

**PROCEEDINGS  
OF THE  
NATIONAL  
GOVERNORS'  
ASSOCIATION  
ANNUAL MEETING  
1981**

**SEVENTY-THIRD ANNUAL MEETING**

**Atlantic City, New Jersey**

**August 9-11, 1981**

**National Governors' Association  
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Washington, D.C. 20001**

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## EXECUTIVE COMMITTEE, 1981\*

George Busbee, Governor of Georgia, *Chairman*  
Richard D. Lamm, Governor of Colorado  
John V. Evans, Governor of Idaho  
James R. Thompson, Governor of Illinois  
Robert D. Ray, Governor of Iowa  
William G. Milliken, Governor of Michigan  
George Nigh, Governor of Oklahoma  
John N. Dalton, Governor of Virginia  
Lee S. Dreyfus, Governor of Wisconsin

## EXECUTIVE COMMITTEE, 1982

Richard A. Snelling, Governor of Vermont, *Chairman*  
Richard D. Lamm, Governor of Colorado  
George Busbee, Governor of Georgia  
John V. Evans, Governor of Idaho  
James R. Thompson, Governor of Illinois  
Robert D. Ray, Governor of Iowa  
John Carlin, Governor of Kansas  
Joseph E. Brennan, Governor of Maine  
William G. Milliken, Governor of Michigan

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\* As of August 9, 1981, the opening day of the conference.

## STANDING COMMITTEES\*

### COMMITTEE ON AGRICULTURE

John Carlin, Governor of Kansas, *Chairman*  
Charles Thone, Governor of Nebraska, *Vice Chairman*  
Forrest H. James, Jr., Governor of Alabama  
Edmund G. Brown, Jr., Governor of California  
John V. Evans, Governor of Idaho  
James R. Thompson, Governor of Illinois  
Robert D. Ray, Governor of Iowa  
Ted Schwinden, Governor of Montana  
Bruce King, Governor of New Mexico  
James B. Hunt, Jr., Governor of North Carolina  
Allen I. Olson, Governor of North Dakota  
William J. Janklow, Governor of South Dakota  
Richard A. Snelling, Governor of Vermont  
Ed Herschler, Governor of Wyoming

### COMMITTEE ON COMMUNITY AND ECONOMIC DEVELOPMENT

Dick Thornburgh, Governor of Pennsylvania, *Chairman*  
William F. Winter, Governor of Mississippi, *Vice Chairman*  
Bruce Babbitt, Governor of Arizona  
Frank White, Governor of Arkansas  
Pierre S. duPont IV, Governor of Delaware  
Paul Calvo, Governor of Guam  
Robert D. Orr, Governor of Indiana  
John Y. Brown, Jr., Governor of Kentucky  
Joseph E. Brennan, Governor of Maine  
Carlos S. Camacho, Governor of Northern Mariana Islands  
James A. Rhodes, Governor of Ohio  
Richard W. Riley, Governor of South Carolina  
Lamar Alexander, Governor of Tennessee  
Scott M. Matheson, Governor of Utah  
Juan F. Luis, Governor of Virgin Islands  
John D. Rockefeller IV, Governor of West Virginia

### COMMITTEE ON CRIMINAL JUSTICE AND PUBLIC PROTECTION

Robert F. List, Governor of Nevada, *Chairman*  
Bruce King, Governor of New Mexico, *Vice Chairman*  
Bruce Babbitt, Governor of Arizona  
Charles Thone, Governor of Nebraska

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\* As of August 9, 1981, the opening day of the conference.

James B. Hunt, Jr., Governor of North Carolina  
William P. Clements, Jr., Governor of Texas

COMMITTEE ON ENERGY AND ENVIRONMENT

John D. Rockefeller IV, Governor of West Virginia, *Chairman*  
Victor Atiyeh, Governor of Oregon, *Vice Chairman*  
Jay S. Hammond, Governor of Alaska  
Frank White, Governor of Arkansas  
Richard D. Lamm, Governor of Colorado  
William A. O'Neill, Governor of Connecticut  
Pierre S. duPont IV, Governor of Delaware  
Bob Graham, Governor of Florida  
John V. Evans, Governor of Idaho  
Robert D. Ray, Governor of Iowa  
John Carlin, Governor of Kansas  
John Y. Brown, Jr., Governor of Kentucky  
David C. Treen, Governor of Louisiana  
Edward J. King, Governor of Massachusetts  
Albert H. Quie, Governor of Minnesota  
Christopher S. Bond, Governor of Missouri  
Ted Schwinden, Governor of Montana  
Hugh L. Carey, Governor of New York  
Allen I. Olson, Governor of North Dakota  
Carlos S. Camacho, Governor of Northern Mariana Islands  
James A. Rhodes, Governor of Ohio  
George Nigh, Governor of Oklahoma  
Carlos Romero-Barcelo, Governor of Puerto Rico  
Lamar Alexander, Governor of Tennessee  
William P. Clements, Jr., Governor of Texas  
Scott M. Matheson, Governor of Utah  
John N. Dalton, Governor of Virginia  
Ed Herschler, Governor of Wyoming

COMMITTEE ON EXECUTIVE MANAGEMENT  
AND FISCAL AFFAIRS

Richard A. Snelling, Governor of Vermont, *Chairman*  
George R. Ariyoshi, Governor of Hawaii, *Vice Chairman*  
Bruce Babbitt, Governor of Arizona  
William A. O'Neill, Governor of Connecticut  
Robert D. Orr, Governor of Indiana  
Albert H. Quie, Governor of Minnesota  
Christopher S. Bond, Governor of Missouri  
Robert F. List, Governor of Nevada

James B. Hunt, Jr, Governor of North Carolina  
J. Joseph Garrahy, Governor of Rhode Island  
Richard W. Riley, Governor of South Carolina  
Lamar Alexander, Governor of Tennessee  
Lee S. Dreyfus, Governor of Wisconsin

#### COMMITTEE ON HUMAN RESOURCES

James B. Hunt, Jr, Governor of North Carolina, *Chairman*  
Albert H. Quie, Governor of Minnesota, *Vice Chairman*  
Peter T. Coleman, Governor of American Samoa  
Pierre S. duPont IV, Governor of Delaware  
Bob Graham, Governor of Florida  
John Carlin, Governor of Kansas  
Hugh L. Carey, Governor of New York  
Richard W. Riley, Governor of South Carolina  
William J. Janklow, Governor of South Dakota  
Scott M. Matheson, Governor of Utah  
Juan F. Luis, Governor of Virgin Islands

#### COMMITTEE ON INTERNATIONAL TRADE AND FOREIGN RELATIONS

Brendan T. Byrne, Governor of New Jersey, *Chairman*  
William P. Clements, Governor of Texas, *Vice Chairman*  
Forrest H. James, Jr., Governor of Alabama  
Jay S. Hammond, Governor of Alaska  
Peter T. Coleman, Governor of American Samoa  
Bruce Babbitt, Governor of Arizona  
William A. O'Neill, Governor of Connecticut  
Bob Graham, Governor of Florida  
Paul Calvo, Governor of Guam  
George R. Ariyoshi, Governor of Hawaii  
Robert D. Orr, Governor of Indiana  
Robert D. Ray, Governor of Iowa  
John Y. Brown, Jr., Governor of Kentucky  
David C. Treen, Governor of Louisiana  
Joseph E. Brennan, Governor of Maine  
William G. Milliken, Governor of Michigan  
William F. Winter, Governor of Mississippi  
Charles Thone, Governor of Nebraska  
Hugh L. Carey, Governor of New York  
Victor Atiyeh, Governor of Oregon  
Carlos Romero-Barcelo, Governor of Puerto Rico  
J. Joseph Garrahy, Governor of Rhode Island



Lamar Alexander, Governor of Tennessee  
John Spellman, Governor of Washington  
Lee S. Dreyfus, Governor of Wisconsin

COMMITTEE ON TRANSPORTATION, COMMERCE  
AND TECHNOLOGY

Harry Hughes, Governor of Maryland, *Chairman*  
Edmund G. Brown, Jr., Governor of California, *Vice Chairman*  
James R. Thompson, Governor of Illinois  
David C. Treen, Governor of Louisiana  
Joseph E. Brennan, Governor of Maine  
Edward J. King, Governor of Massachusetts  
William F. Winter, Governor of Mississippi  
Robert List, Governor of Nevada  
Hugh Gallen, Governor of New Hampshire  
Brendan T. Byrne, Governor of New Jersey  
George Nigh, Governor of Oklahoma  
Dick Thornburgh, Governor of Pennsylvania  
John Spellman, Governor of Washington

## ATTENDANCE

Peter D. Coleman, Governor of American Samoa  
Bruce Babbitt, Governor of Arizona  
Frank White, Governor of Arkansas  
Edmund G. Brown, Jr., Governor of California  
Richard D. Lamm, Governor of Colorado  
Pierre S. duPont IV, Governor of Delaware  
Bob Graham, Governor of Florida  
George Busbee, Governor of Georgia  
George R. Ariyoshi, Governor of Hawaii  
John V. Evans, Governor of Idaho  
Robert D. Orr, Governor of Indiana  
Robert D. Ray, Governor of Iowa  
John Carlin, Governor of Kansas  
John Y. Brown, Jr., Governor of Kentucky  
David C. Treen, Governor of Louisiana  
Joseph E. Brennan, Governor of Maine  
Harry Hughes, Governor of Maryland  
Edward J. King, Governor of Massachusetts  
William G. Milliken, Governor of Michigan  
William F. Winter, Governor of Mississippi  
Christopher S. Bond, Governor of Missouri  
Ted Schwinden, Governor of Montana  
Charles Thone, Governor of Nebraska  
Robert List, Governor of Nevada  
Hugh Gallen, Governor of New Hampshire  
Brendan T. Byrne, Governor of New Jersey  
Bruce King, Governor of New Mexico  
Hugh L. Carey, Governor of New York  
James B. Hunt, Jr., Governor of North Carolina  
Arthur A. Link, Governor of North Dakota  
James A. Rhodes, Governor of Ohio  
George Nigh, Governor of Oklahoma  
Dick Thornburgh, Governor of Pennsylvania  
Carlos Romero-Barcelo, Governor of Puerto Rico  
J. Joseph Garrahy, Governor of Rhode Island  
Richard W. Riley, Governor of South Carolina  
William J. Janklow, Governor of South Dakota  
Lamar Alexander, Governor of Tennessee  
Scott M. Matheson, Governor of Utah  
Richard A. Snelling, Governor of Vermont  
John N. Dalton, Governor of Virginia

Juan F. Luis, Governor of the Virgin Islands  
Dixy Lee Ray, Governor of Washington  
John D. Rockefeller IV, Governor of West Virginia  
Lee S. Dreyfus, Governor of Wisconsin  
Ed Herschler, Governor of Wyoming

**GUEST SPEAKER**

George Bush, Vice President of the United States

**PROGRAM**  
**Sunday, August 9**

- 11:00 a.m.- **Presentation of the report to the President of the State**  
12:00 noon **Planning Council on Radioactive Waste Management**  
*Carolina Room, First Floor*  
Governor Richard W. Riley, Chairman
- 12:30 p.m.- **Meeting of the staff advisory council of the Committee**  
3:30 p.m. **on Energy and Environment**  
*Cotillion Ballroom A, Dining Level*
- 1:30 p.m. **Broadcast of "Issues and Answers"**
- 1:30 p.m.- **Meeting of the Task Force on Refugees**  
2:30 p.m. *Tower Room, 13th Floor*  
Governor Robert D. Ray, Chairman  
Review of the administration's proposed new refugee and immigration policies
- 1:30 p.m.- **Staff work session on agriculture and rural development**  
3:30 p.m. *Mandarin Room, 13th Floor*  
Guest: Frank W. Naylor, Jr. Under Secretary of Agriculture for Small Community and Rural Development
- 2:00 p.m.- **Meeting of the Task Force on Technological Innovation**  
3:30 p.m. *West Room, 13th Floor*  
Review of state initiatives to promote technological innovation
- 2:30 p.m. **Press briefing**  
*Carolina Room, First Floor*  
Governor George Busbee
- 2:45 p.m.- **SPECIAL GOVERNOR'S WORK SESSION:**  
4:45 p.m. **Block grant implementation**  
*Cotillion Ballroom B, Dining Level*  
Moderators: Governor Richard A. Snelling  
Governor James B. Hunt, Jr.  
Discussion of specific state block grant implementation strategies and state technical assistance needs

- 5:00 p.m.- **Meeting of the NGA Executive Committee and Standing  
6:00 p.m. Committee Chairmen**  
*Cotillion Ballroom A, Dining Level*  
Update on the International Year of Disabled Persons  
Guest: Alan A. Reich, President, U.S. Council for the International Year of Disabled Persons  
Review of the status of the governors' agenda to restore balance to the federal system  
Guest: Richard S. Williamson, Assistant to the President for Intergovernmental Affairs
- 6:00 p.m.- **Meeting of the staff advisory council of the Committee  
7:00p.m. on Transportation, Commerce and Technology**  
*West Room, 13th Floor*
- 6:45 p.m.- **Reception and dinner for all meeting participants  
9:00 p.m.**
- 6:45 p.m.- **Reception for all meeting participants  
7:30 p.m. Wedgewood Pavilion Restaurant, Dining Level**
- 7:45 p.m.- **Dinner for all meeting participants  
9:00 p.m. Cotillion Ballroom, Dining Level**
- 7:00 p.m.- **Reception and dinner for governors and spouses hosted  
9:00 p.m. by Governor and Mrs. Brendan Byrne**  
*Seaview Country Club, Absecon, New Jersey*
- 9:00 p.m.- **Entertainment program for all meeting participants fea-  
10:30 p.m. turing political satirist Mark Russell and guest star  
Wayne Newton**  
*Cotillion Ballroom, Dining Level*

### Monday, August 10

- 8:00 a.m.- **SPECIAL GOVERNORS' WORK SESSION:  
9:45 a.m. Managing government effectively at a time of reduced  
resources**  
*West Room/Mandarin Room, 13th Floor*  
Moderators: Governor Scott M. Matheson  
Governor Robert D. Ray

8:30 a.m.- **Meeting of the staff advisory council of the Committee  
on Community and Economic Development**  
10:00 a.m. *Pacific Room, First Floor*

9:00 a.m.- **Meeting of the Subcommittee on Management Improve-  
ment**  
10:00 a.m. *Pennsylvania Room, First Floor*

**Meetings of NGA Standing Committees:**

10:00 a.m.- **COMMITTEE ON HUMAN RESOURCES**

11:30 a.m. *Cotillion Ballroom B, Dining Level*

Governor James B. Hunt, Jr., Chairman

Discussion of state actions to facilitate implementation of  
human resources block grants

Discussion of implementation regulations from and technical  
assistance to be provided by the Department of Health and  
Human Services

Guest: Richard Schweiker, Secretary of Health and Human  
Services

Discussion of proposed policy positions

Health planning: Governor Scott M. Matheson, Lead Govern-  
or for Health Policy

Education: Governor Bob Graham, Chairman, Subcommittee  
on Education

Employment and Training: Governor Pierre S. duPont IV,  
Chairman, Subcommittee on Employment and Training

10:00 a.m.- **COMMITTEE ON INTERNATIONAL TRADE AND  
11:30 a.m. FOREIGN RELATIONS**

*Cotillion Ballroom A, Dining Level*

Governor Brendan Byrne, Chairman

Chairman's Report

Discussion of the Administration's international tourism pol-  
icy

Governor George Ariyoshi, Chairman, Task Force on Tour-  
ism

Guest: Frederick M. Bush, Assistant Secretary of Commerce  
for Tourism

Report of the Subcommittee on State Initiatives

Governor William F. Winter, Chairman

Guest: William H. Morris, Jr., Assistant Secretary of Commerce for Trade Development

Report of the Subcommittee on Administration and Congressional Initiatives

Governor Bob Graham, Chairman

Report of the Task Force on North American Cooperation

Governor William P. Clements, Jr., Chairman

Discussion of trends in the international economy

Guest: Robert D. Hormats, Assistant Secretary of State for Economic and Business Affairs

10:30 a.m.- **Staff work session on synthetic fuels**

12:30 p.m. *Tower Room, 13th Floor*

Luncheon meetings of NGA Standing Committees:

11:45 a.m.- **COMMITTEE ON AGRICULTURE**

1:15 p.m. *West Room, 13th Floor*

Governor John Carlin, Chairman

Review of prospective 1981 farm legislation

Guest: Richard Lyng, Deputy Secretary of Agriculture

Review of the impact of emerging food technologies on American agriculture

Guest: John Freivalds, Editor, *Agribusiness Worldwide*, and author

Report of the Agricultural Export Task Force

Governor Charles Thone, Chairman

Report of the Subcommittee on Range Resource Management

Governor John V. Evans and Governor Bruce King, Co-Chairmen

11:45 a.m.- **COMMITTEE ON COMMUNITY AND ECONOMIC DEVELOPMENT**

1:15 p.m. *Rutland Room, First Floor*

Governor Dick Thornburgh, Chairman

Discussion of federalism and community development: The changing state role

Guests: Richard Carver, Mayor of Peoria

Stephen J. Bollinger, Assistant Secretary for Com-

munity Planning and Development, Department of Housing and Urban Development

Overview of state issues in capital formation and business development

Guests: Derek Hansen, President, Derek Hansen and Associates, and former California Banking Commissioner William J. Stallkamp, Senior Vice President, The Mellon Bank  
Tom Miller, President, Kentucky Highlands Investment Corporation

Review of proposed policy positions

Meetings of NGA Standing Committees:

1:30 p.m.- **COMMITTEE ON EXECUTIVE MANAGEMENT AND**  
3:00 p.m. **FISCAL AFFAIRS**

*Cotillion Ballroom A, Dining Level*

Governor Richard A. Snelling, Chairman

Guests: Richard Conder, Chairman, Board of Commissioners, Richmond County, North Carolina and President, National Association of Counties

Richard S. Fulton, Mayor of Nashville and Chairman, Advisory Board, U.S. Conference of Mayors  
William H. Hudnut III, Mayor of Indianapolis and President, National League of Cities

Richard S. Williamson, Assistant to the President for Intergovernmental Affairs

Subcommittee reports

Governor Richard W. Riley, Chairman, Subcommittee on Management Improvement

Governor George R. Ariyoshi, Chairman, Subcommittee on Public Retirement Systems

Review of federal regulatory reform initiatives

Review of the FY 1983 federal budget

1:30 p.m.- **COMMITTEE ON TRANSPORTATION, COMMERCE**  
3:00 p.m. **AND TECHNOLOGY**

*Cotillion Ballroom B, Dining Level*

Governor Harry Hughes, Chairman

Review of the role of user financing in transportation

Administration view of user fees



Guest: Darrell M. Trent, Deputy Secretary of Transportation  
Congressional view of user fees

Guest: Congressman James J. Howard, Chairman, House  
Public Works and Transportation Committee

Governor David C. Treen, Lead Governor, water transportation

Governor Edward J. King, Lead Governor, air transportation

Governor Brendan Byrne, Lead Governor, public transportation

Governor William F. Winter, Lead Governor, rail transportation

Governor Dick Thornburgh, Lead Governor, highway transportation

Discussion by the governors of user financing for transportation

Guests: Francis B. Francois, Executive Director, American  
Association of State Highway and Transportation  
Officials

Peter G. Koltnow, President, Highway Users Federation  
for Safety and Mobility

David Blackshear, Assistant Secretary, Office of  
Aviation and Public Transportation, Louisiana; President,  
National Association of State Aviation Officials

J. Ron Brinson, Executive Vice President, American  
Association of Port Authorities

Jerome C. Premo, Executive Director, New Jersey  
Transit

Alan G. Dustin, President and Chief Executive Officer,  
Boston and Maine Railroad

Report of the Task Force on Technological Innovation

Governor Edmund G. Brown, Jr., Lead Governor, science  
and technology

**Meetings of NGA Standing Committees:**

3:15 p.m.- **COMMITTEE ON CRIMINAL JUSTICE AND PUBLIC  
4:45 p.m. PROTECTION**

*West Room, 13th Floor*

Governor Robert List, Chairman

Discussion of state and federal efforts to control violent crime

Guest: Congressman William J. Hughes, Chairman, Subcommittee on Crime, House Judiciary Committee

Discussion of overcrowding and other problems facing American prisons and jails

Guest: Walter R. Burkhardt, Director, Office of Research Programs, National Institute of Justice

Discussion by the governors of new state initiatives in crime control

Discussion of new directions for the Federal Emergency Management Agency

Governor Bruce Babbitt, Chairman, Subcommittee on Public Protection

Guest: Louis O. Giuffrida, Director, Federal Emergency Management Agency

Discussion of shared cost approach to the clean up of Three Mile Island

Governor Dick Thornburgh

Discussion of proposed policy positions

3:15 p.m.-

**COMMITTEE ON ENERGY AND ENVIRONMENT**

5:30 p.m.

*Rutland Room, First Floor*

Governor John D. Rockefeller IV, Chairman

Overview of proposed policy positions

Governor Rockefeller

Energy policy positions

**Coal conversion tax incentives**

Governor Edward J. King, Chairman, Subcommittee on Coal

**Fuel Use Act**

Governor George Nigh, Chairman, Subcommittee on Oil and Gas

Water policy positions

**Construction grants reforms and section 404 dredge and fill permits**

Governor Scott M. Matheson, Chairman, Subcommittee on Water Management

Discussion of the Clean Air Act and regulatory reform initiatives

Guest: Anne M. Gorsuch, Administrator, Environmental Protection Agency

Discussion of pending environmental and energy legislation

Guest: Congressman John Dingell, Chairman, House Energy and Commerce Committee

4:45 p.m.-  
5:45 p.m.     **Meeting of the Task Force on North American Cooperation**

*Pacific Room, First Floor*

Governor William P. Clements, Jr., Chairman

Guest: Ambassador Thomas O. Enders,, Assistant Secretary for Inter-American Affairs

5:30 p.m.-  
7:30 p.m.     **Informal clambake for all meeting participants**

*Cotillion Ballroom, Dining Level*

Entertainment by the Jersey City State College Jazz Ensemble

8:00 p.m.-  
10:00 p.m.   **Ice Capades performance for all meeting participants**

*Atlantic City Convention Hall*

## **Tuesday, August 11**

8:00 a.m.-  
9:15 a.m.     **Breakfast meetings of the Democratic Governors' Conference and Republican Governors Association**

9:30 a.m.-  
12:00 noon   **PLENARY SESSION**

*Cotillion Ballroom, Dining Level*

Call to order: Governor George Busbee

Remarks: Governor Brendan Byrne

Presentation of Fifth Annual NGA Awards for Distinguished Service to State Government

Voting on revised and new policy positions

**Restoring balance to the federal system: Next steps on the governors' agenda**

Discussion by the governors of increasing flexibility, sorting out, returning tax sources, and strengthening state-local relations

**Remarks: Vice President George Bush**

Salute to governors completing their terms of office

Election of the 1981-82 Chairman and Executive Committee

Remarks by the new Chairman

Adjournment

- 12:00 noon- **Meeting of the 1981-82 Executive Committee and Stand-**  
12:30 p.m. **ing Committee Chairmen**  
*Pacific Room, First Floor*
- 12:30 p.m.- Time available for meetings of regional governors' organiza-  
2:15 p.m. tions

# PLENARY SESSION

## August 11, 1981

**Chairman George Busbee:** I call this plenary session to order. First, I would like to call on our host, the governor of New Jersey, Brendan Byrne.

### WELCOMING REMARKS

**Governor Brendan T. Byrne:** Thank you very much. Welcome to New Jersey, to Atlantic City and to Resorts Hotel on behalf of the people of the state of New Jersey and the host committee for this convention. Bob Ferguson led a host committee of private citizens who did a great job getting this convention here and making it the success that it is. He was ably assisted by Bill Flaherty. I also want to thank the people from my staff. I could get in trouble if I try to name them all. I also want to thank the governors and their staffs for their tolerance of any shortcomings we had. It was a great group to work with.

Instead of making a long welcoming address, I would like to take eight minutes of your time to show you something we've done. As you know, I'm the chairman of the association's Committee on International Trade and Foreign Relations, and I'd like to show you a slide show New Jersey has put together for its international trade commissions to use to promote the state. We've had it done in English, in German for our trade commissions to Germany, in French for our trade commissions to Canada and other French-speaking nations. We think it's been fairly effective.

[At which time slide presentation is made.]

**Chairman Busbee:** Thank you, Brendan. That's a very impressive slide presentation. I'm sure you convinced all the governors present of the accuracy of its contents.

### PRESENTATION OF NGA AWARDS FOR DISTINGUISHED SERVICE TO STATE GOVERNMENT

Now I have the great privilege to present the 1981 NGA Awards for Distinguished Service to State Government. The winners of these awards are indeed distinguished public officials and private citizens who have served

their states and nation with great distinction. It's a great pleasure to be able to recognize them here today. The contributions of our 1981 award winners are outstanding, and it is important for the citizens of all the states to know how substantial these contributions are. I have asked the governor of Virginia, John Dalton, to join me in presenting the 1981 Awards for Distinguished Service to State Government.

Our first award winner is Jenkin Palmer. Mr. Palmer is recognized for his work on the Idaho State Tax Commission, on which he has served since 1972, including service as chairman for the past six years, and as treasurer of the Multistate Tax Commission since 1979. Congratulations, Mr. Palmer.

Next is Doctor Edward Staneck, director of the Iowa Energy Policy Council since 1978. Mr. Staneck's achievements include directing the study that led to the passage of Iowa's container deposit legislation, designing and directing the 1979 great Iowa cleanup, the largest single environmental effort of its kind in the entire nation, and directing the state energy conservation program that has been acclaimed as one of the best in the United States.

Next is Doctor David Denton, superintendent of the Maryland School for the Deaf for the past fourteen years. Under Doctor Denton's leadership, the school in 1968 became the first residential school for the deaf in the nation to use the total communication philosophy. The statewide program for the education of deaf children developed by Doctor Denton has served as a model for other states. Doctor Denton, our congratulations.

Next is Stanley Van Ness, New Jersey public advocate since 1974 when that cabinet-level agency was created. As public advocate, Mr. Van Ness serves as citizens' watchdog and ombudsman to protect and promote the public interest of all people in New Jersey. Mr. Van Ness has sparked governmental reforms in health care, energy, environment, utility rate making, housing and other areas. Congratulations to Mr. Van Ness.

Next is Doctor Jean Harris, secretary of the Virginia Department of Human Resources. Doctor Harris has improved the delivery of human services through greater involvement of the private sector as well as the development of a mission statement for each of the agencies under her department. In 1980, Doctor Harris developed a major initiative in forecasting demographic trends and population needs for the 1980s that culminated in the establishment of measurable criteria for programs and agencies in the human resources field. Congratulations are in order for Doctor Jean Harris.

Next is Phyllis Arnold, West Virginia commissioner of banking. Mrs. Arnold has restructured the department to strengthen the role of bank examiners and has developed an effective early-warning system to alert the department to emerging problems. Congratulations.

Next is Felix Rodriguez, deputy secretary of the New Mexico Department of Corrections, who has thirty years of service in the corrections field, one

of the most difficult in state government. Mr. Rodriguez has made major contributions, and we congratulate him.

The first award in the private citizen category is Doctor Chester Alter, former chancellor of the University of Denver. Doctor Alter is being recognized for his outstanding volunteer service on boards, commissions and panels for nearly three decades in Colorado under six governors. Congratulations.

Next is Mary Louise Peterson of Harlan, Iowa, former president of the state Board of Regents and a member of the board for twelve years. During her tenure the institutions developed the capacity to serve the highest enrollment in their history. She also was a member and served as president of the Iowa Coordinating Council for Post-High School Education and provided leadership in the voluntary coordination of all sectors of post-secondary education. Congratulations to Mrs. Peterson.

Next is Jessie Slaton of Detroit, Michigan. Jessie Slaton began her career as a special education teacher for the Detroit public schools. In 1952 she left teaching to begin a career in the private practice of law. She served as Recorder's Court Traffic and Ordinance Division referee in 1972, at which time she was the first woman referee in the forty-three-year history of the court. In 1978 Governor Milliken appointed her common pleas judge. In October 1980 she was appointed to the bipartisan Crime Victims Compensation Board and was designated as chairperson for the board. We congratulate Jessie Slaton.

Next is Doctor Estus Smith, vice president for academic affairs at Jackson State University. Doctor Smith is a member of the Board of Trustees of the Department of Archives and History of the state of Mississippi where he has served for a number of years and was the first black member of that board. He has served since 1976 as a charter member and now as chairman of the Mississippi Committee for the Humanities. Doctor Smith is also a board member of Mississippians for Educational Television and the Metropolitan Boys Club. Congratulations, Doctor Smith.

Next is Mimi Barash Coppersmith, president of Barash Advertising in State College, Pennsylvania. She is recognized for her efforts to support and advance small business and economic development in the commonwealth. She was named the 1981 Pennsylvania Small Business Person of the Year by the U.S. Small Business Administration. She is also active in community affairs, including service as treasurer of the United Way of Pennsylvania and membership on the Board of Directors of the Pennsylvania Chamber of Commerce and Pennsylvanians for Effective Government, an organization that seeks to insure that economic development and good government are top priorities in the state. Congratulations.

Next is Bruce Gottwald, president and chief operating officer of the

Ethyl Corporation, Richmond, Virginia. Mr. Gottwald has served as chairman of the Governor's Advisory Board on Industrial Development since 1978 and has represented Virginia in a wide range of other projects designed to encourage businesses to locate in Virginia. Mr. Gottwald was also instrumental in helping obtain funding from the General Assembly for the Division of Industrial Development. Congratulations, Bruce Gottwald.

This is the second year that NGA has given a special award for distinguished service to the arts. This award is designed to recognize outstanding contributions and service to the arts by private citizens or institutions. I want to express my personal appreciation to Ann Riley, first lady of South Carolina, for her leadership of the selection committee once again this year. The winners of the 1981 Award for Distinguished Service to the Arts have truly become an institution in the state of Iowa. This year's award is presented to Hualing Nieh Engle and Paul Engle of the University of Iowa. They are being honored for their efforts in establishing the International Writing Program at the university. Created in 1967, the program brings professional foreign writers who are skilled and influential in their own countries to ours as a way of exposing them to American life. Since the program was established, some 250 writers from fifty-seven foreign countries have taken part. The program has become a practical and a credible force in improving our relations with other people and, through them, other governments. The Program for International Understanding has been largely financed by over \$2 million personally raised by the Engles in contributions from foundations, corporations, organizations and individuals. Congratulations to the Engles.

Several of our award winners were unable to be with us today. Major General Kennedy Bullock, Florida adjutant general since 1975; Doctor Robert Mandeville, director of the Illinois Bureau of the Budget since 1977; Doctor Gerald Miller, director of the Michigan Department of Management and Budget for the past eight years; Robert Holt, director of community and governmental affairs for the Ontario Corporation of Muncie, Indiana; Edward Unger of Federalsburg, Maryland, chairman of the advisory board to the secretary of natural resources and a member of the Wildlife Advisory Commission for that department of the state of Maryland; Doctor K. Ross Toole, Hammond professor of western history at the University of Montana; Thomas Pucci, an attorney in private practice in Providence, Rhode Island, chairman of the Rhode Island Public Buildings Authority; Thomas Frye, chairman and chief executive officer of the Idaho First National Bank, Boise, and chairman of the Governor's Management Task Force. All of these individuals will be honored at another time by their governors. All of the winners that are with us today have, indeed, provided distinguished service to their state government. Let us give them one final round of applause to



show our appreciation for the outstanding job they've done and the notable contributions they've made to the people of our states.

## **REPORTS OF THE STANDING COMMITTEES AND VOTING ON PROPOSED POLICY POSITIONS**

Now, we come to the voting on revised and new policy positions.\* On the table before you are the policy positions sent to you on July 24, those amended by the standing committees yesterday, and several proposals to be offered under suspension of the rules. The cover sheet explains the procedure by which voting takes place. To expedite matters, we will vote in block on the proposals of the standing committees except where a request is made to consider a proposal on an individual basis.

First, the Committee on Criminal Justice and Public Protection, chaired by Governor List. Governor King is going to make the presentation.

**Governor Bruce King:** Thank you, Mr. Chairman.

In view of the fact that Governor List had to go home on an emergency and I'm the vice chairman, I was privileged to chair the Committee on Criminal Justice and Public Protection. We had an outstanding committee meeting. We had good attendance and a very good discussion. We had a report from Governor Babbitt, and he chaired a portion of the meeting on public protection. Governor Thornburgh gave his report on the shared cost approach to the cleanup of Three Mile Island. The committee decided that we would like to be of assistance in any way we could. We also decided that in view of the fact of the litigation that we've had in the federal courts and other courts because of overcrowding and other problems facing our correctional institutions that we should ask our committee staff to study the problems states are facing in this area and to outline the minimal constitutional requirements for prison conditions.

The committee has two resolutions, A-12 on Cost Sharing for Disaster Assistance and A-13 on Army and Air National Guard.

I'll move their adoption.

**Chairman Busbee:** Is there a second?

**Governor Lamar Alexander:** Second.

**Chairman Busbee:** There's a second. Is there any discussion?

Hearing none, all those in favor of the adoption of A-12 and A-13 rise and stand until you're counted. All right, Governors, reverse your position. Adopted unanimously.

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\* Note: The policy positions discussed in this section are published in *Policy Positions, 1981-82* (Washington, D.C.: National Governors' Association, 1981).

Now, the resolution on Federal Criminal Law Habeas Corpus Proceedings will require suspension of the rules. Is there objection to the suspension of the rules? Hearing none, the rules are suspended. Do I hear a move now?

**Governor King:** Yes.

**Chairman Busbee:** Is there any discussion on the adoption of the resolution on Federal Criminal Law Habeas Corpus Proceedings? Hearing none and the motion being made, I'll call for the question. All those in favor of the adoption of the rule rise and stand until you're counted. The resolution requires a three-quarters vote. Opposed? We have one vote in the negative. All other votes are in the affirmative. And with that, I think that we have the three-fourths vote without recounting. Is there any objection? Hearing none, it is adopted.

**Governor King:** Thank you, Mr. Chairman. I believe that concludes our report. And I again would like to thank all those members of the committee and say that I enjoyed working with them. We in state government do have tremendous concern in both criminal justice and public protection. It's an extremely important committee, and we had excellent participation. I hope that we can resolve some of the problems in the area of litigation in our correctional systems. I would like to ask any of those who are interested to serve on the committee. Thank you, Mr. Chairman.

**Chairman Busbee:** I call on Governor Hunt of North Carolina to make the presentation on the Committee on Human Resources. Jim.

**Governor James B. Hunt, Jr.:** Thank you, Mr. Chairman.

Let me first of all say that many of the things that we got done in the Human Resources area this year, particularly having the governors' position on Medicaid in large measure prevail in the Congress, were due to the leadership of Governor Busbee as chairman of our association. I want to publicly and strongly thank him for that leadership as we begin our report.

Mr. Chairman and my fellow governors, the human resources committee had a couple of things happening during this meeting. First of all, we joined with Governor Snelling and the Committee on Executive Management on Sunday. Some thirty-one governors at various times participated in that work session on how we begin implementing block grants. I think it was a very productive session. We had previously prepared this booklet, *Governors' Guide to Block Grant Implementation*. It gives an example from each state. We also have put before you today a summary of the proceedings on Sunday in which governors discussed with each other what they've done in their states.

In the meeting of our Committee on Human Resources, we were fortunate to have Secretary of Health and Human Services Richard Schweiker with us

to discuss the implementation of block grants. Some of the block grant legislation is still in the Congress. Hearings have been held and the bills are before the committees. Congress can go forward on them at any time that it chooses to do so. I would urge that this association continue to press very strongly to carry forward and get block grants in the other areas that we are on record as favoring.

Mr. Chairman and my fellow governors, I would say that the essence of our meeting had to do with two things. Number one, Secretary Schweiker expressed a continued commitment of the administration to block grant passage in the Congress and to work with us on implementation. The governors pressed with the secretary this matter of regulations. As all of us know, the administration has talked about cutting the budget and changing the tax structure from the very beginning. Both of those have now come about. But the third big one that they've talked about, and President Reagan has talked about it throughout his career, is cutting regulations, cutting red tape. And that is now where we stand with regard to the human resources programs.

With respect to block grants, new regulations must be put through for those programs. So we talked about those regulations in large measure. The secretary again indicated, as he did in Washington, that the administration would be very cooperative with us. But we asked for more at this meeting. We asked that a high-level committee be established to work with the secretary and his top people to see that these regulations are either formulated in the case of new block grant programs or changed and that red tape is cut with regard to existing programs, including all the categorical programs. The secretary agreed to do that.

The secretary also agreed to serve on a task force with governors, along with David Swoape, undersecretary, Dr. Robert Rubin, assistant secretary for planning and evaluation, and Jim Stockdale, deputy undersecretary for intergovernmental affairs. I want you to remember the name of Jim Stockdale. Write that name down. Not Stockman but Stockdale. The secretary indicated that Stockdale would be his personal point man in the department to make sure that the changes in regulations come about and that the new regulations that we have to operate under by October 1 are timely. So he will be the person whom you'll want to call to get changes in Medicaid regulations, or waivers, or whatever it may be. The secretary requested that we call him personally. I have appointed Governor Scott Matheson, Bill Milliken, Kit Bond and myself as the governors to work with those people, including the secretary, on the matters of deregulation, changes in regulations, and putting the new ones through properly.

Mr. Chairman, in addition, the secretary informed us that the White House will be sponsoring regional conferences around the country with regard to the reconciliation bill and the new block grants the week of August 24.

Representatives of HHS, HUD, and the Department of Education will be there. I think each of us as governors ought to either attend or send the appropriate people from our offices.

In addition to that, Mr. Chairman, we have unanimously adopted policy positions in three areas. At this time, Mr. Chairman, I want to move the adoption of policy positions C-3 and C-4, having to do with employment and training and health and medical care. Then I'll make a separate motion with regard to C-2 having to do with education. Mr. Chairman, I would make this motion to adopt. If there's a second then, I would ask you to call on the lead governors to give a brief statement on each of them. Mr. Chairman, I move the adoption.

**Chairman Busbee:** The motion is on the adoption of C-3 and C-4. The lead governor on employment and training is Governor duPont. I will call on Governor duPont.

**Governor Pierre S. duPont:** Mr. Chairman, I don't think there's a great deal of discussion necessary here. This policy position simply emphasizes the fact that we've got to do a better job in matching people with jobs, and it encompasses two policy positions that, in fact, have already been adopted by the Congress in regard to unemployment insurance positions and that the National Governors' Association has endorsed for a number of years.

**Chairman Busbee:** All right. Next on C-3 on health and medical care will be Governor Scott Matheson.

**Governor Scott M. Matheson:** Thank you, Mr. Chairman.

The health planning resolution is a substitute for what has been a cumbersome resolution on health planning. Essentially, it establishes the responsibility to do planning for statewide health at the state level, requires that the federal government monitor that and encourages a capital expenditure review program. The plan is designed and implemented at the state level and moves basically in the direction that governors have been advocating through the sorting out process. I do not know of anyone who has a problem with it. I think that essentially summarizes it.

**Chairman Busbee:** Is there any objection to considering policy positions C-3 and C-4 together? Hearing none, they'll be so considered. There's a motion by Governor Hunt that C-3 and C-4 be adopted. Is there a second?

**Governor duPont:** Second.

**Governor Busbee:** Motion is made and seconded. Is there further discussion on C-3 and C-4? Hearing none, all those in favor of the adoption of C-3 and C-4 rise and stand until you're counted. All right, reverse yourselves. They are both adopted unanimously.

Now, on C-2 on education, the lead governor is Governor Graham.

**Governor Bob Graham:** Mr. Chairman, the current NGA position on education is that federal initiatives should complement and supplement the state's primary responsibility for education. Essentially our current position is that the federal role should be a nondiscriminating one of following on top of the primary responsibility of the individual states.

The position that is being advocated in this approach is that there is a national role but that it is a much more focused and targeted role than we have recognized in the past. It is a role that is built around some realities. One of the realities is that the children who are the most expensive to educate in this nation are not equally distributed among the fifty states of the nation and that that is, therefore, appropriate for national consideration.

Second, that the wealth of the nation is not equally distributed among the fifty states and that there is a national interest in seeing that the needs of individual children are met, particularly in the areas of access to post-secondary education, and, therefore, there is an appropriate national role there.

Third, that we are a highly mobile economy, particularly our work force, and, therefore, there is national interest today, as there was in 1914 when the Smith-Hughes Act was first adopted, in assuring that we provide adequate training for our people to engage in our nation's economy.

Therefore, the policy statement that we have presented focuses on four specific areas. First is the issue of access. Access should be guaranteed to educational programs and student financial assistance to all students without regard to family income, race, national origin, sex or handicap. Second, special populations exist that are at risk in standard educational programs. These include, among others, the handicapped and those of limited English proficiency. Third, research and development should be pursued through national as well as state and local efforts. Fourth, preparing the work force by providing special programs for both youth and adults is in the national interest.

Our recommendation is that we focus on those four areas and, by collateral statement, that the other areas that fall outside those four are inappropriate for national attention. Mr. Chairman, I move that policy statement.

**Chairman Busbee:** Is there a second to the motion?

**Governor duPont:** I second, Mr. Chairman.

**Chairman Busbee:** All right, there's a second. Governor Alexander.

**Governor Alexander:** Mr. Chairman, I commend Governor Graham and the committee for what I consider to be an improvement over the existing NGA policy concerning education in that it tries to limit the role of the federal government in elementary and secondary education. But I am

concerned about the amendment insofar as it relates to elementary and secondary education. I would at least like to make a comment about it and raise a few questions before we move to approve or disapprove it.

My remarks have nothing to do with higher education. A little later this morning, when we talk about restoring balance to the federal system, Governor Babbitt and I will discuss briefly a proposal that we have made which is nothing especially original with us. In our opinion, it reflects generally the direction that the national administration could go and a way the governors' association could go in restoring responsibilities to state and local governments.

The idea that we will discuss then is very simple. States would be permitted to use the dollars they now spend on Medicaid, our most expensive and rapidly growing program, for elementary and secondary education. In return, the national government would take over the Medicaid program. It would be a swap of responsibilities without any loss of money to the states. It would take the national government entirely out of elementary and secondary education, and I think there are good reasons for that. That does not mean that it could not be a national concern, unless one subscribes to the view that every national concern must have a central program. Most of us are aware that right now we spend from a third to a half of all of our money on education. Only 8 percent of the elementary and secondary education bill across the country is paid for by the national government. Yet, it seems like we get anywhere from 30, 40, or 50 percent of the rules.

The language in this resolution that tries to limit the national government's involvement, I'm afraid, looks a lot like the same kind of language that was used in the past to come up with such farsighted national rules as setting the dress code in public schools and other decisions that some people think local people aren't able to make.

I think that we can continue to review what role the national government ought to have in elementary and secondary education whether or not we pass this resolution. I want to talk more about the Medicaid-for-education swap at a later time, but I did not want this resolution to go by without some attention by all of the governors. If we're serious about accepting more responsibility in some area, elementary and secondary education comes first to my mind. Thank you.

**Chairman Busbee:** Thank you, Governor Alexander. Governor Babbitt.

**Governor Bruce Babbitt:** I, too, have serious reservations about this proposal. What purports to be a resolution of limitation if read carefully is, in fact, a sweeping and nearly unqualified endorsement of the status quo. That's the status quo that I joined with Governor Alexander in opposing. It seems to me that if we are serious about redefining our role in the federal system, we have to look carefully at these resolutions. Let me give just three examples.

First of all, the resolution talks about guarantees of access to education. It appears to me to say that the federal government will be the ultimate arbiter of due process complaints for the settlement of any civil rights complaint. To the extent that's a constitutional issue, that's fine. I don't buy the concept that the Department of Education should be dictating at a regulatory level those kinds of issues. The resolution says there's a federal interest in preparing the work force by providing special programs. I would submit to you that you could define elementary and secondary education as preparing the work force. It dictates in another area six or seven special populations. There's an infinity of special populations that need attention.

It's, therefore, with a great deal of reluctance that I see this come before us. It will be interpreted in the national press as a fresh and sweeping endorsement of the status quo in the face of movement by this association and others in the opposite direction. I would submit finally that Governor Graham's justification for this resolution could equally be used to justify every single one of the 500 categorical programs that are presently being imposed upon us—namely that there are, of course, variations among the fifty states. I would suggest that it's time to implement some of our principles, to descend from rhetoric to specifics, and to take a position.

**Chairman Busbee:** Thank you, Governor Babbitt. Is there further discussion?

**Governor duPont:** Mr. Chairman, when this came up in the committee, I did not raise an objection. But having thought about it overnight, I think perhaps two points are worth pursuing.

First, it appears to me that the guarantee of access is very unwise. First of all, the word *guarantee* bothers me. Back in my days in the Congress we voted for a lot of guarantees. When you turned those guarantees over to the federal judges, it meant that no one could be denied anything. This resolution appears to me to say that one is guaranteed access to education programs without regard to ability to pay. It wouldn't take much of a stretch of the imagination to imagine a federal judge saying that that means that every student is entitled to have the federal government pay for his or her entire education.

In addition, there's a strange sentence here about students' having access to due process procedures. That's covered in the Fourteenth Amendment. I don't know if we're amending the Fourteenth Amendment by this resolution, but if we are, we ought to have a better understanding than we have in this brief explanation of that process. If we're not, that sentence is redundant and shouldn't be there. I'm very bothered by the first paragraph of this resolution. Perhaps it requires a little more thought than the governors have given it to date.

**Chairman Busbee:** The chair recognizes Governor Janklow.

**Governor William J. Janklow:** Thank you. Mr. Chairman, I would also

like to join the voice of those who are objecting to this particular resolution for a couple of reasons. First of all, I notice in here that we take a formal position with respect to tuition tax credits under federal income tax laws. I really question what business that is of ours to determine what credits should or shouldn't be given by the federal government with respect to education. But more important, if we're going to adopt the resolution we ought to at least make it consistent. The resolution says that we oppose tuition tax credits for three reasons. One of them is because we feel that the decrease in federal tax revenues would be difficult to justify in view of the aforementioned federal roles. In other words, we're asking the federal government to keep its dollars because it has a lot of things to spend them on. Point number two emphasizes our concern for the need to sort out governmental functions. Only Lord knows what that means. Point number three is inconsistent with the first. It says the federal government should return to the states more authority over the utilization of tax resources. I submit that the greatest way to restore to the states the utilization of our tax resources is to have the federal government, through a deduction, a credit or any other way, not take the money away from our citizens in the various states.

One point that we don't ever mention that we ought to is the failure of the federal government to fully fund the federal impact aid programs. An awful lot of pieces of property in America are owned by the federal government, and a large majority of school systems in this country are supported by the property tax breaks. The federal government refuses to even fully fund the impact aid programs which it has agreed to do through existing federal law.

In addition, when we talk about the collection of data, one of the things that we historically complain about is that the federal government spends all its time collecting data. Nobody ever uses it; nobody trusts the figures; nobody believes in it. It just provides employment for a lot of people to compile more data and send them out to individuals around the states.

But probably more than anything else, I think we've got to honestly address the fact that education is a uniquely state and local government role. In fact, it isn't even a uniquely state role. In a lot of our states it's something that's unique to local communities with respect to elementary and secondary education. I propose that we have no business sitting down and adopting a very broad, sweeping invitation to the federal government to come in and basically take over or ratify what it has been doing for the last couple of decades with respect to the constant federal erosion or taking of state and local powers with respect to the education of young people and the adults of this country. I just can't in any way support something like this which appears to be nothing but the position of one of the national organizations with respect to educational efforts. Thank you.

**Chairman Busbee:** At this time I'd like to call on Governor Bond.



**Governor Christopher Bond:** Mr. Chairman, as I have considered this resolution during the last twenty-four hours, I tried to determine how it would apply to a couple of areas in Missouri. We have done a great deal in special education for the handicapped, and we started before the federal government's law. When the federal government's law came along, it made our administration of the program far more expensive and in some ways caused us to lose ground that we had gained with our state special education law.

When I look at another area, vocational education, I see that the federal government is to identify occupations and fund training for those occupations. I wonder whether we would be getting into the same problem that we had in special education—the federal government's making decisions for our vocational education departments. I think that we should, in fact, await the sorting out process that is going to be addressed later to determine whether, indeed, we want to recognize and carefully define a federal role in education or whether we want to, as has been suggested here, advocate a sorting out and advocate the total federal removal from the elementary and secondary education system.

**Chairman Busbee:** Thank you, Governor Bond.

Does anyone else desire to be heard? Governor Romero-Barcelo.

**Governor Carlos Romero-Barcelo:** Mr. Chairman, I'm concerned about what I have heard here—that the federal government has no interest in the education of the children of the nation and that only state and local governments should be concerned. I think that unless the federal government has a concern about the education of our children, national policies and national goals cannot be met. Otherwise, each state might go its own way for different reasons.

I also heard a lot of general statements being made criticizing this policy and very few specific ones. One of the concerns that has been expressed is with the second paragraph of this resolution that says that access should be guaranteed to education, student financial assistance, et cetera, et cetera. I think that can be easily modified. I don't see why there should be any objection to amending that to read "access to education programs and student financial assistance for all students without regard to family income, race, national origin, sex or handicap condition should be stimulated."

There is concern about the next sentence—where it reads that students should also have access to due process procedures for the settlement of any civil rights complaint. Well, fine, that can be eliminated. Due process is guaranteed in the Constitution. The federal courts will guarantee the access to due process.

What really concerns me is the fact that we're saying that the federal government should have no concern at all in education. I think that's

absolutely erroneous. To accept that position would be to say that the federal government has no interest or concern in the development of this nation. If we don't start being concerned at the grade schools, at the high schools, and at colleges, where are we going to be concerned about the direction of the nation? I think it's definitely a concern of the federal government; it's a concern of the nation. You have local communities that may not have the tax support and the tax base to provide adequate education. Are we going to just leave it at that? I'm not speaking from a local point of view. On a per capita basis, Puerto Rico receives far less for education than any of the states. The government of Puerto Rico provides most of the funds for education. I am concerned for other parts of the nation that may not have the capability.

I think we certainly could use more money for education—everybody can. To eliminate the federal government from education will impose not only a heavy burden on some communities but also inequality throughout the nation.

**Chairman Busbee:** Thank you, Governor.

The chair recognizes Governor Babbitt.

**Governor Babbitt:** Mr. Chairman, I move to postpone this motion to the winter meeting of the conference.

**Governor Janklow:** Seconded.

**Chairman Busbee:** Motion made and seconded that further consideration on C-2 be postponed until the winter meeting in Washington. Under the rules, that would require a majority of those voting. All in favor of postponing further consideration of C-2 until the winter meeting in Washington rise and stand until you're counted. Reverse your position.

The motion is adopted thirty to three. Governor Hunt.

**Governor Hunt:** Mr. Chairman and my fellow governors, I think the discussion that we've just had and the vote indicate how serious governors are about the sorting out within the federal system.

I would observe two things. One, I think we want to be very careful as governors as we go through this sorting out that we not give away the store. I think the Congress would be awfully apt to say, "Fine, you take over education and you keep taking over these other things as we hand them back to you." I think we simply need to be very careful about that strategically.

The second thing I would remind you governors is that we continue as the NGA to have a policy position on education. It's entitled Principles of State/Federal Relations in Education. Pending any substitutions in the future, that will continue to be the position of NGA. The third point in the existing policy says the federal financial investment in education at all levels is important and should not be abandoned in the face of fiscal pressures. The fourth point says that when the federal government requires the utilization

of state and local programs, resources, and facilities to meet specific federal objectives, the federal government has a concurrent responsibility to provide appropriate additional financial support as well as programmatic research and leadership to assist states in complying with such mandates.

Finally, I want to commend Governor Graham, who's serving as chairman of the Education Commission of the States, for superb work.

The resolution that came forward today in many respects is a great improvement over what we've had. But, of course, you want to look at it in the light of the sorting out that's going to be going on.

Mr. Chairman, that concludes the report of our committee.

**Chairman Busbee:** Thank you, Governor Hunt.

Next I'll call on the chairman of our Committee on Energy and Environment, Governor Rockefeller.

**Governor John D. Rockefeller IV:** We had a very good meeting of the Committee on Energy and Environment. We discussed Clean Air Act matters. We had Ann Gorsuch from the Environmental Protection Agency with us and also John Dingle from the House of Representatives.

The National Governors' Association clearly has made substantial effect on the administration's view on clean air. I think Ann Gorsuch would be willing to say that and, in fact, did yesterday. There are substantial areas of agreement and relatively few areas of disagreement. Obviously all of this will have to be hammered out on the Hill. There is no bill being submitted by the administration.

I want to thank Ed King, chairman of the Subcommittee on Coal, George Nigh and Pete duPont on oil and gas, John Evans on nuclear power, Scott Matheson on water, Dick Lamm, former chairman, on synthetic fuels, and Lamar Alexander on environment.

We have two amendments to the committee's policy positions. The amendment of our position on natural gas was withdrawn because the Department of Energy has already taken care of our concerns. Therefore, it became somewhat a moot point.

I call first upon Governor Ed King to briefly explain the amendments that we have in terms of coal.

**Governor Edward J. King:** Thank you, Governor Rockefeller and Governor Busbee. We have added some language to the policy position that we think will be helpful. It gives accelerated depreciation under the Internal Revenue Code, and it says that any coal conversion should qualify for the federal investment tax credit. It also says that the interest on bonds to finance coal conversion and related costs should be tax exempt. I think that the tax consideration will be helpful in getting utilities that are not exactly heavily situated with cash to go ahead and make the necessary conversions.

**Governor Rockefeller:** The second amendment is to our position on the Clean Water Act. I call on Scott Matheson to explain that, please.

**Governor Matheson:** Mr. Chairman, the Clean Water Act is up for reauthorization this year. The main concern with respect to the states has to do with the wastewater construction grants program. That is the program that builds the sewers and the wastewater treatment plants in your states. We have proposed a fairly dramatic change in the method by which the funding and the implementation of control occurs with respect to that issue. The administration has recommended that a cap of \$23 billion be placed upon the construction grants program. In addition, it has proposed limiting federal spending to treatment plants and interceptors, targeting the funds only to urban areas, and going with a change in the allotment formula. It is basically a very stringent, unyielding, inflexible approach. We have attempted through our subcommittee to redesign the process which the construction grants program follows. We have added flexibility and have returned to the formula collector, interceptors, and combined sewer overflows. We have also recommended that instead of a \$23 billion cap, somewhere between \$35 billion and \$45 billion be the cap for the construction grants program. The reason for that is this: Congress is looking at a bill in the Senate, the Chaffee bill, for \$18 billion cap. The House is looking for some solution and the needs are for \$20 billion. Our subcommittee has costed out to the year 2000, reducing the amount of the federal match plus flexibility, and has come up with a technically designed figure of \$35 billion to \$45 billion. When we go to Congress to attempt to negotiate a fair sorting out in terms of what the states and the federal government ultimately do, this is the professional line that I think we need to draw.

I might point out to you in closing that our Medicaid victory in February was because we did have a definitive public position. We need one on this program. Otherwise we won't be able to negotiate the figure in the Congress.

**Governor Rockefeller:** Mr. Chairman, I move the adoption of both amendments.

**Chairman Busbee:** Who asks to be recognized?

**Governor J. Joseph Garrahy:** Mr. Chairman, I would like to make some comments on D-25, the Clean Water Act resolution.

I think most of our governors are mindful of the important role that sewer construction grants have played in the improvement of both economic and community development and water quality. Indeed, we asked the people of my state of Rhode Island to support the largest bond issue in the history of the state for taking over the capital city sewer construction programs. It was approved overwhelmingly.

I support the intent of this resolution to stabilize the funding and to give

states the flexibility to set priorities. However, I oppose some language in the amendment. The last sentence of page seven addresses the flexibility that most of us feel is so important in nearly every program. It says that states should determine the need and the priority for construction grant projects without federal-level review. But the preceding sentence says that federal funding should not be targeted solely to large, urban industrial concentrations. That may limit a governor's discretion in this particular program.

Most of our discussion at this conference has centered on expanding the discretion and the flexibility of states in the spending of diminishing federal dollars. I suspect that the framers of that language intended to limit the federal directives but not the state flexibility. I recognize the concerns of some states that the program emphasis in the administration's proposal and some of the Senate recommendations do not serve their states' growth policies. I would have to suggest that the reference made to the specific distribution formula not be an issue before this particular body. I'm sorry that in my position I can't support a definitive policy on this particular issue.

**Governor Rockefeller:** The sentence that says that the state should determine the need and priority for construction grant reviews without federal-level review basically says that the discretion is with the states regardless of whether it would be an urban or nonurban discretionary decision. The discretion is with the states. That's what we want and that's what we've not gotten. That's what the amendment is aimed at.

I would, Mr. Chairman, again move the adoption of these two amendments.

**Chairman Busbee:** Any further discussion on D-9? Hearing none, all those in favor of the adoption rise and stand until you're counted. All opposed? Two in opposition. Rest in affirmative. The motion is adopted.

Next on D-25, you have two amendments. The motion is on the amendments as proposed by the committee to D-25. Is there a second? There's a second. Any discussion on the amendments to D-25? Hearing none, all those in favor? Opposed? The amendments are adopted.

Now, the motion to adopt D-25 as amended. Is there further discussion? Hearing none, all those in favor of the adoption of D-25 as amended rise and stand until you're counted. Opposed? That's adopted twenty-nine to one.

Does that conclude your report, Governor Rockefeller?

**Governor Rockefeller:** It does, Mr. Chairman. I would again want to thank the committee, which has worked very hard, and our staff director, Ned Helme. Thank you very much.

**Chairman Busbee:** The next committee to be heard from is Community and Economic Development. I call on Governor Thornburgh to speak.

**Governor Dick Thornburgh:** Thank you. Mr Chairman.

Over the past two years, the work of the Committee on Community and Economic Development has been guided by two priority objectives. First, we consistently have stressed the need for a strengthened state role in federal community and economic development programs as a way of reversing the state bypass problem and restoring balance to the federal system. Second, we placed major priority on programs and policies to promote national economic revitalization, recognizing that the conditions in our individual states are integrally linked to the overall condition of the national economy. At our meeting held on Sunday, we discussed both of these in connection with the upcoming challenges we face in the revitalization of federalism.

The only true block grant that eventuated from the Congress' deliberation of the president's program was the small cities portion of the community development block grant. The committee met with representatives of the Department of Housing and Urban Development. The agenda really was that given this small cities portion in the block grant program, it was up to us now to put up or shut up. And on behalf of all the governors here, we indicated a firm resolve to put up in our conversations with Stephen Bollinger, assistant secretary for community planning and development.

The second part of our program related to venture capital mechanisms in aid of small business. We had a worthwhile discussion with representatives of the financial community on this issue.

There are two amendments to our policy statements. The first adds a section supporting implementation of the enterprise zone concept on a limited demonstration basis to involve state governments in the development of federal enterprise zone legislation. The second amendment clarifies the National Governors' Association position on federal restrictions on state and local industrial development bonds.

These amendments are before you, and I would move their adoption as amendments to the policy statements under the jurisdiction of the Committee on Community and Economic Development.

**Chairman Busbee:** Thank you, Governor.

Is there a second to the motion?

**Governor William F. Winter:** Seconded.

**Chairman Busbee:** Motion is made and seconded. Any discussion? If not, all those in favor of the adoption of the proposals by the Committee on Community and Economic Development rise and stand until you're counted. All right, reverse your positions. Unanimously adopted.

**Governor Thornburgh:** Thank you, Mr. Chairman.

With this session, I end two years as chairman of the Committee on Community and Economic Development. It's been a great privilege. I don't think there's any more exciting or challenging area that we as governors face

today than beginning our participation in the turnback of responsibilities. When community and economic development issues are on the agenda, I think they have all of our attention. I have left with you as a meager legacy a report of this committee and its actions during the past two years. In addition, I've given you a summary of the business and investment incentive provisions of the Economic Recovery Tax Act of 1981, many of which were worked upon by this committee. I think the summary is terribly important to utilize in fashioning your own programs in regard to the future for this important area. Thank you, Mr. Chairman, for the privilege of serving. Thank you for your attention.

### **RESTORING BALANCE TO THE FEDERAL SYSTEM: NEXT STEP ON THE GOVERNORS' AGENDA**

**Chairman Busbee:** Thank you, Governor Thornburgh.

Now we come to our discussion this morning on restoring balance to the federal system.

Before the vice president arrives, I have a few remarks I would like to begin with. I would like to go back to a year ago in Denver. We embarked at that time, I think with unprecedented unity across both party and regional lines, on a campaign for the restoration of balance in our country's system of federalism. There were two primary considerations that made the general nature of federal, state and local relations so unavoidable a topic for governors at that particular time. As chief executives, our foremost concern had to be the steady erosion of that fundamental state sovereignty that the Founding Fathers clearly intended as the cornerstone of our constitutional system. We could not, and we cannot, simply stand by and watch the states slowly become a political museum piece of interest only to historians, to map makers and sentimental songwriters, and perhaps congressmen once every ten years.

A second consideration arose from our knowledge of the incredible confusion of roles and responsibilities now characterizing relations among the various levels of government. After the federal courts had succeeded in destroying virtually every constitutional restraint on federal power, it became difficult to imagine an issue too local or parochial to avoid the attention of Washington policy makers. Pothole repair, fire fighting, garbage disposal, building codes have all been the subject of solemn deliberations on the Potomac, to a point where the *Congressional Record* sometimes bears an uncanny resemblance to the minutes of a county commissioners' meeting.

At the same time, state and local governments have been coerced and cajoled by the carrot and stick of categorical grants. They have been flatly commanded by edict to become involved in implementing federal programs of a purely national character, often because the federal government, with all of its taxing power and printing presses, does not have the resources to carry out its own overambitious agenda. The result of both these trends is

what Governor Bruce Babbitt has called an intergovernmental omelet of scrambled responsibilities. Lost in the confusion has been specific accountability for specific government functions. Lost because even the best informed and most civic minded of all people no longer have a clear idea whether to go for redress of a particular grievance.

For these compelling reasons, I have devoted most of the time as chairman working to develop a short-term agenda to insure that the united and independent viewpoint of the states would be heard and respected in Washington and a long-term agenda to promote an orderly sorting out of responsibilities among the various levels of government. In general, I feel that we were fairly successful in our dealings with the administration and with the Congress this year. The governors' activities on the Hill were a major factor in the passage of block grants. And I think we can all agree that we were the major factor in defeating the Medicaid cap. While we did have a philosophical difference with the administration on Medicaid, I think all here should not forget that if the administration and the president hadn't given their personal involvement and persistence, there would be no block grants. Although we had our differences on the Medicaid cap, I think that we have worked together well.

While we did make significant progress during the last year in implementing our federalism agenda, much of the task still lies ahead. In my view, there are four major items on the federalism agenda which should absorb most of the energy of the association in the next year or so. First, we need to formally initiate with the administration a sorting out process for determining which level of the government should perform what functions. In so doing, we may have to resist a sustained attempt to dump income maintenance programs on the states. Second, as the states begin to take on responsibilities formerly carried out in Washington, we must press for return of the revenue sources preempted during the period of federal expansion. Third, we need to insure that the block grants recently passed by Congress are implemented in an orderly and responsible manner. Fourth, we need to establish a much closer working relationship with local government officials.

The first task that I mentioned, the sorting out process, is a long-term proposition involving the restoration of a clear division of authority after years of chaos. A logical starting point for discussion, as Governor Babbitt suggested, reflects for the most part long-established NGA policy that the states move toward basic responsibility in those areas where federal involvement has been recent, limited in scope, and directed to special needs that were once, but no longer are, ignored by the states. These areas are education, criminal justice, transportation and community development. At the same time, the federal government can move toward responsibility for income maintenance programs, programs designed to establish the safety net of guaranteed minimum support across state and regional lines.



While refinement and implementation of this approach through sorting out may, indeed, take years, I fear that it's only a matter of months before some of our friends in OMB [Office of Management and Budget] attempt to impose their own brand of sorting out, guided not by history and tradition, not by the original constitutional scheme, not by the resources available to each level of government, not even by equity or even logic. It would be a sorting out procedure carried out by one sole criterium—what makes it easiest to balance the federal budget. From the point of view of budgetary tunnel vision, federalism becomes an easy matter. Pick out the most expensive, the most difficult to manage, the most politically controversial federal programs and hand them back to the states and localities with a heartfelt sign of relief. More and more, I suspect that this psychology underlies much of the new-found enthusiasm for federalism that you have in Washington today. More and more, I'm convinced the major effort will be made in the very near future to transfer responsibility for income maintenance programs to the states.

In my opinion, we should make it clear from the outset that we will oppose any measures that move the federal government away from the primary responsibility of income maintenance just as in the past we opposed measures moving the states away from the responsibility for our traditional functions. In particular, we should serve notice that we will oppose block grants for AFDC [Aid for Families with Dependent Children] and for Medicaid as we oppose the national defense block grant or foreign policy block grant. You simply cannot save a buck by passing the buck. And if we draw the line on income maintenance programs, perhaps we can eliminate once and for all the alarming tendency so prevalent now in the minds of some people in Washington of seeing federalism as a way for the federal government to dispose of their excess fiscal baggage. Based on my last meeting with him, I personally believe that President Reagan understands our concern. Together we need to help educate others in Washington on the necessity of applying our philosophy of restored federalism to continuing efforts to bring federal spending under control.

The second major effort this administration must face during the next year and for a number of years thereafter is going to be the transfer of revenue sources to accompany responsibilities shifted from the federal government to the states. The president has recognized on a number of occasions that states and localities cannot be expected to carry a greater portion of the burden of government unless new sources of revenue are opened up and sources that the federal government can free up as it assumes a less dominant role. Now that the Congress, through block grants and outright elimination of some programs, has already begun transferring basic responsibility in some areas to state and localities, I think it's time for the administration and NGA to begin jointly to develop specific proposals for

transferring revenue sources. I hope some specific sources of revenue currently preempted by the federal government can be earmarked to finance transfer of programs to states and localities. But if some more indirect route is taken, if Congress simply stops taxing certain sources and expects us to move in, then I think the least we can ask of federal officials is that they explain to the tax-paying public what they're doing. Washington officials should not promise to return revenue sources to states in exchange for taking over a government function and then try to turn around and tell the people that Washington is putting more money back into their pockets. If they do that, we should tell them they can take back the revenue sources along with the responsibility.

The other side of the fiscal coin is the third major task of the association for the next few years—orderly implementation of nine block grants recently passed by the Congress and such additional block grants as are subsequently adopted. In promoting block grants in the past, the governors have argued that we could achieve a 10 percent real savings in the cost of most programs if they were consolidated into block grants that gave us flexibility. As you know, we are now facing an average reduction in real terms of about 25 percent and with inflation about 40 percent. This flexibility allowed the states in administering those block grants really falls short of what we need and what the president asked for. Nonetheless, I think we are all prepared to do the best that we can in implementing these block grants without complaining. We're prepared to make the tough decisions to the extent we're allowed to do so by the conditions in the grants, and we're prepared to take the heat by our own decisions. Governors have proposed and supported block grants because we know the elimination of some of the inflexible and irrational strings attached to the categorical grants could save both federal and state dollars and minimize the impact of budgetary cuts on the people the programs were intended to serve in the first place. We did not, however, agree to any automatic phaseout of federal funding over the next few years. If Congress wants to turn over to the states the federal programs now included in the federal block grants, then Congress should first identify revenue sources it's willing to turn over to the states as well. Until Congress begins to follow one of these responsible courses, I feel strongly that this association should vigorously oppose any further reduction in the nine block grants that were passed.

Now, we have fifty-seven categorical grants that were combined into these nine block grants. Now we have over 400 other categorical grants that are left intact. If we take a closer look at the federal budget, at the cost imposed on the rest of the country and at the hundreds of these categorical grants that are still in place, it's hard to conclude that further reductions in the nine block grants should be a major focus in the next year on the budget fight.

The fourth task that I would recommend as a priority for this association is the establishment of a close working relationship with local governments, a goal which Governor Snelling has been concerned with for quite some time. You might think that a state-local alliance would be the most natural thing imaginable. And, in fact, I do think our differences on national issues have been somewhat exaggerated. Still, the anxiety expressed by so many local officials over the new authority of states in administering block grants is an indication of how much work needs to be done. It is, indeed, a sad reflection on state-local relations when so many mayors and county officials seem to distrust state governments and, instead, rely on federal bureaucrats at the other end of a telephone line rather than giving their trust to the local, elected state official.

In part, I believe that this deterioration of trust and communication can be attributed to mistakes states made in the past looking after the needs of our cities and towns. I hope that each governor will devote more and more time to healing these wounds, working with your municipal associations, involving local officials whenever possible when implementing the block grants.

One very important issue on which immediate cooperation between governors and mayors will be necessary is the future of the wastewater treatment construction program, which needs to be resolved in Congress in the next few weeks. Unless we take concerted action, financial responsibility for fulfilling a mandate imposed by the federal government may be shifted to the states and to the localities, abrogating a longstanding agreement that local governments in particular have already made substantial sacrifices to satisfy.

In outlining just a few of the major tasks this association will face during the next year, I hope I haven't made Governor Snelling reconsider his decision to be chairman. But seriously, I think that serving as chairman this year has been a very rewarding experience for me, and I intend to help Dick all I can in pursuing our federalism agenda. It's been great to work with you. Thank you.

It is a special pleasure to welcome our next speaker this morning. His distinguished record of public service in Congress, in the United Nations, at the CIA and elsewhere speaks eloquently for itself. I have enjoyed the opportunity, I might observe, to work closely with him as many governors have on vital issues affecting my state. I've also been impressed with the energy, enthusiasm and effectiveness that he has brought to the many jobs he's undertaken at the president's request. His chairmanship of the Task Force on Regulatory Relief is of particular importance, and his concern with the federalism issues that we are addressing today is a real and a profound one. I'm pleased to introduce the vice president of the United States, George Bush, and Mrs. Bush, escorted by our host, Brendan Byrne.

## REMARKS OF VICE PRESIDENT GEORGE BUSH

**Vice President George Bush:** I'm just delighted to be here. I want to thank Governor Byrne, the host governor for this convention, for greeting us and for giving me the necktie of the state of New Jersey that I am proud to wear. I also want to pay my respects to George Busbee, whom I've worked with on different projects during his tenure, and to wish Dick Snelling, whom I understand will take over as chairman in the next couple of hours, the very best.

The relationship that we have with the governors is tremendously important to us. I would also pay my respects to Rich Williamson, who's here and who works so hard for the White House in communicating with the governors. He's done an excellent job, and we want that relationship, not only with Rich but with my office and all the others, to continue under Dick Snelling.

I hope that you've had a very good visit. I was asked to speak for an hour but then I was told about the important research that some of you have to do—looking over the potential of offshore drilling rigs from a deep sea fishing boat this afternoon, inspecting one of the great industries of Atlantic City, and reviewing the stress factors for the blackjack dealers to be sure that they are not overworked in these troubling times. You also need time to enjoy the hospitality of New Jersey, something that I'm sure you will agree with me has been absolutely superb. And, Brendan, I have heard from our people here that you and your associates have gone the extra mile to make this illustrious group feel very much at home.

I realize that the subject of taxes and budgets has been on the minds of many people recently, especially in Washington, D.C., and obviously, from what I've read about your meetings, here. During the first 200 days of his administration, President Reagan has devoted the majority of his time and efforts to the passage of the economic proposals that he sent to Congress. On behalf of the president, I want to thank all of you who worked so diligently and effectively for the passage of our tax and budget proposals. As you know, we were also successful, not to the degree we wanted, in converting fifty-seven out of eighty-eight categorical grant programs into block grants. We realize it's not good enough. But at least it's a beginning. President Reagan has pledged he will go back to the Congress time and time again in order to convert all of the grants into block grants to provide you with the flexibility that we thoroughly understand you need in order to administer the various programs. We share your frustrations that members of Congress, both Republicans and Democrats, failed to give you all of the tools that you need.

It's easy to forget under the deluge of news regarding the president's legislative accomplishments just what the economic situation was in the

United States when the president came into office. Frankly, the president and those of us in his administration viewed the state of economic affairs—and we said so over and over again—as the worst since the Great Depression. With unemployment remaining stubbornly high, with inflation uncomfortably established at double-digit levels, with the percentage of gross national product being taken by taxes at an all-time high, and with interest rates above 20 percent, the president sent to Congress this budget and tax legislation that was designed to reverse the economic rot that had us on the road to really a second-power economic status.

Now with his budget and tax proposals about to be signed into law, the president has in place two of the three major components of his economic program. The third—regulatory relief—is an ongoing effort that we will vigorously pursue through the months and years ahead until we have eliminated or modified those unreasonable rules that make many of our businesses and industries noncompetitive in foreign markets and frankly drive some of them out of business here at home. Approximately one-third of the regulatory actions taken today provide help or relief for state and local governments. In the first hundred days, 34 of the 102 regulations that this administration acted upon related to state and local governments. We're going to work very closely with governors and local officials to reduce the regulatory burden that weighs on them. We need your help on that. We need your ideas and advice.

The *Governors' Green Book* that you sent to me listing those regulations that you think need reform has already proved to be a great help to our Task Force on Regulatory Relief. The fact that it came out to 117 pages goes to show you what an awesome problem we're wrestling with. On the way up here, I reviewed some of the key recommendations. Several of them are already under review. Tomorrow I will have a press conference in Washington to announce a whole bunch more regulations that we're going to review and change. Several of them will be ones that the National Governors' Association recommended to us.

Obviously, there's an awful lot of staff work that went into this book. It's a serious look at regulation as it adversely impacts on the states. We're very grateful for that. In the letter that came with the book, you say, "We hope that the task force will focus on developing safeguards against the future growth of the cumbersome and counterproductive regulatory system that we have today." We all know what we're up against.

This afternoon, I have a meeting with the undersecretary of health and human services and the administrator of the Health Care Financing Administration to review the progress that has been made in the regulatory reform area under their jurisdiction. I am pleased to hear that Governor Hunt is heading up a working group of Governors Bond, Milliken and Matheson to coordinate with HHS on the implementation of block grants. We've asked

that special priority be placed on all Medicaid regulations and those regulations affecting survey and certification of health institutions that participate in Medicaid and Medicare. This review will be completed within one year, with some action taking place as early as this fall. Those executive agencies dealing with block grants, HHS, Education and HUD, are moving quickly to assist the states with the transition to the block grant program. The White House has a working task force to coordinate the efforts of these agencies and to insure that their actions are consistent and responsive to the needs of the states. We are determined to cut the size, the growth, and the cost of this federal leviathan, not to mention reducing its insensitivity. For the first time in almost fifty years, we have begun to reverse the power of government away from Washington and back to the state and local level—back, if you will, to the people. I think it was Aristotle's notion that power ought not to be exercised at any level other than the lowest competent authority. I don't know if we want to go that far with the New Federalism but the basic idea is the same.

The president told this distinguished group in February that this was a long-time dream of his, balancing the divisions of the government. I think they've been badly distorted over the years. Those who look to the federal government for the creation of more and more federal programs, those who seek more and more federal spending and those who look to Washington to assume responsibility that rightly belongs to the state or local level will find themselves badly disappointed by the philosophy of government being pursued by this administration. I think they'll also find a disappointed electorate across this country. The people of this country are no longer happy with the old answers to old problems, and they've come to realize the hard way that throwing federal money at the problems just hasn't made them go away. They're expecting answers; they're expecting action. For us to criticize and quibble at this time only damages the national interest.

To those state and local officials who viewed the administration's philosophical shift as an opportunity for greater responsibility, for greater achievement, for the chance to improve the quality of life for all of our people, we say to them, "You're right." The decade of the '80s can be, and I'm confident will be, a very exciting and rewarding period in our history. Having said that, however, you should know that we are determined to provide the tools and resources necessary for state and local governments to carry out more efficiently, and I want to stress this, more compassionately, those programs now being managed by our federal bureaucracy. We're determined to work and cooperate with you in such areas as federal regulations that adversely affect state and local governments and drain millions of dollars each year from our already strained budgets out there. I've mentioned some that are under review, and there will be plenty more reviewed after this first go around. I understand that Ann Gorsuch was here yesterday talking about

the Clear Air Act. We're going to review the act so the states will have more say in determining their needs and concerns. There are tax sources that really belong at the state level so that you can better fund various programs.

In all of these areas, we've got a lot of work to do and we know it. The federal government has been eating away at the power of governors in recent decades. We intend to change that, to expand the powers of the governors. But we also recognize and enthusiastically accept those responsibilities the federal government has to help where the power of local or state government is not sufficient. We understand that concept, and we are not backing away from those responsibilities. We will with resolution carry out our constitutional responsibilities in those areas where the states are either unwilling or unable to do what is necessary for the defense and protection of our citizens.

The administration is dedicated to the protection of civil rights for all Americans. Those civil rights will, as the president has often said, be protected and—he's used the expression—at the end of a bayonet if necessary. I cite this because there's been much misunderstanding, much criticism you might say, heaped on some of you around this table by some organizations who feel that if we do return power to the states and to the local government, it will mean a diminution of and less concern for civil rights.

I can assure you that there is nothing in the president's thinking that is going to diminish this nation's commitment to equal opportunity. Certain crises overwhelm the resources and manpower of the states and communities. We stand ready to do more than our share to work with you when the big tragedies that hit communities and states occur. I point to the example of cooperation between the federal government and state and local government in dealing with the brutal and senseless slayings of children and young people from the Atlanta area.

I hope you feel that the door to the White House is open. We don't expect unanimous agreement on these things, but we want very much to have the feeling among the governors that the door is open. We ask you, and you've done it, to bring us your concerns and your problems. The president is a former governor. I sit in the Cabinet meetings, and over and over again he refers to his experience as governor of a state. So you have a common interest there. I believe he understands the anxiety that many of you have during this time of transition, a time of restoring the power, the responsibility and the resources back to the states.

We will not permit you, where we're wanted, to go it alone. This is a two-way street. And I would add that ours is a common venture, a common cause for cooperation. Frankly, it is a time that calls for courtesy and civility among the parties. If we're to be successful in our efforts to begin to shift power and resources back to the states, we must have an expanding economy that's going to generate the jobs, the revenue, the economic tools. Progress

is being made and has been made to some degree. We begin to see signs that we can point to. The rate of inflation for 1980 was 12 percent. During the first two quarters of 1981, it dropped to 8 percent. That's a pretty substantial drop, a drop of about a third. In January, the unemployment rate was 7.4; today, it's 7 percent. There is much, much room for improvement, but it is still trending in the right way.

Appreciation of the U.S. dollar—the strengthening of the dollar relative to Western European trading partners—is 15 to 20 percent stronger than it was at the first of the year. We're aware that this causes some economic dislocations in Europe. But when the dollar was very, very weak, we were criticized by some of our friends there. A strong dollar does cause some economic concerns in Europe, and we must be sensitive to them. But we must continue on a program that will strengthen the U.S. economy, recognizing that in the final analysis, that is a very constructive thing for the alliance itself.

Today we're importing 5.2 million barrels a day of foreign oil. A year ago it was 6 million barrels per day, and in 1979 8.5 million barrels of oil per day. So it's gone from 8.5 million barrels a day in 1979 to 5.2 million barrels a day of foreign oil coming in. A dramatic improvement. We don't feel that the problem has been solved, but we do feel it's good. Let's face it, conservation has been driven by the price structure. The reduction in imports has resulted from an unparalleled search for domestic sources of energy, particularly oil.

For the first time in fifty years the growth of federal spending has been curtailed. Legislation has been passed to reduce and then place a permanent cap on the level of federal taxation under the indexing proposal. We've arranged regulatory relief that will save consumers and businesses an estimated \$15 to \$18 billion on a one-time basis and up to \$6 billion every year after that.

This is not an insignificant amount of economic progress. We're witnessing here the advent, we confidently feel, of a revitalized economy, an economy that will be free, or certainly freer, of the regulatory red tape that has strangled the American worker and has cost us in many instances our competitive edge. We're not pleased. We're very disturbed about these high interest rates. They're hampering our auto and home building industries. They're making it very, very difficult for friends and allies, especially the French and the Germans. These extraordinarily high interest rates are causing capital to flee from their markets into the money markets of the United States and thus causing enormous strain on them. We're sensitive to that. The president discussed these things very openly with our trading partners at the Ottawa summit.

But now that the president's tax cut and budget cuts are about to go into effect, and now that the groundwork is done, we're confident that those



high interest rates will start coming down. We know it's absolutely essential that they come down, and we don't see a legislative answer to bringing them down. We don't believe that an artificial legislative answer is the way we cope with high interest rates. In other words, to get them down, we must have a sound fiscal policy.

The first six months of the administration have been relatively good for this economy and good for our people. The president has tried to do, and in some instances has done, what he said he'd do. There's a new mood of confidence emerging from a people that in the past have known absolutely no limits to their potential to solve any problem that has confronted them. Recent polls show that the confidence of the people is, indeed, up. They show that they're convinced they're going to be better off in the future.

This confidence is relatively new after a very, very troubled decade. At the end of the last administration, the Gallup organization asked the people if they were satisfied with the way things were going in the United States. Seventy-eight percent said that they were not satisfied. That I think was part of what contributed to this mandate for change. Too often in the past, the American people have been put on a roller coaster of expectations. One president after another came into office carrying a long list of campaign promises—promises that weren't kept because there was never really an intention to go through with what was pledged. And there were enormous political problems to keeping the pledges. This president, I think we would all agree, Republicans or Democrats, has astonished Washington simply because he is doing what he promised the American people that he would do during the campaign. Because the president has kept faith with the voters by carrying out this mandate, there's a feeling that once more we can cope, that our institutions can perform as we once felt that they could. I think this optimism is enormously important for the United States.

Harry Truman once said, "Whenever a fellow tells me he's bipartisan, I know he's going to vote against me." But in these crucial times, we've got to have a strong bipartisan effort to finish turning this economy around. The budget and tax legislation in the House would not have been passed without the help of many Democrats. And if you look at the votes in the Senate, the Democratic senators did support the president's budget and tax proposals. We're not asking that anybody be a rubber stamp. We have an important chance now to make our country move ahead. We know it can move ahead. We need and welcome the support of the governors for the benefit, not of this administration, but for the American people.

It's a pleasure to be with you, and thank you very, very much.

**Chairman Busbee:** Mr. Vice President, on behalf of the governors, we appreciate your coming and being with us today. We would like to reflect back to our last meeting in Washington when we met with you and the

president. We pledged as an association to work with the administration in two areas which the president termed phase A and phase B, phase A being the reduction in categorical grants and phase B returning some of the powers to the state and local governments. It's been our pleasure to work with you on phase A during this first six months of the administration.

As you just mentioned, the president did recommend 88 categorical grants be consolidated into block grants. Unfortunately, only 57 passed, and they had more strings and controls than the administration recommended. I would point out to you, though, that we still have over 400 categorical grants.

I also would like to observe, Mr. Vice President, that on phase B, the sorting out process, that regardless of what Harry Truman said, we do honestly look forward to working with the administration and the Congress in this sorting out process. I think we've accomplished something working together. I hope to continue. Thank you, Mr. Vice President.

The vice president wants to walk around and speak to some of you here.  
[Brief recess]

**Chairman Busbee:** Will everyone please take their seats? We're about to commence the deliberations on certain policy proposals.

You have placed before you the recommendation that was unanimously passed by the Executive Committee. We have been discussing this for two days. There have been a lot of changes made, and I think this is the consensus of the Republicans and Democrats on the Executive Committee. I think it's extremely important that you deliberate just for a moment on this proposal. It requires the suspension of the rules.

I've been in the Governors' Association long enough to know that we can nit-pick at most any paper that consists of more than one page, and even then we sometimes nit-pick at that. Last year in Denver, we said that we were going to adopt federalism as *the* issue. We were going to quit spreading out so thin that we couldn't be effective. I think that was the most significant thing that the governors have done.

When you look at the challenge that's ahead of this association, it's imperative that your new chairman, Dick Snelling, and your new Executive Committee and standing committee chairmen have some guide or principle to go on. I think we all agreed in Denver that we were going to have phase A and B, where we would look at these consolidated categorical grants and block grants and where we would then come back and seek this sorting out.

In phase A, the president proposed the consolidation of 88 categorical grants. The Congress passed 57 of those. They had more strings and conditions in them than the administration proposed, and certainly more than we did. But you have over 400 categorical grants that are still out there untouched, and there are going to be further budget cuts next year.

This policy says that you have taken 57 categorical grants, you have

put them into 9 block grants and you have some other categorical grants out there. Now, we told you we can take a 10 percent cut if you gave us this discretion for block grants, and you've given us a 25 percent cut and less discretion than we've sought. We say that you've got areas other than these 57 categorical grants to look at as you go about the balancing process in the budget cuts.

The next thing that we have in here is on this sorting out of the proper roles and responsibilities of government. I think that's going to be the top burden for governors for the next few months, the next few years and almost throughout this decade. So you have to give some charge to your Executive Committee, your new chairman and your committee chairmen as you go about this process. We're talking about returning the revenue sources. I made some remarks to you on that. The president has made remarks on it. What the Executive Committee recommends to you is in broad enough terms that most of us can accept all of it. I just hope that we don't walk out of here nit-picking at something and not take this charge forward. We must work bipartisanship and carry out what we started to do as far as these block grants and the sorting out process are concerned.

At this time, I would like to call to your attention the policy statement proposal unanimously recommended by your Executive Committee.

Is there an objection to the suspension of the rules? All right, the motion has been made and seconded. Discussion?

**Governor Winter:** Mr. Chairman, I support the resolution. Related to this issue is the problem that many of us in the states have of continuing to finance capital improvements through the issuance of tax-exempt securities. There is a continuing encroachment on the right of the states to do this. I hope that in connection with the implementation of the purposes of this resolution attention will be given to this very significant problem that we're confronted with and that it can be addressed in a proper and timely way.

**Chairman Busbee:** Thank you, Governor Winter. Is there any further discussion? Governor Byrne.

**Governor Byrne:** Mr. Chairman, I would like to take exception to part of the resolution, and I don't do it on a partisan basis. I'll be happy to support the language in the first three paragraphs, which is supportive of our attitude toward the president's program. But in paragraph two, we offer to work with the administration and the Congress toward a phased-in reduction of federal support in the areas of education, law enforcement and transportation in return for increased responsibility for income security programs. Now, frankly, my congressional delegation, I think, successfully waged the fight to keep the operating assistance in mass transportation in the budget. And I would just prefer that they continue that fight until we have a lot more

assurances from the administration and from the Congress in return for cutting out our aid to transportation. The same thing for law enforcement. A group of governors met in Pennsylvania recently hoping to maintain the federal support for transportation, including mass transportation and vital train and bus service in our congested area.

In my opinion, part of the resolution is inconsistent with another portion of the resolution. On one page we want additional block grants for highways. On the next page we support the reduction of federal support for transportation. We've been supporting the president, and I'm not quarrelling with that. We've been having the administration respond to those portions of our statements and resolutions where we say we're willing to take these cuts. But we haven't been getting block grants with proper discretion given to the states. So I would withhold my support for reductions, especially in areas such as transportation, until I see what we're getting in return.

**Chairman Busbee:** Let me just make one observation so there won't be any misunderstanding.

Governor Byrne mentioned something about additional block grants in such areas as highway/airport development. I want to make it infinitely clear, and I thought all governors understood, that what we're talking about are two phases. The first phase is not the long-term answer. We're trying to get latitude and have these categorical grants combined. The second phase is where we're talking about going into a sorting-out process and returning particular functions to those governments that can best serve the people. And it would be a swap. There is no inconsistency.

**Governor John Y. Brown:** Mr. Chairman, I congratulate you on your fine message you gave earlier, especially the latter half when you started talking about returning revenue sources to the states. I think we all endorse this resolution. But before we fall all over ourselves endorsing this new federalism and transfer programs back to the states, we must address the question of how and when we're going to get some revenue sources to adequately fund these programs. Otherwise we won't have one present governor sitting here two years from now when we meet. We'll all have to adjust our tax base. I think that's the major question we all have. Can you bring us up to date on where we stand and what you anticipate will happen?

**Chairman Busbee:** Yes. I had to go rather hastily through my speech and I skipped six pages. This is covered under the section on returning revenue sources in the resolution. The president has said that in returning functions, he would return revenue sources. This is the reason I said that we have to be involved in that process of identifying the functions. You can't return them to the states and then say that you have cut taxes.

We can't put everything in one policy statement. But I think that you

have here a working paper that you can take to Congress and the administration through your new chairman, your Executive Committee, and your standing committee chairmen. So I think the resolution is a good charge to them. Without it they're going to be naked.

Governor Romero-Barcelo.

**Governor Romero-Barcelo:** Mr. Chairman, we discussed a little earlier the resolution on education that was presented by Governor Graham, and we decided to postpone the discussion of that until the winter meeting. Now, in this resolution we offer to work with the administration and the Congress for the phase-in reduction of federal support in the areas of education, law enforcement and transportation in return for an increased federal responsibility for income security programs. I for one think that it would be extremely dangerous for us as governors to support reductions in education and law enforcement. I doubt there are many governors here who are not having some kind of problem with their law enforcement. This resolution would look like a lack of interest. Some of the problems that we're having with law enforcement are because the federal government has been giving up its jurisdiction and letting states prosecute several offenses that are now under the federal system. That has given us more people in our corrections system and fewer people in the federal corrections system. I think that this wording would be perceived as a lack of support for law enforcement.

I also think that at this time when schools are beginning all over the nation and we're going to be having problems in our school systems, we're going to look pretty bad asking Congress to reduce support for education. I don't think that I could support it. I would move that the second paragraph under number two be eliminated from this resolution.

**Governor Hunt:** Mr. Chairman, I intend to support this resolution. There's a great deal of good in it. I started to say that I think we're about to get snowed if we don't look out, but I think I have to change that and say if we don't look out, Mr. Chairman, we're going to snow ourselves. This association has indicated very clearly and properly that we're serious about sorting out. I wonder if there's any indication that the administration or the Congress is serious about sorting out. I don't believe I've seen very much. I very much hope we can convince them to become serious about it. I think it would be one of the great developments in the history of this country if we could, and I think we ought to press forward on it.

But, Mr. Chairman, I would remind the governors that the federal government, even with the tax reductions, is still getting in tremendous amounts of revenue, particularly from the windfall profits tax and things of that kind. I would urge our new chairman, Governor Snelling, and all the leaders of this association to go about this in a very careful way. I would

urge great caution here because if we aren't cautious, we're going to be in real trouble.

**Governor John V. Evans:** As a member of the Executive Committee, I think Governor Busbee has done a marvelous job bringing this issue before us. To me, the most important part of this particular resolution is the item on returning revenue sources. Vice President Bush brought it to our attention once again that the president wants to look in the direction of making some resources available to the states. As a matter of fact, we're going to lose \$31 billion in grants-in-aid this coming year. I think all of us have to recognize that. The president recognizes it. That will go a long way toward resolving some of the problems that some of us governors have in relation to this reduction in the national emphasis on education.

Mr. Chairman, very briefly, I want to commend you and the Executive Committee for putting together a working paper which, in my opinion, gives us the guidelines we need. I might point out that there has been a good deal of comment about the first three separate paragraphs but none whatsoever on state and local relationships. You do not identify any details there. In my opinion, it gives us all something to go home with and say this is what the National Governors' Association is working toward. I'm pleased to see the document as it is and will support it.

**Governor Richard A. Snelling:** Mr. Chairman, I think that it is altogether proper that we should have at the end of one session and before the new Executive Committee meets this kind of comprehensive view of where we have been and where we are going. I see nothing in this document that is new to the governors. I see nothing that departs in any way from the established positions of the governors. I see a comprehensive and unifying view of what we are all about. I hope that it will be adopted. I think it reflects credibly on what the governors have been doing and on our goals for the future.

**Chairman Busbee:** Thank you. Any other governor want to be recognized?

Is there an objection to ordering the previous question? The chair hears none. The previous question is ordered. All those in favor of the adoption of the policy statement rise and stand until you're counted. Reverse your position. All right, the ayes are thirty, the nays are five. The resolution is adopted.

### SALUTE TO GOVERNORS COMPLETING THEIR TERMS OF OFFICE

**Chairman Busbee:** Going on to a new matter, we have two governors who are completing their terms of office this year.

We have Governor Brendan Byrne, our host. He completes his second term next January. During his eight years as governor, he has initiated

dramatic changes in bills ranging from public finance to environment. His leadership positions in regional and national affairs, including the chairmanship, I might add, of three of NGA's standing committees, have been numerous and highly significant. For these reasons and for the hospitality, Brendan, that you and Jean have extended to us, I would like to present to you a plaque reflecting our respect and our appreciation for you. It's my pleasure to present it to you.

**Governor Byrne:** Thank you.

**Chairman Busbee:** Governor John Dalton is also completing his term of office. One of the great strengths of our association is the opportunity for us to establish close friendships with governors from the entire nation and from both political parties and to share with each other the problems and the concerns that we face as governors. John and Eddie have been our close and our valued friends over the past four years. For me, it has been a privilege and a pleasure to work with John on issues affecting our region and also the nation as a whole. His service as a member of the Executive Committee has been characterized by the thoroughness, the dedication and the commitment that have marked all of his work as governor. Last year when Doc Bowen could not be with us, John Dalton earned our deep respect and appreciation for his outstanding performance as our chairman. John, it's a personal pleasure for me to present to you this plaque reflecting our feeling of warmth and respect for you.

**Governor John Dalton:** Thank you.

**Chairman Busbee:** John wants to put in a last plug for a project that's very dear to him, and I'm going to give him that latitude at this time.

**Governor Dalton:** As all of you know, we passed a resolution a year or two ago endorsing the Yorktown celebration. I would like to tell you today that President Reagan and Vice President Bush will both be there. It's my understanding the president of France plans to be there; delegations from at least eight foreign countries are coming; twenty-seven of your states are sending delegations. It's my understanding all thirteen original governors and the majority of the national governors were at the Yorktown celebration in 1881. I hope that most of you will be able to be there. Thank you so much.

**Chairman Busbee:** Give us the dates again.

**Governor Dalton:** The Yorktown celebration begins on Friday, October 16, and concludes on Monday afternoon, October 19. The president is coming on Sunday, the 18th, and he'll be there Sunday and Monday. The main days are the 18th and 19th, but if you can come for the whole weekend, we would like to have you.

**Chairman Busbee:** Thank you, John.

Now it's time to hear from the Nominating Committee and turn over the gavel to our new chairman. Reubin Askew, who was our chairman four years ago, said that his chairmanship was one of the greatest and most enjoyable challenges that he had when he was governor of the state of Florida. I understand what he meant because for me the past year has been just what he described. One year ago, we made federalism our top priority, and since then we have been engaged in an extraordinary series of battles to restore the balance in our federal system. I think the highlight of the year for me has been the opportunity to work so closely and personally with you. I'm deeply grateful to you for giving me this opportunity.

Now I'm going to call on Governor Riley to give the report of the Nominating Committee. Governor Riley.

### **REPORT OF THE NOMINATING COMMITTEE**

**Governor Richard W. Riley:** Mr. Chairman, it's my pleasure to make the report of the Nominating Committee for the 1981-82 chairman and Executive Committee of the National Governors' Association. For chairman, Governor Richard Snelling. Members of the Executive Committee, Governors Brennan, Busbee, Carlin, Lamm, Evans, Ray, Milliken and Thompson. I respectfully move nominations of those nominated by the Nominating Committee.

**Chairman Busbee:** All right. You've heard the nominations. Are there any other nominations? Hearing none, they're closed. All in favor say aye. All opposed? They are unanimously adopted.

Before turning over the gavel, I would again like to turn back to Brendan Byrne, to his lovely wife, Jean, and to the host committee. We are deeply indebted to you for what I think has been one of the best conventions we've had. You've gone to great efforts, and on behalf of all the governors and their wives and the families they have with them, we thank you, we're appreciative and we were impressed.

**Governor Byrne:** Thank you.

**Chairman Busbee:** I turn this gavel over at this time to our new chairman, Governor Richard Snelling.

### **REMARKS OF THE NEW CHAIRMAN**

**Governor Snelling:** Thank you very much.

Governor Byrne, Governor Busbee, it would be an honor under any circumstances to chair this organization. But it really is a particular honor following as I do Governor George Busbee. Since I've been in this organization, I've had the pleasure of working with Governor Doc Bowen, whom we all came to love, along with Governor Julian Carroll, Governor



Bill Milliken, and Governor Reubin Askew. I believe that each and every one of them made a significant contribution to the prestige of the National Governors' Association and its capacity to make its voice heard on behalf of the states. Certainly, no one has accomplished more than Governor George Busbee, who gave us a loud and clear voice on the subject of paramount concern to all of us, the appropriate relationship between the states and the federal government. His wise counsel influenced us, and I think it also influenced the White House and I know that it influenced some very, very important matters in the United States Congress. Governor George Busbee, we're all very much in your debt. We want you to know how much we appreciate your service.

**Chairman Busbee:** Thank you.

**Governor Snelling:** Let me start off my new year of service to you with two pieces of good news. First, I am not going to make a speech as such. I will keep my remarks to three or four minutes since I think we have already heard the most important things that need to be said today on the subjects of concern to us. The second piece of good news is that it has been decided to cancel the proposed meeting of the Executive Committee and the new standing committee chairman because we're a little bit behind time and that will give people a chance to make their southbound connections.

I do want to announce at this time, however, our colleagues who will serve as the chairmen of the standing committees. I'm very pleased to announce that Governor Charles Thone of Nebraska will serve as the chairman of the Committee on Agriculture. Governor Kit Bond of Missouri will assume the responsibilities of chairman of the Committee on Community and Economic Development. Nevada's Governor Robert List will continue as chairman of the Committee on Criminal Justice and Public Protection. Governor John Rockefeller of West Virginia will continue as chairman of the Committee on Energy and Environment. Governor Alexander of Tennessee, who has made significant contributions over the last several years to the Committee on Executive Management and Fiscal Affairs, will accept the responsibility as chairman of that committee. I'm happy that Governor Bob Graham of Florida will accept the responsibilities of chairman of the Committee on International Trade and Foreign Relations. Governor Harry Hughes of Maryland will continue as chairman of the Committee on Transportation, Commerce and Technology. Governor Jim Hunt, who has done an exceptional piece of work this year, I think, as chairman of the Committee on Human Resources, will continue that. Governor Dick Riley will accept the responsibilities of the newly authorized Committee on State-Local Relations. Governor Riley, as some of you know, has been a leader in the Advisory Commission on Intergovernmental Relations and was in his own state a pioneer in constitutional changes which expressed South Carolina's

sense of responsibility to its local communities. Governor Allen Olson of North Dakota will assume the task of chairman of the Committee on Legal Affairs.

These are exciting times for governors and, I think, for all of us who have chosen to serve as elected officials. I didn't say that they were easy times. They are not. But they are times of change and, furthermore, of very important change. Some people fear change. I'm glad to say that I know very few governors who would count themselves among that group. Governors, I think, see and understand that thoughtless change is to be avoided. But so is foolish consistency, and the task is to manage change so that things are improved.

Much was said for two or three years about the malaise in the United States, about the concerns that people had about their relationship with government. I think that those concerns are now beginning to see change, change that addresses the concerns that people have. There were the concerns of the pocketbook. Government was and clearly still is taking a larger share of the individual wage earner's wages than he could afford to give to government. But the concern was not just that of money. It was also a concern of the spirit, which dealt with the responsiveness of government. Those concerns are now being addressed.

Very clearly, the work that Governor Busbee has done in this last year making restored federalism the principal goal for the governors has had a great deal to do with the sense of responsibility which we now see in Washington. I for one am very pleased with the remarks Vice President Bush made just a few moments ago. I was delighted, and I hope you heard him say that the president will never stop bringing back to the Congress the request for greater flexibility for the states and for local governments so that they can do their task.

But the merger of these two concerns, that of the pocketbook and that of the spirit, I think is now forging a new catalytic and unified effort to bring government back home. That's the task that we governors now must address, particularly in the next year.

The task is well started but a task so well started deserves to be carried forth through completion. It seems to me we must be willing to do unto others as we would have others do unto us. We must extend in our relationship with local communities the same thoughtful consideration of their capacity to govern and to govern responsively which we have been asking the federal government to recognize on our part. So I'm very pleased that the Executive Committee authorized the new NGA Committee on State-Local Affairs, and I will ask that the agenda of that committee include every valid concern of mayors, county commissioners and the others who are on the firing line of government. We must not remove from that agenda those things that we wish to discuss in the national arena. We must be willing to discuss

deregulation as that refers to regulation of the states that impacts on the abilities of communities to implement the concerns of their citizens. We must be willing to discuss home rule. We must be willing to discuss taxing authority. In every way we have to demonstrate to the federal government that we are the valid, the most appropriate, the constitutional conduit for the concerns of people at the local level to federal legislation.

We also must be very, very careful about our involvement in the 1983 budget. We must get started with the process of sorting out. I think all of us in this room as elected officials know the meaning and the significance of the word momentum as it applies to public affairs. The National Governors' Association has momentum because of the work that you have all done, because of the work of the leaders of this association over a period of years. The issue, that of bringing government back home, is as important an issue as has ever faced a group of elected officials. So we must not let that momentum slacken one bit.

I'm really honored to have the privilege of working with you all in this year ahead. I pledge myself to do everything that I can to the end that a year from now the momentum will have increased, if possible. Thank you very much.

**Governor Matheson:** Mr. Chairman, a very important matter needs to be attended to. A little levity is needed at this conference at this time in view of these somber but very worthwhile speeches. I've heard from you and George Busbee, and each of you is a great leader, but I think George deserves a little extra credit because he is the one who went up on the Hill and basically insured that we would have a Medicaid program without a cap. I am here to award you a Medicaid cap without a cap.

**Chairman Busbee:** The chair rules that totally in order.

Is there anything further to come before this meeting of the National Governors' Association? Governor Nigh of Oklahoma.

**Governor George Nigh:** Mr. Chairman, just a note to say that Oklahoma is very proud to be the host of the conference next summer. We are looking forward to everyone coming there. We want you to know that it will be hard to surpass the hospitality of Governor Byrne and the state of New Jersey. We hope we can equal it. Thank you.

**Chairman Busbee:** Thank you. May I direct your attention to the meetings of the regional commissions. They can proceed approximately on time.

If there is no further business, I should like to close with one last expression of appreciation to Governor Brendan Byrne and the state of New Jersey for their hospitality to us all. We stand adjourned.

# **APPENDIXES**

Appendix I  
THE GOVERNORS, AUGUST 1981

State or Jurisdiction	Governor	Regular Term, in Years	Present Term began January	Number of Pre- vious Terms	Max. Con- secutive Terms Al- lowed by Constitution
Alabama	Forrest H. James, Jr. (D)	4	1979	—	2
Alaska	Jay S. Hammond (R)	4	1978(a)	1	2
American Samoa	Peter T. Coleman	4	1981	2(b)	2
Arizona	Bruce Babbitt (D)	4	1979	(c)	—
Arkansas	Frank White (R)	2	1981	—	—
California	Edmund G. Brown, Jr. (D)	4	1979	1	—
Colorado	Richard D. Lamm (D)	4	1979	1	—
Connecticut	William A. O'Neill (D)	4	1980(d)	—	—
Delaware	Pierre S. duPont IV (R)	4	1981	1	2(e)
Florida	D. Robert Graham (D)	4	1979	—	2
Georgia	George Busbee (D)	4	1979	1	2
Guam	Paul Calvo (R)	4	1979	—	2
Hawaii	George R. Ariyoshi (D)	4	1978(f)	1	2
Idaho	John V. Evans (D)	4	1979	(g)	—
Illinois	James R. Thompson, Jr. (R)	4	1979	1(h)	—
Indiana	Robert D. Orr (R)	4	1981	—	2
Iowa	Robert D. Ray (R)	4	1979	4(i)	—
Kansas	John Carlin (D)	4	1979	—	2
Kentucky	John Y. Brown, Jr. (D)	4	1979(j)	—	(k)
Louisiana	David C. Treen (R)	4	1980(l)	—	2
Maine	Joseph E. Brennan (D)	4	1979	—	2
Maryland	Harry Hughes (D)	4	1979	—	2
Massachusetts	Edward J. King (D)	4	1979	—	—
Michigan	William G. Milliken (R)	4	1979	3(m)	—
Minnesota	Albert H. Quie (R)	4	1979	—	—
Mississippi	William F. Winter (D)	4	1980	—	(k)
Missouri	Christopher (Kit) Bond (R)	4	1981	1(n)	2(e)
Montana	Ted Schwinden (D)	4	1981	—	—
Nebraska	Charles Thone (R)	4	1979	—	2
Nevada	Robert List (R)	4	1979	—	2
New Hampshire	Hugh Gallen (D)	2	1981	1	—
New Jersey	Brendan T. Byrne (D)	4	1978	1	2
New Mexico	Bruce King (D)	4	1979	1(o)	(k)
New York	Hugh L. Carey (D)	4	1979	1	—
North Carolina	James B. Hunt, Jr. (D)	4	1981	1	2(e)
North Dakota	Allen I. Olson (R)	4	1981	—	—
Northern Mariana Is.	Carlos S. Camacho	4	1978(p)	—	3(q)
Ohio	James A. Rhodes (R)	4	1979	3(r)	2
Oklahoma	George Nigh (D)	4	1979	2(s)	2
Oregon	Victor Atiyeh (R)	4	1979	—	2
Pennsylvania	Dick Thornburgh (R)	4	1979	—	2
Puerto Rico	Carlos Romero-Barceló (NPP)	4	1981	1	—
Rhode Island	J. Joseph Garrahy (D)	2	1981	2	—
South Carolina	Richard W. Riley (D)	4	1979	—	2
South Dakota	William J. Janklow (R)	4	1979	—	2
Tennessee	Lamar Alexander (R)	4	1979	—	2
Texas	William P. Clements, Jr. (R)	4	1979	—	—
Utah	Scott M. Matheson (D)	4	1981	1	—
Vermont	Richard A. Snelling (R)	2	1981	2	—
Virginia	John N. Dalton (R)	4	1978	—	(k)
Virgin Islands	Juan F. Luis (I)	4	1979	(t)	2
Washington	John Spellman (R)	4	1981	—	—
West Virginia	John D. Rockefeller IV (D)	4	1981	1	2
Wisconsin	Lee S. Dreyfus (R)	4	1979	—	—
Wyoming	Ed Herschler (D)	4	1979	1	—

- (l) Independent.
- (NPP) New Progressive Party.
- (a) Alaska Constitution specifies first Monday in December as Inauguration Day.
- (b) Governor Coleman also served as presidentially appointed governor from 1956 to 1961.
- (c) Governor Babbitt, as attorney general, became governor in March 1978, following the death of Governor Wesley Bolin. Elected to full four-year term in November 1978.
- (d) Governor O'Neill, as lieutenant governor, became governor on December 31, 1980, following the resignation of Governor Ella Grasso.
- (e) Absolute two-term limitation, but not necessarily consecutive.
- (f) Hawaii Constitution specifies first Monday in December as Inauguration Day.
- (g) Governor Evans, as lieutenant governor, became governor in January 1977, when Governor Cecil D. Andrus resigned to become secretary of the interior. Elected to full four-year term in November 1978.
- (h) Two-year term.
- (i) Three two-year terms.
- (j) December 1979.
- (k) Governor cannot serve immediate successive term.
- (l) March 1980.
- (m) Governor Milliken also served a prior partial term.
- (n) Previous term, 1973–77.
- (o) Previous term, 1971–75.
- (p) Governor Camacho is the first elected governor of the Northern Mariana Islands. He was inaugurated January 9, 1978, when, with the inauguration of its new constitutional government, the Northern Mariana Islands entered into the final stage of becoming a commonwealth.
- (q) Absolute three-term limitation, but not necessarily consecutive.
- (r) Previous terms, 1963–67; 1967–71; 1975–79.
- (s) Governor Nigh, as lieutenant governor, filled two unexpired terms of governors who resigned, once in 1963 and once in early 1979.
- (t) Governor Luis, as lieutenant governor, became governor in January 1978, upon the death of Governor Cyril E. King. Elected to full four-year term in November 1978.

## Appendix II

### ARTICLES OF ORGANIZATION\*

#### Article I NAME AND MEMBERSHIP

The name of this organization shall be the "National Governors' Association," hereinafter referred to as the "Association."

Membership in the Association shall be restricted to the Governors of the several States of the United States, the Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico, and the Northern Mariana Islands. The Association shall maintain its headquarters in Washington, D.C. All members shall have voting rights, but there shall be no voting by proxy.

#### Article II DURATION

Deleted.

#### Article III FUNCTION

The functions of the Association shall be to provide a medium for the exchange of views and experiences on subjects of general importance to the people of the several States; to foster interstate cooperation; to promote greater uniformity of state laws; to attain greater efficiency in state administration through policy research and analysis of issues affecting all levels of government and the people, and a strong program of state services; to facilitate and improve state-local and state-federal relationships; to vigorously represent the interests of the States in the federal system, and the role of the Governors of the American States, Commonwealths and Territories in defining, formulating and expressing those interests.

#### Article IV MEETINGS

The Association shall meet semi-annually. A winter meeting shall be held in Washington, D.C., and an annual meeting shall be held at a time and place determined by the Executive Committee. The proceedings summary of the semi-annual meetings shall be properly reported to the membership and others, as directed by the Executive Committee.

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\* As approved by the Association, July 10, 1979.

Special meetings of the Association may be held at the call of the Executive Committee.

Twenty-five members present at the semi-annual meetings of the Association or any special meetings of the Association, as may be called by the Executive Committee, shall constitute a quorum.

## Article V CHAIRMAN

The Chairman of the National Governors' Association shall be elected by the Association at the final business session of the annual meeting.

The chairmanship shall alternate annually between the two major political parties, and a majority of the members of the Executive Committee shall always be of a political party other than that of the Chairman.

The Chairman shall hold office until the adjournment of the succeeding annual meeting and until his successor is chosen. A vacancy in the chairmanship shall be filled by vote of the remaining members of the Executive Committee at the next subsequent meeting of the committee. Such vacancy shall be filled by an Executive Committee Governor of the same political party as that of the Chairman who has vacated the position.

The Chairman shall preside and vote at meetings of the Executive Committee and at the semi-annual meetings of the Association, as well as any special meetings called by the Executive Committee.

The Chairman of the Association shall appoint the chairmen of the standing committees of the Association, and following consultation with the Executive Committee and appropriate standing committee chairmen, appoint members and chairmen of any subcommittees or special committees, special projects, or study committees authorized by the Executive Committee or by the Association. The chairmen of the subcommittees reporting to each standing committee, supplemented as necessary by other Governors appointed by the Association Chairman, shall constitute the membership of the standing committee.

The Chairman of the Association shall, with the assistance of the Executive Director of the Association, prepare the agenda for all Executive Committee meetings. The Chairman shall, with the advice and counsel of the Executive Committee and with the staff assistance of the Executive Director, prepare the agenda of the semi-annual meetings, and any special meetings called by the Executive Committee.

The Chairman of the Association shall periodically inform all Governors of the status of current and proposed activities and projects of the National Governors' Association.

The Chairman shall appoint a Nominating Committee to serve at the annual meeting. The Nominating Committee shall consist of five members,



three of whom shall be of a political party other than that of the person who shall be elected as next Chairman of the Association. The Nominating Committee shall present a single slate of nominees for the offices of Chairman and members of the Executive Committee. Additional nominations may be made from the floor, and election shall be by secret ballot in all cases where the number of nominees exceeds the number of officers to be elected.

## Article VI EXECUTIVE COMMITTEE

The Board of Directors of the National Governors' Association, which shall be known as the Executive Committee, shall consist of the Chairman of the Association and eight other members elected at the final business session of the annual meeting.

Not more than five members of the Executive Committee shall be representative of a single political party. To the extent practicable, the members of the Executive Committee shall be widely representative of the various areas and regions of the United States.

Members of the Executive Committee shall hold office until the adjournment of the succeeding annual meeting and until their successors are chosen, except as follows: the currently retiring Chairman and three other members of the currently retiring Executive Committee shall be returned to serve on the new Executive Committee. Regarding these four automatically selected members of the new Executive Committee, no more than two such members shall be of the same political party.

Vacancies in the Executive Committee may be filled by the Chairman subject to ratification by the remaining members of the committee by mail ballot or by vote at the next subsequent meeting of the committee.

The Executive Committee shall meet not less than four times each year. It shall have authority to act for the Association in the interim between semi-annual meetings.

The Executive Committee is empowered to authorize the creation of standing, special project or study committees of the Association and to assign and reassign to such committees the activities and studies authorized by the Association.

## Article VII EXECUTIVE DIRECTOR, SECRETARY AND TREASURER

The Executive Committee is empowered to employ and fix the salary of an Executive Director who shall serve at the pleasure of the Executive Committee. The Executive Director shall be the principal administrative officer of the Association and shall have responsibility for the administration of all Association functions and activities established by the Executive Committee.

The Executive Director shall employ, fix the salaries of, and direct such

personnel as may be required to carry out the purposes of the Association in accordance with budgets adopted by the Executive Committee and shall provide the Association with periodic reports on the activities and projects of the Association and its personnel.

The Executive Director shall be the chief executive officer of the Association. He shall exercise such duties as customarily pertain to the office of the President, and shall be responsible for the general and active management of the property, business and affairs of the Association, subject to the supervision and control of the Executive Committee.

The Executive Director is also empowered to employ and fix the salary of the Secretary of the Association, who shall serve at the pleasure of the Executive Director. The Secretary of the Association shall attend and keep a correct record of all meetings of the Executive Committee and of the Association; safely keep all documents and other property of the Association which are committed to him; and shall perform all duties which are customarily incident to the office of Secretary and as required by those Articles, the By-laws and the Executive Committee.

The Secretary, subject to direction and oversight by the Executive Committee, shall also serve as Treasurer of the Association at the pleasure of the Executive Director. The Treasurer is authorized to utilize accounting and fiduciary services of the Council of State Governments or other organizations to assist in meeting the fiscal needs and responsibilities of the Association. The Treasurer or his agent as may be authorized by the Executive Director shall have custody of the funds of the Association, and shall deposit the funds of the Association in its name, annually reporting at the close of each Association fiscal year, or as soon thereafter as is deemed feasibly possible and prudent, all receipts and disbursements and balances on hand. The Treasurer shall perform all duties as are customarily incident to the office of Treasurer and as required of him by these Articles, the By-laws and the Executive Committee. Financial rules not otherwise expressed or implied by these provisions may be incorporated in financial rules which may be adopted by the Executive Committee or by the Association, and which may or may not appear in the Association's By-laws.

The Executive Director and Secretary shall furnish bonds with sufficient sureties conditioned for the faithful performance of their duties, the cost of such bonds to be borne by the Association.

## Article VIII ORGANIZATIONAL AFFILIATION AND ADMINISTRATIVE SUPPORT

The Executive Committee is empowered to enter into agreements with the Council of State Governments and its Executive Director for the administration and implementation of service to the Association and its

members. Such services may include, but not necessarily be limited to, general logistical support for Association activities, research on special projects, publications, and general staff support. The Executive Director of the National Governors' Association shall negotiate and administer the terms of such agreements as are entered into with the Council of State Governments for the provision of supportive services to the Association. Any such agreement shall be subject to continuing oversight and supervision by the Association's Executive Committee.

Subject to specific recommendations of the Association's Executive Committee and acceptance by the Association at a semi-annual or at a special meeting, the Association may affiliate with other organizations or may accept the request of other organizations to affiliate with the Association.

## Article IX POLICY STATEMENTS

Statements reflecting policy positions or resolutions of the Association shall be in the form of summary statements prepared by standing committees, subcommittees, special task forces, or other special committees authorized by the Chairman, with the approval of the Executive Committee, to prepare or issue such proposed policy positions or resolutions. The Chairman, in consultation with the Executive Committee, shall determine the number and jurisdiction of each committee and subcommittee and may assign, reassign or withdraw special policy issues from, or to, any committee.

Proposed policy statements developed pursuant to the procedure stated in the preceding paragraph shall be submitted to the Executive Committee and to all Governors at least fifteen days in advance of any meeting where their adoption is sought. Adoption by the Association shall require an affirmative vote of not less than two-thirds of the Governors present and voting. Submission of a recommended policy statement to the full Association may be made either by a committee authorized to prepare and issue policy statements or by the Executive Committee by majority vote of its members. Amendments to any policy statement may be offered from the floor and will require the same majority as is required to adopt the statement.

Between the meetings of the Association, both the Executive Committee and standing committees of the Association are empowered to adopt policy statements not inconsistent with existing policy adopted by the Association. Such policy statements are subject to review by the Association at its next meeting. A policy statement considered in the interim by the Executive Committee or a standing committee shall be considered adopted if it receives an affirmative vote of at least two-third of its members; however, a policy statement adopted by a standing committee is subject to review by the Executive Committee as well as the Association.

The Executive Committee, upon recommendation of the appropriate standing committee, is empowered to endorse or oppose specific federal legislation or administrative actions, when, in the judgment of the Executive Committee, such action is in the best interests of the states. Such action shall require the affirmative vote of at least two-thirds of the members of the Executive Committee. All Governors shall be immediately notified by the Chairman of any Executive Committee action of this type.

Any individual Governor desiring to have a policy statement considered by an authorized committee of the Association shall do so by transmitting the substance of such a policy proposal to the Executive Director of the Association not less than 45 days prior to the meeting of the Association, at which time such an issue would be expected to receive consideration. In such cases, the Executive Director shall transmit promptly the substance of such a proposal to the Chairman of the Association and to the chairman and all members of the appropriate standing committee of the Association.

#### Article X DUES

Each member shall contribute such amounts as may be necessary to finance the programs and operations of the Association, in accordance with contribution schedules approved by the Association. Budgets shall be prepared and adopted by the Executive Committee. Annual financial reports shall be submitted to all members of the Association and an independent audit shall be conducted not less than once a year by a reputable firm of certified public accountants.

#### Article XI AMENDMENTS

The Association at any meeting may amend these Articles of Incorporation by a two-thirds vote of all members present and voting. Notice, as provided for in the District of Columbia Non-Profit Corporation Act, shall be given to all members and said notice shall advise of the specific proposed amendments, together with an explanatory statement regarding the proposed amendments.

#### Article XII SUSPENSION

Any article of procedure for conducting the business of the Association, which articles of procedure are specified and set forth in the By-laws of the Association, may be suspended by a three-fourths vote of all members present and voting at the meeting wherein the article of procedure is sought to be suspended.

**Article XIII  
DISSOLUTION**

In the event of the dissolution of the National Governors' Association, any assets of the Association shall be distributed to the members (as defined in Article I) in the proportion which each member contributed to the support of the Association in the year preceding dissolution. Any assets so distributed to a member shall be used for a public purpose.

**Article XIV  
INCORPORATORS**

(List of incorporators is on file in the offices of the Association.)

**Article XV  
REGISTERED OFFICE AND ADDRESS**

The name of the registered agent and the address of the registered office is: William J. Bigham, Sterns, Herbert & Weinroth, P.A., Suite 600, 1150 Seventeenth Street, N.W., Washington, D.C. 20036.

## Appendix III

# RULES OF PROCEDURE\*

## PREAMBLE

1. These Rules of Procedure shall be in specific conformity with the Articles of Organization of the National Governors' Association and, to the extent practicable, shall be consonant with precedents and traditions of the Association.

2. On any issue not covered by these Rules of Procedure or by the Articles of Organization, *Robert's Rules of Order* shall be the standard authority, when applicable.

## RULE I—POLICY STATEMENTS AND RESOLUTIONS

1. Policy statements or resolutions shall come before the Association in the manner set forth by Article IX of the Articles of Organization. Policy statements or resolutions adopted by the Association shall remain in force and effect until rescinded or superseded by the Association.

2. Subject to the review of the Association at its next semi-annual meeting, standing committees and the Executive Committee may adopt interim policy statements or resolutions. Statements or resolutions must receive the affirmative vote of two-thirds of the members of the committee. Interim policy statements or resolutions adopted by a standing committee are subject to review by the Executive Committee at its next meeting as well as the Association at its next semi-annual meeting.

3. In order to consider any policy statement or resolution that has not been prepared and presented in accordance with Article IX, the Association may suspend the Articles of Organization by a three-fourths majority vote. The motion to suspend is not debatable. Under such suspension, the proposed policy statement or resolution may be debated, amended and adopted upon a similar majority vote of the Association.

4. Any member intending to offer a motion for suspension of the Articles of Organization to consider a policy statement or resolution shall give notice of such intention and shall distribute to all members present a copy of such proposal at least one session before such motion is put to a vote except in cases where the meetings of the Association are scheduled for less than three days in duration. If a meeting is for two days, then a member who intends to offer a motion for suspension of the Articles of Organization to consider a policy statement or resolution on his own behalf or on behalf of a standing committee shall give notice of such intention and shall distribute

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\* As approved by the Association, August 28, 1978.

to all members present at the meeting a copy of such proposal by the end of the calendar day before such motion is put to a vote.

## **RULE II—ORDINARY BUSINESS**

1. Any proposal or motion necessary to carry on the business of the Association may be approved by a simple majority vote.

## **RULE III—MOTIONS TO AMEND**

1. Motions to amend most propositions are in order. An amendment may be amended. Amendments shall be adopted by the same proportionate vote as is required on the main motion being amended.

2. Every amendment proposed must be germane to the subject of the proposition to be amended. To be germane, the amendment is required only to relate to the same subject, and it may entirely change the effect of the proposition. An amendment to an amendment must be germane to the subject of the amendment as well as to the main proposition.

3. Any amendment must be in writing if the Chairman so requests.

## **RULE IV—MOTIONS TO TABLE**

1. The purpose of a motion to table is to eliminate further consideration of any pending matter. Such motion is in order to either the entire question or on a pending amendment, and the member offering the motion should identify the breadth of his motion. A motion to table is not debatable. Adoption requires a simple majority vote. Motion may be renewed after progress in debate.

## **RULE V—PREVIOUS QUESTION**

1. The purpose of a motion for the previous question is to close debate and vote immediately on either the pending amendment alone, or on all amendments and the main question seriatim. Member offering the motion should identify the breadth of his motion. A motion for the previous question is not debatable. Adoption requires a two-thirds vote. Motion may be renewed after progress in debate.

## **RULE VI—POSTPONE INDEFINITELY**

1. The purpose of a motion to postpone indefinitely is to reject a main proposition without the risk of a direct vote on final passage. It may not be applied to an amendment and may not be renewed. The motion is debatable. Adoption requires a simple majority vote.

## **RULE VII—ROLL CALL VOTES AND OTHER MATTERS**

1. A roll call vote may be requested by any member on any pending question. The roll shall be called upon a show of hands by ten members.

2. Whenever the roll is called, all members present shall be entitled to vote. No proxies shall be permitted.

3. The proportion of votes required for adoption of any motion, as set forth in these Rules of Procedure, refers to the number of members voting Yea or Nay on the motion, a quorum being present. Members are entitled to indicate that they are present but not voting, or to explain their vote.

## **RULE VIII—SUSPENSION OF RULES**

1. These Rules of Procedure may be suspended by a three-fourths vote of all members present and voting at the meeting wherein the rule of procedure is sought to be suspended.



Appendix IV  
**FINANCIAL REPORT**  
**COMBINING BALANCE SHEET**  
 June 30, 1981

<u>Assets</u>	National Governors' Association			National Governors' Association Center for Policy Research	Combined Total
	<u>Undesignated</u>	<u>Designated</u>	<u>Restricted</u>		
<b>Current assets:</b>					
Equity in (obligation to) pooled cash and investments	\$(39,257)	2,305,311	36,813	74,983	2,377,850
Receivables:					
Grants and contracts	—	—	—	494,846	494,846
State dues	8,625	—	—	—	8,625
Other	18,677	—	—	4,233	22,910
Total receivables	<u>27,302</u>	<u>—</u>	<u>—</u>	<u>499,079</u>	<u>526,381</u>
Prepaid Expenses	64,113	—	—	—	64,113
Total current assets	<u>52,158</u>	<u>2,305,311</u>	<u>36,813</u>	<u>574,062</u>	<u>2,968,344</u>
Advances to joint venture	117,336	—	—	—	117,336
<b>Property and equipment, at cost:</b>					
Furniture and equipment	317,232	—	—	—	317,232
Leasehold improvements	27,634	—	—	—	27,634
	344,866	—	—	—	344,866
Less accumulated depreciation and amortization	137,807	—	—	—	137,807
Net property and equipment	<u>207,059</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>207,059</u>
	<u>376,553</u>	<u>2,305,311</u>	<u>36,813</u>	<u>574,062</u>	<u>3,292,739</u>
 <b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	98,029	—	—	247,801	345,829
Deferred income—state dues and fees	5,850	—	6,430	—	12,280
Advances on grants, contracts, and programs in progress in excess of related costs	16,975	—	30,383	266,066	313,424
Total current liabilities	<u>120,854</u>	<u>—</u>	<u>36,813</u>	<u>513,867</u>	<u>671,533</u>
<b>Equity:</b>					
Endowment	—	—	—	42,500	42,500
General	255,699	2,305,311	—	17,695	2,578,706
Total equity	<u>255,699</u>	<u>2,305,311</u>	<u>—</u>	<u>60,195</u>	<u>2,621,206</u>
	<u>376,553</u>	<u>2,305,311</u>	<u>36,813</u>	<u>574,062</u>	<u>3,292,739</u>

**STATEMENT OF REVENUE AND PROGRAM EXPENSES**  
**July 1, 1980 — June 30, 1981**

	National Governors' Association				Restricted		NGA Center for Policy Research		Combined Total	
	Undesignated		Designated		Budget	Actual	Budget	Actual	Budget	Actual
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Beginning Fund Balance	\$ 200,000	244,532	2,286,000	2,305,311	—	—	30,000	11,556	2,516,000	2,561,399
Revenue:										
Dues from the states	1,470,700	1,470,700	—	—	—	—	—	—	1,470,700	1,470,700
Interest	33,000	49,195	255,000	272,892	—	—	—	2,077	288,000	324,164
Publication sales	19,500	4,811	—	—	—	1,569	9,300	6,068	28,800	12,448
Gifts and contributions	—	19,100	—	—	—	31,304	—	42,500	—	92,904
Registration fees	195,280	197,826	—	—	—	14,568	—	39,718	195,280	252,112
Services fees from the states	—	—	—	—	221,603	219,996	—	—	221,603	219,996
Grants and contracts	—	—	—	—	—	—	3,536,627	3,418,624	3,536,627	3,418,624
Transfers from NGA (to NGA Center)	—	—	(255,000)	(272,892)	—	—	255,000	272,892	—	—
Miscellaneous	—	8,572	—	—	—	—	—	467	—	9,039
Total revenue	1,718,480	1,750,204	—	—	221,603	267,437	3,800,927	3,782,346	5,741,010	5,799,987

<b>Program Expenses:</b>											
Agriculture	99,196	97,453	—	—	—	—	—	—	—	99,196	97,453
Community and economic development	101,682	99,093	—	—	—	—	—	—	52,235	101,682	151,328
Criminal justice and public protection	54,165	37,880	—	—	—	—	—	—	426,529	480,694	398,015
Executive management and fiscal affairs	146,777	140,694	—	—	—	—	—	—	232,928	379,705	401,638
Human resources	218,867	202,643	—	221,603	236,133	1,859,461	1,812,416	2,299,931	2,251,192	2,299,931	2,251,192
Energy and environment	247,470	259,814	—	—	31,304	377,028	615,309	624,498	906,427	624,498	906,427
Transportation, commerce and technology	98,450	104,146	—	—	—	293,250	223,637	391,700	327,783	391,700	327,783
International trade and foreign relations	102,130	99,857	—	—	—	178,599	174,723	280,729	274,580	280,729	274,580
State-federal relations	167,737	160,185	—	—	—	—	—	167,737	160,185	167,737	160,185
Chairman	15,000	16,336	—	—	—	—	—	15,000	16,336	15,000	16,336
Public affairs	198,410	197,553	—	—	—	—	—	198,410	197,553	198,410	197,553
Publication coordination	97,197	96,143	—	—	—	—	—	97,197	96,143	97,197	96,143
Annual meeting	151,263	146,598	—	—	—	—	—	151,263	146,598	151,263	146,598
Winter meeting	52,825	58,022	—	—	—	—	—	52,825	58,022	52,825	58,022
Center research and state services	—	—	—	—	—	466,896	234,306	466,896	234,306	466,896	234,306
Unallocated general and administrative	20,000	22,621	—	—	—	—	—	20,000	22,621	20,000	22,621
<b>Total expenses</b>	<b>1,771,169</b>	<b>1,739,038</b>	<b>—</b>	<b>221,603</b>	<b>267,437</b>	<b>3,834,691</b>	<b>3,733,705</b>	<b>5,827,463</b>	<b>5,740,180</b>	<b>5,827,463</b>	<b>5,740,180</b>
Excess revenue (expense)	(52,689)	11,166	—	—	—	(33,764)	48,641	(86,453)	59,807	(86,453)	59,807
Ending fund balance (deficit)	147,311	255,698	2,286,000	2,305,311	—	(3,764)	60,197	2,429,547	2,621,206	2,429,547	2,621,206

## Appendix V

### ANNUAL MEETINGS OF THE NATIONAL GOVERNORS' ASSOCIATION

1st	Washington, D.C.	May 13-15	1908
2nd	Washington, D.C.	January 18-20	1910
3rd	Frankfort and Louisville, Kentucky	Nov. 29-Dec. 1	1910
4th	Spring Lake, New Jersey	September 12-16	1911
5th	Richmond, Virginia	December 3-7	1912
6th	Colorado Springs, Colorado	August 26-29	1913
7th	Madison, Wisconsin	November 10-13	1914
8th	Boston, Massachusetts	August 24-27	1915
9th	Washington, D.C.	December 14-16	1916
10th	Annapolis, Maryland	December 16-18	1918
11th	Salt Lake City, Utah	August 18-21	1919
12th	Harrisburg, Pennsylvania	December 1-3	1920
13th	Charleston, South Carolina	December 5-7	1921
14th	White Sulphur Springs, West Virginia	December 14-16	1922
15th	West Baden, Indiana	October 17-19	1923
16th	Jacksonville, Florida	November 17-18	1924
17th	Poland Springs, Maine	June 29-July 1	1925
18th	Cheyenne, Wyoming	July 26-29	1926
19th	Mackinac Island, Michigan	July 25-27	1927
20th	New Orleans, Louisiana	November 20-22	1928
21st	New London, Connecticut	July 16-18	1929
22nd	Salt Lake City, Utah	June 30-July 2	1930
23rd	French Lick, Indiana	June 1-2	1931
24th	Richmond, Virginia	April 25-27	1932
25th	Sacramento and San Francisco, California	July 24-26	1933
26th	Mackinac Island, Michigan	July 26-27	1934
27th	Biloxi, Mississippi	June 13-15	1935
28th	St. Louis, Missouri	November 16-18	1936
29th	Atlantic City, New Jersey	September 14-16	1937
30th	Oklahoma City, Oklahoma	September 26-28	1938
31st	Albany and New York, New York	June 26-29	1939
32nd	Duluth, Minnesota	June 2-5	1940
33rd	Boston and Cambridge, Massachusetts	June 29-July 2	1941
34th	Asheville, North Carolina	June 21-24	1942
35th	Columbus, Ohio	June 20-23	1943
36th	Hershey, Pennsylvania	May 28-31	1944

37th	Mackinac Island, Michigan	July 1-4	1945
38th	Oklahoma City, Oklahoma	May 26-29	1946
39th	Salt Lake City, Utah	July 13-16	1947
40th	Portsmouth, New Hampshire	June 13-16	1948
41st	Colorado Springs, Colorado	June 19-22	1949
42nd	White Sulphur Springs, West Virginia	June 18-21	1950
43rd	Gatlinburg, Tennessee	Sept. 30-Oct. 3	1951
44th	Houston, Texas	June 29-July 2	1952
45th	Seattle, Washington	August 2-6	1953
46th	Lake George, New York	July 11-14	1954
47th	Chicago, Illinois	August 9-12	1955
48th	Atlantic City, New Jersey	June 24-27	1956
49th	Williamsburg, Virginia	June 23-26	1957
50th	Bal Harbour, Florida	May 18-21	1958
51st	San Juan, Puerto Rico	August 2-5	1959
52nd	Glacier National Park, Montana	June 26-29	1960
53rd	Honolulu, Hawaii	June 25-28	1961
54th	Hershey, Pennsylvania	July 1-4	1962
55th	Miami Beach, Florida	July 21-24	1963
56th	Cleveland, Ohio	June 6-10	1964
57th	Minneapolis, Minnesota	July 25-29	1965
58th	Los Angeles, California	July 4-7	1966
59th	S.S. Independence and Virgin Islands	October 16-24	1967
60th	Cincinnati, Ohio	July 21-24	1968
61st	Colorado Springs, Colorado	Aug. 31-Sept. 3	1969
62nd	Lake of the Ozarks, Missouri	August 9-12	1970
63rd	San Juan, Puerto Rico	September 12-15	1971
64th	Houston, Texas	June 4-7	1972
65th	Lake Tahoe, Nevada	June 3-6	1973
66th	Seattle, Washington	June 2-5	1974
67th	New Orleans, Louisiana	June 8-11	1975
68th	Hershey, Pennsylvania	July 4-6	1976
69th	Detroit, Michigan	September 7-9	1977
70th	Boston, Massachusetts	August 27-29	1978
71st	Louisville, Kentucky	July 8-10	1979
72nd	Denver, Colorado	August 3-5	1980
73rd	Atlantic City, New Jersey	August 9-11	1981

## Appendix VI

### CHAIRMEN OF THE NATIONAL GOVERNORS' ASSOCIATION 1908-1980\*

Governor Augustus E. Willson, Kentucky . . . . .	1910
Governor Francis E. McGovern, Wisconsin . . . . .	1911-14
Governor David I. Walsh, Massachusetts . . . . .	1914-15
Governor William Spry, Utah . . . . .	1915-16
Governor Arthur Capper, Kansas . . . . .	1916-17
Governor Emerson C. Harrington, Maryland . . . . .	1918
Governor Henry J. Allen, Kansas . . . . .	1919
Governor William C. Sproul, Pennsylvania . . . . .	1919-22
Governor Channing H. Cox, Massachusetts . . . . .	1922-24
Governor E. Lee Trinkle, Virginia . . . . .	1924-25
Governor Ralph O. Brewster, Maine . . . . .	1925-27
Governor Adam McMullen, Nebraska . . . . .	1927-28
Governor George H. Dern, Utah . . . . .	1928-30
Governor Norman S. Case, Rhode Island . . . . .	1930-32
Governor John G. Pollard, Virginia . . . . .	1932-33
Governor James Rolph, Jr., California . . . . .	1933-34
Governor Paul V. McNutt, Indiana . . . . .	1934-36
Governor George C. Perry, Virginia . . . . .	1936-37
Governor Robert L. Cochran, Nebraska . . . . .	1937-39
Governor Lloyd C. Stark, Missouri . . . . .	1939-40
Governor William H. Vanderbilt, Rhode Island . . . . .	1940-41
Governor Harold E. Stassen, Minnesota . . . . .	1941-42
Governor Herbert R. O'Connor, Maryland . . . . .	1942-43
Governor Leverett Saltonstall, Massachusetts . . . . .	1943-44
Governor Herbert B. Maw, Utah . . . . .	1944-45
Governor Edward Martin, Pennsylvania . . . . .	1945-46
Governor Millard F. Caldwell, Florida . . . . .	1946-47
Governor Horace A. Hildreth, Maine . . . . .	1947-48
Governor Lester C. Hunt, Wyoming . . . . .	1948
Governor William P. Lane, Jr., Maryland . . . . .	1949
Governor Frank Carlson, Kansas . . . . .	1949-50
Governor Frank J. Lausche, Ohio . . . . .	1950-51
Governor Val Peterson, Nebraska . . . . .	1951-52
Governor Allan Shivers, Texas . . . . .	1952-53

\*At the initial meeting in 1908, President Theodore Roosevelt presided.

Governor Dan Thornton, Colorado .....	1953-54
Governor Robert F. Kennon, Louisiana .....	1954-55
Governor Arthur B. Langlie, Washington .....	1955-56
Governor Thomas B. Stanley, Virginia .....	1956-57
Governor William G. Stratton, Illinois .....	1957-58
Governor LeRoy Collins, Florida .....	1958-59
Governor J. Caleb Boggs, Delaware .....	1959-60
Governor Stephen L. R. McNichols, Colorado .....	1960-61
Governor Wesley Powell, New Hampshire .....	1961-62
Governor Albert D. Rosellini, Washington .....	1962-63
Governor John Anderson, Jr., Kansas .....	1963-64
Governor Grant Sawyer, Nevada .....	1964-65
Governor John H. Reed, Maine .....	1965-66
Governor William L. Guy, North Dakota .....	1966-67
Governor John A. Volpe, Massachusetts .....	1967-68
Governor Buford Ellington, Tennessee .....	1968-69
Governor John A. Love, Colorado .....	1969-70
Governor Warren E. Hearnes, Missouri .....	1970-71
Governor Arch A. Moore, Jr., West Virginia .....	1971-72
Governor Marvin Mandel, Maryland .....	1972-73
Governor Daniel J. Evans, Washington .....	1973-74
Governor Calvin L. Rampton, Utah .....	1974-75
Governor Robert D. Ray, Iowa .....	1975-76
Governor Cecil D. Andrus, Idaho .....	1976-77
Governor Reubin O'D. Askew, Florida .....	1977
Governor William G. Milliken, Michigan .....	1977-78
Governor Julian M. Carroll, Kentucky .....	1978-79
Governor Otis R. Bowen, M.D., Indiana .....	1979-80
Governor George Busbee, Georgia .....	1980-81
Governor Richard A. Snelling, Vermont .....	1981-82