile issues relating to the designation and use of Alaska lands should be determined or affected in this fashion, without benefit of hearings or more thorough evaluation. While we may have disparate views on the issues relating to the proper use of Alaska lands, we are agreed that such a determination should not be considered in the context of the title V program. Resolving the Alaska lands issue is the responsibility of the Congress, which has undertaken that process in other legislation through other committees, with hearings. The back-door approach in this legislation merely muddies the water, and could delay or subvert a reasonable solution.

For these reasons, we oppose strongly the adoption of these provisions in the Committee bill.

HOWARD H. BAKER.
JOHN H. CHAFEE.
PETE V. DOMENICI.
ROBERT T. STAFFORD.
ALAN K. SIMPSON.

CHANGES IN EXISTING LAW

In the opinion of the committee, it is necessary to dispense with the requirements of subsection (4) of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate.

○

Washington Report

A new approach to federal policy on rural development

Rural America—its "changing face," its special needs, and the coordination of the hundreds of federal programs that affect its human and natural resources—was the focus of attention in late December as President Carter announced his Small Community and Rural Development Policy.

The policy, as outlined before a gathering of hundreds of state and local officials and representatives of community-based organizations and the small town business and financial community, combines a set of principles to guide the administration of federal programs, a series of organizational and procedural changes to develop the institutional capacity at the federal and state level to deal with rural issues on a continuing basis, and an "action agenda" of over 100 initiatives to help meet pressing rural needs.

In noting the changes in many rural areas—growth in population, expansion in rural employment, diversification of rural economies—the President argued the need for "a forward-looking policy . . . to manage the effects of such change—to enable individuals and communities to solve their problems and to capitalize on their opportunities."

And yet, he continued, "rural people and communities have proportionately greater unmet basic human needs than do other parts of the nation." Almost 40 percent of the nation's poor live in rural areas. Rural areas have 58 percent fewer physicians, 38 percent fewer dentists and 29 percent fewer nurses, on a per capita basis, and yet a higher incidence of chronic disease exists and more work-days are lost due to illness in the rural sector than in urban areas. While 57 percent of the rural poor and 45 percent of the rural elderly do not own an automobile, public transportation carries less than 1 percent of rural residents who work away from home.

To meet these needs and manage the effects of change in rural areas, the President directed his top administrators to manage their programs so as to recognize local priorities and facilitate decision-making, to invest federal funds in ways that complement state-local plans and priorities, to use federal assistance to help leverage private sector investments, to target federal funds to disadvantaged persons and distressed communities in rural areas, to provide local citizens and their leaders with assistance for more effective decision-making and development efforts, and to make federal programs more accessible to rural jurisdictions and better adapted to rural circumstances and needs.

The capacity to implement the policy's principles and initiatives was enhanced by a request to Congress for creation of an Undersecretary of Agriculture for Small Community and Rural Development, who will aid the Secretary in carrying out his responsibilities under the Rural Development Act of 1972, and who will co-chair, along with the President's Assistant for Intergovernmental Affairs, a revitalized Working Group on Small Community and Rural Development.

The Working Group will include top officials from the Office of Management and Budget, the Domestic Policy Staff, the departments of Education, Energy, Transportation, Housing and Urban Development, Agriculture, Treasury, Interior, Health and Human Services, Labor, and Commerce, as well as the Environmental Protection Agency, ACTION, the Community Services Administration, the Small Business Administration, and the General Services Administration.

The President also directed the Secretary of Agriculture to appoint an Advisory Council to monitor policy implementation and to advise the Secretary and the Working Group, including participation in an annual review of rural policies, programs and budget levels. Members of the Council will include state and local elected officials, representatives of community-based organizations and

other private interest groups, and representatives of the business and financial community.

A second level of advisory bodies would be created with the positive response of governors to the President's invitation to establish State Rural Development Councils. Federal Regional Councils will be directed to set up rural development task forces to assist state implementation efforts, and agency heads will direct their field personnel to participate on the state councils as requested by the governors.

The Secretaries of Housing and Urban Development, Health and Human Services, Education, Commerce, Energy, Labor, Transportation, and Interior, and the Administrators of the Environmental Protection Agency, the Community Services Administration, and the Small Business Administration were also directed to review existing policies and programs in relation to the policy principles, and to designate a senior official to be responsible for monitoring implementation of the policy and to serve as a rural advocate within the agency.

On the Agenda

The "action agenda" announced by the President comprises key actions already taken by the Administration and a series of new proposals which will require executive and/or congressional response to implement. The series of White House Rural Initiatives announced over the past 15 months in the areas of health, sewer and water, rural elderly housing, communications, energy, transportation, and public works forms the core of ongoing agenda items. These actions and new proposals that should be of interest to state legislators include:

Housing—

- extend current four-year, four-state demonstration in state delivery of federal housing and community assistance to other rural distressed communities in those states;
- fully implement initiative on congregate elderly

housing, with social services provided on site (\$12.5 million, 10-site demonstration); and

- develop standardized loan application and appraisal forms for HUD, FHA, FmHA, and VA.

Energy—

- implement initiatives to promote small-scale hydroelectric, community-based unconventional gas and small-scale fuel alcohol development;
- support legislation providing \$750 million in grants and \$1.5 billion in loan guarantees over five years to assist states in meeting the needs of areas experiencing rapid energy resource development ("boom towns");
- support loans financed from windfall profits tax revenue for construction of small-scale alcohol fuel plants; and
- extend the 4 cents per gallon tax exemption on the sale of gasoline.

Health—

- continue implementation of four-year initiative to construct or rehabilitate 300 primary care clinics and to train and employ rural residents as support staff;
- promote full implementation by HFW of the Rural Health Clinic Services Act;
- place top legislative priority on Child Health Care Program and other preventive care programming for children;
- promote legislation permitting "swing beds" to simplify Medicare and Medicaid reimbursement in rural hospitals; and
- provide incentives to states and local communities to increase access to alcohol and drug abuse programs in rural areas.

Capacity building—

- develop a national program to support locally selected circuit-riding managers to assist rural towns and counties;
- continue to fund FmHA Section III rural planning programs;
- provide technical assistance to rural officials on the use of 1980 census data and improve access to detailed data at the small town level;
- negotiate a single set of application, auditing, and reporting requirements for clusters of federal aid programs; simplify and standardize compliance requirements with cross-cutting federal laws and executive orders.

Transportation—

- continue implementation of the components of the June 1979 initiative, including assistance to commuter airlines and small town airports, rehabilitation of railroad branchliners, promotion of rural ridesharing, and coordination and delivery of social service and public transit;
- propose amendments to provide \$100 million per year from 1981-85 for small airport development; and
- support adequate funding of Section 18 (Nonurbanized Public Transportation Program) of Surface Transportation Act of 1978.

Other items of interest include:

- funding the planning and construction of alternative wastewater systems;
- supporting special emphasis on program needs of rural areas in reauthorizing legislation for vocational education;
- requiring state governments to provide adequate

access to welfare programs and the Food Stamp program in sparsely populated areas;

- emphasizing rural downtown revitalization through policy to facilitate transfer and lease of federal property, and convening of a national conference on redevelopment of mainstreet;
- fully implementing the Environmental Protection Agency's policy on agricultural land protection;
- adopting as a national goal the elimination of unsafe drinking water during the 1980's;
- fully implementing the Rural Clean Water Program in FY 1980; and
- completing the joint CEQ-USDA study of the effects of conversion of prime agricultural land to other uses and of measures to control such conversion.

The Working Group began its formal deliberations in late January, at which time the process for the appointment of the Advisory Council was initiated. The White House has been in contact with each governor to encourage the designation of a state rural development council. And during the coming weeks, a series of conferences for state and local officials and others interested in rural affairs will be held throughout the country to assist in publicizing and implementing the small community and rural development policy.

Rep. Dale Locker is Chairman of NCSL's Rural Development Committee.

1964
Rural Settlement

44. 19. 580 -
L20

Repealed 169
SLA 164

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER Rm 104, Capitol
DEPARTMENT House C & R A Committee
ATTENTION Rep. Bill Parker, Chairman

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> Your Information |

Remarks:

FROM:
MAIL STATION NUMBER _____

DEPARTMENT _____

BY Rep. Duncan DATE _____



House of Representatives

State Capitol
Pouch V
Juneau, Alaska 99811
465-3818

MEMBER
Finance Committee

REPRESENTATIVE
JIM DUNCAN
CHAIRMAN
Budget & Audit Committee

Home Address
P.O. Box 690
Juneau, Alaska 99802

MEMORANDUM

TO: Community & Regional Affairs
Committee Members

FROM: Rep. Jim Duncan

DATE: March 24, 1980

SUBJECT: House Bill 932

On Wednesday, March 19, House Bill 932 was first heard by a Joint Session of the Community and Regional Affairs Committee. At that time, some concern was expressed over the advisability of adopting an advocacy position toward rural communities and villages as we propose in House Bill 932.

Please let me assure you that there is nothing in the intent of this legislation that supposes the State must accept extraordinary social responsibility for those communities with little or no resources to develop a local economic base. In fact, our current situation of CETA maintenance of otherwise nonexistent cash economies in the absence of State policy has done more to mandate State responsibilities by default than a well-addressed development policy ever could.

In this bill I hope we begin to address some of the problems of inadequate rural access to State infrastructure, uncoordinated agency practices, lack of Private Sector considerations in State policies, and this State's marginal ability to affect Federal-Alaska economic policies and agency practices. The formation of a council in the Governor's office that will begin to do something rather than create another level of study and advisement requires a special commitment on our part and a special structure to do the job.

In many ways, the high cost of government in Alaska is directly related to the same causes of exceptionally high

District 4

C. & R.A. Committee
March 24, 1980
Page 2

risk and the high cost of private capital investments in rural development. These problems can be simultaneously addressed. The government role of defining the limit and degree of development Alaska can tolerate requires a counterpoint that seeks to facilitate development within those imposed limits, to the mutual benefit of both the public interest and the objectives of private enterprise.

These roles, though complimentary, can come into conflict if they are vested in the same structure particularly when private industry seeks a fair hearing of its problems and objectives at the same door they were issued their limitations. Similarly, no appointed public official has quite the objective credibility that an elected officer does to reach across broad agency, state-federal, and private industry boundaries to elicit cooperation.

Please examine the enclosed material which further explains the rationale behind HB 932. I welcome your suggestions for improvements to this bill.

JD:jp
Encls.



March 24, 1980

The Honorable William K. Parker
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Bill,

With reference to HB932, an alternative creating the Governors Office of Rural Development and the Rural Development Council, I would like to offer the following comments:

- 1) The creation of the Governors Office of Rural Development is the most direct method for meeting the states responsibility to recognize the "special relationship" which exists between the state government and rural Alaskans. A possible alternative may be the creation of rural desks within state departments. However; cost constraints make this option less attractive.
- 2) The existing Rural Development Council is capable of providing necessary policy direction and other duties as proposed. Also, the current composition and leadership are dedicated to the orderly and meaningful development of rural Alaska. In addition to most state departments, the current membership includes representation from major nonprofit corporations and federal agencies with significant operating programs in rural Alaska.

If you have any questions or comments please call.

Sincerely,

COMMUNITY ENTERPRISE DEVELOPMENT
CORPORATION OF ALASKA

JEFF HIATT 
Special Projects Manager

JH:kra

CEDC

Community Enterprise Development Corporation of Alaska
1011 E. Tudor Road, Suite 210/Anchorage, Alaska 99503. 907-279-4551



MEMBERSHIP

Alaska Rural Development Council

INCREASED AWARENESS • IMPROVED COMMUNICATION
BROADENED UNDERSTANDING • COORDINATED ASSISTANCE

US DEPT AGRICULTURE
 Secretary's Program Rep
 Agric Research Svc
 Agric Stabilization & Conservation Svc
 Coop Extension Svc
 Coop State Research Svc
 Farmers Home Admin
 Food & Nutrition Svc
 Forest Service
 Soil Conservation Svc
 Ak Crop & Livestock Reporting Svc
 US DEPT ARMY
 Corps of Engineers
 US DEPT COMMERCE
 Anch District Office
 National Marine Fisheries Svc
 US DEPT HEALTH, EDUCATION & WELFARE
 Alaska Liaison
 Alaska Area Native Health Svc
 US DEPT HOUSING & URBAN DEV
 Regional Director
 US DEPT INTERIOR
 Regional Rep
 Alaska Power Admin
 Bureau of Indian Affairs
 Bureau of Land Mgmt
 Bureau of Mines
 Fish & Wildlife Svc
 National Park Svc
 ENVIRONMENTAL PROTECTION AGENCY
 FEDERAL ENERGY ADMIN
 FEDERAL-STATE LAND USE PLAN COMM
 ALASKA, STATE OF
 OFFICE OF THE GOVERNOR
 Division Policy Dev & Planning 2-77
 DEPT COMMERCE & ECON DEVELOP
 DEPT COMMUNITY & REGION AFFAIRS
 Div of Community Planning
 DEPT EDUCATION
 Div of Educational Svc
 DEPT ENVIRONMENTAL CONSERVATION
 DEPT OF FISH & GAME
 Div of Game
 DEPT HEALTH & SOCIAL SVC
 Div of Public Health
 DEPT HIGHWAYS
 DEPT LABOR
 DEPT NATURAL RESOURCES
 Div of Agriculture
 Div of Lands
 UNIVERSITY OF ALASKA
 Arctic Env Info & Data Center
 College of Arts & Sciences
 College of Environmental Science
 Coop Extension Svc
 Geophysical Inst
 Agricultural Experiment Station
 Inst Arctic Biology
 Inst Marine Science
 Rural Educational Affairs
 School of Ag & Land Resources Mgmt
 School of Management
 Sea Grant Program
 School of Mineral Industry
 ALASKA FEDERATION OF NATIVES, INC
 ALASKA METHODIST UNIV
 ALASKA NATIVE FOUNDATION
 ALASKA VILLAGE ELECTRIC COOP
 BERING STRAITS NATIVE ASSN
 KONIAG, INC
 COMMUNITY ENTERPRISE DEV CORP
 FAIRBANKS NORTH STAR BOROUGH
 FAIRBANKS TVA DEV, INC
 KENAI PENINSULA BOROUGH
 RURAL CAP
 SEALASKA CORP
 YUKON KUSKOKWIM HEALTH CORP



Chairman-Sig Restad, Institute of Agricultural Sciences, Box AE, Palmer, AK 99645. 245-3257
 Vice-Chairman-Fred Reiff, Alaska Area Native Health Service, Box 7-741, Anchorage, AK 99510.
 *Recording Secretary-Ed Kern, Division of Agriculture, Box 1088, Palmer, AK 99645. 245-3236
 * Executive Secretary-James W. Matthews, Cooperative Extension Service, University of Alaska, Fairbanks, AK 99701.

Dept of Agr. Rural Development '72
out



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

March 21, 1980

Pouch V
State Capitol
Juneau, Alaska 99811

TELECONFERENCE NOTICE

The House Community and Regional Affairs Committee, chaired by Rep. Bill Parker, and the Senate Community and Regional Affairs Committee, chaired by Senator Arliss Sturgulewski, will hold a joint teleconference on Friday, March 28 at 1:30 P.M. Juneau time on

HB 932 Creating an Office of Rural Development and
Rural Development Council

The teleconference will include testimony from all sites. Persons interested in testifying or observing at this hearing should contact the local Legislative Information Office in the following communities: Anchorage, Bethel, Fairbanks, Dillingham, Kotzebue, Nome, Kodiak, Soldotna, Ketchikan and Sitka. Further information may be obtained from the House Committee Chairman (465-3824) or the Teleconference Coordinator (465-4980).

5,000 Townships
88 - rural

Introduced: 3/4/80
Referred: Community &
Regional Affairs and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
BUDGET AND AUDIT COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 932

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An act creating the office of rural development, and
7 the Rural Development Council; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. FINDINGS; POLICY, PURPOSE. (a) The legislature finds that
11 there is a public interest in the development of a healthy private economic
12 base in rural Alaska, that the rural areas of the state and the many small
13 communities of the state have been in economic crisis for decades, and that
14 in many rural communities a private economic base has ceased to exist which
15 conditions endanger the economic, social, and cultural well-being of the
16 state's rural citizens and the healthy growth and balance of the state's
17 entire economy. The legislature further finds that while many opportunities
18 for economic growth may be available to rural areas, the problems of the
19 state's rural areas are many and complex, spreading beyond the confines or
20 authority of any one program, any one government, or any one policymaker and
21 therefore requiring a special initiative on the part of all concerned
22 parties.

23 (b) It is the policy of the legislature that

24 (1) villages and small communities should exist in the state;

25 (2) there is a special commitment to the development of a private
26 economic base for villages and small communities;

27 (3) the state should use its resources and financial strength to
28 encourage a healthy rural economy;

29 (4) the state has the primary policy responsibility to act and to

1 catalyze commitment among many interests, including the state, federal
2 government, local governments, and the private sector to promote a private
3 economy in rural areas; and

4 (5) the advocacy of a private economy compatible with rural life-
5 style should be of the highest priority of state policy.

6 (c) It is the purpose of this Act to create a governmental structure
7 that will function as the advocate of rural economic issues and rural com-
8 munity issues concerning development within state, federal, and local
9 governments, and in the private sectors, and which will assist rural people
10 and institutions in laying the foundations of a healthy rural private
11 economic base.

12 * Sec. 2. AS 44.19 is amended by adding new sections to read:

13 ARTICLE 3C. OFFICE OF RURAL DEVELOPMENT.

14 Sec. 44.19.191. OFFICE OF RURAL DEVELOPMENT. There is established
15 in the Office of the Governor the office of rural development. The
16 director of the office is appointed by the governor and serves at his
17 pleasure. The governor ^{shall} (may) consult with the council concerning the
18 appointment or discharge of the director.

19 Sec. 44.19.201. COUNCIL ESTABLISHED. (a) There is established
20 the Rural Development Council as the policy council for the office of
21 rural development. The council consists of

22 (1) the lieutenant governor;

23 (2) a member of each house of the legislature appointed by
24 the presiding officer of that house;

25 (3) ~~four state officers~~ appointed by the governor from among
26 the commissioners of the departments of transportation and public faci-
27 lities, ~~environmental conservation, health and social services,~~ com-
28 munity and regional affairs, and natural resources and the director of
29 the division of policy development and planning; *commerce & development*

Six private sector representatives appointed by the Gov, who are rural area and small communities residents.

1 (4) two members appointed by the governor who are engaged in
2 private enterprise which has significant rural involvement;

3 (5) six members appointed by the governor who are residents
4 of rural areas of the state, and *small communities who represent the private sector*

5 (6) the director of the cooperative extension service of the
6 University of Alaska.

7 (b) The members of the council appointed by the governor *serve at the*
8 pleasure of the governor. *Does this preclude some special turnover?*

9 (c) The lieutenant governor is chairman of the council and one of
10 the legislative members shall be elected by the council as legislative
11 co-chairman.

12 (d) Members of the council serve without compensation but are
13 entitled to per diem and travel expenses provided by law for members of
14 boards and commissions.

15 Sec. 44.19.211. PURPOSE OF THE COUNCIL. The purpose of the coun-
16 cil is to provide policy direction to the office and to assist the
17 office in the performance of the duties of the office. The council
18 shall assist in coordinating the economic development activities of all
19 departments and agencies of government so that the need for those acti-
20 vities and the impact of those activities on rural areas is considered
21 and assist in coordinating the activities of departments and agencies of
22 government which have field responsibilities in the rural areas to the
23 extent that those activities relate to economic development. The
24 council shall also assist the office in its advocacy function.

25 Sec. 44.19.216. MEETINGS. The council shall meet at the call of
26 the chairman or legislative co-chairman, at the request of a majority of
27 the members, or at a regularly scheduled time as determined by the
28 members. *but not less than 4x annually* (The state officers listed in AS 44.19.201(a)(3) who are not
29 appointed to the council are ex officio members of the council and may

*The Alaska Fed. representatives of U.S. Dept. of Health / Food & H. - HB 932 Region I
Rural Development Task Force, the Governor's Special Projects
Coordinator,*

1 attend and participate in all meetings of the council but may not vote.
2 The council may convene meetings of heads of agencies or departments
3 which are concerned with rural matters or economic development if the
4 council determines a meeting to be useful.

5 Sec. 44.19.221. POWERS AND DUTIES OF THE OFFICE. The office shall

6 (1) act as advocate for the development of an economic base
7 in rural Alaska, for community development and for public services which
8 will enhance the opportunity for growth of an economic base in rural
9 Alaska, and for other matters and programs useful to development of the
10 private economy in rural Alaska;

11 (2) act as the ^{in case of default} ~~state~~ ^{responsible agency for rural development} agency for federal rural development
12 programs ~~when appropriate~~;

13 (3) coordinate rural development programs among departments
14 and agencies;

15 (4) act as advocate for rural development programs which are
16 not within the jurisdiction of a specific department or agency;

17 (5) act as advocate for appropriate technology development
18 for rural needs.

19 Sec. 44.19.226. STAFF. Within budget and appropriation limits,
20 the director may hire staff and determine their compensation. [Except
21 for making inquiries, neither the council nor an individual member of
22 the council may give orders to the staff on administrative matters.]

23 Sec. 44.19.231. REPORTS. Before January 15 of each year the
24 ^{Rural Council} office shall submit to the legislature a comprehensive report describing
25 the activities of the council and the office for the preceding year.

26 Sec. 44.19.236. DEFINITIONS. In AS 44.19.191 - 44.19.236

27 (1) "council" means the Rural Development Council;
28 (2) "director" means the director of the office of rural de-
29 velopment;

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(3) "office" means the office of rural development.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
070(c).

STATE-FEDERAL INTERAGENCY AGREEMENTS

Prepared by:

Gordon Stockdale
Economic Development
Coordinator

In light of the New White House Small Communities and Rural Development Policy, we face a somewhat steeper effort than we were confronted with before in forging a meaningful agreement with the U.S. Department of Agriculture.

Although the option to negotiate an agreement is still available with the Department of Agriculture, the role of such an agreement as the key instrument for rural development is substantially diminished by President Carter's Rural Policy announcement. White House Aides perceive the President's dramatic invitation to all Governors to ally themselves with his rural effort as extinguishing the need for any special agreements with states.

In truth there is still much to gain from the negotiation of a State/FmHA agreement and if pursued vigorously, that option is still available for Alaska. The benefits of the agreement are obviously most relevant to specifically agricultural development and immediately related infrastructural areas such as transportation and marketing. The agreement may however, have significant impact on other rural development concerns, depending on the Governor's response to the White House Policy announcement, and how well the agreement is articulated with the objectives of the new policy.

There are two distinctly separate issues at this point which must be addressed: The first is the formation of the Rural Development Council in response to the White House Rural Policy announcement of December 20, 1979. The other is the State-Federal Interagency Agreement which should be negotiated to enhance the ability of the Council Chairman to forward Alaska policy recommendations to the Cabinet (agency signatory) level of as broad an agency representation as is possible. To gain the greatest advantage of these complementary opportunities, it is imperative that we structure the Council to show an extraordinary breadth and depth of rural issue understanding, and a commitment to act.

The agreement for Alaska will probably differ from the existing agreements with other States in several key respects:

1. It should explain at the outset Alaska's unique rural character, the almost complete absence of certain basic government and economic infrastructure commonly perceived in the rural nature of the contiguous United States. (tacitly analogous to an emerging nation)
2. It should state that local community development, state capital improvements, private capital investment, and the investment of federal monies are all inseparable elements in the concept of economic development.

3. It should advance the formation of an Alaska rural development policy which recognizes that the common interests of a wide variety of capital sources and expertise can be brought to bear in the service of Alaska's public interest.

4. It should advance the federally perceived need to adapt the parameters of all programs to suit more specifically the problems they address on the basis of this State's uncharacteristic universe of needs.

5. It should show a long-term commitment to act as an instrument of change, directed to the solution of problems and not merely a forum to address symptoms of prevailing pressures.

There is much more to be done to identify the specific line items that will compose the agreement. At this time, in the absence of a well defined state rural development policy, several options can be considered.

The first of these is to undertake the negotiation of a very specific instrument which will address our current priorities as they are identified by those who are charged with the responsibility to negotiate. This position is laden with serious liabilities however. A rush into specific agreement, prematurely, risks obscuring our need for a representative and thoughtfully developed rural policy. We also risk

limiting the relationship described in the agreement to attending short-term pressing issues rather than committing to a constructive and lasting course of action. The most serious long-term liability in this option is the forfeiture of an Alaska/Federal Policy relationship that would be of real value.

Another possibility is to define development goals in much the same manner of the FmHA agreements with Arizona and Arkansas. These are agreements with very broadly defined general goals. Unlike the specific agreement, they are not very limited in scope and offer little risk of either generating, or being mistaken for policy. These agreements don't confine themselves to pressing, immediate issues, but instead set forth goals that may accommodate a substantial universe of needs and solutions. Unfortunately their generality is their weakness. Because no specific course of action is readily apparent in the text, there is little imperative for action. Also, because this type of agreement is open to a variety of interpretations and applications it offers little direction and is soon regarded as less than serious. Finally, as in the first example, this type of agreement would fail to establish a valuable Alaska/Federal Policy relationship.

An Alaska/FmHA interagency agreement should be a technical instrument, leaving the subject of goals and objectives description to the Governor's Rural Development Council. The instrument should define all state agency roles as they relate to Rural Development and assign the responsibility for coordination and oversight of these roles to a lead agency with a sufficient mandate of authority to direct and supervise. The instrument should further compliment the means and authority by which the Rural Development Council may develop the Governor's policy and instruct the lead agency to execute it.

The agreement should describe a similar structure on the Federal side, but the degree and extent to which Federal agencies may be expected to cooperate can be determined only after considerable negotiation. It must be remembered that Region X, in Seattle, has brokered most of Alaska's federal relationships for many years. It is deeply entrenched and only limited adaptation may be expected unless the Alaska/Federal relationship is important at the Cabinet and White House level in Washington, D.C.

This brings us back to the importance of the White House Small Community and Rural Development Policy announced by President Carter in December. Although it is separate and distinct from the State/FmHA interagency agreements, it can serve to help fuse a purposeful and lasting Alaska/Federal policy relationship.



CENTRAL COUNCIL
Tlingit and Haida Indians of Alaska
One Sealaska Plaza - Suite 200
Juneau, Alaska 99801
(907) 586-1432 or 586-3613

TESTIMONY OF ANDREW W. EBONA

on

HOUSE BILL 932, "AN ACT CREATING THE OFFICE
OF RURAL DEVELOPMENT, AND THE RURAL COUNCIL:
AND PROVIDING FOR AN EFFECTIVE DATE."

(Presented at the Joint House and
Senate Community & Regional Affairs
Committee Teleconference on March
28, 1980.)

MADAME CHAIRMAN, MR. CHAIRMAN, HONORABLE SENATE AND HOUSE COMMITTEE MEMBERS, LADIES AND GENTLEMEN. I AM ANDREW W. EBONA, EXECUTIVE DIRECTOR OF THE CENTRAL COUNCIL OF THE TLINGIT & HAIDA INDIANS OF ALASKA. FOR THOSE OF YOU WHO ARE NOT AWARE, THE TLINGIT AND HAIDA CENTRAL COUNCIL IS THE CONGRESSIONALLY-RECOGNIZED GENERAL GOVERNING BODY FOR OVER 16,000 TLINGIT AND HAIDA INDIANS IN SOUTHEAST ALASKA. A MAJORITY OF THOSE CONSTITUENTS RESIDE IN RURAL ALASKA, WHICH MAKES HOUSE BILL 932 EXTREMELY IMPORTANT TO US.

ALLOW ME TO FURTHER QUALIFY OUR TESTIMONY. THE CENTRAL COUNCIL HAS TWO BASIC DEPARTMENTS ... THE DEPARTMENT OF COMMUNITY SERVICES AND THE DEPARTMENT OF HUMAN SERVICES. BOTH WORK DIRECTLY WITH OUR NINETEEN (19) COMMUNITIES IN DELIVERING SERVICES. AS A RESULT OF INPUT FROM THOSE COMMUNITIES, WE FEEL THAT WE CAN STATE POSITIVELY THAT WE HAVE EXTENSIVE WORKING KNOWLEDGE OF THE RURAL AREA. AS A MATTER OF INFORMATION, WE HAVE ALSO PARTICIPATED WITH VARIOUS OTHER REGIONAL NATIVE NON-PROFITS AND STATE/FEDERAL AGENCY REPRESENTATIVES ON A TASK FORCE FOR RURAL DEVELOPMENT. THIS TASK FORCE HAS BEEN IN EXISTENCE FOR THREE YEARS AND HAS BEEN ATTEMPT-

Testimony of Andrew W. Ebona
RE: HB932
Page 2

ING TO COORDINATE THEIR EFFORTS IN DELIVERING SERVICES TO THE RURAL COMMUNITIES AS THE RURAL DEVELOPMENT COUNCIL WOULD HOPE TO DO. THE RECOMMENDATIONS AND SUPPORT THAT WE ADVANCE HERE ARE OFFERED IN THE HOPE THAT THE STATE WILL BE ABLE TO UTILIZE AND LEARN FROM OUR EXPERIENCES.

HB 932, "AN ACT CREATING THE OFFICE OF RURAL DEVELOPMENT, AND THE RURAL DEVELOPMENT COUNCIL", PRESENTS A CONCEPT WHICH WE WHOLEHEARTEDLY ENDORSE. WE ARE ALL AWARE THAT ONE OF THE CONDITIONS, WHICH GENERATES OR RELATES DIRECTLY TO MANY OF THE RURAL ALASKA PROBLEMS, IS THE LACK OF AN ECONOMIC BASE IN THE RURAL AREAS. THIS PIECE OF LEGISLATION WAS DEVELOPED IN RECOGNITION OF THIS AND THEREFORE EARNS OUR SUPPORT.

THOSE PROVISIONS WHICH PROVIDE FOR COUNCIL APPOINTMENT ATTEMPT TO SET UP A MECHANISM WHICH WOULD PROVIDE FOR COORDINATION OF EFFORT IN ALL ACTIVITIES DIRECTED TOWARDS THE RURAL COMMUNITIES. THIS IS INDEED LAUDABLE CONSIDERING THE FACT THAT EFFORTS IN THE PAST HAVE BEEN MADE ON AN AGENCY-BY-AGENCY, PIECEMEAL BASIS. WE ARE, HOWEVER, CONCERNED THAT AGENCY REPRESENTATION WOULD OVERWHELM RURAL REPRESENTATION. A WAY TO AVOID THIS WOULD BE TO PLACE THE STATE DEPARTMENT REPRESENTATIVES ON THE RURAL DEVELOPMENT COUNCIL IN AN EX-OFFICIO CAPACITY. WE WOULD ALSO HOPE THAT THE STATE DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT WOULD BE INCLUDED ON THE LIST OF RELATED DEPARTMENTS, SINCE IT IS RURAL DEVELOPMENT THAT IS BEING ADDRESSED.

TO DATE THERE HAS BEEN NO FORMAL STATE POLICY CONCERNING RURAL DEVELOPMENT. THE POLICY OF THE LEGISLATURE AS OUTLINED ON PAGE ONE OF THE BILL WOULD BE ACCEPTABLE AS THE GOALS AND OBJECTIVES OF THE COUNCIL. WE RECOMMEND THAT ONE OF THE RESPONSIBILITIES AND OUTCOMES OF THE COUNCIL

Testimony of Andrew W. Ebona

RF: HB 932

Page 3

WOULD BE THE DEVELOPMENT OF SPECIFIC POLICIES THE STATE COULD AND WOULD UTILIZE IN COORDINATING RURAL DEVELOPMENT. THIS MEANS THAT THE COUNCIL MUST HAVE SOME SORT OF AUTHORITY TO RECOMMEND STATE POLICY AND TO ASSURE THAT IT IS FOLLOWED.

OTHER CONSIDERATIONS THAT MUST BE TAKEN ARE THE MAKE-UP OF THE COMMUNITIES THAT COMPRISE RURAL ALASKA. THE BULK OF THOSE COMMUNITIES ARE MADE UP OF ALASKA NATIVES. WE URGE THAT THIS BE TAKEN INTO CONSIDERATION WHEN APPOINTMENTS ARE BEING MADE. THE STATE MUST ALSO RECOGNIZE THE ROLES AND THE RESULTING IMPACT THE REGIONAL AND LOCAL PROFIT AND NON-PROFIT NATIVE CORPORATIONS HAVE IN THE RURAL COMMUNITIES. THEY ALSO SHOULD BE REPRESENTED ON THE RURAL DEVELOPMENT COUNCIL.

WITH THE INCLUSION OF THESE RECOMMENDATIONS IN HOUSE BILL 932 THE CENTRAL COUNCIL GOES ON RECORD IN TOTAL SUPPORT OF AN OFFICE OF RURAL DEVELOPMENT AND A RURAL DEVELOPMENT COUNCIL.

Andrew W. Ebona, Executive Director
Central Council of the Tlingit &
Haida Indian Tribes of Alaska
One Sealaska Plaza, Suite 200
Juneau, Alaska 99801
(907) 586-1432

STATE OF ALASKA

OFFICE OF THE GOVERNOR

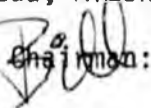
DIVISION OF POLICY DEVELOPMENT AND PLANNING

JAY S. HAMMOND, Governor

POUCH AD
JUNEAU, ALASKA 99811
PHONE: 465-3512

March 18, 1980

Bill Parker, Chairman
House of Representatives
Community and Regional Affairs
Pouch Y, State Capital
Juneau, Alaska 99811

Mr.  Chairman:

You have requested that I appear before your committee and comment on HB932 "An act creating the office of rural development and the Rural Development Council." Although I will be unable to personally attend the hearing, I would like to share with you and your committee my comments on this legislation.

The Division of Policy Development and Planning has had some experience during the last three years in assisting some rural areas of the state undertake planning efforts which would help them direct the kind of development which will occur within their region.

The most notable of these has been the "Regional Strategy" planning program underway in the NANA region. In conjunction with the U.S. Department of Housing and Urban Development and the Alaska Department of Community and Regional Affairs, the Division has provided funds and assistance to the Mauneluk Association to develop a regional development plan. This planning process has served as a vehicle to coordinate the activities of all major government agencies in the region and to make their activities consistent with local needs and desires. The NANA Regional Strategy program which we began almost two years ago was designed to address the problems identified in Section 1 of HB932 which declares that "the problems of the state's rural areas are many and complex, spreading beyond the confines or authority of any one program, any one government, or any one policy maker...."

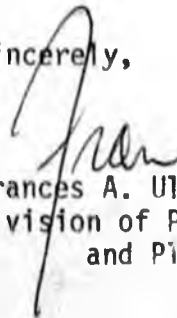
We agree with this statement and have been working within the executive branch to devise a process which recognizes the unique nature of rural Alaska. We are attempting to create a broadly based coordinating effort which will target the resources of the federal and state governments so that development activities will benefit Alaska's rural citizens to the maximum extent possible.

As you may know, the Carter Administration has established a Small Community and Rural Development Policy in an effort to coordinate the various forms of federal assistance to rural America, and to better focus on the priority needs, as identified by the State. The mechanisms through which such coordination will be achieved at the federal level are an interagency group of assistant secretaries of major federal agencies in Washington, D.C. and regional task forces composed of members of the federal regional councils. The principal agency in charge of policy implementation at the federal level will be the U.S. Department of Agriculture. At the State level the identification of rural development priorities will be the responsibility of state organizations designated by each Governor. Last fall Governor Hammond designated the Agriculture Action Council as the entity to coordinate this federal policy in Alaska. Recognizing that the Council's mandate is somewhat narrower than the federal initiative, we are presently preparing recommendations to expand the Council's membership as it regards the federal rural development initiative. The proposed expanded membership generally follows the structure of the Rural Development Council proposed in HB932. It is our intent to finance this new organization (we understand that federal funds are available) and develop a work program which will identify priority rural development needs, help to initiate specific projects which will meet those needs and coordinate the state, federal and private resources necessary to bring such projects to fruition. In effect we are attempting to do within an existing framework what this Legislation seeks to accomplish by creating a new organizational structure.

For this reason, we feel this effort can be accomplished without any additional statutory authority.

Please let me know if there is any other information which we can share with the committee which might be helpful in its discussion of this issue.

Sincerely,



Frances A. Ulmer, Director
Division of Policy Development
and Planning

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SUBJECT: Special Assignment on Alaska

THRU: Gordon Cavanaugh
Administrator

THRU: William M. Hunt
Acting Deputy Associate Administrator

TO: Alex P. Mercure
Assistant Secretary
for Rural Development

I met first with the staff director of the Seattle FRC in Seattle. In Juneau, I met with both administrative and legislative staff as arranged by Governor Hammond's assistant, Bob Palmer. I spent considerable time with Secretary's Representative Fisher, FmHA State Director Roderick, Alaska Federation of Natives President Morris Thompson (former head of BIA), the small farms and conservation districts committees, and many other citizens, legislators, and natives. Opinions expressed to me were amazingly consistent on the following issues:

- ° Political labels are quite unimportant. An organized approach to rural development has bipartisan support in the legislature and between the legislature and the governor. There seems to be wide support for Lt. Governor Terry Miller as the next governor.
- ° Development needs are well defined and understood, as you heard when you were there last June.
- ° The State has incredible developmental resources at its disposal through the oil revenues--yet there is universal concern that only the other guy's needs will be met and not everyone's, and that the revenues will be used to meet short-run exigencies rather than to build a viable economy that can sustain itself after the oil revenues cease.
- ° The State must develop a self-sustaining economy--and, in particular, a viable agriculture economy--in order to avoid continuous boom and bust cycles.
- ° The main problems are seen as the inflexibility of federal programs, program managers who cannot respond to the unique needs and opportunities of the State, and the lack of coordination among federal programs and the management of them.

Alex Mercure

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A less widely recognized problem soon became clear: the main problem is not the lack of federal flexibility as much as it is a lack of political consensus in the State. As the President's Policy on Small Community and Rural Development emphasizes, rural development programs of all levels of government come together at the State, not the national level. Effective coordination of policy and activities must, therefore, be under strong leadership within states. Alaska has the resources but has not had the political will to forge a consensus on the use of the resources. Until a consensus is developed, assumption of leadership for rural development involves great risk.

Evidence of the lack of consensus is in the myriad of task forces, committees, subcommittees, conferences, hearings, etc., that exist in the state to bring the right people together and to coordinate their efforts--and to avoid having to make the hard choices. The numbers of them and the frequency of their meetings is mind-boggling in a state with less than half a million population spread over such a great area. The problems and opportunities have been studied, debated, discussed, and reported on almost beyond comprehension. Yet, there exists nothing to bring them together into a coherent whole. Recommendations abound, but no one has yet been able to devise the tradeoffs necessary to subordinate goals and priorities.

Recently, however, several things have fallen into place:

- o Governor Hammond has asked Secretary Berglund to work with him to create a state/federal partnership for rural development.
- o The staff of Representative Jim Duncan, Chairman of the House Budget and Audit Committee, has just about completed a study and recommendations on desirable relationships for coordinated development among state agencies, and a framework to work out others.
- o The President's policy provides the vehicle necessary to get federal agencies organized and working with each other and with state and local officials at the federal and the state levels.

With the exception of one issue, the Alaska Railroad (discussed below), the Federal Government should not attempt to assume the State's burden by setting up a study or a series of task-oriented task forces. The problems have been studied to death. What is needed is full federal support for the State's assumption of the role of convening the important actors to begin to set priorities. Once the priorities have been set, the Federal Government, with the State, can pursue activities--or further studies if necessary--to meet the priorities.

If the Governor is willing to designate a Rural Development Council in accord with the President's invitation, and if he is willing to put it under the leadership of someone with recognized status (the Lt. Governor,

Alex Mercure

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(for example), federal agencies will be willing to participate as per their orders from the Working Group on Small Community and Rural Development. Thus, the structure for state policy-setting plus inter-governmental coordination of policy and implementing actions would be in place.

Life could be breathed into such a structure, and political consensus boosted, by a highly visible state/federal memorandum of agreement to make it all work. USDA, through the Seattle FRC Rural Development Task Force, should take the lead role in preparing and implementing the agreement. (The study being prepared for Representative Duncan's Committee recommends that USDA (FmHA) take the lead among federal agencies. Both the Department and Secretary Bergland are popular in Alaska.) A highly visible agreement and effort to develop a joint investment strategy are very important because of the huge federal presence in Alaska and the universal distrust of the dominant federal partner--the Department of the Interior.

An agreement could specify the course to be followed to reach initial consensus on overall goals and priorities. So that all federal agencies would have reason to actively participate, the agreement could even specify task forces and lead agency responsibility to perform the background work necessary to set priorities. The agreement could provide funding for staff to the Governor's Council: EDA 304 funds could be used as well as FmHA 111 funds. Other agencies, especially Interior, could be encouraged to contribute.

It would take some very high quality staff work to help forge the consensus and leadership that are necessary. Someone will have to be brought into the State at a high salary. This and the high travel costs will make the staff support quite expensive.

RECOMMENDATIONS:

- ° The Board of Directors of the Council of State Community Affairs Agencies (COSCAA) is meeting in Juneau early in July. This will get some very high-powered state officials into Alaska: e.g., Hank Huckaby, Community Affairs Commissioner in Georgia; and Paula Herzmark, Executive Director of the Department of Local Affairs in Colorado. If we will cover their additional per diem and travel expenses, they will conduct training seminars and dialogues with appropriate state and local officials.
- ° I understand that Jack Watson and Berry Crawford will be going to Alaska after they attend the USDA Workshop to be held in Spokane, March 17-20. Jack Watson could announce that he and you have directed the newly formed Region X FRC Rural Development Task Force to begin at once to negotiate a memorandum of agreement for a state/federal rural development partnership.

Alex Mercure

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- ° As a broader than PmHA/State agreement, it could be signed by Jack Watson and you, or perhaps, by the Secretary. A special show of concern and commitment by the Secretary could go far to smooth over the ill feelings for the President that derive from the popular animosity toward Interior and the land settlement issue.
- ° If the ceremony took place while the COSCAA group was there, the agreement could be credited for the assistance they would be there to provide--and it would impress them too.
- ° As you know, the Alaska Railroad is crucial to the development of large-scale agriculture in the Delta area near Fairbanks. There is a lot of controversy over freight rates--the RR wants to charge the barley project full costs for returning the empty trains, making the price of the barley noncompetitive. I recommend that a task force to address this issue be set up soon. Berry Crawford has a special interest in it. With your direction, I could work with him and Bob Falmer to get something going right away.

NOTES:

- ° The Alaska natives control most of the State's developable private land and venture capital. State officials and the public recognize this and seem to be very eager and quite willing to give the natives a prominent role in the State's development.
- ° On the other hand, at a legislative hearing on discrimination, I heard a lot of testimony that the pipeline and drilling companies discriminate against minorities and women.
- ° The development of a bottom fishing industry is of special concern to the White House. EDA has funded an infrastructure development planning project to develop a plan that could coordinate and guide investments of public funds by federal agencies, the State, municipal governments, and port districts in support of fisheries development and related community growth. No doubt, a lot can be learned from this project on how to go about creating a joint investment strategy in Alaska.
- ° A study to inventory all of the task forces, committees, etc., involving federal agencies is underway under the aegis of the Seattle FRC.


signed

CRAIG BIGLER
Program Analysis Officer

BILL ANALYSIS

ASSIGNMENT DATE _____

UNASSIGNED _____

DEPARTMENT Community and Regional Affairs	SPONSOR (PRINCIPAL) Rules Committee	BILL NO. HB 932
DEPARTMENT POSITION Strongly supports HB 932, <i>if amended.</i>		
DIVISION DIRECTOR	DATE	COMMISSIONER Lee <i>Mc</i> Nerney
		DATE March 18, 1980
GOVERNOR'S OFFICE USE		
<input type="checkbox"/> POSITION NOTED	<input type="checkbox"/> POSITION APPROVED	<input type="checkbox"/> POSITION DISAPPROVED
BY:		DATE:
SUMMARY		
(1) RELATED BILLS (SIMILAR OR CONFLICTING)		
(2) OTHER AGENCIES AFFECTED BY BILL		
(2) a. ORGANIZATIONAL SUPPORT FOR BILL RURAL CAP		(2) b. ORGANIZATIONAL OPPOSITION TO BILL
(3) PROGRAM EFFECTS OF BILL HB 932 creates the office of rural development and the Rural Development Council, established in the Office of the Governor. The Director of the office of rural development is appointed by the Governor. The Rural Development Council is established as the policy council for the office of rural development. The council consists of sixteen members and is chaired by the Lieutenant Governor, and one of the legislative members shall be elected by the council as legislative co-chairman.		
(4) FISCAL IMPACT: <input checked="" type="checkbox"/> NONE <input type="checkbox"/> FISCAL ANALYSIS ATTACHED <input checked="" type="checkbox"/> To be prepared by Governor's Office		
(5) AMENDMENTS PROPOSED: See comments below:		

(6) COMMENTS:

This Department supports the establishment of the Office of Rural Development. We wonder whether the Governor would want this in his office inasmuch as he is moving other agencies out of his office into appropriate departments. Our recommendation is to put this in a department and have it function as an independent commission similar to Alaska Municipal Bond Bank Authority, Alaska Industrial Development Authority, etcetera.

In regard to the council membership, we would recommend two members from each house of the legislature to insure broader base representation. We would further recommend the commissioners from the Department of Community and Regional Affairs, the Department of Commerce and Economic Development, the Department of Natural Resources and the Department of Transportation and Public Facilities, with the

Director of the Division of Policy Development and Planning as a fifth member.

In regard to the meetings, we recommend that quarterly meetings be scheduled as a minimum.

On page four, line 19, in regard to staff, we recommend that the full council determine the selection of the executive director.

March 16 - Sunday

Lee:

1. I never did have an opportunity to call Keith and Rebecca on this bill since I was tied up with RURALCAP.
2. There doesn't appear to be need for a fiscal note on this rural development council bill at this point. I am just preparing the following, which you can feel free to change in any way. Then I thought we could submit a bill analysis to Keith after that, since this information below isn't in final form and you will probably want to change it.

Marie

H.B. 932 establishes an Office of Rural Development in the Office of the Governor. We wonder whether the Governor would want this in his office inasmuch as he is moving other agencies out of his office into appropriate departments. A recommendation might be to put this in a department and have it function as the Alaska Power Authority and Alaska Public Utility Commission out of the Commerce Department, or the State Manpower Services Council out of C & RA, with an executive director and other appropriate staff, as are needed, who would be responsible to the commissioner of the department.

In regard to the council membership, we would recommend two members

In regard to the...

from each house of the legislature to insure that at least one from each body would be able to attend the meetings. We would further recommend specifically the commissioners from the Department of Community and Regional Affairs, the Department of Commerce and Economic Development, the Department of Natural Resources and the Department of Transportation and Public Facilities, with perhaps the Director of the Division of Policy Development and Planning as a fifth member from the agencies. We recommend deletion of part 4 on page 3 (two members appointed by the governor who are engaged in private enterprise which has significant rural development) as we feel they could be covered by part 5.

Instead of the lieutenant governor chairing the council, we would recommend that one of the public members be elected by the others to chair the meetings.

/

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Instead of the lieutenant governor chairing the council, we would recommend that one of the public members be elected by the others to chair the meetings.

H.B. 932

In regard to the meetings, we recommend that quarterly meetings be scheduled as a minimum.

On page 4, line 19, in regard to staff, we recommend that the full council determine the number of staff they need and make the selection of the executive director and other appropriate staff as needed.

Lee--those are just rough comments from our earlier discussion. I'm not sure what format you want them in at this time -- we have had no request for department comments yet. I'm not sure who you will designate to attend and/or speak at this hearing on Wednesday since you and I both will be gone.

Marie

"RURAL ALASKA IS IN A STATE OF
PROFOUND ECONOMIC DEPRESSION, - HAS BEEN
FOR MANY YEARS"

- I. INTENT: Create Rural Development Council to advocate and assist in rural development.

TIMING: Carter has created new Rural Policy - One time opportunity for revising federal relationship; break Region X Policy brokerage.

II. BASIC PROBLEMS:

1. No comprehensive state commitment to rural economy.
2. Village economic institutions have been left to "go it alone."
3. State relates to rural Alaska through narrowly defined agency boundaries.
4. State now has capital resources to leverage private capital in fostering rural development. Existing structure and policy have a history of poor performance.

III. SOME OF THE OBSTACLES:

1. Need for executive commitment to "an active" rural development policy.
2. Failure to recognize private industry role in basic economies (not a strictly government role).
3. Traditional government/private industry adversity precluded partnership approach to development.
4. Failure to recognize rural development is fundamentally urban development.
5. Inadequate direction of public resources to build an economy - needs Executive Commitment.

IV. STATE'S INTEREST:

1. To begin to establish a very fundamental cash economy in rural Alaska - requires special government role.
2. Infrastructure development is an investment; returns are not immediately apparent.

FEDERAL/STATE INTERAGENCY AGREEMENT

1. State agency structure and operational limits are defined in large part by their federal counterpart agencies.
2. Alaska has had virtually no role in Alaska Federal Policy formation.
3. Seattle's Regional Administrators have exercised brokerage of Alaska interests for years - deeply entrenched.
4. Alaska still has an option to exercise the last of the Federal/State Interagency Agreements.
5. We will be the only state with this option under the new White House Rural Development Policy.
6. The structure of the Council is still open. Its membership is the key to taking advantage of the built-in ability to make things happen!



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

March 21, 1980

Pouch V
State Capitol
Juneau, Alaska 99811

*Sent to attached
3/21/80*

TELECONFERENCE NOTICE

The House Community and Regional Affairs Committee, chaired by Rep. Bill Parker, and the Senate Community and Regional Affairs Committee, chaired by Senator Arliss Sturgulewski, will hold a joint teleconference on Friday, March 28 at 1:30 P.M. Juneau time on

HB 932 Creating an Office of Rural Development and
Rural Development Council

The teleconference will include testimony from all sites. Persons interested in testifying or observing at this hearing should contact the local Legislative Information Office in the following communities: Anchorage, Bethel, Fairbanks, Dillingham, Kotzebue, Nome, Kodiak, Soldotna, Ketchikan and Sitka. Further information may be obtained from the House Committee Chairman (465-3824) or the Teleconference Coordinator (465-4980).

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DOYON LIMITED
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Anchorage Daily News
Pouch 6616
Anchorage, AK 99502
Att: Stan Abbott

KIAK
P.O. Box 73410
Fairbanks, AK 99707
Att: Peter Van Nort

KFQD
9200 Lake Otis
Anchorage, AK 99507
Att: Norma Herrin

Tundra Times
639 "I" St.
Anchorage, AK 99501

KJNP
P.O. Box 0
North Pole, AK 99705
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8819 Jewel Lake
Anchorage, AK 99502
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The Valley Sun
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Wasilla, AK 99687

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Univ. of AK
Fairbanks, AK 99701
Att: Phil Falkowski

KBYR
1007 W. 32nd Ave.
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The Chugiak-Eagle River
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Eagle River, AK 99577

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Fairbanks, AK 99707
Att: Dermot Cole

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Att: Lynn Roberts

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Att: Carol Schatz

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Attn: Editor

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Anchorage, AK
Att: Sandi Marsh

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Att: John Davidson

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Att: Jim Heim

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Anchorage, AK 99503
Att: Clay Shelton

Bay Advertiser
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Dillingham, AK 99576
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Peninsula Clarion
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Kenai, AK 99611

KSKA
P.O. Box 1900
Anchorage, AK 99510

KFAR
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Fairbanks, AK 99707
Att: Phyllis Whitehead

Homer News
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Homer, AK 99603
Att: Tom Gibboney

Anchorage Times
P.O. Box 40
Anchorage, AK 99510
Att: Clint Andrews

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Fairbanks, AK 99707
Att: Anne Spink

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Ketchikan, AK 99901

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Ketchikan, AK 99901
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Ketchikan, Ak 99901
Att: Ken O'Toole

KIFW
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Sitka, AK 99835
Att: Dave Selaski

Southeastern Log
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Ketchikan, AK 99901
Att: Ken O'Toole

Sitka Daily Sentinel
P.O. Box 799
Sitka, AK 99835
Att: Thad Paulson

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Kodiak, AK 99615
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Haines, Alaska 99827

Mayor - *NOTIFY*
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Juneau, Alaska 99801

Mayor
Kenai Peninsula
Borough
P. O. Box 850
Soldotna, Ak. 99669

Mayor
Ketchikan Gateway
Borough
344 Front Street
Ketchikan, Ak. 99901

Mayor
Kodiak Island Borough
P. O. Box 1246
Kodiak, Alaska 99615

Mayor
Matanuska-Susitna
Borough
Box B
Palmer, Alaska 99645

Mayor
North Slope Borough
Box 69
Barrow, Alaska 99723

Mayor
City & Borough of
Sitka
Box 79
Sitka, Alaska 99835

Mayor
City of Akhiok
Akhick, Alaska 99615

Mayor
City of Akiachak
Akiachak, Alaska 99551

Mayor
City of Akiak
Akiak, Alaska 99552

Mayor
City of Akolmiut
Nunapitchuk, Ak. 99641

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Box 51
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P. O. Box 24
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Allakaket, Ak. 99720

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Anvik, Alaska 99558

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Atmautluak, Ak. 99559

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P. O. Box 388
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Mayor
City of Brevig Mission
Brevig Mission, Ak.
99785

Mayor
City of Buckland
Buckland, Alaska 9972

Mayor
City of Chefnak
Chefnak, Ak. 99561

Mayor
City of Chevak
Chevak, Alaska 99563

Mayor
City of Chuathbaluk
Chuathbaluk, Ak. 9955

Mayor
City of Clark's Point
Clark's Point, Ak.
99569

Mayor
City of Cordova
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Mayor
City of Craig
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Mayor
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Deering, Alaska 99736

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99737

Mayor
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Diomede VIA
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Eek, Alaska 99578

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Mayor
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Russian Mission, Ak.
99657

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Mayor
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Shaktoolik, Ak. 99771

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Sheldon Point, Ak. 99661

Mr. Larry Crawford, Mgr.
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Anch. Ak. 99502

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Ms. Della Trumble, Clerk
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Mr. A. Edge, Mgr.
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Nome, Ak. 99762

Mr. G. Acker, Mgr.
P.O. Box 415
Skagway, Ak. 99840



Alaska State Legislature

House of Representatives

State Capitol
Pouch V
Juneau, Alaska 99811
465-3818

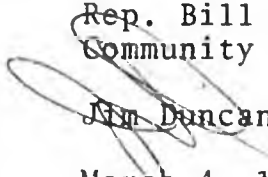
MEMBER
Finance Committee

REPRESENTATIVE
JIM DUNCAN
CHAIRMAN
Budget & Audit Committee

Home Address
P.O. Box 690
Juneau, Alaska 99802

MEMORANDUM

TO: Rep. Bill Parker, Chairman
Community & Regional Affairs Committee

FROM:  Jim Duncan

DATE: March 4, 1980

SUBJECT: House Bill 932 -- An Act Creating the
Office of Rural Development, and the
Rural Development Council

I would appreciate your committee's earliest possible consideration of HB 932. I am enclosing a copy of the bill with backup information.

Gordon Stockdale of my staff or I will be available at your convenience to explain and discuss this important legislation.

JD:jp
Enclosures

District 4

HAINES

JUNEAU - DOUGLAS

KLUKWAN

SKAGWAY

"RURAL ALASKA IS IN A STATE OF
PROFOUND ECONOMIC DEPRESSION, - HAS BEEN
FOR MANY YEARS"

- I. INTENT: Create Rural Development Council to advocate and assist in rural development.

TIMING: Carter has created new Rural Policy - One time opportunity for revising federal relationship; break Region X Policy brokerage.

II. BASIC PROBLEMS:

1. No comprehensive state commitment to rural economy.
2. Village economic institutions have been left to "go it alone."
3. State relates to rural Alaska through narrowl defined agency boundaries.
4. State now has capital resources to leverage private capital in fostering rural development. Existing structure and policy have a history of poor performance.

III. SOME OF THE OBSTACLES:

1. Need for executive commitment to "an active" rural development policy.
2. Failure to recognize private industry role in basic economies (not a strictly government role).
3. Traditional government/private industry adversity precluded partnership approach to development.
4. Failure to recognize rural development is fundamentally urban development.
5. Inadequate direction of public resources to build an economy - needs Executive Commitment.

IV. STATE'S INTEREST:

1. To begin to establish a very fundamental cash economy in rural Alaska - requires special government role.
2. Infrastructure development is an investment; returns are not immediately apparent.

FEDERAL/STATE INTERAGENCY AGREEMENT

1. State agency structure and operational limits are defined in large part by their federal counterpart agencies.
2. Alaska has had virtually no role in Alaska Federal Policy formation.
3. Seattle's Regional Administrators have exercised brokerage of Alaska interests for years - deeply entrenched.
4. Alaska still has an option to exercise the last of the Federal/State Interagency Agreements.
5. We will be the only state with this option under the new White House Rural Development Policy.
6. The structure of the Council is still open. Its membership is the key to taking advantage of the built-in ability to make things happen!

THE CARTER ADMINISTRATION

SMALL COMMUNITY AND RURAL DEVELOPMENT POLICY

DECEMBER 20, 1979

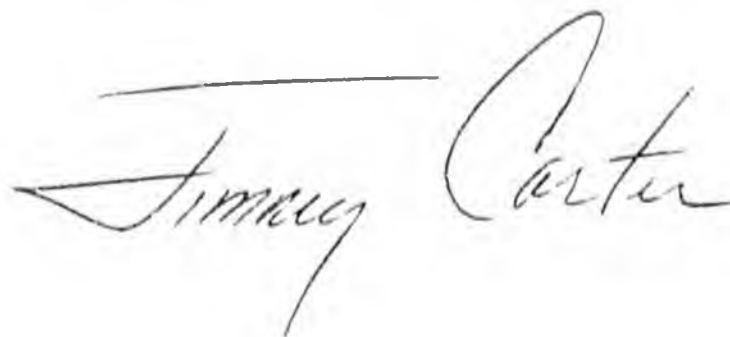


It is with great personal satisfaction that I announce today my Small Community and Rural Development Policy. I believe it reflects a change in both the programs and the attitudes of the federal government as we seek solutions for the kinds of problems I have seen all my life, growing up and living in a rural area.

We have long needed to translate generalized concerns about rural problems into a set of specific goals, principles, programs, and mechanisms for effective implementation. Building on the many rural initiatives launched during the past two-and-a-half years, this policy provides a clear purpose and a clear program of action for addressing important small community and rural needs, and for managing the profound demographic and economic changes that are taking place in rural America.

Built into this policy is the recognition that rural Americans have extraordinary creativity, dedication, and perseverance. The role of the federal government should be to encourage and support the resources and resourcefulness of rural America and to be the partner of its local leaders.

Nowhere is the sense of partnership, neighborliness, and shared responsibility more evidenced than in the communities all across rural America. That is why I am optimistic about the future of this nation and the future of rural and small town America. In many ways, working together and combining our strengths and resources, we can build a better life for all Americans, urban and rural.

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

THE WHITE HOUSE
December 20, 1979

RECEIVED
JAN 4 1980
BUDGET/AUDIT
COMMITTEE

THE CARTER ADMINISTRATION

SMALL COMMUNITY AND RURAL DEVELOPMENT POLICY

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PART ONE

POLICY STATEMENT

Our Rural Heritage

Rural and small town America is an integral part of the nation's economic and social fabric. Rural America provides our nation's food, fiber, and wood and accounts for most of our domestic mineral and energy supply. It plays an increasingly important role in the nation's manufacturing, trade, and service economy. Earnings from rural exports make a vital contribution to our nation's trade balance. Most important, our national character draws strength from the rural values of hard work, self-reliance, and a sense of community. Rural America is rich and diverse in history, culture, and natural beauty. It is "home" for generations of Americans and where increasing numbers of Americans prefer to recreate and make their future home.

This nation was mostly rural for its first 150 years. Americans were heavily dependent for their livelihood -- often for their very existence -- on what they could themselves produce from the land. At the turn of this century six of every ten Americans still lived in rural places. The changes since then have been dramatic.

The mechanization of agriculture, improvements in transportation and communication, the process of industrialization, and overall economic growth have greatly altered the economic and social organization of America. For our last fifty years we have been mainly a nation of city and suburban dwellers. During this time, most of the old cliches about rural and urban lost their meaning.

As we enter our third century, the living patterns and preferences of Americans are shifting again. These shifts between urban and rural are occurring in the context of an extraordinary diversity within rural America itself. This diversity is mirrored in the variety of our rural areas -- areas that take such divergent forms as a New England coastal fishing village, a Midwest farm community, a mining town in Appalachia, a ranching area in the Rocky Mountains, a settlement of tenant farmers in the Mississippi Delta, a pueblo in the Southwest, a Southern town in transition to becoming a metropolitan center, and a small Western town experiencing "boom growth" from energy development.

The Changing Face of Rural America

For decades the population of urban areas grew while large numbers of people left the farms and small towns. Since 1970 this migration trend has reversed. The annual growth rate of rural areas has averaged 1.3 percent since 1970, exceeding the rate of growth in urban areas by over 40 percent.

Rural employment, previously declining and historically tied to the land, is now growing and diversifying. Not only are new jobs being created at a faster rate in rural than in urban areas but the composition of rural work itself is changing. Although agriculture is still the dominant influence in many rural economies, overall, employment in manufacturing, trade, and professional services now exceeds direct agricultural employment. Agriculture itself has changed enormously. It has become a highly sophisticated, often specialized, component of a larger food and fiber system that includes suppliers on one end of the production chain and processors and marketers on the other.

This growth in rural population, the accompanying expansion in rural employment, and the increasing diversity of rural economies result from a number of factors -- a strong preference for rural and small town living, the movement of retirees to rural areas, longer-distance job commuting, reduced outmovement from farms, and expanded mining, manufacturing, and service activities in rural areas.

Although the dramatic turnaround in population trends and the growth in job opportunities are the predominant influences in rural America in the 1970's, it is important to note that not all rural areas or rural people have shared in this growth. Approximately 500 counties in parts of the Great Plains, the Corn Belt, and the Mississippi Delta continue to lose population as many have been doing for 20 or 30 years. Most of these counties are heavily agricultural and have experienced an exodus of workers from agriculture that has exceeded non-farm job creation.

Of course, even in areas benefiting from economic growth and diversification, the benefits are not always well distributed. Great numbers of rural and small town residents suffer from problems that afflict the poor wherever they live. Problems resulting from the isolation of being poor or old in rural America can have a particularly virulent effect on both body and spirit.

Special Rural Needs

Even though rural America is growing, too many rural residents have failed to benefit from that growth. Too many remain, in the words of President Lyndon Johnson's Rural Poverty Commission, "the people left behind." Notwithstanding the progress that has been made, a disproportionate share of the nation's poor still live in rural areas -- about 40 percent of the total. Virtually all of the nation's persistently poor counties are rural. The toll, whether measured in terms of economic efficiency or human dignity, is too high.

A disproportionately large number of the rural poor are Blacks, Hispanics, and Native Americans. Approximately 27 percent of rural Hispanic people and 38 percent of rural Blacks live on incomes below the poverty level (compared to 14 percent for rural Whites). About 40 percent of all Native Americans were living below the poverty level in 1970. Women in both the rural and the urban work force do not share equitably in the economic rewards of their labor. In 1977, the average annual income of women working full-time in rural areas was only 54 percent of the income of rural men. Also, households headed by females made up almost 35 percent of all non-metropolitan households living in poverty.

There are other indications that rural America is not fully sharing in the benefits of our nation's growth and development. Rural areas have 58 percent fewer physicians, 38 percent fewer dentists, and 29 percent fewer nurses, on a per capita basis. Yet, rural Americans suffer from a higher incidence of chronic disease and lose more days from work due to illness or incapacity than their urban counterparts.

Three times the proportion of rural housing units lack complete plumbing as urban units. Over 2 million rural Americans do not have running water in their homes; over 4 million have inadequate sewage disposal systems or none at all; and many rely on sources of drinking water that fail to meet safe drinking water standards.

Less than one percent of rural Americans who work away from home utilize public transportation to get to work -- a statistic that dramatically reveals how dependent rural Americans are on the family car. Yet over 57 percent of the rural poor, and 45 percent of the rural elderly do not own an automobile, contributing even further to their isolation and immobility, not only from jobs, but from vital social services as well.

These problems and others of comparable severity are further compounded by the limited capacity and resources of local governments to respond. Whether small community needs are those associated with growth or with decline, they pose special problems for local governments. About one quarter of all rural people live in or near towns of less than 2,500; three quarters live in or near towns of less than 20,000. Given their small population bases, most small rural governments are limited in the array of public services they can provide. Large-scale urban-oriented technologies are often not economically feasible when applied to small towns and rural areas. And while the range of public services offered by rural governments is more limited, the per unit cost of providing these services is usually higher.

Many small towns, remote from Washington and from their state capitols, lack the "grantmanship" that is so often required to compete successfully for limited Federal and state assistance. This difficulty is compounded by the fact that many federal programs have been formulated with big cities in mind. As a result, such programs frequently contain eligibility and other criteria that hinder access by small communities. Even when assistance is available, the lack of fiscal resources makes it difficult for many small communities to match federal grants and to repay loans.

Even those small communities now experiencing economic growth are finding that along with the blessings, growth brings a new set of problems. Many communities are unprepared for the economic and social adjustments that become necessary. Changing demographic and economic patterns may not only exacerbate chronic and deep-seated problems but they often create new ones.

Some of the problems are already apparent. As a result of rapidly escalating property values and taxes, too many rural families on low and fixed incomes are in danger of losing their land and homes. As a result of the growth in residential, commercial and industrial land use, prime agricultural land is being lost and fragile ecosystems are being impaired. The influx of new residents -- especially when it escalates to "boom growth" -- makes it difficult for local governments to provide essential public services in a timely way.

Why A Rural Policy

My Administration is adopting a Small Community and Rural Development Policy because:

- o Rural America's human and natural resources are a mainstay of the nation's economy and contribute very significantly to the American way of life. A conscious and sustained effort is needed to ensure the wise use and continued productivity of these resources.

- o Many rural areas are in the midst of significant economic and demographic change -- change that is creating new demands, new problems, as well as new opportunities. A forward-looking policy is needed to manage the effects of such change -- to enable individuals and communities to solve their problems and to capitalize on their opportunities.
- o Rural people and communities have proportionately greater unmet basic human needs than do other parts of the nation. We must seek to assure that, to the maximum extent our resources allow, we address these needs and redress inequities.
- o The entire nation, including our cities and suburbs, is served best when good jobs, livable incomes, decent housing, a healthy environment, dependable energy supplies, and other basic needs are met in small communities and rural areas and when neither urban nor rural residents have to move in search of a better life.
- o Confused and often contradictory policy goals and implementation responsibilities have frustrated past efforts to address rural needs both within the federal government and between the federal government and state and local governments and community-based organizations. We need clear policy direction and a framework for integrating current federal efforts and reviewing future policy initiatives in order to evaluate the impact of actions we take and resources we commit.
- o Frequently, past rural programs have been developed in Washington, D.C. on the basis of inadequate and out-of-date information. We need to improve our rural data base. We also need to assure that diverse rural perspectives are available to federal policy makers and program managers. This continuous source of input is particularly important now when rural America is in transition.

Policy Goals and Principles

The Administration's Small Community and Rural Development Policy is designed to recognize the great diversity of rural needs and circumstances. Rather than attempting to impose a single grand strategy on a diverse rural America, the policy I am announcing sets forth goals and principles, organizational

and procedural arrangements to help ensure their implementation, and a set of new initiatives to fill gaps and deficiencies in existing federal programs. The basic intent is to provide a policy process within which the federal government, in cooperation with state and local governments and the private sector, can provide the greatest degree of support for local efforts to solve problems and improve the quality of rural life.

In partnership with the Congress, state and local governments, and private sector leadership, my Administration is committed to work toward:

- o meeting the basic human needs of rural Americans;
- providing opportunities for rural people to be fully and productively employed and providing a favorable climate for business and economic development;
- addressing the rural problems of distance and size; and
- * ● promoting the responsible use and stewardship of rural America's natural resources and environment while preserving the quality of rural life.

In support of these goals, I am directing my Secretaries and Heads of Departments and Agencies to adhere, to the maximum feasible extent, to the following principles, in the administration of federal programs. Specifically, federal administrators are directed to:

- manage their programs in ways that recognize local priorities and facilitate local decision-making in rural America;
- make federal investments in ways that complement state-local development plans and priorities;
- use federal assistance to help leverage private sector investments in rural community and economic development projects and programs;
- o give high priority to the targeting of federal assistance to disadvantaged persons and distressed communities in rural areas;
- make federal programs more accessible to rural jurisdictions and community-based organizations, better adapted to rural circumstances and needs, better coordinated, and more streamlined in their administration; and

• make special efforts to provide local citizens and their leaders with the assistance needed for effective community decision making and development efforts.

Implementation

A statement of policy goals and principles is not enough. These goals and principles will only begin to have impact on the needs of rural Americans as they are reflected in changes in the way government acts -- changes in programs, in delivery systems, in accessibility, and sometimes even in attitude. Thus, I am taking two important steps to help ensure that this policy is fully and effectively implemented.

First, I am proposing a rural development action agenda -- a set of specific action steps which the Administration will pursue to address priority rural needs. This action agenda -- outlined in detail in Part Two -- builds upon and expands the White House Rural Development Initiatives of the last two years and is based on advice received from extensive consultations with the Congress, the states, local officials, and rural leaders across the country. Although it is an ambitious agenda, one that is broad in scope and meticulous in detail, it is also unfinished. Many more actions and reforms are needed and will be taken in the future.

Second, I am directing a number of organizational and procedural changes as part of a strategy to develop the institutional capacity needed to solve problems on an on-going basis and assure the effective, sustained implementation of the policy principles identified here. [Such an institutional structure must extend beyond the boundaries of the federal government to state and local governments, rural interest groups, local leaders, and innovators.] [It must provide a basis for the collaborative implementation of programs and initiatives which have been jointly developed.] With these requirements in mind, I am:

*



- o Asking Congress to create the position of Under Secretary of Agriculture for Small Community and Rural Development. This new position will help carry out Secretarial and Administration policy and assist the Secretary to fulfill his government-wide mandate under the Rural Development Act of 1972.
- Placing renewed emphasis on the Working Group on Small Community and Rural Development and directing this group to play an aggressive and effective role in monitoring and assisting the implementation of this policy pursuant to Section 603 of the Rural Development Act of 1972. Toward this end:

Alex
Mercurio

- the Working Group will be co-chaired by the Under Secretary for Small Community and Rural Development (USDA) and my Assistant for Intergovernmental Affairs and Secretary to the Cabinet;
- both the Under Secretary for Rural Development (USDA) and my Assistant for Intergovernmental Affairs will be staffed specifically for this purpose;
- the Working Group will be composed of principal federal program managers, and such others as may be named by the co-chairpersons:

Marjorie
WATSON

- Executive Associate Director (Budget), Office of Management and Budget
- Associate Director (Rural and Agriculture), Domestic Policy Staff
- Assistant Secretary for Budget and Programs, Department of Transportation
- Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development
- Assistant Secretary for Housing, Department of Housing and Urban Development
- Deputy Under Secretary, Department of Health and Human Services
- Assistant Secretary for Employment and Training, Department of Labor
- Assistant Secretary for Economic Development, Department of Commerce
- * Assistant Secretary for Land and Water Resources, Department of Interior
- Assistant Secretary for Rural Development, Department of Agriculture
- * Assistant Secretary for Capital Investment and Debt Management, Department of Treasury
- Deputy Under Secretary, Department of Energy
- Appropriate Representative of the Department of Education
- Associate Director of ACTION
- Deputy Director, Community Services Administration
- * Deputy Administrator, Environmental Protection Agency
- Executive Assistant/Director of Administration, General Services Administration
- Deputy Administrator, Small Business Administration

- o Directing the Secretary of Agriculture to appoint an Advisory Council to monitor implementation results and to advise him (and through him the Working Group) on needed federal actions. The Council will be composed of public officials named by major public interest groups, representatives of community-based organizations and other private interest groups, representatives of the business and financial community, and others to be selected by the Secretary.
- o [Inviting the nation's Governors to establish State Rural Development Councils as a mechanism for ensuring effective coordination in joint federal-state efforts to implement state and local rural development priorities. The Federal Regional Councils will be directed to establish a rural development task force to assist state implementation efforts, and the Secretaries and Heads of Agencies will direct federal field personnel to participate on the state Rural Development Councils if a governor so desires.]
- o Directing the Working Group, acting through the Secretary of Agriculture and based on advice of the Advisory Council, to annually review existing and proposed policies, programs, and budget levels to determine their adequacy in meeting rural needs and embodying the policy principles articulated here. A report, based on this review, should be submitted to OMB at an appropriate time in the budget cycle and to other Secretaries and Heads of Agencies as appropriate. The Secretary of Agriculture is further directed to submit a report to me each year that documents the implementation steps pursuant to this policy and that satisfies the reporting requirements of the Rural Development Act of 1972.
- o Directing the Secretaries of Housing and Urban Development, Health and Human Services, Education, Commerce, Energy, Labor, Transportation, and Interior, and the ~~Administrators of the Environmental Protection Agency,~~ the Community Services Administration, and the Small Business Administration to review relevant departmental or agency policies and programs in terms of their adequacy in embodying the policy principles and to designate a senior official to be responsible for monitoring implementation of this policy within the agency, serving as a rural advocate within the agency, and acting as a point of contact for small community and rural leaders seeking information or assistance.

A cornerstone of my Administration's Small Community and Rural Development Policy is the coordination of federal, state, and local efforts to serve rural people and enhance their prospects for the future. To help accomplish this important aim, federal officials must be constantly exposed to a range of rural experiences and information and brought into contact with those people who represent rural viewpoints and are working to meet rural concerns. The emphasis on ongoing, institutionalized follow-up and non-federal involvement is intended to provide an environment conducive to the development and execution of policies and programs which are sensitive to rural needs and circumstances.

PART TWO

ACTION AGENDA

What follows is a description of some of the key actions already taken by this Administration to address rural problems and a summary listing of new actions announced today to further address these problems in the context of overall policy goals. The new initiatives are based, to a large extent, on recommendations made during the extensive consultations which were held with Members of Congress, state and local elected officials, and public and private interest groups to identify priority needs and what needs to be done to address them.

Many more actions and reforms are required. No rural policy pronouncement can be viewed as the last word. It must rather serve as a source of guidance, emphasis, priority, and inspiration in the context of which future work must be planned and undertaken. Those problems which could not be fully addressed in this statement will be placed on the 1980 agenda of the Working Group on Small Community and Rural Development and the Advisory Council to that group.

The new initiatives detailed below will be implemented by the Departments and the Working Group on Small Community and Rural Development. The Working Group will assist in establishing lead agency responsibilities, time frames, and where possible, quantitative targets to be reached. The designated agencies will develop work plans, including time schedules, information or other resources needed from other agencies, anticipated problems, and needed policy guidance. Review by the Working Group will provide opportunities for coordinating actions and schedules and sharing resources as needed. The Working Group will also establish monitoring guidelines to assure timely reports on progress and problems encountered in implementing the initiatives.

MEETING THE BASIC HUMAN NEEDS OF RURAL AMERICANS

HOUSINGActions Already Taken

- o A joint agreement between FmHA and HUD initiated a four-year demonstration in state delivery of federal housing and community development assistance to rural disadvantaged populations and distressed communities in four states. During the first two years of the demonstration, over 2,100 new housing units were constructed and an additional 5,484 homes were rehabilitated or weatherized. The program is currently being extended to other rural areas with similar needs in each of the four demonstration states.

- o Under the White House Rural Development Initiatives, the Administration announced in January, 1979, a set-aside of funds to construct 10 demonstration elderly congregate housing projects, with social services provided on-site. Since that announcement, FmHA regulations have been changed to make the provision of social services a matter of routine consideration when elderly congregate housing projects are planned. Such housing provides a much-needed alternative to institutional care for the elderly who need social services some of the time.
- o FmHA implemented a new rental assistance program providing rent subsidies to nearly 43,000 rural low-income families so they could afford to live in FmHA-financed rental and farm labor housing developments.
- o FmHA increased the level of Section 504 low-income housing repair loans and grants from \$24 million in 1978 to \$43 million in 1979 to better meet the special needs of older Americans.
- o The Federal National Mortgage Association (FNMA) has established a "satellite" lending program which permits small lenders to sell their loans to FNMA through approved FNMA seller/servicers. This new correspondent relationship is very important to the typically small and undercapitalized rural lender who could not normally take advantage of the marketing opportunities afforded by FNMA.
- o To help cut fuel bills for rural families and implement national energy conservation goals, FmHA and the Rural Electrification Administration (REA) began a program to allow REA-financed cooperatives to use FmHA rehabilitation loan funds to weatherize homes for their customers.
- o To increase the availability of federal assistance for homeownership to lower income households, FmHA revised the "good credit history" application procedures to ensure equal credit opportunities without discrimination for FmHA housing loan applicants. In addition, FmHA aggressively emphasized use of the provision allowing low-income borrowers to temporarily suspend housing loan payments when medical problems, loss of jobs, or other emergencies prevent payment.

- o HUD has increased funding of state and local human rights commissions to improve fair housing enforcement in rural and small communities.
- o The Veterans Administration loan referral system minimizes requirements for direct loans from local lending institutions in rural areas. Eligible veterans can receive VA direct loans up to 60 percent of home mortgage amounts under the program.
- o HUD has begun a Rural 1000 program to facilitate construction of Section 8 assisted housing with eight units or fewer in communities of under 1000 population.
- o HUD has initiated a "rural track processing strategy" to enable one developer to work with local builders to construct small housing developments, scattered in rural communities over a large geographic area.

Action Agenda

to address the following policy objectives: increasing opportunities for low and moderate income rural people to become homeowners or to live in decent rental housing; improving access to federal, state, and local housing programs and resources for lower income residents; ensuring that the housing needs of rural Americans are reflected in national housing programs and standards

- o monitor and fully implement the White House Rural Elderly Housing Initiative which mandates all congregate elderly housing constructed with FmHA funds to have social services provided on site, and provides a \$12.5 million 10-site demonstration highlighting this regulatory change;
- revise the HUD/FmHA Minimum Property Standards for Single Family Housing to permit its adaptation to local conditions and to reduce housing costs; hold interagency training sessions on use of the new Minimum Property Standards handbook;
- develop and make available variable housing design plans (blueprints) which meet Minimum Property Standards to assist small builders and self-help housing groups;

- make current FmHA grant and loan assistance available to families wish to add on a room or remodel their house to provide living quarters for elderly family relatives;
- continue demonstration project and assess the feasibility of a prototype land bank for residential sites;
- support appropriations for FmHA's Homeownership Assistance Program (HOAP);
- develop and implement an interagency agreement (CSA, FmHA, DOL, HUD, HEW) to provide for coordinated assistance related to FmHA Section 514 farmworker housing construction, including a set-aside of HUD Section 8 rental assistance for Section 514 very-low-income housing repair program;
- make HUD's Certified Housing Counseling program available in rural areas;
- develop standardized loan application and appraisal forms to the extent practical for HUD, FHA, FmHA, and VA to broaden credit opportunities for rural families;
- monitor and fully implement the inter-agency agreement among DOL, HUD, FmHA, and CSA on farmworker housing as a starting point in developing a comprehensive housing policy for migrant and seasonal farmworkers;
- continue the FmHA/HUD funded major national rural cooperative housing demonstration project to develop and maintain an integrated delivery system in rural areas for small rural housing cooperatives to increase homeownership opportunities for rural residents;
- expand to 32 states the delegated mortgage processing program of HUD's Rural Assistance Initiatives, which authorizes local savings and loan associations and other mortgage lenders to process FHA-insured single family mortgage loans under Sections 235 and 203(b), thereby increasing the access to these FHA-insured loans in areas which are some distance from HUD offices.

➔ FmHA?

HEALTH

Actions Already Taken

- In October, 1978 the Administration, working through HEW and FmHA; announced the White House Rural Health Initiatives to finance the construction and rehabili-

- tation of 300 primary health clinics in rural areas. Construction of the 300 new clinics and training of rural people to provide staff services will take place over the next four years. These centers will serve about 1.35 million people. In the past year 71 clinics have been authorized for funding under this program and 507 people are being trained to staff them.
- o HEW and FmHA are cooperating to target loan funds for medical facilities to 125 rural communities by the end of 1980. HEW Community Health Services Program's budget has been increased to \$40 million to reflect this Administration's support for the requirement that 40 percent of Community Health Center Services go to rural areas.
 - o HEW has begun a pilot program to use public schools as sites for primary health care service projects. Over the next year, the department expects to work with six to ten communities to place satellite health centers in schools where vacant space and available school transportation will increase the accessibility of health care for rural residents.
 - o To alleviate the shortage of doctors and other health care professionals in small towns and rural areas, the Administration supported passage of the Rural Health Clinics Services Act which expanded the scope of primary health care services performed by physician assistants and nurse practitioners. HEW has certified over 400 clinics for reimbursement for services performed by these health professionals in the eighteen months since the law was signed. In addition, HEW has worked to make mental health services more available by stationing mental health professionals in rural primary care centers. To augment these efforts, additional National Health Service Corps professionals have been assigned to rural areas.
 - o To ensure that residents of small towns and rural areas have opportunities to enter the health care professions and help deliver health care services to their communities, the Administration has taken several actions: a joint agreement between HEW and DOL will enable about 500 migrant and seasonal workers to obtain jobs and training in rural health projects; Job Corps graduates can now obtain permanent employment in the Public Health Service; and students of health-related professions will benefit from the current assessment of the accessibility of vocational training programs in rural areas.
 - o Significant efforts have been made during the last four years to provide alternative health and supportive

services for older and disabled Americans and to enable them to live independently or with their families. These efforts include an HEW demonstration program to link services of rural primary care centers with local agencies providing support services to the elderly, and the HEW Home Health Program which supports the development and expansion of home health agencies. Since 1977, about 150 of these home health projects have been funded in rural areas.

- o Actions taken to direct federal resources to the special needs of rural Americans include: the Black Lung Program which provides health, education, outreach and clinical services to approximately 122,000 victims of black lung disease in rural areas; demonstrations in delivering burn care on a regional basis; the Center for Disease Control program to support state laboratory improvement efforts and provide direct assistance for laboratory technicians working in rural areas.

Action Agenda

to address the following policy objectives:
 ensuring adequate primary health care services and facilities; alleviating the shortage of doctors and other health care professionals;
 promoting non-institutional care and independent living for the elderly and disabled;
 and ensuring that the special health needs of rural Americans are reflected in national health care programs and standards

- o monitor and ensure full implementation of the White House Rural Health Clinics Initiatives to support construction and/or rehabilitation of 300 rural primary care health clinics over the next four years and to train and employ rural residents as support staff;
- o promote full implementation by HEW of the Rural Health Clinic Services Act including: elimination of federal barriers especially in certification processing, cost reporting and Medicare/Medicaid reimbursement procedures; clinics and personnel and provide incentives for states to expedite reimbursement; evaluation of any legislative or regulatory changes that may be needed, especially with respect to the setting of cost reimbursement schedules and the need to assure public input in the development of regulations; and designation of a focal point within HEW to implement the Act;

- o increase the availability of trained medical personnel in rural areas through encouraging and providing inducements to states, private foundations, and others to persuade medical, dental, and nursing schools to admit a greater number of rural students; using regional mechanisms such as AHECs in medical personnel placement, training, and continuing education; placing a greater number of medical personnel in rural areas through the National Health Service Corps; and providing incentives for increasing the number of nurse practitioners and physicians assistants;
- o promote legislation permitting "swing beds" which would simplify Medicare and Medicaid reimbursement in small rural hospitals;
- assure that the special health needs of rural areas are recognized in any legislation related to the National Health Plan;
- o encourage increased uniformity in Medicaid eligibility, scope, benefits, and coverage across the country (Proposed National Health Plan standards are uniform across the states.);
- o place top legislative priority on CHAP and other preventive care programming for children;
- o expansion of the WIC program into more rural areas, and improved coordination between WIC and rural health service programs;
- o give greater emphasis to provisions in the Health Planning law which provide for sub-regional health groups in formulating local and state plans;
- o ensure that health planning agencies adapt national health standards to differing regional and state needs and priorities, and that such standards reflect the unique circumstances and needs of medically underserved populations in isolated rural communities;
- target primary care programs to meet more adequately the needs of medically underserved rural areas and population groups, including minorities, women and migrant and seasonal farmworkers;
- work for passage and full implementation of the Mental Health Systems Act which would provide services in rural areas and would put particular emphasis on rural poverty areas and areas with high concentrations of minorities;

- o promote integrated systems of physical and mental primary care through linkage arrangements between agencies providing general health care and specialized mental health agencies and, where possible, seek a single grantee for both activities;
- o provide incentives to states and local communities to make greater efforts to reach persons in rural areas with alcohol and drug abuse problems.

WATER AND SEWER

Actions Already Taken

- o As part of the White House Rural Development Initiatives, the President announced in December, 1978, an agreement which substantially improves the way in which EPA, FmHA, EDA, and HUD relate to each other and deliver approximately \$2.5 billion in water and sewer assistance annually to small towns and rural areas. Features of the agreement include the adoption of common criteria for defining "affordable systems"; single environmental assessments; single A-95 reviews; single construction inspections; and, for FmHA and EDA, a common application form and common auditing and reporting requirements. The agreement also calls for the development of one consistent set of compliance requirements with some 16 cross-cutting federal laws and executive orders, and the common use of a "community profile form" as a means of making an early determination of which agencies might participate in a joint-funded project and meet with the applicant community in a pre-application conference. Over 300 applications have been processed under these new procedures over the past nine months, with the net result that it is now much easier and faster for small rural communities to find out what kinds of assistance are available and how to get it.
- o For the first time, the Clean Water Act recognizes the construction of alternative and innovative treatment technologies including on-site systems as an eligible purpose for construction grants; moreover, municipal bodies may receive grants for these purposes to serve small non-profit or commercial institutions as well as residential users.
- o EPA has proposed technical assistance training packages for elected officials and citizens involved in Step I facilities planning. These packages will provide local decisionmakers with the background necessary to assess the costs and benefits of various wastewater treatment options. They will also include information on water conservation, wastewater treatment processes, operation

and maintenance problems, cost-effectiveness analysis, and innovative and alternative wastewater treatment systems. These technical assistance training packages will be available for use in rural communities from appropriate State and EPA offices by FY 80.

- o Under Section 205(g) of the Clean Water Act, up to 2 percent of the State's allotment may be set aside for management of the Construction Grants Program by the State. Part of this set-aside can be used by the States to manage grants for small communities if it so specifies in its delegation assessment. So far delegation agreements have been signed for Illinois, Texas, California, New Hampshire, and Wisconsin; New York is pending.
- o For the first time, EPA grants for water and sewer funding Steps 2 and 3 can be combined into one grant for communities of 25,000 or less population if the total estimated Step 3 cost is \$2 million or less (\$3 million in States with unusually high construction costs).
- o Rural States must set aside 4 percent of their EPA Construction Grants allotment for alternatives to conventional treatment for communities with populations of 3,500 or less, or the sparsely populated areas of larger communities. Other States have the option of setting aside up to 4 percent of their allotments for this purpose.
- o The Agricultural Credit Act of 1978 increased the maximum allowable grant for FmHA water and waste disposal projects from 50 percent to 75 percent of eligible project development costs. This change will enable FmHA to provide higher levels of assistance to the most financially needy communities.
- o On July 13, 1978, FmHA and EPA signed a Joint Policy Statement relative to implementation of the Safe Drinking Water Act. The Act authorized EPA to set and enforce national drinking water standards but did not provide funds to help water suppliers meet the standards. Most of the communities that will need additional water treatment to meet the standards are in rural areas. Therefore, FmHA has agreed to give priority to applications for loan and/or grant assistance from such communities as part of its financial assistance programs for promoting orderly development in rural communities.
- o EDA has changed its regulations to enable communities to receive up to 80 percent total Federal funding for jointly funded projects. The previous regulations restricted the total amount of Federal involvement for

projects in which EDA participates to the percentage allowed by EDA for the redevelopment area (a percentage ranging from 50 percent to 80 percent). This change will enable communities to receive larger federal amounts for projects when EDA is involved.

- o Effective October 1, 1978, EDA delegated approval authority for Title I Public Works projects under \$500,000 to the Regional Office Directors. This delegation will shorten the time involved for the Federal government to make funding decisions on projects and make EDA more responsive to local government needs.

Action Agenda

to address the following policy objectives:
 ensuring safe drinking water supplies and adequate sewage treatment and disposal;
 facilitating dissemination of information about and application of appropriately scaled alternate technologies to meet rural needs and circumstances

- monitor and ensure full implementation of the White House Rural Water and Sewer Initiatives;
- amend the Rural Water and Sewer Agreement (involving EPA, FmHA, HUD, and EDA) to include the Indian Health Service;
- monitor and fully implement the agreements involving EPA and DOL to train disadvantaged rural residents to operate and maintain rural water and wastewater treatment facilities;
- ? encourage the use of EPA's cost-effectiveness criteria for wastewater systems funded by HUD and FmHA;
- place a priority within all relevant agencies on funding the planning and construction of alternative wastewater systems that are often more consistent than conventional systems with the needs and financial resources of rural areas (such technology is eligible for an 85 percent grant under EPA's construction grants program);
- o place priority on use of regional management and administrative entities such as septic tank or water supply districts that are appropriate modes for delivery of rural water and wastewater treatment services;

We did this!



And



This →

- o adopt as a national goal the elimination of unsafe drinking water during the decade of the Eighties, and appoint a study group with private sector and federal, state, and local government participation to recommend needed actions to achieve this goal;

EDUCATION

Actions Already Taken

- o HEW is studying Federal aid programs to rural schools and examining the impact of allocation formulas on rural school districts. Exploration of measures to reduce the repetitiveness of grant application requirements has begun. Further, HEW is evaluating program regulations and administrative procedures which affect funding for rural education. The Bureau of Elementary and Secondary Education will be working with rural organizations and agencies to develop a rural agenda for future education planning, using the results of these studies.
- o The Fund for the Improvement of Post-Secondary Education has encouraged proposals from a variety of sources to improve post-secondary education, including projects which address the problems endemic to rural locations. In some cases the projects are working to improve the quality and availability of educational information and programs to rural adults. Other projects are targeted to specific audiences: older adults, farmworkers, Indiana and migrant youth residing in rural areas. Grants have also been used to test the effectiveness of cable TV and video for delivering educational services to remote areas.
- o The Northwest Regional Education Laboratory, sponsored by N.I.E., has developed a process for broadening citizen and practitioner participation in addressing the educational problems of rural communities. Their Rural Futures Development Strategy was field-tested at six sites in Utah and Washington in 1977 and is currently being transferred to other rural communities. Among the results of the demonstration is a new effort, in cooperation with five State school board associations, to develop a training program for school board members to strengthen local decision-making procedures on rural school boards.

Action Agenda

to address the following policy objectives: improve basic educational skills, employment skills, and opportunities for post-secondary education; and ensuring that resources for education programs are made available to small and rural communities across the country

- o form an inter-program task force at the new Department of Education to examine program policy effects on rural areas and to develop recommendations for assuring equity for rural constituents;
- o improve access to vocational and adult education in isolated rural areas by establishing this as a priority area for the Bureau of Adult and Vocational Education and supporting a provision in reauthorizing legislation for Vocational Education to include a special emphasis on program needs of rural needs.

INCOME MAINTENANCE, SOCIAL SERVICES AND LEGAL AIDActions Already Taken

- o Administration efforts to target food stamp benefits to the poorest of the poor resulted in significantly increased participation in rural areas. The majority of the three million new food stamp recipients live in rural areas.
- o As a result of 1978 Head Start Amendments, enrollment of children from very small communities in Head Start programs is now easier as many areas are allowed to develop their own local standards of eligibility.
- o Improvements in social welfare service delivery include a demonstration of the use of satellite diagnostic service centers to make it easier for people living long distances from agency offices to find out and benefit from federal, state and local assistance programs.

Action Agenda

to address the following policy objectives: alleviating poverty; streamlining the delivery of social services in rural areas; and assuring access to legal services

• ensure that rural concerns are addressed in enactment and implementation of welfare reform, particularly: *STATE Gov't ONLY!*
a federal minimum floor for cash assistance;
mandated AFDC-UP benefits for two-parent families;
requirements for state government to provide
adequate access in sparsely populated areas;

• *Inadequate*
 review implementation of the Food Stamp program to assure that it meets rural needs, including:
 support legislation removing the cap on expenditures, continuation of the non-public-assistance food stamps program; requirements for state governments to provide adequate access in sparsely populated areas;

• *Inadequate*
 aggressively pursue the target of providing at least two legal service attorneys for every 10,000 poor people through the Legal Services Corporation;

• encourage each appropriate Legal Services Corporation office to include rural perspectives in its planning process;

• *Unique Rural AK Needs to: ANCSA*
 improve the delivery of legal services to rural areas through encouraging law schools to develop manuals dealing with common legal problems affecting the rural poor; using LEAA funds to establish rural legal education and information centers; using law students in rural legal outreach programs; and formally recognizing and facilitating networking among rural legal services personnel and enhancing peer-to-peer technical assistance.

JOB CREATION AND BUSINESS AND ECONOMIC DEVELOPMENT

JOB CREATION

Actions Already Taken

- o As a result of this Administration's Economic Stimulus Programs, unemployment in non-metropolitan areas was reduced by 17 percent during the past two-and-a-half years, representing the creation of over 2.5 million new jobs.
- o The Carter Administration has doubled the size of public service employment opportunities in non-metropolitan areas over the past two-and-a-half years (from 93,000 in 1977 to more than 225,000 in both 1978 and 1979) -- the largest public service buildup since the New Deal.

- o The Administration has provided the largest expansion of youth employment and training opportunities in history--three times the size of rural youth programs under the War on Poverty.
- o Since 1976, the Administration has doubled the number of employment and training opportunities in rural areas for senior citizens, migrant and seasonal farmworkers, and Indian and Native Americans.
- o The Administration has implemented the largest and most comprehensive welfare reform demonstration for low income workers. Six of the 15 pilot programs are in rural areas. These programs will create an estimated 7,000 jobs for unemployed heads of low income families.
- o As part of the President's Private Sector Initiative (Title VII of the Comprehensive Employment and Training Act of 1977), 65 Private Industry Councils have been established to provide a mechanism for transitioning rural workers from CETA training slots to unsubsidized private jobs through the use of on-the-job subsidies.
- o In cooperation with the State of North Carolina, DOL has established a special demonstration project to develop a model for linking employment and training activities with other federally funded rural development programs.
- o DOL is in the process of establishing 71 new field offices for the Office of Federal Contracts Compliance Programs which will greatly increase the accessibility of rural minorities and women to DOL's Equal Employment Opportunity enforcement resources.
- o Employment components included in the White House Rural Development Initiatives providing for the training and placement of: 3,000 operators of rural water and wastewater treatment systems (1,500 on Indian reservations); 1,000 operators of small-scale hydroelectric and fuel alcohol plants and community-based unconventional gas facilities; 1,500 workers as drivers, mechanics, and dispatchers in rural social service and rural transportation systems; and 500 assistants in rural health care clinics.
- o An expanded private sector apprenticeship program in DOL provides opportunities for up to 1,800 Appalachians with emphasis on youth, economically disadvantaged persons, and Job Corps terminations.

- o The FmHA-DOL farmworker work experience program under which DOL has transferred almost \$7 million to FmHA for placing up to half of all successful trainees in paraprofessional and clerical positions in FmHA offices and the rest in unsubsidized jobs.
- o Under a FmHA, DOL, CSA agreement, rural youth are being given construction job training by DOL while rehabilitating homes for low income families under FmHA housing programs. The two-year project is expected to result in the rehabilitation of about 1,000 homes.
- o The innovative TVA Cash Corps for Youth Program provides opportunities for rural youth to earn summer income through cash crop production. These opportunities often provide income required for further education, adjusting from rural to urban employment, or acquiring basic farm production and management skills.

Action Agenda

to address the following policy objectives:
 increasing job opportunities for minorities,
 women, and the economically disadvantaged;
 improving vocational guidance, training, and
 job opportunities for rural youth

- provide a strong rural component to the Employment Initiatives to vigorously implement a new agreement which establishes the goal of placing CETA eligibles in 20 percent of the total number of employment opportunities created from grants and loans made under FmHA's Community Facilities and Business and Industry Loan Program;
- aggressively apply Defense Procurement Order Number 4 which gives preference for government contracts to areas of high unemployment, many of which are in rural areas;
- o support the 4-H economics, jobs, and careers programs to assist youth in career decisions and enhance their employment opportunities;
- o improve efforts to train farmworkers for skilled agricultural jobs as well as for non-agricultural jobs and give priority consideration to farmworker youth under the interagency Agricultural Entrepreneurship Agreement (involving DOL, CSA, FmHA, and Cooperative Extension);

- o provide improved employment and economic development opportunities for reservation Indians through a comprehensive program to coordinate CETA employment and training programs with the economic development programs of HUD, EDA, FmHA, SBA, and CSA (using the Employment Initiatives as a model);
- o implement a cooperative effort involving TVA, a proposed Tri-Counties Utilities Districts, local elected officials, the State of Tennessee Department of Economic Development, EDD staff, various federal development agencies, private oil and gas interests, and others to develop the unconventional gas resources in the rural counties of Morgan, Fentress, and Scott (Tennessee), as part of a wider demonstration effort of an intergovernmental approach to ensure that local people and communities capture associated benefits (jobs, business development, community improvements, and related economic development); this demonstration will be undertaken as part of the White House Initiative entitled "Area Development from Large-Scale Construction";
- o implement, as part of this same White House Initiative (Area Development from Large-Scale Construction), several additional demonstrations of the intergovernmental strategy for promoting local and minority jobs, small and minority business development, orderly community development, and economic development from large-scale construction; including projects being constructed by the U.S. Army Corps of Engineers, the Water and Power Resources Services and privately financed projects.

ECONOMIC DEVELOPMENT

Actions Already Taken

- o The Administration has sponsored economic development legislation of tremendous potential importance to rural America. The National Public Works and Economic Development Act now being considered by the Congress can bring to bear capital and credit resources sorely needed in many rural areas for private business development.
- o The Small Business Administration has been making one out of every two business loans in non-urban areas. In the past 18 months SBA has made 13,000 loans in non-urban areas.

- o The Economic Development Administration (EDA) and the Farmers Home Administration (FmHA) have improved access to needed credit and capital for rural business development. Since 1977 alone, FmHA has obligated \$2.5 billion in guaranteed loans to rural businesses. Since 1978, EDA has provided over \$17 million in grants for local revolving loan funds serving rural businesses and has made \$90 million in direct and guaranteed business loans in rural areas.
- o The Department of Housing and Urban Development (HUD) has allocated \$171.1 million in urban economic development grants for projects in small cities since August, 1978, under the UDAG program. This is 25 percent of total UDAG funding.
- o Credit and capital access for minorities in rural areas have been improved by the new joint efforts of FmHA and the Office of Minority Business Enterprise (OMBE) to assist rural minorities in developing sound business firms funded by FmHA loans. For the first time, \$100 million in loan funds have been set aside for minority and women entrepreneurs.
- o The National Trust for Historic Preservation has conducted pilot projects in selected small towns to demonstrate the potential benefits of locally orchestrated downtown revitalization requiring minimal outside expertise and support.
- o TVA has worked in approximately 30 small communities in the past two-and-one-half years to help them improve and modernize their central business districts and make those communities more attractive and efficient locations for future development.
- o USDA, CSA and ACTION sponsored five small farm conferences in 1978 to provide small farmers with a forum for airing priority concerns and advocating actions desired of farm policymakers. The small farm conferences resulted in the initiation of 16 joint pilot projects to help small-acreage farmers increase their production and income.
- o Implementation of FmHA's limited resources farmers program, authorized by the Agricultural Credit Act of 1978. Under the program, FmHA state directors earmarked at least 25 percent of their FY 1979 farmer program allocations to low income family farms.

Action Agenda

to address the following policy objectives: improving access to credit and capital; strengthening small farms; expanding markets for rural businesses, contributing to the commercial revitalization of small town "main-street"; and building on the base of federal capital expenditures for major construction projects to assure maximum local, rural economic development.

- improve the retailing of federal credit resources (FmHA, CSA, HUD, SBA, EDA) through utilizing mobile offices, increased reliance on savings and loan associations and commercial banks (expansion of FmHA demonstration and implementation of relevant provisions of SBA legislation if passed), and fuller utilization of economic development districts and community-based organizations;
- promote development of community-based organizations through establishing rural Small Business Investment Corporations and implementation of the Consumer Coop Bank;
- make special efforts to ensure that rural small businesses are adequately informed about the Community Reinvestment Act and its potential benefits;
- encourage establishment of rural community development credit unions;
- increase market promotion and related technical assistance for rural businesses through small business export conferences, OPIC, Export-Import Bank, and Commerce;
- support rural downtown revitalization through development of a policy to accelerate legally mandated property disposal procedures and facilitate transfers and leases of surplus, condemned, and repossessed federal property;
- support GSA regulation amendments which call for locating federal facilities in central business locations of small as well as big cities (rather than in outlying areas); emphasize location of rural-serving offices in small towns;
- aggressively implement the new Community Conservation Policy designed to coordinate and target federal assistance to downtown revitalization projects;

- o support the creation of a Downtown Revitalization Center to capitalize on the small-town commercial revitalization experience of the National Trust for Historic Preservation, various State government downtown redevelopment programs, and local groups, with a mandate to convene a national conference on redevelopment of "mainstreet"; conduct training seminars for local officials and businessmen, and provide an information and technical assistance clearinghouse.

ENERGY

Actions Already Taken

- o As part of the White House Rural Development Initiatives the President announced in May, 1979, several new steps are being taken to help rural communities develop local energy resources for local utilization. One includes an agreement among nine agencies--including DOE, the U.S. Army Corps of Engineers, EDA, USDA, CSA, and HUD--to target funds and provide the construction of up to 100 small-scale hydroelectric plants by the end of 1981. A second involves commitments from several agencies (EDA, CSA, and DOE) to assist construction of up to 100 small-scale fuel alcohol plants. A third is a grant to the American Public Gas Association to demonstrate the feasibility of utilizing natural gas from coalbeds and other unconventional sources for local development.
- o The Energy Security Corporation will provide funds for biomass conversion to synthetic and alcohol fuels. In addition, the targeted use of portion of a windfall profits tax revenues to provide relief from rising energy bills for low income people will have a special impact in rural areas with their high concentration of low income people.
- o The Appalachian Regional Commission, which has established a policy advisory council on energy, has funded several demonstrations of the use of wood and carpet-mill waste for energy production, has promoted the use of fluidized bed combustion technology to burn high sulfur coal and mine refuse, and has sponsored seminars on coal mining productivity and feasibility of low-head hydroelectric power generation.

- o In the areas of conventional energy supplies, final determinations were made under the Natural Gas Policy Act of 1978 to guarantee sufficient quantities of natural gas to meet 100 percent of current requirements for food and fiber production.
- o To conserve energy in rural home heating, the FmHA has adopted improved thermal performance standards for housing units it finances, is demonstrating a low-cost solar water and space heating system, and is allowing use of wood-burning stoves and furnaces in the housing it finances.
- o To deal with fuel logistics, the Federal Highway Administration and the Appalachian Regional Commission are devising a detailed state-by-state assessment of road needs attributable to energy production. In addition, the FRA is working with other agencies to devise solutions to the problems associated with disruptions that often result from the movement of coal unit trains through small towns.
- o White House Rural Development Initiatives to promote rural ridesharing (discussed below) contribute to energy conservation in the largest category of rural energy use--transportation.
- o In the area of weatherization, the DOE weatherization program for low income households will now allow the use of non-CETA labor on installation crews where there is a significant shortage of CETA personnel, overcoming a major barrier to the full implementation of this program in many rural areas. Also, an agreement has been established between REA and FmHA to conduct rural energy audits and make available FmHA Section 502 loans and Section 504 loans and grants for the weatherization of low income rural households.
- o To integrate energy conservation into economic development planning, DOE and EDA have made available grant funds to as many as 20 rural Economic Development Districts to develop integrated economic development and energy plans giving special attention to energy conservation efforts and alternative energy resources.
- o To guarantee adequate fuel supplies for agriculture and rural transportation, DOE's Economic Regulatory Administration has ruled that four percent of middle distillate fuels, including diesel, planned for delivery into a State must be set aside for redistribution by partici-

pating States to meet energy shortages and hardship cases. Also, the Economic Regulatory Administration has re-allocated gasoline supplies among major suppliers to ensure that the needs of agriculture and farm markets continue to be given the highest priority; and in the event that gasoline rationing is implemented, the Administration has established relatively larger percentages of gasoline supplies for those predominantly rural States where residents are highly dependent on automobiles and must drive longer distances.

- o In DOE's Industrial Process Heat Program, 23 projects are under contract to demonstrate the feasibility of using solar energy for producing industrial process heat. Nearly two-thirds of these projects are located in rural areas and contribute to rural industrial development. These systems, in various phases of design, construction and operation, will generate thermal energy for applications such as commercial processing for good, lumber drying, heating greenhouses, and use in other industries such as concrete block manufacturing, chemicals, and oil refining.
- o DOE and USDA are cooperating in a program to adapt solar energy for on-farm uses in agriculture. More than 50 experiments are being conducted in 28 states emphasizing the design of solar systems which can be constructed of materials and equipment readily available to farmers. In order to transfer solar energy technology and systems designs from the research laboratory to the farm site, a pilot program of on-farm demonstrations has been initiated. At present, 91 projects in nine states have been authorized for solar energy heating of swine and poultry houses and dairy buildings, and a similar number of projects is planned in 1980 for crop and grain drying.
- o The Appalachian Regional Commission has funded several demonstrations of the use of wood as a low-cost alternative source of energy for homes, hospitals and small businesses. These demonstrations have included the pyrolysis of wood in Tennessee for use as a heating fuel and gas, a wood gasification plant in Georgia to heat a hospital, and a timber-for-fuel development organization in North Carolina.

Action Agenda

to address the following policy objectives: reducing dependence on foreign oil through conservation while ensuring that necessary energy supplies are dependably available for agricultural production and marketing; encouraging and supporting the development of innovative alternative energy resources to meet rural community needs; and protecting the quality of rural life by mitigating the negative consequences of energy development on small towns

- monitor and ensure full implementation of the White House Rural Energy Initiatives to promote small-scale hydro-electric, community-based unconventional gas, and small-scale fuel alcohol development;
- support passage of authority to make direct or guaranteed loans that would be financed from windfall profits tax revenues for the construction of small-scale alcohol fuel plants, and extend the 4¢ per gallon tax exemption on the sale of gasohol;
- provide DOE grant assistance to community-owned gas utilities for unconventional gas exploration and development;
- assist states to meet rapid increases in needs for public facilities and services resulting from new or expanded energy development through support for legislation which would provide up to \$750 million through FmHA for grant assistances over five years with a limit of \$1.5 billion in total loan guarantees; states would be encouraged to use federal impact assistance to establish revolving funds through which assistance would be distributed to localities, primarily in the form of loans;
- implement in connection with several already federally-funded energy development projects an intergovernmental strategy developed under the White House Rural Development Initiatives to promote local jobs, business development, and orderly community development;
- * ● use DOE, EDA, NASA and USDA resources in support of the commercialization and utilization of selected energy technologies which are especially suited to rural and small town circumstances (e.g., wood, wind, solar heat for processing, and small-scale hydro);

- make available variable housing design plans which include as options use of solar heat, solar hot water, passive heating and cooling, earth berm insulation, and adequate orientation for solar exposure;
- increase the allocation of public service employment slots (under CETA) to weatherization projects where existive CETA resources are insufficient to match funds for materials.

ADDRESSING THE RURAL PROBLEMS OF DISTANCE AND SIZE

TRANSPORTATION AND COMMUNICATIONS

Actions Already Taken

- As part of the White House Rural Development Initiatives, several transportation initiatives were announced in June, 1978, in the areas of social service/rural public transit, air service, rail branchline rehabilitation, and ridesharing. These include:
 - an agreement among CAB, FAA, EDA, FmHA, and SBA to coordinate and target assistance (\$200 million) to commuter airlines wanting to enter and serve rural markets, and to small community airports wanting to upgrade facilities;
 - an agreement among DOT, HEW, CSA, ACTION, FmHA, and DOL to improve the coordination and delivery of social service and public transit, including a commitment to train and place 1,500 CETA eligible persons as drivers, mechanics, and dispatchers working in Section 18 transportation systems; arrangements to provide surplus government vans to Section 18 systems; a set-aside of FmHA loan funds to help purchase special equipment; cooperative action by the insurance industry, State regulatory agencies, and the Federal government to make insurance more available, flexible and affordable for social service and public transit providers; and measures to reduce the large paperwork burden imposed on transportation providers by the billing, accounting, and reporting requirements of social service agencies;
 - an agreement among FRA, EDA, and FmHA to provide coordinated assistance for the rehabilitation of railroad branchlines which are given high priority in State rail plans; and

- a series of actions to promote rural ridesharing (carpooling, vanpooling) including commitments by CAAs, USDA's Cooperative Extension Service, and EDDs to promote and support ridesharing in rural areas, an IRS clarification that passenger pick-up, driver incentive, and maintenance mileage are eligible vanpooling uses for purposes of determining eligibility for the 10 percent investment tax credit; arrangements whereby surplus and excess vehicles will be made available to CSA, EDA, and USDA in their efforts to promote ridesharing; and issuance by DOE of a proposed rule to assure bulk users sufficient gasoline to maintain operation of vanpools during periods of shortage.
- o Passage of the Nonurbanized Public Transportation Program (Section 18) as a part of the Surface Transportation Assistance Act of 1978 moves rural transit out of the research and demonstration phase--under FHWA's Rural Public Transportation Demonstration Program (Section 14"), over 100 two-year demonstration projects were funded at a total cost of \$25 million--with a clear legislative mandate to develop an ongoing program that provides operating as well as capital, administrative, and technical assistance.
- * o Administration proposals passed the Congress in 1978 strengthened the Federal Railroad Administration's Local Rail Service Assistance program by shifting its locus away from temporary continuation of service on abandoned rail lines to capital rehabilitation of potentially viable lines that have not yet been abandoned. The funds go to rehabilitate, before abandonment, the lines carrying five million gross ton miles of traffic or less per mile annually through grants or loans to railroads; provide alternate transportation facilities and services (e.g., team tracks for use by shippers); and assist in maintaining service on branchlines which have been abandoned by private rail carriers.
- o An expanded program for the renovation or replacement of bridges will primarily benefit rural counties.
- o The Airline Deregulation Act of 1978 contained several key provisions for rural areas. Among other things it:
 - authorizes CAB to require "essential air service" for a 10-year period and to provide subsidies to a regulated carrier or a replacement commuter airline to assure the continuation of essential service as necessary;

- requires CAB to determine within one year of enactment what constitutes "essential air service" for each location served at the time of enactment and authorizes CAB to adjust these definitions and develop definitions for other locations to accommodate future needs;
 - requires commuter aircraft to the maximum extent feasible to conform to the FAA safety requirements imposed on larger passenger aircraft;
 - permits commuter airlines (for craft with 30 or more seats) to enter into interline agreements with trunk and local air service carriers to provide through-ticketing services;
 - exempts from CAB regulation commuter aircrafts carrying cargo weighing less than 18,000 pounds and carrying fewer than 56 passengers; and
 - makes commuter airlines eligible for the first time for FAA's aircraft loan guarantee program (for the purchase of the planes and replacement parts).
- o The Administration is proposing amendments to the Airport and Airway Development Act of 1970 which would provide greater opportunities for small airports to receive airport development grant assistance. More funds would be available for all eligible airport development, including aircraft parking areas, terminals, runways, taxiways, and emergency buildings and vehicles. Approximately 12 percent of the funds available for airport development will be used to foster small community air service. This would total about \$.5 billion for the years 1981-85 or approximately \$100 million per year.
 - o The Commerce Department's National Telecommunications and Information Administration (NTIA) has filed proposals with the Federal Communications Commission to drop restrictions on ownership of cable TV in some rural areas and to create a new class of low power broadcast stations.
 - o The Department of Agriculture has instituted a program to help rural telephone companies provide television and other services. REA will make available increasing amounts up to \$40 million in 1982 for direct loans and loan guarantees to support rebuilding rural telephone lines. The portion of the telephone plant, or other broadband facilities, which will be used to carry commercial television signals will be financed through the Business and Industrial Loan Program of FmHA.

- o As part of the President's civilian space policy, NTIA will assist Federal, State and local agencies in the procurement of satellite communications services for rural areas and will conduct technical and economic analyses on this use of communications satellites.
- o NTIA has begun distributing grants for public communications facilities. Under legislation developed by the Administration and Congress in 1978, many of these grants will go to rural areas that have inadequate public broadcasting service.

Action Agenda

to address the following policy objectives:
 overcoming the problems of isolation from job sites, social services, and the government;
 improving accessibility to new technologies;
 reducing the dependence of rural residents on the private automobile, addressing the special problems which rural entrepreneurs have in gaining access to raw materials and markets because of the problems of transportation

- * monitor and ensure full implementation of the White House Rural Transportation Initiatives;
- o support adequate funding for Section 18 of the Surface Transportation Act of 1978;
- monitor and ensure full implementation of the White House Rural Communications Initiatives to enable rural residents to assess modern communications technology.

CAPACITY BUILDING

Action - Already Taken

- o A range of agency-funded programs have been undertaken to increase the management capacity of target communities. These funding commitments are exemplified by the following: HUD has granted \$3.5 million to 16 states for technical assistance projects aimed at building management capacity building program, Economic Development Districts (EDD's) have received increased assistance to carry out economic development planning. CSA funded a Virginia State University project to demonstrate how state land grant colleges and extension services can work with community action agencies to assist low income farmers. TVA has entered into an agreement with the Tennessee Valley

Center for Minority Economic Development to provide special assistance to rural areas with predominantly minority populations, helping them take the necessary steps to participate more fully in the region's economy. CSA made a grant to the Emergency Land Fund in Atlanta for the purpose of providing assistance to minority farmers and landowners. A consortium of agencies (including EDA, FMHA, EPA, and HUD) funded the National Demonstration Water Project which has created a network to assist rural communities in developing the capacity to meet their water and sewer needs.

- o HUD developed a simplified Housing Assistance Plan for small cities applying for single-purpose grants.
- o For FY 1980 CDBG competition, the selection criteria have been changed slightly to eliminate a perceived bias towards certain kinds of projects to allow small communities to select activities addressing critical locally-identified community development needs.
- o The Bureau of the Census sponsored a new State Data Center program, which is a Federal-State-local cooperative program whose objective is to improve access to and use of statistical information by State and local government planners and decision-makers.

Action Agenda

to address the following policy objectives: improving access to federal programs; improving targeting and delivery of technical assistance; improving coordination among federal agencies, other levels of government and private organizations in rural areas; and developing and disseminating better information about rural conditions

- o develop a national program to support locally selected circuit-riding managers to assist small communities and rural counties;
- o promote intergovernmental assignments of federal personnel to rural jurisdictions and organizations, to increase knowledge of and sensitivity to rural problems within federal agencies as well as assist in meeting local capacity building needs;

- o encourage and support higher priority within the Cooperative Extension Service to provide outreach and technical assistance to low income and isolated rural residents;
- o convene a White House meeting to explore options and develop cooperative plans for the participation of philanthropic, educational, religious, and charitable organizations in rural capacity building and other rural development projects;
- o recruit retired executives as SCORE volunteers to provide technical and management assistance to governments and businesses in rural areas; explore other options and incentives to encourage the private sector to provide technical and management assistance for rural institutions;
- o support continued funding of the FmHA Section 111 rural planning program to provide state and local capacity building assistance;
- o encourage federal field offices (EDA, HUD, Census) and the land grant institutions, in cooperation with ISETAP, to provide technical assistance to rural officials on the use of 1980 census data and improve access to detailed data at the rural community level;
- o direct the Working Group on Small Community and Rural Development, in cooperation with ISETAP, to develop a rural research agenda, including data needs, and to assist in coordinating federally-sponsored applied research and data collection;
- o negotiate a single set of application, auditing, and reporting requirements for each of several frequently combined clusters of federal aid programs to reduce red tape and paperwork burdens; simplify and standardize compliance requirements with cross-cutting federal laws and executive orders.

PROMOTING THE RESPONSIBLE USE AND STEWARDSHIP
OF AMERICA'S NATURAL RESOURCES AND ENVIRONMENT

Actions Already Taken

- o In October 1978, the Secretary of Agriculture issued a USDA policy on land use which directs USDA agencies to: advocate the retention of important farmlands and forestland, prime rangeland, wetlands, and other lands

designated by State and local governments; advocate actions that reduce the risk of flood loss, minimize impacts of floods on human safety, health and welfare, and restore and preserve the natural and beneficial functions and values of floodplains; advocate and assist in the reclamation of abandoned surface-mine lands and in the planning for the extraction of coal and other nonrenewable resources in ways that will facilitate later restoration of the land to its prior productivity; advocate the protection of threatened and endangered animal and plant species and their habitats, designated archaeological, historic, and cultural sites, and designated ecosystems; advocate the conservation of natural and manmade scenic resources, and assure that these agencies protect and enhance the visual quality of the landscape. A USDA Land Use Committee has been providing leadership for implementation of the policy, and USDA agencies were given one year to bring their programs and actions into compliance.

- o EPA also has promulgated an Agricultural Lands Protection Policy, which is aimed at retaining prime and unique farmland, farmland of local and statewide importance, farmlands in or contiguous to environmentally sensitive areas, and farmlands with significant capital investments in "Best Management Practices."
- o In mid-1979, CEQ and USDA initiated an interagency study of the factors affecting the availability of agricultural lands and their conversion to other uses. The study will be completed and findings and recommendations submitted in late 1980.
- o The Department of Interior and USDA's Soil Conservation Service are providing technical and financial assistance to landowners to protect the environment from the adverse effects of coal mining practices. Since 1978, 2,200 acres of abandoned mine land have received such treatment as stabilization, control of erosion, and sediment, enhancement of water quality, and return of the land to useful purposes. TVA has undertaken a surface mine reclamation program under which thousands of acres of mined land are being revegetated.
- o The Department of Interior is preparing a National Plan of Action to combat desertification. It will identify means of reversing the decline of biological productivity of arid and semiarid areas in the rural west.

- o The Heritage Conservation and Recreation Service has directed a comprehensive review of federal programs affecting barrier islands on the Atlantic and Gulf coasts to develop a plan for protecting them.
- o The Department of Commerce has funded 19 state coastal zone management programs to assure that the shores of oceanic and inland water bodies are managed and used for public good.
- o Land use planning for the public lands, most of which are in the rural west, is committed to being accomplished cooperatively with local communities. To the extent practical, plans are being made to be compatible with those of local governments. The resulting benefit is orderly use and conservation of land and resources.
- o National Park Service improvements to sewer, water, and waste disposal systems within the parks has resulted in cleaner and safer conditions in nearby communities. Federal and State regulations have been met, which assures that effluent into streams, groundwater, and the atmosphere is safe and clean.
- o National Park Service responsibility for monitoring of air and water quality within park areas results in constraints on pollution sources from outside the parks. This has a beneficial effect on surrounding communities within the entire region.
- o EPA has funded water resource planning and management programs in every state.
- o The Forest Service, in cooperation with the State Foresters in Mississippi, Alabama, Kentucky, Oregon, and West Virginia are working with low income and limited resource farmers to find ways to better utilize their farm woodlots as income-producing properties. This is a part of the Department's Small Farm Assistance Project.
- o Under the Yazoo-Little Tallahatchie Flood Prevention projects the Forest Service has planted 840 million trees on 750,000 acres of eroding lands to protect soil and water resources and provide raw materials to local industries--creating jobs and income for area residents.

- o Since 1977, 851,900 people were provided assistance by the Soil Conservation Service in planning and applying conservation measures. Application of these conservation practices has had a very positive environmental, social and economic impact on adjacent lands and communities.
- o Over 27,500 units of government were provided assistance by SCS in resource management, and over 23,500 land use plans were reviewed for units of government to determine adequacy of standards.
- o More than 300 measures were completed in rural areas and communities through USDA's Resource Conservation and Development Program, at a cost of about \$25 million. These included measures for critical erosion control, rural recreation, and flood prevention.
- o In FY 1978 and 1979, 32 flood hazard studies have been undertaken by SCS to assist rural communities in development of floodplain management programs to reduce flood losses.
- o A water and related land resource study has been undertaken by SCS on the lands of the Colorado River Indian Reservation, Arizona, to assist those native Americans in the wise use of their land and water resources.
- o Nearly 200 county important Farmland Inventories were made and another 320 prepared to guide rural communities in land use decisionmaking involving retention of agricultural lands.

Action Agenda

to address the following policy objectives:
preserving agricultural land and promoting
pollution-free land, air, and water

- o monitor and fully implement EPA's policy on agricultural land protection for all programs with particular attention to the siting and sizing of wastewater treatment facilities
- o continue implementation of joint EPA-USDA programs demonstrating the application of best management practices to control non-point source pollution from agricultural runoff;

- o fully implement the Rural Clean Water Program in FY 1980;
- o move aggressively to complete the joint CEQ-USDA study of the effects of conversion on prime agricultural lands to other uses and of measures to control such conversion;
- o promote and demonstrate means of using farm and nonfarm generated organic waste for land treatment and sources of nutrients.

PAST AND PRESENT:

STRUCTURE OF STATE RURAL RESPONSIBILITIES

January, 1980

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This report briefly reviews state responsibility and organization from the perspective of Alaska's varied rural populations.

The report probes state organization and function in terms of the potential "role and placement" of a state structure charged with encouraging the development of a private economic base in rural areas. The report does not seek "fault" in existing programs, or suggest fault through past action or inaction, but rather seeks to indentify rural programs which offer creative association for some "new" structure charged with forging a state/private partnership devoted to expanding a "private" economic base in rural Alaska.

At Issue: A Rural Strategy

In the final analysis this report is suggestive that the state needs to be continually developing and modifying a broad and flexible "Rural Economic Development Strategy."

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Secondly, the state needs the MEANS by which to implement and sustain such long-range policies.

Thirdly, the state needs to take the leadership by establishing a structure on the Alaska level, designed to maximize and coordinate federal, state, local, and private resources available for desirable rural economic development projects. The more detailed consideration of the proper design of such a state structure, and the placement of such a structure within the framework of state government, is the subject of a companion report to this document.

Lastly, as a matter of statewide economic policy, this report suggests that rural development is fundamental to urban development. Rural economic growth should be an important urban economic goal, since such development is essential to broadening the economic base of the state's commercial centers.

GOVERNMENT STRUCTURE AND "POLICY"

Government generally is a highly organized structure designed to provide a variety of "services" that a society has determined to be necessary. Therefore the established structure of government says something about established policy, the priority of various policies, and about the "lack of such policy."

In the case of an Alaskan rural economic policy, there is essentially no clearly identifiable structure, and therefore there is no apparent state rural economic policy, or policies. There are, of course, many state rural "service" programs, and a large variety of state rural policies addressing various rural needs, but few touch upon the the seemingly primary need of "an economic base."

However, this should not be suprising since Alaska state government, or any other similar government, is generally a structure developed to deliver the more traditional services --education, transportation, health and social services, and etc. It is perhaps an unusual circumstance, that our government systems in this country often focus strong issue on "things economic," but rarely do they develop the means to effect strong economic policy. The problem of effecting rural policy is even more acute, since a lack of infrastructure and isolation limit the normal means of "advocacy."

Under any circumstance the distance between our American government systems and our private economic systems is significant, and only when unusual tools are available to a government, or there is crisis, is policy generally able to bridge the distance and weld government and private economic goals to some common purpose. In view of our public and private systems "seperation," Alaska's potential for success in forging a state/private partnership must be open to issue. However, Alaska does have some special and unusual "tools" at-hand --tools that most other government have no hope of having available.

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ALASKA: SPECIAL TOOLS FOR SUCCESS

First; the general state of collapse of the Alaska rural economy in many regions means there are few entrenched interests to complicate and make policy change difficult.

Second; Alaska is in many respects the most "rural" of all the states, providing opportunity for Alaska to gain federal recognition of its rural economic needs on the federal agency level.

Third; Current federal policy is shifting to emphasize federal support for private efforts that contribute to a continuing private economic base, with special emphasis on rural economic initiatives. Alaska has special opportunity to take advantage of both old and new federal resources, and also has special reason to sell its often unusual needs to the federal government.

Fourth; The structure of the State of Alaska is less complex, and has a clearer line of authority than most other governments, creating special opportunity to expedite and coordinate federal resources. In other words, Alaska has a genuine executive structure, while most other governments (competing for resources) are structured into something akin to a "committee of executives."

Fifth; The state is Alaska's largest resource owner. Aside from being a political entity, the State of Alaska is one of the largest and most diversified resource corporations in North America.

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The role of resource owner is untypical of other governments, and gives the state both special opportunity (and responsibility) to promote economic development and to forge a mutually beneficial partnership with the private economic structure needed to develop those resources.

Sixth; The state is also a large financial corporation well beyond the bounds of the usual government service institution. The state's resource disposition provides it with "excess revenues" well beyond the state's immediate and future service demands, leaving opportunity for the prudent use of excess financial capital as a tool in encouraging private development.

Seventh; The settlement of Alaska Native Land Claims has provided a unique private structure in rural Alaska, and has created opportunity for the state to work in partnership with that unique private corporate structure. The land claims settlement has created a rural network in private interests that has both lands and some financial capital. The native corporations represent a "local opportunity" for partnership and for participation in development, which is completely unavailable in most other similar areas of "third world" economic conditions. The native corporations have the unusual nature of having the efficient structure of the private corporation, but also having a local base.

Eighth; The economy of Alaska has access to a large federal landmass, and its various resources, as well as significant marine resources and the nation's largest continental shelf.

Ninth, The final special difference for an Alaska economic initiative may be in the "timing." The timing is very likely "right" in terms of the: 1) maturing of the land claims corporation, 2) in terms of the maturing of the state resource and land base, 3) in terms of the state's financial resources, 4) in terms of world crisis over long term resource commitment and availability, and lastly, 5) in terms of the evolution of federal policy to stress private development, and the opportunity for maximizing federal financial resources and generating federal cooperation and coordination.

Nevertheless, the forging of a tri-partnership --state, federal, and private-- to address rural economic problems and develop an Alaska rural development policy, is not a easy task. However, in any such policy the state must have primary responsibility, and it is the state that has the lasting interest in insuring that rural economic policies are developed and can be sustained over a sufficient period of time. If an emphasis on rural economic problems is to be initiated, then it is the state that has the responsibility for initiation.

Initiation by the state also provides a certain acknowledgement by other partners, especially the federal government, of the state's leadership in setting economic priorities, in economic and environmental planning, and in allocating monetary resources. Such leadership also provides opportunity for a commanding role in maximizing state financial resources available for development by addition of federal and private effort.

THE "PLACE" OF A RURAL INITIATIVE STRUCTURE

The end result of a review of state rural service responsibility is a determination of whether a structure, designed to promote policy enhancing a rural "economic foundation," belongs "within" the traditional government service structure, or is best placed "outside" of normal government delivery institutions.

The general conclusion of this report in reviewing state rural programs appears to recommend that such a structure should stand "separate" from the general programs. The basic function of the routine delivery of rural service, and the task of maintaining a continually changing rural economic development strategy, appear to be inherently separate.

Many reasons can be presented in defense of such a "separation," but these reasons, in terms of detail, belong more properly in the companion report to this document which deals with the potential conceptual design of a state policy structure.

However, such reasoning ranges from the traditional separation of the private economy and government service roles in our American systems, the special "advocate" nature of an economic policy structure, and the need for a structure to be an advocate of rural services related to rural economy that are broader than the function of any one agency.

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Finally, to be successful in bridging the gap between private and public systems, such a policy group needs the strong political adjacency and backing of both the executive and the legislative.

The success of government dealing with the private policy sector may be rooted in government respecting the private-policy sector as a sector to be treated with a respect, and on an equal footing, with the policy branches of government. Therefore, the suggestion that state dialogue with the private sector be subordinated to a sub-bureaucratic status may be fatal to a successful policy partnership. In other words, a policy partnership suggests a certain equality and mutual interest among the parties.

A principal determination of the policymaker in seeking to "place" a state structure charged with encouraging a private economic base, may therefore be, whether the public policymaker chooses to treat the private sector as an equal and independent partner in policy, or whether that private sector is a subordinate partner suggestive that it is to be "directed" by some line-agency.

However, this is not to suggest that such a rural economic development structure does not have a strong interest in, and relationship too, the rural service agencies and the state's role in community development. An economic development structure would be strongly supportive of rural service needs, especially as they impact development opportunities.

Hence, in "placing" a state policy structure charged with addressing economic issues, a number of primary considerations have thus far surfaced. They are:

- 1) The issues of whether the mission and the charge of economic advocacy are not inherently different, and therefore such a structure perhaps should not be subordinate in a line-agency with service functions.
- 2) The need for a political adjacency to governor and legislature in order to maintain momentum, and
- 3) The issue of treating the private policy sector as a legitimate policy level co-equal.

THE RURAL POLICY SYSTEMS

The previous discussion questioned the placement of a state rural economic policy structure essentially "within" the state line-service functions. However, the policy structure external to the state government itself must also be reviewed in terms of such a state system.

In rural Alaska four basic policy systems are identifiable. The systems are familiar structures in American policy, but as might be expected, in rural Alaska some of those structures are underdeveloped or almost non-existent.

It is not "within" any one of these systems that a rural development strategy must be forged, but rather between such systems. The structure by one means or another, to be successful, must forge a partnership among these systems.

These identifiable policy systems are, in their broadest context, as they apply to rural Alaska:

- 1) The federal policy system.
- 2) The state policy system.
- 3) The local government policy system.
- 4) The private enterprise policy system.

The first three systems are clearly recognizable, although each has its special difficulties in dealing with the problems of rural Alaska. However, it is perhaps unfortunate that the American "alter-ego" to government, our very dynamic private economic system, is not recognized and communicated with as a fundamental policy system.

As indicated the above systems each have their problems when applied to rural Alaska. The special problems of the state system and the local government system will be discussed in more detail in following material. However, the federal system deserves some brief comment, since the system has "more established economic roles" than state and local systems, but must suffer from sheer logistics of policy between remote policy centers and extremely isolated Alaska rural communities in a bi-cultural setting. The federal government also faces the very realistic problem of having to establish policy criteria on a norm that fits an incredible variety of national situations.

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Despite areas of extreme policy dispute between the state and federal government, the federal government does offer significant resources that can be applied to a rural development initiative.

ORIGINS OF STATE RURAL POLICY

The state largely inherited the rural policy system from the federal government. The Territorial government also carried out certain rural service functions. It is perhaps easy to point an accusing finger at the federal government, alledging a neglect of rural Alaska, but it should also be remembered that Alaska Territorial government was a form of "self government" and had the option to function in rural regions.

There are many reasons why Alaska Territorial Government did not expand its functions into the rural regions, and many of those reasons are very practical and many are simply circumstantial under the conditions of the period. Conversely, a case can be made that the federal government made significant efforts, especially when one considers the practical circumstances of that government in dealing with rural Alaska. Like all government, the federal agencies depend on policy, and policy depends on "appropriations" that generally derive from a political base. Obviously, Alaska had little political base, and the far flung and isolated rural needs of the state lacked even the cohesion necessary for a local advocacy. Most federal agencies lacked support for carrying out Alaska functions, while others received "fall-out" support from general "Indian" legislation enacted by the Congress

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It is not the function of this report to go into detail concerning the problems of early rural policy. However, a few brief comments lend perspective to the later development of rural policy under statehood.

Presently, state rural policy is primarily aimed at delivering in rural areas the "traditional" services of government. And, in view of the difficulty the state has had in simply forging policy for the more traditional services in rural areas, it is not surprising that the state has been incapable of addressing a "less traditional" role regarding the economic plight of its rural populations.

In general, the circumstances that retarded the delivery of basic services in rural Alaska, simply more fully eclipsed a policy recognition of economic conditions and attendant state responsibility.

First, in early statehood, since the state was not delivering the traditional basic services, it was unlikely that the state should perceive self-responsibility for the more non-traditional and difficult to service economic problems. Additionally, generally government will not respond to more difficult development of "economic policy" unless there is a crisis. There are some exceptions, such as the nation's long history of addressing agricultural economic policy. Hence, economic policy in the area of U.S. agricultural policy has become "traditional policy." Additionally, in places like rural Alaska, hidden away from general policy-view (and public) view by isolation, wilderness, and culture misperceptions, despite severe economic problems, the existence of such "crisis" was simply not recognized.

Secondly, in early periods Alaska rural policy was fractured, and additionally there was no traditional local government system to be the conveyor of local needs to "the citizens," and to be the purveyor advocacy to senior governments.

Third, in the early years of statehood there was a perception, despite the declarations of the State Constitution, that native issues were federal issues, and that native Alaskans were still the "wards" of the federal government.

Fourth, state responsibility was further undercut by assertions that rural problems were the result of federal neglect (somehow justifying further state neglect).

Fifth, there was general recognition that rural services were expensive. Therefore there was a natural, and perhaps quite practical, resistance on the part of the revenue impoverished young state to create rural services, or to encourage an early transfer of many functions from the federal government.

Sixth, a public perception that statehood and local control would bring a magically improving general economy tended to undercut entry into economic policy. Statehood itself was perceived to be the economic solution for all Alaska. The economic emphasis of the time was more on the government-revenue side of the economic equation.

Seventh, the federal poverty programs were implemented in the early 1960s. Many of these programs were administered by the state, and others were delivered directly to rural Alaska. The programs appeared to be dramatically attacking rural poverty, and did tend to "finance" the entry of the state into rural responsibility. However, most of the programs focused on traditional government policy areas, such as education and basic services, and there was not a coordinated emphasis on the causes of rural poverty --the lack of "cash" industry and the rising demand for "cash" in the rural economy. The programs for the most part were conceived in Washington D.C. and funded on an "on-gain/off-again" short term grant basis. The cycle of poverty programs failed to recognize that much of pre-war rural Alaska had a variety of "cash" industries that fit community life-style, but that post-war Alaska saw those industries sink into almost total recession.

The poverty programs did their job in identifying that rural Alaska was in "poverty," in providing an element of advocacy that substituted for the lack of infrastructure, and in easing the state into a rural outreach.

Eighth, land claims settlement contributed to public misconceptions and adversity. Land claims helped dramatically forge state rural issue and policy, but tended to distract from a detailed focus on very basic rural needs. Public reaction to land claims was that native Alaska (rural Alaska) has land and money, so let them solve their own problems. Oddly, the land claims structure should have been "welcomed" as an economic middle-ground structure usable by government in development policy.

Ninth, the gigantic economic issues of the pipeline period of the early 1970s tended to sweep aside lesser and more homegrown economic problems. The pipeline was a distraction. The "euphoria" of the pipeline boom, both within and outside of government, created the assumption that something would rub-off on everyone.

Tenth, rural political representatives have generally been at a disadvantage in securing policy attention and service dollars, partially due to the lack of a local government funding vehicle for channeling state monies for local services. For example, broad funding formulas have allowed urban lawmakers to secure most appropriation needs on almost an "automatic" annual basis. One formula delivered basic school support for urban areas, and another picked up local debt service. Such formulas delivered urban educational services and also relieved local tax burdens for other purposes and services. Maintaining such services required only minimal political effort each year, with all urban lawmakers having a common interest. In contrast, rural lawmakers have constantly been required to fight line-by-line for service appropriations within the budget, often in competition with fellow rural representatives. Under such conditions the rural lawmakers quickly "expends" his political opportunities for minor gains in "bricks-and-mortar." Despite urgent long range problems, the rural politician has had little excess energy to devote after battling for immediate needs. Applied to economic development, rural lawmakers have had difficulty in just marshalling their talents for the "most basic" of traditional basic services, let alone entry into such long-range, complex, and less traditional policy arenas as restoring a private rural economic base.

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The lack of substantial local governments in rural Alaska creates many problems. The rural state representative is left being a substitute local government representative, and the state is often cast in the role of substitute local government. However, this report does not suggest that creation of "local government" in rural Alaska will necessarily resolve local-government oriented problems. Obviously, rural Alaska lacks population density and the usual dynamics that makes local government viable, and therefore caution should be exercised in attempting to create a system that may be unrealistically "grafted" on top of rural communities. The lack of a "cash" economy in rural regions may be prerequisite to a genuine local government --a government that rural people feel belongs to "them" and not the state.

This report earlier suggested that a crucial issue in a public/private partnership in development is whether the public treats the private as a "respected" policy equal, or whether it attempts to subordinate that policy partner. Suggested was that an equality is perhaps crucial to a true partnership and creativity. The same may be true of local government, which is often termed a "lesser" government. It may be important to a rural "economic initiative" partnership, as well as to the proper relationship of a rural local government with the state, that the policymaker determine whether rural local government belongs to a rural public, or is simply a step-child of the state for the state's convenience, and whether in any partnership the policymaker (and the state) views such a relationship as one of equals, or of a subordinate relationship. The relationship, and be suggestive of a subordinate role of the state.

BENCHMARKS IN ALASKA RURAL POLICY

Alaska rural policy has its origins in the Territorial period in Territorial legislation, in federal legislation, and in the organic legislation of the federal government that granted powers to Alaska level governments of the period. The basis for the expanding policy role of Alaska government in that time was linked to: 1) the ability of the Territory to carry out functions, and 2) its desire, or lack of desire, to responsibly tax itself to carry out policy functions and services.

Limit on Territorial Powers

In granting powers to Alaska in various pieces of organic legislation dating even to pre-Territorial status, the Congress saw fit to limit the ability to finance through "bonding," which correspondingly limited the ability of the Territory to finance capital projects. Since most rural needs were "facility" oriented and expensive, that basic federal limitation considerably hamstrung Territorial government. Depending on the period, the Territories ability to "tax" was also limited.

As a result statehood and the ability to bond represented a crucial benchmark in the state being able to finance rural programs.

Congress reenforced the situation by granting the Alaska cities the right to bond for facilities. In reviewing the situation it is easy to conclude that Congress desired to keep the Territorial government weak.

Alaska Willingness to Tax

The ability of the Territory to tax was also in question at times, with such question being aimed mostly at the ability to tax the lucrative fishing industry. Alaska was willing to tax its "outside" owned industries, Congress under lobby by Seattle interests was reluctant, but it must also be acknowledged that when it came to taxation the Territory also showed a very "marked disinterest" in taxing its own citizens by any means.

Hence, while Alaska decried federal dominance it was reluctant to "pay-its-own-way." As a result Territorial government resembled something of a "pass-through" agency." With little money of its own, the Alaska government took in federal funds and other earmarked revenue, and passed those funds through to local government.

In the pre-statehood period it was local government that had the ability to bond themselves, tax themselves, and which were the primary recipient of Territorial federal funds. The weak Territorial government did not have unrestricted funds to spend in rural regions, and the lack of a local government infrastructure left the rural citizens out of the basic funding pattern. The pattern simply reenforced the "division" of the Alaskan urban/rural spheres, and the dominance of the federal government in the rural area. The lack of revenue, and the lack of a willingness of the Territory to raise its own from its own citizens, simply meant there was no "Territorial presense" in rural Alaska.

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Perhaps the crucial benchmark paving the way for Alaska rural policy was the Territories decision to "tax itself" after a bloody 1948 election surrounding the issue. Territorial Gov. Ernest Gruening for a decade had advocated the need for a comprehensive schedule of Alaska taxes to finance government, and for a decade the Territorial Legislature steadfastly refused such a program. In exasperation Gruening in 1948 aggressively campaigned against the legislature, and surprisingly won a majority that enacted Alaska's first really comprehensive revenue base.

The decision to tax was an important decision in declaring an assertive self-responsibility, and while benefits were not oriented towards rural Alaska, the revenue availability would begin a long process of accepting more expensive rural responsibilities. Oddly, the tax benchmark was likely a crucial step in the final drive for statehood. The period 1948 - 1953 saw lawmakers begin to organize a very fractured government, saw a leveling of federal agency power, saw the Territory complete an organized compilation of its laws, saw the abolition of the Alaska Fund with a coordinated tax system, the creation of a Territorial Department of Fisheries (as an assertion of local management), and the creation of the Alaska Statehood Committee.

Territorial Influences on Alaska Structure

The Territorial experience was one of wrestling with a fractured Territorial government, with a variety of elected officials, a weak legislature, a federally appointed governor, and policy strings that disappeared into the maze of Washington D.C.

The Territorial experience had established the firm place of local government in the policy framework of Alaska political thinking. The new emphasis was not so much to create a "super-executive" structure, but to create a structure far removed from the cob-webs of the Territory, where the line of responsibility was clear and where there was clearly some "one" in charge.

Constitutional Benchmarks

The constitution Alaskans drafted in 1955 produced a number of rural benchmarks and framed a few ongoing policy dilemmas.

The constitution created generally a simple executive structure with the governor clearly responsible for all actions. While Alaska has its ongoing problems in making government function, the simple structure of the Alaska system in the long-run should be an advantage for rural needs, policy development, and coordination of multi-government effort. Many other state's administrative structure resembles a "committee" of executives.

The constitution declared responsibility for ALL its citizens, laying both the legal and policy foundation that native Alaska, and therefore rural Alaska, was the responsibility of the state.

The constitution recognized the unresolved nature of Alaska native land claims.

The constitution attempted to deal with the problem of local government by declaring that Alaska would be divided into governmental units called "boroughs" (State Constitution, Article X). The lack of local government still causes problems in state dealings with rural Alaska, but also, the fundamental problems that have precluded the normal creation and function of local government in such remote rural areas are also still with us.

Early Statehood Benchmarks

In the early period of statehood the state government was not without rural concerns. The state attempted entry into vocational education aimed at rural areas, and airports were a high priority. A Rural Development Agency was established in the Office of the Governor, which acted as the representative of the governor in assessing and resolving urgent rural problems, and which also administered a small grants program (now lodged in the Rural Assistance Division, Department of Community and Regional Affairs). However, in the first half of the 1960s state efforts were constrained by budget uncertainty as the state absorbed functions from the federal government and attempted to establish a revenue base. Under such circumstances the state budget was small, growing from \$60-million to \$154-million by 1965. Early bond issues totaled only \$30-million (1960), \$17-million (1962), and \$13-million (1964).

The real rural issues began to surface in the mid-1960s as the state's financial ability grew and as confidence grew that the could pay for new effort in policy.

In 1965 the Legislature developed a concept of rural regional high schools, and presented a \$5-million bond issue to the public. While the concept ultimately never came into existence, the public DID APPROVE THE BONDS. The action was an important legislative, and public, declaration that the state was ready to begin carrying out its rural education service responsibilities, and that the state, not the federal government has the responsibility for educating rural Alaskans (native Alaskans). Likewise, the issue recognized the severe problems of secondary education for rural citizens.

In 1966 Land Claims settlement became an issue for the first time in the public policy forum.

Additionally, in the 1966 elections issue surfaced as to whether the state should create a Department of Native Affairs to tackle rural Alaska problems. The issue produced considerable debate, contributed to public awareness of "things rural," but floundered in both the native and non-native community on the basis of not wishing to create another "little-Bureau of Indian Affairs," and on concerns that such an agency would create difficult racial question. The issue lead to the counter suggestion of creating a Department of Community and Rural Affairs.

On the Congressional level by 1964 Alaska representatives were beginning to press for an Alaska Housing Program for rural communities, and press for upgrade and transfer of BIA schools to the state.

The mid-1960s also saw the entry of the federally instigated war on poverty programs. The programs made contribution to developing "rural awareness" on the part of both policy maker and public, and likewise contributed to grass-roots awareness of problem solving on the rural level.

By 1966 native land claims had brought about the first phase of the land freeze, and the land claims problem was rapidly becoming the state's most serious issue.

By 1968 significant efforts were being made to bring electrical services to Alaska rural communities. The Alaska Village Electrical Cooperative (AVEC), organized to finance through the the federal Rural Electrification Agency (REA), also required a somewhat hasty organization of many Alaska rural communities into Alaska fourth class cities.

Throughout the majority of the 1960s two adjacent policy/issue streams were developing. Independent issue forces were developing such as land claims, as well as political forces such as the Alaska Federation of Natives, and other non-profit corporation agencies in the form of rural need advocates (AVEC, poverty non-profits, etc.). And, in the other stream, the improving revenue base of state government, more than \$200-million by fiscal 1969, allowed a cautious state expansion into rural service needs. In perspective, the 1960s was a period when Alaska was unsure it could meet the basic obligations of statehood in terms of financing government, and as events of the decade provided "confidence," the state showed willingness to confront more costly rural service needs.

The discovery of oil and Prudhoe Bay in 1968 and the entry into a "surplus revenue" condition in 1969 with the receipt of the \$900-million set the stage for facing more rural responsibility on the part of the state.

On one hand the rural areas suffered in the "funding process" because they were not part of local government systems, and therefore could not participate in the almost "automated" state transfer of funds to Alaska local governments that saw additional funding equally more than half of the \$900-million shifted to urban areas in the next five years. On the other hand, the existence of excess funds meant that rural areas could push for additional education funds, transportation improvements, and other health service needs.

By 1971 the legislature had created the rural State Operated School System SOS, and while short-lived, the effort was aimed at providing rural Alaska a semblance of autonomy, input, and substitute local government in the area of education.

In terms of funding for education, the stepped up appropriations in essence represented the first significant state money that the state had put into rural education. Prior to 1970 the state's receipts under federal PL-874 impact funding approximately equaled the state's rural school outlay for operations (Note: The federal government generously allowed the state to receive maximum impact funds even treating open-to-entry federal lands as maximum federal impact).

The state in the early 1970s enacted such legislation as a Village Safe Water Act (although little more than a declaration of responsibility for health needs), it addressed the needs for community roads, trails, and designed state municipal revenue sharing so small communities could obtain a share for the barest expressions of responsibilities such as fire, police, and etc.

Settlement of Land Claims in 1971 began a process of constructing a private corporate infrastructure throughout rural Alaska. However, there was unfortunately little state effort to recognize that structure in any institutional construction, or to take an interest in the survival and success of those unique creations on the part of the state.

The legislature did create in the early 1970s the Department of Community and Regional Affairs, which was designed to collect together rural and community functions of state government. The assumption existed that such a department would provide adequate "rural linkage." However, while the department has in many cases performed very capably, it was created as a line-agency (program agency), and as such too much was expected in regard to such an agency pursuing problems that exist outside the scope of defined programs or are multi-agency.

The legislature in the mid-1970s hammered out the Rural Education Attendance Area legislation (REAA's), disbanding the old SOS school system in favor of regional districts.

The RE/As represented a significant policy step in creating (education-service) local government, in allowing a genuine measure of regional autonomy and self-determination, in providing a funding formula taking the burden off rural lawmakers to have to fight for each individual school need. The REAAs also sought to follow native corporation boundaries, seeking to achieve a social and geographic compatibility.

THE PATTERN OF STATE SERVICES

The present pattern of state services being extended into rural Alaska are very BASIC AND TRADITIONAL SERVICE ORIENTED.

The entry into rural services follows the traditional American pattern of education, transportation, and health and social services.

On the rural community level this translated into the presence of teachers, school facilities, an airport, roads in trails, the availability of safe water, and to a lesser degree the presence of sewage disposal, electrical service, and adequate housing. Of these services teachers, school buildings, roads, trails, and airports can be funded either by formula or by state appropriation. However, water, sewage, and community electricity are utility in nature, implying some measure of local support and responsibility. Additionally, adequate housing implies some ability to support that housing.

It is in the area of utility services, housing, and personal income that state policy runs into the "void" that is at the bottom of rural issue. The issue is the lack of rural economy, the lack of ability to support services, housing, and family.

A review of state service responsibility in rural area reflects emphasis on blindly providing categorical services. It is the Department of Education's responsibility to facilitate education. It is the Department of Transportation's responsibility to provide roads and airports as directed by the legislature, it is the responsibility of the Department of Environmental Conservation to police safe water, it is the Department of Community and Rural Affairs responsibility to operate various assigned community assistance efforts. Each department has its functions and carries out that function. However, schools need electricity, water, and sewage, and homes and people need services, and the later need income for paying for such services and for purchasing other personal needs.

In the final analysis, no state agency is responsible for any kind of comprehensive addressing of the problems of rural economy.

The failure to address an Alaska rural economy is not a failure of program agencies and their specific authorities, but rather a failure of state policy to recognise that while services are urgently needed, they compound the problem of rural economics --the widening division of "cash available" and "cash needed" to pay for services.

The economic conditions of rural Alaska date to the 1940s, and while rural Alaska has always lacked services, it has not always lacked an economy. Pre-World War II rural Alaska had a variety of "cash" industries, depending on the rural region, that quite amply supported the rural life style of the period.

Such rural industries were fur, fish, gold, labor intensive transportation, woodcutting, and etc., all of which declined into disastrous conditions by the mid-1950s. External influences and changing technology eroded the rural economy. The price of gold was frozen in the early 1930s, spelling a slow death for Alaska mining, fur fashions changed and fur farming, synthetics, and fur imports snuffed out the fur industry, the bush plane eclipsed labor intensive transportation, and the convenience of oil killed off the woodcutting industry. In 1948 the Alaska Railroad altered its Yukon River steamboats from woodburners to oil, and overnight the woodyards and much economy disappeared from the Yukon Valley. Likewise the decline of major industry saw the decline of fishing for barter and cash.

A strong case can be made that for the past quarter century rural Alaska has been in severe depression and almost nobody noticed. This can be contrasted with the quick response and issue attached to the current problems of the state's urban economies. The difference is likely that a sophisticated infrastructure exists in the urban areas to demand that economic crisis be recognized and dealt with to the extent possible.

By and large it was not the role of the state service agencies to notice and deal with such a fundamental issue as rural economy, an issue obviously far exceeding the boundaries on the jurisdiction of any one, or for that fact, all such agencies.

The purpose of reviewing state services within the context of economic rural needs is that while such agencies must remain largely within their categorical responsibilities, these same agencies are very valuable front-line allies in an rural economic initiative. Regardless of however the state chooses to address the broad issues of rural economic plight, the facts also are that a fairly small number of state agencies have the rural organization and community level experience that must be brought into any such effort.

The following section will review state agency from the standpoint of both present rural involvement and the nature of that involvement.

RURAL EMPHASIS OF STATE AGENCIES

State government growth over two decades has produced a greater state presence in rural areas. Growth has produced a developing pattern of state agencies with a viable rural network of employees in the field.

Agencies with significant rural presence divide into functions which by their nature must remain narrow, such as police functions, and agencies which have significant community development potential. The following chart reflects agencies with large numbers of employees "outside" Juneau, Fairbanks, and Anchorage.

STATE EMPLOYMENT BY DEPARTMENT AND LOCATION
(Timeframe 1977)

<u>Agency</u>	<u>Juneau</u>	<u>Anchorage</u>	<u>Fairbanks</u>	<u>Other</u>	<u>Total</u>
Governors Office Administration	174	106	25	21	326
Law	307	102	90	170	669
Revenue	59	69	29	17	174
Education	150	85	11	10	256
* Health Soc. Serv.	260	92	6	77	435
Labor	411	741	188	461	1,801
Commerce/Econ Dev.	406	201	84	77	768
Military Affairs	123	118	8	3	252
** Natural Resources	11	104	4	32	151
** Fish and Game	38	171	51	144	504
** Public Safety	202	230	79	364	875
Environmental Cons.	134	300	100	313	847
* Community & Reg Affr.	78	10	16	15	119
* Trans & Pub Facil.	99	39	7	14	159
Legislature	874	763	440	1,117	3,194
Alaska Court System	122	50	13	18	203
	37	245	81	120	483
TOTALS	3,485	3,526	1,232	2,973	11,216

* Agencies with large rural organizations and/or responsibilities.

** Agencies with specialized rural functions.

Several other organizations outside of the state structure deserve mention. One is the University of Alaska, which has a growing rural network, and other other are the Rural Education Attendance Areas (REAAs). The latter are of interest not only because of their comprehensive local government coverage, but because their boards constitute publically elected representation.

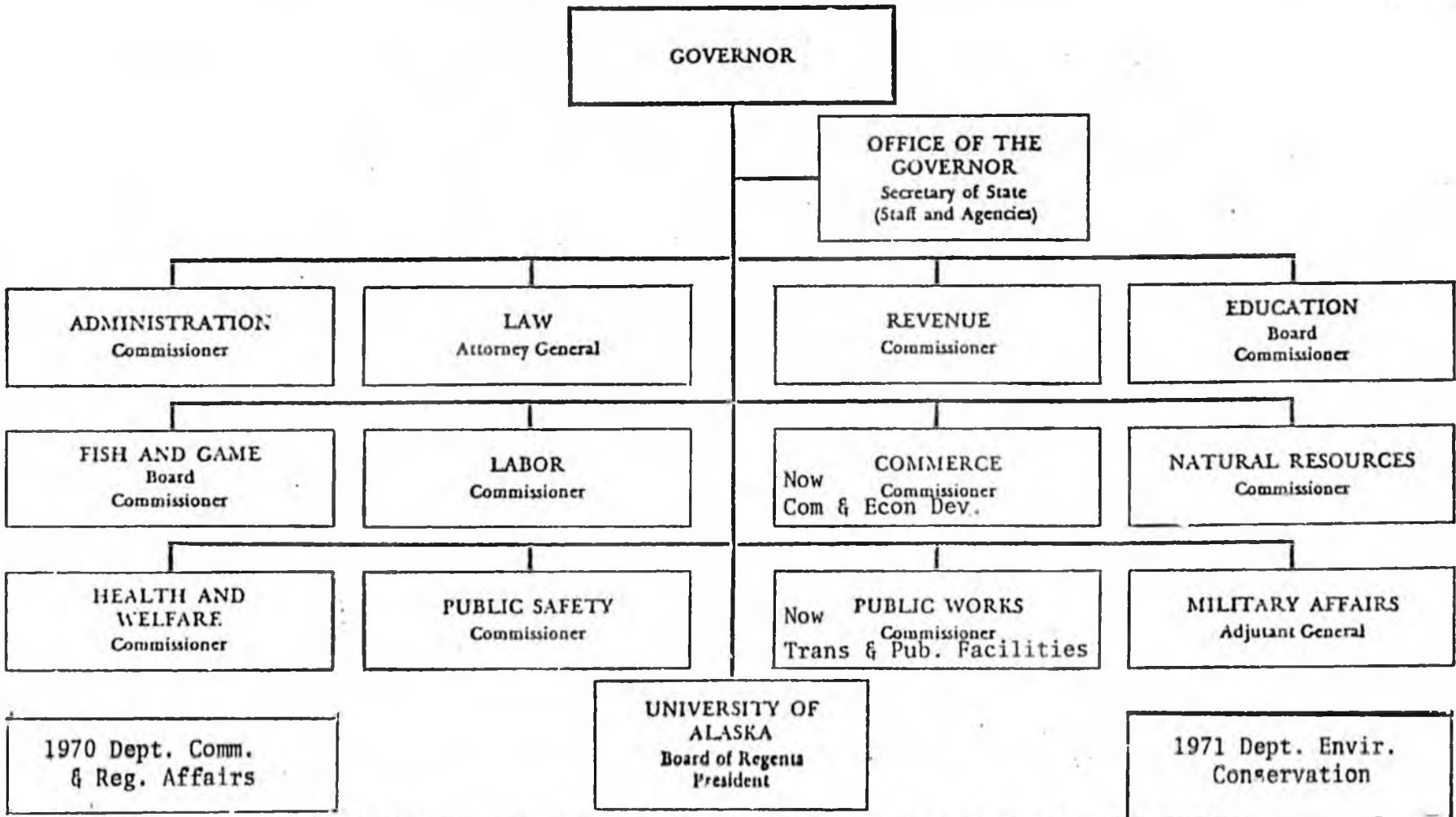
The following review of state agencies will be reviewed in order of groups of agencies reflecting:

- 1) Agencies with either large numbers of rural employees in the field, significant rural responsibilities, or with both.
- 2) Agencies with large field organizations but with highly specialized responsibilities, and which therefore might not be appropriately called upon in some coordinative rural effort.
- 3) Agencies with small rural field staff operations, but which have a large policy impact on potential rural issues. Agencies with potential for rural involvement.
- 4) Agencies without significant rural field operations and with little definitive rural responsibility.

The following page provides a view of how the architects of Alaska government established state agencies in 1959 with twelve departments (the constitution limited departments to 21). The basic organization has altered little in two decades. Two new agencies have been added, another department was created and then merged with Commerce (Dept. Commerce & Economic Dev.), while the early day version of Public Works was split into thr Departments of Highways and Publig Works, and then remerged in 1977 into Transportation and Public Facilities.

Alaska 1959

ORGANIZATION OF THE EXECUTIVE BRANCH



ADDED

Principal departments and agencies based on the State Constitution and the State Organization Act of 1959. Members of the Fish and Game and Education Boards and the Board of Regents appointed by Governor. Commissioners of Education and Fish and Game appointed by Governor from names submitted by Boards. Heads of all other principal departments directly appointed by Governor. All appointments subject to legislative confirmation. The administration of the University of Alaska is specifically established by the Constitution and is not under the same direct executive control as the principal departments included here.

ADDED

GOVERNOR'S OFFICE

The Governor's office is both a kind of "super-agency" and a kind of "catch-all" agency, inheriting functions which either do not fit elsewhere or which have inherent conflicts in role (example: The Public Defender would be suspect if under the Department of Law and the state's chief prosecutor. There is also a tendency to place "advocacy" agencies in the Governor's Office, since their role of advocacy may clash with line-service roles and since their actions shape basic new policy.

Obviously many functions of the Governor's office have an impact on rural policy, but a few have a very important policy shaping role.

They are:

- POLICY DEVELOPMENT AND PLANNING
--Coastal Zone Management Subagency
- OFFICE OF TELECOMMUNICATIONS
- GROWTH POLICY COUNCIL (Office Lt. Governor)

Other agencies of the Governor's Office have a very definite but special role in rural policy, such as the HUMAN RIGHTS COMMISSION and CRIMINAL JUSTICE PLANNING COMMISSION. The Office of International Fisheries and the state's trade office functions in Denmark and Tokyo could have an important rural relationship in regard to facilitating private economic initiative.

The Division of Policy Development and Planning can have a large impact on rural policy, and especially on rural private economic development. However, DPDP is an agency that must maintain a very broad planning perspective, and must carry out functions that must make it at times an "adversary," as opposed to an "advocate." An example may be the agencies difficult role in Coastal Zone Management, where it may have to oppose local demands (such as current differences over the North Slope Borough's proposed Coastal Zone Plan).

DPDP must also be broadbased and have continual involvement in all sorts of policy, including rural policy, and for that very reason DPDP may not be able to act as a genuine rural economic advocate.

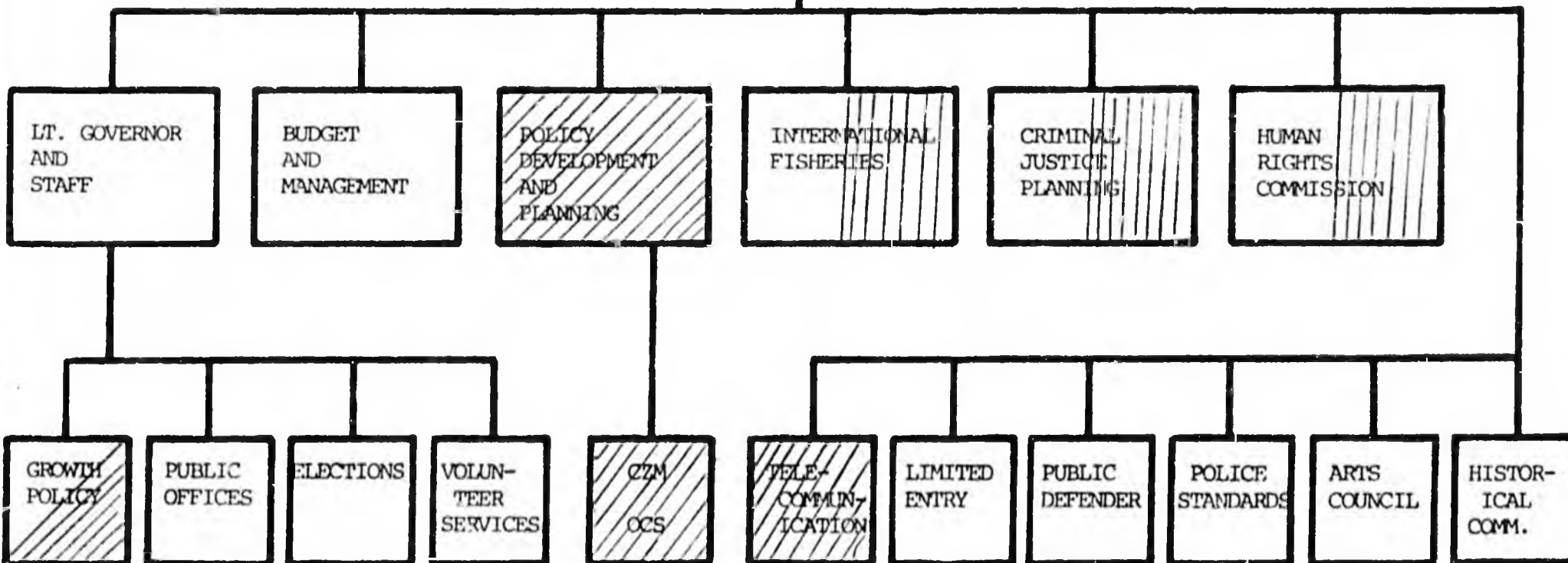
Telecommunications is an agency in the Office of the Governor that has functioned as an "advocate" in terms of rural communications issues, and general Alaska communications issues in recent years. Telecommunications could have been assigned to DPDP, but it is doubtful if DPDP could have specialized and have acted as "advocate" as did the Office of Telecommunications.

OFFICE OF THE GOVERNOR

GOVERNOR
AND
STAFF



Significant policy and/or rural field impact
Potential rural impact
Specialized or limited rural impact



DEPARTMENT COMMUNITY AND REGIONAL AFFAIRS

The Department of Community and Regional Affairs Department has the responsibility to meet the state's responsibility to render maximum assistance to government and the community and regional level. The Department is therefore not necessarily a department charged with "maximum" rural obligations. However, the department is perceived by many policy-makers as a Department with special rural obligations, and the department also perceives itself to a certain extent in that manner. The charge of the department places CRA in a position of assisting in rural areas where government is small, inadequate, lacks professional management, and in many respects acting as "substitute" government where non exists at all.

The Department has five divisions:

- (1) Administrative Services
- (2) Manpower
- (3) Community Planning
- (4) Local Government Assistance
- (5) Community and Rural Assistance

The Department also is the seat of policy groups or commissions such as: 1) THE STATE BOUNDARY COMMISSION, 2) MANPOWER COUNCILS, and more recently 3) THE PRIVATE INDUSTRIES COUNCIL (PIC).

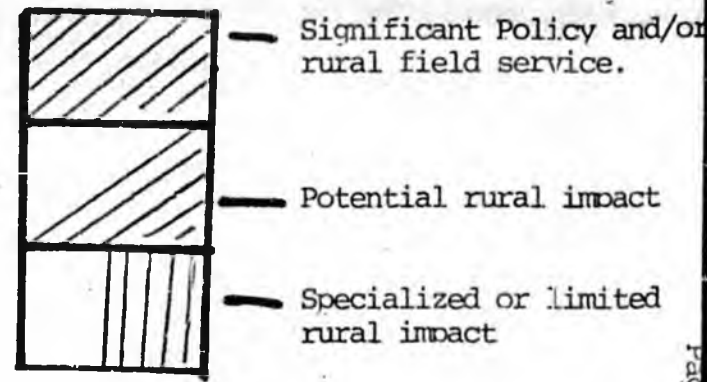
The Department maintains offices in key rural centers, and operating programs such as the rural assistance grants projects, has a valuable rural outreach.

CRA now has an important rural presence and as rural Alaska wrestles with difficult local government problems, the department will have an even more important role. However, the future demands of local government in rural Alaska will tend to specialize CRA in the government area, creating new obligations that will tax its resources in maintaining its program service obligations.

The department is now presently small with primary rural responsibility placed in its community planning function, local government assistance function, and rural assistance and grants program. CRA will be an important partner in economic advocacy in rural Alaska, and it is likely in that process that whatever structure is designed as a rural economic advocate, will likewise be an advocate of maximizing CRAs program and service functions.

Community and Regional Affairs, although quite small compared with other departments, must be selected as one of the four to five departments with significant rural policy and field obligations. The Department has also the most "generalized" functions of those rural agencies (as compared with Transportation, or HSS) and therefore the Department may be a likely nominee for a lead-functionary among program-service agencies in bringing together coordination in the field on economic projects.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS



COMMISSIONER

MANPOWER COUNCILS

LOCAL BOUNDARY COMMISSION

LINE

DIVISIONS

MANPOWER

ADMINISTRATIVE SERVICES

LOCAL GOVERNMENT ASSISTANCE

COMMUNITY PLANNING

COMMUNITY AND RURAL ASSISTANCE

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

The Department has the largest number of employees in state government. Many employees are either in planning and construction, or maintenance along transportation systems connecting major urban centers, but nevertheless, a sizable number of employees are represented in rural areas.

The Department has four major units:

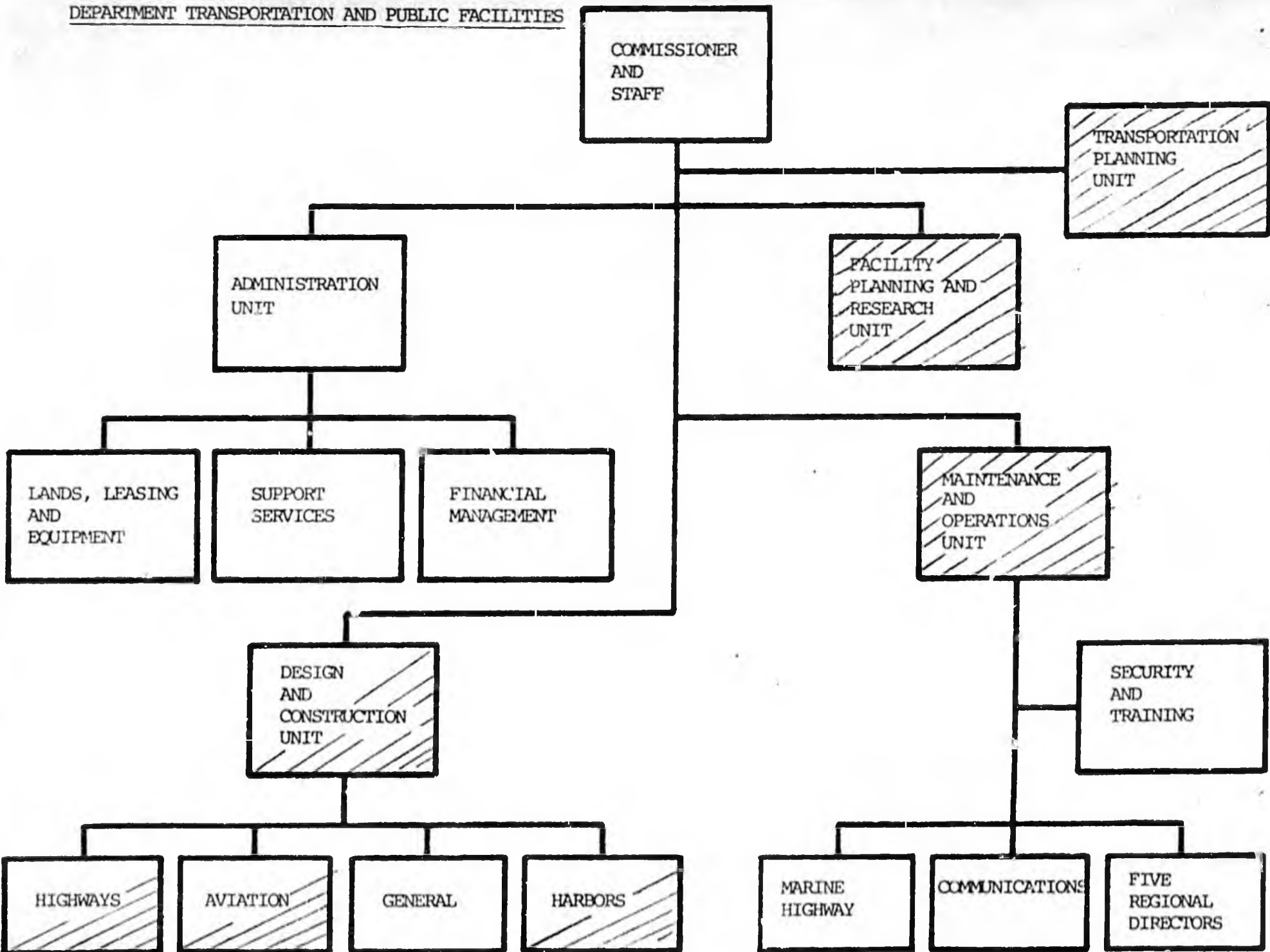
- 1) Administration
 - 2) Design and Construction
 - 3) Maintenance and Operations
 - 4) Facility Planning and Research
- **Transportation Planning (Office of Commissioner)

The Department is very important to rural areas because of its planning and development of rural transportation systems, its planning and development of facilities, and its maintenance of such facilities. In both areas the department has critical possible SUPPORT and EXPERTISE to offer private development in rural areas.

DOT important rural functions are:

- 1) TRANSPORTATION AND FACILITY PLANNING: Important in terms of possible coordination and support of rural development in the private area.
- 2) MAINTENANCE AND OPERATIONS: A valuable field staff with rural experience.
- 3) DESIGN AND CONSTRUCTION UNITS: Important in building to rural needs. A source of practical development experience for rural projects.

DEPARTMENT TRANSPORTATION AND PUBLIC FACILITIES



DEPARTMENT HEALTH AND SOCIAL SERVICES

The Department is the state's second largest department and is perhaps the largest in terms of employees functioning on the field level in rural areas of the state.

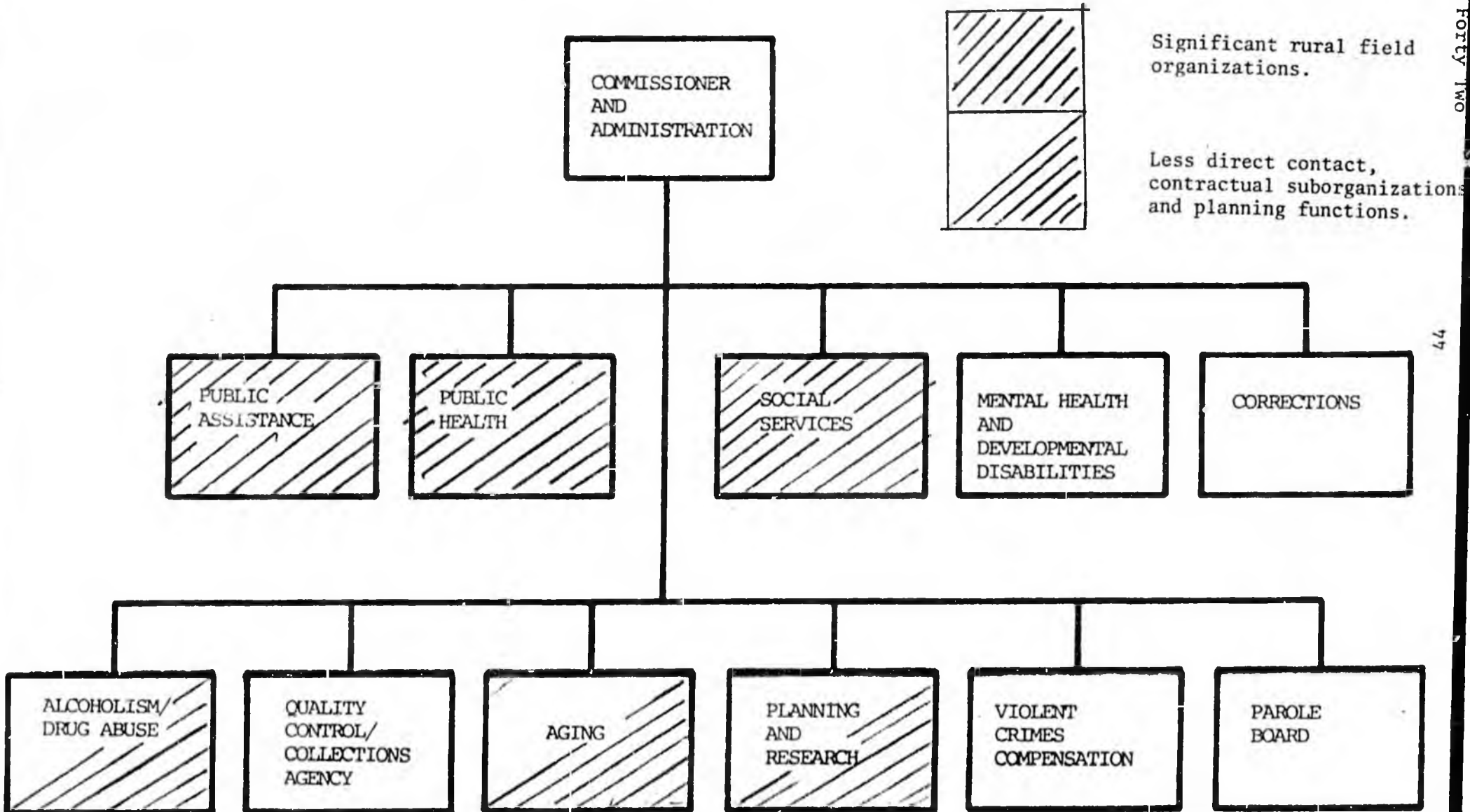
HSS has rather specialized program functions, but in any effort at developing a coordinated rural awareness and effort, the fact is that the department has the most strategically placed field staff. The contact of the staff with communities is also reasonably frequent and regular. The Department is also contact and program involvement with a great many rural Alaska non-profit corporations that deliver various kinds of contract services.

Ironically the department with this "largest rural presence" is the department that is charged with putting on the social and economic "band aids" in an almost futile attempt to patchup the results of decades of economic and social deterioration.

The key field divisions are: PUBLIC ASSISTANCE, PUBLIC HEALTH, SOCIAL SERVICES, and less directly ALCOHOLISM, AGING, and PLANNING AND RESEARCH.

Despite the seeming gap between HSS programs and the function of an economic initiative, it may be important that the department be included among departments that would be part of economic initiative.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES



DEPARTMENT OF FISH AND GAME

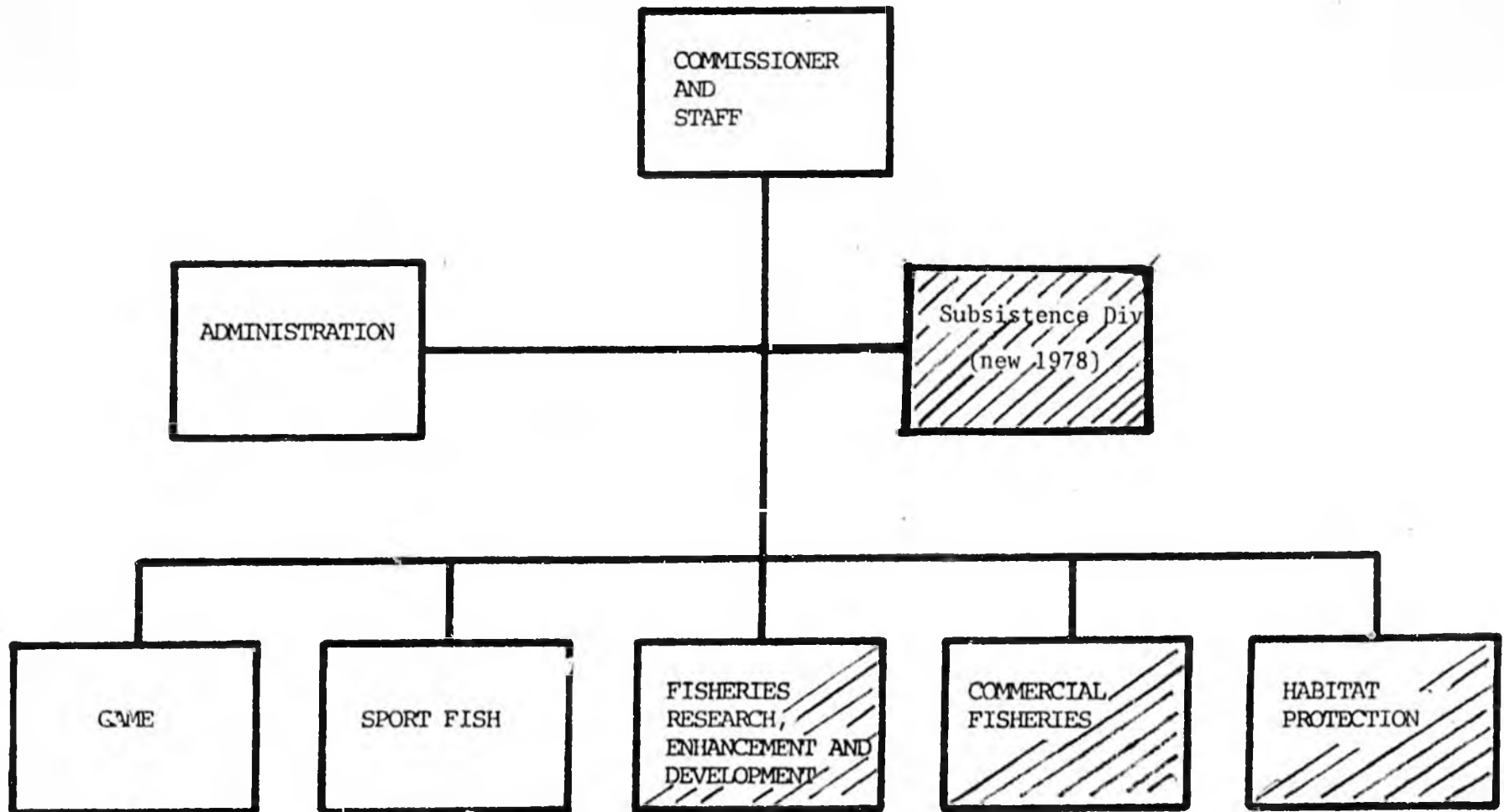
The Department of Fish and Game has a sizable rural staff, but one which has rather specialized functions in most cases. The Department has five principal divisions: GAME, SPORT FISH, COMMERCIAL FISHERIES, HABITAT PROTECTION, FISHERIES RESEARCH, ENHANCEMENT, AND DEVELOPMENT, and a sixth unit added in 1978 to deal with SUBSISTENCE.

Fisheries Research and enhancement, commercial fisheries, and habitat protection all can be involved in rural issues and problems. However, in terms of an expectation of "early" advocacy, the divisions may have a conflict in role, since they must police and question various proposals made against their primary spheres of interest. Such units cannot be expected to be policeman, evaluator, and advocate.

The subsistence division implemented in 1978 for the first time created a unit within the department that was broadly oriented towards a rural issue --use of the resource for subsistence. The broad charge of the division has also equipped it to function more in the role of advocate of rural needs than other departmental units.

It may be in a rural economic initiative that the Subsistence Division might prove an effective coordinator between other units and external structures involved in rural development.

DEPARTMENT OF FISH AND GAME



Page forty five

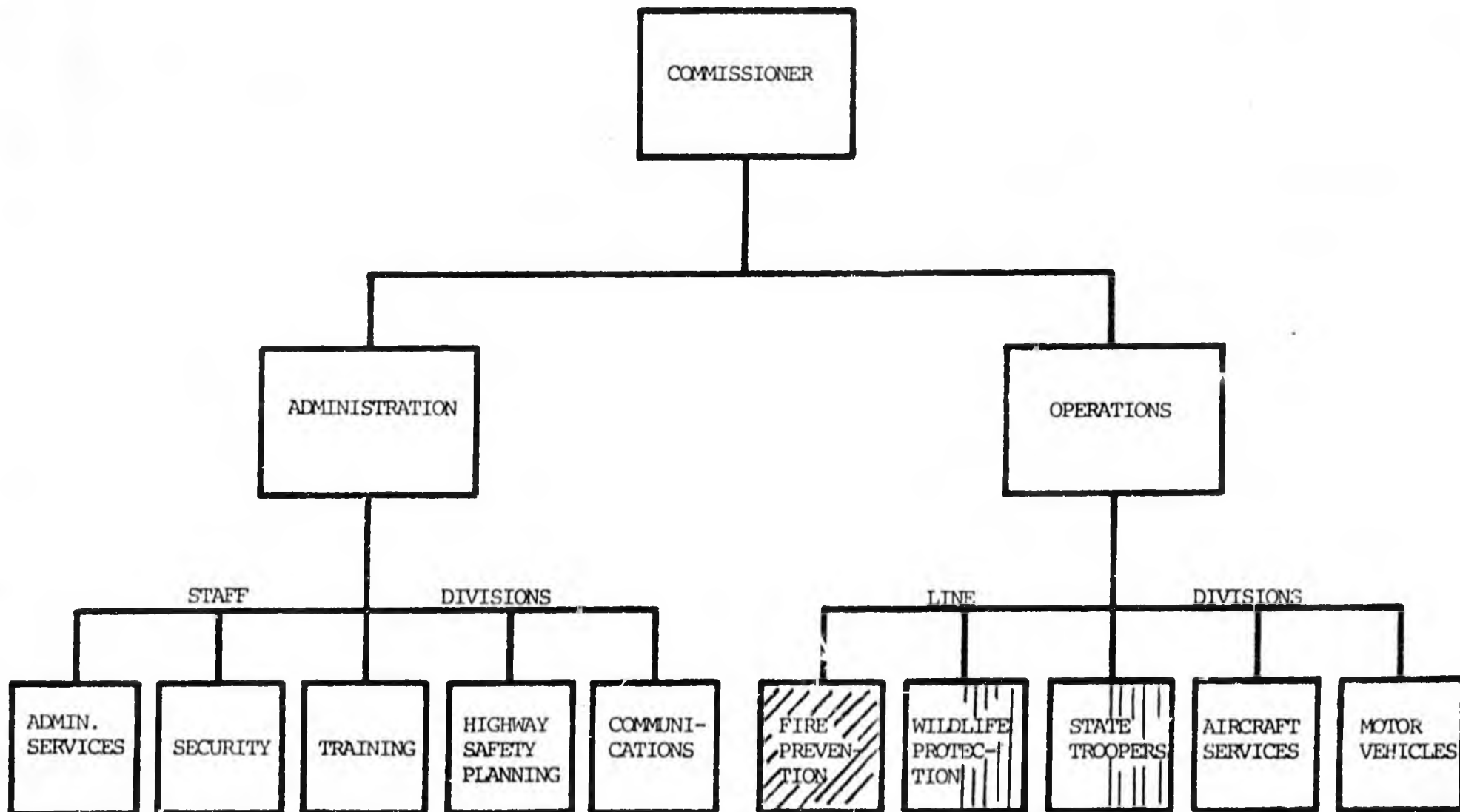
DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety is perhaps the most field oriented department in state government. The department is literally a field agency. However, while the department has an excellent rural spread of employees, and an excellent communications network, its specialized police function removes it from being a functional part of any rural coordinative unit. The role of the department is simply inherently different from development functions.

The department also operates the division of Wildlife Protection, and while this unit is extensively rural oriented, it has even a stronger conflict.

The division within Public Safety that could have significant rural impact, and become significant rural advocate in terms of community development and protection, is the DIVISION OF FIRE PREVENTION.

DEPARTMENT OF PUBLIC SAFETY



DEPARTMENT OF NATURAL RESOURCES

The Department has a small rural field operation, and that field operation is largely through the state's expanding development of park facilities. The Department is not a rural field "operative," but is and can be a significant department in terms of policy that can impact rural lifestyle and development.

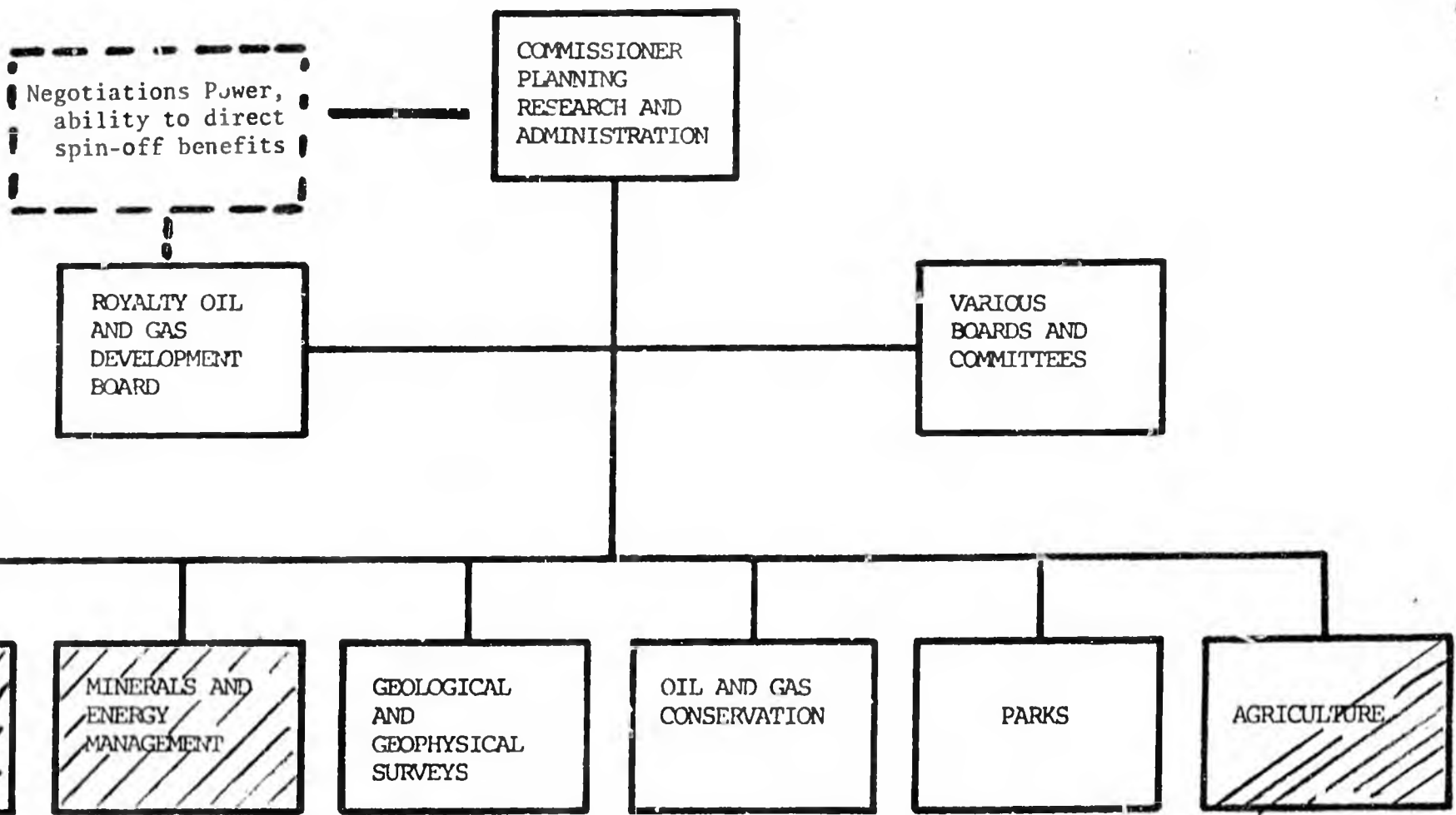
The Department has primary say in disposition and/or management of a large portion of the state's surface and subsurface resource wealth.

Key divisions with rural policy impact in the department are:

- 1) LAND AND WATER MANAGEMENT: Management and disposition of state land and water resources. This division can have a positive impact on cooperating with community projects, and/or cooperating with native land management and development.
- 2) MINERALS AND ENERGY MANAGEMENT: Manager of the state's oil disposition (together with Oil and Gas Conservation).
- 3) AGRICULTURE: Charged with Alaska agricultural policy, which will have an expanding place in the Alaska economy in the next quarter century.

The Department has tends to be the lead negotiator in major resource contracts of state leased resources (Alpetco, Gas Pipeline, as well as the specific resource lease). This role involves delicate decisions that concern spin-off, or soft benefits, and as a result the department could have a crucial place in determine whether "macro-scale" projects in some manner can be made to benefit or underwrite the "micro-economies" of small rural communities.

DEPARTMENT OF NATURAL RESOURCES

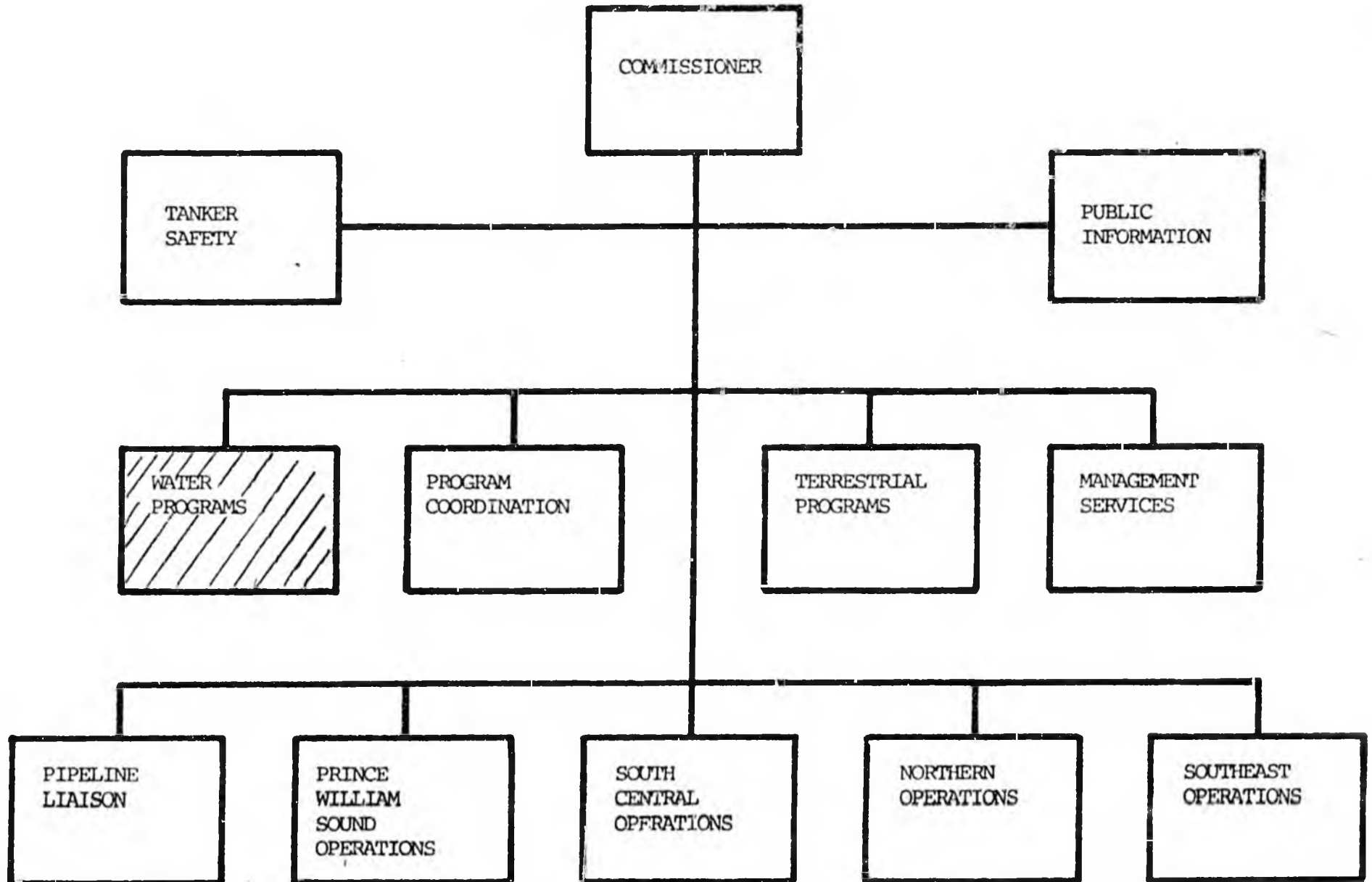


DEPARTMENT OF ENVIRONMENTAL CONSERVATION

The department is small and has responsibility for maintaining the state's environmental quality. As such DEC must be both the operator of several service programs and the state "advocate" of the environment. Such a role of advocacy would appear to prohibit to a certain extent its participation in rural economic development initiative. This is not to suggest DEC could not participate in coordination and attempts to speed consideration of a project. However, the DEC could not be expected to be THE ADVOCATE.

DEC does administrate the state's program of small community water and sewage development. Such programs are essential to rural community development, and could relate to private economic development. DEC must act as developer and policemen at times, and faces some conflicts in the sewer and water area. DEC must be the critic of systems at times to the extent that a technology is not realistic within the framework of a small rural community. The department can in such circumstances recommend the subsidy of systems, but this may reflect interdepartmental conflict since the agencies policemen role may lead to compacting its own future budget, and/or developing complicated utility projects that pull DEC into management to the extent of being perhaps undesirable and secondly the type of situation no bureaucracy will volunteer for.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION



Page Fifty One

DEPARTMENT OF EDUCATION

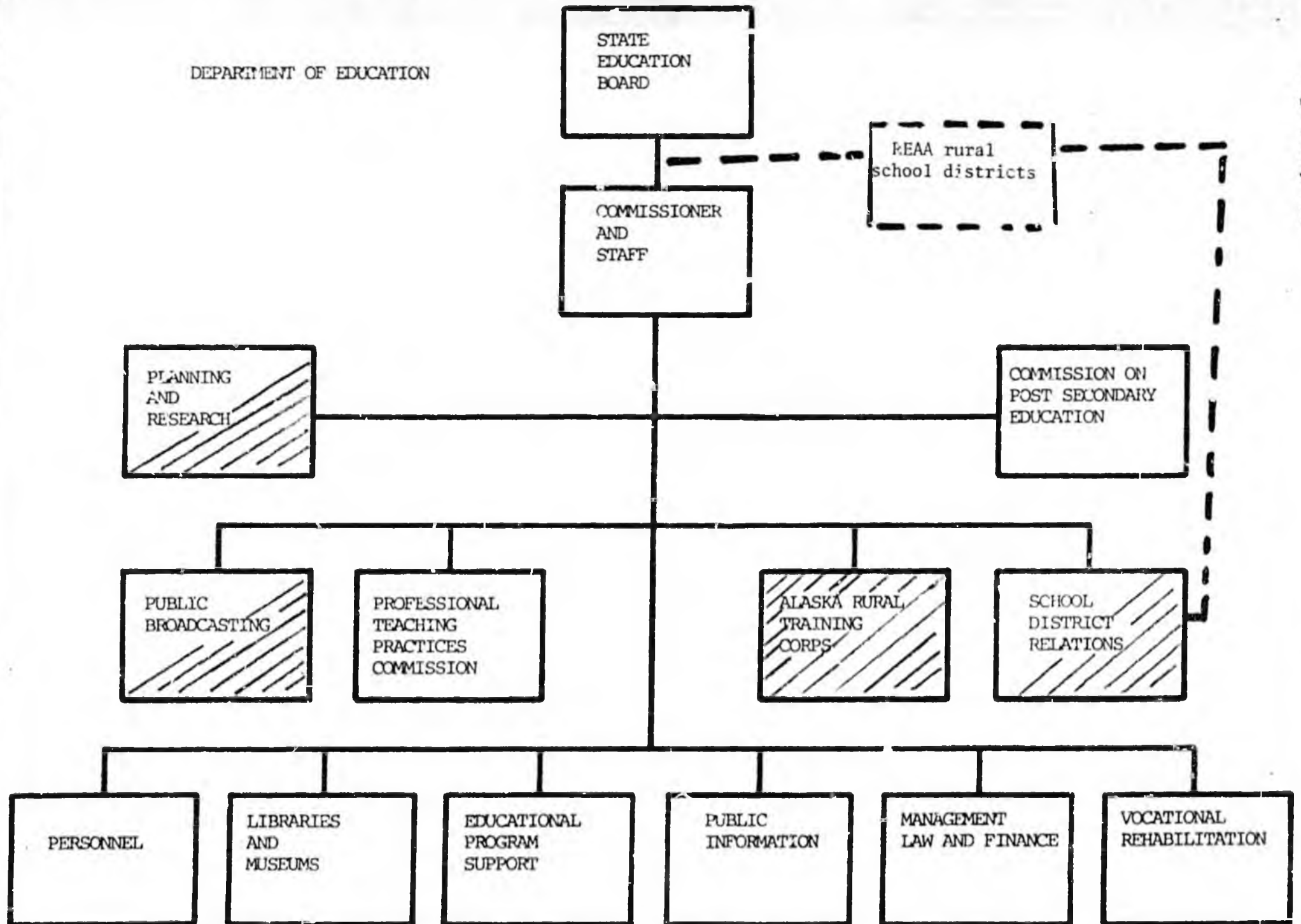
The Department of Education no longer has a direct rural field operation as it did up until the creation of rural independent school districts (although 100% state supported).

The REAAs could be treated as an offshoot of the department, but since they also represent a very significant element of region-wide locally elected government in rural Alaska, they are best treated as separate entities.

The significant divisions of the department therefore are the ALASKA RURAL TEACHING TRAINING CORPS, SCHOOL DISTRICT RELATIONS, PLANNING AND RESEARCH, and the PUBLIC BROADCASTING COMMISSION.

The Public Broadcast Commission has significant rural impact, since that agency is in charge of expanding public radio stations in the rural areas of the state. The stations provide a unique sense of community contact in rural Alaska and provide a vital communications link.

DEPARTMENT OF EDUCATION



DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

The department is a merger of the old Department of Economic Development and the Department of Commerce. The Development function has largely become the Division of Economic Enterprise, which carries out some research and keeps basic state economic data.

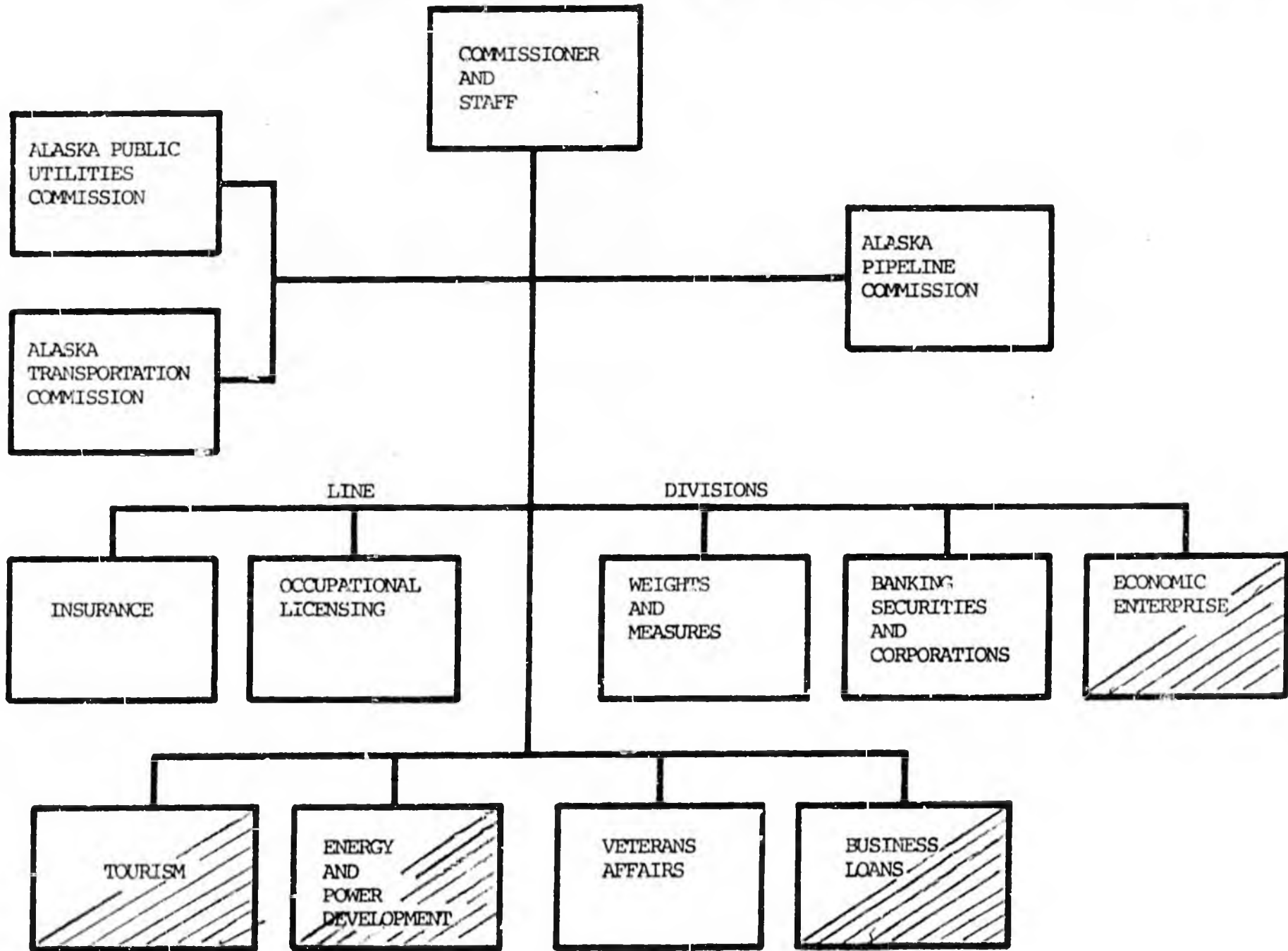
However, the department could take on substantial rural interests if the state becomes the department to which a variety of state loan programs are assigned under the current condition of excess revenue. The department already operates the state's business loan program.

The department could also take on various roles in terms of management assistance to development corporations, and could become "home" in the event rural conditions required an occasional "state corporation" to carry out certain functions.

Commerce to date has been something of a collection of state regulatory and licensing functions. However, in the future the role of the department may be well worth considering as a partner in carrying out a rural economic initiative.

Development related authorities, although more independent, tend to be attached to Commerce. Currently the Alaska Housing Authority, the Alaska Housing Finance Corporation, Alaska State Development Authority, and the Alaska Power Authority, all of rural development significance, are attached to the agency.

COMMERCE AND ECONOMIC DEVELOPMENT



OTHER STATE DEPARTMENTS

The other state departments do not carry out what might be termed either rural field operations or definitive rural policy.

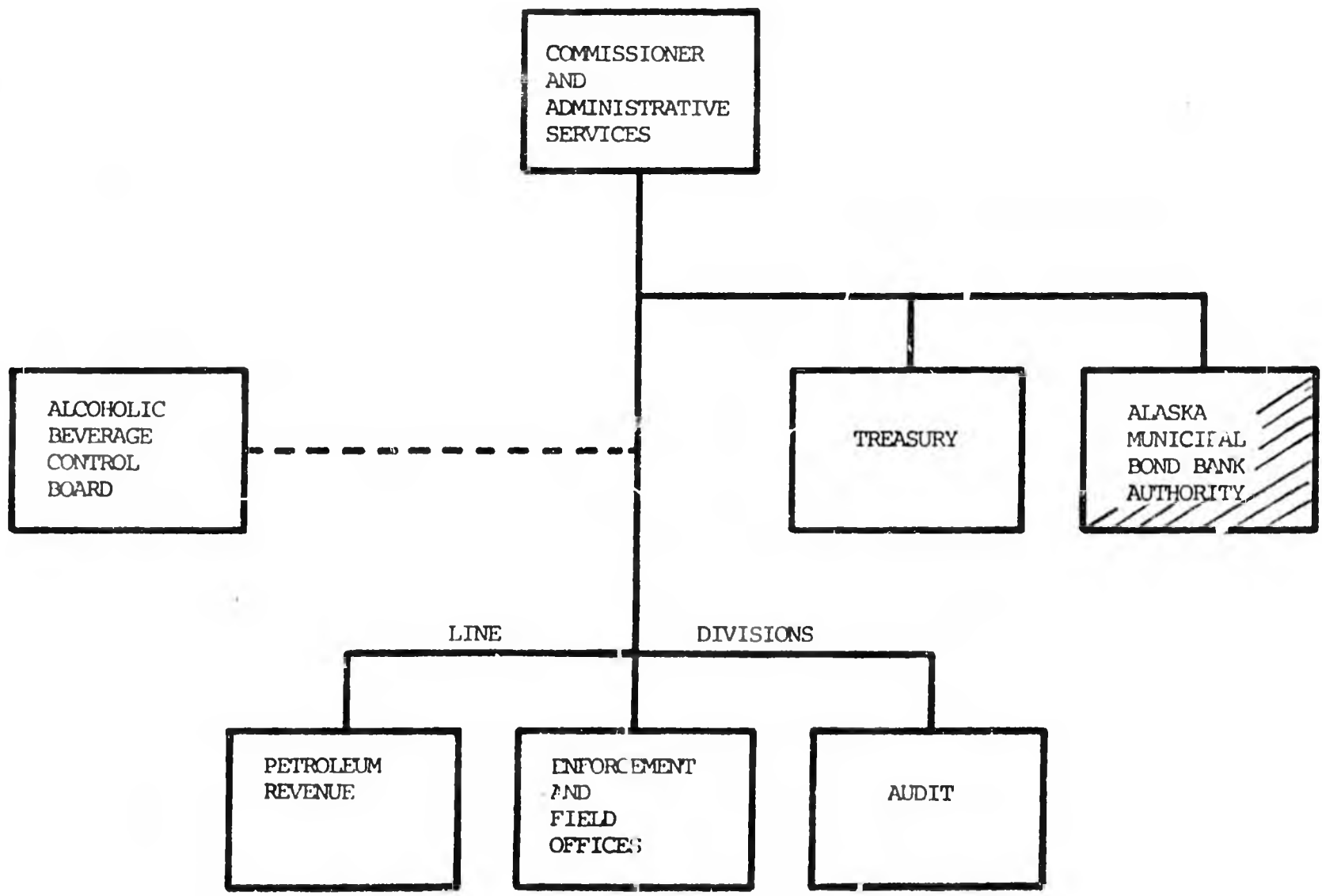
The remaining departments are the departments of:

- REVENUE
- LABOR
- ADMINISTRATION
- LAW
- MILITARY AFFAIRS

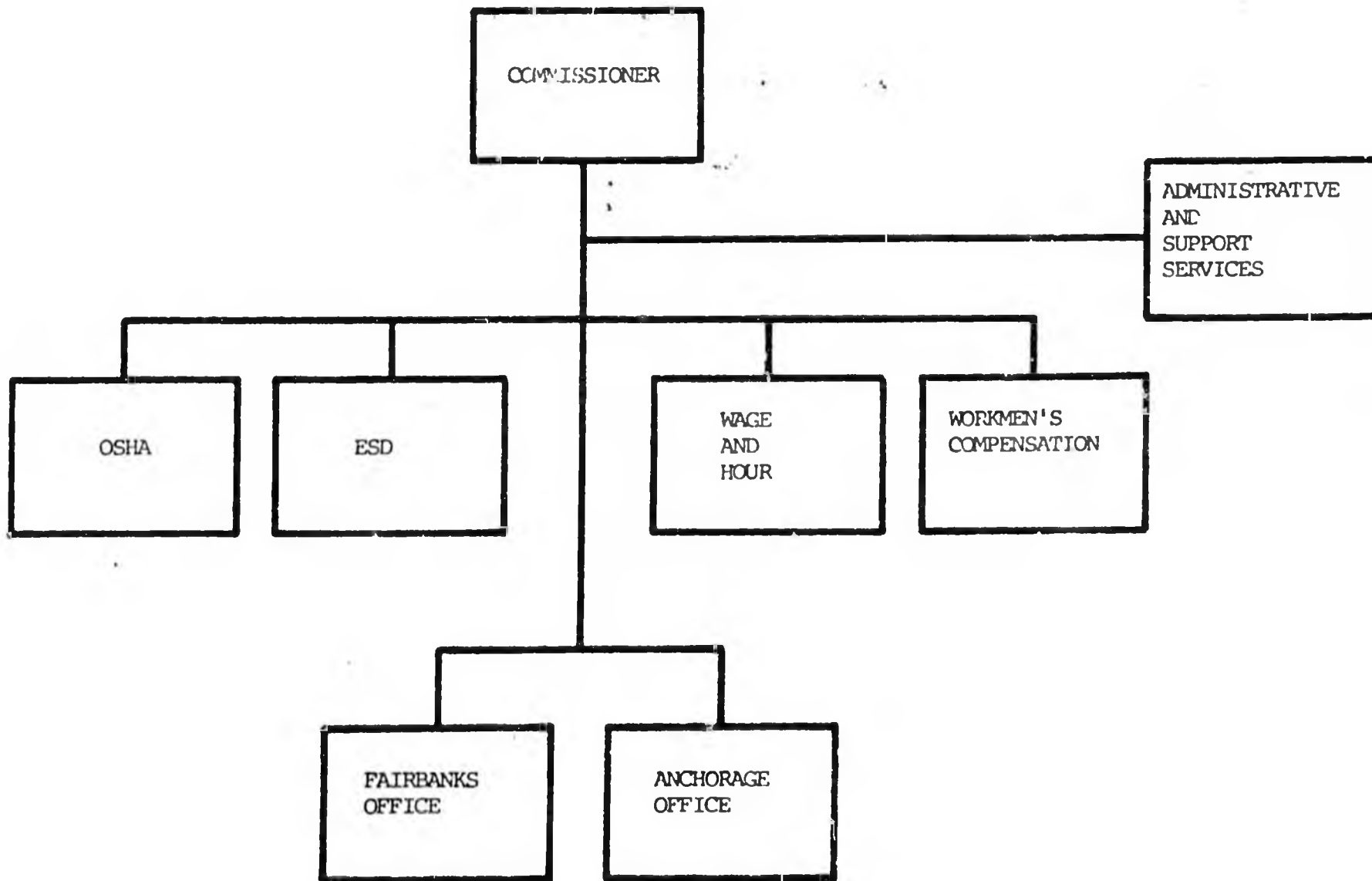
Each department has some rural functions, and several could at some point take on significance. For example, the functions discussed in relation to the Department of Commerce (loan funds etc.) might end up in revenue under new policy. Military Affairs includes the rural Alaska National Guard, and an active Department of Labor could have rural impact via innovative affirmative action programs.

It should be noted that one of the state's first corporate structures for handling a margin of excess revenues for investment, The Alaska Renewable Resources Corporation, was attached to the Department of Revenue (although independent in authority).

DEPARTMENT OF REVENUE



DEPARTMENT OF LABOR



DEPARTMENT OF LAW

ATTORNEY
GENERAL AND
ADMINISTRATIVE
SERVICES

PROSECUTION
AND
CRIMINAL
AFFAIRS

ANCHORAGE
CIVIL
SECTION

FAIRBANKS
CIVIL
SECTION

JUNEAU

CIVIL SECTION

NATURAL
RESOURCES
& ENVIRON-
MENTAL

GOVERNMENT
AFFAIRS
& CONTRACTS

TAXATION
AND
BUSINESS

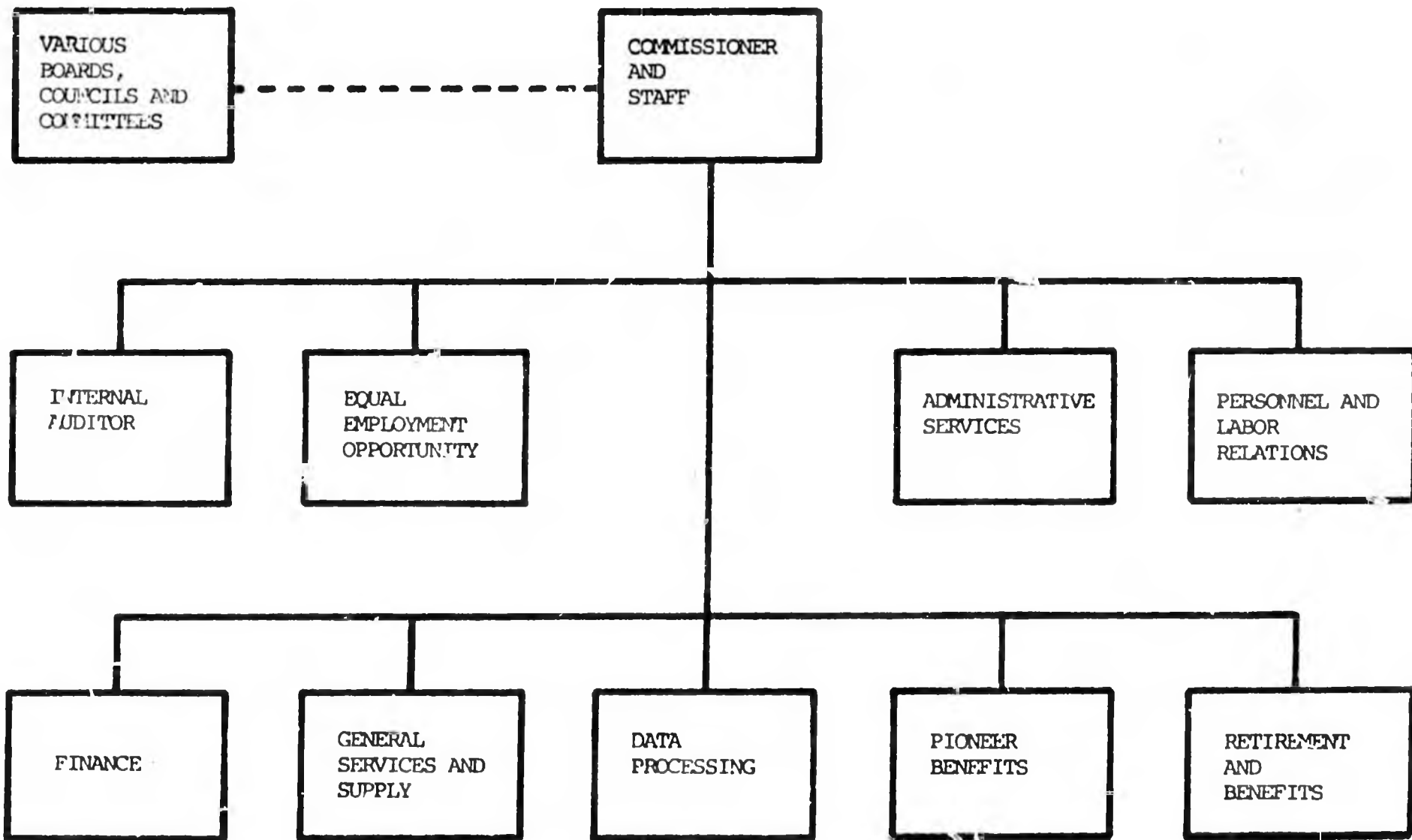
TRANSPOR-
TATION

HUMAN
SERVICES

SPECIAL
LITIGATION

LEGISLATION
AND
REGULATION

DEPARTMENT OF ADMINISTRATION



OTHER SIGNIFICANT QUASI-STATE STRUCTURES

Two other organizations with significant rural organizations and/or impact which must be considered are:

--THE RURAL EDUCATION ATTENDANCE AREAS (REAAs)

--THE UNIVERSITY OF ALASKA (and Cooperative Extension Service)

The REAAs are significant in that they provide a framework of universal local government in rural Alaska where there previously was no such framework. The function of the REAA is education, but regardless, it represents a source of input, decision making, and even possible administration from "duly elected" representatives of the public.

This paper does not suggest requiring REAAs to necessarily function beyond the educational function. However, in the past leadership and input in rural Alaska often came from non-elected leaders since there were no comprehensive other governments. The REAA structure now DOES PROVIDE for a source of input from "elected leaders."

Additionally, on a voluntary basis the REAAs could function as an administrative organization carrying out an assigned function, contract, or providing the framework for administration of some function on to a smaller and less able rural community. In any event, the REAAs provide a basis for rural regionalization, and a basis for a possible relationship to a rural economic initiative.

The University of Alaska has also grown into a statewide institution stretching from Ketchikan to Kotzebue, and functioning in rural areas through the Cooperative Extension Service attached to the university structure. The university in Alaska is also charged with post-secondary education delivery far beyond the "classic university." The university structure could prove valuable in training, management assistance, in technical assistance to communities, and in many other respects.

THE PRIMARY RURAL "FIELD AND POLICY" DEPARTMENTS

This review of state function and organization reflects certain key agencies which have useful rural field organizations. Those agencies therefore "stand-out" for selection in the sense the state's rural service organizations must be coordinated in relation to a rural economic initiative.

Agencies with primary field organizations are:

- 1) DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
- 2) DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
- 3) DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Agencies with primary policy impact:

- 4) DIVISION OF POLICY AND PLANNING (Office Governor)

PRIMARY RURAL AND FIELD POLICY DEPARTMENTS (Continued)

Agencies with secondary policy impact:

5) DEPARTMENT OF NATURAL RESOURCES

6) DEPARTMENT ENVIRONMENTAL CONSERVATION

Agencies with special rural relationship:

7) UNIVERSITY EXTENSION SERVICE

8) RURAL EDUCATION ATTENDANCE AREAS (REAAs)

STATE ADMINISTRATION TASK FORCE 1

The primary state agencies listed above are essentially a "de facto" rural problem task force and rural projects coordinating group (minus University Extension Service and REAAs)

Their role is a "de facto" one that exists whether formalized or not. The inherent responsibilities of the departments mean they can either function on a less formal basis, even to the extent of coordination via destructive "turf battles," or their existence and functional relationship can be recognized in any degree from simple "mutual recognition" and agreement to appointment to some highly institutionalized structure. It is likely in most instances that policy issues or projects will affect only a limited number of the above agencies.

THE ROLE OF STATE "RURAL DEPARTMENTS"

The previously discribed "rural" oriented departments can be marshalled to provide efficient new state service programs in rural Alaska. The structure of state government is simple enough in Alaska, and the structure of the departments in question is simple enough, to achieve coordination and cooperation. However, what is meant here is relatively "established" concepts of state services.

Next, as local government is created in rural Alaska, these respective departments likely can achieve a relative successful measure or cooperation in aiding that government, and in providing a measure of "substitution" where the local government framework is inadequate. It should be remembered that the difficult natural basis for local government in rural Alaska, may make the latter (substitution) the probable route for some years to come.

Last, we should recognize that the departments are primarily "service" departments with a broad range of responsibilities. Hence, their role as a rural advocate, or moreso, as a rural development advocate, may pose many conflicts. It is therefore likely that a structure designed for economic advocacy in rural Alaska must exist outside the departmental structure. Some seperate structure must be present to act as a rural advocate, leaving the departments free to cooperate and at times to oppose projects and proposals. However, the advocate must be present to push concepts into the policy forum.

Additionally, rural problems exist because there are a special set of problems, hence a special advocate. Hence, a rural structure is needed to isolate attention to those rural problems, but by nature that institution should be temporary and likely close to the seat of political policy.

Lastly, a rural advocate charged with the problems of developing a "private" rural economy, faces a sphere outside the usual provinces of government. Crossing into that opposite sphere is difficult, is likely beyond the capacity of routine departments with a myriad of other problems and demands, and will require a continued support and awareness of the makers of political policy.

Hence, a structure charged with rural economic advocacy will have to function separate from the service departments, will likely have to remain free of "service" attachments of its own, will have to stand "between" government and the private sector, and will have to draw on a sustained executive/legislative political support (rather than a bureaucratic support).

The advocacy of rural development on occasion will be able to deal in "marco-size development," in attempts to tailor large projects to support rural needs. But by-and-large the structure will have to face the task of "micro" development, of thinking small for small communities, in terms of a half dozen jobs instead of a thousand jobs.

A STATE "ADVOCACY STRUCTURE:"

--FOR ALASKA RURAL ECONOMIC DEVELOPMENT

January, 1980

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This report suggests several alternative policy structures for guiding a special process of encouraging private economic development in rural Alaska, and for giving that process a "sustainable" emphasis over an extended period of time.

The suggested structures ARE NOT solutions in themselves, but merely represent functional vehicles that can help develop and sustain effort to create a private economic base in rural Alaska.

The proposals inherent in this report are based on the serious conditions of the economy of much of rural Alaska. Additionally, they make a case as to why the "present" might provide special conditions, resources, and a timeliness in attacking such difficult conditions.

PURPOSE IN THE BROADEST SENSE

In the broadest sense, the purpose of a special structure is to shall, coordinate, and sustain existing and potential federal and private resources capable of contributing to growth of a economic base for the rural communities and regions of the state

Further, the structure should provide a single focal point for involving rural Alaska people in the process. Such a structure would be a first attempt at building a state-relationship with Alaska rural development's mosy unique partner --the native land claims corporations.

The private land, capital, and social base of the rural village corporation represents a grassroots structural resource in itself. The availability of such a field level structure in a depressed region is a most favorable circumstance of infrastructure in such general conditions of third-world economic void. However, the state has essentially ignored the existance of the corporations and any inherent state interest in their success or failure.

Any structure must also address "community development" issues basic to a private economic base. However, care must be taken that community development does not dominate the structure, or tend to divert energy from more difficult to resolve economic tasks.

The most important purpose of a special structure must be a strong "missionary dedication" to creation of private economy in rural regions.

THE SPECIAL "PRIVATE" CHARACTER

Two basic features of the mission of rural development in Alaska appear to justify a special structure og government, whether that structure is temporary or permanent.

First, the charge to generate a "private economic base" is not a familiar role of government. Second, responsibilities of such a policy effort tend to overlap the established categories of government programs.

THE NEED FOR SPECIAL EMPHASIS

Special emphasis to a problem outside the bounds of traditional government services is difficult to achieve for line-agencies. A mission may be so critical, and so varied, that indeed it MUST OPERATE BEYOND THE BOUNDARIES OF TRADITIONAL SERVICE AGENCIES. But architects of such things "beyond" the bounds of those service agencies, often fashioned as so-called "coordinators," must concede that more often than not, such creations become quickly isolated and powerless to carry out their tasks within government.

A purported "special structure" cannot hope to invade the "turf" of entrenched agencies, unless first the legislature is thoroughly convinced of the depth of the target problem, and secondly unless the state executive is equal, convinced.

In order to avoid the inevitable muted-isolation of such a special structure, the construction of the unit must build-in strong political backing and involvement. Such backing is essential precisely because such a structure is being asked to INTERFERE WITH THE ESTABLISHED ROUTINES OF OLD LINE AGENCIES, or is being asked to "reach" where they cannot reach.

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Confronted by an "outside structure" charged with coordination, or the like, an established line-agency will generally take the easiest path. Generally that easiest path is to resist outside interference. Only if there is a very strong commitment in high level policy ranks, or after an agency gets its fingers slapped, will traditional agencies opt to "cooperate," since that then becomes their "easiest path." In other words, in constructing a special structure policymakers must analyze how to give a separate structure special "clout."

A special structure, in commission or agency form, and whether permanent or temporary, cannot be justified unless lawmakers are convinced of the following:

- (1) . . . that the economic problem in rural Alaska is catastrophic in scope, or lacking that extreme;
- (2) . . . that the mission does not fit traditional program agencies, or spreads beyond the bounds of a number of agencies;
- (3) . . . that the problems require a special emphasis, or perhaps are problems easy to slide off for "future action," therefore tending to submerge the mission under the day-to-day crisis of a department.
- (4) . . . that the problems are so serious and complex that a line agency lacks the "clout" to deal with the issue, or to initiate action and propose solution without special political backing.
- (5) . . . that the mission is genuinely not to "run program," but rather to coordinate and provide muscle for other existing state programs and resources, and to provide the same between government and other institutions (federal, state, local government, non-profit, private).

Additionally, inherent in many of the foregoing criteria is that a special rural development structure should be cast in the role of "advocate." The role of advocate could pose inherent conflicts within some departments, and in the case of a planning agency may compromise that agency by presupposing the outcome of careful planning work. The role of the planning agency may require a very close partnership with the advocate agency, but the planning agency may be something of an alter-ego partner, being required to occasionally criticize and oppose the more active advocacy of its alter-ego partner.

THE MEASURE OF THE ALASKA "RURAL ISSUE"

The measure of the problem of "rural economy" in Alaska measures very high against most of the previous criteria. Individuals may differ in assessment of degree of the problem, or in the nature of solution, but few are likely to disagree that the condition of the state's rural community economy is indeed catastrophic and has been for more than three decades.

From another view, economic events of the past several decades in Alaska have wrought tremendous growth and changes in urban Alaska. But the economic gap, as well as the sense of alienation between urban and rural Alaska, has widened. This division also tends to follow unfortunate racial lines among Alaskans.

The economic contrasts of rural and urban Alaska presents a picture of prosperous urban islands floating in a sea of rural economic depression.

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Whatever the cause or whomever, if anyone, is to blame, the economic condition of much of rural Alaska is undisputably a human tragedy and an embarrassment to our democratic economic systems.

SPECIAL OPPORTUNITIES OF THE PRESENT

It is difficult for our system of government to reach into the private economic sector and participate in constructing economic equity. The independence and separate dynamics of our government systems and our private economic systems do not always relate to each other. However, in critical times our systems, while perhaps slow to respond, have generally proven able to rectify glaring inequities.

Looking for the means to build a public/private relationship, a case can be made that unused federal resources are available. Additionally, it appears that federal economic policy is shifting to emphasize priority policy: . . . that only "private jobs" can resolve severe economic problems in the long run.

Present federal policy is shifting resources to rural and development initiatives that stress private development and private employment. These so-called "White House Initiatives" hold out great opportunity to those who are ready for them, for those who can put them together with other available resources, and for those like Alaska, that have a genuine underdeveloped rural base that is starved for "risk capital."

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CURRENT ACTION

Recognizing the federal opportunity, the Alaska Legislative Budget and Audit Committee, together with the State Administration, has been working to put together a series of federal/state agreements designed to coordinate federal economic resources through a single federal lead agency, and to put that agency together with a state working counterpart.

The effort would be to coordinate federal resources of value in a rural economic initiative, to maximize those resources, and to clear federal/state barriers to development (regulatory, etc.) on a timely basis.

The state working counterpart would be WHATEVER SPECIAL STRUCTURE THE LEGISLATURE AND EXECUTIVE chooses to approve (which is the primary subject of this report).

PRIVATE RESOURCES

A case can be made also that private resources are now available for rural development that were not present in the past.

The native corporate structure has matured and gained experience in the last eight years. The capital assets of the native corporations, and especially the village corporations represent a "resource" that should be assisted by state and federal development policy.

However, the capital of native corporations in many respects is no different than any other capital. Despite the fact such capital has a social base in the form of resident community stockholders, such capital must still find and/or develop viable projects which offer both reasonable security of the investment and adequate return. It must be stressed that under the law, the native corporations ARE NOT social welfare organizations, but are established as profit making private corporations. They have the same problems in facing high risk frontier development as other corporations, except that their personal motivation to "do it" in the face of higher risk is likely stronger. However, it is possible that the proper use of state and federal resources, in conjunction with native corporate resources, might be able to reduce risk to native capital and encourage the flow of such assets into rural development.

The current proposal to pre-pay the remainder of the state's obligation under land claims settlement will also add significantly to the financial base of native corporation capital. Such an action may be the single largest, and the simplest action, the state can take in regard to rural development.

The private land and resource base that is a part of the land claims structure is also a significant factor in rural development. The goal of a state structure should be to help assist and direct capital to grassroots rural development, regardless of whether that capital is private, state, federal, or native, and to encourage the use of state, federal, and native land and resources in a coordinated fashion in behalf of encouraging a rural private economic base.

Additionally, Alaska financial institutions are now considerably stronger and more varied than a decade ago. They have stronger ties to outside institutions, and due to such world scale developments as Prudhoe Bay, new significance of fisheries resources, a capital and resource base from land claims, Alaska commands a respect far beyond the measure of its present economic production.

STATE RESOURCES

The chief asset of the state is its "position" to act as a focal point in bringing together available existing resources, and to apply to an effort to construct a viable rural private economy.

The state must be, and is the natural initiator of a search for, and a marshalling of, economic resources. Obviously, federal agencies do not come seeking difficult and often risky development efforts.

The state also has basic resources of its own to offer that it did not have a decade ago. The state has the ability to act as initiator of community services related to private development, such as utilities, transportation facilities, and technical assistance. The state has the ability to participate in capital, or to attack basic private financing issues such as fire insurance in rural areas. The state has a "field network" available through program agencies, which with proper coordination, could assist in both local community development and private projects.

The state also offers a superior basic structure with which to coordinate with federal institutional participants. The Alaska structure has a strong central line of authority leading from the governor, and is vastly different than the fractured multi-elective structure that exists in many other states.

THE ALASKA DIFFERENCE: LENGTH AND DEPTH OF COMMITMENT

Alaska requires a long-term commitment to rural economic problems. The state's rural problems are not a result of recent economic recession, or existing sick industries, the problems are a result of more than a quarter century of economic collapse and difficult cultural adjustments. The Alaska effort may require the better part of a decade..

It is here --in length and depth of commitment-- where Alaska differs markedly from the manner in which other state's will approach the development of SPECIAL FEDERAL AGREEMENTS to enhance private economic development. A review of the few existing agreements, and potential agreements, indicates that the agreements appear geared towards one or two "priorities-of-the-day." They seem to carry a hidden presumption of temporariness about them, and lack a strong tie to "joint" executive/legislative commitment and development of intrastate mechanism to focus on more than the "issues-of-the-day." In this respect it is likely the initial motivation of Alaska is different from other states.

In reviewing the federal opportunity for both the state to command and coordinate federal resources, there appears to be a significant opportunity for Alaska to be the only, or at minimum one of the few, states to approach the agreements with a much longer range view in mind.

Alaska has the opportunity to get the federal government committed to state rural development, committed to special treatment and coordination, and to keep that commitment going for a prolonged period. However, in order to command the long-term commitment of the federal government the state must first itself be committed.

As previously stated, economic initiatives under our separate public and private policy systems require a deep commitment to bridge the gap. In Alaska this means a commitment of the executive and the legislature, and further a broadbased commitment within the legislative body. Oddly, the effort must command the commitment of the urban legislator and the perception that the effort is also vital to the urban economies of the state.

Commitment of rural policymakers to such an effort is something to be taken for granted, with some exceptions. However, rural backing and rural development as a "rural issue, can isolate the effort as a regional issue, and one therefore eligible to be pushed, shoved, cut, threatened, bargained, and generally politically played-out in the precarious wars of short-term legislative policy. Unfortunately, long term issues requiring a breadth and depth of commitment, issues needing an expectation of sustainability over time, do not always fare well in the battles of more immediate political pie-cutting.

However, the commitment of urban legislators could provide the commitment to rural development the sustainability it needs. Urban lawmakers have an interest of their own in an expanding and healthy rural economy.

Previously Alaska was described as a series of urban economic islands floating in a sea of economic depression. Whether that picture is overstated can be argued, but the lesson of the portrayal cuts both ways. The picture not only reflects a non-existent rural economy, and all which that infers, but equally a precariously isolated urban economic structure.

The picture is one of precariously narrow urban economies based primarily on government spending, cycles of construction and singular resource development booms, and one of urban communities failing to develop themselves as broad commercial centers serving a growing economy far beyond their own borders.

In other words, for the state's narrow based and isolated urban economies, rural development is "urban development." It is not only urban development, but offers a strongly stabilizing ingredient for the urban economic structure. It is almost impossible to undertake development in most rural areas of the state that does not benefit the urban commercial centers. However, the converse is not true, since urban development may hold no benefits for rural communities.

Urban policymakers may also consider the long-range ramifications of continued neglect of a rural economy:

- (1) . . . that the urban/rural economic contrast is both a serious ethical and functional problem for Alaska.
- (2) . . . that the end-results of continued rural economic poverty tend to become urban social and economic problems due to out-migration into urban areas.
- (3) . . . that in future general economic constrictions, urban unemployed will tend to outmigrate from the state, but that the rural unemployed, represented mostly by native Alaskans, are unlikely to outmigrate except to urban areas due to deep cultural ties.
- (4) . . . that while Alaskan urban economies have grown dramatically over the past several decades, those economies remain narrow.
- (5) . . . that in order to develop a stable commercial center, the center must have an economy to serve "elsewhere."
- (6) . . . that rural development promotes both direct, and indirect economic activity for urban centers.
- (7) . . . that rural development expands opportunity for larger scale rural resource development, since expanding economic benefits will increase confidence of both urban and rural parties that that such "development" can be managed for mutual benefit.

There must also be an awareness that rural Alaska needs a scale of development we might term "micro development." However, urban interests tend to key on "marco-development" scale projects, projects on a scale where it is often simply assumed that there is enough "economic fall-out" to benefit everyone. However, this is not necessarily true, and especially so for non-urban areas.

Carefully managed "marco-scale" development may be made to pay some dividends to rural Alaska. But what rural Alaska does need is micro-development, development that is small, not nearly so exciting and romantic to advocate for policymakers, but which fits the needs and the life-style of rural communities. In a sense, a structure charged with rural economic advocacy will need to learn to "think small," and it will take some adapting on the part of policymakers to think in terms of thousands of dollars, tens of jobs, and etc., instead of on sweeping scales of billions of dollars, world scale resources, and thousands of jobs.

THE POSSIBLE ALASKA STRUCTURES

The purpose of creating a structure is to provide a functional vehicle for policy focus, and to put the label "special" on the structure. Such labeling tends to put the structure, and the policy community, "on notice" that they intend to do something, and to invite scrutiny if they show a lack of performance. A special structure also tends to isolate itself sufficiently to invite participation of interested parties.

Three types of structures appear possible:

- (1) A SPECIAL COMMISSION, responsible to the Governor, and working out of the Office of the Governor.
- (2) AN OFFICE created within the Office of the Governor. A small agency essentially part of the executive staff.
- (3) Assignment to an existing agency with related interests, either creating a new unit thereto, or reorganizing an existing unit.

The basic alternative "settings" for a structure will be discussed in terms of the least viable first.

Assignment to Existing Department

The assignment of the task of rural development advocacy and coordination to an existing department immediately relegates the issue to whatever is the status of that agency.

If the agency is a sub-unit of an existing division, of an existing department, then it is likely the federal government would view the state effort in much the same manner of other states --that the structure has one of two priorities and little other interest.

It is not the intent here to be critical of the ability of any one of several possible agency operators, but rather to suggest that it is asking alot of a sub-component agency to be able to become not only an interagency coordinator among state agencies, but also between state and federal governments and between government and the private sector.

As a sub-component within a line-department, a rural economic development initiative would first have to command its fair share of attention by department heads from among the "daily crisis" of regular operating programs.

Next, since such a rural effort would reach beyond departmental confines, not only would the rural effort have to battle for survival among competing demands within the department, but also it would have to survive among competing demands outside the department. Such a program would constantly require the department chief officer to run interference in coordinating problems with other departments, as well as with key players in the governor's office and with other institutions. The sub-departmental assignment can be made to look good on an organizational chart, but likely asks a line-agency chief, already besieged with enough operational problems, to unrealistically wear thin their welcome in "unhappy" interdepartmental "turf" battles, much less to provide the "extra-energy" to provide leadership to draw together federal, state, and private interests.

The fact remains, that programs are just that, they are designed to deliver an established service in a beneficial manner and with a minimum of bureaucratic boat-rocking both "within and "without" the departmental organization. A department may well prove the exception, especially if it is new and must find its policy niche, when there is exceptional political backing, or when there is unusual leadership.

However, in viewing something as complex as a rural development effort involving multiple departments, governments, and other institutions, the process appears to supercede the primary "operations" role of a state line-department.

The structure must be capable of:

- FIRST, capable of refining its charge to projects which can be accomplished. The structure must participate in selecting rural priority efforts.
- SECOND, it must determine who, if anyone, is presently charged with a needed function, must encourage rural responsibilities be assigned departments, and give backing to departments in carrying out their rural functions.
- THIRD, the rural structure must be capable of some leeway in independent articulation. It cannot be just the state administration's spokesmen, since one of its purposes will be to inject "unfinished ideas" into the"
 - executive policy forum
 - legislative policy forum
 - private policy forum
 - and the public forum
- FOURTH, the rural structure must plow new ground in that it should not be a GOVERNMENT PROGRAM, but must be a facilitator of private effort. It must strike a respectful partnership with the "private policy" sector.
- FIFTH, the structure must be cast in a role of "advocate" for rural initiative --for rural action.

Last, there is always the very real problem of the tendencies in an operational department to convert potential of a popular effort into gain for its own agency budget needs.

If a departmental placement for structure is to be considered, there are a number of potential candidates with rural field organizations. Key among them would be the Department of Community and Regional Affairs, and the Department of Transportation and Public Facilities.

Additionally, the Division of Policy and Planning (DPDP) in the Office of the Governor, would serve as a home for such a structure, either as an integral part of the division, or as a more defined sub-component like the Office of Coastal Zone Management. However, there could also be conflicts of fundamental roles. The rural effort needs the partnership, the resources of DPDP, and DPDP should be encouraged to build a strong rural planning component. But DPDP also may need to be the alter-ego of the rural structure, as it functions as rural advocate. It would appear DPDP's planning role should be to put the product of advocacy into a larger scheme, and as alter-ego be the necessary critic of the much more activist rural advocacy agency.

A CABINET LEVEL AGENCY

The creation of a special agency in the Office of the Governor is perhaps the simplest creation. Such an office would be small and it is likely its ability to function, and command policy attention within that framework, would be largely dependent on the capability of the person heading such as office.

The office could serve well enough as the focal point for state interaction with the federal/state interagency agreements. And, in terms of carrying out the intrastate functions of the federal/state agreements, such an office would probably be able to carry out its task of state department coordination.

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However, open to question is whether such an office could carry out the "expanded" mandate of a significant rural development initiative. Since rural Alaskans, and legislators, would not be on the inside of such a construction, it is likely the tendency would be for those interests to become critics of actions, lack of actions, or both.

It is also doubtful that such an office left simply in that form, could be the injector of unfinished ideas into various forums, or if so, that the injection would tend simply to be into the executive policy forum shielded from the dynamics of more public policy forums. Additionally, circumstances would tend to make the office "spokesmen" for the state administration on rural economic issues, limiting the dynamics of the structure.

If a simple agency structure is selected, then effort will be required to give the office high prestige, and to provide it with staff. The dimensions of the office might be expanded by merging the function with the Private Industries Councils created federal Title VII, thereby providing the agency with a rural private outreach and some dynamics of rural "input." However, at this point the Office begins to take on the posture of the commission/agency form of structure.

Under conditions of other times a modified Office structure could suffice, but today the senior policy structure of the state is virtually besieged by "macro-issues," such as d-2, OCS, bottom fishery, gas pipeline, gas liquids development, excess revenue policy, Beaufort Sea development, and many others.

The heavy burdens of Alaska policy going into the 1980s would appear to suggest that a long-range rural policy structure must be given "something extra" to program it for survival.

STRUCTURAL SETTING

The structural setting of a cabinet level office would be much like the other "offices" of the governor, except that a portion of its responsibility would face "outward" from state government to interface with the federal interagency agreements and the federal/state joint function. In many respects the structural arrangement of the rural structure need not be much different if developed in a "commission" form.

The special office could be flanked on one side by the Private Industries Council (PIC), which could act as an advisory group, even to the extent of merging staff functions. The office should also be flanked by the Division of Policy and Planning (DPDP), which could beef up its own rural planning capability and establish direct liaison with the rural office.

It is preferable under the Alaska strong executive concept that the office be clearly responsible to the governor, and that the governor in the final analysis be responsible for the rural office. The purpose of attaching other involvements is not to erode or substitute for executive responsibility, but to provide some of the special elements previous described. Such features could add political strength by tapping legislative input, involve input from rural advisory features, and achieve status by the involvement of a key political officer such as the Lt. Governor.

However, such features added to a cabinet level office transcends into the third alternative structure, essentially which seeks to construct involvement of other key interests without diluting the final "executive" responsibility of the office

A RURAL COMMISSION/AGENCY STRUCTURE

The third alternative structure initially appears the most complex. However, the appearance of complexity is derived largely from trying to name the main components of the rural structure, and determine their basic purposes. In a sense naming such a structure merely formalizes what likely exists in a "de facto" sense anyway.

The concept of the commission structure would simply be to draw together in one place the "key parties" with rural roles, and then to balance out that more institutional group with a balance of rural field representatives. The structure should remain firmly within the executive framework. The policy group would bring together the following components.

- INSTITUTIONAL REPRESENTATIVES, not necessarily limited to state officials.
- LEGISLATIVE REPRESENTATION, providing a balance against administration.
- RURAL PUBLIC REPRESENTATION, providing for non-institutional balance from the rural field areas.
- PRIVATE SECTOR REPRESENTATION, providing representation from private business, possible finance.

The group would be a commission capable of acting as a "whole," but it would also be a commission capable of acting in the form of its natural "parts," the basic components of these subcommittees being drawn from the sectors they represent on the commission:

--DEPARTMENTAL COORDINATING SUBCOMMITTEE

--RURAL ADVISORY SUBCOMMITTEE

--PRIVATE SECTOR SUBCOMMITTEE

In order to allow the commission to function more efficiently it is suggested the governor name an executive committee of five:

- One agency representative
- One Legislative Representative
- Two rural representatives
- The chairman (of the commission)

The structure would be designed to allow, when appropriate, each subcomponent to operate on its own in special areas of concern and assignment. However, at the request of the subcommittees, or the direction of the chairman, the subcommittees would overlap depending on the problem being addressed. Additionally, legislators would be considered members of any of the subcommittees. The system would allow for each subcommittee to specialize in its natural area, with rural representatives minimizing rural outreach and input

The function of the executive committee would be to also operate as the key component in facing the federal government, and in efficiently dealing with the smaller issues of implementing the federal/state inter-agency agreements.

The executive committee would be the state salesperson in the federal market place, seeking to maximize federal resources.

An innovation in the executive committee structure might be to call the legislative representative the "Legislative Co-Chairman." The suggestion is that the legislative co-chairman would not have the same management prerogatives of the chairman, but could be used to maximize the presence of the commission by carrying to the federal level the power of legislative position as well as being charged with rural leadership as (Legislative) Co-Chairman. In considering the latter suggestion, it should be remembered that there is a difference between the "elected" leaders and the agency representatives reception in Washington offices. The elected representatives has no constraints in skipping middle-management, or in the unquestioned right of calling on Washington level political support and in involving them in deliberations. The posturing of the legislative co-chairmanship would solely to an attempt to sustain the rural effort by tapping political power and political presence as the state structure faces Washington D.C. Equally, the Lt. Governor might be used to be the Chairman of the state structure, thus again tapping the political strength and presence of the elective leaders.

The goal of tapping the state's political power structure is to . provide a strong and unified executive/legislative policy face towards Washington D.C. (such policy links also facilitate federal links to the state).

In terms of executive functions on the internal Alaska level the legislative position should not violate the integrity of the traditional Alaska executive system. In this area the position of legislators would be that of members.

In terms of the policy structure reaching out for input into rural Alaska, here the legislators could again play a stronger role, perhaps even facilitating common outreach efforts between legislative committees and the commission effort.

MEMBERSHIP

The Commission shall be composed of not more than 14-members, with four being institutional members, two being legislators, two being members of the private economic community, and six being members from rural areas.

Legislators could be appointed by the governor, or by the **presiding** officers of each chamber.

Legislation should provide for the membership of the **director** of the University Cooperative Extension Service on the commission as one of the four institutional members.

The legislation should name state departments with key rural field and/or planning responsibility, requiring the Governor to name two as institutional members. The legislation should state that other chief administrators shall serve ex-officio at the request of the Governor or Lt. Governor.

The legislation should name the Lt. Governor as an institutional member and name the Lt. Governor as Chairman of the Commission unless he chooses not to serve on the commission. In such event the Governor shall name another Chairman from any of the membership.

Two private economic community members should be appointed by the governor, representing private business and/or financial expertise.

Six members should be appointed who live in rural areas. It is suggested that these members be drawn from a list of nominations from the boards of the Rural Education Attendance Areas (REAA's). Requested should be first nomination of REAA board members willing to serve, and preferably with private business experience in rural areas, and second for nominations other than board members. The intent is to move towards using the state's only region-wide elective rural officers for public input in state policymaking affecting their communities. The legislation should ask that the governor's appointment from those nominations recognize the various rural regions of the state as much as is possible commensurate with a small number of members to be appointed.

AGENCY DIRECTOR AND STAFF

The Legislation should provide for the appointment of the Director of the rural structure by the governor.

The gubernatorial appointment makes clear the primary executive loyalty and nature of the structure. Additionally, the act of inviting legislators into a titular role of an executive commission denotes a certain amount of trust between the two branches of government on rural advocacy. As a practical matter, the governor may be well advised to consult with the commission in selecting a director, while making it very clear that the director has the support and confidence of the governor. In this regard, it should be considered that the director will have to function among other department heads in coordinating rural functions. If it is not clear that the director is the "governor's person," then the functionality or the ability to coordinate and cooperate with other agencies is open to question. Without executive recognition, the director is likely to quickly become the underling of whatever key administration official on the commission DOES HAVE THE GOVERNOR'S CONFIDENCE.

The legislation should also provide for commission staff within the provisions of legislative budgeting. The nature of the commission may also mean that some staff can be provided by federal grants. In staffing expertise should be split between employees with practical rural awareness and staff that has expertise in working within government and private agency structures.

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AGENCY/COMMISSION DESIGN

The design of the commission appears complex. It is in reality quite simple. The appearance of complexity comes from trying to arrive at a design of any unit whereby the pieces of the unit can remain separate when necessary (or when working on issues and problems which need not involve the other components of the commission)

- The design allows for the federal government to design whatever cooperating unit it desires and attach it to the state creation.
- Whatever federal working unit could 1) function separately, and 2) be part of a unified state/federal working council, depending on working goals and conflicts. And, 3) a federal designee (likely of the federal designated lead agency under interagency agreements), could be a federal vice-chairman of any combined unit.
- The state executive committee could function as a separate state unit in direct Washington lobby efforts.
- The state executive committee is designed to simplify the federal interface and internal state interagency coordination.
- The full state Rural Development Commission is designed to function as a whole in dealing with problems, policy, and projects.
- The State Rural Development Commission is designed to function in its natural "parts" in 1) attacking problems unique to those parts, and 2) in trying to fulfill obligations to have an "outreach and input" to and rural areas of the state.
- The State Rural Development Commission in its "parts" will also be able to accommodate overlapping between those parts based on the "overlap" of problems and the "overlap" of the individual "interest" of members.
- The state/federal structure at the top will be able to direct the function of state/federal subunits who actually exist in, and have practical field knowledge of, rural Alaska regions.
- In keeping with establishing a line of authority, the State Rural Development Agency would work under the "direction" of the Governor through the offices of the Lt. Governor acting as Chairman. The commission would provide the carry-through on rural issues.

THE KINDS OF ISSUES AND PROBLEMS

The kinds of issues and problems the rural structure will handle will be varied. The central theme of the commission at any period in "time" will depend on what is possible within the historical circumstances of that time period.

--The development of a private economic base in terms of "specifics" will in part depend on practical economics --practical potentials of "what's" possible "where," and "when."

--The structure may address the issue of "what the state should do" in helping prevent failure and default of smaller native/private corporations actually located in rural areas.

--possible maintenance of a village management assistance effort like attempted by Alaska Native Foundation (through CRA, or by contract).

--State potential in encouraging native capital investment in rural areas, and in participating in the "security" of front-line rural investments.

--The development of state loan instrumentalities, and state bonding authorities, in such a manner as to be practically useful for potential rural investors.

--Identification and resolution of other rural "blockages" to private investment.

--fire insurance.
--bonding availability.
--utility infrastructure.
--transportation
--training Assistance

--An advocate to "tailor" large "macro" economic projects, whether a major petroleum project, or an applicant for state industrial bonds, to respond not just to such things as generalized affirmative action, but more specifically to the "micro-economic" needs of more remote rural communities (if an employer can rotate an employee from Anchorage or Texas, it is possible to rotate an employee from a rural village.

THE WHITE HOUSE

WASHINGTON

December 26, 1979

MEMORANDUM FOR FEDERAL REGIONAL COUNCIL CHAIRPERSONS

FROM: JACK WATSON *Jack*

SUBJECT: Implementation of the President's Small
Community and Rural Development Policy

As you know, the President announced his Small Community and Rural Development Policy on December 20, 1979. The Federal Regional Councils are being called upon to play an important role in its implementation.

Several copies of the President's policy statement are enclosed (additional copies are available on request). As you will note, the policy articulates a set of general goals and policy principles, identifies over 100 specific action steps to be taken during the year to address pressing rural needs, and provides the institutional capacity needed to enable us to develop programs, solve problems, and translate a continually evolving "action agenda" into concrete results. Elements of this implementation strategy include:

- o Creation of the position of Undersecretary of Small Community and Rural Development at USDA. The Undersecretary will assist the Secretary of Agriculture in carrying out his mandate, under the Rural Development Act of 1972, to coordinate rural development activities throughout the Administration.
- o Formation of a Working Group on Small Community and Rural Development to provide a continuing assessment of priority rural needs and to design, coordinate, and implement responsive policies and programs. This Working Group will be made up of high-level federal program managers and will be co-chaired by the new Undersecretary and me.
- o Establishment by the Secretary of Agriculture of an Advisory Council to monitor implementation results and advise him and the Working Group on needed federal actions. The Council will be composed of elected officials from the major public interest groups, representatives of community-based organizations and private interest groups, representatives of the financial community and others.

- o An invitation to the nation's Governors to establish State Rural Development Councils as a mechanism for ensuring effective coordination in joint federal-state rural development efforts
- o A Presidential directive to the Secretaries and Heads of Agencies to review relevant agency policies and programs in terms of their adequacy in embodying the policy principles and to designate a senior official to be responsible for monitoring implementation of this policy within the agency, serving as a rural advocate, and acting as a point of contact for small community and rural leaders seeking information and assistance.

Building on steps that some of you have already taken, the implementation strategy also calls for creation of rural development task forces by the FRCs to assist the State Rural Development Councils in implementing joint federal-state rural development plans.

Since USDA and particularly FmHA will play a key role government-wide in implementing the President's policy, I request that you designate the appropriate FmHA Area Coordinator in your region as Chairman of the FRC Rural Development Task Force. Each should be backed up by a State FmHA Director. I am instructing Gordon Cavanaugh, FmHA Administrator, to have his Area Coordinators contact you in this regard.

Please feel free to call on Berry or me to answer any questions you may have as you move ahead with your plans to help implement the President's policy.

Warm regards and best wishes for the new year.

THE WHITEHOUSE

WASHINGTON

December 26, 1979

Dear Ed:

On December 20, 1979, President Carter announced the Administration's Small Community and Rural Development Policy. In recognition of the essential role played by the states within our federal system, the President has, as part of his policy, invited the nation's Governors to establish State Rural Development Councils as a mechanism for ensuring effective coordination in joint federal-state efforts to implement state and local rural development priorities. Furthermore, he is directing the Federal Regional Councils to establish rural development task forces to assist state efforts, and is instructing federal field personnel within the states to participate directly on the State Rural Development Councils when invited to do so by the Governors.

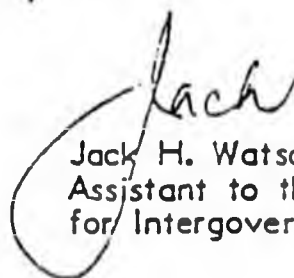
I want to add my voice to this invitation and assure you that I will work closely with you to help implement those programs and projects which are given high priority within your state.

Several copies of the President's policy statement are enclosed. As you will see, it articulates a set of general goals and policy principles, identifies over 100 specific action steps to be taken during the year to address pressing rural needs, and provides the institutional capacity to enable us, in a partnership effort, to develop programs, solve problems, and translate a continually evolving "action agenda" into concrete results. Besides inviting the Governors to establish State Rural Development Councils, a key feature of the policy involves the creation of an Under Secretary for Small Community and Rural Development within the Department of Agriculture. The new Under Secretary and I will co-chair a Working Group on Small Community and Rural Development, a group made up of principal federal program managers here in Washington.

Please feel free to call on me or Berry Crawford of my staff to answer any questions you may have as you move ahead with your state's rural development plans.

Warm regards and best wishes for the new year.

Sincerely,



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

The Honorable Ed Herschler
Governor of Wyoming
Cheyenne, Wyoming 82002

Enclosures

THE WHITE HOUSE

WASHINGTON

January 29, 1980

Dear Fob:

Several weeks ago I sent you copies of the Administration's Small Community and Rural Development Policy and joined the President in inviting you to establish a State Rural Development Council.

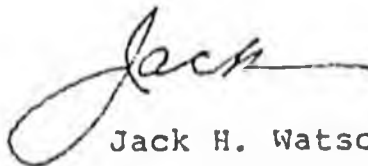
The State Rural Development Councils will play a key role in a Federal-state-local partnership to expand opportunities for rural and small town development. To provide ideas on how you might organize and operate your council, I am enclosing a copy of a working paper jointly prepared by the National Governors' Association and U.S. Department of Agriculture staff. You may have suggestions beyond the contents of this paper which we would be happy to discuss with you. We simply want to build on any successful organizational efforts you may have under way.

It would be helpful if you would designate a member of your staff, or an agency head, with whom we can follow up to tailor a Federal response which will best meet the needs of Alabama. Your designee will be contacted by the Chairperson of the Federal Regional Council serving your state to begin implementing the partnership effort contemplated in the President's policy.

As always, please feel free to call on me or Berry Crawford of my staff to answer any questions you may have. In addition, your staff may wish to contact Bill Bivens, NGA's Senior Policy Fellow for Rural Affairs and a principal staff liaison with my office. His number is (202) 624-7734.

I look forward to working with you as implementation of the Small Community and Rural Development Policy proceeds.

Sincerely,



Jack H. Watson, Jr.

The Honorable Forrest H. James, Jr.
Governor of Alabama
Montgomery, Alabama 36104

Enclosure

NGA-USDA Staff Working Paper

STATE RURAL DEVELOPMENT COUNCILS:
FOCUS FOR THE SMALL COMMUNITY
AND RURAL DEVELOPMENT POLICY

On December 20, 1979, President Carter formally announced his Administration's Small Community and Rural Development Policy. In outlining his strategy to develop the institutional capacity needed to solve problems on an ongoing basis and assure the effective implementation of the policy principles, the President announced that he is:

Inviting the nation's Governors to establish State Rural Development Councils as a mechanism for ensuring effective coordination in joint federal-state efforts to implement State and local rural development priorities.

The President further stated that:

The Federal Regional Councils will be directed to establish a rural development task force to assist state implementation efforts, and the Secretaries and Heads of Agencies will direct federal field personnel to participate on the State Rural Development Councils if a governor so desires.

Both of these steps are particularly relevant to the President's direction to the Secretaries and Heads of Departments and Agencies that, "to the maximum feasible extent," they administer their programs to "make federal investments in ways that complement state-local development plans and priorities."

Responsiveness to Governors

Clearly, the President's Small Community and Rural Development Policy is in significant measure a response to the Governors' call for a state-federal partnership in community and economic development.

Late in 1977, the National Governors' Association Task Force on Urban Policy proposed that a national urban policy be derived from state comprehensive growth strategies. In mid-1979, the NGA articulated its latest "Comments on the Development of a National Rural Policy," which stated in part that "a state development strategy for rural areas ought to be used as the primary guide for the funding decisions of EDA, EPA, FmHA, and HUD in most small cities and rural areas." The Presidential response has been positive.

Framework for Partnership

In presenting a set of principles to guide federal program administration, the President's rural policy recognizes the need for a strong partnership among all levels of government and between the public and private sectors. Each of the more than 100 specific actions to be taken requires some level of inter-governmental and interagency cooperation in planning and implementation.

The policy provides for an improved federal institutional structure and capacity to help realize the state-federal partnership. An interdepartmental Working Group for Small Community and Rural Development, co-chaired by the President's Secretary to the Cabinet and the soon-to-be-created Under Secretary

for Rural Development at USDA, will be responsible for ensuring that the President's policy is fully and actively supported by all relevant federal agencies. The direct involvement of the President's Assistant for Intergovernmental Affairs and Secretary to the Cabinet makes clear the Administration's commitment to making this arrangement work effectively.

In the field, the federal institutional focus for the policy will be centered in a Rural Development Task Force established under each of the ten Federal Regional Councils (FRCs), which have been reinvigorated by the Administration. These task forces will serve as communications conduits between the national-level Working Group and federal field officials. They will coordinate federal responses to rural development needs and priorities and will serve as sources of information and assistance to State Rural Development Councils. An important function will be to help promote and maintain federal sensitivity to rural needs and circumstances and state and local rural development priorities.

Governors' Rural Development Councils

To foster the state-federal partnership at the State level, the President's policy recognizes and underscores the vital role of the Governor as the master link in the intergovernmental chain. The President's invitation to Governors to create State Rural Development Councils reflects a deep understanding of the central role of Governors in coordination of federal as well as state programs. It recognizes that only Governors have the authority and capacity to organize effective coordination efforts, with the necessary political and bureaucratic balance to allow all

parties to reach agreement on mutually supportive development strategies and implementation procedures. It emphasizes that program implementation takes place at other than the national level by directing attention to state-local plans and priorities as well as local priorities and decision-making.

Thus, the President's policy reflects a federal desire to be a more willing and effective partner in state and local development efforts. To pursue this objective, the President is directing federal agencies to increase the effectiveness of their programs by working closely with state and local governments, as well as with each other.

Given a policy that federal investment decisions should consider and support state and local development priorities and efforts to the maximum extent possible, the State Rural Development Councils can:

- o provide the Governor a forum for identifying opportunities for joint investments targeted to shared rural development concerns and priorities;
- o provide the Governor an institutional vehicle for conducting broad-based assessments of rural conditions and progress toward accomplishment of rural development goals;
- o provide the Governor an organizational base for identifying and addressing interagency and inter-governmental procedural obstacles to timely implementation of mutually desirable resource allocations;
- o facilitate coordinated leadership of rural development efforts and agreement on complementary roles and relationships among state and federal agencies and other participants;
- o stimulate and facilitate the formulation of joint investment strategies which go beyond a project-by-project approach and support their implementation.

Policy Implementation Linkages

The purpose of the President's invitation to the Governors is not simply to erect new institutional structures, but to suggest a workable mechanism for pursuing joint goals. The invitation offers an opportunity to help change federal agency perspectives and practices in line with the principles that the President articulated:

- o recognition of local priorities and facilitation of local decision-making by federal program managers;
- o investment of federal resources in ways that complement state-local development plans and priorities;
- o use of federal assistance to help leverage private sector investments in rural development;
- o accordance of high priority to the targeting of federal assistance to disadvantaged persons and distressed communities;
- o reform of federal programs to make them more accessible, better suited to rural circumstances, more streamlined administratively, and better coordinated; and
- o provision of assistance to rural citizens and leaders, to promote effective community decision making and development efforts.

* It is expected that Governors will find it useful to include key state legislators from rural districts, representatives of rural local governments, rural private sector leaders, and rural citizen group representatives on their State Rural Development Councils, to assist the federal and state agency representatives in identifying priorities for joint attention. Inclusion of such grass-roots representation may be particularly valuable in helping to sensitize federal officials to rural circumstances and needs in the state.

Experience in the few states where Governors have established

development councils indicates above all the need for flexibility. States differ significantly in the number of federal agencies represented in each, the level of authority of on-site federal field office heads, the way state government is organized and how it relates to local governments, economic and demographic patterns, and type and severity of development needs.

In the more effective existing councils, representation includes virtually all state agencies active in rural and small community development, all development-oriented federal departments with offices in the state, and state associations of local governments and/or their inter-local planning and development district agencies. State legislative membership varies, * as does representation of the state land-grant university systems. Experience has also shown the importance of having a full-time staff support group for the councils. In view of this, the federal Working Group will pursue the possibility of federal financial support for a staff component to State Rural Development Councils.

possible sources:
 { Sec. 111 (USDA)
 { Sec. 302 (HHS)
 { Sec. 701 (EDA)

Governors' development councils appear to work best when established as state-level coordination devices aimed at resolving identifiable issues involved in strategy implementation. While councils may discuss development policy needs, as well as policy coordination, it is not appropriate for the federal participants to assume to advise the Governor on state policy matters. Rather, they should communicate policy recommendations based on state concerns to federal agency officials.

Much of the work of the more active councils has been

focused on specific issues and has been conducted through
functionally oriented task forces or committees. Economic *
development, health, housing, and transportation have been
common topics for specific actions. Governors may wish to
organize the work of their Rural Development Councils around
state-specific rural issues so as to avoid generalized discussions
which may not contribute to tangible actions to solve rural
problems.

Each state is faced with numerous feasible organizational
options for structuring its way of working with federal agencies.
It may, in fact, already have an effective state rural develop-
ment committee which can be further strengthened. The precise
choice is not nearly as important as the fact that the federal
government is inviting the states to play the key intergovernmental
role in rural development. The states are being offered an
opportunity to help determine how, where, and when federal pro-
gram dollars will be spent for rural development purposes.

STATE RURAL DEVELOPMENT COUNCILS

State Contacts

Arizona

Governor Bruce Babbitt
Office of the Governor
State House
Phoenix, Arizona 85007

Ronnie Lopez
Executive Assistant

Larry Landry, Director
Office of Economic Planning &
Development

South Dakota

Governor William J. Janklow
Executive Office
State Capitol Building
Pierre, South Dakota 57501
(605) 773-3212

James R. Richardson
Commissioner
State Planning Bureau
(605) 773-3661

Hawaii

Governor George R. Ariyoshi
Executive Chambers
Hawaii State Capitol
Honolulu, Hawaii

David C. Slipher
Spec. Asst. for Housing
Honolulu, Hawaii
(808) 548-2848

Idaho

Governor John V. Evans
Office of the Governor
State Capitol
Boise, Idaho 83720

Daniel T. Emborg, Administrator
Division of Economic & Commu-
nity Affairs
Governor's Office
State Capitol Bldg.
Boise, Idaho 83720
(208) 334-2309

Ohio

Governor James A. Rhodes

John M. Stackhouse, Director
Ohio Dept. of Agriculture
65 South Front Street
Columbus, Ohio 43215

Indiana

Governor Otis R. Bowen, M.D.
Office of the Governor
Indianapolis, Indiana 46204

William T. Ray
executive staff member
Office of the Governor
Indianapolis, Indiana 46204

South Carolina

Governor Richard W. Riley
Office of the Governor
P. O. Box 11450
Columbia, South Carolina 29211

David Reid, Exec. Asst. for
Energy, Economic Development &
Natural Resources
(803) 758-7115

Oklahoma

Governor George Nigh
Office of the Governor
Oklahoma City, Oklahoma 73105

Robert White, Liaison Officer
to the Ozarks Regional Com.
4024 N. Lincoln Blvd.
Oklahoma City, Oklahoma 73105
(405) 528-5032

Alabama

Governor Fob James
Governor's Office
Montgomery, Alabama 36130

Bobby A. Davis, State Admini-
strations Officer

Bill J. Starnes, State Planning
Director
(205) 832-6400

Utah

Governor Scott M. Matheson
Office of the Governor
Salt Lake City, Utah 84114

Reed T. Searle, Exec. Dir.
Dept. of Community & Economic
Development
231 E. 400 South, Suite 100
Salt Lake City, Utah 84111
(801) 533-5396

Michigan

Governor William G. Milliken
Office of the Governor
Lansing, Michigan

Lt. Governor Brickley

Delaware

Governor Pierre S. Du Pont
Legislative Hall
Dover, Delaware 19901

Ms. Nancy Olson, Coordinator
Legislative Hall
Dover, Delaware 19901
(302) 678-4101

Virginia

Governor John N. Dalton
Office of the Governor
Richmond, Va 23219

Mr. Maurice B. Rowe
Secretary of Commerce &
Resources
Office of the Governor
P. O. Box 1475
Richmond, Virginia 23212
(804) 786-7831

Washington

Governor Dixy Lee Ray
Governor Office
Olympia, Washington 98504

Mr. Dean Cole, Director
Planning & Community Affairs
Agency
400 Capitol Center Bldg.
Olympia, Washington 98504

Arkansas

Governor Bill Clinton
Office of the Governor
Little Rock, Arkansas 72201

Mr. Steve Smith
Office of the Governor
Little Rock, Arkansas 72201

New Hampshire

Governor Hugh J. Gallen
Office of the Governor
Concord, New Hampshire 03301

Mr. Ronald Poltak, Director
Office of State Planning
2½ Beacon Street
Concord, New Hampshire 03301
(603) 271-2155

Mr. Jimmy E. Hicks, Principal
Planner
Office of State Planning
2½ Beacon Street
Concord, New Hampshire 03301

STATE OF ALASKA
THE LEGISLATURE

POUCH 17, STATE CAPITOL
JUNEAU, ALASKA 99811

SENATE

Senator Sturgulewski
Chairman, Senate C/RA

TO Marge Larsuch Hs. C/RA

REMARKS:

*These came to our office by
mistake - but copies have been
made for our file*

FROM lj/la DATE 4-8-80

LAA 25-5

Susan

*Please give me one
copy and send this
copy on to Marge Larsuch
Have made Buck slip for
Track. You.*

T

TELECONFERENCE HEARINGS



SUBJECT: *HB - 932*

COMMITTEE: *Joint House & Senate Community & Regional Affairs*

DATE: *3/28/80*

TIME: *11:30*

SITES PARTICIPATING: *All*

CONFERENCE MODE: *Audio*

LOCATION: *Seldotna*

MODERATOR: *Rhoda Eady*

NOTES:

CONFIRMATION OF CONFERENCE

CENTER: _____

PUBLICITY:

Invitational - *Committee made*

	Date	Quantity
PSAs	_____	_____
News releases (local)	<i>KBBI</i> <i>KSRM</i>	<i>radio</i>
News releases (outlying media)	<i>Chukotka</i> <i>Clarion</i>	<i>N. papers</i>
Direct mail	_____	_____
Phone contacts	_____	_____
Other:		

NUMBER IN ATTENDANCE 2
NUMBER TESTIFYING 1

TELECONFERENCE HEARINGS



Please Print.

To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME James E. Fisher

Here to Testify

REPRESENTING _____

Here to Observe

MAILING ADDRESS 2221 E. No Lights, Suite 126 Zip 99504

TELEPHONE NUMBER 276-7741

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

James E. Fisher
(signature)

EVALUATION: Have you participated in other legislative teleconferences? Yes If so, how many? 5-6

How did you learn about this hearing?
LTN schedule

Would you have participated in this hearing if the network were not available? NO

If yes, did you use the network
in addition to ~~instead of~~ travel
_____ instead of phone conversations
_____ instead of mailed testimony?

Are you also providing written testimony? _____

DATE _____ SUBJECT _____ LOCATION _____

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME FRANK MICHAELSON

Here to Testify

REPRESENTING KENNA PENINSULA


Here to Observe

BOZOVAN ECONOMIC DEVELOPMENT COUNCIL

MAILING ADDRESS Box 850, SONDONA zip 99664

TELEPHONE NUMBER 262-4441

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:


(signature)

EVALUATION: Have you participated in other legislative teleconferences? No If so, how many? _____

How did you learn about this hearing?

ADVISED BY BOZOVAN MAYOR'S OFFICE

Would you have participated in this hearing if the network were not available? YES

If yes, did you use the network

instead of travel

instead of phone conversations

instead of mailed testimony?

Are you also providing written testimony? YES

DATE FEBRUARY 14 SUBJECT HB 932 LOCATION SONDONA

TELECONFERENCE HEARINGS



PACIFIC STANDARD TIME

TELECONFERENCE CONTACT SHEET

TAKEN BY HEED

TOPIC: H.B. 932

CREATING OFFICE OF RURAL DEVELOPMENT & RURAL DEVELOPMENT COUNCIL

COMMITTEE: House / SEN. C.D.R.A.

CONTACT JWYLA OR MANTORJE

PHONE 3712 3824

DATE SCHEDULED 3/19

DATE: ~~#~~ 3/28

DAY: FRI

LOCATION _____

TIME: ~~1:30~~ 1:30 -

SCHEDULED DURATION: 2 HOURS

MODERATOR _____

SITES PARTICIPATING: ALL

CONFERENCE MODE: Audio Video _____

PUBLICITY:

PERSONS PARTICIPATING

SITE

ALL

Invitational

Committee making contacts

PSAs TO BE PROVIDED
date quantity

News Release
date quantity

Summary to be provided

Text to be provided

Quotes to be provided

Direct Mail
date quantity

Phone
date quantity

SPECIAL NOTES:

Post at Info. Office

Post other local locations

JUNEAU LOCATION:

GOV'S CONFERENCE ROOM

POST-TELECONFERENCE NOTE:

Participants 2

Observers _____

Total 2

TELECONFERENCE HEARINGS



PACIFIC STANDARD TIME

TELECONFERENCE CONTACT SHEET

TAKEN BY FRED

TOPIC: H.B. 932

CREATING OFFICE OF RURAL DEVELOPMENT & RURAL DEVELOPMENT COUNCIL

COMMITTEE: HOUSE / SEN. C.D.R.A.

DATE: ~~3/26~~ 3/28

DAY: FRI

TIME: ~~11:30~~ 11:30

SCHEDULED DURATION: 2 HOURS

SITES PARTICIPATING: ALL

CONFERENCE MODE: Audio Video

PERSONS PARTICIPATING

SITE

ALL

CONTACT TWILA OR MARTORJE

PHONE 3712 3824

DATE SCHEDULED 3/19

LOCATION Mat-Su

MODERATOR Mary

PUBLICITY:

Invitational

Committee making contacts

PSAs TO BE PROVIDED
date quantity

News Release
date quantity

Summary to be provided

Text to be provided

Quotes to be provided

Direct Mail
date quantity

Phone
date quantity

Post at Info. Office

Post other local locations

SPECIAL NOTES:

JUNEAU LOCATION:

GOV'S CONFERENCE ROOM

POST-TELECONFERENCE NOTE:

Participants 1

Observers 0

Total 1

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME ELSIE M. O'BRYAN

Here to Testify

REPRESENTING CITY OF HOUSTON

Here to Observe

MAILING ADDRESS SR Box 2727 - HOUSTON WASHINGTON Zip 99681

TELEPHONE NUMBER 892.6438

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Elsie M. O'Bryan
(signature)

EVALUATION: Have you participated in other legislative teleconferences? _____ If so, how many? _____

How did you learn about this hearing?

Would you have participated in this hearing if the network were not available? _____

If yes, did you use the network
_____ instead of travel
_____ instead of phone conversations
_____ instead of mailed testimony?

Are you also providing written testimony? _____

DATE 3/29 SUBJECT AB 932 LOCATION Mat-Su

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME ALAN M. MOEN

Here to Testify _____

REPRESENTING _____

Here to Observe X

KODIAK ISLAND BOROUGH OEDP COMMITTEE

MAILING ADDRESS P.O. Box 1246 - KODIAK, ALASKA Zip 99615

TELEPHONE NUMBER 486-5736

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Alan M. Moen
(signature)

EVALUATION: have you participated in other legislative teleconferences? YES If so, how many? 1

How did you learn about this hearing?

BOROUGH MANAGER

Would you have participated in this hearing if the network were not available? NO

If yes, did you use the network

_____ instead of travel

_____ instead of phone conversations

_____ instead of mailed testimony?

Are you also providing written testimony? _____

DATE 3/28/80 SUBJECT HB 932 CREATING AN OFFICE LOCATION KODIAK
RURAL DEVELOPMENT COUNCIL

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME Bob Peterson Here to Testify
REPRESENTING Kodiak Area Public Association Here to Observe
MAILING ADDRESS PO Box 172 Zip _____
TELEPHONE NUMBER 486-5725

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below;

Bob Peterson
(signature)

EVALUATION: Have you participated in other legislative teleconferences? _____ If so, how many? _____

How did you learn about this hearing?

Would you have participated in this hearing if the network were not available? No

If yes, did you use the network
 instead of travel
_____ instead of phone conversations
_____ instead of mailed testimony?

Are you also providing written testimony? No

DATE 3/28/80 SUBJECT HB-932 LOCATION KODIAK

TELECONFERENCE HEARINGS



PACIFIC STANDARD TIME

TELECONFERENCE CONTACT SHEET

TAKEN BY FRED

TOPIC: H.B. 932
CREATING OFFICE OF RURAL DEVELOPMENT & RURAL DEVELOPMENT COUNCIL
 COMMITTEE: House!
SEN. C.D.R.A.

CONTACT TWYLA OR MARTOZZE
 PHONE 3712 3824

DATE: ~~#~~ 3/28 DAY: WED
 TIME: ~~11:30~~ - SCHEDULED DURATION: 2 HOURS

DATE SCHEDULED 3/19

LOCATION _____

MODERATOR _____

SITES PARTICIPATING: All

CONFERENCE MODE: Audio Video _____

PUBLICITY:

PERSONS PARTICIPATING SITE

 ALL

_____ Invitational
 _____ Committee making contacts
 PSAs TO BE PROVIDED
 _____ date quantity

_____ News Release _____
 _____ date quantity

_____ Summary to be provided

_____ Text to be provided

_____ Quotes to be provided

_____ Direct Mail _____
 _____ date quantity

_____ Phone _____
 _____ date quantity

SPECIAL NOTES:

Post at Info. Office

Post other local locations

JUNEAU LOCATION:

GW's CONFERENCE ROOM

POST-TELECONFERENCE NOTE:

Participants	<u>4</u>
Observers	<u>4</u>
Total	<u>8</u>

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME JEFF HIATT

Here to Testify _____

REPRESENTING CEDC of ALASKA

Here to Observe

AK Rural Development Council

MAILING ADDRESS 1011 E TUDOR Rd Ste 710 Zip 99503

TELEPHONE NUMBER 907/279-4551

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:.

Jeff Hiatt
(signature)

EVALUATION: Have you participated in other legislative teleconferences? yes If so, how many? ONE

How did you learn about this hearing?
called by House Comm 3 Regional Affairs

Would you have participated in this hearing if the network were not available? WKN

If yes, did you use the network
_____ instead of travel
_____ instead of phone conversations
_____ instead of mailed testimony?

Are you also providing written testimony? yes

DATE 2-28-80 SUBJECT HB 932 LOCATION AK

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME BOB BRADLEY

Here to Testify _____

REPRESENTING CEDC

Here to Observe X

MAILING ADDRESS _____ Zip _____

TELEPHONE NUMBER 279-4551

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

(signature)

EVALUATION: Have you participated in other legislative teleconferences? YES If so, how many? MANY

How did you learn about this hearing?
JEFF HIATT

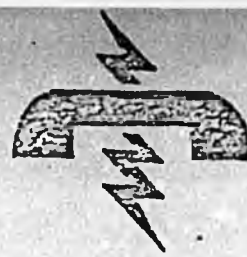
Would you have participated in this hearing if the network were not available? NO

If yes, did you use the network
_____ instead of travel
_____ instead of phone conversations
_____ instead of mailed testimony?

Are you also providing written testimony? NO

DATE 3/28/80 SUBJECT Rural Dev. Council LOCATION Ind.

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME LoAté Here to Testify

REPRESENTING Dept. Comm. Reg. Affairs Here to Observe

MAILING ADDRESS 235 Cordova, Bldg. B Zip 99501

TELEPHONE NUMBER 276-1721

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below.

LoAté
(signature)

EVALUATION: Have you participated in other legislative teleconferences? _____ If so, how many? _____

How did you learn about this hearing?

Would you have participated in this hearing if the network were not available? _____

If yes, did you use the network
_____ instead of travel
_____ instead of phone conversations
_____ instead of mailed testimony?

Are you also providing written testimony? _____

DATE 3-28-80 SUBJECT HB 932 LOCATION Cinch

TELECONFERENCE HEARINGS



Please Print.

To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME Mike Bowler Here to Testify

REPRESENTING Self Here to Observe

MAILING ADDRESS 3037 S. CIRCLE Zip _____

TELEPHONE NUMBER 349-7711

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

[Signature]
(signature)

EVALUATION: Have you participated in other legislative teleconferences? yes If so, how many? _____

How did you learn about this hearing?

Would you have participated in this hearing if the network were not available? _____

If yes, did you use the network
_____ instead of travel
_____ instead of phone conversations
_____ instead of mailed testimony?

Are you also providing written testimony? _____

DATE 3-28-80 SUBJECT A.B. 932 LOCATION Arch

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME Michael DeMan

Here to Testify X

REPRESENTING SELF

Here to Observe X

MAILING ADDRESS BOX 582 ANCH zip 99510

TELEPHONE NUMBER 688-9092

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below.

Michael DeMan
(signature)

EVALUATION: Have you participated in other legislative teleconferences? NO If so, how many? _____

How did you learn about this hearing?

Would you have participated in this hearing if the network were not available? NO

If yes, did you use the network

_____ instead of travel

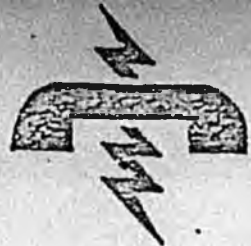
_____ instead of phone conversations

_____ instead of mailed testimony?

Are you also providing written testimony? NO

DATE 11/29/80 SUBJECT # HB 932 LOCATION AN

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME ROGER LANG Here to Testify
REPRESENTING ALASKA Here to Observe
NATIVE FOUNDATION
MAILING ADDRESS 411 WEST 4TH AVE. ANCH AK Zip 99501
TELEPHONE NUMBER 274-2541

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Roger Lang
(signature)

EVALUATION: Have you participated in other legislative teleconferences? NO If so, how many? 0
How did you learn about this hearing?
REF. DUNCAN'S OFFICE

Would you have participated in this hearing if the network were not available? NO

If yes, did you use the network
_____ instead of travel
_____ instead of phone conversations
_____ instead of mailed testimony?

Are you also providing written testimony? NO

DATE 3-28-80 SUBJECT H.B. 932 LOCATION ANCH

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME JACK RODERICK Here to Testify

REPRESENTING FARMERS HOME ADMINISTRATION Here to Observe

MAILING ADDRESS Box 1289, PALMCO, ALASKA Zip 99501

TELEPHONE NUMBER 745-2176

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Jack Roderick
(signature)

EVALUATION: Have you participated in other legislative teleconferences? NO If so, how many? _____

How did you learn about this hearing?

Representative Bill Parker

Would you have participated in this hearing if the network were not available? NO

If yes, did you use the network

instead of travel
 instead of phone conversations
 instead of mailed testimony?

Are you also providing written testimony? NO

DATE 2-28-80 SUBJECT AP 932 LOCATION Anch

TELECONFERENCE HEARINGS



Please Print.
To be returned to Teleconference Moderator.

PARTICIPATION FORM

NAME PHIL SMITH

Here to Testify

REPRESENTING ROYAL CAP

Here to Observe

MAILING ADDRESS Box 7-3908 Anchorage zip 99501

TELEPHONE NUMBER 279-2511

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Phil Smith
(signature)

EVALUATION: Have you participated in other legislative teleconferences? Yes If so, how many? 3-4

How did you learn about this hearing?
Telephone call from Committee; also mailings

Would you have participated in this hearing if the network were not available? Yes

If yes, did you use the network
 instead of travel
 instead of phone conversations
 instead of mailed testimony?

Are you also providing written testimony? No

DATE MARCH 28, 1980 SUBJECT HR 932 LOCATION ANC

TELECONFERENCE HEARINGS



SUBJECT: HB 932 - creating office of rural development and Rural Development Council

COMMITTEE: House & Senate C&RA

DATE: 3/28/80

TIME: 1:30 p.m.

SITES PARTICIPATING: All

CONFERENCE MODE: Audio

LOCATION: Ktn Info Office

MODERATOR: Bonnie Potter

NOTES:

CONFIRMATION OF CONFERENCE

CENTER: yes

PUBLICITY:

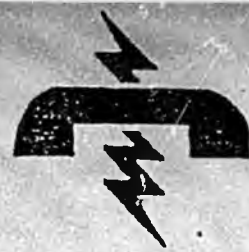
Invitational -

	Date	Quantity
PSAs	<u>3/24/80</u>	<u>3</u>
	Ktn Daily News	
News releases (local)	<u>KTKN</u> <u>KRBD</u>	<u> </u>
News releases (outlying media)	<u> </u>	<u> </u>
Direct mail	<u> </u>	<u> </u>
Phone contacts	<u> </u>	<u> </u>
Other:		

NUMBER IN ATTENDANCE
NUMBER TESTIFYING

0
0

TELECONFERENCE HEARINGS



PACIFIC STANDARD TIME

TELECONFERENCE CONTACT SHEET

TAKEN BY FRED

TOPIC: H.C. 932

CREATING OFFICE OF RURAL DEVELOPMENT & RURAL DEVELOPMENT COUNCIL

COMMITTEE: HOUSE
SEN. C.D.R.A.

CONTACT TWILA OR MURTORIE

PHONE 3712 3824

DATE SCHEDULED 3/19

DATE: ~~3/28~~ 3/28

DAY: FRI

LOCATION _____

TIME: ~~1:30~~ 1:30 -

SCHEDULED DURATION: 2 HOURS

MODERATOR _____

SITES PARTICIPATING: ALL

CONFERENCE MODE: Audio Video _____

PUBLICITY:

PERSONS PARTICIPATING

SITE

ALL

Invitational

Committee making contacts

PSAs TO BE PROVIDED
date quantity

News Release
date quantity

Summary to be provided

Text to be provided

Quotes to be provided

Direct Mail
date quantity

Phone
date quantity

SPECIAL NOTES:

Post at Info. Office

Post other local locations

JUNEAU LOCATION:

GOV'S CONFERENCE ROOM

POST-TELECONFERENCE NOTE:

Participants 0

Observers 0

Total 0

HB 932

LA21 1620 15.00 JA01 0058 15.00 03/28/80

#####

TO DEBORAH FROM MAXINE

I HAVE TO PEOPLE TO TESTIFY FROM FAIRBANKS

SAMUEL S DEMIENTIEFF, DOYON LTD BOARD

HELEN BARRETT, INTERIOR VILLAGEW ASSOC

CAN YOU GET THIS UP TO THE COMMITTEE????????? FBX/LIO/MW \

LA21 1834 15.55 JA01 0077 15.55 03/28/80

#####

TO: DEBORAH G.

FROM: MAXINE W

THE FOLLOWING IS A LIST OF PARTICIPANTS ON TODAY'S TELECONFERENCE
SEN. & HSE. JOINT COMMUNITY & REGIONAL AFFAIRS 3/28/80:

1. HELEN BARRETT, INTERIOR VILLAGE ASSOC., 127 1/2 MINNIE ST.,
FAIRBANKS 99701 PH. 452-1601
2. SMAUEL S. DENIENTIEFF, DOYON LTD, BOARD MEMBER, 127 1/2 MINNIE ST.
FAIRBANKS 99701 PH. 452-1601

FBX/LIO/MW \

LA33 1610 14.59 JA01 0057 14.59 03/28/80

TO SIOUX

WE HAVE ONE PERSON WHO WILL BE TESTIFYING
ON THE TELECONFERENCE ON H.B. 932.

THE NAME OF THE PERSON IS :

MR. AL ADAMS REPRESENTING KOTZEBUE VILLAGE CORP.

EOM

RICH \

LA11 1183 10.53 JA01 0017 10.53 03/28/80

TO DEBORAH OR FRED
FR KATHI

THE FOLLOWING HAVE INDICATED A DESIRE TO TESTIFY ON HB 932 THIS
MORNING.

ROGER LANGE

PHIL SMITH, RURALCAP

A PERSON FROM ALASKA NATIVE FOUNDATION

A PERSON FROM ALASKA FEDERATION OF NATIVES

House & SENATE C. P. A.
3/28/80
TELECONFERENCE

RICH \

LA11 1183 10.53 JA01 0017 10.53 03/28/80

TO DEBORAH OR FRED
FR KATHI

THE FOLLOWING HAVE INDICATED A DESIRE TO TESTIFY ON HB 932 THIS
MORNING. ANCHORAGE

ROGER LANGE
PHIL SMITH, RURALCAP
A PERSON FROM ALASKA NATIVE FOUNDATION
A PERSON FROM ALASKA FEDERATION OF NATIVES

FAIRBANKS

THE FOLLOWING IS A LIST OF PARTICIPANTS ON TODAY'S TELECONFERENCE
SEN. & HSE. JOINT COMMUNITY & REGIONAL AFFAIRS 3/28/80:

1. HELEN BARRETT, INTERIOR VILLAGE ASSOC., 127 1/2 MINNIE ST.,
FAIRBANKS 99701 PH. 452-1601
2. SMAUEL S. DENIENTIEFF, DOYON LTD, BOARD MEMBER, 127 1/2 MINNIE ST.
FAIRBANKS 99701 PH. 452-1601

FBX/LIO/MW \

KOTZEBUE

THE NAME OF THE PERSON IS :

MR. AL ADAMS REPRESENTING KOTZEBUE VILLAGE CORP.

EOM

HIS COPY

Register

COMMUNITY AND REGIONAL AFFAIRS

19 AAC 60.010

19 AAC 60.030

CHAPTER 60

RURAL DEVELOPMENT ASSISTANCE GRANT PROGRAM

Section

- 10. Scope of Regulations
- 20. Program Authority
- 30. Eligible Applicants
- 40. Eligible Projects
- 50. Grant Limitations
- 60. Form and Content of Application
- 70. Review of Application
- 80. Decision on Application
- 90. Filing Deadlines
- 100. Monitoring of Grant
- 110. Completion of Grant
- 120. Forced Closure of Grant
- 130. Appeals
- 140. Technical Assistance
- 150. Definitions

19 AAC 60.010. SCOPE OF REGULATIONS. The regulations in this chapter are prescribed for implementing, interpreting, and making specific the act providing state aid for rural development assistance, AS 44.47.130 - 140. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.020. PROGRAM AUTHORITY. The authority of the Department under AS 44.47.130 - 140 is delegated by the commissioner of Community and Regional Affairs to the Division of Local Government Assistance. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.030. ELIGIBLE APPLICANTS. (a) All communities in the state are eligible for rural development grants except:

(1) any first class or home rule city with a population greater than 2,000;

(2) any organized borough or unified municipality unless that organized borough or unified municipality has authority to receive and expend funds for the project proposed and further provided that the project directly benefits an otherwise eligible applicant, as defined in (b) of this section.

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COMMUNITY AND REGIONAL AFFAIRS

19 AAC 60.030

19 AAC 60.050

(b) An I.R.A., tribal or traditional council or a non-profit community organization, located within an organized borough or unified municipality, may apply for and receive a rural development grant if the following conditions exist:

(1) the borough or unified municipality in which the entity is located does not possess the necessary authority to receive and expend funds for the particular project; and

(2) the governing body of the borough or unified municipality has gone on record as supporting or stating non-opposition to the project.

(c) In the absence of a municipal government any I.R.A., tribal or traditional council, or a non-profit community organization representing an eligible community may apply for a rural development grant.

(d) Two or more eligible applicants may join together and submit a single application. In such case, the total amount of funding for which the project is eligible shall be an amount equal to the number of eligible applicants multiplied by \$40,000.00.

(Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.040. ELIGIBLE PROJECTS. To be eligible, projects must generate community development, the product of which may be, but is not limited to:

(1) creation of or continuance of permanent jobs in the community;

(2) an additional source of permanent income to the community;

(3) establishment of basic community facilities;

(4) a study determining the feasibility of a project leading to community development. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.050. GRANT LIMITATIONS. (a) Grants to any one community may not exceed \$40,000.00 in any fiscal year. Applications requesting funding for more than one fiscal year will be considered.

(b) All projects constructed with rural development grant funds, either wholly or partially, shall be open and available to the public during the normal hours of operation of the facility.

(Eff. / / Register)

Authority: AS 44.47.160

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COMMUNITY AND REGIONAL AFFAIRS

19 AAC 60.060

19 AAC 60.070

19 AAC 60.060. FORM AND CONTENT OF APPLICATION. (a) Application for a rural development grant shall be made on forms prescribed by the director. Application forms are available to eligible communities upon request.

(b) The following documents shall be appended to the application for:

(1) a resolution, signed by the governing body of the applicant community, endorsing the project;

(2) for applicants defined in 19 AAC 60.030(b), a statement from the governing body of the municipality stating the municipality lacks the authority to carry out the project and endorsing or stating non-objection to the project;

(3) a letter of intent or other form of cooperative agreement from each additional agency that will contribute to the project, if applicable;

(4) if a construction project, land documents such as title, lease, special use permit, or other documents demonstrating the applicant's authority to build upon and occupy the property;

(5) if a construction project, a plan of the proposed project;

(6) a list of materials to be purchased, if applicable;

(7) rental, lease, or other use agreements the project will be subject to upon completion, if applicable.

(8) if the applicant is located in a municipality which exercises the zoning power and/or building code power, an affidavit from the appropriate municipal official stating the proposed project complies with local zoning requirements and/or building codes.

(9) If a construction project, a letter from the State Fire Marshall's Office, stating that it has reviewed the construction plans. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.070. REVIEW OF APPLICATION. (a) Within 10 days of receipt of a grant application the division shall review it and determine if it contains all of the information required by these regulations. If the application is determined complete, the application shall be evaluated in accordance with the criteria established in section 080 of this chapter and a recommendation for or against funding, or for deferral of the project made to the director.

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Register

COMMUNITY AND REGIONAL AFFAIRS

19 AAC 60.070

19 AAC 60.090

(b) If an application is found deficient, it may be returned to the applicant together with comments conducive to correction of the deficiencies and resubmission of the application, or the applicant shall be requested, in writing, to submit additional information which will correct the deficiencies. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.080. DECISION ON APPLICATION. (a) A decision to fund a rural development grant shall be made by the director. The director's decision shall be based upon the following criteria:

- (1) commitment of the applicant to the project;
- (2) economic condition of the community;
- (3) impact of the project on the community;
- (4) condition of basic community facilities;
- (5) capability of the applicant to administer the grant;
- (6) availability of other funding sources;
- (7) relative priority with respect to other applications and with the overall public interest.

(b) In entering a decision to fund a grant application, the director may make funding of the grant contingent upon additional stipulations not contained in the grant application.

(c) Upon approval, disapproval, or deferral of a grant application, the applicant shall be notified in writing.

(d) A grant is considered awarded when the application has been approved and when the applicant and the department have signed a letter of agreement specifying, among other items, the purpose of the grant, the amount and the period of performance. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.090. FILING DEADLINES. (a) Grant applications will be considered for approval two times per year. In order to be considered, grant applications must be submitted in accordance with the following:

- (1) application period No. 1. Applications must be submitted to the division postmarked no later than December 1. A decision will be entered no later than February 1.

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COMMUNITY AND REGIONAL AFFAIRS

19 AAC 60.090

19 AAC 60.120

(2) application period No. 2. Applications must be submitted to the division postmarked no later than June 1. A decision will be entered no later than August 1.

(b) A grant application received after the deadline or considered but not funded in one application period will automatically be considered in the next application period, unless withdrawn by the applicant.

(c) Notwithstanding other provisions of this section the director may accept an application postmarked after December 1 if it is determined that the annual appropriation is sufficient to fully fund all previously submitted eligible applications. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.100. MONITORING OF GRANT. Each grant shall be monitored by the division. At any time during normal business hours there shall be made available to the division all records with respect to all matters covered by the letter of agreement. The division reserves the right to audit, examine, and make excerpts for transcripts from records relating to all matters covered by the letter of agreement. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.110. COMPLETION OF GRANT. (a) The project is considered completed and the grant closed when:

- (1) the letter of agreement is fully executed; and
- (2) the applicant requests that unused funds be returned to the division or the bank account reaches a zero balance; and
- (3) all expense reports, invoices, and checkbooks, including check stubs and unused checks, have been returned to the division; and
- (4) the governing body of the applicant community has adopted a resolution accepting the project as a public facility.

(b) Upon completion of the requirements of (a) of the section the division shall notify the grantee that the grant is closed. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.120. FORCED CLOSURE OF GRANT. (a) Upon failure to comply with the letter of agreement and any other grant stipulations, the division may give written notice by certified mail to the grantee, specifying such failure and stating the action needed to correct the deficiencies. Corrective action shall be taken by the grantee within 10 days of receipt of such written notice. The division may withhold payment of grant funds until there has been compliance by the grantee.

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COMMUNITY AND REGIONAL AFFAIRS

19 AAC 60.120

19 AAC 60.150

(b) If the grantee fails to comply with (a) of this section, the division, after giving at least 15 days written notice, may:

(1) close the bank account and return any remaining funds to the grant fund; and

(2) notify the grantee that the grant has been closed for cause, stating the cause, and stating that this closure will be considered in the evaluation of any future application. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.130. APPEALS. (a) Within 30 days of receipt of a letter advising the applicant that the director has denied a grant application, the applicant may appeal the denial to the commissioner. The appeal must be in writing and must identify the part or parts of the letter of denial to which the applicant takes exception.

(b) Upon receipt of a proper appeal of a denied application, the commissioner will review the record and enter a final determination. The commissioner may affirm, reverse, or modify the decision of denial. The applicant shall be notified in writing, within thirty days of the commissioner's decision. Notification shall include an explanation of why the decision was rendered.

(c) If the applicant fails to file an appeal within the time set forth in (a) of this section, the director's decision constitutes the final determination of the department.

(d) The commissioner's decision is final and is an act of discretion. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.140. TECHNICAL ASSISTANCE. The division will make every reasonable effort to respond to an eligible applicant's request for technical assistance in community development, grant development, grant administration and management. (Eff. / / Register)

Authority: AS 44.47.160

19 AAC 60.150. DEFINITIONS. Unless the context indicates otherwise in this chapter:

(1) "commissioner" means the commissioner of the department of community and regional affairs.

(2) "community" means a city of any class or an unorganized village which is a social unit.

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Register

COMMUNITY AND REGIONAL AFFAIRS

19 AAC 60.150

19 AAC 60.150

(3) "community development" means a fluid condition in which changes occur and there is maximum participation and cooperation among local people whose own resources are tapped for the betterment of the community;

(4) "department" means the department of community and regional affairs;

(5) "director" means the director of the division of local government assistance;

(6) "division" means the division of local government assistance within the department of community and regional affairs;

(7) "facility" means a permanent improvement constructed, operated, or maintained for the convenience of the public;

(8) "grant" means a rural development assistance grant awarded pursuant to these regulations;

(9) "grantee" means an eligible applicant who has been awarded a rural development assistance grant;

(10) "grant project" means the project for which use of rural development assistance grant funds is authorized as defined in the letter of agreement between the applicant and the division;

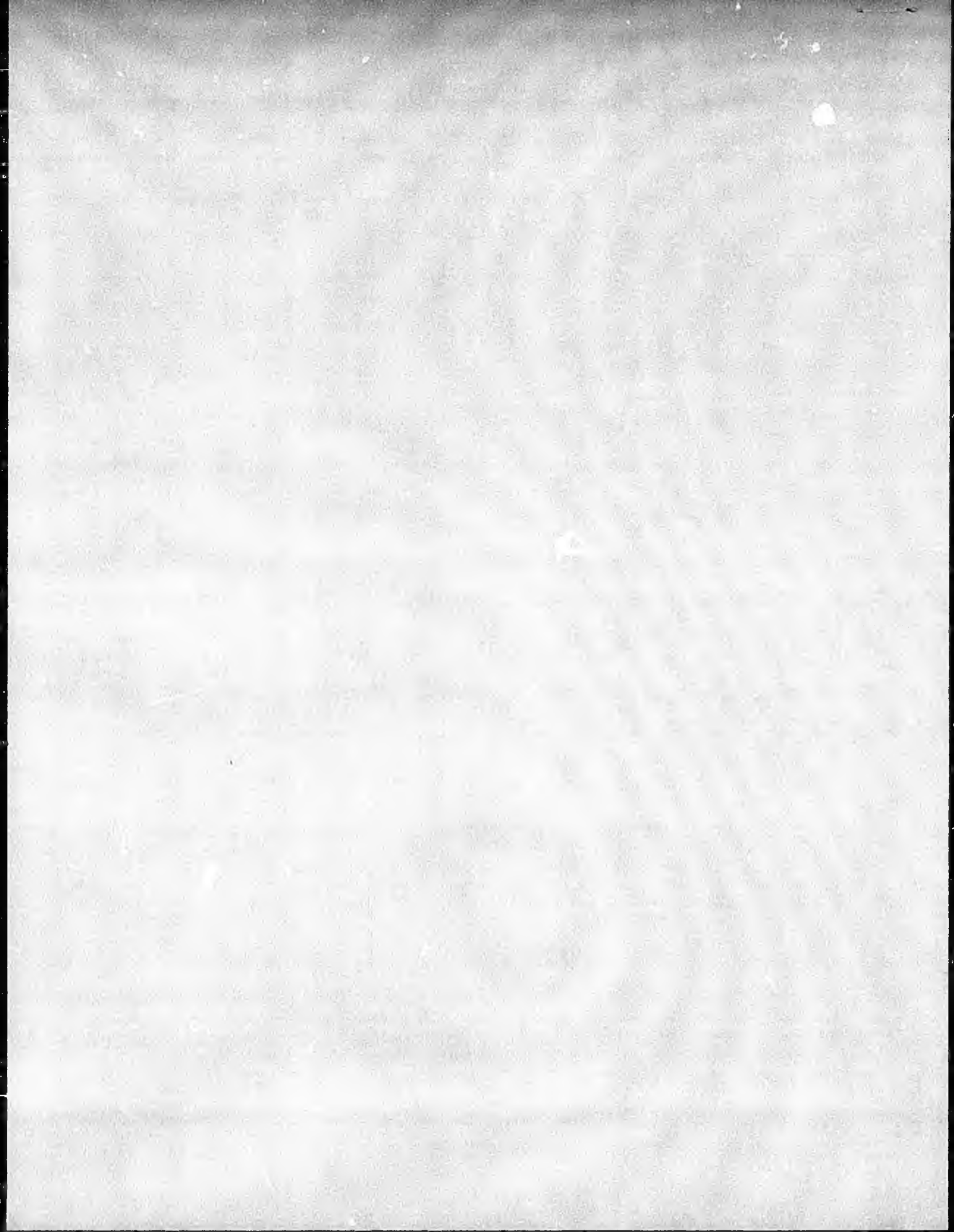
(11) "I.R.A. council" means a village council formed under the provisions of the Indian Reorganization Act of 1934 whose constitution and/or charter has been ratified by the Bureau of Indian Affairs, Department of the Interior. An I.R.A. council representing more than one community is excluded;

(12) "project" means a permanent improvement constructed, operated and/or maintained for the convenience of the public or a study which will lead to such permanent improvement;

(13) "tribal or traditional council" means an eligible recipient under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450) or the State and Local Fiscal Assistance Act of 1972 (31 U.S.C. 1221 and 24 C.F.R. Section 571.3(c));

(14) "non-profit community organization" means a local, rural organization that has organized under state law, adopted by-laws and elects its governing body in a manner that insures equal representation of the people residing in the community. Any non-profit organization representing more than one rural community is excluded. (Eff / / Register)

Authority: AS 44.47.160



STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B - JUNEAU 99811

April 7, 1980

RE: Proposed Regulations - Rural Development Assistance
Grant Program

Dear Legislators, Municipal Officials and other citizens:

Enclosed are copies of the notice of proposed regulations for the Rural Development Assistance (RDA) grant program and the proposed regulations.

Our purpose in submitting proposed regulations is as follows:

- 1) to make clear how applicants apply and qualify for the RDA grant program;
- 2) to clarify existing language and procedures.

You may submit oral or written statements or arguments at the hearings, or mail written statements directly to the Department as suggested in the attached notice. Closing date for comments will be May 15, 1980, 4 o'clock p.m.

Additional copies of the proposed regulations may be obtained at our Anchorage, Juneau, Bethel, or Nome offices.

If you have any questions about the proposed regulations or have any suggested changes, please call or write.

Sincerely,

Palmer McCarter
Palmer McCarter *by PKD*
Director

PM/1/1h

Enclosures:

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF
THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Notice is hereby given that the Department of Community and Regional Affairs, under authority vested in AS 44.47.160, proposes to amend regulations in Title 19 of the Alaska Administrative Code to implement AS 44.47.160 (concerning rural development) as provided below.

19 AAC 60.010-160, "Rural Development Assistance Grant Program Regulations" received 16 public hearing during September and October, 1978. For the purpose of taking testimony in connection with adopting the regulations.

Those regulations are hereby amended as follows:

----minor changes are made in wording of sections

----several sections reorganized and renumbered.

----19 AAC 60.090 (REVIEW PERIOD AND FILING DEADLINE) is amended to change application and review dates.

Notice is also given that any person interested may present oral or written statements or arguments relevant to the actions proposed at hearings held as provided below:

Small Conference Room, Second Floor, 225 Cordova Street, Building B, Anchorage, at 9:00 a.m. on April 30, 1980.

Conference Room, Second Floor, Community Building, 150 3rd. Street, Juneau, at 9:00 a.m. on April 30, 1980.

Governor's office, Second Floor, State Office Building on Front Street, Nome, at 9:00 a.m. on April 29, 1980.

Governor's office, Old Eskimo Building, Kotzebue at 1:00 p.m., April 30, 1980.

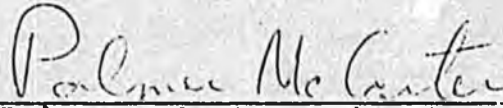
Local Government Assistance Division Office, Kuskokwim Office Building, Bethel, at 10:00 a.m. on April 25, 1980.

Conference Room, State Office Building, 675 7th. Avenue, Fairbanks, 9:30 a.m., May 7, 1980.

Copies of the proposed regulations may be obtained by writing: Division of Local Government Assistance, Department of Community and Regional Affairs, 225 Cordova Street, Building B, Anchorage, Alaska, 99501, or calling 276-1721.

The Department of Community and Regional Affairs, upon its own motion or at the instance of any interested person, may at the hearing or after it, adopt the proposals substantially as described above without further notice or may decide to take no action on them.

April 7, 1980



Palmer McCarter, Director
Local Government Assistance Division
Department of Community and Regional
Affairs

PM/lh

TELECONFERENCE HEARINGS



PACIFIC STANDARD TIME

TELECONFERENCE CONTACT SHEET

TAKEN BY FRED

TOPIC: H.B. 932

CREATED BY OFFICE OF RURAL DEVELOPMENT & RURAL DEVELOPMENT COUNCIL

COMMITTEE: SEN. HOUSE / C.D.R.A.

CONTACT TWILA OR MARTINE

PHONE 372 3824

DATE SCHEDULED 3/19

DATE: ~~3/23~~ 3/23 DAY: WED

LOCATION VALDEZ

TIME: ~~1:30~~ 1:30 - SCHEDULED DURATION: 2 HOURS

MODERATOR PAT HICKOK

SITES PARTICIPATING: ALL

CONFERENCE MODE: Audio Video

PUBLICITY:

PERSONS PARTICIPATING

SITE

ALL

Invitational

Committee making contacts

PSAs TO BE PROVIDED
date quantity

News Release
date quantity

Summary to be provided

Text to be provided

Quotes to be provided

Direct Mail
date quantity

Phone
date quantity

SPECIAL NOTES:

Post at Info. Office

Post other local locations

JUNEAU LOCATION:

GOV'S CONFERENCE ROOM

POST-TELECONFERENCE NOTE:

Participants	<u>0</u>
Observers	<u>3</u>
Total	<u>3</u>

LA33 1610 14.59 JA01 0057 14.59 03/28/80

TO SIOUX

WE HAVE ONE PERSON WHO WILL BE TESTIFYING ON THE TELECONFERENCE ON H.B. 932.

THE NAME OF THE PERSON IS :

MR. AL ADAMS REPRESENTING KOTZEBUE VILLAGE CORP.

EOM

LA11 1183 10.53 JA01 0017 10.53 03/28/80

TO DEBORAH OR FRED
FR KATHI

ANCHORAGE

THE FOLLOWING HAVE INDICATED A DESIRE TO TESTIFY ON HB 932 THIS MORNING.

- ROGER LANGE
- PHIL SMITH, RURALCAP
- A PERSON FROM ALASKA NATIVE FOUNDATION
- A PERSON FROM ALASKA FEDERATION OF NATIVES

LA21 1620 15.00 JA01 0058 15.00 03/28/80

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TO DEBORAH FROM MAXINE

I HAVE TO PEOPLE TO TESTIFY FROM FAIRBANKS

SAMUEL S DEMIENTIEFF, DOYON LTD BOARD

HELEN BARRETT, INTERIOR VILLAGEW ASSOC

CAN YOU GET THIS UP TO THE COMMITTEE?????????? FBX/LIO/MW \

LA21 1834 15.55 JA01 0077 15.55 03/28/80

#####

TO: DEBORAH G.

FROM: MAXINE W

THE FOLLOWING IS A LIST OF PARTICIPANTS ON TODAY'S TELECONFERENCE SEN. & HSE. JOINT COMMUNITY & REGIONAL AFFAIRS 3/28/80:

- HELEN BARRETT, INTERIOR VILLAGE ASSOC., 127 1/2 MINNIE ST., FAIRBANKS 99701 PH. 452-1601
- SAMUEL S. DENIENTIEFF, DOYON LTD, BOARD MEMBER, 127 1/2 MINNIE ST.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate CS for CS for HB 932 am Fin

Title An Act creating the Rural Development Council

Requested by _____

Date 5-28-80

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Commissioner's Office

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		118.2	139.0	158.4		
200 TRAVEL		68.9	75.8	83.4		
300 CONTRACTUAL		25.3	27.9	30.7		
400 COMMODITIES		2	2.2	2.4		
500 EQUIPMENT		3.5	.5	.6		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		217.9	245.4	275.5		

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		217.9	245.4	275.5		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		3	3	3		
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions:

- 1) Office of Rural Development and staff support based in Juneau;
- 2) Four required meetings per year, plus two special meetings;
- 3) Start-up costs in FY 81
- 4) Need for coordination of the Council's activities will be centered around the appointed Director, with research and clerical support by staff;
- 5) July 1, 1980 effective date
- 6) 10% inflation in FY 82 and FY 83.

Personal Services includes salaries and benefits for three full time employees:

Executive Director (Range 23A), a
Research Analyst III (Range 18A) and
Secretary I (Range 10A).

Marie Matsumoto

IV. DATE 5-28-80

PREPARED BY Lee McAnerney, Commissioner

AGENCY Department of Community & Regional Affairs

PHONE 465-4700

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Travel costs include travel and per diem for 16 board members for two meetings in Juneau, two in Anchorage and two in the bush and travel and per diem for the staff for the six meetings, six trips to rural communities and one trip for the Director to Washington, D.C. for meetings and advocacy.

Contractual costs are for printing and advertising and professional fees and services as well as office support (rentals of space, typewriter, telephone, copier use, etc.). Commodities and Equipment are for start up and maintainance of a small office.