

NATIONAL GOVERNOR'S ASSOCIATION

BRIEFINGS PAPERS

1991 WINTER MEETING

NATIONAL GOVERNORS' ASSOCIATION

1991 WINTER MEETING

WASHINGTON, D.C.

FEBRUARY 3 - 5, 1991

COMMITTEE LISTING



September 1990

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Staff Contact: Nolan E. Jones - 202/624-5360

BOOKS AND REPORTS WORKFORM

AUTHOR AFFILIATION:

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Papers

AUTHOR(S): Bureau of Planning

WORK DONE FOR:

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EDITION:

DATE OF PUBLICATION: February 1991

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VOLUME I.D.:

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INVENTORY YEAR: 1995

NOTES: 1988, 1989, 1990

ABSTRACT: Report presents the NGA Committee Listing and the winter meeting agenda. Addresses policy positions, amendments and resolutions accompanied with background information and fiscal impact data where appropriate. Includes briefing papers on the following issues for discussion: (1) Immigration Policy Position Paper; (2) state and federal responses to the nation's growing health care crisis and expansions of the Medicaid Program; (3) state concerns in the development of a national energy policy; (4) how to meet the growing demand for greater worker quality and how state and federal employment and training efforts can help improve the nations competitiveness in the 1990's; (5) Impact of the General Agreement on Tariffs and Trade and other trade agreements on both American Agriculture and International Trade - also includes comments on the IGPAC Report (Intergovernmental Policy Advisory Committee on Trade); (6) the scourge of violent crime and the appropriate response of the states (7) Critical transportation needs, including the re-authorization of the surface transportation bill and (8) Interstate transportation of solid waste.

CALL NUMBERS: G25-40.151

INDEX TERMS: ECN Economic Studies, Plans, Policies and Constraints

ANNUAL REPORTS/SERIALS WORKFORM

AUTHOR AFFILIATION:

TITLE OF REPORT: Land Use Law and Zoning Digest

AUTHOR(S): American Planning Association

WORK DONE FOR:

PLACE OF PUBLICATION: Chicago, Illinois

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SERIES TITLE:

CONNECTIVE PHRASE: Available

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INVENTORY YEAR:

NOTES:

ISSN NUMBER: 0094-7598

ISBN NUMBER:

ABSTRACT: Provides information on land use regulation. This report abstracts federal and state decisions and recently adopted legislation. A wide variety of land use issues are covered including zoning, housing, energy, real property taxation, and environmental regulation.

CALL NUMBERS: US12-70.126

INDEX TERMS:

G25-40.151

National Governor's Association Briefing Papers; Bureau of Planning; February 1991. Report presents the NGA Committee Listing and the winter meeting agenda. Addresses policy positions, amendments and resolutions accompanied with background information and fiscal impact data where appropriate. Includes briefing papers on the following issues for discussion: (1) Immigration Policy Position Paper; (2) state and federal responses to the nation's growing health care crisis and expansions of the Medicaid Program; (3) state concerns in the development of a national energy policy; (4) how to meet the growing demand for greater worker quality and how state and federal employment and training efforts can help improve the nation's competitiveness in the 1990's; (5) Impact of the General Agreement on Tariffs and Trade and other trade agreements on both American Agriculture and International Trade - also includes comments on the IGPAC Report (Intergovernmental Policy Advisory Committee on Trade); (6) the scourge of violent crime and the appropriate response of the states (7) Critical transportation needs, including the re-authorization of the surface transportation bill and (8) Interstate transportation of solid waste.

Available: Bureau of Planning Library.

ECN Economic Studies, Plans, Policies and Constraints

Bibliography

Books and ~~Reports~~ ^{Work} ~~Annual Reports, Serials~~ ^{York} ~~Form~~

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INVENTORY YEAR:

1995

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1988, 1989, 1990

ABSTRACT:

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CALL NUMBERS:

625-40.151

INDEX TERMS:

ECN Economic Studies, Plans, Policies and Constraints

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Joseph Kayne, Director, Capital Resources Policy Studies Div. - 202/624-5392

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Linda Crawford, Director, Human Resources Policy Studies Div. - 202/624-5309

Thomas W. Curtis, Director, Natural Resources Group - 202/624-5389

John Thomasian, Director, Natural Resources Policy Studies Div. - 202/624-7881

A G E N D A

NATIONAL GOVERNORS ASSOCIATION
1991 WINTER MEETING, FEBRUARY 3 - 5

AGENDA

S A T U R D A Y, February 2

1:30 p.m. - 2:00 p.m.	Opening Press Conference
4:00 p.m. - 5:30 p.m.	Briefing for Staff of New Governors Informal Reception to follow.

S U N D A Y, February 3

9:00 a.m. - 10:00 a.m.	Executive Committee Governor Booth Gardner, Washington, NGA Chairman
10:15 a.m. - 11:45 a.m.	Task Force on Health Care Governor Booth Gardner, Washington, Chairman Open to all Governors
Noon - 1:30 p.m.	Governors-Only Lunch and Work Session
Noon - 1:30 p.m.	Chiefs of Staff Lunch and Work Session
Noon - 1:30 p.m.	Press Secretaries Lunch and Work Session
1:45 p.m. - 3:30 p.m.	Joint Committee Meeting: • Committee on Economic Development and Technological Innovation Governor Ray Mabus, Mississippi, Chairman • Committee on Human Resources Governor John R. McKernan Jr., Maine, Chair

3:45 p.m. - 5:30 p.m.

Joint Committee Meeting:

- **Committee on Agriculture and Rural Development**
Governor George S. Mickelson, South Dakota, Chairman
- **Committee on International Trade Foreign Relations**
Governor Tommy G. Thompson, Wisconsin, Chairman

6:00 p.m. - 7:00 p.m.

Reception for all Meeting Attendees

7:00 p.m. - 10:00 p.m.

**Evening with President and Mrs. Bush
Governors and Spouses Only**

M O N D A Y, February 4

7:30 a.m. - 9:00 a.m.

**Breakfast Meetings of the Democratic
Governors' Association and the
Republican Governors Association**

9:15 a.m. - 10:30 a.m.

Governors-Only Work Session

11:15 a.m. - 12:15 p.m.

**Meeting with President Bush
Departure for the White House at
10:45 a.m. Box lunch will be
provided on return trip.**

11:00 a.m. - 1:00 p.m.

**Chiefs of Staff Lunch and Work
Session**

1:30 p.m. - 3:15 p.m.

**Committee on Transportation,
Commerce, and Communications**
Governor Wallace G. Wilkinson,
Kentucky, Chairman

1:30 p.m. - 3:15 p.m.

**Committee on Justice and Public
Safety**
Governor Bob Miller, Nevada, Chairman

3:30 p.m. - 5:15 p.m.

Committee on Energy and Environment

5:30 p.m. - 7:00 p.m.

Governor George A. Sinner, North
Dakota, Chairman
Reception for Corporate Fellows and
Governors
By Invitation

T U E S D A Y, February 5

7:30 a.m. - 9:15 a.m.

Breakfast Meetings of the Regional
Governors' Organizations

9:30 a.m. - noon

Plenary Session
Governor Booth Gardner, Washington,
NGA Chairman

12:15 p.m. - 12:45 p.m.

Closing Press Conference

1:00 p.m. - 2:30 p.m.

Governors' Meetings on Capitol Hill

NGA POLICIES FOR ADOPTION



January 18, 1991

TO ALL GOVERNORS:

The enclosed policy positions, amendments, and resolutions, proposed by the Executive Committee and six of the seven Standing Committees, are being transmitted for your review in accordance with the NGA Articles of Organization. Policy positions and resolutions will be considered and voted upon at the 1991 NGA Winter Meeting in Washington, D.C., including any changes made by the Committees on February 3 and 4.

Please note that each Committee's policy positions and resolutions are accompanied by a cover sheet providing background information and fiscal impact data where appropriate. Resolutions do not address new policy, but affirm existing policy or recognize certain persons, places, and events.

The individual Committee Directors and I will be pleased to answer any questions you may have concerning the proposed policy positions and resolutions.

Sincerely,

Raymond C. Scheppach

Enclosures



ADOPTION OF POLICY STATEMENTS IN PLENARY SESSIONS

Article IX of the National Governors' Association Articles of Organization and the Rules of Procedure determine the procedures and votes necessary to adopt policy statements. In accordance with these Rules, enclosed are the Committee policy statements, amendments, and resolutions proposed for the NGA Winter Meeting. Proposed policy statements are submitted by the Standing Committees of the Association and must be transmitted to all Governors at least 15 days in advance of the plenary session.

1. Germane Committee amendments and floor amendments by individual Governors to proposed Committee policies require a two-thirds vote. Final adoption of a Committee amended policy statement requires a two-thirds vote.
2. Individual Governors must submit proposed policy statements to the Executive Director at least 45 days in advance of the plenary session. These proposals are transmitted to the appropriate NGA Standing Committee for further action.

If an individual Governor's proposal is not adopted by the Standing Committee and therefore not included in the 15-day advance mailing to all Governors, it is then subject to the suspension of the rules if the individual Governor or the Committee chooses to re-submit the proposal at the plenary session.

3. Any proposed new policy by a Committee or an individual Governor that is not included in the advance mailing requires a three-fourths vote to suspend the rules, a three-fourths vote for final passage, and a three-fourths vote for any amendment.
4. Resolutions do not address new policy, but may affirm existing policy and recognize certain persons, places and events. If a Committee decides to report a resolution to the full Association, it requires a two-thirds vote for adoption.
5. Notice procedures: Motions for the suspension of the Rules of Procedure shall be distributed to all Governors present by the end of the calendar day before such motion is put to a vote. The Chairman may request that copies of floor amendments also be available for distribution.
6. Non-debatable motions include: Table — majority vote, Previous Question — two-thirds vote, Suspend the Rules — three-fourths vote.
7. A motion to postpone is debatable on the entire policy only and requires a majority vote.
8. Voting may be by voice, show of hands, or roll call. A roll call vote shall be called by a show of hands of ten members.

LIST OF PROPOSED CHANGES IN POLICY

COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

- | | | |
|-----|---------------------|---|
| G-1 | Proposed Amendments | - "Global Agricultural Trade and Development" |
| G-4 | Proposed Amendments | - "Research, Technology, and Innovation" |

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGICAL INNOVATION

- | | | |
|----|---------------------|-----------------------------|
| -- | Proposed Resolution | - "The Dual Banking System" |
|----|---------------------|-----------------------------|

COMMITTEE ON HUMAN RESOURCES

- | | | |
|-----|---------------------|--|
| C-4 | Proposed Amendments | - "Employment Security Policy" |
| -- | Proposed Resolution | - "Ensuring That Employment Security Funding is Responsive to Rising Unemployment" |

COMMITTEE ON INTERNATIONAL TRADE AND FOREIGN RELATIONS

- | | | |
|-----|---------------------|---|
| H-7 | Proposed Amendments | - "Bilateral and Regional Trade Agreements" |
| H-8 | Proposed Amendments | - "International Education" |
| H-9 | Proposed Amendments | - "GATT Negotiations" |

COMMITTEE ON JUSTICE AND PUBLIC SAFETY

- | | | |
|------|--------------------|--|
| B-11 | Proposed Amendment | - "Army and Air National Guard"
(Equal Opportunity in the National Guard) |
|------|--------------------|--|

COMMITTEE ON TRANSPORTATION, COMMERCE, AND COMMUNICATIONS

- | | | |
|------|---------------------|--|
| F-1 | Proposed Amendments | - "Transportation Policy Overview"
(Surface Transportation Policy Principles) |
| -- | Proposed Resolution | - "Priorities for 1991 Surface Transportation Legislation" |
| F-10 | Proposed Amendment | - "Telecommunications"
(Support for a Dedicated Education Satellite) |

New language is typed double-spaced and in ALL CAPS, with deleted material lined-throughout (—).

EXECUTIVE COMMITTEE

C-27	Proposed Policy Position	- "Short-Term Medicaid Policy"
A-31	Proposed Policy Position	- "A New Federal-State Partnership"
--	Proposed Resolution	- "Re-Affirming Support for Political Self-Determination for Puerto Rico"
--	Proposed Amendment	- "NGA Rules of Procedure"



1991 Winter Meeting

COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

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Governor George S. Mickelson

Committee Director

Carol L. Hedges

Proposed Changes in Policy

G-1	Global Agricultural Trade and Development	3
G-4	Research, Technology, and Innovation	7

New language is typed double-spaced and in ALL CAPS, with deleted material lined-throughout (——).

The Committee on Agriculture and Rural Development recommends the consideration of amendments to two existing policy positions. Background information and fiscal impact data follow.

1. Global Agricultural Trade and Development (Amendments to G-1)

These amendments update current NGA policy language on global trade, endorse credit to the U.S.S.R. for grain purchases, and more clearly articulate a position on the agricultural negotiations that are being conducted as part of the current round of General Agreement on Tariffs and Trade (GATT) negotiations.

An amendment to the preface states that access to a safe and stable food supply for all people of the world remains a fundamental challenge of any government. It endorses the notion that supply is best protected by making certain that food producers are able to continue in production. The remainder of the preface is a rewrite of the current version. The new language eliminates specific references to reducing the value of the dollar, the need for a long term agricultural policy, and the National Agricultural Policy Commission created by the 1985 farm bill.

The section on foreign trade contains some editorial changes, as well as new language and a reiteration of current policy. The new language calls for pursuit of international marketing systems that allow countries to combine their commodities and market them together as a means of offsetting the effects of trading blocks such as the European Community. It also restates current NGA policy urging extension of General Sales Manager (GSM) credits to the Soviet Union for purchase of U.S. grain. The language also calls for credit assistance to emerging democracies, particularly in Eastern Europe.

A new section, General Agreement on Tariffs and Trade, replaces a section on research that has been moved to policy G-4, Research, Technology, and Innovation. The new GATT language will also be included in the GATT policy (H-9) of the Committee on International Trade and Foreign Relations.

This new language is divided into two parts. The first part addresses the implementation of a successfully negotiated agreement, and the second part suggests measures to be taken in the event that the negotiations fail. An introductory paragraph reiterates current NGA policy that the Governors support successful conclusion of the GATT round. It further states that in order to be considered successful, a final GATT agreement should include provisions to reform agricultural trade practices. Finally, it suggests that the Governors believe that an agreement to eliminate the use of export subsidies by all countries should be a priority for the negotiators. The official U.S. negotiating position no longer calls for elimination of export subsidies but rather their reduction.

The section on implementation asks Congress to carefully scrutinize GATT implementing legislation to ensure its consistency with three principles:

Priority should be given to policies that ensure the viability of our domestic agricultural industry. Agriculture is and must continue to be an important industry for this country. If government assistance to agriculture must be further reduced through GATT agreements, the remaining assistance should be targeted in ways that help maintain our domestic agricultural industry.

Income protection should remain an important means of ensuring adequate supplies of food at stable prices. It is critical to maintain adequate reserves of food to protect against widely fluctuating food prices and food shortages during times of natural disaster and bad harvests. The policy states that providing income protection to farmers is necessary to ensure adequate supply. Assistance that will be continued under a GATT agreement should be used for income assistance and should be targeted to farmers who need such protection to stay in business.

Certain programs should not be subject to discipline under any GATT agreement. A short list of these programs includes but is not limited to natural resource protection programs like the Conservation Reserve Program; strategic land and food supply programs, like farmers-owned reserve; programs that protect against the effects of natural disasters, like crop insurance; and programs to improve the quality of life in rural areas, like FmHA community facilities programs.

The policy also calls for a phase in of any GATT disciplines.

The section on failed negotiations urges Congress and the Administration to use all available tools to regain and retain export markets if the Uruguay Round fails. Examples of tools available under the current GATT rules include increased appropriations for the Export Enhancement Program and the Market Promotion Program, and additional section 301 and 302 actions. Bilateral negotiations and aggressive pursuit of new markets are also endorsed. If the Uruguay Round fails, the aggressive use of these measures has been endorsed by the administration.

2. Research, Technology, and Innovation (Amendments to G-4)

The policy is amended by moving already-existing language on biotechnology and research from policy G-1 into G-4 (previously sections G-1.1 and G-1.3).

In addition, there is a new section on seafood inspection calling for adoption of a seafood inspection system to ensure the quality and safety of seafood products. The policy endorses having the U.S. Department of Agriculture operate the inspection program. Experience with the national meat and poultry inspection process and lesser costs to states were two reasons cited for having USDA operate the inspection program.

G-1. GLOBAL AGRICULTURAL TRADE AND DEVELOPMENT

1.1 Preface

ASSURING THE PEOPLE OF THE WORLD ACCESS TO A SAFE FOOD SUPPLY IS THE MOST FUNDAMENTAL CHALLENGE TO GOVERNMENT. LIKE CLEAN AIR, CLEAN WATER, AND SAFE SHELTER, SAFE FOOD IS ABSOLUTELY CRITICAL TO HUMAN EXISTENCE. ONE SHORT PERIOD OF SHORTAGE CAN THROW THE WORLD OR A NATION INTO CHAOS AND REVOLUTION. IN ORDER TO ENSURE ACCESS TO FOOD, A NATION MUST MAKE CERTAIN THAT ITS PRODUCERS OF FOOD CAN CONTINUE TO PRODUCE.

~~Whether a state is enjoying prosperity or facing economic distress, the challenge remains the same—to ensure that the farmer remains a viable and productive member of our rural communities and economy. Many of the underlying causes of the current farm sector depression are correctable by changes in federal monetary, fiscal, and international trade policies. These changes can assist in obtaining a healthier and productive agricultural sector.~~

~~Reducing the value of the dollar in relation to other currencies, where the value is pegged to the value of the dollar, should receive the same priority as realigning the German mark and Japanese yen. This requires that the size of the federal deficit must be substantially reduced to provide long-term, non-inflationary growth in the economy. Nations must agree to manage currency exchange rates, trade, and third world debt, and reduce commodity program subsidies, surplus production, and reserve stocks.~~

~~We need to develop a long term agricultural policy which recognizes the growing interdependence of the global agricultural economy. The emergence of an international agricultural economy on which the United States is heavily dependent and in which it is strongly influential raises major challenges and opportunities in foreign policy. The National Agricultural Policy Commission, authorized in the 1985 Farm Bill, should be appointed and funded by the President immediately. Commission recommendations should provide solutions for trade practices and national agricultural support and production, which cause agricultural disputes with our allies and other trading countries.~~

WHETHER THE FARM SECTOR IS ENJOYING PROSPERITY OR FACING ECONOMIC DISTRESS, THE CHALLENGE FOR STATES IS THE SAME—TO ENSURE THAT THE FARMER REMAINS A VIABLE AND PRODUCTIVE MEMBER OF OUR RURAL COMMUNITIES AND ECONOMIES. AS THE WORLD GROWS MORE INTERDEPENDENT ECONOMICALLY, STATES CANNOT ACHIEVE THIS OBJECTIVE WORKING ALONE. IT IS THE FEDERAL GOVERNMENT AND ITS ABILITY TO INFLUENCE MACROECONOMIC AND INTERNATIONAL POLICY THAT WILL AFFECT THE HEALTH OF THE FARM SECTOR AND RURAL AMERICA IN GENERAL. RECOGNITION BY THE FEDERAL GOVERNMENT OF THIS GROWING INTERDEPENDENCE AND PRUDENT MANAGEMENT OF MONETARY, FISCAL, AND INTERNATIONAL TRADE POLICIES WILL GO A LONG WAY TOWARD MAINTAINING A HEALTHY AND PRODUCTIVE RURAL ECONOMY.

DOMESTICALLY, PRUDENT MANAGEMENT MEANS LOWERING THE FEDERAL BUDGET DEFICIT WHILE CONCURRENTLY LOWERING REAL INTEREST RATES. THE FEDERAL GOVERNMENT MUST ALSO DEVELOP LONG-TERM AGRICULTURAL POLICY THAT RECOGNIZES

THAT THE GLOBAL ECONOMIC TERRAIN WILL BE ONE OF LARGE TRADING BLOCS, NOT INDIVIDUAL COUNTRIES.

INTERNATIONALLY, PRUDENT MANAGEMENT MEANS GREATER COOPERATION TO STABILIZE CURRENCY EXCHANGE RATES AND MANAGE THIRD WORLD DEBT. THE FEDERAL GOVERNMENT SHOULD ALSO WORK DILIGENTLY TO PROMOTE INTERNATIONAL AGREEMENTS THAT REDUCE COMMODITY PROGRAM SUBSIDIES, SURPLUS PRODUCTION, AND RESERVE STOCKS.

1.2 Foreign Trade

Farm policy and foreign policy issues are increasingly linked. Governors believe the U.S. government and foreign nations must manage farm and foreign policy together and avoid crises in the one area provoking costly problems in the other area.

We must re-establish a long term competitive environment for agricultural trade. Better access to agricultural export markets now virtually closed and elimination of unfair competition from inefficient suppliers with subsidized exports will benefit efficient producers who have:

- a product or commodity that is desired by consumers;
- the ability to reliably supply the buyers' needs;
- lowest priced product of a given quality.

The Governors support the following farm policy provisions as long as unfair competition exists from competitors:

- All existing export enhancement programs should be fully implemented and continued during natural disasters to maintain American farmers' trade competitiveness.
- Countervailing measures necessary to make U.S. farm products competitive in world markets, such as the targeted assistance program to counter the adverse effect of subsidies, import quotas, or other unfair trade practices should be used when foreign producer subsidies distort world trade.
- ~~Revising commodity programs~~ COMMODITY PROGRAMS SHOULD BE REVISED as the U.S. comparative advantage strengthens. However, we oppose food embargoes and mandatory retaliation against nations with excessive trade surpluses or against farmers when government stockpiles are low because these policies undermine American farmers' trade competitiveness.
- INTERNATIONAL COMMODITY-POOL MARKETING SYSTEMS SHOULD BE PURSUED.
- Farm dairy programs should be adjusted to recognize the regional differences in production so that farmers in one part of the country are not penalized for production excesses of farmers in other regions.
- The agricultural secretary should use restraint in reducing the level of set-aside acreage following a natural disaster.

Bilateral and multilateral trade negotiations and international summit talks must negotiate reduction or elimination of tariff and nontariff barriers to agricultural trade, including government ownership, government marketing, transportation subsidies, and manipulated exchange rates. It should be recognized that a certain level of world food AND LAND reserve is essential for mankind, and that food reserves should be shared proportionately by all exporting countries. ~~All aspects of nonstrategic goods must be evaluated to identify means of trade expansion. Bilateral development~~

~~assistance programs—primarily U.S. AID development projects and the Food for Peace programs—benefit U.S. feedgrain exports as populations move to a more livestock-oriented diet.~~

THE UNITED STATES SHOULD EXTEND CREDIT ASSISTANCE TO EMERGING FREE MARKET ECONOMIES WHERE NECESSARY, PARTICULARLY IN EASTERN EUROPE. THIS ASSISTANCE CAN HELP PROVIDE NEEDED FOOD DURING ECONOMIC TRANSITION, MITIGATE POLITICAL INSTABILITY, AND CREATE MARKETS FOR U.S. AGRICULTURAL COMMODITIES. THE GOVERNORS STRONGLY SUPPORT EXTENDING GENERAL SALES MANAGER (GSM) CREDIT TO THE SOVIET UNION.

1.3 GENERAL AGREEMENT ON TARIFFS AND TRADE

1.3.1 PREFACE. THE GOVERNORS SUPPORT SUCCESSFUL CONCLUSION OF THE URUGUAY ROUND OF NEGOTIATIONS TO AMEND THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT). WE SUPPORT THE POSITION THAT REFORM OF AGRICULTURAL TRADE PRACTICES SHOULD BE INCLUDED IN ORDER FOR THE NEGOTIATIONS TO BE CONSIDERED SUCCESSFUL—A POSITION ADOPTED BY THE U.S. TRADE REPRESENTATIVE AND OTHER AGRICULTURAL EXPORTING NATIONS. IN PARTICULAR, ELIMINATION OF THE WORLD'S EXPORT SUBSIDIES SHOULD BE PRIORITIZED.

1.3.2 IMPLEMENTATION. AFTER AN AGREEMENT IS INITIALED, THE FOCUS OF THE GATT PROCESS WILL SHIFT TO NATIONAL CAPITALS, AS GATT MEMBER NATIONS ADOPT LEGISLATION IMPLEMENTING THE AGREEMENT.

THE ESSENCE OF THE GATT AGRICULTURAL NEGOTIATIONS IS TO LIBERALIZE WORLD TRADE IN AGRICULTURE AND ALLOW FOR MORE FREE FLOW OF GOODS FROM COUNTRIES WITH NATURAL COMPARATIVE ADVANTAGES IN PRODUCTION TO COUNTRIES WHERE PRODUCTION IS LESS EFFICIENT. BARRIERS TO FREE EXCHANGE, ESPECIALLY EXPORT SUBSIDY MEASURES AND MARKET ACCESS RESTRICTIONS, HARM THE ECONOMIES OF ALL COUNTRIES.

THE GOVERNORS BELIEVE THAT IT IS ABSOLUTELY CRITICAL THAT CONGRESS CAREFULLY SCRUTINIZE LEGISLATION TO IMPLEMENT THE GATT AGREEMENT IN A WAY THAT IS CONSISTENT WITH THE FOLLOWING PRINCIPLES:

- PRIORITY SHOULD BE GIVEN TO MEASURES THAT ENSURE THE VIABILITY OF OUR DOMESTIC AGRICULTURAL INDUSTRY.
- INCOME PROTECTION FOR FARMERS SHOULD REMAIN AN IMPORTANT MEANS OF ENSURING ADEQUATE SUPPLIES OF FOOD AT STABLE PRICES.

- PROGRAMS DESIGNED TO CONSERVE OUR NATURAL AGRICULTURAL RESOURCES, MAINTAIN A STRATEGIC FOOD AND LAND SUPPLY, PROTECT AGAINST THE EFFECTS OF NATURAL DISASTERS, AND IMPROVE THE QUALITY OF LIFE IN RURAL AREAS SHOULD NOT BE SUBJECT TO DISCIPLINE UNDER GATT.

RECOGNIZING THE HISTORICAL RELIANCE ON MANY OF THE POLICIES TO BE DISCIPLINED UNDER A GATT AGREEMENT, THE GOVERNORS BELIEVE THAT ANY PORTION OF THE AGREEMENT THAT WILL SUBSTANTIALLY CHANGE THE DOMESTIC POLICY OF ANY GATT PARTICIPANT SHOULD BE PHASED IN.

1 3 3 FAILED NEGOTIATIONS. IN THE EVENT THAT THE URUGUAY ROUND DOES NOT PRODUCE A COMPREHENSIVE AGREEMENT, THE GOVERNORS URGE THE ADMINISTRATION AND CONGRESS TO UTILIZE ALL TOOLS AVAILABLE TO ACHIEVE THE ABOVE STATED PRINCIPLES. SOME POSSIBLE TOOLS INCLUDE BUT ARE NOT LIMITED TO EXPANSION OF THE EXPORT ENHANCEMENT PROGRAM (EEP), INCREASED APPROPRIATIONS FOR THE MARKET PROMOTION PROGRAM, AND AGGRESSIVE PURSUIT OF REMEDIES FOR UNFAIR TRADE PRACTICES.

IN ADDITION, THE GOVERNORS SUPPORT INCREASING FOOD ASSISTANCE TO EASTERN EUROPE AND OTHER EMERGING DEMOCRACIES AS A MEANS TO GARNER NEW MARKETS.

G-4. RESEARCH, TECHNOLOGY, AND INNOVATION

4.1 OVERVIEW

Agricultural research and the dissemination of research results are essential to the development and maintenance of a vibrant food system. Agricultural research must be supported commensurate with its economic and social importance.

Efficient result oriented expenditure of agricultural research funds can be increased by state identification and coordination of common research goals; increased multistate projects; and shared demonstration projects to test the effectiveness of new technologies.

Technology application programs should integrate the production, marketing, and financial components of farm business with emerging food and fiber sector innovations -- including biotechnological advances, transportation and telecommunication technologies, food processing, marketing, and storage.

Because of continued pressure on research funding, the Governors support self-help efforts by commodity groups, in the form of check-offs, provided that adequate oversight is provided. Check-off funds should not be used for lobbying on policy matters.

4.2 BIOTECHNOLOGY

[Future farm policy must be sensitive to biotechnological advances in animal production in the 1990s and crop production within two decades. Federal efforts should be made to prepare our farmers for the technological applications of these new technologies.]

4.3 [Research

We support biotechnology research as an important tool to U.S. competitiveness in world trade. The biotechnology revolution goes beyond geographical borders.

We must inform producers of forthcoming technological advances which will continue to be the driving force in changing the way we farm. Trade and technology benefits will not be evenly distributed among producers. New job opportunities and a higher standard of living will be reaped by operations ready to produce for markets who have access to capital, labor, and land at prices which permit a profit for the farmer.

State agricultural programs can stimulate development of useful new products through research, technical assistance, venture capital and market analysis programs, including the development and marketing of value added products such as ethanol fuels, kenaf (a newsprint substitute), and corn sweeteners.

Anticipating and managing change for a flexible productive agriculture will also require a renewed commitment to cooperative federal-state efforts in science and technology, training and retraining, and economic development. Governors are committed to pursuing partnership opportunities in:

- targeting economic assistance based on need and farm characteristics, and not production levels, for the purposes of diversifying the rural economic base;
- easing the transition for farm families seeking technical assistance, training, and retraining to link economic opportunities and people;
- linking scientific discovery to low-cost, efficient technology;
- disseminating national and international marketing opportunities to put people to work.]

4.4 SEAFOOD INSPECTION

THE GOVERNORS BELIEVE THAT SEAFOOD PRODUCTS MADE AVAILABLE TO THE PUBLIC SHOULD BE SUBJECT TO GOVERNMENT INSPECTION TO ENSURE QUALITY AND SAFETY. THE GOVERNORS ALSO BELIEVE THAT THE RESPONSIBILITY FOR SEAFOOD INSPECTION SHOULD

REST WITH THE U S DEPARTMENT OF AGRICULTURE IMPORTED SEAFOOD SHOULD BE
SUBJECT TO THE SAME SAFETY AND QUALITY STANDARDS AS DOMESTIC SEAFOOD.

NOTE : Language in brackets is existing policy language that is being moved from policy position G-1 .



1991 Winter Meeting

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGICAL INNOVATION

Chairman

Governor Ray Mabus

Committee Director

Tim Masanz

Proposed Changes in Policy

Resolution

The Dual Banking System

2

New language is typed double-spaced and in ALL CAPS.

The Committee on Economic Development and Technological Innovation recommends the consideration of one resolution. Background information and fiscal impact data follow.

1. The Dual Banking System (Resolution, based upon Policy A-3)

This resolution is in response to discussions in Washington aimed at reforming the federal deposit insurance system and possibly reforming the nation's banking system. It reaffirms our existing support for the dual banking system and outlines several essential components of that system.

Reform of deposit insurance will likely focus on the need to increase the amount of funds collected from each member bank. Many U.S. banks are already suffering from a lack of capital. The threat of increased assessments is causing many banks to seek additional powers from Congress in order to become more profitable. They are also seeking relief from restraints that they feel inhibit their profitability, such as geographical restrictions that limit consolidations.

States have traditionally controlled entry by banks into the states, and controlled branching of banks. Changes in these restrictions could significantly alter the role of states in the nation's banking system. The resolution seeks to identify the chief state concerns that might arise from a change in this role.

THE DUAL BANKING SYSTEM

THE NATIONAL GOVERNORS' ASSOCIATION RE-AFFIRMS EXISTING POLICY STATING SUPPORT FOR THE CONTINUATION OF THE DUAL BANKING SYSTEM. TRADITIONALLY STATE AUTHORITY IN THE DUAL BANKING SYSTEM HAS RESTED ON STATE CONTROL OF ENTRY INTO THE STATE AND BRANCHING BY EITHER STATE- OR FEDERALLY CHARTERED BANKS.

THIS ACTION IS TAKEN IN THE CONTEXT OF THE CURRENT DEBATE ON FEDERAL DEPOSIT INSURANCE REFORM AND BANKING REFORM AT THE FEDERAL LEVEL. STATES RECOGNIZE THE NEED TO ADDRESS PROBLEMS IN THE U.S. BANKING INDUSTRY. HOWEVER, ANY REFORMS SHOULD RECOGNIZE AND RETAIN THE ESSENTIAL COMPONENTS OF THE DUAL BANKING SYSTEM:

- A HEALTHY PARTNERSHIP BETWEEN STATE REGULATORS AND FEDERAL DEPOSIT INSURERS;
- STATE AUTHORITY TO CONTINUE TO USE STATE BANKING LAW TO PROMOTE CAPITAL AVAILABILITY, STRENGTHEN ECONOMIC DEVELOPMENT, AND ENCOURAGE COMMUNITY REINVESTMENT; AND
- THE ABILITY OF STATES TO EQUITABLY TAX STATE- AND FEDERALLY CHARTERED BANKS.

FINALLY, IT IS IMPERATIVE THAT ANY CHANGES IN FEDERAL BANKING LAWS BE REVENUE-NEUTRAL ON STATE BUDGETS.

* based upon Policy A-3

THE DUAL BANKING SYSTEM

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- STATE AUTHORITY TO CONTINUE TO USE STATE BANKING LAW TO PROMOTE CAPITAL AVAILABILITY, STRENGTHEN ECONOMIC DEVELOPMENT, AND ENCOURAGE COMMUNITY REINVESTMENT; AND
- THE ABILITY OF STATES TO EQUITABLY TAX STATE- AND FEDERALLY CHARTERED BANKS.

FINALLY, IT IS IMPERATIVE THAT ANY CHANGES IN FEDERAL BANKING LAWS BE REVENUE-NEUTRAL ON STATE BUDGETS.

* based upon Policy A-3



1991 Winter Meeting

COMMITTEE ON HUMAN RESOURCES

Chairman

Governor John R. McKernan

Committee Director

Alicia Pelrine

Proposed Changes in Policy

C-4	Employment Security Policy	2
Resolution	Ensuring That Employment Security Funding is Responsive to Rising Unemployment	6

New language is typed double-spaced and in ALL CAPS, with deleted material lined-throughout (——).

The Committee on Human Resources recommends the consideration of one resolution and amendments to one existing policy position. Background information and fiscal impact data follow.

1. Employment Security Policy (Amendments to C-4)

The amendments to the Employment Security Policy strengthen the focus of the Employment Service as a critical link in a network of workforce development programs. The loosening attachment of workers to a single employer, shifting demographics, and changing skill demands will make labor exchange services increasingly important, both to employers and job seekers. The amendments affirm that the Employment Security system should play a critical role in facilitating the integration of new entrants into the workforce and that it should ensure that all employers and job seekers have maximum, direct, and easy access to available jobs and sources of testing, counseling, and training and that employers have access to available workers.

Further, the amendments call for the development of a performance measurement framework against which state performance will be evaluated, based on the needs of each state and consistent with national policy goals. The amendments significantly define the national role in the federal-state employment security partnership by, for example, calling upon the federal government to provide broad policy direction and technical assistance to the states and to provide incentives to states to facilitate effective coordination of workforce development programs.

Technical amendments, which move already existing language to different sections within the policy, were also made.

There is no anticipated federal fiscal impact resulting from the implementation of these proposed amendments.

2. Ensuring That Employment Security Funding is Responsive to Rising Unemployment (Resolution, based upon Policy C-4)

This resolution amplifies the Governors' concern about the recurring shortfall in funds to provide services to unemployed workers, particularly in light of the nation's deteriorating economy and the surplus of funds in the federal administrative trust fund.

The resolution reaffirms the Governors' commitment to overhaul employment security funding. To address the current shortfall for the immediate term, it calls upon the President and Congress to enact an emergency supplemental appropriation and to create a mechanism that ensures that funding will be responsive to increasing unemployment.

C- 4. EMPLOYMENT SECURITY POLICY

4.1 Preface

Numerous challenges face the nation as the labor force and opportunities in the workplace change. Among states, differing circumstances reflect changing economic bases, unique demographic trends, and limitations on resource availability. Governors must have the flexibility and authority to design and implement economic development programs that address state-specific situations. Employment security programs must figure prominently in these efforts.

The Governors strongly believe that a national employment security system is the underpinning for implementation of a national competitiveness strategy. A commitment to such a system is a commitment to global competitiveness, simultaneously presenting new challenges and opportunities.

Employment security programs are a powerful tool for adapting to the rapidly changing environment. THE EVOLUTION OF AN INCREASINGLY COMPLEX AND VOLATILE LABOR MARKET NECESSITATES IMPROVED MECHANISMS FOR MATCHING JOB REQUIREMENTS WITH WORKER SKILLS. THE FULL RANGE OF LABOR MARKET EXCHANGE SERVICES WILL BECOME MORE IMPORTANT IN AN ECONOMIC ENVIRONMENT OF LOOSENING ATTACHMENT OF WORKERS TO A SINGLE EMPLOYER, SHIFTING DEMOGRAPHICS AND CHANGING SKILLS DEMANDS, AND EMERGING BUSINESS ADVANCES.

The public employment security system must ensure the provision of EASILY ACCESSIBLE, COST-EFFICIENT core services that facilitate labor market participation in every state, and must be able to respond to the adverse economic effects of national decisions upon states.

IN ORDER TO OFFER THE BEST POSSIBLE SERVICE TO BOTH EMPLOYERS AND JOB SEEKERS, THE EMPLOYMENT SECURITY SYSTEM MUST SERVE LOCAL AND STATEWIDE LABOR MARKETS AND HAVE A NATIONAL AND INTERNATIONAL PERSPECTIVE.

4.2 Principles of a National Employment Security System

4.2.1 Introduction. The Governors believe the following principles should guide federal policy on employment security. Adherence to these principles will provide a system that allows for and accommodates individual state policy, while promoting national goals.

As we enter a new era of INTERNATIONAL competitiveness, the national employment security system must operate in a broader context of public and private employment policy. ~~While the language of the following principles may appear to reference current activities,~~ The complexities of DEVELOPING AND maintaining a skilled and COMPETITIVELY productive workforce demand new interrelationships among state employment and training activities. The employment security system should be central to developing and maintaining these interrelationships.

IT SHOULD ENSURE THAT JOB SEEKERS HAVE MAXIMUM, DIRECT, AND EASY ACCESS TO AVAILABLE JOBS AND SOURCES OF TESTING, COUNSELING, AND TRAINING AND THAT EMPLOYERS HAVE ACCESS TO AVAILABLE WORKERS.

THE EMPLOYMENT SECURITY SYSTEM SHOULD PLAY A KEY ROLE IN FACILITATING THE INTEGRATION OF NEW ENTRANTS INTO THE WORK FORCE. FOR STATES TO BE ABLE TO EFFECTIVELY OPERATE EMPLOYMENT SECURITY PROGRAMS WITHIN CURRENT LABOR MARKET REALITIES WITHOUT CURTAILING SERVICES TO OTHERS, IT WILL BE NECESSARY FOR THEM TO HAVE STABLE, SUFFICIENT FUNDING FROM THE FEDERAL GOVERNMENT.

These principles serve as the strategic framework of a new, more INTEGRATED complex employment security system.

4.2.2 Principle One. Since economic conditions AND THE NEEDS OF SPECIFIC CLIENT GROUPS vary from state to state, each state should maintain management authority over its employment security system and should have the flexibility to determine the proper mix of core-services TO WORKERS AND EMPLOYERS. HOWEVER, AT A MINIMUM EACH STATE SHOULD INCLUDE THE FOLLOWING AS ITS CORE SERVICES. ~~These services are:~~

4.2.2.1 Assessment. In order to most effectively assist job seekers and employers in adapting to continuous change in labor markets, the employment security system must have the capability to assess the needs of employers and the talents of job seekers. For employers, assessment involves determining workforce requirements. For individuals, it means determining aptitudes, abilities, and skill levels THROUGH TESTING, INTERVIEWING, AND OTHER MEANS FOR THE PURPOSE OF DETERMINING THE INDIVIDUAL'S SKILL POTENTIAL AND IDENTIFYING ANY NEEDED INTERVENTIONS TO ENSURE HIS OR HER LONG-TERM ECONOMIC SELF-SUFFICIENCY.

4.2.2.2 Employment Placement Assistance. Providing job opportunities for all Americans is a fundamental tenet of a competitiveness strategy. The employment security system should function as an intermediary in matching individuals with available jobs. This placement activity should strive to meet the needs of job seekers and employers, while simultaneously furthering national employment policies.

4.2.2.3 Referral. Successful economic development strategies require appropriately trained and educated workers. The employment security system can enhance efforts to train and educate workers by referring job seekers to employment or training opportunities and/or to those support services necessary to gain or sustain employment. Support services may include basic educational services, counseling, vocational guidance, and other services such as child care.

4.2.2.4 Information Services. Relevant and current local, state, and national information is essential to planning for economic development in a way that enhances competitiveness AND SERVES THE NEEDS OF INDIVIDUAL JOB SEEKERS and employers. Without such information, enlightened decisionmaking is impossible. The employment security system is positioned to effectively facilitate the national, state, or local collection, compilation, and dissemination of occupational and employment data that, for example, show labor market trends and industrial growth and decline.

4.2.2.5 Temporary Income Maintenance. Even in a relatively stable economy, unanticipated market fluctuations will result in unemployment among certain groups of workers. The employment security system must have the capacity to provide cash payments to temporarily sustain these workers. A variety of activities are required to ensure that funds are available for the proper payment of short-term unemployment benefits to eligible individuals. They include tax collection, enforcement activities, and trust fund management.

- 4.2.3 **Principle Two.** Improving economic competitiveness by maximizing human potential requires a national employment security system that provides, through state employment security systems, a set of core services available to all employers and job seekers, INCLUDING NEW ENTRANTS INTO THE LABOR FORCE. HOWEVER, CIRCUMSTANCES AND CONDITIONS WITHIN A STATE MAY REQUIRE EMPHASIS ON PARTICULAR CLIENT GROUPS. CORE SERVICES SHOULD BE DELIVERED IN WAYS THAT CORRESPOND TO THE ASSESSED NEED OF THE APPLICANT AND/OR EMPLOYER.
- 4.2.4 **Principle Three.** Continued and enhanced support for employment security programs demands an efficient and equitable system for allocating resources TO AND among states to ensure THE ~~their~~ effective administration of the core services SO THAT STATES MAY ADEQUATELY RESPOND TO THE NEEDS OF WORKERS AND EMPLOYERS, IT IS ESSENTIAL THAT THE ADMINISTRATION OF THE CORE SERVICES BY THE STATES BE FULLY AND ADEQUATELY FUNDED WITH REVENUES DERIVED FROM THE FEDERAL UNEMPLOYMENT TAX ACT (FUTA).
- 4.2.5 **Principle Four.** An effective employment security system provides valuable services to employers. Employer FUTA taxes should provide the necessary funding for the required core services and for those services identified as a necessary part of the employment security system within each state. Services in addition to core employment security functions should be separately financed.
- 4.2.6 **Principle Five.** Reestablishing a national competitive edge requires the cooperation of all levels of government. THE ROLE OF THE FEDERAL GOVERNMENT IS TO FOSTER AND PROMOTE THE STATE-FEDERAL PARTNERSHIP BY STRENGTHENING AND SUPPORTING THE NATIONAL SYSTEM OF STATE EMPLOYMENT SECURITY PROGRAMS FOR THE BENEFIT OF THE LABOR FORCE AND THE ECONOMY. THEREFORE THE FEDERAL GOVERNMENT SHOULD ~~To support a national system of state employment security programs, the federal role should be the following:~~
- PROVIDE BROAD POLICY DIRECTION TO THE STATES IN RESPONSE TO NATIONALLY ESTABLISHED GOALS AND PRIORITIES.
 - ASSIST EACH STATE IN DEVELOPING A PERFORMANCE MEASUREMENT FRAMEWORK THAT IS BASED ON THE NEEDS OF THE STATE AND IS CONSISTENT WITH NATIONAL POLICY GOALS.
 - ASSIST STATES IN ACHIEVING GOALS THROUGH THE PROVISION OF TECHNICAL ASSISTANCE AND SUPPORT.
 - PROVIDE INCENTIVES TO STATES TO FACILITATE--AND REMOVE BARRIERS THAT INHIBIT--EFFECTIVE AND EFFICIENT COORDINATION OF CORE EMPLOYMENT SECURITY AND OTHER HUMAN RESOURCE DEVELOPMENT SERVICES.

- DEVELOP, WHERE APPROPRIATE, COORDINATED STRATEGIES AMONG FEDERAL AGENCIES.
- ASSIST ALL STATES IN THE DEVELOPMENT OR ENHANCEMENT OF AUTOMATED SYSTEMS TO FACILITATE EFFECTIVE SERVICE DELIVERY.
- ADEQUATELY FUND ALL TRAINING AND EMPLOYMENT PROGRAMS THAT ARE FEDERALLY FUNDED AND OPERATED BY THE STATES.
- Assist states by performing activities that cannot be efficiently performed by individual states, such as test development and evaluation.
- ~~In addition, the federal government should~~ Assume a clearinghouse function of collecting and disseminating the results of projects designed to resolve state-identified problems, and other findings of national import.
- Support a research capacity and provide a national forum for assessing the effectiveness of specific projects undertaken.
- Continue the system for the collection and dissemination of national labor market information, and develop an enhanced capacity to provide needed employment data.
- Take responsibility for ~~the coordination of~~ COORDINATING programs that operate among the separate states, such as interstate job banks and interstate claims programs, to ensure efficient use of limited funds.

4.2.7 **Principle Six.** The performance of state employment security programs should be evaluated against criteria, ~~and standards~~, AND GOALS REFLECTIVE OF LOCAL, STATE, AND NATIONAL LABOR MARKET PRIORITIES. EACH STATE'S STANDARDS AND GOALS SHOULD BE delineated ~~in an annual service delivery plan~~ A COMPREHENSIVE EMPLOYMENT SECURITY PLAN. ~~Such annual plans would be prepared by THE each state and certified by the Secretary of Labor for conformity with federal statutes.~~

4.2.8 **Principle Seven.** An effective labor exchange system will require a commitment from all sectors of the economy. The employment security system should encourage and promote public/private partnerships and the cooperation of federal, state, and local governments. The system should provide a framework for the integration of the broad array of available employment-related activities.

4.3 **Recommended Employment Security System Reforms**

4.4 **Reforms Requiring Further Study**

RESOLUTION*

ENSURING THAT EMPLOYMENT SECURITY FUNDING IS RESPONSIVE TO RISING UNEMPLOYMENT

AS THE NATION FACES A DETERIORATING ECONOMY, UNEMPLOYMENT INSURANCE OFFICES LACK THE FUNDS NECESSARY TO SERVE THE GROWING NUMBER OF JOBLESS WORKERS. DUE TO THE GROWING FUNDING SHORTFALL, THE GOVERNORS ARE EXTREMELY CONCERNED ABOUT THE STATES' CAPACITY TO PROVIDE SERVICES TO THE INCREASING NUMBER OF JOBLESS WORKERS. EVEN THOUGH EMPLOYERS PAY A DEDICATED PAYROLL TAX TO FUND THESE PROGRAMS AND A SUBSTANTIAL BALANCE EXISTS IN THE FEDERAL TRUST FUNDS, FEDERAL FUNDS TO OPERATE EMPLOYMENT SECURITY PROGRAMS HAVE BEEN RESTRICTED.

THE GOVERNORS REAFFIRM THEIR COMMITMENT TO WORKING WITH CONGRESS AND THE ADMINISTRATION TO OVERHAUL EMPLOYMENT SECURITY FUNDING TO ENSURE THAT IT IS GENUINELY AND RAPIDLY RESPONSIVE TO CHANGES IN UNEMPLOYMENT.

IN THE IMMEDIATE TERM, THE GOVERNORS CALL UPON THE PRESIDENT AND THE CONGRESS:

- TO ENACT, FOR THE CURRENT FISCAL YEAR, EMERGENCY SUPPLEMENTAL FUNDING TO PAY FOR SUBSTANTIALLY HIGHER LEVELS OF UNEMPLOYMENT THAN WERE ANTICIPATED EARLIER THIS YEAR; AND
- TO CREATE, FOR SUBSEQUENT FISCAL YEARS, A MECHANISM THAT GUARANTEES THAT UNANTICIPATED--BUT ESSENTIAL--EXPANSIONS OF STATE UNEMPLOYMENT INSURANCE SERVICES RESULTING DIRECTLY FROM DETERIORATING ECONOMIC CONDITIONS WILL BE FUNDED.

* based upon Policy C-4



1991 Winter Meeting

COMMITTEE ON INTERNATIONAL TRADE AND FOREIGN RELATIONS

Chairman

Governor Tommy G. Thompson

Committee Director

Jody Thomas

Proposed Changes in Policy

H-7	Bilateral and Regional Trade Agreements	4
H-8	International Education	6
H-9	GATT Negotiations	9

New language is typed double-spaced and in ALL CAPS, with deleted material lined-throughout (——).

The Committee on International Trade and Foreign Relations recommends the consideration of amendments to three existing policy positions. Background information and fiscal impact data follow.

1. Bilateral and Regional Trade Agreements (Amendments to H-7)

Proposed amendments take existing policy on U.S.-Canadian trade and expand its coverage to bilateral and regional agreements; update existing language on Canada; and add new sections on trade with Mexico and with the Western Hemisphere. Language on Mexico puts the Governors on record as supporting both the negotiation of a comprehensive free trade agreement with Mexico and "fast track" consideration of follow-on legislation by Congress. Urging that a GATT agreement, if reached, should serve as the basis for an agreement, the statement also notes that Canada should have a role in the talks. A new section, 7.3, acknowledges the President's Enterprise for the Americas initiative, encouraging states to seek opportunities for trade in the Western Hemisphere.

Background. On September 25, 1990, President Bush notified Congress of his intent to enter into free trade negotiations with Mexico. The notification of Congress is the first step in Free Trade Agreement (FTA) negotiations. Next, Congress will need to approve or deny "fast-track" authority, an expedited process for Congressional approval of a final FTA. If Congress establishes fast-track authority, formal negotiations will start in late spring of 1991, and could conclude by the end of 1992.

U.S.-Mexican FTA negotiations are possible now because of steps Mexico has taken to liberalize its economy and its trade policy. Since the mid-1980s, Mexico has sharply reduced tariffs and has loosened restrictions on foreign investment. In addition, since 1987, Mexico has cooperated with the United States in sector-specific trade negotiations in an effort to remove trade barriers.

Although there appears to be broad support for an FTA in both the United States and Mexico, there are still some contentious political issues: the role of Canada (which wants to be involved in the negotiations) has yet to be decided; organized labor is opposed to an FTA; and several members of Congress have expressed concern that an FTA will not address such issues as environmental standards and immigration.

Many states have already developed strong relationships with Mexico through state offices in Mexico, U.S.-Mexican sister state agreements, gubernatorial trips, trade fairs, and official exchanges. The role of states in U.S.-Mexican FTA negotiations could parallel their role in the U.S.-Canada agreement. During the U.S.-Canada negotiations, states were very active in working with the U.S. Trade Representative (USTR) negotiators by supplying information and advice.

The proposal insists that no state should bear a disproportionate burden of implementing an FTA. As with the Canadian FTA, administrative costs of compliance and transition could be offset by savings and efficiencies brought about through elimination of tariffs, common rules of origin and treatment, and enhanced competition.

Affected sectors in the United States will include: automotive trade, agriculture, investment, intellectual property rights, telecommunications, transportation, petroleum, and textiles. The United States and Mexico have a significant trade relationship with a total two-way trade of \$52 billion in 1989. This makes Mexico our third largest trading partner behind Canada and Japan.

2. International Education (Amendments to H-8)

The United States Peace Corps is promoting the study of geography, increasing the level of international awareness, and encouraging the idea of volunteerism among young people through its World Wise Schools and Fellows/USA programs. U.S. Peace Corps Director Paul Coverdell met with the Governors at their 1990 annual meeting to discuss these initiatives and encourage state involvement in the programs.

World Wise Schools brings the volunteer experience into classrooms by linking current and former Peace Corps Volunteers in the field with elementary and secondary school classes here at home. The students and the volunteers share letters, music, artifacts, video magazines, and other materials, allowing students to become more aware of other lands and cultures.

The Fellows/USA program capitalizes on the experience returning Peace Corps Volunteers bring from the field to the benefit of the students in U.S. inner city, rural, or disadvantaged area schools. Returning volunteers agree to teach for two years, while attending graduate school to earn a masters degree. The Fellows/USA participants use experience and insights gained overseas as volunteers where they were often called on to perform under demanding conditions.

The policy amendment endorses these efforts, encouraging state/federal partnerships with the Peace Corps for the improvement of international education. Old background language is proposed for deletion. Other minor changes are proposed to bring policy in rough conformity with the spirit of the 1988 report of the NGA America in Transition Task Force on Education.

It is assumed that state partnerships with the Peace Corps would utilize existing resources as part of a state's overall education program.

3. GATT Negotiations (Amendments to H-9)

Extensive amendments add new sections on agriculture, subsidies, product standards, and state compliance costs. The focus of these new sections is on implementing a successfully concluded Uruguay Round of multilateral trade negotiations. A section on "failed negotiations" discusses steps that should be taken if a successful agreement is not reached.

Background on GATT. For more than forty years, the General Agreement on Tariffs and Trade (or GATT) has been the major organization responsible for reducing trade barriers around the world. The current round is aimed at helping the GATT keep up with the times. As envisioned, major areas of world trade, such as services, intellectual property, and agriculture, would be covered by international rules for the first time. Developing countries would have the opportunity to be more fully integrated into the world's trading system.

The Uruguay Round has been going on for about four years and was scheduled to conclude in Brussels last December. Talks collapsed, however, over differences on agriculture subsidy programs. The United States and major agriculture exporting countries were pressuring the European Community and Japan to join with other GATT members in reducing export subsidies, tariffs, and domestic price supports. A breakthrough on agriculture issues could lead to resumption of talks on other issues. While there is no specific deadline for reaching an international agreement, time is running out on the United States' negotiating authority and an extension by Congress is unlikely. The actual expiration date is June 1 of this year, but technical requirements make the effective date March 1.

The major forum for state and local government input into these negotiations has been the Intergovernmental Policy Advisory Committee (IGPAC) to Ambassador Carla Hills, the U.S. Trade Representative. It was set up by Congress to advise the USTR on trade negotiations and to report to Congress and the President at the culmination of the Uruguay Round.

Savings to the world of a comprehensive trade agreement envisioned in the Uruguay Round are estimated in the hundreds of billions of dollars. Conversely, failed negotiations may trigger protectionist and retaliatory actions that could be extremely costly to world governments.

State administrative costs in implementing an agreement may include pre- and post-notification procedures on procurement and standards development; greater participation in international dispute settlement proceedings; and potential adjustments to its regulatory practices. Disciplines on government subsidies may include reporting requirements on programs and practices.

H-7. ~~U.S. - CANADIAN TRADE~~ BILATERAL AND REGIONAL TRADE AGREEMENTS

7.1 U.S. - CANADIAN TRADE

- 7.1.1 INTRODUCTION.** The Governors support implementation of the Free Trade Agreement negotiated by the federal governments of the United States and Canada. ~~Our support is contingent upon Canada and the U.S. doing nothing in the interim to violate the spirit of the explicit understanding affirmed in writing on January 2, 1988 to "exercise their discretion in the period prior to entry into force of the accord so as not to jeopardize the approval process or undermine the spirit and benefits of the Free Trade Agreement."~~ WHILE the agreement, while DID not fully addressing all issues relating to our bilateral trade, ~~is expected to~~ IT IS contributeING to real growth in the economies of both signatories. It represents a positive step toward the open, competitive world trading system that we have endorsed. It provides for more timely and effective resolution of disputes between the two largest trading partners in the world.

~~Throughout the negotiations, the Office of the U.S. Trade Representative has sought our advice and made it a priority to keep us informed on progress. As the related legislation is developed and debated, we will continue to consult with the administration and Congress regarding its impact on state economies.~~

Emphasizing the importance of U.S. - Canadian relations, we will continue our meetings with the Canadian Premiers on issues of mutual interest, including options for greater trade cooperation between our two countries.

- 7.1.2 UNRESOLVED ISSUES.** We believe that efforts should continue to be made to resolve those issues not fully addressed during the negotiations and that remaining inconsistencies with the General Agreement on Tariffs and Trade (GATT) rules should be vigorously pursued. We will work with Congress and the administration and within our states to minimize any adverse effects of the agreement.

The Governors have significant concerns about issues created or not fully resolved by the agreement and ask to be consulted as ~~the~~ NEGOTIATIONS, implementing legislation, or other measures are developed to ameliorate these problems.

The administration ~~should~~ HAS entered into additional negotiations to address ~~inequities regarding subsidies~~ ISSUES. Fair and open trade for all businesses requires ~~resolution of the reality or perception of unequal treatment of certain industries~~ REGARDLESS OF ~~due to differing national policies on subsidies.~~ THE GOVERNORS LOOK FORWARD TO ADDITIONAL CONSULTATIONS ON THESE AND OTHER NEGOTIATIONS.

7.2 U.S. - MEXICO TRADE

- 7.2.1 INTRODUCTION.** RECENT ECONOMIC REFORMS IN MEXICO HAVE MADE INCREASED COOPERATION ON TRADE AND INVESTMENT POSSIBLE. THE GOVERNORS SUPPORT NEGOTIATION BY THE FEDERAL GOVERNMENT OF A FREE TRADE AGREEMENT BETWEEN THE UNITED STATES AND MEXICO. SUCH AN AGREEMENT SHOULD BE AS COMPREHENSIVE AS POSSIBLE, ADDRESSING THE BROADEST ARRAY OF TRADE AND INVESTMENT ISSUES, AND

SHOULD BE SENSITIVE TO THE IMPLICATIONS FOR THE ENVIRONMENT, LABOR MARKETS AND CONDITIONS, AND REGULATORY AND STANDARD-SETTING PRACTICES. IF DEVELOPED IN CONSULTATION WITH STATES AND PRIVATE INTERESTS, THE AGREEMENT SHOULD QUALIFY FOR THE CONGRESSIONAL "FAST-TRACK" PROCESS.

WE WILL SEEK TO IDENTIFY THE LIKELY IMPACT OF A FREE TRADE AGREEMENT ON STATE ECONOMIES AND STATE REGULATORY PRACTICES. FURTHER, WE WILL SEEK TO ENSURE THAT THE U.S. NEGOTIATORS ARE AWARE OF OUR FINDINGS SO THAT THE FINAL AGREEMENT WILL BE BASED ON A FULL UNDERSTANDING OF ITS EFFECT ON AMERICAN WORKERS AND INDUSTRIES. MOREOVER, NO STATE SHOULD BEAR A DISPROPORTIONATE SHARE OF THE IMPACT OF IMPLEMENTING THE AGREEMENT.

TO THE EXTENT THAT A GATT AGREEMENT IS ACHIEVED, IT SHOULD SERVE AS THE STARTING POINT FOR NEGOTIATIONS WITH MEXICO.

7.2.2 **ROLE FOR CANADA.** AS A KEY NORTH AMERICAN TRADING PARTNER, CANADA SHOULD HAVE A ROLE IN COMPREHENSIVE FREE TRADE TALKS.

7.3 **WESTERN HEMISPHERE TRADE**

THE PRESIDENT'S "ENTERPRISE FOR THE AMERICAS" INITIATIVE HOLDS CONSIDERABLE POTENTIAL FOR EXPANDING TRADE THROUGHOUT THE HEMISPHERE AND FOR ENHANCING ECONOMIC DEVELOPMENT. STATES SHOULD EXPLORE OPPORTUNITIES FOR INCREASING CONTACTS WITH COUNTRIES IN THE REGION.

H-8. INTERNATIONAL EDUCATION

8.1 Preface

~~While American business depends on international trade for 30 percent of its profits, and 40 percent of our farm land produces for export, 80 percent of American companies that could export do not. Thirteen of our largest banks derive half their export earnings from overseas credit, yet many have been in financial difficulty because of serious miscalculations in the allocation of that credit.~~

~~There are many reasons for America's often poor performance in the international marketplace including fluctuations in the value of the dollar, the federal budget deficit, changing oil prices, and foreign trading practices.~~

~~But the fact remains that~~ A major barrier to U.S. exports ~~EFFECTIVE U.S. PARTICIPATION IN THE INTERNATIONAL MARKETPLACE~~ is our inability to communicate with the rest of the world. The language of trade is the language of the customer, but Americans are increasingly unable to communicate with counterparts in other countries. ~~They are also unfamiliar with~~ WHO HAVE different customs and ~~uncomfortable in different economic and political environments.~~

~~There are several compelling reasons for our predicament:~~

- ~~We no longer do an effective job of teaching geography.~~
- ~~We have emphasized reading and writing skills in high school language courses. Consequently, students are often unprepared to speak or listen in other languages. In addition, we rarely expose elementary school students to other languages.~~
- ~~Our teachers are not adequately prepared to deal with international issues. Many have no background in international education, and career opportunities for international exposure are rarely available.~~
- ~~Only recently has the business community come to realize that we compete in a global economy. Consequently, many businesses have neither recruited nor developed international expertise. There are no more guaranteed markets for our goods.~~
- ~~The Departments of State and Defense, the CIA, and other agencies responsible for our national security depend on personnel proficient in languages and international relations, yet fully qualified applicants cannot be found for many positions in the federal government requiring language competence. In addition, important exchange programs, such as the Fulbright programs, have not always been fully funded.~~

We must improve the teaching of languages, geography, and other international subjects. We must be sure that our students understand the world in which they will work, and we must make certain that our teachers are prepared to teach these subjects effectively. We must provide our business leaders with the background they need to compete.

8.2 State Activities

Governors, as educational leaders in their states, can play an important part. The following are suggestions for policy initiatives in which states can participate:

Geographic and Cultural Awareness:

- Teach geography as a distinctive subject in K-12 instruction.
- Require geography as an element of teacher education programs.

Languages:

- Provide opportunities for language education to elementary school students, as early as the first year in school.
- Include verbal fluency and listening skills in certification standards for language teachers in the languages they teach.

- Explore the use of technology to provide a link between school districts with language resources and those without them.

Teacher Education:

- Include an assessment of prospective teachers' international awareness in the teacher certification process.
- Include international issues in states' and accrediting organizations' teacher education approval standards.

HIGHER EDUCATION:

- INCLUDE COURSES IN FOREIGN LANGUAGES IN COLLEGE AND UNIVERSITY GRADUATION REQUIREMENTS.
- Include required courses in international trade in business school curricula at the graduate and undergraduate levels.

Businesses:

- Encourage businesses with international experience to work with local teachers to develop ways to share that experience.
- Establish curricula and seminars for business leaders that focus on language, cultural training, and foreign business customs.

8.3 Federal Activities

The federal government has a role to play as well. Our future strength as a nation depends in large part on our ability to compete in the world economy. Additionally, our national security depends heavily on our ability to collect and interpret information about events and trends in foreign lands.

The National Governors' Association:

- Supports the United States Departments of State and Defense in their efforts to address these national security needs by raising the level of proficiency in language and international studies.
- Encourages the federal government to provide strong support for international exchange programs, in particular for the Fulbright Program. Exchanges are valuable tools for students, teachers, business leaders, and public officials.
- SUPPORTS THE UNITED STATES PEACE CORPS IN ITS EFFORTS TO PROMOTE THE STUDY OF GEOGRAPHY, INCREASE THE LEVEL OF INTERNATIONAL AWARENESS, AND ENCOURAGE THE IDEA OF VOLUNTEERISM AMONG YOUNG PEOPLE THROUGH THE WORLD WISE SCHOOLS AND FELLOWS/USA PROGRAMS. THE WORLD WISE SCHOOLS PROGRAM BRINGS THE VOLUNTEER EXPERIENCE INTO OUR NATION'S CLASSROOMS BY LINKING CURRENT AND FORMER PEACE CORPS VOLUNTEERS IN THE FIELD WITH ELEMENTARY AND SECONDARY SCHOOL CLASSES HERE AT HOME. THE FELLOWS/USA PROGRAM CAPITALIZES ON THE EXPERIENCE RETURNING PEACE CORPS VOLUNTEERS BRING FROM THE FIELD TO THE BENEFIT OF THE STUDENTS IN OUR INNER-CITY, RURAL, OR DISADVANTAGED AREA SCHOOLS. RETURNING VOLUNTEERS AGREE TO TEACH FOR TWO YEARS WHILE ATTENDING GRADUATE SCHOOL TO EARN A MASTER'S DEGREE. THE GOVERNORS ENCOURAGE STATE-FEDERAL PARTNERSHIPS WITH

AGENCIES SUCH AS THE UNITED STATES PEACE CORPS IN SUPPORT OF THEIR
COMMITMENT TO THE IMPROVEMENT OF INTERNATIONAL EDUCATION.

For the benefit of economic vitality of their states and the strength of our national security and prosperity, Governors will be critical leaders on behalf of international education.

H-9. GATT NEGOTIATIONS

9.1 Introduction

The Governors affirm our support for the successful conclusion this year of the Uruguay Round of Multilateral Trade Negotiations now underway within the framework of the General Agreement on Tariffs and Trade (GATT). This multilateral effort to develop a comprehensive set of rules for trade between nations is essential, given the growing trend toward international economic interdependence. The round will help to anchor the emerging democracies of Latin America and Eastern Europe into an open, market-driven trading system. We applaud efforts by GATT members to:

- Expand application of GATT rules beyond manufactured goods to encompass agriculture, services, intellectual property, and investments;
- Strengthen GATT enforcement provisions and improve dispute settlement mechanisms;
- Examine the role of developing countries and seek ways to encourage their full and active participation in the GATT;
- Focus on the impact that broad national policies and practices (e.g., targeting, subsidies, standards, and procurement) may have on international trade; and
- Expand trade and increase market access opportunities.

States, as active participants in the international economy, have a strong interest in the outcome of this effort. The round should bring new opportunities to the states and could provide many potential benefits. States have a special role in certain areas covered by the negotiations, including services and agriculture. States could also be affected by new agreements on government procurement, subsidies, PRODUCT STANDARDS, and investment.

9.2 Trade in Services

The Governors affirm their support for multilateral negotiations on services trade. In seeking to establish an international framework AND RELATED SECTOR LIBERALIZATION COMMITMENTS, U.S. officials should be guided by the general principles of market access, including the ability to compete with government monopolies, national treatment (no discrimination against foreign firms), the recognition of intellectual property rights, and transparency of laws, regulations, and procedures regarding services transactions.

Because of the special state regulatory role, it is imperative that the federal government continue to consult fully with GOVERNORS OR THEIR DESIGNEES ~~state regulators~~ on international rules affecting service industries and that state views be incorporated in the U.S. negotiating position AND IMPLEMENTING LEGISLATION. The federal government should work with states to develop mechanisms to keep Governors informed on and to solicit their input for any bilateral and multi-lateral negotiations on international trade in services.

9.3 AGRICULTURE TRADE

REFORM OF AGRICULTURAL TRADE PRACTICES MUST BE INCLUDED IN ORDER FOR THE NEGOTIATIONS TO BE CONSIDERED SUCCESSFUL. IN PARTICULAR, ELIMINATION OF THE WORLD'S EXPORT SUBSIDIES SHOULD BE PRIORITIZED.

THE GOVERNORS URGE CONGRESS TO ADOPT LEGISLATION IMPLEMENTING A SUCCESSFULLY NEGOTIATED GATT AGREEMENT THAT IS CONSISTENT WITH THE FOLLOWING PRINCIPLES:

- PRIORITY SHOULD BE GIVEN TO MEASURES THAT ENSURE THE VIABILITY OF OUR DOMESTIC AGRICULTURAL INDUSTRY.
- INCOME PROTECTION FOR FARMERS SHOULD REMAIN AN IMPORTANT MEANS OF ENSURING ADEQUATE SUPPLIES OF FOOD AT STABLE PRICES.
- PROGRAMS DESIGNED TO CONSERVE OUR NATURAL AGRICULTURAL RESOURCES, MAINTAIN A STRATEGIC FOOD AND LAND SUPPLY, PROTECT AGAINST THE EFFECTS OF NATURAL DISASTERS, AND IMPROVE THE QUALITY OF LIFE IN RURAL AREAS SHOULD NOT BE SUBJECT TO DISCIPLINE UNDER GATT AS LONG AS THEY HAVE NO SIGNIFICANT TRADE-DISTORTING EFFECTS.

ANY POLICIES THAT WILL SUBSTANTIALLY CHANGE THE DOMESTIC POLICY OF ANY GATT PARTICIPANT SHOULD BE PHASED IN.

9.4 Government Procurement

Where there are clearly defined benefits to the states, the Governors support considering the elimination by the states of GATT agreement-inconsistent price preferences and set-asides in state government purchasing practices, where such preferences and set-asides discriminate against signatories to the GATT agreement. Elimination of such practices should be made on a negotiated basis and with the participation and full consent of the states; should apply only to suppliers from countries that are signatories to the GATT agreement on government procurement; and should be made in exchange for removal of such preferences and set-asides that discriminate against U.S. suppliers.

9.5 GOVERNMENT SUBSIDIES

IMPROVED DISCIPLINES ON SUBSIDIES ARE ESSENTIAL TO A SUCCESSFUL GATT AGREEMENT. YET INTERNATIONAL RULES SHOULD NOT UNDULY RESTRICT THE ABILITY OF STATES TO PURSUE EFFORTS AIMED AT MAINTAINING AND IMPROVING THEIR ECONOMIES. DEVELOPMENT PROGRAMS THAT ARE GENERALLY AVAILABLE WITHIN THE STATE SHOULD NOT BE DEFINED AS A SUBSIDY UNDER INTERNATIONAL SUBSIDIES RULES. PROGRAMS AIMED AT HELPING ECONOMICALLY DISADVANTAGED REGIONS AND ENCOURAGING RESEARCH AND DEVELOPMENT SHOULD BE PERMITTED IF DEFINED IN A MANNER THAT LIMITS TRADE DISTORTIONS. ALSO, STATES SHOULD BE ALLOWED TO CONTINUE WITH SMALLER DEVELOPMENT PROGRAMS THAT ARE NOT SIGNIFICANTLY TRADE-DISTORTING.

9.6 INTERNATIONAL PRODUCT STANDARDS DEVELOPMENT

THE GOVERNORS RECOGNIZE THE NEED TO STRENGTHEN INTERNATIONAL DISCIPLINES ON THE DEVELOPMENT OF PRODUCT STANDARDS AND TECHNICAL REGULATIONS IN ORDER TO MINIMIZE THEIR USE AS BARRIERS TO TRADE.

STATES HAVE A LEGITIMATE ROLE IN SETTING STANDARDS, ESPECIALLY IN MATTERS OF PUBLIC SAFETY AND ENVIRONMENTAL PROTECTION, THAT SHOULD NOT BE UNDULY CONSTRAINED. ALSO, STATES MUST HAVE THE ABILITY TO SET STANDARDS THAT ARE STRICTER THAN FEDERAL REQUIREMENTS, AS LONG AS SUCH STANDARDS ARE NONDISCRIMINATORY AND SCIENTIFICALLY BASED.

9.7 ADMINISTRATIVE COSTS OF COMPLIANCE

A COMPREHENSIVE GATT AGREEMENT WILL TAKE TIME AND RESOURCES TO IMPLEMENT. THE FEDERAL GOVERNMENT SHOULD MAKE EVERY EFFORT TO MINIMIZE THE ADMINISTRATIVE COSTS OF IMPLEMENTATION TO STATES. COST ESTIMATES SHOULD BE AN INTEGRAL PART OF THE NEGOTIATING AND IMPLEMENTING PROCESS AND STATES SHOULD BE CONSULTED TO DETERMINE THE MOST COST-EFFECTIVE WAYS TO ACHIEVE THE GOALS OF A GATT AGREEMENT.

9.8 State-Federal Consultation

We support the consultation approach between the U S Trade Representative (USTR) and the Governors as provided for by the USTR Intergovernmental Policy Advisory Committee, as well as the committee process with NGA and various regional Governors' organizations. We recommend that this process be continued and enhanced as the means of state-federal consultation during the Uruguay Round AND THROUGHOUT THE PHASE OF DOMESTIC IMPLEMENTATION.

9.9 FAILED NEGOTIATIONS

IN THE EVENT THAT THE URUGUAY ROUND DOES NOT PRODUCE A COMPREHENSIVE AGREEMENT, THE GOVERNORS URGE THE ADMINISTRATION TO UTILIZE ALL TOOLS AVAILABLE UNDER CURRENT GATT RULES AND DOMESTIC STATUTES TO FORCE FURTHER NEGOTIATION AND RESOLUTION OF OUTSTANDING ISSUES INCLUDING AGRICULTURE SOME POSSIBLE TOOLS TO BRING THE NEGOTIATORS BACK TO THE TABLE INCLUDE EXPANSION OF THE EXPORT ENHANCEMENT PROGRAM (EEP), REVIEW OF POLICY ON MIXED CREDIT AND TIED-AID PACKAGES, INCREASED APPROPRIATIONS FOR THE AGRICULTURE MARKET PROMOTION PROGRAM AND AGGRESSIVE PURSUIT OF REMEDIES FOR UNFAIR TRADE PRACTICES.



1991 Winter Meeting

COMMITTEE ON JUSTICE AND PUBLIC SAFETY

Chairman

Governor Bob Miller

Committee Director

Nolan E. Jones

Proposed Changes in Policy

B-11

Army and Air National Guard
(Equal Opportunity in the
National Guard)

2

New language is typed double-spaced and in ALL CAPS.

The Committee on Justice and Public Safety recommends the consideration of an amendment to one existing policy position. Background information and fiscal impact data follow.

1. Army and Air National Guard (Amendment to B-11)

(Equal Opportunity in the National Guard)

This proposed amendment supports the National Guard Bureau's primary goal of equal opportunity and equal access to all positions within National Guard units in the states regardless of race, creeds, and religions. It encourages Governors, as Commanders in Chief of the National Guard, to support this goal.

The fiscal impact of this proposed policy should be minimal.

B- 11. ARMY AND AIR NATIONAL GUARD

- 11.1 Preface**
- 11.2 Training**
- 11.3 Control of the Guard**
- 11.4 Training and Equipment**
- 11.5 Reorganizing and Restructuring of Military Forces**
- 11.6 EQUAL OPPORTUNITY IN THE NATIONAL GUARD**

THE NATIONAL GUARD IS COMPOSED OF MORE THAN 575,000 MEMBERS FROM MORE THAN 3,600 COMMUNITIES IN THE STATES, AND IS COMMANDED BY THE GOVERNORS DURING PEACETIME. THE GUARD IS COMPOSED OF PEOPLE FROM ALL RACES, COLORS, CREEDS, AND RELIGIONS.

THE NATIONAL GUARD BUREAU HAS ESTABLISHED EQUAL OPPORTUNITY IN THE GUARD AS ONE OF ITS PRIMARY GOALS. IT IS ATTEMPTING TO ENSURE FAIR AND EQUAL ACCESS TO ALL POSITIONS IN THE NATIONAL GUARD.

GOVERNORS, AS COMMANDERS-IN-CHIEF OF THE NATIONAL GUARD, FULLY SUPPORT EQUAL OPPORTUNITY IN ALL STATE PROGRAMS AND INSTITUTIONS UNDER THE GUARD REGARDLESS OF RACE, SEX, OR RELIGION, ENDORSE THE NATIONAL GUARD BUREAU'S GOAL, AND PLEDGE FULL SUPPORT IN ACHIEVING EQUAL OPPORTUNITY IN ALL ASPECTS OF THE GUARD.



1991 Winter Meeting

COMMITTEE ON TRANSPORTATION, COMMERCE, AND COMMUNICATIONS

Chairman

Governor Wallace G. Wilkinson

Committee Director

Charilyn W. Cowan

Proposed Changes in Policy

F-1	Transportation Policy Overview (Surface Transportation Policy Principles)	3
Resolution	Priorities for 1991 Surface Transportation Legislation	7
F-10	Telecommunications (Support for a Dedicated Education Satellite)	9

New language is typed double-spaced and in ALL CAPS.

The Committee on Transportation, Commerce, and Communications recommends the consideration of one resolution and amendments to two existing policy positions. Background information and fiscal impact data follow.

1. Transportation Policy Overview (Amendments to F-1)

(Surface Transportation Policy Principles)

This amendment updates surface transportation policy principles to reflect provisions included in the recent federal budget reconciliation package. It opposes diversion of fuel taxes from the highway trust fund and calls for increasing obligation ceilings to spend all annual trust fund receipts, including interest and revenues from the new fuel tax. For fiscal 1991, that would produce an increase of \$2 billion in spending authority and an obligation ceiling of \$16.5 billion. The infusion of new project funding is especially critical given the anti-recessionary effect of increased investment during the current economic climate.

The amendment underscores opposition to shifting federal costs to states and localities through increasing matching requirements. A provision being considered by the Department of Transportation could increase the local contribution for many projects by 60 percent. The new language also strongly opposes the proliferation of federally mandated requirements as a precondition of the receipt of federal aid. There are currently 13 penalties and sanctions that apply to the federal highway program, including the new driver license suspension requirement.

2. Priorities for 1991 Surface Transportation Legislation (Resolution, based upon Policy F-1)

This resolution is based on existing policy F-1, including the amendment noted above. It sets five key objectives: consolidate and refocus programs, including the new national highway system; timely reauthorization of a multiyear bill before the current authorizations expire September 30, 1991; restore trust to the trust fund, including spending the cash balance and all annual receipts; no change in matching rates; and no more sanctions or mandates.

3. Telecommunications (Amendment to F-10)

(Support for a Dedicated Education Satellite)

This amendment endorses the development of a communications satellite dedicated to education. Telecommunications is being increasingly employed as a tool to meet the many challenges faced by the education community today. Encumbered by limited financial resources, states are beginning to invest heavily in telecommunications technology as an economical way to meet the needs of small rural schools. The federal government has provided millions of dollars to support the "Star Schools" program and to encourage formation of public/private consortiums that can produce high quality educational programs. Educators and the private sector have recognized the benefits of producing television programming targeted for school populations and have responded by accelerating the quantity of televised instruction used by educational institutions.

The technologies through which these programs are delivered at the local level often include optical fiber, coaxial cable, microwave and fixed-base broadcast television as well as direct receivers of satellite transmissions. Although land-based technologies are essential to a complete telecommunications network, educational programming initiatives are currently satellite-based, as satellites are the best vehicle for nationwide distribution of educational programming at a low unit cost.

State educational agencies currently spend approximately \$45 million for more than 750,000 hours of transponder time during the academic year. The policy assumes that the federal government will finance the \$150 million estimated cost of launching the satellite and that states would purchase transponder time.

F- 1. TRANSPORTATION POLICY OVERVIEW

- 1.1 Preface**
- 1.2 Transportation Planning**
- 1.3 Transportation Finance**
- 1.4 Operation**
- 1.5 Regulation**
- 1.6 Surface Transportation Policy Principles**

The nation's Governors support comprehensive efforts to develop a new national transportation policy to meet America's needs into the twenty-first century. Safe, efficient, convenient, cost-effective, and environmentally sensitive transportation is essential for maintaining and improving mobility for people and for transporting goods in commerce. Adequate investment in transportation infrastructure is critical to the economic vitality, international competitiveness, and national defense interests of the United States.

The Governors pledge a partnership with Congress and the administration to develop and implement new national transportation policy to meet current and emerging challenges facing the nation. The comprehensive, multimodal national transportation strategy developed by the U.S. Department of Transportation will help focus the nation's attention on critical investment priorities. Having reviewed policy recommendations developed by the American Association of State Highway and Transportation Officials, the Transportation Alternatives Group, and others, the Governors have developed policy principles to provide guidance in formulating new federal transportation authorization legislation.

1.6.1 Overriding Principles

- 1.6.1.1 Continue a Significant Federal Role.** A safe and efficient transportation system is a key element for national economic prosperity. The Governors call for the continuation of a significant federal role in assisting the states in financing highway and transit projects to meet national transportation goals.

- 1.6.1.2 Increase Investment in Transportation.** Greater investment in transportation infrastructure is critical to preserving the United States' productivity and competitive position in a global economy. Flexibility to respond to both reinvestment and capacity expansion should be a primary feature of a new transportation program. States and local governments provide the vast majority of support for transportation and have expanded their financial commitment over the last decade. While the state commitment will continue -- along with securing greater private financing for transportation improvements -- the federal government must also increase its contributions in order to meet the enormous needs. An appropriate first step would be full utilization of the balances in the highway and transit accounts of the Highway Trust Fund. This would leverage even more state, local, and private dollars for an overall higher investment level. **THE GOVERNORS OPPOSE SHIFTING ADDITIONAL COSTS TO STATES AND LOCAL GOVERNMENTS THROUGH INCREASES IN PROJECT MATCHING SHARE REQUIREMENTS.**

- 1.6.1.3 Restore Trust in the Transportation Trust Funds.** **THE LONG-STANDING POLICY OF DEDICATING MOTOR FUEL TAXES EXCLUSIVELY FOR TRANSPORTATION PURPOSES SHOULD BE REINSTATED AND THE DIVERSION OF FUEL TAX REVENUES TO THE GENERAL FUND SHOULD BE ELIMINATED.** All dedicated user fees as well as trust fund interest, should be promptly distributed for their intended purposes. These collected funds are urgently needed to maintain and improve the condition and safety of the nation's highways, bridges, and transit systems. The

Governors call on Congress and the administration to restore "trust" in the transportation trust funds by promptly spending down the cash balances. Annual obligation ceilings should be set no lower than annual trust fund receipts, including interest AND REVENUES FROM THE NEW FUEL TAX. THIS IS ESPECIALLY CRITICAL GIVEN THE ANTI-RECESSIONARY EFFECT OF INCREASED INFRASTRUCTURE INVESTMENT IN THE CURRENT ECONOMIC CLIMATE.

- 1.6.1.4 **Protect Trust Fund Revenue Sources.** All existing and future diversions, deductions, and exemptions should be carefully considered for their impact on transportation user fee revenues. Clean Air Act requirements serve broad social goals and should be supported by broad-based financing mechanisms. The Governors also urge renewed efforts directed toward collecting the millions of dollars in user fees that are lost each year through tax evasion.
- 1.6.1.5 **Increase Flexibility in New Transportation Programs.** The Governors urge that the states be given greater flexibility within broad program categories in the new highway and public transportation improvement programs to administer federal funds to address their critical priorities and obtain the best value for each investment. States need greater flexibility to make maximum use of limited resources, through simplified administrative procedures and more flexible state funding options. Governors oppose the direct earmarking of funds for demonstration projects AND THE PROLIFERATION OF FEDERALLY MANDATED REQUIREMENTS AS A PRECONDITION OF RECEIPT OF HIGHWAY AID. In addition, Governors urge voluntary state efforts to achieve regulatory and procedural uniformity and would oppose preemption of state authority over sources of state revenues, state tax bases, or taxation methods. The Governors also recommend that federal restrictions limiting tax-exempt bond financing be removed to facilitate additional capital financing.
- 1.6.1.6 **Improve Safety.** Safety must be a major consideration in any transportation investment. The Governors are especially concerned about safety on the nation's highways, where the highest number of deaths and injuries occur, and support strengthened safety programs, such as those to curtail drunken and drugged driving, promote seat belt use, enforce speed limits, and improve accident data collection and analysis.
- 1.6.1.7 **Strengthen Commitment to Research and Technology Development.** Ongoing research, development, and technology transfer is a basic prerequisite to maintaining a high-quality transportation system. The federal government must exercise leadership by expanding financing for research and development and must take the lead in disseminating results, in close cooperation with the states and private industry. Coordinated efforts also are required to ensure an adequately trained workforce for planning, designing, constructing, and operating transportation systems.
- 1.6.1.8 **Improve Intermodal Linkage.** The Governors recognize the importance of improved intermodal connections to making the nation's total transportation network more efficient and competitive. States are well situated to take on the complex challenge of multimodal coordination because of the states' broad involvement in statewide transportation planning and programming. The federal government should reduce or remove federal impediments and restrictions to multimodal coordination and should actively encourage innovation in this area.
- 1.6.1.9 **Increase Private Sector Involvement.** The Governors will continue to seek opportunities for private involvement and financing of transportation services and infrastructure investments to augment public funding and facilitate individual projects. The federal government can promote joint private-public transportation ventures by removing hindrances in such areas as tax law and program restrictions. The Governors oppose federal prescriptive mandates on privatization, such as quotas for private sector involvement.
- 1.6.1.10 **Use Incentives, Not Sanctions.** The Governors believe strongly that incentives to encourage achievement of national goals are more effective and productive than sanctions. The Governors oppose the use of sanctions and urge the use of federal incentives to stimulate states to adopt federal standards.
- 1.6.2 **Highway Transportation.** The Governors believe that it is time to initiate a transition into a new federal aid highway program that will address federal investment priorities while providing the flexibility needed by the states. This would include development of a system of funding allocation

to states that is rational, equitable, and predictable to serve identified national policy priorities. Renegotiation of the state-federal partnership should include a reassessment of the appropriate federal role in decisionmaking and programmatic review.

As part of the transition, some provision should be made to enable timely completion of essential Interstate projects. However, with completion of the Interstate program, the main focus of the federal program should address current and future national highway needs. All available highway dollars should be spent immediately to improve the nation's highways and bridges. At a minimum, the highway obligation ceiling should be set no lower than annual trust fund receipts, including interest AND REVENUES FROM THE NEW FUEL TAX. The new federal highway program should GRANT FLEXIBILITY TO ALLOW EACH STATE TO ESTABLISH ITS OWN PRIORITIES AND address the following NEEDS.

- 1.6.2.1 **Preserve and Improve Interstate System and other Highways of National Significance.** The highest priority for the new federal program must be preserving and improving the nation's aging interstates and other highways of national significance. Keeping this network in top condition is critical for the nation's economic vitality. It is essential that federal spending for interstate and other highways of national significance be increased as the commitment to complete the Interstate system is fulfilled.
- 1.6.2.2 **Rehabilitate and Replace Bridges.** The safety of the nation's bridges is of paramount importance requiring special attention. The federal program must ensure that adequate resources are available for this critical infrastructure need.
- 1.6.2.3 **Reduce Urban and Suburban Congestion.** Mobility in urban and suburban areas has emerged as one of the most critical concerns in the nation. The Governors are keenly aware of the economic costs of congestion in terms of lost productive time and higher shipping costs. Efficiency improvements and additional capacity are urgently needed in the nation's urban and suburban areas. The states must play a strong role in programming these funds, since they are in the best position to take a systemwide, strategic approach to congestion relief and to coordinate transportation priorities among various jurisdictions through broad planning and programming mechanisms.
- 1.6.2.4 **Reconnect Rural America.** Improved highway access is key to expanding economic opportunity in rural areas. Strategically placed new rural highway arteries and capacity and access improvements to the existing network are needed to connect existing and potential rural production centers with national and international markets and to accommodate increased heavy truck traffic. Given the regional and national economic interests served by improving rural access, a federal commitment is needed.
- 1.6.2.5 **Enhance Safety.** Safety considerations should be an integral part of every aspect of the new federal highway program, including efforts to promote safety improvements in vehicles and roadway operations. Driver safety can be enhanced through education and enforcement of laws such as the minimum drinking age, driving under the influence of alcohol and drugs, seat belt use, and commercial drivers licensing. Greater program support is needed to reduce the number of accidents involving hazardous materials.
- 1.6.3 **Public Transportation.** Public transportation is an integral part of the nation's surface transportation network. In major urban areas, mass transit is indispensable to the daily movement of large numbers of people. In smaller urban and rural areas, public transportation provides critical mobility for access to employment and essential human services.

Public transportation serves multiple and overlapping social, energy, and environmental needs in addition to the direct transportation needs. States have steadily increased funding over recent years, so that state support now exceeds federal support. The Governors also recognize the essential role of the private sector, especially in providing specialized transit service and intercity bus service. The Governors believe, however, that financial support for public transportation remains primarily a public responsibility and recommend that a strong federal role continue in partnership with the states, cities, rural areas, and private sector. Priorities for new public transportation legislation should be as follows.
- 1.6.3.1 **Restore and Strengthen the Federal Funding Commitment.** The current level of federal, state, and local spending for public transportation is inadequate even for maintaining existing facilities and service. The funding gap widens with the cost to upgrade the condition of the nation's

bus and rail car fleets, to increase those fleets in order to maintain transit's current market share, and to fund new rail transit systems and high occupancy vehicle or busway projects. The Governors urge that the federal funding commitment be restored and strengthened commensurate with the existing and growing needs. Private sector participation in meeting our public transportation needs should be secured to enhance the limited public resources. It cannot, however, replace public sector funding.

1.6.3.2 Provide Federal Revenues from Fuel Tax and General Fund. Given the multiple goals served by public transportation, it is appropriate that federal funding support be continued from the general fund as well as the Mass Transit Account of the Highway Trust Fund. While the current base level of funding for major capital projects should be retained, the Governors also support using a portion of increased spending from the Mass Transit Account under a more broad-based distribution mechanism for a broadened definition of eligible projects to serve a variety of public transportation needs among the states.

1.6.3.3 Increase Flexibility. The Governors urge that federal public transportation programs be flexible enough to allow states and local areas to target funds to where they are needed most and provide the greatest benefits. In urban areas, the states are often in the best position to provide leadership in forging effective partnerships among highway and transit interests for comprehensive and strategic solutions to congestion problems. The federal operating role in the largest urbanized areas should be maintained at current levels. The capital investment needs of large urbanized areas are significant and should be funded to allow for increased mobility. In the medium and small urbanized areas as well as rural areas, where capital needs are smaller and local revenue sources to cover operating costs are very limited, states and local transit systems should have broad flexibility to use federal funding assistance for operating costs.

RESOLUTION*

PRIORITIES FOR 1991 SURFACE TRANSPORTATION LEGISLATION

NGA CALLS UPON THE ADMINISTRATION AND CONGRESS TO WORK IN PARTNERSHIP WITH THE STATES TO DEVELOP A STRONG AND EFFECTIVE SURFACE TRANSPORTATION AUTHORIZATION BILL THAT IS RESPONSIVE TO THE NEEDS OF THE STATES IN MEETING THE TRANSPORTATION CHALLENGES OF THE 1990S AND THAT PREPARES THE NATION'S TRANSPORTATION SYSTEM FOR THE TWENTY-FIRST CENTURY.

THE FOLLOWING PRIORITIES, DERIVED FROM NGA POLICY, WILL GUIDE NGA'S STRATEGY FOR ADOPTION OF THE LEGISLATION.

CONSOLIDATE AND REFOCUS PROGRAMS. IT IS NOW TIME TO INITIATE A TRANSITION INTO NEW SURFACE TRANSPORTATION PROGRAMS THAT WILL ADDRESS FEDERAL INVESTMENT PRIORITIES WHILE PROVIDING THE FLEXIBILITY NEEDED BY THE STATES. THE ALLOCATION OF FUNDS TO STATES SHOULD BE RATIONAL, EQUITABLE, AND PREDICTABLE, AND SPECIFICALLY DESIGNED TO MEET NATIONAL POLICY PRIORITIES. THE FEDERAL ROLE SHOULD FOCUS ON A NATIONAL HIGHWAY SYSTEM THAT WILL INCLUDE PRESERVATION AND IMPROVEMENT OF THE INTERSTATE SYSTEM AND ADDITIONAL ROUTES OR SYSTEMS REQUIRED TO SERVE CRITICAL INTERREGIONAL RURAL AND URBAN MOBILITY NEEDS. THIS NATIONAL HIGHWAY SYSTEM IDEALLY SHOULD ENCOURAGE INTERSTATE COMMERCE AND TRAVEL, NATIONAL DEFENSE, ECONOMIC VITALITY, AND INTERNATIONAL COMPETITIVENESS. STATES SHOULD BE GIVEN MAXIMUM FLEXIBILITY AND ADMINISTRATIVE CONTROL OVER ALL FUNDS AND PROGRAMS.

TIMELY REAUTHORIZATION OF A MULTIYEAR BILL. MULTIYEAR AUTHORIZATIONS AND ADVANCE NOTICE OF AVAILABLE FUNDING ARE ESSENTIAL TO EFFECTIVE PLANNING AND PROGRAMMING BY STATES AND LOCAL GOVERNMENTS. THE U.S. DEPARTMENT OF TRANSPORTATION IS REQUIRED BY LAW TO NOTIFY STATES OF THEIR PROSPECTIVE FEDERAL APPORTIONMENTS ON JULY 1, WHICH IS THE START OF THE FISCAL YEAR IN MOST STATES. THE PROGRAM AUTHORIZATION EXPIRES SEPTEMBER 30, 1991, AND FUNDING FOR NEW

HIGHWAY PROJECTS WILL BE SUSPENDED UNLESS NEW LEGISLATION IS ENACTED BEFORE THAT DATE. IT IS ESSENTIAL THAT A MULTYEAR BILL BE ENACTED NOW.

RESTORE TRUST TO THE TRUST FUND. ALL REVENUES FROM MOTOR FUEL TAXES AND OTHER HIGHWAY USER TAXES SHOULD BE DEDICATED EXCLUSIVELY FOR TRANSPORTATION PURPOSES. THE DIVERSION OF FUEL TAX REVENUES TO REDUCE THE GENERAL FUND DEFICIT SHOULD BE ELIMINATED. GENERAL FUND SUPPORT SHOULD CONTINUE FOR PUBLIC TRANSPORTATION. THE CASH BALANCE IN THE HIGHWAY TRUST FUND, ACCUMULATED FROM USER TAXES PREVIOUSLY PAID BUT NOT SPENT, SHOULD BE MADE AVAILABLE FOR NEEDED TRANSPORTATION IMPROVEMENTS AS PART OF THE NEXT SURFACE TRANSPORTATION BILL. ANNUAL OBLIGATION CEILINGS FOR HIGHWAYS AND MASS TRANSIT MUST BE SET NO LOWER THAN ALL ANNUAL RECEIPTS, INCLUDING INTEREST AND REVENUES FROM THE NEW FUEL TAX. CONGRESS IS TO BE COMMENDED FOR ITS BIPARTISAN INITIATIVE IN INCREASING THE HIGHWAY OBLIGATION CEILING TO \$14.5 BILLION FOR FISCAL 1991 TO INCREASE INVESTMENT IN THE NATION'S TRANSPORTATION SYSTEM. THIS MUST BE CONTINUED, ESPECIALLY GIVEN THE ANTI-RECESSIONARY EFFECT OF INCREASED INFRASTRUCTURE INVESTMENT IN THE CURRENT ECONOMIC CLIMATE.

NO CHANGE IN MATCHING RATES. THE STAGNATION OF FEDERAL FUNDING FOR TRANSPORTATION HAS ALREADY FORCED STATES AND LOCALITIES TO ASSUME MOST OF THE BURDEN OF MEETING INCREASING TRANSPORTATION INFRASTRUCTURE NEEDS. STATES AND LOCAL GOVERNMENTS CANNOT ACCEPT A FURTHER SHIFT OF COSTS, INCLUDING REDUCED FEDERAL MATCHING SHARES FOR PROJECTS.

NO SANCTIONS OR MANDATES. NGA OPPOSES PREEMPTION OF STATE POLICIES, PRACTICES, AND TAXATION PROCEDURES AND OPPOSES THE USE OF SANCTIONS ON HIGHWAY FUNDS TO SECURE STATE COMPLIANCE WITH FEDERAL POLICIES. GOVERNORS WILL ACCEPT NO MORE MANDATES AND CALL FOR A REASSESSMENT OF THE THIRTEEN CURRENT PENALTIES ON HIGHWAY FUNDS.

* based upon Policy F-1

F- 10. TELECOMMUNICATIONS

- 10.1 Preface**
- 10.2 National Policy Goals**
- 10.3 Federal Responsibilities**
- 10.4 State Actions**
- 10.5 Continuation of Innovation and Research**

The nation's Governors recognize the essential role of telecommunications in an information-based society -- both to the vitality and competitiveness of our nation's economy and to the effectiveness and efficiency of our social services and emergency services delivery systems -- and appreciate the need to ensure universal access to the telecommunications network at affordable prices. NGA urges that national and state telecommunications policies support the goals of universal service and network modernization. To achieve these, federal and state governments and the telecommunications industry should cooperate to ensure that sufficient investment occurs in basic and applied telecommunication technology research and development to provide a telecommunications network and related services that are second to none in the world.

10.6 SUPPORT FOR A DEDICATED EDUCATION SATELLITE

SATELLITE TECHNOLOGY IS AN INCREASINGLY IMPORTANT PART OF THE EDUCATION DELIVERY SYSTEM, ALLOWING DISTRIBUTION OF MULTIPLE EDUCATION PROGRAMS SIMULTANEOUSLY TO EVERY PART OF A STATE OR NATION. THIS IS PARTICULARLY IMPORTANT FOR EXPANDING EDUCATIONAL OPPORTUNITIES IN RURAL AREAS. BUT EDUCATION AGENCIES OFTEN ARE AT A DISADVANTAGE IN COMPETING WITH COMMERCIAL USERS FOR TRANSPONDER TIME.

THE NATION'S GOVERNORS SUPPORT A COOPERATIVE EFFORT BETWEEN THE FEDERAL GOVERNMENT AND THE STATES TO EXAMINE ALTERNATIVE APPROACHES TO THE DEVELOPMENT OF A PUBLICLY FINANCED SATELLITE-BASED TELECOMMUNICATIONS NETWORK DEDICATED TO EDUCATIONAL PURPOSES. PREDICTABLE, LOW-COST, AND EQUITABLE ACCESS TO SATELLITE SERVICES WOULD ENABLE STATES TO APPLY RESOURCES THAT ARE CURRENTLY CONSUMED IN PURCHASING COSTLY TRANSPONDER TIME TO PRODUCE MORE AND BETTER EDUCATIONAL PROGRAMMING.



1991 Winter Meeting

EXECUTIVE COMMITTEE

Chairman

Governor Booth Gardner

Executive Director

Raymond C. Scheppach

Proposed Changes in Policy

C-27	Short-Term Medicaid Policy	3
A-31	A New Federal-State Partnership	5
Resolution	Re-Affirming Support for Political Self-Determination for Puerto Rico	9
--	NGA Rules of Procedure	10

New language is typed double-spaced and in ALL CAPS, with deleted material lined-throughout (———).

The Executive Committee recommends the consideration of two new policy positions and one resolution. Background information and fiscal impact data follow. In addition, the Executive Committee is recommending an amendment to the NGA Rules of Procedure regarding sunseting of policy and is also recommending the deletion (technical cleanup) of several Executive Committee policies.

1. Short-Term Medicaid Policy (New Policy Position, C-27)

The proposed policy on Medicaid by the Health Task Force and the Executive Committee calls for a series of steps to improve services and control escalating Medicaid costs. The policy would make new 1990 Medicaid mandates optional for two years, make qualified Medicare beneficiaries a federal responsibility, preserve state matching flexibility, rely on comparable state laws and procedures for nursing home reform, and clarify state authority to manage screening, diagnostic, and testing services.

2. A New Federal-State Partnership (New Policy Position, A-31)

The proposed policy calls upon Congress and the Administration to join the Governors in a new partnership to maintain critical services during the downturn, as well as to make long-term investments. In the short-run, the policy calls for a relaxation of Medicaid mandates, maintenance of matching rates in transportation programs, spend-down of dedicated trust funds, preservation of state revenue sources, and emergency administrative costs of unemployment insurance funding. For the long-run economic investments, the Governors pledge their support in developing a domestic blueprint that includes health care, education, energy, transportation, and waste management. The Governors believe this new state-federal partnership is essential to the nation's long-term health.

3. Re-Affirming Support for Political Self-Determination for Puerto Rico (Resolution, based upon Policy A-10)

This resolution re-affirms current NGA policy A-10, "Political Self-Determination for Puerto Rico," and urges the 102nd Congress and the President to swiftly pass enabling legislation.

4. NGA Rules of Procedure (Amendment)

This amendment to the NGA Rules of Procedure provides for a modified sunset for policy positions.

In February 1991, NGA will have eighteen new Governors who have had little or no familiarity with NGA's current policy positions. Only eight Governors will have voted on current policies adopted before 1987. Some NGA policies date back to August 1978 (A-2) and many to 1984 (A-2, 5, 13, 15, and similar amounts for most NGA committees). Also, the policy book has now become very large and unwieldy. Several have recommended a sunset provision for policy positions. Such a provision would force a periodic review of policies to reflect current conditions and updates for change due to congressional or administration actions. More importantly, a sunset procedure will keep committees focused on current issues and will keep new Governors aware of NGA priority concerns.

5. Deletion (Technical Cleanup) of Executive Committee Policies

It is recommended that most of the pre-1987 policy positions be deleted and that a careful review of all other policies be undertaken during 1991. Deletion of the following policies is recommended because:

- o Most incumbent Governors in 1991 will not have voted on pre-1987 policies.
- o Many of the statements have been overtaken by history or events and are no longer relevant.
- o Some policies are covered in more recent policy adoptions, such as federalism, federal budget, and preemption.

Delete the following policies:

<u>Number</u>	<u>Title</u>	<u>Year Adopted</u>	<u>Reason</u>
A-2	State Management Practices	1980	ongoing; self evident
A-5	Federal Budgeting Procedures	1980	updated and partially covered in policy A-1, Federalism (A-1.2.4); A-12, The Federal Budget; and A-27, Federal Fiscal Impact Statements
A-7	State and Local Bonds	1980	covered in policy A-1, Federalism (A-1.2.3)
A-13	National Employment Policy	1984	covered in other policies for budget, tax reform, training, technology, and income security
A-15	Retirement and Hiring Provisions Affecting State Public Safety Officials	1983	substantially accomplished
A-18	Federal Tax Reform	1985	enacted in 1986; partially covered in policy A-1, Federalism (A-1.1) and A-30, Federal Tax Deductions for State Taxes
A-21	Federal Budget Practices and Social Security	1985	partially accomplished and covered in policy A-16, Infrastructure and A-1, Federalism (A-1.2.4)
A-24	A National Economic Commission	1987	work completed

C-27. SHORT-TERM MEDICAID POLICY

27.1 PREFACE

THE NATION'S GOVERNORS RECOGNIZE THAT RAPIDLY ESCALATING HEALTH CARE COSTS IN THE FACE OF THE INCREASING NEED FOR HEALTH CARE ACCESS IS THE ESSENCE OF THE HEALTH CARE CRISIS THAT CONFRONTS OUR NATION. THE GOVERNORS ARE ALSO AWARE OF THE VARIED AND COMPLEX FACTORS THAT MUST BE DEALT WITH IF WE ARE TO ACHIEVE A SOLUTION TO THIS CRISIS.

CURRENTLY, THIRTY-ONE STATES ARE STRUGGLING WITH BUDGET SHORTFALLS. A SIGNIFICANT PART OF THE FISCAL PRESSURE ON STATES IS COMING FROM INCREASED COSTS IN THE MEDICAID PROGRAM. IN 1980, MEDICAID SPENDING ACCOUNTED FOR 9 PERCENT OF STATES' BUDGETS; IN 1990, IT ACCOUNTED FOR NEARLY 14 PERCENT OF ALL STATE SPENDING.

THE INCREASED COSTS OF MEDICAID NOT ONLY REPRESENT THE GENERALLY INFLATED COST OF HEALTH CARE EXPERIENCED BY ALL PURCHASERS, BUT ARE EXACERBATED BY FOUR YEARS OF MEDICAID MANDATES.

STATES MUST HAVE SOME IMMEDIATE RELIEF FROM THE REAL AND PRESSING PROBLEMS PRESENTED BY THE MEDICAID PROGRAM IF THEY ARE TO MOVE FORWARD ON LONG-TERM SOLUTIONS. THEREFORE, THE GOVERNORS CALL ON CONGRESS AND THE ADMINISTRATION TO WORK WITH US TO IMMEDIATELY MAKE THE FOLLOWING CHANGES TO THE MEDICAID PROGRAM.

- CONGRESS SHOULD DELAY THE IMPLEMENTATION OF THE 1990 MEDICAID MANDATES FOR TWO YEARS. THIS WILL GIVE FEDERAL AND STATE GOVERNMENTS TIME TO ASSESS THE DEPTH OF THE RECESSION AND THE OPPORTUNITY TO DEVELOP LONG-TERM SOLUTIONS FOR THE RESTRUCTURING OF THE MEDICAID PROGRAM.
- STATES MUST NOT BE EXPECTED TO IMPLEMENT ANY MEDICAID PROGRAM CHANGES UNTIL THE HEALTH CARE FINANCING ADMINISTRATION (HCFA) HAS PUBLISHED FINAL REGULATIONS TO GUIDE PROGRAM ADMINISTRATION.
- STATES MUST BE ALLOWED TO MAINTAIN THEIR COMPLETE AUTHORITY TO RAISE FUNDS TO MATCH FEDERAL MEDICAID DOLLARS WITHOUT RESTRICTION FROM THE FEDERAL GOVERNMENT.

IN ADDITION, WITH RESPECT TO THREE PARTICULARLY TROUBLESOME MANDATES OVER THE LAST FOUR YEARS, THE GOVERNORS CALL UPON CONGRESS AND THE ADMINISTRATION TO MAKE THE FOLLOWING SPECIFIC, PROGRAMMATIC CHANGES.

27.2 QUALIFIED MEDICARE BENEFICIARIES (QMB'S)

CONGRESS SHOULD ASSUME FULL FINANCIAL RESPONSIBILITY FOR ALL LOW-INCOME MEDICARE BENEFICIARIES WHO ARE NOT OTHERWISE MEDICAID-ELIGIBLE. SINCE THE PASSAGE OF THE MEDICARE CATASTROPHIC LEGISLATION IN 1988, THE FEDERAL GOVERNMENT HAS INCREASINGLY PASSED ON TO THE STATES THE RESPONSIBILITY TO PROTECT LOW-INCOME MEDICARE BENEFICIARIES.

27.3 NURSING HOME REFORM

STATES SHOULD BE CONSIDERED IN COMPLIANCE WITH THE LAW IF A COMPARABLE QUALITY ASSURANCE PROGRAM IS IN PLACE OR DEVELOPED. IN THE OMNIBUS RECONCILIATION ACT OF 1987, CONGRESS MANDATED EXTENSIVE NEW QUALITY ASSURANCE MEASURES FOR THE MEDICAID NURSING HOME PROGRAM. THE STATUTORY LANGUAGE PERMITS LIMITED STATE FLEXIBILITY AND PUTS CONGRESS IN THE POSITION OF MICRO-MANAGING THE PROGRAM.

27.4 EARLY PERIODIC SCREENING, DIAGNOSIS, AND TREATMENT (EPSDT)

IN "TECHNICAL" AMENDMENTS TO THE EPSDT PROGRAM LEGISLATED IN 1989, CONGRESS ADDED MAJOR COSTS TO THIS PROGRAM. THEREFORE, THE GOVERNORS PROPOSE TWO TECHNICAL AMENDMENTS TO THE 1989 LAW TO:

- WITH REGARD TO SCREENING SERVICES, CLARIFY THAT STATES HAVE THE AUTHORITY TO SPECIFY QUALIFIED SCREENING PROVIDERS AND THAT STATES ARE PERMITTED TO INSIST THAT SUCH A PROVIDER CAN BE REQUIRED TO PROVIDE ALL SCREENING SERVICES.
- GIVE STATES THE AUTHORITY TO PROVIDE ONLY THOSE SERVICES IDENTIFIED IN A SCREEN THAT ARE CURRENTLY OFFERED IN A STATE'S MEDICAID PROGRAM.

WHILE THESE CHANGES CLEARLY WILL NOT RESOLVE THE NATION'S LONG-TERM STRUGGLE TO RESTRUCTURE THE MEDICAID PROGRAM, THEY WILL PROVIDE IMMEDIATE AND SENSIBLE RELIEF IN DIRE ECONOMIC TIMES. THESE CHANGES ALSO WOULD MARK THE BEGINNING OF A NEW AND REAL PARTNERSHIP BETWEEN THE FEDERAL GOVERNMENT AND STATE GOVERNMENTS OVER THE DESIGN AND IMPLEMENTATION OF THE MEDICAID PROGRAM.

A- 31. A NEW FEDERAL-STATE PARTNERSHIP

31.1 INTRODUCTION

THE NATION'S GOVERNORS, FACING THE TOUGHEST FISCAL SITUATION SINCE THE 1982 RECESSION, ARE PROPOSING A NEW PARTNERSHIP WITH CONGRESS AND THE ADMINISTRATION TO ADDRESS THE NATION'S URGENT PROBLEMS OF DECLINING ECONOMIC GROWTH AND RISING UNEMPLOYMENT, SPIRALING HEALTH CARE COSTS, AND PRESSING ENVIRONMENTAL AND INFRASTRUCTURE NEEDS.

MORE THAN THIRTY STATES WILL HAVE DEFICITS IF THEY DO NOT CUT SPENDING OR INCREASE REVENUES BEFORE THE END OF FISCAL 1991. ELEVEN STATES FACE SHORTFALLS IN EXCESS OF 5 PERCENT. ON AVERAGE, STATES FACE A 3 PERCENT DEFICIT.

IN 1990 STATES INCREASED TAXES \$10.3 BILLION, THE LARGEST SINGLE-YEAR INCREASE EVER RECORDED, AND FEDERAL TAXES WERE ALSO INCREASED. IN THAT CLIMATE, ADDITIONAL TAX INCREASES IN FISCAL 1991 WILL BE DIFFICULT. CLEARLY, CUTBACK MANAGEMENT WILL BE THE CRITICAL STATE BUDGET THEME UNTIL NATIONAL ECONOMIC GROWTH IS POSITIVE AGAIN.

THE DECLINING ECONOMY AND A PATTERN OF MANDATED FEDERAL PROGRAM EXPANSIONS HAVE RESTRICTED GOVERNORS' EFFORTS TO FIND INNOVATIVE SOLUTIONS TO DOMESTIC PROBLEMS. IT IS ALSO CAUSING CUTBACKS IN OTHER SERVICES, INCLUDING THOSE TO THE POOR, AND IN SUCH CRITICAL AREAS AS EDUCATION, HIGHWAYS, ENVIRONMENTAL PROTECTION, AND AID TO LOCALITIES. FORTY-NINE STATES REQUIRE BALANCED BUDGETS. GOVERNORS MUST MAKE HARD CHOICES.

EFFECTIVE DOMESTIC POLICY REQUIRES A VIGOROUS FEDERAL-STATE PARTNERSHIP. STATES MANAGE MOST DOMESTIC PROGRAMS, IN AREAS AS DIVERSE AS ENVIRONMENTAL CLEANUP AND HUMAN RESOURCES, INCLUDING THOSE CREATED BY THE FEDERAL GOVERNMENT. THIS RICH PRACTICAL EXPERIENCE IN THE "LABORATORIES OF DEMOCRACY" ARGUES THAT GOVERNORS SHOULD BE FULL PARTNERS IN DEVELOPING NATIONAL DOMESTIC POLICY. TOGETHER, THE NATION'S LEADERS CAN ADDRESS OUR IMMEDIATE CONCERNS AND DEVELOP A BLUEPRINT FOR RENEWED ECONOMIC GROWTH AND A BETTER QUALITY OF LIFE.

31.2 CAUSES OF THE FISCAL PRESSURE ON THE STATES

THE MOST SIGNIFICANT CAUSE OF THE FISCAL PRESSURE ON STATES IS THE ECONOMIC DOWNTURN IN MANY REGIONS OF THE COUNTRY. AS A RESULT, CORPORATE PROFITS, SALES, AND PERSONAL INCOME TAX REVENUES HAVE DECREASED DRAMATICALLY. OTHER FACTORS ALSO ARE AT WORK.

- HEALTH CARE COSTS ARE EXPLODING. STATE MEDICAID SPENDING INCREASED BY 18.4 PERCENT IN FISCAL 1990 ALONE, AND IS EXPECTED TO INCREASE BY NEARLY 25 PERCENT IN FISCAL 1991. OVER THE NEXT FIVE YEARS, MEDICAID IS PROJECTED TO INCREASE \$75 BILLION—COSTING THE FEDERAL GOVERNMENT AN ADDITIONAL \$42 BILLION AND STATES AN EXTRA \$33 BILLION.
- STATES HAVE LIMITED OPTIONS TO RAISE REVENUES AND STATE TAX BASES ARE ERODING. FEDERAL TAX POLICYMAKERS ARE TAPPING TRADITIONAL STATE SOURCES, SUCH AS EXCISE TAXES, AND ARE LIMITING THE DEDUCTIBILITY OF STATE AND LOCAL TAXES. INCREASINGLY, INTERSTATE INDUSTRIES ARE ASKING CONGRESS TO EXEMPT THEM FROM STATE TAXES.
- STATE AND FEDERAL COURTS ARE ORDERING STATES TO INCREASE FINANCIAL COMMITMENTS TO STOP PRISON OVERCROWDING, TO EQUALIZE EDUCATION SPENDING AMONG DISTRICTS, AND TO PROVIDE HIGHER REIMBURSEMENTS TO HOSPITALS FOR MEDICAL SERVICES. IN 1990 PRISONS IN FORTY-ONE STATES AND TWO TERRITORIES WERE UNDER COURT ORDER TO RELIEVE OVERCROWDING AND/OR IMPROVE CONDITIONS. STATE SPENDING ON PRISONS, FREQUENTLY DRIVEN BY THOSE MANDATES, IS THE SECOND FASTEST GROWING ELEMENT OF STATE BUDGETS.
- THE DEMAND FOR SERVICES SUCH AS UNEMPLOYMENT INSURANCE, MEDICAID, AND AID TO FAMILIES WITH DEPENDENT CHILDREN IS GROWING AS MORE PEOPLE ARE UNEMPLOYED.

31.3 THE GOVERNORS' RECOMMENDATIONS

EVEN THOUGH IT APPEARS THAT THE CURRENT DOWNTURN WILL REVERSE ITSELF BY THE END OF 1991, FEW PREDICT A ROBUST RECOVERY. WITH THEIR BALANCED BUDGET REQUIREMENTS, GOVERNORS WILL CONTINUE TO FACE EXTREMELY DIFFICULT FISCAL CHOICES WELL INTO 1992.

31.3.1 SHORT-TERM ACTION. THE GOVERNORS RECOMMEND FIVE SHORT-TERM ACTIONS THE FEDERAL GOVERNMENT CAN TAKE TO HELP STABILIZE THE ECONOMY AND PROVIDE FISCAL RELIEF TO STATES.

1. **RELAX THE NEW MEDICAID MANDATES INCLUDED IN THE FINAL BUDGET AGREEMENT FOR FISCAL 1991 AND 1992 BY MAKING THESE EXPANSIONS OPTIONAL. INCREMENTAL MEDICAID MANDATES AND EXTENSIONS ARE A POOR SOLUTION TO THE NATION'S HEALTH CARE PROBLEMS. THE NATION'S GOVERNORS ARE WORKING TO HELP DEVELOP A MORE EFFECTIVE PARTNERSHIP ON HEALTH CARE REFORM, BUT FISCAL RELIEF IS NECESSARY.**
2. **PROVIDE EMERGENCY SUPPLEMENTAL ADMINISTRATIVE FUNDS TO STATES FOR SERVICES TO THE INCREASING NUMBER OF UNEMPLOYED WORKERS. FEDERAL FUNDS TO PROVIDE SERVICES TO JOBLESS WORKERS WILL BE AT LEAST \$150 MILLION SHORT AND STATE REVENUES ARE NOT AVAILABLE TO MEET THIS EMERGENCY.**
3. **FREEZE ANY FURTHER COST SHIFTS TO THE STATES. CURRENT FEDERAL MATCHING RATES SHOULD BE MAINTAINED. THIS IS PARTICULARLY IMPORTANT IN THE AREA OF FEDERAL HIGHWAY AND TRANSIT PROGRAMS.**
4. **USE THE DEDICATED HIGHWAY, TRANSIT, AIRPORT, AND LAND AND WATER CONSERVATION TRUST FUNDS FOR THEIR INTENDED PURPOSES. THIS WOULD HAVE THE DUAL BENEFIT OF STIMULATING ECONOMIC ACTIVITY WHILE MAKING MUCH-NEEDED INFRASTRUCTURE IMPROVEMENTS AT A LOWER COST SINCE CONSTRUCTION EXPENSES ARE TRADITIONALLY LOWER DURING AN ECONOMIC DOWNTURN.**
5. **PROTECT TRADITIONAL STATE TAX RESOURCES AND PRESERVE THE DEDUCTIBILITY OF STATE AND LOCAL TAXES AND THE TAX-EXEMPT STATUS OF BONDS, ALL OF WHICH ARE ESSENTIAL TO STATE REVENUE-RAISING CAPABILITY. REFRAIN FROM ENACTING LEGISLATION THAT PREEMPTS STATE TAXATION OF INTERSTATE INDUSTRIES, SUCH AS FINANCIAL INSTITUTIONS, RAILROADS, TELECOMMUNICATIONS, INTERSTATE GAS PIPELINES, AND TRUCKING. HELP STATES COLLECT SALES TAXES FROM OUT-OF-STATE DIRECT MARKETERS BY APPROVING LEGISLATION TO OVERTURN THE NATIONAL BELLAS HESS DECISION.**

31.3.2 LONG-TERM ACTION. THE GOVERNORS CALL FOR A BLUEPRINT FOR RENEWED ECONOMIC GROWTH AND A BETTER QUALITY OF LIFE. WE MUST BE FULL PARTNERS IN MAJOR DOMESTIC POLICY DEVELOPMENT AND ASK CONGRESS AND THE ADMINISTRATION TO WORK WITH US TO:

1. RESTRUCTURE THE HEALTH CARE SYSTEM TO INCREASE ACCESS TO APPROPRIATE LEVELS OF CARE, INCLUDING PREVENTIVE, ACUTE, AND LONG-TERM CARE, AT AFFORDABLE COSTS.
2. FULFILL OUR COMMITMENT TO ACHIEVE THE NATIONAL EDUCATION GOALS.
3. DEVELOP A NATIONAL ENERGY POLICY THAT, RECOGNIZING THE FRAGILITY OF THE INTERNATIONAL OIL SITUATION, WILL SEEK TO ENSURE THE LONG-TERM AVAILABILITY OF AFFORDABLE, ADEQUATE ENERGY SUPPLIES BY EMPHASIZING DOMESTIC RESOURCES AND INCREASED EFFICIENCY.
4. ENACT A LONG-TERM NATIONAL TRANSPORTATION POLICY, BEGINNING WITH THE REAUTHORIZATION OF THE SURFACE TRANSPORTATION PROGRAM IN 1991.
5. EMBARK ON A NATIONAL PROGRAM FOR WASTE MANAGEMENT AND CLEAN WATER THAT RELIES ON STATE LEADERSHIP.
6. CREATE A LONG-TERM STRATEGY FOR INVESTMENT IN HUMAN RESOURCES, WORKER TRAINING, EDUCATION, INFRASTRUCTURE, AND RESEARCH AND DEVELOPMENT, AND TO REFORM THE UNEMPLOYMENT INSURANCE PROGRAM.

31.4 CONCLUSION

AS THE FEDERAL GOVERNMENT HAS SOUGHT TO REDUCE ITS BUDGET DEFICIT, THE STATES HAVE ATTEMPTED TO CONTINUE PROVIDING SERVICES, BECAUSE IT IS GOOD PUBLIC POLICY OR, IN SOME CASES, BECAUSE OF FEDERAL OR JUDICIAL MANDATES. WITH THE NATIONAL ECONOMIC SITUATION ADVERSELY AFFECTING EVERY STATE'S BUDGET AND WITH STATE BALANCED BUDGET REQUIREMENTS, GOVERNORS CAN NO LONGER AFFORD--AND OUR FEDERAL PARTNERS CAN NO LONGER ASK US--TO MAKE UP THE DIFFERENCE.

IT IS TIME TO WORK TOGETHER AS A NATION TO MAINTAIN CRITICAL SERVICES AND TO MAKE THE LONG-TERM INVESTMENTS NECESSARY FOR OUR COUNTRY'S CONTINUED GROWTH AND WELL-BEING. GOVERNORS STAND READY TO WORK ON A BIPARTISAN BASIS TO ADDRESS THESE CHALLENGES.

RESOLUTION*

RE-AFFIRMING SUPPORT FOR POLITICAL SELF-DETERMINATION FOR PUERTO RICO

THE EXECUTIVE COMMITTEE RE-AFFIRMS ITS SUPPORT FOR POLICY A-10, "POLITICAL SELF-DETERMINATION FOR PUERTO RICO." THE NATIONAL GOVERNORS' ASSOCIATION SUPPORTS THE REQUESTS OF THE PEOPLE OF PUERTO RICO AND URGES THE 102ND CONGRESS AND THE PRESIDENT TO SWIFTLY ENACT ENABLING LEGISLATION.

(* based upon Policy A-10)

A- 10. POLITICAL SELF-DETERMINATION FOR PUERTO RICO

The people of Puerto Rico, who are natural-born citizens of the United States, enjoy the same individual liberties as all American citizens, including the right to protect and enhance their local cultural and linguistic heritage and to conduct their affairs in accordance with a local constitution compatible with the United States Constitution. Many Governors represent constituencies that include American citizens of Puerto Rican descent. Tens of thousands of Puerto Ricans have served our nation with distinction in every United States military conflict of this century, earning numerous decorations, including four posthumous medals of honor, and rising in several instances to the ranks of general and admiral. The residents of none of the fifty states, prior to their admission to the Union, sustained as many combat casualties defending United States interests as have the American citizens of Puerto Rico in World War I, World War II, Korea, and Vietnam. Athletes, scholars, artists, entrepreneurs, professionals, and laborers of Puerto Rican origin have contributed, and continue to contribute, to the spiritual and physical enrichment of the United States.

The final and permanent political status of Puerto Rico remains under discussion among the island residents, and it is essential that the American citizens of Puerto Rico decide for themselves their political status. The National Governors' Association recognizes and endorses the right of the people of Puerto Rico to political self-determination made freely by majority vote of the people of Puerto Rico, with congressional concurrence, either as a state of the Union, a commonwealth, or independent status.

The National Governors' Association supports and recognizes the importance of the historic January 1989 call by the leaders of Puerto Rico's major political parties for a new referendum on Puerto Rico's political status. The National Governors' Association also supports their efforts to work with Congress to develop legislation pertinent to the call of the referendum. The National Governors' Association urges the United States Congress to enact legislation responsive to the will of the people of Puerto Rico.

Adopted August 1978; revised February 1989.

RULES OF PROCEDURE OF THE NATIONAL GOVERNORS' ASSOCIATION*

PREAMBLE

RULE I--POLICY STATEMENTS AND RESOLUTIONS

1. Policy statements or resolutions shall come before the Association in the manner set forth by Article IX of the Articles of Organization. Policy statements or resolutions adopted by the Association shall remain in force and effect FOR FOUR YEARS UNLESS RESCINDED, SUPERSEDED, AMENDED, OR RE-AFFIRMED ~~until rescinded or superseded~~ by the Association.
2. Subject to the review of the Association at its next semi-annual meeting, standing committees and the Executive Committee may adopt interim policy statements or resolutions. Statements or resolutions must receive the affirmative vote of two-thirds of the members of the committee. Interim policy statements or resolutions adopted by a standing committee are subject to review by the Executive Committee at its next meeting as well as the Association at its next semi-annual meeting.
3. In order to consider any policy statement or resolution that has not been prepared and presented in accordance with Article IX, the Association may suspend the Articles of Organization by a three-fourths majority vote. The motion to suspend is not debatable. Under such suspension, the proposed policy statement or resolution may be debated, amended and adopted upon a similar majority vote of the Association.
4. Any member intending to offer a motion for suspension of the Articles of Organization to consider a policy statement or resolution shall give notice of such intention and shall distribute to all members present a copy of such proposal at least one session before such motion is put to a vote except in cases where the meetings of the Association are scheduled for less than three days in duration. If a meeting is for two days, then a member who intends to offer a motion for suspension of the Articles of Organization to consider a policy statement or resolution on his own behalf or on behalf of a standing committee shall give notice of such intention and shall distribute to all members present at the meeting a copy of such proposal by the end of the calendar day before such motion is put to a vote.

RULE II--ORDINARY BUSINESS

RULE III--MOTIONS TO AMEND

RULE IV--MOTIONS TO TABLE

RULE V--PREVIOUS QUESTION

RULE VI--POSTPONE INDEFINITELY

RULE VII--ROLL CALL VOTES AND OTHER MATTERS

RULE VIII--SUSPENSION OF RULES

* These rules are an attachment to and incorporated by reference as Article II of the Bylaws of the National Governors' Association.

BRIEFING PAPERS

ISSUES FOR DISCUSSION

TAB

**** Immigration Policy Position Paper**

P

- The state and federal responses to the nation's growing health care crisis and expansions of the Medicaid Program. **A**
- State concerns in the development of a national energy policy. **B**
- How to meet the growing demand for greater worker quality and how state and federal employment and training efforts can help improve the nation's competitiveness in the 1990's. **C**
- The impact of the General Agreement on Tariffs and Trade and other trade agreements on both American Agriculture and International Trade - also included are comments on the IGPAC Report (Intergovernmental Policy Advisory Committee on Trade). **D**
- The scourge of violent crime and the appropriate response of the states. **E**
- Critical transportation needs, including the reauthorization of the surface transportation bill. **F**
- Interstate transportation of solid waste. **G**

1991 Winter Meeting

POLICY POSITION PAPER

Governor Joseph F. Ada
Guam

Proposed Policy Position

State Exemption to New Immigration Act Policy

BACKGROUND INFORMATION

PBDC

The Immigration Act of 1990 provides for a worldwide limitation on the number of visas to be made available for skilled workers, professionals, and other workers. Certain provisions in the law will place a country-wide cap on the number of H-1 and H-2 workers allowed to enter into the United States. Under those provisions, 66,000 H-2 (temporary nonimmigrant skilled workers) and 65,000 H-1 (temporary nonimmigrant workers in specialty occupations) will be allowed into the United States every year. The entry of "H" visa employees will be determined by a complicated formula that is supposed to take into account population and immigration levels. The proposed policy calls upon Congress and the Administration to exempt governments in the Pacific subject to negative constraints from the ceiling imposed on "H" visa employees. The policy would enable governments in the Pacific to implement immigration and foreign labor laws that reflect changing economic bases, unique demographic trends, and limitations on resource availability.

STATE EXEMPTION TO NEW IMMIGRATION ACT POLICY

PBDC

Preface

The Governors of the Pacific Basin Development Council recognize the importance of effective immigration and foreign labor policies to regulate large influxes of immigrant laborers into the Island Governments of the Pacific. The Governors are also aware of the importance of coordination, consultation and communication by the federal government in directing national policy in the area of immigration and foreign labor. The implication of immigrant decisions under the Immigration Act of 1990 present challenges that cannot be ignored by the Governors in the Pacific. Those challenges include the ceiling imposed on "H" visa employees, labor shortages due to increased economic activities, and competitive employment laws.

While the Governors support the control of legal immigration at a level consistent with our national interest and resources, restrictive measures must reflect economic and labor market needs of island governments since differing circumstances reflect changing economic bases, unique demographic trends, and limitations on resource availability. Governments in the Pacific subject to negative constraints imposed by the ceiling on "H" visa employees should be exempted from the provisions set forth in the law. Governors should be given the flexibility and authority to design and implement competitive yet responsible employment laws.

The governments representing the Pacific Basin Development Council must have some immediate relief from the more burdensome sections of the new immigration act. Therefore, Governors call on Congress and the Administration to work with us to immediately make the following changes to the Immigration Act of 1990.

- **CONGRESS SHOULD EXEMPT ISLAND GOVERNMENTS ADVERSELY AFFECTED BY THE CEILING IMPOSED ON THE ENTRY OF H-2 AND H-1 VISA EMPLOYEES.** The ceiling set forth in the act will have drastic effects on states which are highly dependent on temporary nonimmigrant skilled workers for economic growth and development. Legislative exemption will provide safeguards against potential problems ensuing from changes in the economy and population.

- **THE IMMIGRATION AND NATURALIZATION SERVICES (INS) SHOULD INITIATE AND IMPLEMENT ADMINISTRATIVE EXEMPTIONS TO ISLAND GOVERNMENTS ADVERSELY AFFECTED BY THE CEILING IMPOSED.** Administrative exemptions to the statute can be provided to states since regulations governing the implementation and operation of the law have not been formally written. The special needs of island governments for foreign labor could be handled administratively or through separate legislation addressing the needs of the state.
- **IMMIGRATION POLICIES SHALL BE DEVELOPED WITHIN THE CONTEXT OF OUR NATIONAL INTEREST, WHICH TAKES INTO CONSIDERATION FACTORS INFLUENCING ECONOMIC DEVELOPMENT, MARKET GROWTH, AND EMPLOYMENT RESOURCES.** Preferential treatment by the federal government on immigration and foreign labor must be given to island governments to ensure continued growth and development. The federal government must institute channels of communication to inform and consult with states on ensuing rules, regulations and policies affecting the economy.

JAN 24 1991

MEMORANDUM

TO: The Governor

VIA: Director of Planning

FROM: Director of Public Health and Social Services

SUBJECT: Briefing Papers for NGA Winter Meeting
New Expansions of the Medicaid Program and
Growing Health Care Crisis

As you requested the Department of Public Health and Social Services is submitting its impressions on two important issues for the NGA Winter Meeting: the impact of the federal budget on the new expansions of the Medicaid Program and the growing health care crisis.

The expansion of the Medicaid coverage nationwide include services such as: 1. private duty nursing services; 2. services for individuals age 65 or older in institutions for mental diseases; 3. in-patient psychiatric facility services for individuals under 22 years of age; 4. nurse-midwife services; 5. hospice care (in accordance with section 1905(o) of the Act); 6. ambulatory prenatal care for pregnant women furnished during a presumptive eligibility period by a qualified provider; 7. transportation expenses for off-island referral; 8. skilled nursing facility services for patients under 21 years of age; 9. personal care services in recipient's home, prescribed in accordance with a plan of treatment and provided by a qualified person under the supervision of a registered nurse; 10. care for pregnant substance abusers and their infants. These so far have little impact on Guam due to their being optional to Guam versus being mandatory to other states. Implementation of all of these services have not been made mandatory to Guam. Because of the \$2.5 million cap, Guam has opted not to cover these services since local funds will have to be used to fund these programs.

To reflect the potential cost to the Medicaid Program, our analysis include the expenditures incurred by the Medically Indigent Program for recipients under the Supplemental Coverage Category (Medicaid recipients needing services not reimbursable by Medicaid), the 40% increase in reimbursement rate for Medicaid private medical service providers' billings (based on the actual expenditures for fiscal year 1990), and the total actual expenditures of the Medicaid Program for fiscal year 1990. (Please refer to attached documents.)

Currently several factors contribute to the health care crisis. Guam is experiencing rapid growth in development, immigration of people in need of health care and of limited financial resources, greater expectations and demands on the health care system to more adequately provide quality and efficient health care, higher health personnel costs, and a reduction in certain health manpower resources. On the horizon looms the social and economic impact of AIDS, the aging of our population, and the need for alternative types of care facilities and services for the disabled, mentally retarded and mentally ill.

It is essential that infrastructure and master planning include health care planning. In August 1990, Public Law 20-200 re-established the Guam Health Planning and Development Agency. This agency will be the focal point for developing and integrating health facilities and manpower planning into the Territory's overall strategies for continued growth and for services to meet the needs of our people and our community. Various alternatives are being looked at to determine how best to provide basic health care services to our people and by doing this, preventing health problems and the costly aspects of hospital, long term, and/or institutionalized care.

As was earlier stated, Guam presently has a Medicaid Program with a federal imposed ceiling of \$2.5 million which is matched 1:1 by local dollars. In addition, the locally legislated Medically Indigent Program (MIP), provides basic medical care to financially eligible but medically indigent individuals and families. In 1988, the Catastrophic Illness Program was created which will pay for medical care costing over \$300,000 in excess of a person's private health insurance for any one medical condition and up to \$100,000. Insurance programs are also available to Government of Guam workers, federal employees, and employees of some private businesses. Despite this array of options and coverage, there is a growing number of people who are not eligible for any of these programs and for whom the cost of purchasing insurance is beyond their financial means. Physicians are becoming less willing to take either the insured indigent patient or the self-pay patient in face of overwhelming patient loads, the associated paperwork that goes with recovering costs, and the risk of not being compensated but liable for care provided.

The Department of Public Health and Social Services is preparing to expand primary health care services on an outpatient basis to the northern residents of Guam through modelling the concept of the Southern Region Community Health Center in Inarajan. This system of care provides an open access to any resident and charges fees based on ability to pay or to third party payors. The revenue that is generated returns to the Center to fund its operational costs.

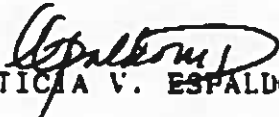
Further, the Department has increased its Health Education staff to bring more effort into providing health promotion and disease prevention activities. Other programs are also being strengthened at the most basic levels of prevention such as increasing the

levels of immunization within our children, adding Hepatitis B immunization for newborns, increasing outreach to high-risk groups for AIDS, at-risk infants, and economically disadvantaged families.

The Department is requesting for new monies to augment nutrition services and the prevention of chronic diseases, which contribute to most of the deaths, in-patient costs, and lost days of productivity.

These and other efforts are focusing on prevention first and foremost. However, the realities of existing problems require resources and responses. The Second Governor's Conference on Health identified major focal areas which need to be addressed such as health manpower, control of infectious diseases, prevention of chronic diseases, reduction in alcohol and drug use/abuse, healthier children, etc. Lead agencies have been designated to spearhead the planning of objectives and implementation strategies to address these areas of need. With concerted planning, manpower training and recruitment programs, and proper management of our financial resources, we intend to meet the needs of today and prepare for the future needs of our community. The health of our people is not just a goal for the reference shelf, but a matter of our abilities to survive and prosper as a people and community.

Hopefully this statement on the Medicaid Program and the growing health crisis issues meets your needs.


LETICIA V. ESPALDON, M. D.

I. FISCAL YEAR 1990 MIP EXPENDITURES

SUPPLEMENTAL COVERAGE:

AMOUNT FEDERAL SHARE

a) Inpatient Care Services	\$324	\$182
b) Physician Services	843	820
c) Dental Services	\$1,005	\$5,503
d) Other Practitioner Services	835	\$118
e) Outpatient Hospital Services	\$1,273	\$828
f) Clinic Services	\$170	885
g) Laboratory and X-ray Services	893	843
h) Home Health Services	8220	\$110
i) Prescribed Drugs	8302	8151
j) Intermediate Care Facility	\$948,862	\$473,328
k) Optometric Services	\$2,065	\$1,033
l) Hearing Devices	8792	8395
m) Off-Island Services	(\$4,928)	(\$2,463)
Total Supplemental Coverage	\$987,880	\$478,880

II. 40% INCREASE ON REIMBURSEMENT OF MEDICAID FOR PROVIDERS' BILLINGS

FISCAL YEAR 1990 MEDICAL ASSISTANCE PAYMENTS:

a) Physician Services (\$509,728 x .40%)	\$203,891	\$101,948
b) Dental Services (\$9,739 x .40%)	\$3,896	\$1,948
c) Other Practitioner Services (\$2,266 x .40%)	\$906	\$453
d) Clinic Services (\$84,293 x .40%)	\$33,681	\$16,841
e) Lab and Radiology Services (\$58,878 x .40%)	\$22,750	\$11,375
f) Home Health Services (\$8,789 x .40%)	\$3,516	\$1,756
g) Prescribed Drugs (\$204,898 x .40%)	\$105,939	\$52,920
h) Sterilization (\$15,770 x .40%)	\$6,308	\$3,154
i) EPSDT Screening (\$18,791 x .40%)	\$7,516	\$3,758
j) Other Care Services (\$738,334 x .40%)	\$295,334	\$147,667
k) Rural Health Clinic Services (\$21,980 x .40%)	\$8,792	\$4,396
Total Increase of Medical Assistance Payments	\$892,432	\$448,738

III. FISCAL YEAR 1990 TOTAL MEDICAID EXPENDITURES

MEDICAL ASSISTANCE PAYMENTS:

a) Inpatient Hospital Services	\$1,083,532	\$831,786
b) SNF Services	877,189	838,580
c) Physician Services	\$509,728	\$254,864
d) Dental Services	89,739	\$4,870
e) Other Practitioner Services	82,288	61,133
f) Outpatient Hospital Services	\$894,285	\$347,132
g) Clinic Services	\$84,203	\$42,102
h) Lab and Radiology Services	856,876	\$28,438
i) Home Health Services	88,789	\$4,395
j) Prescribed Drugs	\$284,598	\$132,299
k) Sterilization	\$15,770	\$14,193
l) EPSDT Screening	\$18,971	\$9,488
m) Other Care Services	\$738,334	\$389,187
n) Rural Health Clinic	\$21,980	\$10,990
o) Medicare Premium	\$148,242	\$74,121

Total Medical Assistance Payments \$4,514,452 \$2,283,534

ADMINISTRATIVE EXPENSES:

a) Operating Expenses	\$548,848	\$293,318
b) Indirect Cost	\$82,884	\$31,342
c) Cost Pool	\$205,482	\$102,731

Total Administrative Expenses \$836,794 \$427,391

GRAND TOTAL (Estimated expenditures with the expansion of Medicaid Services and 40% Increase) \$5,351,246 \$2,710,925

Federal Ceiling \$2,500,000

Excess over Federal Ceiling \$1,010,925

5307 CALIF P23324E
ACCOUNT STIMULAT EFFORT - (MOLA-64)
4TH QUARTER 1990 - FINAL

ACCOUNT	SUBMITTED 4TH QUARTER DIFFERENCES	TOTAL	ADJUSTED TOTAL	3RD QUARTER	2ND QUARTER	1ST QUARTER	FY 1990 TOTAL	FY 1989 TOTAL	FY 1986 TOTAL	GRAND TOTAL
161 Inpatient Hospital Services	\$759,076	\$262,282	\$1,062,967	\$276,288	\$334,366	\$91,205	\$1,062,552	\$521,795	\$931,766	\$1,462,532
128 SNF Services	\$27,120	\$17,884	\$45,112	\$1,617	\$28,605	\$822	\$17,159	\$28,580	\$59,580	\$77,153
165 Physician Services	\$162,645	\$47,625	\$208,870	\$124,312	\$157,422	\$17,523	\$509,728	\$255,864	\$254,604	\$509,728
166 Dental Services	\$1,841	\$3,156	\$4,997	\$1,101	\$2,529	\$112	\$3,733	\$4,879	\$4,879	\$9,735
137 Other Practitioner Services	\$236	\$528	\$765	\$1,210	\$156	\$50	\$2,286	\$1,133	\$1,133	\$2,286
168 Outpatient Hospital Services	\$376,444	\$181,864	\$478,298	\$22,569	\$91,784	\$28,614	\$494,285	\$247,132	\$247,132	\$664,265
189 Clinic Services	\$18,653	\$6,238	\$22,872	\$96,171	\$22,490	\$2,870	\$84,223	\$45,161	\$42,101	\$64,203
110 Lab and Radiology Services	\$30,235	\$6,636	\$26,974	\$11,685	\$12,203	\$5,584	\$56,816	\$28,423	\$28,423	\$56,878
11 Home Health Services	\$1,716	\$326	\$2,038	\$1,715	\$4,343	\$33	\$4,735	\$4,395	\$4,395	\$8,768
112 Prescribed Drugs	\$91,766	\$18,824	\$110,592	\$70,632	\$61,794	\$21,509	\$264,538	\$12,223	\$122,223	\$264,558
113 Sterilization	\$5,846	\$1,206	\$7,151	\$2,615	\$4,652	\$242	\$15,776	\$14,133	\$1,577	\$15,776
114 Acupuncture	\$9	\$9	\$9	\$8	\$9	\$9	\$6	\$2	\$2	\$6
115 DEXST Screening	\$6,262	\$3,249	\$12,051	\$2,613	\$2,622	\$1,625	\$12,577	\$3,405	\$3,405	\$19,971
131 Elder Care Services	\$288,225	\$128,244	\$417,473	\$165,294	\$126,626	\$26,756	\$738,234	\$263,167	\$169,767	\$738,234
124 Intermediate Care Facility	\$8	\$6	\$8	\$8	\$6	\$9	\$6	\$8	\$8	\$6
125 Optometric Services	\$2	\$0	\$2	\$6	\$2	\$2	\$6	\$3	\$3	\$6
126 Hearing Aid	\$8	\$6	\$6	\$6	\$6	\$8	\$6	\$8	\$6	\$6
127 Prosthetic Devices	\$2	\$0	\$2	\$6	\$2	\$2	\$6	\$6	\$6	\$6
128 Family Planning	\$8	\$2	\$6	\$6	\$2	\$2	\$6	\$8	\$8	\$6
129 Off-Island Care	\$8	\$2	\$6	\$6	\$2	\$2	\$6	\$8	\$8	\$6
130 Rural Health Clinic	\$5,266	\$2,825	\$4,135	\$6,422	\$4,542	\$2,491	\$21,506	\$18,298	\$18,298	\$21,300
TOTAL	\$1,765,435	\$643,963	\$2,409,393	\$355,736	\$860,392	\$921,668	\$4,386,211	\$2,156,413	\$2,176,797	\$4,386,211
Add: Medicare Premium	\$51,838	\$26,544	\$25,284	\$53,606	\$42,142	\$37,812	\$140,383	\$74,121	\$74,121	\$140,383
2005 TOTAL	\$1,817,273	\$670,507	\$2,434,677	\$409,342	\$902,534	\$959,480	\$4,526,594	\$2,230,534	\$2,250,918	\$4,526,594
Less: Adjustment	\$280	\$6,357	\$6,737	\$7,715	\$8	\$6	\$14,453	\$7,256	\$7,256	\$14,452
ADJUSTED TOTAL	\$1,816,993	\$664,150	\$2,427,939	\$401,627	\$894,526	\$959,474	\$4,512,141	\$2,223,278	\$2,243,662	\$4,512,141
ADMINISTRATIVE EXPENSES	\$299,607	\$12,629	\$302,236	\$137,144	\$172,476	\$153,860	\$416,794	\$427,232	\$225,423	\$416,794

ACTUAL ADMINISTRATIVE EXPENDITURES	FY03/0405	ADJUTANT	TOTAL	FEDERAL SHARE
ADMINISTRATIVE SALARIES	4314,393	80,863	80	80
C/7 SALARY	827,943	80	80	8161,898
ALICEA BENEFITS	817,356	81,265	8398,773	856,983
CONTRACT	889,684	81,773	886,777	848,383
SUPPLIES	84,383	82,283	81,877	83,632
EQUIPMENT	85,684	843	83,345	81,622
TELEPHONE	81,861	80	81,861	8831
CAPITAL	818,534	81,788	827,322	813,661
TRAVEL	813,392	80	813,392	86,696
TOTAL	8519,689	828,959	8548,648	8233,316
INDIRECT COST	861,108	81,575	862,684	831,342
COST POOL:				
STATE OFFICE		822,820		
INVESTIGATION AND RECOVERY		856,773		
MANAGEMENT REPORT		8186,969	8235,462	8102,73
TOTAL	8560,755	8236,800	8816,794	8427,392
REPORTED ADMINISTRATIVE EXPENSES - FY 1998			8805,78	8421,187
ADMINISTRATIVE EXPENSES - ADJUSTMENT			811,825	86,286



GUAM ENERGY OFFICE
OFFICE OF THE GOVERNOR
Government of Guam

JERRY M. RIVERA
Director

January 23, 1991

MEMORANDUM

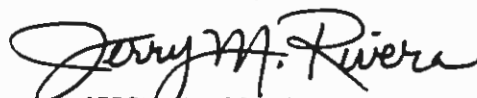
TO: Director, Bureau of Planning
FROM: Director, Guam Energy Office
SUBJECT: Briefing Paper for Upcoming NGA Winter Meeting

Submitted as requested is the Guam Energy Office's contribution for use of the Governor in the National Governor's Association Winter Meeting to be held in Washington, D. C. on February 3-5, 1991.

The attached briefing paper only focused in on three (3) issues which GEO considers to be of paramount importance in the area of state concerns in the development of a national energy strategy.

Should you desire greater detail than what is submitted, the Guam Energy Office is willing to expound further on these issues including the use of additional facts and figures to illustrate their importance.

Should you have any questions regarding the same, please contact me at once.


JERRY M. RIVERA

attachments
memo265



BRIEFING PAPER FOR GOVERNOR

STATE CONCERNS IN THE DEVELOPMENT OF A NATIONAL ENERGY STRATEGY

A. NEED FOR DEPARTMENT OF ENERGY TO FOCUS ITS EFFORTS IN THE DEVELOPMENT OF COST-EFFECTIVE ALTERNATE RENEWABLE ENERGY TO REPLACE OIL.

In light of the current Middle East crisis, which largely involves oil, it is imperative that America at least triple its efforts to make alternate renewable energy cost effective to replace fossil fuels as a source of energy. It is evident that Iraq's invasion of Kuwait and probable plan to take over Saudi Arabia, had the United States not intervened, was motivated by a desire to control a large portion of the world's oil supply. Iraq's rise to power was made possible by its oil revenues. Thus, the sooner the world develops cheaper but efficient alternate renewable energy, the sooner Middle East oil will become less valuable and decrease funds for the purchase of armaments.

The U.S. Department of Energy must begin to intensify its efforts in research and development of alternate renewable energy to provide energy for homes and businesses. It can also work in partnership with Japan to develop a functional and practical solar electric car which constantly recharges itself through solar energy.

For the Pacific which includes Guam and Micronesia, the U.S. Department of Energy has yet to fulfill its mandate by the U.S. Congress to develop alternate renewable energy in conformance with P.L. 96-597 adopted in December 24, 1980 to assist the insular areas of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, Virgin Islands and the other island entities in Micronesia under U.S. jurisdiction in developing in a meaningful way these resources. For example, an Ocean Thermal Energy Conversion (OTEC) prototype has yet to be built which can greatly benefit our islands due to the low priority it has with the federal government.

B. NEED FOR CONGRESS AND THE U.S. DEPARTMENT OF ENERGY TO INCREASE FUNDING TO THE STATES AND TERRITORIES TO EXPAND ENERGY CONSERVATION PROGRAMS.

Through recent years, the States and Territories have seen federal funds dwindle to such insignificant amounts that it implies energy conservation is not a top priority of the federal government due to cheap oil prior to the onstart of the Middle East crisis. It is important therefore, that Congress and U.S. DOE place a greater priority on energy conservation to totally eliminate oil imports from foreign sources while developing alternate renewable energy. Just through effective energy conservation measures alone, America can totally eliminate imports of foreign oil. The increase of funding

**BRIEFING PAPER FOR GOVERNOR
GUAM ENERGY OFFICE
January 23, 1991**

to States and Territories which can be used in conjunction with Petroleum Violation EScrow Funds can make this program effective. Guam should be included as a recipient of funds under the Weatherization Program where most of the federal funding is allocated.

C. NEED FOR CONGRESS AND U.S. DOE TO ESTABLISH STRATEGIC PETROLEUM RESERVES IN OFF-SHORE AREAS VULNERABLE TO SUPPLY DISRUPTIONS.

While states in the Continental U.S. have access to the National Strategic Petroleum Reserve (SPR) in Louisiana and Texas, Guam and the other island entities in Micronesia have no such access. Even if we do, the time involved to transport crude oil to our part of the world would take over ninety (90) days based on Hawaii's projected time to receive crude oil. Additionally, the fact that we currently have no oil refinery exacerbates the problem even more. Thus, a federal policy should be made that will provide energy security for those remote jurisdictions under the U.S. flag which are too far removed from the SPR.

Guam is the most logical location for the establishment of a refined products SPR due to its excess storage capacity of over 4 million barrels, not including 1.2 million barrels set aside for the U.S. military's reserves. Much of Guam's petroleum storage tanks are empty at present. At one time, it was used to store refined aviation fuel mainly for the U.S. military during the Vietnam conflict. The Guam Oil Refinery which previously owned the refinery was able to refine this product as well. The refinery is now obsolete and the current owner, Shell Oil, Guam, Inc., is only using a portion of the available storage tanks for its own immediate use and reserving 30% of them (1.2 million barrels) for the military's own Strategic Petroleum Reserve. It should be emphasized that products brought in for storage must be refined products due to the lack of a refinery in Micronesia.

attachments

Title Organic Act of Guam & Related Laws
Organic Act - Miscellaneous Provisions

Provided, That the provisions of this Section shall not apply to the cleanup and rehabilitation of Bikini and Enewetak Atolls.

(b) For the purpose of this Section the words "territory or possession" include the Trust Territory of the Pacific Islands and any area not within the boundaries of the several States of the United States over which the United States claims or exercises sovereignty.

Enacted by Public Law 96-205, Title VI, §605, March 12, 1980, 94 Stat. 90.

§1492 - Energy Resources.

(a) - The Congress finds that --

(1) The Caribbean and Pacific insular areas of Puerto Rico, the Virgin Islands, American Samoa, the Northern Mariana Islands, the Federated States of Micronesia, the Marshall Islands and Palau are virtually completely dependent on foreign sources of energy;

(2) the dependence of such areas on imported sources of energy coupled with the increasing cost and the uncertain availability and supply of such sources of energy will continue to frustrate the political, social and economic development of such areas by placing increasingly severe fiscal burdens on the local governments of these areas;

(3) the development of renewable energy resources, if developed, would alleviate their dependence upon imported energy and relieve the fiscal burden on local governments, thereby contributing to economic growth and strengthening the basis for political, social and economic development.

Renewable energy technologies are presently available to develop energy resources in these insular areas and that comprehensive energy plans have not been adequately developed to meet the energy demands of these areas from renewable energy resources.

(b) The Congress declares that it is the policy of the Federal Government to --

(1) develop the renewable energy resources of the Caribbean and Pacific insular areas of Puerto Rico, the Virgin Islands, American Samoa, the Northern Mariana Islands, the Federated States of Micronesia, the Marshall Islands, and Palau; and

(2) assist other insular areas of the Caribbean and Pacific Basin in the development of their renewable energy resources.

**DEPARTMENT OF LABOR
GUAM EMPLOYMENT SERVICE**

Meeting the demands for a quality workforce.

1. Strengthen our educational institutions.

- a. Increase accountability of professionals and students; recruit and reward good teachers;
- b. balance the development of work-oriented curriculum to employers' demands and expectations;
- c. employers should be involved in curriculum development -- they can provide guidance to schools, serve as speakers and serve on boards;
- d. prepare students and place greater emphasis upon them regarding their responsibilities of functioning in the workplace. Help them understand their potentials, how flexible they can be, how they must adapt, strengthen their problem-solving skills and mastery of reading, comprehension and mathematical skills;

2. Government should initiate and support disincentives to continue reliance on public assistance, welfare and food stamp programs.

- a. Increase accountability of recipients to pursue self-sufficiency;
- b. reduce benefits;
- c. encourage full-time employment perhaps as an incentive. Institute closely monitored bonus programs for a reasonable period after employment to ensure that recipients do not enroll, considering of course that all barriers have been eliminated.

3. Encouraging employers to establish job flexibilities:

- a. Promote flex-time, job-sharing and other programs which are sensitive to today's family and work schedules;
- b. employed high school dropouts -- continue to work but solicit employer involvement to provide incentive programs to encourage them to pursue higher education.

State and federal employment and training efforts to help improve the nation's competitiveness in the 1990's.

The nation's employment and training system needs to be consolidated to eliminate the areas where competition exists for the two entities. To mention a few, include the competition for the same applicant pool, employer relations program which promotes the programs and markets the on-the-job trainings to employers. There should be greater involvement of the private sector in policy-making employment and training issues. The private sector has to articulate their needs in ways that employment/training institutions can develop training plans better and for the educational institutions to respond.

Page 2

The government should encourage employers to adopt family and medical leave programs which results in retaining greater number of employees in the workplace due to increased job flexibilities.

The concepts of the apprenticeship program should be pursued, adopted and incorporated to training plans. It is the most vital key to improving worker quality. While in-school or classroom training programs, provide some solutions which are beneficial, they alone do not generate nor reinforce worker quality. Most students have difficulty reading and comprehending classroom materials or lectures. Students also do not observe practical application of material covered. A combination of these approaches would ensure that individuals being trained will be better prepared to carry on with their duties and responsibilities in the workplace.

**DEPARTMENT OF LABOR
GUAM EMPLOYMENT SERVICE****WORKFORCE SHORTAGE**

AS IS EVIDENT FROM THE INCREASE IN ECONOMIC ACTIVITIES, GUAM IS EXPERIENCING A WORKFORCE SHORTAGE IN VIRTUALLY EVERY OCCUPATION. BECAUSE OF THIS FORSEEN SITUATION, THE DEPARTMENT OF LABOR THROUGH ITS GUAM EMPLOYMENT SERVICE DIVISION HAS TAKEN STEPS TO ASSIST IN ADDRESSING THIS SITUATION. GES HAS INCREASED COORDINATION LINKAGES WITH OTHER GOVERNMENT OF GUAM AGENCIES, EMPLOYERS, ORGANIZATIONS, AND SCHOOLS TO AMPLIFY THE AWARENESS OF THE MANPOWER SHORTAGE IN GUAM. STEPS TAKEN INCLUDE THE FOLLOWING:

- POSTING OF JOB VACANCIES THROUGH THE INTERSTATE JOB BANK IN ALBANY, NEW YORK WHO DISSEMINATE THESE OPENINGS TO THE VARIOUS JOB SERVICE OFFICES THROUGHOUT THE U.S. CONSEQUENTLY, APPLICATIONS AND INQUIRIES FOR JOB OPPORTUNITIES ON GUAM ARE BEING RECEIVED.
- COORDINATION WITH THE DEPARTMENT OF PUBLIC HEALTH & SOCIAL SERVICES, AS PART OF THE WELFARE REFORM ACT, IN ASSISTING RECIPIENTS OF PUBLIC ASSISTANCE TO CONTRIBUTE TO THE LABOR MARKET. PROGRAMS INCLUDE THE EMPLOYMENT AND TRAINING PROGRAM (ETP) AND THE JOB OPPORTUNITIES AND BASIC SKILLS (JOBS) PROGRAM.
- INCREASED COORDINATION WITH LOCAL AND OFF-ISLAND TRAINING INSTITUTIONS TO ASSIST INDIVIDUALS OBTAIN MARKETABLE SKILLS. THESE INCLUDE GCC'S APPRENTICESHIP, PRE-APPRENTICESHIP AND COOPERATIVE EDUCATION PROGRAMS, AHRD'S JTPA PROGRAM, THE

**PAGE 2
WORKFORCE SHORTAGE**

HAWAII JOBS CORPS PROGRAM, THE SENIOR CITIZENS SUPPORT EMPLOYMENT PROGRAM.

- INCREASED OUTREACH TO CITIZENS OF THE COMMUNITY THROUGH JOB FAIRS, SCHOOL VISITATIONS, COMMUNITY PRESENTATIONS AND COORDINATION WITH THE MILITARY COMMUNITY -- FAMILY SERVICES CENTERS.
- PARTICIPATED IN THE OFF-ISLAND CULTURAL FAIR TO ATTRACT MAINLAND WORKERS AND FORMER GUAM RESIDENTS TO RETURN AND CONTRIBUTE THEIR EXPERTISE TO OUR ISLAND COMMUNITY OF WHICH, AS A RESULT, INQUIRIES ~~AND~~ ^{ARE} BEING RECEIVED.
- THE EDUCATIONAL INSTITUTIONS ARE PRODUCING AN AVERAGE OF 2,000 GRADUATES A GREATER MAJORITY OF WHOM ARE ANTICIPATED TO ENTER THE WORKFORCE.

ADDITIONALLY, GES HAS SEEN THE NEED FOR EMPLOYERS TO UTILIZE THE UNTAPPED RESOURCES CURRENTLY AVAILABLE WHICH INCLUDES THE SENIOR CITIZEN COMMUNITY, THE HANDICAPABLE, THE RETIREES AND HIGH SCHOOL DROPOUTS WHO FOR REASONS OF THEIR OWN DO NOT WISH TO INCREASE THEIR SKILLS THROUGH EDUCATION BUT TO ACQUIRE TECHNICAL SKILLS THROUGH ON-THE-JOB EXPERIENCE. GUAM SHOULD NOT FORGET THE CONTRIBUTIONS THAT CAN BE MADE BY OUR SISTER ISLANDS IN THE COMMONWEALTH AND THE FEDERAL STATES OF MICRONESIA. GES IN CONJUNCTION WITH THE HELP OF OTHER ISLAND LEADERS AND TRAINING PERSONNEL EFFORTS, HAS MADE EFFORTS TO ASSIST THESE INDIVIDUALS WITH THEIR TRANSITION INTO THE LOCAL COMMUNITY TO CONTRIBUTE TO OUR MANPOWER NEEDS. ALSO, INDIVIDUALS BARRIERED THROUGH INCARCERATION AND NOW PENDING RELEASE INTO THE COMMUNITY ARE

PAGE 3
WORKFORCE SHORTAGE

BEING ASSISTED IN THEIR TRANSITION AND ACCEPTANCE MAY BE THE BIGGEST HURDLE.

ADDRESSING THE MANPOWER SHORTAGE, HOWEVER, IS A CONCERN TO OUR ENTIRE COMMUNITY AND THE DEPARTMENT OF LABOR ALONE CANNOT PURSUE SHORT-TERM GOALS WITHOUT CONSIDERATION TO THE LONG-TERM NEEDS. THE HELP OF THE EMPLOYER COMMUNITY IS SOLICITED TO ASSIST IN ADDRESSING THE SITUATION. RECOMMENDATIONS INCLUDE:

- CONSOLIDATION OF EMPLOYMENT AND MANPOWER TRAINING PROGRAMS.**
- GREATER PARTICIPATION BY THE SCHOOLS IN PROVIDING EFFECTIVE ROLES WITH OUR YOUTH IN ASSISTING STUDENTS TO BETTER PREPARE FOR THE EMPLOYMENT SCENE AND WORLD-OF-WORK REALITIES.**
- CONTINUE THE SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAM (SYETP).....THIS PROGRAM PROVIDES OUR SECONDARY AND POST-SECONIARY STUDENTS WITH AT LEAST FOUR SUMMER JOB-ORIENTED, SKILL DEVELOPMENT THAT ULTIMATELY CAN BE INTRODUCED TO THE LABOR MARKET.**
- EMPLOYER INVESTMENT IN THE DEVELOPMENT OF THE WORKPLACE BY PROVIDING CONTINUED TRAINING ON-THE-JOB, PERIODIC REVIEW OF EXISTING EMPLOYER PROGRAMS/BENEFITS I.E. CHILD CARE, PENSION PROGRAMS, FLEX TIME, PAID LEAVE AND VACATION, TO PROVIDE INCENTIVES TO THEIR EMPLOYEES.**



DEPARTMENT OF COMMERCE
DEPARTAMENTON I KOMETSIO
GOVERNMENTO F GUAM
SANA GUA MP6 90

DC/CE 91-007-F

January 23, 1991

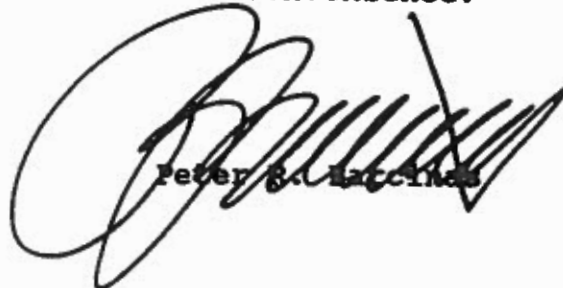
MEMORANDUM

To: Director, Bureau of Planning
From: Director, Department of Commerce
Subject: Briefing Paper re: Uruguay Round

Thank you for soliciting the input of the Department of Commerce on subjects of importance in the upcoming National Governors' Association (NGA) meetings and the concurrent meeting of the Interagency Policy Advisory Council (IGPAC) on Trade.

Although we have no comments to make with regard to the NGA topics that you circulated, we submit the attached briefing on the issues involved in the on-going Uruguay Round of GATT (General Agreement on Tariffs and Trade) negotiations. All attempts were made to make this "briefing" brief, but the document from which the information was extracted was itself a briefing; forty-two pages have been condensed to three (plus), highlighting only those issues which we feel are relevant to Guam. We trust that this document will be forwarded to the Governor after your review.

I hope that the information included in the briefing is useful to both you and the Governor during the meetings in Washington. Should you have any questions or require additional information, please do not hesitate to contact me at your earliest convenience.


Peter G. Larcenas

Attachment

DEPARTMENT OF COMMERCE
BRIEFING SERIES 1991
January 22, 1991

SUBJECT: The Uruguay Round of Negotiations: General
 Agreement on Tariffs and Trade (GATT)

For Discussion in the Meetings of the Inter-
governmental Policy Advisory Council (IGPAC)

In Conjunction with the Annual Meetings of the
National Governors' Association (NGA)

BACKGROUND: The discussion of the subjects and prospective
 agreements in the Uruguay Round are related to the
 Governor's 1988 appointment to the IGPAC, a body of
 State and local leaders requested to act as an
 advisory group to the United States Trade Represen-
 tative in his capacity to exercise authority in the
 conduct of international trade relationships of the
 United States.

The Uruguay Round is the latest major round of
multilateral trade negotiations under the auspices
of the trading partners signatory to the GATT.

There is to be a meeting of the IGPAC in conjunction
with the annual meetings of the NGA in Washington,
D.C., in late January and early February of this
year. The Governor will be in attendance.

DISCUSSION:

There are a number of topics in the Uruguay Round that have drawn the attention of the IGPAC, only a few of which have any significant potential direct (or even secondary) effect in Guam. These will be given the most prominent treatment here, although the other issues will be mentioned in passing.

Perhaps the most significant topic in the Uruguay Round from Guam's perspective will be the recent introduction of trade in services (including tourism) as a topic of discussion, potentially bringing it under the control of multilateral agreements. The objectives of the U.S. are principally to provide for uniformity of treatment to service providers, both within and across nations; to ease the temporary movement of service providers' employees across immigration boundaries; to ensure the good behavior of exclusive service providers, monopolies and their subsidies; to control the regulation of service providers; and, to implement standards for payments and transfers. The goals are to prohibit discrimination among countries against services provided by foreign firms by removing barriers, while allowing for the control of the powers of monopolists, international flows of currency, and the avoidance of taxes.

There are specific concerns in IGPAC regarding trade in financial services, particularly with reference to discriminatory State and local laws governing the financial industry. As an eligible point for Off-Shore Banking, Guam may see some changes that could affect our domestic banking enterprises. If these develop, they would probably assist in overall economic development (in the near-term) through a reduction in interest rates and improvements in other terms of credit. It is not clear, though, whether the U.S. Off-Shore Banking laws will be a subject of negotiations, or whether they might be liberalized to allow more domestic market access in areas other than trade financing.

The other area in which Guam might be affected on the grounds of discriminatory banking laws would be in the limitation on the number of branch banks that a banking institution chartered outside of Guam may have when the outside bank's home jurisdiction restricts branching activities by banks chartered in Guam.

Market access: Guam is an "open port," not imposing tariffs or quotas on imports, while exporting only small quantities of manufactured items outside of the U.S. Because of this, the issue of market access is not of significant concern here. The only effects that we might experience from the tenor of the negotiations is a moderate reduction of some goods prices, should trade barriers be reduced and international competition improve. However, there are several topics that are closely related to tariffs and quotas in that they are considered "non-tariff" barriers to entry.

One of these has to do with subsidies (countervailing duties are not of concern here). One of the topics under discussion is regional development subsidies, which the Guam Economic Development Authority (GEDA) could be considered to grant, particularly under its Qualifying Certificate and loan programs; these programs tend not to be uniformly available, and their extension is specified in local law to, among other things, substitute for imports and provide for exports. The draft text of the new GATT agreement includes a provision, supported by the European Economic Community (EC), that would automatically make the type of subsidies extended through GEDA "actionable." This means that compensating barriers could legally be instituted by other nations unless and until GEDA's programs are halted, if those nations' industries could be shown to have been damaged and Guam is no longer considered an "economically distressed subregion." While this is not a pressing issue (or danger), it is a matter that should be followed closely as the negotiations proceed.

(The U.S. is promoting a new concept in categorizing subsidies, known as "red - yellow - green." "Red" refers to the proscribed practice of directly subsidizing exports. "Yellow" refers to the controlled practice of internally subsidizing industries that are engaged in export trade; if these subsidies can be proven to damage another country's industry, they may be "actionable," either through countervailing duties (which negate the effect on prices caused by the subsidy) or other forms of relief. "Green" subsidies relate to regional development, trade adjustment, pollution control, and research and development; these would not generally be actionable, but could be contested to a GATT fact-finding committee.)

Similarly, Trade-Related Investment Measures (TRIMs) have recently been unofficially implemented by the GEDA Board of Directors as a method of gaining more direct benefit for Guam from foreign investment. TRIMs include such practices as requiring a minimum specified proportion of local participation in foreign investment projects,

minimum specified proportions of local purchases in product production (in this case, tourism), requirements constraining the types of products a firm can produce, domestic sales requirements, and demands for exchange or remittance restrictions. GEDA has, at one time or another, applied each of these in its negotiations associated with the Qualifying Certificate program. The U.S. has indicated that it would favor the prohibition of at least some types of TRIMs, and (with the inclusion of services in the GATT negotiations) this might eventually impact upon GEDA's practices. (It might also affect the trade preference that Guam currently enjoys with the U.S.)

Another topic of discussion is government procurement. Both the U.S. and Guam have local preference laws that might be affected by opening free trade practices in this area. Although not a matter of immediate concern, the negotiations merit monitoring with reference to this, so that our laws could be modified (if necessary).

Agriculture is the most important issue to the U.S. in the Uruguay Round, but is of little relevance on the policy level in Guam. If the Round is successful in eliminating agricultural subsidies and other protective measures by governments, our food supply should become slightly less expensive; it may, however become somewhat less stable in specific food categories, if the world slips once more into the feast-or-famine mode that prevailed prior to the agricultural price stabilization policies implemented in the 1930s. This should not be a matter of concern.

At present, because Guam falls under the sovereignty of the U.S. in trade matters (even though we are outside of the Customs Territory of the U.S.), the issue of dispute settlement is not of immediate concern to us. Similarly, the topic of trade-related intellectual property rights is of no concern, other than to ensure that our patent, copyright and trademark laws and regulations are in line with international standards.

The Agreement on Technical Barriers to Trade (Standards Code) could have impacts in Guam, given the inclusion of services in this Round. These would center around environmental issues, building codes and other product safety concerns. However, since Guam's standards in this area are equal or superior to U.S. standards, it is unlikely that any impact at all will be felt in our tourism industry. On the other hand, Guam may benefit if some countries' technical barriers to our potential agricultural exports are lifted.

RECOMMENDATIONS:

The only recommendations to be made at this stage of the negotiations is that Guam monitor the progress on those several issues highlighted above (particularly as they relate to trade in tourism), and be prepared to voice its concerns and objections should events directly prejudicial to our concerns develop.



TOMMY G. THOMPSON

Governor
State of Wisconsin

*Mike/Morse,
pls. keep these trade
stuff together. I suspect
the Gov. will be dealing
w/ this issue in PBSG,
NBA & IG PAC. Thanks,
Y.*

November 20, 1990

The Honorable Joseph F. Ada
Governor of Guam
Executive Chambers
Agana, GU 96910

Joe!
Dear Governor Ada:

Enclosed is an update of the IGPAC report we discussed at our last meeting in Mobile. This update will guide me in representing the IGPAC position at the final Ministerial in Brussels beginning December 1. I hope you will contact me with comments on this report or any other trade issue you would like addressed in Brussels.

The updated report answers many of the questions raised in the first report as well as reflecting changes or refinements in the U.S. offers and IGPAC's proposed position on those offers. Additionally, the report has been expanded to include several areas not previously addressed.

I will be attending the early days of the Ministerial to offer the perspective of state and local governments on the negotiations. My staff person, Bob Seitz, will be available throughout the meeting to act as a conduit between IGPAC members and our negotiators. Please feel free to take advantage of these opportunities to continue having an impact on the negotiations as the final decisions are made. During the Ministerial, we can be reached at 011-32-2-217-2020.

Thank you so much for providing the input to create a new role for state and local governments in trade negotiations. I look forward to continuing to work with you as the Round concludes and other trade policy matters take center stage.

Sincerely,

[Signature]
TOMMY G. THOMPSON, Chairman
Intergovernmental Policy Advisory Committee on Trade

TGT/rsn

**THE INTERGOVERNMENTAL POLICY ADVISORY COMMITTEE
ON TRADE (IGPAC)**

**The Honorable Tommy G. Thompson
Governor of Wisconsin
Chairman**

**DRAFT ADVISORY REPORT ON THE
URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS
UNDER THE AUSPICES OF THE
GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)**

**Presented to
THE UNITED STATES TRADE REPRESENTATIVE**

**November 28, 1990
Washington D.C.**

**Prepared by the
IGPAC Uruguay Round Taskforce**

**The Honorable John McKernan
Governor of Maine
Taskforce Chairman**

**The Honorable C. Robert Langslet
Chairman, Board of Commissioners
Port of Long Beach**

**The Honorable John J. Thomas
Representative from Indiana**

**The Honorable Tommy G. Thompson
Governor of Wisconsin**

**The Honorable John Waihee
Governor of Hawaii**

**The Honorable Kathryn Whitmire
Mayor of Houston**

The Intergovernmental Policy Advisory Committee on Trade
appreciates the efforts of the
Members of the

IGPAC Task Force Working Group

who greatly assisted in the
- development of this report

Dr. Charles Colgan
Task Force Working Group Chairman
Representative of Governor John McKernan

Ms. Karen Britto
National Conference of State Legislatures
Representative of Indiana Representative John J. Thomas

Ms. Jan Lipsen
Washington Office of the Governor of Hawaii
Representative of Governor Waihee

Ms. Barbara McCall
Texas Cities Legislative Coalition
Representative of Mayor Kathryn Whitmire

Mr. Bob Seitz
IGPAC Working Group Chairman
Office of the Governor of Wisconsin
Representative for Governor Tommy G. Thompson

Ms. Jody Thomas
National Governors' Association
Representative for Governors at-large

Mr. Cary Walker
Washington Office of the Governor of California
Representative for Commissioner C. Robert Langslet

STAFF DRAFT

FOR IGPAC DISCUSSION ONLY

TO: Intergovernmental Policy Advisory Committee

FROM: IGPAC Staff Working Group

SUBJECT: Revised IGPAC Report

Attached is a revised version of the IGPAC's report that updates and expands the Committee's report and recommendations prepared at its July meeting in Mobile, Alabama. This report will be the IGPAC's final statement of recommendations for use by the USTR and any IGPAC members attending the Brussels Ministerial Meeting in December.

The report updates each of the sections that were discussed at the July meeting. The attached report contains the text approved at the July meeting as updated. Three new sections have been added covering issues that members have asked be considered by the IGPAC; new language is shown in underlined text.

This draft reflects all negotiating positions as of November 14, the date that staff met to prepare this report. Because negotiations are proceeding at a rapid pace, there may be changes in negotiating positions that are not reflected in this report. Members interested in updates should contact USTR staff directly.

Because the Brussels Ministerial Meeting is now less than three weeks away, IGPAC members are asked to review this report and return any comments to the USTR no later than the close of business in Washington on November 26, 1990. The Report will be transmitted to Ambassador Hills on November 28. You may fax comments to Fred Montgomery or Kelly Laykin at 202 395-3911. You may also have your Working Group staff member convey any comments directly.

If you have any questions concerning the sections of the report, you may address them to the Uruguay Round Task Force Working Group member who prepared that section; their names and phone numbers are attached.

This report will undergo one more revision after the completion of the Round, in which the IGPAC will review the agreements and report on their impacts for the Congress. This draft will be prepared by February.

NOVEMBER 28, 1990

1

URUGUAY ROUND TASK FORCE WORKING GROUP MEMBERS

<u>Report Section</u>	<u>Name</u>	<u>Phone Number</u>
Market Access & Subsidies	Charles Colgan	(207) 780 4008
Agriculture	Cary Walker	(202) 347 6891
	Jan Lipsen	(202) 785 0550
Services and Intellectual Property	Karen Britto	(202) 624 5400
Standards	Jody Thomas	(202) 624 5390
Dispute Settlement	Karen Britto	(202) 624 5400
Trade Related Investment Measures	Barbara McCall	(202) 429 0160
Government Procurement	Bob Seitz	(608) 266 0100

INTRODUCTION

The Intergovernmental Policy Advisory Committee (IGPAC) of the United States Trade Representative (USTR) is composed of governors, state legislators, and local officials to advise the USTR on international trade policy matters affecting state and local governments. Established in 1988, the Committee has met regularly to review issues raised in the Uruguay Round of multilateral trade negotiations. The Committee was consulted regularly throughout the negotiations, both in its regular meetings with the USTR and through a staff-level working group appointed by the IGPAC members. [See Appendix 1][to be added with final report] A task force of the Committee was appointed by IGPAC Chair Governor Tommy Thompson to take lead responsibility for preparing the Committee's report. [See Appendix 2][to be added with final report]

In the Committee's deliberations, it has identified nine key issues affecting state and local governments:

Market Access

Trade in Services

Subsidies and Countervailing Duties

Trade Related Investment Measures

Government Procurement

Agriculture

Intellectual Property Protection

Dispute Settlement

Standards

These are described in the following sections.

An issue which affects all negotiations that the IGPAC wishes to note is the effect of trade agreements on the budgets of state and local governments. Negotiators and the Congress should be cognizant of the budgetary costs to Federal, State, and Local governments of administering the trade laws in areas such as appeals, transparency, and notification procedures. In constructing international agreements and implementing legislation, the budgetary costs to state and local governments of such requirements should be considered.

STAFF DRAFT

FOR IGPAC DISCUSSION ONLY

The IGPAC recognizes that some additional costs may have to be borne by state and local governments, but asks that where lower costs means of achieving the goals of the Uruguay Round agreements exist, that they be chosen over higher cost means.

NOVEMBER 28, 1990

4

MARKET ACCESS

In General

The Committee wishes to emphasize first the importance of the Uruguay Round negotiations to America's economic future. State and local governments have become ever more involved in the new international economy as the need to restore America's competitiveness in the world has become more urgent and as the national economy has moved to a slow-growth period. While international trade policy was once far removed from the concerns of governors, state legislators, and local officials, it has become ever more important to our governments and citizens.

The economic benefits of trade that takes place under free and fair rules can be enormous for our country's future. We have all come to realize the great difficulty that exists in trying to balance free and fair trade, and thus appreciate all the more the effort and importance of the Uruguay Round negotiations.

The Committee has worked closely with the USTR to represent the interests of state and local governments and to establish a dialogue with federal trade officials on these matters. The relationship has been extremely cordial and productive, and we are grateful for the opportunity that Ambassador Hills has afforded us to become involved in this critical area.

The second issue concerns the market access negotiations. These negotiations cover reductions in tariff levels and certain nontariff barriers. The IGPAC decided at its July meeting that it would not attempt to comment on the details of these negotiations, at least until a final agreement is reached.

These negotiations are being conducted on a "request-offer" basis. That is, the United States is engaged in a series of negotiations with other countries on a one-by-one basis. The exact details of these negotiations cannot be described in detail since they involve discussion of thousands of tariff items with dozens of countries. Thus no picture of the results will be available until after the Round is completed.

However, the IGPAC has discussed general principles that should be considered in framing the American position in the market access negotiations. These negotiations will result in a reduction of barriers in other markets that open market opportunities and expand U.S. exports in ways that are important to the development programs of state and local governments.

Inevitably, however, the expansion of opportunities abroad is accompanied by the reduction of trade barrier protection at home.

Concern for the loss of trade protection

The IGPAC recognizes that there are a number of import-sensitive domestic sectors which may be adversely affected by any agreements on market access and that these adverse effects may be felt in some geographic areas disproportionately. Members of the IGPAC could name sectors and products with which they may have great concerns for the loss of trade protection. The Committee has decided that it would be inappropriate to simply list all those products or sectors, but stresses its belief that U.S. concessions in market access negotiations must be made on a reciprocal basis with our trading partners.

The IGPAC emphasizes that market access policies need to be formulated with explicit recognition of both the advantages and disadvantages of tariff and nontariff barrier reduction and, wherever possible, policies and programs should be designed to minimize adverse effects. Such policies and programs may include phase out periods for trade barriers in import-sensitive industries. Where permitted by international rules, market development assistance (such as the United States and Foreign Commercial Service and State and Local Trade Development Offices) can also be an important offset for some sectors.

There should also be a firm commitment on the part of the federal government to meaningful and effective trade adjustment assistance programs for those workers and industries affected by market access agreements in recognition that the benefits of tariff reductions accrue to the nation as a whole, but the costs often are most noticeable at the state and local level. Such programs should be included, with appropriate safeguards against abuse, in any list of "non actionable" or permitted subsidies.

SERVICES

Background

Trade in services is the fastest growing segment of international trade. Services is generally defined as banking, insurance, advertising, legal services, motion pictures, engineering, transportation, construction, tourism, accounting, telecommunications, securities, equipment leasing and franchising.

When GATT rules were established, services were a much smaller component of commerce so they were not brought under GATT's domain. The U.S. has initiated a proposal to apply GATT principles to international service transactions. As a result, an effort is being made to negotiate multilateral rules governing trade in service sectors for the first time.

The Montreal Ministerial Declaration on Services sets forth issues to be covered by the negotiating framework including: national treatment; transparency; non-discrimination/Most Favored Nation (MFN) and market access. The principles affirm the right to supply services according to a supplier's preferred mode of delivery, which would include establishment of outlets in a foreign country.

U.S. Position

The U.S. would like to develop a set of international legal principles for trade in services. The principles proposed by the U.S. draft are: national treatment; market access (rights through establishment, cross-border services, temporary entry of service providers); transparency of rules; non-discrimination against foreign providers; disciplines on exclusive services providers and monopolies and subsidies; regulation; payments and transfers. Each country's commitment to these principles should be set out in schedules and annexed to the General Agreement.

The provisions would apply to all existing and future laws governing services, and covered services would be identified by the GATT secretariat and approved by the signatories. Signatories would be bound to all sectors identified in such a list unless it specifically excluded individual sectors or certain activities within those sectors.

Trade in services is a new subject for trade negotiations and may encompass several different areas. A key issue in the negotiations is which rules and principles will cover which services. According to the Chairman's text of the group of negotiations on services, the pending proposal would allow for

one set of obligations to apply to all sectors, but the market access and national treatment provisions would apply sector by sector; consequently, some sectors may be excluded from these two principles. Further, the chairman's text of the telecommunications working group has offered proposals to ensure that only minimum restrictions are introduced in order to guarantee the availability of public telecommunications services.

Further, the U.S. Proposal in the area of temporary service providers seeks to ensure that national laws and regulations governing entry of essential personnel are liberalized so that they do not create barriers to trade. The U.S. Proposal also states that parties must ensure criteria and procedures will be transparent, quick and simple to facilitate entry for temporary stay of these personnel. The proposal places a limitation on the stay of personnel not to exceed (three or five) years. This proposal reflects existing U.S. law with respect to immigration for service providers.

In March of this year, the Office of the U.S. Trade Representative sent a questionnaire on services to Governors offices around the country. The responses to the survey were used by USTR to frame the United States' offer in the services negotiations. That position reflects the state laws with respect to services as reported on the survey.

IGPAC POSITION

In General

The IGPAC supports the United States' position that services must be brought within a set of international trade rules similar to those that already exist for goods. The principles must assure a right to trade in services on a competitive basis, and should generally include language to assure national treatment, market access, transparency of the rule-making procedures, non-discrimination, and disciplines on trade-distorting practices.

Special Concern for Financial Industries

Certain financial industries, including, banking, insurance and securities dealings are subject to significant state regulation. Negotiation of international rules affecting these areas must take place in close consultation with state governments, particularly with respect to any state laws deemed to be discriminatory.

Remaining Questions

- o Which Services will be covered by multilateral trade rules?
- o How will such an international agreement affect state regulatory authority in areas such as banking and insurance?
- o How will state establishment laws and other laws that affect cross-border services be affected?
- o How will U.S. observance of the other following obligations affect state laws: national treatment, temporary entry of service providers, transparency, non-discrimination, disciplines on exclusive services providers and monopolies and subsidies, regulation, payments and transfers?
- o What actions will be taken to assure that most services are covered?
- o How will parties without public industries be compensated when parties with public industries (such as public telecommunications sectors) are allowed to continue to safeguard their industries?

SUBSIDIES

SUBSIDIES AND COUNTERVAILING DUTIES

Background

Current international rules on subsidies divide subsidies into two categories: "prohibited" or "export" subsidies (assistance given to promote or assist exports), and "actionable" or "domestic" subsidies (all others). Countries are prohibited from using export subsidies, but may use domestic subsidies so long as their use does not injure industries in other countries.

If a subsidy is used that affects trade, the most frequently used countermeasure is a countervailing duty, a duty imposed by a country to offset the value of a subsidy when an imported product is causing injury to one of its industries. In addition, countries can request review of a subsidy by a GATT committee; depending on the findings, the committee may require that a country remove the subsidy or face withdrawal of trade concessions by other countries. (This option is rarely chosen.)

The current negotiations seek to clarify the definitions of prohibited and actionable subsidies and, for the first time, to agree on a list of permitted subsidies against which countermeasures may not be taken. This has been referred to as the "Red-Yellow-Green" approach. In addition, negotiators are discussing improving the procedures and rules for applying countervailing duties and allowing special rules for developing countries.

A single text has been prepared by the Chairman of the Subsidies Negotiating Group. While no country, including the United States, has accepted the Chairman's text, it is now the focus of discussions. This section reviews the issues raised by the Chairman's text and the United States position on the key issues.

Prohibited Subsidies (Red Category)

The most important issue affecting this category is whether to expand the definition beyond the current "Illustrative List of Export Subsidies." The Chairman's text would include those subsidies contingent on export performance or on use of domestic over imported goods. The United States would add any subsidies (whether domestic or export) exceeding some as-yet-to-be-

determined threshold of sales value and certain trade-related investment measures (TRIMS)¹ as per se prohibited subsidies.

An issue in the remedies to be applied to prohibited subsidies is whether a country must go to a GATT committee to determine whether a program falls within the prohibited category. The United States position is that this should be determinable on a unilateral basis.

Another issue concerns the treatment of developing countries. The Chairman's text acknowledges that LDCs may require special provisions, but does not specify what those provisions will be.

Actionable Subsidies (Yellow Category)

The Chairman's text contains a refined definition of this category as "any financial contribution conferring a benefit that is made directly or indirectly to "certain enterprises" that:

- involves a direct transfer of funds (loans, equity, grants, etc.)
- a contingent transfer (loan guarantees)
- a good or service that confers a benefit
- forgiveness of government revenue otherwise due
- any form of income or price support
- any direction by the government private entities to take specific actions (such as banks being directed to lend money to specified industries)

"Certain enterprises" are those firms or industries to whom subsidies are specifically given as a result of discretionary decisions by the government. If restrictions on who can get the subsidy are placed by the granting government, either in terms of a geographic location or a specific industry, that program would fall within this definition.

Current rules provide that subsidies in this category may not be used if they cause injury to import-competing industries, nullify or impair GATT-negotiated benefits, or "seriously prejudice" interests of other signatories. The current negotiations would provide a more precise and rigorous definition of "serious prejudice".

¹ See the section below on TRIMS for a more complete discussion of this subject.

According to the Chairman's text, "serious prejudice" is to be a rebuttable presumption that exists when subsidization exceeds X% of sales value², is contingent on trade performance, or is granted to an industry exporting more than X% of its products. It also means a subsidy that results in displacement of imports into the subsidizing country or into a third country, or results in significant price undercutting or profit loss, or increases world market share of the subsidized product."

Nonactionable Subsidies (Green)

This is the new area being discussed. The working definition in the Chairman's text includes measures granted for a specific period and declining over time that are de jure generally available or are granted for:

- o Regional Development (that is, are generally available within a designated area or designated exclusively to offset geographic disadvantages)
- o Research and Development
- o Environmental Protection
- o Employment Adjustment Assistance to Workers

The U.S.-proposed items to be added to this category include natural resources from public lands when sold at auction, processed natural resources if offered to all on the same terms and conditions, and infrastructure that has no de facto or de jure limitations on use.

The definition of "regional development subsidies" is one of the most difficult problems in the negotiations. The Chairman's text would define those subsidies "designated to offset the cost disadvantages of locating in certain regions". Other suggestions would focus on defining the characteristics of regions in which subsidies would be permitted.

The European Community has argued that rules under which state and local governments offer subsidies throughout their jurisdictions and have these declared "non actionable" are unfair to "unitary systems" under which any program at less than the national level is "actionable". The Community has proposed that sub-national government must make their programs available

² The U.S. would use this threshold test to determine a level of prohibited subsidies (red), rather than as a subgroup of the actionable (yellow) category.

throughout the country in order to be considered "non actionable".

Signatories may request consultations and GATT fact-finding if such subsidies result in serious, long lasting adverse effects. Countermeasures may be authorized after fact-finding. In the case of GATT Committee-required removal of subsidy programs, the issue of how the requirement for removal would be enforced on state and local governments is raised.

Countermeasures

Improvements to current rules about when and how countervailing duties (CVD's) may be imposed are being discussed. Draft rules would provide that CVD's may be imposed only after formal investigations, conducted in an open manner, with the right for the subsidizing country to make its case. Determinations of injury must be based on the volume of imports and the consequent impact on the "domestic industry," which is to be defined as those companies producing a "major proportion" (i.e., >X%) of the production of the like products. There must be a causal link between the subsidy and the injury.

Current rules permit a country whose exports are disadvantaged by the subsidies to an industry in a third country to seek redress. These "third country" provisions are rarely used, and the U.S. is seeking procedural improvement so that they might be used more frequently.

IGPAC Positions

In General

The IGPAC believes that subsidies can have significant trade distorting effects and can result in injury to American companies. Improved disciplines on subsidies are an essential part of a successful Uruguay Round. At the same time, international rules on subsidies should not become so restrictive that they unduly limit the ability of state and local governments to pursue economic development efforts to maintain and improve local economies.

Support for Red-Yellow-Green Approach

IGPAC supports the U.S. approach towards defining subsidies as prohibited, actionable and permitted (the "red-yellow-green" concept) because it provides greater clarity in addressing subsidy issues.

NOVEMBER UPDATE: The most recent negotiating text continues this concept. Significant disagreements exist concerning the precise definitions of each category. It is expected that these disagreements will only be resolved at the political level during Brussels. No change in recommendation is needed.

Discipline of Prohibited Subsidies

The IGPAC supports the U.S. position that in the case of prohibited subsidies, a country should have the right of unilateral action without a finding of injury. However, in the case of small export subsidies, such as those typically offered by state and local governments, an injury or de minimis test should be applied.

NOVEMBER UPDATE: An agreement on this subject will depend on the resolution of the red-yellow-green definitions. No change in recommendation is needed.

Regional Development Subsidies

Economic development programs that offset the locational disadvantages of doing business in economically disadvantaged regions should be included in the permitted category. However, language permitting such programs should be carefully drawn so as not to create an exemption so large that significant trade-distorting subsidies would still be permitted.

Future Negotiations

Negotiations concerning the threshold levels which would define prohibited or "strictly disciplined" subsidies and the definition of "regional development subsidies" should be conducted in close consultation with the IGPAC.

NOVEMBER UPDATE The Uruguay Round Task Force staff have worked closely with USTR staff to iron out details of the language in this area to make it realistic without being too expansive. No change is needed.

NEW SUBSIDY ISSUES

1. Definition of all state and local economic development programs as actionable subsidies.

Background

The draft text contains a provision supported by the European Community that would automatically define all state and local economic development programs (with the exception of programs directed at economically distressed subregions) as actionable. That is, if these programs injured industries in another country, those industries could seek remedies, such as countervailing duties.

Current practice in the U.S. and elsewhere defines a subsidy as actionable (subject to remedy if it does harm to another country's industry) if it is "specific" to a region or an industry; if the subsidy is "generally available" throughout the jurisdiction of the granting government, it is not actionable. The draft text would define all state and local programs as "specific", even if they are available to all industries and regions within a state, city, or county. The EC argument is that state and local governments should not be able to do what the national government cannot do, that is grant subsidies in a specific region within a country.

Position

The United States should not accept the European position. State and local governments should not automatically be penalized for undertaking programs that may have no trade effect. If generally available subsidies are nonactionable, this rule should apply to state programs as well.

If this issue must be addressed by U.S. negotiators, then state and local programs whose cumulative effect across state and local governments is determined to be specific in practice after an investigation, may be defined as actionable.

2. Safeguards on nonactionable subsidies

Background

The "green" category of subsidies defines subsidies in the areas of regional development, trade adjustment, pollution control, and research and development as "nonactionable".

However, it is recognized that these subsidies may cause injury to industries in other countries in some circumstances. The current text permits a complaint to be made to a GATT fact-finding committee, which can investigate whether "serious and long-lasting" injury has resulted from these "green" subsidies, and can authorize remedies if such injury is found.

Position

Recognition that "green" subsidies may nonetheless cause harm is essential. The remedy for such harm should not be so cumbersome a process that no effective remedy is available. National remedies without a GATT review should be considered, although the remedy should reflect the lower level of trade effects likely to occur with these subsidies.

3. Notification of subsidy programs

Background

Current GATT rules on subsidies require nations to notify the GATT secretariat of all subsidy programs. However, this provision is neither honored nor enforced. The draft text clarifies and strengthens the language requiring that notification of subsidy programs be made.

Position

Collection of information on subsidy programs used by GATT members would provide needed information about the nature and effects of such programs. Effective notification procedures will require clear commitments by GATT members to use the procedures. In the United States, the Federal Government would have responsibility for making such notifications, but state and local governments would have major responsibilities for collecting and transmitting information.

The United States should support effective notification procedures, but only if the Federal Government is willing to support such procedures with the staff and resources to both collect information from state and local governments and disseminate information to them about the practices of other GATT signatories.

Remaining Questions

- o What are the implications of improved discipline on "third country effects" on state and local governments? -
- o In the case of the use by state and local governments of subsidy programs found to be prohibited under any new GATT rules, how would provisions requiring removal of the subsidy be enforced on those governments?

TRADE RELATED INVESTMENT MEASURES (TRIMs)

Background

The Montreal Mid-Term Review notes that governments have regulated foreign investment in their domestic economies by enforcing measures such as minimum local content requirements and mandated import-export ratios. There is a general agreement that foreign direct investment contributes to the economy by bringing in new capital, jobs and technology. Yet many regulations on foreign investment have distorted world trade flows and made the international rationalization of business decisions difficult.

In 1986, largely in response to a U.S. initiative, GATT members agreed to include trade related investment measures (TRIMs) in multilateral trade negotiations. TRIMs are government-imposed conditions on the establishment, operation or extension of foreign investment or as a condition for receiving incentives for the investment. In initial discussions, they identified thirteen TRIMs, examined the trade-distorting effects of these measures, and explored existing GATT articles which may be useful in disciplining the TRIMs but which are not adequate to avoid completely the trade restrictions and distortions resulting from TRIMs. Developed countries believe that provisions should be made to place direct discipline on the measures themselves while Less Developed Countries (LDCs) believe that the focus should be on the trade distorting effects of these measures.

In April, thirteen LDCs expressed their concerns about proposed discipline of TRIMs. The LDCs stressed the need to address the effects of the investment measures, not the measures themselves, and emphasized the developmental aspects of investment measures. LDCs generally agreed that "the negotiated outcome should facilitate a movement of investment across international frontiers, especially with a view to serving developmental aspirations of developing countries."

Developed countries generally agreed on the need to take developmental considerations into account in the negotiations and reiterated their view that further provisions are necessary in order to avoid adverse trade effects. These factors must be taken into consideration as the GATT proposals for TRIMs are evaluated.

The definition of a TRIM is a significant issue in the negotiations. It is generally agreed that the characteristics or effects of a TRIM must be used to establish rules, rather than a long list of specific programs. Characteristics that have been discussed include:

- o Requirements to achieve a given level of "local" content, for example, requirements that investors purchase or supply goods or inputs from local sources.
- o Requirements to mix, process or use products in ways which require that a specified proportion of any product be supplied by local sources.
- o Requirements to manufacture particular goods (as opposed to a general undertaking to produce or manufacture).
- o Requirements on investors to transfer, use or license a particular technology or process for local production.
- o Domestic sales requirements to sell a given label or percentage of production within the jurisdiction.
- o Requirements to export goods to a particular area of the world market.
- o Requirements to accept local equity participation (for example, a local partner).
- o Demands for exchange restrictions or remittance restrictions as requirements for foreign investment, for example, are requirements to hold a percentage of their profits in foreign currency.
- o Requirements imposed to achieve a balance or ratio between exports and imports.

U.S. Position

The USTR has determined that TRIMs do not exist on the federal level. To determine whether TRIMs may exist at the state level, a letter was sent to Governors in May 1990 requesting information about state programs that have any of the characteristics noted above. (No survey of local governments has been undertaken.)

On January 24, 1990, the United States tabled a proposal that encourages a tiered approach that would prohibit TRIMs that inherently distort trade while disciplining others to control adverse effects on trade. The proposal defined transparency and discriminatory measures as they relate to TRIMs.

IGPAC Position

The IGPAC position supports USTR's efforts to eliminate trade-distorting TRIM's. Preliminary review of the survey of states on the use of TRIM's reveals that TRIMS's are not used by U.S. states to any significant extent; the IGPAC reserves the right for further comment if final survey results reveals different information from the preliminary results.

GOVERNMENT PROCUREMENT

Background

The GATT Agreement on Government Procurement (the "Code") was first negotiated during the Tokyo Round in 1979. Current signatories are Austria, Canada, the European Community, Finland, Hong Kong, Israel, Japan, Norway, Singapore, Sweden, Switzerland and the United States, and Korea recently applied for membership.

Signatories to the Code provide that laws, regulations, procedures and practices regarding national government procurement should not protect domestic products and suppliers from competition from the products and suppliers of other code signatories, and should not discriminate among products and suppliers of other Code signatories.

The Code applies to procurements over SDR 130,00 (currently equal to US \$172,000). The terms of the Code permit each country to designate those national government agencies on whose procurement other Code signatories' firms will be eligible to bid on a non-discriminatory basis (e.g.) at the time of accession, the U.S. designated the State Department but not the Energy Department). The Code also requires transparency and competition in the entire procurement process and the establishment of a bud protest system for disappointed suppliers. The Code also establishes a dispute settlement mechanism for resolving disagreements between Signatories.

Exceptions are permitted in the Code for products of handicapped persons, philanthropic institutions and prison labor. The U.S. also reserves the right to favor products of minorities and small businesses.

Currently, negotiations aimed at expanding the list of entities under the Code are being held concurrent with the Uruguay Round negotiations. An agreement is expected to be reached in December 1990. Several ideas for expansion are under discussion, including the addition of remaining federal level agencies, entities over which government have significant influence or control, and sub-central (state and local) government entities.

Expanding the Code to cover government entities at the sub-central level has been proposed by the European Community and is supported by several signatories. This is one of the most important ideas under discussion. The sub-central procurement markets in Code signatories other than the U.S. is unknown, but is estimated that these markets are approximately the size of U.S. sub-central market. It is important to note that only a

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portion of sub-central markets will fall above the Code threshold and be subject to code obligations. Without agreement on this issue, the talks could fail to produce significant results in the procurement area.

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The Code opens markets by mandating the removal of any discriminatory procurement requirements and by mandating competitive tendering procedures which assure fair and equal treatment of all bidders. A review of current practices show that U.S. state and local governments generally conform to Code requirements with respect to pre-award and award procedures. However, required post-award reporting and informational procedures are often not part of current practice. Conforming to the Code may require additional administrative costs to meet these requirements and to establish or engage in the dispute-settlement procedures allowed under the Code.

United States Position

The U.S. Government has submitted a proposal to expand the Government Procurement Code to include state and local governments which wish to participate. Participating state and local governments would open their markets for procurement at some specified dollar amount and for agencies the participating states designate.

The U.S. government would commit to including as much of the state procurement markets as possible in a voluntary manner. Local governments could enter, but the U.S. government would not commit to pursuing their entrance.

In return for inclusion of state and local government procurement markets, products and services from U.S. suppliers could be sold on a non-discriminatory basis to Code-covered agencies in other signatories markets, including sub-central governments such as Canadian provinces or German land.

The ability of these negotiations to increase U.S. access to foreign markets will be determined by the total amount of government procurement markets made available by all U.S. federal, state and local agencies who choose to conform to the Code.

If agreement is reached to include state and local procurement in the Code, a period of approximately 18 months would be set aside during which state and local governments would be given the opportunity to agree formally to conform to the Code. The precise legal form of this conformity, along with questions about how states who agree to conform will be allowed to rescind conformity, must be clarified during this period.

IGPAC Position

The IGPAC supports the expansion of the Code at the federal level and voluntarily at the state level, with equal emphasis given to both, as an important way of expanding export markets for American goods and services. It is clearly in the best interest of the U.S. to pursue maximum coverage under the Code in order to open sub-central markets in other signatory nations. Fortunately, many states already conform in principle to Code standards, or can do so with relatively few changes. Local governments have not yet been surveyed as to their possible participation, but should be contacted during the implementation period in order to maximize American participation in foreign government procurement markets.

Federally Required Price Preferences

Conformity by state and local governments to the Code would be facilitated by removal of those federal laws requiring procurement preferences as a condition of receiving federal domestic assistance funds. IGPAC regrets that the federal government has not chosen to offer changes in these areas; true liberalization of government procurement markets cannot take place until markets for products such as mass transit are opened.

Avoid Significant Additional Costs

U.S. Government should be extremely sensitive to avoid agreeing to procedures which would require significantly more expensive procurement procedures.

Flexibility Should Be Maintained

The rules concerning adherence by state governments to the Code should allow states maximum flexibility in meeting Code requirements. Under no circumstances should a state be forced to comply.

Further Negotiations

USTR should consult closely with states and local governments during the implementation period of any changes in the Code affecting state and local government procurement markets with regard to rules that will bind states who offer to conform to the Code, the form and timing of commitment to the Code, and the methods of measuring and achieving balance between signatories.

Remaining Questions

- o If all firms in the United States have access to other Code-signatory markets, including sub-central markets, regardless of the number of state and local governments that agree to conform, what incentives will there be for state or local governments to remove existing preferences?
- o How much market access will U.S. businesses gain from an expanded agreement?
- o What types of products will be included in the agreement by other sub-central governments?
- o Do other potential expansions of the Code hinge on an agreement on sub-central procurement?
- o How aggressively will the U.S. Government pursue expansion to federal agencies and related entities that currently do not conform to the Code?
- o How would state and local governments which utilize human-rights based purchasing limitations, such as those applying to companies that do not conform to the Sullivan or MacBride Principles be affected?

AGRICULTURE

Background

Government involvement in agriculture has grown sharply in recent years. Import barriers, trade-distorting subsidies and arbitrary health and safety standards have triggered international disputes that threaten to upset the entire world trading system.

For more than 40 years signatories to the General Agreement on Tariffs and Trade (GATT) have been unable to subject domestic farm programs to international discipline. From the beginning, waivers and exceptions for "primary products" and a general disregard for existing rules have rendered the GATT practically useless in the face of politically attractive, interventionist farm programs.

Today's agricultural policies cost the consumers and taxpayers of industrial nations alone, an estimated range by various experts of \$130 billion to \$275 billion, according to the Organization for Economic Cooperation and Development. No major trading bloc can escape responsibility for the chaos that has overtaken farm trade. Signatories to the GATT recognize that government intervention has gone to far. Four years ago in Punta del Este, contracting parties agreed upon the need to "bring more discipline and predictability to world agricultural trade." They pledged to relax import barriers, discipline subsidies and reduce the trade-distorting effects of sanitary and phytosanitary restrictions. However, strong disagreement still exists over how far and how fast the world should move towards a market-oriented system.

Agriculture is by far the Uruguay Round's most contentious issue. In 1987 the United States called for elimination of all trade-distorting subsidies and import barriers. The U.S. government also proposed harmonization of health and safety requirements. This plan drew immediate criticism from the European Community, which refused to sever the link between government support and production.

The December 1988 midterm review failed to break the impasse. Four months later, however, trade ministers agreed to seek "substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets."

U.S. Position

The United States' proposal contains four basic elements. First, it would expand market access by converting all non-tariff measures (e.g., variable import levies, quotas, voluntary restraint agreements, minimum import policies, etc.) to fixed tariff rates that would be lowered by an average of 75 percent over 10 years with a final ceiling rate not to exceed 50 percent.

Second, export subsidies would be reduced 90 percent over ten years. Exceptions would be made for bona fide food aid.

Third, domestic subsidies would be subject to greater discipline. Programs to be reduced by 75 percent would include the following:

- o Administered price policies;
- o Income support policies linked to production or marketing;
- o Input or investment subsidies that are not available on an equal basis to producers and processors of farm commodities;
- o Certain marketing programs (e.g., transportation subsidies);

Programs that would be permitted include the following:

- o Income support policies not linked to production or marketing;
- o Environmental protection and land conservation programs;
- o Bona fide disaster assistance;
- o Bona fide domestic food aid;
- o Certain marketing programs (e.g., market information, most market promotion programs, inspection and grading);
- o General services (e.g., research, extension, and education);
- o Resource retirement programs;
- o Certain programs to stockpile food reserves;

These programs would need to be designed and implemented in a way that would produce minimal impacts on trade.

In addition, domestic policies that are capable of distorting trade would be subject to international review and

discipline. Included in this category would be input subsidies provided on an equal basis to any producer or processor. Examples are subsidies for fertilizer, pesticides, water from irrigation projects, production credit, subsidized raw materials and fuel or electricity subsidies. Also in the "yellow" category would be investment subsidies that are provided on an equal basis. These might include government-subsidized capital, long-term loans, breeding stock, perennial stock and farm modernization or consolidation programs. State and federal programs would be up for negotiation.

Finally, the United States seeks to ensure that measures taken to protect plant, animal and human health meet certain international standards based upon reliable scientific evidence.

The European Community The EC proposal offers a 30 percent reduction in farm supports from a base year of 1986 (with a 10 percent reduction for fruits, vegetables, and tobacco). The choice of 1986 as a base year is extremely controversial, since it was the year of highest agricultural supports by the Community.

The proposal conditionally accepts the concept of tariffication, but reserves the right to retain a margin of preference for EC products. The EC would accept tariffication only on condition that it can rebalance, that is permit the EC to offer lower tariffs for such products as corn and wheat in exchange for protecting soybeans and gluten feed. Moreover, the EC wants to retain a version of its "variable levy", a tariff mechanism that protects European farmers by raising import prices above artificially set domestic prices. The difference between world and domestic prices would be reduced under the proposal, but countries would be allowed to offset the effects of currency fluctuations (something now prohibited by GATT for all products).

The EC proposal would reduce -- but not eliminate -- trade-distorting subsidies. It contains no provision to eliminate export subsidies, but would reduce domestic subsidies. The EC argues that cutting domestic support would automatically relax the need for export subsidies used to unload surplus commodities on world markets.

The so-called Cairns Group, a coalition of 13 nations, issued its own blueprint, similar to the U.S. plan, for agricultural trade reform. Elements include a sharp reduction of export subsidies, their plan includes a full proposal for liberalizing subsidies reduction of domestic supports, tighter rules to govern countervailing duties, special treatment for

developing nations and conversion of non-tariff barriers to tariffs, which would be phased out over time.

During the G-7 Summit in Houston, leaders of the industrialized nations commended to negotiators a text drafted by the chairman of the negotiating group on agriculture, Mr. Aart DeZeeuw. The heads of state indicated this proposal could serve "as a means to intensify the negotiations" that continued on July 23 with a meeting of the Trade Negotiating Committee. the United States proposal is based on the chairman's text.

The DeZeeuw plan would collapse America's three-tiered internal support proposal into two tiers by doing away with non-actionable subsidies. Internal supports would be subject to certain criteria and review. Reduction would be made using an aggregate measure of support.

DeZeeuw's text embrace the U.S. proposal for tariffication, but called for special safeguard provisions to guard against surging imports and price fluctuations.

DeZeeuw also called for deep cuts in export subsidies. His text recommended that "direct budgetary assistance to exports, other payments on products exported and other forms of export assistance were to be substantially and progressively reduced and that the use of permitted export assistance would be subject to strengthened and more operationally effective GATT rules and disciplines." In addition, he proposed that export assistance be reduced "effectively more" than other types of support and protection.

IGPAC Position

In General

The Uruguay Round presents world leaders with an opportunity to address the issues that have thrown agricultural trade into disarray. In addition to increasing food purchases, improving efficiency and expanding consumer choice, market-oriented reform should benefit taxpayers and encourage better management of natural resources.

The IGPAC is disappointed that American negotiators have abandoned efforts to press for the complete elimination of trade-distorting farm supports in the Uruguay Round.

However, we recognize that america's modified proposal would force the European Community to make bigger reductions in absolute terms than the united states. By sharply reducing the support and protection available to ec farmers, the U.S. proposal

would narrow their margin of advantage over more efficient American producers.

IGPAC members believe that the European Community's proposal is completely inadequate, and we urge U.S. negotiators to reject any further compromise that fails to enhance the international competitiveness of American farmers. We will measure the success or failure of any Uruguay Round agreement on agriculture in terms of specific worldwide commitments to lower market access barriers and trade-distorting supports.

Comprehensive Approach Essential

The U.S. call for a 75 percent reduction of quantitative restraints, 90 percent reduction in agricultural export subsidies, and 75 percent reduction in internal supports is a modification of America's comprehensive approach. U.S. producers must not be asked to relinquish import protection without assurances of foreign market access and the elimination of trade-distorting subsidies.

The U.S. proposal should provide American producers with new export opportunities. ONLY comprehensive reform will allow U.S. producers to compete worldwide on the basis of price, quality and service.

Base Year of Subsidy Reduction Calculations

IGPAC opposes the use of 1986 as the sole base year for subsidy reduction calculations, and suggests that more recent years should be included in the base period.

Time to Adapt

the U.S. plan to give farmers time to adjust and to allow direct income assistance that does not distort trade.

State Health And Safety Standards

State adopted food safety standards should be allowed to remain as long as they are not used as a form of trade protection and are consistent with agreed upon international standards.

Remaining Questions

- o Which internal agricultural support programs would likely be subject to discipline under the U.S. proposal?

- o Will the federal government institute a direct payments program as envisioned by its proposal?
- o What can a state do to assist in the adjustment necessitated by an elimination of subsidies? Can a state subsidize infant agricultural industries in order to diversify its agricultural industry when its primary crop/s is/are threatened? How would this type of adjustment assistance differentiate itself from general subsidies?
- o By what measure will the United States assess foreign compliance with an agreement to reduce government support for agriculture?
- o What special safeguard provisions will protect U.S. Agriculture from surging imports, price fluctuations, and unfair competition.

TRADE-RELATED INTELLECTUAL PROPERTY RIGHTSBackground

Intellectual property refers to patents, copyrights, trademarks and trade secrets. Also included -- to a lesser extent -- are semiconductor mask works and proprietary technical data.

Two international agreements now govern intellectual property protection: the Convention of Paris for the Protection of Industrial Property and the Berne Convention for Literary and Artistic Works. Both are administered by the World Intellectual Property Organization (WIPO), an agency of the United Nations.

WIPO does not allow one country to seek compensation from another in the event of a violation. Consequently, the United States wants intellectual property addressed within the GATT.

Better protection of intellectual property rights is among the United States' leading goals in the Uruguay Round. The U.S. argues that inadequate patent, copyright and trademark regimes discourage investment and deprive entrepreneurs of a fair return on their ideas.

An increasing share of U.S. goods and services depends upon intellectual property protection. It is important to American producers of computers and software, movies, sound recordings, books, scientific equipment, chemicals, pharmaceutical and even aircraft parts. In 1986 the U.S. International Trade Commission estimated that domestic producers lose up to \$60 billion annually to counterfeit goods or the unauthorized production of items embodying ideas or technology owed by others.

Developing countries have registered serious objections. A central question in the debate is how to ensure legal protection of incentives for product innovation without stifling competition and restricting the benefits of technology.

In April 1988, trade ministers pledged to strengthen GATT's role in upholding intellectual property rights. They agreed to negotiate adequate standards, appropriate enforcement, dispute settlement procedures that are both swift and effective and transitional arrangements to accommodate full participation.

STAFF DRAFT

FOR IGPAC DISCUSSION ONLY

Ministers cautioned that public policy, including developmental and technical objectives, would receive consideration.

U.S. Position

Under the U.S. proposal for an IGPAC agreement contracting parties would agree to protection "no less than the economic rights" of the Paris and Berne Conventions. The U.S. agreement also calls for national treatment, non-discrimination and transparency.

Key elements of the U.S. proposal include the following:

- o Patent protection for at least 20 years from the date of filing. Japan and the European Community grant 20-year patents, but a number of countries still maintain terms of 12-15 years or less. The U.S. argues that patent protection should be granted to the first person to invent. Just about every other nation in the world says this protection should go to the first person to file. The U.S. is also seeking to ensure that patents be made available to all technologies. Several developing countries want to exclude pharmaceutical.
- o Severe restrictions on compulsory licensing. Foreign governments sometimes limit a patent owner's exclusive rights. In some nations this is done if officials determine that it conforms to the public interests, if the product is not manufactured locally or it is not reasonably available. The United States wants to restrict the use of compulsory licensing to (1) national emergencies or (2) violations of competition laws. No compulsory licensing would be allowed for trademarks.
- o Copyright protection that goes beyond that found in the Berne Convention. For instance, the U.S. proposal calls for language to ensure adequate protection of computer programs as literary works. American law protects a literary work for the life of its author plus 50 years. It sets forth rights to reproduce the work; (e.g., making a motion picture based upon a book; to distribute copies of the work (i.e. publishing); to perform the work publicly; and to safeguard public display. For the most part, these provisions are incorporated in the Berne Convention and in the laws of our trading partners. However, each code of law contains various exceptions.

- o. Trademark protection. The United States wants to ensure that no one acquires a trademark unless that person fully intends to use it. This is intended to prevent people from grabbing trademarks and stockpiling them for later use. American negotiators are also pushing for the inclusion of service marks (i.e. logos associated with intangible products such as motion pictures).
- o. Protection for trade secrets;
- o. Protection for geographic indications that certify regional origin. (This includes protection for non-generic appellations of origin for wine)
- o. Border enforcement prohibiting the entry or exit of infringing goods.

Developing nations led by India and Brazil argue that granting exclusive rights to an innovator creates a monopoly, boosting prices and withholding technology from those who need it most: poor citizens of developing countries. India, for example, offers no products patents, and its process patents are good for only seven years. Officials say their top priority is the nutritional and health requirements of the Indian people.

Meanwhile, Bolivia, Peru, and Chile insist that language agreed to during the Uruguay Round's midterm review does not require intellectual property concessions from developing countries.

Other unresolved issues are dispute settlement, the structure of an agreement on intellectual property in a new world trade order, and protection of pharmaceutical patents.

IGPAC Position

The U.S. should seek an international agreement that ensures adequate standards, effective enforcement -- both within national boundaries and at the border -- and a sure method of settling disputes.

Questions

How does the U.S. proposal deal with this country's international obligations following the 1988 GATT panel report on Section 337 (U.S. Tariff Act of 1930)?

STAFF DRAFT

FOR IGPAC DISCUSSION ONLY

Would U.S. negotiators accept a proposal that calls for appellations of origin to supersede established trademarks?

NOVEMBER 28, 1990

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DISPUTE SETTLEMENT

Background

Current GATT dispute settlement procedures are based upon consensus and voluntary compliance. Although this process has worked in some cases, it has proved to be unsuccessful in others. Consequently, one of the goals of the Uruguay Round is to establish reforms in dispute settlement in order to make the organization more effective in resolving conflicts among its members and so that complaints are resolved more quickly. The Punta del Este Ministerial Declaration called for negotiations that aim to improve and strengthen the rules and procedures of the dispute settlement process. The Declaration also called for the development of adequate arrangements for overseeing and monitoring of the procedures that would facilitate compliance with adopted recommendations.

Montreal Mid-Term Review

At the Montreal mid-term review, the contracting parties agreed on measures to streamline the dispute settlement process. Some of THE NEW PROCEDURES include:

1. Placement of a time limitation on certain steps in the dispute process.
2. Establishment of a panel if there is failure to settle a dispute within 60 days after the request for consultation.
3. Establishment of SHORTER deadlines for consultations deemed of urgency; the complaining party may request the establishment of a panel if there is failure to settle a dispute within a period of 30 days from the request for consultation.
4. Harmonization of proceedings where more than one country is a complainant.
5. Greater monitoring of the dispute settlement process by the GATT Council.

Panels will be composed of three individuals unless the parties agree to a panel composed of five members.

U.S. Position

The U.S. has put forth suggestions for discussion as to how the dispute settlement system might be improved. The suggestions are as follows:

1. Assuring that there is an absolute right to a panel.
2. Binding, enforceable time-tables for the process, including its various stages.
3. A procedure to deal with the problem of blocking adoption of panel reports.
4. A procedure for setting a deadline for parties to comply with panel findings, giving rise to a right to compensation or retaliation in the absence of compliance.

IGPAC Position

1. IGPAC supports a strong dispute settlement mechanism. If the GATT is to operate effectively, a strong mechanism that is able to resolve conflicts in a rapid manner and ensure compliance with panel decisions is vital. IGPAC stands ready to work with the United States Government to assure that a significant dispute settlement mechanism is put in place.
2. Further, IGPAC supports inclusion of state representatives in the U.S. delegation to any dispute in which a U.S. State law or practice is subject to review. In addition, the USTR should be aware that most complaints that involve the U.S. may affect states directly or indirectly. This is particularly true because of the application of new rules in areas such as services that are subject to significant state regulation.
3. Further, the U.S. should establish a notification system for states. When states are directly or indirectly affected by a dispute, the U.S. should inform states immediately. The U.S. should also inform states of any compensatory adjustments or retaliation that may result if the U.S. is a losing party in a dispute.

Remaining Questions

- o What will be the criteria for choosing panelists for the arbitration panels?
- o How will the criteria to reject panelists, i.e., for good cause, be determined?
- o If losing parties refuse to comply with panels' decisions, what retaliatory actions can the complainants exercise?
- o At what point may Section 301 authority be utilized? Will the U.S. be able to utilize Section 301 when the dispute settlement arbitration process breaks down? Or may it be used when the timetable for implementation of panel decisions are ignored by the losing party (if the U.S. is the winning party)?
- o How will compliance by losing parties be monitored?

AGREEMENT ON TECHNICAL BARRIERS TO TRADE
(STANDARDS CODE)

Background

Negotiations on expanding and revising the Standards Code are taking place within the MTN Agreements and Arrangements Negotiating Group, which is reviewing a range of Tokyo Round codes on issues such as anti-dumping, import licensing, and customs valuation. Product standards and technical regulations, which often are cited as non-tariff barriers to trade, are established by an array of entities including national governments, subcentral governments, regional entities, and private sector organizations. Such standards might include environmental and safety regulations; building codes; technical regulations concerning production, packaging, and shipping; and requirements for testing and use of materials. Product liability standards are not directly addressed in these negotiations.

As of September, fifteen proposals had been merged into a common negotiating text. Negotiators were meeting the week of October 8 in Geneva, and real progress is expected on narrowing differences in key areas.

U.S. Position

All countries have supported expanded disciplines on conformity assessment procedures (e.g., testing, inspection, product certification, etc.). There is also broad support for proposals to improve transparency and dispute settlement procedures. All countries except the EC have supported full coverage of processes and production methods (PPMs) (i.e., technical regulations that prescribe the process or method of production, rather than specifying the final characteristics a product must have). On this matter, the EC is reserving its position pending the outcome of discussions on sanitary and phytosanitary issues in the Agriculture group. (The United States has advocated full coverage of PPMs to address problems such as that arising in the hormone case).

The EC has proposed increasing obligations for central government to ensure subnational governments comply with obligations for the development and application of technical regulations. For example, every set of technical regulations concerning environmental or product safety -- even building codes -- may be subject to GATT review under this proposal, which includes prenotification requirements. This would impose considerable administrative costs on state and local governments.

U.S. implementation could involve federal preemption of state and local standards regulations, as a means of ensuring compliance. The nordics have advanced a similar proposal for obligations related to conformity assessment procedures. The United States and others, including Canada and Australia, oppose an extension of obligations related to subnational government activities, because of the administrative costs to central and subcentral governments.

The EC has also proposed a "code of good practice for the development of voluntary standards at all levels--central government, local government, regional, private.

The U.S. has been alone in its opposition to the ec proposal for a code of good practice and in September, the U.S. presented an alternative approach designed to improve transparency in non-governmental regional standards development and to ensure that any additional burdens for private sector or local government voluntary standards developers are more realistic and feasible to implement.

As noted above, sanitary and phytosanitary standards are handled separately by the Agriculture Negotiating Group. In this context, the U.S. position would allow state standards that are more stringent than federal standards as long as they were non-discriminatory and scientifically based. In the standards area, such precise language is not part of the current text. Rather, it refers to standards that have "legitimate objectives" or that have a "sound basis."

Questions

- o What would be the timing for effecting a new standards agreement.
What would be the short- and long-term impacts on both standards developers and product manufacturers?
- o Where scientists disagree, whose authority would determine what is "scientifically-based"? If other less specific criteria are used, e.g., "legitimate objectives," How and by whom might such objectives be defined and measured ?
- o What coordinative mechanisms would be used in the United States?
To what extent would state and local governments be involved in the dispute settlement process?
- o What will be the administrative costs to state and local governments of changes in the standard-setting requirements?

Draft IGPAC Recommendations:

1. IGPAC supports strengthening international disciplines on standards development and technical regulations. Proposals supported by the United States and others that include efforts to enhance transparency in regional standards development and to explicitly cover processes and production methods are seen as positive steps toward strengthening the Standards Code.
2. Efforts to extend GATT code obligations to standards development and conformity assessment procedures at the subnational level should recognize the legitimate role of state and local governments in initiating and participating in standards development, especially in matters of public safety and environmental protection. The IGPAC would oppose attempts to preempt or severely limit this legitimate role.
3. Non-discriminatory and scientifically based standards that are stricter than central government standards should be allowable under an international standards code. The purpose of the standard is not by itself justification for a discriminatory standard.
4. Standards ought to be scientifically based. Objective criteria are essential to limiting the trade-distorting effects of standards. An agreement that allows standards to be set according to "legitimate purposes" or other vague criteria, are unlikely to go far enough in eliminating the current practices of countries that use product and other safety standards to distort trade.
5. Proposals to impose prenotification and other burdensome requirements on standards developers are counterproductive, given the volume of material that would be generated. However, approaches designed to improve transparency in standard setting are useful, so long as such transparency measures are realistic and feasible to implement.

GPD-01
1/23/91

POINT PAPER

Subj: GPD Briefing Paper for NGA Winter Meeting
RE: Violent Crime & Appropriate Response of States

1. The violent crime rate, in proportion to the Guam's growing population, has stayed relatively level for the past three years.
2. Murder has decreased over the past two years -- 28.6 percent during the last year.
3. GPD's clearance rate for violent crime has steadily increased over the past three years; this is attributable to professional leadership in the department and to the close support received from the Governor's office.
4. Guam enjoys a lower crime rate than other offshore states and territories. It also has a lower crime rate than similar-sized mainland communities, especially those located near major military installations.
5. Guam's lower crime rate is primarily due to several factors that make it unique from other offshore states and territories:
 - o Extreme isolation from the U. S. Mainland
 - o Western Pacific island cultural influence still strong
 - o Family (& extended family) structure still intact
 - o GPD is the sole island law-enforcement agency -- no jurisdictional gaps exist
 - o Cosmopolitan community with strong Asian influences and values -- especially toward family, elders and education
6. Another factor contributing to Guam's relatively low crime rate is the unusual rapport and working relationships between GPD and federal agencies on-island (FBI, DEA, INS, etc.)
7. Guam has received outstanding training support from the Department of Defense, including Secretary Cheney, in permitting five GPD investigators attend the U. S. Army CID School at Fort McClellan, Alabama.

SUMMARY

Although Guam's crime rate compares favorably with most states and territories, it is not crime free. As in the cases of other state-level governments, Guam is encountering increased sophistication on the part of criminals, particularly those involved in narcotics trafficking. If GPD is to keep pace, it will require increased funding from federal grants and local government to move into "high-tech" police work. This will include computer networking among the entire criminal justice community and expansion of the GPD Crime Lab, which has become the regional lab for the Western Pacific Basin.

ATTACHMENT: 1990 Crime Stats - Preliminary Analysis

1990 CRIME STATISTICS - PRELIMINARY ANALYSIS

reliminary analysis of the annual statistics shows that in each of the violent and property crimes categories the clearance rate has gone up as compared to 1989.

There were 10 murders during the year as against 14 in 1989. Additionally, the clearance rate in this category has also increased by 1.9% i.e. from 57.1 in 1989 to 60.0% in 1990.

Similarly, clearance rate has increased in other violent crime categories as follows:

	Up by	<u>1989</u>	<u>1990</u>
Rape	2.8%	75.0	77.8
Robbery	22.3%	64.1	86.4
Agg Assault	1.4%	84.5	85.9

Property crimes show the same trend:

Burglary	4.3%	32.4	36.7
Larceny-Theft	2.2%	32.3	34.5
Auto-Theft	5.0%	23.8	28.8
Arson	4.9%	13.9%	18.8

Overall there has been increase in clearance rate of 3.9% over 1989 (from 34.3 of 1989 to 38.2 of 1990).

This increase became even more meaningful as the ratio of officers per 1000 population has only gone up from 1989 by 0.1% (from 2.4 in 1989 to 2.5 in 1990).

It may be noted that the rate of recovery of stolen goods has also increased by 4.1% in dollar values from 39.9 in 1989 to 44.0 in 1990 (Recovered \$1,989,606.54 of 1989 to \$2,698,330.26 in 1991).



JAN 28 1991

MEMORANDUM

TO: Director, Bureau of Planning

FROM: Director of Public Works

SUBJECT: Briefing Paper for the Upcoming NGA Winter Meeting

The Territory of Guam has been receiving federal funds for highway construction thru the Federal Aid Highway Program. This is clearly shown in the previous years' Highway/Road projects that were constructed thru the support of federally aided funds. The current funding is provided under the Primary Road Program in the Surface Transportation and Uniform Relocation Act of 1987, and amounts to approximately \$5 Million each year. This act authorized funds for a 5-Year period and expires at the end of FY-1991. We therefore wish to ensure that Guam is included for at least the same or even greater funding in the enactment of a new act to continue this federal-aid highway program. To keep up with the rapid development, the Territory of Guam must continue to participate in the programs and benefits covered in the following Sections of Title 23 USC 215 of Public Law 100-17: Section 120(i); Section 125(b); Section 125(d) and Section 152(h) (in combination with Section 401).

In fact, we urge that Guam's allocation be at least doubled for the following reasons:

- Guam's ongoing Highway Projects currently under construction and nearing completion amount to \$30 Million, and an estimated cost of \$22 Million is projected for FY-1991 alone, both federally/locally funded. Under design and ready for implementation in FY-1992 are projects estimated at \$50 Million in construction costs.
- With an increase of over 22,000 motor vehicles travelling Guam's roadways, over the last five years, which is approximately 10% increased use of our highways and roads, funds for the Federal-Aid Highway Program must be increased substantially to keep up with the required reconstruction of our highways. In addition to this is the need to fund the Highway Hazard Elimination projects and Highway Safety Programs.



Commonwealth Now!

Government of Guam, P.O. Box 2950, Agaña, Guam 96910

Memo to Director, Bureau of Planning
Briefing Paper for the Upcoming NGA
Winter Meeting
Page 2

- The Public Transportation (Mass Transit) System in Guam is still in its infancy. Movement of people is still primarily by private vehicles. This mode of transportation will continue into the foreseeable future.
- The recent Typhoon Russ caused considerable damage. It will cost approximately \$2.2 Million to repair the roadways, road signs, traffic signals, street lights and erosion control facilities. Sections 125(b) and 125(d) of Title 23 USC 215 are very supportive in this case.
- Since the early 1980's when facilities started being built based on "Barrier-Free Design" for the physically handicapped, Guam's Highway Safety Program has provided safer and more convenient movement of the physically handicapped people. Again, Section 402(b)(1)(B) supports this. Title II which is the Highway Safety Act further supplements this.

Guam clearly needs continuing programs such as the Federal-Aid Highway and Highway Safety Programs. Public Law 100-17 therefore should be reauthorized for the Territory of Guam to provide the highway infrastructure necessary to support the massive growth.


BENIGNO M. PALOMO

Attachments

Public Law 100-171

213. [Repealed by Public Law 100-217,

213. (Repeated by 1 June 2011)

(a) Funds available for public lands development roads and trails shall be used to pay the cost of construction and improvement of such roads and trails.

(b) Funds available for public hall and fire control facilities.

ter, and fire control system.

hospital highway program that will accrue to the Virginia health of the

(a) Recognizing the mutual common interests of the American Samoa, and the Commonwealth of the Northern Mariana Islands, and to the United States from the

the United States, the

provenance of his authorized signature

Secretary of the construction industry designated a program for the construction of connectors and necessary interland connectors by the Secretary.

the Governor of such territory and approval of the President shall be granted under this section.

highway development pr

...to administer on

(b) The Secretary may, in the establishment of an appropriate agency to carry out the planning, design, construction and maintenance of a project, determine the need for a study of the project and the need for a study of the project.

continuing basis highway program. Of course, in the absence of operations, the development of a system of interisland connectors, a necessary interisland connectors, a

variance from the highway, including necessary right-of-way and advance collector highways, including necessary right-of-way and advance

the establishment of the assistance programs, and the appropriations authorized under this section of the act with respect to the appropriations authorized under this section of the act.

(c) No part of the expenditure shall be available for obligation or expenditure with the Government or enters into an agreement with the Government.

territory until the Government of such territory un- what the government of such territory

[illegible]

including necessary interlining (1) will not improve standards approved by the Secretary; (2) will not improve standards approved by the Secretary, for use by vehicle

toll, or permit any such toll to be charged upon any portion of the facilities constructed or operated by the State.

persons or any facilities in a condition to adequately serve the provisions of this section; (5) will provide standards for

nance of such facilities; (4) will implement systems of present and future traffic control devices which will

of the sums authorized to be applied to the operations and uniforms approved by the Secretary.

(d)(1) Three per centum of the sum of the amounts paid for carrying out subsection (a) or (b) of this section for each fiscal year for carrying out subsection (a) or (b) of this section only for engineering.

ated for each investigation, for the planning of expenditures, for the planning of studies and investigations, for the planning of

economic surveys and the financing thereof, for highway programs and the financing thereof, for convenience of highway usage and the

...economy, safety, and convenience thereof, and for regulating the taxation thereof, and for the planning.

THE UNIVERSITY OF CHICAGO

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TITLE 23—UNITED STATES CODE

1216

and maintenance of the highway system, and the regulation and taxation of their use.

(2) In addition to the percentage provided in paragraph (1) of this subsection, not to exceed 2 per centum of sums authorized to be appropriated for each fiscal year for carrying out subsection (a) of this section may be expended upon request of the Governor and with the approval of the Secretary for the purposes enumerated in paragraph (1) of this subsection.

(e) None of the funds authorized to be appropriated for carrying out this section shall be obligated or expended for maintenance of the highway system.

(f) The provisions of chapter 1 of this title that are applicable to Federal-aid primary highway funds, other than provisions relating to the apportionment formula and provisions limiting the expenditure of such funds to the Federal-aid systems, shall apply to the funds authorized to be appropriated to carry out this section except as determined by the Secretary to be inconsistent with this section.

§ 216. Darien Gap Highway

(a) The United States shall cooperate with the Government of the Republic of Panama and with the Government of Colombia in the construction of approximately two hundred and fifty miles of highway in such countries in the location known as the "Darien Gap" to connect the Inter-American Highway authorized by section 212 of this title with the Pan American Highway System of South America. Such highway shall be known as the "Darien Gap Highway". Funds authorized by this section shall be obligated and expended subject to the same terms, conditions, and requirements with respect to the Darien Gap Highway as are funds authorized for the Inter-American Highway by subsection (a) of section 212 of this title.

(b) The construction authorized by this section shall be under the administration of the Secretary who shall consult with the appropriate officials of the Department of State with respect to matters involving the foreign relations of this Government, and such negotiations with the Governments of the Republic of Panama and Colombia as may be required to carry out the purposes of this section shall be conducted through, or authorized by, the Department of State.

(c) The provisions of this section shall not create nor authorize the creation of any obligation on the part of the Government of the United States with respect to any expenditures for highway surveys or construction heretofore or hereafter undertaken in Panama, Colombia, other than the expenditures authorized by the provisions of this section.

(d) Appropriations made pursuant to any authorization for the Darlen Gap Highway shall be available for expenditure by the Seaford City and County for necessary administrative and engineering expenses in connection with the Darlen Gap Highway program.

(e) For the purposes of this section the term "construction" do not include any costs of rights-of-way, relocation assistance, or the elimination of hazards of railway grade crossings.

SELECTED PROVISIONS OF THE SURFACE TRANSPORTATION ASSISTANCE
ACT OF 1982

FEDERAL-AID PRIMARY FORMULA

Sec. 108. (a) Notwithstanding section 104(b)(1) of title 23, United States Code, and any other provision of law, amounts authorized for fiscal years 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, and 1991 for the Federal-aid primary system (including extensions in urban areas and priority primary routes) shall be apportioned in accordance with this section. The Secretary of Transportation shall determine for each State the higher of (1) the amount which would be apportioned to such State under section 104(b)(1) of title 23, United States Code, and (2) the amount which would be apportioned to such State under the following formula:

One-half in the ratio which the population of rural areas of each State bears to the total population of rural areas of all the States as shown by the latest available Federal census and one-half in the ratio which the population in urban areas in each State bears to the total population in urban areas in all the States as shown by the latest Federal census.

(b) The Secretary of Transportation shall, for each of the fiscal years 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, and 1991, determine the total of the amounts determined for each State under subsection (a) and shall determine the ratio which the total amount authorized for such fiscal year for the Federal-aid primary system bears to the total of such amounts determined under subsection (a) for such fiscal year.

(c) The amount which shall be apportioned to each State for the Federal-aid primary system (including extensions in urban areas and priority primary routes) for each of the fiscal years 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, and 1991 shall be the amount determined for such State under subsection (a), multiplied by the ratio determined under subsection (b).

(d) Notwithstanding any other provision of law, no State shall receive an apportionment under this section for any fiscal year which is less than the lower of (1) the amount which the State would be apportioned for such fiscal year under section 104(b)(1) of title 23, United States Code, and (2) the amount which would be determined under the formula set forth in subsection (a). Notwithstanding any other provision of law, no State shall receive for any such fiscal year less than one-half of 1 per centum of the total apportionment under this section for such fiscal year. For purposes of this paragraph and subsection (b) of section 103 of title 23, United States Code, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands shall be considered to

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either as one State. The State consisting of the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Mariana Islands shall not receive less than one-half of 1 per centum of each year's apportionment. There are authorized to be appropriated such sums as may be necessary out of the Highway Trust Fund to carry out this subsection. Funds authorized by this subsection shall be available for obligation in the same manner and to the same extent as if such funds were apportioned under chapter 1 of title 23, United States Code.

(e) Amounts apportioned under this section shall be deemed to be amounts apportioned under section 104(b)(1) of title 23, United States Code, for purposes of such title and all other provisions of law. Terms used in this section shall have the same meaning such terms have in chapter 1 of title 23, United States Code.

BUY AMERICA

Sec. 165. (a) Notwithstanding any other provision of law, the Secretary of Transportation shall not obligate any funds authorized to be appropriated by this Act or by any Act amended by this Act or, after the date of enactment of this Act, any funds authorized to be appropriated to carry out this Act, title 23, United States Code, the Urban Mass Transportation Act of 1964, or the Surface Transportation Assistance Act of 1978 and administered by the Department of Transportation, unless steel and manufactured products used in such project are produced in the United States.

(b) The provisions of subsection (a) of this section shall not apply where the Secretary finds--

(1) that their application would be inconsistent with the public interest;

(2) that such materials and products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality;

(3) in the case of the procurement of bus and other rolling stock (including train control, communication, and traction power equipment) under the Urban Mass Transportation Act of 1964, that (A) the cost of components and subcomponents which are produced in the United States is more than 50 per centum of the cost of all components of the vehicle or equipment described in this paragraph, and (B) final assembly of the vehicle or equipment described in this paragraph has taken place in the United States; or

(4) that inclusion of domestic material will increase the cost of the overall project contract by more than 25 percent.

(c) For purposes of this section, in calculating components' costs, labor costs involved in final assembly shall not be included in the calculation.

* P.L. 100-17, § 357(a)(1)(A) and (B), 101 Stat. 241, provides: "Effective October 1, 1989, strike '64' and insert '65'." Effective October 1, 1991, strike "65" and insert "69".

the Federal share provided in clause (b) of this subsection, the State must enter into an agreement with the Secretary covering a period of not less than one year, requiring such State to use solely for highway construction purposes (other than paying its share of projects approved under this title) during the period covered by such agreement the difference between the State's share as provided in clause (B) and what its share would be if it elected to pay the share provided in clause (A) for all projects subject to such agreement.

(b) Subject to the provisions of subsection (d) of this section, the Federal share payable on account of any project, financed with interstate funds on the Interstate System, authorized to be appropriated prior to June 29, 1956, shall not exceed 60 per centum of the cost of construction, except that in the case of any State containing unappropriated and unreserved public lands and nontaxable Indian lands, individual and tribal, exceeding 5 per centum of the total area of all lands therein, the Federal share shall be increased by a percentage of the remaining cost equal to the percentage that the area of all such lands in such State, is of its total area. The provisions of subsection (a) of this section shall apply to any project financed with funds authorized by the provisions of section 2 of the Federal-Aid Highway Act of 1952.

(c) Subject to the provisions of subsection (d) of this section, the Federal share payable on account of any project on the Interstate System provided for by funds made available under the provisions of section 108(b) of the Federal-Aid Highway Act of 1956 shall be increased to 90 per centum of the total cost thereof, plus a percentage of the remaining 10 per centum of such cost in any State containing unappropriated and unreserved public lands and nontaxable Indian lands, individual and tribal, exceeding 5 per centum of the total area of all lands therein, equal to the percentage that the area of such lands in such State is of its total area, except that such Federal share payable on any project in any State shall not exceed 95 per centum of the total cost of such project. Notwithstanding subsection (a) of this section, the Federal share payable on account of any project financed with primary funds on the Interstate System for resurfacing, restoring, rehabilitating, and reconstructing shall be the percentage provided in this subsection.

(d) The Federal share payable on account of any project for the elimination of hazards of railway-highway crossings, as more fully described and subject to the conditions and limitations set forth in section 130 of this title, and for any project for traffic control signalization or for pavement marking or for commuter carpooling and vanpooling or for installation of traffic signs, highway lights, guardrails, or impact attenuators, may amount to 100 per centum of the cost of construction of such projects, except that not more than 75 per centum of the right-of-way and property damage costs, paid from public funds, on any such project, may be paid from sums apportioned in accordance with section 104 of this title: Pro-

... Federal share payable on account of any project for traffic control signalization under section 103(e)(4) of this title may amount to 100 per centum of the cost of construction of such project.

(e) The Secretary may rely on a statement from the Secretary of the Interior as to the area of the lands referred to in subsections (a) and (b) of this section. The Secretary of the Interior is authorized and directed to provide such statement annually.

(f) EMERGENCY REPAIR.—The Federal share payable on account of any repair or reconstruction provided for by funds made available under section 125 of this title on account of any project on a Federal-aid highway system, including the Interstate System, shall not exceed the Federal share payable on a project on such system as provided in subsections (a) and (c) of this section; except that (1) the Federal share payable for eligible emergency repairs to minimize damage, protect facilities, or restore essential traffic accomplished within 90 days after the actual occurrence of the natural disaster or catastrophic failure may amount to 100 percent of the costs thereof; and (2) the Federal share payable on account of any repair or reconstruction of forest highways, forest development roads and trails, park roads and trails, parkways, public lands highways, public lands development roads and trails, and Indian reservation roads may amount to 100 percent of the cost thereof. The total cost of a project may not exceed the cost of repair or reconstruction of a comparable facility. As used in this section with respect to bridges and in section 144 of this title, "a comparable facility" shall mean a facility which meets the current geometric and construction standards required for the types and volume of traffic which such facility will carry over its design life.

(g) The Secretary is authorized to cooperate with the State highway departments and with the Department of the Interior in the construction of Federal-aid highways within Indian reservations and national parks and monuments under the jurisdiction of the Department of the Interior and to pay the amount assumed therefor from the funds apportioned in accordance with section 104 of this title to the State wherein the reservations and national parks and monuments are located.

(h) At the request of any State, the Secretary may from time to time enter into agreements with such State to reimburse the State for the Federal share of the costs of preliminary and construction engineering at an agreed percentage of actual construction costs for each project, in lieu of the actual engineering costs for such project. The Secretary shall annually review each such agreement to insure that such percentage reasonably represents the engineering costs actually incurred by such State.

(i) Notwithstanding any other provision of this section or of this title, the Federal share payable on account of any project under this title in the Virgin Islands, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands shall be 100 per centum of the total cost of the project.

23 USC 120 (i)

three-month period beginning July 1, 1976, and ending September 30, 1976, is authorized to be expended to carry out the provisions of this section, and not more than \$100,000,000 is authorized to be expended in any one fiscal year commencing after September 30, 1976, and not more than \$100,000,000 is authorized to be expended in any one fiscal year commencing after September 30, 1980, to carry out the provisions of this section, except that, if in any fiscal year the total of all expenditures under this section is less than the amount authorized to be expended in such fiscal year, the unexpended balance of such amount shall remain available for expenditure during the next two succeeding fiscal years in addition to amounts otherwise available to carry out this section in such years, and (2) prior to the fiscal year ending September 30, 1978, 60 per centum of the expenditures under this section for any fiscal year are authorized to be appropriated from the Highway Trust Fund and the remaining 40 per centum of such expenditures are authorized to be appropriated only from any moneys in the Treasury not otherwise appropriated, and for any fiscal year thereafter, 100 per centum of such expenditures are authorized to be appropriated out of the Highway Trust Fund. For the purposes of this section the period beginning July 1, 1976, and ending September 30, 1976, shall be deemed to be a part of the fiscal year ending September 30, 1977. Pending such appropriation or replenishment the Secretary may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with the provisions of this title, including existing Federal-aid appropriations, such sums as may be necessary for the immediate prosecution of the work herein authorized, such appropriations to be reimbursed from the appropriations herein authorized when made.

(b) The Secretary may expend funds from the emergency fund herein authorized for the repair or reconstruction of highways on the Federal-aid highway systems, including the Interstate System, in accordance with the provisions of this chapter. *Provided*, That (1) obligations for projects under this section, including those on highways, roads, and trails mentioned in subsection (c) of this section, resulting from a single natural disaster or a single catastrophic failure in a State shall not exceed \$100,000,000, and (2) the total obligations for projects under this section in any fiscal year in the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands shall not exceed \$5,000,000. Notwithstanding any provision of this chapter actual and necessary costs of maintenance and operation of ferries providing temporary substitute highway traffic service, less the amount of fares charged, may be expended from the emergency fund herein authorized on the Federal-aid highway systems, including the Interstate System. Except as to highways, roads, and trails mentioned in subsection (c) of this section, no funds shall be so expended unless the Secretary has received an application therefor from the State highway department, and unless an emergency has been declared by the Governor of the State and concurred in by the Secretary, except that if the President has declared such emergency to be a major disaster

Act 1 (Public Law 93-288) concurrence of the Secretary is not required.

(c) The Secretary may expend funds from the emergency fund herein authorized, either independently or in cooperation with any other branch of the Government, State agency, organization, or person, for the repair or reconstruction of forest highways, forest development roads and trails, park roads and trails, parkways, public lands highways, public lands development roads and trails, and Indian reservation roads, whether or not such highways, roads, or trails are on any of the Federal-aid highway systems.

(d) *TREATMENT OF TERRITORIES.*—For purposes of this section, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands shall be considered to be States and parts of the United States, and the chief executive officer of each such territory shall be considered to be a Governor of a State.

§ 126. Diversion

(a) Since it is unfair and unjust to tax motor-vehicle transportation unless the proceeds of such taxation are applied to the construction, improvement, or maintenance of highways, after June 30, 1935, Federal aid for highway construction shall be extended only to those States that use at least the amounts provided by law on June 18, 1934, for such purposes in each State from State motor vehicle registration fees, licenses, gasoline taxes, and other special taxes on motor-vehicle owners and operators of all kinds for the construction, improvement, and maintenance of highways and administrative expenses in connection therewith, including the retirement of bonds for the payment of which such revenues have been pledged, and for no other purposes, under such regulations as the Secretary of Transportation shall promulgate from time to time.

(b) In no case shall the provisions of this section operate to deprive any State of more than one-third of the entire apportionment authorized under this chapter to which that State would be entitled in any fiscal year. The amount of any reduction in a State's apportionment shall be reapportioned in the same manner as any other unexpended balance at the end of the period during which it otherwise would be available in accordance with section 104(b) of this title.

§ 127. Vehicle weight limitations—Interstate System

(a) *IN GENERAL.*—No funds authorized to be appropriated for any fiscal year under provisions of the Federal-Aid Highway Act of 1956 shall be apportioned to any State which does not permit the use of the National System of Interstate and Defense Highways within its boundaries by vehicles with a weight of twenty thousand pounds carried on any one axle, including enforcement tolerances, or with a tandem axle weight of thirty-four thousand pounds, including enforcement tolerances, or a gross weight of at least eighty thousand pounds for vehicle combinations of five axles or more. However, the maximum gross weight to be allowed by any State

¹ In accordance with section 102(b) of the Disaster Relief and Emergency Assistance Amendment of 1988, this reference is deemed to be a reference to the Robert T. Stafford Disaster

§ 152. Hazard elimination program

(a) Each State shall conduct and systematically maintain an engineering survey of all public roads to identify hazardous locations, sections, and elements, including roadside obstacles and unmarked or poorly marked roads, which may constitute a danger to motorists and pedestrians, assign priorities for the correction of such locations, sections, and elements, and establish and implement a schedule of projects for their improvement.

(b) The Secretary may approve as a project under this section any highway safety improvement project.

(c) Funds authorized to carry out this section shall be available for expenditure on any public road (other than a highway on the Interstate System).

(d) The Federal share payable on account of any project under this section shall be 90 percent of the cost thereof.

(e) Funds authorized to be appropriated to carry out this section shall be apportioned to the States as provided in section 402(c) of this title. Such funds shall be available for obligation in the same manner and to the same extent as if such funds were apportioned under section 104(b)(1), except that the Secretary is authorized to waive provisions he deems inconsistent with the purposes of this section.

(f) Each State shall establish an evaluation process approved by the Secretary, to analyze and assess results achieved by highway safety improvement projects carried out in accordance with procedures and criteria established by this section. Such evaluation process shall develop cost-benefit data for various types of corrections and treatments which shall be used in setting priorities for highway safety improvement projects.

(g) Each State shall report to the Secretary of Transportation not later than December 30 of each year, on the progress being made to implement highway safety improvement projects for hazard elimination and the effectiveness of such improvements. Each State report shall contain an assessment of the cost of, and safety benefits derived from, the various means and methods used to mitigate or eliminate hazards and the previous and subsequent accident experience at these locations. The Secretary of Transportation shall submit a report to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives not later than April 1 of each year on the progress being made by the States in implementing the hazard elimination program (including but not limited to any projects for pavement marking). The report shall include, but not be limited to, the number of projects undertaken, their distribution by cost range, road system, means and methods used, and the previous and subsequent accident experience at improved locations. In addition, the Secretary's report shall analyze and evaluate each State program, identify any State found not to be in compliance with the schedule of improvements required by subsection (a) and include recommendations for future implementation of the hazard elimination program.

(h) For the purposes of this section the term "State" shall have the meaning given it in section 401 of this title.

23 USC 152 (h)

§ 153. [Repealed by Public

§ 154. National maximum

(a) The Secretary of Transportation under section 106 in any limit on any public highway fifty-five miles per hour or more, (2) a maximum speed limit on the Interstate System located outside of a area of 50,000 population or (3) a speed limit on any of its jurisdiction which is not motor vehicles using such 1973, such portion of highway speed limit may be established special permit because of including any load thereon apply to any portion of a highway, weather conditions a temporary hazard to highway.

(b) As used in this section vehicle driven or drawn by primarily for use on public highway exclusively on a rail or rails.

(c) Notwithstanding the amount of any State under such entire cost of any modification highways for which such a reduction in speed limit signing occurs or has occurred.

(d) The requirements of this section with by administrative action other appropriate State official.

(e) Each State shall submit a report to the Secretary determines by rule under section 141 of this title on September 30 before the including data on the percent five miles per hour on public fifty-five miles per hour in published by the Secretary, including the variability of speedometer speeds of all vehicles or a representative sample.

(f) If the data submitted by this section show that the percent 55 miles per hour on public 55 miles per hour is greater, reduce the State's apportionment.

¹ See section 329 of P.L. 100-202 on page

exclusive and will not prejudice or cut off any other legal remedies available to a discriminatee.

Chapter 4.—HIGHWAY SAFETY

Sec. 401. Authority of the Secretary.

- 401. Authority of the Secretary.
- 402. Highway safety programs.
- 403. Highway safety research and development.
- 404. Highway Safety Advisory Committee.
- 405. [Repealed.]
- 406. School bus driver training.
- 407. Innovative project grants.
- 408. Alcohol traffic safety programs.
- 409. Admission as evidence of certain reports and surveys.
- 410. Drink driving prevention programs.

§ 401. Authority of the Secretary

The Secretary is authorized and directed to assist and cooperate with other Federal departments and agencies, State and local governments, private industry, and other interested parties, to increase highway safety. For the purposes of this chapter, the term "State" means any one of the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

§ 402. Highway safety programs

(a) Each State shall have a highway safety program approved by the Secretary, designed to reduce traffic accidents and deaths, injuries, and property damage resulting therefrom. Such programs shall be in accordance with uniform guidelines promulgated by the Secretary. Such uniform guidelines shall be promulgated by the Secretary so as to improve driver performance (including but not limited to, driver education, driver examinations (both proficiency to operate motor vehicles, driver examinations (physical and mental) and driver licensing) and to improve pedestrian performance, and bicycle safety. In addition such uniform guidelines shall include, but not be limited to provisions for an effective record system of accidents (including injuries and deaths resulting therefrom), accident investigations to determine the probable causes of accidents, injuries, and deaths, vehicle registration, operation, and inspection, highway design and maintenance (including lighting, markings, and surface treatment), traffic control, vehicle codes and laws, surveillance of traffic for detection and correction of high or potentially high accident locations, and emergency safety programs shall, to the extent determined appropriate by the Secretary, be applicable to federally administered areas where a Federal department or agency controls the highways or supervises traffic operations.

(b)(1) The Secretary shall not approve any State highway safety program under this section which does not—

(A) provide that the Governor of the State shall be responsible

be suitably equipped and organized to carry out, to the satisfaction of the Secretary, such program.

(B) authorize political subdivisions of such State to carry out local highway safety programs within their jurisdictions as a part of the State highway safety program if such local highway safety programs are approved by the Governor and are in accordance with the uniform guidelines of the Secretary promulgated under this section.

(C) provide that at least 40 per centum of all Federal funds apportioned under this section to such State for any fiscal year will be expended by the political subdivisions of such State in carrying out local highway safety programs authorized in accordance with subparagraph (B) of this paragraph.

(D) provide adequate and reasonable access for the safe and convenient movement of physically handicapped persons, including those in wheelchairs, across curbs constructed or replaced on or after July 1, 1976, at all pedestrian crosswalks throughout the State.

(E) provide for programs (which may include financial incentives and disincentives) to encourage the use of safety belts by drivers of, and passengers in, motor vehicles.

(2) The Secretary is authorized to waive the requirement of subparagraph (C) of paragraph (1) of this subsection, in whole or in part, for a fiscal year for any State whenever he determines that there is an insufficient number of local highway safety programs to justify the expenditure in such State of such percentage of Federal funds during such fiscal year.

(c) Funds authorized to be appropriated to carry out this section shall be used to aid the States to conduct the highway safety programs approved in accordance with subsection (a), including development and implementation of manpower training programs, and of demonstration programs that the Secretary determines will contribute directly to the reduction of accidents, and deaths and injuries resulting therefrom. Such funds shall be subject to a deduction not to exceed 5 per centum for the necessary costs of administering the provisions of this section, and the remainder shall be apportioned among the several States. Such funds shall be apportioned 75 per centum in the ratio which the population of each State bears to the total population of all the States, as shown by the latest available Federal census, and 25 per centum in the ratio which the public road mileage in each State bears to the total public road mileage in all States. For the purposes of this subsection, a "public road" means any road under the jurisdiction of and maintained by a public authority and open to public travel. Public road mileage as used in this subsection shall be determined as of the end of the calendar year preceding the year in which the funds are apportioned and shall be certified to by the Governor of the State and subject to approval by the Secretary. The annual apportionment to each State shall not be less than one-half of 1 per centum of the total apportionment, except that the apportionment to the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands shall be 1 per centum.



GUAM ENVIRONMENTAL PROTECTION AGENCY

AHENSIAH PRUTEKSION LINA'LA GUAHAN

D 107 Harmon Plaza, 130 R qas St., Harmon, Guam 96911 Tel. No. 646 8863 5 FAX: 646-9402

JAN 30 1991

INTERAGENCY MEMORANDUM

To: Director, Bureau of Planning

From: Administrator

Subject: Interstate Transportation of Solid Waste Briefing Paper for the Upcoming National Governors Association Winter Meeting

As per your request in your memorandum, dated January 8, 1991, the following is information pertaining to "interstate transportation of solid waste".

Due to limited solid waste processing facilities, Guam currently does not import solid waste from off-island sources. In fact, as a result of this limitation, the majority (90%) of solid waste generated on-island by the public (including the military) are land disposed. There are three sanitary landfills on Guam: Ordot Landfill (public), Naval Station Landfill (Navy) and Andersen Air Force Base Landfill (Air Force). A small percentage (<5%) are either incinerated or used in permitted hardfills.

Although Guam does not import wastes, hazardous or nonhazardous, an undetermined amount of such wastes are shipped off-island to be recycled or reclaimed. Solid wastes such as aluminum, spent batteries, and various scrap metal are sent off-island, primarily to Asian countries for recycling. Hazardous wastes such as petroleum naptha (solvent) has been shipped off-island to Hawaii since 1990 for recycling and returned in its clean form to the hazardous waste generator. Over 400 gallons of waste solvent are generated per calendar month.

All hazardous wastes generated are required to be disposed off-island, except household hazardous wastes and those wastes generated by facilities/companies that are conditionally exempt. As a result, hazardous wastes are collected and transported by companies on-island that have EPA identification numbers. Currently, there are six hazardous waste transporters on Guam with EPA identification numbers. Shipping services for these wastes are provided by NYK or APL. Approximately 242 tons of hazardous wastes was generated on Guam during 1989. These wastes were shipped to Hawaii for storage, and eventually disposed or treated at sites in California, Texas, Idaho, or Kansas. Guam anticipates the construction and operation of a hazardous waste transfer facility and is planning to import hazardous wastes generated in Micronesia (for staging purposes), and export hazardous wastes to proper treatment/storage/disposal facilities in the near future.



"ALL LIVING THINGS OF THE EARTH ARE ONE"

Commonwealth Now!

Should you have further questions, require additional information, please contact the Solid and Hazardous Waste Management Program at 646-8863/64/65.

A handwritten signature in black ink, appearing to read "Fred M. Castro", with a stylized flourish at the end.

FRED M. CASTRO