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- o HUD has increased funding of state and local human rights commissions to improve fair housing enforcement in rural and small communities.
- o The Veterans Administration loan referral system minimizes requirements for direct loans from local lending institutions in rural areas. Eligible veterans can receive VA direct loans up to 60 percent of home mortgage amounts under the program.
- o HUD has begun a Rural 1000 program to facilitate construction of Section 8 assisted housing with eight units or fewer in communities of under 1000 population.
- o HUD has initiated a "rural track processing strategy" to enable one developer to work with local builders to construct small housing developments, scattered in rural communities over a large geographic area.

Action Agenda

to address the following policy objectives: increasing opportunities for low and moderate income rural people to become homeowners or to live in decent rental housing; improving access to federal, state, and local housing programs and resources for lower income residents; ensuring that the housing needs of rural Americans are reflected in national housing programs and standards

- o monitor and fully implement the White House Rural Elderly Housing Initiative which mandates all congregate elderly housing constructed with FmHA funds to have social services provided on site, and provides a \$12.5 million 10-site demonstration highlighting this regulatory change;
- revise the HUD/FmHA Minimum Property Standards for Single Family Housing to permit its adaptation to local conditions and to reduce housing costs; hold interagency training sessions on use of the new Minimum Property Standards handbook;
- develop and make available variable housing design plans (blueprints) which meet Minimum Property Standards to assist small builders and self-help housing groups;

- make current FmHA grant and loan assistance available to families wish to add on a room or remodel their house to provide living quarters for elderly family relatives;
- continue demonstration project and assess the feasibility of a prototype land bank for residential sites;
- support appropriations for FmHA's Homeownership Assistance Program (HOAP);
- develop and implement an interagency agreement (CSA, FmHA, DOL, HUD, HEW) to provide for coordinated assistance related to FmHA Section 514 farmworker housing construction, including a set-aside of HUD Section 8 rental assistance for Section 514 very-low-income housing repair program;
- make HUD's Certified Housing Counseling program available in rural areas;
- develop standardized loan application and appraisal forms to the extent practical for HUD, FHA, FmHA, and VA to broaden credit opportunities for rural families;
- monitor and fully implement the inter-agency agreement among DOL, HUD, FmHA, and CSA on farmworker housing as a starting point in developing a comprehensive housing policy for migrant and seasonal farmworkers;
- continue the FmHA/HUD funded major national rural cooperative housing demonstration project to develop and maintain an integrated delivery system in rural areas for small rural housing cooperatives to increase homeownership opportunities for rural residents;
- expand to 32 states the delegated mortgage processing program of HUD's Rural Assistance Initiatives, which authorizes local savings and loan associations and other mortgage lenders to process FHA-insured single family mortgage loans under Sections 235 and 203(b), thereby increasing the access to these FHA-insured loans in areas which are some distance from HUD offices.

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HEALTH

Actions Already Taken

- In October, 1978 the Administration, working through HEW and FmHA; announced the White House Rural Health Initiatives to finance the construction and rehabili-

- tation of 300 primary health clinics in rural areas. Construction of the 300 new clinics and training of rural people to provide staff services will take place over the next four years. These centers will serve about 1.35 million people. In the past year 71 clinics have been authorized for funding under this program and 507 people are being trained to staff them.
- o HEW and FmHA are cooperating to target loan funds for medical facilities to 125 rural communities by the end of 1980. HEW Community Health Services Program's budget has been increased to \$40 million to reflect this Administration's support for the requirement that 40 percent of Community Health Center Services go to rural areas.
 - o HEW has begun a pilot program to use public schools as sites for primary health care service projects. Over the next year, the department expects to work with six to ten communities to place satellite health centers in schools where vacant space and available school transportation will increase the accessibility of health care for rural residents.
 - o To alleviate the shortage of doctors and other health care professionals in small towns and rural areas, the Administration supported passage of the Rural Health Clinics Services Act which expanded the scope of primary health care services performed by physician assistants and nurse practitioners. HEW has certified over 400 clinics for reimbursement for services performed by these health professionals in the eighteen months since the law was signed. In addition, HEW has worked to make mental health services more available by stationing mental health professionals in rural primary care centers. To augment these efforts, additional National Health Service Corps professionals have been assigned to rural areas.
 - o To ensure that residents of small towns and rural areas have opportunities to enter the health care professions and help deliver health care services to their communities, the Administration has taken several actions: a joint agreement between HEW and DOL will enable about 500 migrant and seasonal workers to obtain jobs and training in rural health projects; Job Corps graduates can now obtain permanent employment in the Public Health Service; and students of health-related professions will benefit from the current assessment of the accessibility of vocational training programs in rural areas.
 - o Significant efforts have been made during the last four years to provide alternative health and supportive

services for older and disabled Americans and to enable them to live independently or with their families. These efforts include an HEW demonstration program to link services of rural primary care centers with local agencies providing support services to the elderly, and the HEW Home Health Program which supports the development and expansion of home health agencies. Since 1977, about 150 of these home health projects have been funded in rural areas.

- o Actions taken to direct federal resources to the special needs of rural Americans include: the Black Lung Program which provides health, education, outreach and clinical services to approximately 122,000 victims of black lung disease in rural areas; demonstrations in delivering burn care on a regional basis; the Center for Disease Control program to support state laboratory improvement efforts and provide direct assistance for laboratory technicians working in rural areas.

Action Agenda

to address the following policy objectives:
 ensuring adequate primary health care services and facilities; alleviating the shortage of doctors and other health care professionals; promoting non-institutional care and independent living for the elderly and disabled; and ensuring that the special health needs of rural Americans are reflected in national health care programs and standards

- o monitor and ensure full implementation of the White House Rural Health Clinics Initiatives to support construction and/or rehabilitation of 300 rural primary care health clinics over the next four years and to train and employ rural residents as support staff;
- o promote full implementation by HEW of the Rural Health Clinic Services Act including: elimination of federal barriers especially in certification processing, cost reporting and Medicare/Medicaid reimbursement procedures; clinics and personnel and provide incentives for states to expedite reimbursement; evaluation of any legislative or regulatory changes that may be needed, especially with respect to the setting of cost reimbursement schedules and the need to assure public input in the development of regulations; and designation of a focal point within HEW to implement the Act;

- o increase the availability of trained medical personnel in rural areas through encouraging and providing inducements to states, private foundations, and others to persuade medical, dental, and nursing schools to admit a greater number of rural students; using regional mechanisms such as AHECs in medical personnel placement, training, and continuing education; placing a greater number of medical personnel in rural areas through the National Health Service Corps; and providing incentives for increasing the number of nurse practitioners and physicians assistants;
- o promote legislation permitting "swing beds" which would simplify Medicare and Medicaid reimbursement in small rural hospitals;
- assure that the special health needs of rural areas are recognized in any legislation related to the National Health Plan;
- o encourage increased uniformity in Medicaid eligibility, scope, benefits, and coverage across the country (Proposed National Health Plan standards are uniform across the states.);
- o place top legislative priority on CHAP and other preventive care programming for children;
- o expansion of the WIC program into more rural areas, and improved coordination between WIC and rural health service programs;
- o give greater emphasis to provisions in the Health Planning law which provide for sub-regional health groups in formulating local and state plans;
- o ensure that health planning agencies adapt national health standards to differing regional and state needs and priorities, and that such standards reflect the unique circumstances and needs of medically underserved populations in isolated rural communities;
- target primary care programs to meet more adequately the needs of medically underserved rural areas and population groups, including minorities, women and migrant and seasonal farmworkers;
- work for passage and full implementation of the Mental Health Systems Act which would provide services in rural areas and would put particular emphasis on rural poverty areas and areas with high concentrations of minorities;

- o promote integrated systems of physical and mental primary care through linkage arrangements between agencies providing general health care and specialized mental health agencies and, where possible, seek a single grantee for both activities;
- o provide incentives to states and local communities to make greater efforts to reach persons in rural areas with alcohol and drug abuse problems.

WATER AND SEWER

Actions Already Taken

- o As part of the White House Rural Development Initiatives, the President announced in December, 1978, an agreement which substantially improves the way in which EPA, FmHA, EDA, and HUD relate to each other and deliver approximately \$2.5 billion in water and sewer assistance annually to small towns and rural areas. Features of the agreement include the adoption of common criteria for defining "affordable systems"; single environmental assessments; single A-95 reviews; single construction inspections; and, for FmHA and EDA, a common application form and common auditing and reporting requirements. The agreement also calls for the development of one consistent set of compliance requirements with some 16 cross-cutting federal laws and executive orders, and the common use of a "community profile form" as a means of making an early determination of which agencies might participate in a joint-funded project and meet with the applicant community in a pre-application conference. Over 300 applications have been processed under these new procedures over the past nine months, with the net result that it is now much easier and faster for small rural communities to find out what kinds of assistance are available and how to get it.
- o For the first time, the Clean Water Act recognizes the construction of alternative and innovative treatment technologies including on-site systems as an eligible purpose for construction grants; moreover, municipal bodies may receive grants for these purposes to serve small non-profit or commercial institutions as well as residential users.
- o EPA has proposed technical assistance training packages for elected officials and citizens involved in Step I facilities planning. These packages will provide local decisionmakers with the background necessary to assess the costs and benefits of various wastewater treatment options. They will also include information on water conservation, wastewater treatment processes, operation

and maintenance problems, cost-effectiveness analysis, and innovative and alternative wastewater treatment systems. These technical assistance training packages will be available for use in rural communities from appropriate State and EPA offices by FY 80.

- o Under Section 205(g) of the Clean Water Act, up to 2 percent of the State's allotment may be set aside for management of the Construction Grants Program by the State. Part of this set-aside can be used by the States to manage grants for small communities if it so specifies in its delegation assessment. So far delegation agreements have been signed for Illinois, Texas, California, New Hampshire, and Wisconsin; New York is pending.
- o For the first time, EPA grants for water and sewer funding Steps 2 and 3 can be combined into one grant for communities of 25,000 or less population if the total estimated Step 3 cost is \$2 million or less (\$3 million in States with unusually high construction costs).
- o Rural States must set aside 4 percent of their EPA Construction Grants allotment for alternatives to conventional treatment for communities with populations of 3,500 or less, or the sparsely populated areas of larger communities. Other States have the option of setting aside up to 4 percent of their allotments for this purpose.
- o The Agricultural Credit Act of 1978 increased the maximum allowable grant for FmHA water and waste disposal projects from 50 percent to 75 percent of eligible project development costs. This change will enable FmHA to provide higher levels of assistance to the most financially needy communities.
- o On July 13, 1978, FmHA and EPA signed a Joint Policy Statement relative to implementation of the Safe Drinking Water Act. The Act authorized EPA to set and enforce national drinking water standards but did not provide funds to help water suppliers meet the standards. Most of the communities that will need additional water treatment to meet the standards are in rural areas. Therefore, FmHA has agreed to give priority to applications for loan and/or grant assistance from such communities as part of its financial assistance programs for promoting orderly development in rural communities.
- o EDA has changed its regulations to enable communities to receive up to 80 percent total Federal funding for jointly funded projects. The previous regulations restricted the total amount of Federal involvement for

projects in which EDA participates to the percentage allowed by EDA for the redevelopment area (a percentage ranging from 50 percent to 80 percent). This change will enable communities to receive larger federal amounts for projects when EDA is involved.

- o Effective October 1, 1978, EDA delegated approval authority for Title I Public Works projects under \$500,000 to the Regional Office Directors. This delegation will shorten the time involved for the Federal government to make funding decisions on projects and make EDA more responsive to local government needs.

Action Agenda

to address the following policy objectives:
 ensuring safe drinking water supplies and adequate sewage treatment and disposal;
 facilitating dissemination of information about and application of appropriately scaled alternate technologies to meet rural needs and circumstances

- monitor and ensure full implementation of the White House Rural Water and Sewer Initiatives;
- amend the Rural Water and Sewer Agreement (involving EPA, FmHA, HUD, and EDA) to include the Indian Health Service;
- monitor and fully implement the agreements involving EPA and DOL to train disadvantaged rural residents to operate and maintain rural water and wastewater treatment facilities;
- ? encourage the use of EPA's cost-effectiveness criteria for wastewater systems funded by HUD and FmHA;
- place a priority within all relevant agencies on funding the planning and construction of alternative wastewater systems that are often more consistent than conventional systems with the needs and financial resources of rural areas (such technology is eligible for an 85 percent grant under EPA's construction grants program);
- o place priority on use of regional management and administrative entities such as septic tank or water supply districts that are appropriate modes for delivery of rural water and wastewater treatment services;

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- o adopt as a national goal the elimination of unsafe drinking water during the decade of the Eighties, and appoint a study group with private sector and federal, state, and local government participation to recommend needed actions to achieve this goal;

EDUCATION

Actions Already Taken

- o HEW is studying Federal aid programs to rural schools and examining the impact of allocation formulas on rural school districts. Exploration of measures to reduce the repetitiveness of grant application requirements has begun. Further, HEW is evaluating program regulations and administrative procedures which affect funding for rural education. The Bureau of Elementary and Secondary Education will be working with rural organizations and agencies to develop a rural agenda for future education planning, using the results of these studies.
- o The Fund for the Improvement of Post-Secondary Education has encouraged proposals from a variety of sources to improve post-secondary education, including projects which address the problems endemic to rural locations. In some cases the projects are working to improve the quality and availability of educational information and programs to rural adults. Other projects are targeted to specific audiences: older adults, farmworkers, Indiana and migrant youth residing in rural areas. Grants have also been used to test the effectiveness of cable TV and video for delivering educational services to remote areas.
- o The Northwest Regional Education Laboratory, sponsored by N.I.E., has developed a process for broadening citizen and practitioner participation in addressing the educational problems of rural communities. Their Rural Futures Development Strategy was field-tested at six sites in Utah and Washington in 1977 and is currently being transferred to other rural communities. Among the results of the demonstration is a new effort, in cooperation with five State school board associations, to develop a training program for school board members to strengthen local decision-making procedures on rural school boards.

Action Agenda

to address the following policy objectives: improve basic educational skills, employment skills, and opportunities for post-secondary education; and ensuring that resources for education programs are made available to small and rural communities across the country

- o form an inter-program task force at the new Department of Education to examine program policy effects on rural areas and to develop recommendations for assuring equity for rural constituents;
- o improve access to vocational and adult education in isolated rural areas by establishing this as a priority area for the Bureau of Adult and Vocational Education and supporting a provision in reauthorizing legislation for Vocational Education to include a special emphasis on program needs of rural needs.

INCOME MAINTENANCE, SOCIAL SERVICES AND LEGAL AIDActions Already Taken

- o Administration efforts to target food stamp benefits to the poorest of the poor resulted in significantly increased participation in rural areas. The majority of the three million new food stamp recipients live in rural areas.
- o As a result of 1978 Head Start Amendments, enrollment of children from very small communities in Head Start programs is now easier as many areas are allowed to develop their own local standards of eligibility.
- o Improvements in social welfare service delivery include a demonstration of the use of satellite diagnostic service centers to make it easier for people living long distances from agency offices to find out and benefit from federal, state and local assistance programs.

Action Agenda

to address the following policy objectives: alleviating poverty; streamlining the delivery of social services in rural areas; and assuring access to legal services

• ensure that rural concerns are addressed in enactment and implementation of welfare reform, particularly: a federal minimum floor for cash assistance; mandated AFDC-UP benefits for two-parent families; requirements for state government to provide adequate access in sparsely populated areas;

STATE
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• review implementation of the Food Stamp program to assure that it meets rural needs, including: support legislation removing the cap on expenditures, continuation of the non-public-assistance food stamps program; requirements for state governments to provide adequate access in sparsely populated areas;

Inadequate

• aggressively pursue the target of providing at least two legal service attorneys for every 10,000 poor people through the Legal Services Corporation;

Inadequate

• encourage each appropriate Legal Services Corporation office to include rural perspectives in its planning process;

• improve the delivery of legal services to rural areas through encouraging law schools to develop manuals dealing with common legal problems affecting the rural poor; using LEAA funds to establish rural legal education and information centers; using law students in rural legal outreach programs; and formally recognizing and facilitating networking among rural legal services personnel and enhancing peer-to-peer technical assistance.

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Needs to:
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JOB CREATION AND BUSINESS AND ECONOMIC DEVELOPMENT

JOB CREATION

Actions Already Taken

- o As a result of this Administration's Economic Stimulus Programs, unemployment in non-metropolitan areas was reduced by 17 percent during the past two-and-a-half years, representing the creation of over 2.5 million new jobs.
- o The Carter Administration has doubled the size of public service employment opportunities in non-metropolitan areas over the past two-and-a-half years (from 93,000 in 1977 to more than 225,000 in both 1978 and 1979) -- the largest public service buildup since the New Deal.

- o The Administration has provided the largest expansion of youth employment and training opportunities in history--three times the size of rural youth programs under the War on Poverty.
- o Since 1976, the Administration has doubled the number of employment and training opportunities in rural areas for senior citizens, migrant and seasonal farmworkers, and Indian and Native Americans.
- o The Administration has implemented the largest and most comprehensive welfare reform demonstration for low income workers. Six of the 15 pilot programs are in rural areas. These programs will create an estimated 7,000 jobs for unemployed heads of low income families.
- o As part of the President's Private Sector Initiative (Title VII of the Comprehensive Employment and Training Act of 1977), 65 Private Industry Councils have been established to provide a mechanism for transitioning rural workers from CETA training slots to unsubsidized private jobs through the use of on-the-job subsidies.
- o In cooperation with the State of North Carolina, DOL has established a special demonstration project to develop a model for linking employment and training activities with other federally funded rural development programs.
- o DOL is in the process of establishing 71 new field offices for the Office of Federal Contracts Compliance Programs which will greatly increase the accessibility of rural minorities and women to DOL's Equal Employment Opportunity enforcement resources.
- o Employment components included in the White House Rural Development Initiatives providing for the training and placement of: 3,000 operators of rural water and wastewater treatment systems (1,500 on Indian reservations); 1,000 operators of small-scale hydroelectric and fuel alcohol plants and community-based unconventional gas facilities; 1,500 workers as drivers, mechanics, and dispatchers in rural social service and rural transportation systems; and 500 assistants in rural health care clinics.
- o An expanded private sector apprenticeship program in DOL provides opportunities for up to 1,800 Appalachians with emphasis on youth, economically disadvantaged persons, and Job Corps terminations.

- o The FmHA-DOL farmworker work experience program under which DOL has transferred almost \$7 million to FmHA for placing up to half of all successful trainees in paraprofessional and clerical positions in FmHA offices and the rest in unsubsidized jobs.
- o Under a FmHA, DOL, CSA agreement, rural youth are being given construction job training by DOL while rehabilitating homes for low income families under FmHA housing programs. The two-year project is expected to result in the rehabilitation of about 1,000 homes.
- o The innovative TVA Cash Corps for Youth Program provides opportunities for rural youth to earn summer income through cash crop production. These opportunities often provide income required for further education, adjusting from rural to urban employment, or acquiring basic farm production and management skills.

Action Agenda

to address the following policy objectives:
 increasing job opportunities for minorities,
 women, and the economically disadvantaged;
 improving vocational guidance, training, and
 job opportunities for rural youth

- provide a strong rural component to the Employment Initiatives to vigorously implement a new agreement which establishes the goal of placing CETA eligibles in 20 percent of the total number of employment opportunities created from grants and loans made under FmHA's Community Facilities and Business and Industry Loan Program;
- aggressively apply Defense Procurement Order Number 4 which gives preference for government contracts to areas of high unemployment, many of which are in rural areas;
- o support the 4-H economics, jobs, and careers programs to assist youth in career decisions and enhance their employment opportunities;
- o improve efforts to train farmworkers for skilled agricultural jobs as well as for non-agricultural jobs and give priority consideration to farmworker youth under the interagency Agricultural Entrepreneurship Agreement (involving DOL, CSA, FmHA, and Cooperative Extension);

- o provide improved employment and economic development opportunities for reservation Indians through a comprehensive program to coordinate CETA employment and training programs with the economic development programs of HUD, EDA, FmHA, SBA, and CSA (using the Employment Initiatives as a model);
- o implement a cooperative effort involving TVA, a proposed Tri-Counties Utilities Districts, local elected officials, the State of Tennessee Department of Economic Development, EDD staff, various federal development agencies, private oil and gas interests, and others to develop the unconventional gas resources in the rural counties of Morgan, Fentress, and Scott (Tennessee), as part of a wider demonstration effort of an intergovernmental approach to ensure that local people and communities capture associated benefits (jobs, business development, community improvements, and related economic development); this demonstration will be undertaken as part of the White House Initiative entitled "Area Development from Large-Scale Construction";
- o implement, as part of this same White House Initiative (Area Development from Large-Scale Construction), several additional demonstrations of the intergovernmental strategy for promoting local and minority jobs, small and minority business development, orderly community development, and economic development from large-scale construction; including projects being constructed by the U.S. Army Corps of Engineers, the Water and Power Resources Services and privately financed projects.

ECONOMIC DEVELOPMENT

Actions Already Taken

- o The Administration has sponsored economic development legislation of tremendous potential importance to rural America. The National Public Works and Economic Development Act now being considered by the Congress can bring to bear capital and credit resources sorely needed in many rural areas for private business development.
- o The Small Business Administration has been making one out of every two business loans in non-urban areas. In the past 18 months SBA has made 13,000 loans in non-urban areas.

- o The Economic Development Administration (EDA) and the Farmers Home Administration (FmHA) have improved access to needed credit and capital for rural business development. Since 1977 alone, FmHA has obligated \$2.5 billion in guaranteed loans to rural businesses. Since 1978, EDA has provided over \$17 million in grants for local revolving loan funds serving rural businesses and has made \$90 million in direct and guaranteed business loans in rural areas.
- o The Department of Housing and Urban Development (HUD) has allocated \$171.1 million in urban economic development grants for projects in small cities since August, 1978, under the UDAG program. This is 25 percent of total UDAG funding.
- o Credit and capital access for minorities in rural areas have been improved by the new joint efforts of FmHA and the Office of Minority Business Enterprise (OMBE) to assist rural minorities in developing sound business firms funded by FmHA loans. For the first time, \$100 million in loan funds have been set aside for minority and women entrepreneurs.
- o The National Trust for Historic Preservation has conducted pilot projects in selected small towns to demonstrate the potential benefits of locally orchestrated downtown revitalization requiring minimal outside expertise and support.
- o TVA has worked in approximately 30 small communities in the past two-and-one-half years to help them improve and modernize their central business districts and make those communities more attractive and efficient locations for future development.
- o USDA, CSA and ACTION sponsored five small farm conferences in 1978 to provide small farmers with a forum for airing priority concerns and advocating actions desired of farm policymakers. The small farm conferences resulted in the initiation of 16 joint pilot projects to help small-acreage farmers increase their production and income.
- o Implementation of FmHA's limited resources farmers program, authorized by the Agricultural Credit Act of 1978. Under the program, FmHA state directors earmarked at least 25 percent of their FY 1979 farmer program allocations to low income family farms.

Action Agenda

to address the following policy objectives: improving access to credit and capital; strengthening small farms; expanding markets for rural businesses, contributing to the commercial revitalization of small town "main-street"; and building on the base of federal capital expenditures for major construction projects to assure maximum local, rural economic development.

- improve the retailing of federal credit resources (FmHA, CSA, HUD, SBA, EDA) through utilizing mobile offices, increased reliance on savings and loan associations and commercial banks (expansion of FmHA demonstration and implementation of relevant provisions of SBA legislation if passed), and fuller utilization of economic development districts and community-based organizations;
- promote development of community-based organizations through establishing rural Small Business Investment Corporations and implementation of the Consumer Coop Bank;
- make special efforts to ensure that rural small businesses are adequately informed about the Community Reinvestment Act and its potential benefits;
- encourage establishment of rural community development credit unions;
- increase market promotion and related technical assistance for rural businesses through small business export conferences, OPIC, Export-Import Bank, and Commerce;
- support rural downtown revitalization through development of a policy to accelerate legally mandated property disposal procedures and facilitate transfers and leases of surplus, condemned, and repossessed federal property;
- support GSA regulation amendments which call for locating federal facilities in central business locations of small as well as big cities (rather than in outlying areas); emphasize location of rural-serving offices in small towns;
- aggressively implement the new Community Conservation Policy designed to coordinate and target federal assistance to downtown revitalization projects;

- o support the creation of a Downtown Revitalization Center to capitalize on the small-town commercial revitalization experience of the National Trust for Historic Preservation, various State government downtown redevelopment programs, and local groups, with a mandate to convene a national conference on redevelopment of "mainstreet"; conduct training seminars for local officials and businessmen, and provide an information and technical assistance clearinghouse.

ENERGY

Actions Already Taken

- o As part of the White House Rural Development Initiatives the President announced in May, 1979, several new steps are being taken to help rural communities develop local energy resources for local utilization. One includes an agreement among nine agencies--including DOE, the U.S. Army Corps of Engineers, EDA, USDA, CSA, and HUD--to target funds and provide the construction of up to 100 small-scale hydroelectric plants by the end of 1981. A second involves commitments from several agencies (EDA, CSA, and DOE) to assist construction of up to 100 small-scale fuel alcohol plants. A third is a grant to the American Public Gas Association to demonstrate the feasibility of utilizing natural gas from coalbeds and other unconventional sources for local development.
- o The Energy Security Corporation will provide funds for biomass conversion to synthetic and alcohol fuels. In addition, the targeted use of portion of a windfall profits tax revenues to provide relief from rising energy bills for low income people will have a special impact in rural areas with their high concentration of low income people.
- o The Appalachian Regional Commission, which has established a policy advisory council on energy, has funded several demonstrations of the use of wood and carpet-mill waste for energy production, has promoted the use of fluidized bed combustion technology to burn high sulfur coal and mine refuse, and has sponsored seminars on coal mining productivity and feasibility of low-head hydroelectric power generation.

- o In the areas of conventional energy supplies, final determinations were made under the Natural Gas Policy Act of 1978 to guarantee sufficient quantities of natural gas to meet 100 percent of current requirements for food and fiber production.
- o To conserve energy in rural home heating, the FmHA has adopted improved thermal performance standards for housing units it finances, is demonstrating a low-cost solar water and space heating system, and is allowing use of wood-burning stoves and furnaces in the housing it finances.
- o To deal with fuel logistics, the Federal Highway Administration and the Appalachian Regional Commission are devising a detailed state-by-state assessment of road needs attributable to energy production. In addition, the FRA is working with other agencies to devise solutions to the problems associated with disruptions that often result from the movement of coal unit trains through small towns.
- o White House Rural Development Initiatives to promote rural ridesharing (discussed below) contribute to energy conservation in the largest category of rural energy use--transportation.
- o In the area of weatherization, the DOE weatherization program for low income households will now allow the use of non-CETA labor on installation crews where there is a significant shortage of CETA personnel, overcoming a major barrier to the full implementation of this program in many rural areas. Also, an agreement has been established between REA and FmHA to conduct rural energy audits and make available FmHA Section 502 loans and Section 504 loans and grants for the weatherization of low income rural households.
- o To integrate energy conservation into economic development planning, DOE and EDA have made available grant funds to as many as 20 rural Economic Development Districts to develop integrated economic development and energy plans giving special attention to energy conservation efforts and alternative energy resources.
- o To guarantee adequate fuel supplies for agriculture and rural transportation, DOE's Economic Regulatory Administration has ruled that four percent of middle distillate fuels, including diesel, planned for delivery into a State must be set aside for redistribution by partici-

pating States to meet energy shortages and hardship cases. Also, the Economic Regulatory Administration has re-allocated gasoline supplies among major suppliers to ensure that the needs of agriculture and farm markets continue to be given the highest priority; and in the event that gasoline rationing is implemented, the Administration has established relatively larger percentages of gasoline supplies for those predominantly rural States where residents are highly dependent on automobiles and must drive longer distances.

- o In DOE's Industrial Process Heat Program, 23 projects are under contract to demonstrate the feasibility of using solar energy for producing industrial process heat. Nearly two-thirds of these projects are located in rural areas and contribute to rural industrial development. These systems, in various phases of design, construction and operation, will generate thermal energy for applications such as commercial processing for good, lumber drying, heating greenhouses, and use in other industries such as concrete block manufacturing, chemicals, and oil refining.
- o DOE and USDA are cooperating in a program to adapt solar energy for on-farm uses in agriculture. More than 50 experiments are being conducted in 28 states emphasizing the design of solar systems which can be constructed of materials and equipment readily available to farmers. In order to transfer solar energy technology and systems designs from the research laboratory to the farm site, a pilot program of on-farm demonstrations has been initiated. At present, 91 projects in nine states have been authorized for solar energy heating of swine and poultry houses and dairy buildings, and a similar number of projects is planned in 1980 for crop and grain drying.
- o The Appalachian Regional Commission has funded several demonstrations of the use of wood as a low-cost alternative source of energy for homes, hospitals and small businesses. These demonstrations have included the pyrolysis of wood in Tennessee for use as a heating fuel and gas, a wood gasification plant in Georgia to heat a hospital, and a timber-for-fuel development organization in North Carolina.

Action Agenda

to address the following policy objectives: reducing dependence on foreign oil through conservation while ensuring that necessary energy supplies are dependably available for agricultural production and marketing; encouraging and supporting the development of innovative alternative energy resources to meet rural community needs; and protecting the quality of rural life by mitigating the negative consequences of energy development on small towns

- monitor and ensure full implementation of the White House Rural Energy Initiatives to promote small-scale hydro-electric, community-based unconventional gas, and small-scale fuel alcohol development;
- support passage of authority to make direct or guaranteed loans that would be financed from windfall profits tax revenues for the construction of small-scale alcohol fuel plants, and extend the 4¢ per gallon tax exemption on the sale of gasohol;
- provide DOE grant assistance to community-owned gas utilities for unconventional gas exploration and development;
- assist states to meet rapid increases in needs for public facilities and services resulting from new or expanded energy development through support for legislation which would provide up to \$750 million through FmHA for grant assistances over five years with a limit of \$1.5 billion in total loan guarantees; states would be encouraged to use federal impact assistance to establish revolving funds through which assistance would be distributed to localities, primarily in the form of loans;
- implement in connection with several already federally-funded energy development projects an intergovernmental strategy developed under the White House Rural Development Initiatives to promote local jobs, business development, and orderly community development;
- * ● use DOE, EDA, NASA and USDA resources in support of the commercialization and utilization of selected energy technologies which are especially suited to rural and small town circumstances (e.g., wood, wind, solar heat for processing, and small-scale hydro);

- make available variable housing design plans which include as options use of solar heat, solar hot water, passive heating and cooling, earth berm insulation, and adequate orientation for solar exposure;
- increase the allocation of public service employment slots (under CETA) to weatherization projects where existive CETA resources are insufficient to match funds for materials.

ADDRESSING THE RURAL PROBLEMS OF DISTANCE AND SIZE

TRANSPORTATION AND COMMUNICATIONS

Actions Already Taken

- As part of the White House Rural Development Initiatives, several transportation initiatives were announced in June, 1978, in the areas of social service/rural public transit, air service, rail branchline rehabilitation, and ridesharing. These include:
 - an agreement among CAB, FAA, EDA, FmHA, and SBA to coordinate and target assistance (\$200 million) to commuter airlines wanting to enter and serve rural markets, and to small community airports wanting to upgrade facilities;
 - an agreement among DOT, HEW, CSA, ACTION, FmHA, and DOL to improve the coordination and delivery of social service and public transit, including a commitment to train and place 1,500 CETA eligible persons as drivers, mechanics, and dispatchers working in Section 18 transportation systems; arrangements to provide surplus government vans to Section 18 systems; a set-aside of FmHA loan funds to help purchase special equipment; cooperative action by the insurance industry, State regulatory agencies, and the Federal government to make insurance more available, flexible and affordable for social service and public transit providers; and measures to reduce the large paperwork burden imposed on transportation providers by the billing, accounting, and reporting requirements of social service agencies;
 - an agreement among FRA, EDA, and FmHA to provide coordinated assistance for the rehabilitation of railroad branchlines which are given high priority in State rail plans; and

- a series of actions to promote rural ridesharing (carpooling, vanpooling) including commitments by CAAs, USDA's Cooperative Extension Service, and EDDs to promote and support ridesharing in rural areas, an IRS clarification that passenger pick-up, driver incentive, and maintenance mileage are eligible vanpooling uses for purposes of determining eligibility for the 10 percent investment tax credit; arrangements whereby surplus and excess vehicles will be made available to CSA, EDA, and USDA in their efforts to promote ridesharing; and issuance by DOE of a proposed rule to assure bulk users sufficient gasoline to maintain operation of vanpools during periods of shortage.
- o Passage of the Nonurbanized Public Transportation Program (Section 18) as a part of the Surface Transportation Assistance Act of 1978 moves rural transit out of the research and demonstration phase--under FHWA's Rural Public Transportation Demonstration Program (Section 14"), over 100 two-year demonstration projects were funded at a total cost of \$25 million--with a clear legislative mandate to develop an ongoing program that provides operating as well as capital, administrative, and technical assistance.
- * o Administration proposals passed the Congress in 1978 strengthened the Federal Railroad Administration's Local Rail Service Assistance program by shifting its locus away from temporary continuation of service on abandoned rail lines to capital rehabilitation of potentially viable lines that have not yet been abandoned. The funds go to rehabilitate, before abandonment, the lines carrying five million gross ton miles of traffic or less per mile annually through grants or loans to railroads; provide alternate transportation facilities and services (e.g., team tracks for use by shippers); and assist in maintaining service on branchlines which have been abandoned by private rail carriers.
- o An expanded program for the renovation or replacement of bridges will primarily benefit rural counties.
- o The Airline Deregulation Act of 1978 contained several key provisions for rural areas. Among other things it:
 - authorizes CAB to require "essential air service" for a 10-year period and to provide subsidies to a regulated carrier or a replacement commuter airline to assure the continuation of essential service as necessary;

- requires CAB to determine within one year of enactment what constitutes "essential air service" for each location served at the time of enactment and authorizes CAB to adjust these definitions and develop definitions for other locations to accommodate future needs;
 - requires commuter aircraft to the maximum extent feasible to conform to the FAA safety requirements imposed on larger passenger aircraft;
 - permits commuter airlines (for craft with 30 or more seats) to enter into interline agreements with trunk and local air service carriers to provide through-ticketing services;
 - exempts from CAB regulation commuter aircrafts carrying cargo weighing less than 18,000 pounds and carrying fewer than 56 passengers; and
 - makes commuter airlines eligible for the first time for FAA's aircraft loan guarantee program (for the purchase of the planes and replacement parts).
- o The Administration is proposing amendments to the Airport and Airway Development Act of 1970 which would provide greater opportunities for small airports to receive airport development grant assistance. More funds would be available for all eligible airport development, including aircraft parking areas, terminals, runways, taxiways, and emergency buildings and vehicles. Approximately 12 percent of the funds available for airport development will be used to foster small community air service. This would total about \$.5 billion for the years 1981-85 or approximately \$100 million per year.
 - o The Commerce Department's National Telecommunications and Information Administration (NTIA) has filed proposals with the Federal Communications Commission to drop restrictions on ownership of cable TV in some rural areas and to create a new class of low power broadcast stations.
 - o The Department of Agriculture has instituted a program to help rural telephone companies provide television and other services. REA will make available increasing amounts up to \$40 million in 1982 for direct loans and loan guarantees to support rebuilding rural telephone lines. The portion of the telephone plant, or other broadband facilities, which will be used to carry commercial television signals will be financed through the Business and Industrial Loan Program of FmHA.

- o As part of the President's civilian space policy, NTIA will assist Federal, State and local agencies in the procurement of satellite communications services for rural areas and will conduct technical and economic analyses on this use of communications satellites.
- o NTIA has begun distributing grants for public communications facilities. Under legislation developed by the Administration and Congress in 1978, many of these grants will go to rural areas that have inadequate public broadcasting service.

Action Agenda

to address the following policy objectives:
 overcoming the problems of isolation from job sites, social services, and the government;
 improving accessibility to new technologies;
 reducing the dependence of rural residents on the private automobile, addressing the special problems which rural entrepreneurs have in gaining access to raw materials and markets because of the problems of transportation

- * monitor and ensure full implementation of the White House Rural Transportation Initiatives;
- o support adequate funding for Section 18 of the Surface Transportation Act of 1978;
- monitor and ensure full implementation of the White House Rural Communications Initiatives to enable rural residents to assess modern communications technology.

CAPACITY BUILDING

Action - Already Taken

- o A range of agency-funded programs have been undertaken to increase the management capacity of target communities. These funding commitments are exemplified by the following: HUD has granted \$3.5 million to 16 states for technical assistance projects aimed at building management capacity building program, Economic Development Districts (EDD's) have received increased assistance to carry out economic development planning. CSA funded a Virginia State University project to demonstrate how state land grant colleges and extension services can work with community action agencies to assist low income farmers. TVA has entered into an agreement with the Tennessee Valley

Center for Minority Economic Development to provide special assistance to rural areas with predominantly minority populations, helping them take the necessary steps to participate more fully in the region's economy. CSA made a grant to the Emergency Land Fund in Atlanta for the purpose of providing assistance to minority farmers and landowners. A consortium of agencies (including EDA, FMHA, EPA, and HUD) funded the National Demonstration Water Project which has created a network to assist rural communities in developing the capacity to meet their water and sewer needs.

- o HUD developed a simplified Housing Assistance Plan for small cities applying for single-purpose grants.
- o For FY 1980 CDBG competition, the selection criteria have been changed slightly to eliminate a perceived bias towards certain kinds of projects to allow small communities to select activities addressing critical locally-identified community development needs.
- o The Bureau of the Census sponsored a new State Data Center program, which is a Federal-State-local cooperative program whose objective is to improve access to and use of statistical information by State and local government planners and decision-makers.

Action Agenda

to address the following policy objectives:
 improving access to federal programs; improving targeting and delivery of technical assistance; improving coordination among federal agencies, other levels of government and private organizations in rural areas; and developing and disseminating better information about rural conditions

- o develop a national program to support locally selected circuit-riding managers to assist small communities and rural counties;
- o promote intergovernmental assignments of federal personnel to rural jurisdictions and organizations, to increase knowledge of and sensitivity to rural problems within federal agencies as well as assist in meeting local capacity building needs;

- o encourage and support higher priority within the Cooperative Extension Service to provide outreach and technical assistance to low income and isolated rural residents;
- o convene a White House meeting to explore options and develop cooperative plans for the participation of philanthropic, educational, religious, and charitable organizations in rural capacity building and other rural development projects;
- o recruit retired executives as SCORE volunteers to provide technical and management assistance to governments and businesses in rural areas; explore other options and incentives to encourage the private sector to provide technical and management assistance for rural institutions;
- o support continued funding of the FmHA Section 111 rural planning program to provide state and local capacity building assistance;
- o encourage federal field offices (EDA, HUD, Census) and the land grant institutions, in cooperation with ISETAP, to provide technical assistance to rural officials on the use of 1980 census data and improve access to detailed data at the rural community level;
- o direct the Working Group on Small Community and Rural Development, in cooperation with ISETAP, to develop a rural research agenda, including data needs, and to assist in coordinating federally-sponsored applied research and data collection;
- o negotiate a single set of application, auditing, and reporting requirements for each of several frequently combined clusters of federal aid programs to reduce red tape and paperwork burdens; simplify and standardize compliance requirements with cross-cutting federal laws and executive orders.

PROMOTING THE RESPONSIBLE USE AND STEWARDSHIP
OF AMERICA'S NATURAL RESOURCES AND ENVIRONMENT

Actions Already Taken

- o In October 1978, the Secretary of Agriculture issued a USDA policy on land use which directs USDA agencies to: advocate the retention of important farmlands and forestland, prime rangeland, wetlands, and other lands

designated by State and local governments; advocate actions that reduce the risk of flood loss, minimize impacts of floods on human safety, health and welfare, and restore and preserve the natural and beneficial functions and values of floodplains; advocate and assist in the reclamation of abandoned surface-mine lands and in the planning for the extraction of coal and other nonrenewable resources in ways that will facilitate later restoration of the land to its prior productivity; advocate the protection of threatened and endangered animal and plant species and their habitats, designated archaeological, historic, and cultural sites, and designated ecosystems; advocate the conservation of natural and manmade scenic resources, and assure that these agencies protect and enhance the visual quality of the landscape. A USDA Land Use Committee has been providing leadership for implementation of the policy, and USDA agencies were given one year to bring their programs and actions into compliance.

- o EPA also has promulgated an Agricultural Lands Protection Policy, which is aimed at retaining prime and unique farmland, farmland of local and statewide importance, farmlands in or contiguous to environmentally sensitive areas, and farmlands with significant capital investments in "Best Management Practices."
- o In mid-1979, CEQ and USDA initiated an interagency study of the factors affecting the availability of agricultural lands and their conversion to other uses. The study will be completed and findings and recommendations submitted in late 1980.
- o The Department of Interior and USDA's Soil Conservation Service are providing technical and financial assistance to landowners to protect the environment from the adverse effects of coal mining practices. Since 1978, 2,200 acres of abandoned mine land have received such treatment as stabilization, control of erosion, and sediment, enhancement of water quality, and return of the land to useful purposes. TVA has undertaken a surface mine reclamation program under which thousands of acres of mined land are being revegetated.
- o The Department of Interior is preparing a National Plan of Action to combat desertification. It will identify means of reversing the decline of biological productivity of arid and semiarid areas in the rural west.

- o The Heritage Conservation and Recreation Service has directed a comprehensive review of federal programs affecting barrier islands on the Atlantic and Gulf coasts to develop a plan for protecting them.
- o The Department of Commerce has funded 19 state coastal zone management programs to assure that the shores of oceanic and inland water bodies are managed and used for public good.
- o Land use planning for the public lands, most of which are in the rural west, is committed to being accomplished cooperatively with local communities. To the extent practical, plans are being made to be compatible with those of local governments. The resulting benefit is orderly use and conservation of land and resources.
- o National Park Service improvements to sewer, water, and waste disposal systems within the parks has resulted in cleaner and safer conditions in nearby communities. Federal and State regulations have been met, which assures that effluent into streams, groundwater, and the atmosphere is safe and clean.
- o National Park Service responsibility for monitoring of air and water quality within park areas results in constraints on pollution sources from outside the parks. This has a beneficial effect on surrounding communities within the entire region.
- o EPA has funded water resource planning and management programs in every state.
- o The Forest Service, in cooperation with the State Foresters in Mississippi, Alabama, Kentucky, Oregon, and West Virginia are working with low income and limited resource farmers to find ways to better utilize their farm woodlots as income-producing properties. This is a part of the Department's Small Farm Assistance Project.
- o Under the Yazoo-Little Tallahatchie Flood Prevention projects the Forest Service has planted 840 million trees on 750,000 acres of eroding lands to protect soil and water resources and provide raw materials to local industries--creating jobs and income for area residents.

- o Since 1977, 851,900 people were provided assistance by the Soil Conservation Service in planning and applying conservation measures. Application of these conservation practices has had a very positive environmental, social and economic impact on adjacent lands and communities.
- o Over 27,500 units of government were provided assistance by SCS in resource management, and over 23,500 land use plans were reviewed for units of government to determine adequacy of standards.
- o More than 300 measures were completed in rural areas and communities through USDA's Resource Conservation and Development Program, at a cost of about \$25 million. These included measures for critical erosion control, rural recreation, and flood prevention.
- o In FY 1978 and 1979, 32 flood hazard studies have been undertaken by SCS to assist rural communities in development of floodplain management programs to reduce flood losses.
- o A water and related land resource study has been undertaken by SCS on the lands of the Colorado River Indian Reservation, Arizona, to assist those native Americans in the wise use of their land and water resources.
- o Nearly 200 county important Farmland Inventories were made and another 320 prepared to guide rural communities in land use decisionmaking involving retention of agricultural lands.

Action Agenda

to address the following policy objectives:
preserving agricultural land and promoting
pollution-free land, air, and water

- o monitor and fully implement EPA's policy on agricultural land protection for all programs with particular attention to the siting and sizing of wastewater treatment facilities
- o continue implementation of joint EPA-USDA programs demonstrating the application of best management practices to control non-point source pollution from agricultural runoff;

- o fully implement the Rural Clean Water Program in FY 1980;
- o move aggressively to complete the joint CEQ-USDA study of the effects of conversion on prime agricultural lands to other uses and of measures to control such conversion;
- o promote and demonstrate means of using farm and nonfarm generated organic waste for land treatment and sources of nutrients.

PAST AND PRESENT:

STRUCTURE OF STATE RURAL RESPONSIBILITIES

January, 1980

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The Role of State Rural Departments 63

This report briefly reviews state responsibility and organization from the perspective of Alaska's varied rural populations.

The report probes state organization and function in terms of the potential "role and placement" of a state structure charged with encouraging the development of a private economic base in rural areas. The report does not seek "fault" in existing programs, or suggest fault through past action or inaction, but rather seeks to indentify rural programs which offer creative association for some "new" structure charged with forging a state/private partnership devoted to expanding a "private" economic base in rural Alaska.

At Issue: A Rural Strategy

In the final analysis this report is suggestive that the state needs to be continually developing and modifying a broad and flexible "Rural Economic Development Strategy."

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Secondly, the state needs the MEANS by which to implement and sustain such long-range policies.

Thirdly, the state needs to take the leadership by establishing a structure on the Alaska level, designed to maximize and coordinate federal, state, local, and private resources available for desirable rural economic development projects. The more detailed consideration of the proper design of such a state structure, and the placement of such a structure within the framework of state government, is the subject of a companion report to this document.

Lastly, as a matter of statewide economic policy, this report suggests that rural development is fundamental to urban development. Rural economic growth should be an important urban economic goal, since such development is essential to broadening the economic base of the state's commercial centers.

GOVERNMENT STRUCTURE AND "POLICY"

Government generally is a highly organized structure designed to provide a variety of "services" that a society has determined to be necessary. Therefore the established structure of government says something about established policy, the priority of various policies, and about the "lack of such policy."

In the case of an Alaskan rural economic policy, there is essentially no clearly identifiable structure, and therefore there is no apparent state rural economic policy, or policies. There are, of course, many state rural "service" programs, and a large variety of state rural policies addressing various rural needs, but few touch upon the the seemingly primary need of "an economic base."

However, this should not be suprising since Alaska state government, or any other similar government, is generally a structure developed to deliver the more traditional services --education, transportation, health and social services, and etc. It is perhaps an unusual circumstance, that our government systems in this country often focus strong issue on "things economic," but rarely do they develop the means to effect strong economic policy. The problem of effecting rural policy is even more acute, since a lack of infrastructure and isolation limit the normal means of "advocacy."

Under any circumstance the distance between our American government systems and our private economic systems is significant, and only when unusual tools are available to a government, or there is crisis, is policy generally able to bridge the distance and weld government and private economic goals to some common purpose. In view of our public and private systems "seperation," Alaska's potential for success in forging a state/private partnership must be open to issue. However, Alaska does have some special and unusual "tools" at-hand --tools that most other government have no hope of having available.

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ALASKA: SPECIAL TOOLS FOR SUCCESS

First; the general state of collapse of the Alaska rural economy in many regions means there are few entrenched interests to complicate and make policy change difficult.

Second; Alaska is in many respects the most "rural" of all the states, providing opportunity for Alaska to gain federal recognition of its rural economic needs on the federal agency level.

Third; Current federal policy is shifting to emphasize federal support for private efforts that contribute to a continuing private economic base, with special emphasis on rural economic initiatives. Alaska has special opportunity to take advantage of both old and new federal resources, and also has special reason to sell its often unusual needs to the federal government.

Fourth; The structure of the State of Alaska is less complex, and has a clearer line of authority than most other governments, creating special opportunity to expedite and coordinate federal resources. In other words, Alaska has a genuine executive structure, while most other governments (competing for resources) are structured into something akin to a "committee of executives."

Fifth; The state is Alaska's largest resource owner. Aside from being a political entity, the State of Alaska is one of the largest and most diversified resource corporations in North America.

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The role of resource owner is untypical of other governments, and gives the state both special opportunity (and responsibility) to promote economic development and to forge a mutually beneficial partnership with the private economic structure needed to develop those resources.

Sixth; The state is also a large financial corporation well beyond the bounds of the usual government service institution. The state's resource disposition provides it with "excess revenues" well beyond the state's immediate and future service demands, leaving opportunity for the prudent use of excess financial capital as a tool in encouraging private development.

Seventh; The settlement of Alaska Native Land Claims has provided a unique private structure in rural Alaska, and has created opportunity for the state to work in partnership with that unique private corporate structure. The land claims settlement has created a rural network in private interests that has both lands and some financial capital. The native corporations represent a "local opportunity" for partnership and for participation in development, which is completely unavailable in most other similar areas of "third world" economic conditions. The native corporations have the unusual nature of having the efficient structure of the private corporation, but also having a local base.

Eighth; The economy of Alaska has access to a large federal landmass, and its various resources, as well as significant marine resources and the nation's largest continental shelf.

Ninth, The final special difference for an Alaska economic initiative may be in the "timing." The timing is very likely "right" in terms of the: 1) maturing of the land claims corporation, 2) in terms of the maturing of the state resource and land base, 3) in terms of the state's financial resources, 4) in terms of world crisis over long term resource commitment and availability, and lastly, 5) in terms of the evolution of federal policy to stress private development, and the opportunity for maximizing federal financial resources and generating federal cooperation and coordination.

Nevertheless, the forging of a tri-partnership --state, federal, and private-- to address rural economic problems and develop an Alaska rural development policy, is not a easy task. However, in any such policy the state must have primary responsibility, and it is the state that has the lasting interest in insuring that rural economic policies are developed and can be sustained over a sufficient period of time. If an emphasis on rural economic problems is to be initiated, then it is the state that has the responsibility for initiation.

Initiation by the state also provides a certain acknowledgement by other partners, especially the federal government, of the state's leadership in setting economic priorities, in economic and environmental planning, and in allocating monetary resources. Such leadership also provides opportunity for a commanding role in maximizing state financial resources available for development by addition of federal and private effort.

THE "PLACE" OF A RURAL INITIATIVE STRUCTURE

The end result of a review of state rural service responsibility is a determination of whether a structure, designed to promote policy enhancing a rural "economic foundation," belongs "within" the traditional government service structure, or is best placed "outside" of normal government delivery institutions.

The general conclusion of this report in reviewing state rural programs appears to recommend that such a structure should stand "separate" from the general programs. The basic function of the routine delivery of rural service, and the task of maintaining a continually changing rural economic development strategy, appear to be inherently separate.

Many reasons can be presented in defense of such a "separation," but these reasons, in terms of detail, belong more properly in the companion report to this document which deals with the potential conceptual design of a state policy structure.

However, such reasoning ranges from the traditional separation of the private economy and government service roles in our American systems, the special "advocate" nature of an economic policy structure, and the need for a structure to be an advocate of rural services related to rural economy that are broader than the function of any one agency.

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Finally, to be successful in bridging the gap between private and public systems, such a policy group needs the strong political adjacency and backing of both the executive and the legislative.

The success of government dealing with the private policy sector may be rooted in government respecting the private-policy sector as a sector to be treated with a respect, and on an equal footing, with the policy branches of government. Therefore, the suggestion that state dialogue with the private sector be subordinated to a sub-bureaucratic status may be fatal to a successful policy partnership. In other words, a policy partnership suggests, a certain equality and mutual interest among the parties.

A principal determination of the policymaker in seeking to "place" a state structure charged with encouraging a private economic base, may therefore be, whether the public policymaker chooses to treat the private sector as an equal and independent partner in policy, or whether that private sector is a subordinate partner suggestive that it is to be "directed" by some line-agency.

However, this is not to suggest that such a rural economic development structure does not have a strong interest in, and relationship too, the rural service agencies and the state's role in community development. An economic development structure would be strongly supportive of rural service needs, especially as they impact development opportunities.

Hence, in "placing" a state policy structure charged with addressing economic issues, a number of primary considerations have thus far surfaced. They are:

- 1) The issues of whether the mission and the charge of economic advocacy are not inherently different, and therefore such a structure perhaps should not be subordinate in a line-agency with service functions.
- 2) The need for a political adjacency to governor and legislature in order to maintain momentum, and
- 3) The issue of treating the private policy sector as a legitimate policy level co-equal.

THE RURAL POLICY SYSTEMS

The previous discussion questioned the placement of a state rural economic policy structure essentially "within" the state line-service functions. However, the policy structure external to the state government itself must also be reviewed in terms of such a state system.

In rural Alaska four basic policy systems are identifiable. The systems are familiar structures in American policy, but as might be expected, in rural Alaska some of those structures are underdeveloped or almost non-existent.

It is not "within" any one of these systems that a rural development strategy must be forged, but rather between such systems. The structure by one means or another, to be successful, must forge a partnership among these systems.

These identifiable policy systems are, in their broadest context, as they apply to rural Alaska:

- 1) The federal policy system.
- 2) The state policy system.
- 3) The local government policy system.
- 4) The private enterprise policy system.

The first three systems are clearly recognizable, although each has its special difficulties in dealing with the problems of rural Alaska. However, it is perhaps unfortunate that the American "alter-ego" to government, our very dynamic private economic system, is not recognized and communicated with as a fundamental policy system.

As indicated the above systems each have their problems when applied to rural Alaska. The special problems of the state system and the local government system will be discussed in more detail in following material. However, the federal system deserves some brief comment, since the system has "more established economic roles" than state and local systems, but must suffer from sheer logistics of policy between remote policy centers and extremely isolated Alaska rural communities in a bi-cultural setting. The federal government also faces the very realistic problem of having to establish policy criteria on a norm that fits an incredible variety of national situations.

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Despite areas of extreme policy dispute between the state and federal government, the federal government does offer significant resources that can be applied to a rural development initiative.

ORIGINS OF STATE RURAL POLICY

The state largely inherited the rural policy system from the federal government. The Territorial government also carried out certain rural service functions. It is perhaps easy to point an accusing finger at the federal government, alledging a neglect of rural Alaska, but it should also be remembered that Alaska Territorial government was a form of "self government" and had the option to function in rural regions.

There are many reasons why Alaska Territorial Government did not expand its functions into the rural regions, and many of those reasons are very practical and many are simply circumstantial under the conditions of the period. Conversely, a case can be made that the federal government made significant efforts, especially when one considers the practical circumstances of that government in dealing with rural Alaska. Like all government, the federal agencies depend on policy, and policy depends on "appropriations" that generally derive from a political base. Obviously, Alaska had little political base, and the far flung and isolated rural needs of the state lacked even the cohesion necessary for a local advocacy. Most federal agencies lacked support for carrying out Alaska functions, while others received "fall-out" support from general "Indian" legislation enacted by the Congress

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It is not the function of this report to go into detail concerning the problems of early rural policy. However, a few brief comments lend perspective to the later development of rural policy under statehood.

Presently, state rural policy is primarily aimed at delivering in rural areas the "traditional" services of government. And, in view of the difficulty the state has had in simply forging policy for the more traditional services in rural areas, it is not surprising that the state has been incapable of addressing a "less traditional" role regarding the economic plight of its rural populations.

In general, the circumstances that retarded the delivery of basic services in rural Alaska, simply more fully eclipsed a policy recognition of economic conditions and attendant state responsibility.

First, in early statehood, since the state was not delivering the traditional basic services, it was unlikely that the state should perceive self-responsibility for the more non-traditional and difficult to service economic problems. Additionally, generally government will not respond to more difficult development of "economic policy" unless there is a crisis. There are some exceptions, such as the nation's long history of addressing agricultural economic policy. Hence, economic policy in the area of U.S. agricultural policy has become "traditional policy." Additionally, in places like rural Alaska, hidden away from general policy-view (and public) view by isolation, wilderness, and culture misperceptions, despite severe economic problems, the existence of such "crisis" was simply not recognized.

Secondly, in early periods Alaska rural policy was fractured, and additionally there was no traditional local government system to be the conveyor of local needs to "the citizens," and to be the purveyor advocacy to senior governments.

Third, in the early years of statehood there was a perception, despite the declarations of the State Constitution, that native issues were federal issues, and that native Alaskans were still the "wards" of the federal government.

Fourth, state responsibility was further undercut by assertions that rural problems were the result of federal neglect (somehow justifying further state neglect).

Fifth, there was general recognition that rural services were expensive. Therefore there was a natural, and perhaps quite practical, resistance on the part of the revenue impoverished young state to create rural services, or to encourage an early transfer of many functions from the federal government.

Sixth, a public perception that statehood and local control would bring a magically improving general economy tended to undercut entry into economic policy. Statehood itself was perceived to be the economic solution for all Alaska. The economic emphasis of the time was more on the government-revenue side of the economic equation.

Seventh, the federal poverty programs were implemented in the early 1960s. Many of these programs were administered by the state, and others were delivered directly to rural Alaska. The programs appeared to be dramatically attacking rural poverty, and did tend to "finance" the entry of the state into rural responsibility. However, most of the programs focused on traditional government policy areas, such as education and basic services, and there was not a coordinated emphasis on the causes of rural poverty --the lack of "cash" industry and the rising demand for "cash" in the rural economy. The programs for the most part were conceived in Washington D.C. and funded on an "on-gain/off-again" short term grant basis. The cycle of poverty programs failed to recognize that much of pre-war rural Alaska had a variety of "cash" industries that fit community life-style, but that post-war Alaska saw those industries sink into almost total recession.

The poverty programs did their job in identifying that rural Alaska was in "poverty," in providing an element of advocacy that substituted for the lack of infrastructure, and in easing the state into a rural outreach.

Eighth, land claims settlement contributed to public misconceptions and adversity. Land claims helped dramatically forge state rural issue and policy, but tended to distract from a detailed focus on very basic rural needs. Public reaction to land claims was that native Alaska (rural Alaska) has land and money, so let them solve their own problems. Oddly, the land claims structure should have been "welcomed" as an economic middle-ground structure usable by government in development policy.

Ninth, the gigantic economic issues of the pipeline period of the early 1970s tended to sweep aside lesser and more homegrown economic problems. The pipeline was a distraction. The "euphoria" of the pipeline boom, both within and outside of government, created the assumption that something would rub-off on everyone.

Tenth, rural political representatives have generally been at a disadvantage in securing policy attention and service dollars, partially due to the lack of a local government funding vehicle for channeling state monies for local services. For example, broad funding formulas have allowed urban lawmakers to secure most appropriation needs on almost an "automatic" annual basis. One formula delivered basic school support for urban areas, and another picked up local debt service. Such formulas delivered urban educational services and also relieved local tax burdens for other purposes and services. Maintaining such services required only minimal political effort each year, with all urban lawmakers having a common interest. In contrast, rural lawmakers have constantly been required to fight line-by-line for service appropriations within the budget, often in competition with fellow rural representatives. Under such conditions the rural lawmakers quickly "expends" his political opportunities for minor gains in "bricks-and-mortar." Despite urgent long range problems, the rural politician has had little excess energy to devote after battling for immediate needs. Applied to economic development, rural lawmakers have had difficulty in just marshalling their talents for the "most basic" of traditional basic services, let alone entry into such long-range, complex, and less traditional policy arenas as restoring a private rural economic base.

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The lack of substantial local governments in rural Alaska creates many problems. The rural state representative is left being a substitute local government representative, and the state is often cast in the role of substitute local government. However, this report does not suggest that creation of "local government" in rural Alaska will necessarily resolve local-government oriented problems. Obviously, rural Alaska lacks population density and the usual dynamics that makes local government viable, and therefore caution should be exercised in attempting to create a system that may be unrealistically "grafted" on top of rural communities. The lack of a "cash" economy in rural regions may be prerequisite to a genuine local government --a government that rural people feel belongs to "them" and not the state.

This report earlier suggested that a crucial issue in a public/private partnership in development is whether the public treats the private as a "respected" policy equal, or whether it attempts to subordinate that policy partner. Suggested was that an equality is perhaps crucial to a true partnership and creativity. The same may be true of local government, which is often termed a "lesser" government. It may be important to a rural "economic initiative" partnership, as well as to the proper relationship of a rural local government with the state, that the policymaker determine whether rural local government belongs to a rural public, or is simply a step-child of the state for the state's convenience, and whether in any partnership the policymaker (and the state) views such a relationship as one of equals, or of a subordinate relationship. The relationship, and be suggestive of a subordinate role of the state.

BENCHMARKS IN ALASKA RURAL POLICY

Alaska rural policy has its origins in the Territorial period in Territorial legislation, in federal legislation, and in the organic legislation of the federal government that granted powers to Alaska level governments of the period. The basis for the expanding policy role of Alaska government in that time was linked to: 1) the ability of the Territory to carry out functions, and 2) its desire, or lack of desire, to responsibly tax itself to carry out policy functions and services.

Limit on Territorial Powers

In granting powers to Alaska in various pieces of organic legislation dating even to pre-Territorial status, the Congress saw fit to limit the ability to finance through "bonding," which correspondingly limited the ability of the Territory to finance capital projects. Since most rural needs were "facility" oriented and expensive, that basic federal limitation considerably hamstrung Territorial government. Depending on the period, the Territories ability to "tax" was also limited.

As a result statehood and the ability to bond represented a crucial benchmark in the state being able to finance rural programs.

Congress reenforced the situation by granting the Alaska cities the right to bond for facilities. In reviewing the situation it is easy to conclude that Congress desired to keep the Territorial government weak.

Alaska Willingness to Tax

The ability of the Territory to tax was also in question at times, with such question being aimed mostly at the ability to tax the lucrative fishing industry. Alaska was willing to tax its "outside" owned industries, Congress under lobby by Seattle interests was reluctant, but it must also be acknowledged that when it came to taxation the Territory also showed a very "marked disinterest" in taxing its own citizens by any means.

Hence, while Alaska decried federal dominance it was reluctant to "pay-its-own-way." As a result Territorial government resembled something of a "pass-through" agency." With little money of its own, the Alaska government took in federal funds and other earmarked revenue, and passed those funds through to local government.

In the pre-statehood period it was local government that had the ability to bond themselves, tax themselves, and which were the primary recipient of Territorial federal funds. The weak Territorial government did not have unrestricted funds to spend in rural regions, and the lack of a local government infrastructure left the rural citizens out of the basic funding pattern. The pattern simply reenforced the "division" of the Alaskan urban/rural spheres, and the dominance of the federal government in the rural area. The lack of revenue, and the lack of a willingness of the Territory to raise its own from its own citizens, simply meant there was no "Territorial presense" in rural Alaska.

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Perhaps the crucial benchmark paving the way for Alaska rural policy was the Territories decision to "tax itself" after a bloody 1948 election surrounding the issue. Territorial Gov. Ernest Gruening for a decade had advocated the need for a comprehensive schedule of Alaska taxes to finance government, and for a decade the Territorial Legislature steadfastly refused such a program. In exasperation Gruening in 1948 aggressively campaigned against the legislature, and surprisingly won a majority that enacted Alaska's first really comprehensive revenue base.

The decision to tax was an important decision in declaring an assertive self-responsibility, and while benefits were not oriented towards rural Alaska, the revenue availability would begin a long process of accepting more expensive rural responsibilities. Oddly, the tax benchmark was likely a crucial step in the final drive for statehood. The period 1948 - 1953 saw lawmakers begin to organize a very fractured government, saw a leveling of federal agency power, saw the Territory complete an organized compilation of its laws, saw the abolition of the Alaska Fund with a coordinated tax system, the creation of a Territorial Department of Fisheries (as an assertion of local management), and the creation of the Alaska Statehood Committee.

Territorial Influences on Alaska Structure

The Territorial experience was one of wrestling with a fractured Territorial government, with a variety of elected officials, a weak legislature, a federally appointed governor, and policy strings that disappeared into the maze of Washington D.C.

The Territorial experience had established the firm place of local government in the policy framework of Alaska political thinking. The new emphasis was not so much to create a "super-executive" structure, but to create a structure far removed from the cob-webs of the Territory, where the line of responsibility was clear and where there was clearly some "one" in charge.

Constitutional Benchmarks

The constitution Alaskans drafted in 1955 produced a number of rural benchmarks and framed a few ongoing policy dilemmas.

The constitution created generally a simple executive structure with the governor clearly responsible for all actions. While Alaska has its ongoing problems in making government function, the simple structure of the Alaska system in the long-run should be an advantage for rural needs, policy development, and coordination of multi-government effort. Many other state's administrative structure resembles a "committee" of executives.

The constitution declared responsibility for ALL its citizens, laying both the legal and policy foundation that native Alaska, and therefore rural Alaska, was the responsibility of the state.

The constitution recognized the unresolved nature of Alaska native land claims.

The constitution attempted to deal with the problem of local government by declaring that Alaska would be divided into governmental units called "boroughs" (State Constitution, Article X). The lack of local government still causes problems in state dealings with rural Alaska, but also, the fundamental problems that have precluded the normal creation and function of local government in such remote rural areas are also still with us.

Early Statehood Benchmarks

In the early period of statehood the state government was not without rural concerns. The state attempted entry into vocational education aimed at rural areas, and airports were a high priority. A Rural Development Agency was established in the Office of the Governor, which acted as the representative of the governor in assessing and resolving urgent rural problems, and which also administered a small grants program (now lodged in the Rural Assistance Division, Department of Community and Regional Affairs). However, in the first half of the 1960s state efforts were constrained by budget uncertainty as the state absorbed functions from the federal government and attempted to establish a revenue base. Under such circumstances the state budget was small, growing from \$60-million to \$154-million by 1965. Early bond issues totaled only \$30-million (1960), \$17-million (1962), and \$13-million (1964).

The real rural issues began to surface in the mid-1960s as the state's financial ability grew and as confidence grew that the could pay for new effort in policy.

In 1965 the Legislature developed a concept of rural regional high schools, and presented a \$5-million bond issue to the public. While the concept ultimately never came into existence, the public DID APPROVE THE BONDS. The action was an important legislative, and public, declaration that the state was ready to begin carrying out its rural education service responsibilities, and that the state, not the federal government has the responsibility for educating rural Alaskans (native Alaskans). Likewise, the issue recognized the severe problems of secondary education for rural citizens.

In 1966 Land Claims settlement became an issue for the first time in the public policy forum.

Additionally, in the 1966 elections issue surfaced as to whether the state should create a Department of Native Affairs to tackle rural Alaska problems. The issue produced considerable debate, contributed to public awareness of "things rural," but floundered in both the native and non-native community on the basis of not wishing to create another "little-Bureau of Indian Affairs," and on concerns that such an agency would create difficult racial question. The issue lead to the counter suggestion of creating a Department of Community and Rural Affairs.

On the Congressional level by 1964 Alaska representatives were beginning to press for an Alaska Housing Program for rural communities, and press for upgrade and transfer of BIA schools to the state.

The mid-1960s also saw the entry of the federally instigated war on poverty programs. The programs made contribution to developing "rural awareness" on the part of both policy maker and public, and likewise contributed to grass-roots awareness of problem solving on the rural level.

By 1966 native land claims had brought about the first phase of the land freeze, and the land claims problem was rapidly becoming the state's most serious issue.

By 1968 significant efforts were being made to bring electrical services to Alaska rural communities. The Alaska Village Electrical Cooperative (AVEC), organized to finance through the the federal Rural Electrification Agency (REA), also required a somewhat hasty organization of many Alaska rural communities into Alaska fourth class cities.

Throughout the majority of the 1960s two adjacent policy/issue streams were developing. Independent issue forces were developing such as land claims, as well as political forces such as the Alaska Federation of Natives, and other non-profit corporation agencies in the form of rural need advocates (AVEC, poverty non-profits, etc.). And, in the other stream, the improving revenue base of state government, more than \$200-million by fiscal 1969, allowed a cautious state expansion into rural service needs. In perspective, the 1960s was a period when Alaska was unsure it could meet the basic obligations of statehood in terms of financing government, and as events of the decade provided "confidence," the state showed willingness to confront more costly rural service needs.

Page Twenty Four

The discovery of oil and Prudhoe Bay in 1968 and the entry into a "surplus revenue" condition in 1969 with the receipt of the \$900-million set the stage for facing more rural responsibility on the part of the state.

On one hand the rural areas suffered in the "funding process" because they were not part of local government systems, and therefore could not participate in the almost "automated" state transfer of funds to Alaska local governments that saw additional funding equally more than half of the \$900-million shifted to urban areas in the next five years. On the other hand, the existence of excess funds meant that rural areas could push for additional education funds, transportation improvements, and other health service needs.

By 1971 the legislature had created the rural State Operated School System SOS, and while short-lived, the effort was aimed at providing rural Alaska a semblance of autonomy, input, and substitute local government in the area of education.

In terms of funding for education, the stepped up appropriations in essence represented the first significant state money that the state had put into rural education. Prior to 1970 the state's receipts under federal PL-874 impact funding approximately equaled the state's rural school outlay for operations (Note: The federal government generously allowed the state to receive maximum impact funds even treating open-to-entry federal lands as maximum federal impact).

The state in the early 1970s enacted such legislation as a Village Safe Water Act (although little more than a declaration of responsibility for health needs), it addressed the needs for community roads, trails, and designed state municipal revenue sharing so small communities could obtain a share for the barest expressions of responsibilities such as fire, police, and etc.

Settlement of Land Claims in 1971 began a process of constructing a private corporate infrastructure throughout rural Alaska. However, there was unfortunately little state effort to recognize that structure in any institutional construction, or to take an interest in the survival and success of those unique creations on the part of the state.

The legislature did create in the early 1970s the Department of Community and Regional Affairs, which was designed to collect together rural and community functions of state government. The assumption existed that such a department would provide adequate "rural linkage." However, while the department has in many cases performed very capably, it was created as a line-agency (program agency), and as such too much was expected in regard to such an agency pursuing problems that exist outside the scope of defined programs or are multi-agency.

The legislature in the mid-1970s hammered out the Rural Education Attendance Area legislation (REAA's), disbanding the old SOS school system in favor of regional districts.

The RE/As represented a significant policy step in creating (education-service) local government, in allowing a genuine measure of regional autonomy and self-determination, in providing a funding formula taking the burden off rural lawmakers to have to fight for each individual school need. The REAAs also sought to follow native corporation boundaries, seeking to achieve a social and geographic compatibility.

THE PATTERN OF STATE SERVICES

The present pattern of state services being extended into rural Alaska are very BASIC AND TRADITIONAL SERVICE ORIENTED.

The entry into rural services follows the traditional American pattern of education, transportation, and health and social services.

On the rural community level this translated into the presence of teachers, school facilities, an airport, roads in trails, the availability of safe water, and to a lesser degree the presence of sewage disposal, electrical service, and adequate housing. Of these services teachers, school buildings, roads, trails, and airports can be funded either by formula or by state appropriation. However, water, sewage, and community electricity are utility in nature, implying some measure of local support and responsibility. Additionally, adequate housing implies some ability to support that housing.

It is in the area of utility services, housing, and personal income that state policy runs into the "void" that is at the bottom of rural issue. The issue is the lack of rural economy, the lack of ability to support services, housing, and family.

A review of state service responsibility in rural area reflects emphasis on blindly providing categorical services. It is the Department of Education's responsibility to facilitate education. It is the Department of Transportation's responsibility to provide roads and airports as directed by the legislature, it is the responsibility of the Department of Environmental Conservation to police safe water, it is the Department of Community and Rural Affairs responsibility to operate various assigned community assistance efforts. Each department has its functions and carries out that function. However, schools need electricity, water, and sewage, and homes and people need services, and the later need income for paying for such services and for purchasing other personal needs.

In the final analysis, no state agency is responsible for any kind of comprehensive addressing of the problems of rural economy.

The failure to address an Alaska rural economy is not a failure of program agencies and their specific authorities, but rather a failure of state policy to recognise that while services are urgently needed, they compound the problem of rural economics --the widening division of "cash available" and "cash needed" to pay for services.

The economic conditions of rural Alaska date to the 1940s, and while rural Alaska has always lacked services, it has not always lacked an economy. Pre-World War II rural Alaska had a variety of "cash" industries, depending on the rural region, that quite amply supported the rural life style of the period.

Such rural industries were fur, fish, gold, labor intensive transportation, woodcutting, and etc., all of which declined into disastrous conditions by the mid-1950s. External influences and changing technology eroded the rural economy. The price of gold was frozen in the early 1930s, spelling a slow death for Alaska mining, fur fashions changed and fur farming, synthetics, and fur imports snuffed out the fur industry, the bush plane eclipsed labor intensive transportation, and the convenience of oil killed off the woodcutting industry. In 1948 the Alaska Railroad altered its Yukon River steamboats from woodburners to oil, and overnight the woodyards and much economy disappeared from the Yukon Valley. Likewise the decline of major industry saw the decline of fishing for barter and cash.

A strong case can be made that for the past quarter century rural Alaska has been in severe depression and almost nobody noticed. This can be contrasted with the quick response and issue attached to the current problems of the state's urban economies. The difference is likely that a sophisticated infrastructure exists in the urban areas to demand that economic crisis be recognized and dealt with to the extent possible.

By and large it was not the role of the state service agencies to notice and deal with such a fundamental issue as rural economy, an issue obviously far exceeding the boundaries on the jurisdiction of any one, or for that fact, all such agencies.

The purpose of reviewing state services within the context of economic rural needs is that while such agencies must remain largely within their categorical responsibilities, these same agencies are very valuable front-line allies in an rural economic initiative. Regardless of however the state chooses to address the broad issues of rural economic plight, the facts also are that a fairly small number of state agencies have the rural organization and community level experience that must be brought into any such effort.

The following section will review state agency from the standpoint of both present rural involvement and the nature of that involvement.

RURAL EMPHASIS OF STATE AGENCIES

State government growth over two decades has produced a greater state presence in rural areas. Growth has produced a developing pattern of state agencies with a viable rural network of employees in the field.

Agencies with significant rural presence divide into functions which by their nature must remain narrow, such as police functions, and agencies which have significant community development potential. The following chart reflects agencies with large numbers of employees "outside" Juneau, Fairbanks, and Anchorage.

STATE EMPLOYMENT BY DEPARTMENT AND LOCATION
(Timeframe 1977)

<u>Agency</u>	<u>Juneau</u>	<u>Anchorage</u>	<u>Fairbanks</u>	<u>Other</u>	<u>Total</u>
Governors Office	174	106	25	21	326
Administration	307	102	90	170	669
Law	59	69	29	17	174
Revenue	150	85	11	10	256
Education	260	92	6	77	435
* Health Soc. Serv.	411	741	188	461	1,801
Labor	406	201	84	77	768
Commerce/Econ Dev.	123	118	8	3	252
Military Affairs	11	104	4	32	151
** Natural Resources	38	171	51	144	504
** Fish and Game	202	230	79	364	875
** Public Safety	134	300	100	313	847
Environmental Cons.	78	10	16	15	119
* Community & Reg Affr.	99	39	7	14	159
* Trans & Pub Facil.	874	763	440	1,117	3,194
Legislature	122	50	13	18	203
Alaska Court System	37	245	81	120	483
TOTALS	3,485	3,526	1,232	2,973	11,216

* Agencies with large rural organizations and/or responsibilities.

** Agencies with specialized rural functions.

Several other organizations outside of the state structure deserve mention. One is the University of Alaska, which has a growing rural network, and other other are the Rural Education Attendance Areas (REAAs). The latter are of interest not only because of their comprehensive local government coverage, but because their boards constitute publically elected representation.

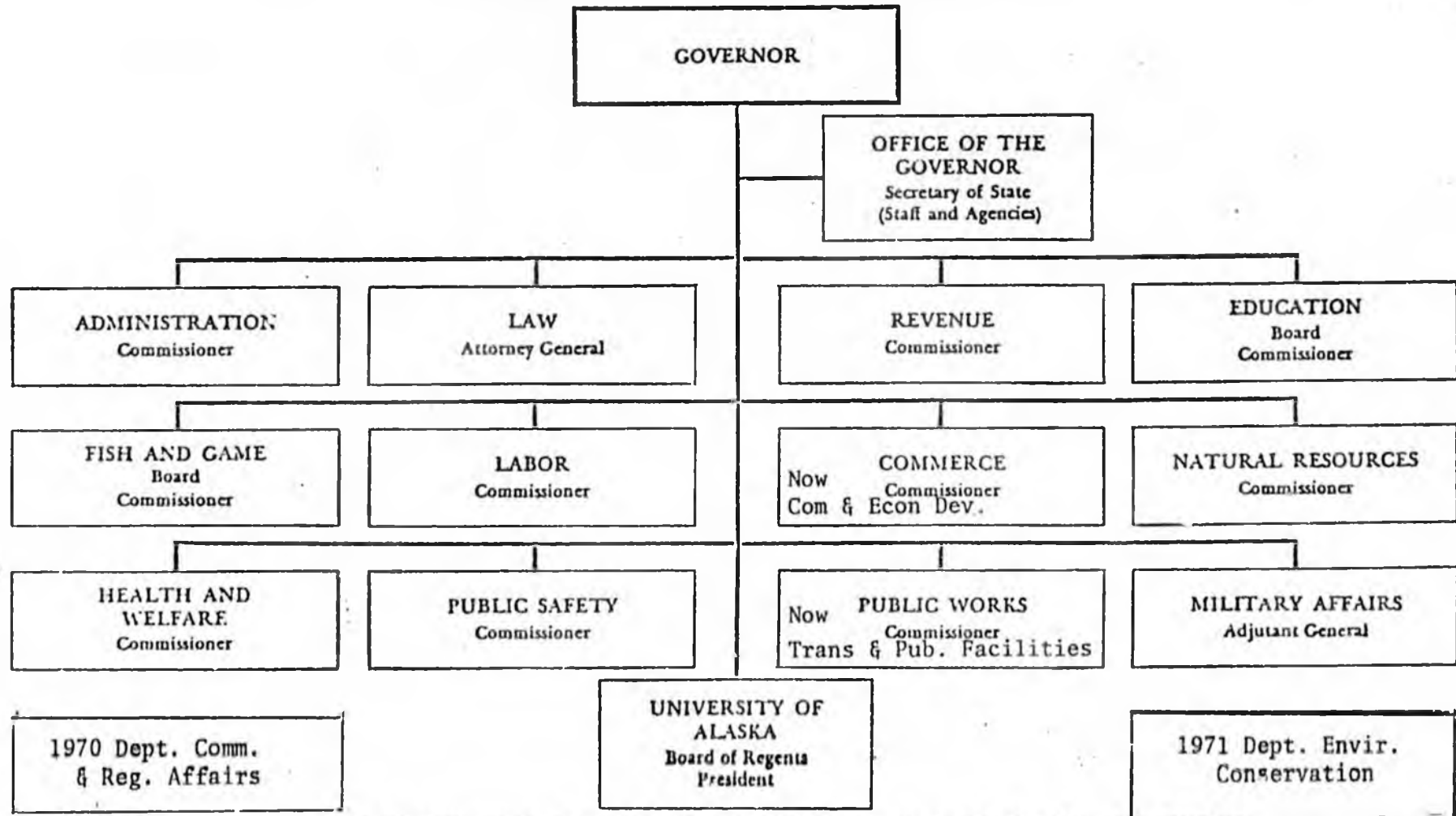
The following review of state agencies will be reviewed in order of groups of agencies reflecting:

- 1) Agencies with either large numbers of rural employees in the field, significant rural responsibilities, or with both.
- 2) Agencies with large field organizations but with highly specialized responsibilities, and which therefore might not be appropriately called upon in some coordinative rural effort.
- 3) Agencies with small rural field staff operations, but which have a large policy impact on potential rural issues. Agencies with potential for rural involvement.
- 4) Agencies without significant rural field operations and with little definitive rural responsibility.

The following page provides a view of how the architects of Alaska government established state agencies in 1959 with twelve departments (the constitution limited departments to 21). The basic organization has altered little in two decades. Two new agencies have been added, another department was created and then merged with Commerce (Dept. Commerce & Economic Dev.), while the early day version of Public Works was split into thr Departments of Highways and Publig Works, and then remerged in 1977 into Transportation and Public Facilities.

Alaska 1959

ORGANIZATION OF THE EXECUTIVE BRANCH



ADDED

Principal departments and agencies based on the State Constitution and the State Organization Act of 1959. Members of the Fish and Game and Education Boards and the Board of Regents appointed by Governor. Commissioners of Education and Fish and Game appointed by Governor from names submitted by Boards. Heads of all other principal departments directly appointed by Governor. All appointments subject to legislative confirmation. The administration of the University of Alaska is specifically established by the Constitution and is not under the same direct executive control as the principal departments included here.

ADDED

GOVERNOR'S OFFICE

The Governor's office is both a kind of "super-agency" and a kind of "catch-all" agency, inheriting functions which either do not fit elsewhere or which have inherent conflicts in role (example: The Public Defender would be suspect if under the Department of Law and the state's chief prosecutor. There is also a tendency to place "advocacy" agencies in the Governor's Office, since their role of advocacy may clash with line-service roles and since their actions shape basic new policy.

Obviously many functions of the Governor's office have an impact on rural policy, but a few have a very important policy shaping role.

They are:

- POLICY DEVELOPMENT AND PLANNING
 - Coastal Zone Management Subagency
- OFFICE OF TELECOMMUNICATIONS
- GROWTH POLICY COUNCIL (Office Lt. Governor)

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

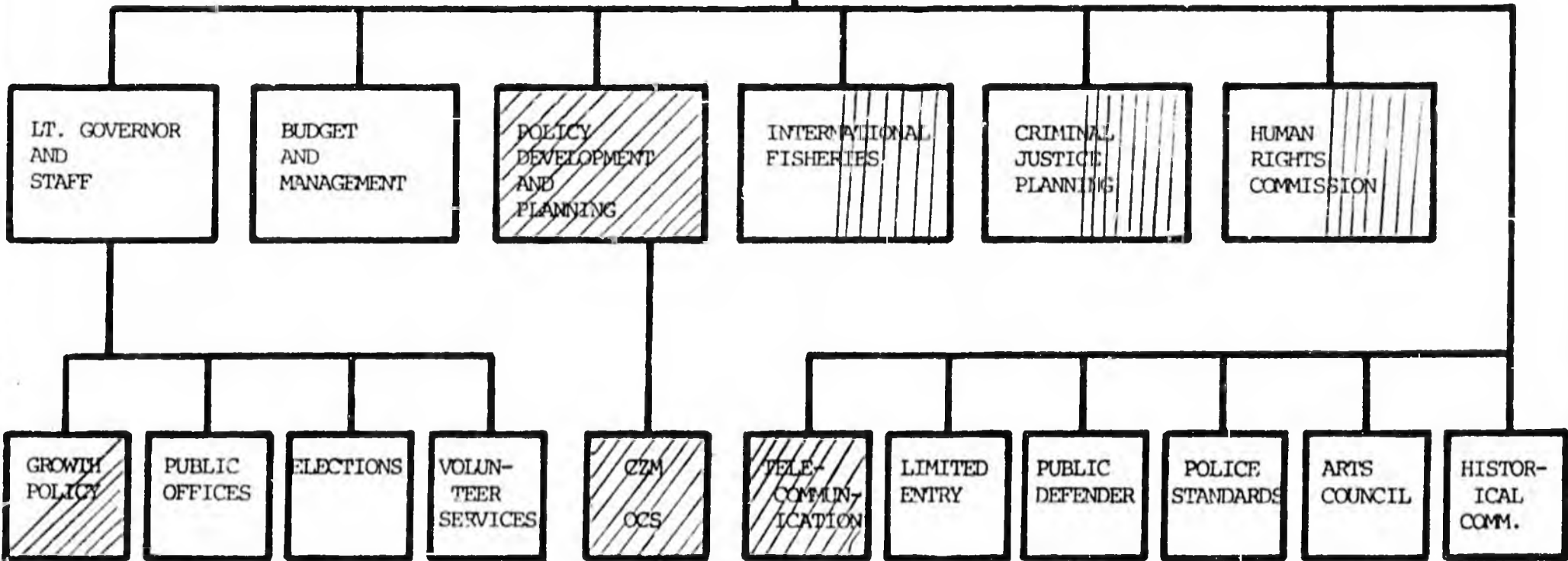
The Division of Policy Development and Planning can have a large impact on rural policy, and especially on rural private economic development. However, DPDP is an agency that must maintain a very broad planning perspective, and must carry out functions that must make it at times an "adversary," as opposed to an "advocate." An example may be the agencies difficult role in Coastal Zone Management, where it may have to oppose local demands (such as current differences over the North Slope Borough's proposed Coastal Zone Plan).

DPDP must also be broadbased and have continual involvement in all sorts of policy, including rural policy, and for that very reason DPDP may not be able to act as a genuine rural economic advocate.

Telecommunications is an agency in the Office of the Governor that has functioned as an "advocate" in terms of rural communications issues, and general Alaska communications issues in recent years. Telecommunications could have been assigned to DPDP, but it is doubtful if DPDP could have specialized and have acted as "advocate" as did the Office of Telecommunications.

OFFICE OF THE GOVERNOR

GOVERNOR
AND
STAFF



DEPARTMENT COMMUNITY AND REGIONAL AFFAIRS

The Department of Community and Regional Affairs Department has the responsibility to meet the state's responsibility to render maximum assistance to government and the community and regional level. The Department is therefore not necessarily a department charged with "maximum" rural obligations. However, the department is perceived by many policy-makers as a Department with special rural obligations, and the department also perceives itself to a certain extent in that manner. The charge of the department places CRA in a position of assisting in rural areas where government is small, inadequate, lacks professional management, and in many respects acting as "substitute" government where non exists at all.

The Department has five divisions:

- (1) Administrative Services
- (2) Manpower
- (3) Community Planning
- (4) Local Government Assistance
- (5) Community and Rural Assistance

The Department also is the seat of policy groups or commissions such as: 1) THE STATE BOUNDARY COMMISSION, 2) MANPOWER COUNCILS, and more recently 3) THE PRIVATE INDUSTRIES COUNCIL (PIC).

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

CRA now has an important rural presence and as rural Alaska wrestles with difficult local government problems, the department will have an even more important role. However, the future demands of local government in rural Alaska will tend to specialize CRA in the government area, creating new obligations that will tax its resources in maintaining its program service obligations.

The department is now presently small with primary rural responsibility placed in its community planning function, local government assistance function, and rural assistance and grants program. CRA will be an important partner in economic advocacy in rural Alaska, and it is likely in that process that whatever structure is designed as a rural economic advocate, will likewise be an advocate of maximizing CRAs program and service functions.

Community and Regional Affairs, although quite small compared with other departments, must be selected as one of the four to five departments with significant rural policy and field obligations. The Department has also the most "generalized" functions of those rural agencies (as compared with Transportation, or HSS) and therefore the Department may be a likely nominee for a lead-functionary among program-service agencies in bringing together coordination in the field on economic projects.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

- Significant Policy and/or rural field service.
- Potential rural impact
- Specialized or limited rural impact

COMMISSIONER

MANPOWER COUNCILS

LOCAL BOUNDARY COMMISSION

LINE

DIVISIONS

MANPOWER

ADMINISTRATIVE SERVICES

LOCAL GOVERNMENT ASSISTANCE

COMMUNITY PLANNING

COMMUNITY AND RURAL ASSISTANCE

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

The Department has the largest number of employees in state government. Many employees are either in planning and construction, or maintenance along transportation systems connecting major urban centers, but nevertheless, a sizable number of employees are represented in rural areas.

The Department has four major units:

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

The Department is very important to rural areas because of its planning and development of rural transportation systems, its planning and development of facilities, and its maintenance of such facilities. In both areas the department has critical possible SUPPORT and EXPERTISE to offer private development in rural areas.

DOT important rural functions are:

- 1) TRANSPORTATION AND FACILITY PLANNING: Important in terms of possible coordination and support of rural development in the private area.
- 2) MAINTENANCE AND OPERATIONS: A valuable field staff with rural experience.
- 3) DESIGN AND CONSTRUCTION UNITS: Important in building to rural needs. A source of practical development experience for rural projects.

DEPARTMENT TRANSPORTATION AND PUBLIC FACILITIES

COMMISSIONER
AND
STAFF

TRANSPORTATION
PLANNING
UNIT

FACILITY
PLANNING AND
RESEARCH
UNIT

ADMINISTRATION
UNIT

MAINTENANCE
AND
OPERATIONS
UNIT

LANDS, LEASING
AND
EQUIPMENT

SUPPORT
SERVICES

FINANCIAL
MANAGEMENT

SECURITY
AND
TRAINING

DESIGN
AND
CONSTRUCTION
UNIT

HIGHWAYS

AVIATION

GENERAL

HARBORS

MARINE
HIGHWAY

COMMUNICATIONS

FIVE
REGIONAL
DIRECTORS

DEPARTMENT HEALTH AND SOCIAL SERVICES

The Department is the state's second largest department and is perhaps the largest in terms of employees functioning on the field level in rural areas of the state.

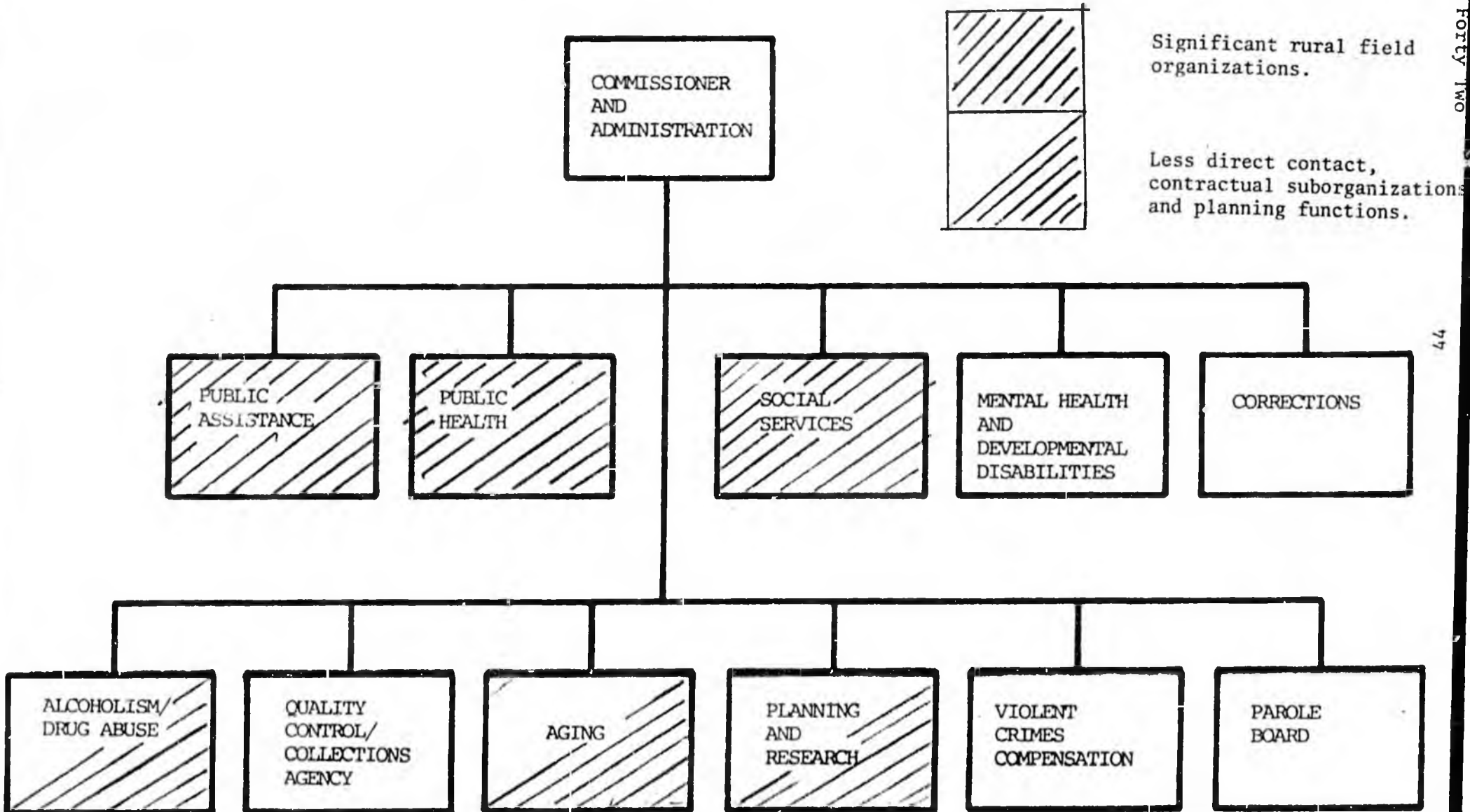
HSS has rather specialized program functions, but in any effort at developing a coordinated rural awareness and effort, the fact is that the department has the most strategically placed field staff. The contact of the staff with communities is also reasonably frequent and regular. The Department is also contact and program involvement with a great many rural Alaska non-profit corporations that deliver various kinds of contract services.

Ironically the department with this "largest rural presence" is the department that is charged with putting on the social and economic "band aids" in an almost futile attempt to patchup the results of decades of economic and social deterioration.

The key field divisions are: PUBLIC ASSISTANCE, PUBLIC HEALTH, SOCIAL SERVICES, and less directly ALCOHOLISM, AGING, and PLANNING AND RESEARCH.

Despite the seeming gap between HSS programs and the function of an economic initiative, it may be important that the department be included among departments that would be part of economic initiative.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES



DEPARTMENT OF FISH AND GAME

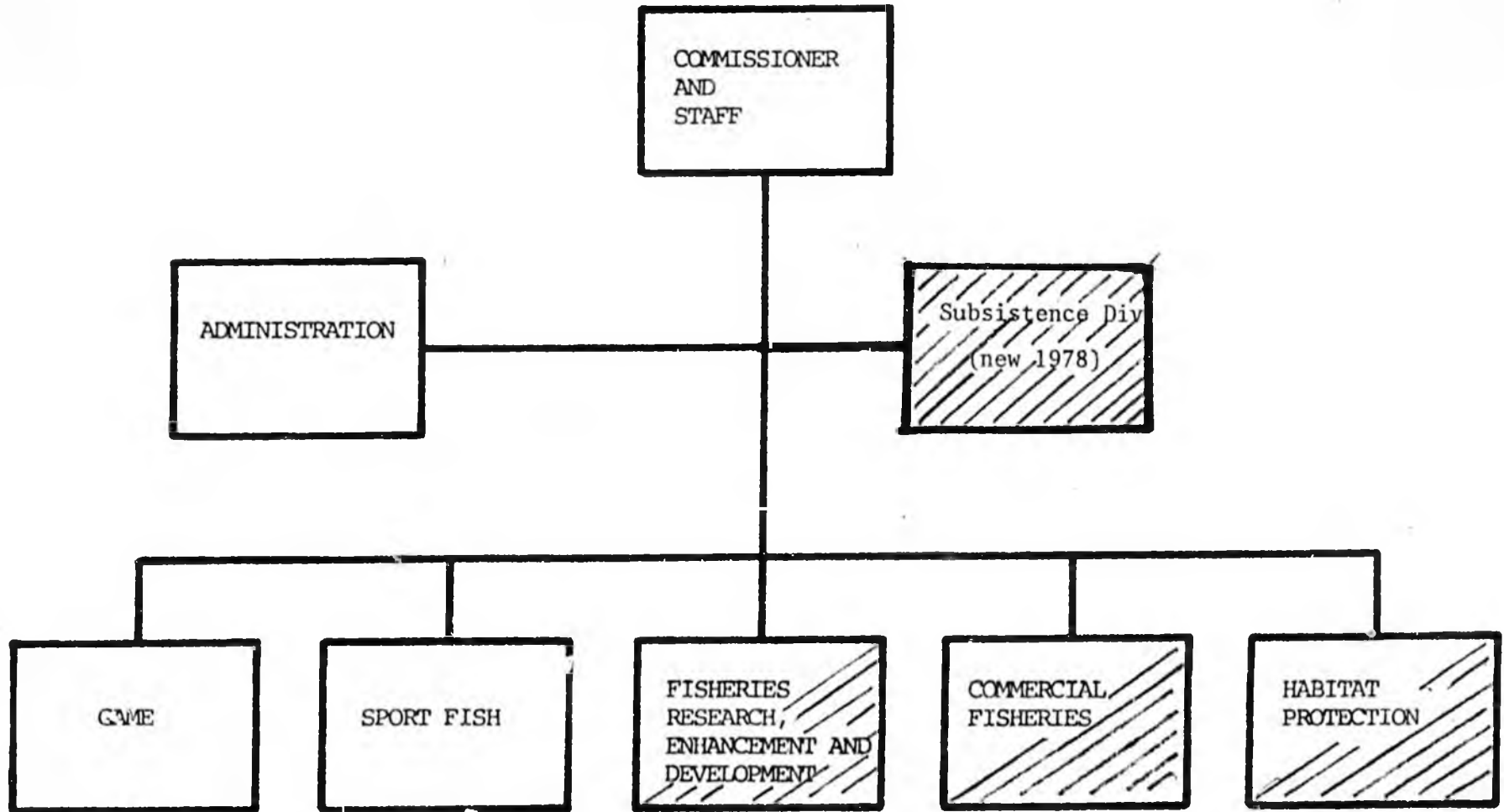
The Department of Fish and Game has a sizable rural staff, but one which has rather specialized functions in most cases. The Department has five principal divisions: GAME, SPORT FISH, COMMERCIAL FISHERIES, HABITAT PROTECTION, FISHERIES RESEARCH, ENHANCEMENT, AND DEVELOPMENT, and a sixth unit added in 1978 to deal with SUBSISTENCE.

Fisheries Research and enhancement, commercial fisheries, and habitat protection all can be involved in rural issues and problems. However, in terms of an expectation of "early" advocacy, the divisions may have a conflict in role, since they must police and question various proposals made against their primary spheres of interest. Such units cannot be expected to be policeman, evaluator, and advocate.

The subsistence division implemented in 1978 for the first time created a unit within the department that was broadly oriented towards a rural issue --use of the resource for subsistence. The broad charge of the division has also equipped it to function more in the role of advocate of rural needs than other departmental units.

It may be in a rural economic initiative that the Subsistence Division might prove an effective coordinator between other units and external structures involved in rural development.

DEPARTMENT OF FISH AND GAME



Page forty five

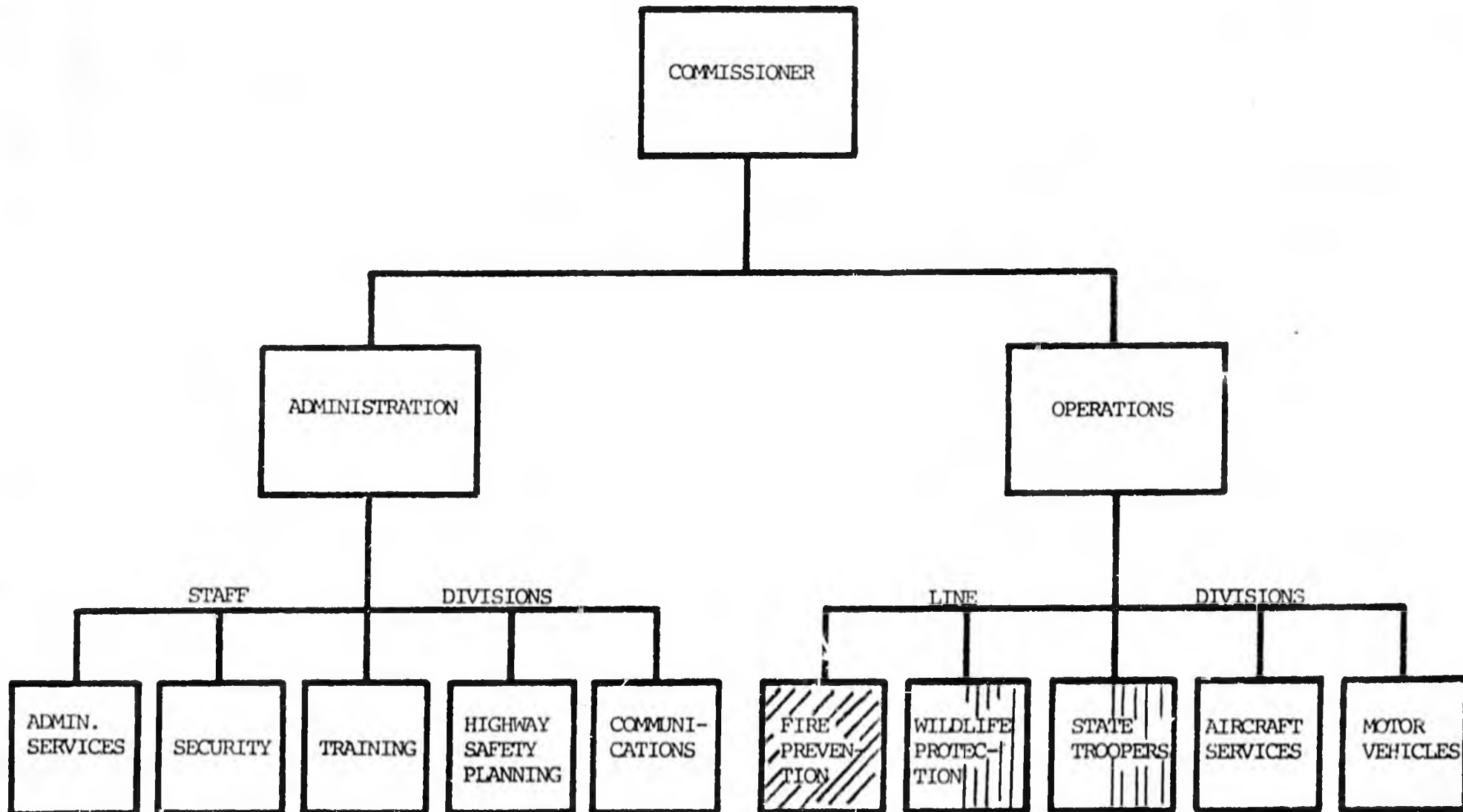
DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety is perhaps the most field oriented department in state government. The department is literally a field agency. However, while the department has an excellent rural spread of employees, and an excellent communications network, its specialized police function removes it from being a functional part of any rural coordinative unit. The role of the department is simply inherently different from development functions.

The department also operates the division of Wildlife Protection, and while this unit is extensively rural oriented, it has even a stronger conflict.

The division within Public Safety that could have significant rural impact, and become significant rural advocate in terms of community development and protection, is the DIVISION OF FIRE PREVENTION.

DEPARTMENT OF PUBLIC SAFETY



DEPARTMENT OF NATURAL RESOURCES

The Department has a small rural field operation, and that field operation is largely through the state's expanding development of park facilities. The Department is not a rural field "operative," but is and can be a significant department in terms of policy that can impact rural lifestyle and development.

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

Key divisions with rural policy impact in the department are:

- 1) LAND AND WATER MANAGEMENT: Management and disposition of state land and water resources. This division can have a positive impact on cooperating with community projects, and/or cooperating with native land management and development.
- 2) MINERALS AND ENERGY MANAGEMENT: Manager of the state's oil disposition (together with Oil and Gas Conservation).
- 3) AGRICULTURE: Charged with Alaska agricultural policy, which will have an expanding place in the Alaska economy in the next quarter century.

The Department has tends to be the lead negotiator in major resource contracts of state leased resources (Alpetco, Gas Pipeline, as well as the specific resource lease). This role involves delicate decisions that concern spin-off, or soft benefits, and as a result the department could have a crucial place in determine whether "macro-scale" projects in some manner can be made to benefit or underwrite the "micro-economies" of small rural communities.