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## REGIONAL PLANNING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ACCOUNTABILITY

### GAO REPORT AND DEPARTMENT OF COMMERCE AUDIT

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

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

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

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

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

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

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

#### LEGISLATIVE PROVISIONS

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

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

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

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

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

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

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

#### ROLE OF THE FEDERAL COCHAIRMAN

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

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

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

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

#### PARTICIPATION OF APPALACHIAN COMMISSION PARTNERS

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

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

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

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

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

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

#### APPALACHIAN HIGHWAYS

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

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

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

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

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

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

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

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

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

#### APPALACHIAN HOUSING

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

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

#### BUSINESS, RAILROAD, AND ENERGY RESOURCE ACTIVITIES

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

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

#### INCENTIVE GRANTS

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

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

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

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

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

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

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

#### COMMISSION AUTHORITIES

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

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

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

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

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

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

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

#### REGIONAL DEVELOPMENT COUNCIL/OFFICE OF REGIONAL DEVELOPMENT

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

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

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

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

#### MAINTENANCE OF EFFORT

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

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

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

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

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

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

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

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

## CIVIL SERVICE

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

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

### APPALACHIAN BOUNDARY STUDY

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

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

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

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

### BORDER RESOURCE RESEARCH INSTITUTES

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

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

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

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

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

#### ALASKA REGIONAL COMMISSION

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

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

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

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

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

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

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

#### ROLLCALL VOTES

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

#### REGULATORY IMPACT

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

#### COST OF LEGISLATION

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

##### Title I: Appalachian Regional Development Act Amendments:

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

##### Title II: Regional Commission Act:

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

Total 3,765,500,000

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

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

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

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

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

Sincerely,

ALICE M. RIVLIN, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

MAY 15, 1979.

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

TITLE I—APPALACHIAN REGIONAL DEVELOPMENT ACT AMENDMENTS  
OF 1979

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

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

## TITLE II—REGIONAL COMMISSION ACT OF 1979

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

## TITLE III—REGIONAL GROWTH POLICY PROCESS ACT

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

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

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

## 5. Cost estimate:

[In millions of dollars]

Estimated authorization level:<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	-----	468
1983	-----	635
1984	-----	589

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

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

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

7. Estimate comparison: None.

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

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

10. Estimate approved by:

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

## HEARINGS

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

## MINORITY VIEW OF MR. CHAFEE

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

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

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

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

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

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

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

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

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

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

JOHN H. CHAFEE.

## MINORITY VIEWS OF SENATOR SIMPSON

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There is simply no way to determine how much of the job has been actually accomplished in the last 2 or 3 or 14 years—or when, if ever, the work of the Regional Commissions will be completed. For example, the GAO report to the Congress of April 27, 1979, addresses—

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

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

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

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

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

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

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

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

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

ALAN K. SIMPSON.

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

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

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

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

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

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

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

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

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

## CHANGES IN EXISTING LAW

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

○

# Washington Report

## A new approach to federal policy on rural development

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

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

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

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

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

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

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

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

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

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

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

## On the Agenda

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

### Housing—

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

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

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

#### Energy—

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

#### Health—

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

#### Capacity building—

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

#### Transportation—

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

#### Other items of interest include:

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

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

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

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

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

1964  
Rural Settlement

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L20

Repealed 169  
SLA 164

STATE OF ALASKA  
Inter-Department Route Slip

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

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

Remarks:

FROM:  
MAIL STATION NUMBER \_\_\_\_\_

DEPARTMENT \_\_\_\_\_

BY Rep. Duncan DATE \_\_\_\_\_



House of Representatives

State Capitol  
Pouch V  
Juneau, Alaska 99811  
465-3818

MEMBER  
Finance Committee

REPRESENTATIVE  
JIM DUNCAN  
CHAIRMAN  
Budget & Audit Committee

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

MEMORANDUM

TO: Community & Regional Affairs  
Committee Members

FROM: Rep. Jim Duncan

DATE: March 24, 1980

SUBJECT: House Bill 932

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

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

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

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

District 4

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

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

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

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

JD:jp  
Encls.



March 24, 1980

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

Dear Bill,

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

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

If you have any questions or comments please call.

Sincerely,

COMMUNITY ENTERPRISE DEVELOPMENT  
CORPORATION OF ALASKA

JEFF HIATT   
Special Projects Manager

JH:kra

**CEDC**

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

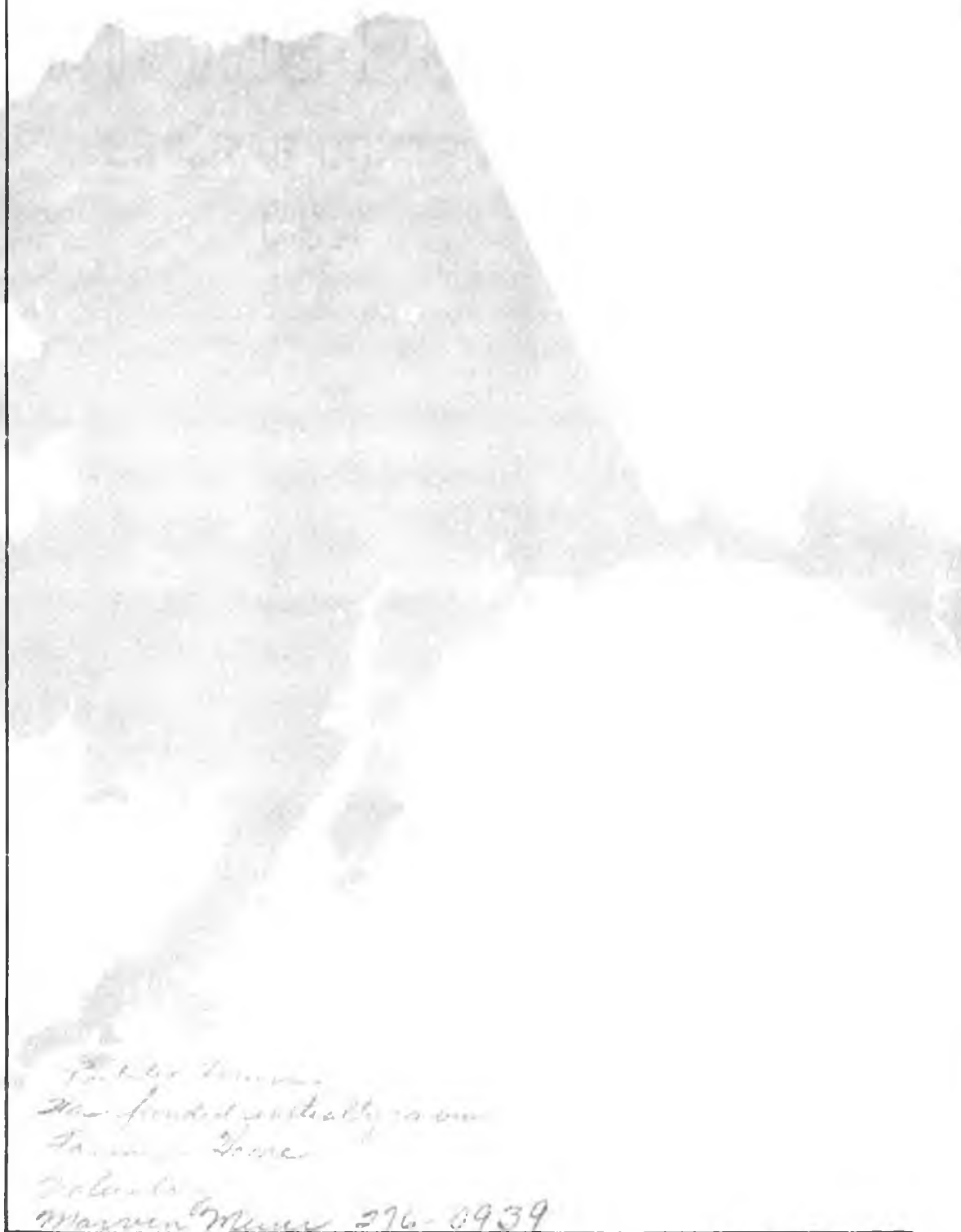


## MEMBERSHIP

# Alaska Rural Development Council

INCREASED AWARENESS • IMPROVED COMMUNICATION  
BROADENED UNDERSTANDING • COORDINATED ASSISTANCE

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



Chairman-Sig Restad, Institute of Agricultural Sciences, Box AE, Palmer, AK 99645. 245-3257  
 Vice-Chairman-Fred Reiff, Alaska Area Native Health Service, Box 7-741, Anchorage, AK 99510.  
 \*Recording Secretary-Ed Kern, Division of Agriculture, Box 1088, Palmer, AK 99645. 245-3236  
 \* Executive Secretary-James W. Matthews, Cooperative Extension Service, University of Alaska, Fairbanks, AK 99701.  
 Dept of Agr. Rural Development 192  
 out



Official Business

# Alaska State Legislature

## House of Representatives

Committee on

Community & Regional Affairs

March 21, 1980

Pouch V  
State Capitol  
Juneau, Alaska 99811

### TELECONFERENCE NOTICE

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

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

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

5,000 Townships  
88 - rural

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

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

1 IN THE HOUSE

2 HOUSE BILL NO. 932

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

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

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

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

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

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

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

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

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

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

13 ARTICLE 3C. OFFICE OF RURAL DEVELOPMENT.

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

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

22 (1) the lieutenant governor;

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

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

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

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

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

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

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

(c) The lieutenant governor is chairman of the council 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 direction to the office and to 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 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 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 or legislative co-chairman, at the request of a majority of the members, or at a regularly scheduled time as determined by the members. *but not less than 4x annually* The state officers listed in AS 44.19.201(a)(3) who are not appointed to the council are ex officio members of the council and may

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

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

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

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

11 (2) act as the <sup>in case of default</sup> ~~state~~ <sup>responsibility agency for rural development</sup> agency for federal rural development  
12 programs ~~when appropriate;~~ <sup>delete</sup>

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

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

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

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

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

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

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

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

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

STATE-FEDERAL INTERAGENCY AGREEMENTS

Prepared by:

Gordon Stockdale  
Economic Development  
Coordinator

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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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

RF: HB 932

Page 3

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

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

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

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

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

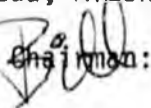
DIVISION OF POLICY DEVELOPMENT AND PLANNING

JAY S. HAMMOND, Governor

POUCH AD  
JUNEAU, ALASKA 99811  
PHONE: 465-3512

March 18, 1980

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

Mr.  Chairman:

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

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

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

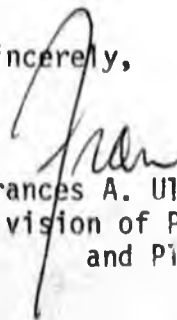
We agree with this statement and have been working within the executive branch to devise a process which recognizes the unique nature of rural Alaska. We are attempting to create a broadly based coordinating effort which will target the resources of the federal and state governments so that development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

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

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

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

Sincerely,



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

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SUBJECT: Special Assignment on Alaska

THRU: Gordon Cavanaugh  
Administrator

THRU: William M. Hunt  
Acting Deputy Associate Administrator

TO: Alex P. Mercure  
Assistant Secretary  
for Rural Development

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

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

Alex Mercure

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

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

Recently, however, several things have fallen into place:

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

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

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

Alex Mercure

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

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

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

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

#### RECOMMENDATIONS:

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

Alex Mercure

4

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

NOTES:

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

signed

CRAIG BIGLER  
Program Analysis Officer

**BILL ANALYSIS**

ASSIGNMENT DATE \_\_\_\_\_

UNASSIGNED \_\_\_\_\_

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

**(6) COMMENTS:**

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

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

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

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

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

March 16 - Sunday

Lee:

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

Marie

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

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

In regard to the...

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

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

1

2. There doesn't appear to ~~be~~ need for a fiscal note on this rural development council bill at this point. I am just preparing the following, which you can feel free to change in any way. Then I thought we could submit a bill analysis to Keith after that, since this information below isn't in final form and you will probably want to change it.

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

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

H.B. 932

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

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

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

Marie

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

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

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

II. BASIC PROBLEMS:

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

III. SOME OF THE OBSTACLES:

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

IV. STATE'S INTEREST:

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

FEDERAL/STATE INTERAGENCY AGREEMENT

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



Official Business

# Alaska State Legislature

## House of Representatives

Committee on

Community & Regional Affairs

March 21, 1980

Pouch V  
State Capitol  
Juneau, Alaska 99811

*Sent to attached  
3/21/80*

### TELECONFERENCE NOTICE

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

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

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

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City of Hooper Bay  
P. O. Box 37  
Hooper Bay, Alaska 9960

Mayor  
City of Houston  
Star Route Box 2727  
Wasilla, Alaska 99687

Mayor  
City of Hughes  
General Delivery  
Hughes, Alaska 99745

Mayor  
City of Huslia  
Huslia, Alaska 99746

Mayor  
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Box 57  
Hydaburg, Alaska 99922

Mayor  
City of Kachemak  
P. O. Box 701  
Kachemak VIA  
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Mayor  
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P. O. Box 500  
Kake, Alaska 99830

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P. O. Box 27  
Kaktovik, Alaska 99747

Mayor  
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Kaltag, Alaska 99748

Mayor  
City of Kasaan  
Kasaan, Alaska 99924

Mayor  
City of Kenai  
P. O. Box 580  
Kenai, Alaska 99661

Mayor  
City of Ketchikan  
P. O. Box 7300  
Ketchikan, Ak. 99901

Mayor  
City of Kiana  
Kiana, Alaska 99749

Mayor  
City of King Cove  
P. O. Box 37  
King Cove, Ak. 99612

Mayor  
City of Kivalina  
Kivalina, Ak. 99750

Mayor  
City of Klawock  
P. O. Box 113  
Klawock, Alaska 99925

Mayor  
City of Kobuk  
General Delivery  
Kobuk, Alaska 99751

Mayor  
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P. O. Box 1397  
Kodiak, Alaska 99615

Mayor  
City of Kotlik  
Kotlik, Alaska 99620

Mayor  
City of Kotzebue  
P. O. Box 46  
Kotzebue, Ak. 99752

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General Delivery  
Koyuk, Alaska 99753

Mayor  
City of Koyukuk  
General Delivery  
Koyukuk, Ak. 99754

Mayor  
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P. O. Box 50  
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Mayor  
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General Delivery  
Kwethluk, Alaska 99621

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City of Larsen Bay  
General Delivery  
Larsen Bay, Ak. 99624

Mayor  
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Lower Kalskag, Ak. 99626

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Manokotak, Ak. 99628

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Metlakatla, Ak. 99926

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Mayor  
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Newtok, Alaska 99559

Mayor  
City of Nightmute  
Nightmute, Alaska 99690

Mayor  
City of Nikolai  
Nikolai, Alaska 99691

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General Delivery  
Shungnak, Ak. 99773

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Nelson Island  
Toksook Bay, Ak. 99637

Mayor  
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General Delivery  
White Mountain, Ak. 99788

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99841

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Mayor  
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Mayor  
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99657

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Mayor  
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City of Sheldon Point  
Sheldon Point, Ak. 99661

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

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Craig, Ak. 99921

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



# Alaska State Legislature

## House of Representatives

State Capitol  
Pouch V  
Juneau, Alaska 99811  
465-3818


MEMBER  
Finance Committee

REPRESENTATIVE  
JIM DUNCAN  
CHAIRMAN  
Budget & Audit Committee

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

### MEMORANDUM

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

FROM:  Jim Duncan

DATE: March 4, 1980

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

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

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

JD:jp  
Enclosures

District 4

HAINES

JUNEAU - DOUGLAS

KLUKWAN

SKAGWAY

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

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

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

II. BASIC PROBLEMS:

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

III. SOME OF THE OBSTACLES:

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

IV. STATE'S INTEREST:

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

FEDERAL/STATE INTERAGENCY AGREEMENT

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

THE CARTER ADMINISTRATION

# SMALL COMMUNITY AND RURAL DEVELOPMENT POLICY

DECEMBER 20, 1979

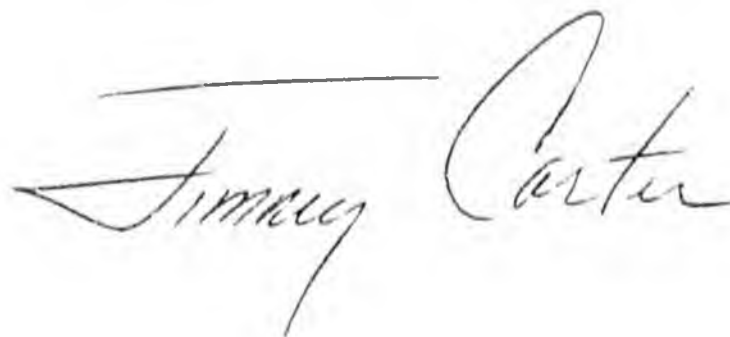


It is with great personal satisfaction that I announce today my Small Community and Rural Development Policy. I believe it reflects a change in both the programs and the attitudes of the federal government as we seek solutions for the kinds of problems I have seen all my life, growing up and living in a rural area.

We have long needed to translate generalized concerns about rural problems into a set of specific goals, principles, programs, and mechanisms for effective implementation. Building on the many rural initiatives launched during the past two-and-a-half years, this policy provides a clear purpose and a clear program of action for addressing important small community and rural needs, and for managing the profound demographic and economic changes that are taking place in rural America.

Built into this policy is the recognition that rural Americans have extraordinary creativity, dedication, and perseverance. The role of the federal government should be to encourage and support the resources and resourcefulness of rural America and to be the partner of its local leaders.

Nowhere is the sense of partnership, neighborliness, and shared responsibility more evidenced than in the communities all across rural America. That is why I am optimistic about the future of this nation and the future of rural and small town America. In many ways, working together and combining our strengths and resources, we can build a better life for all Americans, urban and rural.

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

THE WHITE HOUSE  
December 20, 1979

RECEIVED  
JAN 4 1980  
BUDGET/AUDIT  
COMMITTEE

THE CARTER ADMINISTRATION

SMALL COMMUNITY AND RURAL DEVELOPMENT POLICY

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## PART ONE

### POLICY STATEMENT

#### Our Rural Heritage

Rural and small town America is an integral part of the nation's economic and social fabric. Rural America provides our nation's food, fiber, and wood and accounts for most of our domestic mineral and energy supply. It plays an increasingly important role in the nation's manufacturing, trade, and service economy. Earnings from rural exports make a vital contribution to our nation's trade balance. Most important, our national character draws strength from the rural values of hard work, self-reliance, and a sense of community. Rural America is rich and diverse in history, culture, and natural beauty. It is "home" for generations of Americans and where increasing numbers of Americans prefer to recreate and make their future home.

This nation was mostly rural for its first 150 years. Americans were heavily dependent for their livelihood -- often for their very existence -- on what they could themselves produce from the land. At the turn of this century six of every ten Americans still lived in rural places. The changes since then have been dramatic.

The mechanization of agriculture, improvements in transportation and communication, the process of industrialization, and overall economic growth have greatly altered the economic and social organization of America. For our last fifty years we have been mainly a nation of city and suburban dwellers. During this time, most of the old cliches about rural and urban lost their meaning.

As we enter our third century, the living patterns and preferences of Americans are shifting again. These shifts between urban and rural are occurring in the context of an extraordinary diversity within rural America itself. This diversity is mirrored in the variety of our rural areas -- areas that take such divergent forms as a New England coastal fishing village, a Midwest farm community, a mining town in Appalachia, a ranching area in the Rocky Mountains, a settlement of tenant farmers in the Mississippi Delta, a pueblo in the Southwest, a Southern town in transition to becoming a metropolitan center, and a small Western town experiencing "boom growth" from energy development.

## The Changing Face of Rural America

For decades the population of urban areas grew while large numbers of people left the farms and small towns. Since 1970 this migration trend has reversed. The annual growth rate of rural areas has averaged 1.3 percent since 1970, exceeding the rate of growth in urban areas by over 40 percent.

Rural employment, previously declining and historically tied to the land, is now growing and diversifying. Not only are new jobs being created at a faster rate in rural than in urban areas but the composition of rural work itself is changing. Although agriculture is still the dominant influence in many rural economies, overall, employment in manufacturing, trade, and professional services now exceeds direct agricultural employment. Agriculture itself has changed enormously. It has become a highly sophisticated, often specialized, component of a larger food and fiber system that includes suppliers on one end of the production chain and processors and marketers on the other.

This growth in rural population, the accompanying expansion in rural employment, and the increasing diversity of rural economies result from a number of factors -- a strong preference for rural and small town living, the movement of retirees to rural areas, longer-distance job commuting, reduced outmovement from farms, and expanded mining, manufacturing, and service activities in rural areas.

Although the dramatic turnaround in population trends and the growth in job opportunities are the predominant influences in rural America in the 1970's, it is important to note that not all rural areas or rural people have shared in this growth. Approximately 500 counties in parts of the Great Plains, the Corn Belt, and the Mississippi Delta continue to lose population as many have been doing for 20 or 30 years. Most of these counties are heavily agricultural and have experienced an exodus of workers from agriculture that has exceeded non-farm job creation.

Of course, even in areas benefiting from economic growth and diversification, the benefits are not always well distributed. Great numbers of rural and small town residents suffer from problems that afflict the poor wherever they live. Problems resulting from the isolation of being poor or old in rural America can have a particularly virulent effect on both body and spirit.

### Special Rural Needs

Even though rural America is growing, too many rural residents have failed to benefit from that growth. Too many remain, in the words of President Lyndon Johnson's Rural Poverty Commission, "the people left behind." Notwithstanding the progress that has been made, a disproportionate share of the nation's poor still live in rural areas -- about 40 percent of the total. Virtually all of the nation's persistently poor counties are rural. The toll, whether measured in terms of economic efficiency or human dignity, is too high.

A disproportionately large number of the rural poor are Blacks, Hispanics, and Native Americans. Approximately 27 percent of rural Hispanic people and 38 percent of rural Blacks live on incomes below the poverty level (compared to 14 percent for rural Whites). About 40 percent of all Native Americans were living below the poverty level in 1970. Women in both the rural and the urban work force do not share equitably in the economic rewards of their labor. In 1977, the average annual income of women working full-time in rural areas was only 54 percent of the income of rural men. Also, households headed by females made up almost 35 percent of all non-metropolitan households living in poverty.

There are other indications that rural America is not fully sharing in the benefits of our nation's growth and development. Rural areas have 58 percent fewer physicians, 38 percent fewer dentists, and 29 percent fewer nurses, on a per capita basis. Yet, rural Americans suffer from a higher incidence of chronic disease and lose more days from work due to illness or incapacity than their urban counterparts.

Three times the proportion of rural housing units lack complete plumbing as urban units. Over 2 million rural Americans do not have running water in their homes; over 4 million have inadequate sewage disposal systems or none at all; and many rely on sources of drinking water that fail to meet safe drinking water standards.

Less than one percent of rural Americans who work away from home utilize public transportation to get to work -- a statistic that dramatically reveals how dependent rural Americans are on the family car. Yet over 57 percent of the rural poor, and 45 percent of the rural elderly do not own an automobile, contributing even further to their isolation and immobility, not only from jobs, but from vital social services as well.

These problems and others of comparable severity are further compounded by the limited capacity and resources of local governments to respond. Whether small community needs are those associated with growth or with decline, they pose special problems for local governments. About one quarter of all rural people live in or near towns of less than 2,500; three quarters live in or near towns of less than 20,000. Given their small population bases, most small rural governments are limited in the array of public services they can provide. Large-scale urban-oriented technologies are often not economically feasible when applied to small towns and rural areas. And while the range of public services offered by rural governments is more limited, the per unit cost of providing these services is usually higher.

Many small towns, remote from Washington and from their state capitols, lack the "grantmanship" that is so often required to compete successfully for limited Federal and state assistance. This difficulty is compounded by the fact that many federal programs have been formulated with big cities in mind. As a result, such programs frequently contain eligibility and other criteria that hinder access by small communities. Even when assistance is available, the lack of fiscal resources makes it difficult for many small communities to match federal grants and to repay loans.

Even those small communities now experiencing economic growth are finding that along with the blessings, growth brings a new set of problems. Many communities are unprepared for the economic and social adjustments that become necessary. Changing demographic and economic patterns may not only exacerbate chronic and deep-seated problems but they often create new ones.

Some of the problems are already apparent. As a result of rapidly escalating property values and taxes, too many rural families on low and fixed incomes are in danger of losing their land and homes. As a result of the growth in residential, commercial and industrial land use, prime agricultural land is being lost and fragile ecosystems are being impaired. The influx of new residents -- especially when it escalates to "boom growth" -- makes it difficult for local governments to provide essential public services in a timely way.

#### Why A Rural Policy

My Administration is adopting a Small Community and Rural Development Policy because:

- o Rural America's human and natural resources are a mainstay of the nation's economy and contribute very significantly to the American way of life. A conscious and sustained effort is needed to ensure the wise use and continued productivity of these resources.

- o Many rural areas are in the midst of significant economic and demographic change -- change that is creating new demands, new problems, as well as new opportunities. A forward-looking policy is needed to manage the effects of such change -- to enable individuals and communities to solve their problems and to capitalize on their opportunities.
- o Rural people and communities have proportionately greater unmet basic human needs than do other parts of the nation. We must seek to assure that, to the maximum extent our resources allow, we address these needs and redress inequities.
- o The entire nation, including our cities and suburbs, is served best when good jobs, livable incomes, decent housing, a healthy environment, dependable energy supplies, and other basic needs are met in small communities and rural areas and when neither urban nor rural residents have to move in search of a better life.
- o Confused and often contradictory policy goals and implementation responsibilities have frustrated past efforts to address rural needs both within the federal government and between the federal government and state and local governments and community-based organizations. We need clear policy direction and a framework for integrating current federal efforts and reviewing future policy initiatives in order to evaluate the impact of actions we take and resources we commit.
- o Frequently, past rural programs have been developed in Washington, D.C. on the basis of inadequate and out-of-date information. We need to improve our rural data base. We also need to assure that diverse rural perspectives are available to federal policy makers and program managers. This continuous source of input is particularly important now when rural America is in transition.

### Policy Goals and Principles

The Administration's Small Community and Rural Development Policy is designed to recognize the great diversity of rural needs and circumstances. Rather than attempting to impose a single grand strategy on a diverse rural America, the policy I am announcing sets forth goals and principles, organizational

and procedural arrangements to help ensure their implementation, and a set of new initiatives to fill gaps and deficiencies in existing federal programs. The basic intent is to provide a policy process within which the federal government, in cooperation with state and local governments and the private sector, can provide the greatest degree of support for local efforts to solve problems and improve the quality of rural life.

In partnership with the Congress, state and local governments, and private sector leadership, my Administration is committed to work toward:

- o meeting the basic human needs of rural Americans;
- providing opportunities for rural people to be fully and productively employed and providing a favorable climate for business and economic development;
- addressing the rural problems of distance and size; and
- \* ● promoting the responsible use and stewardship of rural America's natural resources and environment while preserving the quality of rural life.

In support of these goals, I am directing my Secretaries and Heads of Departments and Agencies to adhere, to the maximum feasible extent, to the following principles, in the administration of federal programs. Specifically, federal administrators are directed to:

- manage their programs in ways that recognize local priorities and facilitate local decision-making in rural America;
- make federal investments in ways that complement state-local development plans and priorities;
- use federal assistance to help leverage private sector investments in rural community and economic development projects and programs;
- o give high priority to the targeting of federal assistance to disadvantaged persons and distressed communities in rural areas;
- make federal programs more accessible to rural jurisdictions and community-based organizations, better adapted to rural circumstances and needs, better coordinated, and more streamlined in their administration; and

make special efforts to provide local citizens and their leaders with the assistance needed for effective community decision making and development efforts.

Implementation

A statement of policy goals and principles is not enough. These goals and principles will only begin to have impact on the needs of rural Americans as they are reflected in changes in the way government acts -- changes in programs, in delivery systems, in accessibility, and sometimes even in attitude. Thus, I am taking two important steps to help ensure that this policy is fully and effectively implemented.

First, I am proposing a rural development action agenda -- a set of specific action steps which the Administration will pursue to address priority rural needs. This action agenda -- outlined in detail in Part Two -- builds upon and expands the White House Rural Development Initiatives of the last two years and is based on advice received from extensive consultations with the Congress, the states, local officials, and rural leaders across the country. Although it is an ambitious agenda, one that is broad in scope and meticulous in detail, it is also unfinished. Many more actions and reforms are needed and will be taken in the future.

Second, I am directing a number of organizational and procedural changes as part of a strategy to develop the institutional capacity needed to solve problems on an on-going basis and assure the effective, sustained implementation of the policy principles identified here. [Such an institutional structure must extend beyond the boundaries of the federal government to state and local governments, rural interest groups, local leaders, and innovators.] [It must provide a basis for the collaborative implementation of programs and initiatives which have been jointly developed.] With these requirements in mind, I am:

- o Asking Congress to create the position of Under Secretary of Agriculture for Small Community and Rural Development. This new position will help carry out Secretarial and Administration policy and assist the Secretary to fulfill his government-wide mandate under the Rural Development Act of 1972.
- o Placing renewed emphasis on the Working Group on Small Community and Rural Development and directing this group to play an aggressive and effective role in monitoring and assisting the implementation of this policy pursuant to Section 603 of the Rural Development Act of 1972. Toward this end:

*Alex  
Mercurio*



\*

- the Working Group will be co-chaired by the Under Secretary for Small Community and Rural Development (USDA) and my Assistant for Intergovernmental Affairs and Secretary to the Cabinet;
- both the Under Secretary for Rural Development (USDA) and my Assistant for Intergovernmental Affairs will be staffed specifically for this purpose;
- the Working Group will be composed of principal federal program managers, and such others as may be named by the co-chairpersons:

Marjorie  
WATSON

- Executive Associate Director (Budget), Office of Management and Budget
- Associate Director (Rural and Agriculture), Domestic Policy Staff
- Assistant Secretary for Budget and Programs, Department of Transportation
- Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development
- Assistant Secretary for Housing, Department of Housing and Urban Development
- Deputy Under Secretary, Department of Health and Human Services
- Assistant Secretary for Employment and Training, Department of Labor
- Assistant Secretary for Economic Development, Department of Commerce
- \* Assistant Secretary for Land and Water Resources, Department of Interior
- Assistant Secretary for Rural Development, Department of Agriculture
- \* Assistant Secretary for Capital Investment and Debt Management, Department of Treasury
- Deputy Under Secretary, Department of Energy
- Appropriate Representative of the Department of Education
- Associate Director of ACTION
- Deputy Director, Community Services Administration
- \* Deputy Administrator, Environmental Protection Agency
- Executive Assistant/Director of Administration, General Services Administration
- Deputy Administrator, Small Business Administration

- o Directing the Secretary of Agriculture to appoint an Advisory Council to monitor implementation results and to advise him (and through him the Working Group) on needed federal actions. The Council will be composed of public officials named by major public interest groups, representatives of community-based organizations and other private interest groups, representatives of the business and financial community, and others to be selected by the Secretary.
- o [ Inviting the nation's Governors to establish State Rural Development Councils as a mechanism for ensuring effective coordination in joint federal-state efforts to implement state and local rural development priorities. The Federal Regional Councils will be directed to establish a rural development task force to assist state implementation efforts, and the Secretaries and Heads of Agencies will direct federal field personnel to participate on the state Rural Development Councils if a governor so desires. ]
- o Directing the Working Group, acting through the Secretary of Agriculture and based on advice of the Advisory Council, to annually review existing and proposed policies, programs, and budget levels to determine their adequacy in meeting rural needs and embodying the policy principles articulated here. A report, based on this review, should be submitted to OMB at an appropriate time in the budget cycle and to other Secretaries and Heads of Agencies as appropriate. The Secretary of Agriculture is further directed to submit a report to me each year that documents the implementation steps pursuant to this policy and that satisfies the reporting requirements of the Rural Development Act of 1972.
- o Directing the Secretaries of Housing and Urban Development, Health and Human Services, Education, Commerce, Energy, Labor, Transportation, and Interior, and the ~~Administrators of the Environmental Protection Agency,~~ the Community Services Administration, and the Small Business Administration to review relevant departmental or agency policies and programs in terms of their adequacy in embodying the policy principles and to designate a senior official to be responsible for monitoring implementation of this policy within the agency, serving as a rural advocate within the agency, and acting as a point of contact for small community and rural leaders seeking information or assistance.

A cornerstone of my Administration's Small Community and Rural Development Policy is the coordination of federal, state, and local efforts to serve rural people and enhance their prospects for the future. To help accomplish this important aim, federal officials must be constantly exposed to a range of rural experiences and information and brought into contact with those people who represent rural viewpoints and are working to meet rural concerns. The emphasis on ongoing, institutionalized follow-up and non-federal involvement is intended to provide an environment conducive to the development and execution of policies and programs which are sensitive to rural needs and circumstances.

## PART TWO

ACTION AGENDA

What follows is a description of some of the key actions already taken by this Administration to address rural problems and a summary listing of new actions announced today to further address these problems in the context of overall policy goals. The new initiatives are based, to a large extent, on recommendations made during the extensive consultations which were held with Members of Congress, state and local elected officials, and public and private interest groups to identify priority needs and what needs to be done to address them.

Many more actions and reforms are required. No rural policy pronouncement can be viewed as the last word. It must rather serve as a source of guidance, emphasis, priority, and inspiration in the context of which future work must be planned and undertaken. Those problems which could not be fully addressed in this statement will be placed on the 1980 agenda of the Working Group on Small Community and Rural Development and the Advisory Council to that group.

The new initiatives detailed below will be implemented by the Departments and the Working Group on Small Community and Rural Development. The Working Group will assist in establishing lead agency responsibilities, time frames, and where possible, quantitative targets to be reached. The designated agencies will develop work plans, including time schedules, information or other resources needed from other agencies, anticipated problems, and needed policy guidance. Review by the Working Group will provide opportunities for coordinating actions and schedules and sharing resources as needed. The Working Group will also establish monitoring guidelines to assure timely reports on progress and problems encountered in implementing the initiatives.

## MEETING THE BASIC HUMAN NEEDS OF RURAL AMERICANS

HOUSINGActions Already Taken

- o A joint agreement between FmHA and HUD initiated a four-year demonstration in state delivery of federal housing and community development assistance to rural disadvantaged populations and distressed communities in four states. During the first two years of the demonstration, over 2,100 new housing units were constructed and an additional 5,484 homes were rehabilitated or weatherized. The program is currently being extended to other rural areas with similar needs in each of the four demonstration states.

- o Under the White House Rural Development Initiatives, the Administration announced in January, 1979, a set-aside of funds to construct 10 demonstration elderly congregate housing projects, with social services provided on-site. Since that announcement, FmHA regulations have been changed to make the provision of social services a matter of routine consideration when elderly congregate housing projects are planned. Such housing provides a much-needed alternative to institutional care for the elderly who need social services some of the time.
- o FmHA implemented a new rental assistance program providing rent subsidies to nearly 43,000 rural low-income families so they could afford to live in FmHA-financed rental and farm labor housing developments.
- o FmHA increased the level of Section 504 low-income housing repair loans and grants from \$24 million in 1978 to \$43 million in 1979 to better meet the special needs of older Americans.
- o The Federal National Mortgage Association (FNMA) has established a "satellite" lending program which permits small lenders to sell their loans to FNMA through approved FNMA seller/servicers. This new correspondent relationship is very important to the typically small and undercapitalized rural lender who could not normally take advantage of the marketing opportunities afforded by FNMA.
- o To help cut fuel bills for rural families and implement national energy conservation goals, FmHA and the Rural Electrification Administration (REA) began a program to allow REA-financed cooperatives to use FmHA rehabilitation loan funds to weatherize homes for their customers.
- o To increase the availability of federal assistance for homeownership to lower income households, FmHA revised the "good credit history" application procedures to ensure equal credit opportunities without discrimination for FmHA housing loan applicants. In addition, FmHA aggressively emphasized use of the provision allowing low-income borrowers to temporarily suspend housing loan payments when medical problems, loss of jobs, or other emergencies prevent payment.