Emily Anne Staples Tuttle papers.

The White House Conference on

BALANCED NATIONAL GROWTH

& economic development

WORKSHOP REPORTS — THEME IV

"The Geography of Growth"

THEME IV - THE GEOGRAPHY OF GROWTH

WORKSHOP A

Participants

Mr. Ted Barrett
Mr. Bernard L. Berkowitz
Mr. G. Jackson Burney
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Mr. Daniel M. Dooley
Mr. W. Earl Douglas
Mr. Anthony Downs
Mr. John W. Ellis
Honorable Robert Hernandez
Ms. Doris Holleb
Mr. Don Lutken
Mrs. Leslie Marshall
Mr. Charles Melancon
Mrs. Betty Muncy
Mr. Harvey Perloff
Mr. Kenneth Pyle
Mr. George Ranney, Jr.
Honorable Norval D. Reece
Mr. John W. Schmitt
Mr. Otto A. Silha
Honorable Emily Anne Staples
Mrs. Sam Waldrop

In writing this report, the Drafting Committee attempted to reflect as accurately as possible the results of the three days of Workshop deliberations. However, the Workshop participants were not asked to sign this report and it should not be assumed that each participant subscribes to every conclusion.

Chairperson: Mr. Harvey Perloff

Alternate Chairperson: Mr. Anthony Downs

Rapporteur: Ms. Janet R. Pack

Drafting Committee

Mr. Harvey Perloff
Mr. Anthony Downs
Ms. Janet R. Pack
Mr. Bernard L. Berkowitz
Mr. Otto A. Silha

Key Recommendations:

The nations's top domestic priority should be a strong full employment policy, with primary emphasis upon creating jobs in the private sector. This policy should be directly linked to large-scale stimulation of new energy production and research.

Major Points of Agreement:

o The solution of our energy problems, our employment problems, and our urban problems are of enormous importance to our future and are interrelated. They require greater emphasis on production as well as increased and coordinated research and development. Important new job sources will come from the development and production of energy, from energy preservation and conservation efforts, and from city building and rebuilding.

o Federal policies cannot reverse the locational impacts of many basic trends in the economy, but they should help regions and localities cope with the adverse impacts of those trends, shift from one type of economic base to another, and take maximum advantage of their competitive strengths.

o In designing national programs and setting national standards, there should be recognition of differing local and regional circumstances.

o Proposed major new federal legislation and administrative regulations should be analyzed in terms of their projected economic, geographic, environmental and other impacts, and there should be continuing monitoring of major federal program implementation.

o The federal government should take over responsibility for funding welfare programs and set standards for programs in which uniformity is desirable, as in unemployment compensation and medicaid.

?

o The federal government should use federal revenue sharing and other grant programs in carrot/stick fashion to induce states and metropolitan areas to undertake those constitutional and legislative revisions required to bring about more equitable funding of public services through such devices as metropolitan-wide tax-base sharing.

o High priority attention in federal policy and actions should be directed at distressed areas (that is, areas with large numbers of persons who are unemployed, underemployed and/or receiving low incomes) to help them become more viable economic places and to meet their high fiscal burdens. Federal assistance should be targeted to the most distressed areas (as defined above) regardless

of whether they are in-city, suburban, or rural, since equally serious problems are found in some parts of all types of areas.

o The federal government should provide significant program assistance to multi-state, sub-state, and metropolitan-area regional bodies that develop effective plans coping with region-wide issues and problems. Most of this assistance should be targeted to portions of these areas in greatest need.

o State initiation of multi-state Regional Commissions should be supported.

Discussion:

Federal policies and expenditures concerning various functions and activities affect the location of economic activity, and therefore the geography of growth. Examples are federal regulatory activity, tax policies, and the funding of transportation facilities. These impacts are so important but so diverse that federal policy as a whole is not locationally neutral, and probably can never be so. However, federal policies are not all-powerful. They cannot reverse the locational impacts of many basic trends in the economy. But those policies can and should help regions and localities cope with the adverse impacts of such trends, shift from one type of economic base to another, and take maximum advantage of their competitive strengths. There is thus a need for facilitating policies in transportation, manpower development, and other fields to both assist in economic transitions and stimulate future national economic growth.

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Energy, employment, and urban problems are of enormous importance and their solutions are very much interrelated. Increased and coordinated research and development are required. Important new job sources could come from the the development and production of energy, from energy preservation and conservation efforts, and from the building and rebuilding necessary in our urban areas.

The private sector should be the principle instrument in achieving these developments and goals. Concern for the environment should not provide obstacles to the achievement of other goals. There is need for greater speed, certainty and stability in the environmental regulation process.

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There is a need for cities to think more about services, in addition to manufacturing, as providing future employment growth. Achieving an enlarged service base presents such challenges as the development of appropriate infrastructure, improvement of relatively low productivity, the association of much of the service sector with public funding,

and the withdrawal of tax base associated with many service activities, e.g., universities and hospitals.

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In designing national programs and setting national standards, there should be recognition of differing local and regional circumstances.

Undifferentiated environmental standards, whether with respect to air or water quality, are generally more difficult to meet and more costly to implement in older, relatively dense, urban areas. These may have important unintended implications for the location decisions of firms and individuals.

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Proposed major new federal legislation and administrative regulations should be analyzed in terms of their projected economic,geographic, environmental and other impacts, and there should be continuing monitoring of major federal program implementation.

The economic impacts of many federal policies, programs and regulations have often been overlooked. Thus, economic impact analysis should be required for proposed new federal legislation and for monitoring economic impacts of programs during and after implementation. However such required economic analysis statements should not be used to impede the legislative and implementation processes.

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Many federal regulations and other policies require national standards of behavior for business firms or governments which are very costly to comply with. Examples are air and water quality standards. But the legislation concerned does not provide financial aid to help pay for the costs involved, or compensate areas adversely affected by the regulations. The federal government cannot and should not fully compensate those concerned for all such costs. It is too difficult to determine just what costs are caused by federal laws as opposed to other factors. But the government frequently should provide some financial incentives at least partly offsetting the costs of compliance e.g., tax write-offs for businesses required to introduce costly air quality control equipment. This would help mitigate differential regional and local impacts of EPA regulation, for example.

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The federal government should take over responsibility for funding welfare programs and set standards for programs in which uniformity is desirable, as in unemployment compensation and medicaid.

Such changes serve equity goals and remove some of the incentive distortions in inter-area mobility decisions.

Although they will ease the fiscal problems faced by states and localities, they will not solve their more general fiscal problems. Nevertheless, if the federal government assumes far more responsibility for funding assistance meeting human needs, state governments will have more resources to help local governments cope with their fiscal needs.

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High priority attention in federal policy and action should be directed at distressed areas -- that is, areas with large numbers and/or percentages of persons who are unemployed, underemployed, or have low incomes. Federal assistance should be targeted to the most distressed areas regardless of whether they are in-city, suburban, or rural, since equally serious problems are found in some parts of all types of areas. The purpose of such assistance should be to help distressed areas make necessary adjustments to changing economic conditions, and to help them maximize their competitive strengths so as to become more economically viable. Although such assistance could include incentives for firms to locate in distressed areas, no explicit federal controls or direction should be exercised over locational decisions of businesses, households, or individuals.

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Multi-state regional commissions are an appropriate way of dealing with issues which overlap state boundaries - such as water and power issues. They are also appropriate for the articulation of distinctively regional and local concerns. They are often desirable even though they suffer from some drawbacks regarding such matters as the sharpening of competition for resources.

At least three arrangements are possible: (1) federal regionalization of the entire country, with regional commissions organized, more or less, along the lines of the Appalachian Regional Commission; (2) organization from the "states-up," i.e., regional groupings to be initiated by the states themselves, perhaps to be offered matching funding from the federal government; (3) no change in present policy concerning such regions. A large majority of those in our session favored the "states-up" approach, including state selection of the appropriate functions for such multi-state regional commissions. Flexibility of arrangements should be emphasized so that these groups could determine their agendas as they functioned.

THEME IV - THE GEOGRAPHY OF GROWTH

WORKSHOP B

Participants

Henry Adams, Esq.	Mr. Lawrence E. Hoyt
Professor William Alonso	Dr. Charles W. Hultman
Mrs. Dina G. Beaumont	Dr. Myron Johnsrud
Mr. William Colman	Mr. Frank Keefe
Mr. Victor J. Daniel	Ms. Betty Majors
Dr. Barbara Feinn	Mr. William Marshall
Honorable Robert Folsom	Mr. Gordon McOmber
Honorable Jack Gingrass	Honorable Michele Radosevich
Mr. Dale Hollingsworth	Mrs. Ruth L. Sims
	Mr. James Sundquist

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Chairperson: Mr. James Sundquist

Alternate Chairperson: Professor William Alonso

Rapporteur: Mr. Peter Morrison

Drafting Committee

Professor William Alonso
Ms. Barbara Feinn
Mr. Frank Keefe
Mr. Peter Morrison
Mr. James Sundquist

NATIONAL AND STATE GROWTH POLICY:

WHY? WHAT? HOW?

(Report of Workshop IV-B)

Because state and national policies exert a powerful influence on the market forces that determine the spatial distribution of economic growth in this nation, those effects must be consciously and expressly considered. How shall this be done? For what purposes? And by whom?

Given the pervasive impact of governmental action upon growth of individual regions and communities, governments perforce have growth policies, whether intended and considered or accidental and piecemeal. That is indeed the choice. Consciously adopted growth policies, designed to achieve broad social, economic, and environmental purposes, are preferable to haphazard and disjointed policies that may be in conflict with those goals.

National policies relating to foreign trade, agriculture, immigration, environmental protection, housing, and regulation of interstate transportation and communication are among those whose spatial impact needs to be considered as those policies are evolved.

Yet, given the broad diversity of circumstances and problems in this vast nation, rigid specification of programs and standards from the center should be avoided, and to the degree possible operating decisions should be made at subnational levels. These may be regional, state, or local levels, according to the nature of the issue; but the role of the states must be a central one, as geographic and constitutional building blocks.

Without the more conscious and explicit recognition of the spatial aspect of policy, we are bound to repeat mistakes of the past such as those which have accelerated the decline of central cities and suburban sprawl and the paving over of much prime agricultural land, contrary to the long term national interest in preserving it for the production of food and fiber.

Many of the subnational problems, such as those of pockets of unemployment and the deterioration of certain rural areas, cannot be reached by macroeconomic policies, and need to be addressed directly.

At the very least, national and state governments should analyze proposed policies and programs so as to avoid the massive destabilization of existing communities. But they should go further and concern themselves with alleviating the impact of destabilization that has occurred in the past. This is not to say that the future distribution of jobs and people should be conformed to any master plan -- only that the direction of growth and development should be guided

systematically by the criteria of deliberately worked-out growth policies.

What Should the Policies Be?

It seems clear that the basic aim of growth policy at this time should be to channel a greater share of new investment and job creation into areas of excessive unemployment or underemployment, and areas threatened with job loss and relative decline. Three types of areas now can be identified as distressed:

- The inner sections of most major cities, including those sections with predominantly minority population.
- Older towns whose dominant industries have declined or moved out.
- Rural areas of underemployment and economic stagnation that have not shared in the current widespread acceleration of nonmetropolitan growth.

The first object of growth policy, then, should be to forestall further adverse effects on these areas. This suggests a more systematic regional or community "impact analysis" of new policies of many kinds -- macro - and micro - economic policies alike.

We noted five areas in particular where the impacts of national policies and actions are prone to conflict with growth policy:

- Federal housing policy, where an emphasis on new construction instead of on rehabilitation of existing housing has contributed to suburban sprawl and central city decline.
- Environmental protection policy, where standards have been set without sensitivity to their adverse economic and employment impacts on regions and communities.
- Agricultural policy, where farm prices have been allowed to decline below the cost of producing many commodities, with disastrous effects on local rural economies.
- National transportation policies, which have contributed to urban sprawl by emphasizing suburban highways as against mass transportation and rehabilitation of existing urban streets.
- Federal facility relocations, which have exacerbated central city distress by removing sources of federal employment from areas where unemployment was already high to less distressed areas.

Many development and remedial initiatives in areas of energy, industrial location, and transportation are stalled or thwarted by the current maze of procedures and litigation resulting from the Environmental Protection Administration, the Occupational Safety and Health Administration, and other agencies. It is urgent that these be streamlined, and that ways be found of trading off with other economic and social objectives.

Some states, too, have pursued policies conducive to urban sprawl and central city decline, and some have promoted urbanization that threatens to exceed what available water resources and environmental amenity can sustain.

But beyond preventing adverse growth consequences, national and state growth policies should seek affirmatively to channel a greater share of new investment into distressed areas, through a variety of means.

The Tools of Affirmative Growth Policy

The objective of channeling investment and jobs into distressed areas answers the oft-posed choice, "Should jobs be moved to workers, or workers to jobs?" in favor of the former, but we would recommend some attention to the latter as well. Insofar as labor shortages develop in some areas, a policy of assisting workers who desire to relocate from labor surplus to labor shortage areas -- as some other countries have adopted -- would be beneficial. In general, however, it makes better economic and social sense to employ surplus workers in their home communities than to force their relocation. To the degree possible, aid to distressed areas and people should be targeted; the need for uniformity, predictability, and consistency with federal policies must be reconciled with the diverse needs and perceptions of states or other subnational units.

We recommend the following:

• Investment Tax Credit Differential. Tax incentives to encourage investment, presently provided mainly through the investment tax credit, should be targeted to distressed areas through the introduction of geographically differentiated "bonus points."

Eligibility criteria should be so drawn as to include small pockets of heavy unemployment in otherwise prosperous cities; and these criteria also should seek to identify and include areas in decline prior to their arrival at the stage of outright distress.

It was suggested in the Workshop that the investment tax credit be conditioned on a demonstration of compliance with affirmative action policies. This suggestion ran into the objection that the Internal Revenue Service is not the appropriate agency for such enforcement, and the existing enforcement agencies are already overloaded.

The credit could be coupled with additional bonus points if the enterprise employed persons from among the hard-core unemployed.

• Industrial Revenue Bond Limitation. The limit on tax exemption of interest on industrial revenue bonds should be increased from the present $5 million to some higher figure -- perhaps $20 million -- in cases where the bond funds are used exclusively to promote investment in distressed areas.

• "Front End" Financing. The problem of "front end" financing of new enterprise in eligible areas should be examined to determine whether existing authority of federal and state agencies, even when reinforced by the above two measures, would be sufficient.

• Location of Public Facilities. Federal and state governments should give positive preference to distressed areas in locating and relocating public facilities and installations.

• Procurement. Insofar as procurement preferences and set-asides have proved feasible for other purposes, they should be used also to favor producers located in distressed areas.

The Process of Developing Growth Policies

Perhaps one-third of the states now have -- or are rapidly developing -- explicit growth policies. These states have a strong interest in development of a national growth policy that would, at the least, forestall federal actions that impair the execution of the state policies. The federal government, as it develops its national growth policy, would in turn be dependent on state action to make the federal policies effective. Federal and state policies are therefore interdependent, and the development of growth policies by all of the fifty states is in the national interest. The consistency of state policies with one another in interstate regions is still another area of concern.

A minority of the Workshop regarded the development of state growth policies as a matter of sufficient national concern to advocate provision of federal incentives for that purpose. However, the majority believed that this would lead inevitably to federal review and approval of state plans, and therefore would be inconsistent with state responsibility and would retard constructive state initiative.

In the absence of any formal link between the Federal and state planning processes, the problem of inconsistency between federal and state policies arises. State policies, for instance, might favor urban sprawl while federal policy sought to retard it. We believe that state and federal plans would, on the whole, be more often consistent than inconsistent, but where they were not consistent would have to be reconciled.

In the case of definition of eligible areas, for instance, the federal government would necessarily have to define distressed areas for purposes of its investment tax credit differential. If the state proposed to make additional areas eligible for benefits of its own growth policies, these could not be made binding on the federal government. But where the state proposed to exclude certain areas from development, as for environmental reasons, Federal policy should not contravene the state policy. In the distribution of Federal funds for public facilities necessary to economic

development, we believe that the state policies should, under ordinary circumstances, be controlling. Among the circumstances that might warrant an exception would be development of the state growth policy through processes that did not permit broad citizen participation and that were discriminatory in their impact.

THEME IV - THE GEOGRAPHY OF GROWTH

WORKSHOP C

Participants

Mr. R. C. Bamberg
Dr. Charles Bishop
Mr. Ian Cumming
Mr. James Gerl
Mr. Roie M. Godsey
Dr. Niles Hansen
Mr. Stanley Johnson
Dr. Judith Johnsrud
Mr. William Lyons
Mr. Harry F. Magnuson
Mr. George Morrison
Ms. Bess Myerson
Dr. Eugene Odum
Mr. Jack Rhodes
Mr. Henry Richmond
Honorable Patricia Roach
Mr. Kenneth M. Ross, Jr.
Ms. Ann Sargeant
Honorable Anthony Scardino, Jr.
Mr. Earl J. Shiflet
Mr. Ralph Widner
Ms. Lauri Wynn

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Chairperson: Dr. Charles Bishop

Alternate Chairperson: Mr. Ralph Widner

Rapporteur: Mr. Harvey A. Garn

Drafting Committee

Mr. George Morrison

SUMMARY

PRINCIPLES GUIDING RECOMMENDATIONS

1. National, non-inflationary growth is essential for the full employment of our people. However, competing objectives and finite resources necessitate some management of growth. States, cities and other areas must determine their capability to grow within the framework of the limitations of their resources. The attainment of full employment will be complicated by the profound changes occurring in our energy supplies. Intensive development of energy resources in specific areas of the country, added to the need to develop in ways that will improve energy efficiency and conservation, will create structural unemployment and will also make some attention to the management of our growth and development unavoidable.

2. While recognizing that the carrying capacity of particular areas to sustain growth may be an important constraint, an important principle of balanced growth should be the maintainance of a wide array of location options and free mobility. Federal policy should help ensure full freedom of choice for <u>all</u> Americans to live and work where they wish, since having a range of choices available to us is one of our greatest liberties.

3. The federal government should recognize the influence of its actions on the geographical distribution of population

and economic activity, but it should not attempt to achieve some pre-conceived geographical distribution of population or economic activity. The federal government should deliberately influence the distribution of economic activity and population only to meet the national objectives to (1) protect social justice; (2) protect the public safety; (3) protect vital energy, water, land, or other environmental resources, or; (4) avoid exorbitant public costs. Other national purposes can be protected best through a framework of minimum national standards within which all regions, states, and localities might shape their own growth and development.

RECOMMENDED POLICY DIRECTIONS

1. Federal assistance should be targeted on (a) people in distress and those unable to exercise their freedom of choice because of discrimination, poverty or economic displacement, (b) areas having special problems associated with economic transition, such as those losing jobs and people and those seriously impacted by energy development activities.

2. The federal government should assist in job creation where there is substantial unemployment, underemployment or communities undergoing major changes in economic structure, such as central cities, rural areas of high poverty concentration, or areas suffering from acute industrial dislocation.

Subsidies, special training, differential taxes, and other grants and provision of needed public infrastructure would be appropriate for use. The federal government should also improve its job information services and assist those needing help in moving to jobs in cases where that represents the best individual solution.

3. The federal government must achieve greater coherence in its development policies and the implementation of its assistance programs. This would be aided by recognizing the following points:

a. Aid cannot be standardized nationally. It must be tailored to regional and local circumstances. Flexibility is essential. A new intergovernmental framework that provides for private participation must be established that can tailor public and private investment plans to the specific needs and requirements peculiar to each local area and region of the country. While federal expenditures and policies have not caused our patterns of national development, their impact is considerable.

b. The federal government must anticipate and monitor the locational consequences of its expenditures, procurement, and facilities decisions. The federal government should avoid expenditure patterns which unnecessarily favor one geographical area over another, excepting special aid for people and places in distress.

c. Planning, in the sense of anticipating future problems and weighing trade-offs among social, economic, and environmental objectives is vital. The federal government should provide incentives and funding to state and local governments to develop investment plans that provide for the efficient use of land, energy, and other resources within these areas.

4. The active involvement of the private sector in the resolution of development problems is essential at all levels. Such involvement is most likely in the kind of negotiating structure described below, in which the determination of public and private responsibilities and incentives for joint action are mutually negotiated.

5. These principles support a "bottom up" planning procedure through which local, sub-state, state, and regional levels can develop coherent investment plans on the basis of which federal and other public and private funds can be targeted on the specific needs and problems of each area and region.

PUBLIC-PRIVATE INVESTMENT PLANNING PROCEDURE

To overcome the current fragmented approach to growth and economic development investment and to attain flexibility to accommodate differences in local, state, and regional problems, we recommend that a new planning procedure be

established. We recommend that the federal government initially fund the investment planning procedure described below. This process may not require net new federal funds; rather it will put existing program and planning assistance funds to work in a more flexible and useful way.

Local, sub-state, state and regional representatives would develop multi-year investment plans to balance social, economic, environmental, and resource objectives and identify public and private resources needed to carry out the plan over a given time frame.

The structure would consist of the following elements.

(1) At the local jurisdictional level, in consultation with neighborhood and private interests, a multi-year investment strategy and plan would be prepared to meet special development problems and needs of the community.

(2) As a group, these communities and counties would meet at the sub-state level to reconcile any conflicts in their strategies and plans as they affect the area as a whole and negotiate an agreement for development of the area based upon the local plans. This sub-state investment plan and strategy would ensure that development of the area was within the environmental and social carrying capacity of the area and that national and state social, economic, and environmental standards were being met.

(3) The state government would then meet with each of the sub-state groups to minimize any conflicts between sub-state investment plans and then prepare a state-wide investment strategy and plan that includes state investments and policies related to development of the sub-state areas and the state as a whole. Competing budget claims and reconciliation would be resolved by the state.

(4) The federal government should provide, perhaps through an amended Title V of the Public Works and Economic Development Act, the opportunity for states to form multi-state regional councils consisting of public and private representatives from a group of states that recognize their common development problems and interests. These regional councils could provide a forum in which state plans could be integrated with direct federal activities affecting the region's development to produce an investment plan that serves as the working development strategy for all levels of government in the region. This document in combination with appropriate formulae, could be used to allocate economic and community development funds to each section of the country.

These councils should conform to state boundaries and should provide for broadly-based representation from all levels of government and from both public and private sectors.

They are the logical next step in evolution beyond the present Federal Regional Councils and Title V Commissions and should replace them.

The Federal representative on each of these regional councils should be appointed by the President.

(5) The plans, at each higher level from local jurisdiction to region, should include consideration of problems which are more appropriate to that level than at the lower level; that is, the regional plan would focus on regional issues -- such as energy development -- which are not likely to be adequately covered in sub-state or state plans.

(6) It is proposed that a National Development Council be established comprised of appropriate members of the Cabinet and other members, including private representation that can: (1) serve as a court of appeals, for states, sub-states, or communities that feel that their interests have been subverted, nullified, or ignored at some point in this process; (2) can promote coherence among federal agencies in development policy-making; and (3) will issue biennial reports to Congress on national growth and economic development problems consisting, in part, of reports on each region prepared by the regional councils.

(7) Congress, through its committees, the Congressional Budget Office, and the General Accounting Office should

maintain continuing oversight and evaluation to ensure that the process is effective, that investments are yielding the benefits expected, and that over-all savings from the process are being realized.

MEETINGS OF THE
ADVISORY COMMITTEE ON
NATIONAL HEALTH INSURANCE

San Antonio, TX - July 12 - 13, 1977
Austin, TX - July 14, 1977

July 12, 1977 - San Antonio

$30,000 per resident per yr.

9:00 p.m. — Short briefing of Committee Members by Karen Davis, Office of the Secretary, Washington, DC. Regency I Conference Room - Oak Hills Motor Inn.

July 13, 1977

22% - 3rd party coverage - 94% Mex. Am.

30,000 patient visit per mo. - downtown - 12 mi from campus

8:00 - 8:45 a.m. — Bus departure from Oak Hills Motor Inn. Non-stop tour through South Texas Medical Center and Robert B. Green Hospital. 760 bed. 388 resident 400 faculty

5 private hospitals

Tour escorted by Dr. Herschel Douglas, Chief of Staff of the Bexar County teaching hospitals.

Drive to Southwest Migrant Association escorted by Mrs. Mary Ann Vara, Project Manager of Southwest Migrant's Rural Health Initiative.

8:45 - 10:00 a.m. — Tour Southwest Migrant Association facility. Staff presentations and Committee dialogue.

10:00 - 10:30 a.m. — Bus departure from Southwest Migrant Association to El Carmen Clinic escorted by Sister Grace Berger.

10:30 - 11:45 a.m. — Visit El Carmen Clinic.
Presentations by: Dr. Joaquin Marron, private physician
Ruth Stewart, Associate Professor and Program Director of Family Nurse Practioners, University of Texas at San Antonio

July 13, 1977

11:45 - 1:00 p.m.	Lunch - El Carmen Senior Citizens Nutrition Center, blessing by Bishop Patrick Flores.
2:00 - 2:35 p.m.	Public Meeting at Oak Hills Motor Inn Topic: Migrant Health Speakers: Dan Hawkins, Director, Su Clinica Familiar, Harlingen, Texas Manuel Lopez, Social Action Commission, Catholic Diocese, Brownsville, Texas Dr. David Enz, former physician at Su Clinica Familiar
2:35 - 3:00 p.m.	Questions and comments from Committee
3:00 - 3:10 p.m.	Break
3:10 - 3:40 p.m.	Office of Pres. Tech. Public Meeting at Oak Hills Motor Inn Topic: Rural Health Communication tech. Speakers: Jack Cornman, Director, National Rural Center, Washington, DC Dr. Sam Nixon, rural physician Dr. Mario Ramirez, Texas Medical Association Ms. Adela Navarro, consumer
3:40 - 4:10 p.m.	Questions and comments from Committee
4:10 - 4:20 p.m.	Break
4:20 - 4:50 p.m.	General audience participation
4:50 - 5:00 p.m.	Break
5:00 - 6:00 p.m.	Committee discussion of issues
6:45 p.m.	Board bus at front entrance to Oak Hills Motor Inn for optional dinner on the River
7:30 p.m.	Optional dinner on the River

60% of fees Medicaid Medicare

no real manpower problem

July 14, 1977

7:30 - 9:00 a.m.	Travel to Austin, Texas. Escorted by Dr. Fred Lucas, Medical Director, Electronic Data Systems Federal
9:00 - 10:15 a.m.	Tour EDSF
10:15 - 10:30 a.m.	Travel to Lyndon Baines Johnson (LBJ) Library
10:30 - 11:30 a.m.	Public Meeting at LBJ Library Topic: Administration of current Federal and State Programs Speakers: Dr. Emmett Greif, Deputy Commissioner for Medical Programs, Texas Dept. of Public Welfare Bill Fullerton, Deputy Administrator, Health Care Financing Administration
11:30 - 12:00 Noon	Questions and comments from Committee
12:00 - 1:00 p.m.	Lunch
1:00 - 1:30 p.m.	Public Meeting at LBJ Library Topic: Administration--The Effect of Traditional State Roles in Certification and Licensure on Innovation in Health Delivery Speakers: Dr. John Smith, President, Texas Medical Association Honorable Joe Bernal, Former State Senator Honorable Mickey Leland, State Representative
1:30 - 2:00 p.m.	Questions and comments from Committee
2:00 - 2:30 p.m.	Committee discussion of issues
2:30 - 3:15 p.m.	General audience participation
3:20 p.m.	Committee departure for airport

Dr. Floyd Norman - HEW - Dallas - Health

Braniff 6

Dan Reed - HEW

Mary Ann ~~Horra~~

Dick Kurtz - HEW

Stewart Clarke - Reg. Dir. HEW

North and South eye federal funds

White House conference could become arena for charges of unequal spending

By Gary Thatcher and Ward Morehouse III
Staff correspondents of
The Christian Science Monitor

Atlanta and New York

Blue and gray uniforms are not yet in order, but an upcoming White House meeting could become a battlefield between North and South.

The event is the White House conference on balanced national growth and economic development, a five-day, $1.5 million gathering planned to determine how the federal government can best help various regions of the country.

But the meeting fast is becoming different things to different people – an opportunity to push for urban and rural development banks, or a forum for making last-minute efforts to shape the President's emerging national urban policy.

Some participants also are expected to use the conference to push for shifting federal dollars into the Northeast and Midwest, and White Hosue staffers are struggling to prevent the conference (which begins in the nation's capital Jan. 29) from degenerating into a regional fight over those dollars. But potshots already are being taken from both sides of the Mason-Dixon line.

Says the director of the Massachusetts Office of Federal-State Relations, Judith Kurland: "We think growth has been imbalanced throughout the country. The Northeast has suffered for it. We want to stop feeding areas of the country that have been growing naturally . . . and the people that have been paying for it are [in] the Northeast and Midwest."

Such charges send Southerners scurrying to the foxholes. Blaine Liner, executive director of the Southern Growth Policies Board, says, "Any region that expects to come away from there with more than its fair share of national spending priorities is doing a disservice to the White House conference."

Mr. Liner says that some participants are "still armed with the myth" that the Midwest and Northeast lose more federal tax revenues than they receive. But he notes that during the past four months, four separate studies – one by the federal government's General Accounting Office – have disputed this notion.

"I thought those studies had laid to rest some of the bad data that's been floating around. What it proves is that some people are only hearing what they want to hear," asserts Mr. Liner.

Such acrimony has simmered in various regions of the U.S. over the past two years, as a number of studies have come out purporting to prove that Uncle Sam's spending policies are unfairly tilted toward either North or South.

But conference director Michael Koleda says he expects the 500 participants to go beyond the arguments and find solutions. "We'll ask, 'What are the investment requirements of the various regions?' . . . and 'How can the federal government reorganize itself to get behind that investment strategy?' "

Recommendations that emerge from the conference are expected to have some impact on President Carter's government reorganization plans. Even now, Mr. Carter's staff is trying to determine whether the various federal regional commissions (such as the Appalachian Regional Commission) have served useful purposes. The feasibility of "development banks" still is being debated in the administration, too. (A development bank would use federal funds to help industries – especially labor-intensive ones – locate in economically depressed areas.)

But it remains to be seen whether North-South fighting will overshadow these and other key economic issues at the conference.

Ralph Widner, president of the Academy for Contemporary Problems, observes, "Obviously, representatives of each of the regions will be arguing for the needs of their regions. . . ."

Says James Culp, an Atlanta city official who will serve as one of Georgia's delegates, "We just have to look out for our own interests."

Carter and his pledge to cut defense costs

Total may be higher, but philosophy, direction changing

Without endangering the defense of our nation or our commitments to our allies, we can reduce present defense expenditures by about $5 to $7 billion annually.

– Jimmy Carter
June 16, 1976

By John Dillin
Staff correspondent of
The Christian Science Monitor

Washington

Air Force One was flying high above the Atlantic Ocean, returning from Europe with the President aboard, when the news wire began chattering back at the White House:

"Ignoring his campaign promise," the wire service story began from Brussels, "President Carter said Friday he will sharply increase defense spending. . . ."

Jody Powell, presidential press secretary, reacted quickly upon hearing the news aboard the plane. He directed his staff in Washington to contact the news agency with a denial. And soon the wire service sent out a new story with another less critical, lead paragraph.

Sixth of a series

Was the White House news secretary on target? Or was that first report from the news agency correct? Where has Mr. Carter's "populist" approach to government taken U.S. defense spending and policies?

First, those promises about cutting defense spending – which often looked good to voters during the campaign – somehow seem much less important to defense experts these days on Capitol Hill.

The mood in Congress has changed. Opposition to the military has lessened as Vietnam fades from memories. Anxiety has grown over Soviet buildups in Eastern Europe, in Africa, on the seas, and in the Soviet heartland.

A year ago, experts on Capitol Hill were talking of cuts in the Ford-Carter defense budget for fiscal year 1978. Today, note several ... specialists, the final fiscal 1979 ... ued growth in defense budgets for the next few years: to $137.2 billion in 1980, $148.6 billion in 1981, $160.5 billion in 1982.

In each case, the White House explains that the budget will still be at least $5.4 billion less than former President Ford had projected for those years.

Beyond the debate over dollar totals, the Carter administration is getting mixed marks in the capital on its defense policies.

Analysts sum up the Carter defense posture this way:

• A new tone. Less "hysteria" over the Soviet threat, and more emphasis on U.S. responsibilities to dampen the arms race.

• Tough decisions. Killing the B-1 bomber and slowing development of the M-X intercontinental missile were hard decisions to make, but this administration didn't shy away from them.

• Little new substance. Overall, most past policies continue about the way they were under President Ford, indicating a generally middle-road course.

Cost-cutters on Capitol Hill were impressed that the President went with a budget on the low side for next year between the two major recommendations: $130 billion was believed to have been suggested by the Defense Department, $125 billion by the more frugal Office of Management and Budget.

Sen. William Proxmire (D) of Wisconsin suggests the B-1 decision was highly significant – setting a tone for the next three years, and putting the Pentagon on notice.

Sen. Sam Nunn (D) of Georgia, who specializes in defense, agrees.

"I think you'll see President Carter looking at the expensive systems in more detail, personally, than any other president we have had," he says.

The President also pledged to look at big items being exported by arms companies to other countries, and to get those exports of weaponry under tighter rein.

Arms exports have held nearly steady for the past four years, and the President pledged to keep arms sales to all countries, except the closest allies, under a ceiling of about $9.3 to $9.6 billion in the future. That was the level of exports to those nations in fiscal 1977.

Yet the long-term trend is up. Look at these pressures:

STATE OF MINNESOTA
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461 STATE OFFICE BLDG.
ST. PAUL 55155
(612) 296-7678

January 23, 1978 MEMORANDUM

TO: Senator Emily Staples

FROM: Senate Research - Bob Lacy BL

RE: Background Data for White House Conference

I have looked over the enclosed background material compiled by Hazel Reinhart, the state demographer. It is concise and to the point and should give you a good feel for the present economic situation in the state. I think you should go through it carefully in preparation for the Washington conference.

In particular, let me call your attention to Table 11 on page 14. It tells an interesting story.

Note there that Minneapolis-St. Paul moved from the 15th largest non-agricultural employment area to the 11th in the four years from 1972 through 1976; that we passed Pittsburgh, Cleveland, St. Louis and Newark, N.J., in doing so; that we gained some 82,000 non-agricultural jobs during the period; and that our 10 percent increase in such jobs was not only above the national average of 7.8 percent but it placed us fifth in percentage gain among the top 25 such employment areas in the country.

~~You might also note that~~ Minneapolis-St. Paul is the only Midwestern metropolitan area to do so well. In fact, we are the only non-Sunbelt, non-West Coast area to perform above the national average. Denver is being written about these days as an energy boomtown (see attached clipping), yet the Twin Cities outperformed Denver during this four-year period, and nobody has paid any attention to the fact.

I showed this material to Nick Coleman this past week and he expressed great interest. He called up the governor's office to try to see to it that mention of Hazel's findings is included in the governor's State of the State message.

The figures indicate that this area is booming. The question then becomes, why? Part of the answer lies with our expanding electronics industry, but that can't account for all of the growth. We need to find out more.

Why don't you go over Hazel's report and then let me know if you have any questions?

Attachments

Council on the Economic Status of Women
400 SW, State Office Bldg • ST. PAUL, MN 55155 • (612) 296-8590

TO: Minnesota delegation

White House Conference on Balanced National Growth and Economic Development

FROM: Nina Rothchild, executive secretary

DATE: January 11, 1978

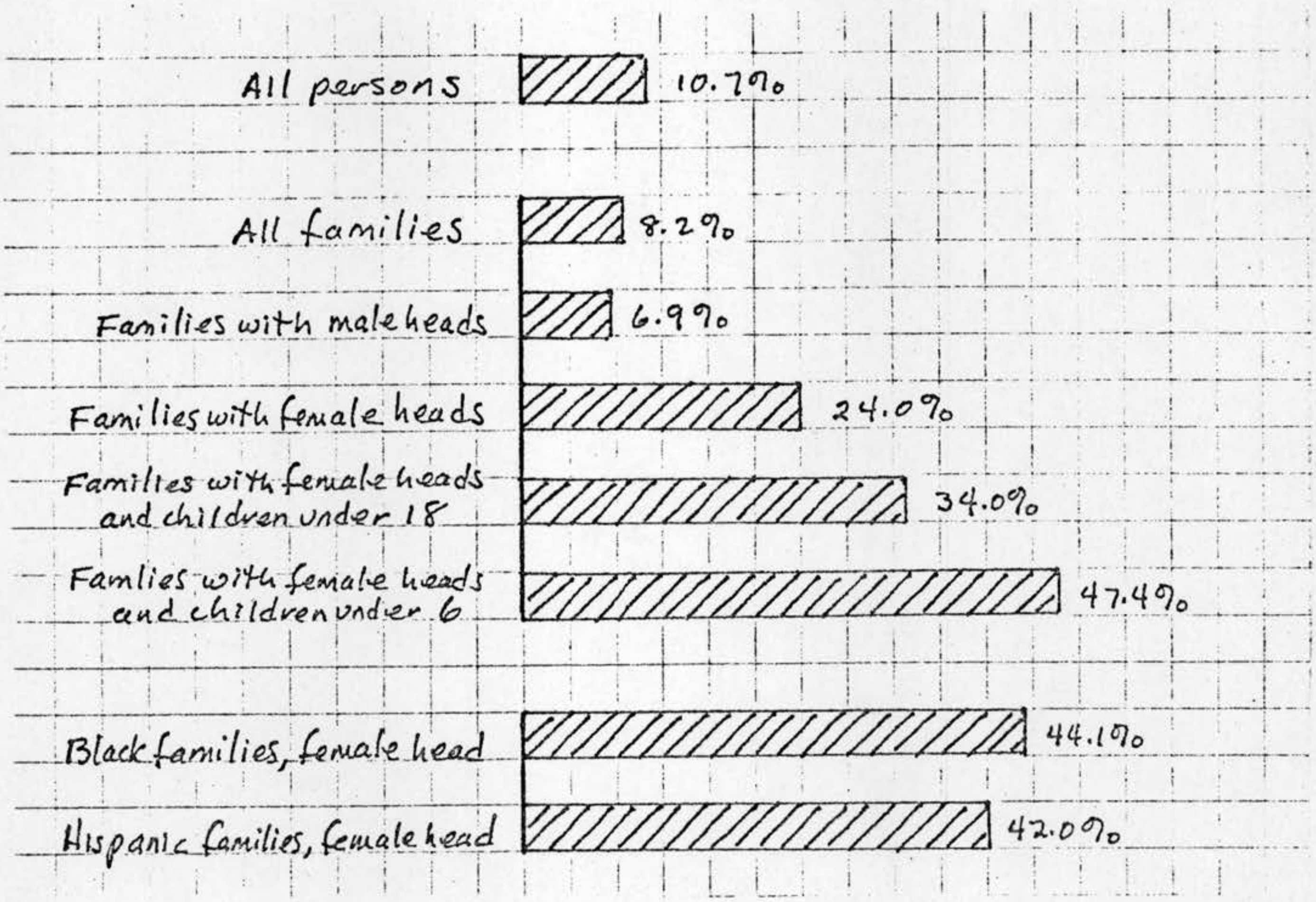
SUBJ: Testimony related to the economic status of women

● In the last fifteen years in the U.S., there has been a dramatic shift in the composition of the poverty population. Between 1960 and 1974, there was a 56 percent decrease in the number of male-headed and husband-wife families in poverty. At the same time, female-headed families in poverty increased by 20 percent, and female-headed families with dependent children increased their numbers in poverty by 46 percent.

● In Minnesota in 1969, there was a high incidence of poverty in female-headed families, particularly those of minority race and those with young children.

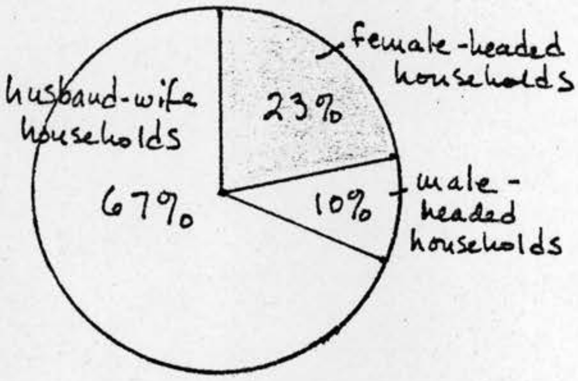
MINNESOTA PERSONS BELOW POVERTY LEVEL -

PERCENT OF SELECTED GROUPS, 1969

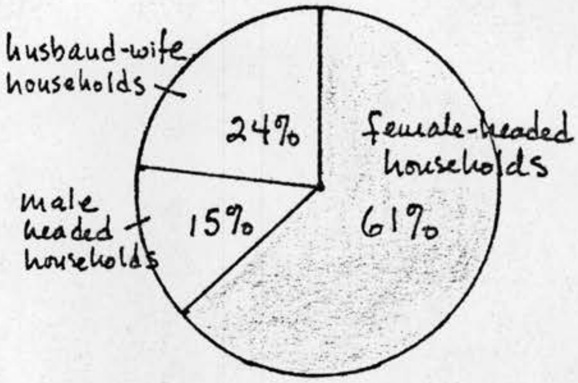


● In Minnesota in 1975, it is estimated that 162,000 children lived in single-parent families.

● In recent years the female-headed household has become a substantial majority of all households with low income. Female-headed households are less than a quarter of all households in Minnesota, but they constitute a majority of all households with incomes under $5,000 a year:

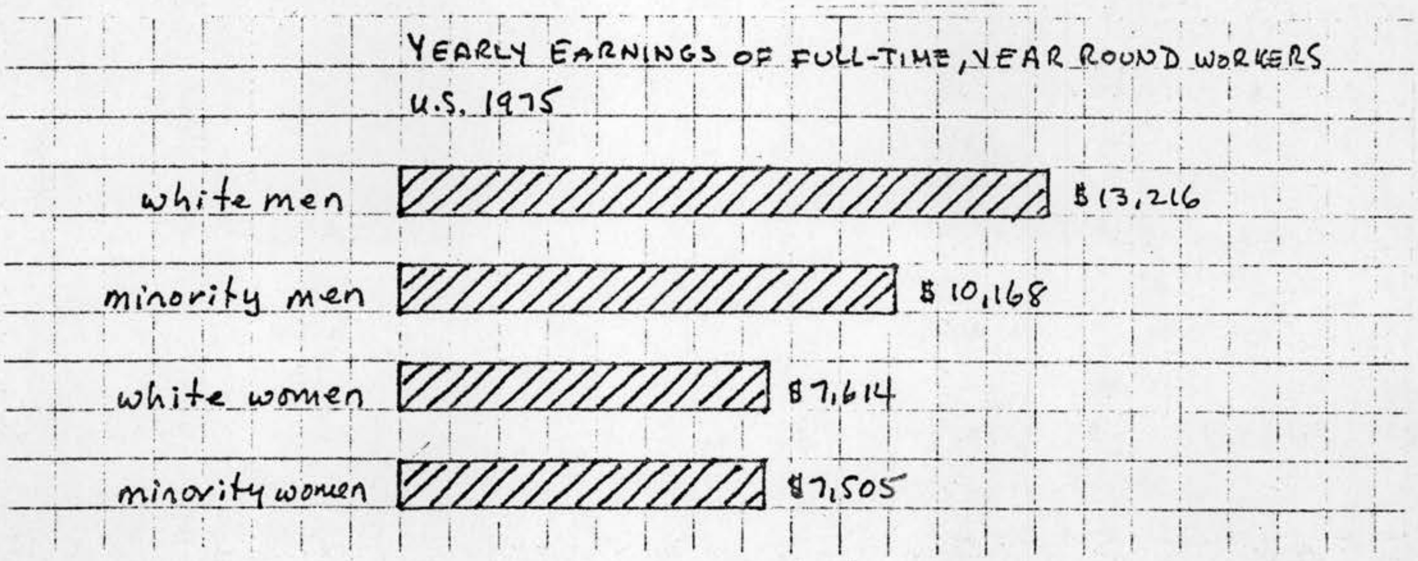


TOTAL HOUSEHOLDS
MINNESOTA, 1975



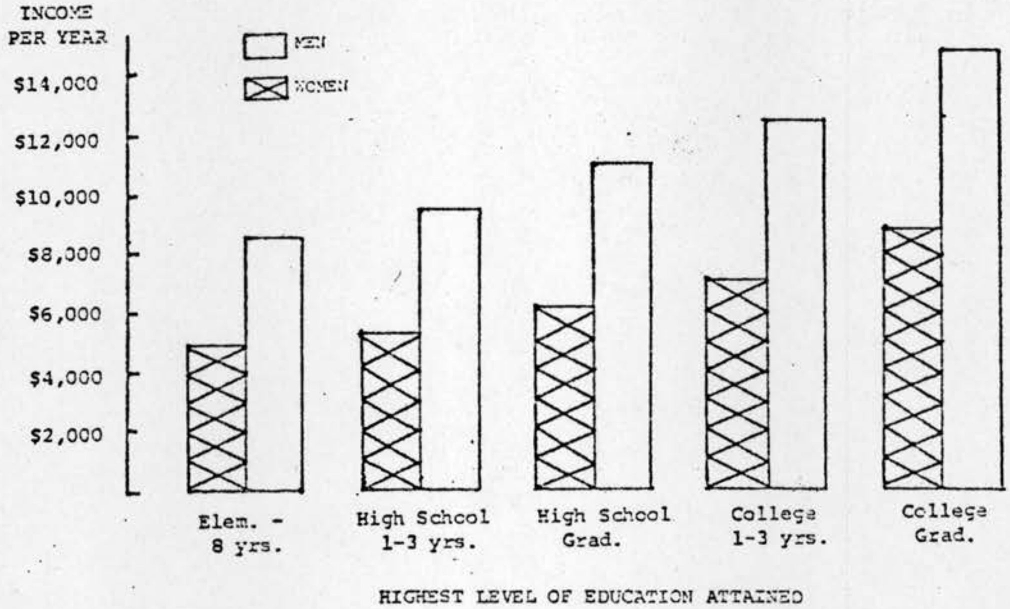
HOUSEHOLDS WITH INCOMES
UNDER $5,000 A YEAR

● The latest figures from the U.S. Department of Labor show a wide gap in earnings between male and female workers:



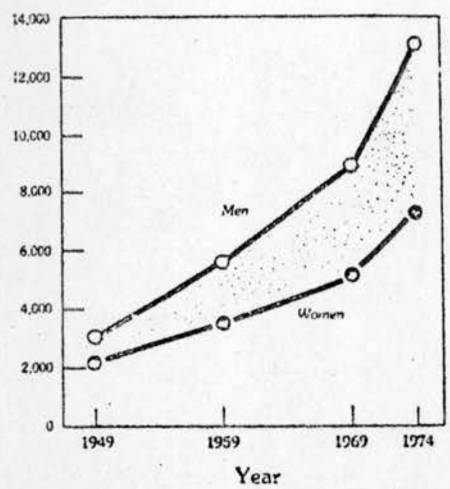
• Income disparities between men and women exist at all educational levels, even for full-time, year-round workers:

MEDIAN INCOME OF FULL-TIME, YEAR-ROUND WORKERS BY SEX AND YEARS OF SCHOOL COMPLETED, U.S. 1972



• The earnings gap between men and women who are full-time, year-round workers continues to widen in Minnesota:

Median earnings of full-time year-round workers (in dollars)



STATEMENT OF

EARL D. CRAIG, JR.

PRESIDENT

URBAN COALITION OF MINNEAPOLIS

BEFORE THE

MINNESOTA DELEGATION

TO THE

WHITE HOUSE CONFERENCE ON BALANCED

NATIONAL GROWTH AND ECONOMIC DEVELOPMENT

January 11, 1978

Thank you Lieutenant Governor Olson and other members of the Minnesota delegation. My name is Earl D. Craig, Jr. I am President of the Urban Coalition of Minneapolis. The convening of this hearing is in my estimation an important effort to inform the State's delegation and ultimately the other participants in the White House Conference of the concerns of the people of Minnesota. With all due respect, I think it is important to note that while the members of the delegation, most of whom I know and for whom I have great respect, have by their institutional affiliation not represented the interests of the poor, particularly the minority poor, I would hope that you would not overlook their interests as you participate here and in Washington.

As the six suggested topics for the conference indicate, the issue of "balanced growth" is extremely braod. I would like to speak today about balanced growth in a relatively limited sense. Despite the limited scope of my remarks, I believe they are of critical importance to the future economic and social health of the Nation and the State of Minnesota.

In the interest of time I shall not dwell on the alleged relationship between inflation and unemployment commonly described by the Phillips Curve. It is my understanding that others will address this matter. I shall only indicate that I join with the widening group of individuals who challenge the notion that a necessary tradeoff exists between unemployment and inflation and offer you some testimony on the subject presented by the Urban Coalition to a hearing sponsored by the Minnesota Full Employment Action Council held on Full Employment Day, September 6, 1977.

My remarks today will focus on the groups of people in our society who have consistently borne a disproprtionate share of the unemployment burden. These remarks are particularly important in a state such as Minnesota where the unemployment rate has been since the end of World War II consistently below the national level. Despite the appearance of economic health presented by these state data, youth, minorities and women in Minnesota remain as pockets of unacceptably high unemployment. Nationwide these groups stand out as victims of the economic and social structure. Any meaningful balanced growth policy <u>must</u> include the correction of existing imbalances in employment that afflict the identifiable groups within our Nation and State.

Much of the debate surrounding the Hawkins-Humphrey bill, and in particular the unemployment targets proposed for incorporation in it, has direct bearing upon the concerns I raise here today. Many ecnomists with liberal credentials have joined with conservatives in arguing that the unemployment target for this country should be raised from the 4% benchmark of the 1960's to 5% or 6%. They cite the changing composition of the labor force to justify it. One cannot deny that significant changes have occurred. In 1955 60% of the labor force was male workers 25 years old or older. In 1975 this group constituted only 46% of the labor force. Women and youth, the source of this change, have historically had higher rates of unemplOyment than older males. By comprising a larger portion of the labor force, it is argued, they inflate the prevailing and so called "natural" rate of unemployment. Thus, the argument goes, an unemployment rate of upwards of 6% today is actually equivalent to a 4% rate in the 1960's. These economists argue, therefore, that the Nation's unemployment goals should be adjusted upward to reflect these new conditions.

In response I would assert that these claims ignore essential changes in societal attitudes toward participation in the labor force by women and youth. Unprecedented numbers of newcomers have entered the labor force in recent months. Many are there to stay. To argue that previous patterns of participation in the labor force by women and youth should dictate the current standard for a "healthy" economy is absurb because it denies this new reality.

More importantly, however, it relegates an increasingly large number of persons to a jobless status. More and more this group consists of the so called "hard core" or structurally unemployed. By virtue of their location in areas without sufficient economic functions or their lack of skills appropriate for the modern economy, these individuals face greater and greater barriers to employment. The competition from newcomers in the job market makes it all the more difficult to obtain a job.

I would like to digress for just a moment to add an essential footnote to this portion of my remarks. Minorities are often told that the reason there is no employment for them is that women are taking the jobs. Such comments are part of a systematic effort to pit lower income minority persons against women in a struggle for jobs. Such activitiy must stop! Those who choose to work should be able to find it. Those who wish to foment conflict between women and minorities often try to denigrate the motivation of women in taking a job. According to U. S. Department of Labor statistics for 1973, 71% of all women in the labor force were either single, widowed, divorced, separated or married to a husband earning less than $10,000. A recent Newsweek article concerning the spiraling cost of housing identified the widening practice of women in young families taking and keeping jobs and the couple's deciding not to have children in order to purchase a home. Economic need is thus a common motivation for women and minorities in seeking employment. They share a common need and desire. Efforts to drive them apart must be firmly resisted.

Complicating the problems of the chronically unemployed or under-employed is the difficulty of achieving positive change through conventional economic policies. There are two examples I would like to discuss today.

Neo-Keynesian economic theory suggests that macroeconomic methods of monetary and fiscal stimulation can be used effectively to reduce unemployment. An economic model developed by Data Resources, Incorporated, indicates, however, that addressing the unemployment needs of hard-hit groups with traditional macroeconomic stimulation will be difficult, at best. Data Resources estimated that 3.7% growth in real GNP was necessary just to keep the overall unemployment rate at the prevailing level. 4% real growth was necessary to hold constant the rate for Blacks and youth age 16 to 19. For Black youth, the perennial occupants of the bottom of the unemployment barrel, a 6.2% annual rate of growth was necessary to hold their rate of unemployment steady. When viewed in light of the economy's performance since 1945, this figure is particularly enlightening. In only four of those 32 years has the real increase in GNP equalled or surpassed the 6.2% level necessary to keep Black youth unemployment constant.

The scenario for change in the Black youth unemployment picture is even more stark. DRI estimated that a real growth rate of 8.4% was necessary to reduce Black youth unemployment by 1%. Starting from the current rate of 37% for Black male youths and 41.3% for Black female youths, it would be literally decades before normal economic growth would reduce these rates to even marginally acceptable levels.

Data Resources found that the same general patterns holds for all Blacks and youth generally, although the problems are of somewhat lesser magnitude. It seems to me based on my personal knowledge that the same holds true for Latinos and American Indians, although data to support this claim are not available. The point that seems clear is that general stimulation of the economy through traditional methods of macroeconomic policy will not mount a credible attack on the employment problems of these particularly hard-hit portions of the labor force.

One method of macroeconomic stimulation that is now under active consideration, tax cuts, emphasizes the relative effectiveness of various measures in reducing unemployment. The Congressional Budget Office estimated that $1 billion invested in a personal income tax cut would create from 8,000 to 15,000 jobs immediately and 26,000 to 35,000 jobs within 12 months of enactment. In contrast $1 billion spent for public service employment would immediately create 80,000 to 125,000 jobs and 90,000 to 145,000 jobs within a year of enactment. The COngressional Budget Office's analysis indicated further that the net cost of the tax cut would be virtually 100% of the cut, $960 to $980 million dollars. The net cost of the public service jobs program, on the other hand, would be only $615 to $754 million. Without even speaking to the relative ability to direct jobs to those most in need under either approach, this analysis clearly indicates that significantly more employment could be created through expenditures for public service jobs than through a tax cut.

In terms of recommendations, the Urban Coalition obviously supports strong full employment legislation as a cornerstone of balanced growth. The compromise Hawkins-Humphrey bill now being discussed in Congress represents a "foot-in-the door" in this effort which we strongly support.

At this point, the Urban Coalition would like to make one additional strong reocmmendation to the delegation. The brief analysis that I have presented suggests the need to go beyond the traditional "trickle down" method of providing employment for those most in need. Policies must be pursued that will correct the existing imbalances in employment to fully deserve the label "balanced growth policies". Such policies would encompass the following:

First, a broadly based effort to target the creation of jobs for minorities, youth and women must be undertaken.

Second, extensive efforts should be made to prepare members of target groups within the labor force and the army of "discouraged workers" for existing jobs through training programs.

In attempting to target under both approaches, the creation of jobs and the provision of skills for existing jobs, adequate administrative monitoring is essential to successful targeting. Likewise essential is the development of adequate data on geographical and sub-group unemployment. To rely on patterns of sub-group unemployment measured in the 1970 Census is like trying to find your way around in the dark after the one bright light in the room has gone out. You have a memory of the light, but it provides no help in keeping you from tripping on the furniture.

Finally, the statement opposing the President's national energy legislation released recently by the national office of the NAACP prompts me to expand my comments beyond their original length. After extensive research and discussion, the Urban Coalition and I personally are not convinced that it is in the long term interest of poor people to rely upon a rapidly growing economy based on unlimited growth in energy consumption. While I don't pretend to speak for all minority organizations, I want to indicate clearly that the Minnesota delegation should not indicate support for economic growth fueled by wholesale expansion of fossil fuel consumption and nuclear energy generation supposedly in order to provide employment opportunities for the constituency of the Urban Coalition of Minneapolis.

Our analysis has indicated several things. First, the economic impact of rising energy costs, an unavoidable consequence of wholesale expansion of energy consumption, has been and would be borne disproportionately by poor people. Second, the increase in employment that would allegedly accompany the rapid, energy-fueled expansion of the economy would be unlikely to compensate poor people for the increase in energy costs. Economic history since World War II has indicated that general growth in the economy has not significantly narrowed the gap between the poor and the non-poor. There is no reason to believe the anticipated growth would be distributed any differently. Third, there is great employment opportunity inherent in the alternative energy path proposed by the President and other advocates of conservation and alternative sources of energy. A good example of this is the manufacture and installation of insulation. Significant amounts of energy can be saved through this approach at considerably less cost than that associated with equivalent amounts of increased energy production. Fourth, the economic catastrophe that the United States invites through continuing dependence on foreign oil represents an unconscionable risk for the poor. The combination of inflation and unemployment induced by the Arabs' quadrupling of oil prices caused reverberations within poor and minority communities that are still being felt. The poor, the marginally qualified, the urban workers would in all likelihood be forced to bear the burden of joblessness in the event of a new oil crisis, one that is likely to be more debilitating than the last.

In light of these factors I would urge the Minnesota delegation to advocate a far-sighted approach to energy policy as a component of balanced growth. The poor have an interest in a stable energy and economic future. Energy-related jobs through conservation and alternative energy production systems offer an additional reward to a prudent approach to national energy policy.

REMARKS BY JOHN BOLAND
CHAIRMAN
METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

at

PUBLIC HEARING ON WHITE HOUSE CONFERENCE ON BALANCED NATIONAL GROWTH

STATE CAPITOL
ST. PAUL, MINN.
January 11, 1978

Two years ago, a member of the Metropolitan Council participated in a seminar in Kansas City where suggestions for the 1976 Report on National Growth and Development were heard. The major issue aired at that seminar was what level of government has the prime responsibility for finding and executing solutions to urban problems? It was recommended that the federal role is to see that a strong long-range urban management system replace the current "crisis of the year" approach to urban problems, with a strong role for coordinated regional and local government planning and decision making. As a result, our national urban policy must be to clearly define the levels of government with prime responsibility for urban affairs. The final 1976 report contained a well-prepared analysis of demographic, social and public fiscal problems. But a clear summary of policy issues resulting from the analysis was lacking. Partially because of that shortcoming, recommendations sorting out the urban responsibilities of government were also lacking.

So here we are again, saying that the nation has a de facto, unsatisfactory national policy on growth resulting from uncoordinated legislation, lack of coordination among federal agencies, lack of coordination among levels of government, and no deliberate policy for the orderly decentralization of federal involvement in urban problems. It's time to put the words into the biennial Growth report to structure governmental interaction with the goal of orderly and economic urban development.

Now let's review some of the key issues that such an urban policy would need to address.

1. <u>Equalizing opportunities and access to jobs, housing, schools and other community services on a metropolitan scale is the first issue</u>.

You can't equalize opportunities without moving something around. Either the jobs have to be moved into the city or the people have to move to job opportunities. Findings from a recent Gallup Poll show that the public approves, by a small margin, relocation of the urban poor. Of particular interest is the reported attitude of center-city dwellers who earn under $5,000 a year. This group favors relocation by a three-to-one ratio, mirroring the findings of two earlier Gallup poll surveys conducted in 1974 and 1975. The federal government is apparently considering a program to assume the costs of moving low-income families who accept the invitation to go to an area where more job opportunities are available and would pay living costs until a job was found. At the regional level, low-income people can be assisted to find housing in the suburbs. Simultaneously, high-income people can be encouraged to move into the city.

In the Twin Cities Area, the Metropolitan Council has the authority to affect housing patterns not only by developing housing plans and reviewing the plan of others, but also by directly implementing its policies. While the housing policies of the Council include many elements such as center city revitalization, neighborhood preservation, managed growth and modest cost market-rate housing, concern with broadening the choice of residential location for low income and minority persons throughout the Region has always remained as a central theme in the Council program.

The Council's present fair share housing plan allocates to each community within the Region its appropriate share of low and moderate income housing. Numerical goals for low and moderate income households are set for every municipality. The goals are determined by applying a five-factor formula which compared each community to the total Area with regard to: 1) total number of households; 2) anticipated growth in the number of household to 1980; 3) number of jobs; 4) anticipated growth in the number of jobs to 1980; and 5) the number of low and moderate income households from which the existing supply of subsidized housing is subtracted. The allocation plan indicates for each community the share of subsidized units which it can realistically expect given the amount of federal funds anticipated to be available, and each community's share of the total need for subsidized housing in the next ten years if identified needs are fully met.

In 1971, when the Council's housing plan was first adopted, 90 percent of all the subsidized housing was located in the center cities. Only 1,800 units were located in the suburbs, and these were primarily for the elderly. Five years later, nearly 8,000 units or 27 percent of the subsidized housing units are located in the suburbs, a 300 percent increase. In addition, 54 percent of the suburban units serve families. The number of communities providing subsidized rental housing has increased in five years from 13 to 83.

The Council was fortunate to be one of the seven national winners of federal bonus funds for its allocation plan in 1976. The Twin Cities region has received a bonus of about 1,300 Section 8 units, $100,000 in 701 planning funds, and will receive an estimated $250,000 in Community Development funds. The award has provided evidence to local communities of very real benefits resulting from participation in the plan.

In other words, the Council has emphasized voluntary participation in providing subsidized housing, but has also provided clear incentives. Today, over 6,000 low income families and elderly people are living in the suburbs who probably would not have had that option five years ago. Experience with the allocation plan suggests that it is working very well to guide the decisions of the Council, local governments and developers. The major issue in implementing the plan has been coordination with HUD and the Minnesota Housing Finance Agency to ensure that they follow the plan in their funding decisions.

I could go on to describe how other Council policies controlling public transit decisions or encouraging employers to move into the city reinforce the goal of providing mobility for low and moderate income persons...to get people to jobs...but it's time now to make my point.

Metropolitan Areas without interlocked housing, transportation and job policies can't deal very well with the programs upon which they are advising the federal government. Subsidized housing, CETA, transit and highway funding all are subject to A-95 review. Unless some tough questions have been dealt with on both the federal and regional level, the combined effect of all of these programs dealing with urban problems will probably be nill. Some of these questions are:

...Where do we want the poor to live?

...Will we consciously ensure that those low income people who want out of the central cities have a chance to get out?

...What are the regional objectives for the central city? a reduced share of low-income population? an increased share? Are we going to provide adequate transportation to the suburban job market? Or are we to "push jobs around" to match the residential distribution? Or are we to relocate people in suburban housing?

These are incredibly difficult questions, both technically and politically. However, it is futile for the federal government to fund programs in the absence of explicit answers contained in metropolitan policies and mechanisms to make it happen. The Federal government must insist that each metropolitan area has an explicit and integrated job, housing and transportation investment policy program by 1983 to receive funds for urban programs.

2. <u>Sharing the cost of governmental services on a metropolitan basis is the second issue.</u>

We have a unique property tax-base sharing program in the Twin Cities Area. Put simply, the program reserves 40 percent of the post-1971 increase in the assessed value of commercial and industrial property for an areawide tax "pool." This base is redistributed among all communities within the Metropolitan Area on a need formula based on population and "fiscal capacity" (the per capita market value of all property). In effect, all communities are allowed to share in part of the Area's commercial-industrial growth, wherever that growth might occur. In addition, the program reduces incentives for "fiscal zoning," thereby encouraging more orderly urban development.

An intangible benefit of the law lies in the incentive it provides for people to work for the growth of the Region as a whole. It has substantially lessened the divisiveness caused by individual communities competing against each other in the regional, state and national market for new commercial and industrial tax base. Most of the gainers are older communities--the two central cities, Minneapolis and St. Paul, and the first ring of suburbs. To date, the largest dollar gains have gone to the central cities, which received 36 percent of the areawide base. Most of the net losers were developing suburbs in between the first ring suburbs and the rural areas. One of those "losers" tested the constitutionality of the program, but it has been upheld.

The Metropolitan Council did not initiate the idea of tax base sharing. Rather, the concept was developed in a citizens committee of the Citizens League, a non-partisan citizen organization that works towards good government in the Twin Cities Region. The Council helped to develop the fiscal capacity formula and administrative procedures. In addition, the Council played a major role in winning legislative approval of the Fiscal Disparities Law in 1971.

Other regions have looked with interest at our tax-base sharing program. The Council, in the meantime, has gone beyond concern about sharing costs to concern about the size of the costs of governmental services within the Twin Cities Region. We have developed a fiscal plan, called the Investment Framework, which deals with the management of revenue sources to adequately meet public service needs, and provides a means for balancing or setting priorities among competing needs for limited revenue sources.

Over the past two decades, state and local spending has grown faster than any other sector of the economy. The goods and services purchased by state and local governments began outstripping the federal government about 1968 and the gap has been widening ever since. In 1976, for example, state and local governments spent $231.2 billion, or 13.6 percent of the gross national product, compared with 8.0 percent in 1956. The delivery of public services has become more and more concentrated at the state and local government level. Struggling to keep up with escalating costs and hobbled for the last two years by recession-induced revenue shortfalls, states and cities as a whole have started running up deep budget deficits.

The basic challenge is to devise better ways of making the decisions and determining formulas as to how much and for what purposes expenditures should be provided at the local level by the state and federal governments. The Twin Cities tax-base sharing program attacks the political problem of readjusting allocation funds from one branch of government to another in response to changing patterns of demand for public services. The Investment Framework policies call for a continuous and comprehensive examination of public finances in the Twin Cities Region; the Council will monitor and publicize cumulative local governmental spending related to both physical and financial planning. Perhaps more to the point of our organization's accountability, the policies require the Council to estimate the capacity of metropolitan commissions to borrow and still maintain AA bond ratings, and propose to keep borrowing within that estimate. That means guiding the investments of the several regional operating commissions which implement Council policy plans... in transportation, sewerage and water pollution control, parks and airports.

The federal government should require every metropolitan region to have a system for constantly observing and evaluating its fiscal, economic demographic and general welfare trends. Just as a corporation constantly charts its production trends, production costs, sales, profits and loss in order to evalute its well-being, and detect trends before disaster sets in, urban regions must learn to similarly analyze and evaluate their condition. Once the analysis is done, then cost-sharing or tax base sharing programs can be developed.

3. <u>Shaping of future metropolitan areas: should there be continued dispersal or concentrated urban patterns?</u>

This is an issue with which the Council is very familiar, and one that is directly linked to the financial issues I've already mentioned. In 1975 the Council completed a three-year study-and-debate effort resulting in a Development Framework...its regional growth management policy. Late in 1977 the Council refined and updated several of its policies and approaches first set out in 1975.

The problems which our Area faces, which created the need for a Development Framework, are shared by all areas in the country. We too face rapidly expanding urban areas and shrinking agricultural areas which result in a pattern of urban and rural sprawl. As people have scattered, the cost of providing them with public services...with sewer lines and water, roads, police and fire protection...increased. As people have scattered, they have left behind underutilized public facilities. In addition, the narrow but typical function-by-function planning approach had led to facility plans based on different growth assumption--some facilities were designed to serve a compact pattern, others a spread out pattern and many assumed different growth forecasts. There were no organizing principles to make our facility plans consistent with one another.

We found in our growth studies that the Area already had enough land with sewer, water and highway facilities to accommodate all growth anticipated to 1990. We asked, should the Area's taxpayers be required to pay for additional capital improvements to accommodate scattered growth while, in the meantime, scattered development had threatened open space needed for recreation, had absorbed about 300 square miles of productive farmland, had occurred while the population in the central cities declined, and while the income gap between city and suburban residents increased?

Our answer was...no more. The Development Framework plan discourages new construction in rural parts of the seven-county Area, and instead, encourages growth in already developed areas where public services are installed, operating and being paid for. Since the Framework was adopted, we've had a rational basis for determining priorities under the A-95 process. We have used it to allocate federal and state park money and to implement our housing allocation plan, for example.

The energy issue often echoes the concern about continued dispersal patterns. It is difficult to estimate the energy savings from more compact development. One study, the Costs of Sprawl, estimates that reducing the amount of sprawl or strip development to a planned development pattern area of 10,000 units would reduce gasoline consumption 44 percent. This same study estimated that a low density planned development pattern requires 67 percent more fuel than a high density planned development pattern.

In other words, the kinds of economy we found to be possible through implementation of a Development Framework to contain urban sprawl are replicated by the economy in use of energy made possible by a high density planned development pattern. We intend in the Twin Cities to include an environmental analysis of comprehensive plans in our procedures which will include comments on energy conservation. We also intend to review our policies for their impact on the demand for energy. Other regions should use energy conservation criteria in their reviews.

Now let me turn to what is perhaps the most encompassing issue of all--

? of jurisdictions - what govt level does each function best?

4. Initiating practical and productive metropolitan regionalism through state and federal initiatives.

It is time to build a strong urban management process. The federal government should require every metropolitan area in the country to put into effect a well-organized urban management system. By this, we mean management of fundamental long-range processes in addition to the day-to-day delivery of public services. To be more specific, we recommend that states be required to create, legislatively, an A-95 review agency for each metropolitan area in order to eliminate ad hoc kinds of agencies. The only federal organizational restriction of these review agencies should be that the agency be general purpose and regional in nature, formed by state legislation, and designed to look at problems in a comprehensive region-wide manner.

The regional agency should be required to prepare and adopt a comprehensive long-range framework guide for the region covering urban and rural development, public investment, housing, social, economic and environmental policies in order to remain eligible for any type of federal capital grant funds. Local governments within the region should be required to prepare and adopt a similar comprehensive guide consistent with the regional framework. Each region should also adopt, consistent with its framework, specific functional plans for metropolitan systems such as sewer, transportation, housing and open space. The plans should recognize the diversity within a region and address growth policy needs of downtowns, older fully-developed areas, urbanizing growth areas, rural areas and outlying growth communities. When these plans are in effect, regional, state, and federal project review requirements should be consolidated.

If a regional agency has adopted a regional framework guide, then its A-95 review recommendations to the federal funding agencies should be followed. Obviously, the review and recommendation should be consistent with the guide and there should be an appeal process provided.

Federal capital funding should be made to a metropolitan area based upon needs identified in the long-range regional policy framework. The specific application should be pursuant to a five-year capital program. A metropolitan area should be required to develop this integrated 5-year capital program based upon its identified needs. Monies from all federal categorical grants should be shifted to the metropolitan area's capital program to fit the metropolitan area's multi-purpose program. A 5-year commitment should be given by the federal agencies involved, probably updated annually.

And every region should be required to have a system for constantly observing and evaluating its fiscal, economic, demographic and general welfare trends. In the urban context, we need to watch such trends as economic growth, diversity of economic base, public taxation, total public indebtedness, quality and costs of essential services, rates of housing production and housing cost versus real income.

Many of these approaches are being endorsed as part of the Carter Administration's national urban policy. The Metropolitan Council has supported the development of that policy and has had some success in making it work in the Twin Cities Region. The management of urbanization and redevelopment in metropolitan areas is one of the fundamental and continuing domestic problems in the United States. But our experience has shown us that better management of the physical aspects of urbanization and better governmental arrangements to carry out these physical management plans is only part of the solution. So far we have been trying to get more effective public policy. Yet, the well being of most Americans depends on how well urban change is managed, both through clearer public policy as well as private sector policy. To make national urban policy and improved government structures successful, they will have to be linked to private sector actions and economic policy. This will be one of the major coming issues for our national urban policy.

Physical plans alone do not provide all the answers. Most metropolitan areas have not analyzed how economic factors and physical plans combine to influence local businesses, tax bases, or development. Why does this town and not another part of the country have a specific firm or industry? At times questions arise about income, employment or unemployment. They go unanswered, but decisions are made for the physical systems.

Traditionally, problems related to the economy have been addressed at the federal level, not at the local level. Metropolitan decision-makers are caught in the middle. On the one hand, national economic growth is a significant force in shaping local growth. This affects metropolitan decisions in ways the decision-makers may not be aware of. On the other hand, metropolitan decisions have impacts down to the neighborhood level. A new business or public investment redistributes jobs and eventually housing. Highways change the development potential of large tracts of land. The monies managed or directed by metropolitan agencies are often tuned to national policies, economic and functional, but not to the regional economy.

Being in the middle has advantages. Coordinated decisions can be made. It is not just individual cities making zoning or subdivision decisions any more. A metropolitan organization can better understand and respond to national priorities that require local change. For example, unemployment may be a national problem, but federal programs affect specific regions, even particular neighborhoods. Whether they have the desired impact and eventually show up in lower national figures depends upon local resource bases, how successfully local units can utilize the federal programs, and whether the appropriate local units are involved.

The days are gone when the federal government can use only fiscal and monetary policy to manage the economy. These do not determine the regional impact. They work on the principle that any increase in national income translates into an acceptable regional adjustment. That is not true. A quick look around the country will show that some areas have a shortage of capital and others have plants, laborers, and unemployment.

Metropolitan organizations are at the fulcrum, where fine tuning and information can create results. They serve an area which functions as an economic unit. They offer perspective larger than parochial interest, but more specific than broad federal policy.

Not all problems can be resolved at the metropolitan level. There is need for a hierarchy of policy decisions ranging from federal through local government. However, since the metropolitan area is the "real" or "economic" city, there is within this hierarchy a need for economic development policy at that level to provide the basis for coordinating investment in metropolitan scale systems such as transit, highways, interceptor sewers, sewage treatment facilities, open space, overall housing, and social policy with economic development. This policy framework is also needed to assure reasonable and consistent assumptions for local planning. The key is to provide the metropolitan scale policy in sufficient detail to provide direction, without unduly interfering with local government affairs.

Whether we are dealing with the familiar issues of managing our physical development or anticipating the emerging question of how to nurture closer ties between public and private economic development policy, the fundamental problem is the same: we must try to create a strong, long-range urban management system in our national governance.

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