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

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

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

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

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

CHILD DEVELOPMENT

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

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

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

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

BUSINESS, RAILROAD, AND ENERGY RESOURCE ACTIVITIES

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

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

INCENTIVE GRANTS

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

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

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

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

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

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

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

COMMISSION AUTHORITIES

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

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

This section imposes a 5-year limitation on funding any component of any project under this Act, the existing Appalachian Regional Development Act, (Public Law 89-4, as amended,) or the Public Works and Economic Development Act (Public Law 89-136). Funding may be made for up to 80 percent of project costs. Grant approval is contingent upon certification by the Commission that the project is truly innovative.

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

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

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

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

REGIONAL DEVELOPMENT COUNCIL/OFFICE OF REGIONAL DEVELOPMENT

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

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

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

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

MAINTENANCE OF EFFORT

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

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

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

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

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

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

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

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

CIVIL SERVICE

Section 104 extends Federal employment and retirement benefits to Appalachian Regional Commission and title V commission employees whether or not they were previously Federal employees.

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

APPALACHIAN BOUNDARY STUDY

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

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

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

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

BORDER RESOURCE RESEARCH INSTITUTES

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

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

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

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

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

ALASKA REGIONAL COMMISSION

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

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

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

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

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

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

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

ROLLCALL VOTES

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

REGULATORY IMPACT

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

COST OF LEGISLATION

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

Title I: Appalachian Regional Development Act Amendments:

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

Title II: Regional Commission Act:

Programs:	
1980 -----	250,000,000
1981 -----	250,000,000
1982 -----	250,000,000
1983 -----	250,000,000
Total -----	3,745,500,000

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

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

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

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

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

Sincerely,

ALICE M. RIVLIN, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

MAY 15, 1979.

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

TITLE I—APPALACHIAN REGIONAL DEVELOPMENT ACT AMENDMENTS
OF 1979

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

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

TITLE II—REGIONAL COMMISSION ACT OF 1979

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

TITLE III—REGIONAL GROWTH POLICY PROCESS ACT

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

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

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

5. Cost estimate:

[In millions of dollars]

Estimated authorization level:¹

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

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

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

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

The costs of this bill fall within budget function 450.

[In millions of dollars]

Estimated outlays:

Fiscal year:

1980	-----	172
1981	-----	333
1982	-----	408
1983	-----	635
1984	-----	588

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

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

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

7. Estimate comparison: None.

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

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

10. Estimate approved by:

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

HEARINGS

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

MINORITY VIEW OF MR. CHAFEE

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

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

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

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

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

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

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

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

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

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

JOHN H. CHAFEE.

MINORITY VIEWS OF SENATOR SIMPSON

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ALAN K. SIMPSON.

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

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

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

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

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

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

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

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

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

CHANGES IN EXISTING LAW

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



United States Senate

WASHINGTON, D.C. 20510

September 13, 1979

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

Dear Arliss:

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

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

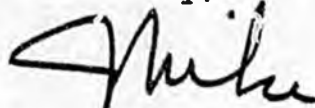
In floor action on the bill on July 31, the Senate decided to drop the permissive land evaluation authority and the study. In my judgement, this action was taken because of misplaced fear that these provisions constituted federal involvement in land use planning. However, following the vote, a short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

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

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

Warm regards.

Sincerely,

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

Mike Gravel

MG:ra
Enclosure