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[Oct - 1975]

A RESOLUTION FROM A MEETING OF
THE PRESIDENT OF THE UNITED STATES

AND

THE APPALACHIAN REGIONAL COMMISSION

A RESOLUTION Concerning Federal/State Cooperation in the
Appalachian Region to Achieve National Energy
Goals

Recognizing that the Nation has set a goal of achieving an acceptable level of energy independence, and must necessarily turn once again to Appalachia's coal and other natural resources in order to meet that goal;

Recognizing that Appalachia's rich natural resources have been exploited to fuel the Nation's industrial growth in the past without providing for the Region's development to enable its people to fairly share in the Nation's resultant prosperity, or to meet the problems of an environment scarred by intensive mining activity;

Recognizing that to sustain the massive acceleration in coal production needed in the Region will require the development of roads, housing, schools and other community facilities and programs;

Recognizing that limited public revenues can never meet all public needs and that current economic conditions, the necessity to control inflation, and declining tax revenues, mandate, more than ever, that the most efficient investment must be made of limited public funds;



Recognizing that all investments of public funds -- local, State and Federal -- must be coordinated for maximum effectiveness; and

Recognizing that the unique State/Federal partnership process of the Appalachian Regional Commission assures participation at the local level and provides for the reconciliation of Federal, State and local interests and the formulation of mutually agreed upon and supported policies and plans; and recognizing that the process will produce development strategies basic to an orderly scheduling of public investments, targeted to best meet priority needs for public infrastructure and programs required to stimulate private investment in the Region;

NOW, THEREFORE, BE IT RESOLVED, THAT

(1) The Appalachian Regional Commission recognizes the critical role of the Region in meeting national energy goals. To help the Region carry out this role, the Commission commits itself to revise its development strategies, reorder priorities, and reprogram available funds, to give higher priority to energy-related public investments and to provide for the Region's energy work force while at the same time protect its environment.



Particularly, the Commission commits highest priority to accelerating construction of those Appalachian development highways and roads essential to the transportation of energy resources and the movement of the energy work force.

(2) The Commission expresses appreciation to the President for his endorsement of the Appalachian Regional Development Program and for his recommendation of its four-year extension and asks the Administration to join again in urging the Congress to expedite enactment of final legislation.

(3) The Commission requests that the President instruct the Domestic Council to work with the Appalachian Regional Commission to review relevant Federal programs to the end that policies affecting these programs and their actions within the Region may be revised and directed to support the kind of future development in Appalachia which reflects the values of the people who live there. Special attention shall be given to eliminating the duplication of planning requirements in economic development programs.

The goal that can unite regionwide development action in both the regional and national interest is to manage the opportunities inherent in increased energy production to allow the Region's people to achieve for themselves a stable and diversified economy and a sound physical and social environment.



THE APPALACHIAN REGIONAL COMMISSION

1666 CONNECTICUT AVENUE
WASHINGTON, D.C. 20235

OFFICE OF
FEDERAL COCHAIRMAN

October 3, 1975



MEMORANDUM

FOR: Mr. Patrick Delaney
Assistant Director, Domestic
Council
The White House

FROM: Donald W. Whitehead *DWW*
Federal Cochairman

SUBJECT: Briefing for the President's Mid-Appalachia Conference and
his Meeting with the Appalachian Regional Commission,
October 7, 1975.

A. Public Conference.

The draft background paper delivered to your office yesterday is, of course, the basic source document for discussion of the Appalachian Region and its problems. This memorandum cannot substitute for that document. On the other hand, I appreciate the opportunity to identify some of the troublesome questions which might be asked of the President during the public Conference or during the Appalachian Regional Commission meeting:

1. "Why did the President veto the surface mining regulation bill?"

The President is committed to meeting the Nation's energy needs with due regard to the necessity for protecting our environment. He and members of his Administration have made clear that the President supports the principle of surface mining regulation. On the other hand, after long and fruitless negotiations with the Senate and House Interior Committees, it proved impossible to agree on all details.

2. "Where does the President stand on legislation to aid ex-miners who suffer from Black Lung?"

The Administration supports the legislation shifting the burden of providing Black Lung benefits from the public taxpayer to the coal companies. Millions of dollars are now being paid out by the Social Security Administration every month and the Ford Administration is proud for having been able to expedite the processing of applications for such benefits. However, it

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must be recognized that to assume without medical evidence that persons who have worked a certain amount of time underground automatically qualify for Black Lung disability payments (as some have proposed) would bankrupt the Treasury. Countless miners have been able to establish through medical evidence their entitlement to these payments and future claimants ought to meet the same reasonable tests.

3. "I read in the papers about roads, bridges, schools, hospitals, water lines and sewerage treatment plants having been funded at least in part by the Appalachian Regional Commission. But these things help those who already have. They do not benefit people who live up the holler like me. Why can't the Appalachian Regional Commission do something directly for poor people?"

The Commission is not a poverty agency nor is it running a welfare program. Its mission is to promote the economic development of Appalachia by guiding the capital investment in public works and infrastructure which will make the Region more attractive to tax-paying, good wage-paying, stable industry. As the Commission discharges this responsibility, all residents of the Region will benefit. To divert Commission funding into a poverty or welfare program would overwhelm its budget and deny the Region the capital investment it needs to attract private sector commitments which are the key to its long-range development.

4. "Every time I go to a meeting on Appalachia, I see only bankers, lawyers, and politicians. If you are truly interested in the problems of the poor, why don't you include them in your conferences?"

The President is aware of the need to get input from a representative sampling of the public. To this end, he has asked the Commission on Religion in Appalachia (CORA) to identify persons who could not otherwise afford to attend this conference and to make the necessary arrangements for their transportation, room, board, and registration. Arrangements were made for several score of such persons through a grant provided to CORA by the Appalachian Regional Commission.

5. "I am an unpaid citizen director of the Big Sandy Development District in East Kentucky--a multi-county planning and development agency which has been supported by grants from EDA, HUD, OEO and ARC. Each of these agencies has different requirements for membership on the board of directors. Why is this so, and what can you do about it?"

You are correct that Congress has enacted legislation which directs different agencies to insist upon different criteria for the administration of their respective programs. This lack of consistency causes great confusion and waste of energy by citizens like you who are willing to take the time to participate in government. Congress ought to examine the operations of sub-state districts not only from the point of qualifications for board members, but also from the point of view of overlapping responsibilities, functions and jurisdictions.

6. "TVA has raised its rates to electricity consumers each and every month for twelve consecutive months. What do you think of this and what will you do about it?"

TVA has made a great contribution to the economic well-being of a large part of our Nation and it can be fully proud of this record. But I am concerned about recent evidence that we need to do better... (see answer to number 7).

7. "You have nominated Mr. James Hooper of Mississippi to serve on the board of TVA. Mr. Hooper's record is questionable and I hear the Senate Public Works Committee may not confirm him. Will you withdraw Mr. Hooper's nomination?"

(I do not know the extent to which the President will wish to defend TVA or express public criticism towards it. Nor do I know to what extent he may wish to defend Mr. Hooper. The President might review his position both on TVA generally and Mr. Hooper personally as questions about both are likely.)

8. "Officials of the Interior Department and Park Service have been talking about closing the Great Smoky Mountain National Park to through-traffic. They have complained too many tourists cross the park between North Carolina and Tennessee. I own a store in Gatlinburg, and would be put out of business should the park be closed to through-traffic. What is the policy of your Administration on this issue?"



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(This is a "hot" issue and could be finessed on the grounds that it is primarily of local significance and therefore has not come to the President's attention. On the other hand, it might be an opportunity for the President to indicate that "the bureaucrats have dropped the ball on this one. I firmly believe our national parks should be available for all--the motoring public as well as those hearty souls who want to back-pack into unspoiled wilderness. We must explore ways to guarantee the widest use of our national parks while at the same time preserving them from abuse and excessive demands.")

9. "The National Flood Insurance legislation hurts Appalachia because most of its land flat enough to be developable is on the flood plain. Our communities cannot afford the required insurance coverage and our citizens can't afford to flood-proof their buildings or the extra cost of building on steep slopes to get off the flood plain. This legislation makes development much more costly and therefore puts Appalachia at a competitive disadvantage when trying to attract new industry and create jobs. HUD has been vigorously implementing this legislation and we can't get them to listen to our problem which must exist in other mountainous areas of the country as well. Will you support a six or 12-month delay in the effective date of this program? Time is needed to assess the full impact of this legislation. Would you support a program that would provide federal assistance to meeting the additional costs that this law will create?"

(I don't know what the latest Administration view is on this issue. Costly as the legislation may be, it is less costly than cleaning up flood disasters and rebuilding on the same flood plain communities two and three times every 50 or 60 years. On the other hand, the President might indicate his willingness to ask HUD to give full attention to these concerns and for a full White House study of this question in all its aspects.)



File

B. Appalachian Regional Commission Meeting.

1. Governor Moore of West Virginia may present the case for more highway money. Specifically, he may ask for mileage to be added to the Appalachian Highway Development System.

The President might reply that if he concurs in the Commission's pending budget request, he will be accelerating its highway program by \$40 million in Fiscal 1977 which is about all that he could reasonably be expected to do.

Governor Moore might ask whether the President would find acceptable the new highway construction authorizations contained in the Appalachian extension bill passed by the Senate. There is no Administration policy on that question. I have discussed it with OMB and recommended the Senate bill as a fair compromise between the Administration bill and the bill passed by the House which would take our highway program authorizations immediately from its present \$185 million level to \$300 million for Fiscal 1977, 1978, 1979 and 1980. The Senate bill would provide no new authorizations for Fiscal 1977, move to \$250 million in Fiscal 1978 then go to \$300 million in 1979 and 1980. The President may wish OMB guidance on this one.

2. Governor Rhodes of Ohio frequently has used the ARC as a sounding board for demanding heavy new expenditures for the exploration for Devonian shale gas and the development of technologies to make its use economically feasible.

The President might note that ERDA would be asked to re-examine its priorities to determine whether too much emphasis has been given for long-range research into sophisticated energy sources (solar) and thereby placing insufficient emphasis on the immediate need for applied research on such questions as removing sulfur from coal and tapping known reserves of Devonian shale gas. Congress is currently considering increasing ERDA's authorization for Devonian shale gas exploration and development over and above ERDA's regular research and development program.

3. Governor Shapp of Pennsylvania is not expected to attend, but if he does, can almost certainly be expected to complain about the prospect of abandonment of rail service in the Northeast as contemplated by the United States Railroad Association's plan.

4. Governor Carey of New York is not expected to attend, but if he does will most certainly make some mention of New York City's financial crisis.



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5. Governor Carroll of Kentucky might support Governor Moore's request for more road money by pointing out the need for coal-haul roads to produce the Nation's energy.

Again the President might indicate a willingness to accelerate to a reasonable extent the Appalachian Development Highway System, but he might distinguish construction of that network of major, limited access highway from the kind of county coal-haul road Governor Carroll advocates. The President might very well point out that State and local government must be willing to tax coal companies sufficiently to secure the revenues to maintain the roads that coal producers use. The President might point out that although Kentucky has done a good job leveling a severance tax on coal and returning most of such revenues to its counties, the counties have frequently used this money for such things as parks and recreation areas rather than for basic public works like roads. Local and State governments must discharge their appropriate responsibilities and can't expect the Federal government to assume all obligations.

Governor Carroll may also speak to the need for Federal agencies to be more responsive to the views of States. This issue is the essence of the proposed resolution now being discussed by some of the governors for possible action at the Commission meeting with the President. It is my view that the President should indicate his strong support for mechanisms that provide input from State and local governments to the Federal decision-making process. ARC is such a mechanism and provides a forum for direct citizen involvement, as well, through local development districts. Since any action of the Commission requires the approval of the Federal Cochairman, the Administration can provide a forum for negotiating with local and State interests, yet still protect itself against unreasonable demands by withholding the consent of the Federal Cochairman, when necessary.

Governor Carroll completed his term as States' Cochairman of the Commission last June. In that role he testified before both House and Senate Public Works Committees on the Administration bill to extend the Commission. His testimony was well received. The Senate Public Works Committee, on its own initiative, amended the portions of our Act dealing with the organization and administration of the Commission. The thrust of the Senate amendments was to require more personal involvement by governors rather than leave Commission affairs to lower echelon State employees. Governor Carroll has taken a position that since governors do not have time to personally follow the Commission's day-to-day operations, the Senate amendments would in effect, "federalize" the Commission



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by providing no counter to the daily presence of the President's Federal Cochairman. Governor Carroll has said he believes enactment of this portion of the Senate Appalachia bill would negate the balance of the Federal-State partnership which is the essence of its concept.

My view is that Governor Carroll mis-reads the situation. The Appalachian program cannot operate effectively without involvement of the governors and without utilizing fully the clout governors have with State bureaucracies not always willing to coordinate their activities with each other or with government at either the local or Federal level. The approximately \$300 million provided annually to the 13 State members through the Appalachian Regional Commission ought to warrant the attendance by governors at three or four Commission meetings a year and the interim attention by cabinet-level designees between Commission meetings. The Senate amendments would increase rather than diminish genuine State participation. (The Senate was careful to note that the States might maintain a full-time liaison officer with the Commission but insisted his role be advisory rather than one to which governors could delegate voting authority.)

Governor Carroll might also wish to comment on the negative impact increased coal production will have on Central Appalachia's physical and social environment without adequate assistance from both the public and private sectors.

6. Governor Mandell of Maryland has expressed interest in no one particular aspect of the Commission's program.

7. Governor Holshouser of North Carolina is concerned with the heavy investment that will be required in roads, schools, hospitals, etc., to care for sudden population increases. He is also particularly concerned about threatened natural gas shortages for North Carolina industry.

8. Governor Edwards of South Carolina will be traveling in Europe and unable to attend our meeting.

9. Governor Busbee of Georgia may comment critically on what he sees as a myriad of uncoordinated governmental responses to the energy crisis from a host of different agencies at both the State and Federal levels.

10. Governor Godwin of Virginia has a strong record of acting to limit State budget deficits. On the other hand, he has not yet articulated this position as a member of the Commission.



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11. Governor Wallace of Alabama has attended Commission meetings but has said very little to us.

12. Governor Waller of Mississippi leaves office in June, prevented by State constitution from succeeding himself. He currently represents the governor members of the Commission as States' Cochairman (a title designed to suggest the partnership nature of the Commission as there is both a States' Cochairman and a Federal Cochairman). Governor Waller has been an active member and it would not be inappropriate for the President to recognize this fact publicly.

13. Governor Blanton of Tennessee is, of course, our host governor and will introduce the President at the Commission meeting (see attached agenda). If Governor Blanton speaks to a particular need for East Tennessee, he will probably talk about the problems of securing a new medical school to be located in Johnson City in connection with the VA Hospital there. Former Governor Dunn and many of his fellow Republicans vigorously opposed the Johnson City site, preferring location of the school at the University of Tennessee in Knoxville. This is a dispute between two sections of Tennessee and involvement in the contest would be a no-win proposition for the President.

Attachment
Agenda



THE WHITE HOUSE

WASHINGTON

October 6, 1975

MEETING WITH THE APPALACHIAN REGIONAL COMMISSION

Tuesday, October 7, 1975

Knoxville, Tennessee

5:20 p.m. (1½ hours)

From: Jim Cannon

I. PURPOSE

To fulfill the request of the Commission.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background

The Appalachian Regional Commission, consisting of all of West Virginia and parts of 12 other States of the Appalachian Mountain area (New York, Pennsylvania, Ohio, Maryland, Virginia, Kentucky, North Carolina, South Carolina, Georgia, Alabama and Mississippi) is holding a regular meeting which will open with your participation. The region covered by this Commission contains all or part of 56 Congressional Districts, and is represented by 26 Senate seats which gives the region substantial political impact.

The Administration has sent to Congress a bill calling for a four-year extension of the Appalachian Regional Commission--the strongest endorsement the Commission has received from any Administration since 1965.

The Commission will express appreciation for your support and will be considering a resolution concerning Federal-State cooperation in the Appalachian Region to achieve national energy goals. This resolution will be voted on affirmatively by the Federal Co-chairman, Donald Whitehead, who is a Presidential appointee and to that extent will be concurred in by the Administration. The resolution recognizes the need to develop the rich



natural resources of the area and asks for your help in making an adequate provision in the FY '77 Budget for Appalachian development programs, particularly highways. This is likely to be considered during your presence in the meeting and it is recommended that you agree to give serious and thorough consideration to the resolution without a firm commitment at this time.

B. Participants

See Tab A.

C. Press Plan

Press pool and photo coverage at the beginning of the meeting. Administration participants and Governors to brief following the meeting.



III. TALKING POINTS

1. Format

- . You will greet each of the participants on entering the room and;
- . Then Governor Blanton (D), Tennessee (Host) will make brief welcoming remarks.
- . Then Governor Waller (D), Mississippi will as State Co-chairman make opening remarks.
- . Then Donald Whitehead, Federal Co-chairman will make program remarks on the progress of the Commission to set the stage for your remarks.
- . Governor Waller will introduce the President.

2. Presidential Talking Points

- . As you know, I have asked Congress to extend the life of this Commission for four years.
- . The level of funding has been steady in FY'75 and FY'76 at approximately \$340 million (projected). This is up from outlays of \$293 million in FY'74. The Governors will want to ask for greater funding, but such commitments should await the regular budget process.

The Act which created the Appalachian Regional Development program envisioned:

1. The Commission developing plans and programs which reflected the desire and concerns of the States and the people. I share those goals.
2. To look at the resources of the region in the context of existing programs at all levels of government and seek to increase their effectiveness. We all share this goal.
3. To encourage the private sector to develop industrial, commercial and recreational projects and to serve as a focal point for coordinating Appalachian programs. Again, we share your goals.

But, goals are only a starting point. Having common goals means we ought to be able to find reasonable means for their accomplishment.

I want to see the Commission continue and to succeed.

I want to do all we can, with your help and not one penny more in Federal money than it takes to do the job.

The Commission operates its \$300 million annual program with less than 125 people. Its total administrative and other staff costs are slightly over two percent of program costs. Its objectives, strategies and priorities cannot be determined without the consent of its Governor members, and no plan, project or program can be approved without their support.

At the conclusion of your opening remarks, you should turn the meeting back to Governor Waller of Mississippi.



PARTICIPANTS

Members Confirmed (Seated at the table)

Governor Ray Blanton (D), Tennessee (Host)
Governor William Waller (D), Mississippi (Co-chairman)
Governor James Holshouser (R), North Carolina
Governor Julian Carroll (D), Kentucky
Governor Arch Moore (R), West Virginia
Governor James Rhodes (R), Ohio
Governor George Busbee (D), Georgia
Donald Whitehead, Federal Co-chairman

(Not at table)

Tom Benson
W. Headricks
Edward Deckard
Dr. Dee Akers
B.L. Coffindeffer
Paul Baldrige
James McIntyre
Orville Lurch

Governors or Alternates

Governor George Wallace (D), Alabama
Governor Marvin Mandel (D), Maryland
Governor James Edwards (R), South Carolina
Governor Mills Godwin (R), Virginia
Governor Milton Shapp (D), Pennsylvania
Governor Hugh Carey (D), New York

(Not at table)

R.C. Bamberg
William Pate
John Lafitte
Lynn Curry
Edward Simon
Leonard Schwartz

*Alternates are full Commission members

ARC Staff (Not at table)

Harry Teeter, Exec. Dir.
John Whisman, State Rep.

Administration Participants

Donald Rumsfeld
Director of OMB Lynn
William Seidman
Frank Zarb
Jim Cannon
Jim Falk



Chenoweth

Commonwealth

Oct 7, 1995

Waller - We need to keep on

containing executive
stem topic area of water w/ ^{up}
legislation much out

Whitehead - most successful
regional development program.

Common rules all 3 levels of govt
try make sure Fed, state
& local money coordinated
in spending.

5%^{..}



Shoreline of
about same level to Budget &
less state - but the cost
to operate \$300 yr (2% overhead)

Last met in '65 - w/ LBJ
70 - Pres Nixon

P - 38

we hit jobs of 744,000
25% and we're in for longer income.

focus focused in productivity group

4-yr extension seems likely to obtain.

Ark Moore

Rec'd The Auditor's last
report on you talked to
the nation -

about \$500 bn for 10 yrs
we have a mission - esp
highways -

Inflation eroding our ability
to build highways.

unworkable position of surplus
got to have hard money for

Provision of funds of part is
not adequate to complete our
mission.

we're just a mission to
complete - we can't do it
at present funding levels



Plus - at present law - \$50 1/2 mil
to \$420 + 1/2.

deficit 62-70 \$ 71 '76

when in Act 70 deficit next year \$ 5 +

Open 0 bank
deposits of \$20 B
mean you'll have
more problem - not less.

24 140
120
Burrish

Reduction of growth in
the govt



How attempted 2pt \$40-45
3-4 - Balanced Budget

See Gov's Cont Agreement - Bal Budget

"Follows, we can't have it
Both ways."

we'll have to justify what
they get - what they want

When we meet the pie
was not been decided.

Halskansen - the # bow -
First when agreement started
Job by the way for more money.

First Soc - under court decision -
stopped sale of interest -

Some cos of next quarter
(25% of sales -)



NC - was 60.20 to
3 up Bow feet

Company wanting for First Soc

Several written

End up at more damage
to interest -

First Soc - has
owned Ltd cutting.

4th Circuit Court of Appeals

P*

They showing up for
service - &

Definitive reply by Court
This scenario -

Get definitive answer -
on whether will come
W/for this version of Congress

H/then - Statute will pass
on Court to concur
and

Gov Response =

Proposal - D.C. to
work w/ Review Fed
Program to coordinate

- A) Identify equal problem -
- B) Get answer

P - ~~But~~ Team EPA & Tech

Get together -

Team, respond used for energy.

If have ~~go~~ -

we ok on resolution - will
work w/ them



*

Strip news -

Julian
Over in Carroll - They talk
HMC - into energy
and Director Council with help

Ⓟ admitted 2 Ⓟ for Real
Plans -

Ⓟ going to work in
any number way -
got to know authority

Ⓟ asked them help on
Butzger - Plans on Bus

on calendar now -
need your help - in
Senate and in the House

Carroll (gas - vs coal cars

Don't need to count
Unit Trans. To 1

Can use by 30070

~~Frank~~ - took 3 yr to
~~get~~ - making in
courts - stay, in
power of r's

If Dec is entered,
will have a problem
among cost

more -



Waller, waits train
along w/ rail

Conall - Unit Courts - products
expedited in courts
to forced issues

P - ~~is~~ The points
I've used for
you -
Didn't agree w/
McNamee or Chastler,
and I don't agree
w/ the way for
quality education

Carroll - Courts not conceding
viable alternatives

P - Both amendments
get to us

Carroll - Atty Gen - may
bring to attention of
courts

*

Rhode - layout user of gas
FRONT - 100 or samples
of gas

New discovery

Other can produce
another 300-400 -
within 3-4 mos

gas wells - several
beams cannot get into
water state lines

~~over 1000~~

\$150 per 8 go into this
gas fields -

+ about 4000 500, over ways

1400 BTU gas -

Frank - \$2 per now

P- In 1

not going

F.P.C. will not permit

What's there

~~Does~~ ~~allow~~ ~~any~~

legislation make

retention of money

of gas in interstate
purposes.



Get it out of the hands
and through the

~~industry would.~~
\$2

Phone of F.P.C. will not
wishes per gov
industry.

P - next major action 2 km
on sun - for 11 state

Phase De-Regulation for
Consumer gas index -
60% -
40% - Consumer

Gov Blanton -