

HB

932

# COMMITTEE REPORT

## SENATE

4/30/80

FURTHER: Finance

*Given Sen Socy 5-21-80*

Date: 5-20-80

Mr. President:

COMMUNITY AND REGIONAL  
AFFAIRS

The Committee on \_\_\_\_\_ has had CSHB 932(Finance)

creating the office of rural development, and the Rural Development Council

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)  same title
- replace with CS for \_\_\_\_\_  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

*Bob Mulcahy*  
\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
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\_\_\_\_\_  
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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

*Tom Kelly - No Rec*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Tom Kelly*  
CHAIRMAN

# Committee Log Book - 1980

Tape Number XXX

SENATE C/RA // Chairman Sturgulewski

Side Number 1

Committee

Present: Senators Kelly, Stimson, Mulcahy

Dates 5/20/80 to ---

Absent: Senator Rodey

## Bill Numbers Discussed

HCR 67	CSHB 932								
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Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
2:15 5/20/80	000	HCR 67	Chrmn Sturgulewski opened meeting.
		039	Sen. Kelly moved to pass out. / No objection.
	050	CSHB 932	Chrmn. Sturgulewski gave summary of bill.
	113		Sen. Mulcahy moved to adopt SCS / No Objections
			Additional amendments were discussed - and
			Sen. Mulcahy moved to adopt amendments
	190		Gordon Stockdale, AA to Rep. Duncan, Bill Sponsor
	265		Chrmn Sturgulewski/ Concern 44.19.226 (Staff)
	309		Sen. Kelly moved to delete 44.19.226
	320		Sen. Stimson - questions
	353		Sen. Stimson/ Kelly - sunset questions
	467		Sen. Stimson moved that amendment clearly showing repeal be made. No objections.
	513		Sen. Stimson - Questions: Council size, term length, etc.
	590		Sen. Stimson moved to pass SCS CSHB 932 with w/ individual recommendations. No objections.
	625	Next Mtg	Meeting with HUD Washington D.C. officials
	645	INTERIM WORK	Brief Discussion/ Summary

678 MEETING ADJOURNED



Official Business


# Alaska State Legislature

Senate  
Committee on  
Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

May 19, 1980

TO: Senator Bob Mulcahy  
Vice-Chairman  
Senator Tim Kelly  
Senator Pat Rodey  
Senator Terry Stimson

FROM: Arliss Sturgulewski   
Chairman

SUBJECT: Committee Meeting, Capitol Building, Butrovich Room

Tuesday, May 20, 1980 - 1:30 p.m.

HCR 67 - Relating to the Inuit Circumpolar Conference

SCS CSHB 932 - An Act creating the office of rural development, and the Rural Development Council; and providing for an effective date.

# Committee Log Book - 1980

Tape Number XXIX

SENATE C/RA // Chrmn Sturgulewski

Side Number 1 & 2

Committee

Dates 5/13/80 to ----

PRESENT: All members (Rodey late.)  
Senators Rodey, Stimson, Mulcahy, & Kelly

## Bill Numbers Discussed

CSHB 932	SB 546	NEW RES.							
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*1st part of  
TAPES did not  
take!*

Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
5/13/80 1:30	005	CSHB 932	Chrmn Sturgulewski/ cancelled hearing CSHB 932
	048	RES	" "/ introduces new resolution "White House Conference on Families
	079		Sen. Kelly objects
	085		Sen. Mulcahy has no objection to committee introduction, but might not favor concept.
	089		Sen. Stimson supports introduction
	097		Chrmn Sturgulewski will have introduced by the Committee by request.
	120	SB 546	Chrmn Sturgulewski
	156		Lee Sharp, City/Borough Attorney of Juneau "CS"
	250		Dennis Dooley, DOT-PF / few Adminis. concerns
			Jim Rhodes, AA to Rep. Malone // formula outline
	540		Sen. Kelly asks Rep. Malone's position.
	632		Sen. Rodey
	636		Margo Waring, AA to Chrmn. Sturgulewski
	729		Chrmn Sturgulewski/ impact on areas forming reg'l government?
	748		Sen. Kelly / Various questions
	812		Jim Rhodes
	850		Sen. Rodey moved to pass w/ individ. rec. Chrmn. Sturgulewski to pass/ Sen. Kelly objects





Official Business

# Alaska State Legislature

Senate  
Committee on  
Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

May 12, 1980

TO: Senator Bob Mulcahy  
Vice-Chairman  
Senator Tim Kelly  
Senator Pat Rodey  
Senator Terry Stimson

FROM: *(Signature)* Arliss Sturgulewski  
Chairman

SUBJECT: Committee Meeting, Capitol Building, Butrovich Room

Tuesday, May 13, 1980 - 1:30 p.m.

SB 546 - State aid for local capital projects/ Establishing Capital Foundation Fund

*Cancelled* CSHB 932 - An act creating the office of rural development, and the Rural Development Council; and providing for an effective date.

Senate Resolution for introduction - Relating to participation by the state in the White House Conference on Families.

H. C. R. A.  
Teleconference  
Present

3-28-80

HB 932

Senate

House

Sen. Shurgulevski

Rep. Parker

" Mulcahy

" Carney

" Zharoff

" Branson

" Metcalfe

1:30

Rep. Anderson - Dist. 16 - rural Alaska

17th, 18th - Economy

Native Land Claims

Metcalfe - rural rep.

testified earlier mtg. - govern. upon upon Coyer

Rep. Anderson - does not duplicate govern.

St. has not dup'd effort - to address considerations  
effort for St.

Metcalfe - supports concept - doesn't want government  
duplication

Ans. Roger Lang - Pres. of Native Fed'n -

Supports bill, concept plan

2 inquiries - 2 economic systems need cash  
" to survive

11 of studies - feasibility etc.

P2. P.2 - st. off. Why even consider there  
Commerce not?

P4 - 44.14.211 vague understanding - what does  
appropriate mean?

Item 3

Recomm report from Civil or Gov?

Annar - Hardy - Ec Dev. Div. Kenai Pen.

Definition of rural needs to be clarified -

~~President's proposal~~

Bob Peterson - Kodiak Econ. Devol. Plan

discuss. of "Native Cases" in villages in committee

Committee fully supports Bill -

concerns 1) lack of representation from Commerce  
2) no provision for Fed. gov. - people up and  
creative decided by legislative  
No.

see any need for such org etc.  
Urge strong support policy strat line 24 p1  
very <sup>ST 296</sup> needed

? Metcalfe - Fbx Town Vill Assoc

Feel they should have Reptatn in this legis?  
ans - area have rept<sup>ent</sup> over another area of  
representatn

major  
issues

Johnson } supposedly H. Est. in light  
intent bill - is necessary  
Sturgulwski  
Carnoy - St. Nicholas structure bkgp

Kelchne Albert Adams Pres. Village Encl of 107, ch -  
Place population criteria in small Comm  
only be policy encl

Lasilla } Plan:  
Bryan - rep. Village of Houston  
Rural Village or consists of

Andy Coon - Jim & Sir Skinght Haida Encl Encl days  
likes bill - very good for it. endorse  
1413 932  
Agency rept over whom rural represent  
Encl must have authority to recommend -  
Appts of At. Notaries to be consid. - Native Corps

Fbx. ~~Samuel~~ Samuel Doyon Hb Bul Mbr  
H. Est. St. Ltd Report p. 31

Ans - Phil Smith - Ex his Rural (affairs)

Sect 1, too open? Rural Dec. Meaning?  
Need for economic policy maximize capital/private  
investments

SUMMARY

- w / s c s changes

Rural Development  
(office of)

HOUSE BILL NO. 932, by the Rules Committee by request of the Legislative Budget and Audit Committee. Establishes the Office of Rural Development in the Governor's Office and the Rural Development Council as the policy council for the office. Council consists of the Lt. Governor, a member of each house appointed by the presiding officer of that house, four state officers appointed by the Governor, the Dir. of Policy Development and Planning, six members from the private sector appointed by the Governor. States the purpose of the Act is "... to create a governmental structure that will function as the advocate of rural economic issues and rural community issues concerning development within the state, federal, and local governments, and in the private sectors, and which will assist rural people and institutions in laying the foundations of a healthy rural private economic base." Office is required to submit a comprehensive activity report to the Legislature before January 15 of each year. Provides Act effective immediately.

Introduced March 4 and referred to Community & Regional Affairs and Finance.

May 20, 1980

TO: Billy Berrier, Director  
Division of Legal Services

FROM: Twyla Hartsock, Administrative Assistant  
Senate C/RA Committee

SUBJECT: SCS CSHB 932

The Senate C/RA Committee this date passed "Senate Committee Substitute" version (WO 7871-Berrier) out with the following additional amendments:

pg. 1 - line 6 - title: delete "the office of rural development, and"

pg. 2 - line 14: delete "Office of" and add "Council" following "development."

pg. 5 - lines 18-20: delete sec. 44.19.226.

pg. 5 - line 23: delete "and the office"

pg. 5 - line 27: add "Executive" between "the" and "director"; delete "of the office" and add "the" between "of" and "rural"

pg. 5 - line 28: add "Council" following "Development"

pg. 6 - lines 1 & 2: state more clearly this section will be repealed.

Would you please incorporate the above changes and return the final "SCS" jacketed version as soon as possible. When it is received, the bill will be immediately forwarded to the Senate Secretary's Office for transmittal to the next referral, the Senate Finance Committee.

- Rural Affairs Comm - 44.19.720 Inactive  
- Rural Development Agency - Under Title 44 - Repealed  
with Establishment of Dept CRA

Original sponsor: Rules/Legislative Budget  
and Audit Committee

Offered: 4/17/80  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 932 (Finance)

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

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\* 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 par-  
22 ties.

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(b) It is the policy of the legislature that

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(1) villages and small communities should have access to economic

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development opportunities;

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(2) there is a special commitment to the development of a private

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economic base for villages and small communities;

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(3) the state should use its resources and financial strength to

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encourage the development of a healthy, self-sustaining rural economy;

1 (4) the state has the primary policy responsibility to act and to  
2 catalyze commitment among many interests, including the state, federal govern-  
3 ment, local governments, and the private sector to promote a private economy  
4 in rural areas;

5 (5) the advocacy of a private economy compatible with preservation  
6 of the subsistence economy should be <sup>Among</sup> the highest priorities <sup>ies</sup> of state policy.

7 (c) It is the purpose of this Act to create a governmental structure  
8 that will function as an advocate of rural areas and small communities pre-  
9 senting development issues before state, federal, and local governments, and  
10 in the private sectors, and which will assist rural people and institutions  
11 in laying the foundations of a healthy rural private 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 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) the commissioners of the departments of transportation  
26 and public facilities, commerce and economic development, and community  
27 and regional affairs, and the director of the division of policy de-  
28 velopment and planning;

29 (4) six representatives of the private sector appointed by

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ADD OFFICE OF SUPERIOR

the governor who are residents of the rural area or small communities;

(5) the Alaska state director of the Farmers Home Administration of the United States Department of Agriculture and a designated representative of the Region X Rural Development Task Force who are ex officio members of the council and may attend and participate in all meetings of the council but may not vote.

(b) The members of the council appointed by the governor serve at the pleasure of the governor.

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

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

Sec. 44.19.211. PURPOSE OF THE COUNCIL. The purpose of the council is to provide policy <sup>Recommendation</sup> [direction] to the <sup>Chairman who will</sup> [office] and to <sup>assist the</sup> [office] assist the office in the performance of the duties of the office. The [council] shall assist in coordinating the economic development activities of all departments and agencies of government so that the need for those activities and the impact of those activities on small communities and rural areas is considered and assist in coordinating the activities of departments and agencies of government which have field responsibilities in the rural areas to the extent that those activities relate to economic development. The <sup>Chairman - May</sup> [council] shall also assist the office in its advocacy function.

Sec. 44.19.216. MEETINGS. The council shall meet at the call of the chairman <sup>delete</sup> [or legislative co-chairman] at the request of a majority of the members, and at least four times a year at a regularly scheduled time as determined by the members. The council may convene meetings of

heads of agencies or departments which are concerned with rural matters or economic development if the council determines a meeting to be useful.

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

(1) act as advocate for the development of an economic base which is compatible with preservation of the subsistence economy in rural Alaska, for community development and for public services which will enhance the opportunity for growth of an economic base <sup>small communities and</sup> in rural Alaska, and for other matters and programs useful to development of the private economy in rural Alaska;

(2) coordinate projects relating to economic development among departments and agencies;

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

(4) act as advocate for appropriate technology development and the advancement of entrepreneurial opportunities;

(5) encourage and assist in the creation and use of regional development enterprises.

Sec. 44.19.226. STAFF. <sup>DE/FE</sup> Within budget and appropriation limits, the director may hire staff and determine their compensation. Except for making inquiries, neither the council nor an individual member of the council may give orders to the staff on administrative matters.

Sec. 44.19.231. REPORTS. Before January 15 of each year the office shall submit to the legislature a comprehensive report describing the activities of the council and the office for the preceding year.

Sec. 44.19.236. DEFINITIONS. In AS 44.19.191 - 44.19.236

(1) "council" means the Rural Development Council;

(2) "director" means the director of the office of rural development;

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

\* Sec. 3. AS 44.66.010(a) is amended by adding a new paragraph to read:

(8) office of rural development and Rural Development Council  
(AS 44.19.191 - 44.19.236) -- June 30, 1987.

\* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-  
070(c).

*Bevler*

Original sponsor: Rules/Legislative Budget  
and Audit Committee

Offered: 4/17/80  
Referred: Rules

*Revision Request ①*

IN THE HOUSE

BY THE FINANCE COMMITTEE

SCS FOR CS FOR HOUSE BILL NO. 932 (Community and Regional Affairs)

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An act creating the Rural Development Council; and providing for an effective date."

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

\* Section 1. FINDINGS; POLICY, PURPOSE. (a) The legislature finds that there is a public interest in the development of a healthy private economic base in rural Alaska, that the rural areas of the state and the many small communities of the state have been in economic crisis for decades, and that in many rural communities a private economic base has ceased to exist which conditions endanger the economic, social, and cultural well-being of the state's rural citizens and the healthy growth and balance of the state's entire economy. The legislature further finds that while many opportunities for economic growth may be available to rural areas, 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 policymaker and therefore requiring a special initiative on the part of all concerned parties.

(b) It is the policy of the legislature that

- (1) villages and small communities should have access to economic development opportunities;
- (2) there is a special commitment to the development of a private economic base for villages and small communities;
- (3) the state should <sup>use</sup> its resources and financial strength to encourage the development of a healthy, self-sustaining rural economy;

(4) the state has the primary policy responsibility to act and to catalyze commitment among many interests, including the state, federal government, local governments, and the private sector to promote a private economy in rural areas;

(5) the advocacy of a private economy compatible with preservation of the subsistence economy should be <sup>DIRE OF</sup> the highest priority <sup>ies</sup> of state policy.

(c) It is the purpose of this Act to create a governmental structure that will function as an advocate of rural areas and small communities presenting development issues before state, federal and local governments, and in the private sectors, and which will assist rural people and institutions in laying the foundations of a healthy rural private economic base.

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

Sec. 44.19.201. COUNCIL ESTABLISHED. (a) There is established in the Office of the Governor the Rural Development Council. The chairman of the Council is appointed by the Governor and serves at his pleasure.

(1) The Council shall be located in the Office of the Governor.

The council consists of

- 22 (1) *THE GOVERNOR'S DESIGNATED CHAIRMAN;*
- 23 (2) a member of each house of the legislature appointed by
- 24 the presiding officer of that house;
- 25 (3) the commissioners of the departments of transportation
- 26 and public facilities, commerce and economic development, and community
- 27 and regional affairs, and the director of the division of policy de-
- 28 velopment and planning;
- 29 (4) six representatives of the private sector appointed by
- 1 the governor who are residents of the rural area or small communities;
- 2 (5) the Alaska state director of the Farmers Home Administra-
- 3 tion of the United States Department of Agriculture and a designated
- 4 *AKSD, AK. DEPT. OF INTERIOR REP.* representative of the Region X Rural Development Task Force who are ex
- 5 officio members of the council and may attend and participate in all
- 6 meetings of the council but may not vote.
- 7 (b) The members of the council appointed by the governor serve at
- 8 the pleasure of the governor.

<sup>State &</sup> representatives from federal agencies, local governments, or other groups, and interested individuals to participate as deemed appropriate by the council.

(3) Compensation. The members of the Council who are not state or federal government representatives are entitled to receive reimbursement for travel expenses and per diem incurred on Council business in accordance with AS 39.20.180.

(4) Officers. There shall be officers of the Council as follows:

(a) A chairman;

The chairman may designate a vice-chairman who may preside in the chairman's absence.

(b) An executive director will be provided from the Office of the Governor.

Sec. 44.19.211. PURPOSE OF THE COUNCIL. The purpose of the Council is to provide policy <sup>RECOMMENDATION</sup> to the governor and the legislature. The <sup>CHAIRMAN</sup> shall assist in <sup>THE DIRECTOR</sup> coordinating the economic development activities of all departments and agencies of government so that the need for those activities and the impact of those activities on small communities and rural areas is considered and assist and coordinating the activities of departments and agencies of government which have field responsibilities in the rural areas to the extent that those activities relate to economic development. The <sup>CHAIRMAN</sup> shall also assist the governor in his advocacy function.

Sec. 44.19.216. MEETINGS. The Council shall meet at the call of the governor, the chairman, at the request of a majority of the members, and at least four times a year at a regularly scheduled time as determined by the members. The Council may convene meetings of heads of agencies or departments which are concerned with rural matters or economic development if the Council determines a meeting to be useful.

Sec. 44.19.221. POWERS AND DUTIES OF THE COUNCIL. The Council shall

(1) investigate and assess rural conditions;

(2) act as advocate for the development of an economic base which is compatible with preservation of the subsistence economy in rural Alaska, for community development and for public services which will enhance the opportunity for growth of an economic base <sup>Small Communities &</sup> in rural Alaska, and for other matters and programs useful to development of the private economy in rural Alaska;

(3) develop and recommend to the governor and the legislature rural development goals and policies;

(4) recommend to the governor and the legislature activities, programs, projects or strategies which will stimulate rural development in Alaska in accordance with adopted state rural development policies;

(5) recommend to the governor and the legislature the most effective uses of available federal funds to implement the priorities itemized in (4) above;

(6) assist in the interagency and intergovernmental coordination of <sup>ECONOMIC</sup> development issues, <sup>REPORTS</sup> activities, in Alaska;

(7) submit to the governor, within one year of the effective date of this order and on a yearly basis thereafter, a report containing a summary of the Council's activities regarding the duties under (1), (3), and (4) of this section and making recommendations as to future rural development activities;

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

(9) act as advocate for appropriate technology development and the advancement of entrepreneurial opportunities;

(10) encourage and assist in the creation and use of regional development enterprises.

The Council in complying with (4) in Sec. 44.19.221 may

(1) identify opportunities for joint investment strategies;

(2) facilitate rural development efforts approved by the governor by

(a) identifying interagency or intergovernmental procedural obstacles and providing assistance to such efforts in meeting legal requirements.

(b) coordinating technical and financial assistance efforts.

(c) offering its services as a mediator on specific conflicts arising in rural development issues.

Sec. 44.19.228. STAFF. Except for making inquiries, neither the Council nor an individual member of the Council may give orders to the staff on administrative matters.

Sec. 44.19.231. REPORTS. Before January 15 of each year, the Council shall submit to the legislature a comprehensive report describing the activities of the Council for the preceding year.

Sec. 44.19.236. DEFINITIONS. In AS 44.19.191 - 44.19.236

(1) "council" means the Rural Development Council;

(2) "director" means the director of the Rural Development Council.

• Sec. 3. AS 44.66.010(a) is amended by adding a new paragraph to read:

(3) Rural Development Council (AS 44.19.191 - 44.19.236) -- June 30, 1987.

• Sec. 4. This Act takes effect immediately in accordance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. HB 932 and Senate CS for CS for HB 932  
 Title An Act creating the Rural Development Council, etc.  
 Requested by Jim Duncan, Chmn., Budget & Audit Comm. Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Office of the Governor  
 Program Category Affected Rural Development Council  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (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		106.1				
200 TRAVEL		29.5				
300 CONTRACTUAL		15.0				
400 COMMODITIES		2.0				
500 EQUIPMENT		6.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>						

FUNDING (Thousands of Dollars)

GENERAL FUND		158.6				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		3.0				
PART TIME		36.0				
TEMPORARY						

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

Personal Services:

Executive Director, Range 24	\$48,792
Clerk Typist, Range 7	15,324
Secretary, Range 12	20,772
<b>Total Salaries</b>	<b>\$84,888</b>
Add 25% Benefits	21,222
<b>Total Personal Services</b>	<b>\$106,110</b>

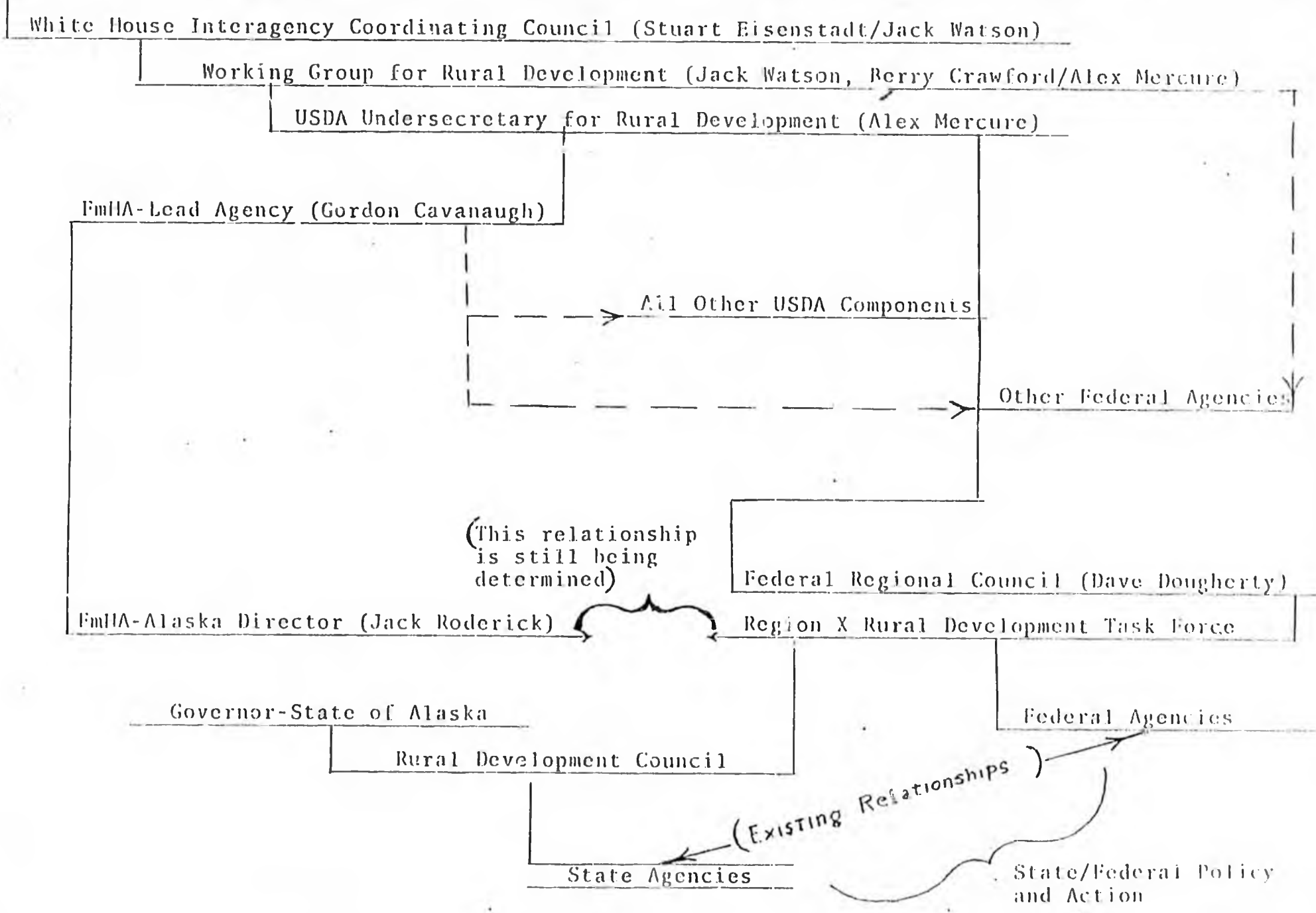
<u>Travel:</u> 13 members x 6 meetings @\$250 =	19,500
staff travel	10,000
<b>Total travel</b>	<b>\$ 29,500</b>

<u>Contractual:</u> Phone, postage, etc., \$5,000;	
space, \$10,000	\$ 15,000

IV. DATE 4-14-80 PREPARED BY Milt Barker  
 AGENCY Legislative Finance  
 PHONE 465-3795

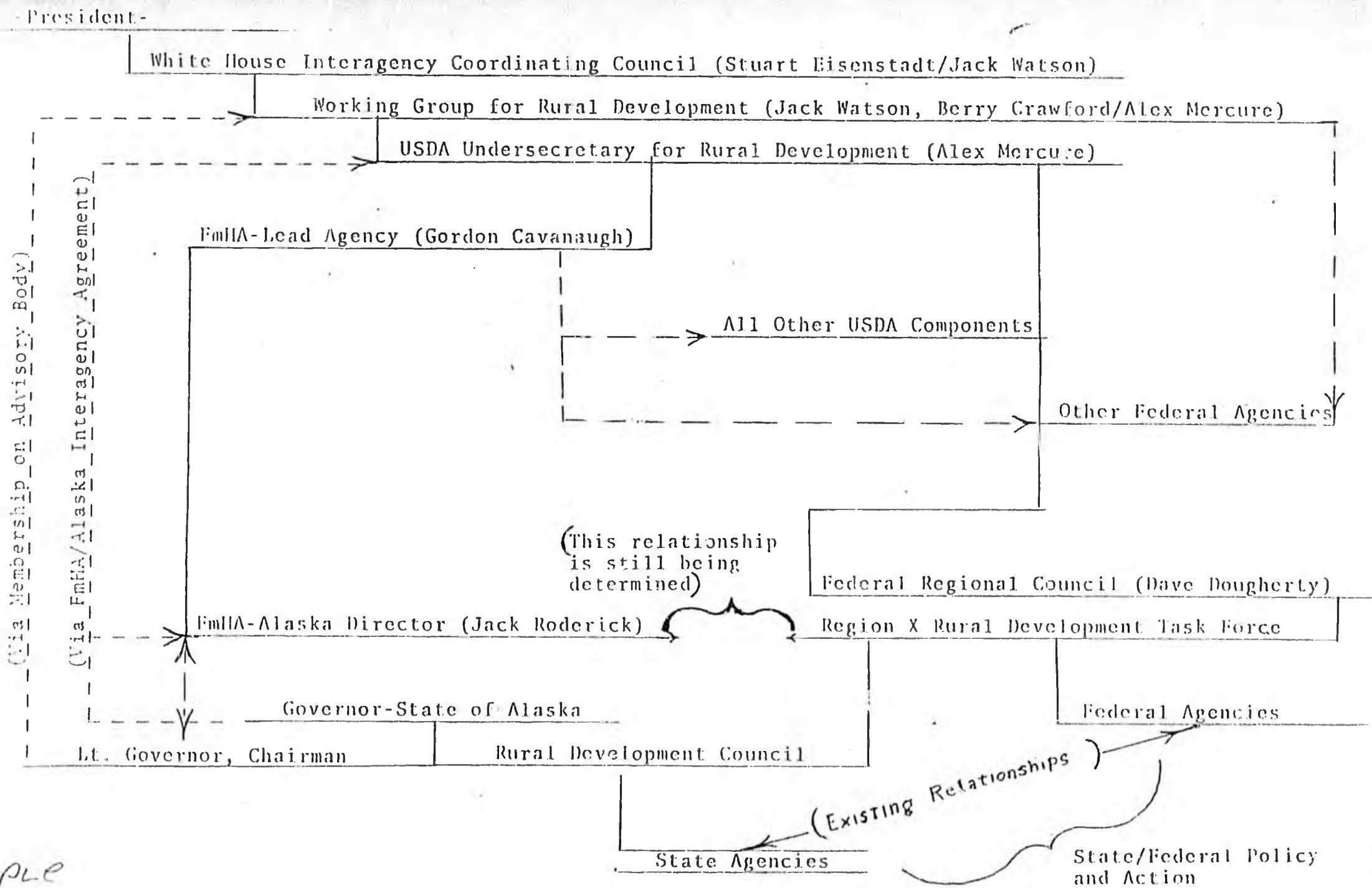
Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

-President-



(This relationship is still being determined)

Example #1



Example #2

QUESTIONS & ANSWERS RE. HB 932

Q. Does this bill establish another agency to do what existing agencies should be doing now?

A. (1) The purpose of the office is to provide a focus of state agency activities and state investments for the purpose of finding our maximum leverage position with federal spending and private capital investment strategies.

There is no encroachment on the specific program duties of any existing agency.

(2) The office created is not an agency, it has no powers to receive and expend program monies, and the office and council are subject to sunset review.

(3) There is a need to begin reconciling the many disparate positions and interests representing Alaska's traditional and emerging economic aspirations. A consensus must be achieved among the many divergent positions that presently compete, to the detriment of all parties and the whole state in particular. Such a consensus, however limited it may be at the beginning, will allow the state to develop policies that may be vigorously pursued.

Q. Why should the legislature establish this office and council by statute?

A. (1) This bill describes Alaska's specific response to the president's invitation to participate in his New Rural Policy. By establishing the council in statute the legislature will be strongly supporting the Governor while creating a body through legislative intent that is capable of getting things done.

(2) The Governor's Office has indicated they would have established this council by executive order anyway - this bill considerably enhances the state consensus represented by the council in matters of Alaska/Federal economic policy.

Q. Would this legislation be of benefit to urban areas in Alaska?

A. To the extent that our urban economies are service oriented, which is considerable, those economies are dependent on the health and growth of the state's resource based economy. The future of this economy is largely in rural Alaska, hence rural development is also urban development.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 932

Title an Act creating the Office of Rural Development, etc

Requested by Jim Duncan, Chmn., Budget & Audit Committee Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Office of the Governor

Program Category Affected Office of Rural Development

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(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		106.1				
200 TRAVEL		29.5				
300 CONTRACTUAL		15.0				
400 COMMODITIES		2.0				
500 EQUIPMENT		6.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND		158.6				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		3.0				
PART TIME		36.0				
TEMPORARY						

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

Personal Services:

Executive Director, Range 24	\$48,792
Clerk Typist, Range 7	15,324
Secretary, Range 12	20,772
Total Salaries	\$84,888
Add 25% Benefits	21,222
Total Personal Services	\$106,110

Travel: 13 members x 6 meetings @\$250 =	19,500
Staff travel	10,000
Total travel	\$ 29,500

Contractual: Phone, postage, etc., \$5,000;	
space, \$10,000	\$ 15,000

IV. DATE 4-14-80

PREPARED BY Milt Barker

AGENCY Legislative Finance

PHONE 465-3795

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

# STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

JAY S. HAMMOND, GOVERNOR

465-2601

POUCH 0 - JUNEAU 99811

May 13, 1980

The Honorable Arliss Sturgulewski  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Sturgulewski:

It is my understanding that the Senate Community and Regional Affairs Committee is currently considering HB 932, the Rural Development Act. Your staff has asked me to provide the Committee with a list of functions of the Department of Environmental Conservation for the Committee's use in determining appropriate representation of State agencies on the Rural Development Council. That list follows:

1. Funding construction of water and sewer facilities under the federal and State water and sewer bond programs and the Village Safe Water program. Under legislation already passed by the Committee, solid waste facilities would be grant eligible. We also certify and assist in the training of water and wastewater system operators.
2. Review of plans for surveillance of air emission sources, sewerage systems including on-lot sewage disposal (subdivision review), drinking water supplies and solid waste disposal facilities.
3. Oil and hazardous waste spill prevention and cleanup. This fiscal year the department will develop a model contingency plan for small communities for oil spill protection.
4. Certification of dredge and fill activities and other activities resulting in discharge into navigable waters for compliance with State water quality standards. Under the Federal Clean Water Act, a designated State agency must provide the certification of activities requiring permits from the Corps of Engineers, Environmental Protection Agency, Coast Guard (bridges), and Federal Energy Regulatory Commission (dams).
5. Membership on the Coastal Policy Council.

The Honorable Arliss Sturgulewski

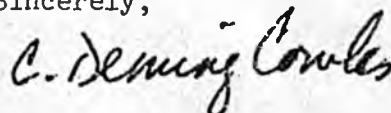
-2-

May 13, 1980

6. Analysis of various water related environmental problems, with proposed solutions, such as waste oil generation and disposal, and sewage disposal.

If I can be of any further assistance in this matter, please advise.

Sincerely,



C. Deming Cowles  
Deputy Commissioner



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

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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  
RE: 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

Jay Barton  
President

UNIVERSITY OF ALASKA  
FAIRBANKS ALASKA 99701

May 5, 1980

Dear Senator Sturgulewski and Committee Members:

CSHB932, creating an office of rural development and a Rural Development Council, has been referred to Senate Community and Regional Affairs Committee after having passed on the House floor.

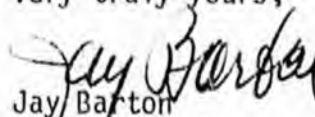
The original HB932 proposed a sixteen voting-member Council. CSHB932 deleted "two members appointed by the Governor who are engaged in private enterprise which has significant rural involvement" and "the director of cooperative extension service of the University of Alaska" (p. 3, HB932). The director of cooperative extension may not have been the most appropriate representative, however, I would suggest that the University of Alaska's massive data collection on rural Alaska, would make University representation a valuable asset to the Council.

The Agricultural Experiment Station, the Institute of Social and Economic Research, the Mineral Industry Research Laboratory and the Arctic Environmental Information and Data Center, to name a few, have all worked extensively and accumulated a wealth of information on rural Alaska. Incidentally, the State Legislature created three of the above named institutes and mandated the fourth. They and other research institutes are described in the 1978-79 Research Annual Report which was sent to you in early February.

As a land grant institution, the University of Alaska is attempting to respond to the needs of the people of the State. University membership on the Rural Development Council would serve the mutual purpose of keeping the University informed of the changing needs and priorities of rural Alaska while bringing University resources to bear in the deliberations of the Council.

I recommend that a provision be incorporated into CSHB932 which would add to the council a representative of the University of Alaska research institutes, to be appointed by the President of the University. Whether or not a University representative is added, I would encourage the research institutes to cooperate with the office of rural development and the Rural Development Council whenever possible. I believe that University membership on the Council would expedite communication and cooperation.

Very truly yours,

  
Jay Barton  
President

JB:ca

Senator Arliss Sturgulewski, Chairperson  
Senate Community and Regional Affairs Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811



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 govenment and rural Alaskans. A possible alternative may be the creation of rural desks within state departments. However; cost constraints make this opiton 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



COOPERATIVE EXTENSION SERVICE

UNIVERSITY OF ALASKA  
FAIRBANKS ALASKA 99701

May 2, 1980

Senator Arliss Sturgulewski  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Arliss:

I have reviewed the committee substitute for House Bill 932, which I understand passed the House recently and is referred to your committee. An earlier version included the Director of Cooperative Extension as a member. The version which I understand passed dated 4/18/80 does not.

As you know, the Director of Cooperative Extension serves as continuing Executive Secretary of the Alaska Rural Development Council. That role has provided continuity for the Council since its inception in 1971. I believe that the record of the Council has been very positive in promoting communication, a public forum, and coordination of state, federal, local government, and private agency coordination.

The legislation as proposed in #932 appears to move another step in addressing coordination in the developing of policy and programs as it relates to rural Alaska.

Retaining the Director of Extension as a member of the Council proposed originally in #932 would provide an important linkage between the two structures, which although have similar interests would very likely address their role at a different pace. It would also provide a linkage with outreach programs of the University that have as a principle mission educational support oriented towards development of rural Alaska.

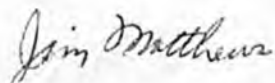
I hope that consideration can be given to that concern as the Senate addresses their interest in the legislation. The Executive Secretary of the Alaska Rural Development Council is a member of the Board of Directors of the Council.

Attached for your information is a copy of the Council's brochure, currently being updated, and a copy of letterhead that reflects the scope of involvement in the Alaska Rural Development Council.

Senator Arliss Sturgulewski  
May 2, 1980  
Page 2

Thanks for your consideration in this matter, which I understand is now being considered by your committee.

Sincerely,



James W. Matthews  
Director

JWM/ml

Attachments

cc: Senator John Sackett  
Senator Jalmar Kerttula  
Senator Glenn Hackney  
Senator George Hohman  
Marvin Meier - USFS & Chairman of the Alaska Rural  
Development Council



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

January 21, 1980

SUBJECT: Special Assignment on Alaska

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 Morrie 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:

- o Political labels are quite unimportant. Support for 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.
- o Development needs are well defined and understood as you heard when you were there last June.
- o 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.
- o The State must develop a self-sustaining economy--and, in particular, a viable agriculture economy--in order to avoid continuous boom and bust cycles.
- o The main problems are seen as the inflexibility of federal programs, in 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.

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 <sup>u</sup>myriads of task forces, committees, subcommittees, conferences, hearings, and on and on 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 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 Bergland 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 of 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, 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.

*funding*

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:

- o 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.
- o 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.
- o As a broader than FmHA/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.

- o 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.
- o 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 train, 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 Palmer to get something going right away.

NOTES:

- o 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.
- o 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.
- o 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.
- o A study to inventory all of the task forces, committees, etc., involving federal agencies is underway under the aegis of the Seattle FRC.

CRAIG BIGLER

T  
File #B932

**CITY OF AKIACHAK**

AKIACHAK CITY COUNCIL  
AKIACHAK, ALASKA 99551  
(907) 543-2001

Senator Arliss Sturgul<sup>us</sup>ky  
Alaska State Senate  
Pouch V  
Juneau, Alaska -99811-

Dear Senator Sturgul<sup>us</sup>ky:

I would like to extend my thank you on behalf of A.V.C.P., Employment & Training, and other City Administrators who participated on the Government outreach Program.

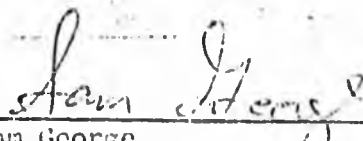
I really appreciate your concern for formation of Rural Development Office and formation of Rural Development Council. Your effort as a chairman for Senate Community and Regional Affairs Committee will have positive economic impacts to rural Alaska Communities.

I have drafted a resolution supporting H.B. 932 to be adopted by Akiachak City Council. Your effort to establish healthy economic base will benefit the whole community as well as other villages.

Your support to allow more Revenues to be allocated to rural Alaska will help municipal governments to establish healthier economic base.

Thank you for your effort.

Sincerely,

  
\_\_\_\_\_  
Sam George  
City Administrator

CC/ Theresa Peoples  
Local Government & Training  
Coordinator

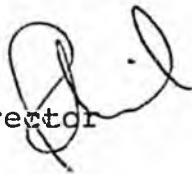
John Angalak  
Director

# Rural Alaska Community Action Program, Inc.

*T has  
this will be  
coming me from  
House*

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 ' OR THE DIRECTION TO DO THE JOB. SINCE THERE IS A PERCE' OF COMMITMENT ON THE PART OF THE ADMINIS- TRATION TO FORTHRIGHTLY ADDRESS THE PROBLEM, I AM CONCERNED THAT ALL THIS BILL REALLY DOES IS TO HAND THE GOVERNOR YET ANO- THER STRUCTURE WHICH MAY OR MAY NOT FUNCTION. THEREFORE, BOTH THE POWER AND THE AUTHORITY OF THE COUNCIL NEED TO BE CONSIDER- ABLY EXPANDED.

ANOTHER CONCERN I HAVE WITH THE STRUCTURE, SCOPE, FUNCION, 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 PROMUL- GATION 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 GOVERN- MENT 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 GOVERN- MENT 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 PRESI- DENT 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.

SPECIAL PROJECTS OFFICE  
Office of the Governor

TO: Twyla Hartsock A.A.  
% Senator Stungulewski

MAIL STOP: Rm 100 - ~~Project~~ Assembly

FROM: JULIE HICKEY  
special projects office  
office of the Governor

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message:

The letter was on the  
blank. If this doesn't  
work, I'll be glad to  
retype it again for you tomorrow  
if you - better copy

Date: 3-19-80

MR. CHAIRMAN, SENATORS AND MEMBERS OF THE COMMITTEE:

MY NAME IS BOB PALMER. I AM THE SPECIAL PROJECTS COORDINATOR FOR THE OFFICE OF THE GOVERNOR AND I AM HERE TODAY TO PRESENT THE VIEWS OF THE HAMMOND ADMINISTRATION ON HOUSE BILL 932.

PERHAPS A LITTLE BACKGROUND WOULD BE BENEFICIAL TO PUT THE SITUATION IN FOCUS.

GOVERNOR HAMMOND AND I ATTENDED THE ANNUAL MEETING OF THE WESTERN GOVERNORS' ASSOCIATION IN ELMOON, IDAHO, LAST SUMMER -- JUNE 10 - 13, 1979. AT THAT MEETING, JACK WATSON, EXECUTIVE ASSISTANT TO PRESIDENT CARTER, AND ALEX MERCURE, UNDERSECRETARY OF AGRICULTURE, PRESENTED TO THE GOVERNORS A SUMMARY OF A NEW FEDERAL PROGRAM THAT HAS COME TO BE KNOWN AS THE WHITE HOUSE RURAL INITIATIVES PROGRAM. THIS WAS PRESENTED AS A TOP PRIORITY PROGRAM OF PRESIDENT CARTER WITH JACK WATSON AND ALEX MERCURE SERVING AS CO-CHAIRMEN. THE ULTIMATE OBJECTIVE IS SIMPLY TO IMPROVE LIVING CONDITIONS AND LIVES OF THE PEOPLE IN RURAL AMERICA. ALL ALASKA IS REALLY RURAL OR SMALL COMMUNITY AND THE OVERALL STATE WOULD BE INVOLVED IN THIS EFFORT.

SHORTLY AFTER THAT MEETING, UNDERSECRETARY MERCURE SPENT ABOUT TEN DAYS TRAVELING THROUGHOUT RURAL ALASKA, SURVEYING THE LIVING CONDITIONS AND FAMILIARIZING HIMSELF WITH SOME OF THE PROBLEMS OF ALASKA.

AT THE END OF THAT TIME, HE MET WITH GOVERNOR HAMMOND AND ME TO DISCUSS THE POSSIBILITY OF ALASKA ACCEPTING THE FEDERAL GOVERNMENT'S OFFER TO JOINTLY ADDRESS THE PROBLEM AND ATTEMPT TO GET BETTER RESULTS FROM THE FEDERAL DOLLARS NOW COMING INTO ALASKA.

AT THE END OF THAT MEETING, GOVERNOR HAMMOND STATED THAT HE DID WISH TO INITIATE SUCH A PROGRAM TO MAKE THAT COMMITMENT TO RURAL DEVELOPMENT AND THAT THE ALASKA AGRICULTURAL ACTION COUNCIL WAS DESIGNATED AS THE STATE AGENCY RESPONSIBLE FOR THE PROGRAM IN ALASKA. GOVERNOR HAMMOND REPEATED THOSE STATEMENTS IN A SUBSEQUENT LETTER TO SECRETARY BERGLAND, SECRETARY OF AGRICULTURE. ON THE WASHINGTON LEVEL, THE DEPARTMENT OF AGRICULTURE IS THE LEAD AGENCY OF A TEAM COMPOSED OF TOP-LEVEL PEOPLE DESIGNATED FROM MOST OF THE OTHER DEPARTMENTS. ON THE REGIONAL LEVEL IN SEATTLE, THE TEAM IS CHAIRED BY DON CAMPBELL, U.S. DEPARTMENT OF AGRICULTURE.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

November 14, 1979

TO WHOM IT MAY CONCERN:

This is to introduce Kris Patterson, a Research Associate with the Alaska Native Foundation.

The Foundation is working on a project for the Legislative Budget and Audit Committee to research and document the background, mechanisms and success of the interagency agreements between the Federal Government and various states.

Information gleaned from this process and subsequent recommendations are being developed in cooperation with the Office of the Governor.

We would appreciate any assistance which you can provide Ms. Patterson relative to this project.

Handwritten signature of Bob Palmer in cursive script.

BOB PALMER

Special Projects Coordinator  
Office of the Governor

Handwritten signature of Representative Jim Duncan in cursive script.

REPRESENTATIVE JIM DUNCAN

Chairman  
Legislative Budget and Audit Committee

A CONSIDERABLE AMOUNT OF TIME HAS ELAPSED AS THE FEDERAL GOVERNMENT FLESHED OUT THE BONES OF WHAT WAS ORIGINALLY ONLY THE SKELETON OF A CONCEPT.

ON DECEMBER 20, 1979, PRESIDENT CARTER FINALLY WENT PUBLIC WITH THE OFFICIAL ANNOUNCEMENT OF THE WHITE HOUSE RURAL INITIATIVES PROGRAM AND THE MECHANISM FOR ACCOMPLISHING ITS OBJECTIVES BEGAN TO TAKE SHAPE.

OVER THE MONTHS, THE GOVERNOR'S OFFICE HAS HAD NUMEROUS CONTACTS WITH WHITE HOUSE OFFICIALS AND SECRETARY MORGAN IN TRYING TO DETERMINE HOW THE PROGRAM WAS EVOLVING AND THE PROPER ROLE OF THE STATE IN ORDER TO MAXIMIZE THE BENEFIT TO THE STATE AND ITS PEOPLE.

FINALLY, ON THE 26TH OF FEBRUARY, THE GOVERNOR AND I MET WITH WHITE HOUSE OFFICIALS AT THE NATIONAL GOVERNORS' ASSOCIATION ANNUAL MEETING IN WASHINGTON, D.C., AND LAID OUT THE SCENARIO AS WE WOULD LIKE IT TO WORK IN ALASKA. THERE WAS COMPLETE APPROVAL OF OUR PROPOSAL.

*HB 932 introd. Mar. 4, 1980*

ON MARCH 7, THE ALASKA STATE COMMISSIONERS OF COMMERCE AND ECONOMIC DEVELOPMENT,

COMMUNITY AND REGIONAL AFFAIRS, EDUCATION, FISH AND GAME, HEALTH AND SOCIAL SERVICES, LABOR, MILITARY AFFAIRS, NATURAL RESOURCES, AND TRANSPORTATION WERE ADVISED OF THE GOVERNOR'S INTERACTION WITH THE FEDERAL GOVERNMENT AND REQUESTED TO DESIGNATE A TOP-LEVEL ASSISTANT TO SERVE ON THIS TEAM, COMMITTEE OR COUNCIL OR BECOME MEMBERS THEMSELVES. THE DIVISION OF POLICY DEVELOPMENT AND PLANNING HAD ALREADY BEEN BROUGHT ON BOARD. SIMULTANEOUSLY, WE BEGAN SEARCHING FOR A FULL-TIME EXECUTIVE DIRECTOR TO STAFF THE COMMITTEE OR COUNCIL. ?

WE ARE BROADENING THE EXPERTISE OF THE GROUP STILL MORE BY INVITING REPRESENTATIVES FROM THE ALASKA FEDERATION OF NATIVES, AS WELL AS OTHERS FROM THE PRIVATE SECTOR, WITH BACKGROUND AND KNOWLEDGE OF RURAL ALASKA.

AS AGREED TO BY THE WHITE HOUSE, THIS GROUP--WITH VERY BROAD-BASED EXPERTISE AND EXPERIENCE IN RURAL ALASKA--WILL ATTEMPT TO IDENTIFY THE MAJOR PROBLEMS OF RURAL ALASKA, AGREE UPON THE BEST SOLUTIONS TO THOSE PROBLEMS, PRIORITIZE THE PROBLEMS AND SOLUTIONS, THEN WORK WITH THE FEDERAL GOVERNMENT TO REDIRECT THE EXISTING STREAMS OF FEDERAL DOLLARS COMING INTO ALASKA, AND THE STATE FUNDS THAT MAY BE

AVAILABLE TO IMPLEMENT THOSE SOLUTIONS. THAT IS A MAJOR REAL OPPORTUNITY.

THE FEDS HAVE EMPHASIZED THAT THERE WILL NOT BE ADDITIONAL FEDERAL DOLLARS;  
IN FACT, IF PRESIDENT CARTER'S BUDGET CUTS GO THROUGH, THERE WILL BE FEWER  
FEDERAL DOLLARS. THE OPPORTUNITY IS SIMPLY ONE OF GIVING THE STATE MORE  
SAY ABOUT HOW THE FEDERAL DOLLARS ARE USED AND, HOPEFULLY, GETTING MORE  
BANG OUT OF THE FEDERAL BUCK, WHILE SIMULTANEOUSLY DETERMINING THE PRINCIPAL  
USES OF STATE FUNDS IN RURAL DEVELOPMENT.

WE HAVE BEEN ASSURED THAT FARMERS' HOME ADMINISTRATION III PLANNING FUNDS ARE  
AVAILABLE FOR AT LEAST A PORTION OF THE STAFFING REQUIRED. WE HAVE ALSO BEEN  
ADVISED THAT LDA 304 FUNDS ARE AVAILABLE FOR THIS PURPOSE.

IN SUMMARY, MR. CHAIRMAN, GOVERNOR HAYFORD HAS BEEN ADDRESSING THIS OPPORTUNITY  
FOR APPROXIMATELY EIGHT MONTHS. THE TEAM, COMMITTEE, OR COUNCIL THAT IS BEING  
ASSEMBLED IS BROADLY BASED WITH A VERY WIDE BACKGROUND OF EXPERTISE. A SEARCH  
IS NOW UNDERWAY FOR AN EXECUTIVE DIRECTOR TO HEAD THIS EFFORT ON A FULL-TIME  
BASIS. THE OBJECTIVES OF THIS GROUP SEEM IDENTICAL TO THOSE INDICATED IN

HE 932.

IN VIEW OF THE ABOVE, IT WOULD APPEAR THAT PASSAGE OF HOUSE BILL 932 WOULD  
RESULT IN A RATHER COMPLETE DUPLICATION OF EFFORT.

THANK YOU.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

MEMORANDUM

To: The Honorable Lee McAnerney  
Commissioner  
Department of Community and Regional Affairs

From: W. I. "Bob" Palmer *VB*  
Special Projects Coordinator  
Office of the Governor

Date: March 7, 1980

Re: White House Rural Initiatives Program

*NOTE: HB 932 was introduced Mar. 4*

*Shows nearly complete ignorance of the situation.*

President Carter has recently publicized the concept of the White House Rural Initiatives Program. Governor Hammond has designated the Alaska Agricultural Action Council as the "lead agency" for State participation in this program. The AAAC has carried on discussions with the White House staff for several months on the procedures for implementing this program.

In essence, the State team has the opportunity to take an overall view of Alaska, identify the problems and potentials--of all kinds--facing Alaskans, prioritize the solutions to the problems, and then work with the Federal Government to redirect the streams of Federal monies flowing to Alaska through existing channels to fund those State-established priorities. In other words, if we believe we can get a more effective bang out of the Federal buck, then we have the opportunity to achieve that.

The possible solutions to Alaskan problems to be addressed by the White House Rural Initiatives Program are primarily conceived of as those that can be reached through increased job opportunities. Such jobs may be the result of rather massive industrial development activities, such as the potential bottom-fish industry, or of projects as small as a single-family, commercial truck garden in the Aniak area, producing vegetables for sale on the retail market in Bethel.

The opportunity now before us is a very unusual one -- a very exciting one and one with tremendous potential for achievement. Obviously, if the potential of this opportunity is to be realized, it will require a much broader base of expertise than is possessed by the Agricultural Action Council and a very considerable expenditure of time and effort by the team and its members.

Would you please designate a top-level, energetic, creative-thinking individual from your staff to serve on this team and notify me of your designation by March 21, 1980?

March 7, 1980

We will also need a great deal of participation from the private sector to round out this team and achieve the broad base of expertise needed.

It is my thinking also at this time that both the opportunity and the workload offer such tremendous potential benefits that we need to hire a top-quality executive director who can devote full time to heading up this effort rather than trying to add an additional load to someone already working full time in other responsibilities.

Any suggestions that you may have for obtaining the greatest benefits possible for Alaskans from this opportunity will be very welcome, now and on a continuing basis.

Thank you.

# Alaska State Legislature

## House of Representatives



MEMBER  
FINANCE COMMITTEE

REPRESENTATIVE JIM DUNCAN  
CHAIRMAN  
BUDGET & AUDIT COMMITTEE

STATE CAPITOL  
FOUCH V  
JUNEAU, ALASKA 99511  
465-3818

HOME ADDRESS  
RR 4 BOX 4316  
JUNEAU, ALASKA 99803  
789-9782

### MEMORANDUM

TO: Representative Jim Duncan  
Chairman, Budget & Audit Committee

FROM: Gordon Stockdale  
Economic Development Coordinator

SUBJECT: White House Strategy

DATE: September 14, 1979

Since we assumed the task of overseeing the development and implementation of the Carter administration's new Title VII Private Sector Initiatives Program, we have discovered ourselves in a position of ever greater responsibility for understanding the extremely complex relationship that exists between state and federal agencies that purport to be involved in activities relating to the broad general subject of 'economic development.'

House Speaker Terry Gardiner's mandate to monitor a very distinct change in emphasis to the nationally significant CETA program reflected a deep and, as we have seen, well placed concern that here an opportunity may exist which if left to the diffuse whimsy of precedent and existing vested interests might pass without any benefit to Alaska.

It has become obvious that the proposed reorganization of CETA, and indeed every agency affected by the President's initiatives holds more interest for Alaska than any of us could have realized at the outset. Carter is facing a tough fight for his party's nomination, and an even harder effort to serve a second term as President. At least at this time, a new and inspiring domestic policy is essential to his administration, he is vulnerable and he needs a model to show the nation.

With Kennedy's official entry in the race for the Presidential nomination, we may reasonably expect Carter to extend his

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Memo to: Rep. Jim Duncan  
September 14, 1979  
Page Two

efforts to enhance his stature as a viable candidate. With SALT II facing an almost certain failure in the Senate, or at the very least, a complete subversion of the President's autonomy in international affairs. In conjunction with the recent Andrew Young dismissal, it would be reasonable to assume that the major effort of the Carter administration will focus on his domestic policy, primarily through the medium of the energetically pursued but foundering White House Initiatives.

We have been fortunate in developing an excellent working relationship with this state's CETA prime sponsor and more recently, with the Governor's office through Bob Palmer, his Special Projects Coordinator. In that we are able to achieve such a high level of concurrence in the scope of the task in Alaskan economic development along with an appropriate structure to represent and pursue Alaska's interests, we are an attractive medium for the Carter administration to apply its resources to. We have simultaneously begun to enjoy a closer relationship with the growing cooperation and coordination of the Native Regional Corporations and their affiliated Title III prime sponsors. The prospect of nurturing a responsible, representative forum of Alaskan economic interests is especially relevant at this time.

GS:jp



DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20250

Honorable Jim Duncan  
Chairman, Legislative Budget  
and Audit Committee  
House of Representatives  
State Capitol, Pouch V  
Juneau, Alaska 99811

Dear Mr. Chairman:

Thank you for your thoughtful and informative letter of October 15. I am gratified to hear that Mr. Stockdale shares my feelings that our September meeting with him and his staff was indeed productive.

I am very pleased to learn of the beginning progress you are making in developing a structural plan to overcome the most fundamental obstacles to a healthy rural economy in Alaska, and I especially welcome your invitation to us to become involved at this early stage. These developments fit in quite well with our own thinking and plans at this time.

Specifically, as Secretary Bergland has just written to Governor Hammond, I have assigned Craig Bigler of the Farmers Home Administration to work with state and federal representatives in Alaska to assess the current situation and develop recommendations on the issues we can address jointly. Mr. Bigler has arranged to meet with Bob Palmer and with other state officials at Mr. Palmer's discretion in Juneau on November 13, and undoubtedly Gordon Stockdale will be at this meeting. Mr. Bigler will meet with Secretary Bergland's representative, James Fisher, and with other USDA officials in Anchorage on November 14. He will be in Homer on the 15th to consult with state and federal officials attending a Small Farms Committee meeting there.

We are confident that these meetings will provide at least a beginning consensus on issues that can be productively addressed through joint federal-state approaches that meet our mutual objectives of being fully sensitive to Alaska's priorities. Mr. Bigler will prepare a report for me synthesizing the findings and presenting recommendations on approaches that we might pursue. We will of course be in contact with you and other Alaska officials as soon as the report is completed, to obtain review and comments and to plan the next steps.

Your enthusiasm about the joint efforts we are pursuing, your hope that they will result in a model for other states, and your kindness in taking the time to express your commitment to these objectives through your letter are deeply appreciated.

Sincerely,

October 15, 1979

Mr. Alex P. Mercure  
Assistant Secretary for Rural Development  
U.S. Department of Agriculture  
219 N. Agriculture Building  
14th Street & Independence Ave. S.W.  
Washington, D.C. 20250

Dear Mr. Mercure:

Please accept my sincere appreciation for the time you afforded my staff in Washington in September.

Mr. Gordon Stockdale reported an excellent meeting with you that achieved a considerable understanding of the magnitude of Alaska's economic development potential and the opportunities associated with it.

As Gordon explained to you, we in the legislature and members of Governor Hammond's administration are working toward a rural development strategy that will achieve a very broad consensus of appeal in Alaska. The resulting strategy will lend itself readily to a cooperative partnership with President Carter's White House Initiatives in Rural/Urban Development, Employment, Energy, Communications and Transportation to name only the most obvious relationships.

The Alaska Rural Development strategy is in its formative stage at this time. Members of the Alaska Legislature's House of Representatives and Senate, and the Office of the Governor are cooperatively developing a structural plan to overcome our most fundamental obstacles to a healthy rural economy. We regard this task basic to the development of a healthy statewide economy since a strong rural sector naturally supports the economies of the urban service centers.

Alex P. Mercure

-2-

October 15, 1979

We encourage and solicit the involvement of the Department of Agriculture in this early stage of development of what we hope will serve as a realistic model for other states and emerging economies to apply to their own situations.

Sincerely,

Representative Jim Duncan  
Chairman, Legislative Budget  
and Audit Committee

JD:jp



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

Most  
IMPORTANT!!

January 21, 1980

SUBJECT: Special Assignment on Alaska

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 Morrie 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:

- o Political labels are quite unimportant. Support for 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.
- o Development needs are well defined and understood as you heard when you were there last June.
- o 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.
- o The State must develop a self-sustaining economy--and, in particular, a viable agriculture economy--in order to avoid continuous boom and bust cycles.
- o The main problems are seen as the inflexibility of federal programs, in 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.

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 myriads of task forces, committees, subcommittees, conferences, hearings, and on and on 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 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 Bergland 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 of 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, 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:

- o 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.
- o 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.
- o As a broader than FmHA/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.

o 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.

o 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 FR wants to charge the barley project full costs for returning the empty train, 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 Palmer to get something going right away.

NOTES:

o 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.

o 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.

o 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.

o A study to inventory all of the task forces, committees, etc., involving federal agencies is underway under the aegis of the Seattle FRC.

CRAIG BIGLER

12/7

Bob Palmer  
June Alaska

Telephoned twice

3:30 PM - Talked to Fran. She believes there will be no conflict with the two projects she is doing. They have nothing to do with our work.

5:30 PM - Just read Fran's letter to the White Horse & understand your concern. Have confirmed with Gunward that there is no change in my (Palmer's) status. The Ag Council is still the lead agency

①

Messages received at Belview Hotel, Washington D.C. per my confusion over who was speaking for the Administration,

Contents and excerpts from the  
Fifth Report of The Secretary of Agriculture to The Congress

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*Same as General*  
*FHIA - State*

### Rural Development Goals

Initiatives discussed in the report are in support of the five national rural development goals articulated by the Secretary of Agriculture early in the Administration:

1. Improve rural income levels and increase rural employment opportunities.
2. Improve the access of rural residents to adequate housing and essential community facilities and services.
3. Provide a more equitable distribution of opportunities through targeting efforts on distressed areas, communities, and people.
4. Create and implement a process for involving the private sector and local, State, and Federal agencies in establishing policies and programs that affect rural areas.
5. Strengthen the planning, management, and decisionmaking capacity of public and private institutions concerned with economic opportunity and quality of life in rural America.

*This is a list of initiatives we discussed*

THIS IS BOB PALMER'S  
ORIGINAL ASSIGNMENT

July 16, 1979

The Honorable Bob Bergland  
Secretary of Agriculture  
U.S. Department of Agriculture  
Washington, D.C. 20250

Re: Invitation to U.S. Department  
of Agriculture to join with  
Alaska to cooperatively estab-  
lish joint priorities for rural  
development

Dear Mr. Secretary:

As a result of my meeting with Assistant Secretary Alex Mercure, I would like to invite you to meet with me at a time to be mutually determined so that the State of Alaska could jointly establish with the U.S. Department of Agriculture the federal-state rural development priorities for Alaska.

Mr. Mercure was most emphatic that the State initiatives are the approaches that would be considered at the top of the agenda of such a joint and cooperative effort. It is our understanding that your department has attempted a comparable effort with Puerto Rico. We in Alaska also have situations which differ substantially from national norms complicated by an area larger than the states of Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, Kentucky, Colorado, Connecticut, Delaware, Hawaii, Maryland, Massachusetts, New Hampshire, New Jersey and Rhode Island combined, and by extreme isolation of many of our rural communities.

Recently the Alaska Legislature has established an Agricultural Action Council. It appears that this group would be a logical one to meet with your designated working group for this study. The Council is composed of both executive branch and public members.

I would suggest as subjects for preliminary planning of such a meeting the following challenging areas:

1. Review of USDA agencies' structures, alignment, coordination and organization to address Alaska's unique opportunities. Adjustment of national policies to better meet diversified Alaska conditions.
2. Accelerated inventory and evaluation of the State's renewable resources.

3. Development of renewable resources through assistance to rural communities such as Native village corporations and regional corporations for:
  - a. self-sufficiency in food, energy and shelter
  - b. revenue base for profit-making arms of Native corporations
4. Rural transportation initiatives to facilitate rural development.
5. Development of agricultural resources in:
  - a. forestry
  - b. commercial agriculture
  - c. red meat - reindeer and standard domestic livestock
  - d. marketing and processing of agriculture resources
6. Research needs unique to Alaska's conditions. This would include energy conservation and utilization of waste heat from Alaska's pipelines.
7. Establish coordination mechanism with like circumpolar nations and Alaska, including exchange of personnel, production techniques and research/data.
8. Technical assistance to build (both farming and ranching) management expertise relating to development of expanding commercial agricultural base, various unit sizes and entry of individuals into the industry with limited and diverse backgrounds.
9. Establish USDA/State coordinating mechanisms at both state and national levels to address priority issues of Alaskan region.

I especially appreciate the fact that federal-state governments cannot and should not do everything for everyone. A study of this type must be able to concentrate upon those activities which would bring the most benefit at the least public expense and adequately meet Alaska's priority needs.

Although a venture of this sort may, perhaps, have some hazards, it

The Honorable  
Bob Bergland

-3-

July 16, 1979

presents almost unlimited opportunities and I feel extremely enthusiastic about the potential of this type of initiative.

Sincerely,

Jay S. Hammond  
Governor

cc. James Fisher

STATE OF ALASKA  
Inter-Department Route Slip

TO:  
MAIL STATION NUMBER Room 100, Assembly  
DEPARTMENT Senate C & R A Committee  
ATTENTION Senator Sturgulinski, 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 \_\_\_\_\_

# 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: 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

HAINES

JUNEAU - DOUGLAS

KLUKWAN

SKAGWAY

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.

# 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.*

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 marshall, coordinate, and sustain existing and potential federal, state, and private resources capable of contributing to growth of a private 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 most 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 existence 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 of 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 equally 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.

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.

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."

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 "macro-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 hereto, 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 portion 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.

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.

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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 comensurate 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.

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.

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."

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.

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.

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.

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-bureaucracy 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.

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

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.

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.

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 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 REAAs 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 recognize 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	174	106	25	21	326
Administration	307	102	90	170	669
Law	59	69	29	17	174
Revenue	150	85	11	10	256
Education	260	92	6	77	435
* Health Soc. Serv.	411	741	188	461	1,801
Labor	406	201	84	77	768
Commerce/Econ Dev.	123	118	8	3	252
Military Affairs	11	104	4	32	151
** Natural Resources	38	171	51	144	504
** Fish and Game	202	230	79	364	875
** Public Safety	134	300	100	313	847
Environmental Cons.	78	10	16	15	119
* Community & Reg Affr.	99	39	7	14	159
* Trans & Pub Facil.	874	763	440	1,117	3,194
Legislature	122	50	13	18	203
Alaska Court System	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.

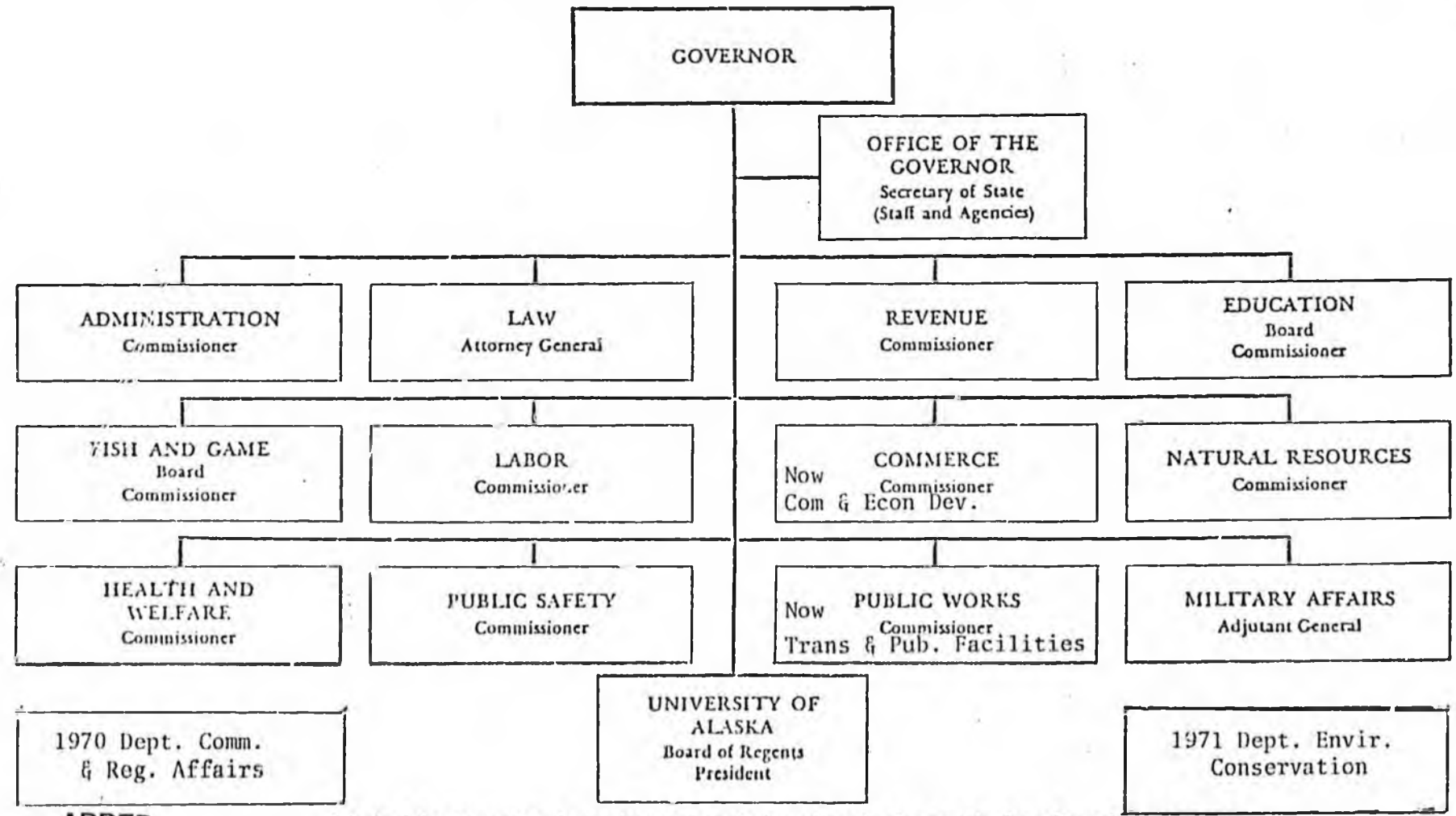
The following review of state agencies will be reviewed in order of groups of agencies reflecting:

- 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)

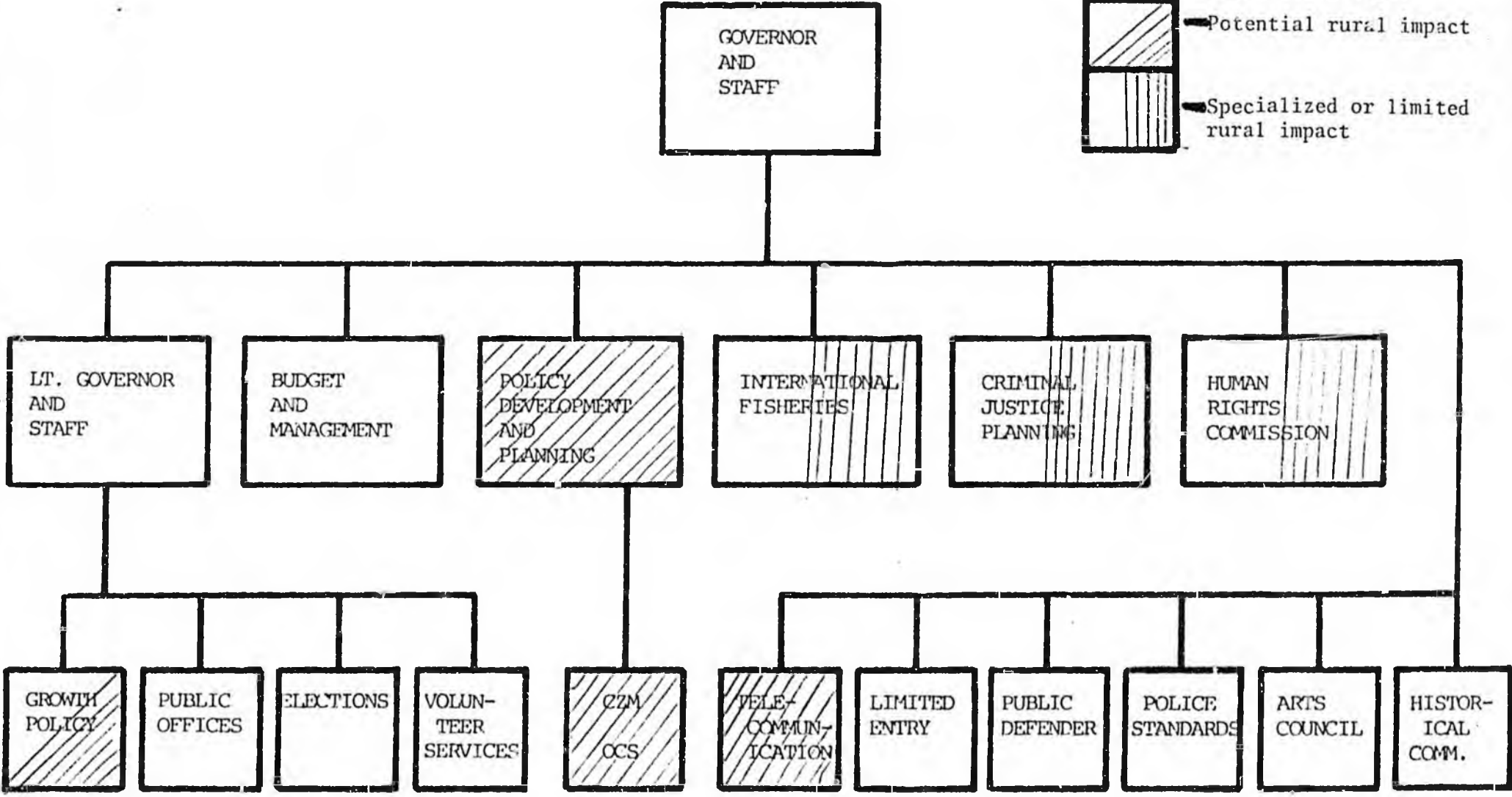
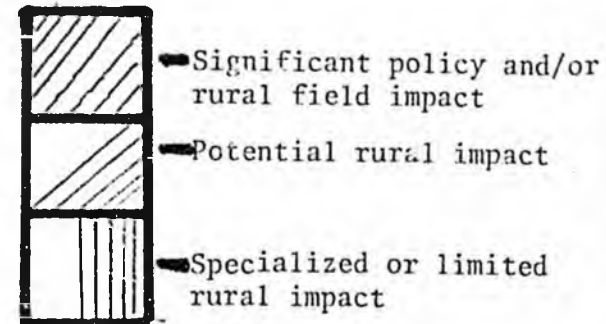
Other agencies of the Governor's Office have a very definite but special role in rural policy, such as the HUMAN RIGHTS COMMISSION and CRIMINAL JUSTICE PLANNING COMMISSION. The Office of International Fisheries and the state's trade office functions in Denmark and Tokyo could have an important rural 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



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).

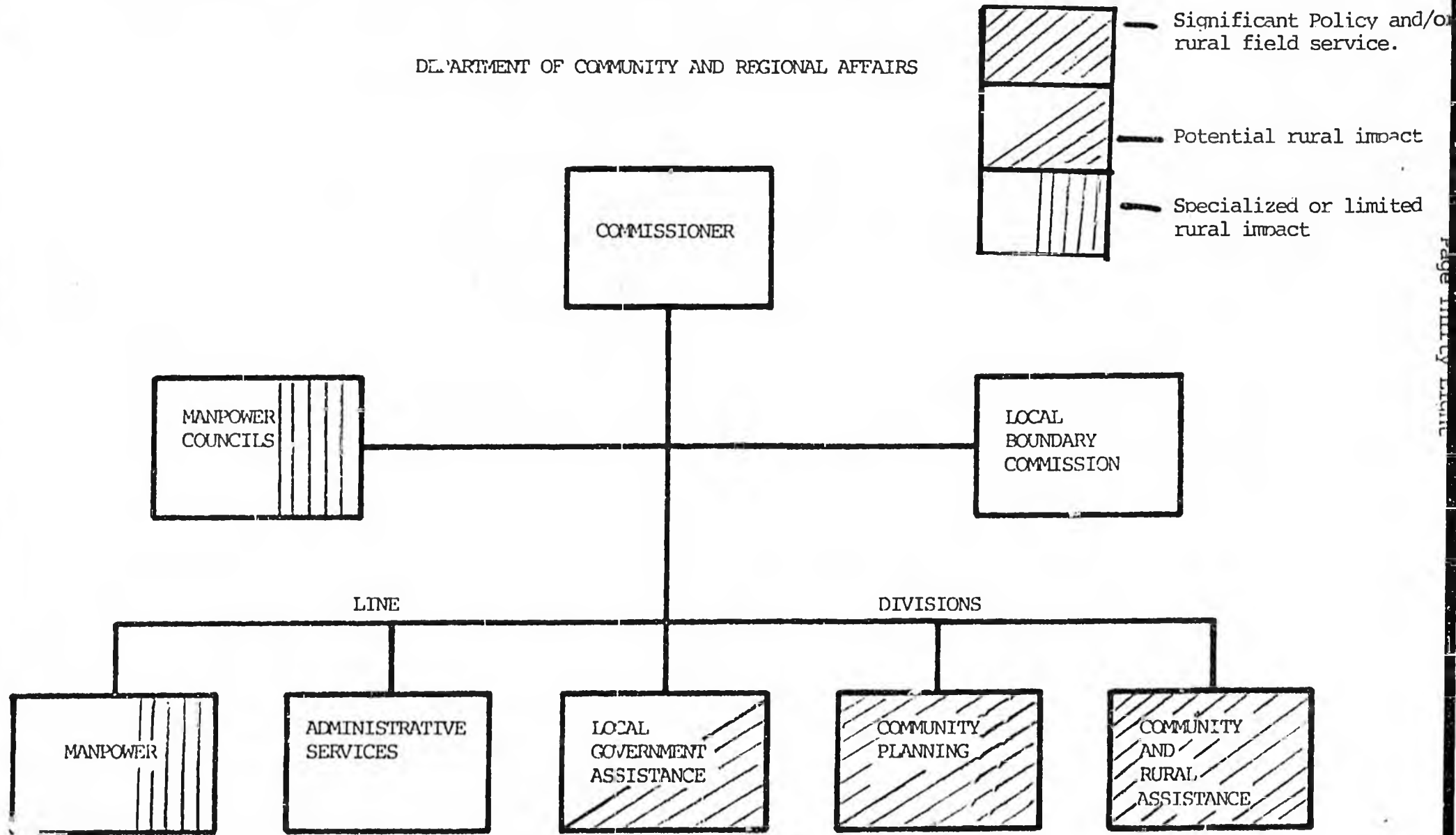
The Department maintains offices in key rural centers, and operating programs such as the rural assistance grants projects, has a valuable rural outreach.

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 CRA's 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



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:

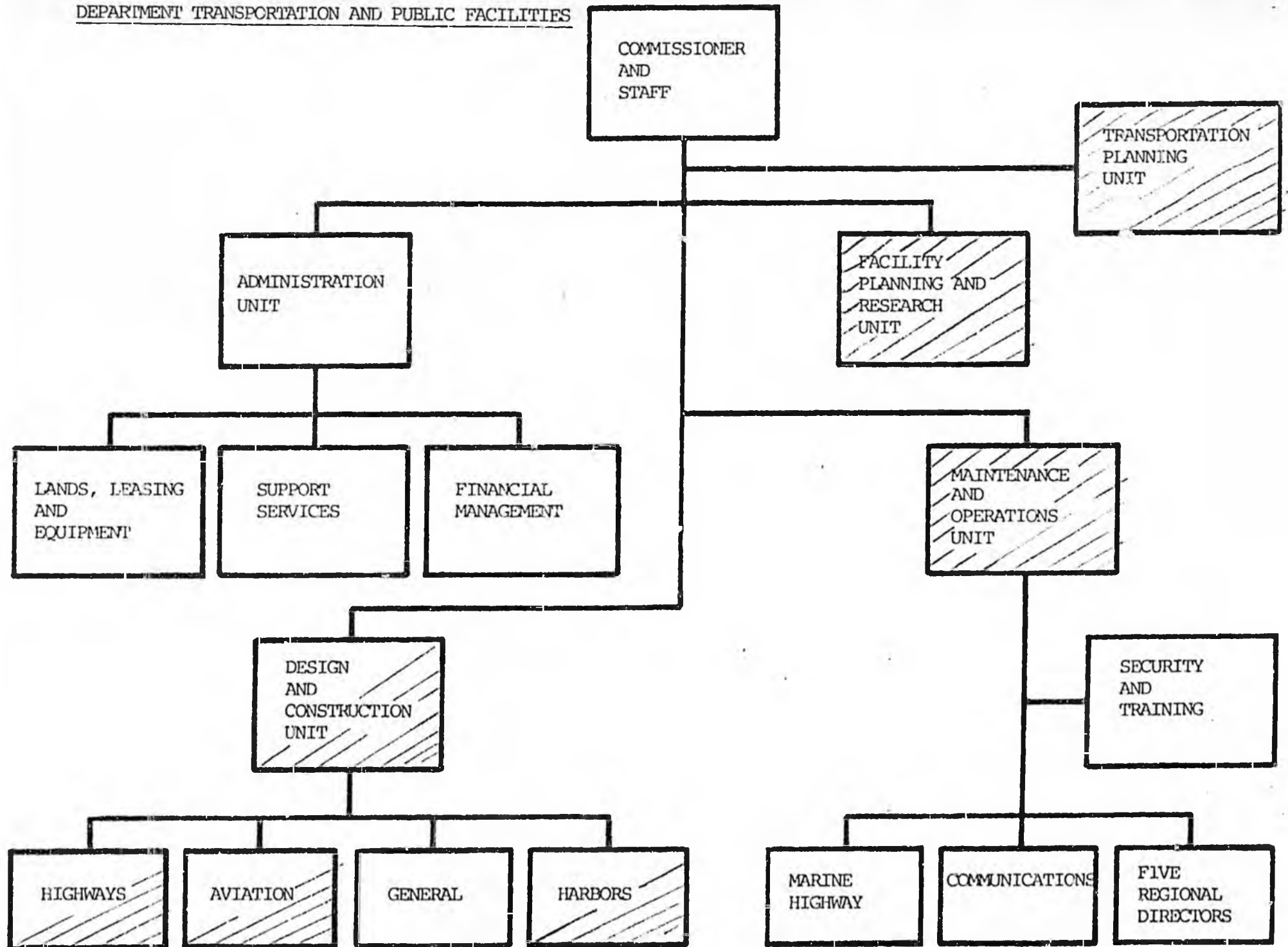
- 1) Administration
  - 2) Design and Construction
  - 3) Maintenance and Operations
  - 4) Facility Planning and Research
- \*\*Transportation Planning (Office of Commissioner)

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.

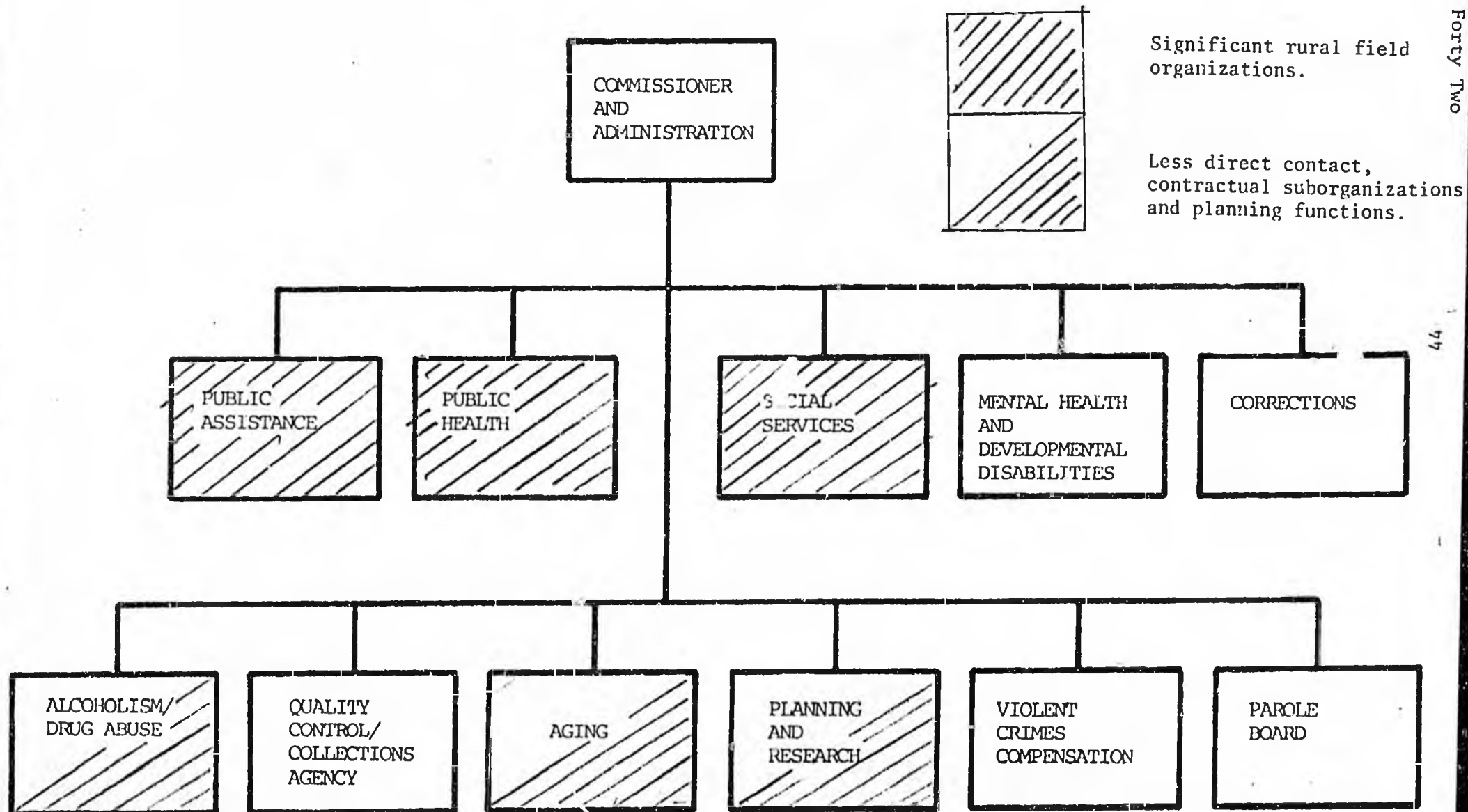
HSS has rather specialized program functions, but in any effort at developing a coordinated rural awareness and effort, the fact is that the department has the most strategically placed field staff. The contact of the staff with communities is also reasonably frequent and regular. The Department is also 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 partner to economic initiative.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES



DEPARTMENT OF FISH AND GAME

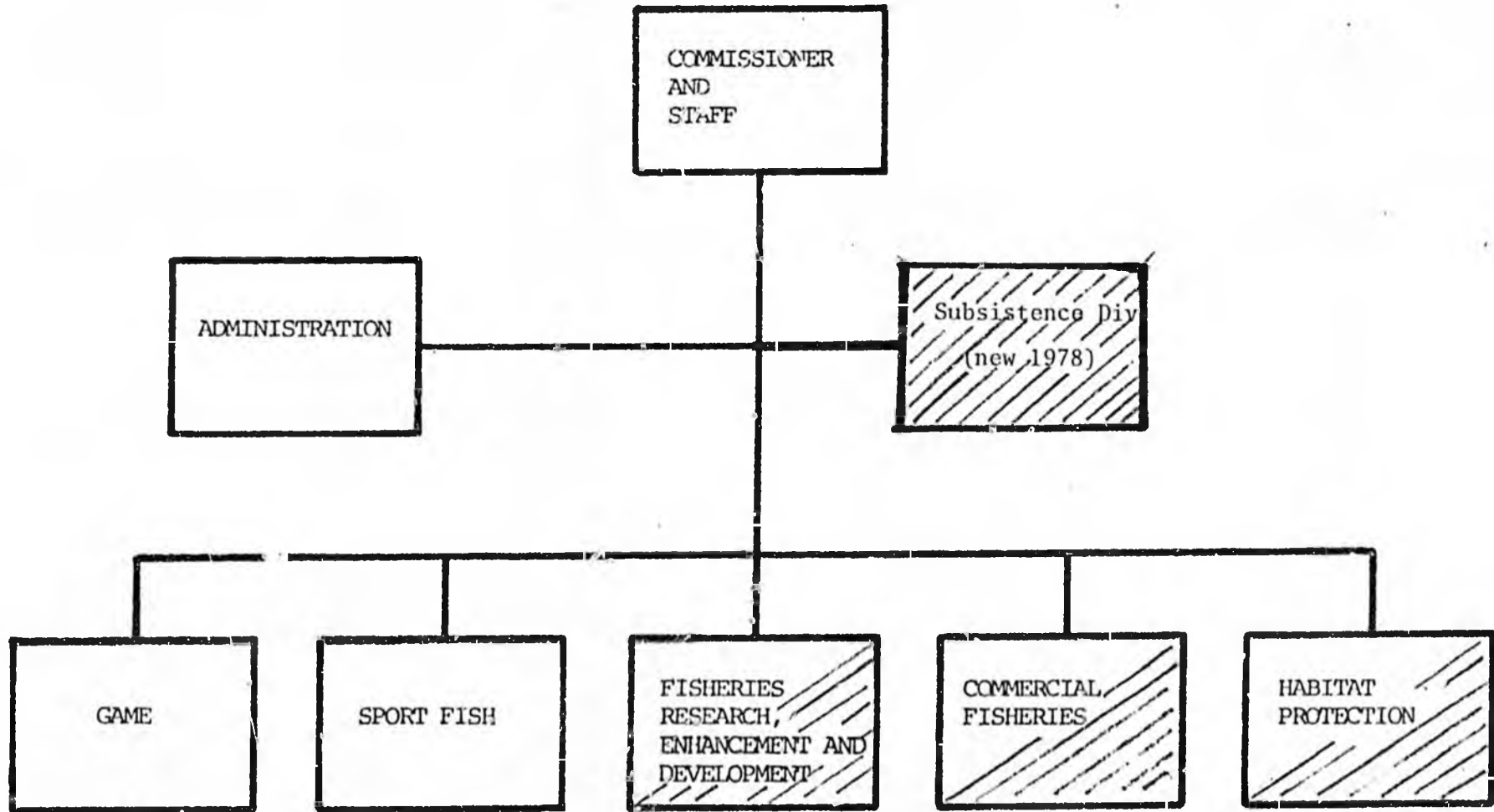
The Department of Fish and Game has a sizable rural staff, but one which has rather specialized functions in most cases. The Department has five principal divisions: GAME, SPORT FISH, COMMERCIAL FISHERIES, HABITAT PROTECTION, FISHERIES RESEARCH, ENHANCEMENT, AND DEVELOPMENT, and a sixth unit added in 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



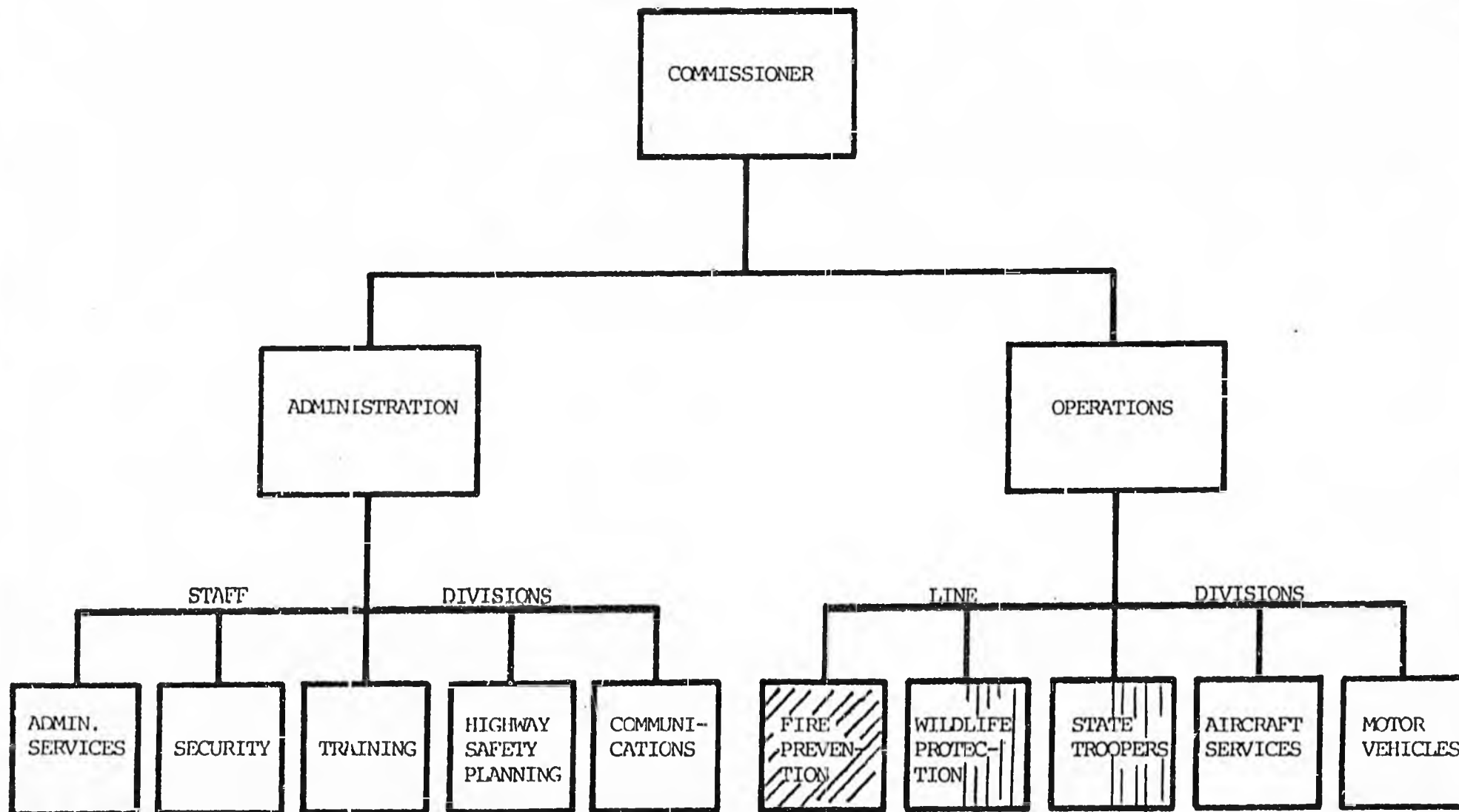
## DEPARTMENT OF PUBLIC SAFETY

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



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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.

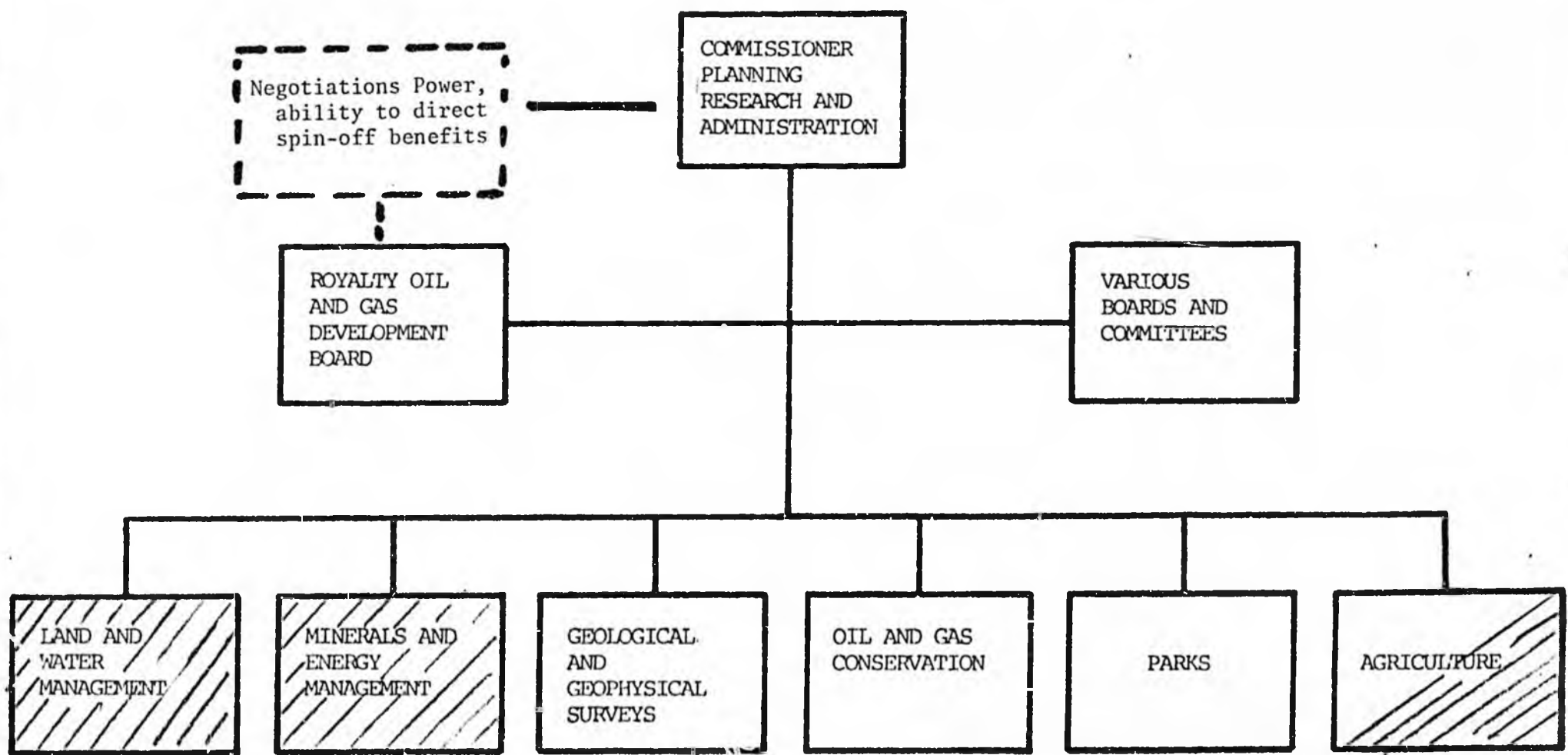
The Department has primary say in disposition and/or management of a large portion of the state's surface and subsurface resource wealth.

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

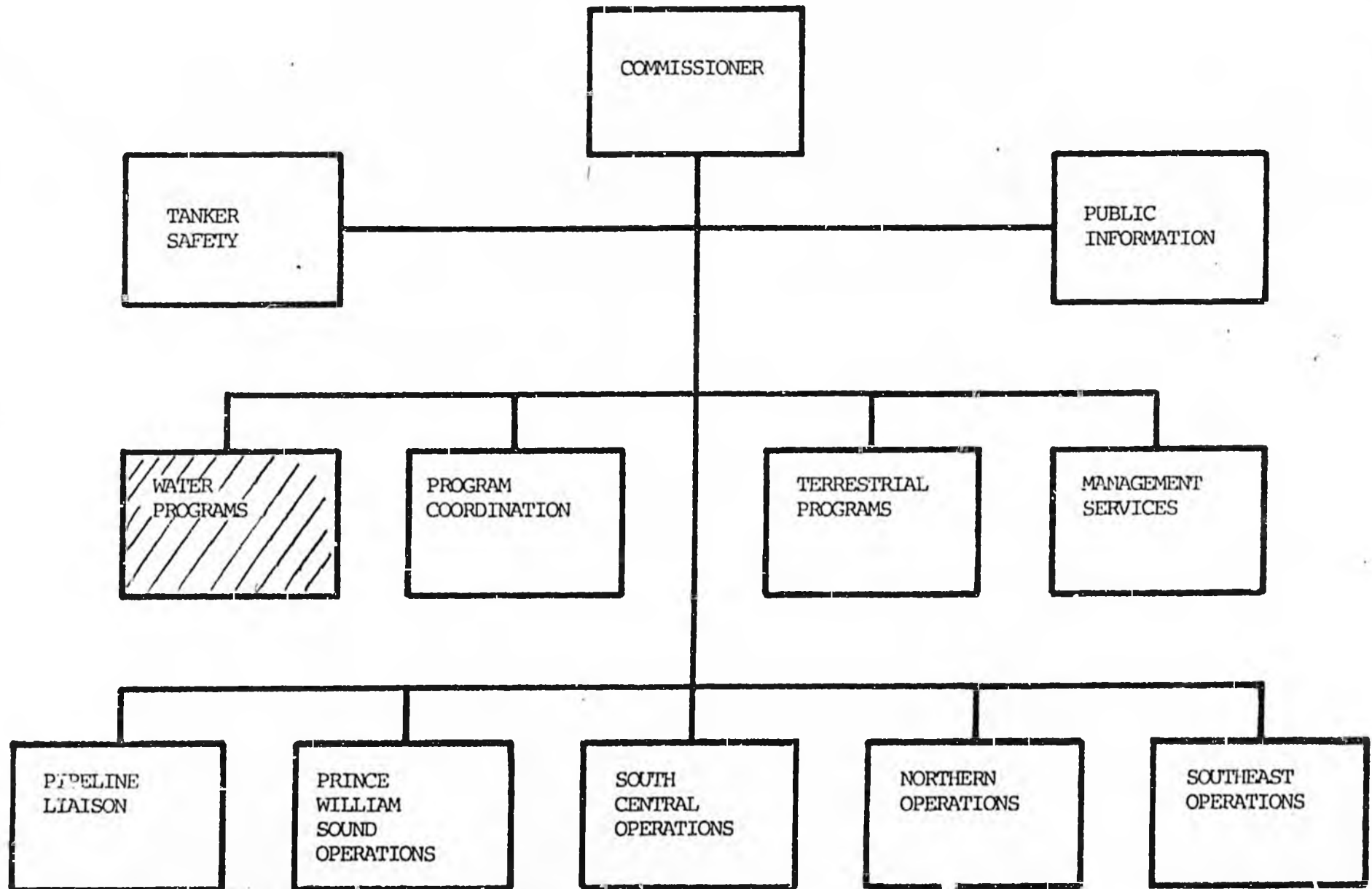


DEPARTMENT OF ENVIRONMENTAL CONSERVATION

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



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DEPARTMENT OF EDUCATION

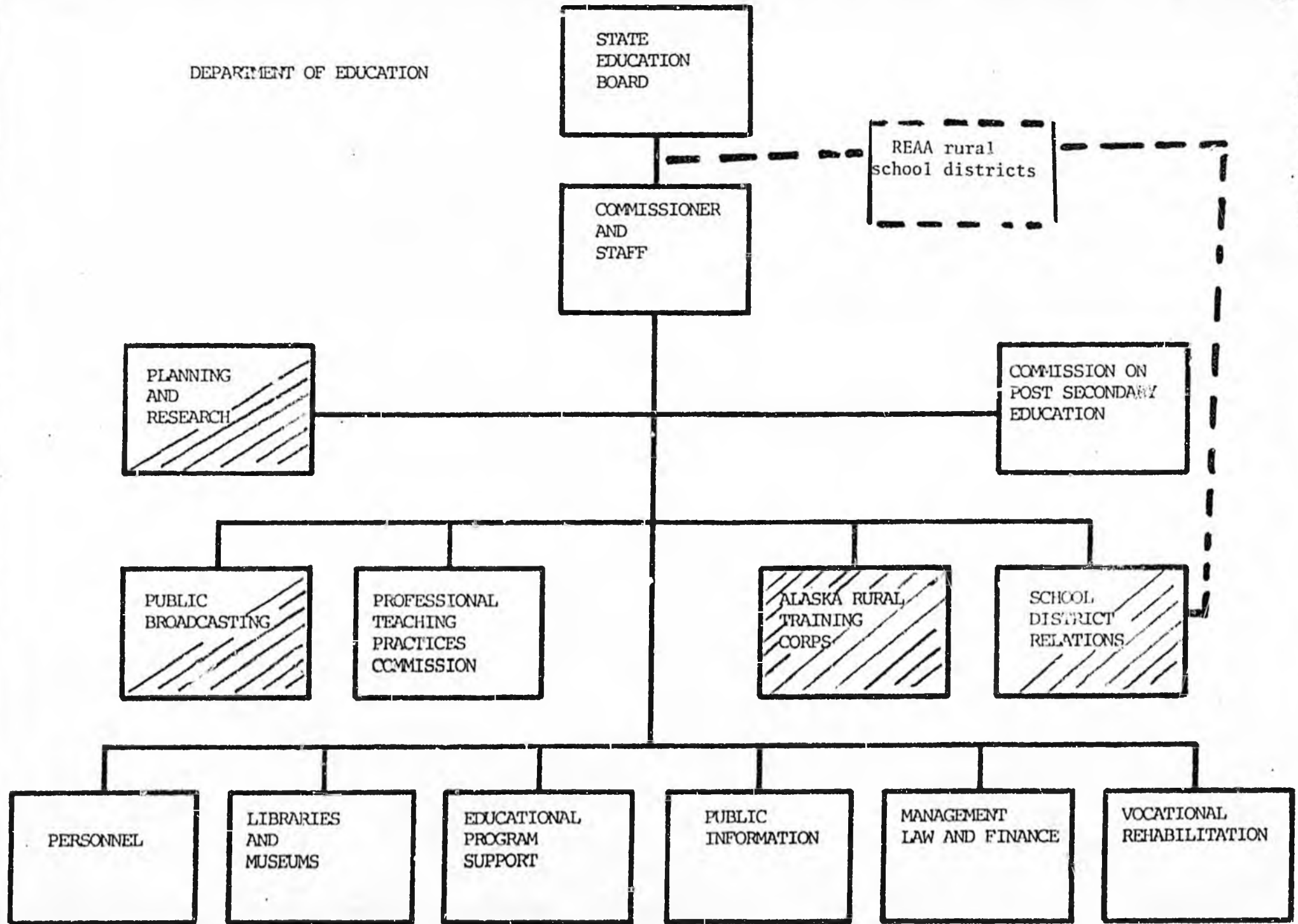
The Department of Education no longer has a direct rural field operation as it did up until the creation of rural independent school districts (although 100% state supported).

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.

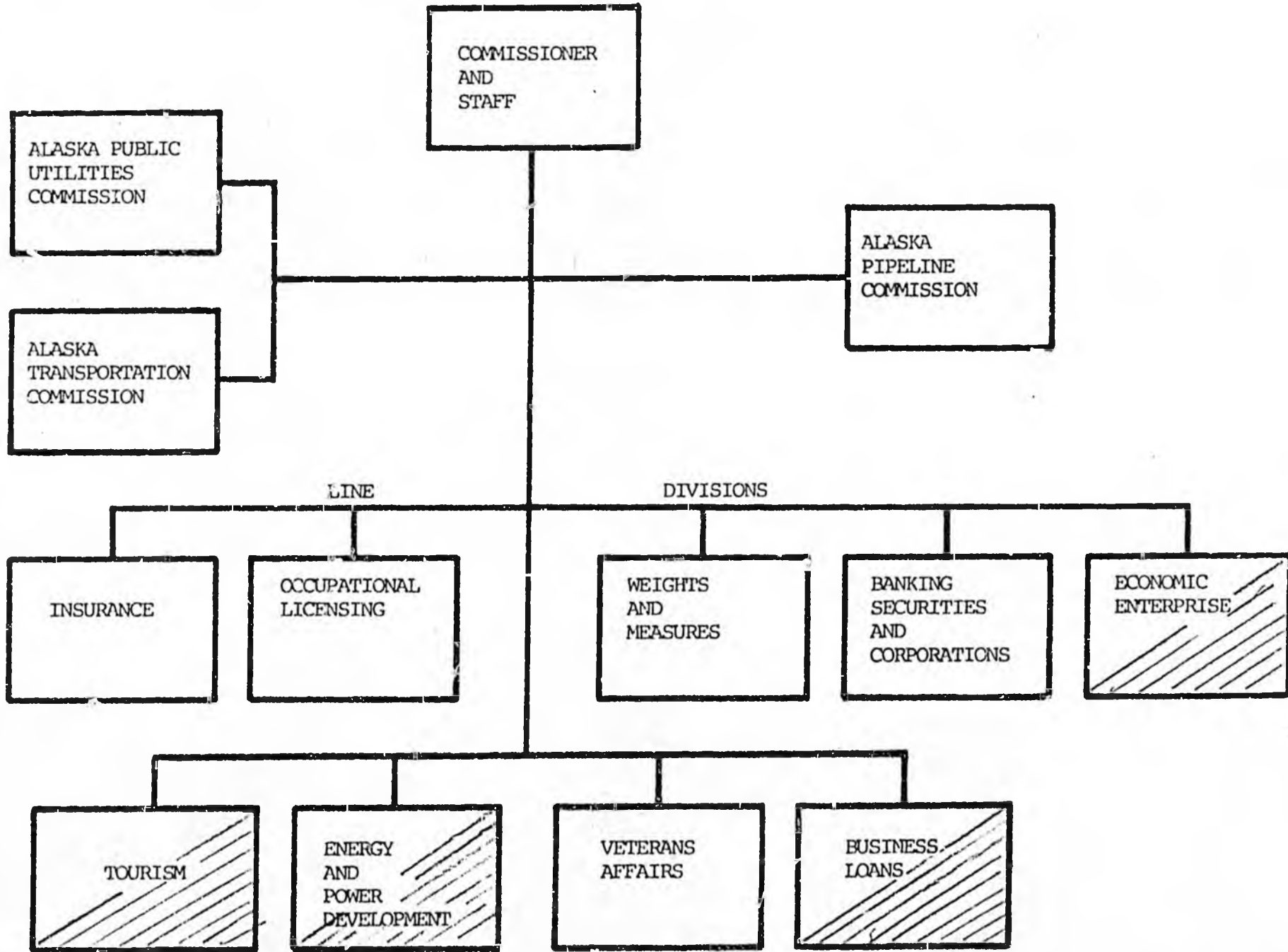
However, the department could take on substantial rural interests if the state becomes the department to which a variety of state loan programs are assigned under the current condition of excess revenue. The department already operates the state's business loan program.

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.

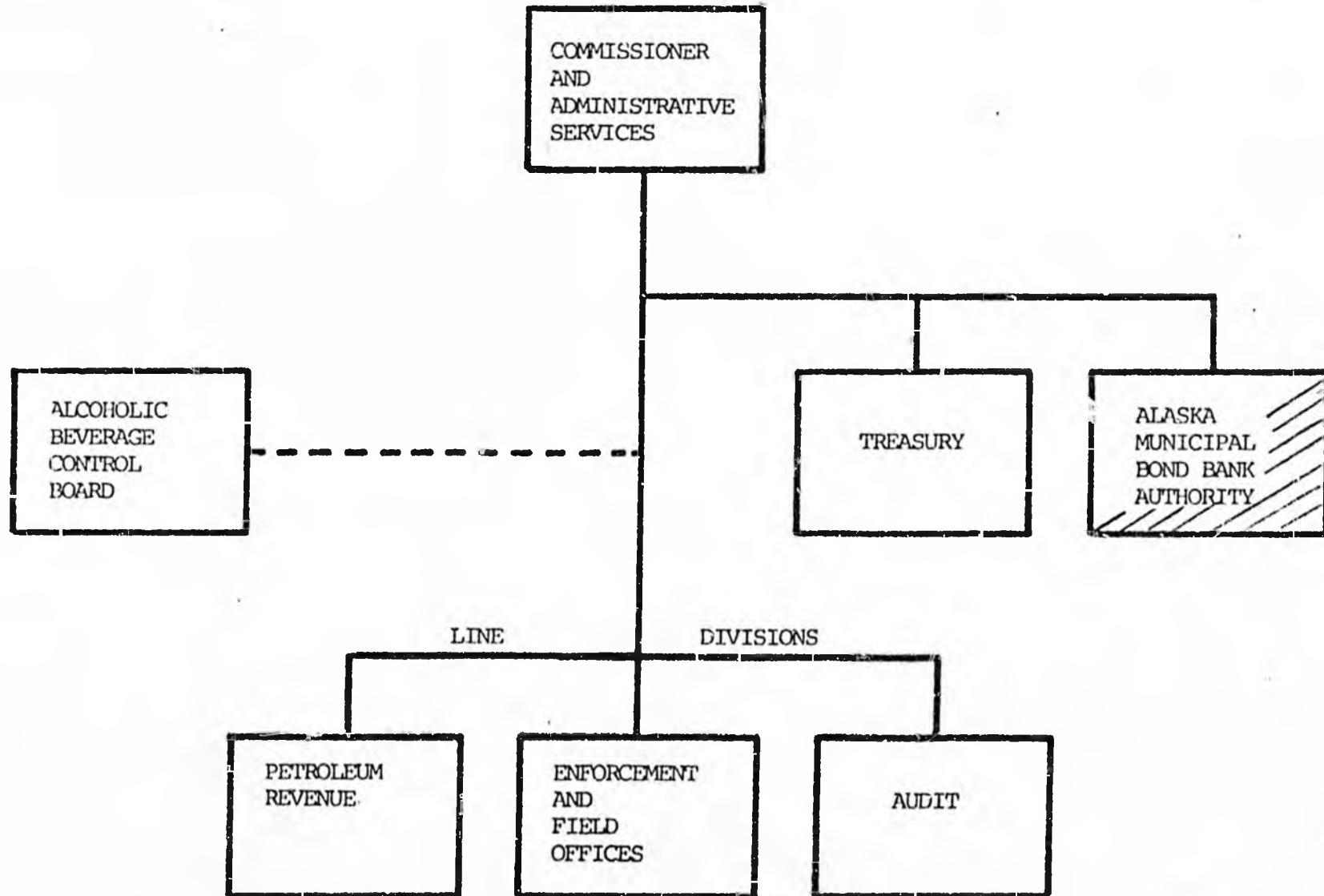
The remaining departments are the departments of:

- REVENUE
- LABOR
- ADMINISTRATION
- LAW
- MILITARY AFFAIRS

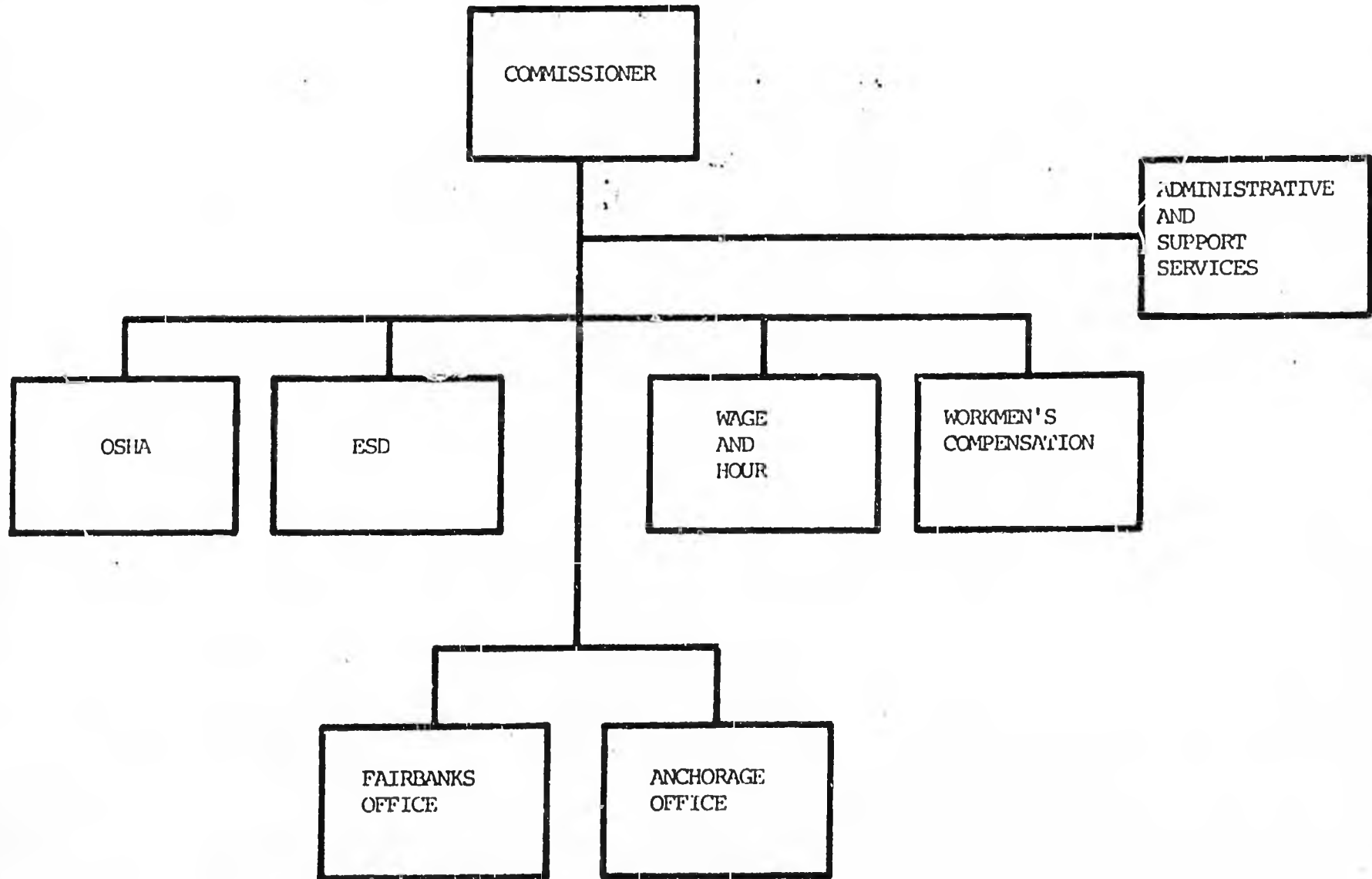
Each department has some rural functions, and several could at some point take on significance. For example, the functions discussed in relation to the Department of Commerce (loan funds etc.) might end up in revenue under new policy. Military Affairs includes the rural Alaska National Guard, and an 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).

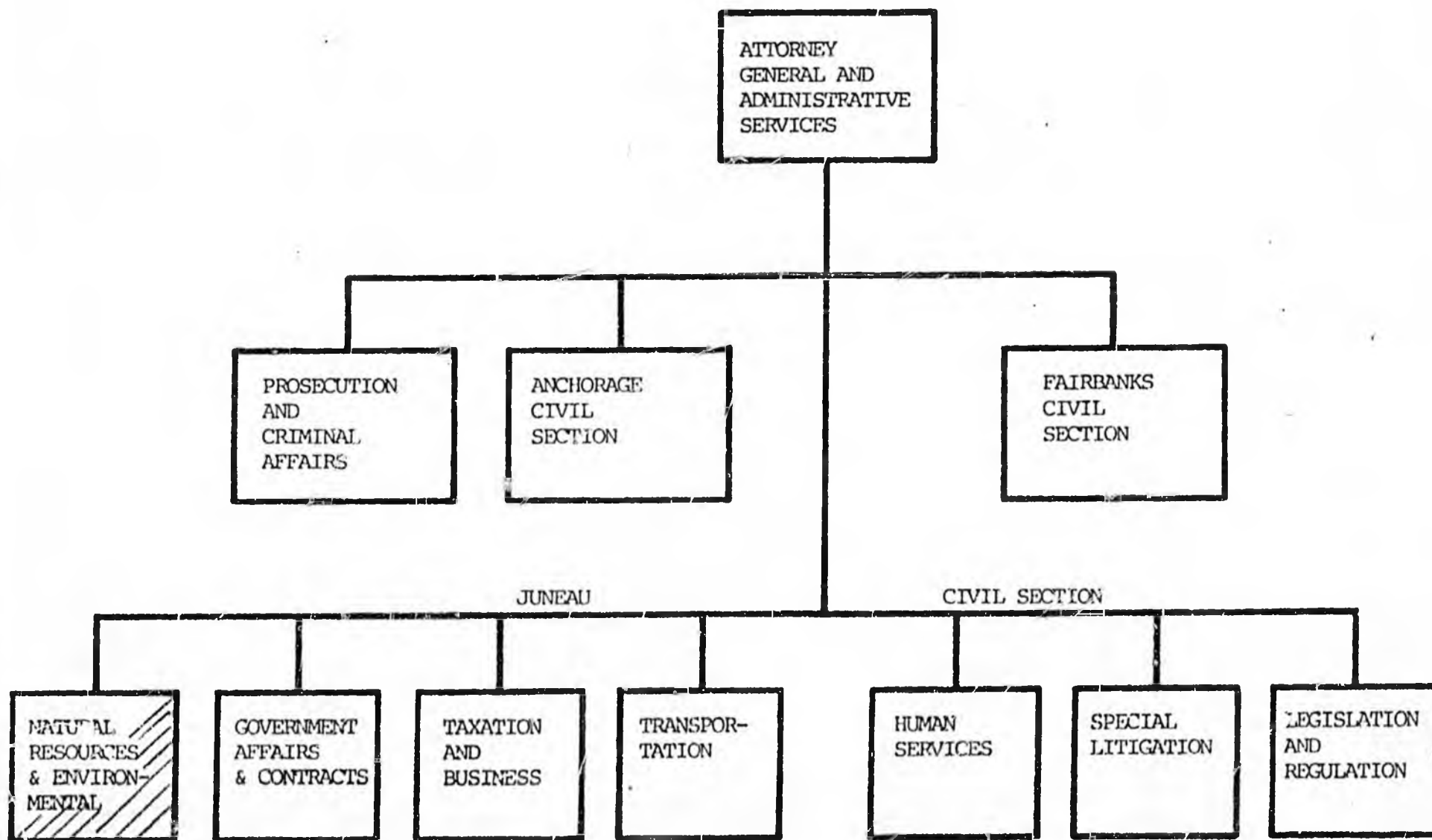
DEPARTMENT OF REVENUE



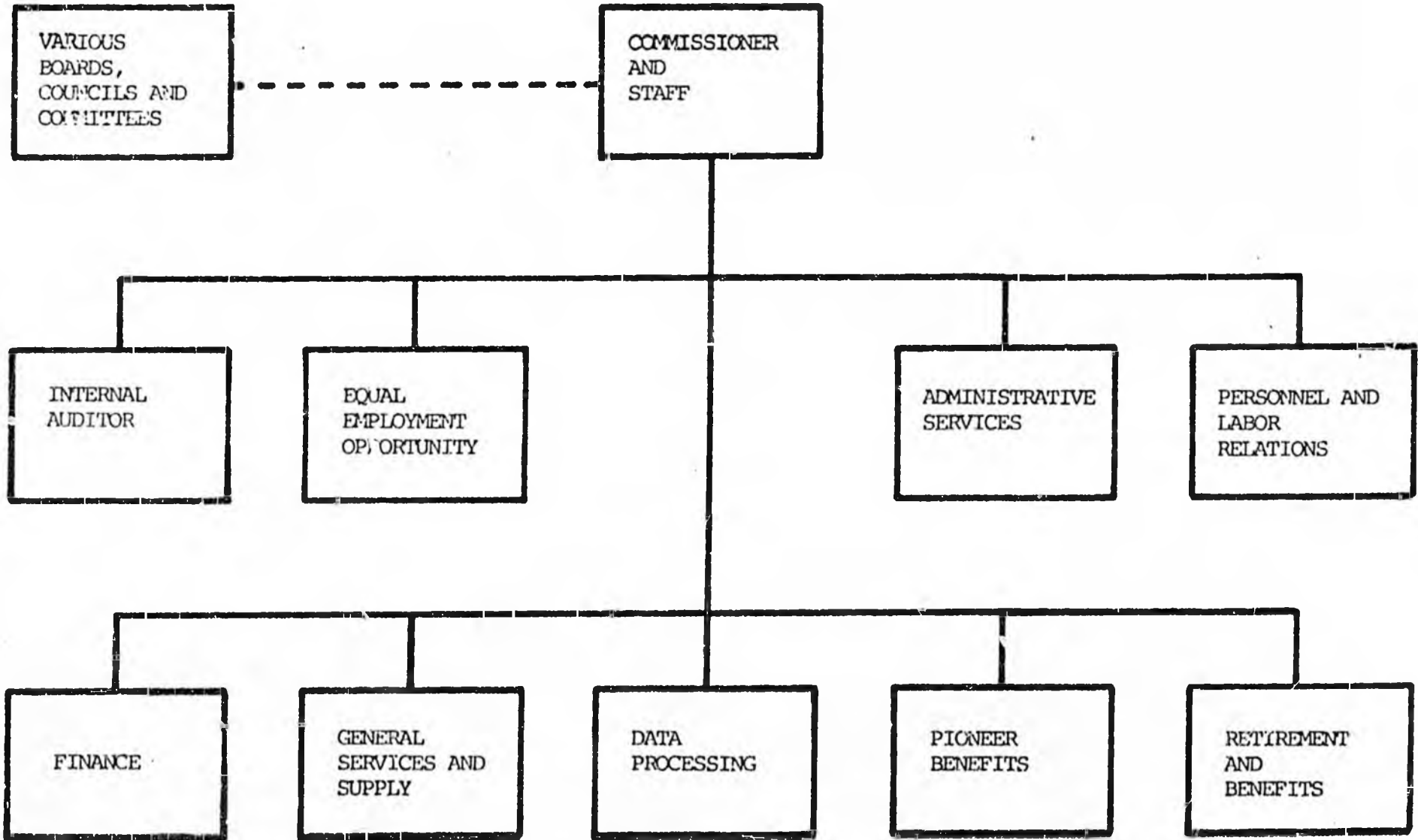
DEPARTMENT OF LABOR



DEPARTMENT OF LAW



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

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 their 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

*Already  
given C/RA mbrs*

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 marshal, coordinate, and sustain existing and potential federal, state, and private resources capable of contributing to growth of a private economic base for the rural communities and regions of the state.

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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 most 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 existence 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 of government, whether that structure is temporary or permanent.

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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 equally 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.

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.

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 embarassment 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 economics 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.

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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 "macro-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.

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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.

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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 portion 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 previously 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 dilluting 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 compenents 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 (REAAs). 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 comensurate 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.

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.

March 23, 1980

Dear

House Bill 932 was introduced by the Budget and Audit Committee on March 4 and is presently in the hearing process.

This Bill seeks to establish the Rural Development Council in the Office of the Governor under the Chairmanship of the Lieutenant Governor, with the strongest possible mandate to pursue an aggressive State policy, committed to the improvement of rural economic conditions.

The Committee's investigation of Alaska's rural policies and agency relationships this past year has convinced me that the State must adopt a strong rural advocacy position in the best interest of every Alaskan.

This is not to say that it is the State's responsibility to impose development or affect local priorities. It is, however, a significant responsibility of the State to insure that economic options are more uniformly available to all Alaska residents.

The President has recently announced the new White House Small Community and Rural Development Policy. In this policy, President Carter recognizes that a healthy rural economy is essential to the economic health of all of America. I believe this principle is especially true in Alaska, the most rural of all states.

I am enclosing a copy of House Bill 932 and a brief description of the new federal policy. I would appreciate your review and comments as soon as possible so that your thoughts can be included. Please call if you have any concerns.

March 23, 1980

We are scheduled for statewide teleconference hearings on Friday, March 28, at 1:30 (Juneau time) in a Joint Session of the House and Senate Community and Regional Affairs Committees. Your comments and your support would be most welcome.

Sincerely,

Jim Duncan

JD:jp  
Encls.

Original sponsor: Rules/Legislative Budget  
and Audit Committee

House

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

1 IN THE HOUSE

2 CS FOR 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 *Have access to economic*  
*development opportunities*
- 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 *The development of a healthy, self-sustaining 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 ~~an~~ advocate for rural ~~areas and small communities,~~  
8 ~~expressing development issues before~~ 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 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) the commissioners of the departments of transportation  
26 and public facilities, commerce and economic development, and community  
27 and regional affairs, and the director of the division of policy de-  
28 velopment and planning;

29 (4) Six representatives of the private sector appointed by

1 the governor who are residents of the rural area or small communities;

2 (deleted)

3  
4 (5) the Alaska state director of the Farmers Home Administra-  
5 tion of the United States Department of Agriculture and a designated  
6 representative of the Region X Rural Development Task Force who are ex  
7 officio members of the council and may attend and participate in all  
8 meetings of the council but may not vote.

9 (b) The members of the council appointed by the governor serve at  
10 the pleasure of the governor.

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

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

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

27 Sec. 44.19.216. MEETINGS. The council shall meet at the call of  
28 the chairman or legislative co-chairman, at the request of a majority of  
29 the members, and at least four times a year at a regularly scheduled

1 time as determined by the members. The council may convene meetings of  
2 heads of agencies or departments which are concerned with rural matters  
3 or economic development if the council determines a meeting to be useful.

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

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

10 (2) coordinate *ECONOMIC DEVELOPMENT RELATED PROJECTS*  
11 *AMONG DEPARTMENTS AND AGENCIES.*

12 (3) act as advocate for rural development programs which are  
13 not within the jurisdiction of a specific department or agency;

14 (4) act as advocate for appropriate technology development,  
15 *AND THE ADVANCEMENT OF ENTREPRENEURIAL OPPORTUNITIES.*

16 (5) *ENCOURAGE AND ASSIST IN THE ORGANIZATION*  
17 *OF LOCAL AND REGIONAL DEVELOPMENT STRUCTURES*

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

22 Sec. 44.19.231. REPORTS. Before January 15 of each year the  
23 office shall submit to the legislature a comprehensive report describing  
24 the activities of the council and the office for the preceding year.

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

26 (1) "council" means the Rural Development Council;

27 (2) "director" means the director of the office of rural de-  
28 velopment;

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

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



Official Business

# Alaska State Legislature

## House of Representatives

Committee on

Community & Regional Affairs

March 21, 1980

Pouch V  
State Capitol  
Juneau, Alaska 99811

*Notice sent to  
attached by HC&RA  
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

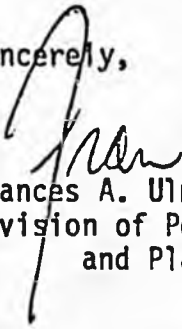
The teleconference will include testimony from all sites. Persons interested in testifying or observing at this hearing should contact the local Legislative Information Office in the following communities: Anchorage, Bethel, Fairbanks, Dillingham, Kotzebue, Nome, Kodiak, Soldotna, Ketchikan and Sitka.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

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

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

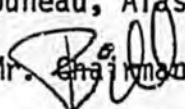
DIVISION OF POLICY DEVELOPMENT AND PLANNING

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.

"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!

# STATE OF ALASKA

## DEPT. OF ENVIRONMENTAL CONSERVATION

465-2601

POUCH 0 - JUNEAU 99811

May 20, 1980

JAY S. HAMMOND, GOVERNOR

*T  
Part of  
Committee file  
a*

The Honorable Arliss Sturgulewski  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Sturgulewski:

It is my understanding that the Senate Community and Regional Affairs Committee is currently considering HB 932, the Rural Development Act. Your staff has asked me to provide the Committee with a list of functions of the Department of Environmental Conservation for the Committee's use in determining appropriate representation of State agencies on the Rural Development Council. That list follows:

1. Funding construction of water and sewer facilities under the federal and State water and sewer bond programs and the Village Safe Water program. Under legislation already passed by the Committee, solid waste facilities would be grant eligible. We also certify and assist in the training of water and wastewater system operators.
2. Review of plans for surveillance of air emission sources, sewerage systems including on-lot sewage disposal (subdivision review), drinking water supplies and solid waste disposal facilities.
3. Oil and hazardous waste spill prevention and cleanup. This fiscal year the department will develop a model contingency plan for small communities for oil spill protection.
4. Certification of dredge and fill activities and other activities resulting in discharge into navigable waters for compliance with State water quality standards. Under the Federal Clean Water Act, a designated State agency must provide the certification of activities requiring permits from the Corps of Engineers, Environmental Protection Agency, Coast Guard (bridges), and Federal Energy Regulatory Commission (dams).
5. Membership on the Coastal Policy Council.

The Honorable Arliss Sturgulewski

-2-

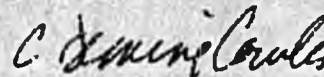
May 20, 1980

6. Analysis of various water related environmental problems, with proposed solutions, such as waste oil generation and disposal, and sewage disposal.

Because of the significant impact of our department's responsibilities and functions, the Committee may well find that our department should be represented on the Council. We would concur with such a Committee finding.

If I can be of any further assistance in this matter, please advise.

Sincerely,



C. Deming Coyle  
Deputy Commissioner



# Alaska Rural Development Council

GOALS  
STRUCTURE  
PROGRAM EMPHASIS  
MEMBERSHIP  
OFFICERS & DIRECTORS

1978

# **Alaska Rural Development Council**

## **GOALS**

Improved Communication Between Agencies

Coordinated Assistance to Community, Regional and State Developmental Programs

Broadening Understanding of Rural Development Potentials

Increased Awareness of Technical and Developmental Resources Available in Alaska

## **STRUCTURE**

The Council is open to membership from State and Federal agencies and organizations with statewide developmental concerns.

Officers and directors are chosen annually from the Council members.

Council meetings are held quarterly, with meeting sites rotated throughout the State.

Regional councils are organized to serve Southeast Alaska, Kenai Peninsula, Kodiak Island, Matanuska Valley, and Tanana Valley.

## **PROGRAM EMPHASIS PRIORITIES**

Agricultural Development -- Long Range Analysis of Future Potential

Developing Water, Waste Disposal and Other Rural Community Facilities

Improved Rural Housing

Land Use Planning and Development

Rural Government Development

Rural Industrial Development

## **FEDERAL**

### **DEPARTMENT OF AGRICULTURE**

**Science and Education Administration-Federal Branch**  
Roscoe L. Taylor, member; Winston Laughlin, alternate

**Agricultural Experiment Station, Palmer**  
Sig Restad, member

**Agricultural Stabilization and Conservation Service**  
Charles Marsh, member; Virginia Hoffman, alternate

**Economics, Statistics & Cooperatives Service**  
Delon A. Brown, member

**Alaska Power Administration**  
Robert Cross, member; Tom Wilde, alternate

**Cooperative Extension Service**  
James W. Matthews, member;  
Peter M. Probasco, alternate

**Farmers Home Administration**  
Darwin R. Betts, member

**Forest Service**  
Marvin C. Meier, member; Robert Janes, alternate

**Soil Conservation Service**  
Weymeth E. Long, member; Theodore Freeman, alternate

### **DEPARTMENT OF THE ARMY**

**Corps of Engineers**  
Mason D. Wade, Jr., member; Paul E. Pinard, alternate

### **DEPARTMENT OF COMMERCE**

**Domestic and International Business Administration**  
Sara L. Haslett, member; Sonja P. Braeutigan, alternate

### **DEPARTMENT OF ENERGY**

Fred Chiei, Jr. member; Robert Sanders, alternate

### **ENVIRONMENTAL PROTECTION AGENCY**

**Arctic Environment Research Lab**  
Bert Puchtler, member

### **DEPARTMENT OF HEALTH, EDUCATION AND WELFARE**

**Alaska Area Native Health Service**  
Fred Reiff, member; Dr. Ryan, alternate

### **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Roger A. Riddell, member; Harold Saether, alternate

## **DEPARTMENT OF THE INTERIOR**

Special Assistant to the Secretary:

Jerry Gilliland, member

### **Fish and Wildlife Service**

Clayton Hardy, member; Melvin Monson, alternate

### **Bureau of Indian Affairs**

H. Prent Gazaway, member; Edward L. Nygard, alternate

### **Bureau of Land Management**

Gary Seltz, member; Sal DeLeonardis, alternate

### **Bureau of Mines**

Alfred L. Service, member; John Mulligan, alternate

### **Heritage Conservation & Recreation Service**

Bill Thomas, member; Paul Gates, alternate

### **National Park Service**

Bryan Harry, member; T. Still Newman, alternate

## **STATE**

### **OFFICE OF THE GOVERNOR**

State Policy Development and Planning

John Halterman, member; Jay Moor, alternate

### **DEPT. OF COMMERCE AND ECONOMIC DEVELOPMENT**

Division of Economic Development

James E. Wiedeman, member; Nick Carney, alternate

### **NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION**

Walter Jones, member

### **DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS**

Division of Community Planning

Lawrence H. Kimball, Jr., member;

Veronica Clark, alternate

### **DEPARTMENT OF EDUCATION**

Division of Educational Program Support,

Vocational Education: Gladys R. Tinney, member

### **DEPARTMENT OF ENVIRONMENTAL CONSERVATION**

Jerry Reinwand, member

### **DEPARTMENT OF FISH AND GAME**

Richard Logan, member; Tom Trent, alternate

#### **Division of Game**

Oliver E. Burris, member; David G. Kelleyhouse, alternate

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES**

**Division of Public Health Environmental Health Section**

Sidney D. Heidersdorf, member; John R. Kuhn, alternate

**DEPARTMENT OF LABOR**

Lottie Fleeks, member; Boyer Brown, alternate

**DEPARTMENT OF NATURAL RESOURCES**

**Division of Agriculture**

K. Allan Linn, member

**DIVISION OF LAND AND WATER MANAGEMENT**

Theodore G. Smith, member; George K. Hollett, alternate

**DEPT. OF TRANSPORTATION AND PUBLIC FACILITIES**

Dean Paddock, member; Gerald Jones, alternate

**FEDERAL-STATE LAND USE PLANNING COMMISSION**

John L. Hall, member; Charles Naughton, alternate

**UNIVERSITY OF ALASKA**

**Arctic Environmental Information & Data Center**

Charles D. Evans, member; Larry S. Underwood, alternate

**College of Arts and Sciences**

Roger Pearson, member; Paul S. Salter, alternate

**Cooperative Extension Service**

James W. Matthews, member;

Peter M. Probasco, alternate

**Geophysical Institute**

John M. Miller, member; Paula Krebs, alternate

**Agricultural Experiment Station**

Sig Restad, member; James V. Drew, alternate

**Institute of Arctic Biology**

Joseph A. Nava, member; Leonard Peyton, alternate

**Institute of Marine Science**

Dorothy T. Brewster, member

**School of Agriculture and Land Resources Management**

James V. Drew, member; Sig Restad, alternate

**School of Management**

William G. Phillips, member; J. Patrick O'Brien, alternate

**School of Mineral Industry**

Earl Beistline, member; Donald J. Cook, alternate

**Sea Grant Program**

G. D. Sharma, member; John Doyle, alternate

## **OTHER**

### **ALASKA FEDERATION OF NATIVES, INC.**

Clifford A. Black, member; Janie Leask, alternate

### **ALASKA NATIVE FOUNDATION**

**Village Management Assistance:**

Michael DeMan, member; Gordon Stockdale, alternate

### **ALASKA VILLAGE ELECTRIC COOPERATIVE, INC.**

Lloyd Hodson, member

### **BERING STRAITS NATIVE ASSOCIATION**

Gary Longley, Sr., member

### **BRISTOL BAY NATIVE CORPORATION**

Ted Angasan, member; Kay Larson, alternate

### **COMMUNITY ENTERPRISE DEVELOPMENT CORP. (CEDC)**

Jeff Hiatt, member; Kay K. Koweluk, alternate

### **FAIRBANKS NORTH STAR BOROUGH**

**Planning Department:**

Philip Berrian, member; Rick Wilhelm, alternate

### **FAIRBANKS TVA DEVELOPMENT, INC.**

Jerry Smetzer, member

### **MATANUSKA TELEPHONE ASSOCIATION, INC.**

Graham Rolstad, member; Mackie N. Dukes, alternate

### **RURAL ALASKA COMMUNITY ACTION PROGRAM, INC.**

Philip Smith, member; George Allen, alternate

### **SEALASKA CORPORATION**

Richard J. Stitt, Sr., member

### **SOUTHEAST ALASKA STATE FAIR**

Carl W. Heinmiller, member

### **YUKON-KUSKOKWIM HEALTH CORPORATION**

George Neck, member; Alvin Ivanoff, alternate

# Alaska Rural Development Council

## OFFICERS:

Chairman - Sig Restad, Institute of Agricultural Sciences

Vice Chairman - Fred Reiff, Department of Health, Education and Welfare

Recording Secretary - Ed Kern, Alaska Division of Agriculture

Executive Secretary - James W. Matthews, Cooperative Extension Service

## DIRECTORS:

John Hall, Federal-State Land Use Planning Commission

Dan Karmun, Reindeer Herder's Association

Allan Linn, Department of Natural Resources

Weymeth Long, USDA Soil Conservation Service

Frank McIlhargey, Kenai Peninsula Borough

Marvin Meier, U.S. Forest Service

John Miller, Geophysical Institute, University of Alaska

Pete Probasco, Cooperative Extension Service

Phil Smith, RurAL CAP

## STANDING COMMITTEES:

Human Resource Development: Phil Smith, Chairman

Local Government, Corporate Activities, and Community Facilities: John Hall, Chairman

Natural Resources: Marvin Meier, Chairman

The University of Alaska's Cooperative Extension Service programs are available to all, without regard to race, color, age, sex, creed, or national origin.

Issued in furtherance of Cooperative Extension work, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Dr. James W. Matthews, Director, Cooperative Extension Service, University of Alaska.

## 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

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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 overemphasized. 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. 835, 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 granted 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 program. 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 ensuring 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 alinement 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.

Under the housing program of the Appalachian Regional Commission, site development grants and planning loans have resulted in the construction or repair of an additional 1,900 homes. Technical assistance funds have been used by all 13 States to strengthen the technical competence of low and moderate income housing sponsors, and ten States have established an Appalachian housing fund to stimulate housing production in the region.

One of the primary reasons for the lack of adequate housing is the fact that there is not enough land suitable for development. In many cases, especially in coal-producing areas, the only land flat enough to build on is located in the flood plain, and is subject to frequent devastating floods. Due to the competition with industry for available land, building sites for housing are frequently sold at premium prices.

Another unique problem exists in some areas of Appalachia, particularly in West Virginia. In the southern part of this mountainous State, 10 major landholders own 90 percent of the land. If they are unwilling to sell the land for housing development, and this has proven to be the case in many instances, there may be no way to make the land available.

Section 108 of this legislation expands the existing section 207 of the Appalachian Regional Development Act to enable site development funds to be used for land acquisition for low- and moderate-income housing. The monetary limitation for grants and loans for site development purposes is raised from 10 percent to 25 percent. Any reduction in costs of housing units attributable to land acquisition under this section shall accrue to ultimate purchasers or tenants, and not to any profit-making entity.

Section 207 is further expanded to allow the Secretary of Agriculture, at the request of a State within the commission, to use land acquisition and condemnation authority under section 601 of the Powerplant and Industrial Fuel Use Act when land for housing cannot be obtained in any other way. The Appalachian Commission is also directed to undertake a demonstration of incentives or programs to attract large-scale housing developers to the Appalachian area.

#### CHILD DEVELOPMENT

One of the most valuable programs developed under the Appalachian program has been the child development demonstration program.

The program was initiated to respond to the severe health problems and high mortality rates among infants and children of the region. Each of the States have begun early child development programs and are beginning to address the health needs of young children. This activity has enabled many low-income and single-parent families to augment their income by freeing family members to find employment while their pre-school children are being cared for. It is also an effective learning experience for these children.

The 1975 amendments allowed commission funding for the operation of child development centers to be continued for an additional two years beyond the 5-year limitation placed on all demonstration projects. This extension was granted because many of the worthwhile programs were having difficulty finding other funding sources for continued operation. During the extension period, the Commission and the States were to renew efforts to secure other funding.

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 89-4, 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 . 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 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 not 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 -----	3,745,500,000

Section 403 of the Congressional Budget and Impoundment Control Act requires each bill to contain a statement of the cost of such 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:<sup>1</sup>

Fiscal year:		
1980	-----	423
1981	-----	604
1982	-----	844
1983	-----	804
1984	-----	500

<sup>1</sup> 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	-----	408
1983	-----	635
1984	-----	588

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 program 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 underlying 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 all its 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.



## United States Senate

WASHINGTON, D.C. 20510

September 13, 1979

The Honorable Arliss Sturgulewski  
Alaska State Senate  
2257 Sheldon Jackson  
Anchorage, Alaska 99504

Dear Arliss:

Thank you for your letter of August 10 concerning S. 835.

As reported by the Senate Environment and Public Works Committee, S. 835 included a provision that would mandate the creation of the Alaska Regional Development Commission. Despite the fact that this Commission would be the only single state commission, the Committee decided that Alaska constituted a region unto itself and deserved a planning body that would focus its attention on the subcontinent of Alaska. Included in that provision was permissive authority for the Commission to review and make recommendations with respect to resource inventories and land use patterns. Also included was a study to find out how the linkage between economic development and the disposition of land resources could be strengthened within the institution of the regional commission. These provisions are described on page 20 of the enclosed committee report.

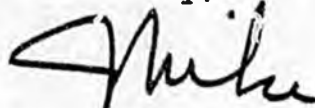
In floor action on the bill on July 31, the Senate decided to drop the permissive land evaluation authority and the study. In my judgement, this action was taken because of misplaced fear that these provisions constituted federal involvement in land use planning. However, following the vote, a short colloquy between myself, Senator Bumpers and Senator Stafford made it clear that the Alaska Commission is not prohibited from examining land disposition questions as long as they are related to the economic development function of the commission.

The authorization for an Alaskan Commission is still contained within the legislation. I expect to be a member of the conference committee that discusses this legislation with the House of Representatives and I have every reason to believe that the legal authority for the creation of the Alaska commission will be enacted this year.

Please let me know if you have any comments or further questions after your review of the enclosed committee report.

Warm regards.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike", written in a cursive style.

Mike Gravel

MG:ra  
Enclosure