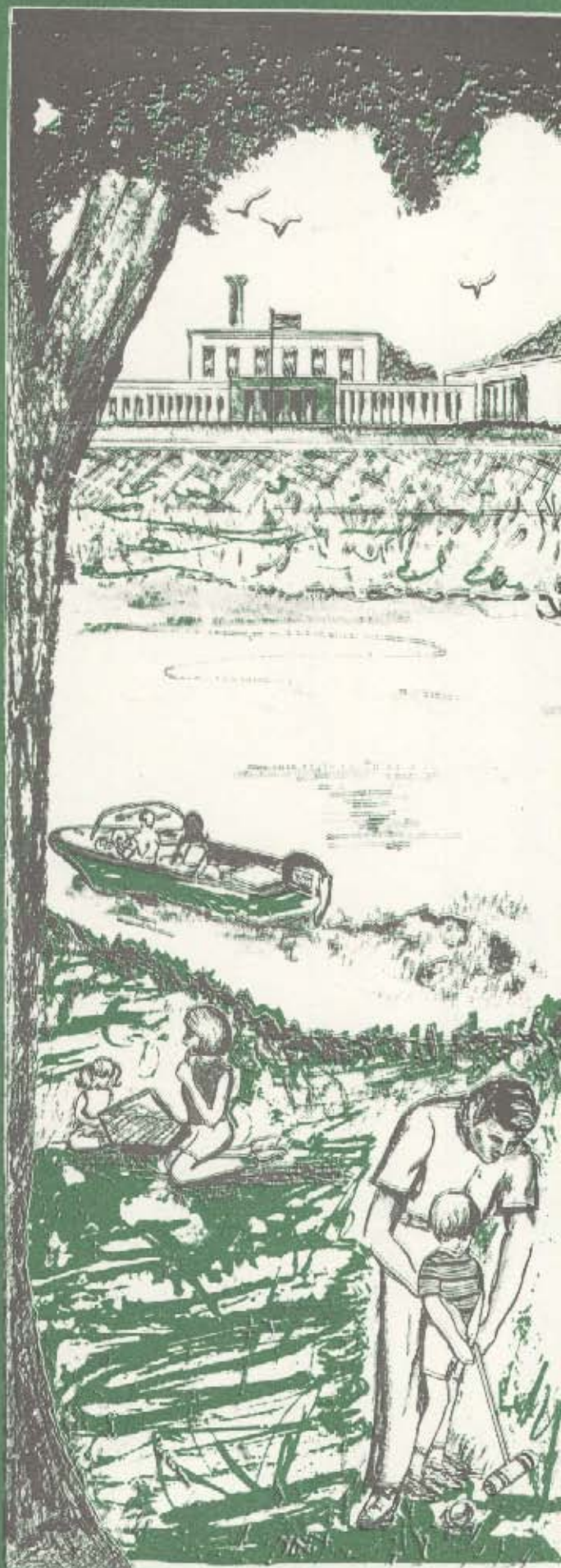


A Commission Report

Multistate Regionalism

ADVISORY COMMISSION ON
INTERGOVERNMENTAL RELATIONS

APRIL 1972
A-39



Preface to the Second Printing

This second printing of *Multistate Regionalism* reissues the report largely in the same form in which it was adopted and first published in 1972. The subject has not been reexamined by the Commission, and no new recommendations are included.

The only alteration is the inclusion of a new introductory chapter which briefly reviews multistate organizations, legislation, and policy issues, as they appeared early in 1978. This update does not alter in any way the findings and conclusions contained in the initial report, but provides an aid to the reader in need of more current information.

This chapter was written by David R. Beam, Senior Analyst, and David B. Walker, Assistant Director, and drew upon the draft materials prepared by J. H. Fonkert, a Commission intern in 1976-77. The manuscript was ably prepared for publication by Delores Dawson.

Abraham D. Beame
Chairman

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Executive Director

CURRENT ISSUES IN MULTISTATE REGIONALISM—1978

REGIONAL DISARRAY

At the time the Advisory Commission on Intergovernmental Relations concluded its formal study of multistate regionalism (the report was adopted at its December 1971 meeting), most of these instrumentalities were still comparatively new and untried. The major pieces of multistate legislation—the *Appalachian Regional Development Act*, the *Public Works and Economic Development Act*, and the *Water Resources Planning Act*—had been adopted in 1965, just six years previously. It was, in the Commission's view, still much too early for any drastic revision or overhaul of these fledgling organizations, since most of the planning activities they had embarked upon were still in an early stage. Thus, while the Commission examined each of these programs in considerable depth, it felt that any major reform proposals at that time would be premature. Hence its recommendation to “let the experiment continue”—to retain the multistate commissions unaltered pending further experience.

Six years later, as a second printing of this report was being prepared, these circumstances had changed. The multistate agencies are now more fully “institutionalized” and have a longer track record—although evaluations and especially conclusions regarding them still vary widely.

But the multistate question—urgent in previous years because of the Nixon administration's opposition to regionalism as a “fourth layer of government”—was still quite pressing. Many observers in late 1977 through mid-1978 felt that the network of multistate organizations was in serious disarray. Un-

settled issues confronted the Title V commissions and Title II commissions, as well as the system of Federal Regional Councils. Only the Appalachian Regional Commission and the two compact-based river basin commissions (the Delaware and Susquehanna RBCs) seemed to have retained a clearly defined role—and even in these cases, the possibility of new Carter administration proposals for departmental reorganization and federal urban, rural, and water development policies left some question marks. Sources of concern and tension included:

- increasing sectional antagonism between the “sunbelt” and “frostbelt” states;
- surprising recent growth of population in the nation's nonmetropolitan areas, reversing past trends and forecasts;
- a plodding recovery from the 1974-75 recession, compounding continuing problems of structural unemployment;
- heightened awareness of resources (especially energy and water) constraints in some sections of the nation;
- the creation of activist “voluntary” multistate regional organizations and coalitions of state and local officials as well as of members of the Congress;
- uncertainty about the structuring and future role of regional offices within the federal Executive Branch; and
- state-proposed expansions of the Title V system.

As of mid-1978, the Carter administration had not yet formulated a clear position on any of the basic policy questions. However, reviews aimed at positive recommendations were underway in several locations; the President's Reorganization Project, the White House Conference on Balanced National Growth and Economic Development, the cabinet-level Urban and Regional Policy Group, and the Water Resource Policy Study team.

The multiplicity of these forums and issues made predictions on the future direction of multistate regionalism quite uncertain. Incremental change, as always, did appear to be the most likely prospect, but the possibility of significant alterations in one or more of the major multistate entities could not be dismissed entirely.

This brief discussion is not intended to point out the proper path. The ACIR has not conducted a formal reassessment of the full range of multistate organizations and for this reason has not reconsidered its 1971 recommendations.¹ However, this new introductory material does summarize some of the principal developments on the multistate regional scene over the intervening years, and describes the issues as they appeared early in 1978.²

THE APPALACHIAN REGIONAL COMMISSION

The Appalachia program—certainly foremost in scope and importance among the multistate organizations—was renewed by the *Regional Development Act of 1975*³ for four years (and its highway program for six). The new legislation included a number of measures intended to strengthen Commission operations, including provisions assuring more active gubernatorial participation, a mandate for an overall regional development plan, and encouragement of local development districts to prepare comprehensive "areawide action programs."⁴ Overall, however, these amendments remained true to the original vision behind the ARC, and were intended simply to assist in realizing them.

In a 1977 study of federal grants management issues, the ACIR offered a brief update on ARC activities and a comparison of the Appalachian program with two other "target grants"—community action and model cities.⁵ These three programs all stemmed from the same historical period (1964 to 1966) and included certain common objectives. In each case, the coordination of the activities of a broad range of federal agencies and programs with

those of state and/or local governments was a central aim. Each, too, was intended to "target" assistance on certain specific areas, neighborhoods, or jurisdictions. In the instance of the Appalachian Regional Commission, there were legislative mandates to "serve as a focal point and coordinating unit for Appalachian programs," and to "concentrate [investments] in areas where there is a significant potential for future growth, and where the expected return on public dollars invested will be the greatest."

The ACIR review, which drew upon a considerable number of official and academic evaluations, suggested that these particular features in the basic design of these programs may have been unrealistic. All three target grants were found to have followed a similar course:

The most basic observation regarding all three target grant programs indicates their inability to draw together, meld, and coordinate—in short, to "target"—other federal assistance programs. None experienced more than limited success in this fundamental purpose. . . . The capacity for complex, fully coordinated administrative action among federal agencies and the three governmental levels was tested and found to be limited.

The target grants did not fully conform with the basic conception behind them in a second respect as well. Each of the programs was intended to serve specific, restricted, target areas and populations. Yet, each was faced with the political need to generate widespread Congressional and popular support. This need brought pressures for expansion which reduced the programs' targeting effects and, in some cases, badly stretched available funds.⁶

The report also summarized evaluative research concerning the ARC in particular and various recommendations for both expansion and abolition.⁷

Although not discussed in the grants management study, weaknesses of the planning processes of both the Title V and Title II commissions as well as shortcomings in the performance of the Federal Regional Councils also illustrate the serious organizational and political obstacles to the coordination of policies among a number of federal agencies and state-local governments. These were not generally recognized in the mid-60s, but have been amply documented since.

Yet the Appalachian program, like any public endeavor, must be assessed by a number of different

TITLE V COMMISSIONS

(sometimes competing or even conflicting) criteria. Proponents of the Commission system stress especially its "partnership approach" to federal, state, and local investment decisionmaking. They argue that it offers an important middle ground between revenue sharing programs on the one hand—which provide little opportunity for federal program direction—and categorical grants on the other, in which the reins of federal administration often are very tightly held. By virtue of its interlevel composition, the Commission strikes a balance by permitting the states to identify their priority needs through a joint, federal-state decisionmaking process.

This important positive aspect of the Commission's record was stressed in a recent evaluative study conducted by the American Enterprise Institute for Public Policy Research.⁸ Its authors interviewed some 300 public officials and staff at the local, state, and federal levels in Washington and the 13 Appalachian states. Comparative assessments of four major types of grant-in-aid systems—general revenue sharing, block grants, categorical grants, and the ARC federal-state partnership approach—were devised. The ratings on some seven evaluation criteria were almost uniformly high for the ARC system, despite its somewhat greater administrative complexity. From these data, the authors concluded that

... users place a high value on "flexible" administrative systems regardless of the magnitude of the financial stakes, and that users will tolerate somewhat more cumbersome administrative machinery and lower application success rates if, in exchange, they have a greater say in tailoring the use of federal dollars to their needs.⁹

The *form* in which federal assistance is provided—as well as its dollar magnitude—was thus indicated to be quite crucial.¹⁰

Overall, the authors also concluded that

... the ARC system is working as it was intended to work. Its strengths were perceived to be in flexibility, responsiveness, capacity building, and the provision of greater amounts of local and state involvement than occur through alternative funding systems.

Where people are affected their perceptions of the ARC significantly. State respondents, who have the largest influence over ARC's public investment decisions, ranked ARC as the system they most preferred to deal with, across the board.¹¹

The *Regional Development Act of 1975* extended the authorization of the Title V Commissions—more properly, the regional action planning commissions—for two years, with minor amendment. The authority of the commissions was expanded somewhat, with the creation of four new program areas: energy, transportation, vocational education, and health. In 1976, the basic authorization was again extended through FY 79.¹²

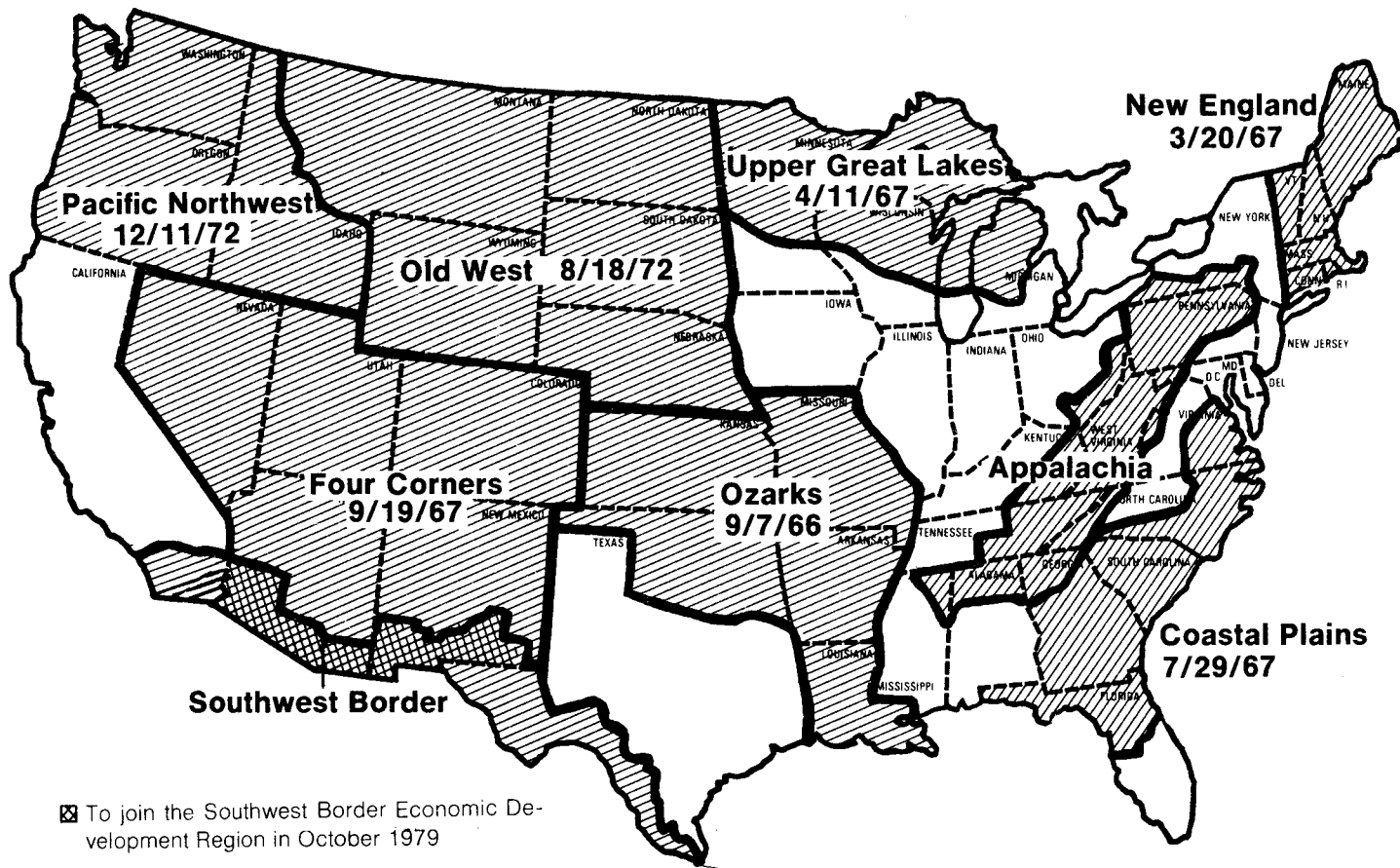
Other important changes since 1971 (illustrated in *Figure 1*) include expansions of the Four Corners Regional Commission and Ozarks Regional Commission to include all of the territory of their member states and the addition of Nevada to the former and Louisiana to the latter, and an extension of the Coastal Plains Commission into northern Florida and tidewater Virginia and the central portions of Georgia and South Carolina. Three new commissions also have been organized: Pacific Northwest (1972), Old West (1972), and Southwest Border (1977).

With these additions, the eight Title V commissions now serve all or part of 34 states, including more than half of the geographic area of the nation, though only one-third of its population. In fiscal terms, however, they still remain pale shadows of the ARC. In FY 77, ARC provided a total of \$249 million in aid to its 13 member states, while the Title V commissions together provided only \$58 million.¹³

Always regarded with disinterest or even opposition from certain quarters within the Executive establishment, the Title Vs never have enjoyed as secure an existence as the ARC. However, they have survived one round of Presidential fire. The Nixon Administration downplayed the concepts of joint federal-state decisionmaking and regional coordination embodied in the multistate commissions and regarded them as an unnecessary "fourth level of government." In 1973, the administration initially proposed the termination of EDA and the Title V commissions, but later agreed to a scaled-down, one-year extension pending a reexamination of the programs. Early in 1974, the President suggested replacing the existing programs with a block grant to the states for economic adjustment assistance. The block grant approach, he argued, would permit states to better coordinate economic adjustment assistance with aid from other related programs. The bill also authorized the creation of interstate compacts in this field and permitted states to use federal aid for such joint efforts. This proposal was rejected, and a two-

FIGURE I

Economic Development Regions



☒ To join the Southwest Border Economic Development Region in October 1979

Region designated 10/23/76

Dates represent when Commissions were organized.
U.S. DEPARTMENT OF COMMERCE 11/1/76

year extension of the 1965 *Public Works Act* was signed into law by President Ford in September 1974. Reauthorizations of the commission system in 1975 and 1976 were not opposed by the administration.

Assessments of the commission's planning activities continue to identify shortcomings in their content, preparation, or especially implementation. Not all of the Title Vs have up-to-date planning documents: at the time of a Library of Congress study in early 1977, even draft plans were not available for review from three of the seven commissions. Only one of the commissions had complied with a requirement of the 1975 *Regional Development Act* that a Regional Economic Development Plan be submitted to the Congress within 120 days.¹⁴

A 1974 study by the General Accounting Office indicated that the commissions assessed had not devised a fully effective regional development strategy, even in the use of their own funds. The GAO's examination of the Ozarks, New England, and Four Corners commissions concluded:

Although many local benefits can be attributed to the Title V regional commission program, GAO found that the three regional commissions included in its study have not effectively directed their programs to meet a major goal to solve problems on a regional basis. Regional commissions generally have not

- established a system of priorities for those programs and projects which would have the greatest economic impact on the region;
- allocated development funds among member states on a regional-priority basis but on essentially a proportionate-sharing basis;
- funded many projects with multistate impact;
- evaluated the effectiveness of their program and projects in relation to overall goals.¹⁵

More recently, an evaluation report prepared by Professor Benjamin Chinitz concluded that commission plans have had little influence on the flow of fiscal resources to the member states. The federal "partners"—the national departments and the White House—have not taken the partnership approach very seriously. Furthermore, the early plans were grandiose in functional scope and fiscal scale, and ignored the problems of implementation and the commissions' own very limited resources. The planning process also usually was remote from locally-elected

officials and in most instances provided no clear role for integration with state plans. Finally, the commissions have had great difficulty in identifying projects for aid which are simultaneously both of multistate significance *and* concerned with serious economic distress—two basic mandates. The author argues, however, that the commissions have struggled creatively under adverse fiscal and political conditions, and that their past performance is no sure guide to future prospects.¹⁶

As in the case of the ARC, supporters of the Commission system stress especially the ability of the Title Vs to respond flexibly to priority needs in a range of fields. Recognizing the limited funding yet special utility of the Commission approach, the Title Vs are described as "gap-fillers in the cracks of federalism." A group of peers, they point out—as the Governor members are—behaves far more responsibly than do lone individuals. Thus they believe that the commissions remain very useful tools, worthy of an expanded role in national development policy.

The expansion of the commission system to include whole states and greater portions of the nation has somewhat altered their traditional mission. The 1965 act required that all designated regions meet one or more of several criteria demonstrating lagging economic development (such as a high rate of unemployment, low income levels, or long-term industrial decline). The early commissions, save for New England, included only portions of states and largely adhered to this conception. But later experience has demonstrated that the statutory restrictions are not in fact very restrictive: every state can qualify for participation under some provision. Thus, the geographic focus on severe economic distress has diminished steadily.¹⁷

This issue has become more pressing with the prospect of several more commissions being established. Applications for six new commissions have been sent to the Department of Commerce, and Alaska, too, has indicated its intention to apply. If the proposed commissions are approved, aid would be extended to each of the 48 states through either the Title V or Appalachian program (or both). The proposed commissions and states include:

- **Mid-America** (Iowa, Illinois, Indiana, and Ohio);
- **Mid-South** (portions of Tennessee, and Kentucky and those portions of Mississippi and Alabama not now within the Appalachian region);
- **Mid-Atlantic** (New York, Pennsylvania, Maryland, and Delaware);

- **Antillean** (Puerto Rico and Virgin Islands);
- **California** (single-state commission), and
- **Texas** (single-state commission).

No action has yet been taken, as Commerce has placed a moratorium on new applications pending assessments of the entire system of regional and community development activities by the President's Reorganization Project and the White House Conference on Balanced National Growth and Economic Development.

RIVER BASIN PLANNING

Water resources policy, like regional economic development, was a matter of unusual public concern in 1977 and early 1978. Questions about the adequacy of water resources planning and management had been prompted by a two-year drought and Carter administration initiatives to formulate a new water resources policy. Projections by the Water Resources Council indicated that many sections of the nation would face water supply shortages by the year 2000; the need for a new "conservation ethic" and perhaps even changes in settlement patterns were suggested.¹⁸ Many critics felt that current institutions were unequal to these challenges.

As of early 1978, the number of Title II river basin commissions stood at six. Two new commissions were established in March 1972. These were the Upper Mississippi River Basin Commission, which includes the territory previously organized under the Souris-Red-Rainy RBC as well as a much larger area of the Mississippi basin itself, and the Missouri RBS. Together with the compact-based commissions for the Delaware and Susquehanna, and the previously established New England, Ohio, Great Lakes, and Pacific Northwest Commissions, these organizations now embrace nearly the entire northern half of the nation. Much of the southern U.S. is still covered by

sions are clearly the most effective organizational form. To expedite the creation of such compacts, the Commission proposed that Congress enact legislation giving advance consent to a limited class of water compacts not having a significant impact on federal interests, subject to a 90-day Congressional review period.²⁰ However, the NWC also added that

River basin commissions are to be preferred over interagency and ad hoc committees for water and related land resource planning and should be encouraged as regional planning entities for water and related land resources. The commissions are new and unique regional institutions, and should be given a chance to develop joint coordinated comprehensive plans for their region.²¹

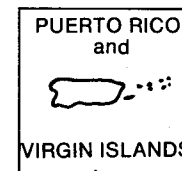
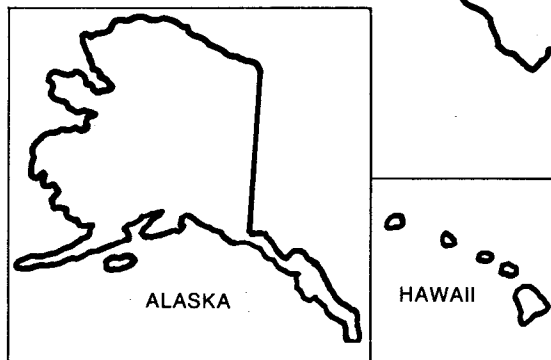
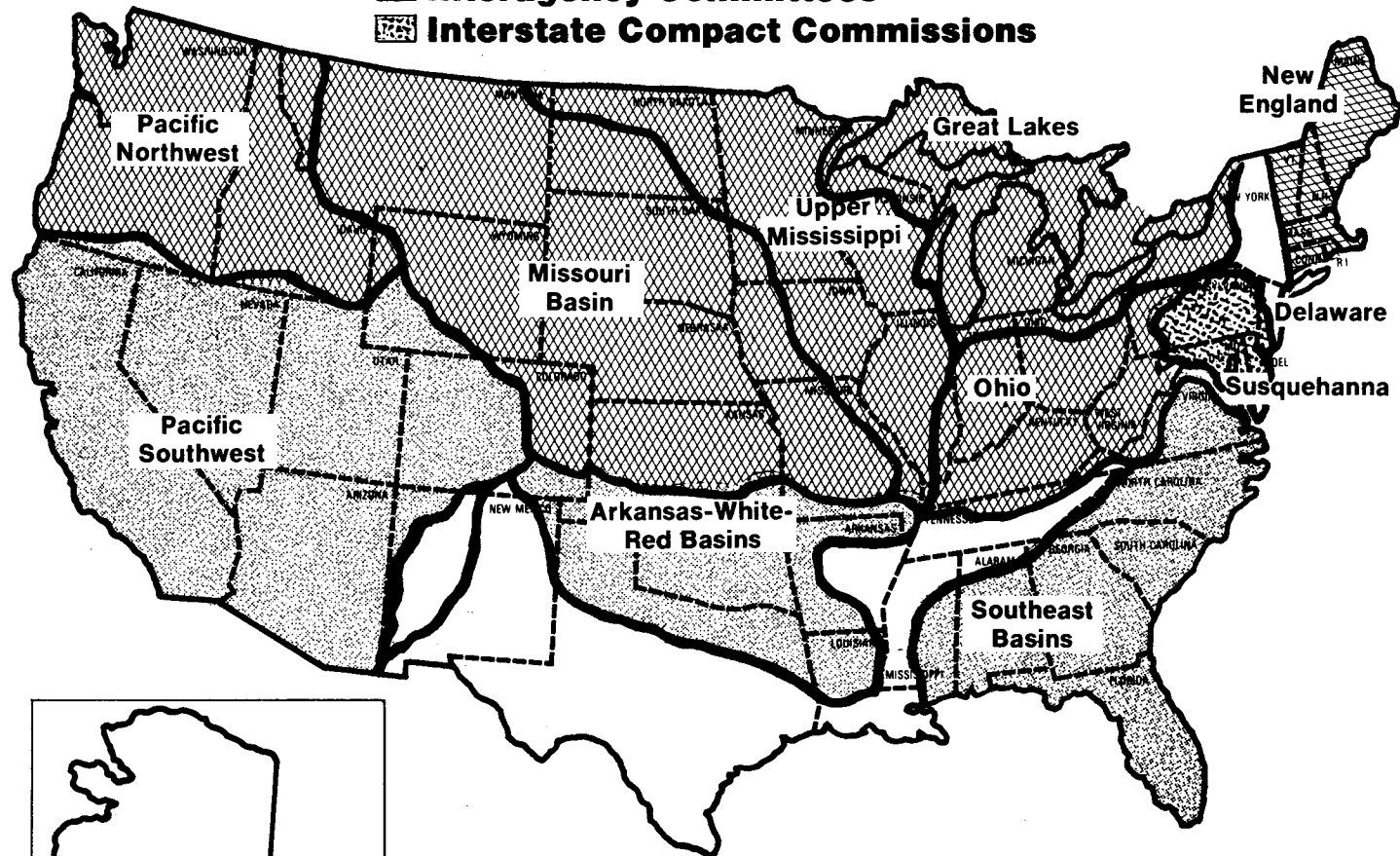
The National Conference on Water (held in April, 1975) raised serious questions about appropriate federal, state, and local roles in water resources planning and management. Conference participants concluded that "planning at all levels needs to be better coordinated," and the summary report stated that

The proliferation of water-related programs has led to fragmentation and overlapping assignments among a myriad of federal and state agencies. Regional planning groups often do not receive the necessary resources to accomplish coordination at the regional level. Agencies frequently seem to be doing planning unilaterally. Accordingly, strong consideration should be given to developing a process to better coordinate planning at all levels.²²

A General Accounting Office report completed late in 1977 concluded that only limited progress had been made in carrying out the purposes of the 1965 *Water Resources Planning Act*.²³ None of the Title II commissions had yet completed an entire "com-

FIGURE II

-  **River Basin Commissions (PL 89-80)**
-  **Interagency Committees**
-  **Interstate Compact Commissions**



SOURCE: U.S. Water Resources Council (October 1975).

environmental message.²⁴ The Water Resource Policy Study, conducted by Office of Management and Budget, the Council on Environmental Quality, and the Water Resources Council, proposed a number of steps to improve water resource planning and management and enhance federal-state cooperation.²⁵ However, no changes in the existing system of multi-state organizations were recommended.

ISSUES AND RELATIONSHIPS

Despite the additional years of experience, the issues and alternatives for multistate organization and reorganization remain quite similar to those discussed in Chapter 6 and Appendix A of the Commission's 1971 study. These include three alternative approaches:

- continuation and selective expansion and reform of separate multistate regional instrumentalities for economic development, river basin planning, and federal interagency coordination;
- consolidation or replacement of some or all existing organizations with a set of new, broader purpose organizations; and
- elimination of most or all federal-state multistate mechanisms, with greater reliance upon nationally administered grant programs of aid to general-purpose governments (block grants, categorical grants, or revenue sharing), supplemented as necessary by interstate compacts and "voluntary," state-initiated, multistate regional organizations.

Within these general strategies there are a variety of specific proposals. In mid-summer 1978, the President's Reorganization Project was reviewing several alternatives including: a nationwide network of refurbished Title V commissions, with stronger institutional ties to the FRCs and other regional entities; a new economic development block or categorical grant program intended to address priority regional development problems; and, a realignment and extension of Title V, ARC, and FRC boundaries, linked through the appointment of a common, chairperson and perhaps a joint staff.

Missing from this list are parallels to one of the most significant options at the substate regional level: the creation of authoritative, multifunctional governments to deal with region-wide issues, as are found now in a few metropolitan areas. Although the redrawing of state boundaries for a better fit with

regional economic and social relationships has long been a pipe-dream of geographers, the only viable possibilities are based upon a mixture of interstate and interlevel participation.

The growth of the Title V system, and the number of pending applications, now makes the development of a nationwide system of multistate economic development commissions appear likely. But these past and prospective ad hoc extensions also reemphasize questions about the boundaries, functions, and organization of the commissions and their relationships to other regional instrumentalities.

A principal issue is that of relating the multistate commissions to the ten Federal Regional Councils (FRCs). Begun in 1969 and increasingly expanded in membership and responsibility over the Nixon years, these organizations have provided a forum for the principal regional officials of 11 federal departments in ten standardized administrative regions (illustrated in *Figure III*). Over this period the FRCs tackled a variety of interdepartmental coordination problems and also sought to strengthen communications with state and local officials.

But the FRCs did not inaugurate an era of "new federalism." Assessments suggest that they suffered from incomplete decentralization of grant "sign off" authority, insufficient staff, and inadequate guidance from Washington. Performance has varied widely from region to region and changed with the rotation of council chairmanships. Clearly the FRCs lack authority to resolve the most serious problems of interagency coordination, and with only limited staff contributed by their member agencies, can provide technical assistance to just a fraction of all local and state governments.²⁶

Although the FRCs have not, and probably cannot live up to early ambitions and expectations, they have made significant contributions by calling attention to coordination problems for resolution in Washington, serving as a single point of contact for program information, and improving the delivery of federal aid (through, for example, the joint funding process) in selected cases. For these reasons—and in the belief that the councils and the standardized regions are far superior to the hodgepodge of service areas and administrative autonomy which preceded them—the Advisory Commission on Intergovernmental Relations has called for their continuation and modest reforms to strengthen them.²⁷

The future of the FRCs, however, remains clouded. The Carter Administration has not yet enunciated a Presidential position on administrative decentraliza-

tion and regional councils. Although the question was one of the first tackled by the White House Office of Intergovernmental Relations, headed by Assistant to the President Jack Watson, no definitive action was taken upon completion of his staff study. Instead, it was announced in September 1977, that the councils would be continued temporarily. A final decision was delayed for up to one year, pending the completion of another review by the President's Reorganization Project.

In the absence of specific White House guidance, several departments have acted unilaterally to revise their field structures. All regional offices were abolished by the Law Enforcement Assistance Administration, and several were closed by the Department of Interior. The Department of Health, Education, and Welfare eliminated its regional director positions, replacing them with principal regional officials (PROs) who act as the field representatives of the HEW Secretary. While the PROs serve as liaison with state and local government, public interest groups, and the media, they have little real administrative authority. The Department of Housing and Urban Development also downgraded the operational role of its regional offices. These apparently unanticipated shifts have had the effect of weakening the authoritativeness of the FRCs and might stand in the way of any comprehensive multistate reorganization.

A second set of questions is stimulated by the growing role of voluntary multistate organizations and political caucuses.²⁸ While a large variety of specialized cooperative organizations are traditional, those taking an interest in a broad range of development and policy concerns are relatively new. Some observers believe that their growth has reduced or eliminated the need for federal/multistate organizations. They argue that the voluntary units provide a better forum for representing regional concerns and offer ample opportunities for interstate communications and, if desired, policy planning. On the other hand, others stress that these organizations lack the ability to provide additional financial assistance and may not serve as effectively as a voice within the national Executive Branch, since they lack "official" status.

The first of this new breed was the *Federation of Rocky Mountain States*, formed in 1966 as a nonprofit corporation by the Governors of Colorado, Idaho, Montana, New Mexico, Utah, and Wyoming. Originally focusing exclusively on economic development issues, the Federation has become involved

in many matters affecting the region's "quality of life." It includes many leading business concerns among its members, and is supported financially by both private and state funds as well as federal grants.²⁹

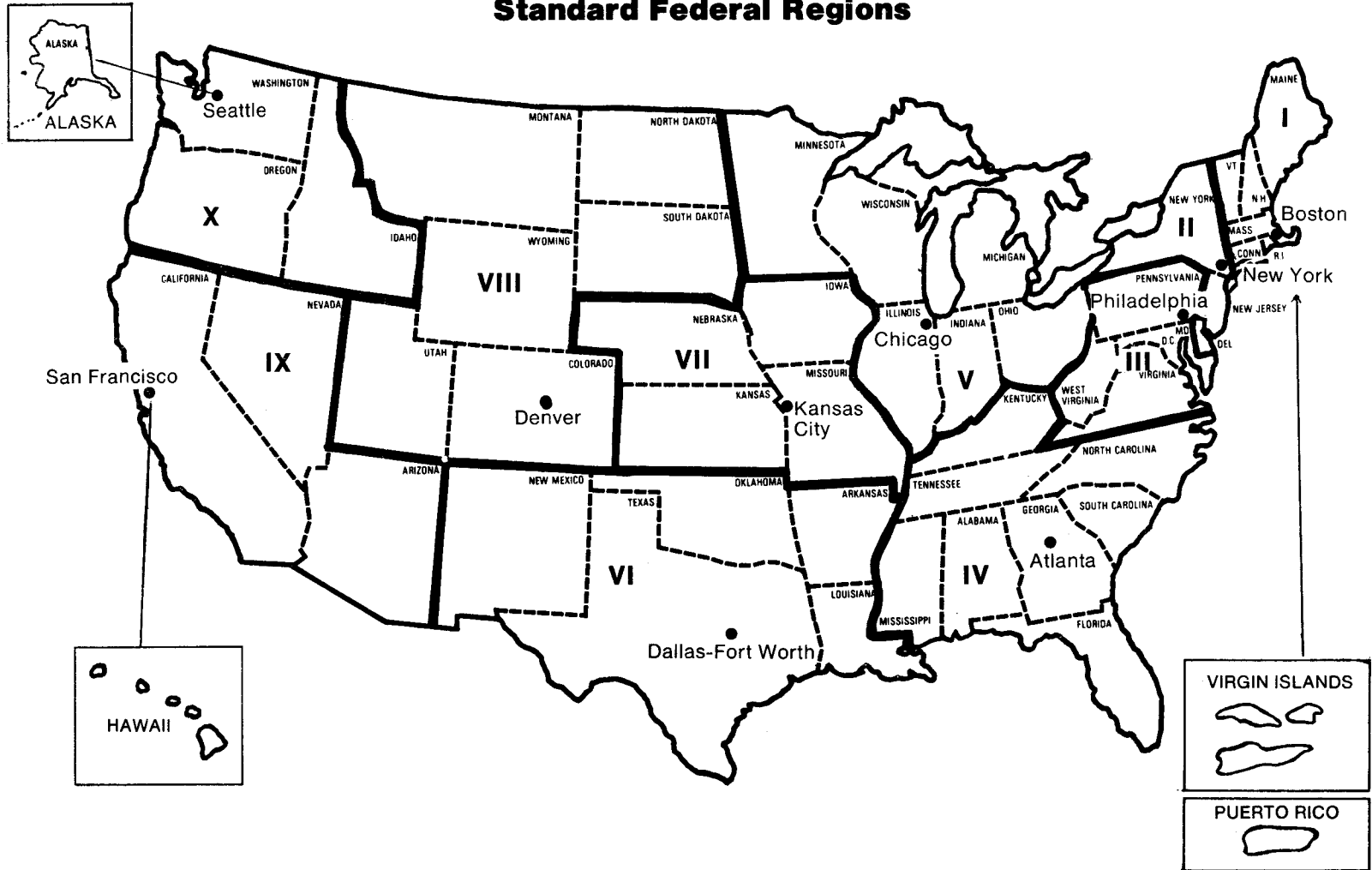
The *Southern Growth Policies Board* (SGPB) is also among the oldest and most institutionalized of these organizations. Created in 1971, SGPB is a public, nonprofit agency established by the legislatures of 13 southern states.³⁰ Its aim is to assist its members in developing plans and policies for growth management and the wise use of natural and human resources. To this end, it has produced a *Statement of Regional Objectives* and a comprehensive development study, *The Future of the South*, as well as many other reports. While the Board has no legal authority over its member states, it reports annually to the Southern Governor's Conference and state legislatures. Board membership includes a delegation of five persons from each state—the Governor, two legislators, and two citizens. Financial support is provided by the states themselves, federal aid, and philanthropic sources.

The northeastern states have spawned a number of organizations in recent years. The *New England Congressional Caucus*, founded in 1972 by members of the Congress from the six New England states, has a small permanent staff, including a *New England Economic Research Office*. It has focused primarily on energy and transportation problems. The *Northeast Legislative Energy Project*, funded by the National Science Foundation, produced a report, "The Northeastern States Confront the Energy Crisis," in late 1974. An Economic Development Administration grant in 1976 established the *Council for Northeast Economic Action*, including government and business representatives and a small staff. 1976 also saw the creation of the *Coalition of Northeastern Governors* (CONEG), formed in July by the Democratic Governors of seven states. A CONEG-sponsored meeting at Saratoga, NY, in November 1976, involved participants in panel sessions concerned with such topics as unemployment, welfare, federal aid, transportation, and energy, and helped formulate an agenda for Congressional action.³¹

The midwestern states also have been involved in new regional endeavors. The *Northeast-Midwest Economic Advancement Coalition*, formed in 1976, includes more than 200 members of Congress from these two regions. In the same year, the Great Lakes states convened a conference on federal economic

FIGURE III

Standard Federal Regions



SOURCE: U.S. General Services Administration, 1976/77 United States Government Manual, Washington, DC: U.S. Government Printing Office, 1976, p. 818.

policy, including three Governors among the participants.

About a dozen of the western states are affiliated with the *Western Governors' Task Force on Regional Policy Management*. This organization, formalized in the autumn of 1977, is focusing attention on regional energy, natural resources, water, agriculture, and human resources issues. It includes two staff units, a Policy Management Office and Institute for Policy Research.

A third question involves the need to better relate economic development and other federally aided activities to water resources planning. Water resource development, of course, has a significant impact on land use. For this reason, Senator Jackson has proposed that national land use legislation focus on tying the two kinds of planning and development activities together by expanding the scope of the river basin agencies. On the other hand, opponents argue that land use planning is much more comprehensive and "generalist" oriented, while the key water questions involve problems of hydrology and civil engineering.³² Another possibility would give strengthened Federal Regional Councils greater authority to coordinate all federally funded water resource programs.

EXPANSION AND CONSOLIDATION

As in the past, the most ambitious reform proposals call for the creation of more comprehensive and substantially strengthened, multistate regional organizations, which could play a key role in the economic development process. This view seems to reflect both the traditional interest in some quarters of devising a more effective approach to national growth policymaking and a reaction to the present regional disarray. Indeed, some critics believe that the current set of overlapping and largely unfunctional multistate bodies has become a serious administrative problem in itself. Some also contend that the functions of economic development, water resources, and grants coordination and intergovernmental liaison are closely interrelated and require better institutional coordination.

Many of the consolidation proposals would accept the existing boundaries of the ten standard federal administrative regions as their foundation. On the other hand, there are those who feel that these state groupings in many instances do not constitute mean-

ingful economic, social, or political entities, and thus advise an entirely new scheme of regionalization. (Only in New England and the Pacific Northwest has a consistent set of boundaries been followed for all three types of multistate organizations).

One consolidationist scenario calls for a new agency to be created in each of the ten federal regions to assume the functions of the FRCs, the economic development commissions, and perhaps even some national development agencies (such as the Economic Development Administration and components of the Departments of Housing and Urban Development or Agriculture). A Presidentially appointed director would play several roles simultaneously, acting as: co-chairman of a newly created economic development commission composed of state governors; chairman of the FRC; director of regional economic development programs, and coordinator of other, more specialized multistate regional bodies (including the river basin commissions). The new commissions would become the principal regional planning bodies, and a single staff would support all of the interrelated regional activities.

Another approach toward creating much more comprehensive regional growth policy machinery was proposed in Senator Humphrey's *Balanced National Growth and Development Act*. This bill would establish important new agencies both in Washington and across the nation. The Humphrey bill called for the creation of an Office of Balanced National Growth and Development consisting of top administrative officials. The Office would be charged with the direction and coordination of federal economic development, land use, energy, and planning assistance, as well as the preparation of an Annual Report on Balanced National Growth and Development and other studies. In addition, the Office would be responsible for the establishment of representative multistate regional bodies for planning and coordination, Presidentially approved national growth policies for use in review of agency policies, and creation of a "national coordinated multijurisdictional comprehensive planning process."

The Humphrey bill authorizes and directs the President to submit a plan for from eight to 12 planning and development regions to cover the nation, subject to Congressional veto within 90 days. Regional commissions (modeled after Title V Commissions) would consist of the governor and one legislator from each state and a Presidentially appointed representative of the Office of Balanced National

Growth and Development, who would also serve as the executive director of the Federal Executive Administrative Region.

A third, somewhat different strategy was outlined in the recent report of the Advisory Committee on National Growth Policy Processes, a subunit of the temporary National Commission on Supplies and Shortages. The Committee called for a new, independent National Growth and Development Commission to be established within the Executive branch and be made responsible for the National Growth Policy Report. Information on the territorial and intergovernmental aspects of national growth would be provided to that Commission by this Commission (ACIR). The Committee also recommended that existing regional organizations be reviewed. It concluded that

The time has come to provide a common national framework for regional organizations embracing all the states, and enabling the states and the federal government to cope as partners with problems of regional growth and development for which they have shared responsibility.³³

The Committee proposed that regional organizations be established to carry out, on a more limited basis, the same functions it wanted assigned to the ACIR. More specifically, these organizations

... might weigh the local impact of proposed tax reforms or railroad subsidies, reporting the results to the Advisory Commission on Intergovernmental Relations and to the public. They would continually monitor and evaluate the territorial effects of specific policies or programs. The results of their observations would appear in reports on regional growth and development which would then be used by the Advisory Commission on Intergovernmental Relations in preparing its contributions to the National Growth Policy Report.

In these reports, critical regional problems would be identified and examined in the context of national development trends, and of federal policies. On a day-to-day basis, the regional groups should function as clearing houses for information and for the analysis of regional problems and prospects—sponsoring some studies and disseminating others. They would provide a place where federal, state, and local leaders could consider regional problems; the resolution

of which might require joint use of federal and state powers or possible multistate funding. Finally, the regional organizations would carry out any operational development functions that Congress might deem appropriate after the conclusion of the special study authorized in the 1976 amendments to the *Public Works and Economic Development Act*.³⁴

The regional commission strategy appears attractive to many who have considered questions of national growth policy because it offers unusual flexibility and retains for the states much of their traditional prominence in such domestic policy questions. Yet opposing arguments also continue to be important, and stress especially the limited actual accomplishments of existing multistate organizations as against their somewhat hypothetical and unrealized virtues as development planners and agencies of coordination. Of special importance within this camp are the “organizational pragmatists,” who believe that the most effective agencies are those established in response to particular, pressing problems by the affected interests, rather than created “cookie cutter” fashion from a Washington-based mold.³⁵ The greater achievements of the DRBC and Appalachia programs, for example, are explained on this basis. This position counsels against a national system of similar organizations.

Other analysts see the multiplicity of multistate organizations as an “insurance policy” helping to guarantee that important regional concerns are not overlooked entirely. Any consolidation of functions, they fear, might lead some activities to be neglected or performed poorly. Water resource planning especially, some believe, may become a field of real national urgency, and should not be made secondary to other issues.

CONCLUSION

There appears to be some possibility of decisive federal action on multistate regionalism in late 1978 or 1979. Such action is being considered and debated in a number of forums within the Executive Branch, and the Congress, too, is experiencing renewed interest in both regional economic development and urban growth policy. The prospective expiration of the Title V and ARC legislation in 1979 provides an action-forcing mechanism.

The question, moreover, is one which needs thorough consideration. The period of incremental expansion of the Appalachia-Title V programs has

nearly run its course, raising new issues regarding boundaries and functions and the relationship of these partnership programs to other federal activities. A growing awareness of potentially serious water resource constraints in many sections of the nation has sparked concern over water planning capabilities. And public cynicism about governmental performance, and President Carter's dedication to simplifying and improving Executive Branch operations, should compel a reconsideration of the appropriate role of the Federal Regional Councils.

The proper functions of multistate organizations also require reassessment because of the shifting public concern from rural to urban poverty—distressed *areas* to distressed *cities*—and changing definitions of

the nation's sectional ills. "Sunbelt" and "Frostbelt" disparities now are high on the agenda of political discourse.

Finally, the multistate regional institutions have made a crucial partisan transition, prompting new attention as a Democratic administration seeks to delineate its own domestic policy strategy.

This multitude of forums and policy-relevant concerns make forecasting unusually difficult. The ACIR offers neither prediction nor specific prescription. It is the Commission's hope, however, that the reissue of this *Multistate Regionalism* report will provide useful information to the parties involved in this important debate.

FOOTNOTES

¹Recommendations on the Federal Regional Councils were offered in Advisory Commission on Intergovernmental Relations, *Improving Federal Grants Management*, A-53, Washington, DC, U.S. Government Printing Office, 1977, pp. 181-99 and 272-3.

²A thorough assessment of multistate organizations appeared in Martha Derthick, *Between State and Nation: Regional Organizations of the United States*, Washington, DC, The Brookings Institution, 1974.

³P.L. 94-188 (89 Stat. 1079).

⁴For a discussion of the major legislative changes, see the April-May 1976 issue of the Commission's magazine, *Appalachia*. Background information regarding the regional development plan appeared in the October-November 1976 issue.

⁵ACIR, Report A-53, *op. cit.*, Chap. II.

⁶*Ibid.*, p. 78.

⁷*Ibid.*, pp. 38-44.

⁸Richard T. Pascale and George P. Barbour, Jr., *Shared Power: A Study of Four Federal Funding Systems in Appalachia*, Washington, DC, American Enterprise Institute for Public Policy Research, 1977.

⁹*Ibid.*, p. 29.

¹⁰The ACIR also has stressed differences in the impact of alternative federal aid instruments and their appropriateness for distinctive purposes. For summary discussions, see Advisory Commission on Intergovernmental Relations, *Block Grants: A Comparative Analysis*, A-60, Washington, DC, U.S. Government Printing Office, 1977, and *The Intergovernmental Grant System—An Assessment and Proposed Policies: Summary and Concluding Observations*, A-62, Washington, DC, U.S. Government Printing Office, 1978.

¹¹AEI, *op. cit.*, p. 32.

¹²P.L. 94-487 (90 Stat. 2331).

¹³Department of the Treasury, *Federal Aid to States: Fiscal Year 1977*, Washington, DC, Department of the Treasury, n.d.

¹⁴A Study by the Economic and Government Division of the Congressional Research Service of the Library of Congress for the Committee on Environmental and Public Works, *Review of Title V Commission Plans*, U.S. Senate, 95th Cong., 1st sess.; November 1977, pp. 4-5.

¹⁵Comptroller General of the United States, *Review of Selected Activities of Regional Commissions*, B-177392, Washington, DC, U.S. General Accounting Office, March 26, 1974, pp. 1-2.

¹⁶Benjamin Chinitz, *Title V Regional Commissions*, Binghamton, NY, Center for Social Analysis, State University of New York—Binghamton, 1978.

¹⁷See the comments in *ibid.*, pp. 7-10.

¹⁸For news accounts, see "Is the U.S. Running Out of Water?," *U.S. News and World Report*, July 18, 1977, pp. 33-35 and "Coast to Coast—Water Becomes A Big Worry," *U.S. News and World Report*, September 6, 1976, pp. 27,30.

¹⁹National Water Commission, *Water Policies for the Future: Final Report to the Congress of the United States by the National Water Commission*, Washington, DC, U.S. Government Printing Office, June 1973, p. 424.

²⁰*Ibid.*, p. 425.

²¹*Ibid.*, p. 418.

²²*Executive Summary of the National Conference on Water*, April 22-24, 1975, Washington, DC, U.S. Water Resources Council, 1975, p. 6.

²³Comptroller General, *Improvements Needed by the Water Resources Council and River Basin Commissions to Achieve the Objectives of the Water Resources Planning Act of 1965*, CED-78-1, Washington, DC, U.S. General Accounting Office, October 31, 1977.

²⁴"The Environment: The President's Message to the Congress," May 23, 1977, *Weekly Compilation of Presidential Documents*, May 30, 1977, p. 788.

²⁵"Federal Water Policy," June 6, 1978, *Weekly Compilation of Presidential Documents*, June 12, 1978, p. 1043.

²⁶See Comptroller General, *Assessment of Federal Regional Councils*, B-178319, Washington, DC, U.S. General Accounting Office, January 31, 1974, and ACIR, *Improving Federal Grants Management*, *op. cit.*, pp. 181-99.

²⁷ACIR, Report A-53, *op. cit.*, p. 272-3.

²⁸These descriptions draw from Robert W. Rafuse, Jr., *The New Sectionalism Controversy: An Overview*, Washington, DC, National Governors' Conference, January 26, 1977, processed.

²⁹Domestic Council, *Report on National Growth and Development: 1974*, Washington, DC, U.S. Government Printing Office, 1974, pp. 27-8.

³⁰A full description of the SGPB is included in William L. Bowden, "The Southern Experience," *In Balanced Growth for the Northeast: Proceedings of a Conference of Legislative Leaders on the Future of the Northeast*, Albany, NY, New York State Senate, 1975, pp. 133-57. The member states include Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Virginia, and West Virginia.

³¹See Timothy B. Clark, "The Frostbelt Fights for a New Future," *Empire State Report*, Albany, NY, Empire State Re-

port, Inc., October-November 1976, pp. 332, 335-40.

³²William K. Brussat, "The Administrative Aspect of Regionalism Within the United States," paper prepared for the XVI Triennial Congress, International Institute of Administrative Sciences, Mexico City, 1974, p. 19.

³³Advisory Committee on National Growth Policy Processes, National Commission on Supplies and Shortages, *Forging America's Future: Strategies for National Growth and Development*, Washington, DC, U.S. Government Printing Office, 1976, p. 62.

³⁴*Ibid.*, pp. 62-67.

³⁵This position is outlined in Derthick, *op. cit.*, pp. 192-94 and 226-27.

Preface

The Advisory Commission on Intergovernmental Relations was established by Public Law 380, passed by the first session of the 86th Congress and approved by the President September 24, 1959. Section 2 of the act sets forth the following declaration of purpose and specific responsibilities for the commission:

“Sec. 2. Because of the complexity of modern life intensifies the need in a federal form of government for the fullest cooperation and coordination of activities between the levels of government, and because population growth and scientific developments portend an increasingly complex society in future years, it is essential that an appropriate agency be established to give continuing attention to intergovernmental problems.

“It is intended that the commission, in the performance of its duties, will—

“(1) bring together representatives of the Federal, State, and local governments for the consideration of common problems;

“(2) provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation;

“(3) give critical attention to the conditions and controls involved in the administration of Federal grant programs;

“(4) make available technical assistance to the executive and legislative branches of the Federal Government in the review of proposed legislation to determine its overall effect on the Federal system;

“(5) encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation;

“(6) recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government; and

“(7) recommend methods of coordinating and simplifying tax

laws and administrative practices to achieve a more orderly and less competitive fiscal relationship between the levels of government and to reduce the burden of compliance for taxpayers.”

Pursuant to its statutory responsibilities, the commission from time to time singles out for study and recommendation particular problems the amelioration of which, in the commission’s view, would enhance the effectiveness of the federal system. In keeping with this responsibility, the Commission identified regionalism as an important intergovernmental development and resolved “to assess the record to date, including the use and accomplishments of regional intergovernmental bodies.”

In this report, the commission has focused on major regional instrumentalities, primarily of a federal-multistate nature with the objective of determining the degree of effectiveness with which they carry out pertinent legislative mandates, and their general viability and role as intergovernmental mechanisms for coalescing Federal, State and local activities and programs in the developmental fields. A subsequent report will deal with the substate regional dimension of this broad topic, including the special problems facing interstate metropolitan areas.

The report was approved at a meeting of the commission on December 17, 1971.

Robert E. Merriam
Chairman

Acknowledgements

The study on which this report is based was carried out by the Governmental Structure and Functions Division under the direction of David B. Walker. Major responsibility for staff work was shared by James H. Pickford, Rodney P. Lane, John J. Callahan, and Gary Jones, a commission intern. A special background "Appraisal of Interstate Compacts and Compact Agencies" was prepared under contract arrangements with this commission by Wendell and Schwann, consultants on governmental affairs. Dr. Mitchell Wendell was responsible for the preparation of the study which constitutes Chapter V of this report. Special assistance was provided by Sandra S. Osbourn, commission librarian. The secretarial-clerical services of Linda Parker, Jennifer Russel, Mary Ryburn, Barbara Slade, Betty Waugh, and Inna Winn were, of course, indispensable.

The commission and its staff had the benefit of review and comment on its work by a large number of persons with interest and informed judgment in regional affairs. Those who participated in a special "critics session" on an early draft report included: Guthrie Birkhead, William Carey, Ross Davis, Martha Dearthick, Leonard B. Dworsky, William Goodman, Gary Greer, Edwin T. Haefele, Randy Hamilton, B. Douglas Harman, David Hartley, Page Ingraham, Reuben H. Johnson, Mark Keane, Rod Kendig, Ernst Liedman, Bruce McDowell, George H. Milner, Fred Morr, Ramon Powell, David Sandoval, Terry Smith, Fred Steele, Ann Strong, Dick Thompson, Paul Van Wegen, Brinton Whitall, John Whisman, and Ralph Widner.

Other persons who provided valuable assistance during the course of the study or commented on the early draft report include: Blair Bower, William Brussat, Daniel Garbern, W. Eldon Hickey, Andrea Hornet, Dean Mann, Alastair McArthur, Earl Mackey, Michael Michaelis, Walter Scheiber, Theodore Schad, Richard Gardner, Jonathan Lindley, Jane Shapin, Barbara Shipler, Donald Skinner, Charles Smith, Edwin Webber, James Wright, and Richard Wright.

In addition, the commission enjoyed the full cooperation of the agencies whose structure, program and activities were examined in the study. Staffs and executive officers of the Appalachian Regional Commission, the five Title V economic development commissions, the Delaware River Basin Commission and the Title II water basin commissions were fully responsive in providing information and data requested. Officials of other agencies involved in regional affairs including the Economic Development Administration, the Water Resource Council, the National Water Commission and the Department of the Interior also provided information and assistance during the course of the study.

The completion of this study in a relatively short period of time would not have been possible without the cooperation and assistance of the persons and agencies identified above. Full responsibility for content and accuracy rests, of course, with the commission and its staff.

William R. MacDougall
Executive Director

David B. Walker
Assistant Director

The Commission and Its Working Procedures

This statement of the procedures followed by the Advisory Commission on Intergovernmental Relations is intended to assist the reader's consideration of this report. The commission, made up of busy public officials and private persons occupying positions of major responsibility, must deal with diverse and specialized subjects. It is important, therefore, in evaluating reports and recommendations of the Commission to know the processes of consultation, criticism, and review to which particular reports are subjected.

The duty of the commission, under Public Law 86-380, is to give continuing attention to intergovernmental problems in Federal-State, Federal-local, and State-local, as well as interstate and interlocal relations. The commission's approach to this broad area of responsibility is to select specific intergovernmental problems for analysis and policy recommendation. In some cases, matters proposed for study are introduced by individual members of the commission; in other cases, public officials, professional organizations, or scholars propose projects. In still others, possible subjects are suggested by the staff. Frequently, two or more subjects compete for a single "slot" on the commission's work program. In such instances selection is by majority vote.

Once a subject is placed on the work program, staff is assigned to it. In limited instances the study is contracted for with an expert in the field or a research organization. The staff's job is to assemble and analyze the facts, identify the differing points of view involved, and develop a range of possible, frequently alternative, policy considerations and recommendations which the commission might wish to consider. This is all developed and set forth in a preliminary draft report containing (a) historical and factual background, (b) analysis of the issues, and (c) alternative solutions.

The preliminary draft is reviewed within the staff of the commission and after revision is placed before an informal group of "critics" for searching review and criticism. In assembling these reviewers, care

is taken to provide (a) expert knowledge and (b) a diversity of substantive and philosophical viewpoints. Additionally, representatives of the Council of State Governments, International City Management Association, National Association of Counties, National Governors' Conference, National League of Cities-U.S. Conference of Mayors, U.S. Office of Management and Budget, and any Federal agencies directly concerned with the subject matter participate, along with the other "critics" in reviewing the draft. It should be emphasized that participation by an individual or organization in the review process does not imply in any way endorsement of the draft report. Criticisms and suggestions are presented; some may be adopted, others rejected by the commission staff.

The draft report is then revised by the staff in light of criticisms and comments received and transmitted to the members of the commission at least three weeks in advance of the meeting at which it is to be considered.

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Chapter 1

THE CONCEPT AND GROWTH OF MULTISTATE REGIONALISM

Regionalism has been a persistent if not always persuasive part of the American political tradition. Regionalism has attitudinal, economic, geographic and social dimensions which have caused it to be used for political, administrative, and planning ends. The federal system does not have a regional quality *per se*. Yet, the various multistate political institutions created by interstate compacts, Federal-multistate compacts, and Federal legislation are a clear indication that national and subnational governments find it both necessary and desirable to accommodate regional tendencies in the body politic and to satisfy multi-jurisdictional needs within the system.

As early as 1787, George Mason proposed that the chief executive of the new constitutional government be composed of three persons, one each from the northern, middle, and southern States, thereby creating an arrangement that would "... contribute to quiet the minds of the people and convince them that there will be proper attention paid to their respective concerns."¹ As recently as 1970, Rexford Tugwell proposed a new model constitution that would provide for the creation of at most 20 regional republics that would replace States as the basic subnational units of government in this country.² These two instances are one indication of the enduring political thought that neither national nor subnational governments adequately reflect the regional character of the American nation.

During the course of American history, regionalism has evolved from a defensive and often bitter sectionalism to a more positive force which has been

"... portrayed as the effort to meet an area's needs in such a way as to integrate the area into the national culture and economy."³ Moreover, the concept of regionalism has come to have more widespread application with the passage of time. Starting as a geographic concept, it gradually was regarded as having economic and social qualities. Thereby, regionalism came to exhibit a composite quality which proved useful for a variety of political, administrative, and planning purposes.

As Roscoe Martin has observed, regions are a phenomenon unto themselves.⁴ Yet, their place in the Federal system is a problematic one. The region does not have a formal legal place in the political system. Rather, it must gain its institutional character by interstate, Federal, or joint Federal-interstate action. Indeed, even the manner of creating a regional body is a sensitive matter. When created by the States alone, the regional body can be regarded as a threat to the national interest; the compact clause of the Constitution recognizes that possibility insofar as it provides for Congressional consent to all compacts.⁵ When a regional body is imposed from the national level, it can be viewed as a threat to State jurisdictions in the affected area.⁶ On the other hand, regions provide an excellent arena wherein national and State governments can construct programs for the solution of problems that are of a subnational, multistate nature. The creation of regional institutions, then, can serve to further State and national interests on a centralized or decentralized basis respectively.

DIMENSIONS OF REGIONALISM

Regions lie at the interstices of the American Federal system. They are more comprehensive than States yet less inclusive than the nation. When public policies need to be formulated on a multi-state basis, they must serve regional interests, but they must not subvert national or State goals. As a consequence, the life of a regional organization can be a precarious one since it is not always possible to reach continuing agreement among national, regional, and State policies. Moreover, the nature of the Federal system, in theory, does not permit autonomy in the regional institution's operations. Yet, regionalism as a concept and regional institutions as an application of that concept have gained increasing prominence to the point where regionalism is viewed by some as "... a major new development in modern American Federalism."⁷ A description of the dimensions of regionalism and its historical evolution will provide a general backdrop for this study of the various multistate mechanisms in the Federal system.

A Geographic Concept

In its most elemental sense, regionalism is a spatial concept. As the Natural Resources Committee stated in 1935: "A region is generally considered to be an area, exhibiting homogeneity in one or more of its aspects, and thus it represents an areal or spatial generalization."⁸ Used in a purely geographic sense, regions are areas which exhibit homogeneous natural characteristics which differentiate one region from another. Factors such as climate, geology, soil, hydrology, and vegetation are elements which are the basis for the demarcation of natural regions. These areal units, unlike social, economic, and political regions, have a static quality. They are "given" units which are prior to human activities. Moreover, as natural units, these types of regions are generally more easily identifiable than regional groupings based on human activities.

Due to their distinct character, natural regions have long been accepted as useful units for the integrated administration of natural resource policies. Water resources compacts such as the Colorado River Basin Compact of 1929 were among the earliest to gain prominence in the interstate field. The Tennessee Valley Authority remains a significant example

of Federal regional policy, and the Delaware and Susquehanna Compacts and five Title II commissions, are instances of joint Federal-State regional action on a river basin basis.

The importance of natural regional units lies in their integrated character. In the water resources field, for example, the basin-wide organization is regarded by some as the ideal vehicle for water resource management since it can best plan and implement a multiple-purpose program of natural resource development.⁹ A basin-wide unit is in an excellent position to take advantage of the economic complementarities and to avoid needless economic externalities in water resource development. Having jurisdiction coterminous with the phenomenon it manages, a properly empowered agency faces few difficulties in maintaining an integrated program of water resource management.

Moreover, the physical characteristics of natural regions can markedly affect regional activities. Inhospitable natural conditions can often forestall economic development, as has happened in the case of Appalachia, or make the management and promotion of economic growth difficult, as in the case of the development of Southern California. Thus, regional economic or human resource programs can be markedly affected by natural regional configurations. Indeed, the resource endowment of an area can be a prime factor in the pattern of its historical development.¹⁰

An Economic Concept

Economic regions are dynamic in character. Generally they are of two types, being either nodal or functionally integrated or having a quality of economic homogeneity.¹¹ The first type is most commonly metropolitan in scale though there can be clusters of metropolitan areas around dominant regional centers.¹²

Examples of homogeneous economic regions are characterized by relative economic underdevelopment (Appalachia, Great Lakes Cutover Region), by particular economic specialization (Industrial Northeast *vis-a-vis* agricultural Midwest), or by diversification of economic activity (Atlantic megalopolis *vs.* Rocky Mountain Region).

Like natural regions, economic multistate groupings have been the subject of periodic public concern. The Public Works and Economic Development Act of 1965 and the Appalachia Regional Development Act represent efforts to meet the problems of

economically depressed areas on a regional scale. The 12 regional districts of the Federal Reserve Bank mirror regional money flows in the nation, and the regional groupings of the Department of Commerce reflect composite economic groupings in the country.

Economic regions generally are defined to include a major city and its surrounding hinterland. In measurable terms, such regions are generally defined as metropolitan areas or State economic areas. Yet these primary units of economic integration gradually blend together so that there will be a concentrated economic core that generally covers a far wider geographic area than the metropolitan areas themselves.¹³ Thus, within the country there are megalopolitan complexes running from Boston to Washington, from Pittsburgh to Chicago, and in Southern California. England has a major economic complex centering on London, France on Paris, Sweden on Stockholm, and so on. Through this form of concentration, a country can gradually differentiate itself into areas having highly-developed economies and areas having primarily export-based economies. Economic problems then present themselves as public policies that need to be employed to insure economic parity between regions, to stimulate the growth of slower developing regions and to "pare" the growth of more advanced areas. Indeed, a good deal of regional economic study presently is being directed into the analysis of the determinants of regional growth and the interregional linkages needed between subnational components of the national economy.¹⁴

A Social Concept

In addition to having distinct geographic and economic qualities, regions can be the subject of social attachment. Mumford and others, for example, have suggested the true reality of a region lies in its popular identification—its perception as a cultural unit. Speaking of the regional character of the South, Odum suggests that it has gained its distinction due to a continuous economic and social crisis contributing to a "... like-mindedness of the region in the politics of the 'Solid South,' in the Protestant religion, in matters of racial culture and conflicts, and in State and sectional patriotism, much of it tending to take the form of loyalties to the past and to outmoded patterns rather than faith in the future and confidence in achievement."¹⁵ Indeed, in another piece, Odum elaborated on this power of the social component of regionalism stating:

Here again, organic regionalism, in the sense of the people and their culture, living close to the soil and their resources, is a supreme measure of the power of the nation. Always and everywhere society has evolved from the folk regional cultures, conditioned fundamentally by the interaction of the folk and nature and then of the folk and their own cultural interrelationships expanding out and growing from the folk regional group to the larger civilization.¹⁶

The importance of cultural regionalism cannot be underestimated. Indeed, the awareness of the cultural similarities of a region often are the basis for cooperative action in the political process. Witness the fact, for example, of the recent proposal of the Southern Governor's Conference for a 19-State environmental compact to preserve that area's relatively undermined, natural resource base¹⁷ or the continued regional cooperation in the New England area in a variety of matters. In such cases, political regional action can probably be traced back to the fact that decision makers are aware of the cultural attachments of their constituents to the regions in question. Indeed, without regional cultural or social awareness, it seems improbable that regionalism would enjoy the periodic prominence it has enjoyed during the course of American history.

Administrative Regionalism

Administrative regions are used as mechanisms whereby a government can effectively decentralize its activities and prevent an over-centralization of operations. Yet, administrative regionalism is regarded by some as an artificial phenomena. As the Natural Resources Committee stated in 1935: "In other words such (administrative) territorial divisions are created by extrinsic rather than intrinsic factors. Strictly speaking, they are regions only by designation, and must, therefore, be regarded as pseudo-regions rather than as real regional units."¹⁸

While administrative regionalism may not always reflect natural, economic, or social regional realities, it is a significant phenomena in the Federal system. It is important because it reflects the attitudes and techniques that will be used for the organization of governmental power. Quite clearly, the proliferated pattern of field administration under the Roosevelt Administration bespoke a different philosophy of Federal power than the ten uniform Federal regions being utilized by the Nixon Administration. The two different patterns of administration place different emphases on interagency coordination, Federal field decentralization, and joint Federal-State cooperation. On a theoretical basis at least, the former tends to compartmentalize Federal agencies, fracture

consistent Federal field administration, and discourage uniform State-local inputs into Federal programs while the latter tends to do the opposite.

Patterns of administrative regionalism are also potential harbingers of the political efficacy of regionalism. Highly decentralized patterns of Federal administration, for example, could encourage multistate interests to cluster around Federal regional offices. On the other hand, centralized administration could result in more traditional patterns of single State-local lobbying through Congressional and Executive sources. Thus, the presence or lack of administrative regionalism can affect whether subnational political groupings will be effective in a Federal system.

A Planning Concept

Like administrative regionalism, regional planning tends to be an applied phenomena. Put quite simply, "... regional planning is the process of formulating and clarifying social objectives in the ordering of activities in supra-urban space."¹⁹ In essence, then, regional planning is a management tool for preparing programs and objectives of public policies that have a regional dimension. It is concerned with understanding and predicting the pattern of functional linkages that occur on a regional scale.

Some observers have distinguished between the different substantive concerns of city and regional planning and have stated that regional planning should deal mainly with economic and resource development problems which supply the framework for most subregional planning operations.²⁰ Thus, regional planning becomes involved with the effort to interrelate a number of phenomena that occur at the regional level. Such planning is concerned with the locational aspects and consequences of various functional phenomena and is directed towards insuring that various substantive policies, such as economic development, income equity, and social welfare make an optimal spatial impact on the region.²¹

While regional planning may seem to lack a central substantive component, its spatial emphasis is necessary since various functional policies often have an unacknowledged areal dimension which is the object of legitimate public concern. Thus, two economic policies may produce a given rise in employment but have vastly different spatial impacts. Regional planning, therefore, can analyze the spatial effects of various public policies and allow public and

private decision-makers to choose a desired combination of spatial and functional policies. In short, regional planning is concerned with the place dimensions of public policies, a concern not always shared by functional bureaucracies.

A Political Phenomenon

Several studies have noted distinct regional political cultures within the country.²² Such cultures have generally followed broad sectional divisions, and are representative of broader social regional qualities which condition an area's political behavior.

While political cultures often are regional in extent, the Federal system has not made an easy accommodation with this manifestation of regionalism. This is partly a result of history, partly the fact that Federalism makes constitutional provision for only two sovereign levels of government, and partly that regional political institutions have neither the status nor political responsiveness of States and local units of government. Thus, neither in an operational nor legal sense, do regional units fit easily into a Federal system.

Recent regional developments have not resulted in radical changes in the American polity due to their peculiarly functional quality and the composition of the existing levels to guard what they deem to be their fair prerogatives. Thus, most regional problems of an economic or natural character have been adapted to a mode of unifunctional administration rather than a composite, general political process. This has presented less of a threat to the traditional levels and produced commissions that are controlled by these levels.

It should be remembered that regionalism can be advanced as an administrative or planning concept without gaining political currency. Presently, the three operating levels of government retain a diversity of responsibilities rather than being functionally specialized units of government. As a result, they have a breadth of tasks that enable them to undertake comprehensive policy undertakings and gain the support of various constituencies. Thus, the political system retains three levels of government which are multifunctional in nature and which have strong political and constitutional bases.

From a historical perspective, it would appear that many of the earlier reasons for regional differentiation in a political and cultural sense no longer apply with the same force. For a host of economic, social, and migrational causes, the "Solid South" as it existed for nearly three quarters of a century and a

cohesive New England as its voting behavior exhibited for most of the period from 1865 to the turn of the century have diminished. The impact of the Civil War has gradually receded; race has become a national issue; industrial and urban development affect all regions to a lesser or greater degree; and few, if any, areas retain their cultural homogeneity, the simple one or two product or crop economy or a single overriding fear or hope that provide the basis for sustained regional political unity. The voting records of regional delegations in Congress highlight this fading cohesion. The resolutions of regional governors' conferences and the growing two-party character of all regions also demonstrate this. Contemporary regional developments stem less from old style partisan regional loyalties than from program and administrative challenges that require political accommodation in a regional context.

From a practical vantage point, regionalism as a political concept, can represent a threat to existing office holders at all levels when it assumes the form of a possible fourth tier of government with its own body of elected officials. All functioning and nearly all of the proposed regional experiments recognize this by making these regional instrumentalities or describing them as agents of the one or more layers of existing sponsoring governments.

In short, regionalism as a political phenomena recognizes both the continuing differences between and among the sections in political behavior and the combination of developments over the past four decades which has eroded many of the traditional bases of distinctive regional political behavior. At the same time, many of these same developments, especially on the economic and urbanization fronts, have prompted diverse efforts to resolve certain public policy questions in a regional context. These efforts, however, have not caused any real diminution of the powers and basic political role of the public officials at the traditional levels of government.

HISTORY OF REGIONALISM

Regional awareness occurred in this nation from its inception. At the convening of the Continental Congress in 1774, it is reported that delegates spontaneously used such terms as Southern, Middle, Eastern, and New England colonies.²³ By 1788, the Continental Congress had made several administrative decisions relating to the organization of Indian, military, and judicial affairs that reflected the sec-

tional realities of the new Republic.²⁴ The Constitution itself reflected various sectional interests and compromises in the provisions relating to the basis of representation in the House of Representatives, the basis of enumeration for direct tax purposes, foreign commerce, importation of slaves, and the ban on export duties.

By the middle of the 19th century the nation was deeply embroiled in the North-South sectional conflict that eventually led to the Civil War, the most bitter fruit of American sectionalism to date. Despite or because of that conflict, considerable intellectual attention was directed towards analyzing the regional character of the country. Historical and geographic studies, in particular, concentrated on the analysis of particular regions,²⁵ and by 1850, regions were officially recognized by the U.S. Bureau of the Census with the appearance of several tabulations arranged on a sectional basis. A later compendium to the 1850 Census made even greater use of regional groupings.²⁶ The sectional character of the Civil War highlighted regional differences in the nation, and by the end of the century, the passing of the frontier resulted in a full-scale movement to study sectionalism as a fundamental force in American history.²⁷

Regionalism Emergent: 1900-1933

The first third of the 20th Century witnessed an increasing recognition of the region as a useful economic, administrative, social and natural area within which various public services could be focused. By 1910, the U.S. Census Bureau grouped the country into nine distinct regions, a classification in use to the present day.²⁸ Clear indication of the administrative dimension of regionalism occurred with the creation of the Federal Reserve System in 1913, composed of 12 multistate units reflecting distinct monetary regions within the United States.

Aside from the use of regions for administrative purposes or census analysis, States proved most receptive to using the region for broader public purposes. The New York Port Authority Compact enacted in 1921 and Colorado River Basin Compact of 1929 were two significant examples of such operation. Both mechanisms were designed to solve problems that spilled across State lines involving the allocation of waters within a river basin in one case, and the unified development of an interstate port area in the other.

In the late 1920's, added emphasis was given to

the "regional" idea with the appearance of a regional plan for New York State done under the direction of Clarence Stein and Lewis Mumford as well as Benton MacKaye's work, *The New Exploration*. Both works dealt at length with the problem of controlling the excesses of metropolitan regionalism, urging the creation of balanced regional cities to take the place of unbalanced metropolitan complexes. Especially noteworthy was MacKaye's championing of the Appalachian Trail as a regional open space complex for the entire Eastern portion of the country.²⁹

The Renaissance of Regionalism: 1933-1943

Regionalism came into full flower in the early 1930's. With the creation of the multi-purpose TVA in 1933, the first truly comprehensive multistate regional authority came into existence. Notably, the TVA Act authorized planning surveys to be made for the purpose of "... guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds, or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas (Tennessee River Basin and adjoining areas)."³⁰

Regionalism gained considerable political currency on a nationwide scale during this period. The National Planning Board was created in 1934, and by 1935 it encouraged the creation of planning agencies in almost every State as well as the two multistate regional planning agencies in New England and the Pacific Northwest. Moreover, in coping with various problems created by the depression of the 1930's, the Federal government embarked on a massive public works program, much of which had a distinct regional dimension.³¹ Faced with the problem of administering various New Deal programs on a partnership basis with State and local governments, the Natural Resources Board (NRB) in 1935 suggested the "organization of centers of regional planning and coordination in which State and Federal staff people may collaborate in planning for development enterprises which are interstate, but not nationwide in their immediate significance."³² Using these regional planning centers to frame development plans for various regions in the country, the NRB went on to suggest three types of regional mechanisms to implement such plans, namely (1) a

Federal corporation such as the Tennessee Valley Authority (TVA), (2) an interstate authority, or (3) "... a public corporate authority ... under the joint ownership of both the national government and those States concerned in regional projects affecting the owners."³³

The attractiveness of regional solutions to natural resource problems, in particular, was evident in the 1930's with the proposal of at least ten regional development authorities similar to the TVA in various parts of the country.³⁴ None of these proposals, however, were ever adopted.

Support for a system of regional planning and development coordination was also forthcoming from other quarters. Odum's *Southern Regions of the United States*, published in 1936, suggested the development of a southern planning council that would "... integrate State planning ... serve as a buffer between local and Federal areas of control and direction; and conversely to make the Federal programs and policies more unified and articulate."³⁵ Indeed, Odum concluded that the South's future depended, in large measure, on achieving a pattern of regional-national cooperation that would bridge the "... extraordinary chasm between the region's possibilities and its actualities."³⁶

Regionalism gained even more widespread attention with the appearance of Lewis Mumford's *Culture of Cities* in 1938. In this book, Mumford conceived of regions as being the bedrock of civilization and stressed that only by constant attention to the regional qualities of life would there be a chance for a permanent restructuring of human activity.³⁷ Mumford charged the nation, State, and the city with being artificial in character, and stated, "Rationally defined, the focus of human communities is the region. ... In other words, the region, as a unit of geographic individuation, is given: as a unit of cultural individuation, it is partly the deliberate expression of human will and purpose. ... The human region, in brief, is a complex of geographic, economic, and cultural elements. Not found as a finished product in nature, not solely the creation of human will and fantasy, the region ... is a collection work of art."³⁸

Mumford argued in most aesthetic terms for a regional approach to the building of a quality environment. Only by integrating human activities within an areal unit which could encompass them in a natural and balanced manner could the quality of life be sustained. Neither the artificially centralized city, nor the nation could adequately relate to the variety of social, economic, and cultural needs of

most human beings. Only the region with its organic character and its human focus could be the fundamental base for the improvement of human life.

Mumford's writings represented the high-water mark in the philosophy of American regionalism. By 1943, the National Resources Planning Board was abolished, thereby removing another source of regional inspiration from the national scene.

Unifunctional Regionalism: 1945-1965

After World War II attention focused on unifunctional regionalism. Most prominent attention focused on natural regions, particularly the river basins. As noted in Chapter IV, several national commissions proposed joint Federal-State operation of river basin commissions. And States created a variety of unifunctional compact agencies dealing with water pollution and flood control problems on a regional basis. Moreover, by 1961 a Federal-interstate compact in the Delaware Basin was enacted, creating a joint regional body to plan and regulate the water resources of that particular area.

Intellectual interest after the war also turned to the analysis of regional economic problems. Books such as Bogue's *Structure of the Metropolitan Community*, Duncan and Scott's *Metropolis and Region*, and Perloff's *Regions, Resources and Economic Growth*, among others, highlighted the regional character of economic growth, particularly with regard to the differentiation of the developed and depressed portions of the country. Interest in creating regional organizations to promote multistate economic development resulted in the Bi-State Development Compact (1950) in the St. Louis Metropolitan area, the Wabash Valley Compact (1959), and the Delaware Valley Urban Area Compact (1961). In addition, a planning and development compact was proposed, but not enacted, for the New England region in 1959, and several multistate transportation compacts were authorized for the Delaware Bay, New York and Washington metropolitan areas by 1965. None of the interstate development compacts, however, reached the areal dimensions of the natural resource compacts in the Delaware and Colorado River Basins.

Recent Regionalism: 1965-Present

In 1965 legislation was passed creating several types of multistate regional mechanisms. During

that year, the Appalachian Regional Development Act, and the Water Resources Planning Act were enacted—all of which provided for a regional approach to the problems of economic development or water resource management. The Appalachian Regional Commission and the regional economic development commissions created under Title V of the Public Works and Economic Development Act were regional institutional responses to economic development problems that had previously been handled on a highly sub-regional basis. The river basin commissions created under Title II of the Water Resources Planning Act arose out of the need for formalized State and Federal cooperation in water resource management on a river basin basis wherein the bulk of Federal water resource planning was done. As Chapters II-IV note, these institutional arrangements were arrived at due to dissatisfaction with the previous methods of dealing with regional economic development and water resources problems.

Significantly, both types of regional mechanisms were used to deal with problems arising from fairly homogenous or natural regions. The economic development mechanisms were created to serve regions characterized by a lack of adequate economic growth, while river basin commissions were intended to be planning mechanisms for multipurpose development of natural hydrologic areas—river basins. Thus, regional institutions, in these two instances, were created as unifunctional mechanisms designed to develop policies for problems of a definable regional scope. They represented a striking attempt to match area and administration on a regional scale. Both mechanisms were an admission that certain economic development and natural resources policies demanded a multistate regional focus.

Regionalism gained renewed prominence at the Federal level as many observers noted other problems with a definite regional component. Environmental, highway, and urban growth programs, in particular, were the subject of regional administrative proposals. The ACIR in its 1968 report, *Urban and Rural America: Policies for Future Growth*, urged that existing and proposed multistate economic development agencies take national policies into account in the formulation of regional programs to develop regional components for the formulation of national policies and programs dealing with the problems of urban growth.³⁹ Legislation to effectuate most of these as well as other regional policies was

introduced but not passed in the Second Session of the 91st Congress.⁴⁰ Title VII of the Housing and Urban Development Act of 1970, however, provided for 75 percent Federal matching grants to eligible regional agencies, among others, for the planning of balanced urban growth policies.⁴¹ In a functionally oriented piece of legislation introduced in 1971, Senator Warren Magnuson proposed the creation of a national system of transportation regions wherein joint Federal-interstate commissions would plan and finance multistate transportation programs.⁴²

Legislation providing for regional administration of coastal zone programs⁴³ as well as multistate land-use planning conducted on a river basin basis were also introduced in the first session of the 91st Congress.⁴⁴ In a related action, Senator John McClellan introduced a 19-State Southern environmental compact which would permit States in that region to form a variety of agreements for multistate environmental programs.⁴⁵

Since 1965, then, emphasis has centered on the regional institution as a means of meeting multistate problems on a unifunctional basis. Yet, there are scattered indications that future regional organizations may be of a more multifunctional nature. Senator Jackson has proposed an expansion of the program responsibilities of Title II River Basin Commissions to include land use as well as water resource planning.⁴⁶ The Nixon Administration has prompted five Federal departments and agencies to adopt a uniform system of regional offices as well as to participate in the multifunctional deliberations of Federal Regional Councils—both these actions give the national government a greater capability to develop multistate programs and policies along multifunctional lines.⁴⁷ The Housing and Urban Development Act of 1970 requires the President through the Domestic Council to prepare a biennial report on urban growth which shall include “. . . an assessment of the policies and structure of existing and proposed interstate planning and developments affecting such [urban growth] policy.”⁴⁸ Finally, the States’ regional representative to the Appalachian Regional Commission recently suggested the establishment of a national system of Federal-State regional commissions operating with guidance from an Agency for Regional Development housed in the Executive Office.⁴⁹ These commissions could be the regional means of carrying out the national urban growth policy of Title VII of the 1970 Housing and Urban Development Act.

The history of American regionalism indicates that both Federal and State partners have frequently

found it necessary to create multistate mechanisms to deal with regional problems. Yet, regionalism has, for the most part, been approached on an *ad hoc* basis. This, of course, is to be expected given the tenuous political base of regional governmental agencies and instrumentalities. Thus, regionalism presents a dilemma for the American Federal system. For on the one hand, there are definable regional phenomena that demand the formulation of suitable multistate policies. Yet, on the other hand, regional institutions lack the broad-based, authoritative character of Federal and State governments. Regionalism remains current due to the multiplicity of regional problems encountered in modern life; it also remains a delicate task to fit regional institutions into a political system that is not organized along regional lines.

SOME ISSUES TO BE CONSIDERED

The history of regionalism as a broad, pervasive concept and as a specific Federal-multistate institutional form raises certain questions with which policy makers at all levels must sooner or later deal. These questions and issues constitute major criteria and general guidelines useful in assessing the operational record to date of the multistate regional agencies.

In terms of their actual experience, the initial problem presents itself of whether or not the very brief operating record of nearly all of the regional instrumentalities provides a sufficient basis for making any definitive judgements regarding their modification, redirection, abolition or expansion.

In terms of their varying mandates and differing functions, the question arises as to whether or not the experience—albeit brief—of one type of regional instrumentality can be assessed in terms of common criteria.

In terms of achieving an effective partnership through the Federal-multistate device, there is the issue of whether or not State initiative at the outset is a crucial determinant.

In terms of accountability, a cluster of related questions emerges including whether or not the agency theory, that is the theory that the regional commissions are the agents of the sponsoring levels of government, actually applies in

practice, whether legislative bodies and the regional publics are in a position to exercise some control, whether governors are given too much discretion, and whether the mixed composition of most of the regional commissions strengthens or blurs assignment of responsibility.

In light of the composition of the commissions and the mode of selecting their members, the matter of whether or not they genuinely balance Federal and State interests in carrying out their respective mandates must be considered.

In terms of planning in which all the regional commissions participate to some extent, questions can be posed regarding the relative merit of a more structured as against a less structured approach, whether or not there are State as well as regional inputs, and whether planning affects other commission efforts or the programming activities of others.

In terms of actual implementation, the issues are raised of whether the regional instrumentality is given a direct or indirect role and whether or not a range of mechanisms—from the clearinghouse function to a regulatory function—are assigned to carry out their mandated responsibilities.

Regarding funding, questions of adequacy, forms, and sharing obviously interject themselves.

In terms of the record of some of these regional instrumentalities, the subtle question arises as to whether some of the informal functions that they have assumed, which were not clearly understood or foreseen at the outset, may provide a significant basis for assessing their performance.

With reference to the present bifurcated pattern of natural resource and economic developmental efforts at the regional level, the issue presents itself of whether or not concerted efforts to establish better coordination are needed where there is overlap in these commissions' respective jurisdictions.

In terms of their contrasting mandates and performance records, the long-range matter of whether or not limited or more drastic reforms are warranted at this time must be faced.

In terms of the relationship between existing and proposed regional bodies, the question crops up of whether proliferation has or soon will become a basic administrative problem in some regions.

In terms of proposals to establish a nationwide system of regional bodies, the broad issue arises as to what—if any—bases, goals and boundaries are proper and viable for any such transcontinental undertaking.

Related to the above, and in terms of national and State growth policies, there is the basic question of whether or not existing regional bodies either strengthened and expanded or as presently constituted, should be charged with providing regional inputs and regional mechanism for such policies, if and when they are developed.

These are some of the basic issues raised by the record to date of the various multistate regional efforts launched during the last decade. These are some of the paramount questions that can not be ignored when proposals regarding their future role and their relationship to new regional instrumentalities and programs are considered. These are issues for which the following four descriptive chapters provide background factual material and which Chapter VI treats in some detail. These issues also help establish a framework for considering the recommendations advanced in the final chapter.

THE FOCUS OF THE REPORT

This report is concerned chiefly with an operational analysis of the multistate organizations of the Federal system that have been created through interstate or Federal-multistate action. More emphasis is placed on the latter, since the Federal-multistate regional device is the major innovation in this field that has emerged since 1960. The report analyzes how these mechanisms confront and provide solutions to regional problems with a view toward determining whether these modes of multistate action have continuing relevance in the federal system. To that end, the history, statutory mandate, organizational and fiscal patterns, and operational tools of these mechanisms are described and evaluated.

Comparisons and contrasts between and among the economic development and water resources commissions are made, with a full recognition that the mandates and authority of the four basic commission types vary greatly. Emphasis is given to their structural and operational characteristics, since these have relevance to suggestions regarding the future direction of these commissions as well to proposals for establishing new Federal-multistate bodies in other functional areas. The report then does not seek

solely to evaluate existing programs and policies deemed necessary to solve certain regional problems. It also deals with those arrangements which are necessary to a long-term consideration of broader regional issues. These dual concerns, then, help to provide the basis for determining what policies and institutional arrangements are needed to handle problems that policy makers consider regional in nature.

The scope of the report necessarily has been limited. Various regional developments have been excluded, including the Tennessee Valley Authority, the Federation of Rocky Mountain States, regional organizations of various public officials, lesser interstate compacts of a regional nature, and private sector regional organizations.

The study is divided into three major parts. Chapters II-V survey the operations of the Appalachian Regional Commission, the Title V commissions, the Title II River Basin Commissions, the

Delaware and Susquehanna River Basin Commissions, and regional interstate compacts and compact agencies. These four chapters provide factual background material for assessing the intergovernmental issues raised by the record of these various multi-state instrumentalities. These issues, along with the broader questions relating to the future role of these kinds of commissions and the relationship between them and recent sweeping proposals for various new regional undertakings, are probed in some detail in Chapter VI. The final chapter summarizes our findings concerning these commissions and interstate compacts and presents the Commission's recommendation regarding the continued use of interstate compacts, and its tentative policy recommendation to retain the existing multistate regional instrumentalities pending further experience and future recommendations by the Commission with respect to multistate regionalism. A subsequent report will deal with substate regionalism and its relation to multi-state dimensions of this broad topic.

FOOTNOTES

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¹⁷See S. 907, 92nd Congress, 1st Session; also Odum, *Southern Regions in the United States*, op. cit.

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¹⁹John Friedmann, "Regional Planning as a Field of Study," *Regional Development and Planning*, Friedmann and Alonso eds., (Cambridge: Massachusetts Institute of Technology Press), p. 64.

²⁰Harvey S. Perloff, *Education for Planning: City, State, and Regional* (Baltimore: Johns Hopkins Press, 1957), p. 96.

²¹See John Friedmann, "Focus on Public Policy" in Earl O. Heady ed., *Research and Education for Regional and Area Development* (Ames, Iowa: Iowa State University Press, 1966), pp. 218-219.

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²³Fulmer Mood, op. cit., p. 25.

²⁴*Ibid.*, pp. 26-28.

²⁵*Ibid.*, pp. 46-55.

²⁶*Ibid.*, p. 89.

²⁷*Ibid.*, p. 73.

²⁸Vernon Cartensen, "The Development and Application of Regional-Sectional Concepts, 1900-1905," in Merrill Jansen, *Regionalism in America* (Madison: University of Wisconsin Press, 1952), p. 100.

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³⁶Ibid., p. 603.

³⁷Lewis Mumford, *The Culture of Cities* (New York: Harcourt, Brace and Co., 1938), p. 354.

³⁸Ibid., p. 637.

³⁹See Advisory Commission on Intergovernmental Relations, *Urban and Rural America*, p. 134.

⁴⁰H.R. 13217, 91st Congress, 2nd Session.^{*}

⁴¹P. L. 91-609, Sec. 735.

⁴²S. 2279, 92nd Congress, 1st Session.

⁴³S. 582, 92nd Congress, 1st Session.

⁴⁴S. 632, 92nd Congress, 1st Session.

⁴⁵S. 907, 92nd Congress, 1st Session.

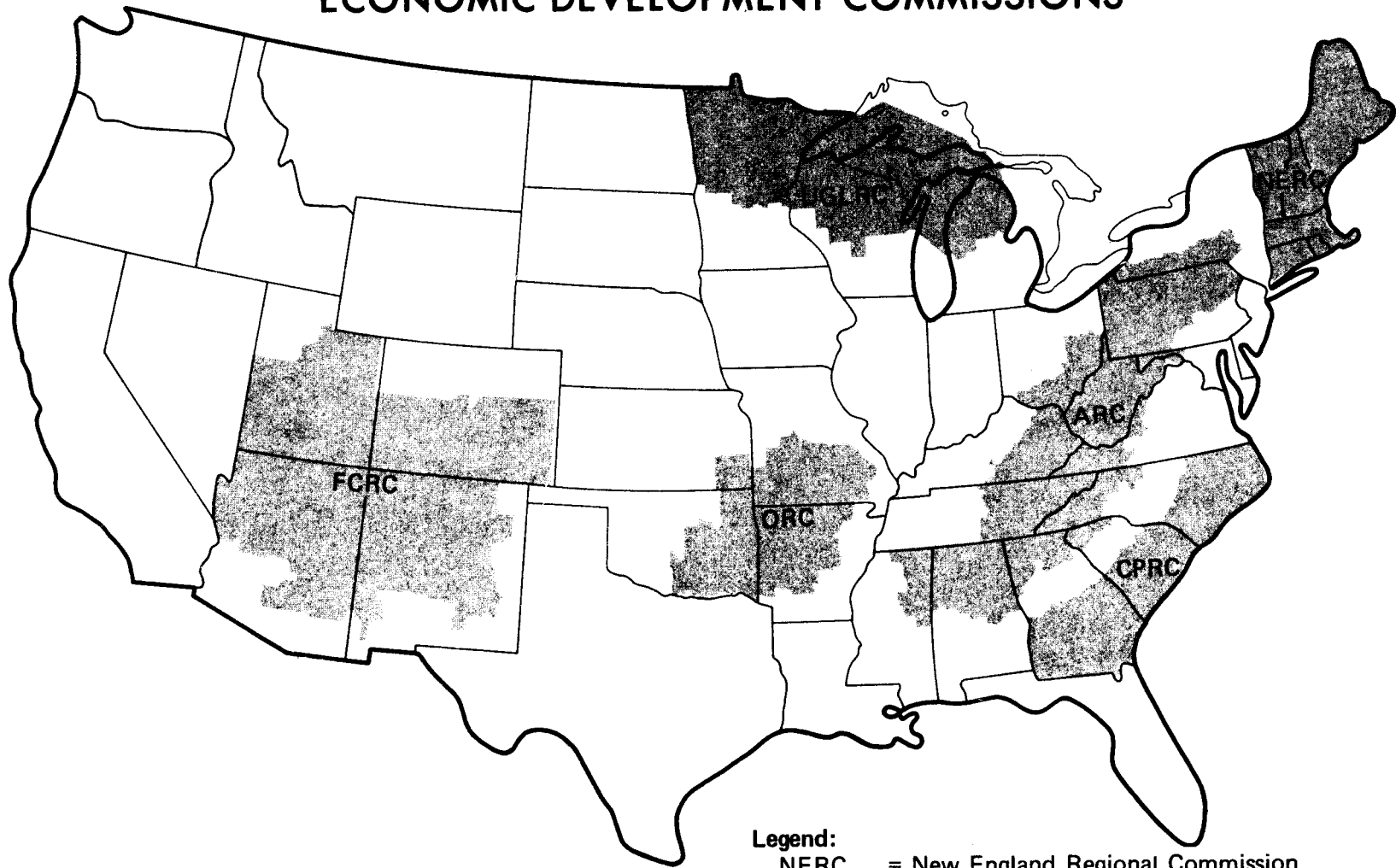
⁴⁶S. 632, 92nd Congress, 1st Session.

⁴⁷Office of Management and Budget, *Restoring the Balance of Federalism* (Washington, D.C.: Executive Office of the President, 1971).

⁴⁸P. L. 91-609, Sec. 703 (a) (4).

⁴⁹States' Regional Representative. Memorandum regarding *Potential National Regional Development Program* (Washington, D.C.: States' Regional Representative Office, August, 1970).

FIGURE 1
ECONOMIC DEVELOPMENT COMMISSIONS



Legend:

- NERC = New England Regional Commission
- ARC = Appalachian Regional Commission
- CPRC = Coastal Plains Regional Commission
- UGLRC = Upper Great Lakes Regional Commission
- ORC = Ozarks Regional Commission
- FCRC = Four Corners Regional Commission

Source: U.S. Department of Commerce

Chapter 2

FEDERAL-MULTISTATE RELATIONS IN REGIONAL ECONOMIC DEVELOPMENT: APPALACHIAN REGIONAL COMMISSION

SUMMARY OBSERVATIONS

The activities of the Appalachian Regional Commission (ARC) represent an unprecedented effort to develop a large depressed region of the country. The approach here to economic development was, and is, comprehensive and the ARC experience serves as a laboratory for testing whether a jointly controlled mechanism can blend national and State goals, work within and respect basic State and local differences, and provide effective participation of the Federal-State-local levels in formulating plans and programs to meet State and local needs. In short, the ARC has served as an experiment in intergovernmental relations.

The following summary highlights ARC's strategy, funding, programs, and relations with other levels of government:

- *The impetus for creating the ARC was generated not in Washington, but in the State capitols and communities within the region. Yet, the President's Appalachian Regional Commission with State participation played a crucial role in shaping the distinctive structure, program and operation of ARC.*
- *The policy-making structure of the ARC is vested in the Federal co-chairman and the 13 State representatives. The State co-chairman is elected on a rotating basis by the States from among their number. At the outset, the States established the post of States' regional representative serving as their permanent liaison with the commission. He and his small staff are financed entirely by the member States and his influence on ARC deliberations is considerable. The present holder has achieved a unique blending of two potentially conflicting roles: that of serving individual State interests as well as regional interests.*
- *The Federal co-chairman is appointed by, and directly responsible to, the President. The Act gives him a veto over all commission actions, but this power has never been used to date. At the same time, the occasional threat "of a negative" has set the scene for a bargaining over differences that in turn has usually moderated a State's position. Generally, the Federal co-chairman tends to be involved in broad ARC policy positions; representations to, and occasionally from, the White House; and liaison on commission fiscal and legislative matters with the Office of Management and Budget and appropriate Congressional committees. The vigor with which he approaches these responsibilities, and especially the extent of his interest in regional program development and State plans is largely dependent on the personality of the individual holding the position. All of these factors combined can make the post about as influential as the incumbent wants to make it.*
- *In practice, much of the commission's authority has been delegated to the ARC executive committee, which consists of the Federal co-chairman, the States' regional representative, and the executive director of the ARC staff, who is a non-voting member. The staff is comparatively small (60 percent professionals, 40 percent clerical), and inten-*

committee, with a strong assist from staff, performs this function. Moreover, in practice, proposed development plans have not been rejected, but they have been revised as a result of initial review by the committee and the staff. Individual projects proposed in the appendix are sometimes modified or new project proposals are subsequently developed.

- While growth area strategy evolved from the Congressional mandate, the initial commission decision permitted the States to define and designate such areas within their jurisdictions. Subsequent adoption of a series of requirements relating to the content of state development plans included basic groundrules for identification of areas of potential future growth. These are considered in ARC review and approval of State plans and projects.
- Analysis of the concentration of ARC project investments in growth areas reveals that State policies vary, but that old fashioned log rolling is not the dominant mode of decision making. Overall, approximately 50 percent of the approved projects were placed in primary growth areas; 11 percent in secondary areas; eight percent in the third, fourth, and fifth level areas; and 11 percent in non-growth areas. This suggests that State techniques for defining growth areas have achieved a significant level of sophistication but it also highlights the value of ARC as a mechanism to assist States in the hard task of making differential allocation of resources in accord with regional growth priorities.
- Local development districts (the multicounty planning and development organizations) are playing an increasingly responsible role in providing inputs into the State development plan. The staffs of many districts, however, tend to spend more time on developing and reviewing project grants rather than district research and planning. The Appalachian States' representative office has the major responsibility in organizing and assisting the planning efforts of the local districts with ARC staff technical assistance.
- Gubernatorial concern and involvement in policy and program development varies considerably among States. While there are many instances of governors personally making a number of decisions, both large and small, considerable continuing policy determination is in the hands of the State representatives and the heads of State Appalachian Regional program agencies and staffs. One of the influences on the degree of involvement by gover-

nors is how large a part of the State is within the region and on the proportion of the Appalachian program funds in relation to the State budget of their States. Where the impact is small, the program tends to be more distant from the policy and coordination concerns of the State's chief executive. The fairly rapid turnover in gubernatorial membership due to changes in State administration has handicapped the commission's performance as a continuing policy-making body.

- The involvement of State legislatures in the Appalachian program is limited primarily to action on the State's contribution to the Appalachian Commission's operating costs. There are at least two reasons for this: first, the States have not picked up a major part of the non-Federal matching cost for non-highway projects and, hence, legislative fiscal and administrative oversight is rare in these program areas; and second, State money appropriated for the administrative expenses of its Appalachian unit generally is folded into the overall appropriation for the governor's office or for a general line agency, depending on the unit's administrative location.
- Finally over the past six years the Appalachian Regional Commission has developed a life of its own, while still serving as the agent of its Federal and State members. With strong political support from its governors and the U.S. Senate, it has received a continued mandate to keep the experiment going.
With its troika—the executive committee, its able staff and executive director—its supplemental funding and skill in balancing political and program considerations, the commission has developed an operational style which makes it somewhat more than merely the sum of its parts. Through its formal joint decision-making process, the resulting administrative code, its review and approval as well as suballocational processes, and technical overtones, the commission has exercised leverage directly and frequently indirectly vis-a-vis individual State plans, projects and efforts. Through its relationship with State agencies, the supplemental grant program, level of funding, stimulative effect on State and local spending, and direct contacts, it has achieved some leverage on regular Federal grants and agencies. Through its composition, voting procedures, and the professionalism of its staff, the commission generally has acquired what in the overall might be termed a sense or spirit of regionality.

LEGISLATIVE BACKGROUND

Tangible expression of Federal-State relations in regional economic development occurred during 1965-66 with the creation of two similar, yet different, multistate regional instrumentalities—the Appalachian Regional Commission (ARC) and the so-called Title V commissions established under provision of the Public Works and Economic Development Act of 1965. This chapter and the next review the policies, plans and operations of these agencies and provide some general observations on their effectiveness as regional instrumentalities combining Federal, State and local interest and activity in this field.

These commissions are unique inter-governmental agencies, but their creation is not a solitary, unrelated historical act. It capped a long history of concern over the uneven economic development patterns in this country and a number of special earlier efforts to attack the complex problems involved. The present commissions must be examined in the light of these earlier related developments.

It has been a long recognized problem that the dynamics of economic growth in an industrialized society produce uneven patterns of development over large and small geographic areas. Location of markets, labor supply, transportation, raw materials and other essential factors of economic development tend to produce heavier and heavier concentrations of business and industry in a few locations. The emerging development pattern tends to be self-energizing. The advance of technology has served, in the main, to increase the geographic concentration of investments. Only as the marginal value of these factors diminish is there impetus for movement to the periphery, and beyond, of established industrial areas. Even then, nearness to the established center remains as an important location factor.

These inherent economic development characteristics coupled with variants in the hospitality of climate and topography have produced in this nation a pattern of economic wealth and growth rates which have left many areas underdeveloped and many of the citizens of these areas in relative and absolute poverty.

The governmental response in meeting this problem as a continuing condition associated with economic growth in a free enterprise society has emerged slowly. The primary thrust of the traditional response has been to deal with the problem in terms of meeting the basic needs of individual citizens by one form or another of relief payments, services and welfare. The various large-scale public works projects of the 1930's were utilized in underdeveloped areas, but they were primarily a response to a national economic de-

pression rather than to the specific and unique needs of selected areas.

Creation of the Tennessee Valley Authority (TVA) as a Federal corporation in 1933 represents perhaps the earliest Federal response to meeting the continuing needs of a perennially underdeveloped geographic area. Hence, the potential economic value in the development of the Tennessee River and its larger tributaries was sufficient to move the Congress and the Administration toward a basically new type of governmental solution in the form of a Federal corporation. Perhaps it was the uniqueness of the TVA program, or the political problems raised by the approach that prevented its replication or use as a model for governmental response to the problems faced by other underdeveloped areas across the country. In any event, almost 25 years elapsed before the problems of economically depressed areas surfaced again as a live political issue. In the period 1955-60, Senator Paul Douglas led the fight to establish a governmental program designed to meet the problems of "labor surplus areas."

It was not an easy struggle.¹ Many approving Federal intervention recognized the problem but argued that it was the normal result of "economic Darwinism and part of the cost of change."² Thus, it was believed that the problems and dislocations would correct themselves in time, and that governmental correctives endangered the free enterprise system. Others believed that whatever action was required should be taken at the local level. As late as 1955, the Council of Economic Advisers viewed the problem as one that should be handled locally. A year later, however, they recognized the national dimensions of the problem.³

Proponents of new legislation argued that the issue of government intervention was settled with the passage of the Employment Act of 1946 which was designed to stimulate maximum employment and production. Senator John Kennedy who was closely associated with Senator Douglas' efforts to enact new Federal legislation stated:

The responsibility of the Federal government to aid such areas is commonly acknowledged. The responsibility is in the interest of the areas which are subject to chronic unemployment and underemployment, and coincides also with the interests of the nation. The fact is that these less fortunate areas exert a general drag upon the economy, and the Federal government, in order to assure full prosperity for the nation as a whole, should do all it can to eliminate pockets of unemployment and underemployment.⁴

Aid to depressed areas was the subject of philosophical, political and jurisdictional wrangling through the 84th, 85th, and 86th Congresses. Twice during this period, measures on the subject won passage in the Congress only to be killed by Presidential vetoes. The issue was an item high on the agenda of President

Kennedy's incoming administration in 1961. Problems remaining centered on the nature of the proposed program and whether it should be placed under the supervision of the Department of Commerce or an independent agency. These were resolved in the early months of the administration and the Area Redevelopment Act was signed into law on May 1, 1961.

Key Provisions of the Area Redevelopment Act

A new agency, the Area Redevelopment Administration (ARA) was established in the Department of Commerce to administer the Act. Funds appropriated to ARA included \$150 million allocated for low interest business loans; \$100 million to provide loans for the construction of public facilities; \$75 million to be used in out-right grants for public facilities construction; and \$7 million to provide technical assistance services. "ARA was made responsible for deciding on area designations and grants of loans and subsidies and for administering all redevelopment programs." Under the very loose criteria for area designation provided in the Act, and with considerable pressure from both rural and urban groups, the ARA designated nearly 900 counties as eligible for assistance. A total of 129 urban labor-market areas were included in 240 of these counties; 657 counties were either small urban centers or predominantly rural in character. By mid-1963, as a result of continuing pressure, the number of counties was expanded to 1,070 (county) redevelopment areas—more than one-third of the total number of counties in the nation.⁶ In 1962, ARA was assigned the duty of administering the Public Works Acceleration Act. This Act was designed as a short-term response to the general recession climate. It placed an additional \$900 million in ARA's hands to be distributed by mid-1964.

ARA was created as a time limited governmental operation scheduled to expire June 30, 1965. By the end of 1963, it had expended \$215 million in the designated areas. The categories of loans and grants were as follows:⁷

	(Amount Millions)
Industrial and Commercial Loans	\$111
Public Facilities Loans and Grants	82
Technical Assistance	8
Training	14

Professor Sar Levitan, in his authoritative 1964 critique of the organization, favored continuation of the ARA program, but not without documenting significant weaknesses in its operations.

Two years of operations hardly provide sufficient experience to evaluate a long-range program such as area redevelopment. Only a small proportion of the funds committed by the ARA have actually been disbursed, and little brick and mortar have been used. Most of the jobs which will be generated by loans and grants exist thus far only on paper. Few of the technical assistance projects which may hopefully unlock community resources have been completed, let alone put into practice.

The ARA has faced serious obstacles which prevented the effective execution of the program. The administrative structure impeded efficient operation of the program. Placing the ARA in the Department of Commerce, and the subsequent parceling out of the processing of applications to other agencies, presented critical and experimental problems which were especially bothersome to an infant agency.⁸

Observers also note that ARA was not equipped with a comprehensive or fully effective set of tools with which to solve the unemployment problems in underdeveloped areas. Inducements offered to get industries to locate in depressed areas were simply not adequate. Moreover, the constraints operative in the Act effectively eliminated the more successful corporations on the grounds that they could receive loans and credit from commercial funding sources. The requirement of local financial support—at least ten percent of required funds—was also burdensome. By 1965, the time at which ARA legislation was up for renewal, the concept and the agency had lost a significant part of its vigor and support. Other events occurring in Appalachia, however, also were to contribute to a marked shift in the governmental response to economic development problems.

Events Leading to the Appalachian Regional Commission

Official recognition that a regional approach would be essential to solving problems in Appalachia probably can be traced first to the Eastern Kentucky Flood Rehabilitation Study, which followed the 1957 flood. The study, in turn, produced the Eastern Kentucky Regional Council which soon concluded that a regional-interstate approach would have to be initiated by the governors of the Appalachian States if the physical, social, and economic problems that plagued the region were to be solved.

With other States in the region facing similar problems, a consensus on regional cooperation gradually emerged and Governor Tawes of Maryland called a meeting of governors representing the Appalachian States in May, 1960. One of the first issues placed before this Conference of Appalachian Governors was a study prepared for the State of Maryland that defined the now familiar problems of the mountainous region—access, employment, education, health, and migration. In the same year, the new Conference,

whose chairman was Governor Combs of Kentucky, petitioned the 1960 presidential candidates with a proposal for a regional approach to these problems. Eight of the present 13 Appalachian States—Alabama, Georgia, Kentucky, Maryland, North Carolina, Tennessee, Virginia, and West Virginia—joined in this early action.

Floods again hit central Appalachia in the Winter of 1963 and a new initiative was undertaken by the conference which eventually led to a meeting with the President in March, 1963. Within a month, President Kennedy responded by creating the President's Appalachian Regional Commission (PARC) consisting of a representative designated by each of the governors of the Appalachian States and a representative of each of the heads of major involved Federal departments and agencies. The President charged ARC with preparation of a comprehensive action program for the economic development of the region.

President's Appalachian Regional Commission

President Kennedy named Franklin D. Roosevelt, Jr. as chairman of the commission. Federal members included high-level representatives of the Area Redevelopment Administration, Department of Defense, Department of the Interior, Small Business Administration, Department of Labor, Department of the Army, Department of Health, Education and Welfare, Atomic Energy Commission, National Aeronautics and Space Administration, Department of Agriculture, Tennessee Valley Authority, Treasury Department, and the Housing and Home Finance Agency.

State members were named from Alabama, Georgia, Kentucky, Maryland, North Carolina, Pennsylvania, Tennessee, Virginia, and West Virginia.

Along with Roosevelt, who then was serving as Under Secretary of Commerce, John D. Whisman was named Executive Secretary. Whisman, the Washington representative for the Conference of Appalachian Governors, also served on PARC as Kentucky's State representative.

While no members of PARC had a clearly defined Appalachian boundary in mind, there was a consensus that the region was an area with some common problems. The central part of the region was clearly the most severely depressed area, suffering a sharp decrease in employment in coal mining, persistent problems of low income, and deficits in health, education, and other public services. In its deliberations, the commission rejected an out-and-out policy of encouraging massive out-migration. Because of the

peculiar nature of the region's economic base as well as the lack at that time of job opportunities outside of Appalachia, PARC concluded that Appalachia could be expected to hold a substantial population for years to come. Finally, PARC recognized that the many human problems of Appalachia could not be solved efficiently without making physical investments in health and education facilities.

These characteristics were used to help define the region. The President's Appalachian Regional Commission, however, left the responsibility for drawing the boundary line between Appalachia and the rest of the United States to the governor of each State. Necessarily, this led to variations in the way in which the final boundary was agreed upon. For example, Virginia excluded certain areas from the region because their local economies were relatively prosperous. In other States, however, a more liberal definition was taken.

To a large extent, PARC found the Appalachian Region a victim of technological change. While problems associated with advancing technology are not peculiar to Appalachia alone, the region simply lacked the intellectual, social, and economic capital to adapt to new conditions as many other parts of the nation had been able to do.

ARC research studies highlighted six major problems of the region:⁹

(a) **Low Income**—One Appalachian family in three in 1960 had an annual income of less than \$3,000 compared to the national figure of one family in five. Less than nine percent of the Appalachian labor was unemployed. The commission estimates with nearly 16 percent for the remainder of the United States. Per capita income in Appalachia was \$1,400 while the national figure was \$1,900.

(b) **High Unemployment**—While five percent of the United States labor force was out of work in 1960, over seven percent of Appalachian labor was unemployed. The Commission estimates indicated that in some counties in West Virginia, the true figure may have been somewhere between 30-40 percent.

(c) **Lack of Urbanization**—The nation was 66 percent urban in 1960, but Appalachia's proportion was only 44 percent. Appalachia contained one of the highest concentrations of rural, non-farm population in the country reflecting dispersed settlement patterns that accompany resource-dependent economies. This pattern, in turn, made it difficult to provide adequate public services.

(d) **Deficits in Education**—In 1960, 42 out of every 100 people in the United States over age 25 had completed high school. In Appalachia, the figure was only 32 out of 100. Similar patterns were found for drop-out rates, college graduates, and literacy levels. All of these figures masked unmeasurable differences, such as in the quality of educational programs.

(e) **Deficits in Standards of Living**—The Appalachian resident in 1960 bought fewer services, fewer automobiles and purchased less in the way of retail goods. His housing was of lower quality and lower value than the national average; over 34 percent of the housing in Appalachia was deteriorating or dilapidated compared

with 23 percent in similar condition in the remainder of the United States.

(f) Changing Population—Those most able to leave the region in search of new opportunities were the young, working-age adults. Those left behind were older people with obsolete skills and the very young who were still in school. This phenomenon of a population of the young and the old projected an agonizing picture of mounting distress.

In summary, PARC viewed the problem in both its economic and social dimensions. It was very much aware of the extent to which isolation was a pervading condition. In its deliberations, it concluded that any public remedial action would have to be based on steps that would end the area's isolation.

With this general understanding of the region, PARC began to probe alternative corrective strategies. At this time, a basic debate was going on within academic and governmental circles about the nature and causes of the continuing unsatisfactory levels of national unemployment, which had been the hallmark of the 1950's. The issue, basically, was whether the explanation could be found in the rapid obsolescence of firms and skills leading to structural unemployment or whether the cause was a deficiency in overall demand.

Supporters of the former approach tended to favor training and retraining efforts and assistance programs for distressed areas. These programs, it was felt, could be effective if applied to pockets of poverty caused by obsolete economic activity. Advocates of the latter view, on the other hand, generally tended to support fiscal and monetary policies to insure sufficient levels of total demand to create opportunities for the unemployed. It was argued that this approach would substantially remedy the problems of areas that in the recent past had been the centers of above average unemployment and of distress.

The commission concluded that an Appalachian program should contain elements of both points of view. It believed that higher levels of national performance were an essential requirement for regional improvement but that this alone would be insufficient to achieve the goal of regional renewal. Furthermore, PARC felt there was no reason to expect that national prosperity inevitably would spill over into the region. Inadequate national performance combined with the special problems of the region, PARC concluded, had made Appalachia relatively uncompetitive economically. Associated social problems and deficiencies of public services also were forces to be reckoned with. This policy approach implicitly recognized that PARC found no well-accepted theory of regional development. In a conceptual sense, then, there was no clear prescription for overcoming the region's difficulties.¹⁰

Just as there were two opposing economic alternatives—the structuralist and the total demand approaches—PARC debated two opposing administrative alternatives. One might be labeled the centralist viewpoint; the other, the federalist or partnership approach. To the centralist, the very fact that areas of distress existed is evidence of the inability of State and local governments to mount effectively programs of economic and social betterment. This view—this lack of confidence in State and local government—was to find expression in the Economic Opportunity Act of 1965. The federalist or partnership proponents, on the other hand, while conceding that State and local governments were financially incapable of wholly effective contribution, argued that States could develop a capability for planning and for programming elements that would have the distinct advantage of reflecting unique local conditions and opportunities.

PARC chose to emphasize the latter point of view in a way which gave the Appalachian Regional Commission its distinctive Federal-State partnership structure. The PARC report, submitted in the Spring of 1964, recommended this partnership structure. The recommendation was reflected in the final Appalachian Regional Redevelopment Act, which won passage in March, 1965.

Immediate Setting

The President's Appalachian Regional Commission had to consider two political constraints in making its recommendations on program strategy. The first was the wide-spread dissatisfaction with the results of the Area Redevelopment Administration and the Accelerated Public Works Program. The eligibility requirements for ARA assistance depended upon specified statistical measures of subpar performance and the preparation of an overall economic development plan. The plan tended to be a static, "canned", county-by-county document containing rather superficial analyses and generally, not recognizing interarea dependencies and relationships. But eligible areas included almost 1,000 counties—nearly one-third of the total. Available funds, therefore, were spread so thin as to make little impact in any area. Further, the emphasis of the ARA "new jobs created" measure of success tended to result in underscoring new manufacturing and recreational job opportunities without regard for the existence of other opportunities or of more basic inhibitions to regional improvement.

The PARC report recommended a much more comprehensive approach to development, including a wider range of program tools, a more precise geographic scale for economic development planning, and

the establishment of a Federal-State agency to give continuing analysis to the determinants of development.

The second political constraint faced by PARC was the desire to avoid duplication of programs that might be recommended by the evolving poverty programs, which then were major goals of the Administration. Thus, while the PARC documented the need for human resource development, it recommended that the proposed regional program retain jurisdiction over only two human resource programs—demonstration regional health centers and construction of new vocational education facilities. PARC anticipated that other “people oriented” programs would be placed under the umbrella of the new poverty agency then being debated in Congress.

To administer the regional development program, the PARC recommended creation of an Appalachian Regional Commission. The new commission was to consist of the governor, or his appointee, of each participating State and a Federal representative appointed by the President. PARC recommended that a governor be elected by the participating States, and the President’s representative serve as co-chairman. The appointed executive director of the commission would sit with the commission, but without vote.

To handle the delicate matter of conducting Federal-State business, PARC recommended a voting procedure which required an affirmative vote of a majority of the State members and the vote of the Federal representative to achieve a binding decision. The Federal representative would be required, before casting his vote, to consult with all Federal departments or agencies having an interest in the subject.

The Pennsylvania representative on PARC, however, urged a somewhat different structure of the Appalachian organization.

We believe that the commission, which should decide what actions to take at the Federal, State, and local levels, should be composed of the governor (or his appointee) of each State and a full-time special assistant of the President. A Council for Appalachia, composed of Federal agency representatives under the direction of the Presidential assistant, should get action from Federal agencies and make effective the Federal participation in the decisions reached by the commission.

Because such a commission and council would be subject to direct and ongoing attention by the President, this structure would facilitate the urgently needed coordination and acceleration of existing and new Federal, State, and local programs. It would produce maximum action with minimum delay and expense.¹¹

Another issue where Pennsylvania departed from the recommendations of PARC dealt with the financing of local developmental districts. PARC was concerned that local development organizations would not have adequate recourse to the normal private

money market of the nation and recommended that Federal assistance be provided to form a bridge to this market. It, therefore, suggested that this bridge be supplied by a Federally chartered, mixed-ownership corporation.

Pennsylvania, on the other hand, urged that “. . . such financing be handled through Congressional authorizations and appropriations reflected in the budget, thus making the programs accountable to the electorate.”¹² The dissent also pointed out that Pennsylvania’s constitutional restrictions would probably prevent the Commonwealth and any county, municipality, or incorporated district within the State from becoming a stockholder in such a corporation.

The President’s Appalachian Regional Commission submitted its report to President Johnson on April 9, 1964. Three weeks later, April 28, President Johnson sent Congress a request to authorize special aid to the region. The bill essentially followed the plan of the President’s Appalachian Regional Commission.

Opposition to the measure came from the minority in general and a number of representatives from areas outside the region who urged extending the program to other depressed areas, such as the Upper Midwest and the Ozarks. There also was substantial opposition to the proposed Appalachian Development Corporation, considered by some to be one of the most innovative recommendations proposed by PARC. Opponents felt that funds should be provided through legislative appropriation channels subject to Congressional oversight rather than through an agency placed outside normal legislative review.

A compromise bill (HR 11946) was introduced that dropped the development corporation, increased substantially the funds for the road program, and hiked the Federal share of the costs from 50 to 70 percent of that program. With these revisions the bill was reported favorably by the House Committee on Public Works.

In the meantime, the Senate Committee on Public Works revised the original bill (S 2782) to make it identical to HR 11946 and favorably reported the measure. During floor debate, the bill was further adjusted by dropping the \$17 million program for livestock pastureland and inserting a stipulation that the proposed Appalachian Regional Commission (ARC) would have to consult with State officials before any program could be carried out. The bill then passed the Senate by a 45-13 vote on September 25, 1964. It provided \$1.1 billion over a six-year period. Although the House Public Works Committee reported the measure and the Rules Committee cleared it for floor debate, the bill did not reach the House floor in time

for action in 1964. As a result, both the Senate and House bills died when the 88th Congress adjourned.

In late November 1964, President Johnson indicated at a press conference that aid to the Appalachian Region would receive his Administration's top priority when the 89th Congress convened in January 1965. Subsequently, Senator Randolph, Chairman of the Senate Public Works Committee, introduced the Administration's new bill (S 3) on January 6, 1965. The proposal called for \$1,077,200,000 in federal aid authorizations to Appalachia. President Johnson's support of the bill was announced in his Budget Message delivered to Congress on January 25.

As introduced, S 3 contained three major changes from the 1964 bill passed by the Senate. First, mileage for local access roads was raised from 500 to 1,000 miles. Since original cost estimates were found to be high for the 500 mile system, no additional authorizations were requested for the additional mileage. The development highway program remained at the 1964 level—2,350 miles, costing \$840 million. Second, a new \$17 million land improvement and soil erosion program was proposed to replace the \$17 million pastureland development program. Finally, investments were to be concentrated in those areas having a significant potential growth and where the return on the public dollar would be greatest. This provision is the foundation for ARC's growth area development strategy.

The Senate Public Works Committee, after the briefest of committee hearings, on January 27 reported the bill with minor amendments. Basic provisions of S 3 were similar to those of the 1964 measure and the President's 1965 proposal. Authorization totaling \$1,092,400,000 were approved by the committee. This amount was \$15.2 million more than that recommended by the Administration; \$15 million of which was added for strip mine reclamation and \$200 thousand for funding the Federal co-chairman's staff. The committee also rejected proposals to expand the bill's application to other regions of the country, stating that the Administration had indicated that it would ask Congress for action on separate measures to deal with the economic development problems of other regions. On the Senate floor, assurances again were given Majority Leader Mansfield that the Administration would assist other distressed areas. An important amendment was added to permit New York to become the 12th State to become involved in the program.

The House Committee on Public Works, after rejecting 18 Republican amendments, favorably reported S 3 by a thumping 24-9 vote. The Republicans' major effort during the House floor debate was to

substitute their own \$995 million two-year economic development program for all depressed areas of the nation. Finally, the House passed S 3 without amendments by a 257-165 vote.

On March 7, 1965 the Appalachian Regional Development Act of 1965 (PL 89-4) was signed by the President into law.

The Appalachian Regional Development Act of 1965

The \$1.1 billion Appalachian Regional Development Act was the first piece of Great Society legislation to clear the 89th Congress. The Act relied on two major approaches to help the region: (1) the creation of a new Federal-State institution for regional planning to coordinate economic development plans for the area; and (2) authorization of special Federal financial aid to build and operate public facilities considered basic for economic expansion, such as roads and health facilities, and to restore some of the national and environmental resources ravaged by neglect and misuse, such as timber and water resources and land damaged by strip mining and poor farming practices.

Title I created the Appalachian Regional Commission (ARC) consisting of one Federal member, appointed by the President and confirmed by the Senate, and the governor or his representative of the 12 States covered by the Act. Commission decisions would require the approval of the Federal member (called the "Federal co-chairman") and a majority of the State representatives. The legislation charged the commission with preparing programs for the economic development of the region, encouraging private investment in the area, assisting in the establishment of local development districts, coordinating regional programs, providing a focal point for discussion of Appalachian policy, and making recommendations to the President and the States to carry out the program.

Administrative expenses of the commission through June 30, 1967 were set for \$2.2 million after which costs would be shared equally by the States and the Federal government. Expenses for the Federal co-chairman's staff, \$200,000, would be drawn from appropriations authorized in Title IV.

Title II authorized a variety of special Appalachian programs and modified several existing Federal programs to the needs of the region. All the aid funds were to be in addition to any Federal assistance that Appalachian States and local governments were receiving under existing Federal grant programs. No program could be undertaken within a State without its consent. Finally, no funds would be permitted for

projects that would relocate facilities from one area to another. Table 1 shows the authorized funds under the Act by program category and funding period covered.

Table 1
**Authorized Funds
under the
Appalachian Regional Development
Act of 1965**

Purpose of Funds	Period Covered	Total Authorized for Period
Highway construction	To June 30, 1971*	\$ 840,000,000
Expenses of Appalachian commission	To June 30, 1967	2,200,000
Federal Cochairman's staff	To June 30, 1967	200,000
Demonstration health facilities—construction	To June 30, 1967	41,000,000
Demonstration health facilities—operations	To June 30, 1967	28,000,000
Conservation	To June 30, 1967	17,000,000
Timber aid	To June 30, 1967	5,000,000
Mining area restoration	To June 30, 1967	36,500,000
Water resource survey	To June 30, 1967	5,000,000
Vocational education facilities	To June 30, 1967	16,000,000
Sewage treatment works	To June 30, 1967	6,000,000
Grant-in-aid supplements	To June 30, 1967	90,000,000
Expenses of local development districts, research	To June 30, 1967	5,500,000
Total		\$1,092,400,000

* Highway authorization for 6 years; all other programs for 2 years.
Source: Public Law 89-4.

Section 201 authorized development highway construction of up to 2,350 miles of road and 1,000 miles of local access roads. Appropriations amounted to \$840 million over the period ending June 30, 1971. The commission would be responsible for recommending the location of these facilities and State representatives would be required to consult with their respective State highway officials before voting on road plans. The Secretary of Commerce was empowered to approve, reject or modify commission recommendations as they affected Federal concerns. Federal aid could not exceed 50 percent of the cost of construction, except in those instances where the commission recommended, and the Secretary of Commerce approved, projects where a higher percentage (up to 70 percent) of the Federal share was required to further the purposes of the Act.

Section 202 authorized through June 30, 1967 up to \$41 million in construction grants for multicounty demonstration health facilities, including hospitals and diagnostic and treatment centers. The Federal share of the grant could not exceed 80 percent of the project cost. Federal grants in the amount of \$28 million were authorized for the operation of health facilities. The Federal share could cover up to 100 percent of the costs during the first two years of operation and up to 50 percent the following three years.

Section 203 provided up to \$17 million in grants to control and prevent erosion and sediment damage and promote good soil and

water resource development policies. The Secretary of Agriculture was authorized to enter into conservation agreements of up to ten years with land owners, whereby payments could be made of up to 80 percent of the costs of improving and developing not more than 50 acres of land.

Section 204 established a \$5 million loan program for fiscal 1966-1967 to timber development organizations. The loans, administered by the Secretary of Agriculture, could cover up to 50 percent of the initial costs of these organizations to improve timber productivity and quality.

Section 205 authorized a \$36.5 million grant program to States to seal abandoned coal mines, reclaim existing strip mines, extinguish mine fires, and expand fish and wildlife projects in connection with mine area restoration. The program, administered by the Secretary of the Interior, would pay up to 25 percent of the costs and could be used only on publicly-owned land, pending completion of the long range mining study to be undertaken by the Secretary of the Interior that was called for in the Act.

Section 206 directed the Secretary of the Army to prepare a plan for the development, control, and efficient use of water and related resources in the region. The Act provided authorizations of up to \$5 million for the study, which was to be completed for submission to Congress by the President by December 31, 1968.

Section 211 provided up to \$16 million in grants to supplement the existing Vocational Education Act funds for construction of vocational schools.

Section 212 supplemented the sewage treatment works program authorized by the Federal Water Pollution Control Act by making an additional \$6 million in grants available for projects in the region.

Section 213 amended the Housing Act of 1954 to make the Appalachian Regional Commission eligible for planning grants under that Act.

Section 214 created a special fund of up to \$90 million to increase the Federal share of existing grant programs to encourage more active program participation of States and local governments in the region. The Secretary of Commerce was assigned administrative authority over the supplemental fund program. The total Federal contribution for any of these programs could not exceed 80 percent of the cost and the authorization was limited only to those Appalachian programs authorized under the Act for the construction or equipment of facilities. For all other grant-in-aid programs, it was limited to the acquisition of land, as well as the construction or equipping of facilities. Highway programs were excluded from supplemental grants. The legislation included such grant-in-aid programs as the Federal Water Pollution Control Act, Watershed Protection and Flood Prevention Act, Title IV of the Public Health Service Act, Vocational Education Act of 1963, Library Services Act, Federal Airport Act, Part IV of Title III of the Communications Act of 1934, Higher Education Facilities Act of 1963, and the Water Conservation Fund Act of 1965.

Title III of the Act defined the local units to which the commission could give assistance through its member State governments. These local units (local development districts) would be certified by their State governments. Funds of up to \$5.5 million were authorized to help with initial administrative expenses of these units. Grants to the local development districts could not exceed 75 percent of their expenses in any one year and could not be made for more than

three years. Title III also provided that applications for such assistance could be made only by a State, a political subdivision of a State, or a local development district. Finally, the Title's provisions also permitted use of these funds for research grants to public or private organizations.

Title IV authorized appropriations of \$252.4 million for the period running to June 30, 1967 for all program categories except highways. Provisions of the Title designated 360 counties in 11 States as eligible for assistance and directed the commission to consult with New York's governor to determine those New York counties that should be included in the program. The termination date of the Act was set for July 1, 1971.

The 1967 Amendments

The 1967 amendments (Title 1 of S 602, 90th Congress) to the Appalachian Regional Development Act proposed by the Administration authorized \$263.15 million for non-highway appropriations for FY 1968-1969, almost \$11 million more than the FY 1965-1967 authorization. The original authorization of \$540 million for the developmental highway program was raised to \$715 million to allow for additional mileage in New York and Pennsylvania.

Three important procedural and definitional changes also were urged. First, fund appropriations would be shifted to ARC which in turn would allocate them to Federal agencies for implementation. Second, the bill gave ARC final review authority in applying program criteria. Applications would not be subject to further review by the Federal agencies, although technical review remained in their hands. Finally, it was proposed to include Mississippi and its 26 counties in the northeast part of the State within the region.

The Senate Committee on Public Works supported the proposed measure, adding an additional \$10.5 million for four new programs—timber research, technical assistance for housing, mine acid drainage program, and cultural program assistance. The committee, however, modified the proposal for direct appropriations to ARC by specifying that funds be appropriated to the President who would transfer them to the ARC Federal co-chairman for further allocation among the Federal agencies. The committee, concerned with the expanding size of the region, limited expansion to 18 Mississippi counties, two Alabama counties, and one New York county. The changes also included a provision that would restrict further enlargement of the region until Congress adopted specific criteria for admission.

The Senate floor debate was generally favorable. An amendment softened the committee proposal for restricting the size of Appalachia by providing that a change in the definition of the region could be considered if a prior resolution by the House or Senate Public Works Committee directed such a study be made. S 602 was passed overwhelmingly in the Senate in April, 1967 by a 68-13 vote. Although the House Committee on Public Works made a favorable report on S 602, the bill had much tougher sledding on the floor than in the Senate. Efforts to cut non-highway spending by \$50 million were successful, while proposals to have road funds appropriated to the Department of Transportation and deletion of the \$5 million housing assistance fund were defeated. The House eventually passed S 602 in September by a 189-168 vote.

The conference committee accepted the House approved ceiling of \$170 million for non-highway appropriations, even though the bill's appropriations for non-highway programs totalled \$248 million. The President signed the legislation into law (PL 90-17) in October.

The 1969 Amendments

Congress and the President completed action in November 1969 on S 1072 (PL 91-123) which extended programs under the Appalachian Regional Development Act of 1965. As in 1967, the bill included amendments to programs authorized under Title V of the Public Works and Economic Development Act of 1965.

The amendments authorized an additional \$150 million for Appalachian highways and extended this program to fiscal 1973. Non-highway authorizations in the amount of \$268.5 million for fiscal 1970-71 were approved.

Section 202 was amended to specify support for child nutrition and health projects and permitted ARC funds to be used in conjunction with other Federal funds to provide 100 percent of the cost of comprehensive child development programs. The Federal share of health demonstration projects was raised from 50 to 75 percent of the operational costs for the third through the fifth years of the program's existence. Section 205 was amended to permit the Secretary of the Interior to make grants directly to States for mine fire extinguishment and allowed the use of Federal funds to underwrite up to 75 percent of the total cost. Grants could be made to fight fires on either public or privately owned land. Section 207 was broadened to allow the Secretary of Housing and Urban Development to assist nonprofit organizations

in the region to construct, rehabilitate and operate low and moderate income housing projects. Section 214 amendments permitted use of supplemental grants for projects prefinanced by State and local governments under the Federal Water Pollution Control Act. Finally, changes to Section 302 allowed continued funding of local development district administrative expenses beyond the three year limit set in the original act.

Debate in both the Senate and House generally praised the program. The ranking Republican on the House Public Works Committee, Representative Cramer, who was a leader in opposition to the 1965 Act, stated his admiration for the way the Appalachian program had been administered. He cited it as a laudable example of Federal-State cooperation. The Administration position, calling for a simple one year extension of existing laws, was rejected in both Houses. The Senate passed the bill by a voice vote and the House approved its version by a 273-103 roll call vote.

Differences in the Senate (\$294 million) and the House (\$250 million) versions on non-highway program authorizations were compromised by agreeing to an authorization of \$268.5 million. Senate conferees also agreed to drop the \$10 million authorization for manpower programs and \$1 million for cultural programs. The President signed the measure on November 25, 1969.

The 1971 Amendments

Action on S 2317 (PL 92-65) was completed in August 1971. As enacted by Congress, this measure was substantially the same as Titles II and III of S 575, an omnibus bill vetoed two months previously by President Nixon, who objected to a \$2 billion accelerated public works program in Title I of the bill.

The amendments extended the Appalachian Regional Development Act through June 30, 1975, except for highway improvement authorizations, which were extended through fiscal 1978. An additional \$925 million was authorized for the highway and local access roads programs. Non-highway program authorizations totaled \$844.5 million through fiscal 1975.

A new four year, \$40 million airport safety improvements program (Section 201A) was approved. Other changes included:

- broadening ARC's child care programs by permitting its funds to be used with other Federal child care funds;
- authorizing mine drainage pollution control projects related to mine area restoration and extended the 75-25 Federal-State cost sharing for such restoration projects;
- providing additional assistance in making low and moderate-

income housing available by subsidizing site development costs (up to ten percent);

—authorizing financial assistance for operation of vocational education facilities and establishment of a comprehensive vocational education demonstration program similar to the existing Section 202, Health Demonstration Program.

The amendments easily passed both Houses, with only two dissenting votes cast in the Senate and by a voice vote in the House. The measure was signed by the President on August 5, 1971.

ARC PROGRAM STRATEGY

The basic strategy underlining the entire ARC program¹³ was laid down by the President's Appalachian Regional Commission. The PARC report concluded that a new approach was essential for the region, particularly in view of the limited effectiveness of existing Federal and State programs.

PARC felt that a policy of growth inducements could focus on the private sector to change some of the trends that had worked to the disadvantage of Appalachia. Underlying this premise was the assumption that correct decisions about public investments and public facility locations can influence private sector trends. If such decisions indeed were made and carried out at the right time and for certain locations, it was felt that spatially competitive alternatives could be created for consideration of private decision-makers who bring about employment opportunities. In reaching this conclusion, PARC was relying upon the experience of many underdeveloped countries that were depending upon public investments to stimulate private capital development.¹⁴

A second strategic concept urged by PARC involved the relationship of Appalachian development to the evolving urban and industrial pattern of the nation as a whole. Data gathered by the study group suggested that areas in and around the country's largest cities would continue to be the residential and occupational magnets of increasing percentages of the nation's population. Further, the studies suggested that the non-commodity producing sectors of the American economy would be the major source of new jobs in the future. The PARC report recognized, therefore, that if Appalachia were to obtain a greater share of national output, it would have to adjust to the evolving trend of an urban, residential, service-oriented economy.

PARC did not urge that new Federal inducements for industrial location be enacted by Congress. It did recommend, however, that States expand their programs of industrial credit activities. Observers close to PARC point out that this course of action was taken because of the intense competitiveness among the

Appalachian States for industrial prospects and the belief that any regional body would face major difficulties making decisions regarding industrial location incentives. While PARC recommended a strategy of growth and stimulation through public investments from all levels, it did not define precisely the character and location of the investments to be made.

At the time PARC was preparing its report, several alternative descriptions of the regional growth process were in vogue. The report cited one of them—a “stages approach”—which emphasized the development of a region from an exploitive extractive base to a local investment in social and human capital (housing, education, health, transportation) followed by a spiraling, self-generative condition that would be wholly independent of natural resources in the area.¹⁵ Another approach stressed the need for a strong export sector in a developing local economy. A third strategy emphasized the importance of urban growth centers with their associated economies of scale and agglomeration. PARC favored none of these approaches exclusively, but elements of all three can be found in its report with the “stages approach” being given somewhat greater prominence.

Adoption of the Growth Strategy

The Appalachian Regional Development Act represents a departure from most Federal economic recovery programs since it did not require that aid be given to the neediest areas. This stems from Section 2 of the Act which spells out a general strategy for areas of potential growth: “The public investments made in the region under this Act shall be concentrated in areas where there is significant potential for future growth, and where the expected return on public dollars invested will be the greatest.”¹⁶ The reasons for Congress adopting the growth potential approach were twofold. First, there was recognition that sufficient funds for every community in Appalachia to engage in development activities would not be available. Second, members were aware that the community-by-community depressed area policy of ARA had not proved to be as successful as hoped for and therefore were receptive to a more selective growth strategy.

The State role with relationship to the growth concept began to crystallize immediately following passage of the Act. State responsibility for designating areas of investment was agreed to in a series of meetings between State and Federal officials and the ARC. Previous studies had found that the principal centers of growth were the major cities. However, the areas of the region, in which poverty and deprivation were most pronounced and which needed remedial actions,

were those where the recent record suggested little likelihood for future economic advance. For program purposes, this strategic dilemma was resolved by establishing growth potential as a relative condition and allowing each State to designate those areas within its part of the region that would be targeted as future centers for expanding employment. The growth potential strategy, then, was applied regionally in principle but within each State, relative rankings were allowed.

While such cities as Cincinnati, Nashville, Atlanta, Charlotte, Columbus, Roanoke, and Harrisburg were not folded into the region by Congress, in practice, the existence and importance of these urban centers has been recognized in ARC planning. The ARC’s investments for programs, such as highways, have improved linkages between nearby areas of the region and these external major cities.

Designation of Growth Centers

The act charged the commission with stimulating economic development within the region by adopting policies and administering its programs to target funds in areas with a significant future potential for growth. The commission has elaborated on this basic provision and provided general guidelines for the designation of the areas with high growth potential. The

Table 2
Growth Area Requirements
of the ARC Code
1971

Section	Description	Required Growth Area Location	Exceptions to Requirements							
			1	2	3	4	5	6	7	
201B	Access Roads	Yes	x	x	x	x				
202	Health Demonstrations	No*								
203	Land Stabilization	Yes								x
204	Mine Area Restoration	Yes			x			x		
207	Housing	Yes								
211	Vocational Education	Yes								x
212	Sewage Treatment	Yes								x
214	Supplemental Funds									(See ** below)

Types of exceptions:

- 1—Residential development
- 2—Recreation development
- 3—Education areas
- 4—Timber development
- 5—Demonstrated significant impact on growth
- 6—Service to isolated areas
- 7—Directly affects a growth area

* Approved health demonstration area required

** Depends on the project.

Source: Appalachian Regional Commission. Draft Staff Evaluation Report, 1971.

interpretation of these guidelines and the responsibility for the selection of the areas, however, is assigned to the States.

Table 2 summarizes those ARC programs that

must conform to the growth center strategy. Certain exceptions to the growth center policy also are noted.

The States have used various approaches in designating areas of relatively high-growth potential. The following summary shows that State Appalachian development plans use almost as many different approaches as there are States involved.

1. **Alabama**—The 1970 Alabama State Plan delineates both primary and secondary growth regions containing growth poles (urban centers of industry, commerce and administration) and growth points (lower order service and employment centers). Primary growth regions may contain both growth poles and points, while secondary regions, which are smaller and more isolated, contain only points. This delineation is a result of a gradual evolution beginning with the simple selection of growth areas with no differentiation between them. Recently, Alabama has been moving toward the recognition of interstate growth areas which are dependent on out-of-State dominant centers.
2. **Georgia**—This State has used the same approach of delineating cities and growth corridors throughout the existence of the program. The cities are further classified into areas of high and medium potential. No hinterland areas or interstate areas are defined.
3. **Kentucky**—Kentucky has submitted a plan (1967) which identifies complexes of centers at five different levels (metro, primary, secondary, tertiary, satellite). Each local development district in Kentucky contains one or more such centers. The plan does not identify interstate growth areas.
4. **Maryland**—Although Maryland did not specify growth areas in its first plan, the second plan (1967) identified primary and secondary growth centers (cities) and their associated hinterland. The plan does not discuss interstate growth areas.
5. **Mississippi**—In its first regular plan approved by the Commission in 1969 (Mississippi was not included in Appalachia until 1967), Mississippi defined primary and secondary growth centers and their associated hinterlands. Again, no interstate areas were taken into account.
6. **New York**—In general, New York has maintained its original (1966) growth area delineation, including primary and secondary growth areas having a center and a hinterland. The secondary areas were subsequently upgraded to primary areas. This plan does recognize interstate growth areas.
7. **North Carolina**—North Carolina's initial plan in 1967 identified three levels of growth cities: primary, secondary and urban. Subsequent plans have not altered this procedure, although the number of growth cities has consistently increased. Neither interstate growth areas nor hinterlands are discussed.
8. **Ohio**—Ohio's approach to the definition of growth area has evolved from an initial designation of growth areas in combination with primary and secondary centers to the narrower designation of only primary and secondary growth cities. Later plans also recognize the influence of dominant areas outside Appalachian Ohio.
9. **Pennsylvania**—Initially, Pennsylvania classified all its Appalachian counties according to their relative growth potential. In 1968, this was changed to the designation of "economic activity areas" (municipalities and their associated hinterlands). These areas are in no way ranked. The definition of "economic activity areas" does take account of the influence of out-of-state dominant areas.
10. **South Carolina**—This State has become increasingly sophisticated in its definition of growth areas. Initially, such areas were identified as growth corridors and were located along the principal interstate highways. In subsequent plans, primary areas and their urban centers were designated growth areas. The influence of areas in other states is not considered.
11. **Tennessee**—Tennessee's first plan defined growth cities and ranked them as primary, secondary or tertiary. No hinterlands were designated except for the Tri-Cities area (Bristol, Kingsport and Johnson City), the Knoxville areas and the Chattanooga and Cookeville areas. Interstate areas are recognized only in the case of Bristol, Tennessee-Virginia.
12. **Virginia**—The approach used by this State has been to define primary growth areas around major highway corridors and labor shed areas. No specific mention is made of the central cities. However, the names of the areas imply the dominant centers (e.g., Duffield-Wise). Interstate influence is recognized in the case of Bristol, Tennessee-Virginia.
13. **West Virginia**—In its initial plan, West Virginia identified supplemental (primary), developmental (secondary) and complementary (hinterland) investment areas. This was changed slightly in 1970

when the areas were designated as developmental (primary), complementary (secondary) and supplementary (tertiary). Interstate influences are taken into account.

More than half the States have not altered their original plan in defining growth areas. Of those remaining, three have made a major modification and two have undergone a gradual evolution in their growth center strategy. The latest plan submissions of only four States have designated cities without their associated hinterlands. Two designate only multi-county areas without specifying the urban center, while the rest designate both cities and their surrounding areas. Only a few of the States consider the interstate nature of certain growth areas in their plans.

The member States appear to have taken the first difficult political and technical step in designating growth and non-growth areas. This is not to say that improvement in the methods of defining these areas is not necessary. But the commission's staff feels this process will be an evolutionary one with States experimenting with approaches best suited to their unique characteristics and needs.

Nevertheless, a shortcoming of the present delineation process is the lack of explicit consideration by most States of the interstate nature of certain growth areas. Much more cooperation in working together in developing an investment program will be necessary if the full benefits of an efficient regional investment policy are to be realized.

Analysis of Project Approvals and Allocations

ARC staff studies, completed in 1971, provide information on the way States have carried out their growth area policies. The analysis examined project approvals to determine whether there has been a tendency to spread investments uniformly among their counties; whether the placement of investments shows any relation between concentrations of people to be served and project allocations; and finally, whether project allocations to designated growth areas have in fact provided a selective framework for targeting investments.

Table 3 would appear to indicate that State project approvals have not simply spread investments haphazardly or uniformly among counties within States. Excluding highway funds, five percent of the counties (20 out of 397) accounted for just over 30 percent of total funds invested. More than half of this total was concentrated in just 15 percent of the counties. Sixty-four counties received no investments under the ARC program.

Table 3
Cumulative Investment by County
1965-1970*

Percent of Total Number of Counties	Percent of Total ARC Investment
5.0	31.5
10.0	45.2
15.0	55.0
20.0	63.9
25.0	70.6
30.0	76.4
40.0	85.6
50.0	92.1
60.0	96.5
70.0	98.9

*Counties are arranged according to quantity of ARC investments made, in descending order, i.e., the first five percent includes those counties with the highest absolute quantity of ARC investment.

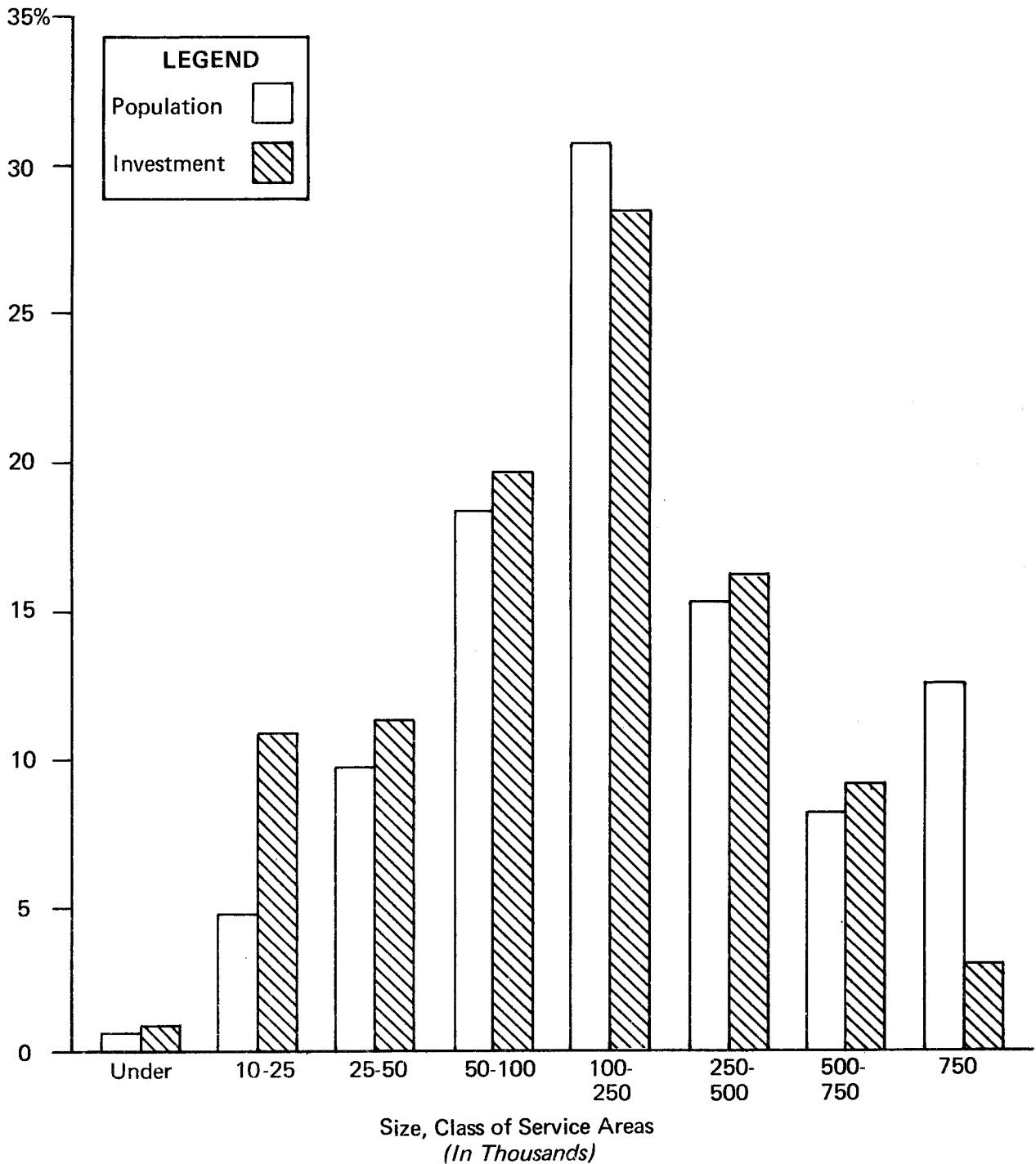
Source: Appalachian Region Commission, Draft Staff Evaluation Report, 1971.

Analysis of placement of funds in State designated growth areas required the ARC staff to make a new definition of service areas in order that a uniform base for comparison could be established. A total of 173 service areas were classified as primary markets. These service areas also included surrounding dominant centers or growth areas. Tables 4 and 5 reveal the size distribution of these areas. The service areas covered in these Tables contain approximately 85 percent of the region's population and have an average population size of 87,350. Figure 2 indicates the investment allocation according to the size of these areas and shows a strong relationship between population size and the amount of commission investments. The only exceptions occur with the largest and smallest groupings.

In analyzing total investments to service areas by category size (see Table 6), the ARC staff studies show that almost half the funds have been placed in the middle-size service areas (50,000-250,000 population), with the 100,000 to 250,000 group receiving the largest amount. On a per capita basis, investment has favored the 10,000-25,000 and under 10,000 categories. Since centers in these areas contain very small communities, questions could be raised regarding this investment strategy.

Interstate service areas also were defined for the purposes of this analysis. The 26 interstate service areas are key centers of influence within the region and investment allocations are shown in Table 7. The data show a significant concentration of investment in interstate service areas—a surprising result in view of the lack of explicit consideration of interstate relationships in State plans and growth area designations.

FIGURE 2
Investments (1965-1970) and Population (1960) as a Percent
of Totals for Service Areas
(by Service Area Size Class)



Source: Appalachian Regional Commission, Draft Staff Evaluation Report, 1971.

Table 4
**Size Class Description of
 General Service Areas,
 1971**

Population Size Class	Number of Areas	Population in Size Class *	Average Population Within Class	Percent of Total Service Area Population
Under- 10,000	10	85,000	8,500	0.6
10,000- 24,999	44	726,300	16,507	4.8
25,000- 49,999	40	1,410,200	35,255	9.3
50,000- 99,999	39	2,799,200	71,774	18.5
100,000-249,999	30	4,630,600	154,353	30.7
250,000-499,999	7	2,315,500	330,786	15.3
500,000-749,999	2	1,233,700	616,850	8.2
750,000-& over	1	1,911,000	1,911,000	12.6
Total	173	15,111,500	-	100.0

* 1960 population rounded to nearest hundred.

Source: Appalachian Regional Commission, Draft Staff Evaluation Report, 1971

Table 5
**General Service Areas by State
 1971**

Appalachian Portion of	1960 Population	1960 Service Area Population	Percent	Number of Service Areas **	Average Service Area Population
Alabama	1,982,300	1,596,000	80.5	18	86,670
Georgia	675,200	531,200	78.7	7	96,460
Kentucky	922,200	719,900	78.1	21	43,910
Maryland	195,800	191,600	97.9	3	65,270
Mississippi	406,200	307,900	75.8	12	33,850
New York	1,000,100	808,600	80.9	14	57,760
N. Carolina	939,700	813,100	86.5	12	67,760
Ohio	1,119,600	974,100	87.0	17	57,300
Pennsylvania	5,930,800	5,424,300	91.5	52	104,313
S. Carolina	585,500	544,200	92.9	3	181,400
Tennessee	1,607,700	1,342,300	83.5	11	122,020
Virginia	500,900	356,700	71.2	6	59,450
W. Virginia	1,860,400	1,501,600	80.7	25	60,060
Region	17,720,200	15,111,500	85.2	173	87,350

* 1960 population rounded to nearest hundred.

** Includes portion of interstate areas within the boundaries of a State.

Will not total 173 service areas.

Source: Appalachian Regional Commission, Draft Staff Evaluation Report, 1971

Table 6
Investment in Service Areas by Size Class

Population Size Class	Population 1960	Investment 1965-70	Investment Per Capita
Under 10,000	85,000	\$ 2,388,189	\$28.09
10- 24,999	726,300	28,185,063	38.80
25- 49,999	1,410,200	29,078,465	20.62
50- 99,999	2,799,200	50,509,607	18.04
100-249,999	4,630,600	72,751,433	15.71
250-499,999	2,315,500	41,373,332	17.87
500-749,999	1,233,700	23,530,380	19.07
750,000+	1,911,000	7,842,952	4.10
	15,111,500	\$255,559,421	\$16.91

Source: Appalachian Regional Commission, Draft Staff Evaluation Report, 1971

The final growth center analysis undertaken by ARC staff consisted of classifying State designated areas according to levels of growth potential. If the growth strategy as commonly understood was, in fact, being pursued by the States, project investments should be concentrated in the higher level growth potential areas. However, modifications to this rule are permitted, especially in people related programs, where States may place projects in lower level or non-growth areas, provided they meet the rather rigid ARC Administrative Code criteria relating to such exceptions.

Nearly one-quarter of a billion dollars has been approved for growth area projects from 1965 through 1970. This figure excludes developmental highways;

Table 7
Investment in Interstate Service Areas,
1971

	Total Service Area Investment	Percent of Total Investment	1960 Population Served	Percent of Total Appalachian Population	Capita Capita Investment
Multi-state Investments	\$ 77,548,609	30.3	2,311,600	15.3	\$33.54
Single-state Investments	17,216,855	6.8	1,194,900	7.9	14.41
Total	94,765,464	37.1	3,506,500	23.2	27.02
Region	255,559,421	100.0	15,111,500	100.0	16.91

Source: Appalachian Regional Commission, Draft Staff Evaluation Report, 1971

health demonstration, research and local development district funding; and certain multicounty grants to school systems and a few access roads, all of which serve large areas and are not directly assignable to growth areas. The ARC staff study found that approximately 50 percent of the approved projects have been concentrated in first level growth potential areas with second level areas accounting for an additional 11 percent. In the third, fourth, and fifth level areas, eight percent of the project approvals were concentrated. Funds approved for non-growth areas—the sixth level—amounted to 11 percent of the total. The remaining amount—21 percent—was approved during the quick start period of the ARC program before growth areas had been defined by the member States.

Table 8
CONCENTRATION OF INVESTMENTS
IN GROWTH AREAS BY STATE,
1965-70*

State	Growth Area Levels			
	1	2	3, 4, 5	6
Alabama	84.3	1.4		14.3
Georgia	33.2	27.1	—	39.7
Kentucky	2.2	45.8	42.0	9.9
Maryland	86.0	14.0	—	—
Mississippi	87.2	6.9	—	5.9
N. Carolina	17.3	36.5	43.4	2.8
New York	80.5	9.9	—	9.6
Ohio	87.2	9.7	—	3.1
Pennsylvania	86.1	4.8	2.9	6.2
S. Carolina	68.6	9.1	—	21.3
Tennessee	38.7	26.5	24.3	10.5
Virginia	61.5	—	—	38.5
W. Virginia	67.3	3.0	9.5	20.2
Region	62.1%	13.9%	10.3%	13.7%

*Figures include only investments made after the designation of growth centers.

Source: Appalachian Regional Commission, Draft Staff Evaluation Report, 1971

Table 9
PROJECT DOLLARS BY GROWTH AREA
LEVEL AND INVESTMENT CATEGORY
(IN PERCENT),
1965-70

Investment Category	Growth Level Areas				
	1	2	3, 4, 5	6	Total
Health	50.0%	18.7%	14.0%	17.3%	100.0%
Education	61.6	15.5	9.5	13.4	100.0
Water & Sewer	46.7	14.1	10.7	28.5	100.0
Airport	64.2	12.2	13.2	10.4	100.0
Other*	50.9	20.0	21.1	8.0	100.0
Total**	57.2%	15.9%	10.6%	16.3%	100.0%

*"Other" specifically excludes all access roads and mine area restoration on the grounds that adequate or consistent information was not available for all projects. Development highways, health demonstration, research and LDD funding were also excluded.

**Note the percentage distribution of this row is not equal to the distribution of the preceding table. This is due to the removal of all access roads and mine area restoration projects.

Source: Appalachian Regional Commission, Draft Staff Evaluation Report, 1971

The overall performance of each of the participating States from the beginning of the program through Fiscal Year 1970 is shown in Table 8. Projects authorized before submission of a State's first development plan, are not included. The data here clearly show that States have varied their policies with respect to concentration of funds in growth areas. The lowest percentages of funds allocated to first level growth areas occurred in Georgia, Kentucky, North Carolina, and Tennessee. In Kentucky and Tennessee, the first level growth areas are large metropolitan cities and both States avoided placing substantial funds in these areas because it was felt that their impact would be minimal. Georgia, on the other hand, has designated four "high" growth potential areas and 15 "medium"

growth potential areas, but placed a higher percentage of the investments in non-growth areas. For the remaining States, a high degree concentration of funds in the first level group and a low degree in the non-growth areas are found.

The commission staff also analyzed project allocations by program type, including health, education, water and sewer, airports, and others. Table 9 shows this allocation of project dollars by growth area level and investment category. The first and second level growth areas totalled close to 70 percent of the funds in each category, with one exception. Water and sewer projects totalled only slightly more than 60 percent in the first and second growth areas. Here, commission procedures for assuring the primacy of growth center investments may have been deficient.

Summary

The ARC staff analysis on the concentration of projects in growth centers tends to show that the commission's strategy has been moderately successful. However, in permitting member States to formulate their own approach to growth area delineation, there has been a tendency for them to look no further than the boundaries of the State itself. Few cases of deliberate interstate cooperation in defining growth areas and project placement have occurred, even though a fairly substantial percentage of ARC project funds were placed in interstate service areas. This finding may be more a result of the fact that urban places in these interstate areas are dominant or primary centers in Appalachia rather than a result of interstate cooperation.

THE ORGANIZATION OF ARC

The policy-making structure of ARC is vested by the Act in the 13 State representatives and the Federal co-chairman. All formal actions require the affirmative vote of the Federal co-chairman and a majority of the State representatives. Each State member may be the governor, or his designee, or another person as provided by State law. The Federal co-chairman is appointed by the President with the advice and consent of the Senate. The Act requires that each State member and the Federal co-chairman shall have an alternate who shall be appointed in the same manner as prescribed for the member. Finally, the Act provides that the State members of the commission shall elect a co-chairman from among their number.

The Federal co-chairman has a small staff, supported entirely by Federal funds, and is primarily responsible for assisting in the evaluation and coordination

of the ARC program with other Federal agencies. His right of veto, a source of great power, has not been exercised by any of the four appointees.

At the first meeting of the commission, April 19, 1965, the governors established the position of State's regional representative to act as the "functional equivalent" of the Federal co-chairman in the day-to-day operations of ARC. This action was taken solely on State initiative and no reference to the position can be found in either the President's Appalachian Regional Commission report, the Senate or House hearings, or in the Act itself. The State's regional representative serves to carry out the functional responsibility of the State co-chairman under the policy direction of the governors and the State co-chairman. He has a small staff, supported entirely by State funds, to assist him in working with member States. Since the inception of the program, two persons have served in this position with the incumbent appointed in June 1966.

The staff of the commission, with offices in Washington, D. C., serves under an executive director and since July 1, 1967 its financing has been shared equally by the member States and the Federal Government. Duties within the staff (see Figure 3) are assigned as follows:

Executive Staff—General Counsel, Deputy Director (Secretary to the commission) Comptroller and Administrative Services, and Information Services.

Program Operations—Program Control, State and District Operations.

Program Development—Education and Manpower, Health, Child Development, Youth, Transportation and Community Development, Environment and Resources, Intergovernmental Administration.

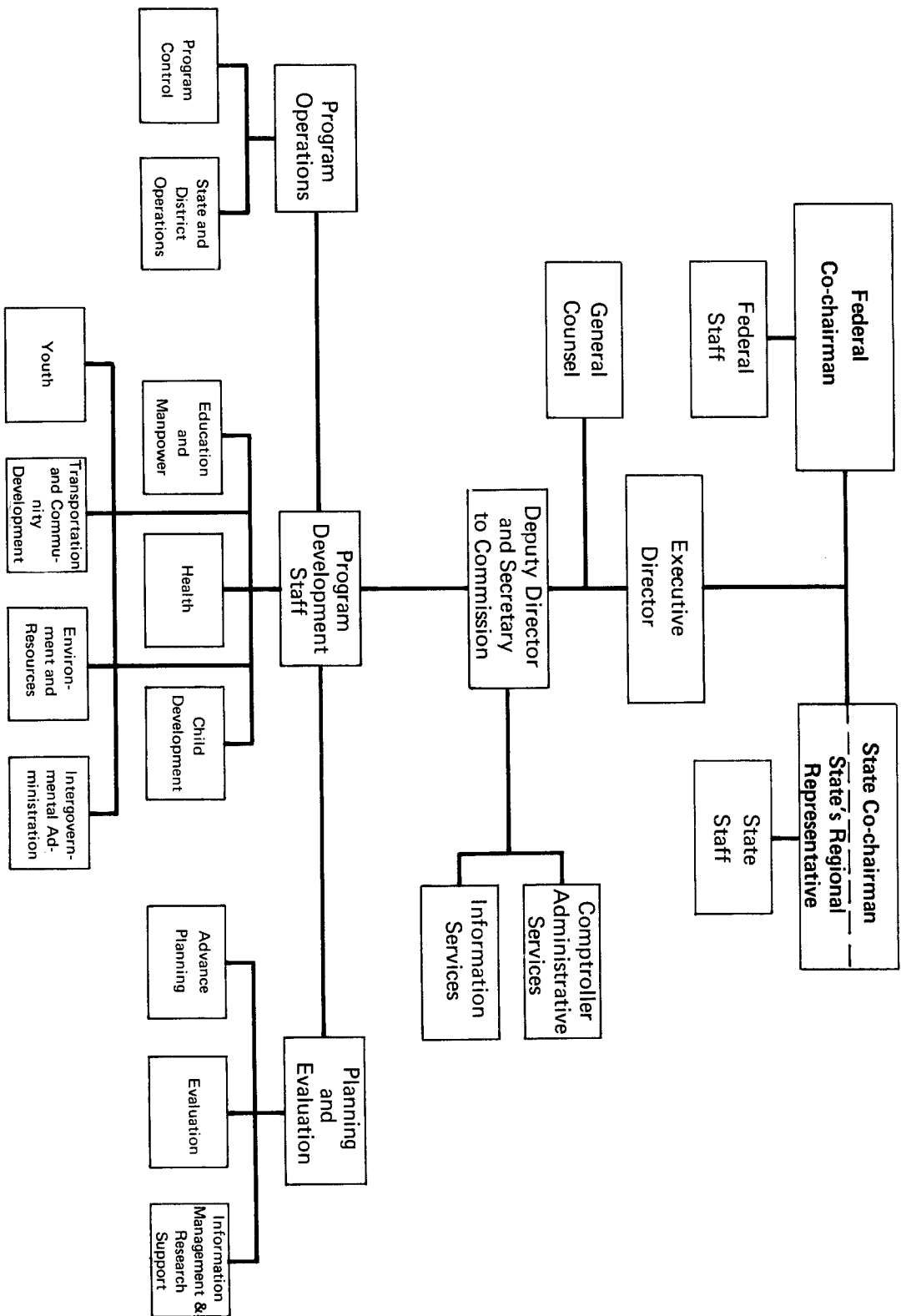
Planning and Evaluation—Advance Planning, Evaluation, Information Management and Research Support.

The commission generally meets once a month to consider specific projects submitted by individual States and to take action on policy guidelines for development of various programs and allocation of funds among the States for these programs. All of the decisions of the commission relating to policy and procedures on administrative and housekeeping matters as well as planning and program guidelines constitute the ARC Code. This code, in effect, is a statement of the guiding principles and procedures of the Appalachian regional program.

Executive direction of ARC between commission meetings is in the hands of the Federal co-chairman,

FIGURE 3

Appalachian Regional Commission Staff Structure



Source: Appalachian Regional Commission

the State's regional representative and the executive director, who is a non-voting member. Together, they constitute the executive committee of the commission. The committee is responsible for conducting the administrative affairs of ARC and has been delegated certain program functions, including review and approval of project proposals, altering program allocations at the request of any two States for a transfer of funds between them, and approval of State development plans. At each commission meeting, the executive committee is required to submit a report on any plans, programs, and projects it has approved in exercising its delegated authority. The committee further must report on any policy issues discussed in its meetings and provide a statement of the position of each member.

FUNDING THE PROGRAM

The following section will examine the funding pattern of the special Appalachian programs, the allocation of these funds to the member States, the use of the innovative supplemental grant by the States and finally, the trading process between the States of unwanted or underutilized funds from one program to another.

Program Requests, Authorizations and Appropriations

The first budget requests, authorizations, and appropriations made for fiscal years 1965-1967 were largely based on recommendations of the President's Appalachian Regional Commission. Only two changes were made by the 89th Congress—the substitution of the \$17 million land stabilization program for the original \$17 million pasture improvement program in order to allay the objections of western State cattle interests and the addition of the \$36 million mine restoration program to gain the support of Pennsylvania.

Appropriations for fiscal year 1967 were divided among several acts since each Federal agency related to the Appalachian program at that time had to present its portion of the President's budget request separately. As Table 10 shows, the budget request of \$201.2 million was substantially below that requested the previous year and likely was attributable to rising costs of the Vietnam War.

The hardest hit programs were those where the gap was greatest between appropriated and obligated funds during the preceding year. The highway program took the largest cut (\$70 million), followed by health facilities (\$18.5 million), supplemental grants

(\$10 million), and mine restoration (\$6.08 million). The budget request for the vocational education program, on the other hand, remained unchanged from that of the previous year. Overall, the President's budget request called for more reductions in the highway than in non-highway programs.

While Congress cut the President's total Appalachian fiscal year 1967 request from \$201 million to \$158.5 million, again a non-highway preference was evident. The highway program was reduced about 24 percent but non-highway programs were cut only 17 percent.

Increased authorizations were sought by ARC staff for fiscal years 1968-1969.¹⁷ Nearly 32 percent more in non-highway funds authorizations (\$332 million) and a 25 percent increase in highway authorizations were requested. The greatest hike in the non-highway category was the amount for supplemental grants (\$60 million). More highway funds were sought to allow for expanded mileage in the system. The President cut back ARC requests for additional authorizations in both the non-highway and highway categories (20 and 17 percent, respectively). Congress further reduced the authorizations with a 35 percent cut in non-highway programs. It left the President's request for the highway program intact, thus continuing this program's dominance in ARC authorizations (\$715 million).

The President's budget requests, however, for fiscal years 1968 and 1969 were only \$100 million and \$125 million, respectively, and apparently were the result of the large amount of unobligated funds in this program. The President's fiscal year 1968 appropriations request for non-highway funds represented a modest reduction of \$5.9 million from the preceding year; the appropriations request for fiscal year 1969 constituted an increase of \$24.4 million. Again, a preference for the non-highway programs appears.

Congress reduced the appropriation requests in both program areas for these years, but cut back funds disproportionately less in the non-highway sector. The latter were reduced by only 7.5 percent while the highway program cut came to 30 percent.

This pattern of Congressional reductions of budget requests changed for fiscal years 1970 and 1971. In 1970, Congress reduced non-highway program requests by \$5 million but appropriated \$7.5 million over the request in 1971 for these programs. No change in either fiscal year was made by Congress in budget requests for the highway sector.

Examination of Table 10 shows that funds requested and appropriated shifted from highway dominated funding for fiscal years 1965-67 to more balanced funding for fiscal years 1968-1971. Part of this shift may be due to the difficulty of the States in commit-

Table 10
APPALACHIAN REGIONAL COMMISSION
AUTHORIZATIONS, BUDGET REQUESTS, AND APPROPRIATIONS
1965-1971
(thousands of dollars)

Section of Act	Program	1965-1966		1967		1968-1969		1968		1969		1970		1971		Cumulative Appropriations thru 1971	
		1965-1967 Authorizations	Budget Request	Appropriations	Budget Request	Appropriations	Authorizations ²	Budget Request	Appropriations	Budget Request	Appropriation	1970-1971 Authorizations ²	Budget Request	Appropriations	Budget Request		Appropriations ⁵
202	Health Demonstration	\$ 69,000	\$ 21,000	\$ 21,000	\$ 2,500	\$ 2,500	\$ 50,000	\$ 15,000	\$ 1,400	\$ 25,000	\$ 20,000	\$ 90,000	\$ 35,000	\$ 34,000	\$ 42,000	\$ 42,000	\$ 120,900
203	Land Stabil.	17,000	8,500	7,000	4,375	3,000	19,000	3,300	3,300	3,000	2,815	15,000	7,000	3,000	—	—	19,115
204	Timber Development ¹	5,000	1,350	600	500	—	2,000	—	—	—	—	—	—	—	—	—	600
205	Mine Area: ¹	36,500	18,000	16,950	11,916	7,100	30,000	1,200	—	1,300	335	15,000	6,000	5,000	5,000	4,000	33,385
	Bu. of Mines		16,250	15,600	10,566	7,000	30,000	800	—	1,300	335	15,000	6,000	5,000	5,000	4,000	31,935
	Fish & Wildlife		1,750	1,350	1,350	100	—	400	—	—	—	—	—	—	—	—	1,450
206	Water Resource Survey	5,000	1,700	1,500	1,830	1,500	2,000	2,000	2,000	—	—	—	—	—	—	—	5,000
207	Housing Fund	—	—	—	—	—	5,000	—	1,000	2,000	1,000	3,000	1,000	1,000	1,000	1,000	4,000
211	Voc. Ed. Facil.	16,000	8,000	8,000	8,000	8,000	26,000	7,000	12,000	14,000	14,000	50,000	25,000	25,000	25,000	24,000	91,000
212	Sewage Treatment	6,000	3,000	3,000	3,000	3,000	6,000	2,700	1,400	4,000	—	—	—	—	—	—	7,400
214	Supplemental Grants	90,000	45,000	45,000	35,000	30,000	97,000	30,000	34,000	36,300	32,450	82,500	35,000	34,000	40,000	48,500	223,950
302	Research & LDD	5,500	3,000	2,500	3,000	2,750	11,000	3,000	1,600	3,000	3,000	13,000	3,500	5,500	7,500	7,500	22,850
	Less Limitation	—	—	—	—	—	-78,000	—	—	—	—	—	—	—	—	—	—
	Total Non-Highway	250,000	109,550	105,550	70,121	57,850	170,000	64,200	56,700	88,600	73,600	268,500	112,500	107,500	120,500	127,000	528,200
201	Highway	840,000	200,000	200,000	130,000	100,000	715,000	100,000	70,000	125,000	100,000	695,000 ³	175,000 ⁶	175,000	175,000	175,000	820,000
	Total Program	1,090,000	309,550	305,550	200,121	157,850	885,000	164,200	126,700	213,600	173,600	963,500 ³	287,500	282,500	295,500	302,000	1,348,200
105	Admin. Expenses	2,400	1,300	1,290	1,110	1,110	1,700	800	746	879	850	1,900	890	932 ⁴	958	958	5,876
GRAND TOTAL		\$1,092,400	\$310,850	\$306,840	\$201,231	\$158,950	\$886,700	\$166,000	\$127,446	\$214,479	\$174,450	\$966,400	\$288,390	\$283,390	\$296,458	\$302,958	\$1,354,076

¹ Appropriations are adjusted to account for reappropriations to other accounts—for 204 and 205 programs of \$1.2 million.

² 1968-69 and 1970-71 authorizations are new authorizations. Authorizations not appropriated lapsed in 1967 and 1969.

³ Includes authorization of \$175 million and \$170 million for 1972 and 1973 respectively.

⁴ Included transfer of \$42 thousand to this account from 204 Timber Development.

⁵ Includes \$8.5 million Supplemental Appropriation for Airport projects under Section 214.

⁶ Includes an additional \$175,000,000 appropriation request to be available in FY 1971.

Source: Appalachian Regional Commission

ting highway funds and, as discussed later, ARC's growing preference for greater support for non-highway categories.

Finally, Table 11 groups non-highway programs into three major categories: human resources, natural resources, and community facilities. Changes in program funding are revealed for fiscal years 1965-1968 and fiscal years 1969-1971. A three-fold increase in appropriations for human resources programs (health, housing, and vocational education) was made during fiscal years 1969-1971; natural resource programs were cut about two-thirds for the same period; and the community facilities programs remained the same. In other categories, appropriations for fiscal years 1969-1971 were nearly tripled for research, planning, and support of local development districts; slightly reduced for ARC administration; and increased by one-fourth for highways. Thus, concern for people-related programs has received considerable support even though highway appropriations still command a large share of ARC appropriations.

State Allocations

The first procedure for State allocation of funds approved by ARC was for the Appalachian Development Highway System. The approved program was essentially the same as that presented a year earlier in the report of the President's Appalachian Regional Commission and reflected the ARC's desire for a quick start on a program that would lead to early visible results. The PARC highway plan consisted of selecting corridors for highway facilities that would fill in gaps left by the interstate highway system. This initial selection process preceded the criteria of serving areas with a developmental potential which were developed later by ARC.

Several minor State allocation changes to the Regional Highway Plan were made in the two years following 1965. Following the amendments to the act in 1967, however, the highway program allocation procedures were adjusted to allow for the increased authorizations for financing corridors in New York and Pennsylvania and for funding the local access road program. Allocations are now made to the States on an annual basis and are based on an amount the State feels it can absorb during the fiscal year as it is extremely difficult for all of them to raise their share in concert. For example, prior to 1967, Virginia was ready to commit 90 percent of its total allocation all at once, but West Virginia could not begin its program until 1968 when voters approved a \$350 million bond issue for matching Appalachian highway funds.

A 1971 report of the General Accounting Office was

Table 11
**APPALACHIAN REGIONAL COMMISSION
PROGRAM APPROPRIATIONS
1971**

	Fiscal Years 1965-1968 (millions)	Fiscal Years 1969-1971 (millions)
Human Resources		
Health	\$ 24.9	\$ 96.
Housing	1.	3.
Voc. Ed.	28.	63.
Total	\$ 53.9	\$162.
Natural Resources		
Soil Conservation	\$ 13.3	\$ 5.8
Timber Development	.6	.0
Mine Restoration	24.1	9.3
Water Study	5.0	.0
Total	\$ 43.0	\$ 15.1
Community Facilities		
Water and Sewer	\$ 7.4	\$.0
Supplemental	109.	114.9
Total	\$116.4	\$114.9
Other		
Research, Planning and Districts	\$ 6.9	\$ 16.0
Administration	\$ 3.1	\$ 2.7
Highways	\$370.	\$450.
Total	\$593.3	\$760.7

Source: Appalachian Regional Commission, Draft Staff Evaluation Report, 1971

critical of the Appalachian development highway program procedures.¹⁸ The practice of ARC in permitting the States to set their own priorities for highway construction, the report concluded, resulted in piecemeal scattered highway projects and was inconsistent with Congress' recognition of the need for a comprehensive regional program. The report recommended that Congress consider requiring ARC commitment to a regional approach and to "allocate the remaining funds for the highway program to projects having the highest regional priorities."¹⁹

The ARC defended its approach and stated that GAO had overstated the problem of highway fragmentation.²⁰ It argued that it followed existing Federal aid highway procedures where priorities are established by the States to avoid creating a new layer of organization and procedures that would have been necessary to carry out the program on a regional basis. Further, delays in State funding and the need to resolve complex local issues would have prohibited completion of all the corridor highways in their entirety. Finally, ARC pointed out that the governors have substantial authority under the Act to recommend to the commission specific projects for action

within his State. ARC then cannot require a State to accept a project or program without its consent.

The ARC has used greater flexibility in allocation procedures for other program areas. Allocation formulas for certain non-highway programs—land conservation, mine restoration (rescinded in late 1966), housing, vocational education, sewage treatment, supplemental grants, and local development districts—were adopted at the first few meetings of the commission and generally are based on the fair-share principle. State allocation of funds for Section 202 health programs was not initiated by ARC until fiscal year 1968.

The State allocations for these programs are determined by a combination of some or all of the following factors: a flat amount for distribution to each State, land area, population, per capita income, and a State's need for a particular program. The need factor in all instances is recognized but the weight given each factor in the formulas is developed in a way to reflect politically acceptable ratios of fund allocation.

The Supplemental Grant Program

Section 214 of the Appalachian Regional Development Act permits the commission to supplement local funds in the financing of grant-in-aid projects with specially appropriated Federal funds. This program is considered one of the most innovative concepts included in the Act. The local contribution may be reduced to as low as 20 percent of the project's cost.

Notwithstanding these limitations, the total supplemental grant appropriations from fiscal years 1965 through 1971 (\$223,950 million) amounted to slightly more than 42 percent of the funds appropriated for all the non-highway programs. The allocation to the States of Section 214 funds is set forth in the ARC code and is made by the commission according to the distribution percentages produced by the following formula:²¹

- 14 percent based on funds divided equally among the States;
- 14 percent based on a State's land area within region;
- 28 percent based on population of State within region;
- 44 percent based on per capita income of State's population within the region.

The last step of this allocation process takes place when the commission each year determines the dollar amount to be reserved to each State. This figure reflects the amount determined by distribution for-

mula, transfers made between the State and adjustments for repayments due during the previous fiscal year.

Since each of the member States have considerable leeway in using these grants for a number of different programs, the effect of this procedure permits States to adjust their initial allocation in the non-highway program areas. Table 12 reveals the program preferences of each State. Kentucky, for example, has spent the bulk of its supplemental grant allocation on vocational education, while Maryland has concentrated on hospital construction. Georgia and New York, on the other hand, have given highest priority to sewage treatment facilities.

Finally, taken as a group, Figure 4 shows that the States overwhelmingly have placed a greater value on human resource and related facility programs. Thirty percent of the supplementary funds were used for education other than vocational education, 23 percent for vocational education, and 27 percent for health facilities. This emphasis on additional dollars for human resources, it might be noted, was generated by the States in their program priorities and is not reflected in the recommendations of the President's Appalachian Regional Commission report or in the nondiscretionary programs of existing legislation.

Transfers of Allocated Funds Between States

Originally, the allocation process made no provision for transferring funds from one category to another, if a State either did not desire to participate in a particular program or simply could not raise its matching share to a level permitting use of all the available Federal dollars.

Pressure for a more flexible State allocation culminated in the ARC adopting in July, 1966, a resolution permitting States to trade non-highway funds from one program to another.²² A State, then, which could not obligate, or did not choose to obligate, all its funds in a given program by the end of a fiscal year could request the commission (authority delegated to the executive committee) to reallocate these funds to a State that could absorb more funds in the same program area. Kentucky and Pennsylvania, for example, had a standing Appalachian program of building a statewide system of vocational schools. Both states used their trading position with States to obtain additional vocational education funds. Without this trading process, they might have spent funds on lower priority needs. Finally, if a State cannot obligate all of its share of program costs in one year, it can loan its

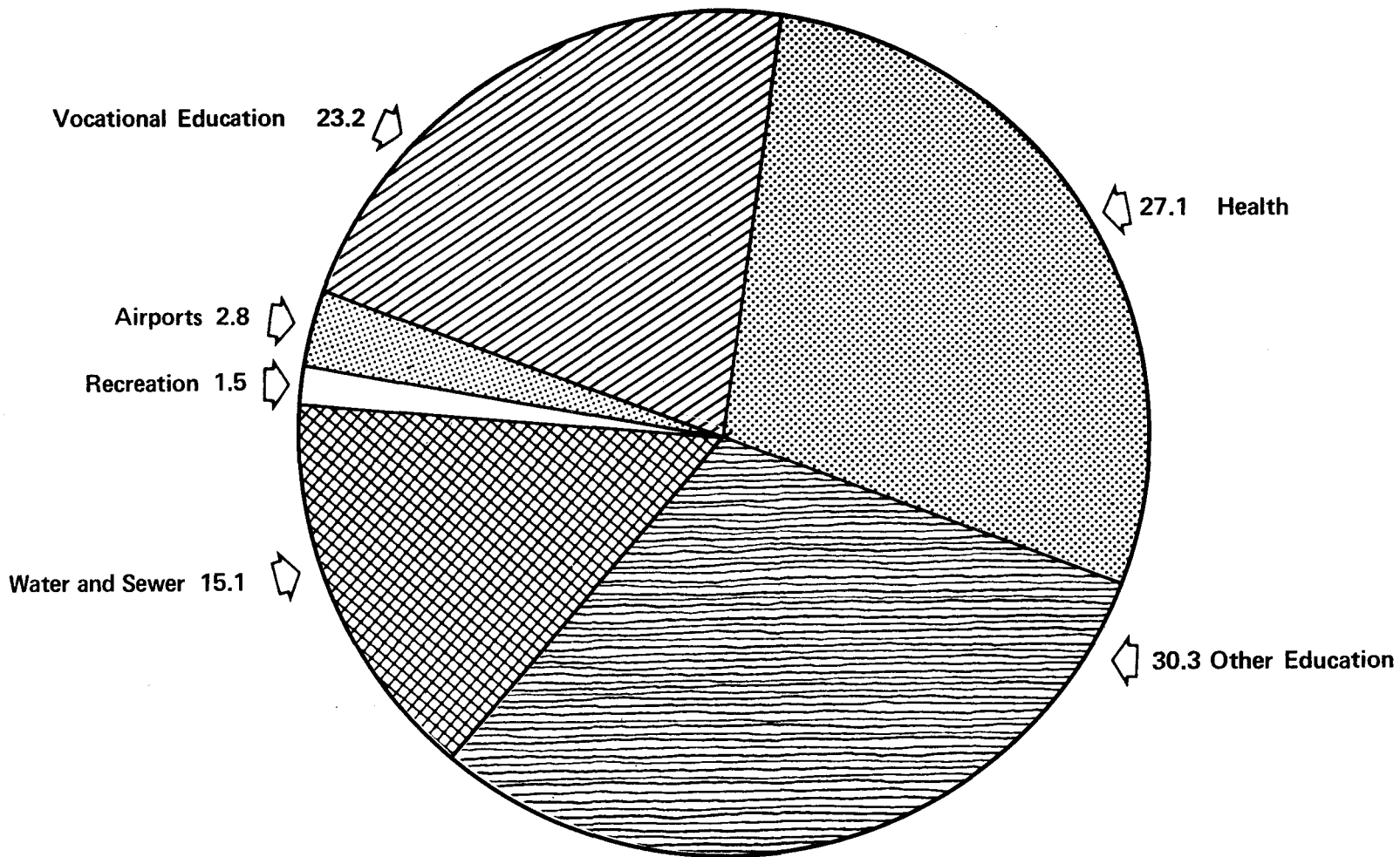
Table 12
APPROVED FUNDS FOR SUPPLEMENTAL GRANTS, THROUGH DECEMBER 31, 1970
(thousands)

STATE	VOCATIONAL EDUCATION		OTHER EDUCATION		HEALTH		WATER & SEWER		AIRPORTS		RECREATION		TOTALS	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%*
Alabama	\$ 4277	23.8	\$10131	56.4	\$ 1474	8.2	\$ 1699	9.5	\$ 0	0	\$ 392	2.2	\$ 17973	100
Georgia	1599	13.9	2220	19.3	2386	20.7	4754	41.2	529	4.6	37	0.3	11525	100
Kentucky	6339	50.2	2148	17.0	4147	32.8	0	0	0	0	0	0	12634	100
Maryland	1235	15.2	1960	24.1	2328	28.7	2291	28.2	104	1.3	198	2.4	8116	100
Mississippi	1339	20.2	2746	41.4	284	4.3	1605	24.2	453	6.8	202	3.0	6629	100
New York	3832	38.8	757	7.7	2582	26.2	2238	22.7	155	1.6	300	3.0	9864	100
North Carolina	3366	27.8	2003	16.5	3094	25.5	2845	23.5	223	1.8	585	4.8	12116	100
Ohio	3699	26.8	2710	19.6	4813	34.9	2043	14.8	382	2.8	162	1.2	13809	100
Pennsylvania	2927	10.0	9181	31.3	13287	45.3	2620	8.9	1061	3.6	229	.8	29305	100
South Carolina	2096	21.7	4760	49.2	629	6.5	1976	20.4	50	5	159	1.6	9670	100
Tennessee	1984	12.3	5006	31.0	4937	30.5	3614	22.4	335	2.1	287	1.8	16163	100
Virginia	4415	46.8	2292	24.3	1909	20.3	511	5.4	210	2.2	89	.9	9426	100
West Virginia	3454	19.3	7187	40.1	5572	31.1	238	1.3	1450	8.1	0	0	17901	100
TOTALS	\$40562	23.2	\$53101	30.3	\$47442	27.1	\$26434	15.1	\$4952	2.8	\$2640	1.5	\$175131	100

* Rows may not add to 100% because of rounding
Source: Appalachian Regional Commission.

FIGURE 4

**Section 214—Supplemental Grants Approvals by Type of Program
Fiscal Years 1965-1970
December, 1970**



Source: Appalachian Regional Commission, Draft Staff Evaluation Report, 1971.

funds with the understanding that it would be reimbursed in later years.

Donald N. Rothblatt's analysis of this bilateral trading shows that it has been effective for obligating appropriated funds.²³ From a fiscal year 1966 high of 70.4 percent in non-highway programs, the percent of unobligated appropriated funds dropped to 5.2 percent by fiscal year 1968. Trading also took place more frequently in program areas where the allocation formulas were more rigid. Finally, this study indicates that States sometimes combined use of supplemental grants and trading to reinforce their program preferences by either increasing their supplemental grant allocations in order to invest in programs which were not among those for which funds had been allocated, or by decreasing their supplemental grants so that more funds for basic grants could be obtained. This practice then has altered the rather rigid ARC State allocation procedures for non-highway programs into a modified block grant. Rothblatt concludes that:

—either formulas which more realistically reflect... (program)... needs of each State should have been used, or the Appalachian funds should have been simply divided into modified block grants for each State (based on some fair-share criterion). The latter would seem to be the most efficient choice since it tends to occur anyway due to state preferences but with great administrative cost. Thus, the ARC may have unnecessarily adopted constraints to what could have been a flexible allocation process.²⁴

RELATIONSHIPS WITH FEDERAL PROGRAM AGENCIES

When the Appalachian Regional Development Act was passed, the Federal grant-in-aid system was in a period of rapid change. Federal grants to State and local governments by 1946 had been established in 27 functional areas.²⁵ By the end of 1960, 20 additional program areas were enacted and in the next five years, the number was increased by 33.

Furthermore, the nature of the Federal grant-in-aid programs was changing. Prior to 1960, the typical grant program was designed to help State and local governments achieve objectives that primarily were local in nature. Funds then were allocated among States, usually by formula, and the conditions attached to most of these grants were aimed at insuring economy and efficiency rather than compliance with Federal policy requirements. After 1960, an increasing number of grant programs were enacted for the express purpose of furthering national objectives. Federal controls over program content to insure these purposes were accomplished resulting in a proliferation of guidelines and regulations.

The rapid expansion of programs, especially of the

project type, and the growing complexity of Federal requirements tended to strain the administrative capabilities of State and local governments.²⁶ This problem was not made any easier by the frequent overlap, duplication, and lack of coordination that came to characterize grant administration at all levels.

PARC recognized that the lack of coordination among existing programs was one of the reasons that previous Federal grants had meager success in solving the problems of the Appalachian Region. It recommended, therefore, that the proposed commission be charged with coordinating programs conducted in the region by Federal, State and local agencies.²⁷

The problem of program coordination, however, was not the only difficulty uncovered by PARC. Many of the individual programs simply were not responsive to the particular needs of the region. In some instances, project selection criteria ruled out the type of investments needed to stimulate regional development. For example, Federal aid for highways and airports was based solely on criteria dealing with existing and projected traffic counts rather than on their potential developmental impact. Further, many Appalachian States and localities lacked the financial resources and the technical expertise to take advantage of many existing programs. Even more discouraging, perhaps, PARC found that State and local personnel often were simply unaware of the types of assistance available to them.

To make the Federal grant-in-aid system more responsive to Appalachian problems, both the Council of Appalachian Governors and PARC urged that attention be given to special conditions of the Appalachian Region. Section 102 of the Appalachian Regional Development Act expresses this general concern:

In carrying out the purposes of this Act, the commission shall review and study in cooperation with the agency involved, Federal, State and local public and private programs, and, where appropriate, recommend modifications or additions which will increase their effectiveness in the region.²⁸

The Appalachian Regional Commission, then, has been given a broad charge to increase the responsiveness of the Federal grant-in-aid system as well as other programs to the problems of the region.

The following discussion briefly reviews the commission's relations with Federal agencies in several program areas. It describes a number of different approaches, some of which were successful and others not so successful, that link regional programs with Federal agency program management and administration.

Grant Administrative Agreements

The 1965 Act states that the Appalachian Regional Commission shall be a policymaking, planning, and coordinating body rather than an operational agency. Instead of authorizing an entire set of new grant programs or a block grant to be administered by the ARC, Congress provided additional funds in nine program areas to be spent in accordance with provisions of existing grant legislation on projects approved and recommended by the commission. These funds originally were appropriated directly to the line agency responsible for administering the programs. The remaining categorical program, research and assistance to local development districts, and the supplemental grant program were tailored to Appalachian needs and administered solely by ARC.

The Amendments of 1967 changed the categorical funding of this procedure and all ARC program funds now are appropriated directly to the President, who is authorized to transfer them to the program agencies to be used in the same way as provided in the 1965 Act. The President, however, has delegated his authority over these funds to the commission's Federal co-chairman, an action that has strengthened the commission's control over the programs' fiscal procedures. The line agencies, however, still retain operational responsibilities for administering the grants approved by the commission.

Because ARC grants are administered by line agencies, the commission staff has had to develop formal agreements with Federal agencies concerning the transfer of funds, review of project applications, and other administrative details. While review of ARC projects varies from program to program, the agencies generally are responsible for the conformance of project proposals with the basic authorizing grant legislation. The ARC staff review consists of insuring conformance with ARC policies and guidelines. This division of responsibility on occasion has caused problems over whose judgment should be final, but overall the project review process seems to have worked fairly smoothly, primarily because these relationships have concerned the commission's own funds. The record of influencing programs and funds of other agencies through interagency agreements has been more mixed.

Increasing the Usefulness of Existing Federal Programs

The commission's housing program provides an example of the value of a new program which has increased the usefulness to the region of other Federal aid programs.

Although the 1965 Act included no specific provisions relating to inadequate housing in the region, commission housing policy began to evolve primarily as a result of ARC comments on housing project proposals forwarded by Federal agencies for review. This review was based on commission sponsored studies that indicated both the magnitude of the region's housing problem and the great economic potential offered by the expansion of housing construction.

On the basis of a staff proposal, the commission launched an effort to amend its Act to provide funds for the construction of low and moderate income housing. Congress, in 1967, added Section 207 which provides for an Appalachian housing fund. The amendment enabled the commission to offer seed money loans and grants for planning and other preliminary expenses of housing projects that was not available under existing Federal housing legislation. While the Department of Housing and Urban Development initially was reluctant to support the idea, this "front money" concept was eventually incorporated in Section 106 of the Housing Act of 1968. In 1969, an amendment was added to provide for technical assistance planning grants to private or public entities to encourage formation of non-profit or limited dividend housing groups, including State housing corporations.

A formal agreement between ARC and HUD's Federal Housing Administration sets forth coordinating procedures for administration of seed money loans and grants for low and moderate income housing projects. Cooperation with FHA's insuring offices in carrying out this program appears to be excellent.

However, problems have developed in the technical assistance program.²⁹ Considerable administrative delays have been encountered in negotiating and executing contracts for these grant funds. FHA processing of all ARC approved applications have taken many months. To overcome these delays, it has been suggested that the commission be allowed to contract directly for technical assistance, thereby bypassing FHA.

The housing assistance loan program, however, appears to have been a clear success. Between 1961 and 1967, only 602 units of low and moderate income housing had been built in Appalachia with Federal assistance. By December 31, 1970, the commission had approved 59 loans, totaling about \$2.5 million which were used to plan 7,093 housing units with an estimated construction cost of \$98 million. Approximately one-third of these units were constructed and occupied by the end of 1970. West Virginia and North Carolina, with ARC staff assistance, have established State housing finance agencies and different

approaches have been developed in Ohio, Pennsylvania, South Carolina, and Maryland.

Education provides another functional area where the commission has sought to make better regional use of existing Federal programs. The basic problem immediately recognized was the fact that Appalachian school districts and universities were not participating in Federal education programs at a rate commensurate with the region's population and need. For example, Appalachian school districts received only 4.8 percent of Federal funds disbursed in 1965, although the region contained 8.5 percent of the nation's population and an even higher percentage of its disadvantaged population. To overcome the problem of educational data relating to the detailed needs of Appalachia, the commission funded two major studies—one on the status of vocational education problems and the other on teachers. The ARC teacher survey findings resulted in Office of Education (OE) staff giving additional consideration to proposals from Appalachia.

Funds from OE's discretionary education programs in Appalachia also have grown significantly. The region's share under the Education Professions Development Act increased from 4.9 percent of the national total in FY 1969 to 10.8 percent in FY 1970. While this increase cannot be entirely attributed to activities of the commission, the pattern of close cooperation between ARC and the Office of Education is at least partly responsible.

ARC is cooperating with the Office of Education in several other areas, including providing technical assistance to local school districts in the implementation of the urban-rural training programs, planning an ARC study on the status of higher education in Appalachia, and undertaking efforts to extend and broaden the involvement of HEW's Bureau of Elementary and Secondary Education and the Bureau of Research with Appalachian programs.

To overcome the problem of the lack of familiarity of Appalachian State and local officials with the Federal education programs, ARC initiated a series of information seminars on higher and elementary and secondary education programs. Its staff has estimated that at least \$2 million of project proposals have been submitted in FY 1971 as a result of these seminars.

Lead Agency Role on Specific Local Projects

There are several instances where the commission has been involved in an active role in coordinating Federal, State, and local efforts for carrying out a specific community project. The best example of this type of coordination is the Pikeville, (Kentucky), Model City project.³⁰ A task group of participating

agencies was formed by ARC to ensure financial and planning coordination in the project and consists of representatives of the ARC, the city commission, the local urban renewal agency, the local model city agency, the Chesapeake and Ohio Railroad Company, the State highway department, the State Appalachian program office, the State natural resources agency, the Federal Highway Administration, U.S. Army Corps of Engineers, Economic Development Administration, and the Department of Housing and Urban Development. This group, chaired by ARC's State's Regional Representative, has sought to prepare and gain approval of formal agreements concerning agency responsibility and funding. When completed, the agreements could become the basis for future joint-funding arrangements.

The collapse of the Silver Bridge, an important transportation connection over the Ohio River joining Ohio and West Virginia, is another case of commission initiative in a local project. Here ARC staff assisted in bringing together the Federal Highway Administration, the Corps of Engineers, and the two States to expedite reconstruction.

Program Impact Outside the Region

In developing programs to meet special Appalachian needs, the commission has established new programs that subsequently have been authorized by Congress for general use. The ARC housing program with its "front money" approach, discussed previously, is one example. In addition, the commission has applied its flexible funding sources to other ongoing Federal assistance programs that have resulted in aid programs reflecting not only Appalachian priorities, but also having a broader potential application. The vocational education, specialized regional education service agency, demonstration health, and child development programs are illustrative of this approach. The commission has worked closely with the Department of Health, Education and Welfare (HEW) in each of these program areas.

The commission's vocational education program has had a significant impact in the construction of facilities in the region and resulted in a dramatic increase in State and local expenditures. Commission policy has insisted that assisted programs support the needs of the labor market being served and that training be relevant to the needs of the job market which students are expected to move into following graduation. Each application for assistance must include information on future employment opportunities for the courses to be offered by the school. Enrollments in non-relevant agriculture and home economics curricula have been drastically reduced while enrollments

in such programs as office occupations, technical education, trades, and industry have significantly increased. This shift in vocational education curricula has spread to other programs outside the region.

The specialized regional education service agency program, funded from planning grants made available under Section 302 of the Act, was initiated to surmount difficulties caused by low education financing and small school districts. By encouraging school districts to join together in area cooperatives, it was hoped that costs of certain school services could be shared, the quality of educational opportunities could be improved, and adequate occupational and guidance to students could be provided. Early childhood education programs, drop-out prevention, curriculum development, and teacher in-service training are receiving primary emphasis in these cooperatives. During 1970, the ARC provided over \$900 million in planning funds to 13 local areas to plan and establish such programs. ARC's acceptance of this concept has strengthened HEW's hand in applying it elsewhere in the nation.

Another commission program that may provide useful experience beyond the borders of the region is the demonstration health program. Commission grants have been authorized for a wide variety of projects including general hospitals, ambulatory clinics, and health manpower training. Moreover, a Federal-State-local partnership arrangement has been launched for administering health plans through several of the region's multi county demonstration area health councils. These councils, composed of local public officials, citizens, health specialists, physicians, dentists, and hospital administrators, are attempting to end the inefficient use of scarce health resources in their communities by providing public medical services to fill gaps in the private system.

Finally, the child development program, authorized by Congress in 1969, shows promise of developing a coordinated effort in an area where child services often are served by a number of different State agencies. The commission's operational support for such programs is limited to the Appalachian portion of the State, but ARC planning grants are for statewide planning by responsible State agencies. The commission was requested by HEW to serve as a prototype in developing procedures and approaches in administering this program.

Problems in Coordination—EDA and OEO

According to estimates made by the ARC staff in 1965, nearly one-third of the funds authorized for Economic Development Administration (EDA) programs were expected to be placed in the region—an

amount exceeding \$166 million per year for public works' grants alone.

A series of staff discussions on coordination of the two programs commenced in the Fall of that year. Major proposals first were presented formally by ARC's Federal co-chairman in a letter to EDA in January of 1966. The letter initiated several proposals for policy coordination that basically attempted to persuade EDA to accept and adopt the commission's approach to development, i.e., the concentration of investment according to growth potential and the devolution of decision-making power to the commission and the governors. Many conferences and memorandums between the two agencies during the first three years of both programs produced little by way of substantive or procedural coordination. The major obstacles were differences over ARC's growth center strategy and the role of the States in its program approval process.

ARC's growth center development strategy was deeply imbedded in its operating programs. EDA, on the other hand, used strategies aimed more at dispersion of funds and gave highest priority to areas with the highest unemployment rates and the lowest per capita incomes. While actual project investments by EDA were made in the Appalachian Region, initially the agency did not accept the ARC growth area policy because the concept of placing investments only in selected areas would exclude much of the territory it was supposed to serve.

A second major obstacle to smoother ARC-EDA cooperation is their different clientele groups and different mandates. The ARC, as we have seen, is a joint Federal-State commission in which the governor of each member State has substantial power and responsibilities. The States themselves are responsible for reviewing and assigning priorities to the projects they recommend and are the funnel for all applications from their localities. These procedures have the effect of moving many of the political pressures associated with grant programs away from Washington.

EDA, on the other hand, is a purely Federal agency having full responsibility for approval of individual projects. It could not shift responsibility along with its statutory grant authority to the Appalachian Regional Commission or to the States. This fact is one reason why a growth area agreement between the EDA and ARC has been so difficult to draft. Again, ARC policy has been guided by the assumption that the States are the best qualified to determine areas having greatest potential for growth. As a result, there has been some unevenness in the manner in which individual States have allocated project funds. EDA felt it had to adopt a set of uniform criteria for growth

area selection, otherwise it would have been subject to substantial outside political pressures in selecting projects. The approach thus helps insulate EDA, to a certain extent, from these political pressures.

In spite of the failure of these early attempts at coordination, the absence of formal policy agreements does not mean that there has been no contact between EDA and ARC since the 1967 amendments. EDA has been giving increasing emphasis to growth areas and, to the extent that this has been implemented, has abandoned its "worst first" policy. EDA technical assistance programs and project applications within the region are submitted to ARC staff for comment. Practically, the problem of coordinated designation of growth centers is no longer an issue since 35 of the 38 "growth centers" designated by EDA in the Appalachian Region are included in growth areas designated by Appalachian States.

Enactment of the Equal Opportunity Act of 1964 established the Office of Economic Opportunity (OEO). This agency, charged to deal with many of the same kinds of problems that gave birth to the Appalachian Regional Development Act, was responsible for a wide variety of programs aimed at providing jobs, job training and services for the poor, including the Job Corps, the Neighborhood Youth Corps, Rural Development Loans, VISTA, Adult Basic Education, and the Community Action programs. As discussed previously, even though the 1965 report of the President's Appalachian Regional Commission explicitly emphasized the need for substantial program investment in the people of Appalachia, the Administration and Congress believed that these needs could be best met through the new Economic Opportunity Act.

To insure federal interagency cooperation and coordination, the Economic Opportunity Council was created. Its members included most of the cabinet and other high-level officials, as well as ARC's Federal co-chairman. At the same time, a representative of the Director of the OEO was named to serve on the Federal Planning Committee for Appalachia.

Difficulties soon developed, however, primarily due to the different thrust of the two programs. One problem stemmed from the establishment of local community action agencies by the OEO and the potential conflict between these local agencies and the ARC's Local Development Districts. The Federal programs mandating areawide local agencies, the commission felt, would put a serious overload on the supply of local leadership unless it were possible for one areawide agency to handle all three functions—the local development districts (LDDs), community action agencies (CAAs), and the economic development districts

(EDDs) sponsored by EDA.

On the other hand, OEO staff contended that there was a real danger that the combined agency would be preoccupied with the problems of economic development at the expense of concern with problems of the poor. Further, the OEO staff argued that the LDD's and EDD's represented the established power structure of the locality which, to some extent, was the cause of many of the problems of the poor.

The staffs of ARC and OEO also pursued different strategies in carrying out the legislative mandate of their programs. The commission, on the one hand, was placing heavy emphasis on creating jobs in certain growth centered areas. Also implicit in the ARC strategy was the fact that a certain amount of migration and resettlement would have to take place. The OEO staff, on the other hand, felt that the beneficiaries of the ARC economic development strategy would primarily be the "establishment" and therefore would have little direct impact on basic problems of the poor. The ARC approach, it was argued, did not take into account the serious social obstacles to areawide development.

Another obstacle to commission and OEO cooperation was ARC's statutory and philosophical commitment to working for change through governors and local business and civic leaders—"the establishment" if you will. Here again, OEO rejected this approach as contrary to "community action" at the local level. Feeling that the political and civic leaders were part of the cause of widespread poverty, OEO program implementation emphasized participation of the poor in the planning, policy making, and operation of its Community Action Programs. Since the constituents served by the two programs were different, it is understandable why coordination of the two programs has not been fulfilled even though the long-term objectives of both are similar.

Major initiatives for coordination of the two programs virtually ceased after mid-1967 and have only recently been resumed at the staff level. The commission has taken the position that interrelating the two programs would have to take place at the State and local levels. But this step also has proved difficult. The OEO procedure allowing governors to comment on proposals takes place after the project has been developed and after it has been approved by OEO. Further, coordination at the local level through State direction has proved impractical since most of the States have felt that attempting to develop a single local planning unit for both Appalachian and OEO programs would make it difficult for such units to devote enough time to economic development planning. Finally, since many community action agencies were

organized on a single county basis while LDD's, by definition, were multicounty units, mandatory reorganization in many local areas would cause substantial delays in program implementation.

Federal Interagency Coordinating Committees

Over the past decade, a particularly popular mechanism for attempting to resolve interdepartmental conflicts arising out of overlapping Federal grants has been the interagency coordinating committee. In November, 1966, shortly after the creation of the Appalachian Regional Commission, the "Creative Federalism" hearings of the Senate Subcommittee on Intergovernmental Relations revealed that over 24 separate committees or councils for coordinating two or more grant-in-aid programs had been set up.³¹ Efforts to focus Federal activities on the problems of Appalachia have resulted in establishment over a period of six years of four different committees. Two of these preceded enactment of the legislation.

The first of these, the Federal Interagency Committee created in 1962, was headed by the Assistant Administrator of the Area Redevelopment Agency, which was to join with the Council of Appalachian Governors to plan a long-range program for Appalachia. Little was accomplished, in large part because the committee, whose members were generally below the assistant secretary level, lacked the authority and prestige required to have any significant effect on the amount of funds allocated to Appalachia by Federal agencies.³²

The second formal organization intended to coordinate Federal efforts in Appalachia was initiated just before the passage of the Appalachian Regional Development Act of 1965 and after PARC had completed its task. President Johnson's Executive Order No. 11186, issued on October 25, 1964, established the Federal Development Planning Committee for Appalachia (FDPCA). The committee chairman was the former staff director of PARC and representatives of all Federal agencies having programs related to economic development or poverty served as members. The stated purpose of the FDPCA was to continue cooperation between the Federal government and the governors of the Appalachian States and to promote the coordination of related planning activities of the Federal government. The Executive Order, however, had another equally important purpose, though not stated. It was hoped that FDPCA could maintain the political support and momentum which had built up behind the Appalachian Region Development Act, introduced in 1964, but not yet acted upon. The committee also served as a vehicle for

holding together the PARC staff which could be the nucleus for staffing the proposed ARC and begin operation immediately should the Act be passed.

Following enactment, the President established the Federal Development Committee for Appalachia (FDCA) in March 1965. The membership of this committee was identical to that of the FDPCA, with the Federal co-chairman of the ARC designated as *ex officio* chairman. As in the case of most coordinating committees, the FDCA had no substantive powers. The ARC Federal co-chairman was not required to work through the committee nor was the committee given any specific powers other than to review and advise. These advisory functions were intended to secure coordinated reviews, as called for in the Act, by affected Federal agencies of plans and recommendations submitted by the commission and to help obtain interdepartmental consensus to assist the Federal co-chairman in developing a Federal position on commission proposals. The FDCA met sporadically during 1965 and the early part of 1966, and became moribund by the end of that year.

In December, 1967, the Federal Development Committee for Appalachia was abolished and in its place another interagency committee—the Federal Advisory Council for Regional Economic Development (FACRED)—was created by Executive Order No. 11386. FACRED was to deal with regional economic development activities in the Title V regions and in Alaska, as well as in Appalachia. The Executive Order stipulated that council membership include representatives from the same agencies participating in FDPCA and the Small Business Administration, the Department of Transportation, the Federal Field Committee for Development Planning in Alaska, and the Title V Regional Commissions. The committee is chaired by the Secretary of Commerce, who is given the basic Federal responsibility for fostering coordination and cooperation between the Federal government on the one hand and the regional commissions and the Field Committee on the other.

The concerns of this committee are considerably broader than the activities of the Appalachian Regional Commission. While the commission is participating in the business of the Council, there are no restrictions imposed on the ARC Federal co-chairman in dealing with other Federal agencies and departments.

The problems of interdepartmental coordination are not, of course, unique to ARC programs. The interagency coordinating committee approach to achieve grant program coordination and to resolve conflicts generally has had its share of problems in non-ARC Federal program areas.³³

Summary

At the national level, in its relations with Federal line agencies, the Appalachian Regional Commission has moved on several fronts—some successful, others unsuccessful. It has established Appalachian policies in a number of functional areas and delegated grant administration policy responsibility to Federal line agencies without building up its own program staff. The project review process seems to have worked well in most program areas.

Coordination between ARC and the Department of Health, Education and Welfare appears particularly good where the commission's flexible spending authority permits a joint Federal-State-local approach to existing Federal assistance programs. Some efforts have concentrated on particular major local projects and others have been applied outside the region.

The commission staff had had only limited success in achieving policy and strategy coordination in directly influencing the programs of two Federal agencies—EDA and OEO. In part, this problem has been caused by legislative and administrative inconsistencies that basically are beyond the resolution of any single agency, no matter how broad its interest.

Finally, experience with Washington level interagency coordinating committees has been singularly unsuccessful. Here, the absence of formal procedures and authority for resolving conflicts, along with the lack of clear direction or pressure from Congress or the White House, has diminished the possibility of real results.

THE STATES AND THE ARC PROGRAMS

A basic principle underlying the ARC organization and administration is reliance for primary program responsibility on the governors along with their State representatives and their offices. This, in turn, depends on their ability to provide leadership and exercise meaningful executive authority over the administration of programs within their States. The provisions of the act that provide for the State member's approval strengthens the governor's management authority. The ARC decision to require a State development plan and program approved by the commission provides the framework coordinating the efforts of participating State governments. The authority to approve ARC program funds, assigned to the governor, strengthens his direct management capability and power to influence program decisions and provide coordination among programs and agencies, which otherwise might be relatively independent of his supervision.

State Administrative Organization

The State administrative arrangement for dealing with the regional program generally falls into four major patterns: (1) a program development office (Alabama and Kentucky) or a similar office for Federal-State relations (Tennessee and West Virginia), located within the executive office of the governor; (2) a department of administration (North Carolina and Virginia); (3) the State planning agency within the office of the governor (Georgia and New York); and (4) an independent line department for economic development or local affairs (Maryland's State agency for economic development and local affairs, and Ohio and Pennsylvania, who also have regional offices in the Appalachian area of the State).

Mississippi's Division of Appalachian Development is in the governor's office and its office staff is located within the Appalachian Region of the State. South Carolina follows a still different pattern with the coordinating and policy development responsibility assigned to a governor's administrative assistant, who also is the State representative to the commission. Administrative responsibility is assigned to the South Carolina Appalachian Regional Commission, whose jurisdiction covers the entire Appalachian portion of the State and is located in Greenville.

The State representatives generally have the major responsibility for the Appalachian Program within their respective States. The alternate member is either one of the State representative's deputies or a head of the unit within his agency with the most direct responsibility for the Appalachian program.

The degree of participation of the governors on ARC matters and in State Appalachian program administration varies considerably. Some delegate considerable authority over the program to the State representative and the administrative agency involved. Others participate directly in major policy decisions where development strategy and new directions are being considered. Several gubernatorial members regularly review and participate in the determination of specific regional priorities and become heavily involved in decisions affecting major projects in their States.

In those States where the State representative is a top administrative assistant to the governor, there has been a tendency for him to concentrate on major policy determinations and become involved only in those administrative details that relate to problems directly involving his State. State representatives, who head departments of administration, generally delegate major responsibility to the alternate because of their heavy departmental administrative responsibilities. State representatives, who head the Federal-State re-

lations offices or who direct offices of program development, tend to become more involved on a continuing basis in the administrative aspects of the Appalachian program and policies.

The internal agency organization and size of staff assigned to the Appalachian program by the States differ considerably. The size of administrative staff associated with the program ranges from as few as a single project director and secretary, to as many as six program specialists and a director.

In summary, the manner in which States have organized to carry out their Appalachian responsibilities varies widely. The status of the program appears to depend a great deal on the linkage of the office responsible for program activities to the governor's management activities. The State legislature, other State agencies, and the public, after all, are likely to view the program differently if it is administered by a line department, an independent agency, or from a governor's office. The State planning and development function might be more effective where the agency has been placed in the executive branch.³⁴ This arrangement places administrative responsibility in a close relationship to the governor's overall management responsibilities. Where such planning capability has been assigned to a line agency, State level executive planning, coordination, and management responsibilities tend to be underplayed.

Several factors are inherent in the regional program that tend to give rise to the latter administrative problem. The ARC boundary includes only one whole State, West Virginia. In most of the other States, Appalachian funds are only a small part of the total State budget and geographic coverage is but a small part of the total area of the State. Given this relatively low profile of ARC programs, governors of these States, then, may find it difficult to justify assigning responsibility for the program to one of their top assistants and placing the program in their own offices.

State Planning and Program Procedures

There are three major elements of Appalachian program administration in the States. First, there is broad, general policy development for participation in the program and in the commission, for giving general direction to the program within the State, and for developing new programs and policies. Secondly, there is the preparation of the State Appalachian Development Plan that includes a project appendix listing specific projects eligible for funding during the ensuing year and the development of required functional plans. Finally, there is a process of project and program review and approval.

It is difficult to generalize concerning State practices relating to overall policy making and program development activities because of the wide variety of formal and informal State organizational structures, the varying staff interests and influences in the program, and the level of attention for the Appalachian program both among the States and among program areas within States. The governors themselves make a number of small and large decisions. In addition, considerable continuing policy determination is made by the State representatives and the heads of State Appalachian regional program agencies and staffs. In those States where the Appalachian Program is small and where it is administered by a unit within a larger agency, program development and policy may become primarily the responsibility of staff and of functional specialists, sometimes from other program agencies. The fragmenting effect of this approach, however, is minimized in some States where there is strong management leadership by the State representative.

Appalachian development policies and program decisions may have a significant impact not only within the Appalachian part of the state, but also on statewide programming. The vocational education facilities and technical institute programs in several states provide examples of this. An early decision was made to concentrate on vocational education institutions, but to require that the curriculum offered by the schools be directly related to identifiable job needs in the area. Subsequently, the Appalachian development approach was incorporated into statewide planning and programming for vocational education.

There are examples where State decisions regarding the Appalachian program may consist of selecting projects from among those to be located in the Appalachian Region that are included in a basic State functional program plan. In these cases, decisions will be affected by Appalachian criteria such as identified growth areas and ability-to-pay, but within the general planning framework and priorities established by the basic Federal program. This generally has been the case in programs concerning water and sewer projects, secondary school equipment and remodeling, higher education facilities, libraries, and open space and outdoor recreation.

On the other hand, planning and policy development relationships between the Appalachian program and various functional programs may be limited where there is a highly developed and firmly established planning and programming process of the functional agency. For example, priorities established by the Hill-Burton Hospital and Medical Facilities State Plan usually have resulted in relatively limited

policy involvement of the Appalachian planning process in several of the States. In many of the other federally-assisted program areas where Appalachian funding is used to supplement other available program money, the basic Federal grant programs require State plans. Again, the influence of Appalachian priorities and decisions on these State plans often is limited. However, closer continuing liaison has been established in those cases where a full-time program specialist is on the staff of the State Appalachian agency.

Where new programs have been established using Appalachian funding, there is usually less dependence on conventional State functional program plans and greater flexibility and innovation is possible. The use of Section 302, research, demonstration, technical assistance, and training funds and the presence of program specialists on the ARC staff appear to have resulted in less dependence on State program agency specialists and plans. Program areas where this procedure can be found include housing, youth development, and special regional educational agencies. Furthermore, it is interesting to note that these programs more frequently utilize local development districts in evolving new programs and policies.

The focal points of Appalachian program administration within the States is the State Appalachian development plan, the procedure for developing it, and the project appendix. The plan sets forth major policy, programs, and projects for the Appalachian Region of the State. It includes three major components: economic, social, and natural resource analysis; policy and priority determinations and guidelines; and the project listing. The plan and the project appendix usually are prepared separately. The time sequence for submission to ARC is different and the actual process may also be different. The plan is due at the beginning of the calendar year; the project appendix is due prior to the beginning of the subsequent Federal fiscal year.

The task of preparing the development plan is done in a number of different ways. While about half of the States contracted with consultants for preparation of the first development plan in order to meet ARC deadlines, most of these same States continue to contract for all or part of the annual revisions. The extensive use of consultants is brought about by the absence of a State planning staff or because the existing staff does not have adequate program management and planning capability. At the present time, complete responsibility for plan preparation exists in the State Appalachian program staff in only four States.

Not only are the development plan and project

package components prepared independently in some States, but different personnel may be assigned to the task. Weak State plan procedures also may cause problems where project requests from local governments, state agencies, and other applicants are not all brought together for informed scrutiny by the governor and the State legislature. Where this process does not allow for coordination with the policy development responsibilities of the chief executive, the development plan may merely be a compilation of requests reflecting unrelated decisions already reached in narrow functional program areas.

In spite of procedural limitations in some plan preparations, the plans do reflect priority decisions. The development of vocational education and health facilities, provision of specialized educational services on a multicounty basis, or opening up of access to isolated groups of population reflect policy priorities. Other types of priority decisions deal with the definition of potential growth areas, the application of the ability-to-pay criteria to applicants for assistance, and general principles for location of different types of projects in growth centered areas or in proximity to those needing the services.

The code clearly requires States to address basic policy issues or positions in order to decide what to do with its financial resources.³³ Generally, there has been a measurable improvement in the quality of State development plans since adoption of ARC's code requirements. On the other hand, there appears to be room for improvement in the procedures relating to the preparation of the plans.

Responsibility for developing the project appendix in nearly all of the States is one of the major operational tasks of the State Appalachian agency. The process for developing it, however, is usually only indirectly related to the procedures for preparation of the State Development Plan. First, projects are identified for funding by the Appalachian agency head, project coordinator, or staff specialists who work with State program agencies, local development districts, and local applicants. The selection process contains several built-in constraints: the State's Appalachian policies and priorities; the Appalachian fund allocations made to the State; the commission code requirements; and the plans and policies required by other programs where Federal funds may be involved.

A list of requests is assembled and ineligible projects are winnowed out through a continuing process of discussion and negotiation among representatives of the various agencies and local governments and the State Appalachian project coordinator. The coordinator frequently draws on the staff resources of State program specialists during this process. After an

initial tentative list has been assembled, it is reviewed and discussed with the Appalachian agency director and the State Representative. At this stage, the governor's major priorities are known. In some States, he participates directly in a final decision regarding project priorities in funding; in others, this function is performed by the State Representative.

By the time a grant application is actually received in the State Appalachian program office, considerable preliminary review and development effort has already been completed. The State Representative and the project coordinator at this point follows through for final State, Federal agency and ARC approval and sees that funding arrangements are made. The primary administrative responsibility for the grant then shifts to the appropriate State line agency staff, in most cases, for carrying out the funded program.

The legislatures in the thirteen Appalachian states have consistently appropriated the full requested funds to provide the states' share of the administrative costs of the Appalachian Regional Commission. They have supported state administrative costs for the program either directly through a specific line item approval or indirectly by appropriations to an overall agency. In this way, then, the legislatures give periodic consideration and review to the State's participation in the Appalachian program.

However, the legislative oversight of functional programs is limited for several reasons. No member State has established procedures for legislative review of the State development plan insofar as it might have a bearing on future legislative policy. When the non-Federal share of ARC funded projects is provided by local governments, the legislatures are not afforded an opportunity for program and fiscal review. In the case of State matching, the appropriations are limited and are usually for general program purposes, such as hospitals, vocational education, and water and sewer, and not earmarked for use in the Appalachian Region.

Summary

During the formative stages of the Appalachian program, State support and response was designed to meet the immediate, pressing needs of an economically depressed area. The State administrative structure for the program reflected this emphasis. In most States, the initial decision was to assign responsibility to an economic development agency or to establish an independent office or staff for the Appalachian program generally in the governor's office. In this way, it was felt the program could be started as quickly as possible.

Later, broader development strategies were for-

mulated and region-wide aspects began to be emphasized. The commission's decision to require that a coordinated strategy be included in State development plans contributed to the region-wide approach. At the same time, it was recognized that the full impact and potential of the program could only be realized if Appalachia program money could be joined with other available Federal, State, and local funds. This step was intended to include not only the ARC functional program areas but also other related Federal program areas.

As experience showed the need for a more coordinated approach through use of the State development plan, more stress was placed on administrative organization and program management. This shift called attention to the need for staff skills and for a broader program management and coordination capability in the governor's office. Responsibility for the program currently has been assigned to some form of broader management oriented unit in almost three-fourths of the Appalachian States.

In a number of functional areas, the program has been successful in creating an Appalachian development strategy and priorities that influence the program decisions of line agencies. The outstanding examples here are vocational education and health activities. The availability of Appalachian funds has influenced State priority-setting procedures in several States and conditioned the choice of projects. Projects in growth areas, for example, have been moved up ahead of others because of more funds for such areas. At the same time, projects which would not otherwise have been feasible for several more years were undertaken sooner; the Hill-Burton Hospital Assistance Program best illustrates this effect.

There are several examples where the bringing together of several programs has produced specific results. The building of development highways and access roads based on development potential criteria rather than the normally used traffic counts and projections provide one example. Access roads were used to make regional medical center, vocation education and technical institute, industrial park, and housing projects feasible.

There has been, unfortunately, a tendency toward a functional approach in Appalachian program administration in some States. This trend has been attributed to the short period of time the program has operated, to the limited geographical areas involved in some of the participating States and to the relatively limited ARC funds available compared to total Federal aid. On the other hand, where governors and the State Representative have been actively involved and have exercised strong program management direc-

tion, significant progress has been made toward the broader objective of formulating coordinated Appalachian development strategies.

Appalachian growth strategies have been developed and priorities established. Programs are under way and each of the States have a development plan. But most of the Appalachian States still have not developed a strong, central executive management philosophy which melds their planning, budgeting, and policy-making authority. Many State planning agencies have not been oriented toward management planning and policy development, but have tended to concentrate on encouraging local planning assistance. Budget agencies have been preoccupied with the ensuing budget period and have not developed financial procedures for formulating State budget policies within the framework of long range regional economic development objectives. In short, the planning and budgeting functions have not always been coordinated.

Finally, the oversight role of State legislatures is limited. Although there is general review of State participation in the commission, in no State has a substantive committee of the legislature been made responsible for keeping abreast of the relevant policy issues in ARC-State relations or established procedures for review of the State development plan. Since the States have picked up only a modest portion of the non-Federal matching cost of Appalachian projects and programs, specific legislative fiscal review and approval of ARC programs is rare. Most State money used for Appalachian projects has been folded in with other program areas and therefore comes from appropriations for general line agency programs. State Appalachian program policies and funding priorities then are established and carried out primarily by the executive branch within the broad mandate provided by legislative support for the commission and its programs.

LOCAL DEVELOPMENT DISTRICTS

At the local level, the Appalachian program centers on the local development districts. Multicounty development districts were first proposed by the President's Appalachian Regional Commission in its 1964 report, which recognized the need to bridge the span between the "bigness of the total region, the smallness of the jurisdiction."³⁶

The report made several recommendations. It urged that local jurisdictions pool their ideas and resources by forming multicounty development districts. PARC had found that even the most highly regarded community development agencies then in

existence were hampered by the lack of technical expertise, which only a larger, multicounty body could afford. The districts, the report argued, should not only show high competency in their technical assistance functions, but also should be "citizen's councils" which would advise Federal agencies in general and the Appalachian Regional Commission in particular. They also should work closely with other local organizations in carrying out regional programs. The report pointed out that many existing organizations, such as area development authorities, municipal authorities, or municipalities themselves, might be used; but if appropriate areawide organizations did not exist, new development agencies should be established.

The PARC report specifically minimized the Federal role in creating local development districts. "Each State, not the Federal government, will be responsible for authorizing the creation of any local organization of the development district character and for determining standards for their organization's structure, programs, and powers."³⁷

The ARC Code provisions dealing with local development districts (LDDs) are specific in those matters concerning staffing but are general concerning program, leaving much flexibility to the States for organization. These require:³⁸

- the districts to have a full-time staff, competent to plan and carry out the Appalachian Development Program;
- the professional staff to meet standards approved by the State Representative and the commission;
- states to coordinate and, hopefully, to combine the commission grants to support the LDDs with those of the Economic Development Administration; and
- the LDDs to coordinate Appalachian planning efforts with any other planning underway.

The initial Act provided administrative grants for the support of local development districts for a period of three years. Subsequently, this limitation was removed. In those States not having any districts, the grants were made to a State-level unit for the three year period to enable it to assist in establishing a district program.

More than \$6 million has been made available thus far for the local development district program at the State and local levels. Ten of the Appalachian States have either established or taken initial action to establish a statewide system of officially designated planning district boundaries and organizations. The legislatures of six States have enacted legislation to provide for a single, statewide system (Kentucky, Tennessee, Virginia, South Carolina, Georgia, and

Alabama). Four others (North Carolina, West Virginia, New York, and Pennsylvania) have designated planning district boundaries but have not tied their designation directly to officially recognized district organizations conforming to the boundaries. In all ten States, the local development districts are the designated organizations for all local, State and Federal programs calling for areawide approaches. In four of the six States with an established statewide system, (Kentucky, Tennessee, Virginia, and Georgia), the State provides financial support to officially recognized district organizations.

Two of the remaining three Appalachian States have organized and recognized local development districts within the Appalachian portion of the State, (Alabama and Mississippi). The 13th State, Maryland, which had provided representation for the Appalachian counties through a State-appointed committee, has just established a local development district.

There are a total of 50 certified locally organized and operated multicounty planning and development district organizations in all 13 of the Appalachian States. The recognized local development districts have been organized in three patterns:

- regional planning agencies established pursuant to an enabling statute (Georgia, Alabama (in part), South Carolina, Tennessee, Mississippi, North Carolina, New York and Virginia);
- councils of government organized under the non-profit corporation statutes (Alabama); and
- non-profit corporations (Kentucky, Ohio, Pennsylvania, and West Virginia).

The membership of nearly three-fourths of the local development district commissions consist of a mix of elected officials and private citizens appointed by the elected officials.

Table 13 shows that the average total operating budget of an LDD is approximately \$175,000 with the larger budgets found in Tennessee, Pennsylvania, Georgia, and South Carolina. The LDDs in New York, North Carolina, Mississippi and Ohio generally have smaller budgets.

Nearly 50 percent of the LDD operating budgets come from ARC funds. ARC grants are proportionately larger in Mississippi, New York, North Carolina, and Kentucky, and smaller in Georgia, Virginia, South Carolina, Tennessee, and Alabama. The average commission grant to a development district is \$86,725 a year, which must be matched on a three-to-one basis in cash or "in-kind." Although nearly all of the development districts receive financial support from more than one Federal agency, there are only ten districts in Appalachia in which another Federal

Table 13
APPALACHIAN LOCAL DEVELOPMENT
DISTRICTS
MARCH 1971

	Number of LDDs			State Enabling Legislation			Total operating budget: average:	ARC proportion of operating budget: average
	Certified, funded and organized	Certified, organized not funded	Certified, not funded or organized	Regional planning agency	Nonprofit Corporation	Managers Council of Governments		
Alabama	6	—	—	3	—	3	\$171,499.50	39.7%
Georgia	6	—	—	6	—	—	284,539.77	18.9
Kentucky	7	—	—	7	—	—	109,425.71	71.3
Maryland	—	—	—	—	—	—	—	—
Mississippi	3	—	—	3	—	—	74,639.16	75.0
New York	1	—	—	1	—	—	51,000.00	75.0
North Carolina	7	—	—	7	—	—	54,929.15	75.0
Ohio	2	—	—	2	—	—	84,811.00	55.5
Pennsylvania	7	—	—	7	—	—	293,364.28	46.6
South Carolina	1	—	—	1	—	—	255,000.00	35.0
Tennessee	4	—	—	4	—	—	349,434.56	37.6
Virginia	6	—	—	6	—	—	132,009.16	29.5
West Virginia	—	—	—	—	—	—	—	—
Total or Average	50			31	16	3	\$176,592.00	49.5%

	State Local LDD LDD		How LDD Staffs spend					
	proportion of total operating budget: average	proportion of total operating budget: average	Board Size: average	Staff Size: average	Region-wide planning and research	Local planning and research	Project development and/or review	Technical assistance
Alabama	6.5%	34.7%	26.6	8.4	44.0%	9.0%	28.0%	11.0%
Georgia	20.7	27.1	20.6	12.8	22.5	28.0	19.0	12.5
Kentucky	19.0	6.9	22.6	6.3	27.0	18.0	28.0	14.0
Maryland	—	—	22.0	1.0	—	—	—	—
Mississippi	—	25.0	—	—	37.5	6.5	25.0	10.0
New York	—	25.0	—	—	15.0	20.0	30.0	20.0
North Carolina	—	25.0	14.9	2.3	21.0	10.0	30.0	11.0
Ohio	—	25.0	57.5	3.5	20.0	12.5	30.0	15.0
Pennsylvania	11.5	26.5	61.4	5.1	30.0	9.0	33.0	8.0
South Carolina	—	35.0	39.0	12.0	30.0	5.0	35.0	10.0
Tennessee	6.1	12.8	52.8	9.8	26.0	11.0	34.0	13.0
Virginia	23.3	26.0	26.5	6.3	51.0	10.0	15.0	8.0
West Virginia	—	—	—	—	—	—	—	—
Total or Average	16.2%	23.4%	33.0	6.8	31%	13%	27%	11%

West Virginia—Information not available in sufficient detail.
Source: Appalachian Regional Commission, Staff Evaluation Study Report, 1971

agency provides a greater proportion of the district total operating funds than ARC.

Six States contribute to the support of the district program (Alabama, Georgia, Kentucky, Pennsylvania, Tennessee, and Virginia). The average contribution of these States to each district is nearly \$21,400. All local development districts require that participating local jurisdictions contribute part of the local share, which again may be in cash or an "in kind" contribution.

As Table 13 indicates, local development districts in 1970 spent most of their time (31 percent) on region-wide planning and research activities. Local planning and research accounted for 13 percent of staff time while 27 percent was devoted to developing and reviewing projects applications for grant assistance from the commission or Federal agencies. Local development districts spending more staff time on project development and review than on planning activities were usually found in States where district budgets are small and where districts have been relying largely on the ARC and their local governments for operational funds.

As might be expected, the relationship between the local development districts and their respective State governments vary. District participation in policy making for the newer Appalachian programs, such as housing, youth development, regional education services, and solid waste disposal, has been more significant than in the older programs. A reciprocal relationship among the ARC, the State Representatives' offices and the local development districts has evolved through which new programs can be proposed, tested by demonstrations, and in some cases established as new program areas.

The State development plans, prepared under the direction of the State Representative of each State, increasingly are reflecting the inputs of local devel-

opment districts. The functional or program area plans, such as water and sewer facilities and solid waste disposal, prepared by the districts are used in several States in the preparation of their development plans. In a majority of the States, the local development districts are actively involved in developing project proposals and establishing priorities for them for submission to the State Appalachian office. These district priorities form the basis for developing the project package appendix to the State Development Plan.

ARC staff and local development district relations are always undertaken through, or with the approval of, the office of the State Representative or another State agency assigned as liaison. The district administrative assistance applications and budgets are approved by the State Representative and forwarded to ARC. Grants may be made directly to the LDD or through the State, depending on individual State preferences but must be approved by the State Representative. Similarly, technical assistance and research, demonstration and training grants, in some cases, are made directly to the LDD. In others, they are made through the State. Finally, ARC staff frequently work with the district staffs, the State Representative, and local government officials to help develop project proposals and assist in preparing applications for financial assistance.

FOOTNOTES

¹ Sar A. Levitan, *Federal Aid to Depressed Areas* (Baltimore: Johns Hopkins Press, 1964), pp. 2-20.

² *Ibid.*, p. 23.

³ *Ibid.*, p. 24.

⁴ *Congressional Record*, July 25, 1956, p. 13313, as quoted in Sar A. Levitan, *op. cit.*, p. 23.

⁵ Lloyd Rodwin, *Nations and Cities, a Comparison of Strategies for Urban Growth* (Boston: Houghton Mifflin Co., 1970), p. 225.

⁶ Levitan, *op. cit.*, p. 81 and p. 230.

⁷ *Ibid.*, p. 255.

⁸ *Ibid.*, pp. 246-247.

⁹ President's Appalachian Regional Commission, *Appalachia* (Washington, D.C.: Government Printing Office, 1964), pp. 1-21.

¹⁰ It should be noted that since the publication of the PARC report, another facet of the regional development issue has emerged. A number of economists feel that current attempts to obtain satisfactory levels of national employment likely will be diverted into an inflationary response before unemployment has been reduced to the desired level. They question, then, the desirability of initiating new or expanding existing regional economic development programs. Opponents of this view argue that a regional development program which reduced structural unemployment could make a contribution to the national goal of high-level employment accompanied with reasonable price stability. By making available at current prices resources that would otherwise be left unused, the upward pressure on prices from stimulated governmental activities might become evi-

dent at lower levels of unemployment than would otherwise be the case. In effect, a regional development program could add to the resources available to the economy and have a price level dampening effect similar to that obtainable from technological advances or imports.

¹¹ *Appalachia*, *op. cit.*, p. vi.

¹² *Ibid.*

¹³ The discussion in the following sections of this chapter has drawn heavily on materials furnished by the ARC and from interviews with officials and staff of the commission. It is worth noting that the commission, in many respects, is its own best critic.

¹⁴ Since the issuance of the PARC report, some authorities have questioned the validity of applying the developing countries approach to Appalachia. This strategy, they argue, is not an effective way of achieving a policy focus for a relatively depressed region of a developed economy. In other words, the competitive alternatives in the United States are far more numerous than in an undeveloped country—a fact that makes it extremely difficult to induce private activity growth in its underdeveloped subregions.

¹⁵ President's Appalachian Regional Commission, *op. cit.*, p. 19.

¹⁶ *The Appalachian Regional Development Act of 1965 (P.L. 89-4)*, Section 2, p. 1.

¹⁷ Donald N. Rothblatt, *Regional Planning: The Appalachian Experience* (Lexington, Mass.: D.C. Heath and Co., 1971), p. 78.

¹⁸ Comptroller General of the United States, *Highway Program Shows Limited Progress Toward Increasing Accessibility to and*

Through Appalachia (Washington, D.C.: General Accounting Office, May 12, 1971).

¹⁹ *Ibid.*, p. 3.

²⁰ *Ibid.*, pp. 37-49.

²¹ *Appalachian Regional Commission Code*, Section 214 2.1.

²² *Ibid.*, Section 200 C-2.

²³ Rothblatt, *op. cit.*, pp. 122-126.

²⁴ *Ibid.*, p. 129.

²⁵ Advisory Commission on Intergovernmental Relations, *Fiscal Balance in The American Federal System*, Vol. I, (Washington, D.C.: October, 1967), Table 22, pp. 140-144.

²⁶ *Ibid.*, pp. 202-214.

²⁷ *Appalachia*, *op. cit.*, p. 57.

²⁸ *Appalachian Regional Development Act of 1965* (P.L. 89-4), Section 102.

²⁹ See testimony of Governor Arch Moore, State co-chairman, In U.S. Congress, Senate, Committee on Public Works, Subcommittee on Economic Development, *Appalachian Regional Development*

Act of 1971, Hearings, 92nd Cong., 1st Session, 1971, p. 133.

³⁰ See Appalachian Regional Commission, *Major Appalachian Development Projects*, A Staff Report to the Appalachian Regional Commission (Washington, D.C.: January, 1971), unpagged.

³¹ See U.S. Congress, Senate, Committee on Government Operations Subcommittee on Intergovernmental Relations, *Hearings*, 89th Congress, 2nd Session, 1966, pp. 421-425.

³² Levitan, *op. cit.*, p. 206.

³³ See Advisory Commission on Intergovernmental Relations, *op. cit.*, pp. 191-192.

³⁴ Advisory Commission on Intergovernmental Relations, *op. cit.*, pp. 39-40.

³⁵ *Appalachian Regional Commission Code*, Section 200A.

³⁶ President's Appalachian Regional Commission, *op. cit.*, p. 57.

³⁷ *Ibid.*, pp. 59-60.

³⁸ *Appalachian Regional Commission Code*, *op. cit.*, Section 302.A.

Chapter 3

FEDERAL MULTISTATE RELATIONS IN REGIONAL ECONOMIC DEVELOPMENT: THE TITLE V COMMISSIONS

SUMMARY OBSERVATIONS ON THE TITLE V COMMISSIONS

Collectively, the Title V commissions represent five quite unique intergovernmental agencies representing all or parts of 20 States with a total population of 13 million people. They were all created within a short period of time during 1966-1967 in accordance with provisions of the Public Works and Economic Development (PWED) Act of 1965, and as a response to interest in applying elsewhere in the country a regional model similar to the newly created Appalachian Regional Commission (ARC). The regions served by the commissions are areas within two or more contiguous States which are related geographically and culturally, and which lag behind the nation in economic development. With but one exception, the boundaries of the regions remain the same as those originally designated. The exception is the Ozarks Regional Planning Commission (RPC) which had nine Kansas counties added to the other three State areas represented. There are two other prospective regions, the Upper Missouri and Mid-South, encompassing five additional whole States and portions of four other States for which official designation has been requested as a basis for the formation of a commission and participation in the program.

Governmentally, these regional action planning commissions represent part of a broad national policy, expressed in different forms, to assist development activities for the purpose of achieving a closer inter-

regional economic parity throughout the country. The mechanism of assistance, in this case, is a regional commission designed to create a joint Federal-State activity, to develop a long-range regional economic plan; and to stimulate and to coordinate the implementation of that plan through specific action programs.

Analysis of the PWED Act, and its background, the descriptive profiles of the operations of each of the Title V commissions presented in this chapter, along with interviews with the Federal co-chairmen or a staff member of each commission and other informed officials provide the basis for the following summary of operational features common to most, if not all, of the agencies.

Commission Operation

- The commissions meet regularly on a quarterly basis and the governors serving as State members attend meetings personally as a general rule. The attendance record of governors averages about 75-80 percent. Meetings are usually comparatively quite short (one to two hours) and follow an agenda prepared by staff. The legal requirement of an affirmative vote by Federal co-chairmen on all commission decisions is recognized by State members as a veto power. Actual use of the veto power is rare, but the authority it represents influences commission policy and action. The Act provides a degree of balance by requiring that supplemental

grant applications must be made through the State member of the commission.

- The role of the Federal co-chairmen, under the PWED Act, is somewhat ambivalent with respect to their source of authority and their function within the commission. They are appointed by the President and some have had, or do have, White House connections. At the same time, and being realistic about it, they recognize their primary responsibility to the Secretary of Commerce, but they prefer not having to work through officials below the Secretary's level. Alternates for Federal co-chairmen are authorized by the Act, but only one has ever been appointed. Indications are that this is an unnecessary position under the present structure and level of financing.
- The Federal co-chairman's role within the commission is also somewhat ambivalent in the sense that he functions both as an officer of the Federal government and as a member of the commission. He reviews and ultimately approves staff operations, yet he neither supervises directly, nor is a part of the staff process and structure. In most commissions, however, he, with the State's co-chairmen and the staff executive director (as a non-voting member), form an executive committee with responsibility for monitoring or supervising staff operations. The governor serving as State co-chairman generally does not become involved in these activities. One result is that the committee can become a forum for negotiation of differences or a contest of wills rather than a device for developing unified and positive leadership. An exception to this kind of role and structure is found in the Upper Great Lakes Commission (UGLC) which has a very small staff and in which the Federal co-chairman serves in the staff executive director capacity. Another exception can be noted in the New England Regional Commission (NERC) where there is a tradition of cooperative activities among the six States and where more responsibility has been assigned to the alternate member of the commission. Evidence indicates that the intent of Congress was to make the commissions' relationships with Federal agencies the main concern of the Federal co-chairmen. While these officers and their staffs are located in Washington and perform some liaison with such departments and agencies, in many instances much of the day-by-day liaison is performed by the commission's staffs.
- The State co-chairman office is rotated among the governors. For this and other reasons, the post seems to exert only modest impact in the actual development of commission policy or in effectuat-

ing the Federal-State partnership. Only one governor has served more than one term as State co-chairman. The Coastal Plains Regional Commission (CPRC) recently created and filled the position of States' representative modeled after the ARC example. This may help to coalesce and represent the States' interest and provide more consistent leadership.

- State alternates are appointed by governors and serve as the principal means of maintaining continuing gubernatorial interest and involvement in commission operations. In most instances they help develop and review decisions and recommendations for later commission ratification. Some commissions have elevated the role of alternates in their by-laws, through the use of formula voting procedures, and by granting to them some decision-making authority. In NERC, alternates exercise considerable control of the program. Some alternates are heads of State planning departments or similar agencies and serve as alternates in almost an ex-officio capacity. One difficulty with respect to alternates is turnover. Almost uniformly they are changed when new governors are elected, and sometimes more frequently. This makes for a problem in the continuity of commission leadership and underscores the need for an established well identified body of policy and operating procedures to maintain commission programs on a continuous basis.

Staff Operations

- Collectively, the five commissions are operated by a total staff of about 125 members, including both commission and Federal co-chairmen staff members. As of March 1971, the total number of commission staff members was about 90. Staffs of Federal co-chairmen totaled about 34. In most commissions, these two staffs operate quite separately—one responsible to the commission as a whole, and the other responsible to the Federal co-chairman.
- Commission staffing patterns vary. Authorized staff strength among the commissions ranges from 20 to 36 and the number of filled positions ranges from 17 to 30. An exception is the Upper Great Lakes Commission (UGLC) which has 19 authorized positions, only four of which are filled. The UGLC policy is to use State staff to assist the regional planning process and to otherwise hold down on staff requirements until more Federal funds are forthcoming.
- The total authorized strength of Federal co-chairmen's staffs is 40—eight for each of the five

commissions. The number of such staff actually "on-board" as of the March 1971 date was 34—ranging from six to eight in each commission.

- The bifurcation of leadership, dual staff structure, and lack of full recognition of the commissions as strong, viable organizations hinders the development and effective utilization of staff resources. The essential need of staff to identify with a stable, mission oriented institution receiving national support and commitment, is thwarted under present arrangements. These circumstances undoubtedly affect staff operations, recruitment and selection.
- Commission staff organization ranges from formal to informal depending upon staff size and commission policy. The New England Regional Commission, for example, has established by explicit commission action a staff structure consisting of the executive director's office and four units: planning, human resources, environmental programs, and commercial and industrial development. Other commissions' staff structures follow this general pattern. On the other hand, the Upper Great Lakes and Ozarks Commission's staffs are organized informally on the basis of individual staff assignments. In the case of the Ozarks RPC, the Commission and Federal co-chairman's staff are fairly well integrated.
- It is also apparent that under present structural arrangements commission staffs have a fairly high degree of autonomy in developing and influencing commission policy and action programs. Regional planning is a new and complex field, and the development of a regional comprehensive plan is a formidable process requiring a merging of technical, policy and political judgment. Intensive and sustained gubernatorial involvement in the process is a clear need. This situation highlights the importance of the alternate member's role.

Regional Planning

- While all commissions recognize and stress the need for regional action programs, it is apparent that a primary thrust of their operations and activities centers on the development of a comprehensive regional plan. This is in accordance with the mandate of the PWED Act which states that each commission shall "... initiate and coordinate the preparation of long-range overall economic development programs, including the development of a comprehensive long-range economic plan approved by the Secretary." (Section 503). Virtually all other commission functions detailed in this section of the Act relate directly or indirectly to

regional plan development. Moreover, the Act requires a review of "such plans and proposals" by all interested Federal agencies and transmittal by the Secretary of Commerce, together with the recommendations of such agencies, to the President. All commissions have developed over a period of one-two years a plan document. As of January, 1972, the UGLC and CPRC plans have been completely reviewed, approved by the Secretary of Commerce, and transmitted to the President. Plans prepared by the other Title V commissions are in the process of review and have been approved as interim documents by the Secretary of Commerce.

- All plans reflect a substantive effort to deal directly with the problem of underdevelopment as a regional economic phenomenon. Approaches used by some commissions are the more or less typical research based inventory of the problem with textual description and justification of the strategy and programs required to resolve or alleviate the problem. The Ozarks RPC makes heavy use of systems analysis and computer-based procedures in an effort to match, on a regional basis, community development characteristics and industrial base requirements. The Coastal Plains RPC uses linear programming to determine the kind and prospective location of new industrial activity to produce optimum regional development impact. The Upper Great Lakes RPC uses a rating system in investment project evaluation, involving six basic criteria—employment, per capita income, public services, private investment, environmental quality, and project dependency.
- All of the plans, whether in proposed final form or in draft form, are presented in considerable detail. All present a documentation of the unique problems and features of the region as a basis for developing a particular strategy and set of program activities, varying in detail, for achieving enunciated regional goals. Typically, the regional goal set forth in the plan is some variant of the general objective of raising the level of economic activity. The Coastal Plains RPC Plan seeks to "close the income gap" between that region and the rest of the nation; the Ozarks RPC seeks to "create the capacity to create regional wealth;" the Upper Great Lakes RPC seeks to reduce unemployment to four percent. Four Corners RPC has set a goal of reducing and ultimately eliminating the job gap, a goal for which 175,000 new jobs are required. The New England RPC has established several objectives designed to expand the range of economic choices available to residents of the region.
- Most of the plans include estimates of investment

money required for goal achievement. Four Corners' scaled down goal, for example, carries with it an estimate of \$4.5 billion in new public and private investment capital required by 1975. Upper Great Lakes sees a requirement of \$546 million investment from Federal and State sources. No attempt has been made at the Federal executive or Congressional levels to systematically collect and evaluate these and other estimates as a basis for projecting overall regional development costs.

- The regional planning undertaken pursuant to the Act is basically a "top-down" process, i.e., the region is viewed as a whole by the commission and plans are developed on that basis rather than a process focused on coordinating State plans as building blocks in an overall regional plan. The Upper Great Lakes RPC, as a matter of policy, placed more emphasis on using existing State plans as a basis for the overall regional plan. Regional commissions do invest some funds, usually about \$50,000/year/State, to support a State investment plan development. Efforts are made to coordinate State and regional development planning, but there appears to be no formal review and approval procedure. State investment plans examined do at least describe a relationship to the regional plan. Given the developmental state of the regional plans, it is probably too soon to evaluate whether State plans implement fully the regional plan. A basic problem exists in developing a plan for only that part of the State included in a particular region. However, the commissions, by and large, seek to assist effective State investment planning either on a whole State or part-State basis.
- Elements common in most comprehensive plans prepared by the commissions include a heavy emphasis on vocational education to upgrade the skills of the region's labor force and to expand job opportunities as an alternative to migration. The plans also stress and seek to exploit the main economic characteristics of each region. For example, the Coastal Plains plan stresses the development of marine resources; the New England plan seeks to exploit its strength in service and high technology industry expansion while also striving for decentralization and wider geographic distribution of new industries; and the Upper Great Lakes and Four Corners stress the economic development and planned use of their natural features as primary resources. The Ozark's plan does not have quite the same kind of main emphasis, but does seek to match regional resources with industrial development opportunities on a strategic basis. Thus, each of the plans indicate some kind of distinctive re-

gional emphasis. Plans also stress the interrelatedness of economic development and the need for taking into account the effect that changes in one sector of the economy can produce in another. Other emphases common to most plans are industrial development, the need for more effective transportation systems, tourism, and the development of recreational facilities.

- The planned use and development of growth centers is referred to in plan development, but there are indications that the application of this concept is a troublesome matter to the commissions. The area configuration of the regions does not always lend itself to growth center application. Moreover, the selection of growth centers and the knowledge that such centers are in a favored position to receive commission and other development funds produces, not unexpectedly, political resistance and counter-pressures. Dealing with these forces requires a strong commitment to the regional development concept and instrumentality. As funds for regional development increase and are applied selectively to growth centers, these difficulties are likely to increase, unless the political positions of the commissions have been strengthened in the interim.

Regional Action Programs

- The action component of the Title V program is represented basically by commission administration of the State planning assistance grants, technical assistance and research grants, and supplemental grants. Taken together, these activities represent a quite limited kit of economic tools to stimulate regional development. Moreover, all of these programs are operated under varying degrees of constraint imposed by the PWED Act, Department of Commerce, or commission policy.
- Financial support of State planning is the least constrained activity. Presumably, the commissions have considerable discretion in determining whether this activity should be supported and at what level. As a matter of practice, State planning assistance is provided by all commissions. The amount of support has been generally equal among the States in each regional area at an average level annually of \$50,000.
- Technical assistance grants, as prescribed by the Act, are directed toward "...planning, investigations, studies, demonstration projects, and training programs..." Within this general constraint the commissions grant amounts to Federal, State, or local agencies to perform the work authorized, or they contract with private agencies to provide these

services. The commissions use both procedures, but more frequently contract for specific studies or services. Three commissions, Coastal Plains, Ozarks, and Upper Great Lakes RPC's, use contract procedures to a marked degree on the basis that they can better control the quality and scheduling of the work involved. In the history of all commissions to date, about one-fifth of total expenditures were directed toward technical assistance grants and contracts. The New England RPC has made heavier—two-thirds of total expenditures in 1971—use of technical assistance funds to support regional demonstration programs and institutions.

- The most constrained of all action programs is the administration of supplemental grants. In accordance with the Act, these funds may be used only to supplement the State or local contribution required under specified Federal grant programs for which the jurisdiction is eligible, but for which either Federal, State or local funds to permit participation are unavailable. The commissions supplement may not increase Federal participation above 80 percent of project cost. The Act requires that prospective supplemental grant projects must be submitted by State governor members. In effect, these requirements collectively mean that commission discretion in providing supplemental grants to projects which might serve regional needs can be exercised only after the project in question has met the eligibility requirements of the responsible Federal agency, has been approved by the responsible Federal official, has demonstrated that State or local funding is not adequate, and has been proposed for commission funding by the governor of the State involved. The supplemental grant program represents the largest single funding category—about 60 percent of all expenditures. Nonetheless, it is clear that in the funding of these projects, the commissions basically play a supplemental or residual role and realistically exercise only limited discretion in relating the selection process to regional economic development goals.
- Analysis of commission expenditures in the various grant programs indicates that, by and large, each State represented receives about the same total amount of grant money. In some cases, the commissions acknowledge equality of grant funding as its policy. This indicates yet another constraint in efforts to use available funds towards achieving regional goals on a priority basis. Several of the commissions have project evaluation criteria designed to assist in a more rational use of grant funds

in accordance with regional economic development priorities. Most of these criteria have been established recently, and it is too soon to assess their impact.

- The 1969 amendments to the PWED Act authorized the commissions to utilize so-called "first dollar" money on selected projects. This provision is an adjunct of the supplemental grant authority described above. First dollar funding simply means that for certain projects (unspecified in the Act) which meet all of the requirements applicable to supplemental grants, and for which the responsible Federal agency certifies that it has insufficient funds, the commissions may fund the entire Federal share (up to 80 percent) of the project cost. To date this authority has been used infrequently. As of June 1971, a total of only 11 projects have received this kind of fund support.
- Another kind of action program—not involving funding—is the extensive use of advisory, consultative and public relations committees to assist and develop specific activities. These committees and regional groups aid in the development and implementation of regional policy.

Commission Financing

- Total expenditures for all commissions in the six year period of their existence amounted to slightly more than \$100 million (see Table B-10 Appendix). The percent of total expenditures represented by supplemental grants (59 percent) and regional planning-technical assistance grants (27 percent) came to over three-quarters of the total. Overall expenditures are equivalent to a cumulative per capita amount of \$7.77. By contrast, Federal funds for all ARC programs in the same six year period totaled \$1,354 million or \$75.22 per capita for the 18 million ARC residents. For non-highway ARC programs, per capita expenditures amount to almost \$30.00. Financial support for the Title V commissions has increased from about \$16 million in 1968 to more than \$38 million in FY 1971. If the level of support for FY 1971 represented the average for the six year period, the cumulative expenditures would have totaled about \$290 million, still less than one-fourth the ARC cumulative expenditures.
- Until 1970, the budget and appropriations for commission purposes were integral components of the Economic Development Administration budget and appropriations. Under this arrangement, the commissions, in effect, were subordinate to EDA in the control of their funding and program develop-

ment. The administrative arrangements were changed by Department of Commerce order of April, 1970. Beginning with FY 1971, commission budgets and funding have been maintained separately under the general oversight of Commerce's Office of Regional Economic Coordination. Under Department guidelines, each commission is required to prepare an annual financial plan which, after review and approval, forms the basis of that part of the Department's budget request. Considerable flexibility, subject again to Department approval, is exercised in the transfer of funds among budget items and in carrying over unexpended funds and recommitting them in subsequent fiscal years. It would seem that the present system is an improvement over the previous procedures. Yet, it is clear that the financial tools available to the commissions to meet economic development needs are meager, both in terms of the amount of funds available and the types of purposes for which they can be used.

- All commissions make clear that the goal of achieving interregional economic parity requires the investment of hundreds of millions of dollars in new capital investment and a sustained growth rate that far exceeds present national averages. It is recognized that the largest part of new capital requirements must come from the private sector. Some commissions, notably the Ozarks and Upper Great Lakes, to name two, have proposed Federal and State tax credit schemes to stimulate private investment in their regions. Others, including the Coastal Plains Commission, also have explored and recommended the establishment of regional development banks as an easily available source to make possible and encourage private investment. None of these proposals have been implemented.
- It is apparent that neither the present level of commission funding nor the commission's ability to influence Federal and State investments essential to the stimulation of private investment has yet reached realistic levels for achieving announced regional economic development goals. For most commissions, the supplemental grant program is the primary mechanism for targeting the commitment of other Federal, State, local or private funds for regional projects. Financial analysis indicates that, among the commissions, \$1 of supplemental grant funds has produced \$3-\$5 of these other funds. Yet, the commissions can exercise only minimal discretion in the actual selection and funding of specific projects relevant on a priority basis to regional development goals. While some commissions claim a degree of success in increasing the

amount of Federal dollars spent in their regions, there have been no reported instances of commission leverage applied successfully on other Federal departments and agencies to influence and adjust their funding criteria to target in on regional development needs. The commissions' influence in targeting the expenditures and financial assistance programs of Federal agencies to achieve maximum regional economic impact is minimal.

- From a national perspective, it is important to note that the Title V commissions represent only a part of the total effort to stimulate and guide economic development. The Economic Development Administration has a national responsibility and comparatively broader authority to assist development in eligible areas throughout the country. EDA funds are expended in the areas served by the regional commissions for public works and development facilities (Title I), business loans and working capital guarantees (Title II), and technical assistance, planning grant and economic research (Title III). These expenditures are made in redevelopment areas and economic development districts in accordance with criteria established in the PWED Act and EDA regulations. The cumulative EDA obligated expenditures in all Title V Regions for the 1966-May 1971 period was \$281.7 million, or almost three times the \$101 million flowing through the regional commissions. (See Table B-11, Appendix). There is no clear operating relationship between the commissions and EDA in the planning and supervision of expenditures.
- Comparisons of the level of these expenditures indicate the lower financial priority assigned to regional planning commission operations. Moreover, there are signs that these funds fight each other in the pursuit of different regional economic goals. In New England, for example, EDA funds may be used to create new jobs in the most concentrated industrial area. At the same time, commission policy and fund expenditures are directed toward decentralizing new capital investment and to encourage the placement of investment funds in the northern tier States of Vermont, New Hampshire or Maine.

THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

Events Leading to Legislation Authorizing Title V Commissions

The need in 1965 to extend legislatively the Area Redevelopment Administration (ARA) program, or

to allow it to die, was the proximate cause for creating the Public Works and Economic Development Act of that year. But the factors which influenced the provisions of Title V of the Act were more closely related to the earlier passage (March 1965) of the ARC Act. Legislators, especially senators from States with large poverty areas, were well aware that creation of a special instrumentality for Appalachia with a brand new package of economic repair tools was worthy legislation. They were also aware, however, that it afforded no solution to problems in their own areas. Quite overtly, their support for the ARC Act was won on the promise by the Administration that it soon would submit legislation offering their States the opportunity of forming regional economic development commissions and comparable programs.

The passage of the act creating the Appalachian Redevelopment Commission and the controversy associated with ARA created a climate that was ready to produce a substitute for the Area Redevelopment Act. James L. Sundquist has pointed out that the responsibility for salvaging the ARA Act was assigned to the Bureau of the Budget. Weaknesses in ARA requiring corrective measures had been documented in Professor Levitan's study completed in 1964.¹ Administration promises made to gain passage of the ARC Act had to be kept. Yet, there was concern about producing anew a loose and ineffective accelerated public works program in a structure which represented a "proliferation" of Appalachias.

The answer to these and other concerns was a rather speedy enactment of a measure which created a new agency—the Economic Development Administration in the Department of Commerce. The legislation was also designed to carry forward an accelerated public works program, and to authorize a new kind of regional instrument resembling the Appalachian Regional Commission in form, but subject to far greater and more direct Federal administrative control. This "careful consolidation" of prior programs and existing interests rapidly won Congressional approval. In quick legislative maneuvers, the Senate added language which attempted to insure equal status with ARC. The House broadened the eligibility requirements and increased the amount of the public works authorization. The measure was passed by a coalition of Republicans and Democrats and was signed into law by President Johnson on August 26, 1965.²

Objectives and Provisions of the PWED Act

The Public Works and Economic Development Act of 1965 was designed to correct some of the major

deficiencies of the Area Redevelopment Act of 1961. Those deficiencies included: (1) a county-by-county approach which produced fragmentation and a dilution of program impact; (2) the ignoring of the essential dynamics of economic growth and development by the lack of identification of growth centers; (3) the lack of adequate incentives in the business loan component to stimulate the creation of job-creating industries; (4) inadequate funds; and (5) the emphasis on specific projects and the neglect of comprehensive economic planning.³ To this list of deficiencies might be added an additional severe weakness of the ARA program in the field of intergovernmental relations. Essentially, the program was a direct Federal grant and loan program designed to operate without significant involvement of State and local governments.

In the new Act, Congress declared that the Federal government, in cooperation with the States, should help areas characterized by substantial and persistent unemployment and underemployment and relatively low income levels to take effective steps in planning and financing their public works projects and economic development.⁴ The Act was patterned after the earlier Appalachian Regional Development Act and represented a much more sophisticated legislative base—one more closely attuned to the nature of the problem it was designed to alleviate. The program focused on redefined local assistance areas, larger and more viable as economic units than the county areas which were the targets of the ARA program. "The special Federal assistance—would take the forms of additional grants and loans for public works and public service facilities and of commercial and industrial loans, loan guarantees, and interest subsidies for both public and private borrowers. Local and district-wide economic development programs would be planned, subject to Federal approval, and the special Federal assistance could become available only when the projects for which it was sought were found to be consistent with such programs. Finally, economic development regions would be designated and regional commissions formed for longer-range planning development of programs on a multistate basis."⁵

The broad objectives of the Act are summarized in the statement of purpose contained herein.

The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our regions, counties, and communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families, and waste invaluable human resources; that to overcome this problem the

Federal government, in cooperation with the States, should 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; that Federal financial assistance, including grants for public works and development facilities to communities, industries, enterprises, and individuals in areas needing development should enable such areas to help themselves achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local conditions, provided that such assistance is preceded by and consistent with sound, long-range economic planning; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather than by merely transferring jobs from one area of the United States to another.⁶

Title V of the Act implements these objectives through the authorization to establish regional economic development commissions. Unlike the ARC Act, the original Title V legislation authorized regional commissions with little more than a planning function. Later amendments, in 1967 and 1969, provided the commissions with limited authority to make grants through which the pattern of economic development could be more directly influenced.

The following sections of this chapter describe the provisions of the various titles of the Public Works and Economic Development Act and the programs of the five regional action planning commissions established under Title V.

Title I—Grants for Public Works and Development Facilities. This section authorizes the Secretary of Commerce, upon application of any State, local jurisdiction, Indian tribe, or public or private nonprofit organization representing any redevelopment area or part thereof, to make grants for the acquisition or development of land and improvements for public works, public service, or development facility. Such projects must directly or indirectly improve economic and employment opportunities in the area, and be consistent with an approved overall economic development program (OEDP) for the area in which the project is located. Direct grants may not exceed 50 percent of the cost of such projects, but the Secretary is also authorized under this title to make supplementary grants to reduce the non-Federal share to not less than 20 percent for those States and other eligible applicants which are unable to provide the matching share. In determining the amount of the supplement-

ary grant, the relative needs of the area, nature of project, amount of revenues generated must be taken into consideration. For determining relative needs of eligible areas, the Act requires rules, regulations and procedures based on the severity and duration of unemployment, the income level of families and the extent of underemployment, and other relevant factors. An annual review of the eligibility of each area designated for the purposes of Title I grant distribution is required. These areas are also subject to all rules, regulations and procedures applicable to redevelopment areas. The Secretary is also required to prescribe rules which assure—"that appropriate local government authorities have been given reasonable opportunity to review and comment upon proposed projects." (Section 101).

The Act authorized \$500 million in Title I funds for the fiscal year ending June 30, 1966. Not more than 15 percent of the appropriations made for this Title could be expended in one State. All areas in the Appalachian Region were excluded from coverage. No financial assistance for sewer or other waste disposal facilities were permitted unless a certification was made by the Secretary of Commerce to the Secretary of the Interior that waste material would be adequately treated before discharge into a public waterway.

Title II—Other Financial Assistance. Under this Title, the Secretary of Commerce is authorized to make loans and to purchase evidence of indebtedness to assist in financing the cost of land and improvements for public works, public service or development usage facility, including such facilities which are provided by Federal agencies requiring some non-Federal financing. As under Title I, States, political subdivisions, Indian tribes, private or public nonprofit organizations representing all or part of any redevelopment area, may apply for these loans.

Five conditions stipulated in the Act, must be satisfied before the Secretary may authorize loan financing: (1) projects financed by loans must directly or indirectly tend to improve opportunities in the area, assist the creation of long-term employment opportunities, or primarily benefit the long-term unemployed and members of low-income families; (2) the funds requested are not otherwise available from private or Federal sources on favorable terms; (3) the financing plan, including the requested loan, are adequate to insure completion; (4) repayment is a reasonable expectation; (5) the area has an approved OEDP with which the project is consistent. The loan period is limited to 40 years at an interest rate determined by the Secretary of the Treasury. Appropriate local government authorities must be given a reasonable opportunity to review and comment on

proposed projects. Annual appropriations are authorized, provided that the amount available for these projects and the business loans and loan guarantees, described below, shall not exceed \$170 million in any fiscal year ending June 30, 1970.

The Secretary may also (1) make loans and purchase evidence of indebtedness to aid in the financing of projects for industrial or commercial usage within a redevelopment area, and (2) guarantee limited loans for working capital in connection with such projects. A great many restrictions and conditions must be satisfied in connection with such loans. These are explicitly stated in the Act and include: that such funds will not be used to assist a business or industry which is relocating from another area; that the project has the approval of the appropriate State or local agency; and that the loan assistance, subject to further conditions, shall not exceed 65 percent of the aggregate cost of the project.

Monies appropriated for loans and for assistance to projects in economic development centers, later described, as well as repayments and collections are required to be deposited in an economic development revolving fund established by the Secretary of the Treasury. This fund shall be available for the payment of obligations and expenditures prescribed as eligible.

Title III—Technical Assistance, Research, and Information. In addition to making grants, loans and financing arrangements for eligible projects, the Secretary of Commerce is also authorized by the Act to provide technical assistance to relieve or prevent employment problems in redevelopment areas and other areas. The nature of this assistance includes project planning and feasibility studies, management and operational assistance, and economic growth studies. The Secretary may utilize his staff or may make grants to provide such studies. The Act provides that, where practical, these grants shall be used in conjunction with other planning grants such as those authorized by the Housing Act of 1959 and the Federal-Aid Highway Act of 1962.

In cooperation with other agencies, the Secretary is required to establish a continuing program of study, training and research on employment and economic problems, to assist in national, State and local programs to raise income levels, and to assist in providing personnel needed to conduct such research. He is also required to aid redevelopment areas and other areas by furnishing information and helping firms in redevelopment areas to obtain government contracts.

The Act also calls for the establishment of an independent study board to investigate the effects of government procurement, scientific, technical and

other related policies on regional economic development.

An appropriation of \$25 million for the fiscal year ending June 30, 1966 to perform these functions is authorized. This amount was increased to \$50 million for the fiscal years 1966-1970.

Title IV—Area and District Eligibility. This section of the Act describes the criteria for determining and designating redevelopment areas. The Secretary is authorized to designate as redevelopment areas those areas in which he determines, upon the basis of certain standards, that there has existed substantial and persistent unemployment for an extended period of time and a significant loss of population due to lack of employment opportunity.

The specific criteria for area eligibility, as set forth in the Act, relate to both the absolute and relative degree of unemployment as measured by the Secretary of Labor. Both criteria must be satisfied before an area can be designated as a redevelopment area. First, the rate of unemployment in the "qualifying time periods" must exceed *six* percent. Second, the annual rate of unemployment must *also* be at least *50 percent* above the national average for three of the preceding *four* calendar years, or at least *75 percent* above the national average for two of the preceding *three* calendar years, or at least *100 percent* above the national average for one of the preceding *two* calendar years. As previously mentioned, the Secretary of Labor is required to "find the facts and provide the data" for the determination.

Six additional kinds of areas may qualify for designation as redevelopment areas including:

- areas which have a median family income of 50 percent or less of the national median;
- Federal or State Indian Reservations or restricted Indian-owned lands which show the greatest degree of economic distress;
- areas which request designation and which have suffered, or are about to suffer, the closing of a major source of employment resulting in a rate of unemployment 50 percent or more above the national average;
- areas designated redevelopment areas on or after March 1, 1965, under the Area Redevelopment Act of 1961, are also included, at least until subjected to the first annual review;
- communities or neighborhoods (defined without regard to political boundaries which the Secretary determines, based on stipulated criteria, to be in economic distress; and
- areas where per capita employment has declined significantly during the preceding ten year period.

“However, no area would be eligible for designation if it (1) has a population of less than 1,500 persons, except for Indian Reservations and special impact areas; (2) except for Indian Reservations, special impact areas or areas designated due to the curtailment of a major source of employment, is smaller than a labor area (as defined by the Secretary of Labor), a county, or municipality with a population of over 250,000 whichever in the opinion of the Secretary is appropriate; or (3) does not have an approved overall economic development program.”⁷

An additional section provides that if a State has no area designated as a redevelopment area, the Secretary of Commerce shall designate as a redevelopment area that area of the State which most nearly qualifies.

The Secretary is also instructed to conduct an annual review of all designated areas as a basis for terminating or modifying the designations in accordance with objective standards which he shall prescribe by regulations.

Part B of Title IV provides for the creation of multicounty economic development districts. Section 403 provides that such districts which are designated by the Secretary, with State concurrence, must include two or more designated redevelopment areas, and must be large enough to foster economic growth for a fairly broad area. Such districts must contain one or more economic development centers, and are eligible for the full range of EDA assistance. Districts must have an overall economic development program before they can be officially designated. As an incentive for participation in multicounty economic development activities, the Secretary may authorize an increase in development facility grants for projects in redevelopment areas within designated districts. A delay of one year after enactment is required to allow adequate time for effective planning. The total authorization for financial assistance to economic development centers and for ten percent bonuses to redevelopment areas within designated districts is limited to \$50 million annually.

Title V—Regional Action Planning Commissions. The Act authorizes the Secretary of Commerce, with the concurrence of the States wholly or partially involved, to designate economic development regions (1) if there is a geographic, cultural, historical and economic relationship among areas included, (2) if the region is within contiguous States and (3) if the region has lagged behind the nation in economic development in terms of: unemployment rates; median family income; housing; health and educational facilities; domination by one or two industries in a State of eco-

nomie decline; substantial outmigration of labor and capital; development of industrial technology; development of national defense facilities; and regional production growth rate.

After the Secretary designates the multistate development region, he is authorized to invite and encourage the States wholly or partly within such regions to establish multistate regional action planning commissions. The commissions are composed of a Federal member appointed by the President, with advice and consent of the Senate, and one member from each State in the Region who may be the Governor, his designee, or another person selected in accordance with the laws of the State. The State members shall elect a co-chairman and the Federal member shall serve as the Federal co-chairman of the commission. An alternate shall be appointed for each member and shall vote in the absence of the member. The Federal co-chairman and his alternate shall be compensated by the Federal government.

Decisions of the commission require the affirmative vote of the Federal member *and* a majority of State members.

The functions of the commission are to:

- advise and assist the Secretary of Commerce in the identification of optimum regional boundaries;
- initiate and coordinate preparation of long-range overall regional economic development programs for approval by the Secretary;
- advise and assist the Secretary and the States on initiation and coordination of economic development districts;
- promote increased private investments;
- prepare legislative and program recommendations;
- develop, on a continuing basis, comprehensive, coordinated plans designed to foster regional productivity based on inventories of resources and research, and designed to effect the cooperation of Federal, State and local programs; and
- foster the development and utilization of interstate compacts and other forms of interstate cooperation.

The Secretary is directed to present plans and proposals of the regional commissions to appropriate Federal agencies and to the President. The Secretary shall provide liaison between the commissions and the Federal Government. Federal agencies are required to cooperate with regional commissions and assist them in carrying out their functions.

Each regional commission shall be encouraged to adopt program priorities based on the importance of the program to overall regional development; the population and area to be served by projects; the financial resources available; importance of project to other related projects; and the likelihood that the project will improve employment, income, and economic development on a continuing basis. The Secretary is authorized to provide technical assis-

tance to the commissions through staff or contract services.

An important 1969 amendment to Section 505 provides that the commissions are authorized to provide funds for demonstration projects, planning studies, demonstration projects and training programs which will further the purposes of the Act. Such projects must be approved by the Secretary.

An amendment passed in 1967 (Section 509) authorized the Secretary, "pursuant to specific recommendations" to provide funds to the Federal co-chairman of each regional commission for use as supplementary grants to assist States and other entities to take maximum advantage of Federal grant-in-aid programs. This assistance is available only when the State or other entity is eligible for a Federal grant-in-aid and only when, because of their economic situation, they cannot supply the required matching share. Supplementary funds may be used solely for increasing the Federal contributions to projects above the fixed maximum portion, but not greater than 80 percent, of the cost set in the applicable law. The Federal grant-in-aid programs are defined as all such programs in existence December 31, 1967, "assisting in the acquisition of land or the construction of equipment of facilities; including but not limited to" specified Federal acts.

The Act further requires, as a condition to providing supplementary funding, that (1) the program or project to be supported in this manner is approved by the Federal official responsible for the administration of the law under which grant-in-aid funds are provided, (2) the application for the grant is made by the State member of the commission representing the applicant, and (3) the regional commission involved has approved the project.

Section 509 was further amended in 1969 to broaden the commissions' supplementary grant authority. The original section provided that such funds were to be used for the sole purpose of *increasing* the Federal contribution beyond the limit set in specified Federal grant programs, but not more than 80 percent of project cost. The 1969 change provides that the commissions' contribution may represent *all* of the Federal portion of project cost. The 80 percent limit was retained, however. This change is referred to as granting "first dollar" funding authority to the commissions.

The Federal Government is authorized to pay the full cost of commission administrative expenses for the first two years. After that the Federal share of these expenses shall not exceed 50 percent. A total of \$15 million per fiscal year was authorized.

The administrative powers of each commission,

authorized under the Act, include: adoption of by-laws; appointment and fixing compensation of executive director and staff, but not to exceed salary of the alternate to the Federal co-chairman; request and arrange for Federal and State personnel to be assigned to temporary duty with the commission; establish retirement and personnel benefit systems; enter into contracts; and maintain an office in the District of Columbia.

Each regional commission may hold hearings and arrange for the collection of essential information. The Act contains specific provisions designed to guard against conflict of interest on the part of commission members and staff.

The sum of \$5 million was authorized for supplemental grants in FY 1968. The sum authorized was increased to \$10 million in FY 1969. Amendments in 1969, however, provided a two year authorization (ending June 30, 1971) of \$255 million for all expenditures in Title V and also stipulated general guidelines for the distribution of funds to the various commissions. Under the guidelines, each commission may receive not less than ten percent, nor more than 25 percent of demonstration and supplemental grant funds. The Act and an Executive Order (No. 11386, December 28, 1967), designed to coordinate the functions of regional commissions with the Federal government, requires Federal co-chairmen to submit annual reports to the Secretary of Commerce for transmittal to the President. Additional amendments in 1969 authorize the Secretary of Transportation, acting jointly with the regional commissions to conduct regional transportation studies, and provides funds to the Federal Field Committee for Development Planning in Alaska for the planning of economic development programs.

Title VI—Administration. This title provides for the appointment by the President of an Assistant Secretary and an Administrator for Economic Development in the Department of Commerce. The Secretary, with the assistance of the Assistant Secretary, is directed to "supervise and direct" the Administrator and to coordinate the Federal co-chairmen.

In addition, the Act directs the Secretary to appoint a National Public Advisory Committee on Regional Economic Development of 25 members representing labor, management, agriculture, State and local government and the general public.

An amendment added in 1967 stipulates that no Federal assistance shall be granted under the Act unless the Secretary is satisfied that the project involved will be efficiently administered, operated and maintained.

Title VII—Miscellaneous. Broad administrative, legal and fiscal powers of the Secretary of Commerce in carrying out the provisions of the Act are spelled out under this title. Other sections relate to authorization for the former Area Redevelopment Administration (ARA) to the new Economic Development Administration.

Establishment of the Regional Commissions

During the period March-December 1966, the Secretary of Commerce designated five economic development regions and invited the States wholly or partially involved to establish appropriate multistate regional commissions. Under these actions and State responses which followed, five regional action planning commissions covering a total of 571 counties in 20 States were established by September, 1967. Some of the commissions did not complete their organization and staffing until 1968. The regional commissions and the States or portion of States involved are identified below.

Coastal Plains Regional Commission—portions of three States: North Carolina, South Carolina, and Georgia.

New England Regional Commission—the whole States of Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, and Connecticut.

Four Corners Regional Commission—portions of four States: Arizona, Colorado, New Mexico, and Utah.

Upper Great Lakes Regional Commission—portions of three States: Michigan, Minnesota, and Wisconsin.

Ozarks Regional Commission—portions of four States: Arkansas, Kansas, Missouri, and Oklahoma.

The following sections of the report will describe the nature and operations of the five commissions as a basis for general observations as to their effectiveness as one kind of intergovernmental regional response to problems of economic development and dislocations affecting the nation.

COASTAL PLAINS REGIONAL COMMISSION

Profile of the Region and Its Commission

In December 1966, 16 months after the enactment of the Public Works and Economic Development Act of 1965, the Secretary of Commerce designated the coastal areas of North Carolina, South Carolina and Georgia a "region in need of economic development." Seven months later (July 1967), the Coastal Plains Regional Commission (CPRC) consisting of a Federal co-chairman and the governors of the three States was established. The salient features of the region

and the operations of the Regional Commission are summarized below.

Population and sub-regional area composition. The total 1967 population of the 159 counties comprising CPRC was 5.5 million, 45 percent of the total population of the three States involved. The population is about evenly divided among the three State sectors. The South Carolina portion represents a slightly smaller percentage of the region's population (29 percent) even though the portion represents 60 percent of the State's total. (See Table 14.) The rate of population change is slightly smaller for the region than for the nation as a whole. (See Table 16.)

The 159 counties included within the region represents slightly over half the total number of counties in the three States. The region encompasses 60 percent of South Carolina's counties and about one-half the counties of the other two States. (See Table 15.)

A substantial part of the area within each of the three States has been designated under Title IV of the Act as redevelopment areas and economic development districts by the Economic Development Administration. These designated areas are eligible for the planning and project grant programs administered by EDA. No direct linkage exists between the Regional Commission's economic development planning and grant programs and those administered by EDA. As of December, 1970, a total of 102 redevelopment areas, 16 economic development districts, and 23 growth centers wholly or partially within the region had been designated.

Regional economic deficiencies and characteristics. The nature and extent of economic lag and underdevelopment in the area served by CPRC is clearly shown in Table 16. The lag exists in marked degree in each of the three State components of the region.

Labor force out migration was twice the national average for the period of 1960-66, and much higher than that in the preceding decade.

The percent of dilapidated housing is more than two and one-half times the national average and rather consistent at that rate in each of the three States.

A relatively high proportion of total employment was in agriculture, an activity which is undergoing a high degree of mechanization producing labor surpluses.

Per capita personal income in 1967 was only about two-thirds the U. S. average and was lower than that in the Georgia sector of the region.

Median years of school completed was substantially lower than the national average.

Based on these criteria it is apparent that the region lags behind the nation in the terms of the factors

TABLE 14
CPRC POPULATION SIZE AND COMPONENTS, 1967
 (Population in Thousands)

State	Total State	Region Component	Percent State	Percent Region
North Carolina	5,059	1,961	38.8	36.0
South Carolina	2,638	1,585	60.0	29.0
Georgia	4,490	1,912	42.6	35.0
	<u>12,187</u>	<u>5,458</u>	<u>44.8</u>	<u>100.0</u>

Source: *Economic Profile of the Coastal Plains Region*, Univ. of Georgia, 1970, pp. 10-13.

of social and economic development specified in the 1965 Act.

Commission organization and personnel. The three governors and a Federal member, appointed by the President with the advice and consent of the Senate, constitute the CPRC membership. As prescribed by the Act, the Federal member is designated as Federal co-chairman and all commission actions must carry his approval and the approval of a majority of the three governors. The governors elect one of their number to serve as the State's co-chairman. The office is rotated among the governors using a *pro forma* election procedure. Alternates for State members have been designated, but an alternate for the Federal co-chairman has never been appointed. The three governors in CPRC have recently (11/30/70) created the office of Coastal Plains States' Representative and appointed a person to the position. The establishment and duties of the office are prescribed by resolution of the State members of CPRC, and the salary, supported wholly by State funds, is set at the same level as the Federal co-chairman. Duties of the States' representative include liaison among State members, the Federal co-chairman and commission staff, policy interpretation, and promoting the concept of the "States as a regional group entity."

TABLE 15
**NUMBER OF COUNTIES
 IN THE CPRC REGION**

State	Counties	
	Total	In Region
North Carolina	100	45
South Carolina	46	28
Georgia	<u>159</u>	<u>86</u>
Total	305	159

Source: *Economic Profile of the Coastal Plains Region*, Univ. of Georgia, 1970.

The total number of members in the executive component of CPRC, including members, alternates and the States' representative is eight. A measure of the continuity in commission membership is indicated by the fact that the Federal co-chairman, governors, and their alternates have changed at least once in the less than four year life of the commission. Thus, the total number of different personnel who have served in such positions is 19.

The commission and the Federal co-chairman have separate staffs, both located in Washington. The commission staff component is headed by an executive director appointed by the commission and subject to its direction and supervision in accordance with provisions of the commission charter. In CPRC, the executive director is a non-voting member of the Committee on Budgets and Disbursements consisting of the Federal and State co-chairmen. The total number of commission staff authorized is 27, including 17 at the professional level. Eighteen of the authorized positions are filled, ten of which are in the professional category. (See Table B-1, Appendix.)

The staff of the Federal co-chairman numbers eight, including four at the professional level, an administrative assistant, two secretaries and one part-time assistant. The Federal co-chairman maintains a field office in Columbia, South Carolina manned by a professional and part-time assistant, the salaries of the Federal co-chairman's staff are paid by the Federal government through the Department of Commerce.

Commission meetings and major reports issued. The commission meets on a quarterly basis and has held a total of 13 meetings including its organizational meeting held in September 1967.

All meetings are required by the commission's adopted charter to be open and public meetings. Governors, the Federal co-chairman, alternates, the executive director and key staff members attend commission meetings. Attendance records indicate that all three governors attended five of the 13 meetings; at each of the remaining eight meetings, two

governors attended. The Federal co-chairman attended all meetings. Alternates meet with commission staff in advance of each quarterly meeting to review progress and to assist in preparing meeting agenda. Commission staff reports that these advance meetings are planning and expediting sessions, but that the governors retain direct control of policy decisions on CPRC matters. The agenda prepared for each meeting, typically consists of staff reports on the progress and operations of the commission and recommendations for action on policy or procedural matters. Official actions are by resolutions which are recorded in a separate ledger. Official minutes of the meetings are maintained.

The commission has adopted a charter and a total of 36 resolutions since its inception. Review of these indicates that 14 dealt with administrative matters concerning the operation of the Commission. The remaining 22 related to substantive or policy matters.

It is reported that a veto by the Federal co-chairman occurred only once in the life of the commission.

It is probable, of course, that the potential of the veto is significant in guiding commission action. Perusal of the minutes indicated that the veto power is a force recognized by all governors and staff.

The commission first prepared and published a Regional Development Plan in December 1968. Extensive revisions and expansion of the plan were undertaken soon thereafter. A draft revision, dated November 30, 1970, has been circulated for review and comment by State and Federal agencies. Final revisions based on the review were completed in the fall of 1971. The plan has been approved by the Secretary of Commerce and transmitted to the President.

Annual reports describing commission activities and progress, as required by the PWED Act, have been prepared for the years 1967-1970.

A wide variety of research reports, performed under commission sponsorship and using technical assistance funds, have been prepared and published. Since July of 1967, excluding in-house staff studies, a total of some 60 technical assistance research projects have been authorized. Most of these projects were in the nature of research studies with a regional focus. Subject areas include general economic and statistical studies, industrial development, agriculture and forestry, marine resources, leisure industries, human resources, and transportation. Technical assistance contracts and related expenses, primarily for these research studies, obligated in FY 1968, 1969, and 1970 totaled \$1.8 million.

Fiscal Base and Expenditure Patterns

The fiscal base supporting the operations of the CPRC is somewhat complex. Basically, Title V commission funds are a part of the Department of Commerce's budget appropriated by Congress under authority of sections 505 and 509 of the PWED Act. The Act states that . . . "appropriations authorized under this Act shall remain available until expended unless otherwise provided by appropriations acts." The 1971 appropriation, however, was the first to be made on a no-year basis. Under Department of Commerce guidelines, CPRC as well as the other Title V commissions, prepare an annual financial plan which, after review and approval by the department, becomes the basis for part of its budget request. Funds for expenditures authorized under section 505, includ-

TABLE 16
SOCIAL AND ECONOMIC CHARACTERISTICS
OF THE CPRC REGION

	National Average	CPRC Average	Average for State Portion of Region		
			N.C.	S.C.	Ga.
Population Change Rate, 1950-60	1.8%	1.1%	1.0%	1.5%	.9%
Population Change Rate, 1960-67	1.5%	1.3%	1.2%	1.6%	1.1%
Net Labor Force Migration, 1950-60	1.8%	-11.5%	-12.0%	-8.9%	-13.1%
Net Labor Force Migration, 1960-66	1.2%	-2.4%	-3.2%	-1.3%	4.7%
Percent Housing Delapidated, 1960	5.0%	13.2%	12.5%	14.1%	13.1%
Percent Total Employment in Agriculture, 1967	4.9%	11.0%	16.3%	9.3%	6.9%
Personal Income Per Capita, 1967	\$3,159	\$1,993	\$2,110	\$2,160	\$1,735
Median Family Income, 1959	\$5,660	N.A.	\$3,956	\$3,821	\$4,208
Median Years of School, 1960	10.6	N.A.	8.9	8.7	9.0

Source: *Economic Profile of the Coastal Plains Region*, Univ. of Georgia, various tables and charts. Median family income for the United States obtained from U.S. Bureau of Census Report.

ing the administrative expenses of the commission, technical assistance grants, State planning assistance and demonstration grants, are placed as a lump sum in a trust fund maintained by the Treasury Department. Expenditures from this fund may be authorized by the commission's executive director with the concurrence of the State and Federal co-chairmen, consistent with policies established by commission resolutions. An exception is that funds expended for demonstration projects require the approval of the originating governor. Funds allocated for supplemental grants authorized under section 509 are not placed in the trust fund but remain as a part of the operating funds of the Department of Commerce and are allotted to the Federal co-chairman for obligation. Expenditures from these monies also require the authorization of the Federal co-chairman. It is a requirement of the Act that supplemental and demonstration grants can be used for only those projects which have the approval of the governors of the State involved.

Analysis of the commission's allocation and expenditure patterns since its inception indicates the following:

1. The total amount of money allocated for commission activities in fiscal 1970 was \$4.6 million, more than twice the total in 1968 and 35 percent higher than the 1969 total. The difference is accounted for by an increase in supplemental grants in 1969 and additional demonstration grant money in 1970. Amounts available for commission administrative expenses, State planning, technical assistance and the office of the Federal co-chairman have remained at nearly the same levels during the three year period. Estimated amounts for the 1971 fiscal year totalled \$7.9 million, an increase of \$3.3 million (73 percent). Nearly all of this estimated increase was in the commission's technical assistance and grant programs. (See Table 17.)

2. The cumulative total expended through fiscal 1970 for the commission's technical assistance program, primarily research studies, was \$2.2 million. Heaviest emphasis in terms of dollars expended for research studies was given to economic and statistical inquiries (21.5 percent); marine resources (23.4 percent); human resources (16.5 percent); and industrial development (13.8 percent). (See Table B-2, Appendix).

3. Supplemental grants are made by the commission to enable State and other entities to take advantage of Federal grant-in-aid programs for which they are eligible, but are otherwise unable to meet the matching grant requirements. Ten such grants were made in fiscal 1969 totaling \$2.0 million, and eight

were made in 1970 with a total of \$2.2 million. In the two year period, all but three grants were made for manpower training and development programs in technical institutes, community colleges, and manpower centers. Grant totals among the three States were nearly equal in 1969. In 1970, North Carolina and Georgia grants were nearly equal at approximately \$800,000 while the South Carolina total was less by nearly \$150,000. HEW was the prime Federal grantor for nine out of 18 grants made by the commission, EDA was the prime granting agency for six of the grants. The Federal Aviation Agency was the granting agency for two projects and HUD in one. (See Table B-3, Appendix). The CPRC has not, as of June 1971, utilized the "first dollar" grant authority described earlier.

4. The commission has made substantial use of the demonstration grant authority as provided in a 1969 amendment to the PWED Act. The provisions of the amendment do not stipulate any requirements for State or local matching funds. Department of Commerce guidelines, however, establish criteria for demonstration grant projects including a requirement that the project can attract—"other resources to assist in meeting a portion of the costs."⁸ The Federal co-chairman is required, under the guidelines, to review and approve demonstration projects. A further stipulation of the 1969 amendment authorizing demonstration grants is that, "... to the maximum extent possible, such projects and programs shall be carried out through departments, agencies, or instrumentalities of the Federal government or of State or local governments."⁹

The commission took action to develop and support three demonstration projects in the fiscal year 1970, each of which was designed to expand and improve marine research, development, and training facilities serving the entire region. The total amount expended was slightly more than \$1 million for the three marine science and resource centers in the three States. State funds provided for these centers totaled \$2.3 million and varied from \$200,000 in Georgia to \$1.7 million provided by South Carolina.

Regional Plan and Commission Policy

The CPRC has established as its primary goal the closing of the gap in per capita average income between residents of the region and the nation as a whole. The magnitude of that gap, as traced by the commission, has increased from \$608 per capita in 1950 to an estimated \$1,042 in 1970.¹⁰ While the dollar amount of the gap has increased as indicated, the ratio between CPRC and U.S. per capita income has narrowed during the same period. The commission

TABLE 17
COASTAL PLAINS REGIONAL COMMISSION EXPENDITURES

Purpose	1968	%	1969	%	1970	%	1971 (Est.)	%
Administration	\$ 438,400	20.6	\$ 475,000	14.0	\$ 500,000	10.8	\$ 600,000 ¹	7.6
State Planning	142,250	6.7	154,000	4.5	150,000	3.2	150,000	1.9
Technical Assistance . . .	<u>625,000</u>	<u>29.3</u>	<u>500,000</u>	<u>14.7</u>	<u>506,000</u>	<u>10.9</u>	<u>800,000</u>	<u>10.1</u>
Subtotal	\$1,205,650	56.6	\$1,129,000	33.2	\$1,156,000	24.9	\$1,550,000	19.6
Supplemental Grants ² . .	\$ 750,000	35.2	\$2,083,983	61.2	\$2,252,352	43.4	\$3,345,000	42.4
Demonstrator Grants ³ . .					1,045,548	22.5	2,760,000	34.9
Office of Federal Co-chairman ⁴	<u>175,000</u>	<u>8.2</u>	<u>190,000</u>	<u>5.6</u>	<u>195,000</u>	<u>4.2</u>	<u>241,000</u>	<u>3.1</u>
Grand Total	\$2,130,650	100.0	\$3,402,983	100.0	\$4,648,900	100.0	\$7,896,000	100.0

¹Includes \$300,000 provided by the three States. Under the Act, States must provide 50 percent of commission administrative expenses after the first two full fiscal years of the commission's existence.

²Obligated funds 1968-1970; budget estimate, 1971.

³These demonstration grants are a special category of technical assistance funds for which authorization was provided in 1969 amendments to Section 505. Figure shown for 1970 is obligated.

⁴Obligated amounts, except for 1971 budget estimate.

Source: Annual reports and 1971 budget estimates provided by the CPRC. Amount for Federal co-chairman's office and obligated funds were obtained from Office of Regional Coordinator, E.D.A.

notes this, but describes the relatively improved position as more illusory than real.

CPRC justifies the goal as valid in terms of the mandate of the PWED Act, and in terms of a national goal of increased productivity and economic development. The commission's stated basic strategy and operational principles include: (1) a commitment to support the economic development pattern which will produce the maximum regional economic impact in the long run, (2) a recognition that primary reliance to achieve the goal must be placed on private investment and an optimal public-private investment mix, (3) a priority need to create new basic economic activities, and (4) a strategy to direct project activity to the region's growth centers as a method of maximizing regional benefits.

Related subordinate goals include reducing migration from the region, revising the industrial structure and employment patterns, upgrading the training and development of the region's manpower, assisting sound community development and improving public services. A further goal is to accomplish these ends without degradation of the region's environment.

The commission's regional plan employs a systematic methodology designed to achieve the goal of closing the income gap and to provide a basis for monitoring the results. Linear programming techniques involving 32 economic activity sectors, a varie-

ty of constraints and input-output co-efficients were utilized to develop different economic activity and employment structures. "Twenty-seven alternatives to the present structure of the Coastal Plains economy were considered in the search for an answer to the basic question: would it be possible under reasonable conditions, given the characteristics of this region, to reallocate the labor force among economic sectors in such a way as to raise per capita income to levels equal to or approaching the national average?"¹¹ This study of alternatives, the commission believes, provides the guidelines for actions required to close the income gap by 1980 without detrimental disruption to the region's economy. It also provides the means by which the public and private investment required to achieve the goal could be quantified.

The plan developed by the commission identifies "target" and "policy" variables, the revision of which can influence the amount and type of public and private investments required to achieve the goal. The commission has determined that public investment in the following areas would have greatest effect on the target variables and yield the greatest gains in sustained economic growth: education and manpower training; transportation facilities to support private economic activity; marine resource development; basic manufacturing and processing; agriculture and forestry; and recreation and tourism.

In terms of a total strategy, the commission's plan

is to concentrate its efforts in the following program areas:

- 1. Industrial development**
 - a. general industry
 - b. agriculture and forestry
 - c. marine industries
 - d. leisure industries
- 2. Supportive facilities and services**
 - a. education and manpower training
 - b. transportation facilities and services
 - c. community facilities and services
- 3. Policy development**
 - a. institutional and regulatory policies
 - b. fiscal and monetary policies

The Regional Development Plan describes past actions as well as prospective activities required to guide commission, State government and private efforts required to implement the plan. For example, the action taken in mid-1969 to establish and support the Coastal Plains Center for Marine Development is cited as an effort "... to strengthen and unify the marine research and development programs in the region." The commission's actions in channeling 80 percent of its available funds toward occupational

NEW ENGLAND REGIONAL COMMISSION

Profile of the Region and Its Commission

The New England Regional Commission (NERC) is unique among the commissions established under Title V of the 1965 PWED Act. Its singularity stems from a cluster of factors: (1) the region consists of six whole States (Maine, Vermont, New Hampshire, Massachusetts, Connecticut, and Rhode Island); (2) it has perhaps the most well-developed regional economy and is the most clearly recognized and defined geographic region of the country; and (3) its economy is diverse in terms of its nature, status, and historical development.

New England, as the name suggests and its history documents, is the oldest industrial and manufacturing area in the United States, and much of its present economic difficulty is a product of the basic shifts and changes in the nation's and the region's economy. As Niles Henson points out, "Two of the main factors

Rhode Island) are economically advanced. The overall characteristics of the region sometimes mask this basic difference in economic development as between the subregional sections.

The governors of the New England States requested the Secretary of Commerce to designate the six States as an economic development region under the 1965 PWED Act. He did so in March 1966 and invited the governors to form a regional commission as prescribed by the Act. A Federal co-chairman was appointed and sworn into office in January 1967. During the next six months, the commission organized itself, adopted a charter of organization and resolutions necessary to initiate commission activities, and initiated a "comprehensive region-wide and State planning and research program."

Population and sub-regional composition. The 11.3 million residents of the region are distributed quite unevenly among the six States, and between the northern and southern sectors. Slightly more than 80 percent of the population resides in the three geographically smaller southern States. Distribution of population among the six States, and among the States in the two sectors is quite uneven ranging from less than four percent in Vermont to nearly half the region's total in Massachusetts. (See Table 18.)

The population is expected to grow to 13.9 million by 1980, an increase of 23 percent. Population growth rates of NERC States lag behind national rates in various age categories. However, in two age groups, 5-17 years and 18-24 years, the NERC rates of growth exceed the national rate. With the latter category, the rate is almost 50 percent higher than the national figure reflecting the extent of immigration of college, university and preparatory students.¹³

TABLE 18
NEW ENGLAND POPULATION; BY STATE
(1970)

Sector and State	Population	Percent
Southern	9,667,604	81.6
Massachusetts	5,689,170	48.0
Connecticut	3,031,709	25.6
Rhode Island	946,725	8.0
Northern	2,173,059	18.4
Maine	992,048	8.4
New Hampshire	736,681	6.2
Vermont	444,330	3.8
Total	11,840,663	100.0

Source: NERC, *Revised Regional Development Plan*, March 8, 1971, p. 42 (from Census reports).

NERC studies estimate that, "Population density is expected to increase by more than 100 persons per square mile by 1980 in most of those areas that are within SMSA's in eastern Massachusetts, Rhode Island, and Connecticut."¹⁴ Only a few communities in the northern sector are expected to increase in population density. Thus, concentration of population in the southern and smaller part of the region will continue to increase in the next ten years.

County government in the New England States is much weaker and has fewer powers than in most other States. A county role in planning and economic development activity is not reflected in the NERC plan. The Economic Development Administration in designating redevelopment areas under the PWED Act does not use county boundaries in New England. Such designated areas in these States are made up of boroughs, towns, or townships which together make up labor areas. As of December 1970, a total of at least 60 redevelopment areas or areas eligible for public facility grants under Title I of the PWED Act had been designated at one time or another since inception of the Act.¹⁵ About one-fourth of these were designated under Title I, another one-fourth under the unemployment criterion, and another one-fourth were holdovers from the Area Redevelopment Act. The designation of many of these 60 areas has since been terminated, as prescribed by the Act. The total number of officially designated areas and districts, as of June 1971, is as follows: 49 redevelopment areas, three economic development districts, and eight growth centers.

Regional economic differences and characteristics.

The unique and complex characteristics of the New England Region have special importance from the viewpoint of a governmental program designed to intervene and assist in regional economic development. As previously noted, the region reflects sharp divisions in its economic status and development. It contains both economic wealth and advanced development as well as areas of poverty and economic deterioration. These divisions are related to differences between the northern and southern tiers of States, and to differences in location between old and new economic activity. NERC's Regional Plan cites these differences and describes itself as "... the only regional commission that must cope with the traditional problems of underdevelopment as well as the adverse consequences of advanced development."¹⁶ Aggregate regional statistics sometimes mask these intraregional distinctions. This situation must be kept in mind in reviewing the following summary of regional economic differences and characteristics based on data in the Regional Development Plan.

1. The major economic strength of the region lies in "certain export services and high-technology industries." The strength of manufacturing in the economy is indicated by the fact that 36.5 percent of total regional non-extractive employment is in manufacturing, higher by seven percent than the national percentage. However, the substantial employment loss in manufacturing of non-durables, primarily textiles and leather, during the period 1950-65 is slated to continue in the next decade. At the same time, gains in hard goods manufacturing employment, primarily electrical and transportation equipment manufacturing, are expected to more than offset declines in other sectors. Further, substantial service industry gains, especially in the business, medical and health, and educational areas, also are projected. A total of 90,000 new manufacturing jobs and 441,000 service jobs are forecast for the 1965-1980 period.

2. Per capita income distribution, as measured in 1967, indicates differences in levels of economic activity within the region. The regional figure is \$3,490, or 11 percent higher than the \$3,150 U. S. average. However, among the 59 SMSA and non-SMSA county groupings, 47 have an average per capita income below that of the region, and 39 have a figure below the national average. Not unexpectedly, the data indicate that the wealthier county areas are in the three southern States. The projected distribution of new jobs in 1980 between metropolitan and rural communities favors the city areas on a five to one ratio, further accenting regional disparities.

3. Communities under 7,500 population include 90 percent of northern New England's cities, towns and villages. Limited local markets, poor transportation to outside markets, housing and other infrastructure needs, and governmental units managed by part-time officials are cited as prime impediments to growth in non-metropolitan New England.

4. In metropolitan New England, the theme is also uneven development coupled with some of the kinds of disparities in economic opportunities between center city and suburban residents that have come to typify American metropolitan life. Older mill areas are particularly hard hit. Employment opportunities in service industry employment are not equally available to core city residents which collectively include almost 80 percent of the region's non-white population. Rates of employment growth anticipated to 1980 are far higher in suburban than core city areas, particularly in the service industries. Unemployment rates in 15 southern New England labor market areas range from 5.3 in Boston to 12.3 in New Bedford, Mass., according to U. S. Department of Labor figures for January 1971.

5. Educational attainment in the region exceeded the national average in terms of median years completed and high school and college graduates. The NERC plan points out that this larger investment in education must continue to support the region's high technology and service industries.

6. The region experienced a net loss in population between 1960 and 1965. Net out-migration went to California and Florida primarily. Connecticut and Vermont gained slightly in employment migration while the other States, lead by Maine, lost.

7. NERC lists waste management and environmental control systems, open space needs, traffic congestion and transportation systems, electric power generation, and marine resources as special problems common to the region as a whole.

Commission organization and personnel. The Federal co-chairman and the governors of the six States constitute the commission. As prescribed by the PWED Act and commission resolutions, all official decisions of the commission require the affirmative vote of a majority of State members and the Federal co-chairman. In the past, resolutions were incorporated into an official commission code which contained administrative and substantive policy. The commission reports, however, that the code is obsolete and needs up-dating. In matters of State interest only, the Federal co-chairman abstains from voting, in accordance with the commission code, and the issue may be decided by a majority of State members' votes. Alternates for State and Federal members are authorized by the PWED Act and required by the code. Each governor has appointed an alternate, but an alternate for the Federal member has never been appointed. Alternates may vote in the absence of the commission member they represent.

Total commission membership is seven. As of June 1971, three different Federal co-chairmen, 11 different governors and 18 different alternates have served the commission since its organization in January 1967. The commission meets regularly on a quarterly basis and may hold special meetings at the call of the executive committee, which consists of the two co-chairmen, or at the call of any four members. The code prescribes that alternates also meet regularly and may make decisions under the same voting arrangements as prescribed for members. An agenda is submitted to alternates seven days in advance of the meeting to allow consultation and prior approval by the governor of actions to be later taken.

The commission and the Federal co-chairman have separate staffs totaling 37 personnel (30 commission, seven Federal co-chairmen). The commission's staff, headed by an executive director, is located in Boston.

TABLE 19
**NEW ENGLAND REGIONAL COMMISSION FUNDS OBLIGATION HISTORY
 AND BUDGET LEVEL 1967-1971 (DOLLARS IN THOUSANDS)**

Object	Amount and Percent of Total – Fiscal Year											
	1967	%	1968	%	1969	%	1970	%	1971	%	Total	%
Exp. of Federal Co- ch.	\$ 40	4	\$ 176	4	\$ 190	4	\$ 189	4	\$ 226	3	\$ 821	4
Commission Exp.	410	38	427	11	350	8	100	2	350	4	1,637	7
Reg. Plng./Tech. Asst. ¹	626	58	977	24	855	21	1,989	39	5,860	70	10,307	45
Supp. Grants ²	--	--	2,450	61	2,770	67	2,871	55	1,877	23	9,968	44
Total	\$1,076	100	\$4,030	100	\$4,165	100	\$5,149	100	\$8,313	100	\$22,733	100

¹ Includes grants to States to support State planning in following amounts 1967 – \$226,750; 1968 – \$346,750; 1969 – \$347,000; 1970 – \$300,000; 1971 – \$300,000.

Total \$1,520,500.

² Included "first dollar" demonstration grant money, beginning 1970.

Source: Compiled by NERC staff based on OMB budget material.

regional planning technical assistance item. The amount of the grant to each State is approximately \$50,000 per year during the five year period. The total amount expended for support of State planning during the five year period was \$1.5 million and averaged about \$300,000 each year. (See Table 19.)

2. The total amount of money expended or committed by NERC during the five year period 1967-1971 came to \$22.7 million. Cumulatively, 44 percent of this total was used for supplemental grants-in-aid, and another 45 percent of total funds was used for regional and State planning and technical assistance purposes. The "first-dollar" money granted to the commission under the 1969 amendments is included in the total for supplemental grants-in-aid. (See Table 19.)

3. NERC provided financial support for a total of 146 technical assistance research programs and studies covering a wide spectrum of State and regional problems and projects. The substantial increase (\$3.8 million) in technical assistance expenditures between 1970 and 1971, previously described, was primarily due to support for three large scale activities totaling \$2.7 million: the New England Resource Center for Occupational Education (\$1.4 million), the New England Program in Teacher Education (\$800,000), Health Projects (\$289,000), and Nashua River Program Management (\$250,000). (See Table B-4, Appendix).

4. Through the use of supplemental grant funds the NERC has supported projects which serve State and regional objectives. In 1969, according to the Annual Report, these funds were allotted one-half to State and one-half to regional projects. In 1971, however, the commission decided that all funds—both technical assistance and supplemental funds—would be allocated to specific projects according to a plan adopted at the beginning of the fiscal year instead of being obligated on the basis of proposals received as the year progressed, which had been the practice in the past.

Cumulatively, from 1968 through the early part of 1971, the commission expended, through the use of supplemental funds, \$9.3 million in support of 50 projects with a total cost of \$100 million. Eleven of these were vocational educational facilities and programs, five were technical training facilities, ten were sewage treatment facilities, five were water treatment systems, and another five were marine resources and port facilities. The remaining 14 projects covered hospitals (3), airports (4), library (1), mental health (1), teachers training (2), dental facilities (1), and industrial development (2). The prime grantor included a total of nine Federal agencies: HEW was the prime grantor for 20 projects; pollution control

and water quality agencies now included in EPA sponsored nine of the projects; and EDA was the prime support for seven. The remaining projects involved HUD, FHA, FAA, the Departments of Labor and Interior, and the National Science Foundation. (See Table B-5, Appendix).

5. The "first dollar" money available under the 1969 amendments to the PWED Act totaled \$708,000 for the year 1970. This was used for four projects: a ferry terminal (\$200,000); a sewer system related to the Nashua River project (\$368,000); and two water-supply systems (\$140,000).

Regional Plan and Commission Policy

The NERC Regional Development Plan points to five basic problems facing New England: (1) intra-regional income disparity, (2) extreme variation in environmental quality, (3) educational resources, (4) transportation facilities, and (5) minority group social and economic disadvantages. The commission's basic goal is to utilize the region's strength to reduce economic weakness and to expand the range of economic choices available to residents of the region. The plan recognizes that programs are needed to encourage a better distribution of private enterprise, increase jobs in depressed areas, help the disadvantaged to improve job skills, and provide the necessary infrastructure and essential governmental services in underdeveloped areas.

A strategy is presented which recognizes the basic industrial and geographic cleavage between the northern underdeveloped States and the economically advanced southern tier States. One objective is to disperse new economic growth opportunities to the region's non-metropolitan areas. A parallel objective is to "alleviate the economic and social costs created by economic growth in congested metropolitan areas." A special concern for maintaining high environmental quality in any economic expansion and dispersion is also emphasized.

To assist economic dispersion, NERC indicates that it will undertake planning and program activities to encourage the improvement of public facilities and services in non-metropolitan areas serving as growth centers, stimulate decentralization of new and expanding industries, provide services essential to a modern community, and coordinate economic development activities throughout the region. The commission plans to designate growth centers of varying types. Communities with one or two dominant industries, those with a diversified industrial base, and those serving as recreational centers will be considered. The first two growth centers selected are St. Albans, Vermont and Bangor, Maine. Differential

strategies to extend services to non-metropolitan fringe areas to invite economic dispersion and to exploit tourism and seasonal homes in the more remote areas are included in NERC policy. Along with these efforts, programs to improve economic opportunities through private and public programs of improved education, vocational training, more accessible transportation, improved housing and support for growth industries and minority enterprises are planned.

Within the broad strategy that the above policy goals represent, the NERC Plan identifies a five year regional action program in five major areas of concern.

- 1. Human Resources**
 - a. Labor Skills
 - b. Education
 - c. Health
 - d. Housing
- 2. Natural Resources**
 - a. Waste Management
 - b. Land Management
 - c. Resource Management
- 3. Commercial and Industrial Development**
- 4. Transportation**
- 5. Government Services**

Within each of these ten major subject areas, specific program activities and cost estimates required to upgrade economic activity are described as a guide for commission and State planning and implementation efforts. In commercial and industrial development, for example, area needs and issues are described in terms of the dispersal of economic activity, the fostering of new industries, the reduction of artificial barriers to development, and the improved utilization of current resources.

The objective of achieving a dispersal of economic activity will be related to the designation of three to five growth centers and the channeling of grant funds to those centers largely for the development of the necessary public facilities. A budget of \$15 million is estimated as the fiscal requirement for this effort.

A broad plan to foster new industries including marine industries, recreation areas and inner city enterprises is described and an estimated budget of \$4.4 million is attached. Ocean resources are cited as an underutilized resource, the development of which will bolster the declining state of New England's traditional land industries. Central city industries also must be assisted to expand and create new employment opportunities. The recreation industry, including tourism and vacation-home construction, is viewed as an important economic activity requiring expansion and regional support. The plan also cites the need to reduce the artificial barriers to development, such as

high freight rates and fuel costs, and the need to improve the electric power system.

Each of the other problem areas described in the five year regional action programs are treated in a somewhat similar manner with varying specificity. The action program describes NERC policies designed to support these activities, but it does not identify specific roles and required actions by other governmental agencies. It should be noted, however, that NERC emphasizes the use of existing institutions—public and private—to support and assist in the development of regional economic activities. State plans and their annual revisions are expected to reflect the State and regional emphases described.

Relationships Between NERC and the New England River Basin Commission

The six New England States are also members of the New England River Basins Commission (NERBC) established under the Water Resources Planning Act of 1965. The function of the River Basin Commission is to "identify the best use or combination of uses of water and related land resources to meet all the region's foreseeable needs through development projects and resources to protect and enhance the quality of natural environments."¹⁷

A memorandum of understanding between NERC and NERBC was formulated March 1969, in which each agency recognized the mandate and program objectives of the other and the need for coordination of their planning and action programs. Accordingly, the memorandum specifies that the two agencies will maintain close liaison, exchange research and study materials, maintain a continuous flow of information on program development in areas of mutual interest and seek advice and consultation with each other. The agencies further pledge to coordinate their planning activity and formulate mutually compatible plans.

FOUR CORNERS REGIONAL COMMISSION

Profile of the Region and Its Commission

Stimulus for the establishment of the Four Corners Regional Commission came from the governors of Arizona, Colorado, New Mexico and Utah. Following passage of the PWED Act of 1965, these governors explored, with the help of university consultants and EDA, the possibility of designating the area as an economic development region. This was accomplished and the necessary documents signed in late

December 1966. The original boundaries have not been changed, although there have been discussions of a possible expansion to include additional counties in New Mexico and to include whole rather than part States. The initial organizational meeting of the commission was held nine months later in September 1967.

Population and sub-regional composition. The designated region covers an area of 288,460 square miles, which makes it larger in area than any of the Title V Regions or Appalachia. In terms of its population, estimated at 1.9 million in 1967, the region ranks as the smallest and has the lowest population density.

The population is not evenly divided among the States. New Mexico and Colorado each have about one-third of the region's population; Arizona and Utah each have about one-sixth of the region's total. Collectively, the population of the four State components of the region represents one-third the total population of the States involved. (See Table 20.)

The region's population growth rate in the period 1960-67 was 1.6 percent, slightly higher than the national rate of 1.4 percent, but well below the 2.6 percent in the non-region portion of the four States. Mexican-Americans represent 18 percent of total population, and Indians an additional seven percent.

The Four Corners Region includes about 75 percent of the territory of the four States and 92 of the States' 138 counties. (See Table 21.) As of June 1971, there were 72 redevelopment areas, five economic development districts (EDD's) and nine growth centers designated within the region. A significant number of the redevelopment areas, particularly in Arizona and New Mexico are designated because they are Indian reservations, and have experienced a high degree of economic distress.

Regional economic deficiencies and characteristics.

The Four Corners Region had a population density in 1967 of 6.6 persons per square mile making it one of the most sparsely populated areas in the nation. A unique feature of the region is that it contains both Indian and Spanish-American cultures, in addition to the prevalent Anglo-American group, which exist as distinct and separate groups. The cultural composition is related to the region's physical characteristics. As the FCRC's 1969 Annual Report puts it, these earlier cultures have survived because of "... the region's lack of attractiveness to Anglo-Americans in the 19th Century (apart from the Mormon migration to Utah), due to the almost total lack of level land suitable for agriculture without irrigation."¹⁸ Further, the report points out that the inadequate resource base

TABLE 20
POPULATION DISTRIBUTION OF FCRC, 1967
(In Thousands)

Regional Area	Regional Population	Percent Of Region	Total State Pop.
Arizona	312	16	1,645
Colorado	660	34	2,018
New Mexico	725	37	1,027
Utah	262	13	1,037
	<u>1,959</u>	<u>100</u>	<u>5,727</u>

Source: FCRC Regional Plan, p. 21.

of the reservations and subsistence farms, where many of these people live, severely retards improvement in their standard of living.

Another distinctive characteristic of the region is the pattern of land ownership which is dominated by public, largely Federal, land holdings. Among the four State sectors, the amount of federally owned land varies from 34 percent in New Mexico to 66 percent in Utah. Acreage held as Indian Trust land or by State and local governments further decreases the amount held in private ownership from a low of 16 percent in Arizona to 59 percent in Colorado. New Mexico's 44 percent and Utah's 24 percent falling in the middle range.

The FCRC's Comprehensive Development Plan describes the region's basic economic problems in terms of the employment and income patterns in agriculture, mining, manufacturing and governmental service.

The proportion of the region's employment in agriculture exceeds the national average by about 50 percent and the proportion of personal income generated by agricultural activities exceeds the national average by an even greater margin.

Mining as a source of employment and income

TABLE 21
COUNTY COMPOSITION OF FCRC REGION

State	Counties	
	Total	In Region
Arizona	14	9
Colorado	63	40
New Mexico	32	22*
Utah	29	21
Total	<u>138</u>	<u>92*</u>

*Includes a portion of one county.

Source: FCRC First Annual Report, 1968, p. IV.

generation is also disproportionately high in the region compared to either the national average or the average for the four States.

On the other hand, manufacturing activity represents a relatively minor portion of the region's economic base. Nationally, manufacturing represents about 25 percent of all employment and 30 percent of personal income generation. In the region, only nine percent of employment is in manufacturing, and it provides only ten percent of personal income.

The importance of government employment (Federal, State and local) is indicated by the fact that it represents 26 percent of the region's employment compared to 16 percent for the nation and it generates approximately 30 percent of the region's income compared to 17 percent for the nation.

These variations are considered to be indices of serious economic dislocations because the four activities are the key sources of the region's income and they represent relatively low value-added activities.¹⁹ This condition is made more severe by the fact that predicted employment trends in these activities within the region are not favorable. Agricultural employment has decreased 27 percent since 1960, and even more seriously in the preceding decade. Mining employment decreased more than 20 percent during the sixties. While manufacturing employment increased by 16 percent in the same period, it remains a minor economic activity. Moreover, the increase was less than one-half the increase in the preceding decade. Government employment, however, rose substantially by 55 percent in the 1960-70 period.²⁰

The region's per capita income level was about one-third below the U. S. average in 1966. Averages in the State components ranged from a low of \$1,832 in Arizona to \$2,469 in Colorado. (See Table 22.)

The data in the FCRC Development Plan also indicates that while the annual percentage change in

TABLE 22
LEVELS OF PER CAPITA
INCOME IN STATE SECTORS OF THE FOUR
CORNERS REGION, 1966

State Sectors	Per Capita Income
Arizona	\$1,832
Colorado	\$2,469
New Mexico	\$2,324
Utah	\$1,903
Region Average	\$2,232
U.S. Average	\$2,963

Source: FCRC Comprehensive Development Plan, p. 46.

per capita income was 3.0 percent for the U. S., it was only 1.6 for the region and in the lowest per capita sector of the region (Arizona) the annual change was a mere 0.2 percent. This indicates that the lag in the region's economic activity, compared to national indices, is becoming more acute.

Specific data on migration patterns in and out of the region are not available. The FCRC Development Plan states that there was a general population decline, or net out-migration, during the period 1960-1966. Of the 92 counties in the region, 47 had a population decline during the period while another 23 had net out-migration even with a population increase. A total of 22 counties increased in population with net in-migration.²¹

Because of the significance of Spanish-Americans and Indians in the region's population, representation of these groups in the employment structure is of special importance. Data compiled by the commission indicates that these groups tend to be over-represented in the low skill job categories and under-represented in the managerial, professional and technical categories. Female members of these population groups are under-represented at all levels.

Commission organization and personnel. The Federal co-chairman and the governors of the four States constitute the Four Corners Regional Commission. It meets quarterly and, normally, all governors are in attendance. Alternates meet in the interim between commission meetings and at special times, but seldom more than six to eight times each year. Alternates, with gubernatorial instructions, make initial decisions on projects and studies to be funded by FCRC. These decisions are later reviewed and ratified by the full commission.

As of July 1970, the gubernatorial members had not changed since the commission's founding. Two of the four alternate members had changed, however, one resigned to become the present Federal co-chairman. During the life of the commission there have been four different Federal co-chairmen and two State co-chairmen.

The commission's staff is located in Farmington, New Mexico, and consists of eight professionals and ten at the secretarial-clerical levels. Staff principals are assigned to cover the following subject areas: (1) State investment planning and transportation; (2) industrial development and tourism; (3) vocational education and health; (4) agriculture and natural resources; and (5) water. The Federal co-chairman's staff is located in Washington and consists of four persons: one professional; a part-time consultant and two secretaries. In addition, the Federal co-chairman

TABLE 23
FOUR CORNERS REGIONAL COMMISSION EXPENDITURES FY 1968-1971

Object	1968		1969		1970		1971		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount (Est.)	%
Federal Co-chairman	\$ 86,507	8.7	\$ 189,842	5.9	\$ 215,759	4.6	\$ 216,000	3.0	\$ 708,108	4.4
Commission Admin.	13,600	1.4	387,256	12.1	432,850	9.2	390,000	5.5	1,223,706	7.6
State Planning	144,000	14.4	80,000	2.5	224,000	4.8	272,112	3.8	720,112	4.5
Technical Assistance	2,500	.3	459,506	14.3	1,188,802	25.4	711,569	10.0	2,362,377	14.8
Demonstration	--	--	--	--	28,300	.6	431,500	6.1	459,800	2.9
Supplemental	<u>750,000</u>	<u>75.3</u>	<u>2,095,000</u>	<u>65.2</u>	<u>2,595,000</u>	<u>55.4</u>	<u>5,100,000</u>	<u>71.6</u>	<u>\$10,540,000</u>	<u>65.8</u>
Totals	<u>\$996,607</u>	<u>100.0</u>	<u>\$3,211,604</u>	<u>100.0</u>	<u>\$4,684,711</u>	<u>100.0</u>	<u>\$7,121,181</u>	<u>100.0</u>	<u>\$16,014,103</u>	<u>100.0</u>

Source: Compiled by FCRC staff on the basis of the Commission's Administrative Expense and Categorical Summary Book.

has an office in Albuquerque, New Mexico staffed by two assistants and a secretary. Two economists are employed as continuing consultants to complete the comprehensive development plan.

Commission meetings and major reports issued. The FCRC's organizational meeting was held in September 1967. Regular quarterly meetings have been held since then. Commission decisions are made by formal resolutions which are maintained as a permanent record, but not in code form.

Early in 1968, the commission selected transportation, education and health, agriculture, mineral, and industry as areas for priority attention. To help define its goals in these and related areas, the commission, during its first year completed a reconnaissance study of the economic research applicable to the region and a preliminary study of demographic characteristics of its residents.

The commission has engaged in and supported, using technical assistance funds, a wide variety of research studies on topics of region-wide and State interest. Most of these studies are in subject areas identified in and related to the Comprehensive Development Plan. As a matter of policy, study contractors are required to prepare a report for the commission, and the reports are published. FCRC staff indicates that a vocational education master plan and the highway portion of the transportation plan have been completed and are used as guides for commission and State action. Other research and planning studies relate to economic base analyses, health planning, industrial development, tourism and recreation, and agriculture. Specific study topics range from pine stump processing in Arizona to vocational area planning in Utah. Currently, the commission's policy is to reduce the number of and amounts expended for research studies and to increase the emphasis on action programs and specific demonstration projects.

The FCRC's draft Comprehensive Development Plan was completed in September 1970. The plan is now being reviewed, updated, and revised. Completion is scheduled for early 1972.

Fiscal Base and Expenditure Patterns

Because of difficulties in getting the FCRC organized and staffed and in determining its program emphasis, the early years of the commission's life were marked by significant differences between amounts allocated for planning and technical assistance and actual expenditures for these purposes. This resulted in the carrying forward and recommitment of allocated funds to other program purposes in successive fiscal years. The Federal co-chairman's

staff reports that beginning with FY 1972, there will be a closer relationship between amounts allocated and actual expenditures. FCRC expenditure patterns and trends, based on data presented in Table 23, are summarized below.

1. FCRC's estimated total expenditures for FY 1971 were \$7.1 million. The 1971 level was slightly more than 50 percent higher than that for 1970, and almost 2¼ times the 1969 level. These overall increases are comparable generally to increases in the New England and Coastal Plains Regional Commissions' expenditures for the same years. The increase was due to a near doubling of the amount spent on supplemental grants (\$2.6 million to \$5.1 million) between the years 1970-1971. Also, the amounts allocated for technical assistance and support of State planning increased significantly over 1969 levels.

Demonstration grants, authorized by the 1969 amendments to the PWED Act, constituted a significant amount in 1971 (\$431,000), but the amount expended for technical assistance projects decreased by about the same amount.

Expenditures for the Federal co-chairman and his staff, and the commission's administrative expenses, have remained at about the same level over the past three years. State planning grants have varied, but during the past two years they have leveled off. It is the policy of the commission to divide State planning grants evenly among the four States. (See Table 23.)

2. A total of slightly more than \$16 million has been expended by FCRC since its inception. Supplemental grants accounted for 66 percent of the total and technical assistance grants represented 15 percent. About eight percent of the total are commission administrative expenditures. State planning grants and expenses of the Federal co-chairman each amounted to about four percent of the cumulative total expenditures. Demonstration grants amounted to \$459,000, or about three percent of the total.

3. Based on analysis of supplemental grant expenditures from 1968 through 1971, the commission has supported a total of 97 supplemental grant projects representing a total expenditure of \$10.5 million. Of these, 37 were industrial development projects amounting to \$3.4 million (32 percent); 31 were natural resources projects for \$1.3 million (12 percent); 15 were transportation oriented, mostly highways, for \$3.5 million (34 percent); and human resource projects, about evenly divided between vocational education and health facilities, represented \$2.4 million (22 percent). (See Table B-6, Appendix.) While the size of the grants have varied from year to year and from project to project, the aggregate amount expended in each State since the commission's establishment is

fairly comparable, ranging from \$2.4 million (23 percent) in Arizona to \$2.8 million (27 percent) in Colorado. (See Table B-7, Appendix)

4. A total of 22 supplemental grant projects were completed by March 1971. In these completed projects, the FCRC provided \$1.1 million financial support, or 24 percent of the total project cost of \$4.4 million. As of the same date a total of 35 projects, completed and in process, were categorized as having exclusive or primary impact on Indian or Spanish-American residents of the region. The total cost of these projects was \$13.5 million of which the FCRC amount was slightly less than \$2 million (15 percent).

Federal agencies which served as the prime grantor for supplemental grant projects included HEW, DOT, Interior, agencies now included in EPA, USDA, FHA, FAA, and EDA. EDA served as the prime grantor in about 11 percent of the projects to date.

5. The total amount of demonstration grant money expended by FCRC is slightly less than \$460,000 and supported 13 projects. Five of these provided specialized training and mobile vocational training units. Other projects included health demonstration, ground water studies, industrial development and minority business enterprises, and agriculture facilities.

Regional Plan and Commission Policy

The FCRC Comprehensive Development Plan states that the commission's goal is to "reduce and ultimately eliminate the job gap." This is no small order. The magnitude of the gap as measured in 1967 was reported at about 137,000 jobs and \$1.5 billion income. If existing trends are not reversed, according to the plan, the gap will widen by 1975 to 206,000 needed jobs and \$3.4 billion in absent income. Nonetheless, it is recognized that the proposed annual growth rate of more than 12 percent required to close the gap by 1975 is unrealistic. The commission identifies 7.7 percent as a more practical annual income growth and its operating targets of 173,000 new jobs and \$1.7 increase in aggregate regional income is based on this figure. To meet this scaled down goal, \$4.5 billion of new capital investment will be needed and this, in the commission's judgment, should be provided by the private and public sectors on a three to one ratio. Moreover, the commission assumes the smaller public share should be split into "90 percent Federal and ten percent State-local shares."

The development plan describes at some length the methodologies currently being explored and employed to create a strategy for regional economic development. The procedure involves identification of particular activities within sectors of the region. The

model is described as "crude," but an improvement and amplification of the economic base multiplier approach. These efforts are scheduled for completion and application to the development strategy during 1971.

In the meantime, the FCRC has relied on earlier survey efforts to identify five activities of fundamental importance to the region: government, manufacturing, mining, agriculture, and tourism. The commission has supported research and planning studies in all these areas and in the related areas of vocational education, manpower, and transportation. Thus, the commission's policy guidance is still based on its resolution approved early in 1968 summarized as follows:

Transportation—improve the highway systems to provide access and a means to increase tourism;

Education and health—determine education, health, and sociological needs and meet these by providing the facilities and programs required;

Agriculture—develop new agriculture programs and employment opportunities and thus stabilize population;

Mineral—develop new processing plants and exploit new mineral processing technologies; and

Industry—encourage new industries by assisting public and private agencies to create essential infrastructure.

The commission also seeks to establish regional developmental incentives through favorable tax structures, a regional development bank and similar programs.

The need for establishing a more effective system for relating Federal fund allocations to regional priority targets has been stressed. On this score, the commission opts for programming such expenditures through the appropriate Federal agency, but with the FCRC in a stronger review and coordinating role. Also, the plan calls for direct appropriation to the FCRC of \$50 million per year during 1971-1975. This is the estimated Federal share of the new investment money required to close the job and income gap. The FCRC would utilize these funds in its grant programs, relying on existing Federal and State agencies to assist in the development of new economic activity.

The FCRC recognizes that primary direction and priority assignment for project selection and support should be based on State investment plans. Until such plans are formulated, the commission's own priorities, formulated in early 1969, are applied in the order indicated below:

- favor projects bringing additional permanent employment to the most distressed areas;
- establish vocational training in such areas;

TABLE 24
POPULATION OF UPPER GREAT
LAKES REGION, BY STATE COMPONENT

State Portion	Population	Percent
Wisconsin	1,115,600	40.1
Minnesota	962,900	34.6
Michigan	703,800	25.3
	<u>2,782,300</u>	<u>100.0</u>

Source: UGLRC, *Economic Atlas*, p. 3.

- provide access for tourism and industrial development;
- select projects having a high employment to investment ratio;
- support health and social facilities development; and
- utilize available local funds.

THE UPPER GREAT LAKES REGIONAL COMMISSION

Profile of the Region and Its Commission

The Upper Great Lakes Region covers a vast area in the north-central portion of the United States which is dominated by the Great Lakes. Historically, the region's economic development was based on its natural resources. Exploitation of these resources to the exclusion of adequate development of a broad-based, balanced economic structure accounts for a significant part of the region's economic dislocation and underdevelopment. Recognition of these conditions by the governors of Michigan, Minnesota and Wisconsin and the Secretary of Commerce led to the creation of the UGLRC. Based on the criteria specified in the Act, an area consisting of 119 counties in the northern parts of the three States mentioned was designated as the Upper Great Lakes Region, and the UGLRC was officially organized in April 1967.

Population and sub-regional composition. The 119 UGLRC counties cover an area of 116,000 square miles, about 60 percent of the total area of the three States. The total population in 1967 was estimated at 2.8 million representing 18 percent of the combined population of the three States. The Wisconsin portion of the region has the largest population, about 40 percent of the total. Minnesota's segment represents 35 percent and Michigan 25 percent. (See Table 24.)

Population growth in the region has been slow and lags considerably behind the nation and the portions

of the three States outside the region. The growth rate for the region during the decades 1940-1950 and 1950-1960 was 1.6 percent and 3.6 percent, respectively, compared to 14.5 percent and 22.6 percent for the non-regional portions of the three States during the same periods. The national growth rates for these decades were 14.5 percent and 18.5 percent. The rate of growth was stagnant between 1960 and 1965. There was an upswing during 1965-1966 which produced a 1.6 percent net increase for the six year period 1960-1966. The national increase during this period was 9.8 percent.²² The average population density of the region in 1967 was 24 persons per square mile—less than half the national average—with the northern sectors having the lowest densities.

The 119 counties within the region represent about half the total number of counties in the three States, collectively and individually. (See Table 25.) As of June 1971, there were 101 EDA designated redevelopment areas, nine EDD's and 14 growth centers in the region. The number of redevelopment areas varied from 59 in Michigan to 21 in Wisconsin. The most frequent basis on which these areas were designated was unemployment.

Regional economic deficiencies and characteristics. Geographically, the region is an area of woodlands and water, dominated by the Great Lakes. The population is scattered among small cities and towns to the exclusion of any large metropolitan area. The region's main natural resources are timber and minerals and these have conditioned its economic development. The UGLRC development plan points out that it was the heavy, continuous exploitation of these resources which produced a booming regional economy in the 18th and early 19th centuries. "But the disproportionate reliance of the region on forestry and copper and iron mining hindered the development of a diverse and solid economic base which could have generated continuing growth. The large scale nature of (these) operations; coupled with small scale agriculture, created serious imbalances in the regional

TABLE 25
COMPOSITION OF UGLRC REGION

State	Counties	
	Total	In Region
Michigan	83	45
Minnesota	87	38
Wisconsin	72	36
Total	<u>242</u>	<u>119</u>

Source: Data produced by UGLRC staff.

economy whose effects have persisted until the 1970's."²³ Forestry employment in Michigan dropped from 18,000 in 1918 to 10,000 in 1946; employment in the copper mines decreased from more than 12,000 in 1919 to 3,200 in 1939; iron mining leveled off in Michigan after 1916, and in Minnesota, after 1953.²⁴ Mechanization of agriculture eliminated small farms and reduced agricultural employment. These are the primary factors underlying the economic dislocations of the region summarized below.

1. Out-migration from the region, especially among the under 30 age group, has been a significant characteristic. During the period 1950-60, the net out-migration was 257,000 persons, the great majority of whom were under 30 years of age.

2. Unemployment has been consistently higher in the region than national averages. During the period 1960-67, the regional unemployment percentage ranged between 67 to 100 percent higher than the national average. In 1967, the rate for the region was 7.19 percent compared to a rate of 3.9 for the nation as a whole. The rate within the region ranged from 10.0 percent for the Michigan portion to 5.4 percent for the Wisconsin segment. Moreover, UGLRC reports that there is some "hidden" unemployment due to the fact that a smaller percentage of the eligible age group participates as members of the labor force.

3. Trends in the region's employment distribution shows the continuing decline in agriculture, forestry and fisheries, some increase in mining and manufacturing employment, and larger increases in the service employment fields. The percentage of total employment in agriculture, forestry and fisheries decreased from 18.8 to 13.2 percent during 1960 to 1967, while the manufacturing employment percentage increased from 18.2 to 20.0. The percentage of employment in mining increased slightly during the same period, but it represented less than three percent of the total in both 1960 and 1967. The average annual compound rate of increase in employment for the Upper Great Lakes Region is projected at 1.1 percent compared to 1.5 percent for the remainder of the three State area and 1.4 percent for the nation. By 1980, these differential rates can be expected to produce a lag of about 78,000 jobs in the region.²⁵

4. Per capita income in 1967 for residents of the region was \$2,419, about 30 percent below the national average for that year of \$3,159. Not unexpectedly, per capita income is lowest in those parts of the region where agriculture predominates. UGLRC studies indicate that the income gap is widening. "In 1950 the total income gap for the Upper Great Lakes Region was approximately \$1.1 billion. By 1967, in light of the increases in both the per capita dollar gap

and population, the total dollar gap widened to \$2.1 billion, or double that of the 1950 income disparity."²⁶

5. The UGLRC Plan notes also that Federal expenditures per capita to the region lagged behind per capita amounts to the non-regional portion of the States, and behind the national average. Federal outlays in the region came to \$567 per capita in 1967, compared to \$631 in the non-regional portion of the three States, and \$861 in the nation as a whole.²⁷

6. In 1960, 40.7 percent of the region's housing was classified as unsound, compared to 26 percent for the nation. This reflects rural blight and the lower housing maintenance standards.²⁸

7. Educational attainment in the region, as of 1960, was generally comparable with the U. S. median of 10.6 years of school completed. In about one-fourth of the counties educational attainment was equal to or above the national average.

Commission organization and personnel. The Commission consists of the governors of the three States and the Federal co-chairman and conforms to the organizational and general operational pattern of other commissions established under Title V of the PWED Act of 1965. It meets regularly on a quarterly basis; governors appoint alternates who may represent them as voting members; alternates meet monthly or, more recently, once during the period between quarterly meetings; decisions of the commission require the majority vote of State members and the affirmative vote of the Federal co-chairman; and a State co-chairman is elected on a yearly rotating basis. The commission operates under a charter and set of by-laws adopted at the initial organizational meeting in early 1967.

Total commission membership is four. In the approximately four year period of the commission's life, three different Federal co-chairmen and six different governors have served as members. The alternate for Michigan is usually the Director of the State Department of Commerce, and the alternate for Wisconsin is a designated faculty member of the University of Wisconsin Extension Service. At least six different alternatives have served in that capacity during the life of the commission.

As a matter of commission policy, the size of the staff has been kept to a minimum level, and there is no staff executive director. Currently the staff numbers four, consisting of two professionals and two secretaries. The number of staff authorized, including the executive directors position, is 19.

The Federal co-chairman has a staff of six persons, three of whom are at the professional level. The number of authorized positions is eight.

Commission meetings and major reports issued. The commission has held a total of 16 regular and special meetings since its establishment. Decisions are made and action taken on the basis of resolutions passed in accordance with commission by-laws and recorded in the official minutes. Review of the minutes indicates that meetings are brief, usually lasting from one to two hours, and focused primarily on review and approval of studies and projects eligible for UGLRC fiscal support and previously screened by staff and alternates. The role of the UGLRC compared to other Title V commissions, the Department of Commerce, and Congressional action are also subjects frequently discussed.

Early decisions of UGLRC have greatly influenced the commission's role, operating pattern, and organization. It was decided as a matter of policy that the commission:

- should not operate as “a new layer of government or a super agency”;
- should emphasize action programs wherever and whenever possible;
- should utilize pre-existing State planning studies and guides to the maximum extent possible; and
- should adopt the role of coordinator of “-private, local, State and Federal efforts to revitalize the economy of our region.”²⁹

In accordance with this commission policy, the governors organized task forces in each of the three States to collect and review the planning that already had been completed as a basis for determining what each State saw as its development problems. This was completed and formed the basis of a Combined State Report on Early Program Priorities with an estimated cost of \$203 million. In the absence of commission funding at this level, this initial plan was reviewed and revised to a level of \$23.1 million level of funding as described in the commission's *Prospectus for Regional Development, First Year Investments*, published in June 1969. The State-by-State orientation was changed into more of a regional orientation in the process.

The Department of Commerce, continued to urge the development of a more comprehensive, five-year regional plan. The minutes indicate that the governors were reluctant to undertake this kind of a planning effort “-until some program funding was provided for the present request of \$23.1 million as expressed in the 1969 report identified above. However, an effort was mounted and the “Regional Economic Development Plan and Five Year Program” (Final Draft) was published in December 1970. The document was reviewed and approved by the Federal Advisory Council and the Secretary of Commerce and was submitted to the President in September 1971.

This experience in the development of a regional

plan is cited to indicate the particular way in which, the UGLRC sees its role in relation to Federal and State government. The decision not to provide a regional planning staff headed by an executive director is consistent with a posture in which the commission coordinates the State planning process from a regional viewpoint rather than to carry on a separate regional planning operation. Moreover, the commission by resolution has vested administrative authority and control in its Executive Committee consisting of the Federal and State co-chairmen. In effect, this places primary authority for staff operations with the Federal co-chairman.

In addition to the planning reports mentioned, the commission has supported about 90 research and demonstration projects covering a wide range of subjects of regional, State and individual industry importance. Subjects covered in these studies and demonstration projects include inland waterway management, timber marketing, growth center research, vocational training, iron ore pelletizing process, land use information system, and many other subjects.

Fiscal Base and Expenditure Pattern

The following summary describes the major trends and patterns in the UGLRC expenditures over the five year period 1967-1971.

1. The estimated level of UGLRC expenditures for FY 1971 is \$7.8 million, 95 percent above the approximate \$4.0 million level reported for each of the three preceding years, 1968-1970. The higher level is accounted for by a significant increase in technical assistance and supplemental grants. The dollar increase in these two expenditure categories was \$3.5 million or 94 percent of the total increase in funds and is explained in part by the use of fund transfers. In 1970, there was a considerable amount of unexpended money in the regional planning-technical assistance category. The availability of these funds and the commission's belief that a greater need for project activity existed at the time resulted in decisions to transfer the funds to the supplemental grant category. UGLRC support for State planning assistance began in 1968 with a total for the three States of \$141,500. In each of the succeeding three years the total amount expended for this purpose was \$195,000 divided equally among the three States. Outlays for commission expenditures and for the Federal co-chairman remained at about the same level after the first year. (See Table 26.)

2. The total amount of money expended by the

TABLE 26
UPPER GREAT LAKES REGIONAL COMMISSION FUNDS OBLIGATION HISTORY AND BUDGET LEVEL 1967-1971

Object	Amount (In Thousands) and Percent of Total ¹												
	FY 1967	%	FY 1968	%	FY 1969	%	FY 1970	%	FY 1971 ²	%	Totals	%	
Expenses of Federal													
Co-chairman	\$ 91	8.8	\$ 176	4.4	\$ 187	4.8	\$ 151	3.7	\$ 221	2.8	\$ 826	4.0	
Expenses of Commission	403	38.9	69	1.7	227	5.8	108	2.6	193	2.5	1,000	4.8	
Region Planning and													
Technical Assistance ³ . . .	542	52.3	1,000	24.9	733	18.7	72	1.8	1,445	18.6	3,792	18.2	
Supplemental Grants-in-Aid . .	--	--	2,766	69.0	2,770	70.7	3,716	91.9	5,925	76.1	15,177	73.0	
Total	\$1,036	100.0	\$4,011	100.0	\$3,917	100.0	\$4,047	100.0	\$7,784	100.0	\$20,795	100.0	

¹UGLRC staff reports that the total shown represent actual expenditures in each category. However, there were transfers of funds from one fiscal year to another so that the amount shown for any particular year may not be accurate.

²Estimates as of 6/1/71.

³Includes grants to States to support State planning in following amounts: 1968 - \$141,500; 1969 - \$195,000; 1970 - \$195,000; 1971 - \$195,000. Total - \$726,500 (3 percent of \$20,795).

Source: Provided by UGLRC staff based on OMB budget data.

commission in the five year period was \$20.8 million with supplemental grants accounting for 73 percent of the figure. Demonstration grants authorized under the 1969 amendments to the PWED Act are included in this total for supplemental grants. The State planning and technical assistance grants totaled 18 percent of all expenditures, while expenses for the Federal co-chairman and commission administration come to about four percent each. The heavy emphasis on supplemental grant projects reflects the commission's previously described policy to concentrate on action programs, using pre-existent State plans, and not engage in new regional planning activities.

3. As of June 30, 1971, the commission provided fiscal support for about 90 technical assistance studies and projects at a total UGLRC cost of about \$3 million, not including \$726,500 for State planning assistance. The activities supported cover a wide range of subjects and widely varying grant amounts. The largest, in terms of grant size, include the following: (See Appendix Table B-8 for more detail.)

Inland Lake Renewal and Management I	\$ 180,000
Inland Lake Renewal and Management II	224,000
Inland Lake Renewal and Management III	303,000
Feasibility of Pelletizing Plant (iron ore)	155,000
Wild Rice Production Demonstration	112,000
Timber Procurement and Marketing	107,000
Basic Land-Use: Information System (Phase II)	125,000
Northern Beef Enterprise Demonstration	104,000
Northern Beef Enterprise Demonstration (Extension)	120,000
Three State Highway Development	150,000
	\$1,580,000

4. In the three year period 1968-1970, the commission supported 131 supplemental grant projects at a cost of about \$9.4 million. The total cost (UGLRC \$ + prime grantor \$ + State or local \$) of these projects come to \$51.8 million. The UGLRC portion thus constituted about 18 percent of the total. The estimated 1971 cost of such projects will come to an additional \$5.9 million. A summary of the type and number of projects for the three year period follows. (See Appendix Table B-9 for more detail.)

Type Project	No.	UGLRC Cost
Human Resources	55	\$2.4 million
Industrial Development	27	2.9
Transportation	17	1.9
Natural Resources	3	.2
Recreation and Tourism	29	2.0
	131	\$9.4

5. "First dollar" money authorized under the 1969 amendments and available in 1970 was used for one project in that year and three thus far in 1971. The 1970 grant of \$106,808 (73 percent of total cost) was for an airport development program in Minnesota.

TABLE 27
FEDERAL COSTS: UGLRC
PROPOSED FIVE YEAR PROGRAM

Category	Amount (Millions)
Industrial development fund	\$ 29.1
Improve timber supplies	2.6
Develop minerals and fuel resources	2.8
Agriculture demonstrations	3.6
Highways (key routes)	231.0
Airports	26.1
Overseas trade information system	1.5
Vocational training	44.8
Lake and scenic resources	11.7
Fish cultural facilities	12.0
Fish control	3.8
Develop small craft harbors	4.8
Develop tourist services	8.2
Total	\$382.0

Source: UGLRC Plan, p. 83.

In 1971, UGLRC supported two industrial park projects with a combined grant total of \$131,000, representing 38 percent of project cost. An additional 1971 demonstration grant in support of a vocational education project was approved at a \$100,000 UGLRC cost, bringing the total of such grants to date to \$337,808.

Regional Plan and Commission Policy³⁰

As has been pointed out, the major causes of the region's underdevelopment and lagging economic activity has been the disproportionate reliance on forestry and mining, the failure to develop these natural resource assets beyond the primary industrial state, and the small-scale nature of agriculture. These factors highlight the historic development of the region, but the imbalances they have produced are cumulative and persist today.

UGLRC defines the most serious regional economic problem as the lack of jobs and the need to stabilize migration. The commission's five-year goal, as stated in its Regional Economic Development Plan, is to provide the impetus of 100,000 extra jobs cumulatively over ten years so as to slow down out-migration and diminish unemployment to a four percent rate. This goal will involve an estimated public investment of \$546 million—\$382 million from Federal funds, and \$164 million in State and local funds.

Two basic methods designed to produce new jobs are cited: (1) to improve the physical and technologi-

cal environment of the region in order to attract new job generating capital investments; and (2) to offer direct incentives to private investors who will generate new jobs. These two approaches complement each other, in the commission's view, and both would be used. The commission believes that the plan can be implemented in part using existing Federal grant programs and the authority of the PWED Act through the existing legislation authorizing the appropriate programs and the 1965 PWED Act. The commission's project evaluation system would be relied upon to determine scheduling and priorities. A tax credit arrangement, which would require new Federal legislation, has been proposed as an incentive to industrial investors. Also, the plan envisions the establishment within the UGLRC of an industrial development fund as a "quick response mechanism" to provide special infrastructure and manpower training programs for needed new industry. Information studies would be conducted as a basis for providing such data to interested organizations and communities. The commission feels strongly that direct incentives to industry in combination with public investments are essential to regional economic growth.

The commission planned program focuses on the improvement of industrial resources and promotion of its travel and tourist program. The activities enumerated and estimated costs are set forth in Table 27.

OZARKS REGIONAL COMMISSION

Profile of the Region and Its Commission

The Ozarks Regional Commission (ORC) area covers 134 counties in four States: Arkansas, Kansas, Missouri and Oklahoma. The ORC was the first of the Title V commissions to be established (September 1966), and the only one whose area was subsequently increased. The initial ORC area included 125 counties

in three States. One year later, at the request of the governor of Kansas and on recommendation of the commission, the area was expanded by the Secretary of Commerce to include nine additional counties in southeastern Kansas.³¹

The region is described in the ORC Action Plan as an area which "rose above the central plains a million years ago and has since been sculpted into a rugged plateau, broken by low mountains and numerous river valleys."³² The region's lagging development pattern is described as a product of a number of forces including: the westward migration of poor, land oriented settlers who engaged in subsistence farming, the technological changes in agriculture which produced unemployment and more concentrated agricultural operations, the absence developing urban centers and service industries, and a continuing out-migration of the younger population. These factors and forces tend to interact in a way that inhibits regional growth and development.

Population and sub-regional composition. The regional population in 1970 was 2.9 million. Kansas, with nine of the Region's 134 counties, has the smallest population component representing only six percent of the region's total. The percentage of the region's population in the other three States ranges from 27 percent for Oklahoma to 38 percent for Arkansas. The Arkansas component represents 58 percent of the total population of that State, the largest percentage among the four State sectors; the Oklahoma portion constitutes almost 50 percent; and the Missouri regional portion includes over one-third of that State's population. Kansas has only 8.5 percent of its population in the region.

The Ozarks Region experienced a decrease in population between 1940 and 1950 (-8.9 percent), and between 1950-1960 (-5.1 percent). Moreover, during those decades each of the State sectors except Missouri during the period 1950 to 1960 had a population decrease. The ORC population increased by 7.6 per-

TABLE 28
OZARKS REGION POPULATION, 1970, AND NUMBER OF COUNTIES

State	Total State Pop. (Thousands)	Region Pop. (Thousands)	Percent State	Percent Region	Total Counties	Region Counties	%
Arkansas	1,932	1,124	58.2	38.1	75	44	58.7
Kansas	2,247	190	8.5	6.4	105	9	8.5
Missouri	4,677	853	18.2	28.8	115	44	38.3
Oklahoma	2,559	791	30.9	26.7	77	37	48.1
Total	11,415	2,958	25.9	100.0	372	134	36.0

Source: U.S. Census data and the ORC Annual Report, 1970.

cent in the 1960-70 decade, about half the rate for the nation during this period. Three of the four State sectors, led by Arkansas's 15 percent rise, increased from 1960 to 1970. The population of the Kansas sector continued to decline.³³

The 134 counties included in the region represent slightly more than one-third the total number of the four States' counties. In the three States, excluding Kansas, the region includes about 50 percent of the States' counties.

Regional economic deficiencies and characteristics.

The pattern of development and physical features of the Ozarks Region has produced a set of economic liabilities which include high out-migration in the productive age groups, lower labor participation rates, unfavorable industrial mix, widening income gap, lower wages and productivity and less investment in public amenities than the national averages. Moreover, the deficiencies are interrelated in ways that maximize their negative impact and tend to perpetuate them. The point is made that any plan developed to eliminate or alleviate them must itself provide the basis for a combined strategy for an interrelated development program. The Ozarks Regional Commission Action Plan purports to provide such a strategy and program.

Characteristics which reflect major economic deficiencies are summarized as follows:

1. The Ozarks Region is a sparsely populated, rural area. In 1970 the density of population was 21 persons/square mile compared to a national average of 58 persons/square mile. Vast sections of the region have more highly scattered population; the only portion with a relatively high population density is the Little Rock area. Based on Census definitions, the Ozarks urban population was 41 percent in 1960 compared to 70 percent for the nation as a whole.

2. The amount of out-migration of Ozark residents in the 20-29 age range, as measured in 1959 to 1960, far exceeded any other age category. The great majority of these persons migrated from rural areas. At the same time, the percent of Ozark residents in the younger age groups was less than the comparable national proportion.

3. The ratio of population to employment in the Ozarks Region is substantially higher than the comparable figure in the nation indicating the relative job shortage. Moreover, the annual rate of increase in total employment in the 1959-1967 period was 0.6 percent in the Ozarks compared to 2.0 percent nationwide. The most optimistic annual employment rate increase projected to 1980 is 0.8 percent in the Ozarks compared to 1.6 percent for the nation. Arkansas' employment picture during the earlier period was

by far the most favorable; while Kansas', Missouri's and Oklahoma's were actually negative, indicating a deteriorating employment situation resulting in out-migration, especially of workers in potentially the most productive age ranges.³⁴

4. The 1967 per capita personal income in the region was \$2,082, or 34 percent below the national average for that year. This is not a recent development; the dollar gap between the regional and national per capita incomes has been widening since 1919. The percent of total earnings in the region represented by agriculture, transportation-communications, government, mining, contract construction, wholesale and retail trade, exceeds the comparable national percentages. The greatest disparity between regional and national proportions of income from a given source exists in the manufacturing field. On a national level, in 1967 about 30 percent of earnings came from manufacturing activity compared to the region's 21 percent. Average wages in Ozark industries were lower than comparable national averages.³⁵ These disparities relate to the lower level of urbanization and the very limited number of large urban growth centers in the region.

5. On a statewide basis, the proportion of residents in three of the four Ozark States who have completed high school is less than the national average with Kansas being the exception. The percentage of persons who have completed college is less than the national average in Missouri and Arkansas, but higher than the national figure in Kansas and Oklahoma. In the sectors of the four States within the Ozarks Region, it is estimated that the proportion of high school graduates is less than 70 percent of the U.S. rate, and that the number of Ozark college graduates per 1000 population is about 60 percent of the national average.³⁶ These figures highlight the region's lack of technical, professional, and administrative personnel.

Commission organization and personnel. The ORC consists of the four governors and the Federal co-chairman. However valid the reasons for adding the nine Kansas counties to the ORC area, their inclusion raises representational issues in commission decision making. Kansas' sector, representing only six percent of the region's population and not much more than that proportion of the region's territory, has a vote equal to the other much larger State sectors in commission policy decisions. No evidence is cited that this situation has caused friction or conflict in the development and implementation of commission policy. But there is evidence in the distributional pattern of supplemental grants that the Kansas share of projects (eight percent of total ORC grants 1968-

1970) is roughly equivalent to its regional population proportion.

Except for Oklahoma, alternates are selected by the governors to represent and assist them in the planning and review of commission programs and to prepare recommendations for commission deliberation and action. The Oklahoma exception arises because of a statute under which the legislature names the Director of the Industrial Development and Parks Department to be the ORC alternate for that State. It is reported, however, that the governor also designates his own representative to the commission. There is sensitivity on the part of the governors to operating as a "rubber stamp" with respect to the alternates' function. Accordingly, it is reported that alternates make recommendations on commission programs and actions, but they are not empowered to make policy decisions on their own. These recommendations are later reviewed and acted upon by the commission.

The ORC has been fairly stable in terms of commission membership. The Federal co-chairman's position has been held by only two persons since the commission's inception. Only two governors have been replaced. However, the four alternate positions have been occupied by a total of 11 different persons.

The authorized strength of the ORC staff is 25 full-time positions, of which 20 are currently filled. Thirteen of the filled positions are at the professional level and the remainder are secretarial-clerical. The authorized strength of the Federal co-chairman's staff is eight and the present complement is seven; all but three of these are at the professional level. A considerable degree of integration of the commission's and Federal co-chairman's staff has been achieved. Joint staff assignments on public facilities and technical assistance grant programs are made. Federal co-chairman staff personnel serve as budget advisors to the commission and as liaison officers to the economic development districts established within the region. Liaison officers are also appointed to work with each State.

Commission meetings and major reports issued. As with the other Title V commissions, the ORC meets quarterly on a regular basis. Governors personally have attended 80 percent of the commission meetings. As has been indicated, the gubernatorial members of ORC take an active role in formulating policy and program plans. Alternates meet monthly to review and prepare recommendations for commission review.

The ORC places considerable emphasis on technical assistance, research studies, and demonstrations, each of which end in a report filed with the commission. As a matter of policy, technical assistance funds

are disbursed on a contract basis rather than as grants to agencies. The reason advanced for this policy is that, under the contract procedure, more supervision of the work can be maintained and money payments can be based on specific performance criteria established as part of the contract. The nearly 100 technical assistance fund projects completed to date cover a wide variety of research and demonstration topics following under the general headings of employment development, resource development, human resource development, community development and environmental improvement, coordination, management, and planning.

The ORC has placed considerable emphasis on the systems approach to planned economic development. A series of studies have been made to design and implement a regional resources management information system to help determine what kind of economic development activity in what location will have the optimum impact on closing the job and income gap.

Also, the ORC has been working on a comprehensive regional action plan over the past several years. Currently, a draft copy dated May 1, 1971, is being circulated to the Federal Advisory Council and appropriate Federal and State agencies for review and comment. The plan has not been officially adopted by the ORC, and was to be submitted for review and approval by the Secretary of Commerce in January, 1972.

Fiscal Base and Expenditure Pattern

Major trends and patterns in ORC expenditures during its first five years are summarized below.

1. Total ORC expenditures have increased each year since the commission's establishment in September 1967. The estimated total for FY 1971 of \$8.1 million represents an increase of 53 percent over the 1970 total and nearly double the average for 1968 and 1969. The rise in total expenditures is basically a result of increases in the amount of supplemental and technical assistance grants. Supplemental grants in FY 1971 increased by 30 percent over 1970 and were almost double the average amount for 1968 and 1969. Technical assistance grants increased even more sharply over the 1970 and previous year totals. This was due in large part to a transfer to ORC of \$939,000 from unused funds from other units under Title V. The amount of State planning grants included in the totals for technical assistance have remained at the same level of \$154,000 for each year, except for 1967 when the total was somewhat smaller. The administrative expenses of the commission have decreased in dollar total and as a percentage of overall expenditures, but those of the Federal co-chairman have increased

TABLE 29
OZARKS REGIONAL COMMISSION FUNDS OBLIGATION HISTORY AND BUDGET LEVELS 1967-1971
(DOLLARS IN THOUSANDS)

Object	Amount and Percent of Total – Fiscal Year ¹											
	1967	%	1968	%	1969	%	1970	%	1971 ²	%	Total	%
Expenses of Federal Co-chairman	\$ 87	9.0	\$ 176	4.5	\$ 190	4.6	\$ 188	3.6	\$ 231	2.8	\$ 872	3.9
Expenses of Commission	345	35.8	439	11.3	405	9.8	117 ⁵	2.2	275 ⁵	3.4	1,581	7.0
Regional Planning and Technical Assistance ³	532	55.2	894	23.0	781	18.8	969	18.3	2,390 ⁴	29.3	5,566	24.8
Supplemental Grants-in-Aid	--	--	2,383	61.2	2,770	66.8	4,020	75.9	5,249	64.5	14,422	64.3
Total	\$964	100.0	\$3,892	100.0	\$4,146	100.0	\$5,294	100.0	\$8,145	100.0	\$22,441	100.0

¹ORC staff reports that the totals shown represent actual expenditures in each category. However, there were transfers of funds from one fiscal year to another so that the amount shown for any particular year may not be accurate.

²FY-1971 amounts are estimates, as of May 11, 1971.

³Includes State investment planning grants as follows: 1967 – \$131,750; 1968 – \$154,000; 1969 – \$154,000; 1970 – \$154,000; 1971 – \$154,000. Total \$747,500 (3.3 percent of the total expenditures).

⁴An additional \$939,000 accumulated in the trust fund from previous years will be expended in technical assistance grants in FY-1971.

⁵1970 figure is a six month expenditure due to shift in that year from calendar to fiscal year. Also, beginning 1970, the States provided 1/2 commission expenses. Total expenditures are: 1970 – \$468; 1971 – \$550.

Source: Based on OMB data, ORC Annual Report for 1970 and data supplied by ORC staff.

somewhat. As prescribed by the PWED Act, State matching funds for administrative expenses of the commission began in 1970. (See Table 29.)

2. Total commission expenditures for the five year period came to \$22.4 million. Supplemental grants represented nearly 65 percent of this total. Technical assistance expenditures, excluding the State planning grants totaled \$4.8 million or 25 percent of all expenditures. The percentage represented by Federal co-chairman expenses was less than four percent. Commission administrative expenses at \$1.6 million are about twice the amount for the Federal co-chairman and represent about seven percent of the cumulative total. (See Table 29.)

3. As of December 1970, ORC had completed 52 technical assistance research studies, 18 of which were completed in 1970. An additional 41 projects were in the process of completion as of December 1970. The total approximate cost of these 93 research studies was \$5.6 million with an average cost of about \$60,000. The number of studies completed or in process prior to 1970 grouped by subject areas are as follows:

	No. of Studies
Employment Development	13
Resource Development	22
Human Resource Development	9
Community Development and Environmental Improvement	8
Coordination, Management and Planning	<u>23</u>
	75

4. By the end of December 1970, ORC had granted a total of 80 supplemental grant projects: nine in 1968; 22 in 1969; 24 in 1970; and 25 in 1971. The 1971 projects are included as approved subject to final processing and costing. The number, type and funding patterns of ORC supplemental grants are shown in Table 30.

A number of conclusions with respect to ORC use of supplemental grants can be drawn from this data. Vocational-technical school grants utilized most of the total ORC expenditures and grants for industrial parks and facilities ranked second, together these two types of projects represented 81 percent of total ORC costs. The total of ORC grants represented nearly 50 percent of the basic grants and 23 percent of total project cost. The ORC percent of basic grant total by category varied from 33 percent for hospitals to 60 percent for recreation and leisure projects. The average size of ORC grants varied from \$111,000 for industrial parks and facilities to \$230,000 for vocational and technical education.

The distribution of ORC supplemental grants by State is as follows:

State	Number of Grants	Amount (Thousands)	Percent
Arkansas	18	2.9	23.3
Kansas	3	1.0	8.1
Missouri	27	4.2	33.9
Oklahoma	<u>32</u>	<u>4.3</u>	<u>34.7</u>
	80	12.4	100.0

5. During the period 1970 to December 1971, ORC, under the 1969 "first dollar" money amendments, served as prime grantor in four public facility projects:

	ORC Grant	Total Project Cost
Industrial Park (Arkansas)	\$412,200	\$1,274,000
Hospital (Missouri)	40,000	120,459
Industrial Park (Arkansas)	35,000	N.A.
Industrial Park (Oklahoma)	<u>44,800</u>	<u>56,000</u>
	\$542,000	—

TABLE 30
SUMMARY OF ORC SUPPLEMENT GRANTS,¹ BY TYPE 1968-DECEMBER 1970

Type	Number of Projects	ORC Grant	Basic Grant	Local Funds	Total Cost
Vocational — Technical Schools	24	\$ 5,526,178	\$10,892,011	\$ 6,980,139	\$23,398,328
Industrial Parks and Facilities	40	4,549,972	10,206,310	6,603,004	21,269,286
Hospitals	3	344,389	1,041,367	1,328,420	2,714,176
Airports	11	1,783,458	3,234,539	1,485,281	6,503,278
Recreation and Leisure	2	361,800	603,000	241,200	1,206,000
	<u>80</u>	<u>\$12,475,797</u>	<u>\$25,977,227</u>	<u>\$16,638,044</u>	<u>\$55,091,068</u>

¹Includes 5 demonstration grants in which ORC served as prime grantor.

Source: Compiled from ORC 1970 Annual Report.

Regional Plan and Commission Policy

As noted earlier, the ORC approach to the task of overcoming a lagging regional economy has made heavy use of systems analysis. The Comprehensive Action Plan presents an extremely involved description of a total system designed expressly to stimulate and guide a pattern of regional economic development which is optimal in closing the regional income and employment gap. Important underlying premises of the plan are (1) that the need is not simply to produce additional wealth, but to "create the capacity to create that wealth;" and (2) that all aspects of economic activity, demographic characteristics, and natural environment are interrelated. It follows then that a systematic plan must provide a basis for assessing the varied impact of actual and proposed changes in economic activity. Moreover, data describing goals and program actions must be available in quantified terms to help determine whether a designated course of action should in fact be pursued. The plan takes the form of a highly complex model designed to permit the substitution of variables, constraints and target objectives to obtain a mix which can form a base for commission action.

The degree of sophistication called for in this systems approach is best expressed in the language of the plan itself:

This Action Plan attempts to interject desirable innovation into the existing processes which will contribute toward regional growth and development. Proposals are advanced which plan the form and functions of future accelerated development, rather than reacting to events after the fact as in most traditional economic development processes. Past approaches have placed commercial development, industrial development, human resource development, natural resource development and community development in contexts unrelated to each other and to their environment.

In contrast, the Ozarks Regional Commission's approach conceives of each of these systems and others as functioning within a total framework of economic, as well as social, activity. Thus, the region is viewed as a "whole system" which has a number of sub-systems including employment, production, capital, natural resources, human resources, communication, shelter, education, transportation, health and so forth.

This approach enables the ORC to analyze the relationships among the several elements of the quality of life in the Ozarks Region. The knowledge and understanding gained provide the basis for institutional innovations that are responsive to the human needs that governments at all levels are created to serve.

Through establishment of common goals and objectives

among the sub-systems in the region, the economic and social relationships can be understood and effectively altered to provide desired results. Through such understanding, institutional and other innovations can be envisioned and objectively examined. Through institutional productivity and procedural innovations the cycle of underdevelopment can be dynamically altered to accomplish the goals of the ORC.³⁸

The approach used requires an extensive information system. ORC has supported the development of such a system—the Regional Resource Management Information System (RRMIS) which is scheduled for completion in 1972. The RRMIS is intended to provide estimates of the probable impact of different kinds of regional projects and investments.

The Action Plan specifies a series of regional sub-systems and program elements including (1) employment development, (2) resources development, (3) human resource development, (4) community development and environmental enhancement and (5) coordination, management, and planning. Within each of these major sectors, the plan describes an extensive set of activities and programs required to achieve economic redevelopment goals. At this point in time, the plan is primarily a theoretical model although certain aspects have been made operational. A non-profit Industrial Services Association (ISA) corporation has been established with ORC funding. Its objective is to market regional industrial opportunities among prospective investors and thereby raise the level of economic activity within the region. Plans are underway to attract high technology investors to regional locations. There is now operating a Community Development Profile System which is related to RRMIS and provides on a continuous basis information useful to prospective investors based on 1700 data items describing Ozark communities. Also, beginning in July 1971, a project evaluation and scoring process contained in the plan will be used in rating prospective regional impact of the various projects supported by supplemental funds. Finally, the plan is being used directly to select and guide the nature and content of research and demonstration projects contracted for by ORC. The purpose here is to undertake research and testing activities designed to provide data and related information needed to make the plan operational. It is not expected that the system described in the plan could be fully operational for a period of five or more years.

FOOTNOTES

¹ James L. Sundquist, *Politics and Policy* (The Brookings Institution, 1968), p. 109.

² *Ibid.*, p. 110.

³ Niles M. Hansen, *Rural Poverty and the Urban Crisis* (Bloomington, Indiana: University Press, 1970), p. 139.

⁴ *Ibid.*, p. 139.

⁵ American Enterprise Institute for Public Policy Research, *Legislative Analysis: The Public Works and Economic Development Bill* (Washington, D.C., 1965), p. 1.

⁶ U.S. Congress, House, 90th Congress, 1st Session, *Public Works and Economic Development Act of 1965*, as amended, Sec. 2, (90-17) (Washington, D.C: Government Printing Office, 1967), p. 48.

⁷ *Congressional Record*, April 1, 1965, p. 6509.

⁸ U.S. Department of Commerce, *Guidelines to Federal Cochairmen and Regional Commissions*, March 17, 1970.

⁹ Public Works and Economic Development Act of 1965, Section 505 (a) (2).

¹⁰ Coastal Plains Regional Development Commission, *Regional Development Plan*, Draft revision, November 30, 1970, p. 9.

¹¹ *Ibid.*, p. 55.

¹² Hansen, op. cit., p. 131.

¹³ New England Regional Commission, *Revised Regional Development Plan*, pp. 39-40.

¹⁴ *Ibid.*, p. 38.

¹⁵ Department of Commerce, *Qualified Areas: Criteria and Data*, December, 1970.

¹⁶ New England Regional Commission, *Revised Regional Development Plan*, p. 58.

¹⁷ Memorandum of understanding between NERC and NERBC, March 3, 1969.

¹⁸ Four Corners Regional Commission, *Annual Report*, 1969, p. 8.

¹⁹ Four Corners Regional Commission, *Comprehensive Development Plan*, September, 1970, pp. 40-42.

²⁰ Four Corners Regional Commission, *Annual Report*, 1970, p. 8.

²¹ Four Corners Regional Commission, *Plan*, op. cit., p. 25.

²² Upper Great Lakes Regional Commission, *Regional Economic Development Plan and Five Year Program*, December, 1970, p. 9.

²³ *Ibid.*, p. 7.

²⁴ *Ibid.*, pp. 7 - 8.

²⁵ *Ibid.*, p. 13.

²⁶ C. F. Floyd, *The Changing Structure of Employment and Income in the Upper Great Lakes Region*, Economic Development Administration, U.S. Department of Commerce, 1970, p. 2.

²⁷ Upper Great Lakes Regional Commission, *Regional Economic Development Plan and Five Year Program*, December 1970, p. 11.

²⁸ Upper Great Lakes Regional Commission, *Economic Atlas*, October, 1968, p. 51.

²⁹ Upper Great Lakes Regional Commission, *Minutes of Meeting*, June 30, 1969, p. 5.

³⁰ This section is based on the "Regional Economic Development Plan and Five Year Program" UGLRC, December, 1970.

³¹ *Hearings before the Subcommittee on Economic Development*, U.S. Senate Committee on Public Works, March 5-7, 1969, p. 224.

³² Ozarks Regional Commission, *Action Plan*, draft (April 1, 1971), p. 25.

³³ *Ibid.*, p. 29.

³⁴ *Ibid.*, pp. 40-41 and Appendix D, IV.

³⁵ *Ibid.*, pp. 45-53.

³⁶ *Ibid.*, pp. 107-110.

³⁷ Compiled from the ORC 1970 Annual Report. Cost data for technical assistance studies were based on Federal co-chairman staff estimates.

³⁸ Ozarks Regional Commission, *Action Plan*, May 1, 1971, pp. 206-207.

FIGURE 5
Federal-Interstate River Basin Planning and Compact Commissions



Legend:

- PNRBC = Pacific-Northwest River Basins Commission
- SRRRBC = Souris-Red-Rainy River Basin Commission
- GLBC = Great Lakes Basin Commission
- ORBC = Ohio River Basin Commission
- NERBC = New England River Basins Commission
- DRBC = Delaware River Basin Commission
- SRBC = Susquehanna River Basin Commission

Source: ACIR.

Chapter 4

**FEDERAL-MULTISTATE RELATIONS
IN WATER
RESOURCE MANAGEMENT**

**SUMMARY OBSERVATIONS ON
THE RIVER BASIN COMMISSIONS**

**The Delaware River
Basin Commission**

- *In its areas of primary jurisdiction, the DRBC has achieved some tangible results. It successfully managed an emergency water situation for nearly two years; it reviewed over 1,000 water resource projects affecting the basin in the last ten years; and it set basin-wide water quality regulations with attendant abatement schedules for a large number of the major waste dischargers in the region. Thus, in matters of primary importance, the DRBC has made a visible impact on the Delaware region.*
- *Some observers feel that DRBC has not moved rapidly enough, however, in implementing its full responsibility and authority. For example, the Northeast drought existed for many months before circumstances forced DRBC action. Its action in the pollution field was intensified by the mandate to all State and interstate agencies set forth in the Federal Water Quality Act of 1965. Its comprehensive plan is, as yet, incomplete. Nonetheless, the progress made to date may be the maximum attainable during a ten year period in a politically diverse, heavily developed area. The DRBC experience provides valuable empirical data on one kind of mechanism which can be scrutinized, adapted and applied in other areas, where appropriate.*
- *The DRBC recently has begun to exercise its pow-*

ers in matters relating to watershed and flood plain management, recreation, and electric power generation. It is presently cooperating with Federal agencies in flood-plain mapping programs in various areas of the Delaware region. On the basis of its regulatory mandate as contained in Sections 3.8, 11.1, and 11.2 of the compact, the DRBC has recently issued regulations regarding electric power plant siting in the region. The commission is also in the final stages of negotiation with the Bureau of Outdoor Recreation on the preparation of a joint recreational plan for the basin.

- *Constructive patterns of cooperation with Federal and State agencies have been exhibited in the DRBC agency. The Federal representative is advised by a field interagency group, and when severe interagency disputes arise, he has recourse to an interdepartmental committee in Washington for the resolution of such disputes. The State representatives on the commission, for the most part, have been the heads of State water resource agencies or have been on the governor's personal staff. This has insured a high level State input into the commission.*
- *DRBC has maintained cooperative relationships with some of the larger local jurisdictions in the region, notably some of the suburban Philadelphia counties and the Delaware Valley Regional Planning Commission. The commission also has technical advisors from New York City and Philadelphia. The DRBC, however, has resisted some forms of local cooperation such as clearing its*

Federal water pollution grant proposals through regional and State A-95 coordination processes since it claims that coordination in this matter comes through its close ties with the governors' offices and the budget bureaus of the respective States.

- The commission's planning operations are presently being revised. Since 1961, when the commission adopted certain basic features of the Corps of Engineers Plan for the Delaware River Basin, the DRBC has not drafted a subsequent plan of its own. Instead, it has included water resource projects within its comprehensive plan as they are reviewed under Section 3.8 of the compact. This has led to the inclusion of over 1,000 projects within its Comprehensive Plan which has become a collection of project endorsements, policy statements, and regulations regarding water resource management. This proliferation has led to commission consideration of an updated and codified comprehensive plan.
- Difficulty has been experienced in getting State and Federal governments to follow up with rapid commitment to individual water resource projects DRBC has endorsed and included in the comprehensive plan. In some cases other national or intrastate priorities have delayed State and Federal follow-through on these projects. Their inclusion within the comprehensive plan, however, has the effect of protecting their water resource features from alternative development.
- The DRBC has recently attempted to encourage local restructuring of waste treatment and water supply responsibilities. It has gone on record as encouraging, and where necessary, mandating a regional approach to sewage treatment. It has granted some localities a more flexible abatement schedule if they will participate in a regional sewage treatment scheme. To date, however, the DRBC has not required local reorganization of water resource responsibility.
- The DRBC currently is at the threshold of possible expansion of its activities and direct program operations. By action taken at its meeting September 30, 1971, the commission voted to use its own bonding authority to finance a \$45 million regional sewage system in southern New Jersey.¹ Under the resolution adopted, a nonprofit agency will be formed to operate the plant after its completion. No work will begin until the commission has negotiated contracts with the ten participants, including six industrial plants and four municipal sewage systems. The commission's resolution was passed subject to Congressional authorization, if any is re-

quired. This action could set a precedent for similar commission involvement in other operational areas. For example, the commission has been urged to consider the construction of a sewage treatment system in the Tocks Island area to keep the proposed dam from becoming polluted. The final resolution of these issues could well indicate that the commission will move into an operating water resource role within the region.

Title II River Basin Commissions

- Any assessment of the Title II commissions must take into account the relative newness of the art of multi-level basin-wide water resource planning, the many diverse interests represented in this field of activity, and the limited legislative mandate under which the commissions operate. The Water Resources Planning Act itself reflects these factors with its "encouragement" of water resource conservation and development on a comprehensive, coordinated basis involving all three levels of government and the private sector. The commissions created pursuant to the Act are the mechanisms through which these many interests and activities are brought together for the purpose of beginning and maintaining a basin-wide planning process. Thus, representation of all interests, cooperation, and consensus, rather than direct sanctions, regulatory powers and penalties, are the commission's tools stipulated in the Act.
- Title II commissions have performed the valuable function of providing planning information exchange services among Federal and State water resource agencies. During their course of existence, they have served to identify basin-wide water resource problems that serve as the focus for Federal, State, and local water resource activities. Some commissions, moreover, have made significant efforts in inventorying previous and continuing planning studies that affect basin-wide water resources. Title II planning activities, then, are considered by some of the participants a necessary precondition to specific project planning, especially as regards Federal and federally-assisted projects.
- Federal representation on Title II commissions is split between a chairman appointed by the President and several agency representatives appointed by department secretaries. States have gubernatorially appointed representatives who may or may not represent the central water agency in the State. Thus, both Federal and State representatives

face the task of coordinating intra-agency and interagency views on various basin planning studies. There is no local representation on Title II commissions.

- Title II commissions have faced formidable problems in defining the scope and content of their planning responsibilities. Federal regulations governing the content of framework studies have been drafted, but are yet to be issued. In lieu of such standards, most Title II commissions have worked on general framework plans which represent the synthesis of detailed functional surveys of water resource conditions in a basin. To date, however, only the Ohio River Basin framework plans have been completed. It should be pointed out that this work, which began in 1963, was completed by the Ohio River Basin Coordinating Committee before the commission was established in this basin. The generality of Title II framework studies sometimes makes the relationships unclear to later, more specific subregional planning and project planning studies. As a result, some States have asked for additional Title III grants to better fund State participation on the commissions. Some commissions, moreover, have attempted to encourage more State interest in basin-wide planning by organizing their planning operations, in some cases, on a State rather than basin basis. States, of course, do retain interest in Title II operations so that they may scrutinize Federal regional water resource planning and operations.
- Title II commissions face significant problems in managing their regional planning responsibilities. Having only a small central staff, they must depend on Federal and State agencies for the preparation of the basic data included in framework plan formulation. Responsibility for plan preparation, then, is necessarily fragmented. These agencies frequently face budgetary and personnel constraints which limit or delay these framework studies. Central staff has no way of forcing agencies to meet planning deadlines. Furthermore, there is no effective guarantee that conflicting agency reports will be successfully coordinated in the final framework plan though that is the intent of the commissions whose mandated responsibilities give emphasis to achieving agreement by consensus. Differences on fundamental assumptions about various water resource problems can prevent agreement on a coordinated Federal or Federal-State approach to certain water resource problems. Yet, some have contended that this is the virtue of Title II commissions in that they focus on the fundamental differences in water resource management ap-

proaches and provide for their resolution by the legislature and executive rather than line administrative agencies. Related to these administrative difficulties is the fact that Title II commission's budgets represent only a small portion of water resource planning expenditures in their regions.

- Title II commissions have had a varied impact in developing a regional perspective towards multistate water resource management. Given the general nature of their framework studies, their planning activities sometimes seem to have had only a marginal impact on Federal and State water resource operations. This may change as these commissions commence preparation of Type II regional plans which have a more concrete relationship to Federal and federally-assisted water resource projects. The New England River Basins Commission has achieved success in encouraging a more visible regional focus to water resource management. This is related to the fact that it does not have primary responsibility for a Type I study, and that it receives substantial political support from the New England Governor's Conference. It has served the States in the region on a number of occasions by attempting to develop regional approaches to power plant siting, flood plain regulation, and small dam management.

THE HISTORY

Several types of Federal-multistate institutions presently exist to promote regional water resource planning and management in the United States. As of mid-1971 there are five Federal-interstate river basin planning commissions organized pursuant to the Water Resource Planning Act of 1965, and two Federal-interstate compacts for regional water resource management enacted in 1961 and 1970 respectively. These two quite different types of institutional arrangements are similar in that they both cover a multistate area and involve joint Federal-State participation in the administration of basin-wide water resource planning and management programs. They differ markedly in terms of structural form, legal base and mandate, fiscal authority, and the extent to which they are charged with operational, as distinct from planning, responsibilities. This chapter is concerned with the study of these institutional arrangements.

Early River Basin Planning and Management (1908-1940)

Prior to the development of Federal-interstate river basin planning commissions and interstate compacts, for similar purposes, Federal and State governments

managed multistate water resource problems primarily on a unilateral basis. For the first half of the twentieth century little attention was given to the development of joint Federal-interstate institutional arrangements for multipurpose river basin development. As some scholars have observed, the lack of Federal-multistate cooperation during this period was not surprising, given the rough division of water resource responsibilities between the Federal and State governments.²

Although State and Federal governments did not then see the value of joint river basin administration, they shared the view that water resource management should be multipurpose and basin-wide in nature. As early as 1908, President Theodore Roosevelt's Administration had stressed the multipurpose nature of water resource management and had urged the recognition of the river basin as the natural unit for national water resource administration.³ In the 1920's, the national government affirmed its commitment to multipurpose basin-wide river management in the Federal Power Act⁴ and in its mandate to the Corps of Engineers to undertake over 200 separate basin studies focused on the possible coordination of "... navigation, flood control, irrigation and power development."⁵

The 1930's witnessed the continuation of Federal multipurpose basin-wide water resource policies. The President's Committee on Water Flow recommended comprehensive water resource development plans for ten large river basins in 1934.⁶ The National Resources Planning Board (NRPB) later sponsored the preparation of such plans and helped organize over 45 drainage basin committees through its regional officers.⁷ The NRPB's activities were significant in several ways. It continued to foster the approach that a river basin should be treated as a unit. It also attempted to make river basin planning a part of an over-all system of national economic planning. And finally, the NRPB endeavored to integrate the activities of several levels of government and the different agencies through voluntary committees and the encouragement of interstate arrangements. Many states followed the pattern of the NRPB and established planning boards which formally cooperated with Federal agencies in river basin planning. However, many of these boards were organized solely to provide for critical needs brought on by the economic depression and when the pressure for public works planning diminished, many of the State planning agencies went out of existence. The NRPB was scrapped by Congress in 1943, a result of a number of factors, including a desire to curb executive power.

The national focus on water resource management

was evident with the passage of the Tennessee Valley Authority (TVA) Act of 1933,⁸ whereby Congress authorized a multipurpose government corporation to exercise responsibility for water resource and power development in the Tennessee Valley Region. This act was the culmination of unilateral Federal involvement in water basin planning and development. After passage of the TVA Act, there were efforts by some States and the Federal government to search for joint institutional mechanisms for water resource management.

Interstate activity in the water resource field was largely limited to the enactment of compacts for the apportionment of interstate waters.⁹ However, two interstate pollution compacts, the Tri-State Compact and the Potomac River Sanitation Compact were enacted by 1941. Significantly, all of these compacts were unfunctional in nature even though some did cover a basin-wide area. Except for the proposed Delaware River Basin Compact of 1925, no attempt was made prior to World War II to initiate or operate a multifunctional compact agency to carry out an integrated basin-wide water resource program.

Federal-State Cooperation (1940-61)

By the 1940's, the Federal government had come to the realization that States must be involved in any viable apparatus for comprehensive water planning. In 1943, by agreement among the Secretaries of Interior, War, and Agriculture and the Chairman of the Federal Power Commission, the Federal Interagency River Basin Committee (FIABRC) was created. By 1950, this agency had encouraged the creation of interagency committees in five river basins across the nation. In the Missouri Basin, for example, the regional interagency basin commission worked closely with the Missouri Basin States Committee,¹⁰ which included ten States. These interagency committees, while informal organizations, did serve the purpose of coordinating, on a voluntary basis, Federal and State activities in water resource programs. However, the need for more formal Federal-State cooperation was affirmed in the Flood Control Act of 1944 which stated that,

... it is declared to be the policy of Congress to recognize interests and rights of the States in determining the development of watersheds within their borders and likewise their interests and rights in water utilization and control, [and] . . . ; to facilitate the consideration of projects on a basis of comprehensive and coordinated development; . . ."

Awareness of the limited capabilities of interagency basin committees had crystallized by 1949, to the point where legislation was introduced to create a formal Federal-interstate planning commission for the Arkansas, White, and Red River Basins.¹² This par-

ticular legislation did not pass Congress, even though President Truman's Water Resource Planning Commission did recommend the establishment of river basin commissions for all major basins. These commissions were to be authorized to coordinate Federal agency activities in the basin and to involve States in basin water resource planning operations.¹³ These recommendations, however, were never placed before the Congress. Significantly, the proposals of the President's Water Resources Planning Commission were preceded by similar ones from the first Hoover Commission. That body recommended a consolidated Federal water resource agency, the Water Development Service,¹⁴ which would be decentralized along river basin lines to "... facilitate cooperation with [other] interested Federal, State and local agencies."¹⁵ Both Commissions recognized that interagency basin committees had to be strengthened by the institution of more formal administrative mechanisms for joint Federal-interstate river basin planning and management. Yet, agreement was still to be forthcoming as to what type of Federal-interstate instrumentality would be responsible for basin-wide planning and development. The Missouri Basin Survey Commission in 1953 recommended a Federal coordinating agency composed of Presidentially selected commissioners who would monitor and coordinate Federal operations in the basin. State members were not to be formally in the agency but they were to be responsible for recommending the names of prospective commissioners and for forming an advisory committee of all basin State governors.¹⁶ States in the region registered strong disapproval of the proposal and suggested the creation of a Federal-interstate compact agency to plan and review Federal and State water resource activities.¹⁷

Later, national commissions affirmed the need for bilateral agreement on the nature of any proposed Federal-interstate river basin agency. The Kestnbaum Commission stated that:

... future multipurpose, basin-wide development of water resources should be on a partnership basis between the Federal Government and the States ...¹⁸

President Eisenhower's Advisory Commission on Water Resources Policy concurred in this judgment stating that full Federal assumption of water resources responsibility "... would destroy the effectiveness of the government of the States and ... work a profound and undesirable change in our traditional plan of government."¹⁹ Similarly, the second Hoover Commission proposed the creation of a Federal Water Resources Board which "... would set up (river) basin commissions to represent fairly the Federal, State,

and private interests."²⁰ None of the recommendations of these commissions was enacted into law. But by 1958, Senators Kerr, Russell, and Johnson sponsored and achieved enactment of legislation creating the Texas Basins Study Commission²¹ and the Southeast Basins Study Commission.²² Both were designed to coordinate Federal water resource planning, provide for State representation in the planning process, and recognize State and local responsibility for watershed development and water supply management.²³

While the national government remained concerned about State participation in Federal water resource planning and management efforts, many States forged ahead in creating unfunctional, multistate compacts for the solution of basin-wide water resource problems. Flood control compacts were passed for the Connecticut, Merrimack, and Thames Rivers in 1953, 1956, and 1958 respectively. Pollution control compacts were passed for New England and portions of the Tennessee River in 1947 and 1955, and the multipurpose Great Lakes Compact was ratified by all affected States in 1955, although Federal consent for the compact did not occur until 1968. Significantly, however, the New England States could not reach unanimous agreement nor was Federal consent given to the Federal-interstate Northeastern Water and Related Land Resources Compact.²⁴

Thus, between 1940-1961, both Federal and State governments reached some awareness of the need for joint administrative approaches to river basin planning and management. Yet, several national commissions recommending Federal-interstate river basin agencies and two State attempts to draft Federal-interstate compacts failed to produce a bilateral institution for Federal-multistate water resource cooperation. It was not until the 1960's that both Federal-interstate compact agencies and river basin planning commissions were instituted as regional mechanisms for handling basin-wide water resource problems.

The Delaware River Basin Commission

The Delaware River Basin Commission (DRBC) was created in response to basin-wide problems in developing adequate water supply, pollution abatement, flood control, and hydroelectric power programs to satisfy all the water users in that region. Attempts at passing a Delaware Compact occurred in 1925, 1927, and 1951 prior to passage of the Compact in 1961. Furthermore, between 1939-1963 a basin-wide organization, the Interstate Commission on the

Delaware River Basin (INCODEL) existed to promote greater cooperation in water resource management. Thus, for a period of 35 years before the passage of the Delaware Compact, efforts were made to adopt a scheme of regional water management in that particular basin.

The impetus for the Delaware Compact came from outside the basin. New York City, when confronted with increased water supply needs during the 1920's, proposed construction of several dams and reservoirs in Delaware, Ulster, and Sullivan Counties all situated in New York State at the headwaters of the Delaware.²⁵ Since any diversion of this interstate waterway could involve considerable litigation, attempts were made in 1925 and 1927 to formulate an interstate compact to provide allotment formulas for the river's waters. Both compacts were ratified by New York but were rejected by Pennsylvania and New Jersey.

The 1925 compact effort proposed the creation of a Tri-State Delaware River Commission which would administer prescribed standards for water diversion and pollution abatement. Discretionary powers were to be assigned to approve water diversions involving more than two million gallons per day and hydroelectric projects of all signatory States and to resolve conflicts, according to a set of prescribed priorities, among water resource projects for domestic, industrial, or navigation uses.²⁶ The proposed compact did not give full discretionary authority to the commission in its water resource programs, yet enforcement and review authority for the prescribed formulas affecting water usage in the region were to be assigned. The compact also differed from the final one in that it did not involve Federal participation.

The 1927 compact proposal also provided for water diversion from the basin, with diversions to be "... made in accordance with schedules which shall be prescribed from time to time by the commission."²⁷ In the 1927 proposal, the specific standards relating to pollution abatement were dropped and signatory States were merely urged to maintain water quality levels in effect at the time the proposed compact was ratified.²⁸ The commission's review of hydroelectric power projects also was deleted and again the Federal government was not to be a party to the compact.

Unable to reach agreement in these two cases, New York City went ahead with plans for diversion which New Jersey contested in Federal court in 1929. In 1931 the Supreme Court denied New Jersey's petition to halt the proposed diversions but set a 440 million gallons per day diversion limit for New York City's needs and retained continuing jurisdiction in the matter.²⁹

Subsequent litigation in 1954 increased the amount which could be diverted to New York City, set up allotments for New Jersey, modified the conditions for insuring adequate downstream flow, and resulted in the designation of a "river master" to administer the provisions of the court decree.³⁰ Thus, the failure of the States in the basin to reach a mutual agreement on the apportionment of waters produced judicial enforcement of regional water allocations.

Unable to draft a compact for the basin and desirous of forestalling a TVA-type agency in the area, the States of the region passed parallel legislation during 1936-1939 to create an agency, the Interstate Commission on the Delaware River Basin (INCODEL), to promote voluntary interstate cooperation in water resource management.³¹ INCODEL met with partial success in coordinating water resource management. It secured passage of uniform reciprocal water pollution control laws in three of the four signatory States by 1941 and reciprocal water diversion agreements among the three upstream States by 1944. It also prevented a series of hydroelectric and ship canal projects that could have undermined these previous water agreements.

By 1948, INCODEL renewed the idea that a compact agency would be suitable for comprehensive water management on the Delaware. In its annual report of that year, the commission again broached the possibility of "... joint construction and operation of dams and reservoirs on the Delaware."³² In 1949, it received appropriations of \$70,000 each from New York, New Jersey, and Pennsylvania to finance studies preparatory to a comprehensive river basin plan. These studies, released in 1950, proposed several projects for water storage and diversion along the Delaware with the projects being constructed and operated by an interstate compact agency.

Again a compact was proposed for ratification by the four States of the basin. This 1951 compact proposal more nearly resembled the present Delaware Compact than its predecessors. It would have granted the compact agency powers to construct and operate several specified water storage and diversion facilities in the basin as well as to enter into contracts for municipal water supply and the development of hydroelectric power in the region. As in the earlier proposed compacts, the commission was to be bound by prescribed water diversion formulas set forth in the compact. At the same time, the proposed compact devoted significantly greater detail to the powers and financing of the compact agency.³³

Like its predecessors, the proposed compact was rejected by a downstream State—Pennsylvania—while simultaneously, New York City applied to the

Supreme Court for a modification of the 1931 decision on minimum diversions from the Delaware. The City's petition was submitted to the Court in 1951, and by 1954 the contesting States—Pennsylvania, New York, and New Jersey—had agreed to water diversion formulas satisfying the needs of New York City, Philadelphia, and New Jersey as well as permitting New York dams on the upper reaches of the River and Pennsylvania dams at Wallpack Bend in its middle area.

While interstate action in the Delaware Basin was unsuccessful, there was increasing concern at the national level over the question of Federal participation in multistate river basin compacts. As the 1961 House Report on the Delaware River Compact indicated, several national commissions had suggested the possibility of greater Federal involvement in these regional ventures. President Truman's Water Resources Policy Commission in 1950 stated that, "... there is usually no other constant source of governmental leadership transcending State boundaries which can help the people of a multistate region review the full scope of their water resources problems and possibilities or find the funds that in many cases are necessary for the expensive multipurpose tasks that must be undertaken."³⁴

A few years later the Kestnbaum Commission endorsed the partnership approach to basin-wide development of water resources.³⁵ This joint action view was accepted by the Senate Select Committee on National Water Resources in 1961.³⁶ Thus, between the last unsuccessful compact proposal on the Delaware and the present compact, support increased for including the Federal government in any water resource management scheme for the basin. Indeed, Roscoe Martin and other observers speculated that the anti-Federal bias in the last unsuccessful compact contributed to its defeat.³⁷

After the failure of the 1951 compact proposal, the Delaware River Basin Advisory Committee was formed, and by 1959 it secured sponsorship for the preparation of a river basin management and development plan by the Maxwell Graduate School of Syracuse University. The Syracuse study proposed a two-phase plan for water resource management in the Delaware Basin. First, a Federal regional agency would immediately begin comprehensive planning and management of water resources within the basin and serve as the forum for integrated national water resource activity in the area. The agency would: (1) prepare and update a comprehensive plan for water management in the basin; (2) have the power to operate, construct, and maintain water resource projects in the basin and ultimately operate all mul-

tipurpose water projects in the area; and (3) work in close cooperation with the Public Health Service in setting water quality standards for the Delaware.³⁸

The second phase of the Syracuse study recommendations called for the creation of a Federal-State compact agency, the Delaware River Commission (DRC), that would assume the powers of the preceding Federal regional agency and become the central water resource agency for the region.

Upon receiving this study, the Water Research Foundation, a citizen arm of the Delaware River Basin Advisory Commission, recommended the drafting of a Federal-interstate compact "... in order to eliminate the necessity for a Federal agency as a transitional step in such water resources administration."³⁹ The Federal agency alternative also was downgraded by the Delaware River Basin Advisory Commission in favor of a Federal-interstate compact approach to river basin administration. Compact legislation to that effect was drafted and ratified by the component States and the Federal government in 1960-1961.

Federal Action on the Delaware and Susquehanna Compacts

The Delaware Compact received a favorable hearing in Congress because it had strong State support, did not involve any earmarking of Federal funds for water resource projects in the area, and did not require the Federal government subsequently to follow this institutional approach in implementing national water resource policy elsewhere.

The compact was reported out of the House Judiciary Committee on April 26, 1961. Congressman Walter, submitting the House Report for the majority, minimized the problems of Federal participation in the compact and pointed out the beneficial effects uniform river basin administration would have in the area. He noted that the compact would end the lengthy and involved litigation among the signatory States about allotments of the Delaware and cited several reasons why the Federal government should be a partner to the compact. First, he noted that the States and Federal government had separate, yet interdependent responsibilities for water resource development in the region. Joint basin-wide management would allow for better planning of alternative water uses within the region that were until then either under Federal or State control. Secondly, the compact would provide a forum for solving problems of concurrent operating jurisdiction, and, finally, it would facilitate the reconciliation of Federal and State doctrines of water rights within the region,

“... adapted to conditions in the Delaware River Basin under a single administrative authority.”⁴⁰ After reviewing previous national statements on the desirability of Federal participation in river basin development, the Committee Report stated:

The conclusion is inescapable: If the powers and functions of law, planning, administration, and finance for a single river basin are to be integrated properly, the solution lies in a single joint agency composed of the governmental bodies concerned. . . . The combination of Federal and State powers within the basin agency will therefore mean that the agency can integrate all available powers and at least have the opportunity to produce the least cost solution to water problems. Such opportunities are not available to wholly Federal or wholly non-Federal agencies.⁴¹

Not only would the compact provide for better river basin planning and development, but also it would minimize the legal difficulties for the national government. The Committee Report cited legal precedent for Federal participation in the Delaware Compact⁴² and stressed that the agency would not be exempt from continuing Congressional scrutiny. As the report stated:

Even were the language of the compact bill to be construed in any manner as to exempt the basin agency from continuing answerability to the Congress, any such provision would be totally ineffectual under the Constitution itself. Neither by compact nor by any other form of legislation can the Congress divest itself of the authority vested in the National Government by the commerce clause and other clauses of the Federal Constitution.⁴³

In effect, Federal proponents of the compact were claiming that it was legally impossible for the Congress to delegate its legislative authority to a compact agency, a notion disagreed with by Representative Cramer in the minority report.

Debate on the House floor continued to center on the legality and propriety of Federal participation in the Delaware Compact. Congressman Cramer, citing Department of Justice and Department of Interior memoranda, contended that the compact should be merely an interstate one and that Federal participation in the compact would be both a Federal intrusion into State affairs and result in a prior claim on federal funds for the operations of the compact.⁴⁴ Congressman Walter again noted the impossibility of the Federal government illegally delegating its powers and stated that the proposed Federal reservations to the compact had the effect of not committing the Federal government in advance to the financing of compact projects.⁴⁵ Three amendments which would have had the effect of removing the Federal government from participation in the compact were rejected. The House then confirmed the compact by 257 to 92.⁴⁶

Senate hearings on the DRBC⁴⁷ centered on the question of whether preference was to be given to public agencies and cooperatives in the marketing of

wholesale hydroelectric power from commission-owned or leased power facilities. The Kennedy Administration proposed such a preference as a Federal reservation to the compact, yet testimony by representatives of the States involved indicated no desire for the preference clause at that time. Indeed, testimony by Senator Clark suggested that if the preference clause were written into the compact, it would subject the compact to reratification by the State signatories and jeopardize its passage.⁴⁸

The Kennedy Administration held to the opinion that the power preference clause was integral to Federal power policy and that any commission generation of power, even if the facility were built entirely with State funds, would be subject to the preference clause “. . . because of the nature of the agency.”⁴⁹ Senator Kerr, chairman of the subcommittee, on the other hand, implicitly disputed this stand and took the position that when only State funds were involved, State policy would be controlling.⁵⁰ An understanding was reached that the power question could be decided later if the issue arose as a practical problem in the operation of the compact.⁵¹

Aside from this proposed Federal reservation to the compact, the Administration took the position that the “. . . unique circumstances and the apparent willingness of the States to proceed with coordinated basin development . . .”⁵² enabled the Federal government to draft a proposed set of reservations to the compact without, in any way, committing it to future participation in such compacts.

The ensuing debate indicated that the “unique” quality of the compact represented a willingness on the part of the States to accept Federal reservations to the compact without such conditions being the basis for another round of State legislation on the topic.⁵³ Even John Robin, Chairman of the Delaware River Basin Advisory Committee, stressed the need to insure Federal participation in the compact while at the same time recognizing “. . . the Federal government’s constitutional responsibilities and its preeminent regard for national, rather than regional interest.”⁵⁴ For this reason, State representatives acceded to all the Federal reservations in the compact with the exception of the power preference clause. An additional Federal reservation concerning congressional authorization of Federal projects in the basin was put in the final act.⁵⁵

The action on the Delaware Compact clearly indicated that many at the Federal level did not see a Federal-State compact as the ideal instrument for integrated river basin water management. Rather, the exceptional willingness of the States to agree to the Delaware Compact and to accede to the multiple Federal reservations eased the constitutional problems of Federal involvement. Under such cir-

cumstances, the Federal government felt it could effectively cooperate in a regional compact without such participation altering, in any basic way, its national water resource policies or operations.

The 1970 hearings on the Susquehanna Compact were more substantial than those for the Delaware and they reveal that the Federal government continued to demand guarantees against any adverse impact of the compact on Federal water resource activities. Yet, they also demonstrate a further commitment to the compact device by the States in the Middle Atlantic Region and a desire on their part to make the instrumentality more binding on Federal agencies. Debate in the hearings focused on the following questions:

- the desirability of Congressional reauthorization for water resource projects,⁵⁷
- the need for additional Federal reservations to preserve Federal executive authority on agency participation in the compact,⁵⁸ and
- removal of language in State-proposed Federal reservations that offered the possibility of impairing the licensing functions of the Atomic Energy Commission, the Federal Power Commission, the Federal Communications Commission, and the Interstate Commerce Commission.⁵⁹

The prime source of debate arose when State representatives raised strong objections to proposed Federal reservations that would exempt several Federal regulatory agencies from compliance with the Susquehanna Compact Commission's comprehensive plan.⁶⁰ The original reservation as proposed by the Water Resources Council was justified as preventing the possibility of protracted legal conflict between the compact agency and Federal regulatory agencies in the licensing of water resource related facilities such as power plants.⁶¹ It also contained language that "This reservation shall not be construed as a basis for noncompliance with the requirements of this compact or this Act."⁶² Yet, State representatives contended that the reservation, together with cross-references to other portions of the compact "...would severely limit the Susquehanna Commission's ability to adequately manage and control the water resources of the Susquehanna River Basin."⁶³

State testimony alluded to the fact that State regulatory commissions were to be bound by the water resource regulations of the compact and that it was only natural to expect Federal agencies to be similarly bound. Proposed Federal reservations would encourage Federal circumvention of the commission's comprehensive plan, they contended, and this would compromise the compact agency's jurisdiction in water resources matters.

To clarify the commission's jurisdiction in such cases, the States proposed additional language to read

"... nor shall it [the reservation] be construed to permit use of waters of the Susquehanna River Basin or to endanger their quality without approval pursuant to the compact."⁶⁴ This language was added to the final compact law and represents, to State observers, a reassertion of commission control over water resource activities which various Federal regulatory agencies might affect.

In hearings, it was noted that reservations concerning the jurisdiction of various Federal regulatory agencies had not been included in the Delaware Compact. State representatives contended that this strengthened the DRBC's jurisdiction, but a Federal Power Commission (FPC) memorandum indicated that the jurisdiction problem had not arisen due to "... limited assertions of authority by the Delaware Commission."⁶⁵

The FPC memorandum is revealing in that it suggested the possibility of conflicts arising out of disagreements between the federal compact commission representatives and a Federal regulatory agency. The memorandum pointed to the fact that the Federal Power Commission and similar agencies had "... statutorily mandated responsibilities, and in the performance of their regulatory functions, they are constrained by procedural forms and due process safeguards."⁶⁶ Put more simply, the FPC did not think that in its licensing activities it could be bound by a compact commission action in which the Federal member concurred.

More specifically, the FPC foresaw legal conflicts between their regulations and those of the compact agency in matters relating to the preliminary and discretionary granting of power licenses.⁶⁷ In these situations, the FPC maintained that it and the Susquehanna Commission conceivably could not, because of legal considerations, negotiate a compromise over their respective regulations. Similar situations were said to exist in the concurrent jurisdictions of both agencies over pipeline and transmission lines construction.⁶⁸ The FPC, thus, wished to avoid questions of compliance with Susquehanna regulations and cited legal precedents that precluded delegation of power to another agency that might result in a veto of actions of the FPC.⁶⁹

The debate in the Susquehanna hearings indicated once again a substantial Federal reluctance to become fully involved with a Federal-State compact. Additional Federal reservations were designed to insure that Congress would have greater control over federally-funded projects and that compact regulations would not encumber the operations of Federal regulatory agencies. It is problematic whether the final amendatory language to the reservation mandates

Federal regulatory agency compliance with compact water resource regulations. It most certainly does place a burden on such agencies to prove that they are not in substantial conflict with the regulatory actions of the compact. Yet, litigation could still arise on questions of concurrent jurisdiction.

In conclusion, the Federal government, in entering into a second Federal-State compact, continued to qualify the conditions of its participation. Its reservations in the Susquehanna Compact again insured Executive and Congressional control over Federal funds in the compact and those reservations relating to regulatory agencies in the region were drafted so as to resolve problems of concurrent jurisdiction in the national government's favor.

Nonetheless, in spite of FPC objections, State amendments to the proposed Federal reservations were accepted. The Federal government, thus, alerted the State signatories to the need for more explicit protection of Federal prerogatives in the basin, while at the same time indicating that it was prepared to see the enforcement powers of the compact agency retained.

Background of The Water Resources Planning Act of 1965

In January 1959, Congressman Wayne Aspinall introduced a bill to authorize the establishment of permanent river basin commissions. This legislation was developed after a comprehensive study by the House Interior Committee of previous recommendations of various earlier reports dealing with ways to strengthen federal water resource policies.⁷⁰ Many of the bill's provisions, in effect, laid the groundwork for the Water Resources Planning Act of 1965, which established the present river basin commissions.

The Aspinall bill called for the appointment of all members of river basin commissions by the President, although the governors were to be given the opportunity to nominate candidates for membership from the States. Membership on the river basin commissions also was to include representatives from any existing interstate compact agency having jurisdiction over water in the basin. Additionally, the bill set a time limit of 10 years for the life of each organization unless extended by the President.⁷¹ No action on this measure was taken by either the House or the Senate Committees having jurisdiction. Later in 1959, a Senate Resolution was passed calling for an assessment of resources activities as a guide to the Senate in its consideration of future water resource policies. Senate Resolution 48 authorized studies to be made of the extent to which water resources activities

are related to the national interest, and of the kinds of public and private water resource activities that would be required to meet future water demands.⁷² The Senate Select Committee on National Water Resources was formed in April, 1959. Chaired by the late Senator Kerr, the committee authorized some 40 studies covering all aspects of water resource activities in the United States. The final report, completed in early 1961, became the keystone for many subsequent actions leading to the enactment of the Water Resources Planning Act of 1965.

Specifically, the report recommended that the Federal government should: (1) in cooperation with the States, prepare and keep up-to-date plans for comprehensive water development and management of all major river basins, (2) encourage the States to take a more active role in water planning, development, and management through a grant-in-aid program extending for ten years, (3) undertake a coordinated scientific research program on water and water resources, (4) prepare a biennial assessment of the water supply-demand outlook for each major water resource region, and (5) cooperate with the States in encouraging efficient water development and use through flood plain regulation, surveys to assess emerging water shortages, studies of future storage reservoir sites, and provisions for public hearings where a federally-sponsored water resources development is proposed.⁷³

As a result of the impetus of the Kerr Committee report, President Kennedy sent a bill to Congress on July 13, 1961 (S 2246 and HR 8177) which generally followed the committee's recommendations. The proposed Water Resources Planning Act of 1961 sought to provide for the optimal development of the nation's water resources through the establishment of a Federal Water Resources Council and river basin planning commissions.

Hearings on the bills began in 1961 and generated considerable controversy, primarily around the issue of State involvement in the basin commissions. One of the primary criticisms of the 1961 bill was that the President rather than the governor was granted the authority to appoint State representatives to the river basin commissions. Another major objection was that the measure did not provide for adequate procedures for State inputs in the planning process. The State wanted safeguards to prevent Federal domination, given the great number of Federal representatives on the commissions. Another point of disagreement was whether the Water Resources Council would make the ultimate decision regarding establishment of the commissions, as the bill initially proposed.⁷⁴

The Kennedy Administration reintroduced its revised water resource legislation in 1963 (S 1111). This new bill provided for State selection of State representatives and the use of "double veto" procedures to protect State interests in the basin planning process.⁷⁵ S. 1111 was passed by the Senate on December 4, 1963, but it never reached the floor of the House.⁷⁶

The Johnson Administration introduced its water resource legislation in 1965 (S 21, HR 1111). Senate Interior Committee amendments to S 21 insured that basin commissions would not adversely affect Federal, State, or interstate water resource planning and control jurisdictions, that the Upper Colorado Basin would be considered a separate basin for the purposes of Title II and that no river basin commission would be set up in the Columbia River Basin. With these amendments the bill passed the Senate on March 1, 1965.⁷⁷

House Interior Committee action on HR 1111 amended the bill to provide that there could be a river basin commission in the Columbia Basin if agreed to by three of the four States in that area. This and other amendments passed the House on March 31, 1965 by 384-0.⁷⁸ In conference, the Senate agreed to all the House amendments except the Senate amendment which stated that neither the Water Resources Council nor the Title II river basin commissions would have the authority to study the "... transfer of waters between basins or areas covered by river basin commissions or similar planning entities."⁷⁹ The conference report was agreed to by both House and Senate by July 13, 1965 and the President signed the Water Resources Planning Act on July 22, 1965.

THE LAWS

The Delaware and Susquehanna River Basin Commissions

Nature of the Commissions. The two commissions were created as regional administrative agencies of the signatory parties for the "... joint exercise of the powers of sovereignty in the common interests of the people of the region."⁸⁰ They were established in recognition of the continued national, State and local interests in water resource management in the basin and designed to coordinate and give a regional focus to water resource programs of basin-wide import.

Both compacts emphasize that the commissions will promote cooperative and coordinated water resource management in the basins. Indeed, a Federal reservation to the Susquehanna Compact declares that the commission "... will serve as the principal agency for the coordination of Federal, State, interstate, local, and non-governmental plans for water and related land resources in the Susquehanna River Basin."⁸¹ Both compacts recognize that this coordination will result from a centralized focus on basin-wide water resource management which can be brought about only by "... comprehensive planning, programming, and management under the direction of a single administrative agency."⁸² The emphasis,

then, is on central direction of water resource management rather than on wholly voluntary coordination of water resource projects on a regional basis.

While stipulating central management and regulatory functions, the compacts indicate that primary water resource responsibilities will still rest with the functional agencies of the signatory parties. The Delaware Compact speaks in terms of preserving and utilizing "... the functions, powers and duties of existing offices and agencies of government to the extent not inconsistent with this compact."⁸³ Similar language is included in the Susquehanna Compact.⁸⁴ Additionally, both compacts prohibit the commissions from exercising certain functions such as the distribution of water, retailing and marketing of hydroelectric power, and construction of watershed management or recreation projects unless there are no suitable agencies of the signatory parties that could perform them.

The signatory parties pledge the enactment of suitable State and/or Federal legislation to carry out the purposes of the compacts. In the Delaware Compact this intent is expressed specifically with regard to State and Federal water pollution laws⁸⁵ and, in even more general terms, the intent is expressed with respect to all the purposes contained in the Susquehanna Compact.⁸⁶ Thus, the compacts do exert some positive legislative pressures on the signatory parties—pressures for enactment of State and Federal legislation that will be in accord with standards, rules, and regulations of the compacts.

The commissions also are intended to act as regional regulatory agencies in certain instances. In their control over water allocations and diversions within the basins, they are given broad enforcement powers to allocate water resources using regional basin-wide criteria and objectives rather than those of individual States. The regulatory powers of the compact extend to the area of water quality control. The Susquehanna Compact even includes clauses that grant it authority to assume jurisdiction in water resource matters when they are of an interstate nature,⁸⁷ or when the effectuation of the purposes of the compact so requires.⁸⁸

In summary, the commissions serve as the principal planning, regulatory, and coordinating bodies for water resource management within their respective regions. They are not designed to usurp the water resource responsibilities of the State or Federal governments, but rather to insure that these responsibilities are exercised in a coordinated and cooperative manner. The commissions also may exercise jurisdiction in situations where a basin-wide approach is absolutely imperative as in the matter of diversion of

water resources and the problem of exercising jurisdiction when the signatories are not faithful to the purposes of the compact.

Organization of the Commissions. Both compacts set up commissions composed of one member from each party state and one Federal representative. The State members include the governors or their alternates; the Federal member is appointed by the President.

Actions taken by the commissions must be by a majority vote of the members. Budgets for the commission require a unanimous vote. If the Federal member does not concur in a commission decision, Federal agencies are released from the requirement that their water resource activities, with respect to that decision, be in conformance with the commission's comprehensive plan or attendant regulations. In this sense, the Federal member's vote has greater weight than that of the State members.

Commission members appoint an executive director to serve at their pleasure. He has direct appointment power of other staff, subject to commission rules and regulations.⁸⁹

General Powers of the Commission. The two commissions have the power to regulate the construction and operation of all water resource facilities or programs within their jurisdiction and the additional authority to construct, operate, and maintain water resource facilities and projects within the basin. At the heart of both types of power is the dual mandate to adopt a comprehensive plan for "... the immediate and long-range development and use of water resources of the basin,"⁹⁰ and to "... annually adopt a water resources program based upon the comprehensive plan."⁹¹

The commissions are authorized to finance water resource projects through the use of revenue bonds or appropriations from signatories; to exercise the power of eminent domain; to accept conveyances of real property; and to levy appropriate rates, rental charges, and tolls for the maintenance of commission projects.

The two commissions also have significant regulatory powers over water resource activities of the public and private agencies within their jurisdiction. On the basis of their comprehensive plans, both commissions may review all Federal, State and local projects that are authorized in their river basins as to their effect on water resources. No action on these projects, whether it be their construction or operation, can be taken unless they have been included within the comprehensive plans.⁹² In addition to this power of approval

over the construction and operation of water resources projects, both commissions can set standards for the planning, design, and operation of specific water-resource related projects.⁹³ Moreover, both agencies have broad rule and regulation making power to effectuate the purposes of the compact.⁹⁴

The enforcement powers of the two agencies vary somewhat. The Susquehanna Commission is authorized to make investigations to determine whether the rules and regulations of the compact are being met and to institute court suits to achieve compliance with such rules and regulations.⁹⁵ These powers are not granted explicitly to the Delaware River Basin Commission.

Functional Powers of the Commissions. The two commissions are charged with exercising specific functional powers related to water resource management. These powers are clearly stronger in some fields than others. Both compacts provide for strong regulatory roles with respect to water quality and water diversion. In matters regarding water supply, watershed and flood plain management, recreation, and hydroelectric power, the commissions have more indirect mandates geared mainly to promoting cooperation among the Federal, State, and local agencies involved. Both exercise their functional powers by adoption of appropriate rules and regulations or by directly operating water resource projects. In some functional areas, the compacts provide for the exercise of enforcement powers by administrative orders, subject to judicial review.

Water Supply.⁹⁶ Both agencies are authorized to construct and operate dams, reservoirs and related projects for water storage and supply and to regulate the flows of the surface and ground waters in their basins. Each has regulatory power to prevent diversion of waters released from storage facilities, except that such an order is subject to change by a court of competent jurisdiction.

The commissions also may levy assessments for water management projects and determine the actual cost to each signatory party. Both agencies are specifically prohibited from engaging in the business of distributing water on a retail basis.

Pollution Control.⁹⁷ The commissions are authorized to construct and operate pollution control projects whenever necessary to effectuate the water quality provisions of the compact, although primary emphasis is given to the states in the SRBC.⁹⁸ At the same time, the latter may assume jurisdiction whenever it determines that the effectuation of its

comprehensive plan so requires. There is language in both compacts that requires the signatories to meet the water quality requirements of the compact, and the commissions can enforce their regulations in a court of competent jurisdiction. On the other hand, the signatories are not forbidden from enacting legislation more stringent than commission regulations. The DRBC has a positive mandate requiring the signatories to enact legislation that will result in water quality conditions which are suitable for industrial and public water supply.⁹⁹

Flood Protection.¹⁰⁰ Both commissions may construct flood control protection projects within their regions. They also may adopt standards as to the land uses that are advisable within designated flood plain areas. The Susquehanna Commission can directly regulate flood plain uses only when the signatory party agrees to such regulation. It may suspend such direct regulation only when it finds that signatories will zone such lands to give the protection the commission deems adequate. The SRBC and DRBC can acquire the fee or lesser interest in lands and improvements in flood areas, and SRBC can appear in any court of competent jurisdiction to enforce such provisions. There is also language in the SRBC Compact that authorizes "eminent domain" in flood plain management.

Watershed Management.¹⁰¹ In lieu of a suitable State agency, the commissions are authorized to engage in soil conservation, forest management, and fish and wildlife programs related to water resource use in their basins.

Recreation.¹⁰² The water-related recreational-use powers of the commissions are generally confined to promoting coordination and recommending standards for the development and administration of facilities in their area. If the commissions operate or maintain such a facility, they have the power to grant concessions in its operation.

Scenic and Historic-Use Controls. An article on this subject is found only in the SRBC Compact. It permits the commission to recommend minimum standards of land and water-use in designated areas of a scenic or historical nature.¹⁰³ The commission is also authorized to draft and recommend for adoption ordinances and regulations which would assist local governments in the historic or scenic preservation of riverside areas. Both DRBC and SRBC have responsibilities for scenic and historic-use controls under the National Historic Preservation Act and the National Environmental Policy Act.

Hydroelectric Power.¹⁰⁴ Both commissions are authorized to impound waters for the generation of hydroelectric power and to develop related dams and hydroelectric transmissions facilities which shall be used exclusively for the wholesale generation of hydroelectric power. The commissions also are empowered to let development contracts to public utilities or other public agencies for the generation of power.

Neither is permitted to sell power directly to consumers. All commission operated hydroelectric projects would be subject to Federal Power Commission (FPC) license provisions.

Withdrawals and Diversions of Water.¹⁰⁵ In this field, the commissions have broad regulatory power covering significant withdrawals of water throughout the basins. They are empowered to designate protected areas and to regulate the withdrawal or diversion of water from such areas by permit. In times of drought, direct control of water withdrawal and diversion can be exercised. Commission regulations supersede those of the signatories in cases of drought emergency situations.

Federal Reservations to the Compacts. As previously discussed, several Congressional reservations are found in both compacts which affect their regulation of Federal water resource projects within their jurisdictions. One reservation retains Congressional authority to, at any time, amend or repeal various sections of the compact.¹⁰⁶ From the Federal point of view, this insures a requirement of continuous Congressional consent to the compact. Another reservation states that nothing in the compact shall impair the jurisdiction, powers, rights, or functions of Federal agencies within the basin, provided that, wherever a comprehensive plan, or part thereof, has been adopted with the concurrence of the Federal member, the exercise of power by a Federal agency shall not substantially conflict with such comprehensive plans.¹⁰⁷ The President also has the general power to suspend elements of the comprehensive plan that he deems not to be in the national interest.¹⁰⁸ Other reservations have been sensitive ones, as indicated by the additional reservations in the SRBC Compact that no action of the commission shall conflict with any of the terms or conditions of any license or permit granted or issued by the FPC, FCC, AEC, or ICC.¹⁰⁹

Commission Fiscal Powers. Both commissions' annual current and capital expense budgets to finance their operations must be adopted by unanimous vote.

For the construction of water resource projects, both are authorized to issue tax exempt revenue bonds not bearing more than six percent interest. Alternatively, the commissions may receive capital appropriations from the signatory parties for the financing of projects. Here, they must follow standardized procedures established under the compact law that provide for uniform cost-sharing among the signatory parties.

The commissions are free to negotiate loans, grants, gifts, and services from the signatories and other parties. After construction of a commission project, they may levy, without regulation, appropriate rates, rental fees, charges, or tolls to amortize its cost. More indirectly, the commissions are authorized to levy benefit assessments on signatory parties for work done in the water supply field and let development contracts for the generation of wholesale hydroelectric power, presumably from commission facilities. They also are permitted to make condemnation payments in any of their undertakings.

In no case can the commission pledge the full faith and credit of the signatory parties. Interest payments and bond redemption of the revenue bonds of the commissions constitute a first lien in bondholders and bondholder suits may be brought against the commission if a bondholder deems that its operations violate his rights as a bondholder.¹¹⁰

The Federal reservations, while worded so as to prevent conflict between the Federal government and the commission, give the Federal representative, through his use of the nonconcurring vote, a significant power in the compact. They also make it necessary to secure the concurring vote of the Federal member in commission deliberations in order to have Federal agencies comply with compact regulations. Federal reservations, then, offer the potential for either obviating or compromising commission powers. They arise, however, from the constitutional premise that national interests must be continually protected for the duration of the compact. The reservations do establish conditions under which the Federal government need not be in substantial compliance with the rules and regulations of the compact.

The Water Resources Planning Act of 1965

Public Law 89-80, the Water Resources Planning Act, was enacted four years after it was first transmitted to Congress by President Kennedy. The problems that confronted the nation in the water resources field at the time the bill was introduced were

immense and varied. Political attention was drawn to the intergovernmental implications of the measure. The significance of the Act has been explained in terms of its support for evolving regionalism in Federal-State relations:

The Water Resources Planning Act offers an opportunity for Federal and State collaboration that is new, not only in the comprehensive planning of water and related land resources, but in Federal-State relations, generally.¹¹¹

The Water Resources Council. With the passage of the Water Resources Planning Act, Congress created the Water Resources Council as the chief Federal coordinating agency for national water resources planning. Title I of the Act created a cabinet-level council composed of the Secretaries of Interior, Army, Agriculture, HEW, and the chairman of the Federal Power Commission. A subsequent amendment to the Act added the Secretary of Transportation¹¹² to further enhance the coordinating capability of the Water Resources Council. The Secretary of Housing and Urban Development, the Secretary of Commerce, and the director of the Environmental Protection Agency have been designated as associate members by the chairman of the council. Proposed legislation to grant these officials full membership status has been withdrawn pending the outcome of the President's Executive Reorganization proposals of 1971. The chairman of the Council on Environmental Quality, the director of the Office of Management and Budget, the Attorney General and the chairmen of the river basin commissions are observers to the council meetings. The chairman of the council is designated by the President according to authority granted by the Act, and is presently the Secretary of the Interior.

Title I of the Act further requires the council to conduct a continuing study and periodic assessment of the adequacy of water supplies in each water resource region. In addition, the council is to study the relationship of river basin plans and programs to the "... requirements of larger regions of the Nation and the adequacy of administrative and statutory means for the coordination of the water and related land resource policies and programs of the several Federal agencies."¹¹³

The council is authorized to establish, with the approval of the President, "principles, standards, and procedures" which will serve as guidelines for Federal agencies participating in regional water resource planning as well as serve as the basis for formulating and evaluating Federal water resource projects. Section 103 of the Act specifically permits these standards and procedures to be used by the council to revise plans for Federal projects proposed in a compre-

hensive river basin plan.¹¹⁴ This authority, in effect, permits the council to pass judgment on all Federal projects proposed in river basin regions and to determine whether or not the project conforms to the principles and standards adopted pursuant to the Act. Although the statutory language is not specific on the nature of such standards, it can be assumed that they will insure that Federal water resource projects will be consistent with the regional objectives and approved comprehensive plans. It should be noted that the Act specifically prohibits such review from displacing, superseding, limiting, or modifying the responsibilities of any interstate or Federal-interstate compact agency.¹¹⁵

Another council responsibility authorized under Title I is to review plans submitted by the river basin planning commissions. Three major criteria are specified for use in the evaluation process: (1) the river basin plan must promote the optimum use of water and related land resources of the area; (2) consideration must be given to the effect of the plan on agriculture, urban growth, energy needs, industrial development, recreation, fish, wildlife and other resources; and (3) the plan must contribute to the achievement of national economic and social goals. To date, however, no regulations have been issued by the Water Resources Council specifying how such criteria might be made operational. Draft regulations have been prepared on this matter but have not yet been cleared by the Federal Executive Branch.¹¹⁶

Upon completion of review by the council, the plan together with any proposals is forwarded to the governors of the States represented in the basin commission and to the President "... for his review and transmittal to the Congress with his recommendations in regard to authorization of Federal projects.¹¹⁷ Thus, the President can use the river basin plan to alter, if he so wishes, water resource project budgets initially submitted by operating agencies such as the Corps of Engineers, the Soil Conservation Service, and the Bureau of Reclamation.

While the council may review river basin plans and add recommendations regarding its implementation, its recommendations need not be acted on by the President or the various Congressional committees having jurisdiction. Thus, both the river basin plan and the council's recommendations are not directly binding on operating agencies, although their participation in developing various river basin plans may assure that future Federal projects will conform to such plans.

River Basin Commissions. Title II of the Water Resources Planning Act authorizes the President

to establish river basin planning commissions upon written request either by the council or by a State which lies in whole or in part within the proposed river basin area. Written concurrence with the request must be made by at least half of the States within which portions of the basin concerned are located.¹¹⁸

To date, five river basin commissions with 27 States participating have been created under the authority of Title II.

Table 31 depicts the river basins presently in existence and the member States of the commissions.

TABLE 31
STATE MEMBERSHIP
RIVER BASIN COMMISSIONS*

Souris-Red-Rainy	Great Lakes	New England
Minnesota	Ohio	Maine
North Dakota	Illinois	New Hampshire
South Dakota	Indiana	Vermont
	Michigan	Massachusetts
Ohio	Minnesota	Connecticut
Kentucky	New York	Rhode Island
Illinois	Pennsylvania	New York
Indiana	Wisconsin	
Maryland		
New York		
North Carolina	Pacific Northwest	
Ohio	Washington	
Pennsylvania	Oregon	
Tennessee	Idaho	
West Virginia	Montana	
Virginia	Wyoming	

*Six states belong to more than one commission and New York participates in three.

Action to request the creation of additional river basin planning commissions is being given serious consideration by several States. With one exception, all of the governors concerned have concurred in the establishment of the proposed Upper Mississippi River Basin Commission consisting of portions of the States of Minnesota, Illinois, Wisconsin, Iowa, Missouri, South Dakota, Indiana, and Michigan. In the Missouri River Basin, a majority of the governors in the region have written to the council requesting the establishment of a commission in this area. The basin includes all or portions of Montana, Wyoming, North Dakota, South Dakota, Colorado, Kansas, Nebraska, Iowa, Minnesota, and Missouri.

By law, membership on a Title II River Basin Commission consists of a chairman appointed by the President, one member from each Federal agency

having a substantial interest in the work of a commission, and one member from each State which lies in whole or in part within the commission's geographical boundaries. The State members of each commission elect a vice chairman. Additionally, interstate compact agencies are represented by a member when their jurisdiction includes area covered by a commission.¹¹⁹ International representatives are included in the Pacific Northwest Commission and coordination with international commissions is required in the Great Lakes Commission.

In setting up these Federal-State planning commissions as a new type of governmental entity, Congress granted them broad authority to plan for the development of water and related land resources of the basins over which they have jurisdiction. A major function of the commissions is to prepare and maintain a comprehensive, coordinated plan for water and related land resources, which will serve as a blueprint for future development by all levels of government, as well as nongovernmental agencies.

Due to the probability that a great number of Federal agency members would be participating in the commission's activities, the Act specifies a "caucus approach" to govern the working operations of the commissions. Thus, the concept of unanimity or consensus, rather than majority vote was stressed in the Act.

In the work of the commission every reasonable endeavor shall be made to arrive at a consensus of all members on all issues; but failing this, full opportunity shall be afforded each member for the . . . report of individual views: Provided that at any time the commission fails to act by reason of absence of a consensus, the position of the chairman, acting in behalf of the Federal members, and the vice chairman, acting upon instructions of the State members, shall be set forth in the record.¹²⁰

In effect, this scheme enables a dual caucus approach whereby resolution is reached by consensus, or by near consensus with a minority report. Alternative courses of action may be presented to the Water Resource Council, the President, and Congress, if agreement cannot be achieved. In operating by consensus, there is no possibility that one group may out vote another, but issues are discussed and sharpened to the point where differences are clearly delineated and alternatives explored in an effort to reach agreement. It should be noted that the mechanism provided in the Act assumes that, typically, a Federal-State split on issues will occur. This is not always the case, however. In actual practice, States may align themselves against other States or with the Federal representatives on key issues. If consensus or general agreement cannot be achieved, each member is afforded the opportunity to present individual views.

The Act authorized an amount not to exceed \$750,-

000 annually for meeting the operating costs of each river basin commission established under Title II. In actuality, since the act was passed, the annual appropriation for each commission has been set at \$200,000. The FY 1971 appropriations raised the ceiling for recurring operating expenses to \$250,000 per commission.¹²¹ The method of funding the operating costs of river basin commissions, as a matter of practice, has developed into a system of matching grants, wherein the Federal government pays 50 percent of the operating costs of a commission.

The States within the river basin areas typically have divided their share equally among themselves. The recently organized Ohio River Basin Commission, however, agreed to apportion the States' share of the matching costs by a formula based on State population and drainage area within the river basin boundary.

In anticipation of the creation of another river basin commission, the Water Resources Council's budget request for FY 1972 included an amount to cover the operating costs of a sixth commission.

State water resource planning. Title III of the Water Resources Planning Act establishes a program of financial assistance to States to encourage their participation in the development of State and regional water resource plans. All States may participate in this effort by submitting to the Water Resources Council a program for comprehensive water and related land resources planning. If the State's application is approved, a grant is made based on an allotment formula which includes such factors as population, land area, the need for water resources planning, and the per capita income of a State.¹²² States then match these formula allotments on a 50-50 basis to fund their water resources planning program.

Only that portion of a State program's cost which exceeds its water planning expenditures during the "base period" is eligible for matching funds. The "base period" outlays are expenditures made by a State on its own initiative prior to June 30, 1965. This provision of only paying for increased State funding has been the subject of criticism from time to time, since it might be construed as penalizing those States that previously had invested in a planning program on their own. However, the main purpose of Title III, namely to encourage States to participate in Federal-State comprehensive water resources planning, has largely been achieved. In 1965, 14 States made no expenditure for water resource planning. In the first year of the grant program, fiscal year 1967, only seven States made no formal application for funds. In 1970 every State applied for a grant under the program.

The total amount spent by the various States on water resources planning in "base period" was \$12,200,000 with a range from no funds for some States up to California's \$7.6 million.

Congress has authorized \$5 million a year to be spent under Title III. However, it has usually only appropriated 35-45 percent of authorization, though the "gap" between authorization and appropriation narrowed between 1967 and 1970.¹²³ Table 32 indicates the aggregate amount of grants made to States under the Title III program.

TABLE 32
GRANTS TO STATES UNDER TITLE III,
WATER RESOURCES PLANNING ACT
(in thousands)

<u>FY '67</u>	<u>FY '68</u>	<u>FY '69</u>	<u>FY '70</u>	<u>FY '71</u>
\$1,738	\$2,246	\$2,348	\$2,376	\$3,750

Source: Water Resources Council

In the President's Budget for fiscal 1972, the requested appropriation for Title III was cut back to \$3 million. The uncertainty of Federal funding in 1976 may have an impact on the amount of State money to be spent on water resource planning over the next few years. States are now beginning to press for an extension of the Act, but no Congressional bills to that effect have yet been introduced.

Title III of the Water Resources Planning Act was designed to improve State capabilities in water resource planning. State programs funded under Title III are expected to be of a comprehensive nature "... with respect to intrastate and interstate water resources..."¹²⁴ and to be coordinated with any statewide development planning conducted under section 701 of the Housing Act of 1954 or under the Land and Water Conservation Act of 1965.¹²⁵ The Water Resources Council has approval power over State water resource planning programs conducted under Section 303 of the Act, and council regulations require that State water resource planning efforts be coordinated with the activities of river basin commissions where they exist.¹²⁶ Title III, then, serves to bolster State water resource planning capabilities and, in the case of the 29 belonging to river basin and compact commissions, to provide for a higher quality State planning input into river basin planning efforts.

DELAWARE RIVER BASIN COMMISSION PROGRAMS AND OPERATIONS

The Delaware River Basin Commission (DRBC) has jurisdiction over 12,765 square miles of territory, in four States, encompassing all or parts of 38 counties, six metropolitan areas, and 14 municipal juris-

dictions of over 50,000 population. The area includes 19 metropolitan counties and 19 non-metropolitan counties, with nine included within the Appalachian Regional Commission's designated area.

The Delaware Basin contains a complex governmental structure. Within the 13 metropolitan counties that lie preponderantly in DRBC's jurisdiction, there are 195 municipalities, 268 townships, and 114 special districts that have water-resource related responsibilities. There are also several multistate agencies, such as the Delaware River Port Authority and Delaware River and Bay Authority, with which the commission must work, as well as 17 State, metropolitan, and regional clearinghouses, designated under the Office of Management and Budget Circular No. A-95, which have a direct interest in the DRBC's work. Four of these clearinghouses are State-level, seven metropolitan, and six non-metropolitan. In all there are probably well over 650 governmental organizations and jurisdictions that have water resource related responsibilities that could be affected by the DRBC.

The physical resources of the region are impressive. The area contains an estimated population of 7.2 million. It has a natural water resource runoff of 13,000 million gallons per day (mgd), 3,600 of which are presently used for water supply purposes.

The region contains over 20 major reservoirs, serviced by over 450,000 acres of recreational areas, many of which are water related. It has 251 waste treatment plants that serve over 5.5 million people and numerous industries along the river. It is further estimated that 712 million gallons per day (mgd) of effluent are discharged into the Delaware Basin and that it would take \$943.2 million for the construction of fully adequate sewerage systems.

The dimensions of DRBC's task then are substantial. Within its jurisdiction, the commission has to achieve the coordination of the various functional demands on the river system and keep to a minimum the jurisdictional conflicts among Federal, State, and local governments over the best use of water resources within the region. How it accomplishes these aims in its operations will be the subject of the rest of this section.

The Delaware River Basin Commission (DRBC) serves as a basin-wide, multipurpose water resource management agency. It exists to assess and maintain the relationship between supply and demand for water and water-related resources within the Delaware Basin. It examines this demand-supply relationship in two ways. First, it attempts to insure an efficient distribution of water resources so as to meet the water-resource demands from all parts of the region.

Second, it studies the various functional demands for water resources and attempts to promote the development of multiple-purpose water usage in the region. The commission, then, is the only agency that coordinates water resource demands among competing jurisdictions and competing water uses.

The commission both coordinates and sets water resource policy in the basin. As the pollution control agency for the region, it administers rules and regulations which uniformly apply to all government jurisdictions in the basin. Also, in critical drought emergency periods, the commission has regulated water withdrawals among users in the basin. Finally, the commission reviews all projects having a substantial effect on the water resources of the basin to see that they do not conflict with its comprehensive plan.

In other matters, the DRBC plays a less direct role in the water resource management of the region and supports Federal, State, and local water resource policies that it believes will benefit its resource management program.

The DRBC seeks to promote regional water resource policies that will guarantee the most effective use of the river system. It does this by promulgating commission policy, as in the case of adopting basin-wide pollution control regulations and of encouraging adherence to regional approaches to liquid waste treatment before a local sewage treatment plant will be approved, and by cooperating with local, State and Federal agencies in the pursuit of their various water resource goals.

DRBC Water Resource Policies

Water Pollution Control. The commission's concern for water quality has been evident since its creation. In 1962, just after it was formed, the commission adopted the old INCODEL standards for uniform water pollution control in the basin. By 1963, it had absorbed the INCODEL staff and had created a commission committee to urge signatory States to seek a uniform legal and administrative interpretation of the INCODEL standards. By 1965, the commission, through a comprehensive plan statement, had adopted the policy that all liquid waste in the basin had to be subjected to at least a minimum specified level of primary treatment. Water pollution control standards, by this action, were extended from the main river throughout the entire region.

The commission also involved itself with a Public Health Service study of water quality conditions in the Delaware estuary begun in 1964 and completed in 1966. The study accorded DRBC a central role in water pollution control regulation in the region.¹²⁷ With the passage of the 1965 Water Pollution Control Act,

the States in the region were under a timetable to pass water pollution control standards that conformed with Federal requirements. Before that deadline, the commission had adopted a basin-wide water pollution code which applied to all water uses within the region. Almost immediately, the commission went to work to insure the implementation of its standards. It set waste discharge limits for various areas in the main river and promulgated discharger allocations to the major public and private waste treatment facilities in the region. After setting these discharger allocations, the commission, by April 1971, had agreed to abatement schedules for 60 facilities that accounted for over 90 percent of the waste discharged in the river. Most abatement schedules required full compliance with commission allocations by 1973.

In other actions, the commission has sought to upgrade basin water quality. In the Tocks Island, Darby Creek, and Gloucester-Salem areas, the commission has encouraged regional solutions to sewage disposal and it, in conjunction with the signatory States and the Federal government, has financed a demonstration project in the Gloucester-Salem area to prove the feasibility of a regional waste management scheme. It has raised nearly \$1.37 million to prepare a comprehensive engineering study of a full-scale regional waste project in that area. This action implements a commission policy set in 1968¹²⁸ that it will encourage the use of regional water pollution control facilities and even require them where they are considered the most effective and economically advantageous solutions.

Water Supply Activities. The DRBC has played several roles in the management of water supply in the basin. Probably the most publicized water supply action of the commission was taken in the emergency drought crisis of 1965-1966.¹²⁹ In the period from July, 1965 through March, 1967, the DRBC was authorized to exercise jurisdiction over the surface water supply of the basin. During that time, the commission, by unanimous agreement, suspended the Supreme Court decree governing surface water allocations among the signatory parties. It reduced the amount of water diverted to New York City and negotiated with private power companies for downstream releases from their reservoirs to prevent salt water encroachment on the water supplies of the Philadelphia metropolitan area. In this emergency, the commission was able, through a combination of regulatory and negotiated means, to maintain adequate water supplies within the region.¹³⁰

In a July 1964 action, the commission expanded its water supply jurisdiction to the management of ground waters.¹³¹ By this move, the commission was able to administer a uniform water rights doctrine

concerning all such waters in the region. In effect, the commission was indicating that it could allocate these waters to the signatory States in accordance with its allocation powers set forth in Section 3.3 of the compact. This removed the possibility of litigation, depending on the particular State doctrine of water rights law, and made these water resources available to the commission to help meet supply needs in times of drought.

The commission has approved for inclusion in the comprehensive plan several major federally-initiated and State multi-purpose water projects in the basin that will augment available water supplies. It also has been empowered by the compact to apportion the costs that the States shall bear in meeting the nonfederal payment of the water supply costs of Federal multi-purpose projects. The commission has been authorized to repay such nonfederal costs through a combination of user charges and apportionment of costs in the capital budgets of the respective States.¹³² Presently, the DRBC has contracted with the Corps of Engineers to repay the water supply costs at Tocks Island, Beltzville, and Blue Marsh reservoirs.

The commission's action in endorsing the multiple-use water resource projects and in being authorized to repay the nonfederal share of water supply costs of such projects appears to have a positive value in expressing multistate approval of these various projects. As such, it signifies to the Federal agencies that such projects will be well-received within the region and that they are being considered as main projects in the water management of the river.

DRBC Flood Control Policies. The commission has endorsed in its comprehensive plan and annual water resources program the implementation of several Federal and State constructed flood control projects. Also, the commission has cooperated with the U.S. Geological Survey and the Corps of Engineers in encouraging flood-plain mapping studies in various sections of the region so that municipalities in these areas will adopt suitable flood-plain zoning ordinances and will be eligible for federally-subsidized flood insurance pursuant to the Federal Flood Insurance Act of 1968. Finally, the commission during its ten-year existence has encouraged the formation of additional watershed associations throughout the basin. These associations perform a valuable function in monitoring flood control conditions throughout the smaller watersheds and are eligible recipients for Federal aid under the Small Watershed Program administered by the Department of Agriculture.

Power Supply. The DRBC has not played a prominent role in stimulating power facilities in the region. Yet in recent years, the commission has moved to reg-

ulate the conditions for power plant construction within the basin. Earlier, the commission's efforts were directed to studies of the region's potential power demands and the water resource needs for increased power generation. However, by October, 1968, the commission demonstrated its concern for better management of power resources by adopting a resolution directing that the hydroelectric features of the Tocks Island project be subject to certain environmental conditions.¹³³ This led to barring the use of Sunfish Pond for pumping water to supply hydroelectric power and to mandating that the reservoir construction for the project be done with a minimum of disruption to the area's natural environment. The Federal Commissioner abstained from voting on the resolution due to the fact that pumped power generation had not been proposed in the original Congressional authorization of the Tocks Island projects.

Further commission concern for adequate power planning occurred in April, 1971 when the DRBC indicated that all electric power projects of 100,000 KW hours or more would be approved only after the utility companies involved prepared a master siting study and site selection analysis as justification for a proposed project.¹³⁴ These additional conditions necessitate a rigorous analysis of the effect of a power plant site on the water resources of the basin and the dissemination of the siting studies to all Federal, State, and local agencies having specific or general jurisdiction in the matter of power planning. The DRBC also has reviewed several nuclear power plant proposals in the region.

Recreation. The DRBC's efforts in this area have centered around the development of the Delaware Water Gap National Recreation Area in the northern part of the basin. The commission has approved the park as part of its comprehensive plan and endorsed Tocks Island as the major water recreation project within it. DRBC has cooperated with the National Park Service in studying and implementing its recreation plan for that area. It also has moved to preserve the natural state of other water areas within the Tocks Island region, particularly Sunfish Pond.¹³⁵ Finally, the commission in 1971 resolved that the upper branch of the Delaware River be included in the National Scenic and Wild Rivers System.¹³⁶ Negotiations are also proceeding between the DRBC and the Bureau of Outdoor Recreation (BOR) regarding joint recreational plans for the region.

Project Review. Under Section 3.8 of the DRBC Compact, the commission is authorized to review all projects that have a substantial effect on the water resources of the basin. The commission has experienced

a growing role in approving water resource projects and presently has a project review staff of three men. The first set of reviews occurred in 1962 when the commission evaluated 14 water resource projects, eight of which were water supply and sewage treatment projects. All were approved. In 1970, the commission reviewed 263 projects, the bulk of them in the water and sewage treatment category. (See Table 33)

TABLE 33
TOTAL AND SELECTED CATEGORIES OF
WATER RESOURCE PROJECTS REVIEWED
BY DRBC
(1962-70)

Year	Total Projects	Sewage Treatment	Water Supply
1962	24	1	1
1963	23	4	10
1964	100	34	33
1965	175	52	86
1966	243	60	141
1967	250	57	132
1968	180	78	70
1969	210	61	78
1970	263	116	73

Source: Delaware River Basin Commission.

Commission approval of most projects is to be expected because many of them are small or have received prior approval from State agencies having jurisdiction in such matters.¹³⁷ Yet, since 1964, an increasing percentage of projects submitted for review have been withdrawn, signifying commission disapproval.

There has been increasing use of the concurrent clearing of projects through Section 3.8 review, and inclusion of such projects in the commission's comprehensive plan. Over 1,000 projects now are included within the plan.

Comprehensive Planning and Water Resources Programs. The DRBC's comprehensive water resource planning operation, based largely on the 1958 Corps of Engineers Plan for the basin, has been maintained on a continuous basis. The commission implements its comprehensive planning operation in two major ways. First, it endorses those Federal, State, and local water resource projects that it believes will result in better water resource management within the basin. During the last ten years, the DRBC has fully approved and seen implemented nearly 30 multi-purpose river management projects. The preponderant majority of these are joint Federal-State projects or wholly federally-sponsored projects.¹³⁸ In

addition to these approved projects, three projects have been granted commission approval provided they are not modified in the course of their construction. Seventeen projects have been tentatively approved as ultimately needed for the basin, having received commission endorsement but not commission approval under Section 3.8 of the compact.¹³⁹

Secondly, the commission maintains its comprehensive plan through "...statements of policy, criteria, and standards ..." that set forth the conditions under which the commission will grant approval for a water resource project or policy. These resolutions, in effect, are quasi-regulatory measures that Federal, State, and local agencies must follow in the administration of their water resource projects. As mentioned earlier, these resolutions have covered such areas as water supply, electric power generation, and liquid waste disposal.

There are difficulties, however, in implementing the comprehensive plan. By the language of its charter,¹⁴⁰ the commission is prohibited from engaging in the construction and operation of water resource facilities where there are appropriate State or Federal agencies that can perform the given water resource function. This means that the commission often has to encourage Federal and State agencies to construct water resource facilities that it believes will improve the water resource management of the basin.

The dual representational roles played by commission members require them to balance the water resource needs of the Delaware Region against those of the signatory States and the rest of the nation.

Thus, there are several Federal and State sponsored water resource projects that were initially endorsed by the commission in 1962 which were not given final approval until 1969, a delay which, in some cases, indicated a lag between commission endorsement and State or Federal action on the project. This "lag" is one indication that DRBC plans often can be delayed by a variety of factors, including the need to meet water resource demands in other parts of the signatory States or the nation. Therefore, project endorsement by the DRBC does not always bring forth immediate State and Federal action in the region.

On the other hand, the commission's regulatory activities have been more effective. In matters of pollution control, sewage treatment, and environmental protection, the commission has promulgated regulations that definitely have conditioned water resource activities in the region. The commission's pollution control standards and waste discharge allocations have upgraded sewage treatment along the main stem of the river and have helped constrain continued, haphazard industrial expansion along the river. Its

emphasis on regional waste treatment has encouraged local governments to regionalize their waste treatment operations. When the commission sees fit, its mandatory regulations regarding regional waste treatment could result in a substantial reorganization of waste treatment systems along the River.

Commission regulations of this sort have the salutary effect of releasing State and Federal agencies from direct local pressure to lower pollution control standards. Since the commission is outside the direct control of a single governor or Federal executive, the pressure for lowering standards tends to be less direct and less effective. All parties to the compact, after all, do not benefit by a lowering of standards. Thus, for example, if Philadelphia attempted to apply pressure to reduce pollution standards, its efforts would be limited by the fact that New Jersey or Delaware communities would not benefit by the action.

DRBC Funding and Expenditure Patterns

The Delaware commission receives its funding from two basic sources. The first is a lump sum appropriation from the four States and the Federal government for commission operating expenses. Three of the four States and the Federal government provide 24 percent of the operating expenses; Delaware provides four percent. In addition, the DRBC, since its inception, has received an annual Federal variable matching grant for water pollution control activities with the non-Federal share paid by the signatory States.¹⁴¹

The commission's budget has grown from \$344,000 in 1962 to over \$1.2 million in 1970. The Federal share of that budget has fluctuated from a low of 23.5 percent in 1966 to a high of 34.8 percent in 1968. On a functional breakdown, the bulk of DRBC expenditures has gone for planning purposes, accounting for 59 percent of all commission expenditures in 1962 and

TABLE 34
DELAWARE RIVER BASIN COMMISSION
REVENUE BY SOURCE (\$000)
(1963-1970)

State	1963	1964	1965	1966	1967*	1968	1969	1970
Delaware	13	16	16	20	23	58	59	69
New Jersey	80	117	117	127	143	234	277	281
New York	80	117	117	126	142	193	236	240
Pennsylvania	80	117	117	127	143	239	282	253
U.S.	100	117	92	96	115	134	154	153
Other Federal	23	45	45	45	40	251	236	154
All Other	45	1	49	59	—	—	4	114
Total	421	530	553	600	606	1109	1248	1264

* Estimated

Source: Delaware River Basin Commission. *Annual Reports*.

TABLE 35
DELAWARE RIVER BASIN COMMISSION
EXPENDITURE BY FUNCTION (\$000)
(1963-1970)

Program	1963	1964	1965	1966	1967*	1968	1969	1970
Water Supply	32	48	36	33	30	56	55	54
Water Demand	34	38	48	89	45	65	26	22
Recreation	18	31	35	44	31	31	68	69
Power	22	38	31	37	28	39	43	11
Project Review	63	75	93	84	142	143	140	126
Water Quality	83	126	123	116	123	548	552	510
Comprehensive								
Plan	69	118	145	134	144	140	219	238
Flood Loss	13	18	14	7	11	12	23	67
Basin Operation	9	17	11	43	50	73	45	111
Small Waters	—	—	—	—	—	—	24	69
Total	344	509	536	587	604	1107	1245	1277

* Estimated

Source: Delaware River Basin Commission. *Annual Reports*.

77.4 percent in 1970. Most planning funds are spent for comprehensive planning and water pollution control. Non-planning funds go mainly for project review. Commission expenditures for functional planning in the recreation, power, watershed management, fish and wildlife enhancement, and flood loss areas have been relatively insignificant. (See Table 34 and 35).

DRBC Relations With State and Local Governments

The DRBC works rather closely with the environmental protection agencies in the four signatory States, each of which very recently have reorganized their respective water resource departments into an environmental control agency.¹⁴² It is with these State agencies that the DRBC maintains close contact and that it contracts for particular assignments, especially in the area of pollution control surveillance. Prior to 1969, the commission dealt mainly with the various State water resource agencies.

The DRBC also works closely with the budget office in the four States. Before a State contribution to the DRBC can be certified, it has to be cleared through this office. Of some concern, however, is the coordination of DRBC activities with the State A-95 clearing-houses. Until this past year, the commission received its Federal water pollution control grant without having to clear it through A-95 review procedures. The revised A-95 procedure now requires DRBC to clear such grants through respective State and affected substate clearinghouses. The DRBC has resisted these new procedures, contending that coor-

dination of DRBC activities with State governments has been achieved through their interaction with the respective State budget and environmental protection agencies.

DRBC cooperation with local governments is gradually becoming more formalized. It presently maintains concurrent water resource project review with the Delaware Valley Regional Planning Commission (Philadelphia). In addition, all county planning commissions and HUD-certified areawide bodies are notified of project review agendas as a matter of routine. Municipal governments are notified of project review agendas if they are in the general geographic area of the proposed project. In matters of major policy such as the setting of new water quality standards, notice is given to over 1,000 local officials in the basin.¹⁴³ The DRBC also has cooperated with local governments in encouraging them to follow regional approaches to liquid waste treatment and water supply and in working with them to insure that these types of projects achieve a regional focus whenever possible.

Yet, on occasion the DRBC quite naturally has run into some resistance from local governments in the implementation of its responsibilities. In the matter of water pollution control, for example, the DRBC set initial waste discharge limits for the Philadelphia City sewage system only to later revise upwards the discharge allocations. Presently, the city has agreed to waste discharge and abatement schedules which it is supposed to meet by 1975-77, dates which the representative from New Jersey thought were too delayed in light of commission schedules for other jurisdictions and in light of New Jersey intrastate schedules that were then being enforced.¹⁴⁴ In this instance, however, the DRBC granted the city the extended deadline in recognition of the fact that Philadelphia had the longest single clean-up program to be undertaken in the basin and that additional lead time was required for design and funding of the program.

The DRBC in Action: Three Case Studies

By analyzing commission action in three selected instances, a better understanding of the strengths and weaknesses of this Federal-interstate compact agency can be obtained.

Drought emergency (July, 1965 - February, 1967).¹⁴⁵ Faced with severe drought conditions in the basin during 1965, the commission met formidable problems in insuring adequate fresh water flow along the main stem of the Delaware River. The drought confronted New York City with a severe dilemma since it could

not at the same time maintain the necessary water releases into the Delaware from its upstream reservoirs and draw on these same water resources for its rightful diversions of water to the city water supply system. The options were painful: either maintain downstream releases according to court decree and reduce diversions of water to the city or maintain water diversions to the city and reduce downstream releases into the Delaware River. On June 14, 1965, New York City precipitated the drought emergency crisis by reducing its legally required downstream releases.¹⁴⁶ Faced with the bleak prospect of renewed litigation concerning allocation of the Delaware's waters, the DRBC declared a water emergency condition on July 7, 1965. The commission unanimously modified the Supreme Court decree governing both the apportionment of New York waters to downstream releases and diversions for the city by reducing the amount of mandated downstream releases to the river. To augment downstream flow, the commission ordered release of stored waters from the dams of the Orange and Rockland Utilities Company and the Pennsylvania Power Company.

By early August the drought had worsened, and the commission further eased New York's water release requirements and called for additional releases of water from Army Corps of Engineers reservoirs in the Lehigh Valley. New York City was given a guarantee that it would have to release no more than 200 million gallons per day from its upstream reservoirs and it was allowed to "bank" waters in its upstream reservoirs for future release or diversion.¹⁴⁷ The "water bank" agreement, in turn, prompted other cooperative agreements. New York State permitted release of waters from Greenwood Lake for Northern New Jersey; it also permitted New York City to build a temporary water diversion station along the Hudson River. In addition, the Federal government promised aid to ease the water supply crisis in Northern New Jersey and protect Philadelphia's supplies from salt water incursions.¹⁴⁸

The commission continued these emergency conditions until December, 1965 when, still operating under direct commission jurisdiction, New York City simultaneously was allowed a higher level of diversion and required to make greater daily releases to the River.¹⁴⁹ By March, 1966, DRBC allowed New York City to make even greater diversions for its water needs. The commission's emergency jurisdiction continued until March 2, 1967.

DRBC's performance in this crisis highlights the value of its basin-wide jurisdiction. Commission action was unanimous throughout the emergency, and it thus was able to modify a court decree governing New

York City's water usage of the river. By lowering its diversion and release requirements and calling on other private and Federal facilities to augment the river flow, the commission successfully weathered a water crisis of nearly two years' duration. By its emergency powers it was able to alter regional water management operations, allowing for greater water storage in the basin's reservoirs to meet changing drought requirements. Through such altered water resource programs the commission still was able to provide water supplies to New York City and maintain a stream flow that protected the water resources of other communities along the River's main stream.

While the action of DRBC in meeting this crisis demonstrates the value of the regulatory features of the commission's mandate, the record of the event also raises some questions which qualify it as something less than a complete success story. In the first place, the commission was in existence for a number of years before the drought and one can wonder whether earlier planning and coordinating action might have forestalled or assuaged the impact of the crisis. Secondly, the northeast drought was in effect two years before DRBC exercised its authority. Definitive action was taken only after New York City reduced its legally required downstream release, a move which was then legitimized by the commissions' decision. Thus, as critics point out, DRBC action was more forced than anticipatory and deliberative in meeting a crisis situation.

Nonetheless, over a period of two years, the DRBC was able to bring the water users of the region under uniform jurisdiction for water supply management. Without the commission's intercession in this matter, the drought emergency no doubt would have generated extensive litigation, focusing on a modification of the 1954 court decree. Instead, the DRBC was able to implement a set of flexible administrative regulations that overcame the emergency in a fairly amicable fashion. Flexible water management procedures were adopted that would have been hard to achieve without the commission's basin-wide jurisdiction.

DRBC action in the water pollution control field. With the passage of the Water Quality Act of 1965, the DRBC had to adopt basin-wide water pollution control standards by 1967. Pursuant to the Act, the commission formed a water quality advisory group in 1965. On the basis of the Delaware estuary study, it promulgated water pollution control regulations for the Delaware Estuary on March 2, 1967.¹⁵⁰ Pollution control standards for the rest of the basin were pro-

mulgated on April 26, 1967. These basin-wide standards were formulated with a view toward upgrading the Delaware for increased recreational and municipal water-use.¹⁵¹ It was estimated that an additional \$135 million in annual revenue from increased recreational use could be gained from the river if it were developed in accordance with the conditions set forth in the commission's water quality regulations.¹⁵² The adoption of standards for the estuary was not a unanimous action. Governor Terry of Delaware objected to them arguing that lower water quality standards should be adopted initially which could be revised upwards at a later date. However, with strong Federal urging, the commission adopted the proposed water quality standards that Delaware believed were too high for its portion of the river. One month later, however, the Delaware representative voted for the adoption of similarly stringent standards for the rest of the basin.¹⁵³

By June 1967, the commission had adopted enforcement procedures for the basin-wide pollution control regulations which set limits on the actual amount of liquid waste that could be discharged into the river. Simultaneously, the commission authorized waste discharge allocations and abatement schedules for individual waste water facilities along the river. Significantly, the commission's regulations also provided direct pollution abatement enforcement procedures in cases where 1) a State pollution agency had not taken timely action to obtain compliance, 2) there was interstate disagreement regarding conditions for satisfactory compliance, 3) waste discharges were from a Federal facility, and 4) there was doubt or conflict regarding jurisdiction among the States of the basin.¹⁵⁴

By 1968, the commission moved along several fronts to implement its pollution control mandate. In March, 1968, it adopted criteria for adapting pollution control standards to individual waste dischargers and devised abatement schedules to apply to municipal and private waste treatment facilities for the next three to five years. When these administrative regulations were adopted, the Delaware representative once again stated that he believed the commission's water quality standards were too high for the Delaware portion of the river, but he assented to the proposed regulations. Specifically, the commission adopted a set of definitive water quality criteria relating to the reduction of the biological oxygen demand in the River. The Delaware representative, on the other hand, felt that more administrative discretion could serve as a basis for implementing water quality regulations.

The following month, the commission adopted further amendments to its comprehensive plan and

rules of practice and procedure designed to encourage and mandate, where necessary, regional approaches to the organization of waste water treatment. In part, the amendments to the comprehensive plan stated "... the use of regional water pollution control facilities providing optimum combinations of efficiency, reliability and service area will be required throughout the Delaware River Basin to the maximum extent feasible. ... The commission may provide planning, and, where necessary, constructing, financing and operating services required for regional solutions to water pollution problems where other appropriate agencies do not provide such services."¹⁵⁵

Beginning in January 1969, the commission approved eight pollution abatement schedules, giving specific waste discharge allocations and abatement timetables for individual waste dischargers. By April 1971, a total of 64 abatement schedules covering 90 per cent of the wasteload in the estuary had been negotiated, including 11 revisions from initial abatement schedules that were relaxed to allow either enough time for compliance or greater amounts of waste discharge into the river. The date and number of abatement schedules and revisions is as follows: (See Table 36).

TABLE 36
DELAWARE RIVER BASIN COMMISSION
ABATEMENT SCHEDULES AND REVISION

Date	Abatement Schedule	
	Agreed To	Revised
1/69	8	-
4/69	4	-
5/69	4	-
8/69	8	6
12/69	3	1
3/70	6	-
5/70	1	1
6/70	-	1
9/70	-	1
10/70	-	1
11/70	3	-
12/70	11	-
1/71	6	-
3/71	5	-
4/71	5	-
Total	64	11

Source: DRBC minutes, 1969-1971.

During this time, the New Jersey representative expressed disagreement over the extensive time period given to the City of Philadelphia to meet its abatement schedules. DRBC proposed that the city's three largest sewage treatment plans comply with its

regulations by October 1975, 1976, 1977 respectively. These schedules were approved by the commission with a dissenting vote from the New Jersey representative who felt that the timetables were too extended and "... incompatible with the water pollution abatement schedules that the New Jersey Department of Health is insisting upon for discharges located in that State."¹⁵⁶

Another significant development during this period was the commission's authorization to undertake the financing of the preliminary design of a regional waste water treatment system in Gloucester County, New Jersey, and the construction of a demonstration waste treatment plant geared to handling 50 gallons of effluent per minute of combined municipal and industrial waste. To further encourage this regional sewage scheme, the commission granted several dual municipal waste treatment abatement schedules, one reflecting possible local participation in the regional sewage treatment system. Encouragement here took the form of giving more flexible abatement schedules than otherwise would have been the case.

The DRBC's pollution control mandate has resulted in improved water quality regulations along the Delaware River. The river is covered by uniform water quality regulations and, to date, there has been no need for Federal intervention in the resolution of any water quality conflicts. Elsewhere, since the inception of the Water Quality Act, there have been over 45 Federal enforcement actions to resolve interstate water quality disputes.¹⁵⁷

Again, on the positive side, the commission has been able to attack the root causes of part of the water quality problem within the basin—the proliferation of small, overloaded municipal and industrial waste treatment facilities. By operating a pilot regional waste treatment plant and encouraging local participation in regional water pollution control systems, the commission is advocating a substantial reorganization of local water pollution control facilities. Here, the commission has combined its regulatory powers of setting water quality regulations and of project review to encourage and, if necessary, mandate a reorganization of local water pollution facilities.

In assessing this case study as evidence of DRBC's effectiveness, it should be pointed out that the passage of the Federal Water Quality Act of 1965 was the prime mover in pollution control activity. Under that Act all State and interstate agencies *were required* to develop water quality standards. Thus, it was a Federal Act which led to DRBC action in implementing its compact assigned water-quality control responsibilities and powers.

Nevertheless, given the interstate tension in water

pollution control evidenced by Delaware's reluctance to adopt the basin-wide water pollution control standards and New Jersey's reluctance to accept pollution abatement schedules for Philadelphia's waste treatment plants, the commission's jurisdiction and regulatory mandate over the whole basin has proved a significant asset in promoting basin-wide cooperation in dealing with the water pollution problem.

The Tocks Island Project. The Tocks Island project, proposed by the Corps of Engineers in 1958 and initially endorsed by the DRBC in 1962, is a multiple-purpose water management project involving the construction of the largest dam on the Delaware to provide better flood control, more predictable water supply, increased recreation facilities and hydroelectric power. Since its initial endorsement, the project has undergone several modifications by both State and Federal action and has been the subject of some Congressional debate. This case study indicates the difficulties that the commission sometimes has experienced in attempting to coordinate the water resource operations of the region.

The project was first adopted as part of the DRBC's comprehensive plan in 1962, though the Federal representative cautioned that endorsement did not represent a concomitant Federal commitment of funds for the project. Action on the project did not occur until 1964 when the DRBC authorized the expenditure of \$15,000 for a reappraisal of land costs within the Tocks Island National Recreational Area, an action required before Corps of Engineers' funds could be spent for land acquisition. In the same year, the Corps appropriated \$250,000 for initial land acquisition. The commission further encouraged Corps action on the project in the following September when it agreed to be the agent for the signatory States in the repayment of nonfederal costs to the Corps for the water supply portions of the multiple-purpose project. Such a contract was reaffirmed in September, 1968 when the DRBC requested that additional water supply storage features be included in the project.

Even with these cooperative commission actions, there soon proved to be areas of disagreement over the project's objectives and proposed operations, most of which centered around environmental facets. As early as 1964, the Pennsylvania Fish Commission urged DRBC to modify the Tocks Island Reservoir plan to include fishways that would allow migration of fish around the dam during their spawning period. Such facilities are now incorporated in plans for the project. By May, 1966, concern over other environmental aspects of the project had increased and the commission accepted a three-year Federal grant of

\$250,000 to study the regional water supply and waste treatment features of the Tocks Island dam and reservoir. The study was released in May, 1970 and contained six alternative proposals for the development of sewer systems in the area. It included recommendations which placed the DRBC in the role of administering, managing, and even constructing the regional portions of the sewer systems. These, in turn, caused some questions among commission members about DRBC's proper role in the project. Final action on the sewage treatment features of the Tocks Island project has not been taken as of this date.

In addition to the conservation and pollution control problems surrounding the project, others were concerned with the proposed use of the dam and reservoir facility for the generation of hydroelectric power. Having first applied for a power generation in the Tocks Island project in 1966, a combine of New Jersey power companies wished to alter their proposed power capacity from 342,000 kilowatt hours to over 1.3 million kilowatt hours.

This proposal caused great alarm among the conservationists in the area, because of the effects it would have on the area's ecological character. In particular, attention focused on the preservation of Sunfish Pond on the Kittatinny Ridge, one of the foremost natural preserves in the Tocks Island Region.

The DRBC modified the power companies' proposals on October 22, 1968, with the four State representatives voting to protect Sunfish Pond from use for power development. DRBC action also provided that construction of additional power facilities be with minimum detriment to the area's environmental characteristics, mandated underground construction of several power facilities, and required provision of special facilities for the protection of fish life. An additional element to the resolution was that the DRBC urged the Corps of Engineers to cooperate with the commission in preparing joint pumping and generating schedules for the hydroelectric project "... relating to the requirements of river management for the purposes of the Comprehensive Plan."¹⁵⁸

Reference to the Secretary of the Interior's power over determining the exact location of a reservoir in the hydroelectric project proposal, as stated in the DRBC resolution, occasioned Federal abstention from the vote so that various clearances among the Federal agencies concerned with the reservoir could be obtained.¹⁵⁹

To resolve this issue and, at the same time, revise the initial Congressional authorization of the Tocks Island project to allow for a large, privately operated, pumped storage hydroelectric facility at the dam site,

TABLE 37
TOCKS ISLAND BUDGET REQUEST AND APPROPRIATIONS
1964-1971

Year	Reservoir Funding			Land Acquisition Funding		
	Corps Regional Office Budget Request (\$000)	Corps Central Office Budget Request (\$000)	Congressional Grant (\$000)	Corps Regional Office Budget Request (\$000)	Corps Central Office Budget Request (\$000)	Congressional Grant (\$000)
1964	240	250	250	—	—	—
1965	450	450	450	—	—	—
1966	700	600	1,000	—	—	—
1967	975	975	975	384	384	384
1968	5,650	3,000	4,000	1,500	350	490
1969	9,200	5,000	3,880 ^a	1,752	537	518
1970	5,700	4,000	4,000	1,300	528	528
1971	12,000	8,300	11,850 ^b	1,300	600	600

^a \$1.8 million in obligations for FY 1969 "frozen", deferred to later years for obligation

^b \$3.6 million placed in budgetary reserve for allotment in fiscal year 1972

Source: *Congressional Record*, May 20, 1971, pp. H-4182, H-4183.

Federal legislation was proposed in 1969 to amend the original authorization for the project.¹⁶⁰ Such legislation did not pass in the 1969 session, but was enacted as PL 91-282, passed on June 19, 1971.

By the terms of the proposed legislation, Congress authorized an expansion of the hydroelectric features of the Tocks Island project, granted the DRBC status as a "preference" customer for power sold from the expanded hydroelectric facilities, and mandated the Secretary of the Interior and the Federal Power Commission (FPC) to set conditions for the planning and construction of the expanded project that would conform to the environmental protections included in the DRBC October, 1968 resolution. To date, however, the private utilities applying for the expanded hydroelectric plant have not formally applied for an FPC license.

In addition to the difficulties arising out of adding new features to the Tocks Island project, the DRBC has had to contend with some "slippages" in Federal appropriations for construction of the reservoir and with substantial cuts in budget requests for land acquisition for the reservoir project. These facts have added delay to the project which the commission has found troublesome in light of the fact that it is the single largest multi-purpose project in the basin. (See Table 37).

DRBC action in this project highlights the conflicting pressures that arise when a multi-purpose river management project is endorsed. On the one hand, it must attempt to coordinate State activities with those of the Federal Government as they relate to the project. On the other hand, it must manage the inter-functional conflicts of those who would emphasize one

phase of the project over another. Thus, DRBC sided with the conservationists and focused on certain elements of the proposed project that were detrimental to the area's ecology. It proposed joint expansion of the hydroelectric features of the project which, in turn, produced the need for additional Federal legislation voicing Congressional assent to various environmental restrictions on power development. In other areas, issues still remain unresolved. The commission, for example, has not yet decided on several alternatives to the regional development of sewage treatment systems in the Tocks Island area.

The commission has attempted, in a number of ways, to move the Tocks Island project toward implementation. It has aided the Corps in land acquisition activities, and it has sponsored environmental regulations for the project, as well as opting for the expansion of hydroelectric features of the project. Yet, it still is undecided on the exact mode of operation for a regional sewer project in the area, and it has not been able to prompt Congress into any faster funding of the Tocks Island project. As a result, many aspects of the Tocks Island project have yet to be completed, some nine years after initial Congressional authorization.

Summary. The DRBC is a highly unique intergovernmental mechanism fashioned out of necessity to plan and regulate water resource programs in a major multistate river basin. These three case studies provide the basis for a limited assessment of its performance in dealing with major issues and operational problems. On balance, it can be concluded that the agency functioned adequately in meeting water resource

needs and that the mechanism has demonstrated its effectiveness to a satisfactory degree.

This is not to say that the record is clear and perfect, nor that the mechanism cannot be refined and improved. Delays in the actions taken to meet the drought emergency and to implement water quality controls have been cited. The lack of a complete comprehensive plan at this point in time has also been noted. It is also true that the DRBC, at its inception, was able to build upon the significant accomplishments of other agencies. For example, DRBC started with a pre-existent comprehensive plan prepared for the Delaware River by the Corps of Engineers. It is impossible, of course, to demonstrate whether DRBC would have developed such a plan. In the area of water quality programs, a predecessor agency, *Incodel*, had achieved significant success in beginning an interstate cooperative program for pollution control. One can only speculate as to the success DRBC would have achieved at this point in time without this earlier effort and the impetus of the Federal Water Quality Control Act of 1965.

DRBC is not without its critics. Some say that it has not been willing or able to implement powers granted to it; others contend strongly that it should assume a more direct operating and regulatory role and should be given additional powers. Few, if any, argue for a reduction in its powers.

All that can be inferred from this limited analysis is that, given all the above factors and circumstances, the DRBC mechanism functioned adequately. After considerable study and some changes, the model has now been applied in the Susquehanna River Basin.

RIVER BASIN COMMISSIONS

Under the mandate of the Water Resources Planning Act, the five operative river basin commissions are to prepare for State and Federal members, "... a comprehensive, coordinated joint plan ... for water and related land resources development"¹⁶¹ in their particular jurisdiction. Upon transmission of such a plan to the Water Resources Council and its State and Federal members, a commission is mandated to submit to the Water Resources Council, "... recommendations it may have for continuing the functions of the commissions and for implementing the plan, including means of keeping the plan up to date."¹⁶² Under the council's interpretation, the comprehensive, coordinated joint plan (CCJP) encompasses the totality of plans or plan segments developed within a river basin jurisdiction. What, then, is the nature of river basin planning ac-

tivities and how do they affect State and Federal water resource operations in a particular jurisdiction?

River basin commissions conduct two types of planning operations. The first concerns the preparation of a framework study which basically represents the broadest level of planning. "They are the evaluation or appraisal on a broad basis of the needs and desires of people for the conservation, development and utilization of water and related land resources, and will identify regions (hydrologic, political, economic, etc.) with complex problems which require more detailed investigations and analyses, and may recommend specific implementation plans and programs in areas not requiring further study. They will consider Federal, State and local means and will be multi-objective in nature. These studies will not involve basic data collection, cost estimating, or detailed plan formulation."¹⁶³

The definition of the second type of study, referred to as Type II or Level B, has changed over the past several years. According to a 1968 statement of the Water Resources Council, this second phase study was to "... define and evaluate projects in sufficient detail, including project formulation, to comprise a basis for authorization of those Federal and federally-assisted projects to be initiated in the next 10 to 15 years."¹⁶⁴ WRC reports that this policy was never fully implemented and that the commissions have never completed studies in such detail as to comprise a basis for fund authorization. A later definition of these planning studies, as described in the 1970 WRC policy statement is more general. It states that these second phase studies will contain an interpretation of national and regional projections, include alternative methods and programs, describe alternative uses of water and land resources including multipurpose considerations and assess the impact of projects and land uses on the environment. The focus of the plan is middle term—15 to 25 years.¹⁶⁵ Presently, most Federal and federally-assisted or licensed water resource plans and projects must be accompanied by cost and benefit formulations justifying their eventual implementation before there can be Congressional authorization for financing the project.¹⁶⁶ Cost-benefit standards and guidelines developed by the Water Resources Council and presently in the process of revision would be used by river basin commissions in their preparation of a basin-wide water resource plan.

While performing and after completing these two major planning responsibilities, the river basin commissions have four related quasi-managerial responsibilities. First, they are to monitor and, where possible, act as the lead agency in coordinating interagency planning studies that take place in the sub-basins within the region. Related to this duty, the

commissions, upon completion of their framework and regional planning studies are to 1) recommend a long-range schedule for water-resource project and policy priorities in the basin, and 2) prepare recommendations for actual implementation of the regional plan.¹⁶⁷ At least one commission reports that it has prepared priorities annually although its framework study and regional plan are not yet completed. How do these responsibilities affect Federal and State water resource operations in the basin?

It is anticipated the river basin commission framework studies and regional plans will condition State and Federal water resource operations in the following ways:

They will provide initial budgetary estimates of total water resource development costs required in a given basin over a 15-25 year period. This will give States and the Federal government a basis by which to judge priorities within the region and among water resource regions.

They will provide a preliminary indication of the major policies and facilities that need to be effected within an entire basin. Any water resource policies or facilities that are grossly contrary to such framework studies or plans will thus require agency justification to respective State and Federal executive branches and legislatures.

Procedurally, the river basin commission, if given the authority, would be in a position to review and comment on any water resource policy or facility effected in the basin as to whether it is in accordance with the basin-wide comprehensive plan.

Upon approval of the commission's comprehensive coordinated joint plan, recommendations would be forthcoming from the commission as to needed institutional mechanisms for implementing the commission's basin-wide plan. Such institutional recommendations could conceivably change the pattern of governmental responsibility for water resource development within the region.

Presently, river basin commissions are formal coordinating mechanisms for State and Federal water resource planning which differ in several ways from interagency and *ad hoc* coordinating committees in other basins. They have a statutory mandate for their responsibilities, regularized procedures and an ongoing staff to carry out their operations, separate source of Federal and State funding, and an institutional vis-

ibility that gives greater prominence to basin-wide planning.

As one Water Resources Council official stated:

The strength of a river basin commission over some of the other coordinating mechanisms lies in the fact that it has a chairman appointed by the President who, although he is not in any specific Federal department, in his position as a Presidential appointee, he has access to the attention of the heads of Federal departments concerned with water resources development. Furthermore, he is supported by a staff that is neither Federal nor State employed, but consists of people whose loyalties are to the commission.¹⁶⁸

These institutions, then, permit a more centralized management of Federal and State basin-wide water resource planning.

Jurisdiction

Presently there are five river basin commissions: The Pacific Northwest River Basins Commission (PNRBC)¹⁶⁹, the Great Lakes Basins Commission, (GLBC)¹⁷⁰, the Souris-Red-Rainy River Basins Commission (SRRRBC)¹⁷¹, the New England River Basins Commission (NERBC)¹⁷², and the Ohio River Basin Commission (ORBC).¹⁷³ The first four commissions were created in 1967; the ORBC was created in 1971. Additionally, consideration is now being given to the creation of commissions in the Upper Mississippi River and Missouri River Basins.¹⁷⁴ All of the present commissions have an indefinite life span except the SRRRBC, which is scheduled to terminate on June 30, 1972 or be consolidated with the Missouri River Basin Commission if it is created.¹⁷⁵

The five commissions have jurisdiction over relatively large areas. (See Table 38) The smallest commission is the SRRRBC covering 59,300 square miles and encompassing parts of three States. The largest is the PNRBC, covering 274,000 square miles and including five States. The commissions have an aggregate membership of 27 States. Yet, more States do not lie wholly or predominantly within the jurisdiction of a single commission. The most compact commis-

TABLE 38

JURISDICTIONAL CHARACTERISTICS OF RIVER BASIN PLANNING COMMISSIONS

Characteristic	Souris-Red-Rainy	Pacific Northwest	New England	Great Lakes	Ohio
Area (sq. mil.)	59,300	274,000	66,608 ^a	179,000	203,910
Total States	3	5	7	8	11
States Wholly or Predominantly in Commission Jurisdiction	1	3	6	1	4
States Only Partly in Commission Jurisdiction	2	2	1	7	7

Source: *Annual Reports*, Souris-Red-Rainy, Pacific Northwest, New England, Great Lakes, and Ohio River Basin Commissions.

sion is the NEBRC with a membership of seven States, six of which lie wholly or predominantly within the jurisdiction of the commission. The most geographically fragmented commission is the GLBC where only one State, Michigan, lies wholly in its jurisdiction. Table 38 reflects the breakdown of the States as they are located predominantly or partly in the jurisdiction of their respective commissions. Presently, Minnesota is represented on both the SRRRBC and the GLBC, while Illinois, Indiana, Ohio, and Pennsylvania are represented on both the GLBC and the ORBC. New York is represented on three commissions, the GLBC, ORBC, and the NERBC.

All of the commissions cover a large number of sub-basins. For example, the NEBRC has jurisdiction over 11 major sub-basins, the PNRBC over 12 sub-basins, and the ORBC over 19 sub-basins.

Two commissions have associate membership for States that have only minor territory in their particular basin. Thus, the SRRRBC consults with Montana on commission action affecting the headwaters of the Souris River. In the PNRBC, the headwaters of certain Snake River tributaries arise in Nevada and Utah, the headwaters of some streams tributary to the Rogue River are in California, and the Closed Basin is contiguous to both California and Nevada. Associate memberships have been established for these four States.

The lack of any coincidence between river basin and State boundaries unavoidably poses some potential problems. For example, at least three of the five commissions contain States which have small areas in their particular basin: South Dakota in the SRRRBC; Wyoming and Montana in the PNRBC; Minnesota, Wisconsin, Illinois, Indiana, Pennsylvania and New York in the GLBC; and New York, North Carolina, Virginia and Tennessee in the ORBC. Such States might well have limited interest in commission operations since the bulk of their water resources come from other basins. Also, the basis for and degree of representation of the commissions poses potential problems for commission decision-making and operations. No serious problems have arisen to date, but the potential impact is there.

A related potential jurisdictional problem arises from the fact that the basin commissions cover 110 sub-basins which are, according to WRC estimates, the management units for water resource development. Presently, State and Federal agencies concentrate their planning and operational efforts in such basins. This means that, because of their present jurisdiction, the basin commissions will have to find ways of monitoring and coordinating the numerous sub-basin planning operations. Given their legal

mandate to prepare framework studies, regional plans, and implementation studies for the entire basin, their large areal jurisdictions could present problems in organizing their work on both basin and sub-basin levels.

Membership and Voting Procedures

Membership. Title II commissions have a varying mix of Federal and State members. All have as Federal members representatives from the Departments of Army, Commerce, HEW, HUD, Interior and Transportation, and the Federal Power Commission. By recent Executive Order a representative of EPA has been added to each commission's membership. And three of the five commissions have additional members. The Great Lakes Basin Commission has a representative from the Justice Department; the New England and Ohio Commissions have members from the Atomic Energy Commission; and the Souris-Red-Rainy has a member from the Department of Agriculture. Three of the five commissions report to the Water Resources Council on matters involving international jurisdiction.

The commissions range in size from the 12 member Souris-Red-Rainy Commission to the 24 member Ohio and New England River Basins Commissions (See Table 39). All of the commissions have at least nine Federal members, some of whom are representatives of agencies (HUD, Commerce, Justice, AEC, and EPA) that are not full members of the Water Resources Council.

**TABLE 39
FEDERAL AND STATE MEMBERSHIP ON
TITLE II COMMISSIONS**

Commission	Number	Number	Number	Percent
	Federal Members	State Members	Interstate Members	Federal Members
Souris-Red-Rainy	10*	3	—	77
Pacific Northwest	11	5	—	69
New England	11	7	6	46
Great Lakes	11	8	1	55
Ohio	11	11	2	46

*Includes EPA members authorized by Executive Order 11613.

Source: River Basin Commission Annual Reports.

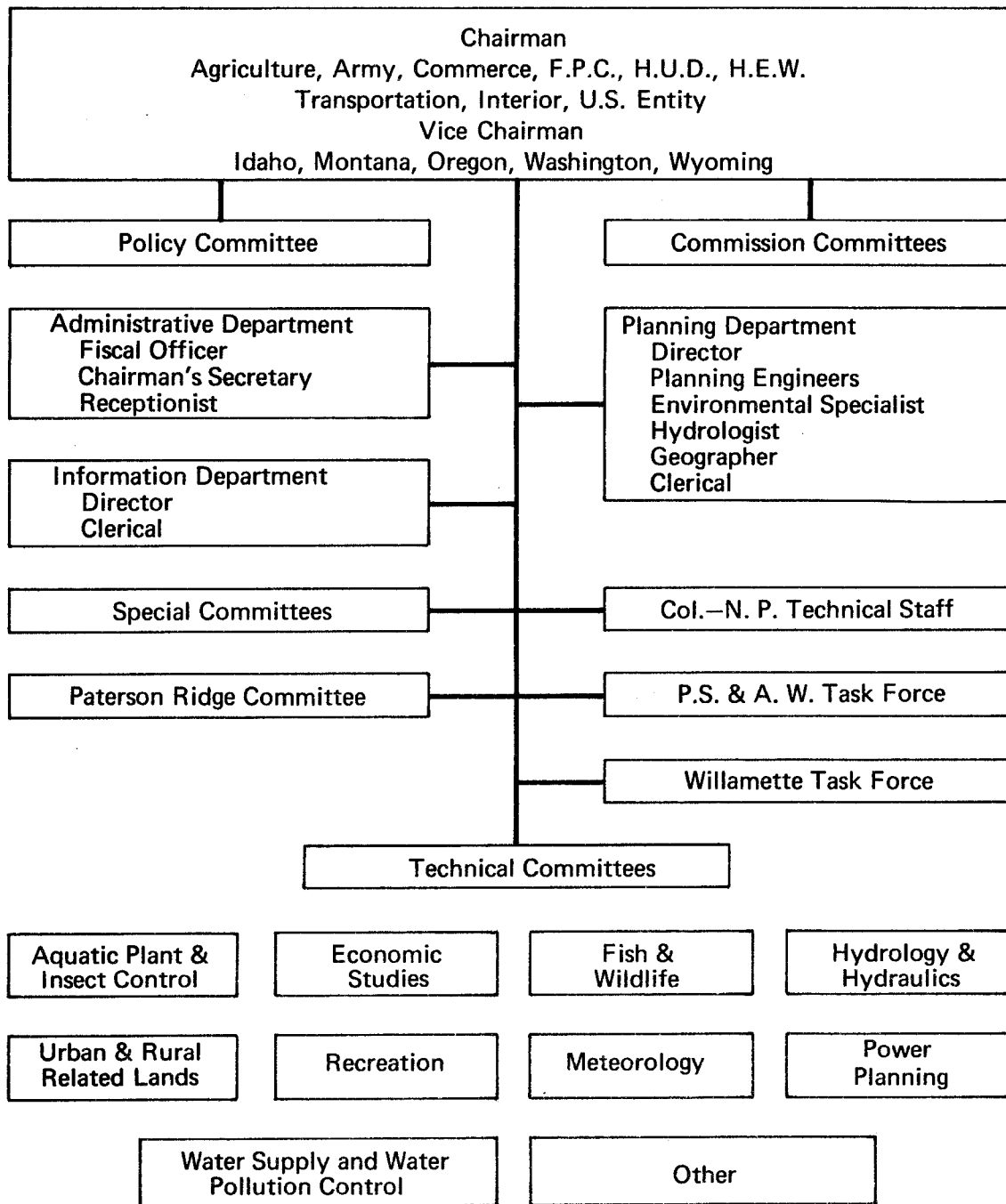
Three of the five commissions have a Federal majority with the Souris-Red-Rainy Commission surpassing the rest with its 75 percent Federal membership. The New England and Ohio Commissions have a greater proportion of State members, due to their interstate compact agency representatives.

The membership structure of Title II commissions does not readily lend itself to approaching water re-

FIGURE 6

ORGANIZATIONAL CHART

Pacific Northwest River Basins Commission



Source: Pacific Northwest River Basins Commission. 1970 Annual Report, p. 8.

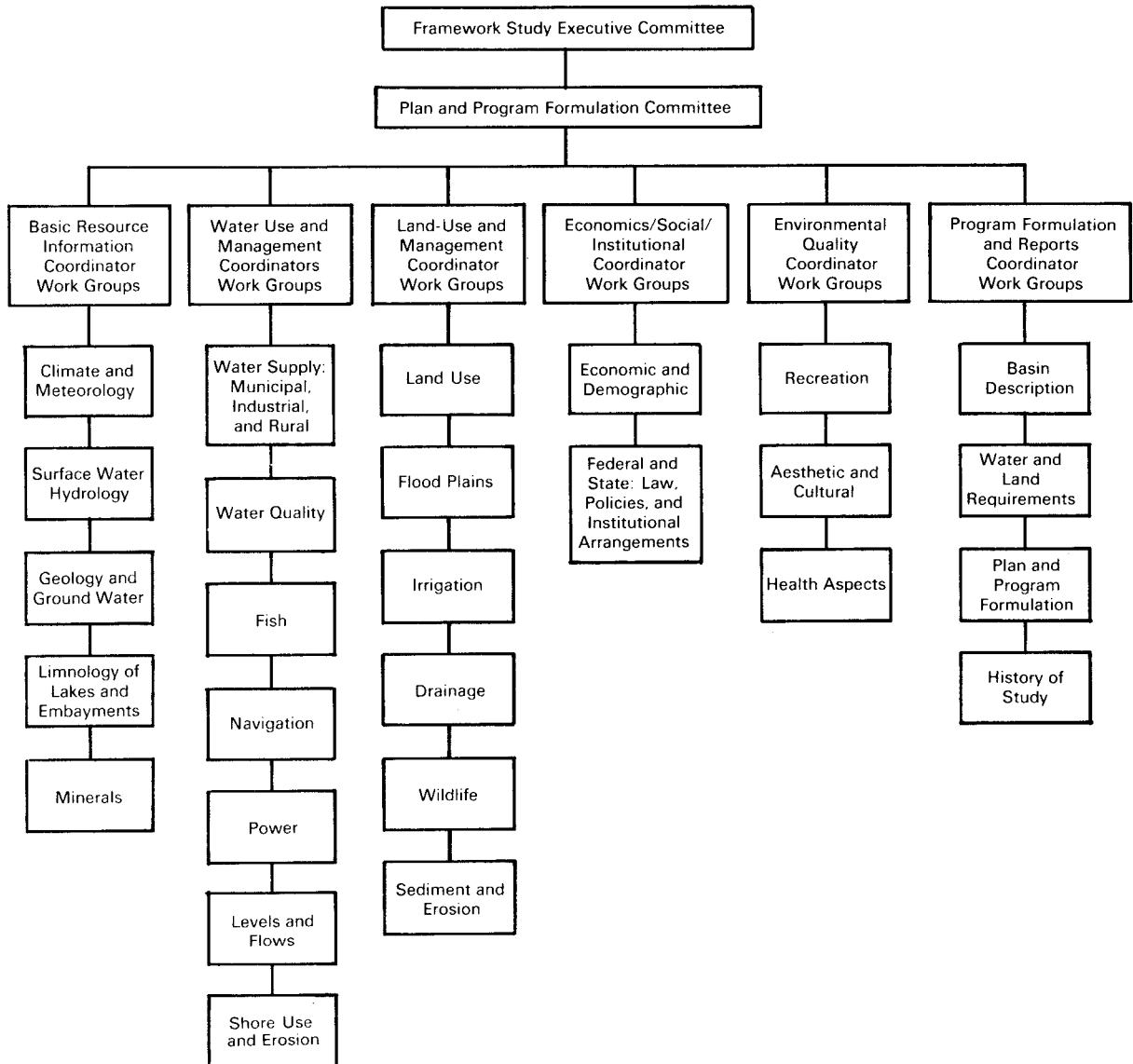
source planning from a basin-wide perspective. On the Federal side, departmental representatives from Commerce and HUD quite naturally do not have the kind of involvement in water resource planning that those from the Corps of Engineers and Departments of Interior and Agriculture have. Similarly, representatives from States, especially those with a small portion of their territory within the Title II commission area, may not have a basin-wide perspective.

Voting Procedures. All of the commissions conduct their voting on a consensus basis. This procedure is designed to minimize conflict among State and Federal members on the commission and provide adequate protection for minority interests on the commissions. However, several of the commissions have different definitions of a consensus vote. The Souris-Red-Rainy Commission has the more flexible

the vice chairman, as a State representative, shall set forth the views of the State members.¹⁷⁹

The unusual voting procedures stipulated by the Act attempt to produce virtually unanimous approval for commission basin-wide planning activities. As such, they continue the tradition of earlier, less formal basin-wide institutions which placed a premium on the exchange of information among Federal and State agencies in an attempt to reach agreement on a plan that might be utilized as a further justification for Federal and federally assisted water resource projects. These extraordinary voting procedures are perhaps appropriate for this kind of forum-type mechanism. Such procedures would not be appropriate if the Title II commissions were to be given management responsibilities.

**FIGURE 7
ORGANIZATIONAL CHART
GREAT LAKES BASIN COMMISSION**



Source: Great Lakes Basin Commission. 1970 Annual Report, p. 9.

that are divided into 27 technical committees (See Figure 7).

These work groups provide the planning inputs into Title II framework studies and regional plans. They are staffed predominantly by Federal and State agencies which contribute budgeted personnel for these studies. Title II commissions may supervise but do not fully control these work groups. Commenting on the advisability of this practice, the vice chairman of the Souris-Red-Rainy Commission recently stated,

Under present arrangements, the individual member agencies, Federal and State, contribute nearly all the services required by the work program of the commission. This is a procedure which so fractionalizes responsibility that no one can be held responsible for failure to maintain the commission's work production schedules.¹⁸⁰

In addition to the fragmentation of commission planning responsibilities, Title II commissions must depend on their Federal representatives to coordinate the views of affected units in their respective departments or agencies and on State members to elicit and reconcile the views of various State water resource agencies. This latter effort is especially important in those States that do not have either a central water resources planning agency or a central State agency with operating responsibility for a variety of water resource programs.¹⁸¹

Each of the Title II commissions has a Presidentially appointed chairman and a vice-chairman elected by the State representatives. Since 1967 three of the four commissions have had a change in chairman and three have had more than one vice chairman. Indeed, most of the commissions have had rather frequent changes in membership between 1968 and 1970 (See Table 40).

Funding

Budgetmaking responsibility for the Title II river basin program is shared between the commissions, the Water Resources Council, the States and the Federal agencies participating in the program. Section 207 of the Water Resources Planning Act states that each commission shall prepare a budget and transmit it to the council and the States. Further, the Act states that each commission shall recommend, subject to the approval of the council, what share of its budget should be supported by the Federal government. It also determines the apportionment of the remainder of its budget, including the portion to be borne by each State. It is a matter of uniform policy among all commissions that the States should pay 50 percent of all operating expenditures, excluding the salary of the chairman which is paid wholly from Federal funds.

There is a large authorization-appropriations gap in the Title II program. The Act authorized spending for

all Title II's at a level of \$750,000 annually for each commission. That amounts to a total of \$3.75 million for the existing five commissions, not counting additional funds authorized for new commissions that have been proposed. Actual budget requests and obligations represent, year-by-year, only a fraction of this figure.

Table 41 shows that for the five year period 1968-1972, the total appropriations made by Congress were short by \$943,000, about 19 percent, of the total of budget requests for the period. This difference is explained by two factors: Congress did not provide, in successive years, requests for funds to create anticipated new basin commissions and in some cases money which had been appropriated was not expended and therefore deducted from the next year's budget request.

The total amount of funds actually obligated by the commissions during this period was about \$370,000, or nine percent, under the figure actually appropriated by Congress. Compared to the amount requested by the commissions, the amount actually spent was about 28 percent less.

TABLE 41
FEDERAL FUNDING OF TITLE II
RIVER BASIN COMMISSIONS
1968-1973
(in thousands)

Fiscal Year	Funding Requests ⁽¹⁾		Actual Funding ⁽¹⁾	
	Total Commissions	Approved WRC Budget	Appropriation	Obligations
1968	\$1,050	\$1,050	\$ 780 ⁽²⁾	\$ 448
1969	970	970	587 ⁽³⁾	573
1970	840	840	755	648
1971	930	930	825 ⁽⁴⁾	713 ⁽⁵⁾
1972	<u>1,174</u>	<u>1,079</u>	<u>979⁽⁶⁾</u>	<u>1,175</u>
Totals	\$4,964	\$4,869	\$3,926	\$3,557

(1) Includes salaries and expenses of chairmen.

(2) Congress did not appropriate some \$210,000 which was included in the budget request for the establishment of two new commissions.

(3) Congress reduced the budget request by eliminating some \$375,000 for the establishment of four new commissions.

(4) Amount requested was reduced by \$105,000 to take into account that amount of unobligated funds held by WRC for the establishment in 1970 of two new commissions.

(5) Does not include an additional \$27,000 of Federal funds for the management of the Southeastern New England-Long Island Sound Study.

(6) Reduction in appropriations as compared to budget request was to take into account \$196,000 in unobligated funds from 1970 held by WRC for establishment of two new commissions. The surplus was due to the fact that one proposed commission (The Upper Mississippi) was not created. The other (The Ohio River Basin Commission) was created quite late in the budget year and did not use all funds provided.

TABLE 42
TOTAL FRAMEWORK STUDY BUDGETS
SELECTED RIVER BASIN COMMISSIONS

Department or Agency	Great Lakes	Pacific Northwest	Souris- Red-Rainy
	Basins Study (\$000)	Basins Study (\$000)	Basins Study (\$000)
Agriculture	746	1401	582
Army	2126	1735	575
Commerce	—	7	58
EPA	216	—	—
FPC	37	80	5
HEW	—	289	35
HUD	32	25	—
Interior	12	2106	891
Justice	33	NA	NA
Transportation	10	—	—
Title II			
Commission	416	44	156
TOTAL	3628	5687	2302
Title II as a percent of			
TOTAL	8.7%	.7%	6.8%

Source: Water Resources Council.

All of this suggests some difficulty with the budgeting and/or financing processes. The amounts requested are far below authorization figures, yet there appears to be some difficulty or delay in fund expenditure after appropriations have been made. This is especially true in the beginning years of commission operations when staff is being recruited and programs formulated. On the other hand, at least one of the commissions, the Pacific Northwest River Basin Commission, has pressed for funds for detailed subregional studies to be incorporated into their comprehensive joint plan only to have the request excluded from the budget. In this instance, the request involved the expenditure of funds of other Federal agencies active in the basin. The priority assignment by the commission for the study was not in accord with the priority assigned by the Federal agencies and for that reason the request was denied.

The Water Resources Council has proposed central management and funding of all basin-planning activities by the Title II commissions.¹⁸² But to date, OMB has not recommended a change in funding water resource planning. Of course, the Presidential proposal for an integrated Natural Resources Department, if implemented, might change this situation.¹⁸³

Not to be overlooked here is the fact that most of the Federal water resource planning money has been

and is currently spent by Federal operating agencies or federally-assisted State water resource planning agencies. As Table 42 indicates, Title II budgets are only relatively small portions of framework study planning budgets presently spent in several of the river basins under study.

Operations

Title II commissions can affect regional water resource planning in several ways. They have been accorded primary responsibility for the preparation of a comprehensive basin-wide water resource plan. They may monitor and encourage sub-basin planning efforts that are to be in conformance with the basin-wide plan; and they can attempt to encourage sounder water resource management among the State and Federal agencies within a region.

As might be expected, the various commissions have performed these operations with varying degrees of success. At the one extreme, a commission has been plagued with budget shortages, staff turnover, and conflicting pressures in performing its framework study. At the other extreme, a commission has extensively involved itself with the promotion of policy recommendations for better water resource management in its jurisdiction, served as a forum for the management of intrabasin conflicts, and coordinated its activities successfully with other multistate agencies. The performance record of Title II commissions, then, is a mixed one though all face a difficult task in coordinating basin-wide planning and, at the same time, monitoring water resource operations in the region.

Preparation of a Framework Study. Three of the five Title II commissions have primary responsibility for the preparation of a Type I, or framework study for their respective jurisdictions. The New England Commission does not have this assignment since its seven States are included in a framework study for the North Atlantic Region. The Ohio River Basin Commission's framework study was completed before its creation.

Two of the three commissions having framework study responsibilities have had difficulty in meeting these assignments on schedule. The Pacific-Northwest Commission has asked for an extension of its June 30, 1971 deadline. The Great Lakes Commission study, in its plan formulation stage, was just over half complete by October, 1970. (See Table 43). The deadline for that commission's framework study is June 30, 1972.

Several factors explain these difficulties in meeting framework study deadlines. The question of available funds for Federal and State agencies having re-

TABLE 43
STATUS OF FRAMEWORK STUDY AS REPORTED TO
GREAT LAKES BASIN COMMISSION MEETING,
OCTOBER 20, 1970

Work Group		Percent Completion of Work Due to Date		
		Data	Appendix	Plan
Number	Name	Processing	Appendix	Formulation
1.	Climate and Meteorology	5	5	5
2.	Surface Water Hydrology	100	90	100
3.	Geology and Ground Water	100	80	100
4.	Limnology of Lakes and Embayments	95	85	5
5.	Mineral Resources	100	95	100
6.	Water Supply	60	20	20
7.	Water Quality and Pollution Control	85	60	50
8.	Fish	85	50	20
9.	Navigation—Commercial and Recreational Boating	80	75	5
10.	Power	100	90	100
11.	Levels and Flows	90	90	85
12.	Shore Use and Erosion	100	90	5
13.	Land Use	100	90	90
14.	Flood Plains	85	60	80
15.	Irrigation	95	90	20
16.	Drainage	95	90	20
17.	Wildlife	95	60	60
18.	Sediment and Erosion	100	100	100
19.	Economic and Demographic	100	100	100
20.	Federal and State: Law, Policies, and Institutional Arrangements	100	90	5
21.	Recreation	80	80	80
22.	Aesthetic and Cultural	70	5	5
23.	Health Aspects	40	20	5

Source: Great Lakes Basins Commission., *Minutes of Meeting*, October 20-21, 1970.

sponsibility for a plan's preparation is a basic one. Both Minnesota and the U. S. Department of Interior have cited inadequate funds as a reason for not meeting their assigned planning responsibilities for the Souris-Red-Rainy plan.¹⁸⁴ The same argument was expressed by State representatives on the Great Lakes Commission in explaining why they were behind schedule on their inventory of the water supply capabilities of the region.¹⁸⁵

Some State representatives on Title II commissions have stated that more State participation in commission work will be forthcoming only if substantially more Federal funds are allotted to States to meet this responsibility. As the Minnesota representative on the Souris Commission stated:

The plain fact of the matter, from Minnesota's point of view, is that the basin planning approach is much more beneficial to the Federal interests than the States. The "Feds" have a national and regional focus for their work. They must have a basin approach, unconstrained by State boundaries, when they consider how best to manage water in meeting the Nation's development needs. If that is true, then a State, whose primary focus must be local, will

only rarely match the Federal government planning agency . . . If regional water planning is to be pushed as a national objective and if the States are to play a large role in that work, then more Federal funds will have to be allotted to assist the States in meeting this national objective. . . It should be recognized that basin planning is a Federal objective which requires State cooperation, and it will not be achieved unless Federal budgets for this work are sufficient to compensate all the participants, not only the Federal ones.¹⁸⁶

A second difficulty in preparing framework plans is the pressure from commission members to embark on subregional Type II studies before the initial plan is adopted. Thus, the Pacific-Northwest Commission was advocating Type II studies for eastern Washington and the Snake River prior to finishing its framework study; similarly, the Souris Commission went on record favoring the start of the Red River Type II study; and the Great Lakes Commission recommended authorization of a Type II survey of the Maumee River before it finished its Type I study.

Since Type II studies are more concretely related to

Federal water resource project authorizations than framework studies, it is natural to find mounting pressures to undertake these planning studies as soon as possible. This desire to focus early on more specific subregional studies, however, occasionally has produced conflict among State and Federal members, and between State representatives on these commissions.

In other cases, disagreement among State representatives emerged. Thus, in action recommending a Maumee River Basin study, State representatives from Minnesota and Wisconsin objected since their State contributions to the commission, in that instance, would have been used to help finance a study of a water resource problem that affected only Michigan, Ohio, and Indiana. Similarly, the Ohio representative indicated some initial hesitancy about funding the study since a State water resource plan already covered the Ohio portion of the River.¹⁸⁷

Another problem facing commissions in the development of their framework study is the melding of technical background studies into a final plan that reflects basin-wide and subregional planning priorities. Since this difficult assignment generally is a function of central staff, some of the problem may be attributable to the difficulty of hiring sufficient experienced staff. This problem was noted in the case of the Souris, and the reason given for the difficulty was the lack of Federal civil service status available for staff, as well as the limited tenure of the commission.¹⁸⁸

A related difficulty arises from the fact, as previously noted, that the framework plan, as conceived by the Water Resources Council, is "... the first and broadest level of planning ... these studies will not involve basic data collection, cost estimating, or detailed plan formulation."¹⁸⁹ Some commissions have found it difficult to achieve a proper blend of broad planning goals and related project priorities. As the Ohio Basin framework plan noted, "The principal drawback of Type I studies is that the data generated is quite often developed on a geographic basis that is not always readily adapted to State planning needs."¹⁹⁰ Finally, the extreme dependence of the commissions on Federal and State agencies and their numerous joint work groups for plan preparation makes it difficult to meet study deadlines when participating agencies are late or uncooperative in fulfilling these responsibilities.

Coordination with Ongoing Studies

All of the Title II commissions have the responsibility for maintaining liaison with subregional water resource planning studies that are occurring within

their jurisdiction. Thus, the Pacific-Northwest Commission supplied a central staff liaison for the Type II Willamette Basin and Puget Sound studies. The Great Lakes Commission maintained a similar connection with Type II studies in the Grand River Basin, Genesee River Basin, and Southeastern Michigan, as did the New England Commission with studies in the Connecticut River Basin.

Some commissions have found such liaison central to their framework studies. The Pacific-Northwest Commission in 1968 adopted the "... objective of developing its comprehensive joint plan for the region by developing detail beyond the Type I (Columbia-North Pacific) through a series of subregional Type II studies staged over several years."¹⁹¹ In a somewhat similar vein, the Great Lakes Commission proposed that when the Grand River and Genesee River studies were concluded they should be considered for inclusion in the commission's comprehensive plan.¹⁹² While such proposals are eminently practical in reducing the work of the commissions, it seems doubtful that this is how WRC initially felt Type I framework studies should be conducted. On the other hand, the use of Type II studies in this context might reflect a realization that Type I studies are best formulated through the aggregation of Type II subregional studies.

Title II commission liaison with related regional and subregional studies has sometimes encountered jurisdictional struggles over water resources planning. Thus, in a recent New England Basins Commission meeting the chairman of the commission criticized the authorization and limited scope of the Northeastern United States Water Supply Study (NEWS) being conducted by the Corps of Engineers. The minutes of that meeting report the following exchange.

The chairman added that he regretted that NEWS had been authorized in the way it was, providing for a single-purpose study of metropolitan water supply projects without funding for evaluating impacts on other water uses. He said the study was an anachronism in terms of balanced multiple-purpose planning, and that he hoped a way could be found both to study alternative methods of meeting the metropolitan area water supply needs, and to study effects of major water supply projects on other resources and uses before the people are asked to make decisions on NEWS projects.

Mr. Leslie (of the Corps) asserted that NEWS is a special study assigned by law to the Corps of Engineers and is not under the jurisdiction of NERBC. The study is directed at major storage and transportation projects for meeting metropolitan area water supply needs; there has never been any yardstick for comparison of this type of project. Mr. Leslie said NEWS is a technical study and should go forward in that context without interference from the commission. Then if the commission wants to review its substance it may, but it should not hamstring completion of the study.

The chairman said that the NEWS authorization specifically

stated the study was to be carried out in accordance with the Water Resources Planning Act, and that the commission had coordination authority relative to NEWS comparable to coordination authority for any other specifically authorized study in the NERBC region.

The chairman said he had probably been unnecessarily sharp in his opening comments, and that he had no wish to upset completion of NEWS, but repeated he remained convinced that the people of the region should be informed of the nature and substance of the study before it is completed; and that alternative methods of meeting water supply needs, and effects on other water uses and values, should be clarified by the time NEWS is completed.¹⁹³

Instances such as this indicate that while the commissions are ostensibly designed to be "lead" planning agencies within their basins, they can encounter resistance in their oversight of less comprehensive water resource planning operations.

On the other hand, commission liaison with related subregional studies, on occasion, has advanced long-range basin-wide water resource objectives. Thus, a work group of the Connecticut River Basin Coordinating Committee recently recommended that the New England Basins Commission establish a Connecticut River Basin Program within NERBC. In the words of the work group's report:

A Connecticut River Basin Program properly structured within the framework of the New England River Basins Commission could provide the vehicle for coordinating water and related land resource planning, development, and management through existing programs, agencies, and authorities. . . The commission's Connecticut River Basin Program would ensure continued coordinated planning and overview of existing management programs. . . The River Basins Commission itself could act as a catalyst in strengthening and expanding the roles of other regional institutions through identifying needed actions and urging the appropriate institutions to take these actions.¹⁹⁴

Coordination with ongoing regional and subregional water resource studies poses a dilemma for Title II commissions. On the one hand, maintaining liaison with these studies may allow them to be prepared in accordance with the commission's framework study; and, on occasion, commissions may use subregional studies as the basis for final preparation of the framework plan. On the other hand, the coordination process stretches the already scarce staff resources of the commissions and central staff becomes ever more dependent on State and Federal agencies for preparation of the framework study. Coordination activities, then, can further reduce the ability of central staff to form independently a strategy for final preparation of the basin's comprehensive plan.

Promotion of Regional Water Resource Policies.

Title II commissions, in selected instances, have urged regional water resource practices within their jurisdiction. For example, the New England Basins Commission in a recent publication on power plant

siting suggested new legal and institutional arrangements to guide States in regulating power plant siting. The report also recommended that a regional energy policy staff be created to service the entire region in analyzing power problems.¹⁹⁵ This study was done by the New England Basins Commission at the urging of the New England Governor's Conference. In a similar action, the Great Lakes Commission encouraged the International Joint Commission, a Canadian-American agency studying water resource problems in the Great Lakes, to broaden its managerial authority to "... coordinate the integrated management of all aspects of Great Lakes Resources."

Some commissions occasionally have served as regional advisors to State and Federal governments in reviewing water resource projects of basin-wide importance. Thus, the NERBC conducted a technical review of several hydroelectric and atomic power projects for signatory States and also recommended that the FPC license two small dams on the Merrimack River. The New England Commission also brought together Connecticut and Massachusetts interests in a case involving a diversion of the Connecticut River to the Metropolitan District Commission's (MDC) Quabbin Reservoir. Similarly, the Pacific Northwest Commission created a special technical committee to consider the feasibility of a large water storage project on the Patterson Ridge of Washington State.

In a few cases, the Title II commissions have cooperated with other regional bodies. Thus, the New England River Basin Commission signed a memorandum of agreement with the Title V New England Regional Commission in February, 1969, to insure that its plans and policies would fit within the overall regional economic development objectives. Subsequently, the New England Basins Commission agreed to serve as the coordinating agency for the Nashua River Basin Water Quality Demonstration Program funded through the Title V commission. It later cooperated again with the New England Regional Commission in preparing a study of the development of a coastal zone management plan for the State of Maine.

As Title II commissions have promoted regional water resource programs, they have begun to concentrate on the State rather than the subregional basin as the territorial unit for implementing regional policies. Thus, the New England Basins Commission in its 1970 Annual Report noted,

A critical difficulty in developing joint federal-state management programs is in reconciling political and physiographic regions. . . . a planning process which does not recognize and capitalize on the state as the primary political unit runs the risk of

being out of joint with needs and desires as perceived from the viewpoint of the state, and of failing to attract the positive support of the political apparatus of the state.

The commission is interagency at the federal level. Aggressive and competent participation by the federal water development agencies is assured, and seems attainable from the full family of federal agencies.

Comparable participation by state agencies will require interagency cooperation within each state. The joint planning approach is designed to make aggressive state participation worthwhile.

By concentrating on States rather than subregional basins, some Title II commissions have attempted to stimulate greater State interest in the commissions and use them in the period before the framework study is completed to implement policies that would be in accord with the emphases in the framework study.

The problem of dealing with political as well as physiographic units has brought some Title II commissions to the realization that interim policy and program recommendations are needed if their regional planning responsibilities are to be effectively implemented. This is evident, for example, in the Minnesota representative's remarks about Type I planning in the Souris-Red-Rainy Rivers Basin.

A planning process which demands that time stand still until the planners are ready to act is not one which is likely to retain public support for long. At a minimum, we need a planning program which is capable of turning out interim guides to action on urgent matters while it continues on to refine its judgments and extend the scope of its inquiries to more distant concerns.

Recognition of this need has extended to the Water Resources Council which requires all Title II commissions to submit annual project priority listings to it in accordance with Section 201(b) of the Act.

From the foregoing, it is apparent that most Title II commissions have not had maximum impact on State and Federal water resource operations or in the matter of recommending specific legislative approaches to regional water resource programs and policies. The most successful commission in terms of impact on related State and regional policies is New England which enjoys considerable State support. This commission has been used to investigate regional approaches to the solution of various water resource problems. The New England States, of course, have a long history of working together on regional problems. In the other areas, the Title II commissions have not enjoyed a comparable degree of State support and visibility. Moreover, these other commissions have had to spend considerable time managing their framework study responsibilities, something not required of the New England commission.

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Chapter 5

INTERSTATE COMPACTS AND COMPACT AGENCIES

Interstate compacts are formal agreements among the party jurisdictions. Almost always they are enacted as statutory law.¹ Their subject matter can be anything on which the participants are able and willing to agree. An increasing number of compacts are open for adoption by all fifty States, the District of Columbia, Puerto Rico and the several other American jurisdictions. It is also possible for compacts to be joined by foreign jurisdictions and there are several in which one or more of the Canadian Provinces participate. Since nationwide compacts are outside the scope of this study, only certain of their features will be considered, and then primarily for illustrative or comparative purposes.

COMPACTS AND REGIONALISM

Hardly any set of boundary lines is completely appropriate or useful. Even environmentalists, economists and demographers have difficulty delineating areas that will be perfectly faithful to the needs of a single analytical or descriptive purpose. Seldom if ever can general purpose units of government pretend to any scrupulous meshing of territorial definition and function. In large measure this is due to the accidents of history that determined most boundaries. But even if experts such as the academicians who have occasionally proposed dividing the United States into some limited number of governmental regions according to their own particular prescriptions had their way, gaps, distortions and inadequacies surely would result from differences among the needs of the several functions desired for performance by the unit of general purpose government.

At the State level, the compact is a device intended to adjust the inflexibilities of political and administrative boundary lines to the performance of governmental tasks on a functional basis. Accordingly, the compact is used as a regional device. The region may comprise only defined parts of two or three States. For example, the Tri-State Compact prescribes the water pollution control jurisdiction of the Interstate Sanitation Commission as:

(a) In Connecticut, Long Island Sound and estuaries and tidal waters thereof between the easterly side of New Haven Harbor at Morgan Point and the Connecticut-New York state boundary, and the Housatonic River up to the northerly boundary lines of the towns of Stratford and Milford.

(b) In New York, all of the tidal waters of Greater New York City; including Kill Van Kull and Arthur Kill, Long

Island Sound and the estuaries and tidal waters thereof between the New York City line and the New York-Connecticut state boundary and between the New York City line and the easterly side of Port Jefferson Harbor; the Atlantic Ocean and the Estuaries and tidal waters thereof between the New York City line and the easterly side of Fire Island inlet; and the New York and New Jersey state boundary and the northerly line of Rockland County on the westerly side and between the northerly line of New York City and the northerly line of Westchester County on the easterly side of the River.

(c) In New Jersey, the Hudson River and New York upper bay and estuaries and tidal waters thereof between the New York-New Jersey boundary and Constable Point on Constable Hook, the Kill Van Kull and Arthur Kill to the mouths of the rivers entering into the Kills; Newark Bay and the estuaries thereof up to the mouth of the Passaic River; and up to the mouth of the Hackensack River, Raritan Bay together with the Raritan River up to the Victory Bridge on said River between Perth Amboy and South Amboy; together with the Cheesequake Creek up to the New York and Long Branch Railroad Bridge on said Creek at Morgan; together with the Matawan Creek up to the New York and Long Branch Railroad Bridge on said Creek at Matawan; Sandy Hook Bay; together with the Shrewsbury River up to the passenger Railroad Bridge between Navesink Light and Highland Beach on said River.²

On the other hand, the region can be very large and can include all of the territory of the participating States. The Western Regional Education Compact is of this type. It provides the basis for several cooperative services and programs throughout the eleven most westerly of the contiguous States and the noncontiguous States of Alaska and Hawaii.

In developing a regional compact, it is necessary to decide whether the contemplated activities should be undertaken on a regional basis. Whether or not the question is answered easily, it is virtually always possible to construct an argument against the need for a compact. Some existing agencies of the State or local governments in the area are bound to have jurisdiction over all or part of similar subject matter. Also, it is likely to be asked whether the Federal Government is not the most suitable mechanism for assuming responsibility for those aspects of a problem or activity that are for any reason beyond the capabilities of individual States. Actual experience has seen this question turned the other way around. From time to time people who have questioned the capabilities or the intentions of State governments have opposed or denegated compacts

because they might be advocated or regarded as an alternative to Federal action. Some also have viewed compacts as devices for delay or inaction.³

There is a great temptation to argue choices among local, State, regional and Federal prerogatives and responsibilities on hypothetical or doctrinal grounds. Opinions concerning compacts sometimes become entangled in these predilections. The thesis offered here is that a pragmatic approach is likely to yield more trustworthy results. Accordingly, we shall now examine the experience with compacts as regional instruments.

Defining the Region

An initial problem is to define the region within which a cooperative undertaking should be mounted. If an existing unit of government is too large, too small, or otherwise unsuitable, who should be involved; for whose benefit; and who should be responsible?

In many instances, the proposed project or program fairly well answers the question. The Great Lakes Basin Compact is obviously for the eight States within which the Lakes and their drainage area lie. But is it not also for the Canadian Provinces of Ontario and Quebec? The drafters of the compact thought so and included them among the eligible parties. However, in consenting to the compact, the Congress refused to allow membership for these Canadian jurisdictions. The reason was neither geographic nor functional; rather it was political. The State Department prevailed in its view that in this instance such dealings as there might be with Canada should be handled by that agency and not at the State-Provincial level.

When the object is to construct or operate particular public works, the region almost defines itself. Thus the Washington Metropolitan Area Transit Compact is for a region whose boundaries are determined by the physical facilities and practicable service area of the projected rapid rail system for the District of Columbia and its Virginia and Maryland environs. Such a region may have to be redefined from time to time if new facilities are added or the originally contemplated ones territorially extended, but it would continue to be true that the regional boundaries would follow the physical works and their service area.

Regions for compacts not tied to particular natural or manmade assets or facilities are fixed by a variety of factors. Normally, the entire territory of the participating States is included, but there is no absolute necessity for doing so. Perhaps most important is the existence of a sufficient sense of community to spark and maintain the cooperative effort. The South and the

West both have regional compacts dealing with nuclear energy and higher education; the West and New England both have compacts providing for cooperative use of correctional facilities,⁴ New England has a Radiological Health Compact and an interstate water pollution control compact (the latter subsequently joined by New York); and the Midwest appears to be in the process of bringing a nuclear compact into operation. In none of these instances is there any reason inherent in the subject matter to include precisely the States which in fact participate nor to exclude the next adjoining tier of States. The region for each of these compacts grew out of a preexisting cultural or organizational climate. Ever since colonial times New England has regarded itself as a region, even though the three southern States of the area have long been markedly different from their three northern neighbors. The New England Governors' Conference is the oldest and probably the most closely knit of the regional Governors' Conferences, and other organizations of officials of the six New England States abound. These groups supplied the impetus for the several New England-wide compacts just mentioned. The Southern, Western and Midwestern compacts to which reference has been made all make the member States of the respective regional Governors' Conferences and of the relevant Regional Conferences of the Council of State Governments eligible parties.

Lying somewhere between the determinism of compact regions fixed by identifiable natural objects such as water bodies or manmade physical works and those dependent on a general sense of community are the four Forest Fire Protection Compacts. These now stretch in a continuous block from Maine to Texas. But even though their terms are highly similar, these compacts are separate. The oldest of them is that for the Northeast (the six New England States and New York). It was developed in response to the catastrophic Maine fire of 1947. Foresters, conservationists and legislators considered that the seven State area could have been an effective region for mutual aid, if an appropriate interstate agreement and mechanism had existed. The spread of the forest fire compact idea from the Northeast, to the Middle Atlantic, to the Southeastern, to the South Central Compact regions followed the gradual spread of interest kindled by dissemination of information concerning the achievements of the original prototype. But this was coupled with a desire to keep each compact region small enough so that equipment and men would not normally travel too far. While a diligent forester probably could trace a continuous line of woodland all the way from Maine to Texas, or nearly so, few if any people in or out of the State governments

concerned have ever perceived an urgent need or desire for close fire fighting relationships among the more distant States in these four contiguous groupings of states as a whole.

Regional Compact Uses

During the first 150 years compacts were stereotyped as boundary settlement devices. All but a few of them were single-mindedly concerned with that subject. Occasionally, a closely related matter would be included. For example, the Virginia-Maryland Compact of 1785 (no longer in effect) pledged the two states to enact only concurrent fisheries statutes for the Potomac River and the Chesapeake Bay.⁵ The New York-New Jersey Compact of 1834 allotted jurisdiction over crimes committed on boundary waters in a manner that did not precisely coincide with the physical location of the interstate line. But while these interstate agreements may be regarded as regional, their significance for the present study is extremely limited. They make very little substantive or procedural law; they establish no administrative machinery or implementing joint or cooperative programs; and they produced no body of experience on which more complex or sophisticated interjurisdictional cooperative undertakings could draw. Aside from the immediate situations that gave them meaning, the main contribution of these compacts was a gradual accretion of court decisions that built a few of the basic elements of compact law. The effects of some of these cases will be mentioned subsequently.

USES AND ADMINISTRATION

The normal expectation is that State statutes requiring administrative implementation will be the charge and responsibility of whatever agencies deal with the subject matter of the Act in question. Usually such a course is both natural and obvious because there is little if any alternative. But in the case of a compact, its interjurisdictional character makes further inquiry necessary. Is a regular agency of each participating State government to have the responsibility, or is an interjurisdictional administrative body to be created? For most of the compacts discussed in this study, the latter answer is the correct one. However, the aptness of the approach depends on the desired extent and character of the joint functions needed to make the compact effective.

One of the foremost regional uses of compacts is the allocation of the waters of interstate streams. To date most of these agreements have not relied on separate

administration. As initially conceived, the allocation compacts merely declared the extent of entitlement to waters as among the party States. Subdivision of each State's share was left to the laws and administrative procedures of the individual jurisdictions. Each State Engineer whose government was bound by a compact could simply observe its terms in the same manner as he administered internal statutes of his State dealing with entitlement to water. In the event of his failure so to do, another affected State or private person could bring suit. Only where a water allocation compact calls for the varying of allocations in response to changing circumstances is it likely to be essential that a joint agency be established to administer the compact. The Upper Colorado River Basin Compact, Delaware River Basin Compact and Susquehanna River Basin Compact are the leading examples of this more complex type. In fact, the last two mentioned agreements provide for water allocation only as a part of comprehensive river basin management arrangements for which extensive joint intergovernmental administrative machinery is required.

Although not directly relevant to this study, it should be noted that a number of compacts participated in by most of the States on a nationwide rather than a regional basis are also administered by the pertinent internal agencies of the participating State governments, supported in most instances by modest "administrators' associations".⁶ In general, these compacts provide for procedures to handle interjurisdictional services in connection with correctional or social services programs that are largely intrastate in their orientation and clientele. If separate interstate programs were called for, it probably would be necessary to establish interstate agencies.

Forums

One of the most elemental but nonetheless important forms of cooperation and coordination is consultation on matters of common concern. Some form of organization that provides a secretariat to carry on technical or professional work in the area involved and to arrange meetings can often make the difference between the achievement of cooperation and mere lip service to it. Also, this modest kind of cooperation can sometimes lead to a more ambitious intergovernmental program.

Several agencies intended to function along the lines just suggested have been formed by interstate compact. In all instances the agencies are small with only a very few professional employees and with annual budgets generally well under \$100,000.

To date these forum type compacts have clustered in three fields: natural resources administration, nuclear

energy, and regional planning. A brief discussion of these compacts and the activities under them may assist in determining the usefulness of the compact for this kind of regional purpose.

The Atlantic States Marine Fisheries Compact is the second oldest forum compact⁷ and the first to be regional in character. It came into existence in 1942 and, for almost its entire life, has had participation from all of the States from Maine to Florida. Its staff consists of a part time Secretary-Treasurer and limited office personnel. It was never intended that the Atlantic States Marine Fisheries Commission would perform major research or other technical services of its own. This is made clear from Article VII of the compact which provides in part: "The Fish and Wildlife Service of the Department of the Interior of the Government of the United States shall act as the primary research agency of the Atlantic States Marine Fisheries Commission cooperating with the research agencies in each state for that purpose."

Article IV (the only part of the compact that can be said to confer power on the commission) begins: "The duty of the said commission shall be to make inquiry and ascertain from time to time such methods, practices, circumstances and conditions as may be disclosed for bringing about the conservation and the prevention of the depletion and physical waste of the fisheries, marine, shell and anadromous, of the Atlantic Seaboard." The commission is then authorized only to make recommendations.

So-called "Amendment No. 1" provides that any of the party States that wish to use the commission as a regulatory vehicle may do so, but no implementing action has been taken nor have any resources ever been allocated for a regulatory program.

Critics of this compact and of similar ones for the Gulf and Pacific Coasts have scored it for inaction and a lack of tangible accomplishments. In the light of their modest objectives it would seem that discontent might be occasioned more by the limited view of the problems represented by the marine fisheries compacts than by their failure to perform beyond the extent of their authority.

On the positive side, it can be said that these compacts do furnish periodic forums in which State officials, fishing industry representatives and some Federal personnel can discuss problems of common concern on a regular basis. Discussions on conservation measures, the condition of the industry and the effects of urbanization on coastal wetlands have been facilitated. The States have never shown any disposition to confer regulatory or operational powers on the marine

fisheries commissions, unless one can so consider the unimplemented "Amendment No. 1."

The Great Lakes Basin Compact is a broader expression of a cooperative purpose. All water and water related problems of the Great Lakes and their environs are within the purview of the compact. Here too, however, the concept is neither operational nor regulatory. The Great Lakes Commission is intended only to provide a mechanism for the consideration of common problems and for the performance of such research and information dissemination functions as a limited budget can afford. The holding of meetings, the publication of a newsletter and the making of occasional representations concerning regional views characterize the activities under the compact.

The nature of the commission's activities makes it very difficult to measure its value objectively. Perhaps most tangible in the agency's accomplishments is the role it played as coordinator of the tenth anniversary celebration of the opening of the St. Lawrence Seaway. On the other hand, matters such as shoreline development, navigation, pollution control, lake levels and fisheries management are undoubtedly regarded by most people as more significant. To a greater or lesser extent, the commission has concerned itself with all of these problems. But since it has no authority to undertake or prosecute programs that would themselves produce visible changes or provide measurable services, it is difficult to fault the compact as such for not having created a tangible and major impact on its region. The failure of the States to assign to the commission powers to deal with such matters can be and is faulted by some, however.

Of the very small forum agencies without operational or regulatory capabilities, the most susceptible of appraisal in concrete terms is the Interstate Commission on the Potomac River Basin. It was established in 1940 pursuant to a compact among Virginia, West Virginia, Maryland, Pennsylvania and the District of Columbia.⁸ The commission was given no regulatory power.

Its purposes were to bring the party jurisdictions together for discussions and negotiations concerning water quality problems in a major interstate basin and to disseminate information on the condition of the Potomac and its tributaries.

Until very recently, the compact placed a ceiling of \$30,000 on the total amount of money that the commission could receive annually from the party jurisdictions. In fact, this level of appropriations was not reached until 1964. In addition, there has been an annual appropriation of \$5,000⁹ from Congress given in recognition of the special Federal interest in the

Potomac as the site of the Nation's Capital. A further source of funds since the late 1950's has been a program grant under the Federal Water Pollution Control Act in annual amounts which have varied between \$25,000 and \$46,000. This has been only enough to support a force of never more than three professional employees, secretarial help, an office and servicing for a few meetings. While the dollar amounts available to the commission have risen slowly over the years, the real financial strength of the agency has not grown appreciably because of the declining purchasing power of the dollar.

Nevertheless, the commission has gathered much valuable data on water quality in the basin and makes it available to public agencies of all sorts in the region. Within the limits feasible for an agency with no enforcement capabilities of its own, the commission also has encouraged the party jurisdictions to consider the major water quality related problems of the area such as sediment control and waste treatment needs.

After an incubation period of more than a decade, the commission has received authority to consider water related land uses. Originally, the movement to amend the compact for this purpose was not regarded as a transitional step looking toward comprehensive basin management and development activities. However, intervening events may prove to have made it so. In 1965 the Governors of the four States and the Board of Commissioners of the District of Columbia¹⁰ established the Governors' Advisory Committee on the Potomac River Basin. This was done in response to growing pressures from both State and Federal sources. The objective was to consider the water and water related problems of the Potomac, and more particularly to recommend a suitable form of intergovernmental organization to deal with them. After several years of analysis and negotiation, the Governors' Advisory Committee produced a Federal-Interstate Compact in the pattern of the Delaware and Susquehanna Compacts. At the present writing it has been enacted by Virginia and Maryland. Should similar action by West Virginia, Pennsylvania and the Federal Government, acting for itself and the District of Columbia, be forthcoming, the compact establishing the Interstate Commission on the Potomac River Basin would be superseded. The new Potomac River Basin Compact would provide for planning, operational and regulatory activities basinwide.

The New England Interstate Water Pollution Control Compact is much like the forum type compact for the Potomac. However, at most times since its establishment in the late 1940's this New England effort has suffered from even scantier financial resources than its Potomac counterpart. These strictures combined with a

jurisdictional area two and one-half times as large as the Potomac Basin have made the interstate body relatively weak. However, recent events may point the way to greater regional activity. In 1969 Maine, Connecticut and New York, and in 1970 Rhode Island, enacted supplemental statutes expanding the research and training authority of the interstate agency. The last three named States also gave the compact agency enforcement jurisdiction in waters at or near state boundaries.¹¹ With this encouragement, the New England Interstate Water Pollution Control Commission has regularized a training program for waste treatment plant operators that it had previously instituted on a pilot basis.

The Potomac developments may be regarded as evolutionary, and those in New England could turn out to be so. Accordingly, it becomes important to recall that the first regional Federal-Interstate compact was the product of a strikingly similar progression.

Starting in the 1920's efforts were made periodically to secure an interstate compact on the Delaware. In its earliest phases, this movement was viewed largely as an attempt to forestall a brewing controversy over diversion of basin waters to serve the municipal needs of New York City. When the initial effort to obtain a compact failed, the four basin States established the Interstate Commission on the Delaware River Basin by a series of independent but parallel legislative actions. But throughout the 25 year life of that commission, its emphasis turned out to be on pollution rather than water supply. Indeed, "Incodel" functioned very much like the Interstate Commission on the Potomac River Basin, even though its basic authorization was not technically in the form of a compact.¹² By the late 1950's it became evident that recommendatory body of limited scope was not sufficient to deal with regional water related problems. It was then that the movement for the more ambitious Delaware River Basin Compact made rapid headway. More detailed aspects of the Delaware Compact are treated in Chapter IV.

State responsibilities in the field of nuclear energy provide the basis for regional cooperation via compact in the South, the West, New England, and perhaps soon in the Midwest. Emphasis is on consultative and informational activities for somewhat the same reasons as in the cases of the compacts just discussed, but the course of developments also owes a great deal to the nature of governmental responsibility for the use of this new military, industrial and medical force. We shall discuss the compacts in this field within their problem context because their evolution and present status can provide the basis for analytical comments of broader application.

The ability of the States to deal with aspects of

nuclear energy has been a much vexed question. Even before the unveiling of the atomic bomb, it was clear that States could regulate X-ray equipment and certain other health connected facets of radiation exposure and this continues to be the case. But nuclear energy was first a Federal Government monopoly confined to military uses. Since 1954 it has been available in limited fashion for industrial uses and since 1959 those States entering into AEC-State Agreements under Section 274 of the Atomic Energy Act have been able to exercise some regulatory jurisdiction but subject to a requirement of compatibility with Federal statutes and regulations.

Ever since the middle fifties, it has been clear that civilian uses of nuclear energy are laden with all kinds of implications for health, safety and industrial development — subjects of State and regional concern. However, uncertainties about the extent of State jurisdiction, combined with the usual pressures against additional regulatory programs, have tended to make the recommendatory and promotional kinds of cooperation most attractive.

The South was the first region to become interested in a compact dealing with the State role in the nuclear field. The impetus for the action came from the desire of many public officials and influential private persons to seize upon nuclear energy and new uses of radiation as a force for accelerated economic development of the region. Accordingly, the States viewed the Southern Interstate Nuclear Board largely as an extension and specialized adjunct of their industrial development agencies. In more than a decade of existence, the compact has functioned primarily in this way. It encourages and sometimes itself undertakes studies of applied nuclear technology and problems related to industrial, agricultural and transportation uses of nuclear energy, products and materials. It organizes and sponsors conferences on various aspects of these subjects. Occasionally, the Board also acts as a regional voice in presenting views to Congress and Federal agencies. In this connection, it is worthy of note that the Federal Government, as specifically contemplated by the compact, has designated a liaison person to act as a contact point between the Southern Interstate Nuclear Board and the Federal establishment. Originally, it was hoped that the liaison could be at a fairly high level. However, this objective does not appear to have been achieved.

Aside from a feature to be discussed shortly, the Western and proposed Midwestern Nuclear Compacts are very much in the pattern of the Southern prototype. Little if anything can be said about them on the basis of their records because the former is still too new and the

latter is not yet in effect. One tendency may be worth mention. In drafting the Midwestern Compact, a conscious effort was made to broaden its language somewhat to make it clear that the undertaking is intended to encompass those scientific and technological matters which are related to nuclear developments, even though they may not be narrowly nuclear in character. To what extent this will produce actual differences among the activities under the several regional nuclear compacts only time will tell. Indeed, prediction is made especially difficult because the Southern Interstate Nuclear Board has itself considered a fairly wide range of subjects. As a practical matter, so long as the regional cooperation under the compact in question is limited to the forum variety, and if it continues on a relatively inexpensive scale, few people are likely to argue over fine points of jurisdictional definition. These become more important in operational and regulatory activities.

Mutual Aid

The New England Radiological Health Compact, the Western Interstate Nuclear Compact and the Midwest Nuclear Compact all contain mutual aid provisions virtually identical with those first developed for the forest fire protection compacts. The New England Police Compact applies the same concept to yet another field. Because the problem is similar in each instance and the approach to its solution the same, the subject can be treated generically.

States maintain many kinds of protective forces. Constitutionally, they all function pursuant to the so-called "Police Power". In particular instances, one or another of these forces is responsible for preventing or removing dangers to health or coping with crime, violence and natural or manmade disasters. Personnel assigned to these tasks may be inspectors, medical units, policemen, firemen, paramilitary contingents or specialized technicians with esoteric skills. As officers and employees of a State or political subdivision, their legal authority, rights and immunities are generally confined to the territorial limits of the jurisdiction which employs them.

Locally available forces are sometimes inadequate to meet large or sudden emergencies. A forest fire or riot may call for reinforcements of men and equipment; a nuclear spill may require marshaling of experts and trained forces beyond the resources of a single State to furnish.

Often a call for help will bring a response, regardless of the legal setting. But without a sufficient legal underpinning, the rescuers are frequently classed as

volunteers who do good deeds at their own risk. In the absence of proper administrative procedures for transmitting the request for aid and for making a response, the help may not come at all or may be too late.

The mutual aid provisions of the several compacts generally have the effect of extending the officer or employee status as members of the aiding forces so they continue to be treated as though they were serving in their home jurisdictions for all purposes relating to pay, workmen's compensation, death benefits and immunity from suit on account of acts done in the line of duty. Any costs involved in connection with the aid and the disposition of or accounting for expended, lost or damaged equipment is settled in accordance with the compact provisions.

The amount of administrative activity that has taken place for the express and sole purpose of implementing the mutual aid arrangements has been small. The Northeastern Forest Fire Protection Commission is the only agency that exists entirely or even primarily for such a purpose. That commission has one regular part-time employee. It maintains a small office and affords a limited amount of secretarial help. From time to time the commission runs training sessions for forest fire fighting personnel and it has prepared a manual that is in wide use.

In the case of many compacts, those dealing with mutual aid included, important parts of what may properly be counted as compact administration takes place in the relevant internal agencies of the party States. The compacts are laws in each State and customarily at least some persons who are in the regular employ of the participating States serve as members of the interstate agency or otherwise discharge responsibilities related to the compact's functioning in their own States. Indeed, aside from periodic meetings of the commissions, the other three forest fire compacts do not appear to engage in any independent administrative activity on a regular basis. The New England Radiological Health Compact is administered entirely by internal agencies of the party State governments. The Western Interstate Nuclear Compact and the New England Police Compact agencies undoubtedly will assist in mutual aid situations as need arises, but such activity will still be within the framework of their overall responsibilities which, in the former instance include developmental responsibilities and, in the latter, include other elements of regional police cooperation.

In general, it may be said that none of the compacts so far discussed involved the employment of more than a few staff members nor much in the way of financing. The money necessary for their activities is supplied by

appropriations of anywhere from \$1 or \$2 thousand to \$25 thousand annually per state.

Planning

Lying somewhere between the regional compact forums and the operational or regulatory compact functions is planning. Only one or two compacts can be clearly identified as primarily planning instruments, but several of them provide for regional planning activities in connection with their overall responsibilities. In part, the problem of identifying the regional planning function in activities carried forward under compacts is one of categorization. Planning has close ties with transportation, regional development, resources management, public works construction and the formulating or altering of programs for the provision of governmental services. In this sense, some instances of regional planning activities or of planning intended to have regional consequences are found in a number of compacts. No effort will be made to collect all such instances in the following paragraphs. However, to lay the groundwork for a consideration of compacts as a planning mechanism the clearest examples will now be described briefly.

The Tri-State Transportation Compact came into effect in 1965. The agency which it established was intended as a vehicle for the study of the mass transportation needs of the Greater New York Metropolitan Area with a view toward developing proposals for meeting them. The task was considered to be a continuing one. Plans made by the compact agency come to the Governments of New York, New Jersey, Connecticut and the United States, as well as to private transportation interests and local governments as recommendations. Implementation is the responsibility of these other public and private entities to whatever degree and in whatever combination they have the legal authority and the means, and to whatever extent they may be persuaded of the soundness of the Tri-State Transportation Agency's proposals and supporting documentation.

Transportation is important enough to any region so that an agency engaged in study and planning of this function can be regarded as a regional planning body of sorts. But in this case, there are other elements that justify the characterization. The compact allows the Tri-State Transportation Commission to consider matters that have an effect on transportation. By invoking this provision more or less broadly, the commission has shown interest in many other subjects of regional significance.

Particularly in recent years, this broadening of scope has been encouraged by the fact that the Bureau of Budget, pursuant to Section 204 of the Metropolitan Development Act of 1966, designated the commission as the agency to make and coordinate comments on whether particular applications for Federal grant assistance in the New York Metropolitan Area are compatible with comprehensive metropolitan or regional plans for the Greater New York City area.

In 1971, pursuant to amendatory legislation enacted by the States, the name and the authority of the commission were changed to identify it more clearly as a regional planning body. Now the Tri-State Regional Planning Commission, it is to concern itself with plans "including but not limited to plans for development of land, housing, transportation and other public facilities."¹³

New England has seen two attempts to set up regional planning bodies by compact: one of them in the field of water and related land resources, the other for overall planning.

The movement for a Northeastern Water and Related Land Resources Compact had its genesis in efforts to implement the comprehensive New York-New England Interagency Committee Study of the immediate Post World War II period. That study produced a series of reports totaling more than forty volumes containing many recommendations. After several years during which New England officialdom became concerned that nothing seemed to be eventuating, other than the presence of the printed volumes on bookshelves, the water resources officials in the area and their counterparts in the regional offices of the Federal Government serving New England began to meet informally to consider what might be done. They dubbed their organization the Northeastern Resources Committee.

For several years the committee met on a fairly regular basis, but its activities were hampered by a lack of staff and by the inability of the members to devote consistent attention to the effort. To remedy these deficiencies it was decided to develop a compact to which all of the New England States and the Federal Government would be parties.

While a number of compacts have had some kind of Federal participation¹⁴ there had been only one previous suggestion of a compact that would have the United States as a full party. That was a proposal of the Missouri Basin Committee of the Council of State Governments made in 1953. A compact of this sort for the Missouri was actually drafted but was never formally considered by the legislature of any State or by the Congress.

The Northeastern Water and Related Land Resources Compact by its terms required enactment by three State legislatures and the Congress in order to become initially effective. Three states did adopt it – Massachusetts, New Hampshire and Rhode Island – and the Federal legislation was passed in the House of Representatives on several occasions but it never secured passage in the Senate. The principal reason was that Federal agencies preferred the interagency committee approach which had come to be characteristic in a number of the country's major river basins to a formal legislatively based intergovernmental agency that would include both the States and the Federal Government. In the decade since the failure to obtain a Northeastern Water and Related Land Resources Compact the doctrinal objections to mixed Federal-State agencies have largely disappeared. The precedents created by the Advisory Commission on Intergovernmental Relations, the Delaware River Basin Compact, the Regional Commissions for Appalachia and other areas, and the regional or river basin commissions under title II of the Water Resources Planning Act of 1965 have made the Federal-Interstate agencies a well established fact if not a widely familiar one.

The Northeastern Compact would have established a body with only planning and recommendatory authority. It may be regarded as an important fore-runner to the Delaware and Susquehanna River Basin Compacts in terms of Federal participation but it did not have their scope.

During the early and mid-sixties, there was some interest in the development of a New England Interstate Planning Compact. At the request of officials in the six States a draft was developed and enacted by four States, Connecticut, Maine, New Hampshire and Rhode Island. However, the compact never came into operation. The reason was that at about the same time other developments appeared to diminish the tasks available for performance by a New England-wide planning body. First, there was the commission for New England established under the Water Resources Planning Act of 1965. Accordingly, it would have been duplicative to assign major planning responsibilities in water and related land resources to the proposed New England Interstate Planning Commission. At about the same time, the New England Regional Commission established under the Public Works and Economic Development Act, came into existence. This removed another major set of possible subjects from the purview of a regional planning body such as might have commenced operations under the compact.

The Delaware, Susquehanna, and proposed Potomac

River Basin Compacts are comprehensive water management arrangements. They include operational and regulatory functions along with planning activities. Accordingly, they can be classified as planning compacts only in part. However, they are worthy of mention here because they provide actual instances of compact use of a traditional planning function as an integral part of a regulatory program, much in the manner of the planning board-zoning connection.

All three of these compacts provide for the development, revision and maintenance by the Federal-Interstate Commission of a comprehensive plan for the use and management of basin water resources. They also provide that projects for the use of those waters (whether they are to be projects of the Federal Government, the State governments, local public bodies or private entities) must come before the Compact Commission for review and approval. The commission gives approval only if the project is in conformity with the comprehensive plan. It may also require modifications or conditions with respect to a project in order to assure conformity.

The Potomac Compact would go further by providing for a second plan. This would deal with amenities such as scenic, cultural and historical uses of the river and its environs. The amenities plan would be recommendatory in character, except that if by 1980 there were no local or State zoning or other land use control in an area designated as a river zone, the commission could institute zoning for amenities purposes. A river zone would extend along the shore line such distance as the commission might determine but not more than a mile inland without the consent of the governing body of the community in which the zone were located. Since some of the rural counties in the Potomac Basin do not now have land use control programs, the minimum effect of this provision of the compact would be to exert pressure for such measures at a relatively early date and to serve notice that the regional compact agency might perform such a task after a time.

An instrument unmistakably devoted to planning is the Tahoe Regional Planning Compact. Entered into by the States of California and Nevada, it establishes the Tahoe Regional Planning Agency "with power to adopt and enforce a regional plan of resource conservation and orderly development, to exercise effective environmental controls and to perform other essential functions, . . ."¹⁵

The Agency is required to adopt and keep up to date a regional plan containing as elements: a land use plan, a transportation plan, a conservation plan, a recreation plan and a public services and facilities plan. The plan is

enforced by the Agency, the States, counties and cities in the region. For its part, the Agency may adopt appropriate ordinances, rules, regulations and policies to effectuate the plan. Their purpose is to establish minimum standards applicable throughout the region. Political subdivisions may adopt and enforce equal or higher standards.

Some idea of the scope of the regional plan may be gained from the list of subjects to which it shall be addressed. They include, but are not limited to: "water purity and clarity; subdivision; zoning; tree removal; solid waste disposal; sewage disposal; land fills, excavation, cuts and grading; piers; harbors; breakwaters; or channels and other shoreline developments; waste disposal in shoreline areas; waste disposal from boats; mobilehome parks; house relocation; outdoor advertising; flood plain protection; soil and sedimentation control; air pollution; and watershed protection."¹⁶

Since this compact was adopted very recently, no real evaluation of performance under it can be made.

INTERSTATE SERVICES AND FACILITIES

The quest for an optimum population, revenue and areal base for the provision of domestic governmental services is a never ending one. The trouble begins with the fact that these three key elements of people, money and geography seldom if ever fit together very well. But even if they did, it would still be necessary to recognize that decentralization and consolidation each has advantages and disadvantages among which viable compromises rather than perfect solutions must be made. Every level of government attempts organizational adjustments in order to bring service areas into reasonable conformity with the needs they are supposed to satisfy. At the Federal level this is generally accomplished through regionalization of agencies for purposes of field administration. On the local scene, reordering of jurisdictional boundaries through annexations, creation of metropolitan area governments or the establishment of special districts are familiar approaches. The State also decentralizes some of its activities but, more than any other unit in the American governmental structure, it is a regional unit. Its boundaries owe much more to the accidents of history than to service area concepts. Nevertheless, the States are intermediate units both from the areal and population points of view. Moreover, the States provide many of our domestic services and operate many of the implementing facilities. But since State boundaries like other governmental lines are in some measure uncoordinated with optimum service areas, cooperation among them in the performance of

some operational functions is desirable. A number of compacts have this purpose.

Education

Certain kinds of educational services have become the subjects of interstate compacts. The most notable developments have been at the college and university level.

Each State has one or more publicly supported systems of higher education. While these admit out-of-State students, they are primarily intended to meet the needs of the residents for relatively low cost higher education. In general, the population base of even the smaller States is sufficient to justify the expenditure of resources required to provide the usual undergraduate college programs. However, a full battery of graduate and professional studies, and perhaps some highly specialized undergraduate ones may not be warranted for the institutions of each State. This has been the principal reason for the development of three regional education compacts and for a fourth effort now in the planning stages.

The Southern Regional Education Compact is the oldest of these undertakings. It came into existence in the late 1940s and rapidly secured adherence of 16 States from Delaware and Maryland on the northeast through Texas and Oklahoma on the southwest.¹⁷ Two immediate objectives sparked the movement for the compact.

The more specific of them was the plight of Maharry Medical College — A Negro institution which supplied a very large percentage of the Black doctors in the South and indeed in the country as a whole. While the developers of the compact took the position that they were not interested in interstate cooperation in higher education as a means of preserving segregation,¹⁸ they did feel a sense of urgency about preserving the medical school as a regional asset. It was thought that the Southern Regional Education Board might operate this facility and any other regional institutions of higher learning that proved feasible and appropriate to establish.

More generally it was recognized that the southern State universities were hardpressed to maintain programs in all of the desirable graduate and professional fields such as medicine, veterinary medicine, forestry and mining. Accordingly, the compact authorized the Southern Regional Education Board to enter into contracts with institutions and party States. These agreements were to cover the securing of places on a resident basis for students from the region at institutions in a party

State other than their own. In the usual case the State of residence would make payments to the institution having the desired program to compensate for the difference between resident and non resident tuition rates and to reflect some contribution toward capital costs.

As matters turned out, Maharry Medical College never came under the administration of the compact. However, the student placement program outlined above has formed an important part of the accomplishments of this cooperative endeavor.

These activities have led the Southern Regional Education Board on behalf of the compact States to study the higher education needs of the region and to make recommendations concerning the most efficient use and distribution of specialized programs — particularly at the graduate and professional level. In addition the Board has engaged in research and dissemination of information on a number of educational subjects related to its basic purposes.

Only a few years after the Southern Regional Education Compact was launched the Western States became interested in a similar undertaking. The problem in the West was much the same — the need to make efficient and economical use of limited higher educational resources, especially in graduate and professional fields. Like its southern counterpart the Western Interstate Commission for Higher Education has developed arrangements for the placing of students from anywhere in the region on a resident basis. Also the commission has engaged actively in research and training programs related to various aspects of higher education in the West. The eleven most westerly States in the continental United States plus Alaska and Hawaii are members of the compact.

A similar compact in New England dates from the mid-fifties and includes all six of the States in that region. Its genesis was somewhat different in detail. Massachusetts took the lead because at the time it was considering the establishment of a State supported medical and dental school and was led to examine the regional implications that such an undertaking might have. Except for this detail, however, the New England Compact is essentially similar to the others although it functions on a smaller scale.

Much more recent are the current efforts to secure regional cooperation among Minnesota, North Dakota, South Dakota and Iowa in the field of medical and related health education. The Northern Association for Medical Education (a private nonprofit organization) has been attempting to develop such a program for a number of years. The idea is to provide medical education on a

regional basis and clinical facilities in sparsely populated areas. In 1969 the Association received an appropriation of \$200,000 from the Minnesota legislature to be used as a planning grant in furthering the idea. A compact is under consideration as an eventual means of establishing and maintaining the program, but the ultimate course of events is not yet clear.

Scattered attention also has been given to the establishment of interstate school districts to provide consolidated schools for communities on either side of a State line. The leading example of this compact use is an agreement between Vermont and New Hampshire under which one such school district operates.

Corrections, Law Enforcement and Delinquency

Another field in which States have made some arrangements for devoting their institutions to regional use is that of crime control and delinquency. There are two ways in which such regionalization can come about. One of them involves an approach similar to that taken in the education compacts. The institution or facility is constructed, operated and maintained by a single State, but it is open for use by other jurisdictions in the region under arrangements which give them at least some of the advantages that would accrue if the institution or facility were really their own. Another approach would be to acquire and operate a jointly owned or managed institution on a regional basis.

The thought that either or both of these approaches might be desirable seems first to have been considered in connection with the problem of incarcerating women prisoners. Almost everywhere there are many fewer female inmates than male prisoners. Especially in States with small populations, it is frequently considered unduly expensive and inefficient to maintain penal institutions for the sole use of women convicted in a single jurisdiction.

There are at least two relatively early examples of interstate arrangements for the incarceration of women from one State in a correctional facility of an adjoining State. A Vermont-New Hampshire administrative agreement dates from 1941. It contained practically no procedural provisions and was little more than an arrangement whereby one State could bill the other for the costs involved in keeping inmates. A somewhat similar arrangement between Colorado and Utah was in the form of a compact but it too lacked detail.

The Vermont-New Hampshire arrangement appears never to have encountered difficulty. On the other hand, the Utah-Colorado compact became of dubious utility when a would-be prisoner gave serious evidence of

intent to challenge the legality of her impending incarceration in a Colorado institution. At that point the Utah authorities retreated and did not send the woman convict to Colorado. These circumstances outlined the weakness of any arrangement that was not fully worked out as to its interstate legal detail.

The Western Interstate Corrections Compact owed something in its genesis to the events just described. But the movement for regional use of prisons in the West was somewhat older. In the early 1950's a number of the States in that part of the country had been on the verge of developing a true regional institution. The opportunity was presented by the impending disuse of the California Women's Prison at Tehachapi. The State had built a new facility and the older one was about to become surplus. The thought was that a number of nearby States might join California in using the prison for the incarceration of women felons. However, the scheme came to a sudden end when an earthquake destroyed the Tehachapi Institution.

Although both the Western and New England Corrections Compacts are now in operation and are serving useful purposes the Tehachapi episode identifies a problem which is so far common to all of these efforts.¹⁹ Prisons and many other kinds of State facilities suffer from chronic overcrowding much more often than from underutilization. Accordingly, only limited numbers of people can be served by pooling existing facilities on a regional basis.

Both the Western and New England Compacts contain provisions authorizing the joint construction and operation of correctional facilities. If these provisions come to be used, a truly significant improvement in State and regional services might result.

Public Works and Regional Development

The construction and maintenance of certain kinds of facilities do not present a problem in the sense just discussed. Physical work (generally in the field of transportation) are a natural subject for interstate compacts when the facilities involved straddle a State line or are obviously designed for regional use. A number of bridges, tunnels and ferries have been built or operated under compacts. Most of these undertakings have been relatively small involving only one or at most a few structures. Characteristically the compact has been used to provide a separate legal entity that could issue revenue bonds to secure the capital necessary to initiate the enterprise and could then operate the completed facilities on a joint interstate basis. For the most part these compacts have not been directly addressed to the

planning, development or regulation of regional undertakings. They have been modest financial and operating devices. However, there are notable exceptions. Some of these deserve close study both for their own sakes and because they can point the way to more extensive use of compacts to promote major regional objectives.

Much the largest agency in this field is the Port of New York Authority. Established in 1921, the Port Authority employs more than 8,000 people. In 1970, its gross operating revenues exceeded \$250 million. At the end of that year, its assets totaled just under \$3 billion. The Port Authority owns and/or operates six bridges and tunnels linking New York and New Jersey, one rail and two bus commuter facilities, Kennedy, La Guardia and Newark Airports, Teterboro Airport (a general aviation facility), two heliports, two motor truck terminals, a rapid rail transit system, six marine terminals, the Port Authority Building and the World Trade Center. When completed, the last will include two 110 story buildings, a hotel, and three other buildings, one of which will serve as the Customs House for the Port of New York.

Many of the facilities listed above are related directly to port development. Others are part and parcel of metropolitan area development. The bridge and tunnel crossings are integral parts of the region's highway network. The rapid rail system and the bus terminals serve some of the mass commuter transportation needs of the urban complex. The World Trade Center, while designed to serve port needs by bringing together organizations concerned with trade and commerce, represents the kind of development that would have a great impact upon any major metropolitan area.

The precedent for the Delaware River Port Authority Compact, serving the Philadelphia Metropolitan Area was the Port of New York Authority Compact. Its activities, although similar to those of its model in embracing both port development and general urban area concerns, do not begin to match in size and scope those of the older agency. Other later examples of combining transportation and other metropolitan area developmental functions are to be found in the bi-State compacts for the St. Louis and Kansas City Metropolitan Areas.

The Washington Metropolitan Area Mass Transit Authority Compact includes as parties the States of Maryland and Virginia and the District of Columbia. Currently, the Authority has under construction a subway, parts of which are scheduled to be in operation in the next few years. The entire system is intended to be completed by the end of the decade. Also contemplated is acquisition of some or all of the privately owned bus companies serving the area and the

coordination of their operations with those of the rapid rail system. Financing for the Authority is unusual. Initially it is dependent on cash grants made by the Federal Government, the signatory parties and the local jurisdictions in the service area. Later it is anticipated that the Authority will issue revenue bonds.

The mass transit compact is an amendment to an earlier instrument, the Washington Metropolitan Area Transit Regulation Compact. It set up a commission to regulate fares and routes of motor transit, including taxicabs, in the region. The Transit Authority and the regulatory commission are separate bodies.

Another document concerned with regional development — but not in this case a metropolitan region — is the Wheeling Creek Watershed Protection and Flood Prevention District Compact. Its commission was set up to act as the local sponsoring agency for projects constructed pursuant to the Watershed Protection and Flood Prevention Act. For this purpose, it may acquire land or interests in land or other property and operate or secure the operation of works of improvement. It has no authority to issue obligations, but must depend on the governing bodies of the four counties — two in each State — through which Wheeling Creek flows for its operating funds and the sums of money it may need from time to time to assume the local share of watershed and flood prevention projects. An unusual feature of the compact is that virtually all the flood prevention benefits will accrue to the West Virginia counties, but the fish and wildlife and recreational benefits will be of value to both States.

There are a few examples of compacts that deal primarily or exclusively with recreational matters. The location of parks is frequently dependent on suitable terrain and upon the existence of a scenic attraction. Especially favorable locations may be found at or near State lines. Where this is the case, joint development and management of the park area has sometimes been found advantageous.

In terms of financial investment the largest of the interstate park ventures is that operated by the Interstate Palisades Park Commission. Its origins are unique but may be instructive. During the 1930's the Rockefeller family wished to donate certain lands on the fringes of the New York City Metropolitan Area for public recreational purposes. The parcels involved in some cases straddled the New York-New Jersey State line and in other instances were very close to it. The Rockefellers intended that the land should be used for the benefit of populations in both States. They also desired assurance that once the gifts were made, they would not be alienated from their park purpose. Accordingly, they

urged that a compact be enacted for the purpose of committing both States to the administration of the lands as recreational assets. This was done and only after the compact was enacted were the gifts made. The Interstate Palisades Park Commission then undertook extensive developmental work and embarked upon the actual operation of facilities. The commission now operates a large amusement park as well as scenic areas, camping grounds and other recreational facilities.

The development of a large artificial lake on the Ohio-Pennsylvania border provided the occasion for another interstate compact at about the same time as the inauguration of the Interstate Palisades Park. In the Pymatuning Lake instance, however, the emphasis is on fishing rights and lake related recreational opportunities. Because of its location the compact serves not only the immediate rural surroundings but also a large number of metropolitan areas in Eastern Ohio and Western Pennsylvania.

A third compact has Virginia and Kentucky as parties. Its objective is to preserve and utilize the unusual scenic attractions of the Russell Fork River and Gorge. It lies in a wilderness area on the Virginia-Kentucky border and because of its location could not be properly developed or protected by the action of either State alone. The Breaks Interstate Park began in a very modest way in the middle 1950s with the condemnation of a small tract and the construction of motel facilities to be operated on a private concession basis. Later more land was acquired and the facilities enlarged.

REPRESENTATION AND RESPONSIBILITY

We are accustomed under our form of government to look to our elected officials — the President and Congress, the Governor and legislature, the Mayor and council — to oversee and direct the management of public affairs. Administrative agencies are responsible to them and they, in turn, to the electorate. Lines are clear and both responsibility and responsiveness can be enforced, at least in theory.

Agencies established by interstate compacts similarly are instrumentalities of the signatory parties. They must make reports to the Governors and legislatures, file budget requests in compliance with the laws and procedures of the parties, afford their parties an opportunity to audit their records, submit to investigation by them and, except as their compacts might prescribe otherwise, function in much the same way as other State agencies.

Although they are agencies or instrumentalities of their signatory parties, they differ in significant ways

from the ordinary State administrative agency. In the first place, they are agencies not of one jurisdiction but of two or more. Their governing bodies are made up of representatives selected in one way or another by the parties.

Because they are different, various means have been devised for the purpose of assuring that compact agencies meet the standards of responsibility and responsiveness that other administrative agencies must meet.

Most interstate compacts provide simply that the members of the commission or board created by the compact be appointed in accordance with the laws of the party States. In most instances, this has meant appointment by the Governor. There are exceptions to this general rule, however. In the cases of a few compacts their agency members must be chosen from specified areas of the States. For example, four compacts, whose sole or major function is water allocation, require that some and, in one case, all the State members be residents of the river basin whose water is allocated.²⁰ One of the Massachusetts members of the Merrimack River Valley Flood Control Commission must be a resident of that valley. Another example of a real responsibility is to be found in the compact establishing the Port of New York Authority. That instrument provides that four of the six New York Commissioners must reside in New York City, and four of the six from New Jersey must be residents of the New Jersey portion of the district established by the compact.

The composition of the Tahoe Regional Planning Compact's governing body is quite unusual. This ten-member group consists of a majority chosen by local governments of the area. Only four of the ten, two from each State, are appointed by State authorities. Whenever a new city is formed within the region, the governing body is to be increased by two — one to represent the new city and one the State in which the city is not located.

That the governing body of the Tahoe Regional Planning agency has a majority of local government representative is especially noteworthy because of the powers assigned to it to enforce its own ordinances, rules, regulations and policies. The only exception to such enforcement are plans, programs and proposals of the States. These, however, must be referred to the Agency for review concerning their conformity with the regional plan, but a State public works project may be constructed even though it fails to conform.

The Board of the Washington Metropolitan Area Transit Authority is composed of six persons. Two of them are chosen by and represent the Government of

the District of Columbia, two the Northern Virginia Transportation Commission and two the Washington Suburban Transit Commission. The last two were set up by Virginia and Maryland laws respectively. Their membership is chosen by the local governments of the suburban communities in the two States.

A variation on this theme is provided by the Atlantic States Marine Fisheries Compact. All the States of the Atlantic Seaboard are parties to the compact, but the compact permits and the States have organized "sections" to deal with fisheries of particular geographic regions. Only those States that are in a given region are represented on its section.

In some compacts, representation of a different sort is mandated — by interest or subject matter. In a number of other cases, State members of the compact commission are legislators. The former is illustrated by the New England Interstate Water Pollution Control Compact. It provides that the commissioners from each State include "...a member representing the State health department, a member representing the State water pollution control board (if such exists), and, except where a State in its enabling legislation decides that the best interests of the State will be otherwise served, a member representing municipal interests, a member representing industrial interests, and a member representing an agency acting for fisheries or conservation."²¹

Both the Atlantic States Marine Fisheries Commission and the Gulf States Marine Fisheries Commission include among their members a private citizen knowledgeable of marine fisheries and a legislator from each party State. Among the five members from each State on the South Central Interstate Forest Fire Protection Compact Commission are one State Senator, one Representative and a citizen member associated with forestry or a forest products industry. One of the three members from each State on the Western Interstate Commission for Higher Education must be "an educator engaged in the field of higher education."²²

From the descriptions above, it may be observed that a variety of arrangements have been devised to afford representation of presumed areal, subject matter, jurisdictional or other interests. The specific reasons for providing such representation are at least as many as the number of arrangements. In some instances, for example the water allocation compacts, the Port of New York Authority Compact, the Tahoe Regional Planning Compact, and the Washington Metropolitan Area Transit Authority Compact, the interests of given areas in the activities of the compact agencies were conceded to be so great that residents of such areas were included

among the members of the policy making body. In other cases, it was felt that the work of study and recommendatory bodies, or forum type commissions, would benefit from having among their members persons from the private sector who would be acquainted with the subject matter dealt with by the document. For liaison purposes or other reasons that would aid in effectuating the work of the compact agency, members of the legislature serve on certain commissions.

As time goes on and more interstate compacts are written, there appears to be a trend to broaden and sharpen their responsibilities. Questions concerning representation are sharpened similarly. Examples of this trend in more recent agreements are the Delaware and Susquehanna River Basin Compacts. Proposed documents include the Potomac River Basin Compact and an interstate agreement to provide a water supply and waste management program for the Washington, D. C. Metropolitan Area. Each of these actual and proposed instruments has or would have some combination of significant planning, management, regulatory and operational functions. In the first three cases, the interests of the United States are so great that the compacts provide it be a party to them. In addition with respect to the Potomac River Basin Commission, there has been suggested an arrangement that has not been used in any existing compact agency.²³ A somewhat similar method of representation has been suggested for the proposed water and waste management agency of the Washington Metropolitan Area.²⁴

Briefly stated, what has been urged is that basin residents be elected from districts of equal population to serve on the Potomac River Basin Commission. It is pointed out that the basin populations of the respective parties vary too widely (from 3.7 to 36.1 percent of total basin population) to warrant the usual one-State-one-vote formula. It is pointed out further that in none of the prospective parties (except the District of Columbia) does the population resident in the basin comprise a majority of that party State's population. The result, it is argued, is that decisions will be made by commission members on behalf of parties, the majority of the population of which lives outside the basin. Basin residents upon whom these decisions would have the greatest impact, therefore, would not be able to control their own destiny so far as such decisions were concerned.

Public Law 91-650 directed the Environmental Protection Agency, in consultation with Secretary of the Interior, Chief of the Army Corps of Engineers and the Commissioner of the District of Columbia to study and make recommendations concerning water supply and

waste management in the Washington, D.C. Metropolitan Area, including the establishment of an appropriate areal or regional entity to control and resolve problems and provide necessary services at reasonable cost.

The EPA report offered three alternative recommendations for a regional entity to be established by interstate compact among the States of Maryland and Virginia and the District of Columbia. In order of preference they are: (1) popular election of members of a Regional Council from constituent local jurisdictions (the District of Columbia, Charles, Montgomery and Prince George's Counties in Maryland, Arlington, Fairfax, Loudon and Prince William Counties and the Cities of Alexandria, Fairfax and Falls Church in Virginia) with a system of weighted voting to reflect differences in population; (2) popular election of Regional Council members from single member districts, plus appointment of one member each by the eleven constituent jurisdictions with each Council member to have one vote; and (3) appointment by each of the constituent local jurisdictions of a locally-elected executive or legislative official as its member of the Regional Council with each member's vote weighted to reflect population disparities.²⁵

Completed shortly before the EPA report and appended to it was an independent study of the same subject. This analysis proposed that there be set up by interstate compact among the States of Maryland and Virginia and the District of Columbia a Washington Metro Council "to exercise all the functions (except regulatory) on a wholesale basis for water supply, sewage treatment, and solid waste services, and it would have the authority to do planning and some financing in the field of air pollution abatement."²⁶

The council would be composed of 15 representatives elected from single-member districts corresponding to the several cities and counties of the metropolitan area. To overcome the disparities in size of such districts, the proposal is that a system of weighted voting be employed. If the metropolitan area were to grow to embrace additional cities and counties, they would be allotted voting strength on the council in proportion to their respective populations.

Each of these representation schemes would alter the traditional relationship among the parties to an interstate compact whereby one is the equal of another. As equitable and reasonable as these proposals may appear, they suffer from a number of infirmities. For example, weighted voting has been proposed more or less seriously for a number of compacts and the argument is always along the same lines — State X has a greater amount of territory within the district to be served than does State

Y, or the population of State Z in the compact district is larger than that of State L. But none of these suggestions has ever been embodied in compacts that have actually come into being. The reasons are basic to public administration and politics. No compact has ever been designed to set up a government. The bodies involved are administrative agencies and representation on them is not intended to achieve direct responsibility to the electorate. Equally important, the usages and protocol of politics do not make it easy for any State to accept a lesser status than equality. For example, neither of the other two potential parties was persuaded to take similar action by New York State's enactment of a compact for the Hudson River Basin that gives 9 votes to that State, 3 to New Jersey and 3 to the United States.²⁷ While any quantitative analysis of the Hudson Basin would show the New York interest to be even more disproportionate in percentage terms, it is generally acknowledged that neither of the other two potential parties would have any reason to assume responsibility for or be bound to an apparatus where the mechanics were so against its interests.

Regardless of the merits, or lack of them, of these schemes for representation on the proposed Potomac River Basin Commission and the Washington Metro Council and their chances of adoption, what is significant here is that they have been advanced as serious proposals. They are symptomatic of the increasing significance of interstate compact agencies in terms of the responsibilities assigned to them and of the desire of local governments and their residents for a large "piece of the action."

Other Means of Control

Obviously representation on a compact body is not the only means by which control over its activities may be exercised. With relatively few exceptions, compact agencies are wholly or partially dependent on appropriations made by the signatory parties to finance their operations. This provides an opportunity for legislative oversight. They must make reports to the Governors and legislatures. Their activities are audited and, should a legislature see fit, they are subject to investigation. Under appropriate circumstances, they may qualify for Federal grants-in-aid. In such cases, they must conform to the relevant Federal laws and regulations. Other compact body operations or activities may be subject to Federal law. As is the case with other governmental agencies, they are subject to the usual requirements of notice and hearing and judicial review. Other means of exercising control have been devised to fit the operations

of particular compact agencies. Two illustrations may suffice.

As has been pointed out, the provisions of the Potomac River Basin Compact that have excited particular attention are those dealing with land use and the amenities. The compact authorizes the preparation of an amenities plan to develop and preserve the aesthetic, scenic and historic values along the Potomac. The plan is to provide for:” (a) river zones and their accessibility, (b) instituting land use plans and controls within river zones; (c) acquiring or otherwise preserving existing and potential parks and parkways, scenic areas, open spaces, recreation areas, historic areas, trail corridors, wetlands or natural areas within river zones.”²⁸

The compact permits the establishment of river zones on the main stem of the river, including its North Branch. Elsewhere establishment of river zones could be accomplished only pursuant to the laws of the appropriate State or States. In any case, prior to establishment, there would have to have been consultation with county and other interested local bodies and the affirmative vote of the commissioner from the signatory in which it is proposed there be a river zone. Only with the concurrence of the governing bodies of the communities in which a river zone is to be delineated could such a zone extend inland for more than one mile.

To effectuate its amenities plan, the commission is authorized to acquire property or a right or interest therein. It may do so, however, “. . .only with the concurrence of the commission member from the state in which the property is situated and with the consent of the local government within whose territory the property is situated.”²⁹ Also, acquisition of a particular piece of property by condemnation may not be undertaken so long as the laws or regulations of the State or local government are deemed adequate by the commission to protect such property.

The compact authorizes the commission to regulate land use in river zones. However, this authority would not apply if any jurisdiction had enacted and was enforcing zoning or other land use control laws, ordinances and regulations. In any case, it could not be exercised before January 1, 1980.

It may be seen from the above that, in addition to other means, the compact provides a number of opportunities for local and State governments to influence or even to control the amenities and land use activities of the Potomac River Basin Commission.

One of the oldest and by far the largest interstate compact agency is the Port of New York Authority. Its governing body consists of six Commissioners appointed by the Governor of New York and a like number

appointed by the Governor of New Jersey. As indicated above, four of the six from New York must be residents of New York City and four of the six from New Jersey must reside in the New Jersey portion of the port district (the area within approximately 25 miles of the Statue of Liberty).

The 1921 document merely provided for establishing the Port Authority, describing the area in which it might operate, defining the scope of its jurisdiction and assigning to the Port Authority the responsibility to prepare a comprehensive plan for the development of the port. All of the activities and operations presently conducted by the Port Authority have been undertaken pursuant to specific legislation enacted by the two States.

The Port Authority basically is a planning, developing and operating agency. For the most part, its income is derived from fees and rents charged for the use of the facilities it operates. Virtually all of the funds necessary to construct or acquire such facilities are derived from the sale of its own bonds. This permits it a greater degree of operating flexibility than that afforded most compact bodies. Nevertheless, it must make an annual report to the two Governors and legislatures, make available its financial and other records for audit by the two States and submit to legislative investigation if either of the two States deem that to be necessary or desirable. In addition, minutes of its meetings are subject to veto by either Governor, the veto forestalling any action reported therein that the Port Authority proposed to take.

The primary responsibility of the Port Authority is to the two signatory States. This is not to suggest, however, that local units of government within the port district are without influence or control over Port Authority activities. For example, although it may exercise the power of eminent domain with respect to motor bus terminals, “. . .no property now or hereafter vested in or held by the state or any county, city, borough, village, township or other municipality shall be taken by the port authority, without the authority or consent of the state or of such county, city, borough, village, township or other municipality. . . .”³⁰ Identical legislation was enacted by New Jersey. Moreover, similar provisions govern acquisition by the Port Authority of property for other facilities. An early enactment in connection with construction of a bridge has been repeated in legislation authorizing other bridges to be built. It required that, “The plan of the approaches at either end of the tunnels and bridges, which shall include any highway extension or changes which the Port Authority shall deem convenient or necessary, shall be subject to the approval of the respective municipalities in which they shall be located.”³¹

The World Trade Center for various reasons has provoked considerable controversy. Among other things, it was charged that its construction on lower Manhattan Island, including the closing off of streets, would make an already difficult traffic situation intolerable and that the in-lieu-of-tax payments that the Port Authority would make to the city would be wholly inadequate. Regardless of the merits of these or other charges, both of these matters have been resolved. Their resolution was facilitated by the Port Authority's having to secure from the City permission to close streets and even to make cuts in curbing to gain access to the building site. The requirement to obtain such permission was mandated in the legislation enacted in 1962 by the two States to authorize the construction.

Since so many of the activities of the Port of New York Authority relate to interstate and foreign commerce, it is subject to regulation by the Federal Government at every turn. It sought and received Congressional authorization to construct its bridges. The Lincoln and Hudson Tunnel construction was undertaken pursuant to permits obtained from the Chief of Engineers. Work done on marine terminals requires Federal authorization. Because it is the recipient of Federal grants-in-aid of airports, the Port Authority must conform to the law and regulations in this area of its operations. Even the tolls it charges for the use of its bridges are subject to review by the Secretary of the Army and may be changed by him.

It may be seen from the discussion above that the Port of New York Authority was not created to nor does it operate in isolation from political forces. It functions as an agency of the two States and conforms to the legislative mandates they issue from time to time. It comes in contact with local and Federal authority and where and when it does it must meet the requirements that these governments impose upon it.

Responsiveness

To this point in this section, discussion has focused on responsibility. What about the other side of the coin? How responsive have interstate compact agencies been? How well have they responded to public needs, even as these needs change from time to time?

These questions are more difficult to answer than those dealing with responsibility and means of enforcing it. They tend to elicit subjective answers if for no other reason than that there are no ready made standards by which to judge the performance of compact and other governmental agencies. The definition of "public needs", so far as a given agency is concerned, may differ from

individual to individual, group to group, and even public opinion poll to poll. In any case, judgments are made concerning the performance of certain compact agencies and they merit notice.

It would be unfair to subject most interstate compact bodies to the litmus test of responsiveness to public needs because they suffer from serious limitations in either jurisdictional scope or powers. As was stated above in connection with the marine fisheries compacts, that they have not accomplished more is a function of the limitations imposed upon them by their respective instruments.

Once again the Port of New York Authority may be the best subject for examination, but, before turning to its record, it would be worthwhile to view the performances in specific instances of certain other compact agencies.

The Delaware River Basin Commission has included within its comprehensive plan an impoundment near Tocks Island and the Delaware Water Gap National Recreation Area. (The dam was authorized by Congress in 1962.) Two national and a number of local organizations have charged that the impoundment and recreation area would do irreparable harm to the ecology, damage or destroy many archaeological sites, impair the free flowing character of the stream and have other undesirable consequences. Studies of some of these matters have already been completed. Others are in process. At this moment, however, all that can be said is that resolution of the controversy is very much up in the air.

The Potomac River Basin Compact follows the Delaware model closely with the major exception of its inclusion of land use and amenities provisions. Mention has already been made of their being the occasion for controversy and raising the matter of local representation on the commission. These provisions were inspired largely by the increasing popular interest in preserving and enhancing the quality of the environment and the widespread feeling that local government performance on this score had been generally poor.

The point of these two illustrations is that there are many "publics" to serve, each of which may have a different view of its needs. The Tocks Island development, for example, is intended to serve water supply, recreation and hydroelectric generation purposes. Strong arguments can be made in support of them. It is not easy, therefore, to chart a course that will not result in certain groups feeling that their needs have been affronted.

Because of its size, significance and success the Port of New York Authority has attracted more attention than all other compact agencies combined in the matter

of serving public needs. Beginning more than a decade ago, for example, the Port Authority has been seeking, so far unsuccessfully, a site for a fourth major airport to serve the New York metropolitan area. At one point, it settled on a site in Morris County, New Jersey, a part of the "Great Swamp." A combination of residents who did not want the noise and congestion attendant on a major airport in their area, conservationists and others proved strong enough to prevent the airport's being located there. Among other things, the effort helped to provoke an investigation of the Port Authority by the Committee on the Judiciary of the House of Representatives, described in more detail below.

It is the mass transit situation, particularly the rapid rail system, that is of the greatest significance in assessing the manner and the degree to which the Port Authority has served and is serving public needs. Critics of the Port Authority have leveled a variety of charges against it on that score. They assert that it is much less interested in service than in profit; that it has ignored or even worsened the transportation problem by catering to private automobile travel in the construction of its facilities while at the same time it refused to participate in developing or improving mass transit facilities; that, in improving passenger airport facilities, it has paid no heed to the need to move such passengers on the ground; that it has employed its resources unwisely in building the World Trade Center rather than using them to ameliorate the mass transit problem; and that it is more responsive to its bondholders and the financial community than to the needs of the public for better transportation service.

Particularly irritating to the more persistent critics of the Port Authority is the manner in which it employs its operating surplus, its persevering in "ostentatious" projects regardless of objections (i.e. the fourth New York airport and the World Trade Center) and the alleged foot dragging of the Port Authority when it does respond to popular and political pressure.

As has been indicated, the Port Authority must rely on the sale of its own bonds to build or acquire facilities. It has no power to tax. Its facilities must yield sufficient operating revenues to amortize obligations and defray operating costs. This goal it has achieved consistently. Revenues from its various facilities are pooled. In other words, facilities with operating surpluses, generally older, support other facilities, generally newer, until the latter become self sufficient.³² This practice which is sanctioned by law,³³ assists in maintaining the excellent credit rating of the Port Authority. But it also provides additional ammunition for those who wish to fire criticism. Some argue that when the bonds issued to build or acquire a facility have been retired, toll charges

for that facility should be reduced. Others take the position that surplus earnings should be used to improve mass transit. Neither group favors the World Trade Center investment.³⁴

In 1962, the Port Authority assumed the operation of the bankrupt Hudson and Manhattan Railroad, the Hudson Tubes. Purchase of new cars, modernization of all phases of operation and construction of new terminals in New York City and Jersey City are part of a capital expenditures program expected to total \$200 million.³⁵ Also dating from 1962 is the operation of the New York Railroad Equipment Program. It provides for a guarantee by the State of up to \$100 million of special Port Authority bonds to purchase passenger rail rolling stock. As of the end of 1970, 387 passenger cars and eight locomotives had been purchased and delivered to the Metropolitan Transit Agency for operation on the Long Island Railroad or to the Pennsylvania Central Railroad. An additional 80 cars were on order for use on the Hudson and Harlem Divisions of the Penn Central. As prescribed by statute, the Port Authority may neither derive revenues from nor incur liabilities which would in any way affect its obligations other than those issued in connection with this special program.³⁶

Currently under way is a 50 percent expansion of the Port Authority Bus Terminal. In 1970, it had a total of nearly 68 million passenger arrivals and departures. Completion of the \$80 million project is expected in about two and one-half years. Under negotiation is sale of the air rights over the terminal for construction of a 45 story office building.³⁷

That these actions aid in the mass movement of people and that they are impressive in size is not open to doubt. But the Port Authority had to be pushed and tugged to undertake at least some of them, its critics maintain. To prove their point, they cite the linking of the Port Authority's agreeing to take over the Hudson and Manhattan Railroad with its securing approval to construct the World Trade Center and the legislative provision that it was not to assume any additional passenger rail facility unless such facility were self sustaining or, at worst, that combined deficits of the additional facility and the existing one would not exceed 10 percent of the General Reserve Fund as of the end of the previous fiscal year.³⁸

To conclude this summary of the Port Authority's activities with respect to mass transit, it should be added that legislation enacted by the two States in 1971, authorized the Port Authority to provide access by rail rapid transit from various points in the port district to Kennedy and Newark Airports.³⁹ Also reported to be under consideration either by the Port Authority or by

an intergovernmental task force made up of representatives of the Metropolitan Transit Agency, the New Jersey Department of Transportation and the Port Authority are other steps that might be taken including a new rail tunnel under the Hudson River and additional bus and rail facilities for northern New Jersey. It is generally conceded that the primary moving force to secure serious consideration of these matters is Governor Cahill of New Jersey.⁴⁰

No doubt the debate will continue concerning adequacy of the Port Authority's response to popular needs. Some part of the lack of resolution of that debate stems from a basic disagreement over the nature and mission of the agency. Governor Cahill declares the Port Authority is "...not a business. It is an authority wisely conceived to do things for people of our two states that business cannot do for them and that the two states cannot do for themselves. It was not conceived for the sole purpose of making money, but for rendering service."⁴¹

The more traditional view is expressed by Austin J. Tobin, Executive Director of the Port Authority, as "...the development of vitally important public port projects of the two states without recourse to taxation... a program of public works that must be self-supporting..."⁴²

A more revisionist view of the situation stresses that there are "...two themes central to urban development: how to devise sufficiently comprehensive 'master' plans for America's growing metropolitan areas; and the proper role of public authorities with their tax subsidy provisions, extraordinary rights of eminent domain, and freedom from any electoral control or really effective governmental review."⁴³

That these several expressions indicate differences concerning the mission of the Port Authority undeniably is true, but they are not irreconcilable. What must be decided is where the emphasis should lie. Should the Port Authority continue to function much as it has as a major public works agency? Should it stress social service much more strongly?⁴⁴

If the political response is that the course of the Port Authority should be plotted so as to come appreciably closer to achieving the latter goal, the authority under which it operates would have to be substantially enlarged or amended. Specifically, should the decision be that its mass transit role must be increased greatly, means must be made available to it to accomplish the objective. Without a subsidy or a markedly different financing arrangement than has been authorized for it, the Port Authority would not be able to take over, as some have suggested, the New York City subway system or add to its rail commuter facilities beyond what has

been authorized. If not everywhere, in almost all places mass transit operates at a deficit. For that matter, despite a passenger gain of 48 percent in five years (1965 was the low point in the line's history), the operation of the Hudson and Manhattan Railroad resulted in a loss in 1970 for the eighth straight year.⁴⁵

It appears reasonable to conclude that it is to the party States that one should look to provide the means for or to enforce responsiveness to public needs on the part of their compact instrumentalities. No compact agency can resist being responsive if the signatory States are determined that it be so.

In setting up an agency by interstate compact or other statute, the States have the choice of making the agency dependent for its financing on tax funds and the appropriations process or authorizing it to issue revenue bonds. In the former instance, a closer control can be exercised by the Governor and legislature in that agency funds must be budgeted and voted in appropriations acts. In the latter instance, the agency will be more nearly independent. Arguments can be made pro and con with respect to the better way to secure the performance of the functions entrusted to the agency, but it is the State political apparatus that makes a conscious decision which way to proceed. If the latter way, i.e. through bond financing, then the State and the public must expect that there will be fewer opportunities for the agency to undertake programs that are not of a self supporting nature.

FEDERAL-INTERSTATE COMPACTS

The fundamental reason for interstate compacts is that each of the States is limited in territorial jurisdiction. Yet State governmental functions cover most areas of domestic public activity. Accordingly, there are many opportunities to improve domestic government by permitting State services and operations to coincide with their clienteles. Joint action is a means of promoting this end.

Obviously, Federal-Interstate cooperation is not spawned by any territorial inadequacy in the jurisdiction of the Federal partner. Rather the cleavage is in powers and practical ability to deal with particular subject matter areas. Partly for constitutional reasons, and partly because of the nature of distribution between the levels of government of administrative, financial and personnel resources, neither States nor the Federal Government can handle a major problem alone. The regional implications of this truth vary in essence and in detail from field to field. An analysis of the impacts and potentialities in the major subject matter areas of

Federal and State responsibility could break fascinating new ground. However, at present there is only one regional Federal-Interstate compact with a sufficient history to make conclusions on the basis of its experience possible. This is the Delaware River Basin Compact. A description of its activities may be found in chapter four of this study. Here it is appropriate to consider the legal characteristics of such compacts and any advantages or disadvantages attributable thereto that might result from wider use of the device. Everything that has been said about interstate compacts is applicable, so far as the States are concerned, to a Federal-Interstate compact. For the most part, similar statements relating to its legal character and effect can also be made with respect to the Federal Government. A Federal-Interstate compact is enacted as a statute in each participating jurisdiction. Whereas the consent statute to an interstate compact does not make that instrument Federal law,⁴⁶ the Acts by which Congress provided for joinder in the Delaware and Susquehanna Compacts made those two documents laws of the United States, enforceable as such and binding on Federal agencies as well as on State governments. Accordingly, the Federal-Interstate compact has the potential to produce a much closer coordination of Federal and State law and administration than any other formal legal device. Although what has just been said inheres in the Federal-Interstate compact, an auxiliary application of the principle spelled out in the enabling portion of Public Law 91-575 by which the United States became a party to the Susquehanna River Basin Compact may be of explanatory value:

(w) Nothing contained in this Act or in the compact shall supersede, impair, affect, compel, or prevent the exercise of any of the powers, rights, functions, or jurisdiction of the Federal Power Commission, Federal Communications Commission, Atomic Energy Commission, Interstate Commerce Commission, or other such Federal independent regulatory agency under existing or future legislation. Accordingly, no action of the Susquehanna River Basin Commission shall conflict with any of the terms or conditions of any license or permit granted or issued by the aforementioned Federal agencies. *This reservation shall not be construed as a basis for noncompliance with the requirements of the compact or this Act; nor shall it be construed to permit use of waters of the Susquehanna River Basin or to endanger their quality without approval pursuant to the compact.* (Emphasis supplied)

On the other hand, the Federal Government is not a State. In the sense of traditional political philosophy, it is first among the sovereigns in the Union; in the practical sense, it is the most powerful sovereign. This observation finds direct application when we consider the contractual nature of a Federal-Interstate Compact.

As with an ordinary interstate compact, it is binding on every branch of the State governments involved. The Contract Clause of the United States Constitution expressly provides that: "No State shall . . . pass any . . . Law impairing the Obligation of Contract. . . ."⁴⁷ But the Federal Government is not the subject of any similar constitutional provision. Accordingly, moral and political imperatives bind the United States to a compact which Congress has enacted as Federal law, but the Constitution does not. Nevertheless, except for this difference in the degree of enforceability, a Federal-Interstate compact does have the status of a contract for the United States Government as well as for the States. The question is: Who on the Federal side may break it? The executive agencies of the Federal Government may not because they are bound by the statutory law which is the compact; the Federal courts may not because they are bound to enforce and give effect to the statutes of Congress. But the Congress itself, by taking subsequent conflicting action, could impair or negate the participation of the United States in a Federal-Interstate compact. Both the Delaware and Susquehanna Compacts recognize this legal reality by affording the Congress rights of withdrawal and of modification of Federal participation more liberal than those accorded the party States. On the other hand, unless Congress takes specific action contrary to the Federal-Interstate compact, the entire Federal establishment is bound. No other legal device available within the Federal system comes this close to placing Federal activities within the same regimen as those of States, and no other instrument has ever defined a Federal-State relationship in an operational field in terms so closely approaching parity. Of course, it is not the governments themselves that are so described. Rather it is the joint agency which is their common instrument and the compact which is their mutual obligation.

Both the Delaware and Susquehanna River Basin Compacts are comprehensive basin management agreements. Discussion of their many features, even to the extent that they bear on Federal-State regional relations is beyond the scope of this chapter. However, one point may be made for illustrative purposes.

A key element in both compacts is the "comprehensive plan." This is somewhat analogous to the official plan used by many jurisdictions for zoning purposes and for the approval of projected uses of particular parcels of land. Both compacts provide that no project which will use substantial amounts of basin waters can be undertaken unless the Federal-Interstate Commission includes it in its comprehensive plan. Subject only to an extraordinary and limited right of suspension by the

President, this requirement applies alike to Federal, State, local and private projects. The result is to place all water resources development throughout the basin within a single coordinated framework.

THE FEDERAL ROLE

Federal-Interstate compacts aside, all of the agreements discussed in this chapter are State instruments. Until quite recently, this has meant either a nonexistent or a minimal role for the Federal Government. Originally, such function as the United States had came from the constitutional provision which reads: "No State shall, without the Consent of Congress, . . . enter into any Agreement or Compact with another State or a foreign Power, . . ." ^{4 8} Interpreted literally, this provision would require all compacts to come before Congress. However, beginning with the decision of the Supreme Court in *Virginia v. Tennessee* ^{4 9} it has become established that something less than all compacts require consent. In determining which do, the purpose for the constitutional requirement must be borne in mind. The Founding Fathers wished to guard against the formation of combinations of States to the prejudice of other States. Their greatest fear was that some States might make alliances against others or take other actions that might weaken the Union. Accordingly, judicial construction has built the rule that compacts need Congressional consent:

1. If they affect the political balance of the Federal system; or
2. If they adversely affect a power given by the Constitution to the National Government.

The first branch of this rule is of very narrow practical application. Scrutiny of the entire range of compacts which States have adopted or seriously considered shows only one type of agreement that affects the political balance. In considering the boundary compact that formed the subject of the litigation in *Virginia v. Tennessee*, the Court explained that the shifting of a State line placed more or less territory and population in one State or another, thus affecting the boundaries of Congressional districts and perhaps the size of a State's representation in the House of Representatives. Even so, the Court held that consent could be implied from the failure of Congress to disapprove and from certain other actions which constituted Congressional reliance on or recognition of the line as embodied in the compact.

Effects on powers delegated to the National Government raise many more and varied needs for Congressional consent. However, in each instance it is necessary to

make a specific determination as to whether the compact must or should be submitted to Congress. Neither criterion contained in the rule is susceptible of mechanical application. Judgments rather than arithmetic measurements are involved.

Nevertheless, both before and after the decision in *Virginia v. Tennessee* it became established practice for States to submit compacts to Congress as a matter of course. It does not appear that any attempts were made to analyze them for the purpose of determining whether consent was legally necessary. The practice was encouraged by the apparent ease with which Congressional consent could be obtained. Congress considered compacts very much as routine, noncontroversial legislation. It was enough that members representing the party States sponsored the bills.

If one examines the Federal role only in the light of original concepts and purely from the legal point of view, it is submitted that Congress has a very narrowly circumscribed function. It is to determine whether a compact submitted to it for consent is harmful to the political balance of the Federal system or whether it would be detrimental to the exercise of a national power. If one may draw conclusions from the perfunctory and disinterested manner in which Congress was accustomed to handle compact consent legislation it is appropriate to say that until recent times Congress implicitly accepted this approach to its responsibilities. However, there has been a substantial change and this is due to a number of factors.

Perhaps the most important consideration is that compacts have become more numerous and diverse in subject matter coverage. So long as they remained no more than instruments for settling boundary disputes and for handling occasional jurisdictional problems in boundary areas, the National Government had little reason to pay much heed. Anything that was satisfactory to the States entering into a compact was unlikely to raise problems at the National level. Indeed it is possible that even an expanded use of compacts would not have brought substantial Federal interest in them, if it had not been for a dramatic increase in Federal concern with a number of substantive problems previously left almost entirely to the States. For example, water pollution and other aspects of resources management have been major areas of compact activity. During the 1930's-1940's when there was no major Federal water pollution control statute and when Federal conservation activities were at a relatively low level, Congress paid little attention to compacts in these fields.

The first evidences of quickening interest came in the form of isolated incidents. At the time there was no

reason to suppose that they portended any trend. In 1942, President Roosevelt vetoed a bill consenting to an interstate compact among Colorado, Kansas and Nebraska with respect to the use of the waters of the Republican River. In his veto message the President contended that

... the compact also seeks to withdraw the jurisdiction of the United States over the waters of the Republican Basin for purposes of navigation and that it appears to restrict the authority of the United States to construct irrigation works and to appropriate water for irrigation purposes in the basin. The provisions having that effect, if approved without qualification, would impede the full development of the water resources of the basin and would unduly limit the exercise of the established national interest in such development.

While I find it necessary to withhold my approval of the legislation in its present form, I would be glad to approve a bill which, in assenting to the compact, specifically reserves to the United States all the rights and responsibilities which it now has in the use and control of the waters of the basin.⁵⁰

Subsequently, the compact was redrafted to meet the objections set forth in the veto message. Congress passed a consent bill which was signed by the President.⁵¹

Several years earlier the Congress attached an unusual condition to its consent to the Interstate Compact to Conserve Oil and Gas. It consisted of limiting the consent to a period of four years. As a consequence this compact has been resubmitted to Congress periodically ever since. It has never failed to secure an extension of consent, but the procedure may be taken as evidence of continuing Federal surveillance. Indeed the Attorney General of the United States is also required to make periodic reports concerning the relationship of the activities under the compact to the antitrust laws.

When the compact was first developed in the mid-1930's there was considerable suspicion that it might be a price fixing arrangement. The initial impetus certainly did come from the plight of the oil and natural gas industry during the great depression. Cutthroat competition was leading to much more production than the depressed market could possibly absorb. Efforts were made to bring this situation under control at the Federal level no less than in the States.⁵² In the instance of the compact however, the primary rationale advanced was that interstate cooperation would be useful in reducing physical waste of the natural resources involved.

The long delay in securing consent to the Great Lakes Basin Compact brought another specialized problem into view. If this compact had not made the Canadian Provinces of Ontario and Quebec eligible for membership along with the eight Great Lakes States there would have been no opposition to consent. Indeed there was considerable question as to whether the compact needed

consent at all since its activities are only of a research and recommendatory character. However, consent was sought and when finally obtained after a wait of 12 years⁵³ was accompanied by a condition withholding consent to Canadian participation. The difficulty was that in the view of the State Department the conduct of relations with a foreign country was involved and should be handled through that Department. Although there are other compacts between States and one or more Canadian Provinces in which there is no State Department involvement, this objection prevailed in the case of the Great Lakes Basin Compact.

Congress also has become concerned with procedural and jurisdictional matters designed to assert its own authority or that of Federal administrative agencies over certain matters which it considers to be of particular importance. A complete catalog of the instances in which this has been done will not be attempted but a few illustrations will serve to demonstrate what is involved.

The consent acts for a large number of compacts contain a provision which has become almost standard. With little or no variation this type of provision recites that "the power to alter, amend or repeal this Act is reserved". In a general way this is intended to indicate that the consent of Congress to the compact is not irrevocable. Such an assertion has never been directly challenged in litigation. Accordingly, it cannot be said for certain what the effect of such statutory language is.

Another provision which has gained some currency since it was first used in the consent legislation for the Wabash Valley Interstate Compact⁵⁴ proceeds along the following lines: "The right is hereby reserved by the Congress or any of its standing committees to require the disclosure and the furnishing of such information and data by the Wabash Valley Interstate Commission as is deemed appropriate by the Congress or such committee."

This kind of provision raises both policy and procedural issues. The power involved (subject only to occasional claims of Executive privilege) is one which Congress exercises as a matter of course in performing its oversight function relative to Federal agencies. However, except in the case of a Federal-Interstate compact, the intergovernmental agencies under consideration are in no sense Federal agencies.

The issues raised by this type of provision have been the subject of actual controversy only once, and then in a case which did not involve a statute containing a Congressional reservation or investigative jurisdiction. In 1960 the House Committee on the Judiciary issued a subpoena to Austin J. Tobin, Executive Director of the

Port of New York Authority, ordering him to appear and to bring with him records and accounts relating to the internal management of his agency. The committee contended that it wished to investigate the activities and operations of the Port Authority in order to find out whether and how it was performing its functions under the compact. Presumably what the committee would ascertain might have an effect on the attitude of Congress toward the compact and even on whether restrictive or remedial Federal legislation including amendments to or repeal of the consent act might be passed.

Neither Tobin nor any other official or employee produced the records sought by the committee. The position of the Port Authority and of the parent States of New York and New Jersey was that the interstate agency was an arm of the two State governments. Consequently, it had immunity from Congressional inquiry just as a Federal agency would have immunity from investigation of its internal affairs by a State legislative committee.

After losing in the U. S. District Court, Tobin was successful in the Court of Appeals. The litigation was carried no further. Accordingly, the Court of Appeals decision in *In re Tobin*⁵⁵ must be taken as the most authoritative pronouncement on the matters at issue. The actual decision in the case was on a narrow ground. The Court held that the resolution of the House of Representatives authorizing the investigation did not confer sufficient authority on the Committee to sustain the course of action taken. However, there was language in the opinion indicating sympathy for the position of the compact agency and intimating that there might be lengths to which Congress could not go in controlling compact agencies or in modifying the statutory and other conditions under which they operate. Of course, what these limits may be cannot be said for certain in the absence of further litigation.

As with most kinds of legislation, the attitude of the Federal Government toward compacts cannot really be described as either supportive or unfriendly. In each instance the atmosphere and the outcome are determined for the most part by the specifics of the proposal, the stakes of various agencies and interests in the particular undertaking and its subject matter area, and even the accidents of political circumstance and personalities. Space does not allow examination of these matters in connection with each of the recent regional compact proposals. Accordingly, the fields of water and air pollution will be discussed on a case study basis. This selection is made because they show the issues and problems more clearly and fully than other subject areas

that might have been chosen for analysis. By way of preface, a few general observations may be helpful.

Few are willing to argue against intergovernmental cooperation to handle regional problems. Similarly, few would deny that the States should act vigorously in shouldering their responsibilities, through regional cooperation where appropriate. Since the compact is one device through which such cooperative action can occur, one should expect a favorable disposition toward it at least in general terms. On the other hand, developments over the past forty years or more have produced considerable controversy concerning the balance between the National and State levels within the Federal system. Many are skeptical concerning the abilities and policies of State governments; others fear extensions of Federal power and bureaucracy. Beneath much of the recent rhetoric and analysis of Federal and State rights, responsibilities and performance lie strong predispositions favoring one level or the other. These predilections can very easily color discussions of specific compacts.

It is difficult for Federal or State officials to be objective about this subject, because they are participants. Their careers and their own sense of professional usefulness and responsibility are involved. Also to be considered are differing concepts of Federal and State roles in the total governmental process.

The traditional view of the Federal system was that most domestic governmental activities should take place at the lowest level possible, consistent with their proper and efficient prosecution. A companion concept, although sometimes a conflicting one, was that problems too large or difficult for a single State should be handled by the National Government. The first of these two propositions argues that interstate cooperation (including that achieved by compact) is a desirable alternative to Federal action, at least in some cases. The second principle tends to ignore the possibility of interstate action. Indeed some supporters of Federal primacy contend that the very reason for the creation of the Federal Government was to mediate between the States, to reconcile their differences, to promote uniformity and to undertake interjurisdictional projects.

Both the Federal Water Pollution Control Act and the Federal Water Quality Act contain provisions expressly setting forth a policy in favor of encouraging compacts in these fields. Aside from a provision of the latter statute to be discussed below, the two laws differ in substance only in that one applies to water and the other to air. Section 4 of the Federal Water Pollution Control Act reads:

(a) The Secretary shall encourage cooperative activities by the States for the prevention and control of water

pollution; encourage the enactment of improved and, so far as practicable, uniform State laws relating to the prevention and control of water pollution; and encourage compacts between States for the prevention and control of water pollution.

(b) The consent of the Congress is hereby given to two or more States to negotiate and enter into agreements or compacts, not in conflict with any law or treaty of the United States, for (1) cooperative effort and mutual assistance for the prevention and control of water pollution and the enforcement of their respective laws relating thereto, and (2) the establishment of such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts. No such agreement or compact shall be binding or obligatory upon any State a party thereto unless and until it has been approved by the Congress.

No compacts have come into existence under this provision, nor have any been materially aided because of it. The Tri-State Compact establishing the Interstate Sanitation Commission, the Potomac River Basin Compact, the Ohio River Valley Water Sanitation Compact and the New England Interstate Water Pollution Control Compact were all developed prior to the enactment of the quoted statute. Moreover, the initiative for them was entirely at the State level. The Tennessee River Basin Water Pollution Control Compact was drafted and secured three enactments (Tennessee, Kentucky and Mississippi) in the mid 1950's, but the States appear to have lost interest in it and have neither sought consent nor to place it in operation. The idea for the compact and all work in furtherance of it was done by the States. The Delaware and Susquehanna River Basin Compacts, which include but are much broader than water quality, also are creatures of State initiative and to some extent encountered Federal agency opposition immediately prior to or during their consideration by Congress. On the other hand, the Administration did announce its support of the concept of Federal-Interstate compacts in April 1970.⁵⁶ It also announced support of the Susquehanna Compact, provided that a number of reservations not in the consent and joinder bills as originally introduced was added.⁵⁷ Some of these, or compromises partly based on them, were included in the legislation as finally enacted.

Although directed by the statute to encourage compacts, in the water pollution control field, Federal agencies had taken no specific steps to propose or stimulate new ones until the spring of 1971. At that time a report made to Congress by the Environmental Protection Agency advocated a new waste treatment and water supply authority for Washington, D.C. and its environs. The report expressly recommended that Maryland, Virginia and the District of Columbia enter into a compact for the purpose.⁵⁸

In only one other case—and that under a special

statute directed solely at the particular instance—has an agency of the Executive Branch actually urged a compact on States. An Act of 1966 authorized the Department of the Interior to pursue the possibility of a Federal-Interstate compact or some similar arrangement for the Hudson River Basin.⁵⁹ Subsequently, there was some Federal initiative taken to develop such an instrument. The outcome cannot be predicted with any assurance because at present, neither the Federal Government nor the States have made a firm decision as to whether the Hudson is an appropriate basin for an agreement of the Delaware or Susquehanna type.

Another sign of Federal agency reluctance to recognize a major role for compacts is to be seen in the administration of the Federal-State mechanism for setting standards pursuant to the Water Quality Act of 1965. Under that law (an amendment to the same statute that directs encouragement of compacts), the Federal Water Pollution Control Administration (now EPA) has refused to permit a compact agency to submit standards on behalf of its party States. This has been done even in the cases of interstate agencies which have standards making authority and where the States concerned were willing or even anxious to make a joint submission through the agency. Instead, the Federal agency has insisted on individual submissions from each State and on attempting reconciliation of any inconsistencies that have appeared with respect to particular water bodies.⁶⁰

On the other hand, Congress and the Environmental Protection Agency, including its predecessor agencies, have given important support to such water pollution control agencies as do exist. Each of them has received program grants under Section 7 of the Federal Water Pollution Control Act. In each instance, the money so received constitutes a substantial part of the interstate agency's financial sustenance—generally between 30 and 40 percent. In the case of the Delaware River Basin Commission, the percentage of its total budget represented by such program grants is much smaller, but this agency unlike the other water pollution control commissions set up by compacts, performs many other functions none of which is eligible for Federal assistance under Section 7 of the Federal Water Pollution Control Act.

Although there are several important factual differences, the upshot in the field of air pollution appears so far to be much the same as in water quality. Neither the Executive Branch nor the Congress appears to have provided much practical encouragement to interstate compacts. At the same time when the statutory provision declaring encouragement to compacts first went

into effect, there were no air pollution control compacts—nor are there any now. In 1962 the Interstate Sanitation Commission became the first interstate agency to have an air quality program, but it did so by statutory addition to its powers. The compact creating the commission had then been in existence for over 25 years and the agency was a going concern. Five years later, a new Federal statute authorized the establishment of air quality control regions and one was delineated by the National Air Pollution Control Administration (now EPA) in the area where the Interstate Sanitation Commission functions. Pursuant to that statute, the States of New York, New Jersey and Connecticut designated the Interstate Sanitation Commission as the coordinating agency for the New York Air Quality Control Region. Accordingly, an interstate compact agency now performs this function in one air quality control region. However, at the present writing, the commission has not yet received any Federal funds, even though such are authorized under Section 105 and the commission applied in June, 1970.

The one difference in the statutory provisions encouraging compacts in water and air quality is an additional sentence in the second subsection of the air statute which reads: "It is the intent of Congress that no agreement or compact entered into between States after the date of enactment of the Air Quality Act of 1967, which relates to the control and abatement of air pollution in an air quality control region, shall provide for participation by a State which is not included (in whole or in part) in such air quality control region."^{6 1}

This provision which was suggested by the administering Federal agency, appears to have the purpose of coordinating the regional activities of the States with those of EPA's air quality unit.

It is beyond the scope of this chapter to inquire into the merits of that idea. However, it does have a limiting effect. The statute serves notice on the States that they are not to consider a compact for any area unless a Federal agency has declared it to be an air quality control region. Accordingly, any initiative on the part of the States to take regional action before the Federal Government acts is precluded.

There may already have been at least one region in which the Federal law has had this negative effect. At about the time that the Air Quality Act of 1967 was passed, the six New England States were giving some thought to an air pollution control compact for all of New England. The entire territory of this northeastern corner of the Nation is not by any stretch of the imagination a single airshed and is therefore unlikely

ever to be a single air quality control region. Of course, it is far from certain that in the absence of the Federal statutory provision, the six States would have developed and enacted a compact. But it is a fact that when the existence of the provision became known, interest in a New England Air Pollution Control Compact waned.

It should be observed that the Federal statute does not present an absolute barrier to a compact that is not related to a Federally delineated air quality control region. If a group of States were to develop a compact and secure the specific consent of Congress to it, the consent statute would, as the later enactment, prevail over a contrary provision in the Air Quality Act. However, as a declaration of the intent and present policy of Congress, the provision does act as a discouragement to possible State action.

A further delineation of the views of at least some Members of Congress was set forth in the "Recommendations of the [Senate] Committee on Public Works to the Committee on the Judiciary regarding the Conditional Consent of the Congress to Various Interstate Air Pollution Control Compacts."^{6 2} Although the committee has no general jurisdiction over interstate compacts, the committee on Public Works has jurisdiction over substantive air pollution control legislation.

Asked to comment on then pending legislation to consent to the Illinois-Indiana, Mid-Atlantic States and West Virginia-Ohio Air Pollution Control Compacts, the Committee on Public Works suggested "a series of conditions to congressional consent which should therefore be appended to the bills in question." The committee left little doubt that it felt that certain of these conditions should be invoked with respect to all air pollution control compacts submitted in the future. Others were addressed to the two biparty compacts.

The committee's recommendations were numerous. Some of them were addressed to possible contents of consent legislation rather than to the documents that the States might enact. However, others suggested that only air pollution compacts that had enforcement powers and that authorized performance of certain tasks or implementation of certain policies that might be desired by the Federal air pollution control agency be given Congressional consent.

Whatever the view that one may take of the merits of each of the committee's proposals, they appear to assume that air quality agreements among States should be regarded primarily as instruments for the implementation of Federal Government objectives. This is an emphasis not hitherto regarded as necessary to useful compacts. It had been thought that interstate agreements were justified and beneficial if they furthered

legitimate State policies and met needs of State administration without impingement upon a power entrusted by the Constitution to the National Government.

The Federal Government (primarily Congress) has several other connections with compacts. They are in one way or another related to the consent process, although in some instances a continuing Federal role is involved. Since compacts are basically State instruments, that role is most likely to be in the area of stimulation and assistance. The time required to obtain Congressional consent can be a significant factor.

The most usual course of events is initiation and development of a compact by the States concerned; enactment of it by them; and then submission to Congress for consent. Consequently, the promptness with which Congress acts can have much to do with the initial timeliness and effectiveness of the new activity's launching. For example, the fact that passage of the consent bill for the Waterfront Compact for New York Harbor occurred within weeks of its submission to Congress meant that the interest which had sparked the effort at State level was not allowed to flag. On the other hand, the twelve year delay in the case of the Great Lakes Basin Compact did much to impair the morale of the States involved and probably would have killed the undertaking altogether if the compact had been of the kind that is legally dependent on consent for its existence.

In a few fields, Congress has consented to compacts before any State enactments have occurred. The Beamer Resolution⁶³ did so for highway safety compacts and was followed almost immediately by State enactments of the Driver License and Vehicle Equipment Safety Compacts. Similarly, the Crime Control Act of 1934 gave a blanket consent in advance to compacts in that field. At the time, some States were already exploring the feasibility of cooperative action, and the development of the Interstate Compact for the Supervision of Parolees and Probationers followed within a year or two.

To date, a consent in advance statute appears to have had a continuing effect only in the crime control field. States have been aware of it when they developed and enacted the Agreement on Detainers, the Western Interstate and New England Corrections Compacts, and the New England Police Compact. The knowledge that it was unnecessary to consider obtaining consent and to assure themselves as to the prospects for receiving it did provide encouragement in these instances.

Because there have been so few such measures perhaps too much should not be made of the failure of consent in advance to provide continuing stimulus in other fields. Only the consents to airport, watershed

management and mass transit planning compacts⁶⁴ are truly consents in advance and, except for airports, it may be that these consents are not legally necessary under the rule in *Virginia v. Tennessee*. Nonetheless, it seems probable that, unless accompanied by more positive and substantial measures, consent in advance is not likely to induce States to undertake cooperative projects or programs in which they have not yet exhibited any interest.

The statutory provisions in water and air pollution control discussed above are often mistakenly regarded as consent in advance. However, the requirement that each compact be brought back to Congress for specific consent entirely cancels any legal effect they might otherwise have. They can be regarded only as invitations to the States to enter into compacts.

In the field of interstate water apportionments, similar pseudo consents-in-advance have been customary. Instead of being addressed to the subject in general, however, they have identified particular streams as the ones on which the compacts have been intended. In these instances, the legislation has served a practical purpose. With relatively few exceptions, the streams involved have been in geographic areas where the United States has huge land holdings and so is considered to have direct interests affected by the water to be apportioned. These statutes have consented to the *negotiation* of compacts and have authorized the appointment of Federal officials to participate in the negotiations.

A few other compacts, for special reasons, have provided for service of one or more Federal representatives with the agency created by the compact. For example, the Southern Interstate Nuclear Compact makes place for a Federal liaison officer who is expected to have a special role because of the predominant significance of the Atomic Energy Commission in the field of the compact's operations. The consent statute is used in most such instances to authorize the desired Federal participation and, where necessary, to provide for compensation of the individuals involved.

CONCLUSION

The State is our basic unit of regional government. States vary tremendously in size and population, but each of them is large enough to include a number of complete natural and demographic systems such as river basins and urban-suburban centers.

The problems that could benefit from regional treatment are both large in number and diverse in character. Some of them are based on natural resources

configurations; some of them owe their existence to technological and economic development, or their absence. Still others are determined by public works systems in being or projected; and many are or could be shaped by the common need for one or more public services.

It has been recognized for a long time that the geographic requirements of functional regions defy the rigidities of the single set of jurisdictional lines delineating the territorial extent of a general purpose governmental unit, even if its boundaries have been drawn with consummate skill.

Although the establishment of special districts has been motivated by many other considerations, one of the most cogent has been the need to conform area to function. A region for a given purpose may be workably defined only by including parts of several States. All of the water resources compacts, with the exception of the New England Interstate Water Pollution Control Compact, fall into this pattern. Similarly, the several interstate agreements dealing with port development and regulation, mass transit, and recreational facilities and sites understandably take this approach. Regions comprising all of the territory within a number of States are also appropriate for some purposes. Such have been created for compact purposes in forest fire protection, nuclear energy matters, higher education, and use of correctional institutions and police forces.

It is difficult to establish and nourish public regional machinery. Formal or informal interagency committees abound, but operational entities must surmount serious obstacles, both before and after birth. Perhaps it should be so, but those who inquire into the necessity and ways of regionalism should recognize the peculiarities of the terrain. Our three tiered governmental structure may not accommodate all of the problem solving and service rendering that we demand, but the heavy presumption is in favor of performance or attempted performance by a single city or county, a single State, or an agency of the National Government. Those who would have it otherwise must bear the burden of inventing a new creature and explaining why the more familiar and already entrenched mechanism cannot or will not do the job. They must make their explanations to bureaucracies which sometimes view a newly proposed agency as a potential competitor; to legislatures which look upon it as a new mouth to feed; and to a public that constantly wonders whether the burdens and restrictions lurking in the new creature's organic act will be sufficiently compensated by the yet unproven benefits.

In the light of these obstacles and of natural inertia, it is not surprising that only a small percentage of the

regional compacts that the mythical Martian observer might expect have yet come into being. Indeed the circumstance is similar for each of the mechanisms that might be used to operate major regional undertakings on an intergovernmental basis.

This chapter has sought to narrate and explain the record to date. But it is hoped that the material presented can be used to assay the future. In judging it for this purpose, several facts stand out.

The first of them is that throughout most of our history no serious efforts were made to approach governmental tasks on an interjurisdictional basis, especially in the performance of services or in the conduct of regulatory programs. In fact, the great depression of 40 years ago remade American Government at all levels into the affirmative and activist mould we now expect it to fit. It would be remarkable if an interstate program on a regional basis were to gain significant momentum or even to appear before the function in question is acceptable at the State level. Yet there are isolated examples that tend to indicate that in appropriate circumstances even this is possible. The Tri-State Compact establishing a regulatory water pollution control program for the Greater New York Area came into existence 14 years before New York State had an internal regulatory law and before any of the three States had taken significant enforcement action. Also, the Southern Interstate Nuclear Compact began to be developed almost immediately after the Atomic Energy Act of 1954 first made State activity in the field possible.

The second fact is closely related to the first. Many interstate compact agencies, including a number described in these pages, have not been in existence long enough to warrant the drawing of more than tentative conclusions concerning their individual records of achievement. Among them are some that break new ground in terms of subject matters entrusted to compact agencies as with the Tahoe Regional Planning Compact, or of the composition of governing bodies such as the Washington Metropolitan Area Transit Authority. Others have followed earlier precedents or prototypes. Their performances will enrich the record and will make possible judgments based on more than what one or a few agencies may have accomplished in particular subject matter areas up to this point in time.

In initiating and conducting regional activities on an interstate or Federal-Interstate basis, compacts have a number of characteristics that recommend them. The first is that the compact is a formal instrument common to and binding upon all the participating governments. Operational or regulatory undertakings of a continuing

or permanent character and programs involving the joint construction or use of facilities require a definite and stable legal basis which covers all of the participants and which define their mutual rights and obligations.

These attributes are important in all fields, but the number of suitable alternatives is greater in some than in others. For example, the several regional development commissions such as that for Appalachia appear to function very successfully on the basis of a Federal statute as an organic act and such supplemental State statutory or administrative provisions as each participating State may find it convenient to make. Such a framework is feasible because: the financial and staff resources employed are predominantly supplied by the Federal Government; and planning and technical assistance are the core activities.

These regional commissions do not operate any public works or service institutions, even though commission leadership and stimulus have sparked the development of many such facilities and institutions.

Furthermore, the activities are nonregulatory. If the control of private conduct, by license, permit, administrative adjudication, enforcement or other police power action is intended, the authority must be embodied in the law of the regulating or enforcing jurisdiction. If State authority or personnel are to be relied upon in any degree for tasks of this sort, the underlying arrangement should be enacted as State law. The compact does this uniformly and fully for each participating jurisdiction.

The same observations also apply to the river basin commissions established under the Water Resources Planning Act of 1965. The responsibilities of these agencies is planning. As the Act itself recognizes, the operational implementation of the plans is to be accomplished by other mechanisms. One of the duties of each such commission is to recommend means by which implementation should be undertaken.

As a practical matter, much may depend on the source of the initiative for a regional program. If the States supply a significant part or all of the drive, a compact is likely to be thought of and to be a suitable instrument. Where the Federal Government is both the instigator and the principal performer, the practicalities are likely to result in an exclusively or predominantly Federal statutory approach. Needless to say, either Federal or State initiative can produce a Federal-Interstate Compact, even though to date all three of the extant ones were developed by the States.^{6 5}

Nevertheless, it may often be best that particular undertakings be pursued on the regional interstate level. Whether or not this is first realized by the States, it may be to the advantage of the Federal system and of the people as a whole that the Federal Government encourage compacts in these instances. States have not been bashful in seeking Federal action of kinds that they believed would be beneficial to them. Promotion of the compact in those instances where the Congress or the Executive Branch perceive its utility could serve to increase the viability of State Government.

FOOTNOTES

1. The Agreement for Uniform Proration of Registration and Fixed Fees (generally known as the Uniform Western Proration Agreement) is an administratively subscribed document, but each of the 16 party States and the Province of British Columbia have executed it on the basis of fairly specific legislative authority which authorizes the administrator to make the Agreement binding law. Consequently, it may be regarded as a compact. Also the Interlocal Cooperation Act recommended by the Advisory Commission on Intergovernmental Relations and the Council of State Governments and adopted by a large number of States authorizes Interlocal Agreements, which when concluded across State lines, are specifically given the legal status of interstate compacts.

2. Tri-State Compact, Article II.

3. See, for example, Dimock, Marshall E. and Benson, George C.S., *Can Interstate Compacts Succeed?* University of Chicago Press, 1937. In general, the authors found compacts to have weaknesses with respect to (1) the difficulties in their negotiations, (2) their inflexibility, i.e. the difficulty of amending them and (3) the problem of enforcement if a State proves

recalcitrant. With respect to one compact agency at page 10 they concluded, "...But the Port Authority has largely failed in its main job [unification of New York and New Jersey transportation facilities] because of lack of power to force conflicting interests of interstate and foreign commerce into line—a weakness which is apparently inherent in the compact mode of government where there is no use of federal power to support the states which are parties to the compact."

The motivation for compacts, among other things was questioned by one commentator "...Thus, while the compacts ostensibly protect the authority of the states over the activities of such private enterprise groups, actual power tends to remain in the hands of private interests." Barton, Weldon V., *Interstate Compacts in the Political Process*, University of North Carolina Press, 1965, 164. Elsewhere in the same work the author concluded, "...Many, if not virtually all, of the interstate compacts that have been proposed or established in recent years ostensibly for comprehensive river basin planning (or planning and management) should be understood as in large measure the contrivances of economic groups with special interests in the resources involved..." 174.

Martin, Roscoe C., Birkhead, Guthrie S. Burkhead, Jesse and Munger, Frank J., *River Basin Administration and the Delaware*, Syracuse University Press, 1960, is a revision for purposes of publication by the authors of a study they were commissioned to make. At page 330, they wrote, "... but when all is said and done, the conclusion seems inescapable that the interstate compact has not lived up to its promise in respect either of water programs or of administrative structure for interstate streams. The compact has proved useful for arriving at interstate agreements requiring compromise and patience in negotiation; it has not proved equal to the task of establishing on going administrative structures capable of dealing positively with new problems. The record contains no case of a broad water program either planned or managed by an interstate compact agency. . ."

Apparently a reflection of this lack of confidence in interstate compacts is the position taken by the Federal Water Pollution Control Administration (now part of the Environmental Protection Agency) that only individual States may submit water quality standards for approval under the Water Quality Act of 1965. The rationale advanced by the Federal agency appears to be that it is the Federal responsibility to coordinate water quality standards submitted by several States sharing common waters and that even where an interstate agency having sufficient power exists it is inappropriate to modify the Federal procedure. See letter of January 23, 1968 from the Associate Solicitor, Water Resources and Procurement Division, Federal Water Pollution Control Administration, Department of the Interior to Regional Solicitor, Philadelphia.

4. Parties to the Southern Interstate Nuclear Compact are: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia and Puerto Rico.

Parties to the Western Interstate Nuclear Compact are: Alaska, Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

Parties to the Southern Regional Education Compact are: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia and West Virginia.

Parties to the Western Regional Education Compact are: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

Parties to the Western Interstate Corrections Compact are: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming and Guam.

5. There is a very brief compact of similar import for the Columbia River. The Virginia-Maryland one has been replaced by a regulatory compact on the same subject.

6. E.g. Interstate Compact on Juveniles, Interstate Compact for the Supervision of Parolees and Probationers, Interstate Compact on Mental Health, Interstate Compact on Placement of Children.

7. The Interstate Compact to Conserve Oil and Gas dates from 1935. It now has a membership of all the oil and gas producing States. The Interstate Oil Compact Commission has no regulatory authority. It acts as a clearinghouse of policy and technical information for State regulatory officials. Because of the wide geographic distribution of oil and gas production, the compact is nationwide rather than regional in scope.

8. For many purposes including that of being a party to

compacts the District of Columbia is considered as a State. Other compacts to which the District is a party are the Interstate Agreement on Detainers, the Interstate Compact on Juveniles, Compact on Taxation of Motor Fuels Consumed by Interstate Buses, and Bus Taxation Proration and Reciprocity Agreement.

9. State appropriations to the Commission were increased when the amendments to the compact became effective in mid 1970. It is also expected that the \$5,000 Federal contribution will be increased to as much as \$20,000. Accordingly, it seems probable that a major expansion of activities under this compact is imminent.

10. Now replaced by the Mayor-Commissioner under a reorganization of the Government of the District.

11. This enforcement power cannot have extensive practical application until one or more of the other party States also confers it. The Connecticut-New York Boundary is not within the jurisdiction of the New England Commission. The Connecticut-Rhode Island and Rhode Island-New York boundaries are short.

12. In all probability this informal structure would have been impossible if the agency were either operational or regulatory.

13. Senate, No. 2194, State of New Jersey; State of New York, Calendar No. 1971, 6745-A; File No. 988, Substitute Senate Bill No. 703 (Connecticut).

14. E.g. most of the western allocation compacts have a nonvoting Federal chairman; the Ohio River Valley Water Sanitation Compact provides for three members representing the United States on the Compact Commission who do not vote on enforcement matters, however.

15. Article I. Section (c).

16. Article VI, Section (a).

17. Delaware subsequently withdrew.

18. See *McCreehy v. Byrd*, 73A 2d 8 (1950). See also Senate debate on consent to the Southern Regional Education Compact, 94 Cong. Rec. 5531, 5622-5644, 5699-5722, 5803-5809 (1948).

19. The middle fifties also saw an effort to establish a South Central Compact primarily with the incarceration of women in mind. However, interest in it flagged when it appeared unlikely that any State would build a new facility mainly for regional use.

20. Arkansas River Compact, Arkansas River Basin Compact, Red River of the North Compact, Sabine River Compact.

21. Article III.

22. Article IV.

23. Haefele, Edwin T., *Journal of Soil and Water Conservation*, May-June 1969, Vol. 24, No. 3.

24. *National Capital Region Water and Waste Management Report*, Environmental Protection Agency, April 1971.

25. *Ibid.*, VI-7.

26. Hughes, Paul S., *An Analysis of Alternative Institutional Arrangements for Implementing an Integrated Water Supply and Waste Management Program in the Washington Metropolitan Area*, Institute for Defense Analyses, Arlington, Virginia, 1971, 57.

27. Hudson River Valley Compact, Unconsolidated Laws, Sec. 1631, McKinney's Consolidated Laws of New York.

28. Article 9, Section 9.04.

29. Article 9, Section 9.05 (b).

30. Laws of New York, 1946, Chapter 443.

31. Laws of New Jersey, 1924, Chapter 125 as partially repealed by Laws of New Jersey, 1925, Chapter 192.

32. The Port of New York Authority 1970 Annual Report, 49.

33. Unconsolidated Laws, Sec. 7001, McKinney's Consolidated Laws of New York; 32.1 - 142 New Jersey Statutes Annotated.

34. See for example "World Trade Center", *Nation*, February 28, 1966, 202: 235-8 and "The Port Authority Battles its Critics", *Business Week*, April 3, 1971, 48.

35. Port Authority 1970 Annual Report, op. cit. 11.

36. Unconsolidated Laws, Sec. 6771 et. seq., McKinney's Consolidated Laws of New York.

37. Port Authority 1970 Annual Report, op. cit., 17.

38. *Ibid.*, 49.

39. Chapters 774, 775, Laws of New York 1971; Chapter 245 Laws of New Jersey 1971.

40. Lindsay, Robert, *New York Times*, March 21, 1970, 31:1.

41. *Business Week*, op. cit., 50.

42. *Ibid.*, 50.

43. Chase, Edward T., "Lindsay Challenges the Port Authority", *Reporter*, 34: 23-6 June 30, 1966.

44. The Port Authority performs many services of a "social" nature one of which was described by the Reporter at Large in "Basic Essential Skills Training", *New Yorker*, 42:181-98, October 22, 1966. The project, second in size in New York in the war on poverty, represented an effort to train unemployed men for undermanned vocations. The cost was borne entirely by the city with the training (including the provision of rent-free buildings) furnished by the Port Authority. The program was opened to all unemployed males 17 or over, regardless of age, color, creed, education, fluency in English or criminal record. Training continued for eight weeks (12 in the case of those aspiring to become general building maintenance personnel). In addition there was given 100 hours in remedial subjects (English and mathematics) or 150 hours for general building maintenance trainees. Program goals for the first year were not met, i.e. 6,000 trained at an average cost of \$356 per trainee. Actually 798 were placed (plus an undetermined number who found placement privately) and the cost per trainee escalated to \$1,200. Neverthe-

less, the performance compared favorably with Job Corps costs of \$9,000 per trainee for that period.

45. Port Authority 1970 Annual Report, op. cit. 11.

46. *Delaware River Joint Toll Bridge Commission v. Colburn*, 310 U.S. 419(1940); *Hinderlider v. LaPlata River and Cherry Creek Ditch Co.*, 304 U.S. 92(1938).

47. Article I, Section 10, Cl. 1.

48. Article I, Section 10, Cl. 3.

49. 148 U.S. 503(1893).

50. House Document 690, 77th Congress.

51. 57 Stat. 86.

52. E.g. industry codes under the National Recovery Act, 49 Stat. 375, and the Connally Hot Oil Act, 15 U.S.C. 715.

53. Public Law 90-419, 82 Stat. 414. During the entire period 1956-1968 the Great Lakes Commission received State appropriations and operated normally even though consent had not yet been secured.

54. 73 Stat. 694.

55. 306 F2d270(1962), certiorari denied 371 U.S. 902 (1962).

56. Department of the Interior News Releases, April 14, 1970; see also Hearings, Subcommittee No. 3, Committee on the Judiciary, House of Representatives, Ninety-First Congress, Second Session, 103.

57. *Ibid.*, 102 et seq.

58. *National Capital Region Water and Waste Management Report*, op. cit.

59. Public Law 89-605, 80 Stat., 847.

60. Op. cit. supra note 3.

61. Section 102(c).

62. 90th Congress, 2d Session.

63. Public Law 85-684, 72 Stat. 635.

64. 76 Stat. 333, 36 Stat. 961 and 73 Stat. 678 respectively.

65. In addition to the Delaware and Susquehanna River Basin Compacts, the Interstate Agreement on Detainers includes among its parties the United States pursuant to Public Law 91-538, 84 Stat. 1397.

Chapter 6

ISSUES IN FEDERAL-MULTISTATE REGIONALISM

The preceding chapters make clear that regionalism is a many faceted concept which is deeply rooted in the developmental history of this nation, and that recently in one form or another it has provided a basis for the various multistate mechanisms whose operations are the focus of this report. This does not mean that one could or should trace the growth of regionalism as a continuous or even a connected pattern. An attempt to establish causal relationships between pre-Civil War sectionalism, for example, and the present Appalachian Regional Commission would be hazardous and of limited value in public policy development. The historical summary contained in Chapter I simply documents that the concept of regionalism has existed for many years, and that it has been manifested or utilized in a variety of ways for different purposes at different points in time.

More recently in the 1960's, as we have seen, specific sets of intergovernmental mechanisms structured in a multistate regional configuration were created to achieve broadly identified regional goals. The shift in the 1960's was in response to a new and different cluster of problems, the most significant of which was the spill-over character of certain pressing policy issues. Common to all of these recent regional efforts was the view that the traditional interstate compact approach involving only the participating States was inappropriate or inadequate for certain program purposes, and that the Federal-single State relationship did not cover sufficiently the interstate ramifications of these functional concerns. Put more positively, the Federal-multistate partnership concept emerged as a popular formula for resolving some of the administrative, political and fiscal difficulties that

had emerged, at least in certain regions, in the economic development and water resources planning and management fields.

The surge in popularity of these relatively new Federal-multistate instrumentalities can be seen in the number and distribution of States which became participating members of the 13, six in the economic development field and seven in the water resources area, regional commissions. All but nine States have become members of one or more commissions with 19 belonging to one, 16 to two, four to three, Pennsylvania to five, and New York to six of these regional bodies. Additional Title V Regional Development Commissions have been proposed or discussed for the Pacific Northwest (five States), the Upper Missouri (five States), and the Mid-South (four States). Governors have requested Title II River Basin Commissions for the Upper Mississippi (eight States), the Missouri (ten States), and the Arkansas-White-Red (five States). If these are favorably acted upon, they would leave only three continental States, California, Florida, and Nevada, without membership in at least one regional commission.

These developments represent a turning point of historical and practical significance in the growth and application of regionalism to serve governmental programs and policies. For the first time, regional governmental instrumentalities made up of Federal and State government representatives were established to operate as intergovernmental mechanisms for joint policy making and program implementation. Except for the Delaware and Susquehanna River Basin Commissions, the mechanisms were created wholly by Federal legislation addressed to problems in which

both Federal and State governments have a continuing interest. While these instrumentalities have no existence in their own right and the Federal legislation is permissive requiring State response and agreement for its effectuation, governmental power in both a fiscal and policy sense nonetheless is wielded by these regional mechanisms.

In view of current questions about the further development and continued use of the Federal-multistate mechanism, this commission believes there is a need to identify and analyze the underlying inter-governmental issues growing out of the operational experience of existing multistate commissions. It is the purpose of this section of the report, therefore, to identify and examine both the separate and common issues growing out of the operational record of these 13 multistate instrumentalities. Questions relating to the extension, modification and possible future roles these or other instrumentalities might play in new national policies and developments also need to be probed.

Illumination of these issues in this chapter will provide a basis for answering basic questions concerning the wisdom of continuing any or all of these commissions as institutional forms of joint Federal-State activity, of extending them to other parts of the country, and of developing specific proposals directed toward improving their performance. Equally important, this analysis will be useful in evaluating the utility of the Federal-multistate device in possibly developing urban growth, environmental and other developmental policies.

POPULARITY OF THE FEDERAL-MULTISTATE DEVICE

The six additional multistate mechanisms—three Title V Regional Development Commissions and three Title II River Basin Commissions—which have been proposed, either formally or informally, represent evidence of the continuing popularity of the regional commission device. Three measures currently under consideration in the Senate to expand the use of the multistate regional device provide additional evidence of support for this approach. These include Senator Henry Jackson's proposal (S 632, 92nd Congress) to expand the functions of the Title II River Basin Commissions to include certain land-use planning; Senator Warren Magnuson's bill (S 2279, 92nd Congress), to, among other things, encourage formation of Federal-State-local-regional commissions for multistate transportation

planning and development purposes; and two measures sponsored by Senators Hollings and Tower, respectively, to help carry out certain provisions of S 582 and S638 (92nd Congress) which relate to national, coastal and estuarine zone management. Each of these proposals and their relationship to the multistate commission device merit brief examination.

Title II Commissions for Land-Use Planning

The basic thrust of Senator Jackson's proposal in S 632 is to establish a national land-use policy through a program of assistance to the States and by other means. The bill calls for a grant-in-aid program to assist States and local jurisdictions to hire and train personnel for land-use planning; it encourages every State to develop a statewide land-use plan within three years and to assume land-use management over certain land resources; and it changes the name of the Water Resources Council to the Land and Water Resources Council, adding to that agency's functions the responsibilities for administering the grant-in-aid program for working with State and local government and for reviewing State land-use plans.

Senator Jackson's statement in introducing S 632 on February 5, 1971 included the following comment relative to the multistate commission device: "Because the Water Resources Council already administers similar programs concerning the water and related land resources of the nation, the National Land-Use Policy Act of 1971 has been drafted as an amendment to the Water Resources Planning Act of 1965. The experience, the established communications network, the river basin commission system, and staff organization of the council will provide an excellent base for the development of this broader function."¹ Accordingly, the bill empowers the Title II commissions to prepare and maintain a comprehensive, coordinated land-use plan reflecting all such plans of subordinate jurisdictions within the region, and to undertake studies of regional land-use conditions, patterns and projections. This authorization can only be undertaken at the request of the council and at least one-half the governors of the States included within the commission's jurisdiction. The bill was referred to the Senate Committee on Interior and Insular Affairs and hearings on the measure have been held in August and September, 1971.

The proposed action does not represent a direct endorsement of the Title II commission's performance, or even of the multistate regional commission

device. Yet, it is significant that in a new and important area of national policy involving, as it does, continuing Federal and State responsibilities and relationships, an administrative structure using multistate commissions and a Federal council agency was selected.

Multistate Commissions for Transportation Planning

In July 1971, a proposal was advanced by Senator Magnuson and 18 other senators for provision of comprehensive regional planning and development of a transportation system which features the use of multistate regional transportation commissions. In introducing this legislation, Senator Magnuson described its purpose and the function of such regional commissions in the following terms:

... (the bill) authorizes and directs the Secretary of Transportation to designate transportation regions in the United States. Within each region, transportation commissions would be established with representatives from State and local governments and one representative from the Department of Transportation. Each commission would be charged with the responsibility for its region in developing comprehensive plans for a balanced and integrated system of transportation designed to meet the social and environmental needs of the entire region as well as to provide a framework for the orderly movement of people and goods. Each commission would also be provided with the authority to follow up its plans with research, development and demonstration projects as well as the construction of appropriate facilities.²

Under the proposed act, the Secretary of Transportation is directed to designate transportation regions which contain areas that have geographic, demographic, and economic relationships. Like Title V of the PWED Act of 1965, the measure authorizes the Secretary to—"encourage the States and local governments wholly or partially located within such regions to establish regional commissions." But, there are differences from the Title V commissions in the proposed membership pattern in that each transportation commission would be composed of one member from each State, a Federal co-chairman who would be the Secretary of Transportation or his designee, one member from each Standard Metropolitan Statistical Area (SMSA) with a population of one million or more, and one member from each additional such area with a population between 200,000 and 1,000,000. Each vote of members from the smaller SMSA's shall have one-half the value of other members' votes. State members would be appointed by the respective governors and the SMSA members would be selected by the "appropriate" elected officials of local governments within the

pertinent metropolitan area. The non-Federal members would elect a co-chairman from among their number. The veto power of the Federal co-chairman, as in the Title V commissions, is retained. A notable feature of the proposed act is that the Secretary may designate, with the consent of the appropriate States, an existing regional instrumentality as the transportation regional commission, if the former performs transportation development functions.

Under the proposed bill, these commissions are authorized to prepare plans for coordinated regional transportation development; review, study and recommend any needed changes in any public and private transportation plans and projects within the region; formulate or recommend the forming of inter-regional companies and other cooperative devices for improved transportation; withhold approval of construction of any transportation project in any SMSA unless the views of local officials have been reflected; and provide financing arrangements for the construction of transportation systems and facilities, as necessary, in accordance with plans developed under the bill. The bill was referred to the Committee on Commerce and initial hearings were held September 23, 1971.

Endorsement of the regional commission concept accompanying this proposed measure is explicit. Senator Magnuson's introductory statement argues that there must be total transportation planning, that the job cannot be done by a Washington bureaucracy, that topography, demography, and environment vary from region to region, and that even the States are hampered by boundaries which are artificial in relation to the functional requirements involved. Thus, he concluded that "the need for a new authority, for a regional planning body, is obvious and urgent."³ This version of a multistate regional entity then has several distinctive features including fairly strong implementing powers, a unique system of metropolitan area representation, and the possibility of utilizing an existing regional commission.

Interstate Agencies for Coastal Zone Management

Bills which authorize the use of designated interstate agencies in developing and implementing plans and programs for coastal and estuarine zones have been introduced in the 92nd Congress by Senator Hollings and 25 cosponsors, and by Senator Tower.

These quite similar legislative bills were introduced on February 4th and 8th, 1971, respectively.

The measures use much identical language in calling for Federal action to assist the States in establishing coastal and estuarine zone management programs. "Basically, the legislation provides for grant assistance to the States for: (1) development of management plans and programs for the coastal and estuarine zones of the United States; (2) implementation of those plans and programs; and (3) purchase of estuarine sanctuaries for ecological research that will be essential for making proper management decisions in the coastal and estuarine zones of the United States.⁴

As a condition to receiving the Federal grants provided in the bill, the coastal States seeking eligibility must establish authority for plan management including power to administer land- and water-use regulations, control public and private development, acquire land and water rights, develop and operate land facilities, and issue bonds for program financing. The prospective use of a multistate mechanism is provided for in the proposed legislation by authorizing coastal States to delegate to an interstate agency the responsibility for carrying out all or part of the management plan program. If such an interstate agency is designated, the bill requires it to have "the authority otherwise required of coastal States." Under these arrangements the coastal States could use an existing or new multistate development commission to prepare the coastal and estuarine management plan, or they could create new interstate of Federal-interstate compact agencies to prepare the plan and implement the program.

FEDERAL REGIONAL COUNCILS AND REGIONAL COMMISSIONS

The preceding indicates the continuing popularity in Congress, at least, of multistate regional mechanisms as a way of carrying out joint Federal-State activities and programs in a variety of functional areas. There is, however, another development which offers an alternative that could affect the utilization and role of multistate institutional mechanisms.

On March 27, 1969, the President directed certain field administrative changes involving the designation of common regional boundaries and headquarter sites for five Federal agencies: the Departments of Labor; Health, Education, and Welfare; Housing and Urban Development; the Office of Economic Opportunity; and the Small Business Administration (SBA). Eight such regions were established: two more have since been added, mak-

ing a total of ten covering all States. The SBA never joined, but two additional agencies (Environmental Protection Agency and the Law Enforcement Assistance Administration) will soon be added. The President's action also established Federal Regional Councils, consisting of the regional directors of each of these agencies. The Office of Management and Budget provides a liaison member to each council and is charged with facilitating interchange between councils and Washington interagency groups, particularly the under secretaries group of five council member agencies: The Departments of Labor; Health, Education, and Welfare; Housing and Urban Development; Transportation; and Office of Economic Opportunity. The groups are chaired by an associate director of the Office of Management and Budget.

The objective of this structural change is to achieve better coordination of Federal programs to improve their effectiveness. Three goals were announced by the President: to rationalize the way service delivery systems are organized; to emphasize and achieve a higher degree of coordination among the Federal programs represented so that, as nearly as possible, the Federal government can speak with consistency in its dealings with States and localities; and to establish a higher degree of decentralized decision making, with special emphasis on increasing the cooperation and coordination between the States and the Federal government as part of that process.

Are the roles of these Federal regional councils and the multistate commissions mutually supportive, conflicting, or simply confusing? Proponents can be found for each of these positions. The harmonizers point out that the Federal-multistate commissions were established to develop a joint Federal-State planning and decision-making body in certain regions and to help coordinate joint programs to meet the special needs of such regions. They note that the broad goals of the Federal field reorganization are wholly complementary to these undertakings and that the working relationships between and among these instrumentalities which are emerging in New England, for example, demonstrate the potentialities for collaboration and mutual support.

Those who see conflict between the commissions and the councils stress the broader coordinative responsibilities of the latter and the inherently disruptive nature of the commission device *vis-a-vis* traditional Federal-single State relationships. Some note that if the Federal co-chairmen gave prime emphasis to coordinating Federal program efforts having an impact on the commission's area of regional concern, then real antagonisms would arise.

Others feel this is no real problem since the Federal co-chairmen could easily be made members of the regional councils.

Still others point to the boundary differences between all of the regional commissions, save New England's, and the regional councils and note the administrative difficulties and confusion that this geographic incongruity generates. One practical result in many cases is the tendency of some regional commissions to bypass the cluster of regional councils with which they might be expected to do business and to seek out the traditional sources of aid and counsel in Washington. All this, so the argument runs, undercuts meaningful decentralization, confuses interagency and interpersonal relationships, and makes it difficult for either regional councils or commissions to do their job effectively.

Basic Similarities And Differences

A brief description of the commissions' basic similarities and differences helps to lay the groundwork for a probe of the issues raised by their record. All of the commissions share certain common traits. They all are composed of one or more Federal representatives as well as gubernatorial members or designees. None formally include local representation in their membership. In terms of geographic coverage, only one, the New England Regional Commission, is composed of a combination of whole States. All have their own staff. All depend upon annual Congressional appropriations for a portion of their funds. All are charged with and engage in some type of broad-gauged planning or priority setting as a major organizational activity. All, with varying degrees of success, have attempted to coordinate and influence Federal and State activities falling in their respective area of functional concern as a prime method of achieving their goals. Finally, none has emerged as a real threat to either of their sponsoring levels of government.

While this set of generalizations highlights the basic similarities in these regional mechanisms, it tells us little of their relative performance and does not raise many real structural or operational questions. The critical differences among the four commission types provide a more significant basis for analysis than their commonalities, and bring the issues of Federal-multistate regionalism in to sharper focus. These are three-fold: the contrasting legal character of the acts creating the regional mechanisms; the range of powers and functions assigned

to each; and the inherent differences between water resources planning and management and economic development planning and programming.

Statutory Base

The Federal-interstate compact base for the Delaware and Susquehanna River Basin Commissions places them in a separate category from the other regional commissions, which were created by unilateral Congressional enactments. A Federal-interstate compact, after all, is enacted as a statute in each participating jurisdiction, and the acts by which Congress provided for joinder in the Delaware and Susquehanna compacts make the provisions enforceable and binding on Federal as well as State agencies. Thus, they have the potential, at least, of producing a much better coordination of State and Federal laws and administration than any other formal intergovernmental device. In addition, State enactment of compact legislation tends to make the legislatures more fully cognizant of State obligations, fiscal and otherwise, that are essential to achieving commission goals. Not unexpectedly, then, the record of DRBC and SRBC suggests a greater degree of State fiscal participation and involvement than is found in that of most of the other commissions. The Congressional statutes establishing or authorizing the other commissions lack this unique binding, contractual quality. They do involve a Federal commitment and a State response, but these tend to be more subject to the vagaries of purse, political and program interests, and the accommodation of these varying interests in the promotion of regional objectives.

Functions and Powers

The varying nature and extent of the functions and powers assigned by the enabling measures also underscore dissimilarities among the commissions. In the case of the river basin commissions, DRBC and SRBC have been assigned primary jurisdiction in matters of water quality regulation, control over water diversions, comprehensive basin planning and project review. The Title II commissions, on the other hand, have been assigned concurrent jurisdiction with the relevant State and Federal agencies in water resources planning. There are also significant differences in powers among the economic development commissions. ARC has been granted specific program and funding authority in 11 specified program areas, including a system of supplemental

grants, as well as program and funding linkages with local development districts. The Title V commissions have funding powers restricted to planning and demonstration project efforts along with a supplemental grant program. They lack comparable funding power for categorical programs and have no linkage with subregional economic districts which are created and funded by the Economic Development Administration. Quite clearly DRBC, SRBC and ARC have a stronger formal power base than the Title V and Title II commissions.

Program Area Differences

Fundamental differences between water resources planning and management and economic development efforts also must be considered when probing dissimilarities in structure, operations and performance among the commissions. While Appalachia and the Title V commissions differ in many respects, they share the common assignment of achieving a planned program of economic development. This involves similar multi-program efforts to stimulate and influence resource allocations to assist development activities. Both types of commissions seek to influence the myriad private and public sector decisions essential to development. Above all, they are involved in an undertaking that is still the subject of considerable debate, especially concerning whether economic structures can be successfully manipulated on a regional or, for that matter, any other basis. By way of contrast, the DRBC, SRBC and the Title II commissions, despite their numerous differences, all reflect the consensus which has evolved over the past three score years that water resources problems must be handled on a comprehensive basis and in a basin-wide context. Acceptance of a basin-wide scope obviously results in fairly clear, nonpolitical boundary implications. There are, of course, difficult technical problems in the water resources planning and management field, but the advances made in the past four decades tend to give a greater element of precision, predictability, and plausibility to regional endeavors in this functional area. At this point in time, regional economic development efforts by their very nature lack these qualities.

ISSUES GROWING OUT OF THE RECORD

The following discussion focuses on the general areas where intergovernmental issues have emerged

from analyses of the performance of Federal-multistate institutions in previous chapters of this report:

1) the matter of Federal versus State initiative in developing multistate regional commissions, with particular reference to the question of whether the source and nature of the initiative has a bearing on the vigor and effectiveness of regional commission operations;

2) multi-level representation, with emphasis on the extent of legislative involvement in regional and State planning activities and on the extent to which local governments should have a voice in regional programs which directly affect them;

3) the organization and relationships of Federal-multistate commissions, including the place of multistate institutions within the Federal system, their linkages to the Federal, State and local governments, their representation and voting procedures, and the role of their staff;

4) operational issues dealing with implementation of regional planning programs through the use of a range of methods from simple coordination and clearinghouse devices to regulatory measures;

5) the problem of adequate funding, the strengths and shortcomings of the block grant approach, and the extent to which financial decisions can be shared by the Federal and State levels; and

6) questions of whether regional boundaries should include whole or parts of States, and, finally issues relating to the operational effectiveness of regional commission programs must be examined.

Issues that go beyond the record deal with whether the regional commission concept should be extended to other areas of the country, whether it is realistic to require uniform boundaries for all multistate efforts regardless of their function, and multistate commissions in the development and implementation of a national growth policy.

The Initiative Issue

Some observers feel that one of the most important factors contributing to the success of ARC and DRBC was the heavy involvement of State governments and some of their localities in planning the creation of these regional agencies. The historical antecedents of both ARC and DRBC show that initiative for their creation came not from Washington, but from the States. In the case of Appalachia, it was the concerted effort of the governors in the late 1950's and early 1960's that provided the initial impetus for the regional approach. The Delaware River Basin Commission, established only after years of sporadic and mostly ineffective State efforts to deal with the re-

gion's water resource problems, came about with the drafting and approval by the member States of the Federal-interstate compact.

With the Title II and Title V commissions (except the New England Commission), however, the initiative came primarily from a different direction—the national government. In the former, the Interior Committees of the Congress were the prime movers of the river basin commission concept while the Title V Regional Development Commissions were products of the Congressional bargaining process leading to the passage of the Appalachian Regional Development Act of 1965.

While other factors obviously influenced the development of Federal legislation creating these four regional programs, many believe that the fairly impressive record of ARC and DRBC can largely be explained by real grass-roots support at the outset. The somewhat different record of the Title II's and the Title V's, it is argued, can be attributed in part to the lack of this kind of involvement at the time of Congressional enactment of the programs, and that a cluster of States had to be "recognized" by a Federal administrator before a commission could be launched.

This experience has led some persons to argue that no Federal-multistate body should be established unless initiative or, at the very least, a substantial investment in prior planning has been undertaken by the affected States. To do otherwise runs a high risk of an extended period of limited program effectiveness, primarily because the member States have not dealt previously with the interstate regional problem and programs in question. Moreover, some contend that early State interest and involvement resulted in tailoring the ARC and DRBC enabling legislation much more clearly to each region's special problems and needs.

On the other hand, the importance of the subnational initiative, according to other observers, has been overrated. Some argue that the legal character of the organic acts of the Title II's and Title V's, their levels of funding, and the scope of their program activities have had far more influence in determining the record of these commissions. Some feel that failure to enact certain amendments to the authorizing legislation as well as limited funding are the basic reasons for the relatively modest performance record of these two types of commissions. Moreover, the concept of relying completely on State initiative in the formation of multistate commissions overlooks the pre-eminent interest of the Federal government in subnational regional matters. For example, despite the numerous differences between

the DRBC and the Title II commissions, both reflect a consensus that water resource problems have to be dealt with in a multistate basin-wide context. When it became apparent that such problems could not wait any longer for State action, Congress moved to take appropriate steps. Moreover, some point out the fact that the Title II and Title V commissions were created by Federal legislation with little direct State involvement does not mean that regional or State interests were not considered. The members of Congress, after all, reflect such concerns and, on multistate regional matters, they respond to and represent the views of State and local officials and private citizens within their constituencies. It is further contended that the States really retain a basic role since the creation of these commissions is dependent on their concurrence.

Others view the initiative issue from a different perspective. They assert that while some regional problems can be approached by unilateral action either by the Federal government or by several States in concert, many still will require a functionally and institutionally unified Federal-State approach for their solution. A basic concern here is to avoid jurisdictional fragmentation and problems of overlap between existing and newly created regional instrumentalities. Those concerned with this problem call for consideration of a nationwide system of regional agencies where Federal programs requiring a multistate project focus could be administered through a multifunctional regional unit with the States retaining the bulk of regulatory powers affecting natural resource development, land-use controls, and various other policies affecting the nation's growth such as transportation, housing, new communities, and utility regulation.

State and Local Representation

The issue of additional State as well as local representation on multistate instrumentalities has always been troublesome. The problem is how best to insure a firm, workable basis for representing the interests of State legislative bodies and local governments in regional policy making. At the present time, these interests are not directly represented on the governing bodies of any of the Federal-multistate commissions. The governor, or his designee, is presumably the spokesman for all view-points including those of the legislature and the local governments within the State.

Water resource and economic development issues, however, increasingly touch matters of great impor-

tance to the future health and welfare of all the citizens. It is argued that ways must be found to involve State legislatures and local governments much more directly in the policy-making decisions of multistate bodies since effective implementation of such strategies, in large measure, requires their action. Hence, consideration should be given to formally representing these interests in the structure of regional commissions.

Direct legislative involvement, thus far, is minimal and limited largely to passing on the general appropriation for State support of regional commission administrative expenses. A project sponsored by ARC, DRBC or the Title V commissions requiring State matching funds rarely appears as a line item in the State budget. Such State planning and fiscal decisions usually are made almost exclusively by the governor in the exercise of his executive powers. The planning responsibilities of Title II commissions, similarly, receive little attention by legislatures of member States.

Those concerned with the lack of legislative involvement in regional water resource and economic development strategies point out that there are few, if any, legal constraints to more meaningful participation in State-regional commission programs and relationships. An effective oversight role could mean assignment of legislative fiscal analysts and auditors to regional program matters. Chairmen of legislative committees could work on a continuing basis with the governor on regional policies and programs. Another approach suggested would be for appropriate legislative committees, or their chairmen, of each member State to meet periodically on regional matters and consult with the regional commission as needed.

The issue of local representation has generated more attention. It revolves around the question of whether the views of local government, especially the larger urban communities, are properly represented on the regional commissions as presently constituted. Short of direct representation, effective participation in regional programs by local governments, including those both in metropolitan and non-metropolitan areas, could be accomplished by several different approaches. Procedures could be adopted whereby each member State would certify to the regional commission the manner in which local and multi-county plans and programs would be coordinated with State and regional objectives, and the manner in which local officials would be consulted in matters relating to regional development. Suggestions also have been made that local government officials be allowed to participate in delibera-

tions of the regional commission, but not be given voting status. This procedure is similar to that used by DRBC where representatives of New York and Philadelphia serve as technical advisors to the commission and attend all meetings. Others have urged that regional commissions create official advisory groups made up of local officials and that they be consulted on a regular basis. Suggestions have been made to amend the ARC and Title V commission acts to assure local government of an adequate share of developmental funds. By enactment of a mandatory "pass-through" formula, individual cities, counties or metropolitan areas could be assured of monies to assist their own economic development needs.

While most of these proposals are aimed at securing more local involvement, some observers feel they still skirt the issue of representation. Thus they call for some form of direct representation on regional commissions. The major difficulty with this approach is devising a satisfactory formula that will reflect the diversity of local governments within member States. Other difficult questions remain, such as whether the combined voting strength of local government representatives should exceed, equal, or be less than that of the State members, and whether the addition of representatives of local government would tend to shift the attention of the body from regional matters to more parochial matters that are of immediate concern to local governments. Senator Magnuson's proposed bill (S 2279, 92nd Congress) establishing transportation regions, as we have seen, provides one kind of answer to this problem.

Others argue that while they favor some kind of local representation, it is more important that this principle be recognized in general terms by the authorizing acts of the four types of Federal-multistate regional commissions. Experimentation and variety should be encouraged in devising a representational base and voting procedures for local jurisdictions. It is unlikely, they argue, that a single approach will be found adequate to meet all contingencies given the diversity of multistate, State and local problems and needs.

Opponents of this view point out that the existing representational and voting arrangements of the regional commissions residing in the governors already reflect adequately local viewpoints. The governors represent all the interests of their States, be they urban or rural, large or small, rich or poor communities. Moreover, the two-tier regional commissions can reflect the goals of more than one level of government, it is argued, particularly if they can follow and improve upon the Appalachian approach

of involving local governments in formulation of their own goals. Only as local plans move through other levels—the multicounty or areawide planning agency, the State, and finally the regional commission—would they be modified to the broader issues of concern of each successive larger unit.

Structure

Over the relatively brief period of these commissions' existence, three general organizational issues have arisen: the degree to which three of the regional commission types, ARC, Title II's, and Title V's, should be given independent status; the role of the Federal and State representatives, and where used, of a States' regional representative in achieving balanced decision making; and the formal and informal roles of the executive directors and staffs.

The question of the independent status of regional commissions usually produces comparisons between the Title V regional commissions and ARC. It has been argued that the Title V commissions can not be independent if they are responsible to a Federal department. Proponents of independent status maintain that regional commissions should cut across departments and be attached collectively to the White House in the manner of the Office of Management and Budget or the Office of Emergency Preparedness. They point to the Appalachian Regional Commission as an example of this approach. Opponents argue that a unit for regional commissions under White House supervision would be unmanageable and further complicate the organization of the Executive Office of the President.

Proponents of the existing structure in the Title V program emphasize that there is a certain logic in the assignment of this program to the Department of Commerce. The department, they point out, is a primary instrument in the executive branch for strengthening the domestic economy, and it is responsible for the Economic Development Administration program with a parallel responsibility in the regional economic development field. Some contend that a regional development program can and should be housed in an executive level department provided that the Federal member of a commission is given authority to administer funds channeled through the department for regional programs. The real question, they emphasize, is how much authority is given to the Federal member to administer funds and to commit money rather than what chain of command prevails.

Those taking the opposite position stress that no

one department, certainly not commerce, controls all of the Federal assistance programs affecting regional needs and priorities. Housing, transportation, manpower training, education, and urban and rural planning are the tasks of other departments. No single agency, they argue, can effectively represent the priorities of regional development in the Federal structure even if the program had top priority. The meager results of the several Federal inter-agency coordinating committees, notably the Federal Advisory Council for Regional Economic Development, is further proof of the need for independent status.

A somewhat comparable question arises in the case of the Title II's since the Water Resource Council (WRC) plays a major role in the life of these commissions. The council, as the Federal government's chief coordinating agency for national water resources planning, is authorized with Presidential approval, to set up standards and procedures for guiding Federal agency participation in the deliberations of the regional commissions, to review plans adopted by the commissions and to pass them along with possible recommendations to the President and subsequently to Congress. Critics point out that the river basin commissions, in effect, are captives of the WRC; that their planning focus is dictated by it; that their Federal members are potentially subservient to it; and that the failure of the WRC and subsequently of the Office of Management and Budget to issue timely guidelines relative to its evaluation criteria has hindered the Title II's in moving ahead vigorously on their framework studies. Some critics note the relative weakness of the council relationships with the new environmental agencies, the Office of Management and Budget and the Public Works Committees as another explanation of the difficulties encountered by its river basin commissions. Some of these observers feel that either the Water Resources Council's position should be strengthened or at least clarified insofar as its relations with the Executive Office of the President are concerned. Others feel that no amount of clarification of the council's role will aid the Title II's because a strong WRC would simply mean more compliant basin commissions, given the predominance of the Federal members.

Defenders of the Title II-WRC relationship call attention to the fact that it rather closely adheres to the pattern Congress stipulated in the enabling legislation. They note that WRC has been a good defender of the program's budget and has spent considerable time in drafting evaluation criteria guidelines and in attempting to get the Executive Office to promul-

gate them. They also argue that the commissions, in fact, have considerable leeway in carrying out their planning responsibility.

Another structural issue is whether the distinctive composition of the four types of commissions achieves the kind of balanced decision making that serves both Federal and State interests. In all the regional commissions, a Federal interest is represented by either a Federal member, chairman, or co-chairman and, in the case of the Title II's, an additional representation of Federal agency members (the average is ten). The State interest is represented by the State co-chairman or vice-chairman, other members and alternates. The administrative and staffing responsibilities are in the hands of an executive director accountable to the whole commission. In two of the development commissions, the ARC and the Coastal Plains Commission, the participating governors are represented on a day-to-day basis by a full-time States' regional representative. In several of the Title II commissions, interstate compact agency spokesmen are participating members.

The DRBC, ARC, and Title V Federal member's vote represents the Federal executive decision-making authority and the votes of the gubernatorial members represent executive decision making at the State level. The voting procedure for the Title V's and Appalachia requires that for approval any measure must have the concurrence of the majority of the State members and the Federal co-chairman. If DRBC's Federal member does not concur with the position of State members, the decision does not become binding on Federal agencies. The Federal representative in these three types of commissions then has a veto power. Title II commission decisions generally are reached by consensus, which is defined in various ways in their bylaws, but in substance means the agreement of a great majority of members. Here the procedure calls for the chairman to submit the question of securing a consensus on an issue in general language. He inquires if there is any objection to the adoption of the motion before the commission and, if there is none, declares a consensus has been reached. If there is objection, it must be recorded in the minutes.

Proponents of the voting procedures now used by ARC and the Title V commissions contend that the voting authority of the Federal co-chairman provides a practical solution to the problem of inter-level decision making. They point out that initially a number of different alternatives to this arrangement were considered and that this procedure provides a workable arrangement to protect the Federal interest while at the same time permitting the States to

participate in Federal development and growth policy, program administration and grant assistance allocation decisions.

The fact that the veto has never been used by ARC's Federal co-chairman and only rarely by the Title V Federal co-chairmen, is an indication of the soundness, not weakness of this voting arrangement, they argue. Its availability is the critical factor and as State members recognize its potential, the scene is set for bargaining over differences. Supporters argue then that not only does the veto power make the Federal co-chairman's formal role a particularly significant one, but it enhances his equally important informal role. It gives him responsibility to seek accommodation, to be actively involved in development of common Federal-State policies in regional matters, and to assume initiative in resolving policy differences between States and Federal executive agencies. Overall, the Federal co-chairmen have been effective in carrying out this assignment, these proponents claim.

The record, however, is viewed differently by others. While conceding the theoretical validity of the veto in bringing together the sometimes disparate interests of the State and Federal levels, some feel that success depends too much on the vigor and skill of the individual in dealing with officials of other Federal agencies and with State members. This factor emphasizes the importance of choosing high caliber persons to the position and it is maintained that few persons possess the kind of Solomonic wisdom required to be effective in this role. In political terms, the critics contend, it underscores the need to avoid traditional patronage concern in filling the post. Some would argue this has not been the case with the Title V's.

Increasingly hard questions also are being asked about the role the Federal co-chairman actually plays in evaluating State plans and resource allocation decisions affecting the region. Here some feel that his substantive involvement in these matters is limited in several of the commissions. Moreover, the fact that the veto rarely is used suggests to some critics the possibility that the economic development regional commissions are primarily State-oriented instrumentalities. The Federal interest, then, is not being adequately represented. Some contend that the weaker legislative base of the Title V commissions virtually makes it impossible for their Federal co-chairmen to assume a substantive role in Federal-State regional matters. They have no categorical programs that are financed or controlled by the commission for carrying out the regional plan, nor do they have funding authority. Such limitations

place them in a position very much subordinate to that of Federal agency heads and the governors. If a State were facing a direct challenge from the co-chairmen, it conceivable could appeal directly to HUD, HEW or other Federal agencies for program funds. The veto power, so the argument goes, is overrated as a device to protect the Federal interest in Title V matters.

Most authorities agree that of all four types of regional commissions the Federal interest is most clearly defined in the Delaware River Basin Compact. The concurring vote of the Federal member gives him substantial influence at the Federal level; no Federal or federally-assisted program can be launched without his approval. Furthermore, he has a Federal field interagency group to advise him and when agreement can not be reached at this level, he may place the controversy before an interdepartmental committee in Washington for review and action. Many authorities feel this procedure clearly establishes the line of decision-making authority and keeps bureaucratic maneuvering and delay to a minimum. Some believe, however, that this procedure, along with the compact provision that the President may suspend, modify or delete any provision of the DRBC comprehensive plan if he feels that it conflicts with the powers or jurisdiction of any officer or agency of the United States, potentially tips the partnership balance scale too far in the direction of the Federal government. They argue that some appeal procedure, perhaps to Congress, ought to be provided.

The Title II commission chairman, although appointed by the President, shares Federal representation responsibilities with the several Federal agency representatives who are appointed by the secretaries of their respective departments. Some feel that this parity, combined with the fact that commission decisions are reached by consensus, formally places the chairman in an almost totally powerless position. The only tools at his disposal are his ability to argue his point of view with his fellow commission members and his link with the Water Resources Council. Yet, others contend that one of the virtues of the consensus approach is that it enables the commission chairman to uncover those basic differences over water resource management that will eventually require legislative or executive solutions. Others emphasize that the Federal veto would be totally out of place on a commission that is already federally dominated, while still others argue its irrelevancy for a body geared to producing consensus.

The State interest in each of the commissions is

reflected by the position taken by the majority of the member States, with the exception of the Title II's. It is argued that the majority principle requires consultation, negotiation, and discussion among the State members and that it helps nurture an overall "State view" on regional policy matters. On the other hand, some feel that the process of arriving at a single position may be more in the character of old-fashioned logrolling.

To counter the full-time status of the Federal co-chairman and to overcome the obvious shortcomings in the practice of rotating the State co-chairman's post annually, the State members of two regional development commissions (ARC and the Title V Coastal Plains Commission) have set up and funded the office of the States' regional representative, who, in ARC, replaces the State co-chairman on the commission's executive committee. This development has been applauded by many observers as a meaningful way to further involve the States in the management activities of regional commissions. It significantly enhances the status of the governors in the Federal-State partnership.

This step in turn, however, has produced its own cluster of issues. Should the representative faithfully reflect the wishes of States regardless of his personal views? Should he always be an advocate for the interests of the States, or should he be allowed to make independent judgments? On the one hand, there may be cause for State concern in that the representative might become powerful enough to disregard their wishes altogether and in effect cut off their access to the regional commission's executive committee. But, on the other hand, there is also the danger that an individual State co-chairman might dominate decision making to the extent that multistate regional interests are disregarded.

Executive direction of nearly all the regional economic development commissions is in the hands of the Federal co-chairman, the State co-chairman (or States' regional representative in the case of ARC and Coastal Plains), and an executive director who is accountable to the whole regional commission. Together they constitute the executive committee of the commission; the executive director is a non-voting member. This troika arrangement is intended to equalize the roles of both the Federal and State partners, since in practice much of the commission's authority is delegated to the committee.

While this structure is perhaps as good an arrangement for the purpose of dealing with the on-going commission programs as can be contrived, it raises some questions. The problem in the Title V's, ac-

ording to one study, is that the structure favors the Federal co-chairman because he serves full-time with a supporting staff while the one-year rotational State co-chairman's position is filled by governors who can be involved only on a part-time basis. Where those commissions have not appointed a States' regional representative to "equalize" the leverage and influence of the Federal co-chairman, it is argued that the executive director, willingly or unwillingly, fills the void and in effect acts as the States' man. His role as the neutral staff administrator serving both the Federal and State interest is thus compromised. As a consequence he often acquires a degree of independence which upsets the delicate Federal-State balance so essential to the successful conduct of regional commission business.

Not to be overlooked here is the fact that ARC has delegated virtually all of its administrative, project approval, and program allocation functions to its executive committee. Some observers feel this action is unwise in that all State members never become involved in the process of appraising and evaluating the projects. What is lost, it is contended, is the opportunity for the members to know what is going on in other States of the region and perhaps benefit from their experience in attacking similar problems within their own State.

With the Title II River Basin Commissions, the State interest consists of the vice-chairman, the representatives of the member States, and the compact agency spokesmen. In practice, this leaves three of the five with a Federal majority, while the New England and Ohio River Basins Commissions have a greater proportion of State members due to their more numerous compact agency representatives. Critics of this arrangement argue that the openness of the membership as it relates to Federal members tends to undercut the balanced ideal that is vital for effective commission operations. Some of them also note that the title and actual role of the State vice-chairman accurately gauges the position of the States collectively on these commissions. Some concede that the consensus oriented voting procedures do provide some protection for the States and that the possibility of entering minority decisions should not be discounted. But these observers also note that in practice the position of the State members *vis-a-vis* the Federal agency representatives and the Water Resources Council, with its considerable monitoring and guiding authority, is generally weak.

Others defend the present arrangement and find adequate protection of the State interest in it. They stress the Title II's focus on agreement and how this

automatically gives the member States a major voice. Some also point to the fact that there is no general evidence that the Water Resources Council has acted arbitrarily towards any of the river basin commissions.

Finally, with DRBC, the State interest is represented by the member State governors and their alternates and is protected by the compact basis of the commission. Budgets, in effect, require the agreement of all State members. Regular actions must have a majority vote of the members with the Federal representative, of course, having the right not to concur and thus of not binding Federal agencies to the action. Defenders of this arrangement feel that it gives the States ample opportunity to meet the Federal member on equal terms. Moreover, they note that in practice the strong fiscal contributing record of the member States and the binding nature of commission action on Federal agencies put the States in a good position to exert their influence. Others note the various Federal reservations to the compact and their possible adverse impact on DRBC's actions. And a few critics question the wisdom of permitting two States and the Federal member to outvote the other States.

Regional Planning and Program Implementation

In examining issues related to the planning efforts of the regional commissions, the problem is not so much one of evaluating and debating the adequacy and content of each commission's "plan," but rather one of determining the kind of inter-governmental planning process most likely to be effective. Planning efforts, not surprisingly, are different between and among the commissions. Their legislative mandates and operational powers as well as their ability to achieve cooperation from local, State and the Federal governments are basic factors which shape the regional planning activity of each commission.

The primary objective of both ARC and the Title V's is to stimulate and help guide regional economic growth, but the approaches to this goal, as revealed in their enabling acts and correspondingly in their pattern of operation, differ markedly. Both types of commissions are required by their organic acts to prepare comprehensive long-range plans. The difference is that ARC was created with immediate responsibility for expenditure of categorical program funds while the Title V's were created with the same planning responsibility, but without cate-

gorical program fund control. Quite different strategies with respect to the planning process and the development of a comprehensive plan emerged as a result of the interplay of these factors.

With ARC, no nationwide comprehensive development plan exists as such. Instead, regional priorities consist of commission policy statements and guidelines which serve as a basis for ARC's annual review of required State plans and their project appendices. Certain funding decisions are linked to some extent with a regional-State planning process. Yet the bulk of the active planning with ARC is the prerogative of the member States. While the level of planning in some of the States has been criticized, the commission has managed through its funding control and its guideline and review process to implement a growth center strategy.

A different situation exists with the Title V's where all of the commissions have developed comprehensive regional plans, but where less conformance review of State development plans occurs even though the latter are partially funded by commission monies. Moreover, although a few growth centers have been designated or approved, these commissions have had difficulty with the strategy, given their more limited program and funding authority and the political controversies involved.

With the Title II's, planning is their basic assignment. Most have spent the bulk of their efforts on general framework studies that represent a melding of basic data and functional surveys of water resource conditions in their respective basins. Given their small staffs, they have depended on Federal and State agencies for the development of most of the studies included in framework plan formulations. The framework plan for the Ohio River Basin was completed by a coordinating interagency committee

These framework studies and sub-basin plans are intended to condition State and Federal water resource agency operations in several different ways. They will provide budget estimates of basin water resource development costs over a 10-to-25-year period which will assist states and the Federal government in determining priorities. They will furnish initial information as to the major programs and facilities that need to be carried out in the region, and proposals that are contrary to basin policies and objectives will require justification to the executive branches of the State and Federal levels and the legislatures. Finally, they will provide the basis for recommendations to change the pattern of governmental responsibility for water resource development within the region.

The Water Resources Council is authorized to review plans submitted by the Title II river basin commissions, and add recommendations regarding their implementation. The plan, together with the WRC's recommendations, then is forwarded to the governors of the States of the commission and to the White House. The President then may use the plan as the basis for review of water resource project budgets submitted by Federal agencies and transmit to the Congress his recommendations for authorization of Federal projects.

The 1958 Corps of Engineers plan for the Delaware River Basin has served as the basic source for the DRBC's comprehensive water resource planning operations. All projects having a substantial effect on the water resources of the region are reviewed by the commission as to conformance with the plan. The plan is maintained, or kept up-to-date, through the conditions by which DRBC

seven States are included in a framework study for the whole North Atlantic Region). Thus, by not having to spend a considerable amount of time managing their framework study responsibilities, the NERBC has tended to focus its efforts more on the development of regional water resource policies. It has served its member States by sponsoring regional approaches to power plant siting, small dam management, and flood plain regulation.

The DRBC is the only basin-wide, multi-purpose water resource management agency within its river basin. With its management and regulatory authority, the commission's comprehensive plan is implemented by adoption of water quality standards applying to all jurisdictions in the basin, control over water diversions, and project review. Recently the commission has begun to utilize its powers and influence in matters of secondary jurisdiction: recreation, watershed and flood plain management, and hydroelectric power generation. In these areas, it has operated more in collaboration with other interested Federal and State agencies to move toward objectives called for in the comprehensive plan. Some question exists whether the DRBC is authorized to construct and operate water resource facilities, or whether it must depend on existing Federal and State agencies to perform this task. In several instances, State or Federal action did not occur immediately thereby delaying an important phase of the comprehensive plan. The DRBC can act much more directly, however, in matters of water quality and environmental control. Enforcement of its regulatory standards have upgraded waste treatment and restricted industrial expansion along the river.

The Title V commissions' regional action programs are reflected primarily in State grants for planning assistance, technical assistance, and supplemental purposes. Each of these tools has certain limits imposed by the Public Works and Economic Development Act, funding levels, the Department of Commerce, and/or commission policy. In the funding of planning assistance for State members, the commissions can exercise the greatest discretion, and they are attempting to build systematically the linkages between regional and State developmental planning efforts. Technical assistance grants, representing about one-fourth of the commissions' total outlays, may be used for planning, investigation, studies, training programs and demonstration projects. The supplemental grant program potentially is an unusual mechanism for giving recipient jurisdictions greater access to regular Federal grants for de-

velopmental purposes and for implementing regional planning priorities. As it works out in the Title V's, the funds may only be used to supplement deficient State or local matching under specified Federal grants for which the jurisdiction is ordinarily eligible. Moreover, the supplemental may not hike the Federal participation above 80 percent and supplemental grant proposals must be advanced by State members. These factors combine to place the commissions in a reactive role and in the position of making supplemental grant decisions quite late in the process. Their range of choices is circumscribed since they must select only those projects initiated and approved by the relevant Federal and State agencies.

ARC possesses a broader mix of developmental tools, including all of the above as well as the cluster of ten separate categorical grants and a program of assistance for local development districts. These combine to give the commissions greater leverage *vis-a-vis* State and Federal agencies. Because of the relatively large amount of money authorized for highway expenditures and regional access needs there has been a heavy stress on this program aspect, although "people related" efforts have received more emphasis in recent years. Unlike the Title V's with their tendency to allocate funds on an equal State share basis, its development of State allocational formulae for the categorical and supplemental grants and its greater emphasis on growth centers, ARC has been able to use more objective criteria to differentiate among member States in the allocation of grant funds.

This record has generated considerable debate over a basic and overriding planning issue: whether the regional planning function of the federally-sponsored multistate commissions serves any useful purpose as these instrumentalities do not have the requisite direct authority for the implementation of their planning responsibilities. Those taking the negative side of this question base their case on four arguments: (1) since the planning effort must be shared with Federal and State agencies, except for DRBC, the accountability and authority in the planning process is blurred; (2) the planning jurisdiction of all types of commissions, save for DRBC, has not been extended over other related functional areas having a significant impact on their own responsibilities; (3) these commissions, again with DRBC's exception, have a comparatively small share of the water resource and economic development planning funds in their regions; and (4) as comparatively small agencies, most can hardly be expected to

change the deeply-rooted traditional Federal and State approaches to regional water resources and economic development planning.

The judgment of these critics is harshest over what they consider the planning deficiencies of the Title II River Basin Commissions. The fact that these commissions have only concurrent planning responsibility and therefore do not displace the planning function of Federal and State water resource agencies in large-scale water resource development, and their reliance (because of limited professional staff) on Federal and State staffing for the development of their basin plan cause some to question their utility. It is contended that these commissions, in practice, tend to follow the lead of those Federal agencies who fund the major portion of the framework and subregional basin planning studies.

The Title II planning function could be performed better, some critics argue, by appropriate Federal and State agencies, rather than by a weak agency whose independence is more illusory than real. Those agencies organized along river basin lines, such as the Corps of Engineers, or through functional responsibilities assigned to the Federal Water Quality Administration, provide a better basis performing the planning task. Similarly, subregional planning duties could be assumed by State water resource planning agencies. Some maintain that the Federal multistate compact, patterned after the Delaware River and Susquehanna River Basin Compacts, is a far more suitable instrument for joint water resources management. This device, it is argued, provides the degree of precision as to powers and functions that are essential for achieving regional water resource programs.

Turning to the Title V commissions, opponents point to the failure to integrate the regional plan with State and local planning and development efforts. The formulation of commission regional plans, as required in the Public Works and Economic Development Act, essentially is a process that starts with the commission's view of desirable regional objectives rather than focusing on coordinating State planning efforts in the development of overall regional plans. Moreover, it is maintained that Title V assisted State planning efforts are not rigorously reviewed by the regional commissions as to conformance with regional development goals. Some also criticize the statutory inability of these regional instrumentalities to integrate EDA's economic development district plans into their regional scheme.

Many observers have urged that the Title V program be amended and patterned similar to the Appalachian regional program, but others question the exportability of the ARC experience. Effective State and local planning inputs are a vital feature of the program's planning process, and some point out that States and local governments very likely will be the weak links in the intergovernmental chain. Many of these jurisdictions have not yet demonstrated that they are capable of dealing with complex economic and social problems. Moreover, these critics wonder whether States will view regional economic development programs as more than just one more grant-in-aid. The true test, it is contended, will be the willingness of the States and local governments to upgrade their own planning and budgeting efforts, as well as to reflect regional strategies in their own plans.

Some question ARC's heavy dependence on the quality of State planning for the formulation of joint Federal-State goals at the regional level. The ARC's regional "plan" is, in effect, an aggregate of State development plans where program and project priorities are determined by the individual States. It is contended that planning can be effective only where there is strong State leadership and that not all of the 13 Appalachian States have demonstrated their capacity or expertise in fulfilling this responsibility. While ARC guidelines do provide some standards for State development plans, they are not being applied rigorously by the commission in the judgment of some observers. Annual review of State plans at the present time assumes a *pro forma* guise rather than serving as a process for implementing regional policies.

Even more critical, according to some authorities, is the lack of satisfactory criteria for the organizing, funding, and programming of local development objectives. In some States, the district program is a basic component in the State developmental planning process; in others, the State has restricted its participation to reviewing and commenting on the district's program. Critics contend that the ARC position here has been ambiguous and point to the need for the commission to specify the functions of these agencies.

Critics of DRBC planning procedures generally underscore the process by which the commission's plan has been kept up-to-date. The basic planning document prepared by the Corps of Engineers and adopted by the commission in 1961 needs to be comprehensively revised and augmented in several

important planning and programming areas. It is argued that DRBC's practice of including water resource projects within the plan as they are approved—over 1,000 projects have been included to date—has altered the original document to the extent that it is now a collection of project endorsements, policy statements, and regulations. Moreover, some authorities feel that the comprehensive plan should be extended to give increased emphasis to planning for flood plains, marshes and other wetlands and, most importantly, policies for allocation of water for use, consumption, and waste assimilation.

To sum up, those supporting these arguments are not "anti-planning." Rather, they question the utility of planning performed by the Federally sponsored regional mechanisms that primarily must depend upon the power of persuasion for implementation of their objectives. The Title II commissions, Title V commissions and, to the lesser extent, the Appalachian Regional Commission simply lack the tools or the implementation authority to guide Federal and State decision making in these regional matters.

Many persons, however, do not see such a dark picture in the record of Federal-multistate regional commission planning efforts. They contend that given the fact this country has no regional development policy as such, evaluating the planning role of these commissions is fraught with difficulties. Nevertheless, they feel that their record to date opens promising new possibilities for dealing more rationally with complex intergovernmental problems.

Regional commissions, they feel, can serve as an intergovernmental institutional arrangement that brings together all levels of government in a regional planning and program management framework. The importance of the Appalachian experience, according to this view, can not be overlooked. Among the federally sponsored multistate commissions, only ARC has the capacity to meld planning responsibilities to program administration and grant assistance allocation decisions. Its mandate, structure and operational pattern, they explain, has enabled it to sort out the cast of characters—Federal, State and local agencies, and the private sector—for implementation of plans. And probably most important, the planning function is tied to Federal assistance dollars, without which, as even the most ardent admirers of Appalachia admit, the commission's effectiveness would be limited severely.

Overlooked by many critics is ARC's unique op-

erational system for linking joint Federal-State plans and policies and program administration. This factor, it is contended, is what makes the difference between the relatively weak planning accomplishments of the other regional development commissions and that of Appalachia. Representatives of both Federal and State levels jointly share the regional planning responsibility and decisions regarding financing for implementation. The governors, in turn, within their own States are provided significant program planning, management, and coordination capacity. This is a key feature in relating State plans to regionwide goals and objectives. Appalachia's mandate to encourage local development districts and the provision of financial support for them provides the basis for local government participation in the regional program. Thus, it is argued, ARC has laid the groundwork for a truly intergovernmental planning system that has evolved from pragmatic experience. It has developed strong planning linkages with certain Federal line agencies and the States through the leverage of special Appalachian program and supplemental funds. It has shown that regional policies can be implemented by making a differential allocation of its funding resources in accord with growth priorities. In short, it has demonstrated that given appropriate fiscal and program tools, regional planning can become more than an academic exercise and that regulatory powers, such as those of DRBC, are not essential to implementing regional plans.

Some persons feel that critics of the Title II planning programs have tended to overlook the difficult problems confronted by these regional commissions. Their level of funding and staffing, their very broad planning mandate, their problems of defining the scope and content of planning responsibilities, their difficulty in reconciling conflicting Federal agency views on water resource management, and their awkward representational composition, all have to be considered in arriving at a fair assessment. The Title II's have performed well, it is contended, in spite of all these hurdles. The planning information exchange among Federal and State water resource agencies, for example, is working well and most have identified certain basin-wide problems that have served as a focus for Federal, State and local planning activities. If given time, supporters contend that the Title II's will begin to address specific project planning problems, especially those that are Federal and Federally assisted.

The DRBC planning process, in the opinion of

some persons, provides the best example among the Federal-multistate commissions of the proper mix of planning and program implementation. It has demonstrated that a basin-wide water resources plan can be implemented, that regional solutions can be proposed and adopted that probably would not have been developed by the Federal or State governments alone, and that State and Federal planning interests within the region can be protected. The fact that DRBC has used the Corps of Engineers study as its base plan and has revised and supplemented that plan through its approval of specific policies and projects, it is contended, represents an effective on-going planning process and early implementation in accordance with regional objectives.

Regional Commission Financing

Evaluation of the fiscal support levels and methods used by the Title V Regional Development Commissions and the Title II River Basin Commissions convince many observers that they are inadequate to meet stated goals. The ARC and DRBC have fared better, but some would still contend that even greater amounts of funds and more flexible financing methods are needed by these agencies.

As the findings of this study indicate, total Federal expenditures for ARC programs over its first six years of life amounted to \$1.3 billion, compared to a little more than \$100 million for all of the Title V commissions. On a rough comparative basis, the per capita ratio of dollars per resident is about ten-to-one in favor of ARC. Some observers offer partial explanation of this disparity by noting the special highway needs of ARC and the fact that over the years such costs have represented upwards of 60 percent of total expenditures. They contend that regional access routes represented a unique and basic need to stimulate and bolster economic growth in the vast Appalachian region. Others argue that the substantial difference in outlays can not be justified on the basis of highway costs since other regions have highway needs equally important to their development. Further evidence of disparity is found in comparing Title V and EDA funding levels. Since its creation, EDA has spent about \$282 million in the areas included within the Title V regions, almost three times the total Federal expenditures through the regional commissions. It can be argued that EDA funds in these

areas also support economic development and therefore have an additive impact. The counter argument is that there is no connection between the programming of EDA and Title V expenditures with respect to target selection or priorities. Therefore any additive effect is minimal.

Another factor pointed to in the ARC-Title V funding comparisons is that about 60 percent of Title V expenditures take the form of supplemental grants. As was previously pointed out, these commissions, at best, have only second-hand control over the purposes for which such funds are expended, and they do not control the scheduling of supplemental grant projects. Thus, in some critics' view, the impact of these funds for supporting economic development objectives on a priority basis is diluted.

Comparatively then, according to many observers, the level of funding of the Title V commissions is extremely low and the primary funding mechanism is not responsive either to the need for targeting expenditures or for a lever to induce the flow of other Federal and State funds for developmental purposes. ARC, they contend, is in much better shape with its relatively greater and more flexible funding. Proponents of a higher level of spending contend that expenditures per capita for Title V commissions, collectively, should be raised at least to the level which ARC now enjoys.

Those who defend the present level of Title V spending argue that it is too early to invest large sums of money in these experimental development programs. After all, they contend, these commissions were created without any prior planning on the part of the States, and the creation and staffing processes were not fully completed, in the case of some commissions, until mid-1967. In addition, they point out, an important task in the mandates of the commissions was to prepare a regional comprehensive plan for submittal to the President—a task which, as of January 1972, has been completed by only two of the five commissions. Given these factors, especially the absence of an approved comprehensive regional plan, the expenditure of vastly increased sums would be premature to say the least. In further defense of present spending levels, some observers cite the fact that additional funds were provided the Title V commissions by amendments in 1967, which added the supplemental grant program, and in 1969 by amendments which gave the commissions increased discretion in the use of supplemental funds. In the view of these observers, this response on the part of the Federal government to

the needs of the commissions is quite adequate at this point in time, especially in view of the meager State financial input to the programs. Moreover, granting to the Title V's anything like the ARC types of categorical program funding would badly disrupt the regular Federal assistance programs and money flows to an additional 17 States. They argue that the whole pattern of Federal-State programmatic and fiscal relationships would be distorted by such action.

The present level of funding of the Title II River Basin Commissions, many authorities argue, has been extremely low, even for the restricted functions they now perform. Some critics favor substantial increases in funding so these commissions can strengthen their own staffs in order to assume the lead role in water resources planning within their respective basins. Some contend that funds available under Title III of the Water Resources Planning Act for State water resource planning assistance should be administered directly by the Title II commissions. This could enhance their budgetary position and increase their power.

On the opposite side of this argument are those who agree that the Title II commissions' mandate is limited, but urge that the limitation is appropriate. There are many varied interests involved in water resources planning, some which are only beginning to emerge. Accordingly, planning activities should be slow and deliberate so that all interests can be dealt with and contending issues successfully resolved. The need for a deliberate pace is thus reflected in the mandate, the requirement for first round framework studies, the interagency staffing for plan development, and the modest funding level. Also, it is pointed out, while there have been a few requests for additional funds for specific projects, the Title II's have not asked for substantial increases to either strengthen or accelerate the whole planning process. As a matter of fact, some observers contend that the Title II's have not always succeeded in spending available funds.

The DRBC is viewed by most as having a firm financial base and a reasonable level of funding. About 25 percent of its 1970 budget of \$1.2 million came from Federal sources and the remainder was divided among the member States. Critics who press for DRBC to assume a more active role in financing and operating water resource facilities cite the need for expanded funding including the utilization of revenue bond financing. These observers note the unprecedented September

1971 action of DRBC to use its own bonding authority, subject to legal clearance by the Attorney General, for construction of a regional sewage plant as evidence of the need for expanded funding authority.

The pattern and extent of non-Federal sharing in the financing of regional commissions' programs is also an issue to be considered. This question relates primarily to the economic development commissions since DRBC has substantial State support and the States carry about half the cost of the Title II's river basin planning programs. Critics of economic development commission financing patterns contend that one reason for the limited effectiveness of these programs, especially the Title V's is the failure of States to share adequately the program costs. They point out that even in ARC, where there is a better non-Federal financing response, the level of such support by the States is meager. They minimize the fact that in the ARC highway programs, State contributions have averaged about 46 percent, substantially higher than the 30 percent State support required, by pointing out that State monies for highway purposes are usually more available because, in many States, they come from earmarked funds. Moreover, they note that all States likely would be willing to spend more funds to match additional Federal dollars for highway purposes, regardless of whether the pertinent Federal grants were controlled by ARC or the Department of Transportation. In the non-highway programs, the record of State participation is unimpressive. The data from ARC indicate that while 47 percent of the cost of such programs comes from non-Federal sources, only 14 percent is from the States. The remaining 33 percent is from local sources.

Others who defend ARC's highway funding support performance point out that these costs are over and above the normal highway expenditures for ARC States. The fact that these States provided a larger financial input than required is evidence of their substantial commitment to the regional program and the need for better access routes as a prime factor in economic development. Furthermore, in the eyes of these observers, the ARC States' extra highway support effort explains in part the more modest fiscal support performance of these States for non-highway programs, even though it is improving.

The State and local fiscal record among the Title V commissions is even less impressive in the view of many critics. Technical assistance

grants administered by the commissions do not require any kind of matching, and it is reported that non-Federal support rarely, if ever, is provided. Supplemental grants, which represent about 60 percent of total Title V expenditures do, of course, require matching since the statute expressly provides that the Federal share may not exceed 80 percent of total project cost. For the three-year period, 1968-1970, the total non-Federal matching of supplemental grant funds administered by all Title V commissions was \$116.3 million, or about 48 percent of total project costs. The range represented by non-Federal contributions was from 34 percent in the Ozarks Regional Commission to 62 percent in the New England Regional Commission. It must be kept in mind, however, that most of the non-Federal matching of supplemental grant funds comes from local jurisdictions, not the States.

The general counter arguments are that these States and localities are, by definition, part of a depressed region and that, on balance, the States, particularly in the ARC region, have really done quite well to provide the indicated level of support. With respect to the Title V's, the level of Federal financial support is so minuscule that neither the States' interest nor their financial support is really induced. Uncertainty as to the continued existence of Title V commissions and the need to provide non-Federal matching funds for projects sponsored by the Economic Development Administration also serve to depress State financial support of Title V development projects. All proponents would agree, however, that an effective intergovernmental program for economic development requires the significant, proportional financial support of all partners in the federal system.

The overall financing system under which regional commissions operate also has been commented on by various critics. Again this relates almost exclusively to the economic development commissions and their more varied financing structure. The better model, in the view of most observers, is that provided by ARC. Direct allocation of funds by the President to the ARC for the ten categorical programs closely related to economic development represents a modified block grant system which gives to the commission a basis for leverage and a powerful fiscal tool. Granting permission for a State within the region to trade off Federal dollars allocated for certain programs in exchange for funds in a program category with a higher priority on that State's agenda adds a degree of flexibility. It all

adds up to a range of programs and financing mechanisms which also should be provided for the Title V's these observers contend.

Others suggest that the need is to make the funding system even more flexible, giving more discretion and power to the regional commission. They propose that Congress designate specific program areas in accordance with the developmental circumstances and objectives in each region, and that it appropriate a single block grant for each region. The regional commission would then have authority to allocate among the specified program areas the amount to be expended for each. It thus would have a method of linking programs and regional priorities and a device for influencing the flow of other Federal funds toward program goals.

Still others feel that such a revised and expanded financing approach would be a drastic and inappropriate change in light of the record to date. They prefer regional programs of lower visibility on the grounds that there are various effective institutional and programmatic means of responding to the problems of economic and water resources development. Moreover, the present programs do and should continue to compete with other Federal and State efforts in these functional areas. Multistate regionalism, they contend, is not a panacea. It is an experiment sponsored by the Federal government and the States for dealing with specific problems. Both levels should support the experiment with an appropriately limited commitment, and they should retain their options to engage in or develop other supplementary or more effective means of achieving economic and water resources development.

The Boundary Issues

The general question of geographic coverage of Federal multistate regional commissions raises a set of interrelated sub-questions and issues. Should regional boundaries encompass whole States, or parts of States, or combinations of both? What are the considerations involved in determining boundaries on a functional basis—hydrologic in the case of river basin commissions or demographic and geo-economic in the case of the economic development commissions—or against using political or jurisdictional boundaries? What effect, if any, does the location of a boundary line have on the role and involvement of the

governor in regional matters and on State program operations?

The boundaries of the 18 river basin regions covering the nation were determined in 1962 on the basis of hydrologic criteria. The jurisdiction of the river basin planning commissions created under Title II of the Water Resources Planning Act of 1965 conforms to these boundaries in the five designated areas. The areas included within the DRBC and SRBC are defined in their respective compacts as the drainage basins of the Delaware and Susquehanna Rivers. Of the present six economic development commissions, only one, the New England Regional Commission, includes only whole States within its designated regional boundaries. This configuration of whole and partial States is also prescribed by legislation. The Appalachian Regional Development Act identifies by name the counties in the member States to be included in the region. Factors on which the selection of these jurisdictions was based included both economic conditions within the area as well as local, State and national political considerations. Some say that the latter were at least as important as the economic factors. Title V of the Public Works and Economic Development Act of 1965, on the other hand, specifies the criteria of economic lag and underdevelopment that must be considered in establishing such regions and authorizes the Secretary of Commerce to designate the boundaries. Essentially, then, the boundaries of these Federal-multistate regional instrumentalities are functionally defined, and are either directly identified or determined by certain criteria contained in the enabling legislation.

A number of arguments are advanced for the inclusion of whole States in the economic development commissions' regions. One has to do with the role and involvement of the governor in the regional commissions. The underlying strategy in establishing a regional institutional mechanism, it is argued, is to capture and coordinate the joint efforts of top executives from the Federal and State levels to develop new policies, plans, and programs to meet regional needs. The governor's active involvement, therefore, is vital in making the multistate regional device fully effective.

The problem, according to some observers, is that it is difficult to attract and hold the continuing interest and participation of the governor if the area included is substantially less than the entire State. They point out that governors are busy executives who must reserve their time and energy for matters having more statewide impact. If governors spend a disproportionate amount of time on local-

ized problems affecting only a portion of the State and its population, they would be derelict in their duties. Moreover, the regional economic development programs focus primarily on the rural, underdeveloped sections of the States, whereas the governor's political and administrative concerns are attracted to the "here and now" competing problems found in the State's urban areas. Some also argue that it is unrealistic, and perhaps unwise, to insist on the continuing personal involvement of governors in multistate regional affairs. These persons feel that it is more desirable that governors should appoint full-time alternatives and a States' regional representative and delegate to them authority to participate in regional policy making. And such, of course, has been the case with the role of some governors in the affairs of certain commissions.

The opposite view is expressed by many who feel that the present degree of gubernatorial involvement is not so much related to the whole State-part State issue as it is to other factors. They claim, first of all, that many governors are involved to a significant degree. They cite ARC and DRBC as examples of agencies with a part-State configuration that have developed and retained a relatively high degree of gubernatorial interest and involvement. The imperative in capturing the governor's interest here they maintain, is not territory, but the amount of dollars, authority and influence at the commission's disposal.

Another facet of the whole State-part State issue is the planning and program linkages between the regional commission and its States. Proponents of the whole State view cite the technical and operational problems, especially in the economic development and water resources planning fields, in carrying out program planning for part of a State even though there may be comparable problems throughout the entire State. In this case, some maintain that regionally sponsored programs should be related to the State as a whole and that complex management problems emerge when only a portion of a State falls under a commission's jurisdiction. Another problem occurs where the State planning function is relatively immature. A regional development commission's efforts to assist here is somewhat thwarted by its restriction to problems in only a part of the State. The part State approach, some also believe, can cause problems where State appropriations are being sought for its share of the regional commission's expenses. Developing a rationale for getting State legislative support is vulnerable when regional programs are directed toward only a portion of the State.

Part-State advocates, on the other hand, argue that the lagging and underdeveloped areas for decades have lacked the political clout to stimulate an adequate State response to meet their special needs. The special programmatic and territorial emphases represented in the regional economic development programs have focused interest on their distressed areas that probably would not have been the case if the whole State had been included within the commission's boundaries.

The argument for the inclusion of parts of States in the river basin compact commissions, these advocates point out, is based on the management and regulatory functions of these agencies. Their mandate to develop and control the water resources of a drainage basin dictates a hydrologically precise boundary determined by the fall line of waters which flow into and through the basin. Political boundaries rarely follow such demarcation so that the inclusion of parts of States as well as local jurisdictions is inevitable. Moreover, in the case of DRBC, and thus far in the establishment of SRBC, the use of boundaries which include parts of the States involved has not represented a problem.

With the Title II's, some maintain that effective regional efforts can only be achieved if the overall water resources planning of member States is strengthened and related to the multistate undertaking. There is a need for closer working relationships between a hydrologically determined river basin commission and State jurisdictions within such regions, they assert. After all, the State, not just a portion thereof, is the prime implementing jurisdiction for its own comprehensive development plans, and, more important, it has significant planning and regulatory control over water users. One method proposed for advancing a closer working relationship between the Title II's and the States, they point out, is by the designation of subregional areas, which when grouped in contiguous patterns conform as nearly as possible to State boundaries. This approach is best illustrated by the New England Water Basin Commission where the emerging reconciliation of the hydrologic-political boundary issue may permit a possible speed-up in moving to the development of more specific subregional plans and management systems.

Finally, others feel that the whole State-part State question should be resolved, not by establishing hard and fast criteria, but through negotiation with each of the States involved. They contend that there are basic difficulties in setting objective boundary criteria, at least for economic development programs, which have a broad, pervasive impact beyond the

region. Moreover, these observers feel that the determination of regional boundaries has political and strategic significance. Hence the States involved should be granted a major role in determining on a continuing basis whether to include all or only part of its territory within the region.

Impact and Viability of Regional Programs

The last issue raised by the record, the impact of regional programs, is probably the most difficult one on which to make definitive judgements. None of the Federal-multistate instrumentalities has existed for more than ten years and most of them were authorized only six years ago. Some persons, as a consequence, contend it is too early to draw meaningful conclusions about either the effectiveness or efficiency of these regional water resources and economic development programs, especially those that have been operational for only two or three years. Questions of fiscal adequacy also introduce elements of uncertainty. The absence of reliable indices to measure program impact, the fact that "criteria of success" for specific programs and projects are not precisely spelled out by the commissions or contained within their authorizing legislation, and the difficulty of tracing a direct line of cause and effect between programs of other public and private agencies, either singly or in combination, and those of the regional commissions indicate some of the problems of coming to grips with program assessment. To put all this more directly—what would have happened had the commissions not been established?

Those supporting the Title II's view as the primary purpose of the program the creation of a regional perspective towards multistate water resource management. They point out that a pattern of Federal-multistate river basin collaboration has been established as a result of the efforts of these commissions and they note that this kind of relationship did not prevail with the old Federal inter-agency river basin committees. Since the basic function of the river basin commissions is preparation of planning goals, it is premature, they claim, to make judgments until each commission has completed its framework plan. Such determinations should be held in abeyance, they urge, until these commissions complete preparation of the much more detailed Type II subregional plans which will be much more directly linked to Federally-assisted water resource projects. While no approval powers have

been granted to Title II commissions over such development projects, these proponents argue that proposals which conflict with regional plans and objectives would be closely scrutinized by the Congress and States before construction monies were appropriated. For this reason sponsoring agencies would be reluctant to propose such projects. The basic nature of the Title II's impact then has been to modify the ongoing, more narrowly focused, Federal and State water resource agency programs by involving them in the formulation of regional studies and plans. Once consensus is reached on the framework plan and on the more detailed subregional planning and project studies, supporters of these commissions feel that agencies would not undertake water resource operational programs inconsistent with a regional plan which they helped to prepare.

Other critics are skeptical about the accomplishments of the Title II's. They see no framework plan completed by a commission. They note the delays sought by some to finish this first phase effort. They note the delays sought by some to finish this first phase effort. They view the consensus style of operation as a least common denominator method of achieving agreement as well as a guise for Federal domination in many instances. They remain skeptical about the long-run prospects of the Title II's being able to implement any of their plans. What cooperation now exists can best be described as a product of vague planning efforts and an even more vague decision-making process. Determination of the impact of Title II programs at this point in time, they stress, would be a superficial exercise. Nor does the linkage between the Title II's and the Water Resources Council provide a strengthening factor for these commissions. WRC, after all, at the present time is not much more than a Federal interdepartmental coordinating committee with limited powers, as witnessed by its delay in reaching agreement on guidelines for the Title II planning program. The true test will come when the commissions move into the more detailed Type II regional plans which will deal more directly with Federal and Federally-assisted water projects.

The question of how to realistically and objectively assess the impact of the economic development commission programs is in itself a controversial issue. To pass judgment on whether they are doing a good or poor job assumes that one knows the answers to: What is optimal economic development? How can it be achieved? Who should make it happen?

The nature and causes of continuing unsatisfactory levels of unemployment in distressed areas, according to one view, is attributable to one or a combination of the following factors: obsolescence of key industry; undeveloped labor skills; and the failure of subsistence farming as a viable economic activity. All of these are ingredients of structural unemployment. Remedial action then should consist of programs to stimulate industrial development and training for these distressed areas.

Another view, however, blames deficiencies in overall demand. Here, emphasis for remedial action tends to favor fiscal and monetary policies to insure higher levels of national performance. This approach would insure sufficient levels of national performance. This approach would insure sufficient levels of total demand to create opportunities for the unemployed but not necessarily achieve regional economic parity. The Appalachian Regional Development Act and the Public Works and Economic Development Act, in effect, do not recognize either of these broad theories of economic development, but combine elements of both points of view. Both acts recognize that higher levels of national performance are essential for regional development, but also reflect the fact that the distribution of national economic growth will not meet the needs of all areas. Improvement thus depends on programs that recognize the special needs of all areas. Improvement thus depends on programs that recognize the special problems of each region. This, of course, suggests the basic relationship of these regional programs to the whole issue of a national growth policy, which will be discussed later.

Economic development program strategies are also contentious issues. ARC's and the Title V's policy of growth inducements in part are based on the theory that public investments can stimulate private capital investment. By making careful public investments in infrastructure and public facilities, attractive alternatives would be created for the private sector to consider in arriving at locational decisions, and this would enhance employment opportunities. Some authorities question applying this "developing countries" approach to Appalachia and other distressed regions. Such a strategy may be effective in a more primitive, underdeveloped country, but in this nation, they argue, mobility of capital is not limited and competitive alternatives are too varied and numerous for economic development to respond to, or be controlled by, marginal public investment inputs.

These foregoing conflicting theories of regional

economies and their disagreement on how to achieve basic goals, suggest some of the difficulties involved in agreeing on indices of measurement. Other observers feel more effort should be placed both on econometric and cost-benefit ratio studies in assessing overall regional water resource and economic development programs, and on other social science techniques of measuring impact in well-defined demonstration areas or projects. Some, however, view this assignment as an impossible task at the present time and, as with most domestic programs, no comprehensive evaluation process was established at the outset of the regional programs. Also, suitable data sources have been hard to come by since no other agency collects adequate information on a multistate regional basis conforming to the commissions' jurisdictional boundaries. For each regional entity to undertake its own data collection system requires an expenditure that all felt they could not afford. Thus, these questions relating to the state of the art—what program effects are sought and how they are measured—describe the impediments to realistic evaluation. It is also contended that many of the projects, particularly those in the economic development field, have intangible and long term effects that can not yet be determined. While it is possible to analyze changes in a regional economy in relation to national trends, it is argued that this is playing a numbers game and the results describing impact and overall changes in the region can be misleading. The ARC, for example, can not claim its programs are the sole cause for the improvement of the social, economic, and physical development of the lives of the people in the region. Changes in the national economy also influence the region's development. Until satisfactory techniques whereby external as well as internal factors can be quantitatively measured, this problem of impact assessment will persist.

Supporters of the regional concept contend, however, that if it is too early to make judgments on specific program effectiveness, it is possible to make an evaluation of regional commissions as an experiment in Federal-State-local cooperation. Some commissions, particularly ARC, have reached the point where they have made substantial progress in determining which institutional and administrative devices offer genuine hope for solving regional problems and which have limited value.

In summary, the problems of assessing impact depend on judgments concerning whether it is too early to draw conclusions on program effectiveness, whether funding levels and statutory powers are adequate to carry out the commissions' mandates,

and whether data and reliable indices exist for measurement. Moreover, many observers take the view that it is nearly impossible to persuade anyone of the worth of regional commissions who does not believe that States and their governors should have a policy voice in the management of the relevant Federal programs. Some centralists feel this way, no matter how convincing a case can be made for a regional commission's program impact and efficiency. For the critics, the issue is primarily philosophical—one which rests on the views of both sides as to the appropriate roles of Federal, State, and local levels in planning, management, and administration of federally-assisted programs.

STATUS QUO COVERAGE EXTENSION AND ABOLITION

The issue of the extent to which the nation is to be covered geographically by multistate regional commissions turns on how one judges the viability and effectiveness of existing commissions as demonstrated by their track record, the feasibility of achieving strengthening reforms and their effect on possible expansion, the question of unifunctional versus multi-purpose regional commissions, and the utilization of the regional commission concept for the implementation of national development and growth policies.

Status Quo Position

Those who advocate the status quo position for the economic development commissions feel that they are time-limited, experimental institutions to carry out a specific function of importance to the States and to the nation. As an innovative intergovernmental instrumentality, they maintain that these commissions have worked fairly well, especially in the case of Appalachia. While conceding that some changes in program scope, mandate, structure, linkages, and money flow could be made, these observers contend that these regional programs still should be viewed as experimental. After all, the economic commissions have only begun to make a demonstrable impact on the problems of distressed areas and hence there is no hard evidence which supports either termination of the experiment or transformation of the regional economic development commissions into a different mold. Moreover, some status quo defenders would not favor proposals for establishment of new Title V commissions—such as

the Pacific Northwest (five States), the Upper Missouri (five States), and the Mid-South (four States)—arguing that more time is needed to test the existing mechanisms and that extension at this time might involve merely the export of mistakes, not of a perfected mechanism.

The status quo question as it relates to the Title II commissions is somewhat different matter, due to the nature of their enabling act. The intent of Congress in the enactment of the Water Resources Planning Act of 1965, according to some, was to authorize the ultimate establishment of Title II commissions in all areas of the nation. Water basin regions were established in 1962 and Congress assumed their existence in the provisions of the 1965 Act. Some argue then that there is no live issue with respect to geographic coverage of the nation by Title II commissions. Nationwide coverage was always intended, they claim, and the need for additional joint Federal-multistate planning mechanisms has only increased since 1965.

On the other hand, some feel that it would be unwise at the present time for the President to create and the Congress to fund Title II commissions in the other 13 river basin regions. Their position is similar to the status quo arguments relating to the economic development commissions: it is too early to make sound judgments regarding the impact of existing Title II activities on river basin planning and management; only one of these commissions has a framework plan and this was completed by a predecessor instrumentality; work on the more detailed Type II subregional plans is not underway; and the role of the Water Resources Council has yet to be clarified. The Title II concept, in other words, has yet to prove itself.

Selective Extension

Some defenders of the Federal-multistate compact status quo tend to stress the uniqueness of the DRBC and SRBC experiences and, while not hostile to its extension, warn that only special circumstances will permit its adaptation elsewhere. These factors should include strong State initiative and support, probably smaller river basins, and prior testing and experimentation with other water resources coordinating mechanisms. Others adhering to this general viewpoint regarding DRBC and SRBC note that the latter's operational record is yet to be written and that the former's, while considerably longer and essentially favorable, is rooted in the unique intergovernmental history of the Delaware River Basin.

Those favoring extension of the Title V and Title II multistate mechanisms to other appropriate regions, but not on a nationwide basis, divide into two groups. One favors transplanting certain existing devices to other multistate areas indicating a need and desire for it. The other supports their extension to such areas, but only if the mechanisms and programs are reformed in light of their regional experience to date.

The former group is represented by those senators, congressmen, and governors who have called for new development commissions in the Pacific Northwest, Upper Missouri, and Mid-South. Those supporting and urging Title II commissions for the Upper Mississippi, Missouri, and Arkansas-White-Red basins also fall in this same group. The basic assumption of these "extenders" is that the Title V or Title II commission device and program, for the most part as it is constituted and operating now, is needed in certain other regions or river basins assuming, of course, that the eligibility criteria set forth in the respective Acts are met and strong support is manifested by the States involved. Their proposals obviously involve larger overall appropriations for these two Federal-multistate programs, but little else by way of change is called for. Implicit in this position is the belief that the experience of the five regional development and five river basin commissions has been fairly good and merits duplication elsewhere. In short, these expansionists share many of the views of the status quo group as they relate to the record of the existing Title V's and Title II's. If anything they are more willing than some of the latter to let the experiment go on.

The other breed of limited expansionist is committed to the idea that reform should precede further experimentation. These observers have made certain critical judgments about the Title V and II commissions and programs. They have found deficiencies in their respective legislative mandates, funding arrangements, limited programming authority, Washington links, and the States' role. The special problems of the composition of the Title II's and the EDA dilemma facing the Title V's sometimes are included on their agenda for reform. In general, then, these "extenders" are also innovators and they feel that neither the existing nor the new commissions would be well served if the deficiencies they see in the record to date are ignored.

The selective extension exponents treat DRBC and Appalachia differently than the Title II's and Title V's. And with good reason! Both in a sense are *sui generis*. Both are restricted to a single region or river basin. Establishment of the Susquehanna River

Basin Compact, of course, suggests that DRBC can be replicated elsewhere. But many argue that the Federal-multistate compact approach can only be applied in a unique set of circumstances and that no broad approach even to selective extension makes any sense when it recognizes the primacy of such conditioning factors as vigorous State initiative, a small river basin serving a sizeable urban population, and a strongly expressed desire to move on the regulatory front. Others take a somewhat different position. They note the SRBC and the proposed Potomac compact and argue that while the Federal-multistate compact approach obviously must be handled on a selective basis, the opportunities for adapting it to varying river basin circumstances are more numerous than the standpatters are willing to admit. And some see in this device a first-rate, genuine intergovernmental alternative to the Title II's in those river basins that are really serious about water resources planning and management.

Appalachia is still another variety of problem for the expansionists. Most concede that the program *in toto* is suitable for export. But some see in its record a model for the Title V's to emulate, especially the newly proposed ones. Moreover, those who advocate reform of the Title V's before their extension elsewhere frequently harken to the ARC case study for many of the specific planks in their agenda for change.

Coast-to-Coast Coverage

The issue of coast-to-coast coverage of the nation with multistate regional instrumentalities turns on several controversial points: the need to build on the base established by the Federal Regional Councils; the need to avoid proliferation of a variety of basically unifunctional regional commissions; and the need to implement through a regional mechanism a national growth policy. In short, proponents of the wall-to-wall view would argue for a national regional system which would capitalize on the record to date, rationalize and improve the various mechanisms used in that experience, and focus on the potentiality of some new and unified Federal-multistate strategy to deal with emerging national problems.

One category of the coast-to-coast protagonists focuses on the recently established Federal regional councils. They emphasize that no regional endeavor will succeed that ignores the easy access, the uniform Federal agency boundaries, the common headquarters sites, the potential joint Federal agency regional thrust, and the real decentralization oppor-

tunities that the restructured Federal regions with their regional councils afford. By building on this base, they point out the boundary question is largely circumvented, the liaison difficulties with pertinent Federal agencies are resolved, and proliferating unifunctional multistate agencies are curbed.

In terms of specifics, one group holds that a new Federal multistate instrumentality, composed of members of the regional councils, the pertinent governors, perhaps a member of the Domestic Council, as well as some local representation should be authorized for each Federal region. This body ultimately should serve as the vehicle for all Federal-multistate efforts in these areas and existing programs would be phased out or folded into the *multi-purpose program of the new regional commissions*: This strategy, it is argued, avoids the administrative, jurisdictional, and intergovernmental problems of numerous overlapping essentially single-purpose regional instrumentalities operating in the same area. Moreover, some contend that any other approach undercuts the decentralization efforts of the national government as they are reflected in the reorganized Federal regions and in the regional councils.

Some critics emphasize that this reorganization and the interagency councils are merely Federal administrative matters and have no necessary bearing on Federal-multistate efforts. Some emphasize that the existence of the councils is no argument for doing away with the present commissions, and that any new instrumentality oriented to the councils would not be an adequate substitute for these instrumentalities. Other critics stress that the councils have yet to prove themselves as *mechanisms for interagency coordination in the field*, for better liaison within the States and localities, and for the improvement of the Federal delivery system. Still others contend that the boundaries of the Federal regions do not conform to various regional needs and problems and that any ordering of Federal-multistate efforts along these lines would be artificial, dysfunctional, and essentially arbitrary. The focus on administrative neatness here, some contend, leaves the issue of what the new regional intergovernmental bodies actually are supposed to do pretty much in the dark.

Positive actions of support for the regional commission device, however, serve to activate the concern of observers who fear negative results from a proliferation of these agencies. They point out that at present 41 of the States are involved with one or more economic development or river basin commissions. A total of 22 States are included within two or

more such agencies: one State (New York) is involved with six. Thus formal and informal requests which have been made to establish six additional regional commissions, three Title V's and three Title II's, would raise the number of States included in one or more such agencies to 45. Add to this the transportation regions proposed by Senator Magnuson's bill (S 2279, 92nd Congress) and the possible use of interstate or multistate agencies to plan for the coastal and estuarine zones, and the complexities multiply.

These observers view this emerging pattern of Federal-State and interstate relations as being affected adversely by this overlapping maze of single purpose agencies. They contend that regional and areawide problems can not be solved by this piecemeal, institutional approach undertaken on an *ad hoc* basis. Development problems—whether they are economic or water resource oriented—are interrelated, and they cannot be solved by unifunctional approaches, each of which produces its own protective bureaucracy as the first order of business. Furthermore, these bureaucracies and their functional specialists increasingly tend to isolate general purpose governments and chief executives from a valid policy and decision-making role in these matters. Meaningful coordination of these separate regional programs is as impossible to achieve as it is to reconcile the diverse regional boundaries, either with each other, or with States included wholly or partially within the regions.

Thus, as these observers see it, the solution is to either abolish the regional commissions or to consolidate them in a common framework; one which is either functionally oriented toward broad developmental goals, or one which is institutionally oriented and designed as the central focus of all intergovernmental relationships.

Proponents of continued and expanded use of the regional commission mechanisms argue that fear of proliferation is an outgrowth of a tidy-minded approach to governmental affairs generally, and intergovernmental programmatic relations specifically. They contend that there is no conventional wisdom on a grand regional strategy, program, or institutional framework, and that the separate problem solving approaches represent the most appropriate response to these varied issues. Thus, to force a consolidation of present and prospective regional programs and institutions for the sake of hierarchial neatness would thwart the plans and programs that have emerged for economic and water resources development, and can be expected to emerge in other functional areas where the regional commis-

sion mechanism is used. These observers contend that, while developmental problems in economic growth, water resources, coastal zones and transportation are, of course, related and have a regional focus, they are separate enough to warrant individual programmatic and institutional responses. Moreover, the governors and Federal executives are significantly involved in these various regional efforts and are well in control of the programs. The results are that the regional mechanisms have provided for joint Federal-State policy and decision-making on regional problems without the emergence of the *de facto* fourth level of government. In summary, the view of these observers is that economic, water resources and other developmental problems require a variety of regional programmatic and institutional responses, and that the nature of both problems dictate differing boundaries and institutional mechanisms within which appropriate planning and program solutions can be developed.

Other observers see the experience of the existing regional commissions as sufficient justification for revamping them and applying the model on a coast-to-coast basis. They view the existing multistate regional commissions, particularly those concerned with economic development, as a relevant programmatic and institutional device which could be used in developing and implementing a national growth policy in all regions of the nation. They point out that the problems of underdeveloped, developing and overdeveloped areas, and how to deal with them, are the underlying national growth issues. The resolution of these issues, then, affect all areas of the country and, they maintain, it is time to establish a coherent response through coast-to-coast establishment of regional commissions to cope with the unique developmental features of each region.

These critics argue that while economic and water resources development are intrinsically related to the distribution of national economic and population growth, the geographic and single function focus of the existing commissions limits their effectiveness and represents a patchwork effort. After all, they point out, the image on the other side of the underdeveloped region coin is one of ever increasing urban congestion in the major metropolitan areas of the country, most of which are not included in the geographic purview of the existing regional mechanisms. It makes no sense, according to this argument, to establish additional commissions which only have economic development or any other single function as their sole objective. All this accomplishes is to paper the country with a proliferating pattern of unifunctional institutional mechanisms that will

complicate procedures, policies and relationships without ever developing a unified approach to a common problem.

What is needed, in the view of these observers, is a single coast-to-coast system of multipurpose regional institutions with a broad mandate to deal with the development problems affecting all regions of the country. They contend that all regions could then be part of a comprehensive national strategy for regional implementation of and regional inputs into Federal, State and local urban growth policies.

A wide range of fiscal, monetary, regulatory, and coordinative roles, it is contended, is potentially available for delegation to regional commissions in the implementation of national growth policy. Proponents of the regional concept state that although the provision of various fiscal tools and use of fiscal leverage may be generally recognized as potential aspects of regional implementation of a growth policy, the use of monetary powers, whether direct or indirect, is given relatively scant attention in relationship to the operational role of regional commissions. Similarly, they assert, coordinative devices at the regional level are subject to extensive discussion, but the use of regulatory authority on a differentiated regional basis is often ignored. Yet, they feel certain potentials exist for the use of various tools under all four of these classifications and should not be overlooked.

In terms of a fiscal role, it is maintained that regional commissions currently have certain tools at their disposal, regardless of their efficiency or effectiveness in promoting or implementing a national growth policy. The funding authority of ARC in the building of development highways, for example, is a potentially important factor in the determination of inter-regional location decisions under certain economic development theories. Some proponents of a regional commission role in the fiscal aspects of national growth policy argue that project approval authority for all direct Federal and Federally-supported program and project investments should be assigned to the regional commissions. This step, they assert, would give them adequate control over public sector economic injections into the regional economies, subject only to the broad constraints of a national growth policy. Similarly, some would argue for a regional commission voice in the formulation of interregionally differentiated taxation policies, particularly in terms of tax incentives or subsidies for regional infant industries, which potentially could redress inter-regional export sector imbalances.

In summary, proponents of a strong fiscal role for the regional commissions go beyond a financial capability for regional program innovations through demonstration projects, and even beyond comprehensive project approval authority. They would authorize the regional commissions to make effective differential resource allocations by exercising both taxing and spending powers on a regional basis within the context of a national growth policy. At least some would argue, this is the only meaningful decentralized mechanism for compensating for the imperfections within the economy which have led to metropolitan agglomeration.

Proponents of a monetary role for regional commissions in the implementation of a national growth policy point to the tradition of regional banking as represented by the Federal Reserve System and other functional institutions involved on the fringes of general monetary policy through specialized financial activities. Similarly, they point to the potential impact of Federal loan programs on specific sectors of the money market, such as those involving residential mortgages and municipal bonds. Some would argue that there is no reason why general Federal monetary policy, as well as specialized money-market programs, could not be used to direct inter-regional capital flows in accord with a national growth policy. They assume that locational decisions and strategies would follow such positive flows under regionally differentiated interest rates, reserve requirements, and government debt offerings, among other devices.

Those favoring a regulatory role for regional commissions under a national growth policy point to the question of land-use control regulation, involving such mechanisms as regional land banks and the designation of certain geographic areas for development. The whole issue of direct or indirect land-use control at the Federal level, some would contend, could be avoided by the use of regional commissions in this area of regulation. In addition, some proponents of the regional approach underscore the differential regional effects of existing regulatory policy relating to transportation, energy production and distribution, and other economic concerns involved in a comprehensive national growth policy.

In terms of a strong regional coordinative role for the commissions, proponents underscore the obvious planning linkages involving substate, State, and Federal strategies, in a national growth policy. Of particular impact, they contend, would be regional administration of a well funded planning grant program, involving regional commission exercise of

guideline and review powers over plans and projects. In this context, they also point to the assumed benefits for the federal system offered by joint planning efforts in a national economy, involving both State and Federal inputs into developmental plans and priorities through a structured hierarchy of planning. Of particular interest for the coordinative aspect of growth policy implementation, they argue, is the issue of interstate action, both to meet metropolitan problems and attack the needs of certain rural areas hampered in their development by artificial State political boundaries. It is maintained in this respect, that given the problems attendant to the interstate compact process or the passage of parallel permissive State legislation, the regional commission may be the only viable way to deal with certain issues, provided it is given the necessary coordinative authority.

Finally, arguments for a national growth policy and the use of regional commissions to assist its development are not new to this commission. In its 1968 report, *Urban and Rural America: Policies for Future Growth*, ACIR warned that the drift of urbanization and economic development forces represented perhaps the most critical domestic problem—one which challenges the efficacy of the federal system itself.⁵ It then recommended a reassessment of the policies and structures of multistate economic planning and development agencies as they affect the distribution of both economic and population growth. The commission further recommended that such agencies take national policies into account in preparing their regional programs and formulate regional components for developing national policies and programs dealing with urban growth.

There are also those observers who cite a variety of reasons for opposing a coast-to-coast pattern of regional instrumentalities with a national growth policy focus. The record of the existing multistate commissions in their view has not produced hard evidence that they have had much impact on problems which are really much simpler to deal with. How then, they ask, are these mechanisms going to contribute to the solutions of the far more complex national growth issue? They also question whether such a revamping and reconstruction of existing regional commissions is politically feasible at the present time. Coalescence of the varied interests and programs of existing regional approaches into broad-gauged support for a general scheme of wall-to-wall multipurpose regional mechanisms would call for a minor political miracle, they believe.

Moreover, these critics state that since there is no consensus at this time on the elements of a national

growth policy, it would be unwise to create an institutional framework that might not be found satisfactory once these growth questions have been resolved. They point out that not only do we lack a national growth policy, but there is little consensus among government leaders and scholars alike as to the parameters and contents of such a policy. This is not to doubt the need for both policy and mechanism but, until a consensus emerges, these observers see only negative results from creating regional instrumentalities and assigning to them a mandate and function which is not yet fully understood.

Some more moderate opponents of the nationwide multistate regional approach tentatively would agree with the need to at least experiment with it in certain areas characterized by severe economic underdevelopment or by certain potentially dangerous environmental problems. However, they maintain that there is no need for such institutions in other areas not so afflicted or in areas where the State governments involved are capable of meeting such problems through more traditional means, including direct Federal aid. They contend that there is no need for a new artificial layer of bureaucracy in most areas, and that in any event, such institutions should be established on a temporary basis and be disbanded once the States involved are capable of meeting the problems.

Abolition

Those favoring abolition of the nationally-sponsored Federal-multistate instrumentalities argue that these agencies have had, for the most part, only a marginal impact on resolving problems of regional economic development and water resources planning and management. This poor performance, it is contended, points to the underlying deficiencies of the joint Federal-State approach to solving regional problems.

The three types of commissions, the Title II and Title V commissions and ARC, presently lack authority to undertake effective regional programs in their respective areas of concern, it is maintained. They do not have primary operational authority and must exercise concurrent planning jurisdiction with Federal and State agencies, which blurs accountability and authority in the planning process. Moreover, they do not have planning authority over other important related functional programs that directly affect their own program responsibilities. These observers point to the relatively minor share of the

total funds being spent in the regions that are controlled by economic development and river basin commissions. With all these limitations, critics view their efforts to change traditional Federal and State approaches to regional economic and water resource development as exercises in futility.

Some view proposals to strengthen existing regional commission powers and extend their use to other parts of the country as measures that would threaten the functional integrity of the Federal system as we now know it. Even if only the planning powers of these institutions were enlarged, as advocated by some, questions would still be raised as to the merit of this proposal without a corresponding upgrading of their authority to carry out their planning recommendations. However, if broad multi-functional planning and administrative powers are granted to these regional mechanisms, critics feel that a fourth level of government for all practical purposes will have been created. On the other hand, extension of existing regional economic development and river basin commission programs to other parts of the country would result in a proliferation of unfunctional agencies, thereby raising problems of conflicting and overlapping boundaries and coordination of their activities with those of general governmental units. In the face of this dilemma these critics say the only recourse is to abolish the existing mechanisms, utilizing the experience gained thus far to strengthen the normal pattern of intergovernmental relations focused on these development problems.

All three Federally-sponsored regional mechanisms, it is argued, now perform functions that are or

could be assumed by existing governments. The Title II planning function could be performed by State and Federal water resource agencies jointly rather than by an independent staff. The Title V regional economic development plans could be prepared at the national level and Federal funds be distributed according to plan guidelines. The ARC program management functions for its categorical and supplemental grants could be handled by EDA or some other appropriate agency for allocation in accordance with State development plans and project priorities. The emerging structure of Federal Regional Councils in each of the uniformly defined ten Federal regions, moreover, could be used for economic development purposes. Decentralized Federal decision making by these councils along with closer working relations with the States and their governors would obviate the need for such commissions, the abolitionists contend. Water basin planning could be carried on by the Corps of Engineers, the Water Resources Council, or some new Federal agency yet to emerge.

Finally, in the view of those advocating abolition, the continued existence of these regional instrumentalities generally is detrimental to general purpose governments' real role in developing regional solutions appropriate to their jurisdictions. The regional mechanism tends to blunt difficult policy problems that demand more open State and Federal debate concerning their resolution. In effect, the regional commission has a "by-passing" character that clouds determination of those regional issues and functions that are primarily of State concern and those where the Federal interest should dominate.

FOOTNOTES

¹*Congressional Record*, 92nd Congress, 1st Session, February 5, 1971, p. S. 914.

²*Congressional Record*, 92nd Congress, 1st Session, July 14, 1971, p. S. 10854.

³*Congressional Record*, 92nd Congress, 1st Session, July 14, 1971, p. S. 10855.

⁴*Congressional Record*, 92nd Congress, 1st Session, February 4, 1971, p. S. 823.

⁵Advisory Commission on Intergovernmental Relations, *Urban and Rural America: Policies for Future Growth*, Washington, D.C., April 1968, p. 134.

Chapter 7

FINDINGS AND RECOMMENDATIONS

In this report, the commission has examined the legal base, organization, and operations of the Appalachian regional program, the five Title V commissions, the five river basin commissions, and the two Federal-interstate river basin compact bodies. Regular interstate regional compacts also have been analyzed. The specific issues raised by the record of these regional mechanisms have also been examined. These issues, as we have seen, focus on the structural and operational viability of the various commissions in carrying out their assigned mandate. Broader issues stemming from the collective experience of these commissions as it relates to their future course, extension, relations with one another, and role in new regional policies and proposals have also been considered.

Our study, of necessity, has been comparatively limited. It has not examined Federal field operations in the ten new regions, the Tennessee Valley Authority, the lesser interstate compacts of a regional nature, or the informal mechanisms like the various regional governors' conferences or the private-based New England council. It has focused, then, on existing Federal-multistate instrumentalities and on major types of interstate regional compacts to determine how each mechanism has carried out its legal mandate and whether these modes of multistate action have continuing relevance in the federal system. This was done to provide some answers and alternatives to the fundamental question: does the record of these instrumentalities support their continuance, modification, and/or expansion and, if so, under what kind of legal, structural, and intergovernmental policy arrangements?

The commission fully recognizes the severe difficulties involved in developing sound judgments on

this complex proposition. The time factor alone would bar many from undertaking such an assignment. None of the instrumentalities studied, except for some interstate compacts, has existed organizationally for even a decade and the majority have been functioning for only half that period.

The fiscal factor injects another element of major uncertainty with low funding levels, appropriation-authorization gaps, and late appropriations, either singly or in combination, affecting nearly all the commissions surveyed.

The fluctuating informal operational factors involving personalities, individual and group influences, and the use of unwritten or unpublicized procedures renders the task of arriving at even tentative conclusions a hazardous one. A series of indepth and candid interviews with the many people who are or have been involved with the commissions would eliminate some of the ambiguity surrounding the impact of this critical factor. Yet, the limited but strategic contacts we have undertaken suggest that the turnover on the commissions and resulting shifts in patterns of influence would make this conditioner difficult to gauge, even with more extensive interviewing.

Not to be overlooked here is the absence of reliable indices for measuring the program impact of these instrumentalities. Some of this difficulty stems from the breadth of their mandates. Some of it relates directly to the near impossibility of sifting out the program impact of the commissions from those of other agencies in both the public and private sectors. Much of it arises from the basic fact that a controlled situation obviously does not prevail in any of these regional experiments. Above all, it seems to go directly to the question: what would have occurred had the commissions not been established? Attempts

to grapple with this kind of query, more times than not, puts one in the role of soothsayer, not analyst.

These and other factors then combine to place some very real constraints on the task, of rendering firm judgments on these Federal-multistate and interstate mechanisms and programs. Yet, judgments must be made, whether they be firm or tentative, sound or visionary. Decisions regarding the existing mechanisms, after all, are being made continually and proposals for new regional instrumentalities crop up with increasing frequency. Developments over the past year and a half alone underscore this, including:

- the mid-1970 report by Arthur D. Little, Inc., which recommended, among other things, that the Title V commissions and the Appalachian Regional Commission be consolidated in a Regional Development Administration reporting to the President;
- publication and dissemination in September 1970 of the 37th draft of a model constitution for a United Republics of America by the Center for the Study of Democratic Institutions, which—among many innovations—proposed the grouping of States into administratively viable regional “republics” with power to charter subsidiary urban and rural governments; to lay or delegate the laying of taxes, subject to certain constraints; to administer public services not reserved to the government of the United Republics; and to exercise police powers, not reserved to this central government;

- various studies by departmental and regional commission staffs completed during the fall of 1970, which included a variety of proposals ranging from enactment of a national regional development program that would modify and extend the Appalachian and Title V programs ultimately to cover all regions to a proposed merger of existing regional commissions with the Federal Regional Councils to form new Federal-multistate mechanisms;

- Presidential signing of the legislation authorizing the Susquehanna River Basin Compact on December 24, 1970;

- Executive Order 11578, dated January 13, 1971 which brought the Ohio River Basin Commission into being;

- the early 1971 report of the President’s Advisory Commission on Executive Organization (the Ash Council) which endorsed the alternative to “terminate the Appalachian Regional Commission and the Title V regional commissions and transfer the economic development functions to the Economic Development Administration;”

- the U.S. Budget for fiscal year 1972 which

called for a rural community development revenue sharing program “to replace the present programs,” with the Appalachian and Title V regional development efforts included in the latter category;

- introduction of S 582 by Senator Hollings with 25 co-sponsors on February 4, 1971 and of S 638 by Senator Tower on February 8, 1971 both of which in part are designed to assist the States in establishing coastal zone management plans and programs and authorizing coastal States to utilize interstate agencies for the purpose of carrying out certain provisions of the proposed legislation;

- the February 5, 1971 statement of the Council of Appalachian Governors which supported “the basic concept of Federal revenue-sharing,” but also unanimously recommended “the Appalachian Act must be extended in order to continue work on the tasks for which the act was initially passed;”

- introduction by Senator Jackson and six co-sponsors on February 5, 1971 of S 632, which would amend the Water Resources Planning Act of 1965 to, among other things, broaden the authority of the river basin commissions to cover certain land-use planning responsibilities;

- introduction by Senator McClellan with 27 co-sponsors of S 907 on February 23, 1971 and by Representative Colmer with 20 co-sponsors of HR 5466, which would give prior Congressional consent to two or more States entering the proposed Interstate Environmental Compact;

- introduction in both houses during the period of March 2 to June 5, 1971 of the Administration’s six special revenue measures, all but one (law enforcement) of which include provisions giving Congressional consent to interstate compacts and agreements, not in conflict with any U.S. law, for cooperative effort and mutual assistance in support of interstate programs and related agencies established under these measures;

- completion of a study on the water and waste management problems in the Washington, D.C., metropolitan area by the U.S. Environmental Protection Agency in April 1971, which called for a new Regional Council based on a Federal-interstate compact with local representation and authority to plan and make policy decisions on all matters falling within these functional areas that affect more than one community;

- the Presidential veto on June 29, 1971 of S 575, which would have extended the life of the Appalachian and Title V commissions and authorized a \$2 billion accelerated public works program, but whose veto message urged among other things

extension of "present economic development programs" while Congress is considering the special revenue sharing proposals and noted that the "Appalachian Regional Commission has been a very useful experimental development program which can be improved and can serve in many respects as a model for a national program;" — introduction on July 14, 1970 by Senator Magnuson, with 18 co-sponsors, of S 2279, a bill to provide for comprehensive regional planning and development of transportation, to authorize the Secretary of Transportation to designate multi-state transportation regions, and to encourage the formation of regional commissions composed of a Federal member, representation from each participating State, and varying levels of representation for standard metropolitan statistical areas above 200,000;

— the 88 to 2 vote by the Senate on July 21, 1971 on S 2317 and the 374 to 27 House vote on July 28 on HR 9922, both of which extend the Appalachia program to 1975 and the Title V commissions to 1973; and

— the signing into law on August 5, 1971 of S 2317 extending the life of ARC four years and the Title V commissions two years.

These actions, proposals, bills, and reports combine to form a variation on an uncertain but recurring regional theme. They clearly imply different judgments about certain of the existing programs, as well as different views of the place of multistate regional mechanisms in the future of intergovernmental relations. They demonstrate that some find the existing programs and commissions worthwhile and deserving of continuation, if not expansion, that others deem some of them defective and in need of major overhaul or a gradual phasing out of existence, and that still others see the need for additional Federal-multistate instrumentalities in other developmental and environmental program areas. They show that some find the political and administrative boundary lines of States too inflexible for certain program purposes, but they imply that others find the Federal-multistate regional mechanisms—not including compact agencies—unable to function regionally because they lack the political and legal strength of the States or the Federal government. They suggest that some see in these instrumentalities a means of coordinating Federal efforts in particular regions and particular program areas, while others find that such coordination can only occur through a significantly strengthened or reconstituted Federal Regional Council operation or, alternatively, through a much stronger individual State planning

and budgeting process. They at least hint that some view these instrumentalities as a subtle regional technique of revamping and molding State efforts in certain broad program areas, while others see some of them as abject failures in exercising significant leverage on State programs and priorities. They show that some find in these instrumentalities a new means of injecting some balance into Federal-State relations, while others view some of these commissions as federally dominated and some as State controlled. They present a picture of some people favoring the compact agency device and others rejecting it; of some endorsing the Congressionally established Federal multistate operating commission approach and others rejecting it; of some supporting the Congressionally authorized Federal-multistate forum-type of commission and others condemning it; of some finding one or another of these devices appropriate at one level of development but not at another; and finally of even some who believe that only a complete merging of States via a constitutional convention will meet the nation's regional needs.

These various recent developments clearly indicate that some see no real problem raised by the possibility of fragmentation of future joint regional undertakings, while others are beginning to worry a great deal about the administrative nightmare this possibility presents. But above all, these recent reports, recommendations, bills, enactments, and actions signify greater activity now with multistate regional approaches than in any other period in the history of the Republic. There are complex and far ranging intergovernmental issues involved in these questions.

SUMMARY OF FINDINGS

A summary of the basic findings suggested by the record to date of the existing Federal-multistate regional commissions provides a background for the recommendations and the issues treated thereunder that appear in the final portion of this chapter.

The Regional Economic Development Commissions

HISTORICAL BACKGROUND

The Appalachian Regional Development and Title V programs grew out of the realization that certain regions have suffered as a consequence of rapid technological change—whether it be related to

coal in Appalachia, rural poverty in the Ozarks, copper and timber in the Upper Great Lakes, a heavy concentration of Indians and Mexican-Americans in the Four Corners area, or textiles and leather in New England. Linked with this were the notions that each region of the nation is entitled to an opportunity to achieve economic growth and that lagging areas merit special governmental consideration. Implicit in the latter assumption was the belief that governmental intervention can have a corrective effect.

The high out-migration, low income, and high unemployment problems of most of these areas have persisted for at least a generation. They were examined in reports of the National Resources Committee and the National Resources Planning Board in the thirties and early forties and were found to require new multistate mechanisms for certain corrective purposes. To the extent that there was a governmental response, the unilateral Federal (by agency or government corporation), multistate (by regular compact), single State (by economic development departments or agencies) or Federal-State (by grant programs) approaches were employed during the three decades prior to the sixties.

During the fifties, continuing high unemployment existed in various parts of the country and area redevelopment and manpower retraining became the focal points of efforts, aimed chiefly at this chronic condition. The 1960 Presidential contest focused to some degree on these twin issues as well as on the special problems of Appalachia. Separate legislation was enacted in both program areas during the Kennedy Administration with Commerce and Labor administering the redevelopment and manpower programs, respectively.

It required State initiative, however, to bring the multistate regional approach to the forefront. Beginning with efforts in eastern Kentucky in 1957, to a meeting of the Appalachian Governors in 1960, to participation on the President's Appalachian Regional Commission (PARC), the States involved developed and articulated a multistate position on their economic development *vis-a-vis* Federal efforts and programs. The legislative proposals emanating from the PARC deliberations reflected this participation and this position.

Political leaders from other geographic areas followed with mounting interest the course of the Appalachian Region Development Act's (ARDA) evolution and the final stages of Congressional enactment. Their governors, and especially their senators, made it clear to the Senate Public Works Committee that a comparable program was wanted for their respective regions. This political situation

coupled with the legislative need to revamp the area redevelopment program produced the Public Works and Economic Redevelopment Act of 1965 with its Title V Federal-multistate commission program. In a very real sense, this legislation was a major by-product of the earlier Appalachian measure, but the latter would never have been enacted without the promise of the former.

LEGAL BASE

The legal base underpinning the commissions' programs and activities has proven to be adequate in most respects for ARC, but somewhat deficient for the Title V agencies. ARC has direct statutory connection with the White House, specific program and funding authority in the 11 program areas specified in the ARDA, a controlling and funding linkage in the establishment of local development districts, and a separate budget. These are provisions of major importance that help ARC develop and maintain a position of strength in dealing with both State, and to a lesser extent, Federal agencies in developing and implementing strategies for the development of regional economic and human resources.

The Title V commissions, on the other hand, have a weaker legislative base featuring a description of program activities and powers not really commensurate with their statutory charge of reviving, and redirecting the growth patterns of regional economies. The commissions lack many of the specified powers given to ARC: the structural ties are to the Secretary of Commerce rather than the President; there are no categorical programs controlled and financed through the commissions; the funding powers range from fairly adequate for planning and demonstration project purposes to inadequate and constrained authority for implementation by means of supplemental grants; and they have no mandate affording a means of stimulating and funding the establishment of local district planning agencies deemed essential to the process.

The two legislative bases are similar, however, if not identical, with respect to the Federal-State composition of the commissions, their mode of selection, voting procedures and funding for administrative purposes. Both measures mandate certain identical functions: the development of comprehensive and coordinated plans and programs, sponsoring research and conducting of demonstration programs, and recommending compacts and model legislation. Both authorize the use of funds to supplement the non-Federal share of certain grant programs and member approval of applications for such grants emanating from their States.

A problem of coordination exists with respect to the local bases prescribed for the Economic Development Administration (EDA) and the regional commission programs in the PWED Act of 1965. The same applies to a slightly lesser degree to ARC. EDA is authorized to provide a variety of facility grants and business loans designed to stimulate the economy in all qualified areas, including subregional areas within States served by ARC and the Title V commissions. These subregional areas are designated as eligible according to several criteria including unemployment rate, median family income, outmigration from rural areas, and similar factors. An overall economic development program (OEDP) is required in the Act as a pre-condition to EDA funding of projects in eligible areas, but there is no review required by the Title V commissions of project applications or of the OEDP in subregional designated districts.

Local development districts established pursuant to ARDA are eligible for funds from EDA if they meet the latter's criteria and 11 of the 54 have received such funds. Here, ARC does exercise a review and comment role over project applications. At the same time, economic development districts also have been established in Appalachian States and these, like their counterparts, in the Title V States, have quite limited links with ARC. In short, there is no real legislative connection between the multistate regional strategy of ARDA and of Title V of the PWED Act, on the one hand, and the substate economic development strategy of Title IV of the latter Act, on the other.

STRUCTURE AND STAFF

The provision in both Acts requiring an affirmative vote by the Federal co-chairman on commission actions, in effect, creates a Federal "veto." It has never been used in the case of Appalachia and only rarely with the Title V's. Despite this, all State members recognize its potential and, thanks to it, the Federal member may assume a balancing role if he is disposed to assume this position.

The role of the Federal co-chairman is somewhat ambivalent in both types of commissions in that he is both an officer of the Federal government and a member of the commission. There is far less difficulty with this situation in the case of ARC because the Federal co-chairman there is appointed by and directly responsible to the President. Moreover, his powers are quite real—an outgrowth of the fact that funds appropriated by Congress for ARC are allocated directly to him by the President. Title V Federal co-chairmen, on the other hand, are appointed

by the President but are directly responsible to the Secretary of Commerce. They do not have the funding authority assigned to the ARC Federal co-chairman and are disadvantaged both in their leadership role with State members, who are sensitive to these powers limitations, and in their liaison role with Federal agency and department heads, to whom they are in a subordinate position.

In all cases, an executive committee generally composed of the Federal co-chairman, the State co-chairman (the States' regional representative in ARC), and the staff director, as a nonvoting member, supervises or monitors staff operations.

With all the commissions, the State co-chairman's office is rotated among the governors.

Alternates or State representatives, appointed by the governors, in both the ARC and Title V commissions, provide the ongoing link between the governors serving as State members and the commissions. The pattern of gubernatorial designations varies greatly among all 33 States with some alternates being top advisors to the governor and others not much more than middle management functionaries. In addition, there has been fairly frequent turnover among these alternates or State representatives due to normal ballot box developments and shifts in the preferences of individual governors.

Governors operating as State members are active participants in regional policy making to varying degrees. In both types of commissions, a varying amount of the active operational authority is delegated to the executive committee. In both, alternates appointed by State members play an increasingly important role. In some of the Title V commissions, alternates are almost in full charge of the programs. A higher degree of State interest and activity is maintained in ARC through the office of a full-time States' regional representative. Only one of the Title V commissions has established such an office.

ARC's staff has averaged approximately 100 in recent years while the total for the Title V's numbered approximately 90 as of March 1971. The latter has experienced a somewhat greater gap between authorized staff levels and filled positions.

In all cases but one, the Federal co-chairman has a small, separate staff. With the ARC's States' regional representative, similar staff support is provided, fully financed by the member States. In the case of the one Title V commission that has established a State regional representative, no separate staff for the office has been provided.

OPERATIONS AND FUNDING

Total Federal expenditures for all Title V commis-

sions during their first six years came to a little more than \$100 million; for ARC, the figure amounted to \$1.3 billion. On a per capita basis, this amounted to \$7.77 for the former as against \$75.22 for residents of the latter.

As a result of their different statutory bases and level of Federal funding commitment, the expenditure patterns of the ARC and Title V commissions differ markedly. In terms of the cumulative expenditures of the Title V commissions, supplemental grants since 1965 accounted for almost 60 percent and the technical assistance-regional planning program accounted for another 27 percent. In ARC, on the same basis, supplemental grants represented only 16 percent of total Federal fund expenditures while the highway program costs totaled 60 percent. Other ARC categorical program costs accounted for about 23 percent of all ARC funds. Cumulative administrative expenses for the Title V commissions came to about 14 percent, including three percent for Federal coordinating costs. Less than one percent of ARC expenditures went for administration.

The supplemental grant program is a highly innovative financing mechanism designed to give greater accessibility to regular Federal grant and aid programs by States and local jurisdictions for regional development projects. Its primary weakness is the difficulty of managing the supplemental funding process so that project selection is in accordance with regional development priorities. ARC is in a more favored position in using the mechanism because of their budgetary independence and because such funds can be used to supplement projects under most of the ten categorical programs which it administers. Title V commission decisions with respect to their supplemental grant authority are made quite late in the process—after the project has been initiated and approved by the various Federal, State and local jurisdictions involved. These commissions, practically speaking have little discretion then in managing the funds in accordance with regional development criteria and priorities.

ARC has made an impressive record in its various funding programs, in their planned distribution of support for regional development activities, and in its ability to obtain a significant degree of State and local matching funds at levels considerably above minimum requirements. The program has been highway dominated, but efforts to shift the emphasis to "people" programs have been made in recent years. Non-highway programs totaled \$163 million in 1965-67 and increased to \$528 million in 1970-71. Nevertheless, the highway appropriation still represents about 60 percent of all ARC expenditures. At

a much more modest level, the Title V commissions have also generally directed the flow of funds available to them toward facilities required for regional economic growth and human resource development. As indicated earlier the nature of the supplemental grant program and its legal constraints, which represents 60 percent of Title V commission expenditures, gives little, if any, discretion to the commissions for initiating and selecting such priorities. Thus, the program is one of funding projects representing targets of opportunity rather than one which can select those projects which best fit regional development needs. In the Title V commissions, indications are that \$1 of supplemental grant funds has produced \$3-\$5 of Federal, State, local or private funds.

State and local financial support of economic development commission programs varies among the commissions and, in the case of ARC, among types of programs. With respect to the Title V's, in the three year period 1968-1970, the non-Federal support amounted to 48 percent of supplementary grant project costs. Among these commissions, the non-Federal support of such costs ranged from 34 percent for the Ozarks Regional Commission to 62 percent for the New England Regional Commission. Most of the non-Federal support of Title V programs comes from local rather than State sources. In the ARC highway program, State fiscal contributions have averaged about 46 percent, substantially higher than the 30 percent State support required. States have not supported the ARC non-highway programs at a level comparable to that of the highway programs. In the non-highway programs, the total non-Federal contribution averages 47 percent of which the States contributed only 14 percent while local governments provided the remaining 33 percent.

Both Acts under which the commissions were established place emphasis, in different ways and to varying degrees, on concentrating expenditures in areas where there is a significant potential for future growth. ARC, whose enabling Act is more explicitly growth center oriented, has succeeded in getting member States to designate, in accordance with commission guidelines, a total of 173 growth areas. Analysis indicates that there is, in fact, a concentration of project support and funding in primary growth areas. The record for the Title V commissions is far less favorable. A few growth centers have been designated or approved, but the concept has proved to be a troublesome one to the commissions both because of the low level of funding available to them and because most commissions are not politically strong enough to launch and implement a

full-fledged growth centers strategy.

The flow of Federal funds through regional multi-state commissions creates a problem with respect to the distribution of those funds among State participants. Adoption of a growth center strategy helps to blunt the traditional vying for Federal funds on a share and share alike basis. Moreover, ARC has achieved partial success in using more objective criteria including population, land area and specific functional program needs to differentiate among the States in its sub-allocation formulae. The Title V's, generally, have had more difficulty in deviating from an equal allocation to each State approach. State planning grants, for example, are typically uniform. Supplemental and technical assistance grants also flow generally in equal, or nearly equal, proportions to each State. Some of the commissions, however, are beginning to show signs of developing procedures geared to regulating the flow of support funds in accordance with regional development priorities and criteria.

A large amount of Federal money is expended by EDA in the regions served by the commissions. Cumulatively since the creation of the program, EDA has spent about \$282 million—almost three times commission expenditures of Federal funds—in the areas included in the Title V designated regions. As was earlier pointed out, there is no involvement of these regional commissions in the control or distribution of these funds, and little effort to coordinate these expenditure patterns with the regional plans and programs administered by the commissions. The amount of EDA funds flowing into the Appalachia region is about \$190 million. In ARC, however, the commission reviews and comments on EDA grant applications emanating from those local development districts meeting EDA criteria.

The primary objective of both types of commissions is to carry out a joint Federal-State process designed to stimulate and guide regional economic development. However, the routes to this goal, as prescribed in the two Acts creating the commissions, and as indicated by their operational patterns are quite different. With Appalachia, no comprehensive regional development plan *per se* exists, but all Title V's have developed such a document. ARC seeks to make an impact on regional development through joint Federal-State management of the ten special categorical programs, the administration of the supplemental grant program, and the responsibility for the support of multicounty planning and development agencies. Regional priorities take the form of commission policy statements and guidelines and are used as a basis for the annual review of the

required State development plans and their project appendices. Plans have been modified and projects have been revised as a result of this process. In this fashion, funding decisions are linked to some degree with a State-regional planning process. The focus is different in the case of the Title V commissions where the primary emphasis is on preparation of a regional comprehensive plan, where there is no categorical program authority, and where there is no relationship between a regional commission and local planning districts. State development plans are supported by Title V commissions by continuing grants. No commission approves these instruments for conformance to its regional plan, but ultimately they are supposed to provide inputs to and reflect the strategy of the plan. One problem common to both ARC and the Title V efforts is the weakness of the development planning process of most member States. Overall, however, the differences, not the similarities, have helped to project ARC as a strong, viable operating agency well supported by member States. In contrast, the Title V commissions with their low-funding levels and quite limited operational base are viewed as planning agencies without significant implementation powers.

The River Basin Commissions

HISTORICAL BACKGROUND

The Delaware and Susquehanna River Basin Compacts were State-inspired regional instrumentalities. They represented an attempt to achieve regional control over both Federal and State water resource operations. Title II commissions were the product of a Federal desire for more integrated State and Federal regional water resource planning.

The national government has never fully endorsed, on other than an *ad hoc* basis, the Federal-interstate compact device. States, on the other hand, sponsored amendments to initial versions of the Water Resources Planning Act so that they would be able to choose State representatives. The history of these two mechanisms indicates more substantial State participation in and support for the Federal-interstate compact than for the Title II commissions. The Federal government generally has adhered to the reverse position.

THE LAWS

The respective compacts clearly place planning, regulatory, and review authority in both the DRBC and the SRBC. Title II commissions have much

more restricted legal mandates. Within their jurisdiction, the DRBC and SRBC have primary jurisdiction in matters of water quality regulation, control over water diversions, comprehensive basin planning and project review. Title II commissions have concurrent jurisdiction with Federal and State agencies in water resource planning.

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Federal-interstate compact agencies have a firm legal base for exercising basin-wide management responsibilities. Title II commissions, as forum-type bodies, can only exercise their mandate by the power of persuasion, continuing in the tradition of *ad hoc* coordinating committees and Federal interagency committees for regional water resource planning.

Federal-interstate compact agencies are simpler institutional mechanisms than Title II commissions. The former have a smaller number of commission members than the latter and all are appointed by Federal or State executives. Federal representation in the compact agency focuses on a single Federal representative or alternate appointed by the President. With the Title II's, Federal representation is spread among a chairman, appointed by the President, and Federal agency representatives appointed by departmental secretaries. Provision is made for State executive participation in the Federal-State compact, but not explicitly in the Title II commissions.

Voting, basically, is by the majority principle in the Federal-interstate compacts, although the Federal member must concur if the action is to bind Federal agencies; it is by consensus in Title II commissions.

OPERATIONS

Title II commissions have a wider territorial jurisdiction than the DRBC or SRBC. The more widespread territory of the Title II commissions means that they have to be involved with planning for a number of separate, though related, river basins within their general jurisdiction. The DRBC and the SRBC have jurisdiction over a smaller and more well-defined hydrologic unit. This jurisdictional fact gives them a more manageable water resource

assignment than that faced by Title II commissions.

Both Title II commissions and the DRBC depend on Federal and State governments for their funding. Both also look to operating Federal and State agencies for the effectuation of their regional responsibilities although less so in the case of DRBC. Thus, Title II commissions depend on Federal and State agencies to implement their framework plans. In a somewhat similar manner, DRBC has cooperative relationships with State and Federal governments in the areas of project review, water quality regulation, and project implementation.

DRBC must find additional revenues if it is to take on new responsibilities in the area of water resource management. Through such devices as surcharges on water user charges, effluent fees, and/or an areawide tax, the DRBC could, for instance, establish a capital fund for the construction and operation of key water resource projects. Yet, commission members are still undecided as to whether they should vest the DRBC with these fiscal powers. There is also some staff concern as to how this expanded fiscal mandate would affect the commission's planning and regulatory responsibilities. Title II commissions have had to contend with the fact that river basin planning budgets are presently funded through operating Federal and State agencies rather than through the commissions themselves. This fact has helped to keep the size of commission staffs small and made it difficult to coordinate the various water resource planning studies in their regions. Title II commissions generally received under ten percent of all planning monies appropriated for the framework studies authorized in their jurisdiction.

The DRBC has more ongoing relationships with State and local water resource agencies than Title II commissions. The latter tend to be heavily oriented to Federal water resource planning interests while the management responsibilities of the DRBC require it to be in continuous consultation with State and local governments. The DRBC, then, has more institutional visibility than Title II commissions.

Title II commissions and the compact agencies offer State and Federal governments alternative mechanisms for the resolution of water resource problems. The DRBC, for instance, has taken direct pressure off State and Federal governments in its promulgation of basin-wide water pollution control standards and in its regulation of water supply in the river during a drought emergency. The Title II commissions have attempted to operate a forum-type mechanism whereby State and Federal interests can construct a compatible basin-wide water resource

plan. The DRBC, due to its legal authority in certain areas of water resource management, however, can enforce some of its regional water resource responsibilities, whereas the Title II commissions must operate solely by persuasion and negotiation.

The basic goal of the DRBC is uniform water resource regulation and planning within its jurisdiction. The DRBC has been able to achieve much of this mandate. It has promulgated and implemented a system of basin-wide water quality regulations; it has managed water withdrawals in the basin as the occasion arose, and it also has made several attempts to encourage regional approaches to waste water treatment. Title II commissions, on the other hand, have chiefly planning goals. None of them, except the Ohio River Basin Commission which utilized an earlier prepared framework plan, have prepared their framework plan which is of the highest level of generality. When completed, it still will be hard to gauge the impact of that plan on the operations of State and Federal water resource agencies and legislative bodies.

Interstate Compacts

HISTORICAL AND LEGAL BACKGROUND

Interstate compacts are the oldest form of multi-state cooperation with the first actually predating the Constitution's ratification by six years. The Founding Fathers authorized such agreements in Article I, Section 10, but in terms requiring the consent of Congress. Subsequent developments, however, have proven that such consent may not be needed for all compacts, although most have received it.

Interstate compacts are formal agreements between or among the party jurisdictions. They almost always are enacted as statutory law and even when this is not the case, the instruments have the force of law. They are binding on every branch of the State governments involved and protected by the U.S. Constitutional ban on State impairment of the obligation of contracts.

In the case of the new breed of compacts—the Federal-interstate type—the same basic legal obligations bind participating States, but the Federal government retains its Constitutional supremacy in these arrangements. Federal executive agencies, however, are bound by the compact which has the force of a Federal statute. Yet, Congress retains the power to alter U.S. participation in a Federal interstate compact.

The legal base of the compact approach is a par-

ticular advantage for responding to interstate problems if a joint agency is to be created, if specific responsibilities of the signatory States to each other or to a third signatory need to be created or defined, and/or if functions of the compact agency need to involve regulatory, enforcement, or operational activities. The statutory character of compacts usually provides a stability for program continuity and financial support.

Historically, compacts have had a narrow geographic focus and have involved two or more—but never 50—States. Of late, an increasing number have been open for adoption by all States. In terms of subject matter, compacts can be almost anything on which the participants are able and willing to agree.

All but a handful of these compacts enacted in the late eighteenth and nineteenth centuries dealt with the settlement of boundary disputes between two States.

More contemporary forms of regional cooperation needs have emerged as problems of interstate water allocations, natural resource development, regional planning, health, public safety, corrections, education, transportation, and nuclear energy—to mention only the more prominent—have been viewed as ones that in one respect or another required overcoming the limitations imposed by individual State boundaries.

One of the most common forms of compacts arises from the basic need to consult on matters of common concern. These forum-type compacts have occurred largely in the fields of natural resource administration, nuclear energy, and regional planning. The resulting compact agency is almost always a small one with a few professionals serving as its secretariat and with a modest annual budget.

The mutual-aid type of compact is a somewhat more ambitious and intermediate category which has arisen in the forest fire protection and police areas.

Another form of intermediate regional compact includes those dealing chiefly with planning. A number have planning as one of their responsibilities but only a few have it as their major assignment, as in the case of the Tri-State Planning Compact.

The most ambitious regional compacts are those with an operational or regulatory thrust. These are found in the corrections, law enforcement, public works (notably in transportation), natural resources, and recreation areas.

ADMINISTRATION AND CONTROL

Compacts may rely on a regular agency of each participating State or create a new interjurisdictional

body to administer the instrument. The particular approach adopted depends on the scope and character of the joint functions required to make the compact effective. Nearly all of those examined in this study have been of the compact agency type.

Because they are different from regular administrative bodies, various devices have been used to insure that compact agencies are responsible and responsive. A key device to insure accountability is the representation on the commission or board of members appointed by the governors of the signatory States. On occasion, a proportion of the members must reside in the area immediately under the commission's jurisdiction, as in the case of the New York Port Authority.

Finances also provide another means of control. Most compact agencies are wholly or partially dependent on appropriations made by the signatory parties. This provides the basis for legislative and executive oversight. Compact agencies also are audited and may, if a legislature deems it necessary, be subject to investigation. As a practical matter, if the participating States choose to make an agency depend heavily on revenue bonds, the agency becomes more "independent" than it would if the bulk of its funds had to come via the regular appropriations route.

Local governments are not represented on compact agency governing boards except those for the Tahoe Regional Planning Commission and the Washington Metropolitan Area Transit Authority where a majority of the membership is selected by the localities in the area with the former, and solely by local agencies in the latter. But indirectly, localities can affect agency efforts in a number of ways, depending on the nature and scope of its responsibilities and its need for local cooperation. This is particularly true where an agency's program confronts local land use and zoning regulations that must be honored.

Compact agencies that are eligible for Federal grants-in-aid are subject to the same regulations and restrictions as any other recipients. Various Federal regulations govern the agency's activities if they affect interstate or foreign commerce or other matters of national import.

PERFORMANCE

In general, those compact agencies that are small and have forum-type responsibilities do not generate significant oversight or investigatory efforts. With those having larger budgets and substantial regulatory or operational functions, the reverse tends to be true.

The performance of compact agencies in dealing with their assigned tasks ranges from very good to poor and differences depend on quality of personnel, adequacy of legislation, levels of financial support and the kinds and difficulty of the problems assigned to them. Most compact agencies deal with problems and activities that cover only a very limited part of the public service spectrum and thus do not attract wide interest. The few agencies that are responsible for functions that have a major impact on a region are usually highly regarded insofar as their professional competency and efficiency are concerned. Controversy surrounding these agencies usually revolves around questions of a policy nature over facility location and program emphasis.

RECOMMENDATION I. RETENTION OF REGIONAL MULTISTATE DEVELOPMENT COMMISSIONS

The commission finds that given their funding levels, difficult assignments, and wholly novel institutional make-up, the Federal-multistate instrumentalities established pursuant to the Appalachian Regional Development Act, Title V of the Public Works and Economic Development Act of 1965, Title II of the Water Resources Planning Act of 1965, and the Delaware and Susquehanna River Basin Compacts have performed their assigned missions adequately and should be continued to gain additional experience against which their performance and role in the federal system might be further appraised. Hence—*The commission recommends that the Federal-multistate regional instrumentalities created pursuant to the Appalachian Regional Development Act, Title V of the Public Works and Economic Development Act of 1965, Title II of the Water Resources Planning Act of 1965, and the Delaware and Susquehanna River Basin Compacts be retained pending further experience and further recommendations by the commission as to what form of multistate regionalism, if any, should be adopted.*

Governor Hearnest dissents and states:

"Although I favor the retention of the Regional Multistate Development Commission, I must dissent with the recommendation of the Advisory Commission on Intergovernmental Relations in that it only favors the status quo. Personally, I favor a major revision and extension of the Regional Development Commission Program.

The majority recommendation states that ACIR members need more time to gauge the value of this federal-multistate experiment. The ACIR report acknowledges that Congress is

currently considering the future of the Regional Development Commission program. I think the ACIR should have taken a more substantive position to help guide Congress in their deliberations. I have served on the Ozarks Regional Commission since its inception in September, 1966. On the whole, the commission concept has been very satisfactory as far as I am concerned.

Many of the advantages of the Regional Development Commission are discussed in the Advisory Commission on Intergovernmental Relations report and it is for these very reasons that I support the major revision and extension of the Regional Development Commission program. Specifically, the commissions provide a vehicle for coordination and understanding between the various levels of government—federal, state and local. One major advantage of the commission approach is that it involves the local economic development districts or multi-county planning commissions which have been formed to focus on local economic development problems. The legislation that created the commission allows a more innovative approach to economic development rather than the traditional narrow approaches that some federal agency imposes on the states without regard to geographic or other differences. In addition, the regional commission approach allows for the integration of the private sector into the public stream of economic development planning. Another advantage of the Economic Development Commissions is that they allow the Governors to participate, on a partnership basis, with the various federal agencies, to direct the needed funds into areas where economic development has been lagging behind other areas of their state or the nation as a whole.

For these reasons, I respectfully dissent from the recommendation of the majority of the Advisory Commission on Intergovernmental Relations and strongly support alternative policy position #1 which is discussed in Appendix A of the report. The alternative would provide for the major revision and extension of the commission program, as we now know it.

I strongly feel that the position taken by the majority of the members of the Advisory Commission on Intergovernmental Relations will only invite inaction on the part of Congress and indecision by the Administration."

Senator Muskie concurs and adds the following statement:

"I concur in the recommendation of the Advisory Commission on Intergovernmental Relations that multistate regional development commissions be retained. However, I regret that the commission has not taken a more positive position in advising the Congress as it considers a major revision of the regional economic development program.

The Senate Subcommittee on Economic Development, of which I am a member, is currently drafting legislation for a national economic development program which will replace the Public Works and Economic Development Act of 1965. One essential feature of this draft bill is a national system of regional development commissions, broadened in scope and strengthened in financing and authority. This approach, together with the other development tools contained in the draft bill, appeals to me because it allows local and State governments to achieve a measure of control over Federal categorical aid programs within their areas, focusing Federal assistance on priorities identified locally. In addition, this extension of multistate regionalism would provide for all parts of the nation an institutional structure in which State and Federal partners can provide a more creative and more orderly development for

their region than now possible under fragmented Federal aid and agencies."

Although regionalism in varying forms has been part of the American tradition since the 17th Century, the 13 multistate regional agencies, whose performance and role in the federal system is the subject of this report, have had an extremely short life to date. They were formed, as we have seen, over a ten-year period beginning with the establishment of the Delaware River Basin Compact in 1961 and ending with Federal approval of the Susquehanna River Basin Compact in December of 1970. This decade began and ended with the creation of a Federal-interstate compact mechanism designed to deal with the problems of river basin development and water resources control. The middle years were marked by enactment and implementation of three Federal Acts creating ARC and permitting the establishment of the Title V and Title II commissions. The 1960's then was a decade of unprecedented reliance on Federal-multistate regional instrumentalities. It was an era of experimentation with new institutional forms to meet broad development problems transcending State and substate jurisdictional boundaries.

Based on this study of existing regional commissions' operations and the intergovernmental roles they have played, this commission believes that, for the present, these regional instrumentalities should be continued. Our basic conclusion at this point is that the relatively brief existence of these regional commissions does not provide sufficient hard data to make conclusive judgments about their performance. Similarly, there is no firm evidence to determine accurately the impact that their operations have had on economic and water resources development problems.

The variety of approaches represented in their programs and operational experiences along with the novelty of and basic differences in their institutional forms makes any overall judgments speculative in our view. After all, there is no precedent in the American governmental tradition for these Federal-multistate regional commissions. For these basic reasons, we do not believe reorganization, whether moderate or radical, or abolition of the regional commissions as an institutional form of intergovernmental relations is warranted at this time.

At the same time, we are aware that some observers of regional developments are convinced of the need for substantial strengthening of some or all of the present commissions through changes in their legal base, programs and fiscal support levels. Others see in the present record adequate evidence to sup-

port more radical changes in the scope and role of these commissions under a more or less unified national regional development administration. Some see this kind of national regional pattern related closely to the Federal regional councils in each of the uniformly defined ten Federal regions. Still others read the record as representing minor or negative accomplishments and favor abolition of the federally-sponsored regional commission from in favor of the traditional Federal-single State approach to meeting developmental problems. Because each of these views commands support and because this commission's recommendation to retain these commissions is tentative, five contrasting positions relating to regional commissions have been summarized in Appendix A. It is our hope that this presentation, along with the following rationale for the commission's present position, will stimulate a continuing dialogue and examination of the multistate regional commission mechanism and provide a set of reference points for later decisions concerning their future role.

Advantages and Accomplishments of Regional Commissions

While this recommendation for *status quo* continuance of multistate regional instrumentalities is dictated primarily by lack of sufficient operational experience to assess their full or potential impact and role in the federal system, it does not ignore the significance of their undertakings and accomplishments to date.

National and State initiated Federal-multistate regional bodies are performing necessary functions that supplement, not supplant, activities of existing units of government. From the point of view of a member State, a close relationship to other participating States and the Federal government in seeking solutions to certain regional problems has increased the opportunity for it to coordinate some of its own policies and programs with those of the other affected governments. Federal participation, on the other hand, has afforded closer field encounter by certain Washington agencies with the variety of regional conditions that require flexibility in the planning and execution of economic development and water resource management programs and policies. There is evidence in the record to suggest that both levels can play complementary roles through these multistate instrumentalities.

These Federal-multistate bodies are links between and among Federal agencies, the States and, in some cases, the localities. They represent efforts to over-

come the problem of functional fragmentation and the lack of a coordinated regional strategy within the regular Federal aid approach. All are required to develop comprehensive and coordinated plans and sponsor research. Most conduct demonstration programs and all have identified those regionwide problems in their respective functional areas that require Federal, State, and local actions.

With reference to implementation, the ARC, through the use of flexible program funding, and the DRBC, through its regulatory functions, have demonstrated they can carry out certain region-wide goals and policies. The ARC's special categorical programs and its supplemental grant program have made it possible to redistribute non-highway appropriations with only general Congressional limitations. The DRBC has set basin-wide water quality regulations and issued abatement schedules for waste dischargers in the region. The Title V commission supplemental grant program, while much more limited than that of ARC, also has provided at least a minimum targeting of Federal regular aid efforts toward the special needs of their five regions. The primary emphases of the Title II river basin commissions has been to serve as a planning information exchange for Federal and State water resource agencies and to prepare general framework plans. Water resource projects carried out within the regions generally will be in harmony with commission framework studies, since Federal and State water resource representatives participate directly in the development of these studies.

To overcome the defects of traditionally narrow approaches to economic development and water resources management, the commissions generally have been given broader program mandates than had been the case with earlier efforts. All involve the participation of more than one level of government and thereby benefit from a broader intergovernmental input. Economic development is not viewed as limited to public works, but includes health, education programs, and other human resources activities. Water resources management is viewed as having multiple concerns, including water supply and quality, waste management watershed and flood plain management, power plant siting, recreation, and other water related land uses.

To overcome the problem of insufficient scale of local government economic development activities, multicounty planning and development districts serve as the focus for local efforts in Appalachia and, while Title V commissions have only indirect relationships with local development institutions, their member States have assisted in organizing such

multicounty agencies. The DRBC has maintained cooperative relationships with some of its larger local jurisdictions and with the Delaware Valley Regional Planning Commission, the comprehensive planning unit whose jurisdiction encompasses the Philadelphia-Camden metropolitan area.

The Appalachian Regional Commission and the Delaware River Basin Commission have developed fairly strong administrative systems for program coordination. The ARC, through its staff and Federal co-chairman, acts as a broker in coordinating its programs with Federal government agencies in Washington. At the State level, the State representative, who is the governor's designee to the commission, works to pull together his State's efforts into a single coordinated program. The local development district is the agency for uniting actions of local government agencies within its multicountry area. Finally, both the States and local development districts are concerned with integrating private development efforts into the multi-level system. The Delaware River Basin Commission's procedures for program coordination are different, largely because of its more limited functional responsibilities and its stronger regulatory role. The Federal member is advised by a field interagency group to insure that national goals and policies are reflected in not only the commission's planning efforts but also its administrative activities. Should Federal interagency disputes occur at the field level, the Federal member may resolve the conflict or request an interdepartmental committee headquartered in Washington to settle the matter. Coordination of State level water resources programs rarely is a problem, since the commission's State representatives are either heads of State water resource agencies or key members of the governor's personal staff. Contact with local officials also is maintained. Because of the substantial impact of the DRBC's activities on the special problems of Philadelphia and New York, both cities provide technical advisors to the commission.

Commission composition and voting procedures, with the partial exception of the Title II agencies, tend to produce balance in the decision-making process. In the case of ARC and the Title V's, commission decisions require an affirmative vote of the Federal co-chairman and a majority of the State members. In the case of DRBC, the affirmative vote of the Federal member is required to bind the Federal agencies to a commission decision. The development of Title II decisions, on the other hand, is by consensus. The large number of Federal agency members on Title II's, the absence of a formal Federal negative, and the State vice-chairman's right to

present differing State views in writing combine to produce a different decision-making procedure one with protections for minority positions but one that stresses broad agreement.

Finally, subject to certain constraints in the authorizing acts for each type of regional agency, the commissions have considerable flexibility in developing their program strategies and their working relationships with other public agencies. As might be expected, some approaches have been very successful; while others have been of limited usefulness.

LET THE EXPERIMENT CONTINUE

The commission concludes that it is much too soon to make any final judgments on the overall effectiveness of the multistate regional programs operated by the ARC, Title V, and Title II commissions. The legislation establishing these commissions and giving them their mandate should be retained in its present form. A half dozen years or less in many cases, is too brief a span to permit anything but tentative findings on the 12 commissions established since 1965. Proposals for abolition, substantial program redirection, or drastic institutional overhaul are clearly premature.

The two 1965 Acts leading to the creation of the six Federal multistate regional economic development commissions represented an unprecedented effort in bringing together all levels of government in an intergovernmental institutional framework. Congress from the outset clearly recognized the experimental nature of the program and the unique organizational character of the resulting commissions. It also felt that a broad, new approach in providing assistance to economically distressed areas was warranted, in that basic regional and local differences necessitate a decentralization of much of the planning, programming, and decision making that formerly were almost exclusively handled at the Federal level.

Both the ARDA and Title V legislation have been extended twice, the first occurring in 1969, and the second, in 1971. Presently, the expiration date for Title V commissions and ARC is 1973 and 1975, respectively. Each time extension was being considered, Congress had the benefit of reviewing a number of evaluation studies that judged the strengths and weaknesses of regional commission activities from several points of view. Yet, at neither time did Congress choose to make major substantive changes in either Act. Congress is continuing its oversight over these regional commissions and

their programs. Hearings scheduled to be held later in 1972 by both Senate and House Public Works Committees will provide additional data and information for further appraisal and possible modifications of these programs.

In our judgment, the regional economic development commissions have succeeded in identifying some of the devices that offer hope and some that proved merely fanciful. We believe they have provided some useful lessons in how to develop a joint regional strategy.

The additional two years, in the case of the Title V program, and the four-year extension of ARDA, will provide additional time for a more meaningful evaluation of the overall worth of this type of regional approach in solving the nation's economic development problems.

Similarly, this commission believes that no changes are called for at this time with respect to Title II of the Water Resources Planning Act of 1965. The Title II river basin commissions have been assigned an extremely difficult, time-consuming task in developing general framework studies for the management of regional water resources. Moreover, the linkage between the Title II's and the Water Resources Council (WRC) has not resulted in a speed-up of commission operations. WRC's role after all is primarily one of coordination with limited authority. The long delay in reaching agreement on guidelines for the Title II's planning program is illustrative of the complexities involved and the difficulties in WRC's coordinating role. Since only the Ohio River Basin Plan has been completed, and this framework effort was finished before that commission was formed, the program should be given adequate time to permit other river basin commissions to complete the initial planning task. Activities now underway in all of these regions that provide for information exchanges among Federal and State water resource agencies, inventory studies which affect basin-wide water resources, and a forum for coordinating views on various Federal, State and local water resource management programs and policies. All these are essential initial steps toward implementing a unified regionwide water resource planning and management program.

This commission's conclusion that more time is required to appraise the impact and relevance of the regional commissions should not be interpreted as either a promise of potential effectiveness, or as an excuse for faulty performance to date. The simple fact is that substantial time is required after passage of the enabling legislation to make appoint-

ments, recruit and select staff, hold organizing meetings, establish by-laws and charters, formulate policies and programs and work out all the myriad intra- and intergovernmental arrangements that these programs require. In the case of the Title V and Title II commissions, there was the additional hurdle of the designation process since neither statute identifies specific regions or river basins. All these efforts take time. Witness the fact that most of the Title V and Title II commissions were not fully operational until late 1967 to early 1968. But above all, these 13 regional instrumentalities were and are novel cooperative ventures among States and between States and the Federal government. Precedents were a few. The institutional formula was untested. Their program strategy was wholly untried.

Even with the DRBC, the oldest of the multi-state commissions, a number of years elapsed before that agency began to mount an effective water quality control program. And it was not until 1971, that it moved to the threshold of expanding its responsibilities in the financing of regional sewage treatment systems. The same time delay requirements, at least in part, can be read into the slow DRBC movement into watershed and flood plain management, recreation, and hydroelectric power planning and regulation. The other compact commission, SRBC, has just been organized and, as of January 1972, was only beginning to recruit staff.

The Title II river basin commissions are quite explicit about the time requirement, particularly in formulating basin framework studies. Some observers are critical of the Title II's plodding pace, and they cite weaknesses in the legislative base and in the institutional form of these commissions as causes. Title II supporters state that joint basin-wide planning is a new field requiring new information, more complicated analytical techniques, and new inter-agency and interlevel relationships—only now in an early development state. Some of these observers feel that an earlier development by WRC of Title II planning guidelines would have speeded the process. Moreover, they point out, there are many diverse interests to be reckoned with in water resources planning and development. These interests must be tapped, analyzed and merged even though considerable time is involved. These defenders also note that framework studies must come first and this is the most complicated phase of the planning process. This commission finds merit in most of these arguments.

With respect to the economic development commissions, the time required to gain operational ef-

iciency, not to mention effectiveness of program impact, is indeed great. In the first place, governmental intervention to stimulate on a multistate basis a regional economy that has been lagging for decades is a new and untested concept in this country. As in basin-wide water resources planning and development, there are no pat formulas applicable in any one or all regions to guide the process. It is a function which requires new data, new concepts and new planning processes which vary from region to region.

ARC was created with substantial amounts of money in hand and effective controls over a set of categorical programs, especially a well defined highway program, closely linked to economic development needs. It was given an operational emphasis from the outset, and it gained stability and political strength thereby. It chose to launch a regional planning process based on and beginning with local and State planning inputs and policy decisions. Whatever the merits of this approach, it required months to work with States and their localities to organize and staff these components of a regional planning process, and the job is far from complete. In many ARC States, the planning function at State level was either non-existent or quite primitive, a condition which still exists to some degree. Time is required in this kind of planning process to overcome inertia and gain the commitment and expertise to upgrade these State and local planning functions to operate in a regional context and provide valid inputs to the regional development effort.

The amount of time reasonably required to move the Title V commissions from point of creation to a full operational state is greater than that for ARC. Lagging economic regions had to respond to the invitation to form a regional commission, and a Federal co-chairman had to be appointed even before the staff recruiting process could begin.

The more specific mandate of the Title V's to produce a document representing a comprehensive regional economic development plan, coupled with a much more modest assortment of programmatic and funding tools, combined to dictate basically a "top-down" planning process. Theoretically, this approach should take less time. Yet, if the plan is to be feasible and relevant, if implementation is to be achieved through State and local plans and policies, then the investment of time to gain subregional involvement and consensus is not only justified, but required. Moreover, because of the heavier Federal oversight role in these commissions, the law requires a review by a vast section of the Federal bureaucracy before it can

be transmitted to the President "for such action as he may deem desirable." This review gauntlet is capable of producing not only a range of reactions from sheer apathy to open hostility, depending upon "whose ox is being gored," but also an inordinate consumption of time. This review has been completed for only two of the Title V comprehensive plans with submission to the President in September 1971 and January 1972, respectively. The argument that better prepared plans would greatly reduce the time delay is rejected by this commission in the light of the pioneering characteristics and inherent complexities of region-wide economic development planning and the nature of the review process required to give the plan status.

Turning to the issue of plan implementation as it relates to 12 of the multistate regional commission programs, excluding SRBC, it is apparent to us that the period has just now been reached when the emphasis can shift from planning to plan implementation in most of these agencies. That judgment should be interpreted a little differently in the cases of ARC and DRBC since both of these commissions were really charged with a mandate to implement a plan simultaneously. Basically, these two commissions have followed this strategy, even though the impact of their programs can not be fully assessed at this point. But, we see a clear need for even more time in the case of the Title II's to capitalize on the investments made in the basin-wide framework studies and to move to the more detailed Type II studies. Similarly, the Title V commissions should be given more time to shift to an implementation phase of their work and to test the feasibility of their comprehensive plans.

Our inquiry has yielded little by way of hard data measuring the impact that the multistate commissions have had in carrying out their mandates. While DRBC did take steps to deal with the severe drought in 1965, we can not assess the impact of this action in relation to any previous measures which might have been taken, or were taken by DRBC. The same problem of reservation exists in efforts to assess DRBC's pollution abatement program. Such data can be accumulated and, over time, evaluations can and should be made, but in our view such judgments now are premature.

The impact of the Title II planning programs are likewise impossible to assess accurately, and this problem will not disappear in the immediate future. Basin-wide framework studies, yet to be completed by all Title II commissions, are the first step in their planning programs. Meaningful assessment of pro-

gram impact can not be made until the more detailed Type II studies are completed. And the effect of all this on State and Federal agencies as well as on Congress will not be known for a number of years.

With respect to the economic development commissions—both the ARC and the Title V's—the implicit and explicit goals of these special programs are to raise income levels, job opportunities, and the basic quality of life in these regions to a position of parity with the rest of the country. The commissions have viewed these goals as requiring broader efforts in the fields of health, medical care, education, vocational training as well as efforts to upgrade transportation, industrial growth, and natural resources conservation which are more directly related to economic development. The point here is that the impact of these broader programs can be assessed only after a number of years of implementation efforts, and only then with some difficulty. We take note of the fact that ARC, which has had the longest implementation period, rejects the use of "success" indices expressed in terms of lowered migration rate, increased income levels, the number of additional jobs available, and similar data. In our judgment, it is still too soon to make a valid appraisal of such of these data as are available and to attribute any noted changes directly to the efforts and program of economic development commissions.

On balance, this appraisal of regional commission advantages and accomplishments matched against what we believe are reasonable time requirements before the programs can be validly assessed, yields no other conclusion but to let the experiment continue in its present form until further experience provides sufficient data on which more reasoned judgments can be made. Thus:

It is too soon to prescribe specific reforms, major or minor. To do so would be tinkering or revising the mechanism without really knowing the impact of present efforts on these broad developmental problems. Also, such changes may dilute or destroy past and present investments of time, money, and meaningful intergovernmental relationships vital to the resolution of these problems.

It is too soon to link the economic development commissions with a national growth strategy. This strategy has yet to be hammered out. Its component policies at the Federal and State levels are yet to be agreed upon. Widespread debate and major decisions on these critical views must occur before confronting the question of what role the regional economic development commissions as well as the river basin commissions might play in a growth policy procedure.

It is too soon to link these multistate regional instrumentalities under any new national regional policy or program. As we have pointed out, differences in form and function among these regional mechanisms are far more prominent than their similarities. While developmental problems are, of course related, we find no objective basis at this point in time for the merger or combination of these instrumentalities under a single organizational umbrella at the national and regional levels. There is little geographic or real functional overlap among the existing commissions and the number of commissions represents no basic problem of proliferation. Moreover, while the creation of some additional Title II and Title V commissions has been requested, we do not believe the legal criteria prescribed for creating new commissions is so broad as to allow a troublesome proliferation of these mechanisms in all sections of the country.

In our judgment, it is far too soon to merge this rather disparate group of multistate instrumentalities with the Federal Regional Councils that have been established in each of the ten Federal regions. For one thing, such a move would require a massive shifting of boundaries of either the various regional commissions, or the Federal regions, or both. Given what we believe to be the present mid-stream development of most of the regional commissions and especially of the Federal Regional Councils, such a course would produce confusion in programs and intergovernmental relationships. After all, the Federal Regional Councils have only recently been established—not all of the Federal agencies to be included have as yet joined as official council participants and the councils' role as coordinative, liaison, and decentralizing mechanisms is still being carved out. Our view then is that it would be wholly premature to recommend a pattern of regions and regional instrumentalities featuring such a combination at this time.

Finally, our assessment of regional commission performance and the brevity of their experience to date support the judgment that it is far too soon to call for abolition of these mechanisms in favor of return to sets of one-to-one, Federal-single State relationships in these functional areas. The compact arrangements after all were initiated by the States themselves and the other regional commissions were created at least partly because the traditional pattern of intergovernmental relations had not produced a sufficiently effective response to developmental problems. The record of their performance, in our view, is incomplete. They

have not defaulted on their assigned tasks and there have been some accomplishments in their response to these developmental problems which are still with us. We believe, therefore, that these commissions should not be abolished at this time and that they should be given more time to demonstrate whether or not the experiments these programs represent can be counted as successes or failures.

In making these judgments, this commission is not unmindful of national developments which may affect, directly or indirectly, the role of regional commissions and the thrust of their programs. The various general and special revenue sharing proposals, especially the Administration's rural revenue sharing measure, could have a direct impact on these developmental programs. The President's first Urban Growth Report, due in February 1972, and actions which may flow from it, conceivably might affect the role and programs of some or all of these regional commissions. We believe the existence of these possible or scheduled developments provide additional reasons for advancing a tentative recommendation regarding multistate regional mechanisms at this point in time.

This commission's recommendation for *status quo* continuance of these regional mechanisms is not intended to thwart efforts by the commissions and the Federal agencies involved to make normal administrative and operational improvements. Findings of this report, in effect, constitute a primer of possible commission actions in these areas.

In the State planning area, for example, there is enough evidence to suggest that some States do not take seriously enough their developmental responsibilities. It is apparent that State planning activity needs to be bolstered and that closer relationships between State and regional development plans are essential. The commission has developed a model draft of a State planning bill pursuant to recommendations adopted in its reports on *Fiscal Balance in the American Federal System* and on *Urban and Rural America: Policies for Future Growth*. This measure still merits the attention of all who seek to upgrade the State planning process.

Similarly, more emphasis might well be placed on merging the Title V comprehensive regional planning function with the planning and budgeting efforts of member States. Further, Title V commissions and member States should adopt a procedure for formal review of State develop-

ment plan and investment priorities for conformance to the regional plan. Not only are State inputs essential to the regional plan, but State plans should reflect regional strategies.

The State water resources planning process and the linkage with Title II commission framework studies could be strengthened. Effective implementation of an existing Water Resources Council regulation applicable to all Title III grants would help achieve this. The State application for a Title III water resource planning grant is required to show the steps that will be taken for coordinating the applicant's program with the work of Title II River Basin Commissions in those areas of a State included within a commission's jurisdiction. A more rigorous WRC check of this procedure in State planning efforts would help produce better State inputs into basin-wide framework studies.

The funding levels for the Title V commissions are modest in comparisons to that for ARC and the funding of the Title II's is quite low compared to expenditures for water resources development in the various regions. There are significant gaps between amounts authorized and monies appropriated for these programs. Also, in the case of the Water Resources Council's Title III grants, the authorization-appropriations gap has slowed up State water resources planning efforts. This commission has addressed itself previously to the general problems raised by authorization-appropriation gaps in the Federal budgetary process. Here we underscore the point in terms of two significant Federal-multistate endeavors.

The overall record of the Federal co-chairman on the Appalachian and Title V commissions indicates considerable drive and talent on their part in serving as the recipients of, and leaders in, the battle over Federal funds for their respective programs. It also suggests considerable skill in interacting with governors, alternates, and commission staff. But the record is less clear about a positive role on their part in resource allocation decisions and in evaluating individual State efforts as reflected in their development plans or planning programs and project proposals. All the arts of a skilled diplomat are called for in such an assignment but at this point, consideration might be given to whether this assignment should be avoided any longer. Increasingly, hard questions are being asked about State efforts under these programs and, just as frequently, some ask how the Federal interest is really protected in these joint endeavors. The Federal co-chairman is in a position to resolve many of these doubts and he can do it by becoming more involved substantively in

commission deliberations, in applying its policies, and in the process of formal or informal review of State planning efforts and projects.

Some State members might resent this role for the Federal co-chairman. Yet, in the long run, most probably would welcome it, since it could contribute directly to strengthening the commissions' position and the regional thrust of its operations. These goals, after all, are of as much concern to the member States as they are in the Federal interest. What is more, these are some of the advantages that such Federal-multistate efforts are supposed to produce.

Greater attention might well be given by appointing authorities to the selection of their designees serving on Federal-multistate commissions. The State designees should have the background, official position, and access to assure proper representation of their States. Moreover, the designee in many States is a pivotal official in all official State dealings with the commission and this makes the position one of critical administrative significance. One problem that has been troublesome is the negative impact of frequent changes in personnel occupying this position. While new State administrations can not be expected to continue with the designee of an outgoing one, retention of the same representative during the tenure of a governor would give greater continuity and stability to the State's relationship with the commission. Finally, in those cases where the State designee has an alternate to serve in his place at commission deliberations, the alternate should not be a lower level functionary. This, too, becomes a gubernatorial responsibility, since it directly affects the quality of representation of his State. Furthermore, on the Federal side, there is evidence that patronage considerations sometimes have been the primary factor in determining the selection of some Federal members.

To strengthen the Federal representation on Title II commissions, consideration might be given to developing a selection procedure that is consistent from department to department. Presently, the Secretary of the Department of the Interior appoints his regional office coordinators to serve on the appropriate commissions. Other agencies generally adhere to varying practices. This complicates the task of coordinating Federal inter-agency views and consequently the job of the Federal chairman. Similar problems, of course, occur at the State level when there is no single unified water resource agency.

Summing it all up, this commission believes it

would be premature to make any final judgment at this time on the effectiveness and continuing relevance in the federal system of these multistate regional commissions. They represent quite different and novel intergovernmental approaches to broad regional problems in the economic and water resources development area. Their brief operational experiences provide a meager basis for accurate assessment. They appear to hold some promise as institutional devices for joining and implementing certain Federal, State, and local policies. But, in our view, it is too soon to make any final judgments regarding their present effectiveness or ultimate fate. More time, much more time, is needed to gauge the value of these Federal-multistate experiments. Our recommendation then is that, for the present, these multistate regional commissions should be continued under their present mandates pending the development of a more extensive record.

RECOMMENDATION II. CONTINUED USE OF INTERSTATE COMPACTS

The commission believes that there always will be a range of governmental problems and functions transcending the boundaries of two or more States which will require interstate compacts. At the same time, the commission finds that the member States have not always exercised systematic oversight of the activities of compact agencies. In light of these findings,

The commission recommends that the States continue to initiate and Congress give consent to interstate compacts designed to meet governmental program problems—informational, planning, operational, and regulatory—that require interstate arrangements. To avoid proliferation, the commission recommends that States when drafting a new compact consider the feasibility of expanding the scope, functions, and powers of an existing compact agency if such action would resolve the difficulty prompting consideration of the new instrument. The commission also recommends that member State legislatures adopt procedures to provide for a biennial audit and a periodic program review at a minimum of every five years of all compacts to which their State is a signatory party. The commission further recommends that, whenever possible, signatory States avoid revenue bonding as the primary means of funding the operations of a compact agency.

Interstate compacts are formal agreements between and among State governments, which are enacted as statutory law. The history of their use dates back to the 1780's and for the next 150 years the device was used almost exclusively for the settlement of boundary disputes among the States. The Federal interest in compacts stems from Article I of the Constitution which reads: "No State shall, without Consent of Congress . . . enter into any agreement or compact with another State or a foreign power . . ." While later judicial interpretation made it less clear that Congress must consent to all interstate compacts, as a matter of practice almost all such documents are subjected to this process. In a few fields, Congress has given advance consent for the enactment of interstate compacts. All Federal-interstate compacts, of course, must have Congressional consent.

The compact device is available for use whenever political boundaries inhibit Federal, State and local jurisdictions from relating to one another, or from joining together in response to a governmental problem of common concern. In this study, the commission has examined a wide variety of compacts, ranging from forum-type consultative agreements to those which are fully operational in nature and which establish a compact agency mandated to carry out specified regulatory duties and responsibilities. The most contemporary forms of compacts are those focused on problems of interstate water allocation, environmental control systems, natural resource development, health, public safety, transportation, education and other areas. The Delaware River Basin Commission and the newly organized Susquehanna River Commission are classic examples, to date, of the use of the compact device for broad regulatory purposes.

As the commission sees it, there are few problems involved in the extended use of the compact device as a basis for forum-type consultative arrangements between and among states. Nor is there much concern about compacts designed for joint planning efforts. So long as the use of this process does not inhibit any necessary joint governmental action, the use of such compacts is all to the good. There are several valid concerns, however, in the use of compacts which are operational or regulatory in nature and which are designed to solve specific problems or offer a single set of services. Special efforts should be made to see to it that the device is not used to develop a myriad of single purpose agreements or agencies as partial solutions to broader or more difficult problems. The commission is well aware that developing

intergovernmental solutions to joint jurisdictional problems opens some doors to compromise which may yield a less than fully effective compact arrangement. This is especially true in operational or regulatory compacts establishing a separate agency, and in which the signatory parties are placed in the position of delegating, and thereby relinquishing, a portion of their responsibility and power. Care should also be taken to insure that compact agencies are responsive and responsible. Even though compacts are basically State enactments, they can be designed to include local government representation, when such is desirable. A key device to insure accountability is the representation on compact commissions of gubernatorially appointed members. Other concerns involve the financing of compact agencies and legislative review and oversight of compact operations.

On balance, the commission concludes that the compact device has proven to be a most useful instrumentality in the solution of problems shared by more than one State. As governmental problems increase in complexity, especially in and near metropolitan areas, compacts can and should be used to develop effective solutions. As a means of avoiding proliferation, however, the commission urges that specific steps be taken by States to explore the possibility of expanding and extending existing compacts when responding to other interstate problems in the same geographic area. The commission has, on numerous occasions, cautioned against the use of single-purpose governmental institutions. In a like fashion, we urge States to avoid the overlapping and proliferation of single-purpose compact agencies.

The commission also recommends that member State legislatures, adopt procedures to provide for a biennial audit and a periodic program review every five years, at the minimum, of all compacts to which their State is a signatory party. This commission has recommended periodic legislative review and assessment in other intergovernmental arrangements as a means by which experience with a program can be analyzed to determine whether it should be terminated or redirected. Audit and comprehensive review procedures also would benefit States in determining whether compact operations are being discharged effectively. Legislative audit and review also is necessary due to the insulation of compact agencies, for example, from normal legislative budget review and, in some cases, from annual reporting requirements to the State legislature.

The recommended, biennial audit should be

performed for and at the direction of the State legislature by the State comptroller or other appropriate fiscal officer on the basis of fiscal records and reports submitted by the compact commission. The commission notes that there are several means of achieving a general periodic program review. Most States have a joint executive-legislative commission on interstate or intergovernmental cooperation which could serve as one vehicle for reviewing compact operations. Another means of insuring review might be through a legislative requirement that the appropriate State agency heads prepare periodic reports appraising the State's participation in various functional compacts. Such requirements are presently in effect in New York State. The method for insuring legislative review can best be attained by making formal provision for it in the compact document itself.

In sum, this commission urges periodic audit and legislative review so that compact operations can be judged in a normal political fashion. Moreover, such review may suggest other areas in which multistate action might be required and ways in which compact operations might be coordinated with general-purpose State and local governments.

Most interstate compact agencies with significant operating powers finance their operations through revenue bonds. Such financing has been considered to have several fiscal advantages including: (1) the raising of revenue from private rather than public sources, (2) the financing of compact services through user charges rather than general taxation, (3) the flexible scheduling of bond sales, often through re-financing techniques, to a time when bonding funds are available at a low cost, (4) the absence of a need to refer bonds to the electorate, and (5)

the systematic amortization of bonds from revenues generated by compact agency operations. Indeed, agencies such as the Port Authority of New York with its consolidated bonding authority have been able to pool revenues to permit more diversified funding of metropolitan transportation projects.

Even though revenue bonds give compact agencies a fiscal independence whereby they can meet their long-term operational responsibilities, the commission recommends that, whenever possible, signatory States avoid revenue bonding as the primary means of funding. Rather, States might pledge annual or multi-year appropriations for a compact as they do now in the case of DRBC and ORSANCO. Or States might create bond-bank operations, similar to the one recently created in Vermont, which would be the sole purchaser of compact agency bonds.

The commission makes this recommendation for several reasons. Financing of compact operations from State general revenues or State bonding powers would strengthen the fiscal position of smaller, unifunctional compact agencies; thus, their bond issues would receive a higher bond rating and interest costs in the issue would be reduced. Partial financing of compact agencies from State sources would also increase the opportunity to review compact agency operations in detail and also see how their operations are coordinated with local governments in the compact area. Through these powers, States could strengthen their fiscal oversight, presently lacking in most compacts. Moreover, since States would commit themselves both to the compact agreement and as the primary source of compact financing, compact agency operations would not be jeopardized by an unstable financing system.

Appendix A

**OTHER POLICY POSITIONS
ON FEDERAL-
MULTISTATE REGIONAL COMMISSIONS**

1. Major Revision and Extension

THE NEED FOR REFORM. Some observers find the record of the Federal-multistate regional commissions sufficiently adequate to draw certain conclusions, to arrive at certain judgments regarding their performance, and to call for major reform in certain of the regional programs.

Most of these moderate reformers find the records of the Appalachian Regional Commission and the Delaware River Basin Commission generally satisfactory and that the minor changes needed can be achieved primarily by the commissions themselves and their State members. On the other hand, most find basic defects in the performance of the Title V commissions established under the Public Works and Economic Development Act of 1965 and the Title II commissions set up by the Water Resources Act of 1965. Variation and many contrasts, not uniformity and strong similarities, are the hallmarks of the experience thus far of the regional economic development and water resources commissions, they emphasize. A number of factors, they believe, explain the differences between the ARC and the Title V's and the contrasts between the Title II commissions and DRBC and SRBC, including their contrasting legal base and mandates, their varying level of political and fiscal support, and their resulting capacity to influence Federal, State, and local governmental actions.

Implicit in their general position are three assumptions. They generally accept the proposition that effective joint Federal-multistate economic development and water resources instrumentalities are needed now and in the future. They also accept the argument that the record of some of these instrumentalities

suggests ways and means of achieving reform. Finally, most of these observers do not feel that a need exists now or in the years immediately ahead for merging functionally different commissions operating in the same region or that the record suggests the need to add broad new charges to regional economic development, river basin, or consolidated regional commissions functioning in all sections of the country. Basically then, they find that the overall record highlights sufficient elements of strength and weakness for developing a realistic, yet fairly dramatic agenda of reform in the existing regional economic development and water resources program areas.

STRENGTHENING THE APPALACHIAN REGIONAL COMMISSION. Most of these observers believe that the experience of the Appalachian Regional Commission on balance has been good to excellent. To correct those of its operational features which appear somewhat defective they urge:

- improvement of the policy focus of State development plans and of the linkage between them and their project appendices;
- expanding the role of member State legislatures in the review of State participation in Appalachian programs;
- more careful attention by the governors to the selection of the State representative and his alternates;
- strengthening the commission's review and approval process as it relates to State development plans and their appended list of proposed projects;
- augmenting the role of the Federal co-chairman to achieve a better balancing of Federal-State interests by more continuous, substantive involvement on his part and that of his staff in ARC's

program and policy decisions and in the State planning and project review process;

—development by the commission and by some States of more precise policies for effective monitoring of the planning and program responsibilities of the local development districts established pursuant to the Act;

—provision for consideration of the views of applicable major general units of local government or associations of general units of local government, including the use of associate commission membership for such units or groups and some type of partial voting procedures to assure adequate representation; and

—establishment of ongoing linkages with other multistate bodies in the ARC region.

This group of regional analysts is convinced that action on each of these eight procedural fronts would make ARC an even better regional resource allocation mechanism than it is now. In the State planning area, they find enough evidence to suggest that some States do not take their developmental responsibilities too seriously. The continuing reliance by some on outside consultants, the feeble connection between some plans and their appendix of proposed projects, the excuse raised that it is difficult to plan and program for only segments of a State, the continuing administrative quandary in some as to where to assign the responsibility—all these, they contend, are signs in some member States of weakness and lack of direction in the policy making and program development efforts called for under ARDA. This is not to say, they quickly point out, that State planning efforts outside the region are necessarily any better. Most authorities would judge they are not. But they stress that definable purposes with clear program payoffs are involved in this undertaking and these considerations should produce a better product than normally is the case. They admit that significant improvements have been made recently in the quality of State development plans, especially since the adoption of ARC's code requirements regarding these instruments. But the Appalachian program, they argue, is supposed to be a joint Federal-State endeavor and effective State planning inputs are a vital feature of the program's joint decision-making process. Hence, they urge that where lacking, member States should develop their ongoing planning effort with their own staff, should closely interrelate their developmental plans with proposed project listings, and should assign the Appalachian planning assignment to the unit responsible for statewide efforts which preferably should be directly under the governor. All member States should treat the Appalachian program as if it were here to

stay, so their argument runs, and should view their planning difficulties under it as a commentary on their overall planning capabilities.

To correct the impression, if not the fact, that the governors are the primary beneficiaries of the ARDA at the State level, these reformers recommend that the legislatures of the member States should institute procedures to assure adequate review of State participation in Appalachian programs. As things stand now, that review generally is partial, sporadic, and ineffective and the legislative committee structure has not been changed to provide a continuing focus on ARC-State relations. Most of the legislatures, they note, have no clear role in the State planning process, which is in marked contrast to the procedures outlined in the draft bill of this commission on State planning. Most of the matching funds required for ARC programs are buried in the budgets of general line agency programs. Moreover the extent of State matching in the Appalachian non-highway programs generally has been so modest that fiscal review and specific program oversight in these areas has been minimal. More buying in, more of an Appalachian focus in committee structure and deliberations, and a more collaborative legislative role in the State planning process, they argue, would go far toward assuring proper participation of the legislatures in the efforts of the individual Appalachian States. Failure to achieve these reforms, they warn, will leave the program in the governor's domain, will belie the claim that this is a broad State based program, and above all will signify that the legislatures still consider Appalachia a temporary, primarily Federal effort—of no real consequence to their respective States, or to their institutional well-being.

On the matter of designees, these observers believe that the member governors should see to it that their State representatives have the background, administrative position and official access to assure proper representation of their States. They note that the State representative in many States is a pivotal official in all State dealings with the ARC and this also makes the post one of critical administrative significance. Not to be overlooked, they caution, is the negative impact of frequent changes in the personnel occupying this position. New State administrations can not be expected to continue with the State representative of the outgoing one. But retention of the same man, assuming he has the necessary qualifications can be reasonably expected during the tenure of a governor, they assert, and this would help inject greater continuity and stability in State-ARC relationships. Finally, they believe that the alternate of the State representative who sits in the latter's absence at all ARC deliberations, should not be merely a low level func-

tionary, as he frequently is at the present time. This too becomes a gubernatorial responsibility, since it directly affects the quality of representation of his State.

Regarding ARC's annual review of State development plans and project listings, these reformers call for certain procedural innovations. At the present time, much of this process assumes a *pro forma* guise. Plans are reviewed and some are modified as a result of informal negotiations. Projects are reviewed and some are revised when they are found faulty and not in conformance with the plan or ARC code requirements. These critics find that at this time a more rigorous ARC approach to this critically significant function is warranted. ARC at present clearly has the political strength, the judgment, and the requisite personnel, they argue, to make the review and approval process a basic means of sustaining a more effective regional strategy. They point out that this process, after all, could give ARC leverage in implementing its code policies, in applying its growth centered strategy, and in influencing the quality and thrust of State development plans, which is the focal point of all such planning under the ARDA. The reformers agree that all that is called for here is merely a shift in attitude on the part of the ARC's members and especially its executive committee. It would be a controversial move, they concede, but one that would strengthen the ARC program and the foundations on which it rests—the member States.

This group of moderate reformers generally believes that the time has come to clarify the role of ARC and the States with respect to the local development districts established pursuant to ARDA. The ARC's code provisions dealing with these districts are detailed on staffing questions but general to vague as to program purposes. As a result, the States have had considerable leeway in determining the actual role of these substate regional mechanisms. The ARC has encouraged their foundation, assisted them to the tune of more than \$6 million, and provided technical assistance when requested. Nonetheless, these observers find that ARC's overall role with respect to the Local Development Districts (LDD) is essentially ambiguous. With some States, the LDD's have been a basic component in the State developmental planning process, but in others they have been restricted to a review and comment role on multicounty cooperative functions. Some of these critics claim that the economic development districts in the region are more effective and explain this in terms of EDA's bypassing the States do deal directly with the multicounty level. In light of these developments and criticisms, these observers recommend that ARC and the States involved

should join in clarifying the role of the LDD's in the program. They urge that the commission should modify its code to specify more adequately the functions of these districts and as a minimum, the requirement should be adopted that the LDD's be an integral part of the State developmental planning process; otherwise, the claim that there are local inputs in this effort will remain a claim, not a fact. In addition, they stress that in the relevant States appropriate procedures should be instituted to make this process a State-local phenomenon, not merely that of the State alone. The draft State planning bill of the ACIR sometimes is cited in this connection since it assures consideration of substate regional efforts.

Observers who seek to strengthen the regional commission mechanism, including ARC, the Title V's and the Title II's, urge the adoption of provisions to give ample consideration in commission matters of the views of large local jurisdictions or association of local governments within the region. The issue of local representation is a thorny one and any statutory provisions should be sufficiently broad to allow both experimentation and variations in procedures among the commissions. Some observers feel that local units or groups might be granted associate memberships and partial voting privileges, with the proviso that the total vote of associate members should not exceed the weight of the vote accorded to their State. This type of representation, these observers contend, would permit local governments a voice in regional commission decisions, but would not change the essentially Federal-State character of the commission.

Finally, these observers agree that the ARC should take immediate and specific steps to establish and maintain continuing liaison with Title II River Basin Commissions, compact agencies and any other multistate bodies operating in the Appalachian region. ARC, they feel, is in a commanding and logical position to do this both in terms of its broad-gauged functions and in terms of the strong political base which it enjoys. The problems involved in regional economic development, after all, do relate in one way or another to almost all regional activities. The input growing out of these linkages with other multistate agencies in the comprehensive regional development program, they argue, could have a salutary effect. Moreover, such continuing liaison should further strengthen and broaden ARC's political base and would serve as a model for other regional commissions.

REFORMING THE TITLE V's. This cluster of moderate reformers generally believes that the record of the Regional Action Planning Commissions established under Title V of the Public Works and Economic Development Act of 1965 generally has been

fair-to-poor. To strengthen these Title V commissions that they might perform more effectively in the future as joint Federal-State decision making bodies for regional development, these observers recommend such proposals as:

- make the commissions directly responsible for Federal administrative purposes to the President;
- authorize the President to designate any new economic development regions and to invite and encourage governors within such regions to establish multistate regional commissions;
- make the President responsible for effective and continuing liaison between the Federal government and the commissions and a coordinated review of plans and recommendations submitted to him by the commissions;
- appropriate all Federal funds for commission activities to the President for allocation to each of the Federal co-chairmen of Title V commissions;
- establish, at the discretion and expense of the member States, the position of States' regional representative to serve as a continuing focal point of State participation in commission activities;
- authorize the commissions to determine the specific funding allocations in broad functional program areas specified by Congress as essential for regional economic development;
- enact a specific Congressional appropriation for these modified block grant purposes;
- authorize the use by the commissions of supplemental funds to reduce the non-Federal matching required in these broad but specified functional programs, in accordance with local funding ability, but generally, not less than 20 percent of costs;
- make the commissions responsible for a program of regional technical and planning assistance with special emphasis on State and substate development planning, with the proviso that member State plans be reviewed by the commissions and serve as a basis for State inputs in the regional planning and project review processes;
- assign to Federal co-chairman of Title V commissions the functions of the Secretary of Commerce under Title IV of the Public Works and Economic Development Act of 1965 as they relate to economic development district designation within commission regions and permit the waiver of certain statutory criteria required as a basis for designation; and
- seek a higher degree of awareness and general oversight on the part of State legislative bodies in regional economic development program and plans.

The experience of the Title V commissions and

ARC over the past half-dozen years, these analysts contend, has made it abundantly clear that stimulating and guiding the growth of lagging regional economies involves much more than funding or creating investment capital, important as this effort is. Equally important, they feel, is the need to assist the people of the region, more often than not substandard in health and educational levels and lacking in social and economic skills, so that they can meet labor force requirements and participate fully in the economic growth of their community. On the physical facilities side, beyond the plants and business establishments required to create jobs and income, generally there also is a need for more and better housing, adequate sewer and water supply systems, transportation facilities and other infrastructure essential to sustained, dynamic economic growth. The process, as they see it, also involves important decisions with respect to land use and environmental control policies, and hard choices about where to develop new or enlarged centers of industrial growth. In short, the process of economic development and redevelopment, they believe, must be based on a compatible mix of a wide variety of governmental programs, services, and policies at Federal, State, and local levels.

This involves political and administrative decision making at the highest level. In the context of a Federal-multistate commission, these analysts maintain that it is the governor at the State level and only the governor who can direct the interplay of the quite varied governmental planning and operational activities essential to growth. Correspondingly, at the national level responsibility for administrative direction of Federal activities and policy development for regional economic growth must come from the President. It is only his office which can represent the kind and degree of Federal commitment essential to the achievement of broad regional economic development goals. The direct line of responsibility from the Federal co-chairman of ARC to the President, stipulated by the ARDA, has been an instrumental factor in its success to date, these observers contend. On the other hand, they feel that the weakness of the office in the Title V commissions is related to the fact that these Federal co-chairmen are appointed by the President, but are responsible to the Secretary of Commerce. Moreover, while the Presidential appointment of Title V Federal co-chairmen under the present system gives them some status, experience has indicated that this alone does not insure smooth and responsive administrative relationships either within the Department of Commerce, or with other Federal departments and agencies whose programs and activities impinge on economic development. For these

reasons, these reformers propose that Title V Federal co-chairmen, like their counterparts in ARC, be made directly responsible for Federal administrative purposes to the President. They also propose that the President, not the Secretary of Commerce, should be assigned the responsibility of designating any new economic development regions under the broad criteria set forth in the PWED Act. Following designation, he should invite and encourage the governors of the region to establish a multistate regional commission. This procedure, it is argued, would produce the essential confrontation, agreement and commitment of Federal and State chief executives essential at the outset of any response to the problems of economic development and growth. Collectively, including ARC, these six commissions serve a total population of some 31 million citizens. For this vast number of citizens, plus the population of any new regions, it is entirely appropriate, so this argument runs, that the programs and activities affecting significantly their economic and social well-being receive the direct attention of chief executive officers at both Federal and State levels.

On the questions of liaison between the Federal government and the commissions and of the review of plans and recommendations submitted by the commissions, these observers propose improved liaison and coordination by assigning these functions to the President. The Appalachian Regional Development Act is the model here because it places this responsibility on the President. Other sections of the Act authorize the ARC to make recommendations to the President, as well as to State governors and appropriate local officials, with respect to the programs and expenditures of other agencies which relate to development activities. Under the enabling legislation for the Title V commissions, this same responsibility for liaison, review and implementation of commission recommendations is assigned to the Secretary of Commerce. These observers contend that this is almost an impossible task for a secretary to discharge effectively and that it is not realistic to expect him to perform the kind of liaison with other Federal departments and agencies which might result in the strengthening of commission programs at the expense of a contraction or substantial alteration of their programs. The experience of the Title V commissions and the administrative history of many other agencies, they maintain, indicate that peer group persuasion seldom, if ever, yields effective program coordination. Hence, they contend that the Title V enabling legislation should be amended to place the President in the position of direct responsibility for commission liaison with pertinent Federal departments and agen-

cies, as is now the case with ARC.

Their proposal to use the President as the channel through which funds appropriated by Congress flow to the commissions is an important plank in a revised funding structure for the Title V's. This recommended change is a concomitant of their proposal to make the President, not the Secretary of Commerce, responsible for Title V commission activities. As has been indicated, both of the recommended changes are modeled after the ARC pattern. The present Title V funding system includes separate commission funding, but as a part of the Department of Commerce budget where it must compete with other major components of that budget, and where the thrust of special and differential regional needs in part is submerged. Under the proposed change, funds for a broadened and extended regional development program would be appropriated by Congress to the President and allocated by him to the Federal co-chairmen of the Title V commissions. As in the case of ARC, the Title V's would disburse their special program funds through the appropriate Federal agency with responsibility in that program area. These proponents maintain that this change would give the commissions a stronger and more independent budget status, involve the White House more directly in regional development programs, and permit better coordination of the disbursement of commission monies with regular Federal grant assistance.

In urging the establishment of a States' regional representative, these observers focus on the role and effectiveness of the governors serving as State members of Title V commissions. The full activation and meshing of gubernatorial participation in the activities of these commissions has varied, they note, but in general it has been less than that required for a fully effective Federal-State partnership arrangement. They concede that most of the governors are interested in the regional development process and their record of commission meeting attendance is fairly good. Yet, turnover among governors and alternates is quite marked so that the leadership and policy-making structure is disadvantaged and lacking in stability. These analysts feel that one way to offset this difficulty, which has been used successfully in the ARC and quite recently in one Title V commission, is for the State members to create the position of States' regional representative to be filled by a properly qualified person jointly appointed by the State member governors for whom he serves as a continuing agent in regional affairs. Establishment of this office, they maintain, could have the effect of creating an integrating force to coalesce the interests and efforts of the governors and of adding stability to the leadership

structure of the Title V commissions. They believe it could help provide a continuing counterbalance to the power and position of the Federal co-chairman and inject more of a multistate focus into commission decisions. The States' regional representative, as they see it, should function as the governors' man and his salary should be supported fully by the States.

These reformers tend to regard their recommended change in the funding pattern, as the heart of their proposals to strengthen the role and functioning of the Title V commissions. More than any factor, they argue, the appropriation by Congress of substantial amounts of funds for commission use in meeting development needs is the best reflection of the degree of Federal interest in regional economic development and of support for these Federal-multistate instrumentalities. They emphasize that the comparative strength of ARC and weakness of the Title V commissions is primarily due, directly or indirectly, to the availability in ARC of special program funds over which that commission exercises a degree of administrative and disbursement control. The Title V commissions have no comparable funding mechanism or authority. The ARC Act establishes ten special programs—highways, health, land conservation, timber development, mine restoration, water resources, housing, vocational education, sewage treatment, and local development district assistance—and, over the life of ARC, Congress has provided a total of \$1.1 billion in Federal funds for these programs. Under the Act, these funds are appropriated to the President and allocated by him to the ARC Federal co-chairman for disbursement by the commission through the appropriate Federal agencies responsible for the designated programs. This pattern provides ARC with a method of coordinating the use of these special program funds and effective leverage in stimulating and guiding the flow of other Federal and non-Federal funds toward regional economic development goals established in these program areas.

The reformers' proposal is geared to giving to the Title V's the kind of program thrust that ARC now has. Under it, Congress would designate specific program areas required for regional development activities and funds for these programs would be authorized and appropriated under a separate, but single block-type grant for each commission. The latter, in turn, would be authorized to determine the specific allocation of funds among the stipulated programs bearing in mind its own particular regional developmental needs. Subsequent commission reports and budgetary justifications would provide an adequate basis for Congressional oversight with respect to these funds.

The amounts spent under each authorized program category would be known and the specific programs and projects for which they were expended would be described. This approach, they believe, strikes a balance between Congressional preference for specificity, categorical grants, and effective bases for oversight, on the one hand, and the commissions' need for greater program authority, greater discretion with reference to unique regional problems, and greater leverage *vis-a-vis* Federal and State line agency people, on the other.

In recommending that the Title V's be authorized to use supplemental grant funds to reduce non-Federal matching requirements in the special program funds described above, these observers seek to enhance commission funding discretion and leverage. The commissions' present supplemental grant authority, they note, can only be applied to regular Federal assistance programs and operates under many constraints. The result is that the commissions' discretion is quite limited and projects thus funded may be only distantly related to development strategy and priorities. These analysts urge that the authority of Title V commissions should be expanded to allow the use of supplemental grants to reduce the non-Federal share required in the broad functional area block-type grants described above. This expanded authority would be comparable to that now available to ARC and have the effect of increasing the flexibility, discretion and leverage of the Title V commissions in implementing regional development plans. The proposal would continue the existing statutory limit which states that supplemental grants may not be used to reduce the non-Federal share below 20 percent.

Turning to regional planning and technical assistance, this opinion group seeks a reorientation and expansion of these Title V activities with a view to achieving more discriminating underpinning of State planning programs and increased support of local district planning. The Title V's now support State planning by means of low level, uniform grants distributed almost automatically each year. These reformers feel the amount should be increased, but more importantly, that the commissions should be required to make a substantive review of State developmental plans to achieve conformity with its established guidelines. Their goal here is to meld State and regional plans and to develop a meaningful process for guiding balanced growth. The best regional development strategy, they stress, will exist only on paper, unless the regional commissions exercise both the courage and the funding discretion to require a meaningful, realistic State plan which carries forward and implements regional development alternatives.

panoramic planning mandate, the breadth of their jurisdictions—all these and other hurdles, including the very brief history of all these commissions, cannot be overlooked in arriving at a fair assessment of the Title II's. But after having pondered these major constraints, they still pose the question: Can these mechanisms as presently constituted ever achieve a significant role in river basin planning, not to mention management? Most of these critics conclude that the answer here must be a negative one. Basic structural, operational, and fiscal reforms, as they see it, are needed if these commissions are to be converted into viable, respected joint water resources planning and management instrumentalities.

They believe that at the outset there is a need to confront the representational quagmire that these commissions presently find themselves in with a view toward making them genuinely joint Federal-State-local mechanisms. On the Federal side, they propose that a single member, the Federal co-chairman, serve as the focal point of all Federal participation, liaison, and agency contact with each commission. They believe he should be appointed by the President, as the Federal chairman is now, and empowered with a veto. He should be authorized to convene a field advisory committee composed of representatives of all Federal agencies operating in the river basin so that he is in a position to hammer out a Federal position on prospective and potentially controversial commission actions. If interagency conflicts can not be resolved at the field level, then the Federal co-chairman should have easy and immediate access to the mediating services of the Water Resources Council (or its successor agency, if the proposed Department of Natural Resources is established) in Washington. This approach to revamping Federal representation on the commissions obviously draws heavily on the experience of DRBC. But it also constitutes a reaction to the present Title II situation where all Federal agencies having operations in the river basin—the average number is ten—are directly represented and the Federal chairman is not much more than *primus inter pares*. In the opinion of these observers, it is this feature of the commissions, as much as anything else, that gives them the image of slightly reconstituted, old-style interagency river basin committees. Out of these proposed reforms, they feel, would come viable agencies for coordinating Federal field water resource efforts in these basins. The Federal co-chairman's position would be enhanced and his potential veto would suffice to protect the Federal interest in any commission undertaking.

Turning to the State side of the representational issue, they recommend that the post of State vice-

chairman be upgraded to the level of State co-chairman which is more in keeping with the partnership formula. Moreover, they believe that the States should be permitted, if not encouraged, to establish and finance the position of States' representative. This official would be selected by the State members with the concurrence of the other non-Federal members. All this assumes the need for ongoing State contact with, involvement in, and supervision of commission activities and it presupposes that these activities are of sufficient significance to warrant this kind of State commitment and expenditure. More on the latter point will be discussed in a later proposal.

The matter of local representation on regional commissions raises many thorny questions, not the least of which is why is it necessary if these are Federal-multistate mechanisms? In the case of the river basin commissions, these observers are of the opinion that a good argument can be made for some form of local participation. Most of the existing commissions have a jurisdiction that includes significant urban populations. Most are planning for the water resources needs of intra-state local jurisdictions as well as river basins as a whole. Moreover, if their functions are expanded, as these critics propose, their activities will have a direct impact on various localities, large and small, located within their jurisdiction. The formula developed by this group is by no means the final answer to the problem of how to achieve local representation without compromising the essential Federal-multistate character of the commissions. Few actual precedents exist, of course, and no approach would satisfy all of the interested parties. Yet their partial voting proposal for large localities and/or associations of local governments with the total for a single, member State never exceeding the voting strength of that State would give a roughly proportionate weighting to State and local responsibilities in the water resources field. All this along with the proposed veto for the Federal co-chairman, they explain, assumes a shift from the present stress on decision by consensus to an emphasis on decisions by majority vote subject, of course, to the special, but vital, constraint of the possible Federal negative.

These observers firmly believe that the operational mandate of the Title II river basin agencies must be expanded. The present focus on broad framework studies and on comprehensive river basin plans supplemented by project feasibility studies is, of course, necessary. But they find that there has been too great a time lag here between framework studies and specific sub-basin studies, and between planning and operational activities. They find a consequent lack of vital State and even some Federal agency interest in the

commissions' long-range planning and coordinating endeavors. To curb these tendencies, they propose assignment of some management functions to the river basin commissions and urge consideration of a range of possible powers. On one side of their spectrum is the required review and comment function *vis-a-vis* all proposed pollution abatement schedules for any portion of the river basin. In the middle range is the power to review and approve all member State water resource plans funded in part by Title III of the 1965 act. On the bolder end of the spectrum would be a statutory requirement that all Federal and federally-assisted water resource and land related projects in Title II river basins receive the prior approval of the relevant commission before being considered by the Congress for authorization and funding. They believe that any one or a combination of these functions (and perhaps others that might emerge as modifications of the above) would begin to give these river basin commissions some managerial and even quasi-regulatory authority. The extent of this authority would not match that of the compact-based DRBC, but, as they see it, it would achieve a healthy infusion of operational realism, headaches, and controversy into what otherwise tends to be a rather moribund effort. A healthier balance between planning and management concerns, they claim, would be achieved and both might benefit as a result.

Closely linked with the above is their worry over more money and more staff. Even in light of their existing mandate, the commissions are underfunded and understaffed. Heavy dependence on interagency and Federal-State agency work groups for portions of the framework studies has resulted. A small central commission staff has not been in a position to exercise much real supervision and the job of melding the various separately drafted plan components has been a near impossibility. Hence the pleas for later deadlines. Hence the delay in getting to the more challenging, from the States' viewpoint, sub-basin studies and project formulation plan. These factors, in their opinion, provide much of the explanation for the unimpressive record to date of the Title II's.

If these commissions are to achieve the broad planning mandate that obviously is theirs, these fiscal and personnel hurdles, they believe, must be surmounted. If a broadened mandate is assigned, and these observers believe that it should, then additional Title II funding and equivalent State matching should be authorized and appropriated. In short, they call for a raising of the \$250,000 Federal authorization ceiling per commission.

Finally, these reformers recommend that all Federal funds used for water resource planning studies in

Title II river basins be consolidated and incorporated in the budgets of the pertinent commissions. At the present time, the bulk of all such monies is spent by Federal operating agencies or federally-assisted State water resource planning units. The Title II budgets are puny by comparison. Yet these commissions, the critics point out, have been charged by Congress to plan for the development of water and related land resources of the basins over which they have jurisdiction. How can the commissions be expected to perform this vital function, they argue, if fragmented planning and funding of these planning efforts continue to be the order of the day? How can they reasonably be expected to achieve a proper and balanced melding of plan components, when key decisions concerning the focus of the various planning studies in their basins are made by others? The response to both of these questions, for these observers, is that the commissions can not be expected to achieve these impossible assignments, given the present pattern of proliferated funding. To correct this situation, they endorse the proposal of the Water Resources Council that there be central management and funding of all planning activities in Title II basins by their commissions. This, they maintain, would give the commissions the kind of leverage they need to close the existing promise-performance gap in the river basin planning field.

EXTENDING THE MULTISTATE COMMISSIONS. On the question of extension to other regions, this group of moderate reformers believe that multistate regional instrumentalities, reformed along the lines cited above, should be established elsewhere when regional groupings of States indicate a strong interest in and meet the statutory requirements of these regional economic and/or water resources development programs. The ARC, of course, is established directly by statute and is really "not for export." The proposed reforms, it should be noted, eliminate most of the dramatic differences between ARC and the Title V's.

They believe that the present procedures, under which regional commissions are established, in a formal sense, are not bad. With the Title V's, the Secretary designates an economic region (it would be the President under the changes proposed above) and the governors of the States then are requested to form a commission. With the Title II's, the President may establish a river basin planning commission upon written request of the Water Resources Council or by a State in the proposed area. In either case, the written concurrence of at least half the States involved must accompany the request and, in practice, all the States must concur. These procedures, they find, while

somewhat federally-oriented do give the potential member States ample opportunity to express themselves and to negate any such proposed regional commission in their area. What these critics emphasize here, however, is the obvious fact that the ultimate success of any such undertaking rests in large measure on the full commitment of the States involved and on their willingness to develop or redirect the means of providing the inputs necessary to make the effort a genuinely joint affair. These factors, they stress, should be given careful consideration in the designation process of these two programs. Informal administrative procedures may suffice to achieve this goal, they point out, but if, after a reasonable period, they prove defective, then Congress should amend the relevant provisions of the authorizing legislation to put this matter on a firm statutory basis.

THE DELAWARE RIVER BASIN COMMISSION. This group of observers considers the ten-year record of the Delaware River Basin Commission to be essentially a good one. Most of them, therefore, agree that the States affected and the Congress should extend the Federal-multistate compact device with the necessary adaptations to meet the particular needs of those major interstate river basins that seek and require an authoritative regional management of their water resources.

At present, they note, numerous large river systems confront their inhabitants, their State and local governments, and the nation with serious interstate water resource challenges. In the East, serious pollution occurs in such rivers as the Merrimack, the Connecticut, and the Potomac and in the Midwest in the Great Lakes. In the West, serious water supply and flooding problems have affected such rivers as the Upper and Lower Colorado, the Columbia, and the Missouri. These and other river systems, they believe, could benefit from an authoritative regional device to handle these various respective water resource difficulties.

Only three river basins in the country, they point out, have central regional management of their water resource concerns—the Delaware, Susquehanna, and Tennessee. The first two, as this study has indicated, have utilized the Federal-multistate compact agency approach while the last has employed the Federal corporation device to provide multiple-purpose water resource management, with the exception of water quality control.

These analysts commend the performance of the DRBC and point to it as one model for other river basins to follow when they require regional management of their water resources. Such a recommendation, they stress, is not meant to denigrate the record

of the TVA, but rather to show a preference for the partnership approach to river basin management embodied in the Federal-multistate compact device.

During the past ten years, the DRBC, in their view, has emerged as an effective regional administrative agent for its signatory parties. It has demonstrated its ability to manage regional water supply and to adopt basin-wide water quality standards with accompanying pollution abatement schedules for the area's major waste dischargers. It has performed these functions in cooperation with various Federal and State agencies. It has consistently encouraged and adopted regional solutions to water resource problems that probably would not have developed if handled by the Federal or State governments alone. It has taken some of the direct pressure off member States with respect to water quality and supply issues and achieved the resolution of such questions within the broader regional context. Thus, New York has had to consider downstream water supply requirements in building reservoirs at the headwaters of the river and New Jersey and Pennsylvania in their pollution abatement programs have had to recognize Delaware's downstream interests in high water quality standards. The regional agency has evolved into a device wherein the States can monitor each other's actions and those of the Federal government to insure that basin water resource demands are met on a regional rather than sub-regional basis. Above all, these observers stress, it has a firm legal base for developing its various responsibilities and for relying on judicial means, where necessary, to see to it that its actions are respected.

They emphasize that the mandate of the DRBC also prevents it from usurping the water resource responsibilities of the State and Federal agencies in the basin. The requirement for a unanimous budget vote and the Federal veto are means of protecting legitimate State and Federal interests in the region. Several other sections of the compact, they note, require the DRBC to make use of the services of existing Federal or State agencies, to the maximum extent possible. These factors, in their opinion, have combined to keep the operational role of the Delaware River Basin Commission a modest one, allowing it to concentrate primarily on its regional planning and regulatory responsibilities. They believe that such a division of labor has promoted regional water resource policies without reducing the significance of Federal, State, and local responsibilities in regional water resource management.

At the same time, they do not claim that DRBC should not launch efforts to improve its operations and effectiveness. A 1971 study by the University of

Pennsylvania's Institute for Environmental Studies, they note, recommended important changes in the DRBC's program and priorities under the present mandate. Hence, they urge action which gives increased emphasis to planning and programs for flood plains, marshes and other wetlands. This would include mapping, enactment and implementation of use standards for such areas and research as to the value of these areas.

The DRBC, they believe, should augment its comprehensive plan to protect water-related natural, historic and scenic areas. It also should amend the comprehensive plan to include "policies and proposals for basin-wide allocation of water for use, consumption, and water assimilation." Finally, they feel the agency should seek increased higher appropriations to carry out these and other program improvements. These new departures are essential, in their view, and should be implemented by the DRBC.

On balance, however, they find that the DRBC has chalked an impressive record. Hence they urge the States in other major interstate river basins and the Congress to establish Federal-multistate compact agencies for those river systems which require decisive regional management of their water resources. Three types of river basin candidates are cited. One type would be those that now lack Title II commissions and where no clearinghouse for even joint basin planning exists. An interstate compact for one or another river basin activity may exist along with some form of Federal interagency committee. Here the Federal-multistate compact approach would provide an authoritative means of joining the Federal and State actions in a river system and on a basis that would permit authoritative action at the inception of the partnership.

A second type of candidate would be a Title II River Basin Commission whose members had reached the point where they wanted stronger management and regulatory dimensions in their operation. As presently constituted, none of the Title II commissions possess these kinds of authority. With the reforms cited earlier, they would somewhat resemble the compact agencies in structure and would have more of a managerial role than they have now. But even with these modifications, their legal base would not match that of a DRBC and they still would lack key regulatory powers. These observers believe that the Federal-multistate compact might well serve as the final developmental stage of many Title II commissions. At the same time, they caution that the extensive geographic scope of some of these instrumentalities suggests that perhaps not all commissions are good candidates. The DRBC and

SRBC after all include only one major river basin, not a series of distinct, but related basins as is the case with most Title II commissions. The ultimate answer to whether a compact agency is suited for a large basin system, they maintain, clearly rests with the States affected.

A third type would be a subregional basin under a Title II commission's jurisdiction. All of these commissions have such basins and a few even have interstate compact agencies that handle selected water resource assignments. A number of these smaller basins are prime candidates for the Federal-multistate compact device. Their location within Title II's jurisdiction raises no special problem, since the precedent already has been set for compact agency membership on the larger commissions. Moreover, the existence of such a compact agency would afford the Title II commission a better opportunity for implementing its subregional planning goals for the basin in question.

COORDINATING MULTISTATE COMMISSIONS. Finally, these moderate reformers believe that, as a minimum, provision should be made for requiring continuing contact and joint planning review procedures among river basin, economic development and other Federal-multistate instrumentalities operating in the same region. Given the present and prospective rate of development of Federal-multistate agencies and their very different mandates, these critics believe that the Congress and the President should take appropriate measures to insure that the various regional programs are coordinated. There already is considerable overlap in the boundaries of the existing regional economic development and water resource management agencies. The boundaries of ARC, they point out, overlap the areas of five other regional instrumentalities: the Delaware River Basin Commission, the Susquehanna River Basin Commission, the Tennessee Valley Authority, the Great Lakes Basin Commission and the Ohio River Basin Commission. The boundaries of the Title II and Title V commissions in New England and Great Lakes areas also overlap. Finally, the jurisdiction of the Title II and Title V commissions in New England and Great Lakes areas also overlap. Finally, the jurisdiction of the Title II and Title V commissions, proposed respectively for the Missouri River Basin and the Upper Missouri, will overlap.

Nearly all of these observers agree that problems of economic development and water resource planning and management are functionally related. Yet, they find no evidence that the various existing commissions have fully faced up to these problems of intra-regional coordination. They do not feel, however, that these difficulties necessitate mergers.

They note several courses of action that, if taken, would forestall future conflict among the responsibilities of these several instrumentalities.

These include:

—the development of memoranda of agreement between regional agencies for joint planning review—limited cooperation of this nature has already occurred between Title II and Title V commissions in New England;

—amendment of Title II, Title V, and ARC legislation to provide for formal joint planning review procedures where these commissions overlap one another;

—amending the Intergovernmental Cooperation Act of 1968 to require that all regional agencies having overlapping jurisdiction and receiving Federal assistance submit their plans, policies and proposed projects to one another to insure that they are not in substantial conflict; and

—making joint planning review a condition for Federal consent to any future Federal-multistate water resource or economic development compact as well as amending the Delaware and Susquehanna compact to reflect this requirement.

These analysts believe that any or all of these steps would result in improved coordination between regional economic development and water resource agencies. Potential or actual conflict could be avoided and moves to merge these instrumentalities into powerful, and to some threatening, multi-function regional agencies would be forestalled.

2. Revision and Utilization of Regional Commissions Under a National Growth Policy.

RELATIONSHIPS TO NATIONAL GROWTH ISSUES. Another group of regional observers goes far beyond the general position of the moderate reformers discussed above. Members of this group generally agree that it makes little sense at this point in time to merely continue with the Federal-multistate commissions as they are presently constituted and charge that even major reforms geared to permitting them to better meet their presently assigned responsibilities would miss the mark. These observers believe that the purposes of the existing commissions as well as efforts to extend these mechanisms and programs to other regions will only prove productive if the commissions are geared to providing regional inputs and regional implementation mechanisms for Federal and State growth policies.

Hence, they propose that Congress amend the Appalachian Regional Development Act and the Public

Works and Economic Development Act of 1965 with a view towards establishing a national system of regional development commissions whose basic purpose is to develop and implement multistate growth policies that complement Federal and individual State efforts in this area. They also recommend that Congress amend Title II of the Water Resources Planning Act of 1965 to make the river basin commissions more effective joint decision-making bodies for regional water resources planning and regulation and for other environmental concerns, and to require consideration of national, regional and State growth policies in the formulation and administration of their river basin plans or programs. Finally, they urge that affected States and the Congress consider the use of adapted Federal-multistate compact devices in those major river basins that require authoritative regional management of their water resources and that all water compact agencies take into account national, regional, and State growth policies in carrying out their water management responsibilities.

They note that the Congressional reassessment and renewal of the Appalachian and Title V commissions in 1971 did not result in any efforts to link these instrumentalities with a national growth policy. Moreover, they judge that the outcome of the Administration's own reappraisal of these programs and commissions produced little by way of support for this position.

DEVELOPMENTS RELATED TO THE NEED FOR NATIONAL GROWTH POLICY. Yet, nothing in their view has happened to cause any doubts regarding the need for a national growth policy. Nothing, as they see it, has diminished the need for a multistate thrust in the development and implementation of such a policy. If anything, they believe the distortions, disruptions, and dangers caused by the recent course of urban development to be as severe, if not more severe, than they were a decade ago. And they cite various facts and figures garnered largely from the 1970 census to buttress their argument:

Location of Growth

Metropolitan areas continued to experience the nation's largest growth between 1960 and 1970, growing by 15 percent during that period. By comparison, non-metropolitan areas grew by only six percent.

In this process of metropolitan expansion, suburbs continued to be the large gainers. They grew by 30 percent during the decade compared to a two percent growth rate for central cities.

Large central cities, for the most part, continued

to lose population in 1970, 59 lost population between 1960-70; 26 gained population only as a result of annexation or consolidation; and only 68 showed population increases within their 1960 limits.

Within metropolitan areas, the greatest growth rates occurred in those SMSA's with populations of 1-2 million. These areas grew by 27 percent between 1960-1970; the 12 largest metropolitan areas grew by 12 percent; while the 32 between 500,000-1,000,000 grew by 18 percent. Larger metropolitan areas, then, still continued to attract the bulk of American population growth.

Migration Patterns

Migration patterns during the last decade continued to be directed towards large metropolitan States and away from the interior, more sparsely settled areas of the nation. Thus, California, Florida, New Jersey, Maryland, and Washington experienced the greatest volume of in-migration while Mississippi, West Virginia, Alabama and Iowa experienced some of the heaviest volumes of out-migration.

Non-white migration continued unabated from the South with a net out-migration of 1.4 million blacks. States experiencing the largest in-migration of blacks were New York, California, New Jersey, Illinois and Michigan, all with large metropolitan areas.

Racial Composition

Blacks continued to concentrate in large metropolitan central cities. In 1970, they comprised 12 percent of total metropolitan population; 21 percent of central city population in metropolitan areas of 2,000,000 or more.

The white exodus to the suburbs also continued between 1960 and 1970. White populations, for example, declined by 29, 30, and 37 percent, respectively in Detroit, St. Louis, and Newark. Black population in these cities, on the other hand, increased by 37, 19, and 50 percent, respectively. Similar patterns occurred in most metropolitan areas over 500,000 population.

Rural Population

America's rural population declined only slightly between 1960 and 1970—down from 30 to 26 percent of the total. Farm population, however, decreased from 15 million in 1960 to 10.3 million in 1970.

Metropolitan-non-metropolitan comparisons of population growth, educational and health facilities, housing and income levels continue to suggest major disparities for every index, placing rural America in a disadvantaged position.

Metropolitan Disparities

Central cities of the country's metropolitan areas continue to face greater public service problems than their suburbs. They have to contend with problems of greater crime rates, more obsolescent housing and more dependent populations—all factors creating a heavier tax burden in central cities than suburbs.

Future Population Projections

Future estimates indicate a national population increase of up to 75 million by the year 1990, practically all of it urban. The lion's share of the increase will come in the largest, fastest growing urban areas, and the South and West will continue to experience the greatest percentage gains.

These growth policy proponents cite still other developments to support their case that balanced growth is really at the top of the nation's domestic priority agenda:

The work of the National Committee on Urban Growth Policy, organized in the fall of 1968 and jointly sponsored by the National Association of Counties, the National League of Cities, The United States Conference of Mayors and Urban America, Inc., which concluded that impending urban growth represented a threat to cities, suburbs, and rural communities alike. The committee defined the threat as successive urban crises which destroy the very fabric of society. In its report, the committee called for a national urban growth policy and a new mechanism in the executive branch to serve as a focal point on matters dealing with urban growth and recommended that the Executive Branch and the Congress formulate a national policy designed to coordinate and guide a variety of programs which would insure a more national pattern of urban growth.

An executive order, one of the first acts of the new administration, signed by President Nixon on January 23, 1969 established a Council for Urban Affairs with functions which include, among others, actions to "insure that policies concerning urban affairs shall extend to the relations of urban, suburban and rural areas, to programs affecting them, and to the movement of population between them."

The Urban Affairs Council was later included in the Domestic Council established July 1, 1970.

A definitive statement in May 1969 by Daniel P. Moynihan, then Assistant to the President for Urban Affairs, pointed out that the burgeoning of domestic programs—from 45 to 435 in the eight years from 1960 to 1968—tended to fractionate, not solve, the urban problem and that a coherent response in terms of a national urban policy was required to meet the crisis. Professor Moynihan called upon the Federal establishment to become sensitive to its “hidden,” sometimes conflicting policies implicit in the many urban programs and defined the fundamentals of a broad urban policy ranging from urgent efforts to overcome the poverty and social isolation of minority groups in cities to corrective action against destructive migrational patterns.

Three organizations representing local general purpose units of government, the National Association of Counties, the National League of Cities, and the U.S. Conference of Mayors, all adopted policy resolutions in 1969 urging development of a national urbanization policy. The thrust of these policy statements recognized that growth and social disarrangement had caused severe national problems; they called for a broad-gauged and concentrated attack by all levels of government.

President Nixon’s State of the Union Message, January 22, 1970, noted the claim raised by some that a “fundamental contradiction had arisen between economic growth and the quality of life, so that to have one we must forego the other,” and which rejected this argument with the proposal “that before these problems become insoluble, the nation develop a national growth policy. Our purpose will be to find those means by which Federal, State, and local government can influence the course of urban settlement and growth so as to positively affect the quality of American life.

The National Governors’ Conference in August 1970 adopted a series of policies dealing with national urban growth. These wide-ranging policies covered 17 different areas dealing with growth related problems. One labeled, “The National Population Growth and Distribution Policy,” underscored the “rural-urban balance of needs and regional potentials.”

The recognition by the Council on Environmental Quality in its First Annual Report, August 1970, of the basic relationships between national growth, land use and the quality of the environment. The council urged action to begin shaping a national land use policy. The Administration sought to carry

out this recommendation by introducing a National Land-Use Policy Act of 1971, now under consideration by the 92nd Congress.

The Agricultural Act of 1970 took the first steps toward establishing the principle of rural-urban balance in the provision of government services. Federal executive agencies are directed by the Act to establish procedures for locating new facilities in areas of lower population density.

The recognition in the 1970 Federal Aid Highway Act of the need to demonstrate the effect of highway improvements on economic growth centers. A provision of this Act may set a precedent for establishment of new criteria which reflect growth effect in highway development.

In short, these observers believe that the facts of recent urban growth as well as the positions and actions of various decision makers at all levels combine to underscore the need for the development now of a national urbanization policy involving all levels of government along with the private sector.

In defining the elements of such a policy, these advocates frequently rely on this commission’s earlier report on *Urban and Rural America: Policies for Future Growth*. This report suggested certain guiding principles for a national policy including efforts to influence “the movement of population and economic growth among different types of communities in various ways so as to achieve generally a greater degree of population decentralization throughout the country and a greater degree of population dispersion within metropolitan areas.” A second cluster of goals called for policies “designed to encourage the wide availability of low and moderate cost housing, the adoption of land-use and development measures which would help to produce the most desirable patterns and types of future growth, and the strengthening of government at all levels to equip them to deal with the challenges of population growth and increasing urbanization.”

The report also presented for consideration a series of detailed proposals geared to encourage migration into alternative centers for urbanization; to establish the organizational and financial framework to foster the most desirable patterns of urbanization in growth centers, large-scale urban developments and new communities; and to provide other intergovernmental means for more orderly urban growth, including especially new planning and land-use regulations. These proposals are frequently cited by urban growth policy proponents in their efforts to focus national attention on this priority issue.

Financial incentives, the study noted, are needed to

encourage business and industrial site decisions that will further the twin goals of revitalizing the economic base of core city neighborhoods and of providing job opportunities in non-metropolitan, uncongested growth centers.

At the national level, tax credits, below market rate loans, or direct grants could be used to facilitate such location decisions.

At the State level, a program could be launched to make loans more readily available to firms seeking to locate in areas designated under State policy for more intensive economic development; the ACIR has prepared draft legislation to achieve this.

In addition to such new undertakings, several existing governmental programs having impact on industrial location decisions should be reassessed and, where necessary, modified to conform to urban-rural strategies.

This group of policy strategists also believes that certain people-related programs constitute another vital component of a full-fledge urbanization policy. Individual motives prompting migration as well as non-migration are complex, fairly confusing, and not as obvious as some would have us believe. Yet, they note that students on the subject have identified a number of economic and non-economic factors that policy makers should weigh in developing the social dimension of a balanced growth policy. The earlier ACIR report, they point out, urged consideration of policy innovations in the migration and manpower fields, innovations geared to encouraging individuals and families to select less congested, but viable locations for working and living. These include:

- establishment of a Federal-State program of resettlement allowances for low-income persons moving from labor surplus areas in core cities and the countryside to areas designated for economic growth under their respective growth policies;
- expansion of the Department of Labor's on-the-job training program and giving a preference to private employers locating in designated growth centers and in core city neighborhoods; and
- launching a nationwide computerized job information system which provides accurate data on job vacancies, skills, and openings, which focuses especially on the opportunities in rural growth centers, independent urban centers, new communities, and non-labor surplus suburbs.

The welfare and health fields, it was felt, provide another possible people-related component of a national urbanization policy. This component should not be ignored, if some basic negative factors affecting mobility and immobility are to be covered. Hence,

these urban growth policy proponents believe that serious consideration should be given to the ACIR's proposal for a Federal takeover of full financial responsibility for public assistance.

Turning to the physical development dilemma, these observers feel that more effective land-use regulations and the need for massive building and rebuilding provide the focus for this component of a balanced urban growth policy. No such policy, they emphasize, would be complete without adequate treatment of the fundamental question of where and under what circumstances America's future population will live. Phenomenal large-scale urban development, in their view, is going to occur over the next three decades. But, will it assure a more healthful, more pleasing, more productive, and less pressured pattern of future living than we have now? These observers believe that it must and consequently that all levels of governments, in cooperation with the private sector, must join in an all-out effort to achieve this vital goal of a balanced urban growth policy.

At the outset, they urge that attention should focus on the fact that land-use planning and zoning are fundamentally a State-local matter under our system and their effectiveness directly relates to the strength or weaknesses of these levels of government. Numerous competing local jurisdictions with zoning authority, fragmented urban units with vast social and fiscal differences, proliferating areawide agencies with a planning capability but no direct implementing authority, rural counties with little to no land-use authority or concern, these, they warn, are all too common structural deficiencies that can not be papered over with plans, planning requirements, or even with planning assistance dollars.

To provide an arsenal of possible alternatives for the areawide problem, these innovators as well as this commission have proposed State action to:

- strengthen urban counties and facilitate county consolidation;
- permit counties to set up subordinate service areas;
- allow the voluntary transfer of functions between cities and counties as well as joint service arrangements; and—empower metropolitan multi-functional authorities to provide services that require areawide handling.

Each of these options is geared to providing a representative areawide entity with competence in matters of regional concern.

Of equal structural significance, they believe, are certain ACIR State oriented recommendations. Here, the commission has called for an effective compre-

hensive and continuous planning operation at the state level as was noted previously. Such an operation should recognize the governor as the State's chief planning officer and the legislature as the ultimate arbiter of a State's long-range physical, economic, and human resource priorities. It also must recognize that these efforts are conditioned by counterpart efforts at the substate regional level. For this reason, the ACIR's draft legislation on this subject provides for clear linkages between the State and regional efforts.

On a bolder note, these proponents support the ACIR recommendation that States weigh the merits of establishing State land-development agencies to undertake large-scale urban and new community development. Such agencies could be empowered to:

- acquire land by negotiation and through the exercise of eminent domain;
- arrange for site development and construct or contract for the construction of utilities, streets, and other related improvements;
- hold land for later use;
- sell, lease, or otherwise dispose of land or rights thereto to private developers or public agencies; and
- establish local or regional land-development agencies.

To round out the structural reform in State government required for an effective State role in future urbanization policies, they sanction the ACIR proposal that State (or alternatively, a multicounty) boundary adjustment boards or commissions be established. Such a unit, they maintain, would help implement a State policy geared to reducing the number of units of local government, especially special districts and especially in metropolitan areas.

Turning to the specific issue of what kind of land-use planning and regulations are needed, these observers, in effect, sanction a blend of the traditional and more innovative approaches and generally support ACIR draft bills which:

- assign the responsibility for areawide coordinating of planning and zoning matters to the county;
- give larger municipalities extraterritorial control over planning, zoning, and subdivision regulation where the county involved lacks such controls;
- permit larger municipalities to annex adjacent or to “skip annex” non-adjacent unincorporated territory for new community and urban development, subject to approval of a State (or local) boundary adjustment board;
- permit certain localities to adopt an official map reserving designated lands for specific periods of time for a range of public uses, including streets,

public facilities, parks, and schools;

—allow such localities to require dedication of land by developers for park and school sites or, at the local government's option, a cash payment in lieu of such dedication;

—empower them to enable adoption of “planned unit development” regulations to replace certain rigid conventional zoning standards with broad general standards, but with detailed administrative review and approval of site plans; and authorize “unmapped” or “floating” zones, which are defined in the text of a zoning ordinance but not specifically located on the accompanying zoning map.

In going beyond this need for more effective guidance and regulation of future urban development, these innovators raise the basic question of whether governments should subsidize or directly involve themselves with new large-scale urban developments, specifically including new communities? They note that in its report, *Urban and Rural America: Policies for Future Growth*, the ACIR concluded that the record of new communities to date indicates that some form of subsidy is required. They also face the fact that others contend that new communities have, can, and should make it on their own.

If subsidies are provided, they question whether they should be restricted only to those new developments that clearly promote a public purpose, such as accommodating their due share of low-income housing? The ACIR endorsed this position, these observers note, while others are much more ambivalent, and still others argue against such a proviso, claiming that it would probably topple an edifice whose foundations are already none too secure.

Should the Federal and State roles be largely indirect or a combination of direct and indirect approaches? In pondering this strategic issue, these urban growth policy proponents generally urge that serious consideration be given to a combined approach, given the complexity of the task and the resulting need for flexibility.

With Part A of Title VII of the Housing and Urban Development Act of 1970, they observe that Congress began the process of hammering out an urban growth policy at the national level. They call attention to the fact that in stating its rationale for the legislation, Congress found that “the rapid growth of urban population and uneven expansion of urban development in the United States, together with a decline in farm population, slower growth in rural areas, and migration to the cities, has created an imbalance between the nation's needs and resources and seriously threatens our physical environment, and that the eco-

conomic and social development of the nation, the proper conservation of our natural resources, and the achievement of satisfactory living standards depend upon the sound, orderly, and more balanced development of all areas of the nation. Eight broad goals were subsumed under the declaration as to what the National Urban Growth Policy should achieve:

- favoring patterns of urbanization and economic development and stabilization which offer a range of alternative locations and encourage the wise and balanced use of physical and human resources in metropolitan and urban regions as well as in smaller urban places which have a potential for accelerated growth;
- fostering the continued economic strength of all parts of the United States, including central cities, suburbs, smaller communities, local neighborhoods, and rural areas;
- helping reverse trends of migration and physical growth which reinforce disparities among States, regions, and cities;
- treating comprehensively the problems of poverty and employment (including the erosion of tax bases, and the need for better community services and job opportunities) which are associated with disorderly urbanization and rural decline;
- developing means to encourage good housing for all Americans without regard to race or creed;
- refining the role of the Federal government in revitalizing existing communities and encouraging planned, large-scale urban and new community development;
- strengthening the capacity of general governmental institutions to contribute to balanced urban growth and stabilization; and
- facilitating increased coordination in the administration of Federal programs so as to encourage desirable patterns of urban growth and stabilization, the prudent use of natural resources, and the protection of the physical environment.

A biennial urban growth report from the President was called for which would chronicle various aspects of urbanization and the progress of Federal-State-local efforts in carrying out the overall policy and which would include such recommendations as the President might propose. The first such report is scheduled for February 1972.

Also among the items to be covered in the report, these observers emphasize, is “an assessment of the policies and structure of existing and proposed interstate planning and developments” affecting the national growth policy. This provision, they believe, suggests that existing and future multistate regional

instrumentalities and programs do have relationship to such a policy.

In the opinion of these analysts, these instrumentalities and programs, if properly redirected, would serve as a vital means of providing regional implementation of and regional inputs into both national and State growth policies.

A NATIONWIDE STRATEGY. The primary vehicles for achieving these purposes are, as they see it, the ARC and the Title V commissions, strengthened initially along the lines of the reforms sanctioned by the moderate reformers. The various water resource commissions would have a role, they acknowledge, but the “lead” regional instrumentality would be the restructured Title V’s, with a new mandate providing the basis for expanding the efforts of the existing commissions and for extending them to all other regions of the nation. The concept of a national policy and the factors prompting its enactment, as they see it, involve economic, social, environmental, and resource problems that one way or another affect all parts of the country.

These strategists find that the experience of the Title V’s, but especially of Appalachia, suggests that these commissions if revitalized and redirected, could play a major role in developing and implementing national and State growth policies. They feel that the reforms sanctioned by the moderate reformers would give the Title V’s the structural, fiscal, and program authority as well as the increased accountability needed to permit them to play a much greater role in regional economic development. With this expanded authority and new prestige, they believe, these commissions could really begin to grapple with the tough locational decisions that are at the core of a regional developmental strategy and they could exercise a greater leverage *vis-a-vis* Federal grant programs and State planning and programming efforts.

To fully meet the multistate requirements of a national growth policy, however, they recommend that new scope, new powers, and a new mandate be given these recast regional developmental commissions (RDC’s). Their scope in terms of geography, they urge, should include ultimately all regions of the country, not simply the existing Title V and Appalachian jurisdictions. The question of what States should be included in what regions, they generally agree, should be left largely to the States involved with the President exercising the ultimate power to designate and approve the regional configuration, as he would under the changes advanced by the moderate reformers. The issue of whether the whole or part of a State should be included similarly should be left largely to the States

involved, although they find some merit in whole State inclusion because of its tendency to give greater focus to State planning and developmental efforts. With respect to the existing commissions, they propose that the member States be given the option with a time limit to regroup, expand, or contract to achieve the kinds of practical regional answers to the whole State—part State and one commission—two commissions, dilemmas that many member States now find themselves in. All this, they stress, presupposes a nation-wide strategy and a major national focus on the critical role of RDC's in achieving the goals of balanced growth. With these bases, much of the boundary question, in their view, becomes a matter of relatively easy adjustment and decision, and the interstate metropolitan dimension of it becomes the toughest issue to resolve, which it is. They warn that without this national policy and focus, boundary issues can assume inflated importance and countless hours could be spent debating them.

This new mandate for these essentially new commissions would be a charge to develop regional strategies or plans to provide the basis for channeling economic and population growth into certain developing areas, for designating "building areas" for future development, for assigning some a "protected status," posting a "no-development" sign on others, and finally for determining what, in effect, are overdeveloped areas with a not-so-subtle "keep out" policy implied. If all this sounds arbitrary, they remind their critics, let it be remembered that the RDC decision-making process is one in which States have a key role. Moreover, they warn, nothing less than this kind of locational strategy will suffice to implement a national growth policy. In essence, it is their firm belief that our failure or unwillingness to grapple with this locational question has made urban and rural growth policy a matter of rhetoric not reality. They tend to agree with the claim the Federal government lacks the authority and the political strength to devise such a strategy on its own. They also concur in the assertion of others that most States, while having the legal authority, lack the political stamina to mount strategies of their own. But they emphasize that the experience of ARC suggests that a Federal multistate instrumentality can develop a strategy, can rely on State implementation, can produce a joint planning program and political process that actually affects certain areas differently from others. This lesson, in their opinion, should not be ignored by those who claim the federal system is incapable of responding to the tough locational necessities of any effective growth policy.

They believe, then, that strengthened regional developmental commissions can play a strategic role

in helping to devise and to implement the underlying geographic strategy which is at the heart of a genuine urban growth policy. They are almost ready to assert that no other instrumentality has the required blend of fiscal leverage, joint planning, project approval, program innovation, and political balance to take on this hazardous assignment. But in order to make this assignment less difficult and to assure a halfway even match between the commissions and the innumerable special interests, both public and private, that falter before, deny, or ignore the need to cope with the ugly byproducts of careening congestion and the agonizing aftermath of rural decline, they propose that the Congress and the States join in assigning the commissions a broader range of planning, fiscal, program, and review powers than is envisaged under the changes urged by the moderate reform advocates.

THE ROLE OF RECAST REGIONAL DEVELOPMENT COMMISSIONS. This group of policy strategists believes that RDC's should be authorized to assume a pivotal role in developing regional locational strategies and should be equipped with a range of program funding authority that will facilitate implementation of their respective geographic game plans. They should be assigned certain added non-fiscal powers, it is argued, to achieve the same objective. Finally, to broaden the representational base of the RDC's, certain institutional reforms are proposed.

With respect to developing regional locational strategies, they believe that the regional development commissions can provide the institutional mechanism needed to combine regional urban growth goals with national policy and to harmonize State objectives with these goals. In developing a regional planning strategy, they find that two apparently contradictory principles are involved. First, there must be inputs from all levels of government, and second, the commissions' decision making must produce a differentiated resource allocation process that is effective. These principles at first glance, would appear to be in conflict with one another, but these analysts maintain that they can be harmonized if the regional mechanism has a proper representational base, strong and separate program and funding authority, skillful political leadership and a well developed planning effort—one with linkages to the States, substate regional bodies, and to the Federal agencies.

They recommend that RDC policies be sufficiently specific to provide the basis for delineation of the region into "overdeveloped," "developing," "holding," and "protected" areas. Potential urban growth centers then could be designated and new community or large-scale development sites selected in the region's

developing and holding areas. Agriculture, recreation, nature conservancy, water conservation, and flood control areas could be classified as unsuitable for urbanization (protected areas). Finally, policies for substantially developed urban areas (over-developed areas) could, in time, be formulated that primarily focus on renewal, redevelopment, and rehabilitation efforts to upgrade built up communities.

The eight-point national growth policy set forth in Title VII of the Housing and Urban Development Act of 1970, they believe, in effect, provides a broad policy framework for formulation of a regional locational strategy. While broad in scope and addressed in some instances only to the Federal government, these policy components of a national urban growth policy, in their opinion, constitute an excellent point of departure for efforts—especially beginning efforts—to develop a well-balanced regional strategy. In short, they urge that Congress assign the RDC's a major role in putting the national policy into operation and in doing so, the commissions would achieve a focus in all their efforts that otherwise might be lacking, given the vagueness of the balanced growth concept in the minds of many.

To help provide the wherewithal for launching and sustaining the planning process, these strategists propose that the existing comprehensive planning assistance program be redirected so that the RDC's become the primary recipient of a significant portion of these funds. The commissions, in turn, should be empowered to administer all State comprehensive planning grants according to their own allocational formula. For RDC's that start fresh, a period of time, perhaps two years, should be allowed to develop a regional strategy and guiding policies. Member States, they explain, would be allotted funds to support the development of State planning inputs. The program-funding mechanisms, subsequently described, would not come into play until this initial strategy development phase had been completed. With RDC's that are successive to existing regional economic development commissions, this phase would be made shorter, given the planning efforts already underway in these jurisdictions.

They explain that the linkage between RDC and State urban growth planning efforts would be effected through the commission's guidelines for preparation of State urbanization plans and its annual review of each year's submission by the State. Approval would be a prerequisite for further funding of planning, program, and supplementary grants, administered by the commissions. These guidelines would be developed over a period of time beginning with a stress on goals and priorities and moving toward implementation

methods. In their view, they might cover the following elements, not necessarily in sequence:

- a statement setting forth the State's strategy, goals and objectives for urban growth;
- identification of areas which, in the State's judgment (a) have a significant potential for future growth, (b) require protection for agricultural, environmental, or other national resource reasons, (c) need renewal or rehabilitation because of excessive population concentration;
- state programs to carry out urban growth policies, including land banks, land-development authorities and corporations, new community building programs, housing, urban renewal;
- state land use and effective local controls over certain areas of critical environmental and urban growth concern, including areas of rare ecological systems, wetlands, coastal areas, major highway interchanges and airports, and areas surrounding new community and large-scale developments;
- these mechanisms for guiding and regulating urban growth at the local level including: strengthening and broadening powers of county government; establishment, where lacking, of State boundary adjustment boards or commissions; enactment of new types of land development legislation such as permitting local governments to reserve lands for specified periods of time for a range of public uses; mandatory dedication of land by developers for park and school sites; "planned unit development" regulations to replace certain rigid conventional zoning standards; and "unmapped" or "floating" zones to permit more flexibility in large-scale projects.

These observers believe that out of all this would emerge a process where planning in the more traditional sense with all the more formal tools of implementation remains in State and local hands and where all of these efforts serve as inputs into the regional effort. This process also would give the RDC's leverage through their strategy and guideline development, review and approval function, planning grants, and program-fiscal mechanisms.

In the program and funding areas, these balanced growth advocates feel that the RDC's will need all the authority proposed for the strengthened Title V's by the moderate reformers and more. One major source of needed influence, as they see it, is the modified block grant urged by the moderate reformers, but in this case geared more directly to the balanced growth objectives. Under it, Congress would designate specific program areas that exert a critical influence on the location of people, economic growth, and urban

development. Such a designation might include transportation (highways, airports, and mass transit), health facilities and construction, educational facilities and construction, vocational education, manpower training, water and sewer and solid waste disposal, land acquisition and development, land stabilization and rural development, housing, and new communities. Congress, they explain, would authorize and appropriate a separate, single block grant for each RDC. The latter subsequently would be empowered to determine the specific allocation of funds among the program areas specified by Congress. The question of whether or not State allocation formulas should be established for each program area would be left wholly to the RDC. In any event, subsequent RDC reports and budgetary justifications, they are convinced, would provide Congress with an adequate basis for maintaining oversight with respect to these modified block grant funds. The amounts spent in each program category would be known and the specific projects described. This program-funding device, as their argument goes, would give each RDC a means of linking regional priorities with program purposes, of coordinating the use of these block grant funds, and above all of influencing the flow of other Federal and non-Federal funds toward commission established balanced growth and locational goals.

Another proposed basic funding mechanism which could be made available to RDC's for implementing balanced growth strategies is the supplemental grant device. These observers judge the record of the regional economic development commissions' use of this innovative financing mechanism to be fair to good. They find that it has provided ARC and the Title V's with a little additional financial clout, and has provided some assistance in the targeting of Federal, State and local funds toward objectives commensurate with the goals of these commissions. ARC's advantage in the use of these supplemental grant funds, they point out, is that under its enabling act, such funds can be used to augment the Federal share of projects within the special ARC categorical programs as well as most regular Federal assistance programs. They find that the Title V commissions, however, are disadvantaged because they have no categorical programs to administer and therefore the supplemental grants can be applied only to regular aid programs. For this and related reasons the Title V's use of the mechanism, as they see it, has had more limited effectiveness.

These strategists believe that the supplemental funding device could have broadened utility for the RDC's in their efforts to implement balanced growth plans and policies. They urge that the RDC's should

have the authority to use supplemental funds to reduce non-Federal financing requirements of projects funded under the special balanced growth block grants which they administer. As under present supplemental grant programs, the non-Federal portion of costs could not be reduced below 20 percent.

They also recommend that the RDC's have authority to use supplemental funds to further the regional growth strategies which they develop. This means that these commissions would be provided with discretionary funds, as a part of their normal budgetary process, which they could use to reduce the non-Federal share of eligible projects. Eligibility for supplemental funding would be based on how well the location and type of project relate to regional growth priorities. Funds so provided could be used for land acquisition, construction and operations of eligible projects. They believe this revamping of the supplemental grant mechanism would provide the RDC's with a powerful tool to support positive growth and development activities and to help offset negative trends.

These proposals to equip the RDC's with adequate powers are heavily oriented toward weaving together a variety of general program and funding mechanisms into a pattern through which a national growth policy might be implemented. These observers, however, also call for other new program authority directly oriented toward balanced growth and development activities. The RDC's, they contend, should be given the authority and requisite funds to stimulate and provide grants, loans, and loan guarantees for acquisition, construction, expansion or improvement of public works and development facilities and grants for technical assistance, research and information such as now provided under the various titles of the Public Works and Economic Development Act of 1965, as amended. A new type of grant program, in lieu of any tax credit scheme to provide direct, specified, time-limited development incentives for private developers and business and industrial entrepreneurs might be considered as an addition to those identified above. This would mean the transfer of this program, now administered by EDA, from the Department of Commerce to the new development commissions. Under this proposed revamped program, the RDC's would be authorized to designate and support local growth and development districts, comparable to the present EDD's, but based on a broadened set of criteria reflecting growth potentials and priorities pursuant to regional strategies. These local districts would engage in growth and development planning, in accordance with State and regional guidelines, and might be eligible under varying criteria for the full panoply of

development loans and grants administered by the RDC's. The use of varying eligibility criteria is underscored to accent the need to target funds toward defined locations where growth and development are desired.

These observers believe that collectively the RDC's should be required to exchange information on the nature of aid criteria used in their development grant programs so as to stimulate crossregional migration patterns, where such would facilitate the achievement of national growth objectives.

The RDC's, in their opinion, could be provided an additional tool designed to bridge the gap between manpower training programs and the balanced growth and development programs described above by authorizing and providing them with funds to assist in the migration and resettlement of persons who desire to relocate in a different section of the country. Assistance grants might be provided in accordance with individual needs and the necessity to develop manpower resources in different areas. The primary objective in the administration of such funds would be to stimulate migration patterns which are in accord with national growth goals. Again, information about such programs would be communicated among all RDC's in order to stimulate favorable interregional migration patterns.

This group of policy strategists recognizes that these are new, powerful, and perhaps drastic tools placed at the disposal of the RDC's. They are convinced, however, that these are the kinds of programs and mechanisms required if the goal of a balanced national growth policy is to be achieved.

Moving to the non-fiscal area, they urge that Congress authorize the RDC's to review and comment—or even review and approve—the proposed location of Federal buildings and facilities. Such installations, they point out, can exert a significant effect on an area's development and it would make no sense if their location were to run counter to a well developed regional growth strategy and its geographic underpinnings. A siting that conforms to such a strategy, on the other hand, could do much to help implement it. These major public investments exert a multiplier effect and some become in and of themselves the focal point of significant population and economic growth. They concede that some may question the wisdom of extending the review and approval power to Department of Defense installations. Yet, they contend that at this point in time, the review and comment procedure might well be applied even to these.

In a like fashion, the member States, they urge, might join in authorizing their RDC to exercise a review and comment or approval right with respect to

the location of certain State buildings and facilities. Such a process would permit a regional perspective to be brought to bear on a decision which previously had already conformed to a State's own urban growth policy. And sometimes this is needed, they emphasize, as in the case of a branch of a State university, a State correctional institution, or a State hospital which might serve regional as well as State purposes and clientele.

A STRENGTHENED INSTITUTIONAL BASE FOR RDC'S. Clearly, the proposed model of the RDC in planning, program, and funding terms is a powerful multistate instrumentality. Its protagonists, therefore, believe it must have an appropriate institutional base with Federal, and State, as well as local units of government having adequate representation. They are well aware that meaningful progress toward a balanced national growth and development policy for the nation entails goals of the highest order and commensurate responsibility and authority. It is vital then, in their opinion, that close attention be paid to the nature and structure of the institutional base of this regional mechanism.

They believe that the present regional economic development commissions, strengthened along the lines of the moderate reformers' proposals, provide a partial model for the institutional form of the new RDC's. Thus, the new commission would consist of State members, who are the governors of the States included, and a Federal co-chairman appointed by and directly responsible to the President. The Federal co-chairman would receive funds appropriated by Congress to the various commissions through regular budgeting processes. State governor members would be empowered to appoint an alternate member to assist in the work of the commissions and to vote on commission matters in their absence. The State members would be encouraged to appoint a States' regional representative who would represent, collectively, all the States included in each commission and would constitute a continuing counterbalancing agent to the Federal co-chairman. Decisions of the commissions would require the affirmative vote of the Federal co-chairman, as in the case of the present ARC and Title V commissions.

The role of the Federal co-chairman, they emphasize, requires special attention. Under their projected RDC model he would be an official with high status and substantial powers. To insure maximum coordination and cooperative relationships with the Federal administrative regions, he would be a designated member of the Federal Regional Council(s) operative in his commission's province with the authority to serve as a co-chairman of that body. He also would be

empowered to convene, on an *ad hoc* or permanent basis, regional advisory committees consisting of representatives of Federal agencies whose responsibilities impinge on regional growth and development matters. Linkages would be established between all RDC Federal co-chairmen and the Domestic Council to the President with all Federal co-chairmen serving as *ex officio* members of the council, or a cabinet level officer being appointed as regional development council administrator and serving on the Domestic Council in that capacity.

These strategists acknowledge that the issue of broader State as well as local representation on the RDC's is a thorny one. But they are convinced that, with the expanded objective and powers of those multistate instrumentalities, there is an urgent need to seek a firm, workable basis through which State legislative bodies and local governmental interests in regional growth strategies can be represented. After all, they explain, this involves issues of tremendous importance to the future health and welfare of all citizens. Equally important, State legislative and local government involvement, as they view it, is essential to assure optimum implementation of these strategies. To assure a higher degree of legislative commitment, they recommend that each State legislature should establish appropriate procedures which would permit it to exercise oversight over State-RDC programs and relationships. The chairmen of the pertinent committees should have direct access to and work in a continuing consultative capacity with the governor on regional growth and development matters. It would be well, in their opinion, for the pertinent, State legislative committees, or their chairmen, to meet together regularly on regional matters and to consult with their RDC as needed.

On the issue of local representation, these observers believe that the RDC's should provide associate membership for large local jurisdictions, or associations of local jurisdictions within the commission's portion of the member States. Such associate members should be empowered with a partial vote on commission decisions with the proviso that the total of partial votes accorded to such jurisdictions should not exceed the weight of that accorded to their State. Within guidelines established by the President reflecting this proviso, they urge that experimentation and variance be permitted and encouraged among the commissions with a view toward establishing an adequate representational base and voting procedures which will insure sound policy and effective implementation of balanced growth and development policies.

THE ROLE OF REVAMPED RIVER BASIN COMMISSIONS. As the foregoing suggests, this group of growth policy advocates feels that the primary vehicle at the regional level for achieving the implementation of such policies should be a nationwide system of regional development commissions. They generally do not feel that these commissions should be assigned the added responsibility of water resources management. The hydrologic dimensions of this problem area, they claim, argue against this. The existence of the differently based river basin commissions, in their opinion, argues against it and the possibility of effective linkages between the RDC's and the compact and strengthened Title II commissions argues against it.

At the same time, they are convinced that balanced growth policies must have a water resource component. Hence, they urge more effective joint regional water resource planning and management institutions. By suitably restructuring the Title II River Basin Commissions and extending them along with the Federal-multistate compact device to other areas of the country, they maintain that the RDC's would be able to use regionally developed water resource strategies in the development and implementation of their urbanization responsibilities.

Title II commissions, in their strategy, need to be strengthened along the lines suggested by the moderate reformers to more effectively meet their regional water resource assignments. Yet, they believe that additional legislative and administrative tools are needed to integrate their operations with those of the RDC(s) in their jurisdiction.

In line with the moderates' proposals, they urge that Title II commissions be authorized to have central management and funding powers over all regional and subregional Federal water resource plans in their jurisdiction. These commissions also should be authorized to retain a portion of regional water resource planning budgets, as they see it, to prepare the final formulation of all regional and subregional water resource plans in their jurisdiction. This, they explain, would free the commissions from their present overdependence on participating Federal and State agencies in the drafting of water resource plans. With this new planning mandate, they note Title II commissions could contract with appropriate Federal and State agencies for the preparation of background data for the development of framework studies of Type II subregional river basin plans, but on receipt of that data, central commission staff then would be solely responsible for plan formulation, not the State or Federal agencies preparing the data. This, they hope,

would result in a completely impartial evaluation of background data and prevent project biases that occur when a single agency is responsible for planning and constructing a water resource project. This also would allow for a uniform and standardized calculation of the cost-benefit criteria that are now being proposed for the evaluation of Federal and federally-assisted water resource projects.

These strategists believe the river basin commissions' central planning mandate could be made operational by empowering them to review and comment on or to exercise prior approval over all Federal or federally-aided water resource projects occurring within their jurisdiction. Title II commissions, they stress, also could have a greater impact on statewide water resource plans if Title III water resource plans were funded through Title II commissions; this would tighten up the coordination between the two types of plans.

These innovators claim that not only should the water resource planning process of these Title II commissions be revised to guarantee a truly regional plan, but the functional planning mandates of these commissions should be legislatively revised and extended. Thus, in their opinion, the commissions might be given authority to develop full-scale flood plain, wetlands, and coastal zone plans or they might exercise joint planning jurisdiction with RDC's where such lands are included in the latter's localized strategies, as they might well be in larger metropolitan areas. With this added legislative mandate, they note, the Title II commissions would be given responsibilities that have recently been proposed for other commissions. Expanding the legislative mandate of Title II commissions, they emphasize, would prevent the proliferation of regional commissions dealing with water resource related matters.

In a similar vein, they recommend that Federal-multistate water resource compacts such as those for the Delaware and Susquehanna basins be amended and given planning and regulatory powers over certain water-related land uses in their regions. Such amendments, they point out, have been suggested in a recent consultant's report concerning the future responsibilities of the DRBC.

In the light of rapidly increasing concerns for total environmental protection at both national and State levels, these analysts feel that it would be appropriate, indeed expedient, to utilize these river basin commissions to provide a regional input and a regional implementing mechanism for at least these water and water related policies and programs involving their member jurisdictions. As the States become more cognizant of the interstate dimensions of the envi-

ronmental problem, and as the Federal government becomes more conscious of the need for regional adaptations of national standards, the utility of assigning the basin commissions a broader environmental mandate, according to these analysts, will become more apparent. Environmental protection, as they view it, is after all preeminently an inter-governmental concern. But unlike some program areas, they contend, it is not really suited to the old style Federal-single State relationship though it has overtones of this. Most of these strategists argue that no growth policy will be viable if environmental questions are ignored. As they see it, a growth policy can be viewed as the art of balancing developmental and environmental interests. If regional development commissions are to serve as productive mechanisms in this drive to effectuate such a policy, then their river basin commission allies, in the opinion of these observers, must be in a position to provide authoritative inputs on the water and water-related resources front.

This innovative policy group believes that Title II commissions and Federal-multistate basin compacts should be extended on a nationwide basis. Since RDC's would be operating on this basis, they should be backed by complementary regional river basin mechanisms that will be responsible for the water resource components of regional balanced urbanization policies. Moreover, regional river basin commissions, so their argument runs, could and should develop and define those regional water resource policies that ordinarily would not fall within the province of the RDC's. A regional river basin commission, they assert, would be in a better position than a RDC to develop alternative river basin plans reflecting different assumptions about alternative approaches to water resource development. With growth management as its major responsibility, an RDC would not be likely to develop a full range of regional river basin plans.

The extension of river basin commissions and compact agencies on a nationwide basis, they believe, would solve boundary problems presently affecting unfunctional regional agencies. RDC's could integrate their locational policies with all river basin commissions in their jurisdiction and join with other RDC's in formulating a unified strategy with regard to a single river basin that traverses more than one RDC.

These strategists realize that different circumstances condition whether a river basin is under the jurisdiction of a Title II commission, a Federal multistate compact, or a combination of both. Presently, some areas are only covered by Title II commissions, while others are solely under the jurisdiction of a Federal-multistate commission. In still others, there is

a regional Title II and an interstate compact agency as in the case of the Ohio River Basin Commission and the Ohio River Valley Sanitation Commission (ORSANCO).

In large related basin areas such as the Pacific Northwest, a revamped Title II agency might be the lead regional water resource agency exercising a variety of planning, regulatory, and operating functions. In more well-defined basins such as the Susquehanna and the Delaware, a Federal-multistate compact agency would be the chief regional water resource agency. In still other areas such as New England, a combination of a Title II and subregional basin commissions, such as has been proposed for the Connecticut River Valley, might be the preferred arrangement for the effectuation of regional water resource policies. In any case, these observers recommend that some combination of Title II commissions and Federal-multistate compact agencies be extended to cover the nation and utilized to complement balanced growth policies. They point out, however, the legal and operational advantages of Federal-multistate compacts in dealing with regional water problems as evidenced by the favorable record of the DRBC over the last ten years. The DRBC experience, they maintain, should be studied carefully and the model adapted as required to fit situations found in other areas.

How, then, would Title II commissions and DRBC-type mechanisms relate to the regional development commissions? As these critics explain it, they might require "urbanization" statements, comparable to the environmental impact statements required under the National Environmental Policy Act of 1969, for all major water resource plans and projects. Thus, proposals for large hydroelectric projects for the development or use of ecologically rare coastal zone or wetland areas, or for large multiple-purpose water resource projects such as those developed by the Corps of Engineers and the Bureau of Reclamation would be accompanied by a statement as to their impact on a balanced urbanization plan. If the proposed projects or plans were in substantial conflict with the regional urbanization strategy, they could be denied Federal aid. This sort of formal legislative requirement for planning review by the RDC, they claim, would enhance its oversight over water resource plans and projects within the general jurisdiction of Title II or DRBC-type of river basin institutions.

Beyond the planning and major project coordination mandate, these balanced growth policy protagonists believe there are other powers that Title II and compact commissions might exercise to further such a policy. Title II commissions might be en-

dowed, with the consent of the States involved, with legal powers, similar to certain of those exercised by the DRBC and SRBC. Thus, with regard to State, Federal, and private programs, the commissions could provide that no water resource projects could begin until they were approved for inclusion in their regional comprehensive plans. This type of procedure, they assert, would bar the implementation of projects contrary to balanced growth policies and also would result in the preservation of regional sites for water resource uses necessary for proper growth—uses such as reservoirs, large regional water-based recreational areas, dam sites, and ecologically valuable wilderness and coastal zone areas. In effect, they believe that a regional land-use mapping procedure would result. Moreover, the jurisdiction of DRBC-type compacts in these matters, they note, would be broadened if their project review and comprehensive plan power were extended to flood plain usage, coastal zone protection, and the preservation of large recreational and hydroelectric power sites.

These analysts see another area where Title II and DRBC-type mechanisms could be useful in implementing balanced growth goals. Title II agencies could be granted powers similar to those now exercised by the DRBC in the water quality areas. The regional commission, or a DRBC mechanism within its jurisdiction, could be the sole agency for the development of interstate river basin quality standards. They could implement these water pollution control standards by setting waste discharge allocations among the major industrial and municipal dischargers in a river basin and also by setting abatement schedules as to when dischargers should meet such standards. Vesting such powers in Title II commissions, these observers note, would require an amendment to both the Water Resources Planning Act of 1965, as well as State consent to having a regional commission set water quality standards. Both the Title II's and DRBC-type agencies, they feel, could be given more expanded powers and allowed to enforce directly their regional water pollution control standards when State enforcement procedures were found wanting. Such powers, these critics observe, have been recently proposed for the Delaware River Basin Commission.

These strategists emphasize that the importance of regional water quality administration cannot be overstated. They call attention to the fact that it has proved an effective approach to pollution control problems in Germany and England as well as in selected river basins in this country. On efficiency and equity grounds, they argue, regional water quality regulation can have substantial benefits for an area

faced with severe interstate water pollution problems and can result in a strong environmental component for national, State, and regional growth policies.

Compact commissions, they believe, could be given expanded fiscal powers regarding regional water resource management if the signatory parties so desired. As in the case of the proposed Tocks Island regional sewage disposal plan in the Delaware Basin, fiscal authority is sometimes desired on a regional scale to finance those projects having regional, but not national benefits. Title II commissions, they note, might be given this broadened fiscal authority by qualifying for interstate allotments for planning and program purposes under sections 1153(c) and 1157(b) of the amended 1965 Water Quality Act. Federal-multistate compacts, on the other hand, might be given modest independent revenue-raising powers based on water use surcharges or effluent fees or be pledged annual State and Federal appropriations to create a regional capital facilities fund that might be used to finance selected regional water resource profits. Through any of these several fiscal approaches, these critics believe, Title II commissions and Federal-multistate compacts might implement regional water resource programs and projects that would give an extra dimension to balanced water growth policies as outlined and developed at the national, State, and regional level.

To sum up, balanced growth policies, in their opinion, must encompass sound natural resource development programs and restructured Title II river basin commissions and Federal-multistate water resource compacts, they maintain, would be suitable instruments for insuring the implementation of such programs.

3. Transformation: A National Federal-Multistate Regional Strategy

THE NEED FOR A NATIONAL REGIONAL POLICY. Another group of observers feel that the Federal-multistate instrumentalities established pursuant to the Appalachian Regional Development Act of 1965, the Public Works and Economic Development Act of 1965, and the Water Resources Planning Act of 1965 generally have not achieved the broad national goals separately enunciated in these Congressional acts. They believe that mere legislative and administrative changes in these individual programs will not suffice to make them effective. At the same time, they contend that the Federal-multistate device has and will continue to have merit in the development and implementation of certain critical national and State programs and that continuing Con-

gressional and State efforts to establish new multistate instrumentalities is evidence of this fact. To be viable, however, a single or dominant Federal-multistate instrumentality, in their opinion, should be established in each region and all development programs involving a multistate strategy and operation, whether they involve balanced urban and rural growth, regional economic development or regional natural resource development and management, should focus on and use this instrumentality. Thus, the position of these regional strategists is to urge a complete recasting of the Appalachian Regional Development program, the Title V commissions under the Public Works and Economic Development Act of 1965, the river basins commissions established pursuant to the Water Resources Planning Act of 1965, and Federal-State water resource compacts with a view toward developing and enacting an integrated national regional policy with economic development, balanced urbanization, and natural resources components.

They believe that such a policy ultimately should produce a single or dominant Federal-multistate regional instrumentality in each geographic area. It is contended that the instrumentality's mix of planning, operational, and regulatory activities would depend on the distinctive economic, environmental, and social features and needs of each such region; its legal base and national urbanization, economic development, environmental and other programs requiring regional inputs and regional implementation mechanisms. They feel that, to the extent possible, the geographic area covered by these multi-functional instrumentalities should conform to the boundaries of the ten Federal regions established by the Presidential directive of March 27, 1969.

Observers favoring this approach point out that all of these regional institutions have attempted in various ways to develop regional strategies for rather narrowly defined functional programs. ARC and Title V commissions have, to varying degrees, utilized urban growth center strategies to solve economic development problems of depressed areas. Title II commissions have been involved in the planning for a multi-purpose infra-structure for coordinated river basin development. The Delaware River Basin Commission, during its ten years of existence, has been involved with designing regional approaches to water supply and water quality management in their jurisdiction.

These observers stress that all of these commissions have only been involved partially in fashioning growth policies that could provide a bridging link between regional economic development and water resource management policies, even though both types of pro-

grams have significant interrelationships. This basically unfunctional approach to regional problems, they assert, has caused problems of area coordination between these types of multistate agencies since they are not coterminous with one another. Indeed, only in the case of Title II and Title V commissions in the New England region is there substantial overlapping between economic development and water resource planning institutions. Thus, they conclude that both in functional and territorial terms, existing regional programs have been needlessly fragmented.

AN INSTITUTIONALLY UNIFIED APPROACH FOR REGIONAL DEVELOPMENT.

While multistate economic development agencies should take into account national, State, and regional balanced urbanization policies in the implementation of their mandated responsibilities, these observers believe that more needs to be done. They call for a functionally and institutionally unified approach to meet the myriad problems of coordinating those programs of a multistate dimension. To accomplish this objective, they urge the development by Congress and the States of a national regional policy with economic development, balanced urbanization, and natural resource components. This unified regional policy should be supervised by a single or dominant Federal-multistate regional commission in each geographic area. Each of these commissions should have the option of deciding the relative balance between economic development, balanced urbanization, and natural resource policies that might be followed in the region. A resource-rich region, they point out, might choose to emphasize the economic development needs of the region while an area with a built-up economic base might be more concerned with the conservation of natural resources. Some regions might wish, due to the severity of urbanization problems, to use the regional commission as a prime regulatory agency with regard to natural resource use and land-use policies as has occurred in the Delaware region with the DRBC. Other regions with suitable State regulatory mechanisms and less severe regional problems might wish to use the multi-functional agency as a planning rather than regulatory or operational instrument. Thus, a water-rich region might use a regional commission chiefly as a planning mechanism, while a water-scarce region might use the regional agency as a regulatory and operational body. Again, these observers emphasize, circumstances would dictate the balance of programmatic responsibilities and range of administrative powers a particular regional agency would have.

By proposing the establishment of a regional commission in each region of the country, these ob-

servers are not necessarily recommending an out-and-out consolidation of existing multistate regional agencies. They suggest that where there is sufficient justification for two or more such agencies in a given geographic area, one should be assigned the dominant role, depending upon regional need and priorities and the desires of the States involved and the Federal government.

Regardless of the individual regional preferences, however, each such commission would become the automatic focal point of any new regional programs established by Congress. In the case of the proposed interstate highway commissions (see S2279, 92nd Congress, 1st Session), these observers feel that new instrumentalities should not be set up. The existing regional commissions should assume this new responsibility. They contend that the basic concern here, after all, is to avoid at the multistate level, the jurisdictional fragmentation that we now have at the sub-state regional and local levels.

Moreover, they emphasize that a single regional unit would overcome the problems of overlap in existing regional agencies. Presently, the boundaries of ARC overlap the areas of five other regional instrumentalities: the Delaware River Basin Commission, the Susquehanna River Basin Commission, the Tennessee Valley Authority, the Great Lakes Basin Commission, and the Ohio River Basin Commission. The boundaries of Title II and Title V commissions in the New England and Great Lakes areas also overlap as do the boundaries of the proposed Title II and Title V commissions for the Missouri River and Upper Mississippi areas. With a nationwide system of single multi-functional regional agencies, multistate problems that did not follow similar boundaries could be handled by a joint planning process between regional agencies. For example, in the case of a river basin traversing the jurisdiction of more than one multi-functional commission, the affected commissions could and should devise a joint interregional planning process to provide for a unified basin-wide water resource management program. Since all the regional commissions would have a functional concern with water resource management, though with varying operational power, an integrated basin program could be formulated.

Some advocates of this approach feel that the boundaries of the regional commission established as the single or dominant multi-functional regional agency, wherever possible, should be coterminous with the boundaries of one of the ten Federal Administrative regions created under the President's directive of March 27, 1969. They point out that the avowed purpose in this reorganization, as stated by the President,

is to rationalize service delivery systems, to coordinate the various Federal programs and to decentralize decision and policy making in the mode that will increase cooperation and coordination with the States and their localities. Efforts to attain these goals, they contend, would be assisted and better coordination of related local, State, regional and Federal programs could be achieved if the service areas were coterminous. The Federal agencies now, or soon to be, represented in the ten Regions include the Department of Labor; Transportation; Health, Education, and Welfare; Housing and Urban Development; the Office of Economic Opportunity; the Environmental Protection Agency; and the Law Enforcement Assistance Administration. To a greater or lesser extent, the programs and activities of these agencies relate almost to any of the possible combinations of economic development, balanced urbanization, highway, natural resource, and other program assignments that might be given to the regional commissions.

Consistency of Federal, regional, and State policies essential to common goal attainment, these observers feel, would be further insured through the use of common boundaries. Federal administrators, commission members and appropriate regional and State officers could build easier communication and more effective day-to-day working relationships in the resolution of common regional problems. The configuration of Federal regions and existing regional commission areas is by no means identical, they point out, although some match fairly well. Other commission areas, however, as in the case of Appalachia or the Four Corners, might require a different "mix" of grants in accord with their special needs. On a larger and more multi-functional scale, the regional commissions could permit the Federal government to "target" various types of aid to a region and its subregional components. Through discretionary and supplementary grants, for example, the regional commission could allocate different combinations of grant funds to various subregional areas in accord with the regional strategy for that area. Through this process of regional and subregional "targeting" of Federal aid, it is contended that comprehensive regional policies affecting economic development, balanced urbanization, natural resource conservation, and other related programs could be developed to meet the particular needs of all regions in the nation.

These observers believe that States also could realize a benefit from the creation of these comprehensive regional units. Presently, States retain the bulk of regulatory powers affecting natural resource development, land-use controls, and various other policies affecting urban growth such as transporta-

tion, housing, new community development, and utility regulation. In some of these functional areas, they contend that States could profit if regional mechanisms were to develop regulatory programs in such areas as power plant siting, coastal zone protection, water pollution control, and new community development. Where there is a need for uniform regional regulations regarding these phenomena, regional commissions, especially if they are Federal-multistate compacts, could be given broad regulatory powers in these areas. In water resource matters, they feel that regulations similar to those exercised by the DRBC in its water pollution control and project review functions, could be used by the regional agency. Moreover, it might be granted land-use regional regulatory powers such as those presently exercised by Maine and Vermont in certain specified instances. In other areas, its regulatory powers might take a different form. In the economic development field, for example, it might be the sole agent for the designation of growth centers which would be the targets of discretionary State and Federal funds. It might be given primary jurisdiction in designating "protected areas" unsuitable for economic development and singled out for a variety of protectionist policies on the part of Federal, State, and local governments. The use of a variety of different powers and programs, these observers argue, could provide a regional focus for planning and managing Federal and State programs requiring regional inputs and regional implementation strategies.

INSTITUTIONAL CHARACTERISTICS. These observers, while realizing the need for flexible planning, operational, and regulatory assignments to these regional units, suggest that the basic institutional characteristics of these units be similar. The record of the existing commissions, they feel, tells us a great deal about how regional commissions should be constituted. All regional commissions, then, should have a single Federal co-chairman, appointed by the President, who has the power to convene Federal field officers to advise him in regional policy matters. He would also retain a Federal veto over regional actions not in the national interest. As a Presidential appointee, he would have direct access to the White House and various Washington interagency councils affecting regional matters. The importance of the multi-functional unit makes it imperative that the Federal co-chairman not be directly under a departmental secretary but rather than he be given the power to seek Presidential guidance on matters of regional policy.

In a similar vein, these observers urge that governors or top level alternates represent their State in regional deliberations. The comprehensiveness of a re-

gional commission's activities demands nothing less than high-level State representation. Additionally, they feel that States' members should consider appointing a full-time State-regional representative similar to the ones employed by the ARC and the Coastal Plains Title V Commission. In this way, a unified State regional viewpoint might be provided these regional units.

Local representation also should be provided for on these regional commissions, according to some of these observers. Large local governments might be given weighted representation on these multistate units. This type of representation, they feel, would permit local governments a voice in the regional commission, but it would not change the essentially Federal-State character of the unit, since the combined vote of the local representatives would never be greater than that of their State representative.

Local representation also would result in needed local inputs in regional commission undertakings, since local governments, especially in the land-use control matters, would be the prime agents of regional programs and strategies. These observers emphasize that local representation also would provide the benefit of "grass-roots feedback" to a regional commission since local governments most frequently are aware of the complexities involved in the delivering of services whether they be of a State, regional, or local nature.

By including high-level Federal, State, and local representation, these observers conclude that the regional commissions would be an agent in developing a national regional strategy for all of the traditional levels of government, not just two. Such regional units would permit both flexible decentralization of national policies and the selective centralization of State and local efforts when a regional problem is confronted. In this manner, these agencies would be truly joint Federal-State local instrumentalities, not subject to the domination of any one level.

4. Elimination and Substitution of a System of Regional Intergovernmental Commissions

THE NEED FOR A NEW REGIONAL MECHANISM. Some observers conclude that the Federal-multistate commissions set up under the Appalachian Regional Development Act, Title V of the Public Works and Economic Development Act of 1965, and Title II of the Water Resources Planning Act of the same year generally have failed to achieve the broad goals stipulated separately in these Congressional enactments. They contend that these re-

gional instrumentalities in the main have not served as effective means of coordinating Federal, State, and other joint planning and programs having an impact on their respective areas of regional concern. They warn that mere legislative or administrative changes in these individual regional programs—no matter how drastic—could not really come to grips with this fundamental problem of communication and coordination. A new mechanism is needed, they believe, that would build on the solid base established by the reorganization of the field offices of key Federal departments and agencies into ten regions with common headquarter sites and boundaries and by the creation of Federal regional councils in each of these administrative jurisdictions.

AN APPROACH USING THE TEN FEDERAL REGIONS. These observers believe that Congress should phase out the Appalachian regional development program, the Title V Regional Development Commissions, and the Title II River Basin Commissions and that Congress, the President, and the States jointly establish a system of regional intergovernmental commissions in the ten Federal regions, set up pursuant to a Presidential directive of March 27, 1969. Each commission, they feel, should be composed of the governors of the region, members of the relevant Federal regional council, and a representative of the Domestic Council. As envisioned by these observers, there are two major functions that each regional intergovernmental commission could perform. It could serve as an advisory body with respect to intergovernmental policies and programs affecting the developmental, water resources, and other needs of the region, and it could make recommendations to the Domestic Council regarding the President's biennial Urban Growth Report.

Supporters of this approach contend that the nation has been and will be confronted steadily with issues that have a regional multistate dimension to them. Thus far, they argue, the piecemeal, broadly unfunctional approach has been adopted as a means by which the Federal government and the interested States have sought to cope with these regional questions. Various proposals now pending before Congress demonstrate clearly that this way of doing business regionally continues to have strong support. Yet, these observers believe that there is clear evidence with respect to the existing economic development and river basin commissions, that their functional and territorial fragmentation has generated serious problems of coordination and consistency. The prospective establishment of more such bodies in other regions along with the possibility of interstate highway and coastal zone regional instrumentalities raises the specter of

even greater proliferation of Federal-multistate efforts along essentially single-purpose and separate geographic lines.

This opinion group believes that the time has come to "blow the whistle" on these developments. A functionally, institutionally, and territorially unified approach is needed and needed now, they assert. A network of regional intergovernmental commissions, paralleling the organization of the ten Federal regions, would serve to coordinate better various Federal aid programs, to decentralize decision making in ways that foster greater cooperation with the States and the localities, and to promote better coordination of joint program efforts.

The proposed system, these observers stress, would build on an existing coordinative base and bring together Federal operating officials and governors to consider joint problems and policies ranging possibly from the review of Federal grant procedures to the difficulties of coordinating interstate transportation activities. The range of topics that a commission might consider, they feel, would be limited only by the extent that an issue lacked interstate regional implications. The positive thrust of its endeavors, however, would be to develop a capability to define and harmonize the interrelationships between and among programs having a regional impact.

These strategists suggest that the membership of each commission include the governor of each State within the region, each member of the Federal regional council, and a representative of the Domestic Council. In addition, representatives of other Federal agencies, not a part of the regional council, spokesmen for interested cities and counties, and compact bodies could be brought into discussions whose subject matter is of direct concern to them. A governor, they contend, should serve as chairman of each commission and quarterly meetings could be held with at least one in a biennial period being devoted to Urban Growth Report matters.

These observers give several reasons why they think this approach would provide effective Federal-multistate relationships. In their view, it builds on the existing organizational structure of the Federal regional councils. It recognizes that the solution to most regional questions involves follow-up action on a State-by-State basis. Its focus on program planning and coordination constitutes, they believe, a legitimate assignment of management and policy functions to a body composed of officials who can implement decisions reached. Its failure to assign direct program responsibilities eliminates any regional intervention in the basic partnership between the States and the Federal government and tends to correct a deficiency of

most existing developmental commissions, since it gives the commissions time to concentrate on policy issues and not on reviewing projects and allocating Federal funds. It establishes a mechanism for achieving some real decentralization of decision-making authority and avoids the existing arrangement wherein a devolution of authority to Federal field headquarters does not mean necessarily that the States or localities benefit as a result. In addition, these observers contend, this approach gives the Federal government a better opportunity to relate national programs and policies to regional needs, while at the same time a means is afforded for multistate inputs into these same national programs and policies. Finally, they emphasize it by no means bars or interferes with the creation of interstate or Federal-multistate compacts to solve specific types of regional problems; the activities of compact bodies after all would be a regular item on almost any commission's agenda.

5. Basic Reliance on the Federal-Single State Approach

DEFECTS IN THE REGIONAL APPROACH. Still other observers conclude that Congress should abolish the Appalachian Regional Commission, the Title V commissions and the river basin commissions and that a new bilateral Federal-single State approach be adopted to meet the economic development and water resources needs of the nation. Where a Federal-multistate approach is deemed necessary, these analysts contend the initiative should come from the States involved and take the form of a compact, as in the case of the Delaware and Susquehanna River Basin Commissions.

They interpret the record of the Appalachian Regional Commission, the Title V Economic Development Commissions, and the Title II River Basin Commissions as mixed-to-poor. The Federal government and the States involved in each of these programs, in their opinion, have not demonstrated a full-fledged commitment to using these instrumentalities for joint decision making for carrying out their respective economic development and water resources management programs. These critics maintain that these nationally-sponsored Federal-multistate mechanisms, for the most part, have had only a marginal impact on resolving the problems of regional economic development and water resource planning and management. Those favoring action to abolish these institutions call attention to several general and specific deficiencies in the joint regional approach established by the Appalachian Regional Development Act of 1965, the Public Works and Development Act

of 1965, and the Water Resources Planning Act of 1965.

These observers feel that serious general questions arise concerning the place of joint Federal-State regional institutions in a federal system that legally provides for two types of general units of government and which practically operates with only three levels of general government—Federal, State, and local. The established units of government are politically accountable and accessible to the general public. Regional units, on the other hand, simply do not have the requisite constitutional base, they contend, to operate with any real measure of independence or authority in the present Federal structure.

This lack of constitutional status, they agree, has resulted in regionalism being advanced, from a national viewpoint, as a means of territorial decentralization of power within the nation. Such decentralization is of an administrative nature, seeking to reconcile governmental area and function. In essence, they believe that joint Federal-multistate regionalism has as one of its basic concerns the structuring of a governmental agency whose jurisdiction adequately encompasses the territorial dimensions of a given policy problem, but without the needed authority.

Yet, even the matching of area and administration is no easy matter, according to these observers. While they acknowledge that established units of government do not conform neatly to the boundaries of regional phenomena, they also point out that the various actual or proposed regional systems rarely are compatible with one another. If administrative jurisdictions actually were to conform exclusively to regional phenomena, a proliferation of administrative units would occur. One then would be faced with coordinating the activities, they point out, of river basin regions, economic regions, climatological regions, geologic regions, transportation regions, and even cultural regions. If such jurisdictions were to conform to more than one kind of regional phenomena, then the inevitable compromising of conflicting boundary claims, in the opinion of these critics, would produce a politically determined mechanism whose jurisdictional scope would be almost as arbitrary as those of existing units of general government. Regions may be *sui generis*, they concede, but they offer no neat administrative solutions to setting up a general level of regional administration between State and Federal governments.

If regional administration is approached on a uni-functional basis, they point out, then the resulting regions lack the potential for being general governmental units. Their unfunctional nature makes them specialized governmental institutions that generally lack

the ability to interrelate effectively their programs with those of other governments and it prompts them to subordinate other programs to their own. In short, these critics feel that these mechanisms tend to value the efficacy of their particular program responsibilities over the effectiveness of the governmental system as a whole.

If on the other hand, a broad multi-functional approach is adopted, they feel that we face the real prospect of a fourth level of government with all that that means in terms of complicating administration, achieving accountability, and drastically changing our traditional federal system.

These advocates of abolishing the federally-sponsored regional commissions feel that these administrative units generally are detrimental to existing governmental jurisdictions. Such regional mechanisms, they contend, pose serious operational problems and can result in loss of Federal and State administrative efficiency as a result of their "bypassing" character. Their joint control by Federal and State governments can result in an unrealistic solution to regional problems. The solution, after all, frequently depends on whether regionalism is perceived from a sub-national or interstate perspective. If viewed from the former, they contend, national interests are found to be preeminent; if viewed from the latter, State interests can be expected to dominate.

Whether regionalism is viewed from a Federal or State perspective often depends on the particular function involved. In certain matters of water resource development, they note, the Federal government has primary jurisdiction. A regional unit handling such a function, these observers contend, would tend to subordinate State to Federal interests.

In matters traditionally left to the States, such as education or human resource development, a joint regional unit probably would emphasize State over Federal interests. In cases where some facets of a function were national in scope and others were where State interests were stronger, these observers believe that joint regional action would be equally hard to sustain. There is no predetermined way, they argue, of indicating whether a function endowed with State interest would be subordinated to a function endowed with national interest.

These critics conclude that there simply is no easy way in which power can be jointly exercised on a regional basis within our present system of federalism. They point out that the general practice has been to have a division of labor between the Federal and the State and local governments. On the one hand, the Federal government plays a major role in stabilizing the national economy and redistributing income,

while State and local governments are the basic administrative units for the delivery of most public services. The Federal government, then, quite frequently depends on State and local units for the implementation of national policy rather than directly administering all programs that have national import. Indeed, aside from matters of national defense, space exploration, and certain types of natural resource development, the Federal government, especially through its grant-in-aid system, relies primarily on State and local governments to achieve nationally legislated policies. The establishment of regional administrative units, they feel, is a disruption of this traditional form of intergovernmental relations.

These observers contend that creation of regional administrative units also ignores the regional character of established governmental units which are, in effect political regions around which any number of human interests center. Most States, as they see it, have a geographic reach that makes them sub-national regional governments. In this sense, the States are the genuine regional building blocks on which federalism rests. They are the intermediate governmental units between the nation and the local communities, and have the capacity singly or in some manner of formal or informal interstate cooperation to effectuate regional solutions to regional problems. The Federal government, on the other hand, unilaterally has the corresponding ability to organize itself on a regional basis if the necessity so arises. The TVA, Federal regional councils, and other numerous Federal field organizations, they point out, are evidence of this fact. If regionalism must be utilized, these observers conclude, it can be best approached on a uni-level basis. Use of a joint form of regional administration, they believe, clearly should be a last resort and even here only when the States involved seek it.

In terms of specifics, these abolitionists advance many reasons for their recommendation for scrapping the nationally sponsored joint Federal-multistate organizations created pursuant to the ARC Act, Title V of the Public Works and Economic Development Act of 1965, and Title II of the Water Resources Act of 1965.

OPERATIONAL DEFICIENCIES OF EXISTING COMMISSIONS. The three federally-sponsored types of joint multistate regional institutions, these critics assert, presently lack the requisite administrative and political authority to construct truly regional programs in their respective fields of public concern. Title II commissions, Title V commissions, and ARC, they point out, do not have primary operational authority in their respective jurisdictions. All three exercise concurrent planning juris-

dition with State and Federal agencies which blur accountability and authority in the planning process in their respective areas. All three do not have planning jurisdiction over some of the other related functional concerns that have a significant relationship to their own responsibilities. All of these commissions have a comparatively minor share of the economic development and water resource planning funds in their regions. As small agencies, according to these observers, they hardly can be expected actually to alter traditional Federal and State approaches to multistate regional economic development and water resources planning.

Title II River Basin Commissions, they find, exhibit in stark form some of the operational deficiencies of joint Federal-State mechanisms. They point out that at the present time none of these commissions has a central professional staff of more than 15 personnel, and the total budgets of these agencies in no case is more than \$500,000. Yet, with such a personnel and funding base, these commissions are expected ultimately to prepare a framework study of a general scope for their entire region, serve as the "lead agency" or maintain liaison with the numerous sub-basin studies occurring in their jurisdiction, and report on annual water resource project priorities for the region.

These agencies, they point out, meet these responsibilities by depending on Federal and State agencies for the implementation of even their planning responsibilities. As forum-type agencies, similar to their predecessor Federal interagency field committees, the river basin commissions are specifically prohibited from displacing existing Federal and State agencies from their present water resource responsibilities. Instead, these critics note, they are specifically enjoined to obtain consensus from Federal and State interests in preparing a joint plan for regional water resource development. These observers contend that joint river basin planning has tended to reflect the exigencies of Federal or State interests of the moment, not the dictates of a long-term regional planning strategy. Illustrative of this fact, they argue, are the delays some commissions have experienced in completing their framework studies as in the case of the PNRBC or the shift in emphasis from a framework to a Type II subregional study, as in the case of the SRRRBC. Lacking staff and funding, these observers find that the river basin commissions generally follow the lead of those Federal agencies having the greatest stake in river basin planning and providing the funds for the major portion of framework and subregional basin planning studies.

States, lacking traditional responsibilities in large-scale water resource development, according to these

observers, either have preferred framework studies to be secondary to subregional plans or have been content to go about the business of preparing State plans in abeyance of the framework study. Similarly, they note that the commissions in preparing annual priority reports have relied mainly on Federal and State evaluation of project priorities and have not exercised a really independent evaluation as to whether these priorities really reflect joint agreement or coordinated schedules of project implementation.

Title V Economic Development Commissions, these critics maintain, also lack the operational authority to deal with regional economic development. They point out that all five are required to develop regional economic plans which presumably will serve as a basis for guiding economic development. Yet, these commissions presently do not use this plan for the review of State planning efforts and are unable to integrate EDA plans into a regional scheme. Furthermore, these observers maintain that the regional commissions lack authority to direct effectively their discretionary grants. They assert that there are no formalized administrative relationships between the commissions and the EDA even though the latter is one of the prime Federal agencies involved in economic development programs in these regions and even though both programs are housed in Commerce.

The Appalachian Regional Commission (ARC), it generally is agreed, quite clearly has the most authority on regional matters of the three mechanisms studied. Yet, these observers call attention to ARC's difficulties in coordinating Federal programs, particularly those of EDA and OEO. On the State side of the picture, they also are critical of the commission's dependence on State developmental plans rather than the formulation of a joint State-Federal plan at the regional level. While the ARC Administrative Code, does inject some uniformity into the various State development plans, they point that the commission has left to the States the task of determining the criteria for organizing, funding, and programming the substate developmental efforts. These observers note that the commission has yet to adopt guidelines on local development organization so that they will operate to further regional or even State economic development objectives. These various relationships, they emphasize, demonstrate that ARC presently lacks requisite authority to compel regionally focused Federal and State action.

All of the federally-sponsored regional units, they contend, now perform functions that either could be or are being performed by existing governments. The Title II commissions, they stress, have their joint

planning responsibilities effectuated by State and Federal agencies. Title V commissions prepare regional economic development plans that could be prepared at the national level as a guideline for the distribution of Federal economic development funds throughout all depressed portions of the country, not just those areas with Title V commissions. The Appalachian Regional Commission leaves the bulk of regional economic development planning to State agencies with a modest amount of regional supervision while at the same time managing Appalachian categorical and supplemental grants, a function these observers feel could be performed by EDA or some equivalent agency at the Washington level.

Both the Title II and Title V commissions, these critics emphasize, spend a large proportion of their time collecting basic data and other information about economic development and water resource conditions within their respective jurisdictions. This function, they argue, could easily be performed by suitable data-gathering arrangements at the national and State levels.

Many Federal agencies are already organized on the appropriate jurisdictional level for such data gathering. The Corps of Engineers, these observers point out, is presently organized along river basin lines. The Federal Water Quality Administration has collected data on water quality conditions on a similar basis. Other Federal agencies, while not organized along regional lines, they feel, could appropriately alter their intelligence operations to gather sectional data. The Department of Commerce, through its Office of Business Economics could gather suitable economic development data for depressed regions throughout the entire country. They believe this step would avoid some of the data collection problems of Title V commissions and the ARC. Similarly, they maintain that State agencies could be offered grant-in-aid incentives to collect data in a fashion that would relate to appropriate regional jurisdictions. For example, Title III water resource planning monies could be used to assist State agencies in developing water resource information on a basis that would result in comparable State information along river basin lines.

These critics believe that not only could this basic data collection be handled by appropriate State and National organizations, but it should be done in this manner. Presently, economic development and water resource planning is done in areas having regional jurisdictions without specific reference to the needs and conditions in other similarly situated regional areas. They feel that what results is area-focused rather than substantively directed. Both the States and the national government, as a result, do not have the com-

parative data base for evaluating alternative investment strategies as among alternative regions. They argue that regions which have developed information-gathering capability cannot be compared with those that have not. The lack of a coordinated national approach to this data problem, they emphasize, aggravates State and national efforts to choose among alternative water resource and economic development regions when implementing a coordinated statewide or national water resource economic development strategy.

Regional units, when not performing these basic data collection surveys, often act as a clearinghouse and coordinating agency for water resource or economic development operations within their jurisdictions. Yet, this effort, these observers believe, in some cases, often amounts to nothing more than a *pro forma* approval of State or Federal operations in the region. They point out that Title II commissions conduct an annual project priorities report which basically consists of project listings prepared by member States and the Federal government. The States in the case of the Title V and ARC commissions prepare projects which are submitted for regional review. In the case of Title V commissions, they have little power or inclination to alter State-developed priorities. In the ARC, these analysts concede, there are formal guidelines for project evaluation which can be used by ARC in rejecting or altering some State projects. But the ARC, they point out, can not substitute a desirable regional project in a State jurisdiction and, in fact, does little more than suggest occasional modifications of such projects. They note that both Title V and ARC commissions have experienced difficulty in coordinating EDA project priorities with their own. Thus, while all three agencies are coordinating agencies, their power to compel coordination is a very limited one. Those favoring abolition feel that is naive to expect these instrumentalities, especially the Title II and Title V commissions with their mixed composition, weak political base, and meager influence over any operating budgets to achieve much by way of coordination. Real coordination of Federal efforts, they assert, can only be achieved by Congressional action and by the Federal agencies involved with OMB or some other instrumentality of the Executive Office of the President directly riding herd on the matter. Coordination of State program efforts must be a gubernatorial matter. In neither case, they conclude, can a Federal-multi-state mechanism do anything more than to highlight the lack of coordinated efforts in both spheres and these observers feel we already have ample means of achieving this.

These critics believe that given the commission's clear-cut regional authority in water resource planning and economic development matters, most of them have tried by the power of persuasion and in the case of ARC and Title V commissions by grant supplements to alter Federal and State decision making to conform to a regional focus. Yet, these observers believe that the commission's success in this matter has been distinctly limited.

Looking first at Title V economic development commissions, they emphasize that most planning and action grant monies have been spread equally among the member States. This "spread the buck" approach to economic development while insuring the permanence of the commission certainly is not designed, they believe, to come to grips with the differential allocation of resources within these regions, which is at the heart of a developmental strategy.

They contend that somewhat similar difficulties also confront the Title II commissions. A few commissions have experienced problems in deciding on a subregional strategy for more detailed Type II river basin studies. Since these studies are preliminary to the investment of Federal funds, decisions on which subregions are to be studied can result in greater funds for a particular basin over another. The Great Lakes Basin Commission, these observers point out, experienced some State tension when it decided that the Maumee River Basin study would be recommended for a Federal Type II study. This brought objections from other States in the region which, through their contribution to the commission would fund the State-financed portion of the proposed survey. In this case, the States perceived no benefit from a subregional study which did not directly involved them.

The Appalachian Regional Commission, while not experiencing the same "spread-the-buck" tendencies of Title V commissions has also experienced difficulties in eliciting a regional response from the various State participants. These observers note that some Appalachian States have expended a large proportion of monies on smaller rural places within their jurisdiction rather than directing ARC monies to their growth areas. The commission also has experienced problems in having States design formal economic development strategies for the region's interstate metropolitan areas. These critics also feel that the ARC has not proved successful in generating substantial amounts of State investment in regional non-highway programs, with the States generally contributing only 14 percent of all non-highway funds for other development efforts within the region.

Regional commission performance, these observers feel, has not proved successful in having the States and

the Federal government reorganize their own administrative structures to deal with regional problems. Some States, they emphasize, still bury their economic development efforts in units far removed from the governor's office. An equally difficult situation, they note, exists with regard to some State organization in the water resources field. Experience to date, they suggest, also indicates that States have not improved local capacity to participate in regional decision making as is witnessed by State developmental planning experience in ARC and Title V commissions. The Federal government, aside from some interagency agreements and the Federal regional councils, they maintain, has not reorganized itself to deal with the various regional commissions.

One barrier to State, local, and Federal responses to regional agency solutions singled out by these critics concerns the fact that existing general units of government and their agencies do not always agree on the regional agency's approach to a particular problem. Thus, OEO resisted ARC coordination of its human resource programs in Appalachia since it felt that its programs should not be unduly subordinated to economic development concerns. In a like fashion, some States on the Title II commissions have suggested the need to finish statewide water resource planning before fully participating in multistate river basin planning efforts. Consequently, at least two of these commissions have decided to build up their regional planning efforts by melding subregional and statewide water resource programs.

Regional agencies, these observers emphasize, are continually confronting the problem of State and Federal agencies needing more than a regionally-oriented focus to implement their economic development and water resource policies. Substantive considerations, they note, may force a State or Federal agency not to respond to a regional strategy. Thus, State or Federal agencies involved in land management do not always find a regional water resources focus beneficial to their land planning responsibilities. Finally, State and Federal agencies do not always respond to a centrally conceived regional strategy since they often must relate their policies in a region to other areas outside it. Thus, one State might wish to arrange for an interbasin transfer of water that would not be in accord with a commission's river basin planning or a regional economic development commission might oppose State investment of program money in areas outside the economic region, even though such investment might alleviate economic depression in the region.

These observers find that the federally-sponsored regional institutions often do not or can not consider a

variety of solutions to regional problems, which include broad national policy changes as in the case of welfare, migration allowances, and the like. They believe that economic development commissions, for example, have been overly wedded to a "place" rather than "person" approach to alleviating the economic problems of depressed areas. These regional agencies, they feel, have advanced policy solutions that are related to regional rather than individual welfare. Similarly, they believe that water resource planning commissions, as presently constituted, can not deal, in any comprehensive sense, with water resource development. These commissions can not really discuss, it is argued, the use of Federal tax incentives to abate pollution or State institution of effluent charges, since these are State and Federal tax matters which ordinarily do not come under their purview, even though such policies might be pivotal in regional water resource management.

Those favoring abolition stress that both the economic development and water resource commissions are continually faced with boundary problems which circumscribe their ability to deal comprehensively with some problems. Thus, for example, Title II commissions can not deal with the problems of interbasin transfers of water and Title V commissions and the ARC can not promote economic development strategies that involve the placing of program monies in areas outside their present jurisdiction. The boundaries of these commissions, they point out, prevent them from proposing supra-regional solutions to their problems.

Regional agencies, these observers maintain, have generally found it difficult to accept nonstructural solutions to the challenges they face. They note that proposals such as rural special revenue sharing, Federal welfare assumption, and more effective equalization provisions in the categorical aid system are all measures which would, to some degree, alleviate depressed area economic problems. Yet, such policies have not been the pivotal in ARC or Title V commission strategies since they can be effectuated without the use of joint Federal-multistate commissions. A regional mechanism's very existence, these critics contend, prompts it to approach multistate problems with policies that can be formulated by and administered from a central regional unit. Policies that do not involve regional administration tend to get scant attention.

The use of joint multistate agencies, they argue, can result in a failure to confront State and Federal program deficiencies in the economic development and water resource fields. Joint river basin planning, they warn, is no substitute for effective comprehensive

statewide water resource planning and management programs. Similarly, regional economic planning can not be considered as a realistic alternative to coordinated State and Federal economic development program administration. Both the States and the Federal government, these observers emphasize, must have suitable internal planning and management capabilities or the economic development and water resource challenges will not be met. The use of joint regional units without commensurate strengthening of Federal and State economic development and water resource programs, they stress, can only result in poorly-based regional policies. The use of these regional units is no substitute for ongoing State and Federal development of regionally-focused programs. To construct a joint multistate mechanism in lieu of improving the administrative abilities of State and Federal governments to deal independently with regional problems, they warn, can only result in another "promise-performance" gap in economic development and water resource policies. Some of these observers would say it is merely a subterfuge.

THE PRIMARY ROLE OF GENERAL PURPOSE GOVERNMENTS. The need for comprehensive and nonstructural policies for regional problems, these observers believe, highlights the need for general purpose governments to serve as the sole agents in multistate areas. These governments are the only ones that can consider a full range of policies that might be adapted to solving regional economic development and water resource problems. They alone can assemble an integrated set of policies that focus on multiple means and approaches for dealing with regional issues. They alone, it is maintained, can redefine the territorial dimensions of a regional problem to insure that it will not be confined to too small a jurisdiction. In short, these observers believe that general purpose governments are the only ones with adequate legal and functional scope to cope with the challenge of multistate regionalism.

In light of these various deficiencies in the joint regional approach to economic development and water resource problems, these observers feel that abolition of these multistate regional agencies is essential to assure general units of government sufficient flexibility in meeting and solving regional issues. In the last analysis, they feel that only Federal, State and local governments can develop comprehensive regional economic development and water resource policies since these governments are the only ones with broad enough functional responsibility and territorial jurisdiction to cope with regional problems. Moreover, as a matter of principle, they maintain that directly ac-

countable governments must be primarily responsible for implementing regional policies.

The creation of these federally-sponsored regional agencies, they argue, harbors the potential for inter-governmental conflict in much the same manner that special districts have detracted from the performance of States and general units of local government. These agencies, on occasion, have avoided rather than confronted some regional problems. They frequently give the appearance of regional cooperation while hiding the difficult policy problems that demand more open State and Federal debate and even controversy. In some cases, these critics point out, Federal interests have dominated these regional agencies, as in the case of Title II commissions. In others, States have used the regional agencies merely as a funnel for more Federal funds. In either case, these observers contend that balance does not exist and regionalism is a facade.

Finally, those favoring the Federal single-State approach to regionalism believe that this approach retains the functional integrity of the federal system and forecloses the possibility that a fourth tier of regional administration would enervate the responsibilities of State and local governments. They conclude that it insures preservation of the national interest in the economic development and water resource fields and does not subject the Federal government to sectional debates generated by the proliferation of regional economic development and water resource agencies.

The one exception, noted by some of these observers, is the Federal-multistate compact. They feel the Delaware River Basin Commission's record over the last ten years shows that the Federal-State compact device can be a suitable management mechanism for multistate regional purposes. Its success, moreover, stems from the fact that it requires State initiative. Moreover, it operates in cooperation with State and Federal governments and has not been used to detract from the responsibilities of existing State and Federal governments. While the Federal government retains its legal prerogatives in matters concerning the national interest, Federal executive agencies are bound by compact provisions. Most significantly, that device guarantees effective State participation in the regional arrangement. The DRBC's record of State participation, in the opinion of these observers, far outstrips that of Title II and Title V commissions and surpasses that of the ARC. The binding legal force of the compact on the State parties and its strong influence on the Federal partner should not be overlooked, these observers contend.

They point out that the Federal-multistate compact

device offers other benefits in contrast to federally-sponsored joint regional instrumentalities. It provides clear-cut regional regulatory responsibilities to the compact agency. It specifies well-defined management objectives for the agency to pursue and the device, by its very nature, guarantees genuine cooperation from State participants. All these features, they contend, make the Federal-multistate compact device a precision instrument for achieving regional programs, in marked contrast to the loosely constructed and ill-defined character of the other regional mechanism.

In summarizing the position of those favoring abolition, they feel that the federally-sponsored joint multistate agencies—the Appalachian Regional Commission, Title II River Basin Commissions, and Title V Economic Development Commissions—are

ineffective instruments for dealing with regionalism. Lasting solutions to regional problems, they contend, must be found primarily in Federal-single State programs. Such programs, whether they be categorical grants, block grants, special revenue sharing or general revenue sharing or some combination of these, effectively utilize the independent capabilities of both State and Federal governments and permit a more flexible and comprehensive treatment of regional issues. When formal joint multistate action is desired, these observers maintain that it should be taken through a Federal-multistate compact which can be used for regional purposes while still protecting legitimate State and national interests. Barring this single exception, regional problems are best resolved through traditional Federal-State channels.

APPENDIX B

TABLE B-1 COASTAL PLAINS REGIONAL COMMISSION PERSONNEL COMPLEMENT

Title or Grade	Authorized Positions	Filled Positions (as of 5/1/71)
Commission Staff:		
Executive Director (Gr. 18)	1	1
RC Grade 16	2	2
RC Grade 15	4	2
RC Grade 14	3	0
RC Grade 13	5	4
RC Grade 11	2	1
Secretarial Staff (RC Grades 5-9)	<u>10</u>	<u>8</u>
Commission Staff	27	18
Federal Co-chairman's Staff:		
Program Planning & Liaison Officer (GG-16)	1	1
Special Assistants (GG-15)	2	2
Fiscal and Project Review Officer (GG-13)	1	1
Administrative Assistant (GG-11)	1	1
Secretary Stenographer (GG-7 to 9)	2	2
Part-time Assistant	<u>1</u>	<u>1</u>
Co-chairman's Staff	8	8
TOTAL STAFF	35	26

Source: Data provided by CPRC.

TABLE B-2 COASTAL PLAINS REGIONAL COMMISSION TECHNICAL ASSISTANCE EXPENDITURES 1968-1970

Contracts and Related Expenses	1968-69	1970	Total	Percent
Economic and Statistical	\$ 169,586	\$312,800	\$ 482,386	21.5
Marine Resources	371,024	150,140	521,164	23.4
Industrial Development	207,775	102,160	309,935	13.8
Tourist Industries	97,122	14,100	111,222	5.0
Human Resources	255,825	114,000	369,825	16.5
Development Transportation	189,758	89,500	279,258	12.5
Agriculture	72,912	51,200	124,112	5.5
Housing	<u>5,500</u>	<u>35,700</u>	<u>41,200</u>	<u>1.8</u>
	\$1,369,502¹	\$869,600	\$2,239,102	100.0

¹Total includes \$209,582 transferred to technical assistance account from administrative and State planning expenses and \$34,920 obligated in 1969 from anticipated 1970 allocation.

Source: CPRC annual reports.

**TABLE B-3
COASTAL PLAINS REGIONAL COMMISSION
SUPPLEMENTAL GRANTS-IN-AID 1969-1970**

Purpose	State	County or City	1969		
			CPRC Grant	Percent of Total	Prime Grantor
Technical Institute	N.C.	Bladen	\$ 105,000	29	EDA
Technical Institute	N.C.	Beaufort	105,000	30	HEW
Community College	N.C.	Lenoir	125,000	37	HEW
Community College	N.C.	Goldsboro	60,000	30	HEW
Technical Institute	N.C.	Fayetteville	305,000	36	HEW
Technical Center	S.C.	Conway	431,983	40	HEW
Municipal Airport	S.C.	Florence	54,000	11	FAA
Manpower Center	S.C.	Kingstree	214,000	10	EDA
Manpower Center	Ga.	Albany	600,000	43	HEW
Airport Expansion	Ga.	Brunswick	84,000	30	FAA
Total			\$2,083,983		

Purpose	State	County or City	1970		
			CPRC Grant	Percent of Total	Prime Grantor
Technical Institute	N.C.	Morehead	\$ 234,000	16	EDA
Technical Institute	N.C.	Williamston	100,000	14	HEW
Technical Institute	N.C.	Winterville	40,900	27	HUD
Technical Institute	N.C.	Robeson County	123,000	10	EDA
Technical Center	S.C.	Florence County	654,452	20	EDA
Manpower Center	Ga.	Thomasville	600,000	60	HEW
College of the Albemarle	N.C.	Elizabeth City	300,000	25	HEW/HEFA
Industrial Park	Ga.	Americus	200,000	8	EDA
Total			\$2,252,352		

Source: CPRC Annual Reports.

**TABLE B-4
NEW ENGLAND REGIONAL COMMISSION
TECHNICAL ASSISTANCE PROJECTS**

State	Project	Allotment
<u>FY 1967</u>		
Regional	Public Investment Planning	\$227,000
Regional	Analysis of New England Economy (A.D. Little)	95,000
Regional	Analysis of Region's Foreign Trade (NEERF)	50,000
Regional	Urban Patterns Study (NEERF)	—
Regional	Human Resources Study (Nathan Associates)	65,000
Regional	Marine Industries Study (Nathan Associates)	—
Regional	Recreational Resources Study (Nathan Associates)	—
Regional	Analysis of Region's Transportation Needs (SARC)	75,000
Regional	Environmental Management Study (CRA)	70,000
Regional	Expenses of Public Hearings	5,000
		<u>\$517,000</u>
 <u>FY 1968</u>		
Connecticut	Demonstration Project — Careers for Culturally Disadvantaged Youth	\$42,250
Maine	Survey of Occupational Skills and Training Requirements in Manufacturing (1970-1975)	25,247
Maine	Evaluation of Machiasport Project	10,000
Maine	Economic Analysis of Basic Food Industry	8,733
Massachusetts	Analysis of Sectoral Economies	20,000
Massachusetts	Assessment of Needed Tourist Development Facilities	33,750
New Hampshire	Impact of Seasonal Tourist Traffic on Highway System	22,500
New Hampshire	Algae Pollution — Kezar Lake	6,500
New Hampshire	Impact of State Rooms and Meals Tax	6,000
Rhode Island	Demonstration of Feasibility of Preparing Disadvantaged Youth for College	5,750
Vermont	Occupational Make-up — State Employment	15,000
Vermont	Preliminary Studies for Technical College in Burlington	15,750
Vermont	Economic Model State of Vermont	8,000
Regional	Public Investment Planning	347,000
Regional	Vermont Housing Demonstration (HPE) (Vt.)	40,000
Regional	Citizens United Renewal Enterprises Demonstration (Rhode Island)	65,000
Regional	Cold Weather Construction Survey (Maine)	15,000
Regional	Tri-State Regional Medical Program	6,000
Regional	Connecticut Valley Health Compact	35,000
Regional	Office of Business Economics — Statistical Survey Support	25,000
Regional	Urban-Rural Interaction Study — Systemetrics	54,674
Regional	Public Service Study (NEBHE)	40,000
Regional	High-Speed Rail Study	39,068
Regional	New England Interstate Water Pollution Control Administration — Demonstration	25,000
Regional	Vermont Negative Income Tax Study	15,000
Regional	Nichols College Demonstration	3,500
		<u>\$929,725</u>

TABLE B-4 (continued)
NEW ENGLAND REGIONAL COMMISSION
TECHNICAL ASSISTANCE PROJECTS

State	Project	Allotment
FY 1969		
Regional	Public Investment Planning	\$347,000
Regional	Housing Study (RERC)	68,150
Regional	Health Vital Statistics (NECCE)	15,000
Regional	Health Information Center	35,000
Regional	Vocational Education (NESDEC)	100,000
Regional	Oil Import Study (N.E. Governors Conference)	15,000
Regional	Housing – HPE	17,500
Regional	Foreign Trade Data Bank (Ashton)	4,000
Regional	High-Speed Rail Study Design (Geo Transport)	3,850
Regional	Public Service Study Design	200
Regional	Connecticut Housing Demonstration	5,000
Regional	Public Service Intern Program (Ford Foundation)	12,000
Regional	Science-Tech. Conference (NEERF)	4,000
Regional	Aquaculture Demonstrations	25,000
Regional	Power Study (Zinder)	150,000
Regional	Power Study – Environmental Considerations (NERBC)	40,000
Regional	Power Study – Advisory Committee	9,000
	Program Printing	4,205
	Transcription Services	95
		\$855,000
FY 1970		
Regional	Cycle IV Public Investment Planning	\$295,000
Regional	Data Services (OBE)	25,000
Regional	Regional Plan Printing	2,000
Regional	State Plans Summarization	25,000
Regional	Education for Public Service Conference	3,000
Regional	Power Study – Environmental Considerations	20,000
Regional	New Hampshire Tomorrow	15,000
Regional	Housing Research Studies – HPE (Vt.)	7,500
Regional	North Country Health Demonstration	30,000
Regional	Urban Health Project	40,000
Regional	Drug Abuse Programs	50,000
Regional	Staffing – Teacher Education Program	12,000
Regional	Occupational Problems – Vermont Recreational Industries	26,400
Regional	Energy Research Analysis	8,000
Regional	High-Speed Rail Service	50,000
Regional	Ripton Environmental Management Center	150,000
Regional	New Hampshire Open Pit Incinerator	45,400
Regional	Maine Coastal Study	30,000
Regional	Soil Conservation District Support	4,000
Regional	Public Service Intern Program	32,000
Regional	Aquaculture Demonstration	6,000

TABLE B-4 (continued)
NEW ENGLAND REGIONAL COMMISSION
TECHNICAL ASSISTANCE PROJECTS

State	Project	Allotment
FY 1970 (continued)		
Regional	Foreign Trade Project (Ashton)	\$3,840
Regional	Tri-State Port Authority	25,000
Regional	Forest Products Study (University of Mass.)	10,000
Regional	Census Data User Survey	16,000
Regional	Internships in Economic Development (NEBHE)	38,097
Regional	Kezar Lake Study	12,400
Regional	Aquaculture Projects	44,000
Regional	Ski Area Development Program (University of New Hampshire)	37,702
Regional	Industrial Development Project (NEIRD)	89,000
Regional	Use of Native Wood	1,800
Regional	Vocational Technical Education Project	150,000
Regional	East-West Highway Study	250,000
Regional	Teacher Training Project	250,000
Regional	Maine Housing Demonstration Project	53,000
Regional	Massachusetts City Development Program	93,000
Regional	North Country Conservation Project	2,900
Regional	Vocational Rehabilitation of Prison Inmates	12,000
	Conferences and Printing	22,000
	Reservations	1,861
		\$1,988,900

Project	Allotment
FY 1971	
New England Resource Center for Occupational Education	\$1,400,000
New England Program in Teacher Education	800,000
Student Internships in Economic Development	109,000
Consolidation and Coordination Hospital Services	25,000
Establishment of Comprehensive Mental Health Agency	27,500
Administrative Support to the Northern New England Academy	8,000
Continuing Education for Nursing Service Directors	6,000
Medical Social Services	24,900
Health Projects (Unspecified)	288,600
Rehabilitation of Low and Moderate Income Housing – Rhode Island	60,000
Rehabilitation of Low and Moderate Income Housing – Vermont	40,000
Nashua River Program Management	250,000
Nashua River Facilities	1,000,000
Ocean Disposal Research	30,945
Open Pit Incinerator	30,000
Other Solid Waste Projects	139,055
Consulting on Power Plant Siting	2,500
Coastal Conference	750
Coastal Zone Planning	127,750

TABLE B-4 (continued)
NEW ENGLAND REGIONAL COMMISSION
TECHNICAL ASSISTANCE PROJECTS

Project	Allotment
FY 1971 (continued)	
Wastewater Institute	\$50,000
Vermont Environmental Center	3,000
New Hampshire Tomorrow	50,000
Natural Areas Project	175,000
Vermont Historic Village	25,000
Maine Coastal Natural Areas	30,000
Environment Conference	4,000
Other Environmental Projects	38,000
East-West Highway Study, Phase II	350,000
Railpax Submission	23,000
Railpax Regional Entity Evaluation	100,000
High Speed Rail Service	237,000
New England Energy Power (Staff)	75,000
Vermont Growth Center	228,050
Maine Growth Center	500,000
Aroostook Airport, Maine	74,800
Galilee Development, Rhode Island	197,150
Bangor International Airport	40,000
Nashua, N.H., Flight Controller Training Facility	250,000
New England Government Services Center	80,000
Municipal Management Study	35,000
City of Warwick PPBS	10,000
PPBS Management Conference	3,000
Connecticut Planning Demonstration	50,000
Government Services (Unspecified)	28,000
Public Investment Planning, Cycle V	300,000
Printing of Regional Plan	6,000
Revision of Regional Plan	3,500
International Trade Training Program	8,000
Small Community Needs	3,500
Economic Consultant (Mulholland)	2,500
Economic Data (OBE)	25,000
Census Data	25,000
COG, Portland, Maine	4,000
Reverse Trade Mission	24,000
New Bedford, Mass.	50,000
Analysis of R & D Employment Problems	40,000
Mt. Washington Convention Center	5,000
Ft. Williams, Me., Marine Research Ctr.	16,700
Other Research and Planning	92,800
Maine Medical School	40,000
Home Health Care	30,000
Dental Health in Northern New England	50,000
Total	\$7,752,000

**TABLE B-5
NEW ENGLAND REGIONAL COMMISSION
SUPPLEMENTAL GRANT-IN-AID FUNDS**

Purpose (1968)	State	City or County	NERC Amount	Percent of Total	Prime Grantor
Water Filtration Plant	Mass.	Gloucester	\$ 210,000	5.1	HUD
Regional Hospital	Vt.	St. Johnsbury	400,000	9.3	HEW
Regional Hospital	N.H.	Colebrook	282,800	20.0	EDA
Expand Bristol Hospital	Conn.	Bristol	417,000	6.4	HEW
International Airport Development	Me.	Bangor	425,000	17.4	EDA
Whitefield Airport Facilities	N.H.	Coos City	63,834	11.4	FAA
North Terminal Bulkhead	Mass.	New Bedford	210,000	3.6	EDA
Regional Pub. Library	R.I.	Blackstone Valley	411,561	31.5	HEW
Voc.-Educ. Facilities	N.H.	Berlin	30,000	30.0	HEW
Total			<u>\$2,450,195</u>		
 (1969)					
Water Treatment Fac.	Vt.	St. Albans	\$385,000	24.5	EDA
Sewage Collection & Treatment System	N.H.	Epping	52,782	17.4	FWPCA
Sewage Collection & Treatment System	Me.	St. Agatha	29,340	14.4	FWPCA
Sewage Trunk from Winthrop to Augusta	Me.	Augusta	250,000	25.0	FWPCA
Sewage Treatment Plant	Me.	Calais	82,500	6.0	FWPCA
Interceptor Sewer Line	R.I.	Blackstone Valley	190,060	5.0	FWPCA
Professional Studies Center	R.I.	R.I. College	125,000	8.8	HEW
Jackson Estuarine Lab.	N.H.	U. of N.H.	236,978	38.0	NSF
Voc. Training Equip.	R.I.	R.I. Dept. of Educ.	101,820	2.0	HEW
Waste Water Institute (Building)	Me.	South Maine Vocational Technical Institute	25,000	68.0	FWPCA
Voc. Educ.		Berkshire College	257,960	75.9	HEW
Computer Center		Berkshire College	186,560	73.0	HEW
Institute of Material Science	Conn.	U. of Conn.	847,000	14.0	HEW
Total			<u>\$2,770,000</u>		

(1970)					
Sewage Treatment Works	N.H.	Lancaster	\$100,000	2.4	FWQA
Water Supply System	N.H.	Greenville	40,000	80.0	
Water Supply System	N.H.	Plainfield	100,000	73.8	
Sewer System	Mass.	Fitchburg	368,000	80.0	
Whey Drying Plant	Vt.	Georgia	167,500	8.0	FWQA
Water Supply Facility	Vt.	Grand Isle	51,500	10.7	FHA Agr.
Indus. Park Facility	Mass.	Fall River	200,000	7.1	EDA
Port Facility	R.I.	Galilee	60,000	30.0	Interior
State Airport	Vt.	Barre-Montpelier	60,000	14.0	FAA
Nova Scotia Ferry Term.	Me.	Portland	200,000	10.6	
Mental Health Center	Conn.	Bridgeport	304,200	3.0	HEW
Dental Educational Facilities	Mass.	Tufts Dental School	500,000	4.8	HEW
ABCD Concentrated Employment Program	Mass.	Boston	45,700	67.0	Labor
ABCD Youth Residence Center	Mass.	Boston	\$ 13,360	52.1	Labor
Communications Equip.	N.H.	Nelle	146,839	8.0	HEW
Vocational Equip.	N.H.	Dover High School	21,027	38.0	HEW
Voc. Educ. Equip.	N.H.	Salem High School	38,000	38.0	HEW
Voc. Educ. Equip.	N.H.	Contoocook Valley School District	12,000	30.0	HEW
Voc. Educ. Equip.	N.H.	Keene State College	15,000	30.0	HEW
Voc. Educ. Equip.	N.H.	Nashua School District	8,573	34.3	HEW
Voc. Educ. Equip.	N.H.	Keene High School	19,000	38.0	HEW
Classroom Facility, Library, Lab., & Faculty Offices	Conn.	Thames Valley State Coll.	116,443	6.2	HEW
Classroom Facilities & Faculty Offices	R.I.	R.I. College	203,000	11.0	HEW
Computer Equip.	Mass.	Springfield	38,000	25.6	HEW
Estuarine Lab.	N.H.	Univ. of N.H.	42,959	7.0	NSF
Total			\$2,871,101		
(1971)					
Development of Harbor Industrial Park	R.I.	Narragansett	\$ 197,150	18.2	EDA
Construction of Regional Airport	Me.	Frenchville	74,800	12.2	EDA
Construction of Sewage Interceptors & Expansion of Sewage Treatment Plant	N.H.	Nashua	1,000,000	6.5	EPA
Total			\$1,271,950		

Source: Data provided by NERC.

**TABLE B-6
BREAKDOWN OF FCRC SUPPLEMENTAL GRANT EXPENDITURES
FOR FY 1968-1971, BY TYPE**

Natural Resources	31	\$ 1,284,916	12.2%
Transportation			
Highways	5	2,670,827	25.4
Airports	10	847,455	8.0
Human Resources			
Vocational Education	7	1,121,005	10.6
Health Facilities	7	1,255,534	11.9
Industrial Development	37	3,360,263	31.9
Totals	97	\$10,540,000	100.0

Source: FCRC Administrative Expense and Categorical Summary Book and supplementary data provided by FCRC staff.

**TABLE B-7
BREAKDOWN OF FCRC SUPPLEMENTAL EXPENDITURES
FOR FY 1968-1971, BY STATE**

State	Total Grants	Percentage
Arizona	\$ 2,395,000	22.9
Colorado	2,824,000	26.8
New Mexico	2,657,000	25.1
Utah	2,664,000	25.2
	\$10,540,000	100.0

Source: FCRC Administrative Expense and Categorical Summary Book and supplementary data provided by FCRC staff.

TABLE B-8
LIST OF UGLRC TECHNICAL ASSISTANCE STUDIES

* George Washington University – Mapping	\$ 9,992
Inland Lake Renewal and Management	180,000
* A Demonstration of Organized Timber Procurement and Marketing	107,250
* Duluth Airport	12,500
Ski Market Study	34,500
* Lamprey Control Demonstration Project	50,000
* Survey of Existing Research	6,000
* Population Trends in Northern Wisconsin	9,466
* Projections of Population and Employment for the Upper Great Lakes	10,000
Evaluation of Economic Development Projects	8,812
* Identification and Utilization of Growth Centers in the Development of the Upper Great Lakes Region	7,500
* Wild Rice and Its Potential in Minnesota, Wisconsin and Michigan – Background Report	5,000
* Assistance to the Technical Wild Rice Committee and Training of Indians for Job Openings	4,900
* Potential and Leading Prospects for Industrial Development in the Upper Great Lakes Region	9,490
* Planning Strategy for Development of the Upper Great Lakes Region	10,000
* Planning for Impact of Pictured Rocks National Lakeshore Project on Alger County, Michigan	15,000
* Indian Recreation Training	1,230
* Natural Resources Vocational Training Program for Indians in the Upper Great Lakes Area	14,000
* Extension of Planning Strategy for Development of the Upper Great Lakes Region	10,000
* Renewal of the Great Lakes-St. Lawrence Waterborne Commerce	7,500
* Extraction of Personal Income Data	8,250
* Planning for a Maritime Academy	10,000
Study of Markets for Iron and Steel to be Produced in the Upper Great Lakes Region	46,000
Technical Assistance to the Lake States Forestry Cooperative	60,000
University Extension Center for the Development of Tourist, Resort and Recreation Resources	45,000
* Aviation Vocational Training Conference	5,000
Feasibility of a Custom Pelletizing Plant	155,000
Inland Lake Renewal and Demonstration, Phase II	224,050
Demonstration of Native Wild Rice Production	112,240
* Reconnaissance Study of Energy Development Considerations	10,000
* Evaluation of Industrial Location Incentives Programs	18,322
Demonstration of Basic Land Use Information System	125,000
* Movie of a Pilot Housing Project, Phase I	1,200
* Design of Facilities for a Maritime Academy	25,300
A Demonstration of Organized Timber Procurement and Marketing, Phase II	105,500
Draft of Star Attractions Publication	7,470
Demonstration of a Vocational Guidance Program	53,674
Northern Beef Enterprise Demonstration	104,200
* Reconnaissance of Expansion Possibilities in Pulp and Paper in the Upper Great Lakes Region	7,000
Specific Industries suited for the Upper Great Lakes Region	25,000
* Economic Feasibility of Producing a Reduced Iron Product on the Mesabi Range	25,000

TABLE B-8 (continued)
LIST OF UGLRC TECHNICAL ASSISTANCE STUDIES

Demonstration of New Processing Methods for Wild Rice	48,925
Phosphorus Removal from Lakes through Chemical Precipitation	17,925
Plan for Utilization of Third Level Air Service in the Upper Great Lakes Region	17,500
Three-State Highway Development	150,000
Michigan Housing Movie – Phase II	29,000
Wisconsin Vocational Guidance Mobile Unit	33,650
Michigan Vocational Guidance Mobile Unit	34,800
Market Research on the Economic Value of Snowmobiling	5,700
Practicability Study for a Limnological System Analysis of the Great Lakes	20,000
Demonstration and Research on Agricultural Irrigation in Central Minnesota	31,000
Demonstration of the Development of a Tourism Credit Corporation	21,000
Industrial Site Mapping Demonstration	11,150
Feasibility of Regional Waste Treatment Facilities	31,426
Preliminary Harbor Design, Lutsen and Silver Bay, Minnesota	20,000
Public Service and Governmental Consolidation Program, Upper Peninsula of Michigan	25,500
Demonstration of a Vocational Guidance Program, Phase II	70,000
Northern Beef Enterprise Demonstration Extension	120,000
Northwest Minnesota Drilling Program	2,900
Center for Assistance to Small Business – Wisconsin	55,000
Center for Assistance to Small Business – Michigan	50,268
Upper St. Croix Scenic Riverway – Wisconsin	36,500
Nett Lake Wild Rice Demonstration	9,000
Red Lake Wild Rice Demonstration	12,000
Mobile Vocational Guidance, Minnesota	26,865
Indian Culture Center	2,000
Extension Center for Development of Tourist, Resort and Recreation, Phase II	60,000
Inland Lake Renewal and Management – Phase III	303,525
New Processing Methods for Wild Rice – Phase II	53,250
Bench-Scale Testing of the SL/RN Process	14,000
Potential Industrial Location Analysis	75,057
Economic Base Analysis for Minnesota Experimental City	75,000
Upper St. Croix Scenic Riverway – Minnesota	32,672
Demonstration of Water Quality Protection at Houghton Lake, Michigan	50,150
Origin-Destination Study of Bulk Commodity Movement, Upper Great Lakes Region	30,000
Wild Rice Paddy Expansion – Bad River	15,000
Deicing Program – Duluth Harbor	25,000

*Completed projects.

Source: Data provided by UGLRC staff.

TABLE B-9
UPPER GREAT LAKES REGIONAL COMMISSION
SUPPLEMENTAL GRANT PROJECTS, BY TYPE
1968-1971

Type	FY 1968			FY 1969			FY 1970		
	No.	Commission Dollars	Total Dollars	No.	Commission Dollars	Total Dollars	No.	Commission Dollars	Total Dollars
Human Resources	4	851,000	2,491,889	20	578,247	6,357,627	31	894,091	3,483,420
Industrial Development	5	554,685	3,169,845	10	855,500	5,022,574	12	1,470,410	6,510,724
Transportation	2	299,900	1,521,000	7	550,970	2,332,700	8	1,043,483	4,091,972
Natural Resources	--	--	--	--	--	--	3	190,100	2,252,000
Recreation & Tourism	11	1,060,140	4,382,017	16	783,383	9,579,856	2	125,100	417,000
Total	22	2,765,725	11,564,751	53	2,768,100	23,292,757	56	3,723,184	16,755,116

Source: Data provided by UGLRC staff.

TABLE B-10

**TOTAL EXPENDITURES
OF TITLE V COMMISSIONS FOR
THE PERIOD 1967-1970**

	Amount (Thousands)	Percent
Expenses of Federal Cochairmen	\$ 4,168	4.1
Expenses of Commissions	7,349	7.2
Regional Planning/ Technical Assistance	27,120	26.8
Supplemental Grants	60,054	59.2
EDA Regional Research	2,109	2.0
Office of Special Assistant	748	.7
	\$101,548	100.0

Source: OMB data compiled by Regional Research Staff.

TABLE B-11

**TOTAL EDA OBLIGATED AMOUNTS EXPENDED IN TITLE V REGIONAL AREAS
1966 - MAY, 1971**

Region	Obligations (Millions)						Totals
	Public Works	Business Loans	Working Capital Grants	Planning Grants	Tech. Asst.	Economic Research	
Coastal Plains	\$ 58.2	\$14.4	--	\$2.3	\$.6	--	\$ 75.5
Four Corners	25.5	5.2	.7	.5	.2	--	32.1
New England	42.4	14.5	--	.4	1.0	.03	58.3
Ozarks	62.3	4.3	--	2.3	.2	--	69.1
Upper Great Lakes	36.9	7.8	.2	1.1	.7	--	46.7
Totals	\$225.3	\$46.2	.9	\$6.6	\$2.7	.03	\$281.7

Source: Special analysis by EDA.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

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Governors

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Ronald Reagan, California

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Richard G. Lugar, Indianapolis, Indiana; Vice Chairman
Jack Maltester, San Leandro, California
Lawrence F. Kramer, Jr., Paterson, New Jersey
(resigned October 14, 1971; vacancy)

Members of State Legislative Bodies

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B. Mahlon Brown, Senator, Nevada
Robert P. Knowles, Senator, Wisconsin

Elected County Officials

Conrad M. Fowler, Shelby County, Alabama
Edwin G. Michaelian, Westchester County, New York
Lawrence K. Roos, St. Louis County, Missouri

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The Advisory Commission on Intergovernmental Relations (ACIR) was created by Federal Law in 1959. ACIR is a permanent bipartisan body representing the executive and legislative branches of Federal, State and local government, and the public. It gives continuing attention to the critical areas of friction in Federal-State, Federal-local, interstate and interlocal relations.

Nine of the 26 Commission members represent the Federal Government, 14 represent State and local government, and three the public-at-large. Six are Members of Congress—three Senators appointed by the President of the Senate and three Representatives appointed by the Speaker of the House. The President appoints 20: three private citizens, three Federal executive officials, four governors, three State legislators, four mayors and three elected county officials. State and local mem-

bers are nominated by the national general government organizations. Of the Members of Congress, two from each House must be of the majority party. Of the State and local officials no more than two of each category may be from the same party. Members are appointed for two year terms and may be reappointed. The Commission names an Executive Director who heads a small professional staff. The Commission selects for investigation specific intergovernmental issues.

In developing its policy recommendations ACIR follows a multi-step procedure that assures review and comment by representatives of all points of view, all affected levels of government, technical experts and interested groups. ACIR then debates each issue and formulates policy positions. Policy recommendations are translated into draft bills and executive orders.