The original documents are located in Box 7, folder "9/27/74 HR14883 Public Works and Economic Development Act Amendments" of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

Exact duplicates within this folder were not digitized.

APPROVED
SEP 27 1974
Statement issued 9/27/74
TO ARCHIVES 9/27/74

ACTION

THE WHITE HOUSE
WASHINGTON

Last Day - September 27

September 26, 1974

MEMORANDUM FOR: THE PRESIDENT

FROM: KEN COLE

SUBJECT: Enrolled Bill H.R. 14883

Attached is the House bill, H.R. 14883, Public Works and Economic Development Act Amendments, along with a proposed Presidential Signing Statement. H.R. 14883 would extend for two years and substantially modify the programs of the Economic Development Administration to assist States and local areas to plan and finance economic development and adjustment in areas of high unemployment and low income; and it would also extend the Regional Action Planning Commissions for two years.

The Counsel's office, Ken Rush, Bill Seidman, Bill Timmons, Paul Theis, and OMB concur.

RECOMMENDATION

That you approve the proposed signing statement (Tab A) and sign the enrolled bill (Tab B).

APPROVED
SEP 27 1974

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SEP 23 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 14883 - Public Works and Economic Development Act Amendments
Sponsors - Rep. Blatnik (D) Minnesota and 24 others

Last Day for Action

September 27, 1974 - Friday

Purpose

H.R. 14883 would extend for two years and substantially modify the programs of the Economic Development Administration to assist States and local areas to plan and finance economic development and adjustment in areas of high unemployment and low income; and it would also extend the Regional Action Planning Commissions for two years.

Agency Recommendations

Office of Management and Budget	Approval
Department of Commerce	Approval
Appalachian Regional Commission	Approval
Department of the Interior	No objection
General Services Administration	Does not urge veto
Department of Labor	Defers to interested agencies
Department of Defense	Defers to interested agencies
Department of Health, Education, and Welfare	Sections 2 (health centers) and 10 (excess property) undesirable but defers to Commerce
Department of Housing and Urban Development	No objection (informally)

Discussion

The Public Works and Economic Development Act (PWEDA) was enacted in 1965 to provide Federal grants and loans to help create jobs in areas suffering from chronic unemployment or low income. The Economic Development Administration (EDA) and the Regional Commissions were established to administer the assistance programs.

In 1971, the Administration proposed to fold these categorical programs into the then proposed rural revenue sharing program. Congress failed to authorize the latter program and instead continued EDA and the Commissions through fiscal year 1973.

In the 1974 budget, the Administration proposed to terminate all direct funding for the PWEDA programs even though a substitute revenue sharing program had not been enacted. It was felt that those programs were not effectively dealing with problems of regional or local economic distress. The Congress strongly objected to termination; and after lengthy negotiations, the Administration agreed to continue the programs for one more year while alternative programs were studied.

In February 1974, the President submitted to Congress a proposed substitute -- a new Economic Adjustment Act which would have authorized block grants to States on a formula basis for their use in working with their communities to overcome economic distress. The proposed Act emphasized the need for early adjustment to new or emerging economic problems to avoid creation of additional distressed areas. It also provided for broad discretion to States and local governments to decide for themselves how to create employment opportunities for their unemployed and low income residents. The Administration also proposed a simple one-year extension of the existing programs under the PWEDA to permit an orderly transition to the new program.

During the period since introduction of the Administration's proposal in February, there have been extensive hearings and discussions. The enrolled bill reflects the conclusion of Congress that additional studies and hearings must precede development of a major new economic development program to replace existing legislation and that a two-year extension is essential to provide sufficient assurance of continuity to enable agencies, States, and localities to carry on their programs effectively.

While the Congress did not adopt the Administration's proposed Economic Adjustment Act, the enrolled bill would amend the existing Act in significant respects, some of which incorporate important features of the Administration's proposal.

More specifically, the enrolled bill would do the following:

(1) In addition to providing for a two-year extension of PWEDA, the bill would increase the total authorization levels from $430 million in fiscal year 1974 to $680 million in 1975 and $795 million in 1976. The Administration had sought a simple extension for one year and authorization of "such sums as may be necessary."

A break-down of specific authorizations by title for fiscal years 1974, 1975 and 1976 is shown in the following table:

		Authorizations ($M)		
Title	Purpose	FY 1974	FY 1975	FY 1976
I	Public works, grants and development facilities	200	200	250
II	Business development loans	55	75	75
III	Planning, technical assistance, and research	35	110**	150**
IV	Additional assistance for projects in economic development districts	45	70	70
V	Program development and grant-in-aid by regional commissions	95	150	150
IX	Special economic development and adjustment assistance	--	75	100
	Total authorizations*	430	680	795

*Administrative expenses are not specifically authorized.
**These amounts include $35 million in 1975 and $75 million in 1976 which can be used to supplement or make grants and loans authorized under Titles I, II and IV.

Appropriations have historically run about 30 percent of authorization levels; in 1974, however, $282 million was appropriated which was 65 percent of the $430 million authorized. Appropriations for fiscal year 1975 have now been reported by the conference committee and the total appropriations of $237 million in that committee's bill are very close to the 1975 budget request. On September 19, 1974, a 1975 supplemental of $56.8 million was forwarded to the Congress to fund the new programs authorized by H.R. 14883, contingent on enactment of that bill. In addition, a 1975 supplemental of $7 million is in process for the Regional Action Planning Commissions. These supplementals will not increase the 1975 budget since allowance was made in it for the Administration's proposal.

(2) The bill adds a new Title IX which would provide special economic development and adjustment assistance programs to help State and local areas to respond to actual or threatened severe unemployment problems. This includes unemployment arising from actions of the Federal Government, compliance with environmental requirements, and economic dislocation arising from severe changes in economic conditions. Nothing in this title is intended to replace the efforts of the economic adjustment program of the Department of Defense.

The Secretary of Commerce is authorized to make direct grants to any eligible recipient -- a redevelopment area, an Indian tribe, a State, a city or other political subdivision -- in an area determined to have a special need. These grants may be used for, among other things, public facilities, public services, business development, planning, unemployment compensation, rent supplements, mortgage payments, technical assistance and relocation of individuals. Grants for unemployment compensation would be made to the State, through the Secretary of Labor, while all other grants would be made directly to the eligible recipient.

Each eligible recipient which receives assistance under this title would make an annual report to the Secretary of Commerce evaluating the effectiveness of the assistance provided. The Secretary of Commerce would provide an annual consolidated report to the Congress with his recommendations on the assistance authorized under Title IX.

(3) The bill authorizes formula grants to States in the amounts of $35 million in fiscal year 1975 and $75 million in 1976 for the purpose of supplementing or making grants and loans authorized under Titles I, II, and IV of this Act.

Authorizations would be "apportioned among the States in the ratio which all grants [were] made under Title I of this Act since August 26, 1965." The States would be required to contribute at least 25 percent of the cost of a grant or loan.

Provisions (2) and (3) above, although different in form, would permit implementation in part of the Administration's proposal for a block grant approach to economic development and adjustment with a greater State role.

(4) The bill reduces the minimum amount of Title I funds required to be expended for accelerated public works projects (public works impact program) from 25 percent to 10 percent. The Administration had requested elimination of any minimum requirements.

(5) The bill expands the business loans programs in the Act to permit a wider range of loans and loan guarantee assistance. This is consistent with the Administration's objectives of making assistance available for a wider range of activities.

(6) It would broaden the planning, technical assistance and research provisions of the Act to allow Commerce to make direct grants to States, cities, and other political subdivisions for up to 80 percent of the cost of economic development planning. The Administration supported this provision.

(7) The bill would amend Title I of the Act to authorize, but not require, up to $30 million of Title I funds annually for health projects. While this is inconsistent with the Administration's policy -- established in the context of proposed health insurance legislation -- of "no new starts, no expansions" of health service delivery projects, the authority is discretionary and may well not be used.

In its views letter on the enrolled bill, HEW indicates that this provision would duplicate its existing authority and ongoing activities. While HEW would have authority to review projects before their second year of funding, it regards this as "minimal authority" and plans to "seek greater participation in regulating the bill's health program, either through agreement with the Secretary of Commerce, or, if necessary, through legislation."

(8) It would increase coordination between the Federal cochairmen of the Regional Action Planning Commissions and the Secretary of Commerce. The Secretary would be required to coordinate his grant, loan, and technical assistance activities with the regional commissions, and the latter would be required to

coordinate their activities with him. This gives desirable emphasis to the existing requirement for coordination.

(9) The bill would allow the Federal cochairmen of the Regional Commissions to acquire and loan or donate to public and certain private non-profit organizations excess Federal property without reimbursement for the purpose of economic assistance. In its views letter on the enrolled bill, GSA objects to this provision because it could potentially place these regional entities in a "preferred" position with respect to other donees specified in the Federal Property and Administrative Services Act. However, we believe that the use of this authority can be controlled through agency regulations.

In their views letters on the enrolled bill, HEW, Labor, GSA and the Appalachian Regional Commission each express reservations about some portions of the bill. None, however, recommends disapproval.

In its views letter, Commerce states that:

> "During the past few months, both the Administration and the Congress have studied and discussed possible improvements in these programs, as well as alternative programs. These discussions as reflected in H.R. 14883 have been beneficial.
>
> "The enrolled enactment represents close cooperation and a spirit of compromise between the Administration and the Congress, and offers a number of important, innovative and commendable improvements to the programs of the Economic Development Administration.
>
> "Although studies of our present system of economic development assistance have disclosed significant problems in the manner in which this assistance is provided, we believe it is not feasible at this time to restructure this assistance without a transitional period to allow States and communities to improve their capabilities to plan and manage economic development programs. H.R. 14883 provides for this period of transition, and an improvement in State and local economic development capabilities. It also retains the existing programs for a period sufficient to develop a comprehensive alternative approach to economic development. Furthermore, it incorporates some innovative changes such as Title IX to improve present programs and to permit significant

steps toward a restructured economic development program. Under this title, grants are given to eligible recipients to carry out economic adjustment plans. These plans may be very specific or broad, and grants may be used for a wide variety of purposes."

In its views letter, Labor expresses its concern about the unemployment compensation provisions of the bill:

"Earlier versions of the unemployment assistance provisions made it mandatory for the Secretary of Commerce to provide unemployment compensation as part of any Title IX grant, thus making it likely that all Title IX funds would be expended for this purpose. In a letter to the Chairman of the House Committee on Public Works on June 25, 1974, this Department therefore took objection to such proposals, especially because of the disruption anticipated for the Federal-State unemployment insurance system which is administered by this Department.

"While we continue to believe that such a new program is not appropriate in light of the more comprehensive and equitable approach to meeting the need for unemployment compensation offered by the Administration's 'Job Security and Assistance Act of 1974,' we are of the opinion that the enrolled enactment is a significant improvement over the proposals to which we expressed our objection, and we are not prepared to recommend a veto on the basis of these provisions. We assume that the training and relocation assistance provisions will be administered in close coordination with the Department of Labor. Under the circumstances, we defer to agencies more directly concerned with respect to Presidential approval of this enrolled bill."

Finally, the House Committee Report summarizes its views:

"More extensive hearings will be needed before a major new economic development program can replace existing legislation. Therefore it is recommended that the present program be extended for two years in order that there will not be any delay or gap until a new program can be developed.

"To increase effectiveness of our present program in promoting more balanced economic growth and development, the extension legislation which should provide new authority to increase capacity to undertake economic adjustment and development programs, to provide for better coordinated planning, and to strengthen the economic development districts that are already in operation."

* * * * *

The enrolled bill is substantially different from the Administration's proposal, and contains certain undesirable features such as the special unemployment compensation payments separate from the regular Federal-State system, the duplicative health program, and the excess property provisions. On the other hand, the bill does, significantly and desirably, move toward an increased role for State and local governments and does adopt a partial block grant approach although retaining for another two years the categorical programs which this Administration had proposed to fold into the block grant. Moreover, it would provide a two-year period during which the Administration and the Congress can develop further improvements and refinements in its proposed approach to economic development and adjustment assistance. In short, therefore, the bill represents a start in the right direction and is the best, we believe, which could be attained under all the circumstances.

Paul H. Dean

Acting Director

Enclosures

THE APPALACHIAN REGIONAL COMMISSION
1666 CONNECTICUT AVENUE
WASHINGTON, D.C. 20235

OFFICE OF
FEDERAL COCHAIRMAN

January 21, 1974

Mr. Carl Hystad
Office of Management and Budget

Dear Carl:

Thank you very much for the opportunity to review and comment on the latest version of the Bellmon Report. Time does not permit a detailed commentary because of the short time that I have had to review the draft. However, I do want to go on record as being disappointed by the changes made since the November 28th draft. The fact that the report comments favorably on the Appalachian Regional Commission (although such comments are, of course, appreciated) does not offset my negative appraisal. The test of the report is not how it impacts on ARC or any other single agency, but rather what it does to further the objectives of the Nixon Administration.

The earlier version of the report seemed to lay the groundwork for a nationwide system or process for deciding resource allocation questions on a joint Federal-State basis within multi-state sectional groupings which gave the states (to the extent they could negotiate common positions with sister states), political and legal strengths to balance, in part, the heavy Federal interest inherent in any program financed by Federal funds. This approach directly supported the President's New Federalism goals in a manner which the Congress has found acceptable -- at least in the Appalachian Region. Furthermore, it is entirely consistent with earlier presidential statements regarding the need for a national growth policy framework within which state and local government decisions could be made. An operational mechanism within which broad national development policies could be jointly developed and states and substate districts could exercise delegated program administration authority was proposed in the earlier version.

The present version of the report, however, seems so narrowly concerned with providing a programmatic alternative to EDA and Title V Regional Commissions that it lacks the potential to contribute significantly to the reform of the categorical grant-in-aid process which is an important objective of this Administration. Although the analysis clearly identifies a number of weaknesses in the EDA and Title V approach to economic development, the proposed objectives and specific program to implement them appears almost to constitute a restatement of the earlier ARA and EDA program approaches without, however, a number of constraints that were present in those programs. The proposal does not provide a clear definition of economic development as a national objective. Rather, the objectives focus narrowly on structural unemployment, chronic unemployment, and underemployment. However, the recommended approach would permit such a wide range of responses essentially at the discretion of states and local governments with no way to articulate clearly identified operational objectives or strategies for achieving them, that a focus different from the criticized ARA and EDA approaches would be difficult to achieve.

Furthermore, no institutional or organizational basis for evolving and gaining acceptance for a national economic development objective is provided as it was in the earlier draft. The principle that the state and local governments must participate jointly with the Federal Government in developing national objectives and relating state and local objectives and priority targets to them has been abandoned in the latest version of the report. To cite only one example, states individually or acting jointly independently of national objectives and programs cannot deal with the real problems of structural unemployment. This problem must be addressed as part of a joint Federal-State effort.

Finally, if my assessment above is correct, the proposed Economic Adjustment Act would add another program layer and retain another competing bureauracy in the area that is broadly referred to in the latest version of the report as "Federal programs dealing with area and regional economic adjustment." The specific proposal adds a new Economic Adjustment Act administered by the Department of Commerce to a Better Communities Act and a Responsive Governments Act administered by HUD, a Rural Development Act administered by USDA, a Land Use Policy and Planning Assistance Act administered

JAN 21 1974

by Interior, a Comprehensive Employment and Training Act administered by Labor, and it might be assumed, a Coastal Zone Management Act administered by Commerce with no way to resolve the problem of peer coordination among Federal bureaucracies and between the different Federal bureaucracies and the states and local government.

I would strongly urge that the Bellmon Report actually address itself broadly to the question of "Federal programs dealing with area and regional and economic adjustment" and not be tied to specific legislative proposals. Congress has indicated by its actions on current legislation that it is seeking a way to approach grant consolidation and block grants and the earlier version to the report provided an innovative approach to this objective. Congress would not appear receptive either to additional narrowly defined acts, as the limited objectives of the proposed Economic Adjustment Act would seem to contemplate, or to the abandonment of clear national objectives in administering legislation, which the rest of the identified provisions of the proposed Economic Adjustment Act would appear to do.

In conclusion, I would urge that the response to the Bellmon amendment place economic development as a national objective in the broader context of the earlier version inviting a discussion with the Congress on the establishment of a mechanism for giving elected state and local government officials more discretionary use of Federal funds on the one hand, while on the other hand still preserving the means to achieve sectional or national objectives broader than the interest of any single political jurisdiction. Individual legislative proposals could then be treated elsewhere.

Sincerely,

(SIGNED) Donald W. Whitehead
DONALD W. WHITEHEAD
Federal Cochairman

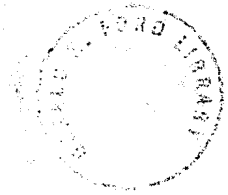
PS: Fred Malik's Highlights of the Under Secretaries Group meeting of 12/12/73, describes a plan to assess the full-time FRC Chairmanships in Chicago and Denver. This action suggests a strong interest in the FRC concept. It would be a shame to miss the opportunity afforded by the Bellmon report to enhance the role of this Nixon Administration initiative.

cc: Mark Gordon, OMB

M Closing

THE APPALACHIAN REGIONAL COMMISSION
1666 CONNECTICUT AVENUE
WASHINGTON, D.C. 20235

February 4, 1974



Mr. Carl Hystad
Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Carl:

This is in response to the letter from Mr. William V. Skidmore, Assistant Director for Legislative Reference, Office of Management and Budget, dated February 1, requesting our substantive views on "Commerce's draft bill cited as 'The Economic Adjustment Act of 1974'". Inasmuch as that letter names you as a person to whom questions should be referred, and in view of our previous correspondence and discussions on the same general subject, I am directing my answer to you.

I assume the draft bill is supposed to implement the recommendations contained in the draft of Chapter III of the so-called "Bellmon Report". I have previously commented on those recommendations in my letter of January 21, and I again respectfully direct your attention to those comments.

Because, however, I believe this Commerce draft legislation has strayed far from the basic concepts in the Bellmon Report, is really inconsistent with the President's often stated objective of "creative Federalism", and, worse, is internally inconsistent, I feel obliged to make the following comments.

First of all, the Commerce draft bill really does not follow from the analyses in the Bellmon Report. All versions of that report, including the latest, really were quite critical of the economic theory and practice followed in the EDA program, yet the Commerce draft bill seems, in large part, to be merely a restatement of earlier ARA and EDA program approaches. As I noted in my January 21 letter, the analyses in the Bellmon Report identify a number of weaknesses in the EDA approach to economic development, yet the recommended program seems to allow continuation of the same mistakes, at least, it does nothing to assure their corrections. The Commerce draft bill now makes this all too discouragingly clear and confirms the presence of the weaknesses I pointed out then.

Even worse, however, I find the Commerce bill is internally inconsistent. The Statement of Purpose in Section 2 states:

> "The administrative structure provided in this Act, in which Federal, State and local governments will function as partners, is intended to place the initiative at the State and local levels and permit States and local governments to make more effective use of Federal, State, local and private resources to adjust to economic changes."

The problem is that the Commerce draft bill really does not provide for the sort of effective administrative structure which the "Statement of Purpose" implies. This is a major disappointment in the legislation. While the Commerce draft would permit the voluntary formation of multi-state organizataions, it does not establish a real operational mechanism which would provide for close and effective coordination between local, State and Federal levels of government which is necessary to assure better public investment decisions than were made in the past.

It is insufficient merely to invite the States to get together as the Commerce bill would do, unless the States are asked to join what will be an effective mechanism giving them a real voice in a decisionmaking process which leads not only to State decisions but to regional and Federal decisions as well. The process proposed by the Commerce draft bill does not give the States a voice in Federal decisionmaking on national policies which would affect them, regionally and individually. Under this bill, decisions would still be made on an ad hoc basis, not in any participatory process. Neither the State or Federal decisionmakers would have the benefit of the thinking of the others and they would not engage in the give-and-take necessary to arrive at mutually acceptable decisions at the State, regional and Federal levels. The States, on the other hand, will have to worry about an "after-the-fact" second-guessing by the Federal official who will have no voice in developing mutual policies to guide formation of their plans but will be required to approve them and thereafter, review their implementation. On the other hand, there is little opportunity for the Federal official to make a meaningful input into the operative decisions before they are made and he may only vote them down after they are made or find fault with administration long after the operative decisions have been made. This will not result in the sort of coordination which my experience in the Commission convinces me is necessary. It is not consistent with the President's objective of creative Federalism.

I had been encouraged by earlier versions of the report which seemed to lay the groundwork for a nationwide system or mechanism for deciding resource-allocation and public-investment questions on a joint Federal-State basis within multi-state sectional groupings which would give the States (to the extent they could negotiate common positions with sister States) political and legal strengths to balance, in part, the heavy Federal interest inherent in any program financed by Federal funds. My experience with the Appalachian Regional Program has convinced me of the value of the concept of providing for meaningful cooperation among multi-county local development districts, the States and the Federal Government.

The Commerce draft bill falls short of another stated intention in the recommendations chapter of the report. In discussing the legislation being developed, the report had said that special attention would be given to assuring that the new program would complement other enacted or proposed Federal programs, and result in a 'well coordinated plan of assistance'. This Commerce draft, however, reconfirms the fears I expressed in my letter of January 21. The Commerce draft would add a new Economic Adjustment Act to be administered by the Department of Commerce, to the Better Communities Act and Responsive Government Act administered by HUD, a Rural Development Act administered by Agriculture, and a Land Use Policy and Planning Assistance Act administered by Interior, a Comprehensive Employment and Training Act administered by Labor; but it does not provide for the sort of coordination of all these programs which I believe is absolutely necessary. Of critical importance, it leaves unresolved the problem of coordination of equal-ranking departments and Federal bureaucracies.

My experience as Federal Cochairman of the Appalachian Commission has convinced me of the value to the Administration of any President of having the Federal Regional Administrator sufficiently independent to be able to get a handle on the entrenched bureaucracies and to resolve conflicting views of the old-line departments. Unfortunately, the proposed legislation would place the regional administrators under the Department of Commerce. Personally, from my experience, I do not believe the development program should be lodged in any one department for that makes peer coordination very difficult, if not impossible. Politically, in view of the strong position taken by the Senate in the Rural Development

Act, that the Secretary of Agriculture should be responsible for administering rural development efforts, it certainly seems unwise for this bill to place the same responsibility in the Secretary of Commerce. While I might be inclined to make a fight on the principle that the Federal official responsible for a regional development program needs to have independence from any one department in order to be able to deal with all other departments, I certainly do not see any advantage at all in merely moving the program from one department to another and do not think that it is worth the opposition it is likely to draw.

I do not intend to make detailed comments on the bill but to limit myself to general observations; however, I do note that the bill is vague and lacks definition in many important respects. This vagueness will surely invite attacks by opponents.

In view of these trends, it would seem wiser that the Administration proposal also provide for the establishment of a mechanism which would not only give elected State and local government officials more discretionary use of Federal funds on the one hand, but would also permit them to play a role in the formation of Federal policies which will affect them and would also still preserve a means for achieving sectional and national objectives broader than the interest of any single jurisdiction. I think such a proposal would be consistent with the President's objective of creative Federalism of providing a mechanism for effective implementation of revenue sharing and, while moving power away from Washington, would not create a gulf between local and State governments and the Federal Government but provide a bridge for cooperation of all three levels of government.

Sincerely,

/S/

Donald W. Whitehead
Federal Cochairman

JUL 24 1974

Mr. Wilfred H. Rommel
Assistant Director
for Legislative Reference
Office of Management and Budget
Washington, DC 20503

Subject: Proposed report on S. 3634, a bill "To amend the Public Works and Economic Development Act of 1965 for the purpose of assisting local economies in regions of persistent economic underdevelopment by enabling the Federal cochairman of designated regional commissions to acquire Federal excess personal property and to dispose of such property to certain recipients."

Dear Mr. Rommel:

Enclosed herewith are four copies of a proposed report by the General Services Administration on the subject bill.

Your advice is requested as to whether there is any objection to the submission of the proposed report to the Committee concerned.

Sincerely,

(Signed)
ALLAN G. KAUPINEN
Assistant Administrator

Enclosures

Honorable Jennings Randolph
Chairman
Committee on Public Works
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Your letter of June 17, 1974, requested the views of the General Services Administration on S. 3634, 93rd Congress, a bill "To amend the Public Works and Economic Development Act of 1965 for the purpose of assisting local economies in regions of persistent economic underdevelopment by enabling the Federal cochairmen of designated regional commissions to acquire Federal excess personal property and to dispose of such property to certain recipients."

This bill would permit Federal cochairmen of designated regional commissions to acquire excess property and loan or donate it to specified organizations in the regions, for use in connection with economic development.

Under the Federal Property and Administrative Services Act of 1949, as amended, and implementing regulations, all Federal personal property found excess to the needs of any agency is screened through all Federal agencies for possible utilization. If no Federal need for the property is found, it may be donated to certain organizations, identified in the Property Act, for educational, public health, or civil defense purposes.

S. 3634, if enacted, would have the effect of placing the organizations specified in that bill in a preferred position with respect to the donees specified in the Property Act. Under S. 3634, property which could be used by organizations engaged in economic development would be taken as excess property by the Federal cochairmen and transferred to those organizations before any opportunity to obtain such property is given to eligible Property Act donees. While we recognize the importance of economic development, and would, of course, defer to the expressed intentions of Congress as to national priorities, we seriously question the desirability of providing such a substantial preference for economic development over health, education, and civil defense.

S. 3634, would also afford to the economic development organizations specified in the bill substantial preferential treatment not afforded to grantees and cost reimbursement contractors which, under certain circumstances are eligible to receive excess property. Regulations governing the acquisition of excess property by grantees and cost reimbursement contractors are contained in Section 101-43.320 of the Federal Property Management Regulations. Among the restrictions contained in that section are:

a. A requirement that grantees have grants of the "project" type having specific objectives and fixed times of termination.

b. A requirement that transfers to grantees be limited by the dollar value of the grant.

c. A prohibition against transferring consumable items.

d. A prohibition against vesting title in the recipient organization (except where such is authorized by statute).

None of the above mentioned restrictions or other procedural safeguards contained in the Federal Property Management Regulations, would apply to the organizations specified in S. 3634.

For the reasons set forth above, we oppose enactment of S. 3634. However, if it is determined that the economic development organizations should have a priority over Property Act donees, then we believe they should be treated in the same manner as Federal grantees. This would require amendment to the bill to specify that excess property could be made available to the specified organizations in accordance with regulations prescribed by the Administrator of General Services.

In addition to these overall objections to the bill, we offer the following technical suggestions:

1. In Section (c)(1) the words "Administrator of General Services" should be changed to "Federal agency having custody of the property".

2. In Section (e) the word "returned" should be changed to "reported".

The Office of Management and Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to your Committee.

Sincerely,

UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION
WASHINGTON, DC 20405

AUG 26 1974

Honorable Roy L. Ash
Director, Office of
Management and Budget
Washington, DC 20503

Dear Mr. Ash:

By referral dated August 23, 1974, from the Assistant Director for Legislative Reference, your office requested the views of the General Services Administration on enrolled bill H.R. 14883, 93rd Congress, an act "To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 2-year period, and for other purposes."

Section 10 of the bill is of particular concern to GSA. This section is very similar to S. 3634, 93rd Congress. Our views on S. 3634 were requested by the Chairman of the Senate Committee on Public Works, and our proposed report opposing that bill was submitted to the Office of Management and Budget on July 24, 1974. A copy of that submission is attached.

The technical changes suggested in the last paragraph on page 2 of our proposed report on S. 3634 have been made in H.R. 14883. A further change adds Alaskan villages or Regional Corporations to the eligible recipients of excess personal property, and also any Indian tribe, band, group, or pueblo recognized by any State. S. 3634 was limited to those recognized by the Federal Government. (It appears that section 12 of H.R. 14883 should be renumbered as section 11.)

Although we do not favor enactment of section 10 of the bill for the reasons stated with respect to S. 3634, we are not inclined to urge a veto solely because of this aspect. We submit these views in order that they may be weighed together with those of other agencies concerning other aspects of H.R. 14883.

Sincerely,

Arthur F. Sampson
Administrator

Enclosures

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
WASHINGTON, D. C. 20301

August 27, 1974

Honorable Roy L. Ash
Director, Office of Management and Budget
Executive Office Building
Washington, D.C. 20503

Dear Mr. Ash:

Reference is made to your request for the views of the Department of Defense with respect to the enrolled enactment of H.R. 14883, 93d Congress, An Act "To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 2-year period, and for other purposes."

This Act extends the programs administered by the Economic Development Administration; it increases authorizations for these programs and has several significant changes. First, it provides for business loans in areas of substantial unemployment. Second, it broadens the business loan program to permit loans and rental payments for building and equipment leases to be guaranteed. Third, it provides new programs to emphasize economic development planning by authorizing grants to States and smaller political subdivisions.

Most of the provisions of this Act will not directly affect the programs of the Department of Defense. Accordingly, this Department defers to the interested Federal Agencies for the Executive Branch position on the Act.

One provision of the Act is, however, of considerable importance to this Department. It is stated in section 901 of the Act that nothing in Title IX "is intended to replace the efforts of the economic adjustment program of the Department of Defense." Title IX deals with "Special Economic Development and Adjustment Assistance." It is the understanding of this Department that the quoted provision insures that the Secretary of Defense retains the primary responsibility for community economic adjustment efforts associated with base closures, Defense personnel reductions and DoD contractor cutbacks. This Act also recognizes that the Economic Development Administration will continue, as in the past, to work in close coordination with the Department of Defense to reduce the adverse effects of Defense program changes on impacted communities and individuals throughout the nation.

The Secretary of Defense will continue to be responsible for the pre-impact planning associated with Defense cutbacks, the transition of Defense property to the local communities, and the preparation of the community adjustment plans necessary to offset the Defense impact. In turn, the Department of Defense will be able to rely on the close cooperation of the Department of Commerce in providing the necessary technical assistance, loan, grant, and other resources required to combat and offset the local economic impact resulting from the Defense program changes.

Sincerely,

Martin R. Hoffmann

Martin R. Hoffmann

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

AUG 30 1974

Honorable Roy L. Ash
Director, Office of
Management and Budget
Washington, D. C. 20503

Dear Mr. Ash:

This is in response to your request for our comments on an enrolled enactment, H.R. 14883, amending the Public Works and Economic Development Act of 1965 to extend the authorizations for a two year period, and for other purposes.

Title IX of this enrolled bill authorizes the Secretary of Commerce to make grants to provide special economic development assistance to areas of the country which have experienced, or may reasonably be foreseen to be about to experience, a special need to meet an expected rise in unemployment or other economic adjustment problems. The Secretary of Commerce may transfer funds available for any such grant to the Secretary of Labor, who in turn may provide such unemployment assistance benefits as he deems appropriate to any individual unemployed as a result of the dislocation for which such grant was made, for up to one year and for up to the maximum weekly amount available under the unemployment compensation law of the State in which the dislocation occurred. The Secretary of Labor would utilize appropriate State agencies in administering such a program.

The bill also contains provisions administered by the Secretary of Commerce for training and relocation assistance to workers.

Earlier versions of the unemployment assistance provisions made it mandatory for the Secretary of Commerce to provide unemployment compensation as part of any Title IX grant, thus making it likely that all Title IX funds would be expended for this purpose. In a letter to the Chairman of the House Committee on Public Works on June 25, 1974, this Department therefore took objection to such proposals, especially because of the disruption anticipated for the Federal-State unemployment insurance system which is administered by this Department.

While we continue to believe that such a new program is not appropriate in light of the more comprehensive and equitable approach to meeting the need for unemployment compensation offered by the Administration's "Job Security and Assistance Act of 1974," we are of the opinion that the enrolled enactment is a significant improvement over the proposals to which we expressed our objection, and we are not prepared to recommend a veto on the basis of these provisions. We assume that the training and relocation assistance provisions will be administered in close coordination with the Department of Labor. Under the circumstances, we defer to agencies more directly concerned with respect to Presidential approval of this enrolled bill.

Sincerely,

Peter J. Brennan

Secretary of Labor

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 30 1974

Dear Mr. Ash:

This responds to your request for our views concerning H.R. 14883, an enrolled bill "To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 2-year period, and for other purposes."

We do not object to Presidential approval of the bill. Except as set forth below we defer to the views of other agencies more directly affected by the legislation.

The bill would extend the appropriation authorization for current programs under the Public Works and Economic Development Act for two additional years through FY 1976. H.R. 14883 authorizes funds to increase the capability of States and substate districts for the two year period and would also promote greater coordination of activities between Regional Commissions, States and sub-State districts. An experimental economic development and adjustment demonstration program would be authorized to permit the Secretary flexibility in funding economic development and adjustment plans not otherwise provided for by the Act and to encourage and test new approaches in solving problems of economic dislocation before or as they occur. These would include lease rental payment guarantees and working capital loans.

H.R. 14883's principal effect on this Department's responsibilities would be to continue Economic Development Administration programs of benefit to Indians for an additional two years. Pending further action on our proposed "Indian Tribal Government Grant Act", we support continuation of these programs under EDA.

Sincerely yours,

Stanley K. Sheinbaum

Deputy Assistant Secretary of the Interior

Honorable Roy L. Ash
Director, Office of
Management and Budget
Washington, D.C. 20503

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE
Washington, D.C. 20230

SEP 3 1974

Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C. 20503

Attention: Assistant Director for
Legislative Reference

Dear Mr. Ash:

This is in reply to your request for our comments on H. R. 14883, an enrolled enactment. The purpose of H. R. 14883 is to amend the Public Works and Economic Development Act of 1965 (PWEDA), as amended, for a number of purposes, including a two-year extension of the Act. Other significant changes made by H. R. 14883 are:

- to increase authorizations under Titles I, II, III, IV and V;
- to decrease the minimum amount of Title I appropriations that must be expended for the Public Works Impact Program (PWIP) from 25 to 10 percent;
- to allow up to $30 million annually of Title I appropriations to be used for operational grants for health projects;
- to expand the scope of the Title II loan program;
- to allow grants to cover 80 percent of the cost of economic development planning;
- to establish a supplemental and basic grant program to be apportioned among the States based on the ratio of prior grants received under Title I;
- to broaden the eligibility criteria for receiving assistance under PWEDA;

- to specifically authorize funds for Indians;
- to increase the coordination between Federal, State and local governments in economic development efforts;
- to permit Federal Cochairmen of Regional Commissions to acquire and dispose of excess Federal property; and
- to add a Title IX to establish a special economic adjustment program to help a variety of eligible recipients meet actual or anticipated severe unemployment problems.

Other amendments to the Act are largely of a technical nature.

The Department of Commerce recommends approval by the President of H.R. 14883.

The Secretary of Commerce testified before the Congress early last spring that although the Economic Development Administration had carried on many worthwhile programs, there were a number of shortcomings in these programs. During the past few months, both the Administration and the Congress have studied and discussed possible improvements in these programs, as well as alternative programs. These discussions as reflected in H. R. 14883 have been beneficial.

The enrolled enactment represents close cooperation and a spirit of compromise between the Administration and the Congress, and offers a number of important, innovative and commendable improvements to the programs of the Economic Development Administration.

We wish, however, to make four qualifying remarks regarding H. R. 14883. First, we believe that PWEDA should only be continued on a transitional basis while the discussion regarding improvements and alternatives continues. Although studies of our present system of economic development assistance have disclosed significant problems in the manner in which this assistance is provided, we believe it is not feasible at this time to restructure this assistance

without a transitional period to allow States and communities to improve their capabilities to plan and manage economic development programs. H. R. 14883 provides for this period of transition, and an improvement in State and local economic development capabilities. It also retains the existing programs for a period sufficient to develop a comprehensive alternative approach to economic development. Furthermore, it incorporates some innovative changes such as Title IX to improve present programs and to permit significant steps toward a restructured economic development program. Under this title, grants are given to eligible recipients to carry out economic adjustment plans. These plans may be very specific or broad, and grants may be used for a wide variety of purposes.

Secondly, the budget pending before the Congress does not provide funding for the newly authorized programs since it was based on the assumption that fiscal year 1975 would be the final year of PWEDA. Additional funds for the new programs and for staff to administer them will have to be funded through a supplemental appropriation.

Thirdly, while the authorization level of $680 million in H. R. 14883 is lower than the authorization contained in the original Senate version of the bill, it is still in excess of what we believe is necessary. In keeping with the need for fiscal restraint in this period of severe inflation, H. R. 14883 would be improved by a lower authorization level.

And finally, there are errors in the enclosed enrolled enactment of H. R. 14883. For example, some section numbers are not in proper sequence, and the authorization for fiscal year 1976 in subsection 304(a) should be $75 million instead of $175 million. We understand that the Congress will pass a concurrent resolution to correct the section numbers, and that the incorrect authorization level is not reflected in Congressional records.

Sincerely,

Karl E. Bakke

General Counsel

Enclosure

THE APPALACHIAN REGIONAL COMMISSION
1666 CONNECTICUT AVENUE
WASHINGTON, D.C. 20235

OFFICE OF
FEDERAL COCHAIRMAN

September 3, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D.C. 20503

Attention: Mrs. Garziglia
Room 7201
New Executive Office Building

Subject: Enrolled Bill H.R. 14883

Dear Sir and Madam:

This is in response to your request for views and recommendations on enrolled bill H.R. 14883, "An Act to amend the Public Works and Economic Development Act of 1965 to extend the authorization for a 2-year period, and for other purposes."

My recommendation is that the President should sign the bill. Given the circumstances of the recent change of Administration and President Ford's declared intention of working with the Congress, this bill does not, in my opinion, present any objectionable features which would warrant a veto.

The bill does contain some features which, with respect to the general area of intergovernmental cooperation and regional economic development, appear to be steps in the right direction.

The bill does address some of the considerations which were raised by the Bellmon Report and the discussions on that report, but, in my opinion, falls short of full and complete resolution of larger issues such as the need for a national growth policy framework. On a prior occasion I noted my opinion that the absence of such a framework was a weakness in the Department of Commerce draft legislation arising out of the Bellmon Report (see my January 21, 1974 letter to Carl Hystad, OMB, copy attached).

On the other hand, the bill's extension of Title V regional commissions with its increased emphasis on the need for coordination does seem to move in the direction of provding some improved basis for State and local participation in the formulation of national economic development growth policies. As I

stated in my February 4, 1974 letter to Mr. Hystad: "there is a need for the establishment of a mechanism which would not only give elected State and local government officials more discretionary use of Federal funds on the one hand, but would also permit them to play a role in the formation of Federal policies which will affect them and would also still preserve a means for achieving sectional and national objectives broader than the interest of any single jurisdiction. I think such a proposal would be consistent with the President's objective of creative Federalism of providing a mechanism for effective implementation of revenue sharing and, while moving power away from Washington, would not create a gulf between local and State governments and the Federal Government but provide a bridge for cooperation of all three levels of government."

While the present legislation does not completely fulfill this need, it meets it partly and does not foreclose further Administration initiatives.

Specifically, the increased emphasis on providing not only funds but technical assistance to help develop a coordinated system of State, substate and local planning for economic development is a step in the right direction. My experience at the ARC has led me to the conclusion that nothing produces a greater and faster positive developmental impact than providing funds and technical assistance to increase local, substate and State capabilities to make more effective use of government services. The provision of extensive Federal programs for a variety of needs is not the answer unless there is a capacity in the intended recipients to make wise use of such programs.

For these reasons the provisions of the new section 302 (inserted by section 4(b) of the bill) providing funds for planning at all three levels (local, substate and State) authorizing technical assistance, and requiring continuing and coordinated planning are good features in this bill.

In my view, however, the State must remain chiefly responsible for <u>determining</u> the elements and priorities of the overall economic development plans in each State. The Governor, the chief <u>elected</u> official of each State has the responsibility to the <u>voters</u> and the best perspective for making the policy decisions that inhere in such planning. Thus, I shared the concern expressed by some Senators and Congressmen on the possibility that the requirement that State planning incorporate goals and

objectives of local and economic development district planning might be construed as giving all local jurisdictions a veto on State plans. Colloquies on the floor and statements in the Congressional Record have, however, made clear that the language is not intended to give a veto over State plans and thus, an apparent, objectionable feature is not really at issue.

I note the bill adds a requirement that economic development districts in the Appalachian Region must submit a copy of their district plans to the Appalachian Regional Commission. The Commission has long favored and encouraged the concept of full coordination of local, State and Federal planning. Thus, it stands ready to cooperate fully toward that ultimate goal, and will use its offices to assure that such planning efforts are considered by other appropriate planning bodies. Similarly, while ARC is not directly affected, the requirement for coordination in new subsection 511(b) (added by section 9(d)) is another expression of Congressional interest in achieving nationally integrated planning and, I think, a good feature of the bill.

I note also that this bill authorizes the funding of projects outside of a redevelopment area but within an economic development district when such assistance will be of a substantial direct benefit to the redevelopment area. This also is an improvement over existing legislation. One of the principal differences between the philosophy of the Appalachian Regional Development Program and that originally followed in the Public Works and Economic Development Act was the recognition in the Appalachian Program that economic development must be approached on a broader, regional basis and that investment under the Act should be made where there is significant potential for growth. By capitalizing on growth potential and building on the strengths in a region, a permanent, self-sustaining economy can be stimulated and established, which, in the long run, is more likely to result in true growth and eliminate the need for continuous help to depressed pockets. The former provision of the Public Works and Economic Development Act restricting investments to narrowly defined depressed areas often forced investments in areas which were not the most logical sites for economic development. The recognition (in section 7(b) of the present bill) that an investment outside a narrowly defined redevelopment area can often be more important to it, for long-range economic development purposes, than many investments directly in a depressed area, is a step in the right direction.

While the Federal Cochairman of ARC is not covered by the Regional Excess Property Program established by section 514(a), this added authority is, I believe, a positive feature in the bill. I am aware that Federal Cochairmen of other regional commissions have been interested in the potential of such a program. The idea has merit; it costs no additional Federal funds and it leads to more efficient use of previously expended Federal funds by using property already in Government hands and not being utilized; and, it provides an additional resource for supporting regional development efforts.

On the new Title IX, I would generally defer to OMB. Obviously, these new provisions imply increased appropriations. However, given Congressional indications of cooperating with the President in holding to a responsible budget, this is probably a less important factor than in recent past years. I note that another objection to such provisions in the past has been that they tended to stand by themselves and contribute little to development of a coordinated program of economic development. Section 903(c) will require the Secretary to coordinate any such programs with regional commissions, state and districts and other appropriate organizations and this may, perhaps, help to alleviate this deficiency.

The foregoing views are those of myself as Federal Cochairman. There has not been time to develop a formal Commission position on this particular legislation. I believe, however, that, in general, my views are not inconsistent with those of my colleagues on the Commission.

Sincerely yours,

Donald W. Whitehead

Donald W. Whitehead
Federal Cochairman

cs

Enclosures

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SEP 9 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Ash:

This is in response to Mr. Rommel's request of August 30, 1974, for a report on H.R. 14883, an enrolled bill "To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 2-year period, and for other purposes."

Two provisions in the enrolled bill are of concern to this Department. Section 2 of the bill would specifically make available up to $30,000,000 in each of the fiscal years 1975 and 1976 (out of the total title I (Grants for Public Works and Development Facilities) authorizations of $200,000,000 for FY 1975 and $250,000,000 for FY 1976) for the operation of any health project funded under title I after the enactment of the enrolled bill. A health project operation grant could be made in an amount equal to 100 percent of the operational costs for the first fiscal year of the operation of the project facility, and equal to 100 percent of the deficit in funds for operational costs for the second fiscal year of its operation. Health projects would be required to be conducted under management practices acceptable to the Secretary of Health, Education, and Welfare. Also, to be eligible for second year funding, a health project would be obliged to develop a plan providing for the funding of its operations on a permanent basis satisfactory to the Secretary of Health, Education, and Welfare.

Section 10 of the bill would authorize the Federal cochairman of each title V regional commission to acquire, without reimbursement, any personal excess property, with the same

priority as Federal agencies, and lend or give away such property to States, political subdivisions, tax-supported organizations, Indian and Eskimo organizations, public and nonprofit private hospitals, and public and nonprofit institutions of higher learning. The Secretary of Commerce would establish rules and regulations for this program.

Section 2 of the enrolled bill is undesirable, because it would earmark funding for a health program over which we would have minimal authority, yet which would duplicate programs we now conduct in the health area. Because this section is part of a larger bill concerned with programs not within the purview of this Department, we can only urge that this section be considered as a negative factor in weighing the bill as a whole. If the enrolled bill does become law, we plan to seek greater participation in regulating the bill's health program, either through agreement with the Secretary of Commerce, or, if necessary, through legislation.

Section 10 of the enrolled bill is also undesirable. Under the Federal Property and Administrative Services Act of 1949, excess property (property not needed by a particular Federal agency) is made available to all other Federal agencies. If no other agency needs the property, the property is declared "surplus" property and may be transferred to State surplus property agencies (whose standards of operations have been approved by the Secretary of Health, Education, and Welfare) for donation for educational, public health, or civil defense purposes. The enrolled bill disrupts this carefully designed procedure by:

(1) effectively establishing a second surplus property program by allowing excess personal property to be given away under the Public Works and Economic Development Act of 1965 without first being declared "surplus";

(2) giving this new program priority in acquiring Federal personal property ahead of the regular surplus property program;

(3) failing to require that property in the new program be handled through the duly established State surplus property agencies, or through any other specific procedure;

(4) failing to prescribe the purposes for which the property may be used, other than that of "economic development";

(5) encouraging other specific programs or groups to attempt to establish their own special "surplus property" programs; and

(6) undercutting and duplicating the present surplus property program, which provides for an orderly and equitable apportionment among the States of unneeded Federal property for the universally recognized worthy purposes of education, public health, and civil defense.

If section 10 were a separate bill, we would recommend that it be vetoed. Again, we can only urge that this section be considered as a major negative factor in weighing the bill as a whole. If the enrolled bill does become law, we plan to seek repeal of section 10.

In summary, despite our strong objections to specific provisions of the bill, we defer, on the question of its approval, to the Department of Commerce, which administers the Public Works and Economic Development Act.

Sincerely,

Caspar W. Weinberger

Secretary

THE WHITE HOUSE

WASHINGTON

September 25, 1974

MEMORANDUM FOR PAUL THEIS

SUBJECT SIGNING STATEMENT BY THE PRESIDENT FOR H.R. 14883

The Congress has passed and forwarded to the President for signature HR 14883, the two year extension of the Public Works and Economic Development Act.

OMB, the Domestic Council and Bill Timmons' office recommend that the President release a statement when this bill is signed.

Attached is a draft which has been prepared by Wally Scott, Associate Director of OMB, for your consideration. The last day that this bill can be signed is Friday, September 27.

If I can be of any assistance, please don't hesitate to call.

Tod R. Hullin
Associate Director
Domestic Council

cc:
Ken Cole
Jim Cavanaugh
Wally Scott
Jerry Jones
Bob Linder

PRESIDENTIAL SIGNING STATEMENT FOR H.R. 14883

It is with great pleasure that I sign today H.R. 14883, the two year extension of the Public Works and Economic Development Act.

From the time the Administration's proposed Economic Adjustment Act was sent to the Congress last February, significant debate has occurred regarding the proper Federal role in the economic development and adjustment process. This legislation has benefited greatly from the debate and incorporates many improvements which will enable the Economic Development Administration and the Regional Action Planning Commissions to be more effective in overcoming or preventing problems of economic distress. I believe this legislation is a fine example of the beneficial results of consultation and compromise between the Congress and the Executive.

Perhaps the most noteworthy provisions of the Act are the changes that have been made in Title III and in the addition of the new Title IX. The improvements in Title III should strengthen State capacities to plan for and assist economic development, while preserving a strong development role for local areas and economic development districts. Title IX marks a new direction in our approach to economic adjustment and development. It permits States and local areas to develop comprehensive and flexible responses to actual or threatened severe unemployment problems. It will permit early action to adjust to economic dislocation problems, to minimize personal hardships and improve the chances of an effective, long-range solution to the problems of the communities.

In conjunction with the other titles of the Act and coupled with the Comprehensive Employment and Training Act, which contains provisions for special distribution of funds to areas of high unemployment, this title provides another tool available to States and communities to increase employment opportunities and offset particular local unemployment problems.

Despite these desirable new features in this bill, it does not provide for the comprehensive reform in our economic development and adjustment programs which I believe is necessary. It retains too much direct Federal control over the allocation of the assistance funds. This reduces the ability of States and communities to realistically plan and manage their programs. It continues an undue emphasis on public works as the solution to problems of unemployment and low income; and it continues to encourage a narrow categorical approach to the problems of distressed areas.

Although this Act represents substantial progress in the design of an effective Federal role in assisting economic development and adjustment, much remains to be done. During the next several months, and certainly before the expiration of this legislation, the Congress and the Administration must begin to consider changes to further improve the design of economic development and adjustment assistance. This extension, while valuable in itself, should be viewed as a transition period in which new approaches to relieving the burdens of unemployment and low incomes may be developed.

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 598

Date: September 24, 1974 Time: 10:00 a.m.

FOR ACTION: Kenneth Rush
L. William Seidman
Geoff Shepard
Phil Buchen
Bill Timmons
FROM THE STAFF SECRETARY

cc (for information): Warren Hendriks
Jerry Jones
Paul Theis

DUE: Date: September 25, 1974, Wednesday Time: 2:00 p.m.

SUBJECT: Enrolled Bill H.R. 14883 - Public Works and Economic Development Act Amendments

ACTION REQUESTED:

____ For Necessary Action

XX For Your Recommendations

____ Prepare Agenda and Brief

____ Draft Reply

____ For Your Comments

____ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

WASHINGTON

9/23/74

TO: WARREN HENDRIKS

RDL

Robert D. Linder

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 598

Date: September 24, 1974 Time: 10:00 a.m.

FOR ACTION: Kenneth Rush
L. William Seidman
Geoff Shepard
Phil Buchen
Bill Timmons

cc (for information): Warren Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: September 25, 1974, Wednesday Time: 2:00 p.m.

SUBJECT: Enrolled Bill H.R. 14883 - Public Works and Economic Development Act Amendments

ACTION REQUESTED:

____ For Necessary Action
XX For Your Recommendations
____ Prepare Agenda and Brief
____ Draft Reply
____ For Your Comments
____ Draft Remarks

REMARKS:

O.K.
K.R.

Please return to Kathy Tindle - West Wing

Approved by Mr. Rush.
RH

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 598

Date: September 24, 1974 Time: 10:00 a.m.

FOR ACTION: Kenneth Rush
L. William Seidman
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✓Phil Buchen
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FROM THE STAFF SECRETARY

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XX For Your Recommendations

____ Prepare Agenda and Brief

____ Draft Reply

____ For Your Comments

____ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

No objection
. W.C.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 598

Date: September 24, 1974 Time: 10:00 a.m.

FOR ACTION: Kenneth Rush
L. William Seidman
✓Geoff Shepard
Phil Buchen
Bill Timmons
FROM THE STAFF SECRETARY

cc (for information): Warren Hendriks
Jerry Jones
Paul Theis

DUE: Date: September 25, 1974, Wednesday Time: 2:00 p.m.

SUBJECT: Enrolled Bill H.R. 14883 - Public Works and Economic Development Act Amendments

ACTION REQUESTED:

____ For Necessary Action

XX For Your Recommendations

____ Prepare Agenda and Brief

____ Draft Reply

____ For Your Comments

____ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

No objection

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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

WASHINGTON

September 25, 1974

MEMORANDUM FOR: MR. WARREN HENDRIKS

FROM: WILLIAM E. TIMMONS

SUBJECT: Action Memorandum - Log No. 598
Enrolled Bill H.R. 14883 - Public Works
and Economic Development Act Amendments

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 598

Date: September 24, 1974 Time: 10:00 a.m.

FOR ACTION: Kenneth Rush
L. William Seidman
Geoff Shepard
Phil Buchen
Bill Timmons

cc (for information): Warren Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: September 25, 1974, Wednesday Time: 2:00 p.m.

SUBJECT: Enrolled Bill H.R. 14883 - Public Works and Economic Development Act Amendments

ACTION REQUESTED:

____ For Necessary Action

XX For Your Recommendations

____ Prepare Agenda and Brief

____ Draft Reply

____ For Your Comments

____ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 598

Date: September 24, 1974 Time: 10:00 a.m.

FOR ACTION: Kenneth Rush
✓L. William Seidman
Geoff Shepard
Phil Buchen
Bill Timmons
FROM THE STAFF SECRETARY

cc (for information): Warren Hendriks
Jerry Jones
Paul Theis

DUE: Date: September 25, 1974, Wednesday Time: 2:00 p.m.

SUBJECT: Enrolled Bill H.R. 14883 - Public Works and Economic Development Act Amendments

OS
gwb

- O.K. phoned to Kathy @ 4:20 p.m.

ACTION REQUESTED:

____ For Necessary Action
XX For Your Recommendations
____ Prepare Agenda and Brief
____ Draft Reply
____ For Your Comments
____ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

PRESIDENTIAL SIGNING STATEMENT FOR H. R. 14883

It is with great pleasure that I sign today H. R. 14883, the two year extension of the Public Works and Economic Development Act.

From the time the Administration's proposed Economic Adjustment Act was sent to the Congress last February, significant debate has occurred regarding the proper Federal role in the economic development and adjustment process. This legislation has benefited greatly from the debate and incorporates many improvements which will enable the Economic Development Administration and the Regional Action Planning Commissions to be more effective in overcoming or preventing problems of economic distress. I believe this legislation is a fine example of the beneficial results of consultation and compromise between the Congress and the Executive.

Perhaps the most noteworthy provisions of the Act are the changes that have been made in Title III and in the addition of the new Title IX. The improvements in Title III should strengthen State capacities to plan for and assist economic development, while preserving a strong development role for local areas and economic development districts. Title IX marks a new direction in our approach to economic adjustment and development. It permits States and local areas to develop

comprehensive and flexible responses to actual or threatened severe unemployment problems. It will permit early action to adjust to economic dislocation problems, to minimize personal hardships and improve the chances of an effective long-range solution to the problems of the communities.

In conjunction with the other titles of the Act and coupled with the Comprehensive Employment and Training Act, which contains provisions for special distribution of funds to areas of high unemployment, this title provides another tool available to States and communities to increase employment opportunities and offset particular local unemployment problems.

Despite these desirable new features in this bill, it does not provide for the comprehensive reform in our economic development and adjustment programs which I believe is necessary. It retains too much direct Federal control over the allocation of the assistance funds. This reduces the ability of States and communities to realistically plan and manage their programs. It continues undue emphasis on public works as the solution to problems of unemployment and low income; and it continues to encourage a narrow categorical approach to the problems of distressed areas.

Although this Act represents substantial progress in the design of an effective Federal role in assisting ecnomic development and adjustment, much remains to be done. During the next several months, and certainly before the expiration of this legislation, the Congress and the Administration must begin to consider changes to further improve the design of economic development and adjustment assistance. This extension, while valuable in itself, should be viewed as a transition period in which new approaches to relieving the burdens of unemployment and low incomes may be developed.

# # #

FOR IMMEDIATE RELEASE SEPTEMBER 27, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

It is with great pleasure that I sign today H.R. 14883, the two year extension of the Public Works and Economic Development Act.

From the time the Administration's proposed Economic Adjustment Act was sent to the Congress last February, significant debate has occurred regarding the proper Federal role in the economic development and adjustment process. This legislation has benefited greatly from the debate and incorporates many improvements which will enable the Economic Development Administration and the Regional Action Planning Commissions to be more effective in overcoming or preventing problems of economic distress. I believe this legislation is a fine example of the beneficial results of consultation and compromise between the Congress and the Executive.

Perhaps the most noteworthy provisions of the Act are the changes that have been made in Title III and in the addition of the new Title IX. The improvements in Title III should strengthen State capacities to plan for and assist economic development, while preserving a strong development role for local areas and economic development districts. Title IX marks a new direction in our approach to economic adjustment and development. It permits States and local areas to develop comprehensive and flexible responses to actual or threatened severe unemployment problems. It will permit early action to adjust to economic dislocation problems, to minimize personal hardships and improve the chances of an effective long-range solution to the problems of the communities.

In conjunction with the other titles of the Act and coupled with the Comprehensive Employment and Training Act, which contains provisions for special distribution of funds to areas of high unemployment, this title provides another tool available to States and communities to increase employment opportunities and offset particular local unemployment problems.

Despite these desirable new features in this bill, it does not provide for the comprehensive reform in our economic development and adjustment programs which I believe is necessary. It retains too much direct Federal control over the allocation of the assistance funds. This reduces the ability of States and communities to realistically plan and manage their programs. It continues undue emphasis on public works as the solution to problems of unemployment and low income; and it continues to encourage a narrow categorical approach to the problems of distressed areas.

Although this Act represents substantial progress in the design of an effective Federal role in assisting economic development and adjustment, much remains to be done. During the next several months, and certainly before the expiration of this legislation, the Congress and the Administration must begin to consider changes to further improve the design of economic development and adjustment assistance. This extension, while valuable in itself, should be viewed as a transition period in which new approaches to relieving the burdens of unemployment and low incomes may be developed.

# # #

93D CONGRESS 2d Session } HOUSE OF REPRESENTATIVES { REPORT No. 93-1094

EXTENSION OF PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

JUNE 7, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BLATNIK, from the Committee on Public Works, submitted the following

REPORT

together with

SUPPLEMENTAL AND ADDITIONAL VIEWS

[To accompany H.R. 14883]

The Committee on Public Works, to whom was referred the bill (H.R. 14883) to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 2-year period, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause and inserts a substitute text which appears in italic type in the reported bill.

BACKGROUND OF THE ACT

The Public Works and Economic Development Act was enacted in 1965 (Public Law 89-136) to permit Federal assistance to areas and regions suffering from high unemployment and underemployment. The Act is an out-growth of prior economic development legislation including the Area Redevelopment Act enacted in 1961, the Public Works Acceleration Act of 1962, and the Appalachian Regional Development Act of 1965.

The purpose of the Act is to provide Federal assistance, in cooperation with the States and localities, to enable areas and regions suffering economic distress to help themselves develop the planning and financial capability for long lasting economic improvement and the creation of permanent jobs.

The Act emphasizes long rang planning for economic growth and provides technical assistance, public facility grants and loans, business loans and guarantees, and other assistance as tools to implement these plans.

34-632

Purpose of the Bill

The purpose of this bill as reported is to amend the Public Works and Economic Development Act of 1965, as amended, and to extend the authorization of funds for two additional years, through fiscal year 1976, for current programs under the Act. The reported bill authorizes funds to increase the capability of States and substate districts to undertake economic adjustment and development planning, and would also encourage the formation of economic development districts and promote greater coordination of activities between Regional Commissions, States and sub-State districts. In addition, the moratorium on the dedesignation of redevelopment areas would be reinstated for this same time period. Finally, the reported bill adds a new Title IX to authorize an experimental economic development and adjustment demonstration program to permit the Secretary flexibility in funding economic development and adjustment plans that are not otherwise authorized by the Act and to encourage and test new approaches in solving problems of economic dislocation before or as they occur.

The authorizations in the reported bill are as follows:

	Millions
Public works grants and supplementary grants	$200
Public works and business development loans and guarantees	60
Planning, technical assistance and research	60
Growth centers and bonuses for redevelopment areas within economic development districts	45
Regional action planning commission programs	95
Special economic development and adjustment assistance demonstration program	50
Total annual authorization	510

Hearings

The subcommittee held four days of hearings on March 28, April 1, 23, and 24, on H.R. 12942, the Economic Adjustment Act of 1974, and other bills to extend and amend the Public Works and Economic Development Act of 1965. Testimony was received from the Secretary of Commerce, the Office of Management and Budget, Members of Congress, Governors, Mayors, State and local officials, and representatives of Indian Tribes. Many communications were received from private citizens and public officials all across the country supporting extension of the existing legislation and have been made part of the hearing record.

The witnesses, almost without exception, supported the extension of the present economic development programs. Administration spokesmen supported H.R. 12942, the proposed Economic Adjustment Assistance Act. The Department of Commerce and the Office of Management and Budget, requested a one-year extension of the present program to provide a transition period into the proposed economic adjustment assistance bloc grant program. Other witnesses requested longer extensions of the present programs, ranging from two to five years.

In addition to overall opposition to the Administration's proposal, witnesses expressed specific dissatisfaction with the proposed transfer of EDA Indian programs to the Department of Interior.

Questions were also raised concerning the present capabilities of States to effectively administer a bloc grant economic adjustment program as proposed under H.R. 12942 and the States' ability to develop the necessary expertise and capabilities for undertaking economic adjustment and growth activities as suggested by the Administration, in one year.

Testimony received indicated need to provide continued EDA assistance at increased funding levels to communities suffering both long and short term unemployment. Perhaps the most extreme example cited in the testimony was Puerto Rico where the unemployment rate remains at 12%, and 60% of the population is living below the accepted definition of the poverty level.

Need for Legislation

Last June, with overwhelming bi-partisan support, the Congress passed and the President approved PL 93–46, which extended the life of the Public Works and Economic Development Act of 1965 through FY 1974 at a minimal authorization level.

In recognition of the need for improving the present economic development programs, Congress in Section 8 of the extension act called on the President to "instruct the Secretary of Commerce and the Office of Management and Budget to reexamine current and past Federal efforts to secure balanced economic development and submit to Congress within six months after enactment of this Act a proposal for the restructuring of the various Federal economic development programs into a well-coordinated plan of assistance."

In the report submitted to Congress on February 1st, the Administration recommended that present Economic Development Act be extended for one year and that a new economic adjustment program be enacted to start in fiscal year 1975.

During Committee hearings, it became evident that few witnesses had been able to make a thorough analysis of the Administration's proposed Economic Adjustment Assistance Act as well as a number of other approaches for new economic development legislation.

More extensive hearings will be needed before a major new economic development program can replace existing legislation. Therefore it is recommended that the present program be extended for two years in order that there will not be any delay or gap until a new program can be developed.

To increase effectiveness of our present program in promoting more balanced economic growth and development, the extension legislation which should provide new authority to increase capacity to undertake economic adjustment and development programs, to provide for better coordinated planning, and to strengthen the economic development districts that are already in operation.

The present Title V regional commission should be continued as effective mechanisms for regional economic development planning. The critical need to use untapped energy sources wisely was underscored in the hearings as a major justification for strengthening the regional commissions to provide the information the Governors need to make critical resource allocation decisions.

A two year extension of the Economic Development Act is required to allow sufficient time to develop a comprehensive national economic

development program that reflects the changing patterns of population growth and economic activity within the country.

Major Provisions of Bill

TRANSFER OF TITLE I CRITERIA TO TITLE IV

In 1965, when this legislation was being considered by the House, an amendment was adopted to authorize Title I assistance (public facility grants) to areas of substantial unemployment.

Experience has demonstrated that a majority of areas designated under this criteria in Title I involve the oldest, most developed urban or large metropolitan areas. In many cases these urban centers need additional incentives for business and industry to remain and provide new jobs.

Section 2 of the reported bill transfers the criteria of Title I to Title IV so as to consolidate all the eligibility criteria under one title and thereby makes uniform the assistance that is available to all areas designated under the Act. This will provide business development assistance to those areas currently designated under the Title I criteria as well as areas that might be designated under this criteria in the future.

BUSINESS DEVELOPMENT ASSISTANCE

Section 3 of the reported bill provides additional tools to the Secretary of Commerce for industrial and commercial business development.

Authority is provided to guarantee direct loans and working capital loans made by private lending institutions to borrowers in "redevelopment areas" or "economic development centers". Guarantees are authorized up to 90% of the outstanding unpaid balance of such a loan.

The Secretary is also authorized to guarantee the rental payments of leases not to exceed 90% of the remaining rental payments required by the lease. This assistance is designed to increase the business development opportunities in distressed areas of our large cities particularly in special impact areas where vacant buildings are available for the occupancy of new business ventures.

Because this authority is a new approach in assisting economically distressed areas, it is expected that the Secretary will closely monitor the guarantees approved under this section to determine their effectiveness as an economic development tool.

After the first year, the Secretary should report the effectiveness of lease guarantees along with his evaluation of such guarantees to the Committee on Public Works.

In addition, Section 3 authorizes the Secretary to make direct working capital loans. Such authority was added to provide for working capital for businesses where such assistance is not reasonably available and whose needs cannot be met by other available forms of assistance.

It is anticipated that working capital loans will be made to businesses which have experienced, or may be reasonably foreseen to be about to experience, temporary but severe problems involving actual or potential job loss, for reasons including but not limited to the closing of Federal installations, environmental orders resulting in plant shutdowns, and Federal energy allocations.

Additionally, working capital loans are intended to aid the winter recreation industry in areas of the country which has suffered a loss of business because of abnormally low snowfall. Working capital loans could keep these areas operating until improved snow conditions prevail and business picks up.

The Secretary should expedite processing applications for loans and guarantees where needs are urgent.

Loan and lease guarantees will be a means of providing assistance without substantially increasing Federal financial outlays by stimulating participation of private financial sources.

Section 3 provides for an annual authorization of $60 million for each of the fiscal years 1975 and 1976.

ECONOMIC ADJUSTMENT AND DEVELOPMENT PLANNING PROGRAM

Section 4 of the bill as reported authorizes the Secretary to make grants for economic development planning. These grants can be made to any State, city, or other political subdivision of a State or substate planning and development organizations including economic development districts. This new authority is intended to increase overall State, sub-state and local government capability for economic development and adjustment planning including changing employment and economic growth patterns in public works investment planning and other governmental decision-making. The section requires that overall State economic plans shall be prepared cooperatively by the State, its political subdivision, and any economic development districts located in whole or in part within the State.

Section 4 requires that not less than sixty percent of funds expended for Title III of the Act will be expended to carry out Section 301, and not more than 20 percent of funds actually made available under Sec. 302 during any fiscal year shall be expended for direct grants or other assistance to the States in carrying out Section 302.

ECONOMIC DEVELOPMENT DISTRICTS

Section 5 of the bill, as reported, would reduce the requirement that an economic development district must contain two or more redevelopment areas to one redevelopment area. Section 5 also authorizes financial assistance to projects outside of the redevelopment area but within the economic development district in which the redevelopment area is located when the assistance will be of substantial direct benefit to the redevelopment area.

SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE DEMONSTRATION PROGRAM

Section 8 of the reported bill adds a new Title IX to the act which provides authority to the Secretary to establish a demonstration program to evaluate and test new approaches to economic development and to assist in meeting special needs arising from actual or threatened severe unemployment from existing or expected economic dislocation. This Title has been added to give the Secretary an opportunity to demonstrate the effectiveness of proposals advanced by the Admin-

istration in their February 1st, 1974 Report to Congress proposing an Economic Adjustment Program.

In the past, the Public Works and Economic Development Act programs have been directed only at eligible areas already suffering economic distress. Title IX funds can be used anywhere in the country, including parts of cities, such has special impact areas where it is possible Federal assistance would prevent economic hardships before they occur rather than having to concentrate on lessening hardships after the areas have become depressed. The new Title IX would serve to complement, not substitute for, the existing EDA programs. It is not intended to duplicate any of the assistance now authorized nor affect assistance that may now be received under the act.

Testimony before the committee clearly showed that there is a great deal of uncertainty about the ability of State and local government to identify future economic changes, predict unemployment, make plans and then take necessary steps to assist an area adjust to alternative economic activities. There is little question, however, that bold steps should be taken now to realize the benefits that can result from early identification of problem areas, sound economic adjustment planning and early action to reduce hardship for the individuals involved. This approach should substantially improve the chances for successful adjustment before resources are dispersed and the area becomes severely economically depressed.

Examples of structural economic changes which cause the type of major adjustment problems that can be attacked by this economic adjustment demonstration program are plant closings and job losses caused by compliance with environmental requirements such as the potential closing of Reserve Mining Company in Minnesota, closing of Federal installations, and explicit energy allocations.

It is intended that the Title IX assistance will focus on reducing hardships to the individuals involved. As the administration pointed out in their February 1, 1974 Report to Congress: "The Federal Government has accepted responsibilities to try and minimize the hardships for individuals resulting from changes in economic conditions beyond the control of the individuals. This includes efforts to locate alternative employment quickly in the same community, retraining or education, and unemployment compensation."

Developing specific national requirements to meet the needs of a demonstration program such as this must be flexible enough to meet widely varying local conditions. Plans for demonstration projects should basically reflect the views of local elected officials and the individuals who will be most directly affected.

Grants provided to eligible recipients must be used by eligible recipients in accordance with the plan submitted by them. Grants may not be used in a manner contrary to the plan and should not be limited to any one category of eligible recipient.

Plans submitted to the Secretary for approval must include provision for the payment from the grant of unemployment assistance. Where necessary this assistance shall be available to jobless workers for a period of 52 weeks after the commencement of unemployment resulting from an economic adjustment need of the eligible recipient. The majority of workers eligible for regular unemployment compensation benefits could receive additional weeks of unemployment assistance for a combined total duration period of 52 weeks. Those few workers who are ineligible for regular state unemployment compensation benefits could receive 52 weeks of unemployment assistance under an approved plan. Payment of extended unemployment assistance from grants should be accomplished wherever possible without imposing on the states any necessity to amend existing state unemployment compensation legislation.

The extended unemployment assistance will be, whenever possible, administered by the State Employment Security Agencies.

General Comments

OPERATION AND ADMINISTRATION

Serious problems have been caused by the continual phase-out and cutbacks in personnel on the part of the administration in spite of the continued authorization and funding of the EDA programs. It has become apparent that the attitude of the administration is to provide insufficient personnel to effectively administer the program despite the fact that Congress has continued the authorizations and funding of this program.

For example, in FY 1971 EDA was appropriated $230.8 million in program funding and additional Operation and Administration funds to maintain a staff of 923 employees as of June 30, 1972. For FY 1974 EDA received $220.5 million in program funds but, funds were requested for only 575 permanent personnel. By administrative arrangements the agency has been able to retain temporarily 650 employees. The funding requested by the President's budget for FY 1975 will require drastic personnel cutbacks within the next few months unless it is increased by at least $4.3 million. This additional funding would permit the agency to retain its current personnel for the full year.

It appears what cannot be achieved directly by phase-out of the legislation will be accomplished indirectly by the administration through personnel cutbacks unless Congress appropriates sufficient Operation and Administration funds to maintain current levels of personnel with a mandate that they be retained.

INDIAN ASSISTANCE

The administration, in their budget request for FY 1974, requested authority to transfer during the fiscal year unobligated EDA public works funds for Indian Reservations to the Department of Interior if Congress passed the administration's proposed "Indian Tribal Government Grant Act" (H.R. 9011). This bill would establish a new program in the Bureau of Indian Affairs to provide block grants to Indian tribes for economic development assistance.

Indian tribes from all over the country have expressed strong opposition to the proposed transfer and strong support for the continuation of the EDA programs.

By extending this Act for two additional years, Indian assistance under the Act will be continued for this period.

An amended budget request has been forwarded to the Congress by the President requesting an additional $30.2 million in the Department

of Commerce appropriations for Indian assistance for Fiscal Year 1975.

COST OVERRUNS ON PUBLIC WORKS PROJECTS

It has come to the attention of the committee that there are an increasing number of cases where the low bid at the time the construction contract is awarded for public works projects by Economic Development Administration grants greatly exceeds the cost estimate made at the time the Federal grant was approved. The recipients of the grants are in turn requesting additional Federal funds to pay for these cost overruns. The major cause of this problem seems to be the length of time that elapses between the approval of the grant application and the actual start of construction. In some cases this time lag has been as long as six years. With the continuing rise in construction costs, it is apparent that this problem will become more severe and will seriously distort priorities for public works projects if a substantial portion of the appropriated funds are used to complete previously approved projects rather than meeting current needs. EDA should take appropriate administrative action to avoid cost overruns and insure that applicants initiate funded projects without delay so that the Federal share of project cost be limited to the initial grant except in unusual cases.

INADEQUACY OF UNEMPLOYMENT STATISTICS USED FOR IDENTIFYING AREAS OF SUBSTANTIAL UNEMPLOYMENT

The unemployment statistics currently available for administration of the Public Works and Economic Development Act are not considered adequate particularly in view of the critical role they play in the designation of eligible areas and the allocation of economic development resources.

The recent changes adopted by the U.S. Bureau of Labor Statistics (BLS) in its statistical procedures for estimating state and local unemployment have raised many questions about the Federal Government's capacity to produce local labor market statistics sufficiently accurate, timely and reliable to ensure that the EDA redevelopment assistance will be allocated equitably. The new recently revised Department of Labor statistical procedures have been widely protested and currently are being challenged by the State of New Jersey in Federal Courts.

The new statistical procedures have two major impacts on EDA's program for small labor areas. First, the rate of unemployment is defined as the number of unemployed persons as a percentage of the resident labor force even though they may have been employed in another jurisdiction. Second, the Labor Department is utilizing current population survey statistics to adjust state unemployment estimates in an attempt to insure that consistent methodologies for estimating unemployment rates are followed among all state employment security agencies.

The new BLS statistical procedures, which in some states and areas currently depend heavily on data obtained by surveying small numbers of households, are an issue of great concern to many state government officials who feel that the new procedures have been instituted without

sufficient testing and evaluation. In recognition of the current debate over unemployment estimating methodologies among the States and the BLS, a careful review and evaluation should be given to the new procedures instituted by the BLS as a reliable system for producing accurate unemployment statistics for local labor market areas. The review and evaluation should be conducted by representatives of Federal, State, and local government statistical agencies. However, the estimates of the size of the labor force used in computing unemployment rates should be adjusted to count employed workers only once and according to where they live rather than where they work. The use of the BLS concept of "resident labor force" is considered to be appropriate in the computation of unemployment rates for the purpose of this Act.

No labor market area should be denied redevelopment assistance because of the arbitrary substitution of the new Current Population Survey methods for traditional employment security agency procedures in developing estimates of the level of unemployment. This bill extends the moratorium on the dedesignation of redevelopment areas so that no area presently designated to receive EDA assistance will be dedesignated due to change in unemployment statistics.

WORK PROGRAM GUIDELINES

The Economic Development Administration has prepared for fiscal year 1975 Work Program guidelines. These guidelines define the program objectives for the Work Program, the information and procedure to be used in Work Program preparation and the overall purposes of the Work Program effort.

These Work Programs as described by EDA, developed through the Regional Offices of EDA, will be used in determining redevelopment area priorities as well as the selection of target local communities within priority redevelopment areas. EDA seeks a broadened approach for project choice and place beyond a single performance measure. Accordingly, EDA has introduced three developmental program objectives: (1) to stabilize or diversify existing economic activity; (2) to ameliorate distress and initiate development; and (3) to stimulate growth.

The information to be used in determining redevelopment area priorities are: (1) target population or number of persons in distress; (2) growth profile; (3) regional development patterns and problems; (4) past EDA investments; and (5) institutional and other considerations. There is no uniform formula and no order or ranking of these five elements for determining priority areas. The work program itself will not identify any specific projects.

Concern has been expressed to this selection process apparently centers around two issues; the data used for the target population element and the process of area denial through this procedure without a second review. The first objection is simple and straightforward; EDA is relying on data that is a year and one-half old, thus the target population element uses annual average unemployment for the 1972 Calendar year. This may result in improper area priority decisions.

Secondly, and most importantly, EDA has injected itself indirectly

into the project selection process without regard to the local planning efforts. If communities within redevelopment areas do not appear on target population lists supplied to these areas or districts, then they are effectively excluded from any project funds. These communities are essentially told not to apply for a project, because they do not appear on a target population list. At present, there is no review process for these areas excluded by this element. Since the target population element identifies distress areas, then holdover counties from the moritorium on redevelopment area de designation will be excluded altogether from project selection.

The new guidelines threaten the traditional approach of project selection. With old, and possibly faulty data, priority area designation will shift to a centralized process. The Committee does not intend this to happen and will expect EDA to evaluate this procedure critically in light of the traditional local initiative in EDA areas and districts before proceeding on this administrative course.

Committee Recommendations

On June 30, 1974, the basic authority for the Public Works and Economic Development Act of 1965, as amended, will expire. The committee believes that the programs under this Act are of vital importance to the economically distressed areas of our Nation. The committee believes that these programs must be continued and strengthened to maintain current Federal efforts in assisting eligible areas, and urges the passage of H.R. 14883, as reported.

Costs of the Legislation

In accordance with Rule XIII(7) of the Rules of the House of Representatives, the estimated costs to the United States which would be incurred in carrying out H.R. 14883 in fiscal year 1975 and in the only other fiscal year for which funds would be authorized, fiscal year 1976, are summarized as follows:

	Millions
Fiscal year 1975	$510
Fiscal year 1976	510
Total	1,020

Thus the total cost of H.R. 14883 to the United States would be $1,020,000,000.

The estimate of costs is based on the authorization for each fiscal year rather than on anticipated obligations or expenditures of funds.

The estimate of cost of H.R. 14883, as reported, has been prepared by the Committee. No estimate of cost of the bill has been submitted by any Government agency to the Committee.

Vote

The Committee ordered the bill reported by voice vote.

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965 AUTHORIZATIONS, FISCAL YEARS 1966–74

[In millions of dollars]

Fiscal year	Titles I	II	III	IV	V	VII [1]	Total
1966	500	170	25		15.0		710
1967	500	170	25	50	15.0		760
1968	500	170	25	50	40.0		785
1969	500	170	25	50	65.0		810
1970	500	170	50	50	[2] 255.0		907.5
1971	500	170	50	50	[3] 20.0		907.5
1972	800	170	50	50	[2] 305.0		1,222.75
1973	800	170	50	50	[4] .5		1,222.75
1974	200	55	35	45	95.0		430
Total	4,800	1,415	335	395	810.5		7,755.5

[1] Such sums as necessary.
[2] 2-year authorization.
[3] A 1-time, no specific year transportation study authorization.
[4] A 2-year authorization for Federal Field Committee for Alaska, now extinct.

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AUTHORIZATIONS AND APPROPRIATIONS TO DATE

[In thousands of dollars]

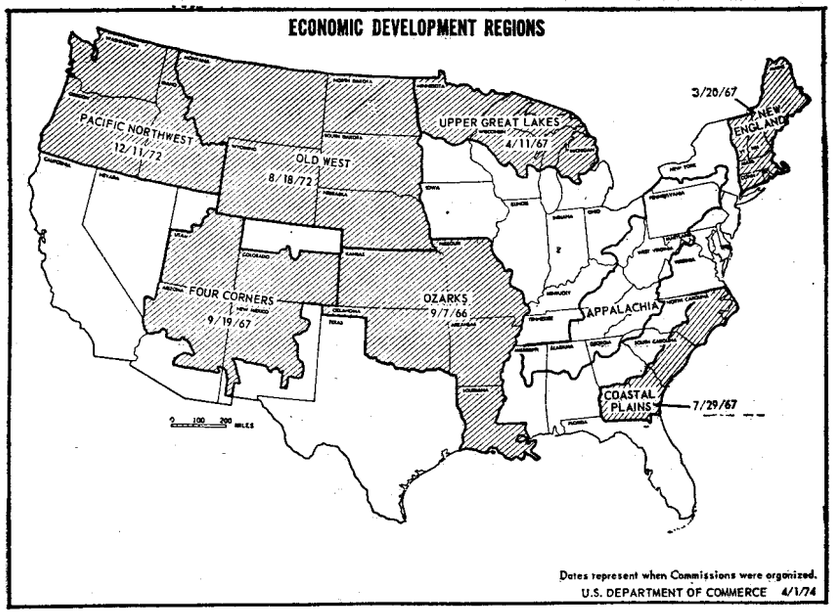
	Title I	Title II	Title III	Title IV	Title V	Title VII	Total
Total authorization	4,800,000	1,415,000	335,000	395,000	810,500	([1])	7,755,500
Appropriations: [2]							
1966	200,000	101,800	13,025		5,450	12,146	332,421
1967	165,400	81,500	18,000	9,750	4,000	17,166	295,816
1968	139,005	73,020	18,500	17,975	7,334	19,000	274,834
1969	122,300	64,005	18,200	31,195	19,297	19,577	274,574
1970	110,710	47,265	20,195	50,000	23,305	20,964	272,439
1971	121,194	51,617	20,795	37,189	39,000	22,366	292,161
1972	164,586	42,678	20,855	32,735	39,054	23,537	323,445
1973	200,240	48,712	31,468	21,048	41,672	24,086	367,226
1974	148,000	23,000	26,500	23,000	42,000	19,000	281,500
Total appropriations through fiscal year 1974	1,371,435	533,597	187,538	222,892	221,112	177,842	2,714,416

[1] The act does not contain a specific authorization for title VII administrative expenses.
[2] Funds are appropriated to EDA on the basis of appropriation accounts rather than titles. Amounts shown on this table as appropriation are allocations to titles derived from appropriations.

REGIONAL ACTION PLANNING COMMISSIONS FISCAL YEAR 1974 ALLOCATION OF APPROPRIATIONS—TOTAL $42,000,000

[In thousands of dollars]

	Program	Administrative expenses	Total
Coastal Plains	6,857	463	7,320
Four Corners	6,903	415	7,318
New England	6,785	537	7,322
Old West	3,013	442	3,455
Ozarks	6,898	421	7,319
Pacific Northwest	1,170	330	1,500
Upper Great Lakes	6,968	347	7,315
Subtotal	38,594	2,955	41,549
Office of Regional Economic Coordination		340	340
Regional research	111		111
Total	38,705	3,295	42,000



Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Public Works and Economic Development Act of 1965

* * * * * * *

TITLE I—GRANTS FOR PUBLIC WORKS AND DEVELOPMENT FACILITIES

* * * * * * *

[Sec. 102. (a) In addition to the assistance otherwise authorized, the Secretary is authorized to make grants in accordance with the provisions of this title to those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, were areas of substantial unemployment during the preceding calendar year.

[(b) Areas designated under the authority of this section shall be subject to an annual review of eligibility in accordance with section 402, and to all of the rues, regulations, and procedures applicable to redevelopment areas except as the Secretary may otherwise prescribe by regulation.]

* * * * * * *

Sec. 105. There is hereby authorized to be appropriated to carry out this title not to exceed $500,000,000 for the fiscal year ending June 30,

1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1971, and not to exceed $800,000,000 per fiscal year for the fiscal years ending June 30, 1972, and June 30, 1973, and not to exceed $200,000,000 for *each of* the fiscal [year] *years* ending June 30, 1974, *June 30, 1975, and June 30, 1976.* Any amounts authorized for the fiscal year ending June 30, 1972, under this section but not appropriated may be appropriated for the fiscal year ending June 30, 1973. Not less than 25 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1972, June 30, 1973 [and], June 30, 1974, *June 30, 1975, and June 30, 1976,* under authority of the preceding sentences shall be expended in redevelopment areas designated as such under section 401(a)(6) of this Act.

TITLE II—OTHER FINANCIAL ASSISTANCE

PUBLIC WORKS AND DEVELOPMENT FACILITY LOANS

Sec. 201. (a) * * *

* * * * * * *

(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202: *Provided,* That annual appropriations for the purpose of purchasing evidences of indebtedness, making and participating in loans, and guaranteeing loans shall not exceed $170,000,000, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed $55,000,000 for the fiscal year ending June 30, 1974, *and shall not exceed $60 million per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976.*

* * * * * * *

LOANS AND GUARANTEES

[Sec. 202. (a) The Secretary is authorized (1) to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, and rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings; and (2) to guarantee loans for working capital made to private borrowers by private lending institutions in connection with projects in redevelopment areas assisted under subsection (a)(1) hereof, upon application of such institution and upon such terms and conditions as the Secretary may prescribe: *Provided, however,* That no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.]

Sec. 202. (a)(1) The Secretary is authorized to aid in financing, within a redevelopment area, the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the altera-

tion, conversion, or enlargement of existing buildings by (A) purchasing evidences of indebtedness, (B) making loans (which for purposes of this section shall include participation in loans), (C) guaranteeing loans made to private borrowers by private lending institutions, for any of the purposes referred to in this paragraph upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that not such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

(2) The Secretary is authorized to aid in financing any industrial or commercial activity within a redevelopment area by (A) making working capital loans, (B) guaranteeing working capital loans made to private borrowers by private lending institutions upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan, (C) guaranteeing rental payments of leases, except that no such guarantee shall exceed 90 per centum of the remaining rental payments required by the lease.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) Such financial assistance shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts theretofore customarily performed by them: *Provided, however*, That such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is or will be located.

(4) No loan or guarantee shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project.

(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

(6) No evidence of indebtedness shall be purchased and no loans shall be made or guaranteed unless it is determined that there is a reasonable assurance of repayment.

(7) Subject to section 701(5) of this Act, no loan *or guarantee*, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus additional charge, if any, toward covering other costs of the program as the Secretary may determine to be consistent with its purpose.

(9) Loan assistance (*other than for a working capital loan*) shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) not less than 15 per centum of such aggregate cost be supplied as equity capital or as a loan repayable in no shorter period of time and at no faster an amortization rate than the Federal financial assistance extended under this section is being repaid, and if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance: *Provided, however*, That, except in projects involving financial participation by Indian tribes, not less than 5 per centum of such aggregate cost shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, unless the Secretary shall determine in accordance with objective standards promulgated by regulation that all or part of such funds are not reasonably available to the project because of the economic distress of the area or for other good cause, in which case he may waive the requirement of this provision to the extent of such unavailability, and allow the funds required by this subsection to be supplied by the applicant or by such other non-Federal source as may reasonably be available to the project;

(C) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in sub-

paragraph (B), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located, nor prevent the Secretary from requiring such periodic revisions of previously approved overall economic development programs as he may deem appropriate.

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TITLE III—TECHNICAL ASSISTANCE, RESEARCH, AND INFORMATION

SEC. 301. (a) * * *

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SEC. 302. (a) The Secretary is authorized, upon application of any State, or city or other political subdivision of a State, or sub-State planning and development organization (including an economic development district), to make direct grants to such State, city, other political subdivision, or organization to pay up to 100 per centum of the cost for economic development planning. Any overall State economic development plan prepared with assistance under this section shall be prepared cooperatively by the State, its political subdivisions, and economic development districts located in whole or in part within such State, and such State plan shall, to extent possible, be consistent with local and economic development district plans.

(b) In addition, the Secretary is authorized to assist economic deveolpment districts in—

(1) providing technical assistance (other than by grant) to local governments within the district; and

(2) carrying out any review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968, if such district has been designated as the agency to conduct such review.

SEC. [302] *303. (a)* There is hereby authorized to be appropriated $25,000,000 annually for the purposes of this title, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1969, $50,000,000 per fiscal year for the fiscal years ending June 30, 1970, June 30, 1971, June 30, 1972, and June 30, 1973, and $35,000,000 for the fiscal year ending June 30, 1974, *and $60,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976.*

(b) Not less than 60 per centum of all funds expended under this title under the authorizations for the fiscal years ending June 30, 1975, and June 30, 1976, shall be expended to carry out section 301 of this

title. Not to exceed 20 per centum of funds actually made available under section 302 during any fiscal year shall be expended for direct grants or other assistance to the States in carrying out section 302.

TITLE IV—AREA AND DISTRICT ELIGIBILITY

PART A—REDEVELOPMENT AREAS

AREA ELIGIBILITY

SEC. 401. (a) The Secretary shall designate as "redevelopment areas"—

(1) those areas in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (A) and (B), that there has existed substantial and persistent unemployment for an extended period of time and those areas in which he determines there has been a substantial loss of population due to lack of employment opportunity. There shall be included among the areas so designated any area—

(A) where the Secretary of Labor finds that the current rate of unemployment, as determined by appropriate annual statistics for the most recent available calendar year, is 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (B); and

(B) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

(i) 50 per centum above the national average for three of the preceding four calendar years, or

(ii) 75 per centum above the national average for two of the preceding three calendar years, or

(iii) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection;

(2) those additional areas which have a median family income not in excess of 50 per centum of the national median, as determined by the most recent available statistics for such areas;

(3) those additional Federal or State Indian reservations or trust or restricted Indian-owned land areas which the Secretary, after consultation with the Secretary of the Interior or an appropriate State agency, determines manifest the greatest degree of economic distress on the basis of unemployment and income statistics and other appropriate evidence of economic underdevelopment;

(4) upon request of such areas, those additional areas in which the Secretary determines that the loss, removal, curtailment, or closing of a major source of employment has caused within three years prior to, or threatens to cause within three years after, the date of the request an unusual and abrupt rise in unemployment of such magnitude that the unemployment rate for the area at the time of the request exceeds the national average, or can reasonably be expected to exceed the national average, by 50 per centum or

more unless assistance is provided. Notwithstanding any provision of subsections 401(b) to the contrary, an area designated under the authority of this paragraph may be given a reasonable time after designation in which to submit the overall economic development program required by subsection 202(b)(10) of this Act;

(5) notwithstanding any provision of this section to the contrary, those additional areas which were designated redevelopment areas under the Area Redevelopment Act on or after March 1, 1965: *Provided, however*, That the continued eligibility of such areas after the first annual review of eligibility conducted in accordance with section 402 of this Act shall be dependent on their qualification for designation under the standards of economic need set forth in subsections (a)(1) through (a)(4) of this section;

(6) those communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) which the Secretary determines have one of the following conditions:

(A) a large concentration of low-income persons;

(B) rural areas having substantial outmigration;

(C) substantial unemployment; or

(D) an actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of employment.

No redevelopment area established under this paragraph shall be subject to the requirements of subparagraphs (A) and (C) of paragraph (1) of subsection (a) of section 101 of this Act. No redevelopment area established under this paragraph shall be eligible to meet the requirements of section 403(a)(1)(B) of this Act;

(7) those areas where per capita employment has declined significantly during the next preceding ten-year period for which appropriate statistics are available[.] *;*

(8) those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, were areas of substantial unemployment during the preceding calendar year.

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PART B—ECONOMIC DEVELOPMENT DISTRICTS

SEC. 403. (a) In order that economic development projects of broader geographical significance may be planned and carried out, the Secretary is authorized—

(1) to designate apropriate "economic development districts" within the United States with the concurrence of the States in which such districts will be wholly or partially located, if—

(A) the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single redevelopment area;

(B) the proposed district contains [two or more redevelopment areas] *at least one redevelopment area;*

(C) the proposed district contains one or more redevelopment areas or economic development centers identified in an approved district overall economic development program as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the redevelopment areas within the district; and

(D) the proposed district has a district overall economic development program which includes adequate land use and transportation planning and contains a specific program for district cooperation, self-help, and public investment and is approved by the State or States affected and by the Secretary;

(2) to designate as "economic development centers," in accordance with such regulations as he shall prescribe, such areas as he may deem appropriate, if—

(A) the proposed center has been identified and included in an approved district overall economic development program and recommended by the State or States affected for such special designation;

(B) the proposed center is geographically and economically so realted to the district that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the redevelopment areas of the district; and

(C) the proposed center does not have a population in excess of two hundred and fifty thousand according to the last preceding Federal census.

(3) to provide financial assistance in accordance with the criteria of sections 101, 201, and 202 of this Act, except as may be herein otherwise provided, for projects in economic development centers designated under subsection (a)(2) above if—

(A) the project will further the objectives of the overall economic development program of the district in which it is to be located;

(B) the project will enhance the economic growth potential of the district or result in additional long-term employment opportunities commensurate with the amount of Federal financial assistance requested; and

(C) the amount of Federal financial assistance requested is reasonably related to the size, population, and economic needs of the district;

(4) subject to the 20 per centum non-Federal share required for any project by subsection 101(c) of this Act, to increase the amount of grant assistance authorized by section 101 for projects within redevelopment areas (designated under section 401), by an amount not to exceed 10 percentum of the aggregate cost of any such project, in accordance with such regulations as he shall prescribe if—

(A) the redevelopment area is situated within a designated economic development district and is actively participating in the economic development activities of the district; and

(B) the project is consistent with an approved district overall economic development program.

* * * * * * *

(g) There is hereby authorized to be appropriated not to exceed $50,000,000 for the fiscal year ending June 30, 1967, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and not to exceed $45,000,000 *per fiscal year* for the fiscal [year] *years* ending June 30, 1974, *June 30, 1975, June 30, 1976*, for financial assistance extended under the provisions of subsection (a)(3) and (a)(4) hereof.

(h) In order to allow time for adequate and careful district planning, subsection (g) of this section shall not be effective until one year from the date of enactment.

(i) Each economic development district designated by the Secretary under this section shall as soon as practicable after its designation provide that a copy of the district overall economic development program be furnished to the appropriate regional commission established under title V of this Act, if any part of such proposed district is within such a region, or to the Appalachian Regional Commission established under the Appalachian Regional Development Act of 1965, if any part of such proposed district is within the Appalachian region.

(j) The Secretary is authorized to provide the financial assistance which is available under this Act to a redevelopment area to those parts of an economic development district which are not within a redevelopment area, when such assistance will be of substantial direct benefit to a redevelopment area within such district. Such financial assistance shall be provided in the same manner and to the same extent as is provided in this Act for a redevelopment area, except that nothing in this subsection shall be construed to permit such parts to receive the increase in the amount of grant assistance authorized in paragraph (4) of subsection (a) of this section.

TITLE V—REGIONAL ACTION PLANNING COMMISSIONS

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FUNCTIONS OF COMMISSION

SEC. 503. (a) In carrying out the purposes of this Act, each Commission shall with respect to its region—

(1) advise and assist the Secretary in the identification of optimum boundaries for multistate economic development regions;

(2) initiate and coordinate the preparation of long-range overall economic development programs for such regions, including the development of a comprehensive long-range economic plan approved by the Secretary;

(3) foster surveys and studies to provide data required for the preparation of specific plans and programs for the development of such regions;

(4) advise and assist the Secretary and the States concerned in the initiation and coordination of economic development districts, in order to promote maximum benefits from the expenditure of Federal, State, and local funds;

(5) promote increased private investment in such regions;

(6) prepare legislative and other recommendations with respect to both short-range and long-range programs and projects for Federal, State, and local agencies;

(7) develop, on a continuing basis, comprehensive and coordinated plans and programs and establish priorities thereunder, giving due consideration to other Federal, State, *district*, and local planning in the region;

(8) conduct and sponsor investigations, research, and studies, including an inventory and analysis of the resources of the region, and, in cooperation with Federal, State and local agencies, sponsor demonstration projects designed to foster regional productivity and growth;

(9) review and study, in cooperation with the agency involved, Federal, State, and local public and private programs and, where appropriate, recommend modifications or additions which will increase their effectiveness in the region;

(10) formulate and recommend, where appropriate, interstate compacts and other forms of interstate cooperation, and work with State and local agencies in developing appropriate model legislation; and

(11) provide a forum for consideration of problems of the region and proposed solutions and establish and utilize, as appropriate, citizens and special advisory councils and public conferences.

* * * * * * *

REGIONAL TECHNICAL AND PLANNING ASSISTANCE

SEC. 505. (a)(1) The Secretary is authorized to provide to the commissions technical assistance which would be useful in aiding the commissions to carry out their functions under this Act and to develop recommendations and programs. Such assistance shall include studies and plans evaluating the needs of, and developing potentialities for, economic growth of such region, and research on improving the conservation and utilization of the human and natural resources of the region, and planning, investigations, studies, demonstration projects, and training programs which will further the purposes of this Act. Such assistance may be provided by the Secretary through members of his staff, through the payment of funds authorized for this section to other departments or agencies of the Federal Government, or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grant-in-aid to the commissions. The Secretary, in his discretion, may require the repayment of assistance provided under this paragraph and prescribe the terms and conditions in such repayment.

(2) In carrying out their functions under this Act the commissions are authorized to engage in planning, investigations, studies, demonstration projects, [and] training programs, *and the payment of administrative expenses to substate planning and development organizations (including economic development districts)*, which will further the purposes of this Act and which have been approved by the Secretary. Such activties may be carried out by the commissions through the payment of funds to departments, agencies, or instrumentalities of the Federal Government, or through the employment of private individuals, partnerships, firms, or corporations, or suitable institutions

under contracts entered into for such purposes or through grants-in-aid to agencies of State or local governments. In the case of demonstration projects and training programs, to the maximum extent possible, such projects and programs shall be carried out through departments, agencies, or instrumentalities of the Federal Government or of State or local governments.

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SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS

SEC. 509. (a) * * *

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(d) There is authorized to be appropriated to the Secretary to carry out this title, for the two-fiscal-year period ending June 30, 1971, to be available until expended, not to exceed $255,000,000, and for the two-fiscal-year period ending June 30, 1973, to be available until expended, not to exceed $305,000,000, and for *each of* the fiscal [year] *years* ending June 30, 1974, *June 30, 1975, June 30, 1976*, to be available until expended, $95,000,000. After deducting such amounts as are authorized to carry out subsections (a)(1) and (b) of section 505, the Secretary shall apportion the remainder of the sums appropriated under this authorization for any fiscal year to the regional commissions, except that not less than 10 per centum nor more than 25 per centum of such remaining amount shall be allocated to any one regional commission. All amounts appropriated under this authorization for any fiscal year shall be apportioned by the Secretary to the regional commissions prior to the end of the fiscal year for which appropriated.

(e) An application for a grant under this section shall be made through the State member of the commission representing such applicant, and such State member shall evaluate the application for approval. Only applications for programs and projects which are approved by a State member as meeting the requirements for assistance under this section shall be approved for assistance.

COORDINATION

SEC. 511. (*a*) The Secretary shall coordinate his activities in making grants and loans [under titles I and II of this Act with those of each of the Federal cochairmen in making grants under this title, and each Federal cochairman shall coordinate his activities in making grants under this title with those of the Secretary in making grants and loans under titles I and II of this Act.] *and providing technical assistance under this Act with those of each of the regional commissions (acting through the Federal and State cochairmen) established under this Act in making grants and providing technical assistance under this title, and each of such regional commissions shall coordinate its activities in making grants and providing technical assistance under this title with those activities of the Secretary under this Act.*

(b) Each regional commission established under this Act shall coordinate its activities under paragraphs (2) and (7) of section 503 (a) of this Act with the activities of the economic development districts in such region.

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TITLE VII—MISCELLANEOUS

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TITLE IX—SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE DEMONSTRATION PROGRAM

PURPOSE

SEC. 901. It is the purpose of this title—

(1) to establish a demonstration program to evaluate and test innovative economic development and assistance programs to help multi-State, State, and local areas meet special needs arising from actual or threatened severe unemployment arising from economic dislocation, including unemployment arising from actions of the Federal Government and from compliance with environmental requirements that remove economic activities from a locality; and

(2) to encourage and demonstrate new approaches to cooperative intergovernmental action to prevent problems and solve problems as they occur, return resources to productive use as soon as possible, avoid or reduce unnecessary hardship for the American people, and avoid the creation of new economically distressed areas.

DEFINITION

SEC. 902. As used in this title, the term "eligible recipient" means a regional commission established under title V of this Act, the Appalachian Regional Commission, a State, a redevelopment area or economic development district established under title IV of this Act, an Indian tribe, a city or other political subdivision of a State, or a consortium of such political subdivisions.

GRANTS BY SECRETARY

SEC. 903. (a) The Secretary is authorized to make grants to any eligible recipient which has experienced, or may reasonably be foreseen to be about to experience, a special need to meet an expected rise in unemployment, or other economic adjustment problems (including those caused by any action or decision of the Federal Government) to carry out a plan which meets the requirements of subsection (b) of this section and which is approved by the Secretary, to use such grants for any of the following: public facilities, public services, business development, planning, research, technical assistance, training, relocation of individuals, and other appropriate economic adjustment assistance. Such grants may be used in direct expenditures by the eligible recipient or through redistribution by it to public and private entities in grants, loans, loan guarantees, or other appropriate assistance, but no grant shall be made by an eligible recipient to a private profit-making entity.

(b) No plan shall be approved by the Secretary under this section unless such plan shall—

(1) identify each economic development and adjustment need of the eligible recipient for which assistance is sought under this title;

(2) describe each activity planned to meet each such need;

(3) explain the details of the method of carrying out each such planned activity;

(4) set forth the methods by which the success or failure of each activity to be assisted under this title, in terms of the identified need such activity is to meet and the general purposes of this Act, may be evaluated;

(5) include the payment from the grant of extended unemployment assistance for a period not to exceed one year after the commencement of his unemployment to each individual who is unemployed as a result of an economic adjustment need of the eligible recipient;

(6) contain assurances satisfactory of the Secretary that the proceeds from the repayment of loans made by the eligible recipient with funds granted under this title will be used for economic adjustment; and

(7) be in such form and contain such additional information as the Secretary shall prescribe.

REPORTS AND EVALUATION

SEC. 904. (a) Each eligible recipient which receives assistance under this title shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this title in meeting the need it was designed to alleviate and the purposes of this title.

(b) The Secretary shall provide an annual consolidated report to the Congress, with his recommendations, if any, on the assistance authorized under this title, in a form which he deems appropriate. The first such report to Congress under this subsection shall be made not later than January 30, 1976.

AUTHORIZATION OF APPROPRIATIONS

SEC. 905. There is authorized to be appropriated to carry out this title not to exceed $50,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976.

PUBLIC LAW 91–304

AN ACT To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971

* * * * * * *

SEC. 2. Notwithstanding section 402 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3162), no area designated as a redevelopment area for the purposes of such Act shall have such designation terminated or modified in accordance with such section after May 1, 1970, and before June 1, [1974], *1976* unless the local governing body of the county qualified under existing criteria for de-designation specifically requests de-designation action.

SUPPLEMENTAL VIEWS

We support the purpose of H.R. 14883, to extend for two years the Public Works and Economic Development Act of 1965, as amended, and to initiate Title IX, a demonstration program, Special Economic Development and Adjustment Assistance. The Economic Development Administration is and has been successfully administering those programs delegated to it. Legislation to continue and improve these programs is commendable. EDA has allowed great flexibility in local decision making; it allows local input in all decisions affecting local priorities. This is an effective Federal-local partnership in action. The demonstration program deserves our support as well. We are open to new and better ways to tackle the Nation's economic ills. Congress recognizes the need for economic aid to distressed areas, as well as aid in anticipation of economic decline, or preventative action. We cannot support, however, the proposed Section 903(b)(5), requiring every plan submitted for approval to include the payment from the grant to the eligible recipient under Title IX, of extended unemployment assistance for up to a year after the commencement of unemployment to each individual who is unemploymed as a result of an economic adjustment need of the eligible recipient.

Subparagraph 903(b)(5) is undesirable for several reasons. It would be an extremely expensive program, result in a fragmented and inequitable compensation system, be difficult to administer, be unnecessary because of existing and proposed unemployment compensation systems and it is a product of a last minute bid for inclusion in the bill, without open and proper legislative formulative process.

The projected expense of unemployment benefits is so great compared to the amount of money authorized for Title IX, that most of the Title IX money could be spent for unemployment compensation rather than economic development. The unemployment provision could, therefore, swallow up the funds that the Congress has sought to make available for economic development under Title IX. Therefore, the demonstration program authorized by Title IX would be largely an unemployment compensation program. If this demonstration program were later expanded into a full scale program, it could be prohibitively expensive.

The following table shows the projected cost of unemployment compensation at four different levels of unemployment for 13 and 26 weeks. The unemployment levels range from 100,000 to 1,000,000 although total unemployment now in the Nation is at 4.5 million (5%). The table is based on an estimated $65 average weekly unemployment benefit during FY 1975 (based on Joint Economic Committee, Economic Indicators, p. 12 (May 1974)).

Unemployed	13 weeks	26 weeks	Annual
100,000	$84,500,000	$169,000,000	$238,000,000
250,000	211,250,000	422,500,000	845,000,000
500,000	422,500,000	845,000,000	1,690,000,000
1,000,000	845,000,000	1,690,000,000	3,380,000,000

34–632—74——4

It can be seen from the above table that, based on full funding of $50 million for Title IX, not many unemployed workers would receive benefits. Indeed, the program would be so costly, the Secretary in administering Title IX would only be able to select a few eligible recipients for grants. Thus, the demonstration program would have a very narrow impact, and only a few eligible recipients would receive grants and benefits from the program.

The unemployment compensation system in Title IX would result in a fragmented and inequitable unemployment benefit program. The Department of Labor is opposed to the creation of special unemployment compensation programs for limited groups of workers. The Federal-state unemployment insurance system is the basic source of protection for all covered workers when they become unemployed, regardless of the cause of unemployment. The Department of Labor has consistently maintained that any deficiencies in the existing Federal-state unemployment insurance system should be remedied by corrective legislation applicable to all workers, and not by the creation of new and separate programs for a limited number of workers. This latter approach undermines efforts to improve the existing system. The creation of special programs would mitigate pressures to correct deficiencies in the Federal-state unemployment program.

A major inequity in the Title IX unemployment compensation system is that it appears that anyone could qualify for Title IX unemployment benefits. A man who had only worked one day before becoming unemployed could receive the same benefits as a man with 20 years of steady employment before becoming unemployed.

The unemployment assistance program would be difficult to administer. Although the costs involved in administering the program are uncertain, it is likely that it will be costly especially compared to the funds authorized. Moreover, it is uncertain who would administer the program. If the Federal Government administered it, this would superimpose a Federal system on top of the existing Federal-state system which could be cumbersome and result in duplication of efforts. Since EDA does not have the staff nor the experience to administer this type of program, the Department of Labor would possibly administer it. Therefore, any unemployment program should be implemented by amending existing Department of Labor unemployment compensation legislation rather than EDA legislation. Furthermore, this program could not be justified on a demonstration basis, since unemployment insurance has been in existence since 1935 and does not require demonstration of its effectiveness.

If local governments had the primary responsibility for administration of the program, there would be a fragmented administration which would not be efficient. Furthermore, no local areas have the capability to administer an unemployment compensation program, since currently none administers such a program.

The unemployment compensation program in subparagraph 903(b)(5) is unnecessary because of existing and proposed unemployment benefit programs. In addition to the 26 weeks of benefits typically

provided under the existing Federal-state unemployment insurance system, extended benefits of up to 13 additional weeks are provided under this system when a specified level of insured unemployment occurs in a state or on a Federal basis. There are currently 13 states that qualify for extended benefits.

The Comprehensive Employment and Training Act of 1973 (CETA) also provides relief to the unemployed. Its benefits include job retraining, wages during retraining, relocation costs, and public service employment. The 1975 budget allocates $2 billion for the CETA programs.

The Administration has also urged the improvement of the existing unemployment benefit program through the enactment of the "Job Security Assistance Act", H.R. 8600. Title II of that bill would provide another 13 weeks of benefits in addition to the 26 and in some instances 39 weeks of benefits under the Federal-state unemployment insurance system in areas of high unemployment. Title II is designed to provide assistance to eligible workers unemployed without regard to cause. Thus, the energy shortage, environmental orders and other reasons for worker layoff would be covered. Some workers under that bill could qualify for up to one year of unemployment benefits. The bill also provides up to 26 weeks of benefits in areas of high unemployment for previously employed workers not covered by unemployment compensation laws.

The "Job Security Assistance Act" is currently before the House Ways and Means Committee. That Committee normally considers legislation relating to unemployment compensation, and inclusion of this subject in a bill before the House Public Works Committee may invade the authority of the House Ways and Means Committee.

The Committee on Public Works held four days of hearings over a four-week period on the extension of EDA and the Administration's Economic Adjustment Assistance Proposal, and at no time was there a single witness testifying on this mandatory unemployment provision. Of the twenty-five witnesses, representing the Administration, Members of Congress, Governors, local interests and organizations, Indian organizations and others, none expressed views on the unemployment provision. In fact, it was not until the eleventh hour when this proposal emerged, only then to have limited exposure before making its way into the reported bill. The lack of traditional legislative process should not become a routine manner of consideration of a major proposal such as Section 903(b)(5). Blind legislative action may result in more harm than good.

We believe that a wiser approach to alleviation of unemployment is employment. Last year over $4 billion was paid in unemployment benefits. Section 903(b)(5) could easily equal that figure, given the chance. EDA and the demonstration program can provide productive, long term employment through public and private investment. But, this unemployment assistance provision spells only a discretionary, special program for those lucky to be part of an accepted plan for what can only loosely be called economic development. Such a provision

could eliminate the incentive and stimulus for the job generation role that has been traditional with EDA.

DON H. CLAUSEN.
GENE SNYDER.
ROGER H. ZION.
JOHN PAUL HAMMERSCHMIDT.
WILMER MIZELL.
LAMAR BAKER.
THAD COCHRAN.
L. A. SKIP BAFALIS.
JAMES D. ABDNOR.
GENE TAYLOR.

ADDITIONAL VIEWS

H.R. 14883 extends the Public Works and Economic Development Act of 1965, as amended and initiates the demonstration program, Title IX, Special Economic Development and Adjustment Assistance Program. Section 105 of the current Economic Development Act requires between 25% and 35% of Public Works grants to be used in the so-called special impact program. This program was authorized in 1971, after a veto of earlier legislation which authorized a $2 billion accelerated Public Works program of a similar nature. The objective of this impact program was to provide public works jobs to areas having a large concentration of low income, out-migration, substantial unemployment, or actual or threatened abrupt rise of unemployment due to the closing or curtailing of a major source of employment. Public works projects were to provide immediate useful work to unemployed and underemployed persons in such areas. In the report that accompanied H.R. 9922, the bill authorizing this legislation in 1971 it was stated that, "The Committee believes that emphasis should be given to the use of local contractors for the selection of small and medium-size projects, particularly those employing substantial amounts of local labor. This is to assure that such project would have an immediate effect on areas having high unemployment." This has not occurred. Because of the shortfall in the program, we urge that this mandatory level of Public Works impact spending be removed from the current legislation.

A lengthy review of the Fiscal Year 1972 PWIP projects showed that the PWIP program did not generate as much short-term employment as was originally anticipated, employment was not geographically concentrated in distressed areas, the number of man months of employment was less than one-half the estimates made, the duration of employment was less than anticipated and the employment impact of the fiscal year 1972 program was pro cyclical, rather than counter cyclical. The findings of the evaluation indicate that the use of public works projects to generate immediate short-term employment for the purpose of mitigating economic distress in designated areas is both inefficient and costly.

The facts are: (1) wage payments to target group workers represented less than 7% of the total cost of the fiscal year 1972 program; (2) number of man months of employment was less than 44% of applicant estimates; (3) average duration of employment on a PWIP project was less than one man month per worker and more than 50% of the jobs lasted for less than 80 hours; (4) PWIP hired a maximum of .3% of the aggregate unemployed labor force of the designated areas; (5) 29% of all PWIP jobs and 37% of PWIP man months of employment were accounted for by target group workers; (6) the cost of generating one man month of employment was $10,000; (7) the pro-

gram activity decreased in employment when local unemployment was increasing and increased in employment when local unemploymet was decreasing; and, (8) it took 9 months from the passage of PWIP legislation to get all the FY 1972 projects approved; 17 months to get the last project into construction and 22 months after approval of the Act (P.L. 92–65), only 121 of the 203 fiscal year 1972 projects had been completed.

The mandatory language of Section 105 of the Public Works and Economic Development Act of 1965, as amended, for the reasons stated above should be removed. Some of the projects may have achieved the desired end, but the requirement of 25% to 35% of the Public Works funds be for impact projects distracts from EDA's long range economic development program. PWIP projects should be funded based on the Economic Development Administartion's discretion with the understanding that an adequate number of projects will be funded.

W. H. Harsha.
James R. Grover, Jr.
James C. Cleveland.
Lamar Baker.
Thad Cochran.
L. A. "Skip" Bafalis.
James D. Abdnor.

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Calendar No. 1014

93D CONGRESS
2d Session

SENATE

REPORT
No. 93–1055

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AMENDMENTS OF 1974

REPORT

OF THE

COMMITTEE ON PUBLIC WORKS UNITED STATES SENATE

TOGETHER WITH

MINORITY AND ADDITIONAL VIEWS

TO ACCOMPANY

S. 3641

AUGUST 1, 1974.—Ordered to be printed

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CONTENTS

Calendar No. 1014

93D CONGRESS 2d Session } SENATE { REPORT No. 93–1055

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AMENDMENTS OF 1974

AUGUST 1, 1974.—Ordered to be printed

Mr. MONTOYA, from the Committee on Public Works, submitted the following

REPORT

together with

INDIVIDUAL AND MINORITY VIEWS

[To accompany S. 3641]

The Committee on Public Works, to which was referred the bill (S. 3641) to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 3-year period, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

General Statement

The Public Works and Economic Development Act became law in 1965. The Act grew out of the experience of providing Federal assistance to areas and regions suffering high unemployment and underemployment under the Area Redevelopment Act of 1961, the Public Works Acceleration Act of 1963, the Appalachian Regional Development Act of 1965.

The purpose of the Act is to provide Federal assistance, in cooperation with the States and localities, to enable areas and regions suffering from economic distress to help themselves develop the planning and financial capability for long lasting economic improvement and the creation of permanent jobs.

The Act emphasizes long range planning for economic growth and provides public facility grants and loans, business loans and guarantees, technical assistance, planning assistance grants, and fosters the creation of a variety of development organizations to plan and to move from plan to action.

Congress extended the Public Works and Economic Development Act last June (PL 93–46) for one year at a minimal authorization level with large bi-partisan majorities. That Act included an amendment that instructed the Administration to take another look at these programs, with the purpose of restructuring them, if that seemed necessary. The results of the reexamination were reported to Congress on February 1 of this year. The Report emphasized that stimulating employment in areas of persistent and substantial unemployment remained a legitimate goal of Federal assistance. Areas with low average income also remained a principal reason for assistance. The Report also pointed out that EDA's economic development district program generally improved the effectiveness of the EDA programs. Nevertheless, it proposed that EDA and the Title V Regional Commissions be phased out during fiscal year 1975. At the same time, a new economic adjustment program was proposed to be launched and funded. The States were to play the principal role in planning, decisions and distribution of funds in this proposed block grant program.

It is the belief of this Committee that exisitng economic development programs do in fact stimulate economic growth in the areas served and that this kind of Federal spending is not inflationary, but actually counter-inflationary. EDA makes investments in parts of the economy that are underutilized. These programs increase real output of goods and services by putting the unemployed to work as well as increasing the income of the underemployed and utilizing idle capacity such as a vacant factory for production. Much of the investment under this Act also directly affects the construction industry, currently realizing high unemployment.

This bill provides for a substantial increase in funding over the fiscal year 1974 authorization, though less in the first year than was

authorized in the years 1970, 1971, 1972, and 1973. Slightly more than $7.7 billion has been authorized since passage of the Act in 1965. Yet a mere 36 percent of $2.7 billion has been appropriated over the life of the Act. The Administration has in the past criticized the program for its minimal overall national impact, yet has refused to request meaningful funding levels.

We are facing a time of frequent, sometimes severe, dislocations to many of our local or regional economies resulting from decisions of the Federal government such as closing military bases, environmental requirements seriously affecting industries, trade adjustments, slowdown in business expansion because of scarcity of capital, and a host of other forces that often are unexpected. There are no long-term Federal programs other than those authorized under this Act to deal with persistent and substantial distress in areas and to deal with unexpected disruptions arising from forces beyond local control.

Since 1965, the need for assistance to cities and rural areas suffering from persistent unemployment and underemployment has not been adequately met, nor has it disappeared. The need has increased. Today more than half the counties of the United States are eligible for assistance under this Act. The Subcommittee on Economic Development will be holding hearings and studying the scope of these needs during the period of the extension provided in this bill in search of improvements in our national policies and programs as these needs persist.

HEARINGS

On April 3, 1974, the Subcommittee on Economic Development heard Administration spokesmen on S. 3041, a bill to extend the Public Works and Economic Development Act of 1965 for one year, and to establish an economic adjustment assistance program. Secretary of Commerce Frederick B. Dent presented the Administration's views on the proposal, with supplemental testimony presented by Mr. Walter D. Scott, Associate Director of the Office of Management and Budget.

A one-day hearing was held in Orono, Maine, on May 17, 1974, also on pending economic development legislation and its effect on the Northeast. Governor Curtis of Maine, local government officials, development district representatives, industrial managers, and Indian leaders presented their views.

On June 26, 1974, the Subcommittee held hearings on S. 3641. William W. Blunt, Jr., Assistant Secretary of Commerce for Economic Development and Mr. Walter D. Scott, Associate Director of the Office of Management and Budget presented the Administration views. Testimony was received from Senator Hathaway and from witnesses representing the Governors, local government officials, city economic development officials, development district officials, and organized labor.

Major Provisions

The Committee on Public Works recommends a three-year extension of the Public Works and Economic Development Act. The agencies under this Act have had to carry on their duties in recent years with uncertainties as to whether the Act would be extended or whether they would be reorganized into proposed new departments of government. Program administration has suffered. Constituents of these programs such as States and development districts have likewise experienced uncertainty. The Committee recommends further that funding for these programs be substantially increased to a first-year authorization of $895 million. It is time to give the Economic Development Administration and the Title V Regional Commissions an opportunity to make a significant impact.

The House has passed H.R. 14883, which extends the Act for a two-year period. The Administration finds the two-year extension acceptable and is opposed to three years. Extending the Act until June 30, 1977, however, provides the agencies much needed lead-time to work out and implement their strategies, with increased funding. It extends the life of these programs beyond the next presidential election and thereby would allow a new President time to make his own judgments about these programs.

In the coming session the Committee will hold hearings and carry on studies in order to develop major new economic development programs to replace existing legislation. If a realistic national policy proposal can be completed before three years, the Congress may, of course, enact it without waiting for the full three years to elapse.

TRANSFER OF TITLE I CRITERIA TO TITLE IV

More than 300 areas have qualified for assistance under title I for public facility grants. The basis for this eligibility is substantial unemployment. Many of these areas are older, developed urban places which are in need of incentives to attract and hold business and industry. The need to revitalize and stabilize these cities is critical. We have seen business and industry leave our older cities on an alarming scale. As a result, neighborhoods often deteriorate and the municipal tax base shrinks.

Since these areas—both urban and rural—have only been eligible for assistance under title I and since they have real need for the assistance to business and industry available in title II, there is good reason to extend that opportunity to them by giving them regular eligibility provided in title IV. The bill accomplishes that end by transferring the provision under which such areas qualify from section 102 to title IV. All such areas presently qualified on the basis of the previous provision would continue to be designated as qualified.

S. R. 1055 O - 74 - 2

PUBLIC WORKS IMPACT PROGRAM (PWIP)

Section 105 provides that not less than 25 percent nor more than 35 percent of appropriations made under authority of title I shall be expended for projects that "will provide immediate useful work to unemployed and underemployed persons in that area." (Sec. 101(a)(1)(D).) The redevelopment areas, designated for these projects must be communities or neighborhoods containing a large concentration of low-income persons or substantial unemployment, or be rural areas with substantial outmigration, or experience an actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of unemployment. (Sec. 401(a)(6).)

This authority was first provided in compromise amendments to the Act in 1971. An earlier vetoed bill that year called for massive additions of accelerated public works funding to deal with an economy in downswing. In the three years of the Public Works Impact Program, funds have been obligated ranging from 26 to 29 percent of title I funds.

The Administration opposes the 25 percent limitation. It prefers no minimum figure though it does not request repeal of the provision. The principal reason cited is that evaluation of the program has shown that few unemployed or underemployed persons in the designated areas actually got jobs on the PWIP projects in those areas. Job opportunities on these projects often called for construction type skilled or semiskilled workers who often had to be brought into the area. The result has been a high cost per job for those workers actually employed, including those few hired from the designated area who were unemployed or underemployed.

The House-passed bill lowers the minimum amount required to be obligated for such projects to 10 percent. The Committee prefers to keep the minimum at 25 percent. The program has been beneficial to many communities which have otherwise not been eligible for Federal assistance under the Act. The total benefits of these projects in many communities justify more than a 10 percent minimum, when such factors as the provision of community facilities and longer term economic effects are considered in addition to short-term employment effects.

Most Committee Members concede that the PWIP program has not been perfectly successful when measured against the narrow legislative standard for such projects—"to provide immediate useful work. . . ." However, the PWIP program is popular and highly regarded by many because of its quick impact, flexibility, and lack of red tape.

The Committee does have reservations about the evaluation conducted on the Public Works Impact Program. The study is restricted to the 1972 program and covers a small number of projects. Also, very little attention was given in the study to the indirect benefits of the projects which have been undertaken. The Committee believes that these indirect benefits have been substantial and of value to these communities and should be included in any overall assessment of the program.

Therefore, the Committee would recommend that the Department of Commerce update and expand the exisiting study so that it will be more reflective of the total impact of these projects. This information will be helpful to the Committee in fully assessing the use and value of the Public Works Impact Program. For example, the study should be expanded to include the nearly 500 projects undertaken since the inception of the program and it should study the indirect benefits gained through construction of the projects and managerial aspects of the program.

BUSINESS DEVELOPMENT ASSISTANCE

Section 3 of the reported bill provides the Secretary new authority that adds important flexibility to EDA's business and industrial development programs.

Eligible borrowers could now receive direct working capital loans. Further, borrowers may receive guarantees up to 90% of the outstanding unpaid balance of direct and working capital loans made by private lending institutions. Finally, guarantees of rental payments of leases for buildings and equipment may be made up to 90% of remaining rental payments.

The Committee believes these new authorities will be of importance particularly to EDA's urban programs. The guarantee authority will permit the participation of local lending agencies with business and industry in economic development efforts leading to long-term job creation or maintenance in our cities and smaller urban areas. These additional tools together with EDA's other tools will significantly contribute to the economic development efforts of many cities in their programs of revitalization and stabilization.

Potential borrowers may be tempted to see in these new authorities opportunities for acquiring guaranteed loans or leases for activities that are essentially commercial transactions. The Committee wishes its intent to be clear: These amendments are intended to relate to the long-term economic development purposes of the Act—creating jobs, increasing incomes, and diversifying local economies—and not to underwrite commercial ventures.

The Committee realizes that these guarantee authorities may have limited utility initially because of the unusually high interest rates prevailing as this report is written (12% prime rate). Existing direct loan authority becomes more attractive in a tight capital market since such loans may be made at current Treasury Department interest levels. Therefore, because of the expected demand for direct plant and equipment loans and direct working capital loans, the Committee recommends the authorization for Title II be increased to $100 million for fiscal years 1975, 1976, and 1977.

The Committee recognizes that the lease guarantee program authorized by this bill may appear to be similar in some respects to the lease guarantee program which the Congress has previously authorized the Small Business Administration to conduct. However, it is not the Com-

mittee's intention to encourage competition in this area between the Department of Commerce and SBA, or to create a program which will only result in a duplication of Federal efforts. Thus, it is the Committee's expectation that a Memorandum of Understanding between the two agencies will be executed to assure that the programs act in a complementary manner.

ECONOMIC DEVELOPMENT PLANNING

Section 4 of the reported bill adds an important new planning effort to Title III. The Secretary is authorized to make grants to pay up to 80 percent of the cost for economic development planning. Under subsection 302(a) grants may be made to districts, counties, cities, and other political subdivisions or organizations, and under subsection 302(b) grants will be made to States. Assistance may be provided to development districts to pay the costs of assigned review activities under the Office of Management and Budget Circular A–95.

The Committee realizes that EDA has financed a good deal of economic development planning through the administrative support grants it has made principally to economic development districts, some few redevelopment areas and Indian Reservations under section 301 (b) of this Title. These grants have been funded at a 75% Federal share (except for Indians) and it is recommended that no change be made in this authority. Some technical assistance planning grants have also been made to States and cities under authority of section 301(a). The new authority of section 302 is not intended to supplant these programs nor generally to replace the funding any recipient has been receiving under section 301.

The Committee believes, however, that greater emphasis on economic development needs to be given in planning efforts at all levels—that is, planning that emphasizes the problems of unemployment and low family income and inadequate public facilities and seeks solutions to these problems through a continuing process of blending planning expertise with community consultation and leadership development.

Much has been learned about planning over the past 20 years. It is now widely held that planning by itself does not bring about change. The planning process must involve the people being planned for. It must reflect their needs and goals. EDA has insisted upon this participation, particularly in the planning process undertaken by economic development districts. This planning for action approach is a basic requirement of economic development planning efforts assisted under this section, whether at the State, multi-county, city, or local level.

The purpose of this new authority is to develop and strengthen the economic development planning capability of the State, its political subdivisions and other eligible organizations. The Committee considers economic development to be a necessary and integral part of any overall planning, and in need of specific support. The Committee does not intend that grantees prepare a separate overall economic development

program, like those required as a basis for designation under title IV. Innovation and flexibility are encouraged within the framework of the purposes of the Act.

The Committee is aware that federally supported planning activities have led in many instances to a fragmented planning process across program lines and among levels of government which may diminish the effectiveness of planning and programs.

The Committee provides for the coordination of economic development planning supported under this bill in the belief that the exchange of information and ideas among the various levels of government will lead to more effective planning and implementation of plans.

STATE PLANNING AND GRANT PROGRAMS

As mentioned above, States are eligible grantees for planning grants under section 302. A program of grants for Governors to fund or supplement projects is also inaugurated in section 304. The intent is to develop further the capability of States economic development.

Up to $15 million of the planning funds under this title may be provided to States in planning grants for up to 80% of the cost of such planning. The purpose is to establish or augment a comprehensive economic development planning process which shall be part of an overall State planning process establishing overall State goals, objectives and priorities to guide economic development planning within the State. The Committee intends that in addition to recommending programs for assistance under section 304, the planning process will address the broader development needs of the State—the need for programs to generate economic activity in areas as well as to channel growth as it occurs. The State plan shall also give consideration to sound land use and measures to enhance and protect the environment. The process requires the cooperative involvement of development districts and other sub-State planning jurisdictions.

An annual report is required setting forth the State's identified goals, objectives, and priorities, and a description of the accomplishments of the planning process.

In addition to the planning assistance mentioned above, the bill adds a significant new program to bring the States more meaningfully into economic development activity. A new section 304 provides States with grant funds which may be used to supplement EDA projects under titles I, II, and IV. These funds must be matched on a 25/75% basis by the State, i.e., at least one State dollar for three Federal dollars in the case of each project.

Authority is granted further for Governors to provide "first dollar" money on projects if EDA has no funds available for such projects and if the project has EDA approval as meeting its project criteria. The location of such projects will be in EDA eligible areas. Grant supplements by States may be used to reduce or waive the non-Federal share of projects, subject to the special matching requirements of the supplemental program.

Funds will be distributed among the States in the ratio which all grants made under title I since August 26, 1965 in each State bears to the total of such grants in all States from that time.

State apportionments

Figures in percentages

Alabama	2.4	Nevada	.2
Alaska	2.4	New Hampshire	.4
Arizona	2.3	New Jersey	1.4
Arkansas	2.9	New Mexico	3.4
California	7.2	New York	2.7
Colorado	.5	North Carolina	2.
Connecticut	1.	North Dakota	1.
Delaware	.2	Ohio	2.9
D.C.	.7	Oklahoma	2.4
Florida	.6	Oregon	1.4
Georgia	1.7	Pennsylvania	3.7
Hawaii	.1	Rhode Island	1.4
Idaho	.6	South Carolina	1.8
Illinois	3.4	South Dakota	.8
Indiana	.7	Tennessee	2.9
Iowa	.5	Texas	3.5
Kansas	.8	Utah	1.2
Kentucky	4.8	Vermont	.2
Louisiana	2.5	Virginia	.8
Maine	.4	Washington	4.3
Maryland	.2	West Virginia	3.7
Massachusetts	1.9	Wisconsin	1.
Michigan	3.2	Wyoming	.1
Minnesota	2.6	American Samoa	.1
Mississippi	4.9	Guam	0.
Missouri	1.3	Puerto Rico	3.7
Montana	1.6	Virgin Islands	.1
Nebraska	.9		

Thus, planning assistance provided to States anticipates that planning will be undertaken to determine what projects merit State participation. States, the Economic Development Administration, and the project-site communities will then be in a development partnership at the planning and project phase.

Present State capability varies widely. Many States participate in regional commissions and have benefitted from these associations. While the Committee is aware that the direction of these programs are similar and has provided for greater coordination, this planning and project authority is not to compete with, supplant, or in any way diminish these institutional arrangements. The Committee encourages further experimentation in improving the methods and programs of economic development at these levels.

Finally, it should be made clear that the project supplement funds here are not a block grant. They represent a new phase of Federal-State-local cooperation. The Secretary is instructed to monitor each State's participation and performance and include a description of this in his annual report to Congress.

Fifty million dollars is authorized for the last half of the current fiscal year. $100 million is authorized for fiscal years 1976 and 1977.

ECONOMIC DEVELOPMENT DISTRICTS

Section 7 of the reported bill changes the requirement that economic development districts, in order to be designated, must have at least two redevelopment areas, to now require only one redevelopment area. A further amendment permits greater flexibility in assisting

redevelopment areas which are in economic development districts. Heretofore, projects other than those in the growth centers had to be be within the boundaries of the redevelopment areas in the district. However, it has been clear to program managers for some time that many poor redevelopment areas offer few project possibilities that would make meaningful long-term improvements to their economies while nearby opportunities of promise could not be funded. Projects may be placed outside the redevelopment area, therefore under the amendment, if the assistance is of substantial direct benefit to the redevelopment area.

A further amendment to title IV requires designated economic development districts to furnish regional commissions where (appropriate) copies of their overall economic development programs. This requirement is based on the notion that multi-county planning provides a useful building block for planning and development programs at the multi-state regional level and that coordination between these levels is essential.

INDIAN ECONOMIC DEVELOPMENT

Section 8 of the bill as reported authorizes $25 million in each of the three fiscal years for Indians in addition to other funds available to them under the Act. The purpose of the amendment is to make a specific Federal commitment to Indians to alleviate there economic distress. EDA has been providing in recent years extensive assistance to Indians, principally but not exclusively on their reservations. An effort to transfer these successfully administered EDA programs to to the Bureau of Indian Affairs has been turned back. This amendment provides assurance to Indians of a special commitment to continue these programs at a substantial minimum level. The Committee is aware that fiscal 1975 budget requests exceed $30 million. This is consistent with the minimum authorization of Indian economic development programs contained in this bill.

REGIONAL COMMISSIONS

The bill in section 9 authorizes $200 million for the present seven regional commissions for each of fiscal years 1975, 1976, and 1977. The failure of the Administration to request higher funding levels for these commissions has been a disappointment to the Committee. Regional Commissions have been appropriated a total of $221 million against a total authorization of $810 million since the Act was passed in 1965. This is only 27%, the lowest funding ratio of all titles of the Act.

Yet, almost all the Commissions have completed the long-range regional overall economic development plans required under the Act. These have been put together with great effort, representing realistic development priorities for the region, only to be treated like yesterday's newspaper for want of sufficient funds. Twenty-nine States have joined these title V regional partnership efforts, testifying to their potential for achievement. The prototype of these commissions, the Appalachian Regional Commission, has been successful because, in addition to its broader authority, it has been funded at levels from

which measurable achievement is possible. The title V commissions should now enjoy support at a substantial level of funding.

Minor amendments to this title have been added to improve the coordination between the commissions and the Secretary of Commerce and, with the activities of other Federal, State, local, and sub-State planning agencies in the regions.

EXCESS PROPERTY

The bill adds a new section 514 to title V, covering the subject matter of S. 3564, a bill introduced by Senator Domenici relating to the use of excess Federal property for economic development in the regions. Federal cochairmen may acquire such property without cost and may give it or loan it in their respective regions to States or their political subdivisions, tax supported organizations, Indian groups, Alaskan villages or Regional Corporations, or non-profit tax-supported hospitals or institutions of higher learning. The Federal cochairman is given the same priority as other Federal agencies in acquiring such property, and in the case of Alaska, the Secretary of Commerce is required to exercise this authority.

The amendment permits the co-chairmen to transfer title of the property to the recipient, providing the latter pays the costs of care and handling of the property. It makes this property available to needy recipients who are able to use it in their development programs.

The excess property program conducted by the Four Corners Regional Commission has been phased out as there was some question of the specific legal authority under which the program was conducted. This amendment would remove that roadblock. The Four Corners Regional Commission had demonstrated the possibilities of using excess property for economic development in the hands of needy groups in its region. Removal of these restrictions may be similarly helpful to other commissions.

SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE

The bill contains a new title IX as an amendment to the Act. The provision is designed to meet economic dislocation problems encountered by local economies increasingly. The problems are the result of variety of causes, including actual or planned Federal actions. Federal installations may be closed, with pervasive and severe consequences as in the case of Naval facilities in Rhode Island and Boston. A major Federal facility may, on the other hand, be created as in the case of Trident Naval facility in the State of Washington. In that instance it is expected that the need for substantial increases in local government services will far exceed those that can be provided solely by local resources. Energy allotments have affected adversely some industries such as the resort industry. Other examples of dislocations not arising from Federal actions include the loss of business to ski resorts and the winter recreation industry because of abnormally low snowfall in a particular region of the Nation, such as New England. The case of Woonsocket, Rhode Island, provides an example of a community affected adversely by environmental requirements. In that case small marginal textile industries are the principal employers. EPA regulations currently impose user charge that may be beyond the means of these industries if they are to remain competitive. Finally, a major source of employment in a community may shut down or curtail its operations simply because it can no longer survive competitively in today's volatile economy. The problem of unemployment as seen in many of these examples requires Federal action directly and as quickly as is possible.

The Economic Development Administration has had authority in section 401(a)(4) of the Act to provide a limited assistance for these disruptions. Existing economic development programs, however, are directed to areas already suffering severe economic hardship as measured by unemployment and low incomes. The purpose of the economic adjustment program is designed to permit early action to assist areas or regions adjust to alternative economic activities. Early action could have the advantage of reducing individual hardship, improve chances for successful adjustment and reduce the burden on the economy of unproductive depressed areas. The proposed authority in title IX would be more flexible, allowing administrators to respond more quickly to distress or expected distress in any part of the country, not only redevelopment areas. It would complement and not duplicate present authority.

In H.R. 14883 as passed by the House, a similar title IX has been included; however, its scope is confined to a more limited demonstration program, "to demonstrate the effectiveness" of the Administrations' economic adjustment proposal. With the House, the Committee agrees that the Administration in its adjustment proposal had rightly identified the increasing problems of disruption to local economies as major sources of employment curtail operations, shut down temporarily, or leave town.

The Committee believes, however, that such programs are sufficiently demonstrated and that the need for assistance warrants full program status. Accordingly, the Committee recommends an authorization of $100 million annually for this purpose.

The Secretary may make grants to eligible recipients including redevelopment areas, economic development districts, Indian tribes, States, cities or other political subdivisions. Funds distributed to eligible recipients may be expended for public facilities, public services, business development, planning, unemployment compensation, rent supplements, mortgage payment assistance, research, technical assistance, training, relocation of individuals and other appropriate assistance.

In the Administration's adjustment proposal earlier this year (S. 3041), a regional administrator was to be appointed by the President to approve adjustment plans submitted by the States, which would receive block grants for adjustment purposes. The Committee rejected that arrangement as did the House. States may be applicants but are not intended as a pass-through for local assistance. Unemployment compensation, of course, is properly a State function, but other means of assistance in adjustment situations may more properly be provided to or through local units of government.

The Committee recommends that unemployment compensation assistance be mandatory in each instance where the Secretary of Com-

merce determines that workers are jobless for reasons identified in this title. He is then required to make funds for unemployment assistance available through the Secretary of Labor who in turn will utilize existing State unemployment insurance systems where appropriate.

Jobless workers eligible are those not otherwise disqualified under State law. Such individuals receive benefits as long as sources of employment remain unavailable or until the individual finds another job. Any individual may receive a maximum of one year's benefits, including both regular unemployment compensation and that available under this title.

The Administration opposes the requirement that this assistance be mandatory. H.R. 14883 as passed by the House includes it as an optional eligible activity. The Committee finds the arguments for requiring this assistance persuasive.

The principal purpose of title IX is to reduce hardships to working individuals and their families caused by these unforeseen dislocations. While the principal purposes of the programs under the Public Works and Economic Development Act are job creation, income maintenance, and diversification of local economies through long-range economic planning, title IX as proposed addresses immediate problems and aims to maintain jobs or restore them with due haste, at once minimizing human hardship and restoring balance to local economies. Payments to the unemployed are an important and necessary part of this assistance.

Two other laws, the Trade Adjustment Act and the Disaster Relief Act, contain somewhat similar provisions for unemployment compensation where dislocations occur.

Other recent legislation, including the Senate-passed surface mining control and reclamation bill and Congressionally adopted measures dealing with the emergency energy crisis, has included unemployment compensation provisions.

A principal objection to this provision in S. 3641 as reported is its possible cost in relation to other eligible activities. It is argued that it may be extremely costly, taking up funds needed for other types of adjustment assistance. To that objection it is pointed out that all States have programs that provide a minimum of 26 weeks coverage of unemployed workers. Not all workers are covered, to be sure. But most are covered, working in the mainstream industries of the country.

Many States are further able with Federal-State extended benefits to provide coverage an additional 13 weeks. For many workers only the last 13 weeks will draw principally on the funds provided under this title.

The Committee believes this mandatory authority should be included in this Title. If Congress deals with the problem in legislation more generic in its approach at a later time, such as title II of the "Job Security Assistance Act of 1974", there can be no objection if this provision then is superseded.

Section-by-Section Analysis

TITLE I—GRANTS FOR PUBLIC WORKS AND DEVELOPMENT FACILITIES

Section 102. Operating Grants for Health Projects

Section 2 of the bill replaces section 102 of the Act with a provision which authorizes the Secretary of Commerce to make operating grants not to exceed $30 million annually of funds appropriated under this title for health projects funded under this title. Such grants may be made up to 100% of estimated costs of the first year of operation and up to 100% of the deficit in funds available for operation the second year. A plan detailing permanent funding actions approved by the Secretary of Health, Education, and Welfare is required before second year grants will be approved.

Section 105. Authorization

Section I of the bill amends section 105 of the Act to authorize $300 million for title I for each of the fiscal years ending June 30, 1975, 1976, and 1977.

No less than 25 percent nor more than 35 percent of the appropriations made under this section for the above fiscal years may be spent for public works impact projects in redevelopment areas designated under section 401(a)(6).

TITLE II—BUSINESS DEVELOPMENT ASSISTANCE

Section 201(c). Authorization

Section 3(a) of the bill amends section 201(c) of the Act to authorize $100 million annually for this title for fiscal years ending June 30, 1975, 1976, and 1977.

Section 202(a)(1). Loans and Guarantees

The Secretary is authorized to aid in financing the purchase or development of land and facilities for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion or enlargement of existing buildings by (A) purchasing evidences of indebtedness, (B) making loans, (C) guaranteeing loans made to private borrowers by private lending institutions up to 90% of the unpaid balance.

Subsection (a)(2) authorizes the Secretary to make (A) working capital loans, (B) guarantee such loans up to 90% of the unpaid balance, (C) guarantee rental payment of leases for buildings and equipment up to 90% of remaining rental payments.

Subsection (b)(7) is amended so that the guarantee authority may not exceed 25 years; subsection (b)(9) is modified so that working capital loans are excluded from 65 percent limitation of aggregate costs applied to loans.

TITLE III—TECHNICAL ASSISTANCE, PLANNING AND STATE GRANT SUPPLEMENTS

Section 302. Economic Development Planning

Section 4 of the bill provides new authority designed to further enhance the economic development planning capabilities of States and sub-State entities. Up to 80 percent of the cost of such planning may be funded by the Federal Government.

Direct planning grants may be made to States under section 302(b) and to cities, political subdivisions of States, or sub-State planning and development organizations (including economic development districts) under section 302(a) for economic development planning. Such grants may also assist economic development districts in defraying costs associated with the review procedures required pursuant to title IV of the Intergovernmental Cooperation Act of 1968. Grants under this section are not to replace grants made under section 301(b) of this title.

Each State receiving assistance under this title shall establish a continuing comprehensive planning process to be carried on cooperatively with sub-State planning and development organizations and other appropriate planning bodies at the sub-State level. Economic development planning shall be part of overall State planning activities. State goals, objectives and priorities are to be established for guidance of planning within the State and for the grant program established under section 304 below. An annual report describing the planning process is to be submitted to the Secretary.

Section 303. Authorizations

This section as redesignated by this bill authorizes $75 million annually for economic development planning. Not to exceed $15 million each year of the funds authorized under this section shall be available for planning grants to States.

Section 304. Supplemental and Basic Grants

Under new section 304, $50 million is authorized for the fiscal year ending June 30, 1975, and $100 million is authorized for each of fiscal years 1976 and 1977. The funds are to be apportioned to the States in the ratio each State's total title I grants since the Act was passed in August 1965, bears to the total of all grants made under title I to all States since that time.

Subsection (b) requires States to match at least 25 percent of the Federal funds made available. Funds are to remain available to each State until expended.

Subsection (c) allows the Governor to supplement projects approved by the Secretary under titles I, II, and IV. Such State grants may be used to waive the non-Federal share required by this Act.

Subsection (d) permits States to use funds appropriated under this title to fund projects in whole or part if the Secretary certifies that each project meets all requirements of the Act and could be approved for Federal contribution under this Act if funds were available.

Subsection (e) requires Governors to use funds apportioned under this section in a manner consistent with State planning assisted under section 302.

TITLE IV—AREA ELIGIBILITY AND DISTRICTS

Section 401. Designation of Areas

Section 5 of the bill adds subsection 8 to section 401(a) which provides for the transfer of eligibility of areas heretofore designated only under title I to title IV. The practical effect is to make such areas eligible for all EDA project assistance.

Section 5 of the bill provides also that areas of substantial unemployment designated under section 102 of title I which have no been terminated before date of enactment of this section shall be considered designated under section 401(a)(8).

Section 6 of the bill adds to section 401(a)(3) a provision permitting the designation of Indian owned land for project purposes, notwithstanding the fact that Indians do not live on such land but live nearby.

Section 403. Economic Development Districts

Section 7 of the bill amends section 403(a)(1)(B) of the Act to reduce to one redevelopment area the requirement that each designated district must have two redevelopment areas.

Subsection (i) requires districts to provide copies of their overall economic development programs to regional commissions designated under Title V of this Act or the Appalachian Regional Commission whenever appropriate.

Subsection (j) provides financial assistance for projects outside redevelopment areas within districts if such assistance will be of substantial direct benefit to such redevelopment areas.

Part C. Indian Economic Development

Section 8 of the bill amends title IV by adding Section 404 providing a separate authorization to Indians as a Federal commitment to alleviate their economic distress. In addition to their eligibility for assistance under other parts of the Act, an additional $25 million per fiscal year for the fiscal years ending June 30, 1975, 1976, and 1977 is authorized.

TITLE V—REGIONAL ACTION PLANNING COMMISSIONS

Section 503. Functions of Commissions

Section 9(a) of the bill amends subsection (a)(7) of the Act to require commissions to give due consideration to districts as well as other Federal, State, and local planning in the region in developing their plans.

Subsection (b) of Section 9 of the bill amends section 505(a)(2) of the Act by providing authority for Commissions to pay administrative expenses of sub-State planning and development organizations (including economic development districts).

Subsection (c) of section 9 of the bill amends section 509(d) of the Act to authorize $200 million for each of the fiscal years ending June 30, 1975, 1976, and 1977.

Subsection (d) of section 9 of the bill amends section 511 of the Act relating to coordination. The Secretary is required to coordinate his grant, loan, and technical assistance activities under this Act with the regional commissions. Each Federal cochairman of the regional commissions shall in turn coordinate his grant making and technical assistance activities under this Act with those of the Secretary.

Section 514. Regional Excess Property Program

Section 10 of the bill amends the Act by adding a new section relating to the acquisition of excess Federal property for economic development purposes. Subsection (a) provides that Federal cochairmen of each of the title V regional commissions may acquire excess property without loss. For economic development purposes they may vest title in or loan to member States or their political subdivisions, tax-supported organizations, Indian groups, or tax-supported private nonprofit hospitals and colleges such excess Federal property. The Secretary of Commerce is deemed to be a Federal cochairman for the purposes of this section in the case of Alaska.

Subsection (b) of this section provides that Federal cochairmen shall have the same priority as other Federal agencies in acquiring such excess property. It is further provided that the Secretary shall prescribe rules, regulations and procedures for administering this section, which may be different for each economic development region.

Subsection (c)(1) requires recipients of such excess property to pay all costs of care and handling incurred in the acquiring and disposing of such property. Paragraph (2) states that no Federal cochairman may be involved at any time in the receiving or processing of any costs paid by the recipient under paragraph (1).

Subsection (d) requires each cochairman to give an account to the Secretary not later than six months after the end of each fiscal year of all property acquired and disposed of during the fiscal year.

Subsection (e) provides that property determined by the cochairmen to be no longer needed for economic development purposes shall be reported by the recipient to the Administrator of GSA for disposition under the Federal Property and Administrative Services Act of 1949.

Subsection (f) provides that the value of any property acquired and disposed of including property acquired but not disposed of shall not be taken into account in the computation of any appropriation or any authorization for an appropriation regarding any regional commission established under section 502 or for the Federal cochairman of such commission. The meaning is that such property shall not be considered as substituting for appropriated program funds.

Subsection (g) defines the term "care and handling" as given it by section 3(h) of the Federal Property and Administrative Services Act of 1949. The term "excess property" has the meaning given it by section 3(e) of the same Act except that such term does not include real property.

DEDESIGNATION MORATORIUM

Section 11 of the bill amends section 2 of the Act approved July 6, 1970 (P.L. 91–304) by striking "1974" and inserting "1977." The effect is to extend the moratorium on the dedesignation of qualified areas until 1977.

TITLE IX—SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE

Section 901. Purpose

Section 12 of the bill provides authority for a new Federal effort of adjustment assistance. The purpose of this new title is to provide special economic development and adjustment assistance programs to State and local areas to help them meet actual or threatened unemployment arising from actions of the Federal government, economic adjustment problems resulting from severe changes in economic conditions, and to encourage cooperative intergovernmental action to prevent and solve problems as they occur.

Section 902. Eligible Recipients

Eligible recipient means a redevelopment area or economic development district established under title IV of this Act, an Indian tribe, a State, a city or other political subdivision of a State or a consortium of such political subdivisions.

Section 903. Grants by the Secretary

Subsection (a)(1) provides authority for the Secretary to make grants directly to eligible recipients who the Secretary determines have a special need relating to a rise or an expected rise in unemployment or other economic adjustment problems. Such eligible recipient must submit a plan to the Secretary for approval in order to use grant funds for any of the following: public facilities, public services, business development, planning, unemployment, rent supplements, mortgage payment assistance, research, technical assistance, training, relocation of individuals, and other appropriate assistance.

Subsection (2)(A) provides that grants under this title may be used in direct expenditures by the applicant or through redistribution to public and private groups in grants, loan guarantees or other assistance, but grants may not be made to private profitmaking entities.

Subsection (2)(B) requires that grants for unemployment compensation shall be made to the State as the eligible applicant. Grants for other purpose shall be made to an appropriate eligible receiver who can carry out the plan.

Subsection (b) describes the elements of plans submitted to the Secretary. Each plan will define the need, describe the activity to meet such need and how it will be carried out, assure that grant funds will go to the need, and contain such other information as the Secretary prescribes.

Subsection (c) requires the Secretary to coordinate his activities under this title with regional commissions, States, districts, and other appropriation planning and development organizations.

Subsection (d) describes unemployment compensation requirements of this title. When the Secretary determines a need because of an increase in unemployment, grant funds shall be transferred to the Secretary of Labor and he shall provide assistance to an unemployed individual who is not otherwise disqualified under State law, as he deems appropriate while the individual is unemployed. Such unemployment compensation benefits shall be provided as long as the individual's unemployment caused by the dislocation continues, or until he is otherwise reemployed, up to a maximum of one year. Weekly benefits shall not exceed the maximum benefits of the State in which the dislocation occurred, but the assistance shall be reduced by weekly unemployment compensation benefits or private income protection insurance for such week of unemployment.

The Secretary of Labor is directed to provide assistance under this section through agreements with States which he believes have an adequate unemployment insurance system for administering this program.

Section 904. Reports and Evaluation

This section sets forth the requirement that each eligible recipient submit an annual report to the Secretary in a form the Secretary prescribes. Such reports shall also contain an evaluation of the effectiveness of the assistance.

The Secretary shall provide Congress a consolidated report of his activties under this title, with his recommendations. The first report shall be made not later than January 30, 1976.

Section 905. Authorization

There is authorized to be appropriated not to exceed $100 million for the fiscal years ending June 30, 1975, 1976, and 1977, to carry out the purposes of this title.

Cost of Legislation

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires publication in this report of the Committee's estimate of the costs of the reported legislation, together with estimates prepared by any Federal agency. Separate estimates of the cost of activities authorized by this bill were not prepared by any Federal agency. The following table summarizes authorizations contained in the bill for fiscal years 1975, 1976, and 1977, compared with existing authorizations:

SUMMARY OF AUTHORIZATIONS

[In millions of dollars]

Title	Existing law, fiscal year 1974	Authorizations in this bill: Fiscal year 1975	Fiscal year 1976	Fiscal year 1977
Title I	$200.0	$300.0	$300.0	$300.0
Title II	55.0	100.0	100.0	100.0
Title III: Secs. 301 and 302	35.0	75.0	75.0	75.0
Title III: Sec. 304		50.0	100.0	100.0
Title IV:				
Districts	45.0	45.0	45.0	45.0
Indians		25.0	25.0	25.0
Title V	95.0	200.0	200.0	200.0
Title VIII	[1] 250.0			
Title IX		100.0	100.0	100.0
Total [2]	430.0	895.0	945.0	945.0

[1] Authorization without limit to any fiscal year.
[2] Except authorizations for title VIII.

Roll Call Votes During Committee Consideration

During the Committee's consideration of this bill, six rollcall votes were taken. Pursuant to section 133 of the Legislative Reorganization Act of 1970 and the Rules of the Committee on Public Works, these votes are announced here.

On July 9, 1974, during consideration by the Subcommittee on Economic Development, Senator McClure moved to reduce the authorizations in the bill from a three-fiscal year period to a two-fiscal year period. The motion failed, 4–5, with Senators Baker, Domenici, McClure, and Stafford voting in the affirmative and Senators Bentsen, Burdick, Gravel, Montoya, and Randolph voting in the negative.

During the Subcommittee session on July 10, 1974, Senator McClure moved to strike unemployment compensation as a permissible form of assistance under the proposed title IX dealing with special economic development and adjustment assistance. Senator Burdick moved, as a substitute for Senator McClure's motion, that such unemployment compensation be mandatory in each case in which any

assistance is provided under title IX. The substitute motion of Senator Burdick was adopted, 5–4, with Senators Bentsen, Burdick, Gravel, Montoya, and Muskie voting in the affirmative and Senators Domenici, McClure, Scott, and Stafford voting in the negative.

On July 23, 1974, during consideration of the bill by the full Committee, four rollcall votes were taken. Senator McClure moved to reduce the period of authorizations in the bill from 3 fiscal years to 2 fiscal years. The motion failed, 6–8, with Senators Baker, Buckley, Domenici, McClure, Scott, and Stafford voting in the affirmative and Senators Bentsen, Biden, Burdick, Clark, Gravel, Montoya, Muskie, and Randolph voting in the negative.

Senator McClure moved to reduce the requirement of the minimum percentage of funds available under title I of the Act which must be expended for public works impact projects from 25 percent as in present law to 10 percent. The motion failed, 5–8, with Senators Baker, Buckley, Domenici, McClure, and Scott voting in the affirmative and Senators Bentsen, Biden, Burdick, Clark, Gravel, Montoya, Muskie, and Randolph voting in the negative.

In addition, Senator McClure moved to modify the unemployment compensation provision of title IX so that it would be permissive authority and not mandatory for each instance in which any assistance under title IX is provided. This motion failed, 6–8, with Senators Baker, Buckley, Domenici, McClure, Scott, and Stafford voting in the affirmative and Senators Bentsen, Biden, Burdick, Clark, Gravel, Montoya, Muskie, and Randolph voting in the negative.

The bill as amended was ordered reported on the motion of Senator Montoya, seconded by Senator McClure, by a vote of 12–2, with Senators Baker, Bentsen, Biden, Burdick, Clark, Domenici, Gravel, McClure, Montoya, Muskie, Randolph, and Stafford voting in the affirmative and Senators Buckley and Scott voting in the negative.

Agency Views

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., July 19, 1974.

Hon. Jennings Randolph,
Chairman, Committee on Public Works,
U.S. Senate,
Washington, D.C.

Dear Mr. Chairman: Thank you for your letter of July 12, 1974, requesting a postponement in any reduction of Economic Development Administration personnel planned at this time.

As you mentioned in your letter, new authorization for this program is expected to be passed by the Senate shortly. Since we anticipate final Congressional action within the next few weeks, we do not believe that a precipitous reduction in personnel will be required before enactment of this legislation. We will continue to closely monitor personnel levels of the Economic Development Administration to assure adequate personnel are available to carry out the tasks assigned that agency.

Following final Congressional action on the Public Works and Economic Development bill, the Administration will then have to determine whether that legislation will permit program improvements which would justify an increase in funding above the levels already requested for 1975. If it is determined that additional funding and personnel are appropriate, a budget amendment request will be submitted quickly to the Congress. If the legislation does not permit adequate improvement in the EDA programs, I would have to recommend to the President that 1975 funding for EDA be limited to no more than the $237 million already requested. In such an event, it should be possible to reduce the number of personnel to administer the smaller program.

In regard to the adequacy of the new legislation, I would like to point out that S. 3641, as revised by the Senate Subcommittee on Economic Development, is considered by the Administration to be unacceptable. Particularly objectionable are (1) the requirement in title IX for mandatory payment of unemployment compensation; (2) the failure to reduce the minimum required funding level for the public works impact program to 10% or less of title I funding; and (3) the failure to limit the period of the extension to no more than two years.

The mandatory payment of unemployment compensation is not appropriate for this economic development legislation, and would destroy the ability of the Secretary of Commerce to effectively use the resources of title IX. The evaluations of the PWIP program make it clear that we cannot effectively use substantial funds for this pur-

pose. Continuation of the 25% minimum requirement for PWIP will result in strong pressures to reduce the entire funding under title I. Also, a three year extension is not appropriate for legislation which is intended to permit the exploration and demonstration of new approaches to economic development. The success of these new approaches and the need for further improvements should be closely reviewed, the legislative changes made as appropriate, in the next two years.

If S. 3641 should be enacted in the form reported by the Subcommittee, I would have to recommend that the President veto the bill. In any event, the objectionable features of the bill would dictate a minimum funding request for the programs.

May I again thank you for your letter and express my hope that S. 3641 can be revised to permit the Administration to support the legislation and avoid the need to recommend further reductions in the level of funding for the EDA programs.

Best wishes,

Sincerely,

ROY L. ASH,
Director.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, D.C., July 10, 1974.

Hon. JENNINGS RANDOLPH,
Chairman, Committee on Public Works, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: The purpose of this letter is to express the strong objections of the Department of Labor to a provision of the new section 903 which S. 3641 would add to the Public Works and Economic Development Act. This provision would allow the Secretary of Commerce to approve plans and make grants to eligible recipients, as defined by new section 902, to pay unemployment compensation benefits in times of high or expected high unemployment.

In our judgment, this provision could be seriously disruptive of the existing Federal-State unemployment insurance system. It leaves unclear its relationship with existing unemployment compensation programs. The program would be discriminatory in its application. It would apply in areas selected for grants by the Secretary of Commerce without regard to the level of unemployment existing in those areas and the resulting difficulties in obtaining suitable employment. By vesting responsibility for administration of the provision in the Department of Commerce, the bill would fragment administration of the Nation's unemployment insurance laws which are administered primarily by the Department of Labor and State employment security agencies.

On the basis of our experience in the administration of the Nation's unemployment insurance laws, we do not believe that the proposed provision would be useful, nor would it justify the substantial expenditure of funds which it is likely to entail.

The Administration has proposed and sent to the Congress a bill entitled the "Job Security Assistance Act of 1974." This bill is before the Senate Finance Committee which has held hearings on the proposal. Title II of that bill would provide a temporary program of supplementary unemployment compensation for workers ineligible for unemployment compensation and those who have exhausted their benefits under existing programs. The program is applicable to workers in areas of high unemployment. The Administration proposal is a carefully developed measure which would specify the particular conditions under which benefits would be payable, establish eligibility criteria, indicate the benefit levels which would be payable, provide a realistic duration period for benefits, and indicate the relationship between the special benefits program which it would establish and other unemployment compensation programs available to workers.

We strongly urge that the proposed provision be deleted from S. 3641 and the Administration's proposed "Job Security Assistance Act of 1974" be enacted.

The Office of Management and Budget advises that there is no objection to the submission of this report and that enactment of the Administration's proposed "Job Security Assistance Act of 1974" would be in accord with the program of the President.

Sincerely,

PETER J. BRENNAN,
Secretary of Labor.

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C., July 31, 1974.

Hon. JENNINGS RANDOLPH,
Chairman, Senate Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR SENATOR RANDOLPH: This letter is in reply to your request for Department of Commerce comments concerning H.R. 14883, a bill to amend the Public Works and economic Development Act of 1965, to extend the authorization for a two-year period, and for other purposes. Both the House Bill and its counterpart, S. 3641, contain several highly constructive and innovative provisions which we support.

The Department of Commerce favors the two-year extension of PWEDA contained in H.R. 14883. We are in favor of only a two-year extension because of the need to revamp the current approaches to economic development. The Secretary of Commerce testified before the Congress last spring that although PWEDA has resulted in many worthwhile programs, there are a number of shortcomings in these programs. During the past few months, both the Administration and the Congress have studied and discussed possible improvements in these programs, as well as alternative programs. These discussion have been beneficial.

The House Bill reflects these discussions, and offers significant and commendable improvements to EDA's programs. We believe, though, that PWEDA should only be continued on a transitional basis while the discussion regarding improvements and alternatives continues. A two-year extension should allow us more than enough transitional time to achieve the goal of a well reasoned, improved approach to economic development.

H.R. 14883 reduces required level of spending under Title I for the Public Works Impact Program (PWIP) from 25% to 10% of the

Title I funds. The goal of PWIP was to provide immediate useful work to the unemployed in areas of high unemployment. On most projects, this goal has not been achieved, and PWIP has proven itself to be both inefficient and costly. Still, there are some projects which have been effective and we would, therefore, plan to continue funding such worthwhile projects. However, the mandatory funding of these projects at such a high level detracts from PWEDA's long range economic development program. We, therefore, support the reduction in the required level of spending for PWIP contained in the House Bill so that we could carefully select those PWIP projects likely to be successful. We would, of course, prefer the elimination of any provision for a required level of funding for PWIP.

In Title III of PWEDA, H.R. 14883 offers a new section 302 designed to reinforce the economic development planning capabilities of State and local governments. Any assistance that the Economic Development Administration (EDA) under PWEDA provides to increase State and local planning capabilities increases the efficiency of EDA's grant and loan programs under Title I and II as well as other programs of Federal assistance.

At the end of the proposed new subsection 302(a) in H.R. 14883, it is also required that "such State plan shall, to extent possible, be consistent with local and economic development district plans." The Department of Commerce believes that this phrase is vague and could have undesirable results. For example, it could be interpreted as giving local governments, in effect, veto power over State plans. We strongly oppose any language that might allow local governments to control State planning, and for this reason prefer the related provision of the Senate bill (§ 302(c)).

H.R. 14883 would also add a Title IX to the Public Works and Economic Development Act of 1965. The purpose of this title is to implement a demonstration program to meet special needs arising from actual or threatened economic dislocation such as those caused by the Federal Government when it closes a military base or enforces environmental regulations.

We favor Title IX as it appears in the House Bill, with one exception. The House Bill allows eligible recipients to use Title IX grants for unemployment compensation.

We are opposed to an authorization for an unemployment compensation program. We believe the limited resources of Title IX should be focused on the objective alleviating unemployment by helping to stimulate employment opportunities, rather than directing resources to unemployment compensation. We strongly prefer, however, the permissive language in the House Bill allowing unemployment compensation to the mandatory provisions in the Senate bill. The Department of Commerce and the Department of Labor have repeatedly and vehemently objected to the inclusion of a required unemployment compensation program in the Public Works and Economic Development Act.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

BERNARD V. PARRETTE,
Deputy General Counsel.

MINORITY VIEWS

The Administration has stated by letter of July 19, included in this report under "Agency Views", that a veto of this bill will be recommended unless three points are corrected—the 3-year term, requiring 25% of appropriated funds to be used in the public works impact program, and mandatory expanded unemployment compensation. The bill passed by the House of Representatives, H.R. 14883, is for 2 years, required PWIP spending is limited to 10%, and unemployment compensation is permissive; it also contains smaller authorizations. We believe the Senate bill should be similarly restricted.

HOWARD H. BAKER, Jr.
JAMES L. BUCKLEY.
ROBERT T. STAFFORD.
WILLIAM L. SCOTT.
JAMES A. MCCLURE.
PETE V. DOMENICI.

MINORITY VIEWS OF SENATOR BUCKLEY

I dissent from the otherwise unanimous opinion of the Committee in opposing a one-year extension of the Public Works and Economic Development Act. I have placed myself in this lonely minority in order to make two points with respect to federal programs for economic development assistance.

One, the Committee shows every sign of resisting the criticisms which have been aimed at EDA programs, namely, that with few exceptions they have made little or no contribution to meeting their stated objectives of minimizng economic distress, stimulating employment opportunities in targeted areas or assuring more rational economic growth. The suggested reasons for these failures include a lack of program focus on the objectives, dispersion of limited resources to a relatively large number of areas, and a poor prioritization process.

The available critical analyses strongly suggest that much new thinking about economic development is essentially before further substantial sums are committed to programs that simply do not work very well. In spite of this, the Committee has authorized a bill over twice the size of last year's, which continues these dubious programs within an inefficient administrative framework.

Although the Committee has stated its intention to study how to improve economic development assistance, it continues to fund demonstrably unsucessful programs, including Public Works Impact Programs (Accelerated Public Works) at the second highest authorization level in the 10 year history of the Public Works and Economic Development Act.

This brings me to my second point. This country is now gripped by a stunning level of inflation that affects the entire population. The cause is excessive Federal spending which has been financed by increasing the money supply above the increase in productivity. The economic development assistance envisioned in this bill is not "counter-inflationary", as some lead themselves to believe. Certainly EDA may make investments in parts of the economy that are underutilized and increase real output in those areas.

But in order to finance those projects, the Federal Government must take money out of more productive areas of the economy, decreasing the investments and, therefore, the employment in enterprises to which the market would otherwise allocate its resources. Moreover, the expenditure proposed in this bill would have to be financed by additional Federal deficits because the Administration's fiscal 1975 budget is already in deficit. The deficit in Federal spending is, in part, financed through sales of Government securities in the private capital markets. These sales have the effect of pre-empting private borrowers in the capital markets, forcing them to rely on the commercial banking system. This reliance on the commercial banking system for funds by private borrowers forces the Federal Reserve System to accommodate

such borrowing through an increase in the money supply, thereby further fueling inflation.

In view of this inexorable chain of events, I would remind my colleagues that the Senate bill is some 75 percent larger than the House version in the first year and 90 percent larger in the second year. (The Senate bill also extends the program for a third year.) Furthermore, the Senate bill adds new categories for grants and federal guarantees, which require increased authorizations in several titles to fund them.

To repeat a point I have made over and over again: the first order of business in restoring confidence in the Federal Government is for the President and the Congress to declare unequivocally and convincingly that our first domestic priority is to bring inflation under effective control; and that until this objective is achieved, all other domestic plans and programs will be subordinated to it.

To insist at this time on funding programs of dubious value at levels which approach the maximum ever suggested in the history of the Economic Development Administration is not merely foolish policy; it is one that seems designed to test the patience of an increasingly frustrated public.

JAMES BUCKLEY.

ADDITIONAL VIEWS OF SENATORS McCLURE AND BAKER

Throughout consideration of this economic development legislation, we have endeavored to secure a bill which would assure an extension of ongoing EDA activities—while the Committee and the Congress consider further revision and improvement of existing programs and work to develop alternative proposals.

The Administration has proposed increased flexibility for the economic development programs and an increased State role and responsibility. We are glad the Committee bill includes State planning and project funds and a version of the Administration's economic program. There are, however, several provisions of the Committee bill which we cannot support, and believe endanger continuation of the EDA programs. These provisions are first, the mandatory payment of unemployment compensation under the Title IX economic adjustment program; second, the 25% mandatory spending level for the Public Works Impact Program, and third, the three-year term of the bill.

UNEMPLOYMENT COMPENSATION

The Committee bill mandates payment of unemployment compensation, up to one year, to any individual unemployed as a result of an economic dislocation for which an area is eligible for assistance under the Title IX economic adjustment program.

The purpose of the economic adjustment program, which was first proposed by the Administration, is to permit quick, flexible assistance to areas and regions experiencing, or about to experience, dislocations due to economic changes, particularly those caused by federal actions such as base closings. To best meet the particular adjustment need of an area, a wide range of eligible programs to stimulate economic activity and job opportunities are proposed.

Mandating payment of unemployment benefits from any grant made under the Title could in effect convert the program from flexible economic adjustment to unemployment compensation for a few selected areas. The limited economic adjustment funds would then be used for unemployment compensation rather than to stimulate economic activity and new job opportunities. For example, the total authorization for Title IX is $100 million per year for the entire country. But mandated unemployment compensation program promises to be so costly that the Secretary of Commerce would be able to designate only a few areas under the program. There would remain, however, the pressing need for an economic assistance program, as originally proposed in Title IX, to put people back to work—which we believe would be more productive for the community, the economy, and for individuals and their families.

Further, the unemployment compensation system in Title IX would result in a fragmented and inequitable program. The Department of Labor has maintained that any deficiencies in the existing system should be corrected through comprehensive legislation applicable to all workers not by the creation of separate new programs for special groups. To this end, the Administration has introduced legislation, "The Job Security Assistance Act", S. 3257. Title II of that bill, pending before another Committee, would authorize another 13 weeks of benefits, in addition to the 26 and in some instances 39 weeks of benefits under the existing program, in areas of high unemployment without regard to cause; energy shortages, environmental orders and other reasons for worker layoff would be covered. The proposal also provides up to 26 weeks of benefits in areas of high unemployment for previously employed workers not covered by unemployment compensation laws.

Public Works Impact Program

The 1971 EDA amendments required that no less than 25% of the funds appropriated under Title I for public works grants be spent on the Public Works Impact Program (PWIP). The purpose of the 1971 PWIP program—a version of accelerated public works—is to create immediate useful jobs for unemployed and underemployed persons in an economically distressed area.

A recently completed survey of the PWIP program by the Department of Commerce indicates that the number and duration of jobs created through PWIP was much lower than projected, fewer jobs than anticipated went to the target population in the distressed areas, the number of man months of employment was less than one-half the estimates, and the cost per job for the target population was exceedingly high.

Specifically the PWIP study indicated that (1) only 22% of the total expenditures under the 1972 program went to wages, and less than 7% of the total cost represented wage payments to the target group workers; (2) the average duration of employment on a PWIP project was less than one man-month per worker, and more than 50% of the jobs lasted for less than 80 hours; (3) the cost of generating one man-month of employment for a target group worker exceeded $10,000; (4) the total number of jobs held by target group workers was 29% compared to the 77% originally estimated, and (5) PWIP hired a maximum of .3% of the aggregate unemployed labor force in the designated distressed area.

As the program has failed to have the direct job impact anticipated when it was enacted two years ago, I believe the mandatory spending level should be reduced so as to allow the Secretary of Commerce more discretion in funding this type project. I believe the high mandatory spending, one-fourth of all funds appropriated under the Title I program, drains limited grant funds from the basic purpose of the EDA Act—which is to stimulate long range economic development in distressed communities.

Length of the Extension

While the Committee has included in this transitional bill some new program initiatives and improvements to existing authorities, we have not yet been able to recommend substantive reform of the entire economic development program. A three year extension of a transition program will put off for too long further development of alternatives and needed improvements, which the Committee has indicated it intends to pursue.

A shorter term of authorization could provide a secure transition of ongoing programs, while encouraging our continued discussion of comprehensive economic development legislation. Two years would lead the Committee, we believe, to give closer scrutiny to the newly authorized programs in this bill. It would also prevent locking in this old program through 1977 at a time when we expect to see new economic initiatives, and hope to develop more effective responses to the problems of inflation and unemployment.

We oppose the three foregoing provisions of the Committee bill in our effort to secure an extension of the EDA program. In Committee, Sen. McClure offered amendments to correct them. We consider that the mandatory unemployment compensation, required PWIP spending, and 3 year term, do not contribute to the effectiveness of the EDA program, but rather jeopardize the future of this legislation.

James A. McClure.
Howard H. Baker, Jr.

S.R. 1055 O - 74 - 5

ADDITIONAL VIEWS OF SENATOR GRAVEL

Alaska is in so many ways a sleeping giant, but rapidly it is changing both socially and economically. An agency such as the EDA is vastly important there. Indeed, the objectives established under the Public Works and Economic Development Act of 1965 as amended are precisely fitting to Alaska as a state which experiences persistent unemployment, underemployment, and low median income.

Rather than cut back the EDA program as the administration would have us do, I submit for the record a tremendous need in my state for the continuance of EDA as expressed in S. 3641.

Alaska's problems are as large as the state's area. Economic development has been historically a very difficult business in Alaska. The cost of living differential means in Alaska that everything is more costly due to transportation cost which demand higher wages. Project estimates for the other states just do not apply in Alaska.

Alaska is on the brink of a rapid change brought about by the construction of the Trans-Alaska Pipeline, the biggest private undertaking in the history of the United States. The present population will increase by 20% in two years time. This highly accelerated growth will need orderly planning for the future. Alaska's potential need for public works projects is unlimited. To date, there have been 100 projects in Alaska since 1966. Alaska's EDA budget averages between 3–4 million dollars. Ten million could easily be allocated for projects in Alaska that are submitted for grant application annually. Anchorage as Alaska's largest city, has alone requested 2.8 million for the second phase of her port expansion project. I would like to mention that Anchorage's port has immense importance to the whole state. From that port, cargo is sent to the airport and out into the bush areas of Alaska. When there is a delay due to crowded conditions at the port, the people in the remote areas suffer particularly.

MIKE GRAVEL.

Changes in Existing Law

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Public Works and Economic Development Act of 1965, as Amended

To provide grants for public works and development facilities, other financial assistance and the planning and coordination needed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Works and Economic Development Act of 1965."

STATEMENT OF PURPOSE

Sec. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our regions, counties, and communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families, and waste invaluable human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development; that Federal financial assistance, including grants for public works and development facilities to communities, industries, enterprises, and individuals in areas needing development should enable such areas to help themselves achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local conditions, provided that such assistance is preceded by and consistent with sound, long-range economic planning; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather than by merely transferring jobs from one area of the United States to another.

TITLE I—GRANTS FOR PUBLIC WORKS AND DEVELOPMENT FACILITIES

Sec. 101. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary of Commerce (hereinafter referred to as the Secretary) is authorized—

(1) to make direct grants for the acquisition or development of land and improvements for public works, public service, or development facility usage, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

(A) the project for which financial assistance is sought will directly or indirectly (i) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities, (ii) otherwise assist in the creation of additional long-term employment opportunities for such area, or (iii) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

(B) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located;

(C) the area for which a project is to be undertaken has an approved overall economic development program as provided in section 202(b)(10) and such project is consistent with such program; and

(D) in the case of a redevelopment area so designated under section 401(a)(6), the project to be undertaken will provide immediate useful work to unemployed and underemployed persons in that area.

(2) to make supplementary grants in order to enable the States and other entities within redevelopment areas to take maximum advantage of designated Federal grant-in-aid programs (as hereinafter defined), direct grants-in-aid authorized under this section, and Federal grant-in-aid programs authorized by the Watershed Protection and Flood Prevention Act (68 Stat. 666, as amended), and the eleven watersheds authorized by the Flood Control Act of December 22, 1944, as amended and supplemented (58 Stat. 887), for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share.

(b) Subject to subsection (c) hereof, the amount of any direct grant under this section for any project shall not exceed 50 per centum of the cost of such project.

(c) The amount of any supplementary grant under this section for any project shall not exceed the applicable percentage established by regulations promulgated by the Secretary, but in no event shall the non-Federal share of the aggregate cost of any such project (including assumptions of debt) be less than 20 per centum of such cost, except that in the case of a grant to an Indian tribe, the Secretary may reduce the non-Federal share below such per centum or may waive the non-Federal share. In the case of any State or political subdivision thereof which the Secretary determines has exhausted its effective taxing and borrowing capacity, the Secretary may reduce the non-Federal share below such per centum or may waive the non-Federal share in the case of such a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act. Supplementary grants shall be made by the Secretary, in accordance with such regulations as he shall prescribe, by increasing the amounts of direct grants authorized under this section or by the payment of funds appropriated under this Act to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of the applicable Federal programs. Notwithstanding any requirement as to the amount or sources of non-Federal funds that may otherwise be applicable to the Federal program involved, funds provided under this subsection shall be used for the sole purpose of increasing the Federal contribution to specific projects in redevelopment areas under such programs above the fixed maximum portion of the cost of such project otherwise authorized by the applicable law. The term "designated Federal grant-in-aid programs," as used in this subsection, means such existing or future Federal grant-in-aid programs assisting in the construction or equipping of facilities as the Secretary may, in furtherance of the purposes of this Act, designate as eligible for allocation of funds under this section. In determining the amount of any supplementary grant available to any project under this section, the Secretary shall take into consideration the relative needs of the area, the nature of the project to be assisted, and the amount of such fair user charges or other revenues as the project may reasonably be expected to generate in excess of those which would amortize the local share of initial costs and provide for its successful operation and maintenance (including depreciation).

(d) The Secretary shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the Secretary shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

(e) Except for projects specifically authorized by Congress, no financial assistance shall be extended under this section with respect to any public service or development facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State or Federal regulatory body, unless the State or Federal regulatory body determines that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such

service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(f) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

SEC. 102. [(a) In addition to the assistance otherwise authorized, the Secretary is authorized to make grants in accordance with the provisions of this title to those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, were areas of substantial unemployment during the preceding calendar year.

[(b) Areas designated under the authority of this section shall be subject to an annual review of eligibility in accordance with section 402, and to all of the rules, regulations, and procedures applicable to redevelopment areas except as the Secretary may otherwise prescribe by regulation.]

For each of the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977, not to exceed $30,000,000 of the funds authorized to be appropriated under section 105 of this Act for each such fiscal year shall be available for grants for operation of any health project funded under this title after the date of enactment of this section. Such grants may be made up to 100 per centum of the estimated cost of the first fiscal year of operation, and up to 100 per centum of the deficit in funds available for operation of the facility during the second fiscal year of operation. No grant shall be made for the second fiscal year of operation of any facility unless the agency operating such facility has adopted a plan satisfactory to the Secretary of Health, Education, and Welfare, providing for the funding of operations on a permanent basis. Any grant under this section shall be made upon the condition that the operation of the facility will be conducted under efficient management practices designed to obviate operating deficits, as determined by the Secretary of Health, Education, and Welfare.

SEC. 103. Not more than 15 per centum of the appropriations made pursuant to this title may be expended in any one State.

SEC. 104. No part of any appropriations made pursuant to this title may be expended for any project in any area which is within the "Appalachian region" (as that term is defined in section 403 of the Appalachian Regional Development Act of 1965) which is approved for assistance under the Appalachian Regional Development Act of 1965.

SEC. 105. There is hereby authorized to be appropriated to carry out this title not to exceed $500,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1971, not to exceed $800,000,000 per fiscal year for the fiscal years ending June 30, 1972, and June 30, 1973, and not to exceed $200,000,000 for the fiscal year ending June 30, 1974[.], *and not to exceed $300,000,000 for each of the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977.* Any amounts authorized for the fiscal year ending June 30, 1972, under this section but not appropriated may be appropriated for the fiscal year ending June 30, 1973. Not less than

25 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1972, June 30, 1973 [and], June 30, 1974, *June 30, 1975, June 30, 1976, and June 30, 1977*, under authority of the preceding sentences shall be expended in redevelopment areas designated as such under section 401(a)(6) of this Act.

FINANCIAL ASSISTANCE FOR SEWER FACILITIES

SEC. 106. No financial assistance, through grants, loans, guarantees, or otherwise, shall be made under this Act to be used directly or indirectly for sewer or other waste disposal facilities unless the Secretary of Health, Education, and Welfare [1] certifies to the Secretary that any waste material carried by such facilities will be adequately treated before it is discharged into any public waterway so as to meet applicable Federal, State, interstate, or local water quality standards.

TITLE II—OTHER FINANCIAL ASSISTANCE

PUBLIC WORKS AND DEVELOPMENT FACILITY LOANS

SEC. 201. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to purchase evidence of indebtedness and to make loans to assist in financing the purchase or development of land and improvements for public works, public service, or development facility usage, including public works, public service, or development facility usage, to be provided by agencies of the Federal Government pursuant to legislation requiring that non-Federal entities bear some part of the cost thereof, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will directly or indirectly—

(A) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities,

(B) otherwise assist in the creation of additional long-term employment opportunities for such area, or

(C) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

(2) the funds requested for such project are not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project;

(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved overall economic development program as provided in section 202(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) Subject to section 701(5), no loan, including renewals or extensions thereof, shall be made under this section for a period exceeding forty years, and no evidence of indebtedness maturing more than forty years from the date of purchase shall be purchased under this section. Such loans shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less not to exceed one-half of 1 per centum per annum.

(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202: *Provided*, That annual appropriations for the purpose of purchasing evidences of indebtedness, making and participating in loans, and guaranteeing loans shall not exceed $170,000,000, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed $55,000,000 for the fiscal year ending June 30, 1974[.], *and shall not exceed $100,000,000 per fiscal year for the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977.*

(d) Except for projects specifically authorized by Congress, no financial assistance shall be extended under this section with respect to any public service or development facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State or Federal regulatory body, unless the State or Federal regulatory body determines that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(e) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

LOANS AND GUARANTEES

SEC. 202. [(a) The Secretary is authorized (1) to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, and rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings; and (2) to guarantee loans for working capital made to private borrowers by private lending institutions in connection with projects in redevel-

opment areas assisted under subsection (a)(1) hereof, upon application of such institution and upon such terms and conditions as the Secretary may prescribe: *Provided, however*, That no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.]

(a)(1) The Secretary is authorized to aid in financing, within a redevelopment area, the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings by (A) purchasing evidences of indebtedness, (B) making loans (which for purposes of this section shall include participation in loans), (C) guaranteeing loans made to private borrowers by private lending institutions, for any of the purposes referred to in this paragraph upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

(2) The Secretary is authorized to aid in financing any industrial or commercial activity within a redevelopment area by (A) making working capital loans, (B) guaranteeing working capital loans made to private borrowers by private lending institutions upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan, (C) guaranteeing rental payments of leases for buildings and equipment, except that no such guarantee shall exceed 90 per centum of the remaining rental payments required by the lease.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) Such financial assistance shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts theretofore customarily performed by them: *Provided, however*, That such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is or will be located.

(4) No loan or guarantee shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project.

(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

(6) No evidence of indebtedness shall be purchased and no loans shall be made or guaranteed unless it is determined that there is reasonable assurance of repayment.

(7) Subject to section 701(5) of this Act, no loan[,] *or guarantee*, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus additional charge, if any, toward covering other costs of the program as the Secretary may determine to be consistent with its purpose.

(9) [Loan assistance] *Loan assistance (other than for a working capital loan)* shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) not less than 15 per centum of such aggregate cost be supplied as equity capital or as a loan repayable in no shorter period of time and at no faster an amortization rate than the Federal financial assistance extended under this section is being repaid, and if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance: *Provided, however*, That except in projects involving financial participation by Indian tribes, not less than 5 per centum of such aggregate cost shall be supplied by the State or any

agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, unless the Secretary shall determine in accordance with objective standards promulgated by regulation that all or part of such funds are not reasonably available to the project because of the economic distress of the area or for other good cause, in which case he may waive the requirement of this provision to the extent of such unavailability, and allow the funds required by this subsection to be supplied by the applicant or by such other non-Federal source as may reasonably be available to the project;

(C) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraph (B), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located, nor prevent the Secretary from requiring such periodic revisions of previously approved overall economic development programs as he may deem appropriate.

ECONOMIC DEVELOPMENT REVOLVING FUND

SEC. 203. Funds obtained by the Secretary under section 201, loan funds obtained under section 403, and collections and repayments received under this Act, shall be deposited in an economic development revolving fund (hereunder referred to as the "fund"), which is hereby established in the Treasury of the United States, and which shall be available to the Secretary for the purpose of extending financial assistance under sections 201, 202, and 403, and for the payment of all obligations and expenditures arising in connection therewith. There shall also be credited to the fund such funds as have been paid into the area redevelopment fund or may be received from obligations outstanding under the Area Redevelopment Act. The fund shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the amount of loans outstanding under this Act computed in such manner and at such rate as may be determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made.

TITLE III—TECHNICAL ASSISTANCE, RESEARCH, AND INFORMATION

SEC. 301. (a) In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include project planning and feasibility studies, management and operational assistance, and studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff, through the payment of funds authorized for this section to other departments or agencies of the Federal Government, through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grants-in-aid to appropriate public or private nonprofit State, area, district, or local organizations. The Secretary, in his discretion, may require the repayment of assistance provided under this subsection and prescribe the terms and conditions of such repayment.

(b) The Secretary is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of organizations which he determines to be qualified to receive grants-in-aid under subsection (a) hereof, except that in the case of a grant under this subsection to an Indian tribe the Secretary is authorized to defray up to 100 per centum of such expenses. In determining the amount of the non-Federal share of such costs or expenses, the Secretary shall give due consideration to all contributions both in cash and in kind, fairly evaluated, including but not limited to space, equipment, and services. Where practicable grants-in-aid authorized under this subsection shall be used in conjunction with other available planning grants, such as urban planning grants, authorized under the Housing Act of 1954, as amended, and highway planning and research grants authorized under the Federal-aid Highway Act of 1962, to assure adequate and effective planning and economical use of funds.

(c) To assist in the long-range accomplishment of the purposes of this Act, the Secretary, in cooperation with other agencies having similar functions, shall establish and conduct a continuing program of study, training, and research to (A) assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas and regions of the Nation, (B) assist in the formulation and implementation of national, State, and local programs which will raise income levels and otherwise produce solutions to the problems resulting from these conditions, and (C) assist in providing the personnel needed to conduct such programs. The program of study, training, and research may be conducted by the Secretary through members of his staff, through payment of funds authorized for this section to other departments or agencies of the Federal Government, or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grants to such

individuals, organizations, or institutions, or through conferences and similar meetings organized for such purposes. The Secretary shall make available to interested individuals and organizations the results of such research. The Secretary shall include in his annual report under section 707 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendation for legislative and other action.

(d) The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary may furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

(e) The Secretary shall establish an independent study board consisting of governmental and nongovernmental experts to investigate the effects of Government procurement, scientific, technical, and other related policies, upon regional economic development. Any Federal officer or employee may, with the consent of the head of the department or agency in which he is employed, serve as a member of such board, but shall receive no additional compensation for such service. Other members of such board may be compensated in accordance with the provisions of section 701(10). The board shall report its findings, together with recommendations for the better coordination of such policies, to the Secretary, who shall transmit the report to the Congress not later than two years after the enactment of this Act.

(f) The Secretary is authorized to make grants, enter into contracts or otherwise provide funds for any demonstration project within a redevelopment area or areas which he determines is designed to foster regional productivity and growth, prevent outmigration, and otherwise carry out the purposes of this Act.

Sec. 302. (a) (1) The Secretary is authorized, upon application of any city or other political subdivision of a State, or sub-State planning and development organization (including an economic development district), to make direct grants to such city, other political subdivision, or organization to pay up to 80 per centum of the cost for economic development planning. Such assistance shall also be provided to assist economic development districts in carrying out any review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968, if such district has been designated as the agency to conduct such review. Assistance under this subsection may be provided in addition to assistance available to organizations under section 301(b) of this Act, but shall not supplant such assistance.

(2) The economic development planning assisted under this subsection shall include systematic efforts to reduce unemployment and increase incomes. Such planning shall be a continuous process involving public officials and private citizens in analyzing local economies, defining development goals, determining project opportunities and formulating and implementing a development program.

(b) (1) The Secretary is authorized upon application of any State to make direct grants to such State to pay up to 80 per centum of the cost for economic development planning. Each State receiving assistance under this title shall establish a continuing comprehensive planning process for economic development carried on cooperatively by the State and its political subdivisions and sub-State planning and development organizations (including development districts). Such planning process shall be part of an overall State planning process, which shall establish overall State goals, objectives and priorities for the guidance of economic development planning within the State and for the provision of assistance under section 304 of this Act. The planning process assisted under this subsection shall consider the provision of public works to stimulate and channel development, economic opportunities and choices for individuals, to support sound land use, and to enhance and protect the environment, including the conservation and preservation of open spaces and environmental quality, the provision of public services, and the balance of physical and human resources through the management and control of physical development. The assistance available under this subsection shall be available to develop an annual inventory of specific recommendations for assistance under section 304 of this Act. Each State receiving assistance under this subsection shall submit to the Secretary an annual report on the planning process assisted under this subsection.

(2) Any State planning process assisted under this subsection shall be conducted cooperatively by the State, its political subdivisions, economic development districts, and development organizations located in whole or in part within such State. In order to facilitate cooperative planning required under this subsection, plans or programs prepared with assistance under subsection (a) of this section shall be made available to such State.

"(c) The planning assistance authorized under this title shall be used in accordance with the review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968 and shall be used in conjunction with any other available Federal planning assistance to assure adequate and effective planning and economical use of funds.

[Sec. 302.] *Sec. 303.* (a) There is hereby authorized to be appropriated $25,000,000 annually for the purposes of [this title] *sections 301 and 302 of this Act*, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1969, $50,000,000 per fiscal year for the fiscal years ending June 30, 1970, June 30, 1971, June 30, 1972, and June 30, 1973, and $35,000,000 for the fiscal year ending June 30, 1974[.] *and $75,000,000 per fiscal year for the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977,*

(b) Not to exceed $15,000,000 in each of the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977, of the sums authorized to be appropriated under subsection (a) of this section, shall be available to make grants under subsection (b) of section 302.

SUPPLEMENTAL AND BASIC GRANTS

SEC. 304. (a) There are hereby authorized to be appropriated $50,000,000 for the fiscal year ending June 30, 1975, and $100,000,000 for each of the fiscal years ending June 30, 1976, and June 30, 1977, for apportionment by the Secretary among the States for the purpose of supplementing or making grants and loans authorized under titles I, II, and IV of this Act. Such funds shall be apportioned among the States in the ratio which all grants made under title I of this Act since August 26, 1965, in each State bear to the total of all such grants made in all the States since August 26, 1965.

(b) Funds apportioned to a State pursuant to subsection (a) shall be available for supplementing or making such grants or loans if the State makes a contribution of at least 25 per centum of the amount of such grant or loan in each case. Funds apportioned to a State under subsection (a) shall remain available to such State until obligated or expended by it.

(c) Funds apportioned to a State pursuant to this section may be used by the Governor in supplementing grants or loans with respect to any project or assistance authorized under title I, II, or IV of this Act, and approved by the Secretary after July 1, 1974. Such grants may be used to reduce or waive the non-Federal share otherwise required by this Act, subject to the requirements of subsection (b) of this section.

(d) In the case of any grant or loan for which all or any portion of the basic Federal contribution to the project under this Act is proposed to be made with funds available under this section, no such Federal contribution shall be made until the Secretary of Commerce certifies that such project meets all of the requirements of this Act and could be approved for Federal contribution under this Act if funds were available under this Act (other than section 509) for such project. Funds may be provided for projects in a State under this section only if the Secretary determines that the level of Federal and State financial assistance under this Act (other than section 509) and under Acts other than this Act, for the same type of projects in the State, will not be diminished in order to substitute funds authorized by this section.

(e) After June 30, 1975, funds apportioned to a State pursuant to this section shall be used by the Governor in a manner which is consistent with the State planning process assisted under section 302 of this Act, if such planning process has been established in such State.

TITLE IV—AREA AND DISTRICT ELIGIBILITY

PART A—REDEVELOPMENT AREAS

AREA ELIGIBILITY

SEC. 401. (a) The Secretary shall designate as "redevelopment areas"—

(1) those areas in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (A) and (B), that there has existed substantial and persistent unemployment for an extended period of time and those areas in which

he determines there has been a substantial loss of population due to lack of employment opportunity. There shall be included among the areas so designated any area—

(A) where the Secretary of Labor finds that the current rate of unemployment, as determined by appropriate annual statistics for the most recent available calendar year, is 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (B); and

(B) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

(i) 50 per centum above the national average for three of the preceding four calendar years, or

(ii) 75 per centum above the national average for two of the preceding three calendar years, or

(iii) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection;

(2) those additional areas which have a median family income not in excess of 50 per centum of the national median, as determined by the most recent available statistics for such areas;

(3) those additional Federal or State Indian reservations or trust or restricted Indian-owned land areas which the Secretary, after consultation with the Secretary of the Interior or an appropriate State agency, determines manifest the greatest degree of economic distress on the basis of unemployment and income statistics and other appropriate evidence of economic underdevelopment: *Provided, however, That uninhabited Federal or State Indian reservations or trust or restricted Indian-owned land areas may be designated where such designation would permit assistance to Indian tribes, with a direct beneficial effect on the economic well-being of Indians;*

(4) upon request of such areas, those additional areas in which the Secretary determines that the loss, removal, curtailment, or closing of a major source of employment has caused within three years prior to, or threatens to cause within three years after, the date of the request an unusual and abrupt rise in unemployment of such magnitude that the unemployment rate for the area at the time of the request exceeds the national average, or can reasonably be expected to exceed the national average, by 50 per centum or more unless assistance is provided. Notwithstanding any provision of subsection 401(b) to the contrary, an area designated under the authority of this paragraph may be given a reasonable time after designation in which to submit the overall economic development program required by subsection 202(b)(10) of this Act;

(5) notwithstanding any provision of this section to the contrary, those additional areas which were designated redevelopment areas under the Area Redevelopment Act on or after March 1, 1965: *Provided, however,* That the continued eligibility of such areas after the first annual review of eligibility conducted in accordance with section 402 of this Act shall be dependent on their qualification for designation under the standards of economic

need set forth in subsections (a)(1) through (a)(4) of this section;

(6) those communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) which the Secretary determines have one of the following conditions:

(A) a large concentration of low-income persons;

(B) rural areas having substantial outmigration;

(C) substantial unemployment; or

(D) an actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of employment.

No redevelopment area established under this paragraph shall be subject to the requirements of subparagraphs (A) and (C) of paragraph (1) of subsection (a) of section 101 of this Act. No redevelopment area established under this paragraph shall be eligible to meet the requirements of section 403(a)(1)(B) of this Act;

(7) those areas where per capita employment has declined significantly during the next preceding ten-year period for which appropriate statistics are available [.];

(8) those areas which the Secretary of Labor determines on the basis of average annual available unemployment statistics, were areas of substantial unemployment during the preceding calendar year.

(b) The size and boundaries of redevelopment areas shall be as determined by the Secretary: *Provided, however*, That—

(1) no area shall be designated until it has an approved overall economic development program in accordance with subsection 202(b)(10) of this Act;

(2) any area which does not submit an acceptable overall economic development program in accordance with subsection 202 (b)(10) of this Act within a reasonable time after notification of eligibility for designation, shall not thereafter be designated prior to the next annual review of eligibility in accordance with section 402 of this Act;

(3) no area shall be designated which does not have a population of at least one thousand five hundred persons, except that this limitation shall not apply to any area designated under section 401(a)(3) or (a)(6); and

(4) except for areas designated under subsections (a)(3), (a)(4) and (a)(6) hereof, no area shall be designated which is smaller than a "labor area" (as defined by the Secretary of Labor), a county, or a municipality with a population of over two hundred and fifty thousand, whichever in the opinion of the Secretary is appropriate.

(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in this section. The Secretary shall reimburse when appropriate, out of any

funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(d) If a State has no area designated under the preceding subsections of this section as a redevelopment area, the Secretary shall designate as a redevelopment area that area in such State which in his opinion most nearly qualifies under such preceding subsections. An area so designated shall have its eligibility terminated in accordance with the provisions of section 402 if any other area within the same State subsequently has become qualified or been designated under any other subsection of this section other than subsection (a)(6) as of the time of the annual review prescribed by section 402: *Provided*, That the Secretary shall not terminate any designation of an area in a State as a redevelopment area if to do so would result in such State having no redevelopment area.

(e) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

ANNUAL REVIEW OF AREA ELIGIBILITY

SEC. 402. The Secretary shall conduct an annual review of all areas designated in accordance with section 401 of this Act, and on the basis of such reviews shall terminate or modify such designation whenever such an area no longer satisfies the designation requirements of section 401, but in no event shall such designation of an area be terminated prior to the expiration of the third year after the date such area was so designated. No area previously designated shall retain its designated status unless it maintains a currently approved overall economic development program in accordance with subsection 202(b)(10). No termination of eligibility shall (1) be made without thirty days' prior notification to the area concerned, (2) affect the validity of any application filed, or contract or undertaking entered into, with respect to such area pursuant to this Act prior to such termination, (3) prevent any such area from again being designated a redevelopment area under section 401 of this Act if the Secretary determines it to be eligible under such section, or (4) be made in the case of any designated area where the Secretary determines that an improvement in the unemployment rate of a designated area is primarily the result of increased employment in occupations not likely to be permanent. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the classification of any area.

PART B—ECONOMIC DEVELOPMENT DISTRICTS

SEC. 403. (a) In order that economic development projects of broader geographical significance may be planned and carried out, the Secretary is authorized—

(1) to designate appropriate "economic development districts" within the United States with the concurrence of the States in which such districts will be wholly or partially located, if—

(A) the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single redevelopment area;

(B) the proposed district contains [two or more redevelopment areas] *at least one redevelopment area;*

(C) the proposed district contains one or more redevelopment areas or economic development centers identified in an approved district overall economic development program as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the redevelopment areas within the district; and

(D) the proposed district has a district overall economic development program which includes adequate land use and transportation planning and contains a specific program for district cooperation, self-help, and public investment and is approved by the State or States affected and by the Secretary;

(2) to designate as "economic development centers," in accordance with such regulations as he shall prescribe, such areas as he may deem appropriate, if—

(A) the proposed center has been identified and included in an approved district overall economic development program and recommended by the State or States affected for such special designation;

(B) the proposed center is geographically and economically so related to the district that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the redevelopment areas of the district; and

(C) the proposed center does not have a population in excess of two hundred and fifty thousand according to the last preceding Federal census.

(3) to provide financial assistance in accordance with the criteria of sections 101, 201, and 202 of this Act, except as may be herein otherwise provided, for projects in economic development centers designated under subsection (a) (2) above, if—

(A) the project will further the objectives of the overall economic development program of the district in which it is to be located;

(B) the project will enhance the economic growth potential of the district or result in additional long-term employment opportunities commensurate with the amount of Federal financial assistance requested; and

(C) the amount of Federal financial assistance requested is reasonably related to the size, population, and economic needs of the district;

(4) subject to the 20 per centum non-Federal share required for any project by subsection 101(c) of this Act, to increase the amount of grant assistance authorized by section 101 for projects within redevelopment areas (designated under section 401), by an amount not to exceed 10 per centum of the aggregate cost of any such project, in accordance with such regulations as he shall prescribe if—

(A) the redevelopment area is situated within a designated economic development district and is actively participating in the economic development activities of the district; and

(B) the project is consistent with an approved district overall economic development program.

(b) In designating economic development districts and approving district overall economic development programs under subsection (a) of this section, the Secretary is authorized, under regulations prescribed by him—

(1) to invite the several States to draw up proposed district boundaries and to identify potential economic development centers;

(2) to cooperate with the several States—

(A) in sponsoring and assisting district economic planning and development groups, and

(B) in assisting such district groups to formulate district overall economic development programs;

(3) to encourage participation by appropriate local governmental authorities in such economic development districts.

(c) The Secretary shall by regulation prescribe standards for the termination or modification of economic development districts and economic development centers designated under the authority of this section.

(d) As used in this Act, the term "economic development district" refers to any area within the United States composed of cooperating redevelopment areas and, where appropriate, designated economic development centers and neighboring counties or communities, which has been designated by the Secretary as an economic development district.

(e) As used in this Act, the term "economic development center" refers to any area within the United States which has been identified as an economic development center in an approved district overall economic development program and which has been designated by the Secretary as eligible for financial assistance under sections 101, 201, and 202 of this Act in accordance with the provisions of this section.

(f) For the purpose of this Act the term "local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(g) There is hereby authorized to be appropriated not to exceed $50,000,000 for the fiscal year ending June 30, 1967, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and not to exceed $45,000,000 [for the fiscal year ending June 30, 1974,] *per fiscal year for the fiscal years ending June 30, 1974, June 30, 1975, June 30, 1976, and June 30, 1977,* for financial assistance extended under the provisions of subsections (a) (3) and (a) (4) hereof.

(h) In order to allow time for adequate and careful district planning, subsection (g) of this section shall not be effective until one year from the date of enactment.

(i) Each economic development district designated by the Secretary under this section shall as soon as practicable after the date of enactment of this section or after its designation provide that a copy of the district overall economic development program be furnished to the

appropriate regional commission established under title V of this Act, if any part of such proposed district is within such a region, or to the Appalachian Regional Commission established under the Appalachian Regional Development Act of 1965, if any part of such proposed district is within the Appalachian region.

(j) The Secretary is authorized to provide the financial assistance which is available to a redevelopment area under this Act to those parts of an economic development district which are not within a redevelopment area, when such assistance will be of substantial direct benefit to a redevelopment area within such district. Such financial assistance shall be provided in the same manner and to the same extent as is provided in this Act for a redevelopment area, except that nothing in this subsection shall be construed to permit such parts to receive the increase in the amount of grant assistance authorized in paragraph (4) of subsection (a) of this section.

Part C—Indian Economic Development

SEC. 404. In order to assure a minimum Federal commitment to alleviate economic distress of Indians, in addition to their eligibility for assistance with funds authorized under other parts of this Act, there are authorized to be appropriated not to exceed $25,000,000 per fiscal year for the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977, for the purpose of providing assistance under this Act to Indian tribes. Such sums shall be in addition to all other funds made available to Indian tribes under this Act.

TITLE V—REGIONAL ACTION PLANNING COMMISSIONS

ESTABLISHMENT OF REGIONS

SEC. 501. (a) The Secretary is authorized to designate appropriate "economic development regions" within the United States with the concurrence of the States in which such regions will be wholly or partially located if he finds (A) that there is a relationship between the areas within such region geographically, culturally, historically, and economically, (B) that with the exception of Alaska and Hawaii, the region is within contiguous States, and (C) upon consideration of the following matters, among others, that the region has lagged behind the whole Nation in economic development:

(1) the rate of unemployment is substantially above the national rate;

(2) the median level of family income is significantly below the national median;

(3) the level of housing, health, and educational facilities is substantially below the national level;

(4) the economy of the area has traditionally been dominated by only one or two industries, which are in a state of long-term decline;

(5) the rate of outmigration of labor or capital or both is substantial;

(6) the area is adversely affected by changing industrial technology;

(7) the area is adversely affected by changes in national defense facilities or production; and

(8) indices of regional production indicate a growth rate substantially below the national average.

(b) Upon resolution of the Committee on Public Works of the Senate or the House of Representatives, the Secretary is directed to study the advisability of altering the geographical area of any region designated under this section, in order to further the purpose of this Act.

REGIONAL COMMISSIONS

SEC. 502. (a) Upon designation of development regions, the Secretary shall invite and encourage the States wholly or partially located within such regions to establish appropriate multistate regional commissions.

(b) Each such commission shall be composed of one Federal member, hereinafter referred to as the "Federal cochairman," appointed by the President by and with the advice and consent of the Senate and one member from each participating State in the region. Each State member may be the Governor, or his designee, or such other person as may be provided by the law of the State which he represents. The State members of the commission shall elect a cochairman of the commission from among their number.

(c) Decisions by a regional commission shall require the affirmative vote of the Federal cochairman and of a majority or at least one if only two, of the State members. In matters coming before a regional commission, the Federal cochairman shall, to the extent practicable consult with the Federal departments and agencies having an interest in the subject matter.

(d) Each State member of a regional commission shall have an alternate, appointed by the Governor or as otherwise may be provided by the law of the State which he represents. The President, by and with the advice and consent of the Senate, shall appoint an alternate for the Federal cochairman of each regional commission. An alternate shall vote in the event of the absense, death, disability, removal, or resignation of the State or Federal cochairman for which he is an alternate.

(e) The Federal cochairman to a regional commission shall be compensated by the Federal Government from funds authorized by this Act up to level IV of the Federal Executive Salary Schedule. His alternate shall be compensated by the Federal Government from funds authorized by this Act at not to exceed the maximum scheduled rate for grade GS–18 of the Classification Act of 1949, as amended, and when not actively serving as an alternate for the Federal cochairman shall perform such functions and duties as are delegated to him by the Federal cochairman. Each State member and his alternate shall be compensated by the State which they represent at the rate established by the law of such State.

(f) If the Secretary finds that the State of Alaska or the State of Hawaii meet the requirements for an economic development region, he may establish a Commission for either State in a manner agreeable to him and to the Governor of the affected State.

FUNCTIONS OF COMMISSION

SEC. 503. (a) In carrying out the purposes of this Act, each Commission shall with respect to its region—

(1) advise and assist the Secretary in the identification of optimum boundaries for multistate economic development regions;

(2) initiate and coordinate the preparation of long-range overall economic development programs for such regions, including the development of a comprehensive long-range economic plan approved by the Secretary;

(3) foster surveys and studies to provide data required for the preparation of specific plans and programs for the development of such regions;

(4) advise and assist the Secretary and the States concerned in the initiation and coordination of economic development districts, in order to promote maximum benefits from the expenditure of Federal, State, and local funds;

(5) promote increased private investment in such regions;

(6) prepare legislative and other recommendations with respect to both short-range and long-range programs and projects for Federal, State, and local agencies;

(7) develop, on a continuing basis, comprehensive and coordinated plans and programs and establish priorities thereunder, giving due consideration to other Federal, State, *district*, and local planning in the region;

(8) conduct and sponsor investigations, research, and studies, including an inventory and analysis of the resources of the region, and, in cooperation with Federal, State and local agencies, sponsor demonstration projects designed to foster regional productivity and growth;

(9) review and study in cooperation with the agency involved, Federal, State, and local public and private programs and, where appropriate, recommend modifications or additions which will increase their effectiveness in the region;

(10) formulate and recommend, where appropriate, interstate compacts and other forms of interstate cooperation, and work with State and local agencies in developing appropriate model legislation; and

(11) provide a forum for consideration of problems of the region and proposed solutions and establish and utilize, as appropriate, citizens and special advisory councils and public conferences.

(b) The Secretary shall present such plans and proposals of the commissions as may be transmitted and recommended to him (but are not authorized by any other section of this Act) first for review by the Federal agencies primarily interested in such plans and proposals and then, together with the recommendations of such agencies, to the President for such action as he may deem desirable.

(c) The Secretary shall provide effective and continuing liaison between the Federal Government and each regional commission.

(d) Each Federal agency shall, consonant with law and within the limits of available funds, cooperate with such commissions as may

be established in order to assist them in carrying out their functions under this section.

(e) Each regional commission may, from time to time, make additional recommendations to the Secretary and recommendations to the State Governors and appropriate local officials, with respect to—

(1) the expenditure of funds by Federal, State, and local departments and agencies in its region in the fields of natural resources, agriculture, education, training, health and welfare, transportation, and other fields related to the purposes of this Act; and

(2) such additional Federal, State, and local legislation or administrative actions as the commission deems necessary to further the purposes of this Act.

PROGRAM DEVELOPMENT CRITERIA

SEC. 504. In developing recommendations for programs and projects for future regional economic development, and in establishing within those recommendations a priority ranking for such programs and projects, the Secretary shall encourage each regional commission to follow procedures that will insure consideration of the following factors:

(1) the relationship of the project or class or projects to overall regional development including its location in an area determined by the State to have a significant potential for growth;

(2) the population and area to be served by the project or class of projects including the relative per capita income and the unemployment rates in the area;

(3) the relative financial resources available to the State or political subdivisions or instrumentalities thereof which seek to undertake the project;

(4) the importance of the project or class of projects in relation to other projects or classes of projects which may be in competition for the same funds;

(5) the prospects that the project, on a continuing rather than a temporary basis, will improve the opportunities for employment, the average level of income, or the economic and social development of the area served by the project.

REGIONAL TECHNICAL AND PLANNING ASSISTANCE

SEC. 505. (a)(1) The Secretary is authorized to provide to the commissions technical assistance which would be useful in aiding the commissions to carry out their functions under this Act and to develop recommendations and programs. Such assistance shall include studies and plans evaluating the needs of, and developing potentialities for, economic growth of such region, and research on improving the conservation and utilization of the human and natural resources of the region, and planning, investigations, studies, demonstration projects, and training programs which will further the purposes of this Act. Such assistance may be provided by the Secretary through members of his staff, through the payment of funds authorized for this section to other departments or agencies of the Federal Government, or

through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grant-in-aid to the commissions. The Secretary, in his discretion, may require the repayment of assistance provided under this paragraph and prescribe the terms and conditions in such repayment.

(2) In carrying out their functions under this Act the commissions are authorized to engage in planning, investigations, studies, demonstration projects, [and training programs] *training programs, and the payment of administrative expenses to sub-State planning and development organizations (including economic development districts)*, which will further the purposes of this Act and which have been approved by the Secretary. Such activities may be carried out by the commissions through the payment of funds to departments, agencies, or instrumentalities of the Federal Government, or through the employment of private individuals, partnerships, firms, or corporations, or suitable institutions under contracts entered into for such purposes or through grants-in-aid to agencies of State or local governments. In the case of demonstration projects and training programs, to the maximum extent possible, such projects and programs shall be carried out through departments, agencies, or instrumentalities of the Federal Government or of State or local governments.

(b) For the period ending on June 30 of the second full Federal fiscal year following the date of establishment of a commission, the administrative expenses of each commission as approved by the Secretary shall be paid by the Federal Government. Thereafter, such expenses shall be paid 50 per centum by the Federal Government and 50 per centum by the States in the region, except that the administrative expenses of the Federal cochairman, his alternate, and his staff shall be paid solely by the Federal Government. The share to be paid by each State shall be determined by the commission. The Federal cochairman shall not participate or vote in such determination.

In determining the amount of the non-Federal share of such costs or expenses, the Secretary shall give due consideration to all contributions both in cash and in kind, fairly evaluated, including but not limited to space, equipment, and services.

(c) Not to exceed 10 per centum of the funds appropriated under authority of section 509(d) of this title for any fiscal year shall be expended in such fiscal year in carrying out subsection (a)(1) and subsection (b) of this section.

ADMINISTRATIVE POWERS OF REGIONAL COMMISSIONS

SEC. 506. (a). To carry out its duties under this Act, each regional commission is authorized to—

(1) adopt, amend, and repeal bylaws, rules, and regulations governing the conduct of its business and the performance of its functions;

(2) appoint and fix the compensation of an executive director and such other personnel as may be necessary to enable the commission to carry out its functions, except that such compensation shall not exceed the salary of the alternate to the Federal cochairman on the commission and no member, alternate, officer, or

employee of such commission, other than the Federal cochairman on the commission and his staff and his alternate, and Federal employees detailed to the commission under clause (3), shall be deemed a Federal employee for any purpose;

(3) request the head of any Federal department or agency (who is hereby so authorized) to detail to temporary duty with the commission such personnel within his administrative jurisdiction as the commission may need for carrying out its function, each such detail to be without loss of seniority, pay, or other employee status;

(4) arrange for the services of personnel from any State or local government or any subdivision or agency thereof, or any intergovernmental agency;

(5) make arrangements, including contracts, with any participating State government for inclusion in a suitable retirement and employee benefit system of such of its personnel as may not be eligible for, or continue in, another governmental retirement or employee benefit system, or otherwise provide for such coverage of its personnel, and the Civil Service Commission of the United States is authorized to contract with such commission for continued coverage of commission employees, who at date of commission employment are Federal employees, in the retirement program and other employee benefit programs of the Federal Government;

(6) accept, use, and dispose of gifts or donations of services or property, real, personal, or mixed, tangible or intangible;

(7) enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in carrying out its functions and on such terms as it may deem appropriate, with any department, agency, or instrumentality of the United States or with any State, or any political subdivision, agency, or instrumentality thereof, or with any person, firm, association, or corporation;

(8) maintain an office in the District of Columbia and establish field offices at such other places as it may deem appropriate; and

(9) take such other actions and incur such other expenses as may be necessary or appropriate.

(b) The Federal cochairman shall establish and at all times maintain his headquarters office in the District of Columbia.

INFORMATION

SEC. 507. In order to obtain information needed to carry out its duties, each regional commission shall—

(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and print or otherwise reproduce and distribute so much of its proceedings and reports thereon as it may deem advisable, a cochairman of such commission, or any member of the commission designated by the commission for the purpose, being hereby authorized to administer oaths when it is determined by the commission that testimony shall be taken or evidence received under oath;

(2) arrange for the head of any Federal, State, or local department or agency (who is hereby so authorized, to the extent not otherwise prohibited by law) to furnish to such commission such information as may be available to or procurable by such department or agency; and

(3) keep accurate and complete records of its doings and transactions which shall be made available for public inspection.

PERSONAL FINANCIAL INTERESTS

SEC. 508. (a) Except as permitted by subsection (b) hereof, no State member or alternate and no officer or employee of a regional commission shall participate personally and substantially as member, alternate, officer, or employee, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in any proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter in which, to his knowledge, he, his spouse, minor child, partner, organization (other than a State or political subdivision thereof) in which he is serving as officer, director, trustee, partner, or employee, or any person or organization with whom he is serving as officer, director, trustee, partner, or employee, or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest. Any person who shall violate the provisions of this subsection shall be fined not more than $10,000, or imprisoned not more than two years, or both.

(b) Subsection (a) hereof shall not apply if the State member, alternate, officer, or employee first advises the regional commission involved of the nature and circumstances of the proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter and makes full disclosure of the financial interest and receives in advance a written determination made by such commission that the interest is not so substantial as to be deemed likely to affect the integrity of the services which the commission may expect from such State member, alternate, officer, or employee.

(c) No State member of a regional commission, or his alternate, shall receive any salary, or any contribution to or supplementation of salary for his services on such commission from any source other than his State. No person detailed to serve a regional commission under authority of clause (4) of section 506 shall receive any salary or any contribution to or supplementation of salary for his services on such commission from any source other than the State, local, or intergovernmental department or agency from which he was detailed or from such commission. Any person who shall violate the provisions of this subsection shall be fined not more than $5,000, or imprisoned not more than one year, or both.

(d) Notwithstanding any other subsection of this section, the Federal cochairman and his alternate on a regional commission and any Federal officers or employees detailed to duty with it pursuant to clause (3) of section 10 shall not be subject to any such subsection but shall remain subject to sections 202 through 209 of title 18, United States Code.

(e) A regional commission may, in its discretion, declare void and rescind any contract or other agreement pursuant to the Act in relation to which it finds that there has been a violation of subsection (a) or (c) of this section, or any of the provisions of sections 202 through 209, title 18, United States Code.

SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS

SEC. 509. (a) In order to enable the States and other entities within economic development regions established under this Act to take maximum advantage of Federal grant-in-aid programs (as hereinafter defined) for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share, or for which there are insufficient funds available under the Federal grant-in-aid Act authorizing such programs to meet pressing needs of the region, the Secretary shall, once a comprehensive long-range economic plan established pursuant to clause (2) of section 503(a) is in effect, provide funds pursuant to specific recommendations, to each of the Federal cochairmen of the regional commissions heretofore or hereafter established under this title, to be used for all or any portion of the basic Federal contribution to projects under such Federal grant-in-aid programs authorized by Federal grant-in-aid Acts, and for the purpose of increasing the Federal contribution to projects under such programs above the fixed maximum portion of the cost of such projects otherwise authorized by the applicable law. No program, or project authorized under this section shall be implemented until (1) applications and plans relating to the program or project have been determined by the responsible Federal official to be compatible with the provisions and objectives of Federal laws which he administers that are not inconsistent with this Act, and (2) the regional commission involved has approved such program or project and has determined that it meets the applicable criteria under section 504 and will contribute to the development of the region, which determination shall be controlling. In the case of any program or project for which all or any portion of the basic Federal contribution to the project under a Federal grant-in-aid program is proposed to be made under this subsection, no such Federal contribution shall be made until the responsible Federal official administering the Federal grant-in-aid Act authorizing such contribution certifies that such program or project meets all of the requirements of such Federal grant-in-aid Act and could be approved for Federal contribution under such Act if funds were available under such Act for such program or project. Funds may be provided for programs and projects in a State under this subsection only if the commission determines that the level of Federal and State financial assistance under titles of this Act other than this title, and under Acts other than this Act, for the same type of programs or projects in that portion of the State within the region will not be diminished in order to substitute funds authorized by this subsection. Funds provided pursuant to this Act shall be available without regard to any limitations on authorizations for appropriation in any other Act.

(b) The Federal portion of such costs shall not be increased in excess of the percentages established by each commission, and shall in no event exceed 80 per centum thereof.

(c) The term "Federal grant-in-aid programs" as used in this section means all Federal grant-in-aid programs in existence on or before December 31, 1970, assisting in the acquisition of land or the construction or equipment of facilities, including but not limited to grant-in-aid programs authorized by title I of this Act and by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; title VI of the Public Health Service Act; Vocational Education Act of 1963; Library Services Act; Federal Airport Act; Airport and Airways Development Act of 1970; part IV of title III of the Communications Act of 1934; Higher Education Facilities Act of 1963; Land and Water Conservation Fund Act of 1965; and National Defense Education Act of 1958. The term shall not include any program in which loans or other Federal financial assistance, except a grant-in-aid program, is authorized by this or any other Act. Grants under this section shall be made solely out of funds specifically appropriated for the purpose of carrying out this section, and shall not be taken into account in the computation of allocations among the States made pursuant to any other provision of law.

(d) There is authorized to be appropriated to the Secretary to carry out this title, for the two-fiscal-year period ending June 30, 1971, to be available until expended, not to exceed $255,000,000, and for the two-fiscal-year period ending June 30, 1973, to be available until expended, not to exceed $305,000,000, [and for the fiscal year ending June 30, 1974, to be available until expended, $95,000,000.] *for the fiscal year ending June 30, 1974, to be available until expended, $95,000,000, and for each of the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977, to be available until expended, $200,000,000.* After deducting such amounts as are authorized to carry out subsections (a)(1) and (b) of section 505, the Secretary shall apportion the remainder of the sums appropriated under this authorization for any fiscal year to the regional commissions, except that not less than 10 per centum nor more than 25 per centum of such remaining amount shall be allocated to any one regional commission. All amounts appropriated under this authorization for any fiscal year shall be apportioned by the Secretary to the regional commissions prior to the end of the fiscal year for which appropriated.

(e) An application for a grant under this section shall be made through the State member of the commission representing such applicant, and such State member shall evaluate the application for approval. Only applications for programs and projects which are approved by a State member as meeting the requirements for assistance under this section shall be approved for assistance.

ANNUAL REPORTS

SEC. 510. Each regional commission established pursuant to this Act shall make a comprehensive and detailed annual report each fiscal year to the Congress with respect to such commission's activities and recommendations for programs. The first such report shall be made for the first fiscal year in which such commission is in existence for more than three months. Such reports shall be printed and transmitted to the Congress not later than January 31 of the calendar year following the fiscal year with respect to which the report is made.

COORDINATION

SEC. 511. [The Secretary shall coordinate his activities in making grants and loans under titles I and II of this Act with those of each of the Federal cochairmen in making grants under this title, and each Federal cochairman shall coordinate his activities in making grants under this title with those of the Secretary in making grants and loans under titles I and II of this Act.]

(a) The Sceretary shall coordinate his activities in making grants and loans and providing technical assistance under this Act with those of each of the regional commissions (acting through the Federal and State cochairmen) established under this Act in making grants and providing technical assistance under this title, and each of such regional commissions shall coordinate its activities in making grants and providing technical assistance under this title with those activites of the Secretary under this Act.

(b) Each regional commission established under this Act shall give due consideration in carrying out its activities under paragraphs (2) and (7) of section 503(a) of this Act to the activities of other Federal, State, local, and sub-State (including economic development districts) planning agencies in the region.

ALASKA

SEC. 512. There is hereby authorized to be appropriated not to exceed $500,000 for the two-fiscal-year period ending June 30, 1973, to continue the Federal Field Committee for Development Planning in Alaska for the purpose of planning economic development programs and projects in Alaska in cooperation with the government of the State of Alaska. Nothing contained in this section shall be construed as precluding the establishment of a regional commission for Alaska.

REGIONAL TRANSPORTATION SYSTEMS

SEC. 513. (a) The Secretary of Transportation, acting jointly with the regional commissions, is authorized to conduct and facilitate full and complete investigations and studies of the needs of the economic development regions established under this title for regional transportation systems which will further the purposes of this Act, and in connection therewith, to carry out such demonstration projects as he determines to be necessary to the conduct of such investigations and studies. The Secretary of Transportation shall report to Congress not later than January 10, 1971, the results of such investigations and studies together with his recommendations and those of each regional commission.

(b) There is authorized to be appropriated not to exceed $20,000,000 to carry out this section. Such amount shall be in addition to those sums otherwise authorized to be appropriated to carry out this title.

REGIONAL EXCESS PROPERTY PROGRAM

SEC. 514. (a) Notwithstanding any other provision of law, and subject to subsection (b), the Federal cochairman of each regional commission established under section 502 of this Act may acquire excess property, without reimbursement, through the Administrator of General Services and shall dispose of such property, without reimbursement and for the purpose of economic development, by loaning to, or by vesting title in, any of the following recipients located wholly or partially within the economic development region of such Federal cochairman:

(1) any State or political subdivision thereof;

(2) any tax-supported organization;

(3) any Indian tribe, band, group, pueblo, or Alaskan village or Regional Corporation (as defined by the Alaska Native Land Claims Settlement Act of 1971) recognized by the Federal Government or any State, and any business owned by any tribe, band, group, pueblo, village, or Regional Corporation;

(4) any tax-supported or nonprofit private hospital; and

(5) any tax-supported or nonprofit private institution of higher education requiring a high school diploma, or equivalent, as a basis for admission.

Such recipient may have, but need not have, received any other aid under this Act. For the purposes of this section, until a regional commission is established for the State of Alaska under section 502 of this Act, in the case of the State of Alaska the Secretary of Commerce shall exercise the authority granted to a Federal cochairman under this section.

(b) For purposes of subsection (a)—

(1) each Federal cochairman, in the acquiring of excess property, shall have the same priority as other Federal agencies; and

(2) the Secretary shall prescribe rules, regulations, and procedures for administering subsection (a) which may be different for each economic development region, except that the Secretary shall consult with the Federal cochairman of a region before prescribing such rules, regulations, and procedures for such region.

(c)(1) The recipient of any property disposed of by any Federal cochairman under subsection (a) shall pay, to the Federal agency having custody of the property, all costs of care and handling incurred in the acquiring and disposing of such property; and such recipient shall pay all costs which may be incurred regarding such property after such Federal cochairman disposes of it, except that such recipient shall not pay any costs incurred after such property is returned under subsection (e).

(2) No Federal cochairman may be involved at any time in the receiving or processing of any costs paid by the recipient under paragraph (1).

(d) Each Federal cochairman, not later than six calendar months after the close of each fiscal year, shall account to the Secretary, as the Secretary shall prescribe, for all property acquired and disposed of, including any property acquired but not disposed of, under subsection (a) during such fiscal year. The Secretary shall have access to all information and related material in the possession of such Federal cochairman regarding such property.

(e) Any property determined by the Federal cochairman to be no longer needed for the purpose of economic development shall be reported by the recipient to the Administrator of General Services for disposition under the Federal Property and Administrative Services Act of 1949.

(f) The value of any property acquired and disposed of, including any property acquired but not disposed of, under subsection (a) shall not be taken into account in the computation of any appropriation, or any authorization for appropriation, regarding any regional commission established under section 502 or any office of the Federal cochairman of such commission.

(g) For purposes of this section—

(1) the term "care and handling" has the meaning given it by section 3(h) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 472(h)); and

(2) the term "excess property" has the meaning given it by section 3(e) of such Act (40 U.S.C. 472 (e)), except that such term does not include real property.

TITLE VI—ADMINISTRATION

SEC. 601. (a) The Secretary shall administer this Act and, with the assistance of an Assistant Secretary of Commerce, in addition to those already provided for, shall supervise and direct the Administrator created herein, and coordinate the Federal cochairmen appointed heretofore or subsequent to this Act. The Assistant Secretary created by this section shall be appointed by the President by and with the advice and consent of the Senate and shall be compensated at the rate provided for level IV of the Federal Executive Salary Schedule. Such Assistant Secretary shall perform such functions as the Secretary may prescribe. There shall be appointed by the President, by and with the advice and consent of the Senate, an Administrator for Economic Development who shall be compensated at the rate provided for level V of the Federal Executive Salary Schedule who shall perform such duties as are assigned by the Secretary.

(b) Paragraph (12) of subsection (d) of section 303 of the Federal Executive Salary Act of 1964 is amended by striking out "(4)" and inserting in lieu thereof "(5)".

(c) Subsection (e) of section 303 of the Federal Executive Salary Act of 1964 is amended by adding at the end thereof the following new paragraph:

"(100) Administrator for Economic Development."

ADVISORY COMMITTEE ON REGIONAL ECONOMIC DEVELOPMENT

SEC. 602. The Secretary shall appoint a National Public Advisory Committee on Regional Economic Development which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee

the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

CONSULTATION WITH OTHER PERSONS AND AGENCIES

SEC. 603. (a) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, mangagement, agriculture, and government, who can assist in meeting the problems of area and regional unemployment or underemployment.

(b) The Secretary may make provisions for such consultation with interested departments and agencies as he may deem appropriate in the performance of the functions vested in him by this Act.

ADMINISTRATION, OPERATION, AND MAINTENANCE

SEC. 604. No Federal assistance shall be approved under this Act unless the Secretary is satisfied that the project for which Federal assistance is granted will be properly and efficiently administered, operated, and maintained.

TITLE VII—MISCELLANEOUS

POWERS OF SECRETARY

SEC. 701. In performing his duties under this Act, the Secretary is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the

periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by him in connection with loans made or evidences of indebtedness purchased under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed $1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 201, 202, 301, 403, and 503 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

(10) employ experts and consultants or organizations therefor as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), compensate individuals so employed at rates not in excess of $100 per diem, including travel time, and allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5 of such Act (5 U.S.C. 73b–2) for persons in the Government service employed intermittently, while so employed: *Provided, however*, That contracts for such employment may be renewed annually;

(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and

jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

PREVENTION OF UNFAIR COMPETITION

SEC. 702. No financial assistance under this Act shall be extended to any project when the result would be to increase the production of goods, materials, or commodities, or the availability of services or facilities, when there is not sufficient demand for such goods, materials, commodities, services, or facilities, to employ the efficient capacity of existing competitive commercial or industrial enterprise.

SAVING PROVISIONS

SEC. 703. (a) No suit, action, or other proceedings lawfully commenced by or against the Administrator or any other officer of the Area Redevelopment Administration in his official capacity or in relation to the discharge of his official duties under the Area Redevelopment Act, shall abate by reason of the taking effect of the provisions of this Act, but the court may, on motion or supplemental petition filed at any time, within twelve months after such taking effect, showing a necessity for the survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the Secretary or the Administrator or such other officer of the Department of Commerce as may be appropriate.

(b) Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. All rules, regulations, orders, authorizations, delegations, or other actions duly issued, made, or taken by or pursuant to applicable law, prior to the effective date of this Act, by any agency officer, or office pertaining to any functions, powers and duties under the Area Redevelopment Act shall continue in full force and effect after the effective date of this Act until modified or rescinded by the Secretary or such other officer of the Department of Commerce as, in accordance with applicable law, may be appropriate.

TRANSFER OF FUNCTIONS, EFFECTIVE DATE, AND LIMITATIONS ON ASSISTANCE

SEC. 704. (a) The functions, powers, duties, and authorities and the assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records which are vested in or authorized to be transferred to the Secretary of the Treasury under section 29(b) of the

Area Redevelopment Act, and all functions, powers, duties, and authorities under section 29(c) of the Area Redevelopment Act are hereby vested in the Secretary.

(b) The President may designate a person to act as Administrator under this Act until the office is filled as provided in this Act or until the expiration of the first period of sixty days following the effective date of this Act, whichever shall first occur. While so acting such person shall receive compensation at the rate provided by this Act for such office.

(c) The provisions of this Act shall take effect upon enactment unless herein explicitly otherwise provided.

(d) Notwithstanding any requirements of this Act relating to the eligibility of areas, projects for which applications are pending before the Area Redevelopment Administration on the effective date of this Act shall for a period of one year thereafter be eligible for consideration by the Secretary for such assistance under the provisions of this Act as he may determine to be appropriate.

(e) No financial assistance authorized under this Act shall be used to finance the cost of facilities for the generation, transmission, or distribution of electrical energy, except on projects specifically authorized by the Congress, or to finance the cost of facilities for the production or transmission of gas (natural, manufactured, or mixed).

SEPARABILITY

SEC. 705. Notwithstanding any other evidence of the intent of Congress, it is hereby declared to be the intent of Congress that if any provision of this Act or the application thereof to any persons or circumstances shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances, but shall be confined in its operation to the provision of this Act or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

APPLICATION OF ACT

SEC. 706. As used in this Act, the terms "State", "States", and "United States" include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

ANNUAL REPORT

SEC. 707. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1966. Such report shall be printed and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made.

USE OF OTHER FACILITIES

SEC. 708. (a) The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of

the Secretary's functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act.

(c) Funds authorized to be appropriated under this Act may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

APPROPRIATION

SEC. 709. There are hereby authorized to be appropriated such sums as may be necessary to carry out those provisions of the Act for which specific authority for appropriations is not otherwise provided in this Act. Appropriations authorized under this Act shall remain available until expended unless otherwise provided by appropriations Acts.

PENALTIES

SEC. 710. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 101, 201, 202, or 403 or any extension thereof by renewal, deferment or action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized draws any orders or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 711. No financial assistance shall be extended by the Secretary under section 101, 201, 202, or 403 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 712. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5). The Secretary shall not extend any financial assistance under section 101, 201, 202, or 403 for such project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z–15), and section 2 of the Act of June 13, 1964, as amended (40 U.S.C. 276c)

RECORD OF APPLICATIONS

SEC. 713. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 101, 201, 202, or 403, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved; (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

RECORDS AND AUDIT

SEC. 714. (a) Each recipient of assistance under this Act shall keep such records as the Secretary shall prescribe, including records which

fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this Act.

CONFORMING AMENDMENT

SEC. 715. All benefits heretofore specifically made available (and not subsequently revoked) under other Federal programs to persons or to public or private organizations, corporations, or entities in areas designated by the Secretary as "redevelopment areas" under section 5 of the Area Redevelopment Act, are hereby also extended, insofar as practicable, to such areas as may be designated as "redevelopment areas" or "economic development centers" under the authority of section 401 or 403 of this Act: *Provided, however*, That this section shall not be construed as limiting such administrative discretion as may have been conferred under any other law.

SEC. 716. All financial and technical assistance authorized under this Act shall be in addition to any Federal assistance previously authorized, and no provision hereof shall be construed as authorizing or permitting any reduction or diminution in the proportional amount of Federal assistance to which any State or other entity eligible under this Act would otherwise be entitled under the provisions of any other Act.

TITLE VIII—ECONOMIC RECOVERY FOR DISASTER AREAS

PURPOSE OF TITLE

SEC. 801. (a) It is the purpose of this title to provide assistance for the economic recovery, after the period of emergency aid and replacement of essential facilities and services, of any major disaster area which has suffered a dislocation of its economy of sufficient severity to require (1) assistance in planning for development to replace that lost in the major disaster; (2) continued coordination of assistance available under Federal-aid programs; and (3) continued assistance toward the restoration of the employment base.

(b) As used in this title, the term "major disaster" means a major disaster declared by the President in accordance with the Disaster Relief Act of 1974.

DISASTER RECOVERY PLANNING

SEC. 802. (a) (1) In the case of any area affected by a major disaster the Governor may request the President for assistance under this title. The Governor, within thirty days after authorization of such assistance by the President, shall designate a Recovery Planning Council for such area or for each part thereof.

(2) Such Recovery Planning Council shall be composed of not less than five members, a majority of whom shall be local elected officials of political subdivisions within the affected areas, at least one representative of the State, and a representative of the Federal Government appointed by the President in accordance with paragraph (3) of this subsection. During the major disaster, the Federal coordinating officer shall also serve on the Recovery Planning Council.

(3) The Federal representative on such Recovery Planning Council may be the Chairman of the Federal Regional Council for the affected area, or a member of the Federal Regional Council designated by the Chairman of such Regional Council. The Federal representative on such Recovery Planning Council may be the Federal Cochairman of the Regional Commission established pursuant to title V of this Act, or the Appalachian Regional Development Act of 1965, or his designee, where all of the area affected by a major disaster is within the boundaries of such Commission.

(4) The Governor may designate an existing multijurisdictional organization as the Recovery Planning Council where such organization complies with paragraph (2) of this subsection with the addition of State and Federal representatives except that if all or part of an area affected by a major disaster is within the jurisdiction of an existing multijurisdictional organization established under title IV of this Act or title III of the Appalachian Regional Development Act of 1965, such organization, with the addition of State and Federal representatives in accordance with paragraph (2) of this subsection, shall be designated by the Governor as the Recovery Planning Council. In any case in which such title III or IV organization is designated as the Recovery Planning Council under this paragraph, some local elected officials of political subdivisions within the affected areas must be appointed to serve on such Recovery Planning Council. Where possible, the organization designated as the Recovery Planning Council shall be or shall be subsequently designated as the appropriate agency required by section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3334) and by the Intergovernmental Cooperation Act of 1968 (P.L. 90–577; 82 Stat. 1098).

(5) The Recovery Planning Council shall include private citizens as members to the extent feasible, and shall provide for and encourage public participation in its deliberations and decisions.

(b) The Recovery Planning Council (1) shall review existing plans for the affected area; and (2) may recommend to the Governor and responsible local governments such revisions as it determines necessary for the economic recovery of the area, including the development of new plans and the preparation of a recovery investment plan for the 5-year period following the declaration of the major disaster. The Recovery Planning Council shall accept as one element of the recovery investment plans determinations made under section 402(f) of the Disaster Relief Act of 1974.

(c) (1) A recovery investment plan prepared by a Recovery Planning Council may recommend the revision, deletion, reprogamming, or additional approval of Federal-aid projects and programs within the area—

(A) for which application has been made but approval not yet granted;

(B) for which funds have been obligated or approval granted but construction not yet begun;

(C) for which funds have been or are scheduled to be apportioned within the five years after the declaration of the disaster;

(D) which may otherwise be available to the area under any State schedule or revised State schedule of priorities; or

(E) which may reasonably be anticipated as becoming available under existing programs.

(2) Upon the recommendation of the Recovery Planning Council and the request of the Governor, any funds for projects or programs identified pursuant to paragraph (1) of this subsection may, to any extent consistent with appropriation Acts, be placed in reserve by the responsible Federal agency for use in accordance with such recommendations. Upon the request of the Governor and with the concurrence of affected local governments, such funds may be transferred to the Recovery Planning Council to be expended in the implementation of the recovery investment plan, except that no such transfer may be made unless such expenditure is for a project or program for which such funds originally were made available by an appropriation Act.

PUBLIC WORKS AND DEVELOPMENT FACILITIES GRANTS AND LOANS

SEC. 803. (a) The President is authorized to provide funds to any Recovery Planning Council for the implementation of a recovery investment plan by public bodies. Such funds may be used—

(1) to make loans for the acquisition or development of land and improvements for public works, public service, or development facility usage, including the acquisition or development of parks or open spaces, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, and

(2) to make supplementary grants to increase the Federal share for projects for which funds are reserved pursuant to subsection (c)(2) of section 802 of this Act, or other Federal-aid projects in the affected area.

(b) Grants and loans under this section may be made to any State, local government, or private or public nonprofit organization representing any area or part thereof affected by a major disaster.

(c) No supplementary grant shall increase the Federal share of the cost of any project to greater than 90 per centum, except in the case of a grant for the benefit of Indians or Alaska Natives, or in the case of any State or local government which the President determines has exhausted its effective taxing and borrowing capacity.

(d) Loans under this section shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less 1 per centum per annum.

(e) Financial assistance under this title shall not be extended to assist establishments relocating from one area to another or to assist

subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts therefore customarily performed by them. Such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary of Commerce finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

LOAN GUARANTEES

SEC. 804. The President is authorized to provide funds to Recovery Planning Councils to guarantee loans made to private borrowers by private lending institutions (1) to aid in financing any project within an area affected by a major disaster for the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage including the construction of new buildings, and rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings; and (2) for working capital in connection with projects in areas assisted under paragraph (1), upon application of such institution and upon such terms and conditions as the President may prescribe. No such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

TECHNICAL ASSISTANCE

SEC. 805. (a) In carrying out the purposes of this title the President is authorized to provide technical assistance which would be useful in facilitating economic recovery in areas affected by major disasters. Such assistance shall include project planning and feasibility studies, management and operational assistance, and studies evaluating the needs of, and developing potentialities for, economic recovery of such areas. Such assistance may be provided by the President directly, through the payment of funds authorized for this title to other departments or agencies of the Federal Government, through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grants-in-aid to appropriate public or private nonprofit State, area, district, or local organizations.

(b) The President is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of Recovery Planning Councils designated pursuant to section 802 of this Act. In determining the amount of the non-Federal share of such costs or expenses, the President shall give due consideration to all contributions both in cash and in kind, fairly evaluated, including but not limited to space, equipment, and services. Where practicable, grants-in-aid authorized under this subsection shall be used in conjunction

with other available planning grants, to assure adequate and effective planning and economical use of funds.

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 806. There is authorized to be appropriated not to exceed $250,000,000 to carry out this title.

TITLE IX—SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE

PURPOSE

SEC. 901. It is the purpose of this title to provide special economic development and adjustment assistance programs to help State and local areas meet special needs arrising from actual or threatened severe unemployment arising from economic dislocation, including unemployment arising from actions of the Federal Government and from compliance with environmental requirements which remove economic activities from a locality, and economic adjustment problems resulting from severe changes in economic conditions, and to encourage cooperative intergovernmental action to prevent or solve economic adjustment problems.

DEFINITION

SEC. 902. As used in this title, the term "eligible recipient" means a redevelopment area or economic development district established under title IV of this Act, an Indian tribe, a State, a city or other political subdivision of a State, or a consortium of such political subdivisions.

GRANTS BY SECRETARY

SEC. 903. (a)(1) The Secretary is authorized to make grants directly to any eligible recipient in an area which the Secretary has determined has experienced, or may reasonably be foreseen to be about to experience, a special need to meet an expected rise in unemployment, or other economic adjustment problems (including those caused by any action or decision of the Federal Government) to carry out or develop a plan which meets the requirements of subsection (b) of this section and which is approved by the Secretary, to use such grants for any of the following: public facilities, public services, business development, planning, unemployment compensation (in accordance with subsection (d) of this section), rent supplements, mortgage payment assistance, research, technical assistance, training, relocation of individuals, and other appropriate assistance.

(2)(A) Such grants may be used in direct expenditures by the eligible recipient or through redistribution by it to public and private entities in grants, loans, loan guarantees, or other appropriate assist ance, but no grant shall be made by an eligible recipient to a private profitmaking entity.

(B) Grants for unemployment compensation shall be made to the State. Grants for any other purpose shall be made to any appropriate eligible recipient capable of carrying out such purpose.

(b) No plan shall be approved by the Secretary under this section unless such plan shall—

(1) identify each economic development and adjustment need of the area for which assistance is sought under this title;

(2) describe each activity planned to meet each such need;

(3) explain the details of the method of carrying out each such planned activity;

(4) contain assurances satisfactory to the Secretary that the proceeds from the repayment of loans made by the eligible recipient with funds granted under this title will be used for economic adjustment; and

(5) be in such form and contain such additional information as the Secretary shall prescribe.

(c) The Secretary to the extent practicable shall coordinate his activities in requiring plans and making grants and loans under this title with regional commissions, States, economic development districts and other appropriate planning and development organizations.

(d) In each case in which the Secretary determines a need for assistance under subsection (a) of this section due to an increase in unemployment and makes a grant under this section, the Secretary shall transfer funds available under this title to the Secretary of Labor and the Secretary of Labor shall provide to any individual unemployed as a result of the dislocation for which such grant is made, such assistance as he deems appropriate while such individual is unemployed. Such assistance as the Secretary of Labor shall provide shall be available to an individual not otherwise disqualified under State law for unemployment compensation benefits, as long as the individual's unemployment caused by the dislocation continues or until the individual is reemployed in a suitable position, but no longer than one year after the unemployment commences. Such assistance for a week of unemployment shall not exceed the maximum weekly amount authorized under the unemployment compensation law of the State in which the dislocation occurred, and the amount of assistance under this subsection shall be reduced by any amount of unemployment compensation or of private income protection insurance compensation available to such individual for such week of unemployment. The Secretary of Labor is directed to provide such assistance through agreements with States which, in his judgment, have an adequate system for administering such assistance through existing State agencies.

REPORTS AND EVALUATION

SEC. 904. (a) Each eligible recipient which receives assistance under this title shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this title in meeting the need it was designed to alleviate and the purposes of this title.

(b) The Secretary shall provide an annual consolidated report to the Congress, with his recommendations, if any, on the assistance authorized under this title, in a form which he deems appropriate. The first such report to Congress under this subsection shall be made not later than January 30, 1976.

AUTHORIZATION OF APPROPRIATIONS

SEC. 905. There is authorized to be appropriated to carry out this title not to exceed $100,000,000 per fiscal year for the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977.

PUBLIC LAW 91-304

AN ACT To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971

* * * * * * *

SEC. 2. Notwithstanding section 402 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3162), no area designated as a redevelopment area for the purposes of such Act shall have such designation terminated or modified in accordance with such section after May 1, 1970, and before June 1, [1974], *1977*, unless the local governing body of the county qualified under existing criteria for de-designation specifically requests de-designation action.

○

H. R. 14883

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Monday, the twenty-first day of January, one thousand nine hundred and seventy-four

An Act

To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 2-year period, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 105 of the Public Works and Economic Development Act of 1965, as amended, is amended by striking the period at the end thereof and inserting a comma and the following: "not to exceed $200,000,000 for the fiscal year ending June 30, 1975, and not to exceed $250,000,000 for the fiscal year ending June 30, 1976.". The final sentence of section 105 of such Act, as amended, is amended by inserting immediately after the words "and June 30, 1974," the following: "and not less than 10 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1975 and June 30, 1976,".

SEC. 2. Section 102 of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

"SEC. 102. For each of the fiscal years ending June 30, 1975, and June 30, 1976, not to exceed $30,000,000 of the funds authorized to be appropriated under section 105 of this Act for each such fiscal year shall be available for grants for operation of any health project funded under this title after the date of enactment of this section. Such grants may be made up to 100 per centum of the estimated cost of the first fiscal year of operation, and up to 100 per centum of the deficit in funds available for operation of the facility during the second fiscal year of operation. No grant shall be made for the second fiscal year of operation of any facility unless the agency operating such facility has adopted a plan satisfactory to the Secretary of Health, Education, and Welfare, providing for the funding of operations on a permanent basis. Any grant under this section shall be made upon the condition that the operation of the facility will be conducted under efficient management practices designed to obviate operating deficits, as determined by the Secretary of Health, Education, and Welfare."

SEC. 3. (a) Title IV of such Act is amended—

(1) by adding the following new paragraph at the end of section 401(a):

"(8) those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, were areas of substantial unemployment during the preceding calendar year."; and

(2) by striking out the period at the end of section 401(a)(7) and inserting in lieu thereof a semicolon.

(b) Any area of substantial unemployment so designated under authority of section 102 of title I of the Public Works and Economic Development Act of 1965 which has not had such designation terminated before the date of enactment of this section shall be deemed for the purposes of such Act to be such an area designated under section 401(a)(8) of such Act.

SEC. 4. (a) Section 201(c) of such Act, as amended, is amended by striking out the period at the end and inserting in lieu thereof ", and shall not exceed $75,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976.".

(b) Section 202 of such Act, as amended, is amended—

(1) by striking all of subsection (a) and inserting in lieu thereof the following new subsection:

"SEC. 202. (a)(1) The Secretary is authorized to aid in financing, within a redevelopment area, the purchase or development of land and

facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings by (A) purchasing evidences of indebtedness, (B) making loans (which for purposes of this section shall include participation in loans), (C) guaranteeing loans made to private borrowers by private lending institutions, for any of the purposes referred to in this paragraph upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

"(2) The Secretary is authorized to aid in financing any industrial or commercial activity within a redevelopment area by (A) making working capital loans, (B) guaranteeing working capital loans made to private borrowers by private lending institutions upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan, (C) guaranteeing rental payments of leases for buildings and equipment, except that no such guarantee shall exceed 90 per centum of the remaining rental payments required by the lease.";

(2) by striking out in subsection (b)(7) the comma after the words "no loan" and inserting immediately thereafter the words "or guarantee,".

(3) by striking out in subsection (b)(9) "Loan assistance" and inserting in lieu thereof "Loan assistance (other than for a working capital loan)".

SEC. 5. (a) Section 302 of such Act, as amended, is amended by redesignating such section as section 303.

(b) Such Act, as amended, is amended by inserting immediately after section 301 the following new section 302:

"SEC. 302. (a) The Secretary is authorized, upon application of any State, or city, or other political subdivision of a State, or sub-State planning and development organization (including a redevelopment area or an economic development district), to make direct grants to such State, city, other political subdivision, or organization to pay up to 80 per centum of the cost for economic development planning. The planning for cities, other political subdivisions, and sub-State planning and development organizations (including redevelopment areas and economic development districts) assisted under this section shall include systematic efforts to reduce unemployment and increase incomes. Such planning shall be a continuous process involving public officials and private citizens in analyzing local economies, defining development goals, determining project opportunities, and formulating and implementing a development program. Any overall State economic development planning assisted under this section shall be conducted cooperatively by the State, cities and other political subdivisions, and economic development organizations (including redevelopment areas and economic development districts) located in whole or in part within such State, and such State planning shall incorporate the goals and objectives of local and economic development district planning. Any overall State economic development planning shall be a part of a comprehensive planning process that shall consider the provision of public works to stimulate and channel development, economic opportunities and choices for individuals; to support sound land use, to enhance and protect the environment including the con-

servation and preservation of open spaces and environmental quality, to provide public services, and to balance physical and human resources through the management and control of physical development. The assistance available under this section may be provided in addition to assistance available under section 301(b) of this Act but shall not supplant such assistance and shall be available to develop an annual inventory of specific recommendations for assistance under section 304 of this Act. Each State receiving assistance under this subsection shall submit to the Secretary an annual report on the planning process assisted under this subsection.

"(b) In addition, the Secretary is authorized to assist economic development districts in—

"(1) providing technical assistance (other than by grant) to local governments within the district; and

"(2) carrying out any review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968, if such district has been designated as the agency to conduct such review.".

"(c) The planning assistance authorized under this title shall be used in accordance with the review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968 and shall be used in conjunction with any other available Federal planning assistance to assure adequate and effective planning and economical use of funds."

(c) Section 303 of such Act, as redesignated by this Act, is amended by inserting "(a)" immediately after "Sec. 303.", by striking "this title" and inserting in lieu thereof "sections 301 and 302 of this Act", by striking out the period at the end and inserting in lieu thereof the following: "and $75,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976.".

"(b) Not to exceed $15,000,000 in each of the fiscal years ending June 30, 1975, and June 30, 1976, of the sums authorized to be appropriated under subsection (a) of this section, shall be available to make grants to States.".

(d) Such Act, as amended, is amended by adding after section 303 the following new section:

"SUPPLEMENTAL AND BASIC GRANTS

"SEC. 304. (a) There are hereby authorized to be appropriated $35,000,000 for the fiscal year ending June 30, 1975, and $75,000,000 for the fiscal year ending June 30, 1976, for apportionment by the Secretary among the States for the purpose of supplementing or making grants and loans authorized under titles I, II, and IV of this Act. Such funds shall be apportioned among the States in the ratio which all grants made under title I of this Act since August 26, 1965, in each State bear to the total of all such grants made in all the States since August 26, 1965.

"(b) Funds apportioned to a State pursuant to subsection (a) shall be available for supplementing or making such grants or loans if the State makes a contribution of at least 25 per centum of the amount of such grant or loan in each case. Funds apportioned to a State under subsection (a) shall remain available to such State until obligated or expended by it.

"(c) Funds apportioned to a State pursuant to this section may be used by the Governor in supplementing grants or loans with respect to any project or assistance authorized under title I, II, or IV of this

Act, and approved by the Secretary after July 1, 1974. Such grants may be used to reduce or waive the non-Federal share otherwise required by this Act, subject to the requirements of subsection (b) of this section.

"(d) In the case of any grant or loan for which all or any portion of the basic Federal contribution to the project under this Act is proposed to be made with funds available under this section, no such Federal contribution shall be made until the Secretary of Commerce certifies that such project meets all of the requirements of this Act and could be approved for Federal contributions under this Act if funds were available under this Act (other than section 509) for such project. Funds may be provided for projects in a State under this section only if the Secretary determines that the level of Federal and State financial assistance under this Act (other than section 509) and under Acts other than this Act, for the same type of projects in the State, will not be diminished in order to substitute funds authorized by this section.

"(e) After June 30, 1975, funds apportioned to a State pursuant to this section shall be used by the Governor in a manner which is consistent with the State planning process assisted under section 302 of this Act, if such planning process has been established in such State."

SEC. 6. Section 401(a)(3) of such Act, as amended, is amended by adding at the end thereof the following: "*Provided, however*, That uninhabited Federal or State Indian reservations or trust or restricted Indian-owned land areas may be designated where such designation would permit assistance to Indian tribes, with a direct beneficial effect on the economic well-being of Indians;".

SEC. 7. (a) Section 403(a)(1)(B) of such Act, as amended, is amended by striking out the words "two or more redevelopment areas" and inserting in lieu thereof "at least one redevelopment area".

(b) Section 403 of such Act, as amended, is amended by inserting at the end of such section the following two new subsections:

"(i) Each economic development district designated by the Secretary under this section shall as soon as practicable after the date of enactment of this section or after its designation provide that a copy of the district overall economic development program be furnished to the appropriate regional commission established under title V of this Act, if any part of such proposed district is within such a region, or to the Appalachian Regional Commission established under the Appalachian Regional Development Act of 1965, if any part of such proposed district is within the Appalachian region.

"(j) The Secretary is authorized to provide the financial assistance which is available to a redevelopment area under this Act to those parts of an economic development district which are not within a redevelopment area, when such assistance will be of substantial direct benefit to a redevelopment area within such district. Such financial assistance shall be provided in the same manner and to the same extent as is provided in this Act for a redevelopment area, except that nothing in this subsection shall be construed to permit such parts to receive the increase in the amount of grant assistance authorized in paragraph (4) of subsection (a) of this section.".

(c) Section 403(g) of such Act, as amended, is amended by striking out "for the fiscal year ending June 30, 1974," and inserting in lieu thereof "per fiscal year for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976,".

SEC. 8. Title IV of the Public Works and Economic Development Act of 1965, as amended, is amended by adding at the end thereof the following new part:

"PART C—INDIAN ECONOMIC DEVELOPMENT

"SEC. 404. In order to assure a minimum Federal commitment to alleviate economic distress of Indians, in addition to their eligibility for assistance with funds authorized under other parts of this Act, there are authorized to be appropriated not to exceed $25,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976, for the purpose of providing assistance under this Act to Indian tribes. Such sums shall be in addition to all other funds made available to Indian tribes under this Act."

SEC. 9. (a) Section 503 of such Act, as amended, is amended by inserting "district," in paragraph (7) of subsection (a), immediately after "other Federal, State,".

(b) The first sentence of section 505(a)(2) of such Act, as amended, is amended by striking out "and training programs" and inserting "training programs, and the payment of administrative expenses to sub-State planning and development organizations (including economic development districts)," in lieu thereof.

(c) Section 509(d) of such Act, as amended, is amended by striking out "and for the fiscal year ending June 30, 1974, to be available until expended, $95,000,000." and inserting in lieu thereof "for the fiscal year ending June 30, 1974, to be available until expended, $95,000,000, and for each of the fiscal years ending June 30, 1975, and June 30, 1976, to be available until expended, $150,000,000.".

(d) Section 511 of such Act, as amended, is amended to read as follows:

"COORDINATION

"SEC. 511. (a) The Secretary shall coordinate his activities in making grants and loans and providing technical assistance under this Act with those of each of the regional commissions (acting through the Federal and State cochairmen) established under this Act in making grants and providing technical assistance under this title, and each of such regional commissions shall coordinate its activities in making grants and providing technical assistance under this title with those activities of the Secretary under this Act.

"(b) Each regional commission established under this Act shall give due consideration in carrying out its activities under paragraphs (2) and (7) of section 503(a) of this Act to the activities of other Federal, State, local, and sub-State (including economic development districts) planning agencies in the region."

SEC. 10. Section 2 of the Act entitled "An Act to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971", approved July 6, 1970 (Public Law 91-304), is amended by striking out "1974" and inserting in lieu thereof "1976".

SEC. 11. Title V of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3181 et seq.) is amended by adding at the end thereof the following new section:

"REGIONAL EXCESS PROPERTY PROGRAM

"SEC. 514. (a) Notwithstanding any other provision of law, and subject to subsection (b), the Federal cochairman of each regional commission established under section 502 of this Act may acquire excess property, without reimbursement, through the Administrator of General Services and shall dispose of such property, without reim-

bursement and for the purpose of economic development, by loaning to, or by vesting title in, any of the following recipients located wholly or partially within the economic development region of such Federal cochairman:

"(1) any State or political subdivision thereof;

"(2) any tax-supported organization;

"(3) any Indian tribe, band, group, pueblo, or Alaskan village or Regional Corporation (as defined by the Alaska Native Land Claims Settlement Act of 1971) recognized by the Federal Government or any State, and any business owned by any tribe, band, group, pueblo, village, or Regional Corporation;

"(4) any tax-supported or nonprofit private hospital; and

"(5) any tax-supported or nonprofit private institution of higher education requiring a high school diploma, or equivalent, as a basis for admission.

Such recipient may have, but need not have, received any other aid under this Act. For the purposes of this section, until a regional commission is established for the State of Alaska under section 502 of this Act, in the case of the State of Alaska the Secretary of Commerce shall exercise the authority granted to a Federal cochairman under this section.

"(b) For purposes of subsection (a)—

"(1) each Federal cochairman, in the acquiring of excess property, shall have the same priority as other Federal agencies; and

"(2) the Secretary shall prescribe rules, regulations, and procedures for administering subsection (a) which may be different for each economic development region, except that the Secretary shall consult with the Federal cochairman of a region before prescribing such rules, regulations, and procedures for such region.

"(c)(1) The recipient of any property disposed of by any Federal cochairman under subsection (a) shall pay, to the Federal agency having custody of the property, all costs of care and handling incurred in the acquiring and disposing of such property; and such recipient shall pay all costs which may be incurred regarding such property after such Federal cochairman disposes of it, except that such recipient shall not pay any costs incurred after such property is returned under subsection (e).

"(2) No Federal cochairman may be involved at any time in the receiving or processing of any costs paid by the recipient under paragraph (1).

"(d) Each Federal cochairman, not later than six calendar months after the close of each fiscal year, shall account to the Secretary, as the Secretary shall prescribe, for all property acquired and disposed of, including any property acquired but not disposed of, under subsection (a) during such fiscal year. The Secretary shall have access to all information and related material in the possession of such Federal cochairman regarding such property.

"(e) Any property determined by the Federal cochairman to be no longer needed for the purpose of economic development shall be reported by the recipient to the Administrator of General Services for disposition under the Federal Property and Administrative Services Act of 1949.

"(f) The value of any property acquired and disposed of, including any property acquired but not disposed of, under subsection (a) shall not be taken into account in the computation of any appropriation, or

any authorization for appropriation, regarding any regional commission established under section 502 or any office of the Federal cochairman of such commission.

"(g) For purposes of this section—

"(1) the term 'care and handling' has the meaning given it by section 3(h) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 472(h)); and

"(2) the term 'excess property' has the meaning given it by section 3(e) of such Act (40 U.S.C. 472(e)), except that such term does not include real property.".

SEC. 12. The Public Works and Economic Development Act of 1965, as amended, is amended by adding the following new title at the end of the Act:

"TITLE IX—SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE

"PURPOSE

"SEC. 901. It is the purpose of this title to provide special economic development and adjustment assistance programs to help State and local areas meet special needs arising from actual or threatened severe unemployment arising from economic dislocation, including unemployment arising from actions of the Federal Government and from compliance with environmental requirements which remove economic activities from a locality, and economic adjustment problems resulting from severe changes in economic conditions, and to encourage cooperative intergovernmental action to prevent or solve economic adjustment problems. Nothing in this title is intended to replace the efforts of the economic adjustment program of the Department of Defense.

"DEFINITION

"SEC. 902. As used in this title, the term 'eligible recipient' means a redevelopment area or economic development district established under title IV of this Act, an Indian tribe, a State, a city or other political subdivision of a State, or a consortium of such political subdivisions.

"GRANTS BY SECRETARY

"SEC. 903. (a)(1) The Secretary is authorized to make grants directly to any eligible recipient in an area which the Secretary has determined has experienced, or may reasonably be foreseen to be about to experience, a special need to meet an expected rise in unemployment, or other economic adjustment problems (including those caused by any action or decision of the Federal Government) to carry out or develop a plan which meets the requirements of subsection (b) of this section and which is approved by the Secretary, to use such grants for any of the following: public facilities, public services, business development, planning, unemployment compensation (in accordance with subsection (d) of this section), rent supplements, mortgage payment assistance, research, technical assistance, training, relocation of individuals, and other appropriate assistance.

"(2)(A) Such grants may be used in direct expenditures by the eligible recipient or through redistribution by it to public and private entities in grants, loans, loan guarantees, or other appropriate assistance, but no grant shall be made by an eligible recipient to a private profitmaking entity.

"(B) Grants for unemployment compensation shall be made to the State. Grants for any other purpose shall be made to any appropriate eligible recipient capable of carrying out such purpose.

"(b) No plan shall be approved by the Secretary under this section unless such plan shall—

"(1) identify each economic development and adjustment need of the area for which assistance is sought under this title;

"(2) describe each activity planned to meet each such need;

"(3) explain the details of the method of carrying out each such planned activity;

"(4) contain assurances satisfactory to the Secretary that the proceeds from the repayment of loans made by the eligible recipient with funds granted under this title will be used for economic adjustment; and

"(5) be in such form and contain such additional information as the Secretary shall prescribe.

"(c) The Secretary to the extent practicable shall coordinate his activities in requiring plans and making grants and loans under this title with regional commissions, States, economic development districts and other appropriate planning and development organizations.

"(d) In each case in which the Secretary determines a need for assistance under subsection (a) of this section due to an increase in unemployment and makes a grant under this section, the Secretary may transfer funds available for such grant to the Secretary of Labor and the Secretary of Labor is authorized to provide to any individual unemployed as a result of the dislocation for which such grant is made, such assistance as he deems appropriate while the individual is unemployed. Such assistance as the Secretary of Labor may provide shall be available to an individual not otherwise disqualified under State law for unemployment compensation benefits, as long as the individual's unemployment caused by the dislocation continues or until the individual is reemployed in a suitable position, but no longer than one year after the unemployment commences. Such assistance for a week of unemployment shall not exceed the maximum weekly amount authorized under the unemployment compensation law of the State in which the dislocation occurred, and the amount of assistance under this subsection shall be reduced by any amount of unemployment compensation or of private income protection insurance compensation available to such individual for such week of unemployment. The Secretary of Labor is directed to provide such assistance through agreements with States which, in his judgment, have an adequate system for administering such assistance through existing State agencies.

"REPORTS AND EVALUATION

"SEC. 904. (a) Each eligible recipient which receives assistance under this title shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this title in meeting the need it was designed to alleviate and the purposes of this title.

"(b) The Secretary shall provide an annual consolidated report to the Congress, with his recommendations, if any, on the assistance authorized under this title, in a form which he deems appropriate. The first such report to Congress under this subsection shall be made not later than January 30, 1976.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 905. There is authorized to be appropriated to carry out this title not to exceed $75,000,000 for the fiscal year ending June 30, 1975, and $100,000,000 for the fiscal year ending June 30, 1976.".

Speaker of the House of Representatives.

Vice President of the United States and President of the Senate.

September 16, 1974

Dear Mr. Director:

The following bills were received at the White House on September 16th:

H.J. Res. 910
H.J. Res. 1070
H.R. 14883

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.