

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
54th LEGISLATURE**

**COMMITTEE ON STATE/FEDERAL RELATIONS**

**Call to Order:** By **CHAIRMAN AUBYN CURTISS** on January 19, 1995, at 11:00 a.m.

**ROLL CALL**

**Members Present:**

Rep. Aubyn Curtiss, Chairman  
Rep. George Heavy Runner, Vice Chairman (Minority)  
Rep. Matt Brainard  
Rep. Bill Carey  
Rep. Daniel McGee  
Rep. Judy Rice Murdock  
Rep. Ray Peck

**Members Absent:**

Rep. Roger Somerville, Vice Chairman (Majority)  
Rep. Pat Galvin  
Rep. Bob Pavlovich  
Rep. Bill Wiseman

**Staff Present:** Sarah Perkins, Committee Aide  
Clayton Shenck, Legislative Fiscal Analyst

**Committee Business Summary:** Introductory Meeting

**CHAIRMAN AUBYN CURTISS** welcomed committee members and discussed briefly the purpose of the committee. Each committee member introduced themselves and their interest in serving on the committee.

**CHAIRMAN CURTISS** introduced **Leo Giacometto** from the **Governor's Office** who shared information on some federal and state issues and some legislation which will be before the committee, including **SJR 3** introduced by **SEN. STEVE BENEDICT**. This will be the first bill before the committee.

**REP. GEORGE HEAVY RUNNER** asked a question about reviewing existing legislation and **Mr. Giacometto** replied that **SJR 3** would be more explicit.

**Mr. Leo Giacometto, Governor's Office**, talked about the proposed Conference of the States and stated that it is a conference in which many states will participate for the purpose of coming up with uniform resolutions with which to petition Congress for relief of onerous and unfunded mandates. It is estimated that it would cost each state about \$10,000 to participate. That would cover costs of travel, conference registrations, etc.

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**REP. HEAVY RUNNER** said he wanted to explore federal law and the constitution.

**Mr. Giacometto** replied that this is why the Legislature needs to participate in a Conference of the States so that each state could define their relationship with the federal government.  
**EXHIBITS 1, 2, 3**

**REP. RAY PECK** asked how private property rights fit in the relationship of states and the federal government.

**REP. MATT BRAINARD** wondered if they could get some general information on the Federal Emergency Management Act and how it relates to state government.

**Mr. Giacometto** further discussed Tenth Amendment rights and federal regulatory control of things such as water quality and pesticides.

**REP. HEAVY RUNNER** stated that in his estimation the state of Idaho has already let the "feds" take over.

**PRESIDENT OF THE SENATE BOB BROWN** addressed the committee and commented that the federal government is nearly bankrupt and that lawmaking should be closer to the people. He said the "separation of powers we now have are not working for the people."

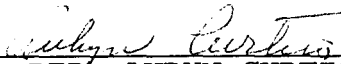
**SEN. BROWN** said the federal budget deficit is the talk of the '90s and is a very important issue. **SEN. BROWN** presented his resolution for Montana to join the Conference of the States and invited **CHAIRMAN CURTISS** to sign as co-sponsor, which she did. The draft was passed around and the other committee members present signed as co-sponsors also.

**Legislative Fiscal Analyst Clayton Shenck** appeared before the committee and gave a report on his research to determine how much federal money is incorporated into the Montana budget and the impact of federal spending on the state's economy. He reported that federal dollars represent 30% of Montana's overall budget. He mentioned that the National Council of State Legislatures puts out a catalog listing mandates. **EXHIBIT 4**

**CHAIRMAN CURTISS** informed the committee that SJR 3 will be the first bill to be heard by the committee. She said the next meeting will also look at what other states are doing to address state sovereignty issues, before dealing with the legislation.

ADJOURNMENT

Adjournment: Meeting adjourned at 12:00 p.m.

  
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REP. AUBYN CURTISS, Chairman

AC/pb

Note: This meeting was not tape-recorded.

# HOUSE OF REPRESENTATIVES

## State/Federal Relations

ROLL CALL

DATE 1/19/95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Aubyn Curtiss, Chairman	✓		
Rep. Roger Somerville, Vice Chair, Majority		✓	
Rep. George Heavy Runner, Vice Chair, Min.	✓		
Rep. Matt Brainard	✓		
Rep. Bill Carey	✓		
Rep. Pat Galvin		✓	
Rep. Daniel McGee	✓		
Rep. Judy Rice Murdock	✓		
Rep. Bob Pavlovich		✓	
Rep. Ray Peck	✓		
Rep. Bill Wiseman		✓	

EXHIBIT 1  
DATE 1/19/95  
HB S/F Relations

# Conference of the States

An Action Plan To Restore Balance in the Federal System

Concept paper adopted by the Council of State Governments, the National Governors' Association and the National Conference of State Legislatures

Dec. 20, 1994

**For more information:**

Gov. Mike Leavitt's office, (801) 538-1000

Address: 210 State Capitol Salt Lake City UT 84114-0601

Fax: (801) 538-1528

Gov. Ben Nelson's office, (402) 471-2244

P.O. Box 94848 Lincoln, Nebraska 68509-4848

Fax: (402) 471-6031

## Conference of the States

It is an unfortunate fact of American political life that the national government has become so dominant in our federal system that the checks and balances established by the nation's founders are eroding. James Madison, Thomas Jefferson and Alexander Hamilton would be dismayed by the dysfunction and lack of public confidence this imbalance has engendered in the government they formed.

Whenever state and local officials get together, the discussion naturally turns to this problem. In the last few years, the rhetoric has become especially heated over unfunded federal mandates. Local and state leaders across the nation are in near unanimous agreement that something must be done. They introduce legislation, testify before Congress, pass resolutions, and give impassioned speeches . . . but little changes. State leaders do not lack the desire or energy to take action; what they lack is a plan, a real process. This paper offers a simple but powerful plan.

But first, a dose of reality. Even with the changed political landscape as a result of the last election, we cannot count on Congress to fix this problem by itself. In fact, with the likely prospect of a Balanced Budget Amendment and tax cuts on the horizon, states are at considerable risk that Congress could push its budget problems down to the states. No matter which party controls Congress, it is not likely to relinquish power without feeling the pressure of an electorate that demands it. States must protect the balance that Jefferson, Hamilton and Madison created by advancing structural, permanent reform that will not be subject to the whims of whoever controls Congress. States also cannot depend on the courts or the federal bureaucracy to restore balance in the system. Over the last 60 years, the federal courts have generally not been friendly to states in their disputes with the federal government.

Balance will only be restored in the way intended by Madison, Jefferson and Hamilton -- when states take the initiative. As state leaders (with our allies in local governments), we must step up to our constitutional obligation and compete for power in the federal system. States have a place at the constitutional table. It is the proper role, in fact the obligation and stewardship, of states to be jealous and protective of their role and to fight for balance.

In this quest, state and local leaders face what can best be described as a "dilemma of extremes." At one extreme is the effort currently underway, consisting mostly of complaining, hoping and waiting for more flexibility. Congress has paid lip service, but little has changed. At the other extreme, some activists are calling for states to convene a constitutional convention, a politically unlikely event that is fraught with danger and opposition.

The purpose of this paper is to offer a middle ground, between the two extremes. This plan must be more forceful and pro-active than hoping, complaining and waiting, but not so radical as a constitutional convention.

Our tools to create leverage for states fall into three categories: political (in the sense of winning the people's support), legal and constitutional. All three are important. Citizen support for this effort is strong. People feel alienated and disconnected from the

federal government. If government is going to make decisions that affect their lives, they want them made in their hometown or state capitol -- not in Washington D.C. State leaders recognize they need a formal legal strategy. Too often, important cases have been left to individual states that were inadequately prepared and poorly financed.

Constitutional tools are also crucial. For at least 15 years, respected state and local government organizations like the National Governors' Association, the National Conference of State Legislatures, the Council of State Governments, and the Advisory Council on Intergovernmental Relations have joined prominent academic and legal scholars in proposing various constitutional amendments that would help restore proper balance between states and the national government.

Using those three tools, we believe it is time for states to take the initiative. States must employ a means of communicating their resolve and commitment to Congress. It is our job, our responsibility, our stewardship. State leaders must act or be held responsible by history for allowing the brilliant federalist creation of Madison, Jefferson and Hamilton to expire from neglect.

We propose a process that would consolidate and focus state power. This process would culminate in an historic event called a *Conference of the States*. Following is an outline of the process:

- In each state legislature, a Resolution of Participation in a Conference of the States will be filed early in the 1995 legislative session. The resolution authorizes the appointment of a bi-partisan, five-person delegation of legislators and the governor from each state to attend.
- When a significant majority of states have passed Resolutions of Participation, a legal entity called the Conference of the States, Inc., will be formed by the delegates from each state, acting as incorporators. The incorporators will also organize and establish rules, assuring that each state delegation receives one vote.
- The actual Conference of the States would then be held, perhaps in a city with historic significance such as Philadelphia or Annapolis. At the Conference, delegations would consider, refine and vote on ways of correcting the imbalance in the federal system. Any item receiving the support of the state delegations would become part of a new instrument of American democracy called a *States' Petition*. The States' Petition would be, in effect, the action plan emerging from the Conference of the States. It would constitute the highest form of formal communication between the states and the Congress. A States' Petition gains its authority from the sheer power of the process the states follow to initiate it. It is a procedure outside the traditional constitutional process, and it would have no force of law or binding authority. But it must not be ignored or taken lightly because it symbolizes to the states a test of their relevance. Ignoring the Petition would signal to the states an intolerable arrogance on the part of Congress.
- The States' Petition would then be taken back to the states for approval by each state legislature. If the Petition included constitutional amendments, those amendments would require approval by a super-majority of state legislatures to continue as part of the State's Petition.

- Armed with the final States Petition, the representatives of each state would then gather in Washington to present the Petition and formally request that Congress respond.

While the Petition would have no force of law and would not be binding on Congress, it is likely that Congress would respond. To ignore the carefully reasoned, formal Petition of America's state legislatures would be unthinkable. Rejection of the Petition would communicate to the people that Congress is unwilling to listen. It would confirm an arrogance that could not be ignored by the states. Rejection would also ignite a national political debate that no candidate for Congress, for president, for governor, or for any state legislative race could avoid. The questions of Madison, Jefferson and Hamilton would be asked again -- Do we want a government dominated by Washington, or a balanced federalist system? The answer to that question is the same today as it was in 1787.

The Conference of the States initiative must be based on some important principles:

- ♦ It must be scrupulously bi-partisan
- ♦ It must seek fundamental, long-term, structural change, as opposed to attempting to resolve the specific issues of the day
- ♦ It must avoid single-issue causes and proponents. No special-interest groups or individuals can be allowed to co-opt the initiative for their own purposes
- ♦ It must be pro-active, concentrating state power and focusing national attention on federalism

## **Conference of the States QUESTIONS AND ANSWERS**

### **Who will organize the Conference of the States?**

The Conference of the States will be formally organized by delegates appointed by legislative leadership, and governors from each participating state. The preliminary work will be overseen by a steering committee comprised of appointments made by the Council of State Governments, the National Conference of State Legislatures, and the National Governors' Association. CSG, a respected bi-partisan organization made up of leaders from all three branches of state government, will be the convenor and fiscal agent.

### **When would the Conference of the States be held?**

The incorporators of the Conference of the States would make that determination. However, it is anticipated that if more than 34 states pass Resolutions of Participation during the 1995 legislative season (January through June), the Conference would be held in the summer or fall of 1995. This would allow a States' Petition to be presented in state legislatures in early 1996, and to Congress later in 1996. If states quickly pass the Resolutions of Participation, that timetable could be accelerated.

### **Who supports the Conference of the States?**



A broad, bi-partisan coalition of governors and state legislative leaders from every region of the country have agreed to help plan, organize and participate in the Conference of the States. The CSG, NCSL and NGA have all formally endorsed the Conference. Besides governors and state legislators, the coalition of supporters will include other state and local government officials and associations, academics and scholars, and business leaders.

#### **Who will select the participants in the Conference?**

The Resolution of Participation, to be approved by legislatures in every state, provides for five delegates from each state. Four of the delegates would be legislators, two from each party and two from each house, appointed by the presiding officers of the houses. The other would be the governor. If the governor could not attend, he or she would appoint the fifth participant. This process will give the Conference 250 delegates, assuming every state participates. Each state will have one vote. If a state legislature does not pass the Resolution of Participation, a delegation from the state may still attend the Conference. It will be the final ratification by states of the "States' Petition" that emerges from the Conference that will be the true test of support by states.

#### **What is a "States' Petition?"**

The action plan produced by the Conference of the States will be called a "States' Petition," a new instrument in American democracy. The Petition will then be taken back to each state in the form of a resolution for ratification. If ratified by the legislatures, the petition would be formally presented to Congress as the will of the states of the Union. Because the Petition will have gone through such a formal and rigorous process of approval and consensus, it should be considered the highest and most serious level of communication by the states to Congress. If ignored or brushed off by the Congress, states will know clearly they must look to other means to bring a better balance to the federal system.

The States' Petition drafted at the Conference of States would ignite a major political debate, forcing candidates to take positions on federalism issues. The matter of federal/state competition and balance could become a pre-eminent political issue of the day, providing leverage and making states more competitive. The Petition would also provide a rallying point for citizens who are frustrated and who want responsible change. It is worthwhile to note that a number of years ago, the Equal Rights Amendment became a national issue around which debate occurred at all levels of government and in every election district. While that amendment did not ultimately pass, it had an enormous impact on how Americans view gender and equity issues. In the same way, the Conference of the States and the resulting States' Petition would elevate the issue of federalism to a high level of consciousness and debate.

#### **Where will the Conference be held?**

There would be historic symbolism in holding the Conference in Annapolis, Maryland. That is where a group of states held a conference in 1786 that was a precursor to the Constitutional Convention held the next year in Philadelphia. However, the incorporators will determine the location.

**Does this effort mean that states can stop fighting against unfunded mandates and other such concerns?**

Absolutely not. States must use every means to address this issue. The excellent effort by the NGA and NCSL to win passage of unfunded mandates legislation should be pursued aggressively. All of these efforts will complement each other. As the Conference of States moves forward, it will motivate Congress to act on these related issues. States must use legislative, legal and constitutional means to restore balance to the system.

**How will the Conference be financed?**

It is likely that state legislatures will be asked to appropriate a small amount of money from each participating state to pay the actual costs of the Conference.

**What could hurt this effort?**

Partisanship and special interests influence are the two factors that could seriously damage the initiative. Bi-partisan support is crucial or the Conference will simply not be successful. And if any special interest group or single issue organization takes over or unduly influences the process, it will collapse. Supporters must be willing to put aside partisanship and their concerns on specific issues and focus on broad, fundamental, structural, long-term reforms if the effort is to be efficacious. The Conference must not become a forum for pro-abortion or anti-abortion, or pro-gun control or anti-gun control groups who might want amendments of their own. There are hundreds of causes that people would like to address with constitutional amendments. The Conference is not a forum for such discussions. It must remain focused on the fundamental issue of providing leverage and bringing balance to federal/state relationships. Also, the Conference must not attempt to swing the pendulum too far in the other direction by proposing too much authority for the states. A strong national government is still needed.

**How will the Conference of the States agenda be limited to structural reform so that it doesn't get bogged down with myriad special interest issues?**

Three ways: 1. The language of the Resolution of Participation will limit the Conference to address basic, structural change. 2. The articles of incorporation of the Conference will limit the agenda to fundamental reform. 3. The rules adopted for the Conference will also provide limits.

**Is the Conference anything like a Constitutional Convention?**

The Conference will be a forum for states to express their will, but it will have no binding authority or force of law. It is the most powerful way for states to express their will to Congress short of a constitutional convention. Even after the States' Petition is ratified by a super-majority of states, it will merely represent the states' wishes. But it is expected that it will have enough power and influence to motivate Congress to act. The Conference of States is not a constitutional convention, but its process will provide more clout than continuing the hoping and complaining that is presently going on.

**Is this a Republican plan, or a Democratic plan?**

The plan has nothing to do with political partisanship. It is not a Republican or a Democratic plan. It builds upon the research and work accomplished over several years by many groups, including the National Governors' Association, the National Conference of State Legislatures, the Council of State Governments, and others. It is supported by governors, legislators and other local leaders of both major political parties. The fact is that political partisanship will kill this effort faster than anything else. Anyone who tries to make this initiative partisan is an enemy of the Conference of the States, not a supporter. Bi-partisanship is a cardinal rule that must be adhered to by all who want to be involved. The plan is motivated by much more than political ideology. While balanced competition in the federal system is important for maximum personal liberty, it is also important for reasons of efficiency, cost-effectiveness and global competitiveness.

**Where will the proposals come from that will be considered at the Conference of the States?**

The incorporators will adopt rules governing this matter. However, to ensure that reform proposals considered at the Conference have been carefully screened and analyzed, we anticipate that major national organizations of elected officials (NGA, NCSL, CSG, mayors, county leaders, etc.) will be invited to submit proposals. Thus, all proposals will have been scrutinized before being submitted to the Conference of the States.

**Will a conference of a few days provide enough time to adequately discuss and approve these important matters?**

The Conference process could include more than one meeting: Some have suggested an initial meeting to organize the Conference, receive input and proposals and establish rules and procedures. Then the Conference meet later to discuss refine and pass the proposals.

**What is the role of Congress in this initiative?**

We anticipate that a delegation from Congress will be invited to participate in discussions at the Conference, but not be allowed to vote.

**Has a Conference of the States ever been held before?**

It is fascinating to note that the problem we confront today regarding balance in the federal system is similar to what the Founding Fathers of this country faced more than 200 years ago with regard to the Articles of Confederation -- only just the reverse. Then, the national government was too weak and the states too strong. Today, the national government is too powerful and the states too weak. In both cases, a lack of checks and balances had thrown the system out of kilter. It is vitally important to see how the Founding Fathers solved the problems of the weak Confederation. Some of what occurred then can help guide us today in properly balancing the federal system.

The 13 states were, in effect, nearly autonomous countries under the Articles of Confederation. States had all the power. The Confederation Congress had little power. The Congress could not require the states to carry out any of its decisions. Every bill that Congress passed had to be approved by nine of the 13 states. There was no national

military; no ability to regulate foreign trade or commerce among the states; no ability to resolve arguments over state boundaries.

George Washington, who became increasingly angry during the Revolutionary War at the national government's inability to provide food, clothes and armaments, sadly described the Confederation as a "rope of sand" and observed that "the Confederation appears to me to be a shadow without substance." Something had to be done, but where would the political will come from to strengthen the national government? It would take courageous people of good will to initiate changes.

The first break came at the instigation of Alexander Hamilton, James Madison and the Virginia Legislature. They called for a conference of states to consider common interests in commercial regulations. Only five states attended that historic meeting in 1786 in Annapolis, Maryland. But it was clear to them that something fundamental and structural needed to be done to properly balance federal-state interests. Out of that conference came a report asking that all states send delegates to another meeting in Philadelphia on the second Monday of the following May. Little did anyone know that that invitation would be the thunderbolt that would lead to the birth of our government system. That meeting in 1786 in Annapolis provided a precedent for states to come together to resolve problems in the federal system.

### **What solutions might be proposed at the Conference of the States?**

Before this process even takes place, it would be presumptuous of the supporters to suggest what solutions might emerge. However, there exist some good examples of possible solutions in the suggestions of past commissions and task forces that have addressed the issue. A great deal of scholarly research has been done by the NGA, the NCSL, the Council of State Governments and the U.S. Advisory Commission on Intergovernmental Relations. With regard to constitutional solutions, most of the scholarly thinking over the past two decades has concluded that states should focus on "process amendments" to the Constitution that, over time, would bring a better balance in the system. It would be foolish for any individual or group to attempt to sort out the precise roles of the national and state governments in a constitutional amendment. No one is smart enough to assign specific programs and tasks to one level of government or the other, and make the system balance. Most programs have become such complex combinations of federal, state and local participation, that it would be disruptive and impractical to attempt swift and precise delineations.

Some parties have suggested amending the Tenth Amendment to give it strength and teeth in clearly defining the roles of the two levels of government. But that is problematic because the outcomes of future court cases based on the strengthened Tenth Amendment would be so unknown. Constitutional lawyers would argue for years over what impact revising the wording of the Tenth Amendment might have. States would be leaving the fate of federalism entirely to the federal courts and the result could be drastic changes in federal-state roles or no changes at all.

A better strategy would be to focus on "process amendments," the results of which would be much more predictable and that would naturally bring about a better balance in the system over a number of years. A number of individuals and task forces have recommended, for example, adding a clause to Article V that would put states on equal

footing with the Congress in proposing constitutional amendments. It would provide a more direct method for states to propose constitutional amendments than the unworkable and never-used constitutional convention process. The founders clearly intended states to be able to initiate constitutional reform, as well as ratify amendments proposed by the Congress. Under this amendment, three-fourths of state legislatures could propose an amendment to the Constitution that would become valid unless within a two-year period the Congress rejected the amendment by two-thirds votes of both houses. While the Article V amendment would not immediately change federal-state relationships, it would over time help balance the system because the Congress would be respectful of states' ability to propose amendments and would thus be less officious and overbearing and more considerate of the states' co-equal role in the federal system. It would still be very difficult to amend the Constitution, but states could propose amendments through a mechanism similar to what Congress enjoys today. It would put the states and the Congress on a more equal footing.

Another example of a "process amendment" is one proposed by former Gov. Bruce Babbitt at an NGA meeting in 1980. It would give states by petition of two-thirds of the legislatures the power to sunset any federal law except those dealing with defense and foreign affairs. Such an amendment would be much more radical than the Article V amendment, but discussion of it at the Conference of States would certainly get the attention of the Congress.

In themselves, these "process amendment" proposals are neutral in that they are procedural and do not change public policy, appropriations, or the roles of the levels of government. But they would change the framework in which public policy is developed, assisting the states in addressing the imbalances of power.

One other possible amendment is worth mentioning. The Council of State Governments and other task forces have recommended that a sentence be added to the Tenth Amendment clearly stating that the courts have responsibility to adjudicate the boundaries between national and state authority. Some feel that addition is necessary because the Supreme Court has ruled on two occasions that states and local governments must defend against federal encroachments by lobbying the Congress through the national political process rather than relying on the federal courts to act as "umpire." In other words, the court did not find any special co-equal constitutional role for the states, but rather treated them like any special interest group that must petition Congress to improve its lot. State leaders believe that states enjoy a co-equal role with the national government in the federal system and they should not be at the mercy of Congress in federal-state disputes. The amendment would clarify that the courts must act as neutral referees in such disputes.

Those amendments are simply ideas and suggestions that could be considered at the Conference of States, along with others. The authors are confident that the Conference would focus on reasonable, responsible process amendments that would not be overly disruptive or attempt to precisely delineate the role of the levels of government.

## **Conference of the States BACKGROUND INFORMATION**

## **The evolution of federalism: How the federal government became pre-eminent**

A 1989 report by a task force of the Council of State Governments says: "One of the virtues of our federalism is its flexibility which, among other things, enables one or another of our constitutional partners to rise to the challenges of particular moments in our history. So long as the challenges are met and our federalism is brought back into balance on a higher plane, then our federal republic is strengthened by this dynamism. However, when the challenges are not met adequately, and when one constitutional partner becomes so preeminent as to begin to endanger the constitutional integrity of the other partners, then our federalism is placed in jeopardy."

There is no question that the federal government has stepped forward at crucial times in the history of this country -- when states were unwilling, unable, or slow to act -- to address important problems. In the natural and intended competition that exists among branches and levels of government, when a need arises or a power vacuum exists, it will be filled by whatever branch or level rises to the occasion. Citizens during the Progressive Era sought major social and economic reforms. States were slow to respond, so reforms occurred at the national level, led by the presidencies of Republican Theodore Roosevelt and Democrat Woodrow Wilson. State primacy was eroded. Misconduct by industry then prompted unprecedented national intervention in economic affairs and a new willingness by the American people to look to Washington, rather than to state capitols, for protection against domestic threats to health and safety.

Any last resistance to an expanding national role was overwhelmed by President Roosevelt's vast responses to the Great Depression and World War II. National dollars pumped life into the economy and states surrendered autonomy in exchange for assistance. The states' reluctance to act on environmental regulation and civil rights matters further allowed the national government to usurp state prerogatives. Lyndon Johnson's Great Society constituted another giant leap in the growth of the federal government. The states did not resist, and the age of fiscal federalism began. Governors and mayors were happy to receive a flood of federal dollars, even if accompanied by burdensome paperwork and regulation. All of this happened in relatively small increments and for seemingly good purposes. In many cases, it was the fault of state and local governments, which did not respond promptly to serious problems or were willing to give up autonomy for federal dollars.

Today, however, the dynamics of society -- and of government and our federal system -- have changed dramatically. The Industrial Age of centralized authority and top-down management has ended and we are entering a new era, the Information Age, in which small, flexible, autonomous units, whether business or government, will out-compete and outperform their bureaucratic counterparts. Today, it is state and local governments that are meeting citizen needs, that are providing innovative and workable solutions to problems of health care, social services, education, crime and the environment. In almost every case, these innovative programs are difficult to create and implement because of federal regulatory barriers and constraints. Successful health care and welfare reform programs require dozens of waivers from federal regulations. With true freedom and flexibility -- and by leaving funding resources at state levels -- states would move much more rapidly to solve society's pressing problems. Today, it is the federal government that is bankrupt, financially and politically. It is the federal government where gridlock occurs, where there is much talk and little action, where one-size-fits-all

programs and over-regulation don't fit this nation's diversity. It is a bloated and over-extended -- yet unresponsive -- federal bureaucracy that has left citizens surly and cynical, distrustful of government and disgusted with Washington. National survey research shows that unprecedented numbers of people feel impotent, unable to influence a government far from home that no longer reflects their interests, that hurts more than helps. Seventy percent of respondents to a Times Mirror survey said dealing with a federal bureaucracy is not worth the trouble. Two-thirds of Americans said Washington needs new leaders. Eighty-three percent said elected officials in Washington "lose touch with the people pretty quickly."

While the federal government was pre-eminent and rose to the challenges of the Industrial Age, state and local governments are ready to rise to the challenges of this new era in history, the Information Age, when diversity, experimentation and local control are needed. States will bring our federalism back into balance on a higher plane, for a more just, clean, safer and prosperous America.

### **"Balanced competition" in the federal system**

In the great debate of the Constitutional Convention in 1787, two issues were of paramount importance: 1) large states versus small states; and 2) national government versus state authority. To balance the interests of large and small states, the delegates produced a brilliant solution, today referred to as the Great Compromise. It gave each state equal representation in the Senate, with representation in the House determined by population. To balance power between the states and the national government, and to prevent domination by any branch of government, the Constitution created what Madison called a "compound republic," with power split between two levels -- national and state -- and then split again among three branches of government at both levels. "Hence, a double security arises to the rights of the people," said Madison. The new Constitution, along with the Bill of Rights, gave superior power in limited areas to the national government, but reserved all other authority to the states. It intended to keep most everyday governmental functions at the level closest to the people.

The Constitution established a balanced competition among levels and branches of government. The people are protected, and the best public policy emerges, only when those levels and branches are willing and able to compete for power, when checks and balances exist. If any one level or branch of government is unable to compete, power will be concentrated improperly and the rights of the people will be endangered. The Articles of Confederation failed because power was concentrated in states and the national government was unable to compete. The 10th Amendment reserved all non-delegated and non-prohibited power to the states or to the people, clearly reserving a major role for state and local officials. The fact that originally state legislatures elected U.S. senators was another clear indication that states were to be major players and their interests well represented at the federal level.

As we know so well, over many years the original checks and balances created by the founders have been eroded and the national government has consolidated power and authority, while states have lost power and ability to compete. The system is simply not working. States are no longer competitive forces able to act as a check and balance to the federal government. Instead of being a full-fledged counterbalance to federal dominance,

states are being treated and viewed like administrative units. The protections offered by the Miracle of Philadelphia are significantly eroded. Thus, the federal government is running huge deficits, is over-regulating states and citizens, is imposing one-size-fits-all requirements, is out-of-touch with local concerns, and is engaging in the new dishonesty in government -- unfunded mandates. The solution is to restore competition and checks and balances in the system. States must obtain more leverage so they can compete for power. The Conference of the States is the best means to obtain that leverage.

### **How this effort differs from past movements like "States' Rights" and "New Federalism"**

This initiative is much different than the failed efforts of the past. The states' rights movement became focused narrowly on specific issues and became a threat to civil rights and environmental progress. Under the banner of states' rights, some civil rights were trampled and some radical positions were taken. States' rights failed to acknowledge the need for a strong central government to coordinate state activity on major national issues, and it gained a reputation as being radical and far-out. New Federalism failed because it was not long-term reform. It amounted mostly to the federal government providing funding for states in block grants with some flexibility. New Federalism caused states to ask the wrong question: "Is this program funded?" rather than, "Is this the proper role of federal and state governments?" Later, the federal budget became tight, and some of the money dried up, leaving states to administer many programs without adequate funding.

By contrast, the Conference of the States effort seeks to use a reasoned, responsible process to find the proper federal-state balance. It focuses on fundamental, structural, long-term re-balancing, not on specific issues or emotional hot buttons. It does not seek to determine the precise roles of state and national governments, but instead relies on a changed framework -- the marketplace -- to slowly sort out the roles over a period of years. This initiative also involves a much more powerful process to create change, bringing together leaders from every state in a bi-partisan fashion. No other past federalism initiative has attempted to use such a structured and inclusive process to win consensus.

### **Timing is critical**

The timing for this initiative is right, and it would be a mistake to postpone the Conference beyond 1995. We have just finished a highly partisan political year that has left the citizenry cynical and distrustful of big government. The time to move forward is now. In 1996 we will begin another highly partisan political year that will include a presidential election. That campaign will make it almost impossible to keep the effort bi-partisan and to achieve consensus. Thus, the year 1995 is a window of opportunity that we must not miss. There exists plenty of time for this initiative to receive consideration and scrutiny in every state in the country.

### **How centralization at the federal level hurts states**

As the federal government has become pre-eminent, Congress and the bureaucracy have imposed innumerable regulations and mandates that stifle states. Unfunded federal mandates rob states of innovation capital. They remove incentives and add barriers for states to fulfill their important role as "laboratories of democracy," as described by



Supreme Court Justice Louis Brandeis: "There must be power in the states and the nation to remold, through experimentation, our economic practices and institutions to meet changing social and economic needs . . . Denial of the right to experiment may be fraught with serious consequences to the nation. It is one of the happy incidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country." Today, states are doing their best to experiment, and they have come up with innovative solutions to problems. But thanks to myriad federal regulations in every area of government, there is not enough experimentation. States could be far more innovative and find more solutions with more freedom.

Another casualty of federal uniformity and one-size-fits-all regulations is values in government. Many politicians are now talking about values, alarmed at the increasing numbers of fatherless children, children giving birth to children, youth violence and structural welfare dependency. But it is very difficult to insert values and standards in public policy when that policy comes from Washington. Public policy from Washington is almost always values-neutral, devoid of values, or reflects the values of the lowest common denominator. It can't be any other way because Washington policy applies equally to the smallest rural town and the biggest big city. Only when public policy is formed at state and local levels can local values and standards be applied. Federal regulations and guidelines preclude the application of values and standards in almost every area of governance.

### **How states can best compete for power**

It is natural and proper for states to compete for power in the federal system. Few people, even many federal officials, disagree that the system is out of balance. It needs fixing. Without a Conference, states truly face a "dilemma of extremes." On one hand, they can go on hoping and complaining, which just hasn't worked. On the other hand, they can call a constitutional convention, which is radical and has also proven unworkable. The Conference offers a middle ground. It is based on sound principles and requires the support of a super-majority of state legislatures to be successful. It is reasonable and makes sense. It is not radical or extreme. It provides states a powerful tool that they did not have to this point. Even if no amendment is ever adopted, the Conference will have the effect of elevating federalism to a new level of national consciousness. It will have salutary effects, whatever stage it gets to.

Individual states constitute good government because they represent power dispersed through 50 separate entities. That keeps states close to the people and responsive to their concerns. While that quality has virtue as a principle of governance, it makes competing with a monolithic force like the federal government difficult. State power is dispersed. Federal power is concentrated. Dispersed power is at a disadvantage when competing with concentrated power. In order to challenge and compete for their rightful role, states require a rallying event, a means of consolidating their power, showcasing the collective will of the states, and taking collective action. It should be the middle ground between the two extremes . . . a process less disruptive than calling a constitutional convention, but one that is more than complaining, hoping and waiting. It should demand results and response and should elevate federalism to a new level of national consciousness. It should be a call to action.

## **The proper federal/state balance**

Our system of federalism was skillfully crafted by the far-sighted founders of this nation to protect individual rights. A system in which states were too powerful and the national government too weak would be just as bad (or worse) than the situation we find ourselves in today. Balanced federalism has provided the framework within which generations of Americans have prospered and enjoyed freedom. For many decades, balanced federalism provided government close to home, increasing flexibility and innovation in public policy. It has supported the diversity that has made this nation great. "Our federalism," says a 1989 report by a task force of the Council of State Governments, "is a precious form of government that has stood the test of time against the twin perils of anarchy and tyranny which have heretofore dominated the history of mankind."

The supporters of this plan believe in a reasonably strong central government, as outlined in the Constitution. This effort is not an attempt to destroy the federal government, or to make states the dominant players in our system. The intent is to restore necessary checks and balances, with balanced competition -- a level playing field -- between the states and federal government. In a balanced system, state and federal leaders will still compete and disagree with each other. Each level will still try to address problems. There will still be discussions, negotiations and compromise on a wide range of issues. But the negotiations will be peer-to-peer, rather than master-to-servant. And discussions will focus not just on "Is it a good program?", but also, "Is it a state or national function?" That's what balanced competition is all about. It is also recognized that even with aggressive state action and some structural change, it will take a number of years for proper balance to be restored. There is no quick fix or silver bullet. Sixty years of centralization will not be undone overnight.

## **A new era in society with new governance needs**

The present arrangement of centralized control at the federal level, with programs administered by huge bureaucracies, is not positioning our country for growth and prosperity in the next century. It is somewhat ironic and is an enormous tribute to the inspired work of our country's founders that the form of government they instituted more than 200 years ago -- a national government with limited, but pre-eminent duties, and state and local governments charged with all other functions -- remains the best form of government in the new high-tech era we are entering. Our country will be well-served by a return to that form of government. We might call it "Information Age federalism."

Successful organizations everywhere are de-centralizing and downsizing. Bureaucracies are being dismantled across the world. Futurist John Naisbitt said, "In one of the major turnarounds in my lifetime, we have moved from 'economies of scale' to 'diseconomies of scale;' from bigger is better to bigger is inefficient, costly, wastefully bureaucratic, inflexible and now, disastrous" (John Naisbitt, Global Paradox William Morrow & Company, Inc., New York 1994). He added that the almost perfect metaphor for the movement from bureaucracies of every kind to small, autonomous units, is the shift from mainframe computers to PCs, networked together. "Whether president or CEO, if you are an old mainframe thinker, you are no longer relevant."

Centralized, bureaucratized government -- one huge mainframe -- is obsolete. In modern government, the deployment of power must shift from vertical to horizontal; from hierarchy to networking; from central government to states and citizens. As Naisbitt says, politics must begin to re-emerge as the engine of individualism.

Futurist Alvin Toffler said, "The diversity and complexity of Third Wave (Information Age) society blow the circuits of highly centralized organizations. Concentrating power at the top was, and still is, a classic Second Wave (Industrial Age) way to try to solve problems" (Alvin Toffler, Creating a New Civilization: The Politics of the Third Wave The Progress & Freedom Foundation, Washington, D.C., 1994) Overcentralization puts too many decisional eggs in one basket, said Toffler. The result is decision overload. "Thus, in Washington today Congress and the White House are racing, trying to make too many decisions about too many fast-changing, complex things they know less and less about." Leaders and citizens at local levels have better information and can respond faster to both crises and opportunities. In this necessary decentralizing effort, said Toffler, "the private sector is charging ahead on a supersonic jet. The public sector hasn't even unloaded its bags at the airport yet." It is necessary, Toffler said, to "move a vast amount of decision-making downward from the national level. There is no possibility of restoring sense, order and management efficiency to government without a substantial devolution of power. We need to divide the decision load and shift a significant part of it downward."

It is not possible, Toffler said, for a society to de-massify economic activity, communications and other crucial processes without also being compelled to decentralize government decision-making as well. However, "nowhere is obsolescence more advanced or more dangerous than in our political life. And in no field today do we find less imagination, less experimentation, less willingness to contemplate fundamental change. The decisive struggle today is between those who try to prop up and preserve industrial society and those who are ready to advance beyond it. This is the super-struggle for tomorrow."

But even as the world's successful business leaders decentralize and move power to the lowest possible point in the organization, our national government grows ever bigger and more bureaucratic. It is outdated and old-fashioned. It is not suited for the fast-paced, high-tech, global marketplace we are entering.

## Conclusion

This process is reasoned; it is careful. It relies on the good sense and patriotism of governors, state legislators and local government officials from across this country. This effort is bi-partisan and free from special interest group influence.

The process outlined in this paper gives state and local leaders a plan. It gives them a "big gear" to ultimately solve many of the lesser problems they encounter with the federal government. They can do more than just complain and talk. They can act. They are the only ones who will work to restore balanced competition in our federal system. Congress never will. The bureaucracy never will. The courts never will. The president never will. But state leaders will.

EXHIBIT 2  
DATE 1/19/95  
HB 9/F Relations

**Resolution  
Calling for a Conference of the States  
to be promoted and convened by  
The Council of State Governments**

**For the purpose of restoring  
balance in the federal system**

**Pinehurst, North Carolina**

Whereas: The United States' Constitution established a balanced compound system of governance and through the Tenth Amendment reserved all non-delegated and non-prohibited powers to the States or to the people; and

Whereas: Over many years, the Federal government has dramatically expanded the scope of its power and pre-empted state government authority and increasingly has treated States as administrative subdivisions or as special interest groups, rather than co-equal partners; and

Whereas: The Federal government has generated massive deficits and continues to mandate programs that State and Local governments must administer; and

Whereas: The number of federal unfunded mandates has grown exponentially during the last 30 years and has profoundly distorted State budgets, thereby handcuffing the ability of State leaders to provide appropriate and needed services to their constituencies; and

Whereas: Since 1990, the Federal government has enacted at least 42 major statutes imposing burdensome and expensive regulations and requirements on States and Localities, which is nearly equal to all those enacted in the prior two decades combined; and

Whereas: Persistent, State-led endeavors have consistently failed to generate any substantial reaction or remedy from the Federal government; and

Whereas: The U.S. Supreme Court has repeatedly determined that the States must look to the Congress and related political remedies for protection against Federal encroachments on the reserved powers of the States; and

Whereas: The Council of State Governments, through its Intergovernmental Affairs Committee, has been the champion of State sovereignty for many years; and

Whereas: In recent years, States have been the principal agents of government reform, including updating their constitutions, modernizing and restructuring governmental institutions, and, along with Local governments, have been the pioneers of government innovation, thus responding to the needs of their citizens; and

Whereas: The Council of State Governments recognizes a sense of urgency in calling for The Conference of the States, whereby each State government would send a delegation to develop a comprehensive Action Plan to restore balance in the Federal system; and

Whereas: The aforementioned experience of The Council of State Governments, in conjunction with its regional structure and groupings of elected and appointed officials from all three branches of State government, reflects an entity ideally suited to promote and facilitate such a conference; and

Whereas: The Conference of the States will communicate broad bipartisan public concern on the extent to which the American political system has been distorted and provide a formal forum for State governments to collectively propose constructive remedies for a more balanced State-Federal governance partnership for the 21st century.

**Now Therefore Be It Resolved:**

By the Intergovernmental Affairs Committee and the Executive Committee of The Council of State Governments that these Committees recommend to the Governing Board that CSG fully endorse the concept of The Conference of the States; and

**Be It Further Resolved:**

That these Committees also recommend to the Governing Board that The Council of State Governments be the primary catalyst for all State governments, to organize and convene The Conference of the States, with the following stipulations:

- I. That the Council create a bipartisan Steering Committee representing a cross-section of State leaders to guide the promotion, planning and convening of The Conference of the States; and
- II. That the Council maintain ongoing consultation with the National Governors' Association, the National Conference of State Legislatures and other appropriate State governmental organizations in this process; and
- III. That the Council and The Conference of the States Steering Committee strictly avoid identification with special interests and individuals by focusing activities on working with State government leaders in each geographic region and each State to ensure that The Conference of the States is an initiative of and for the States and the people they represent.

CSG President  
Governor E. Benjamin Nelson

CSG Chairman  
Representative Robert C. Hunter

## RESOLUTION OF PARTICIPATION IN A CONFERENCE OF THE STATES

EXHIBIT 3  
DATE 7/19/95  
HB 9/F Relations

[Whereas clauses to be provided by individual states - see attached Council of State Governments' Governing Board resolution as sample]

The following identical language needs to be incorporated into each state's resolution:

Now, Therefore, Be It Resolved:

That the following be adopted:

(1) A delegation of five voting persons from the State of \_\_\_\_\_, shall be appointed to represent the State of \_\_\_\_\_ at a Conference of the States for the purposes described in Section (2) to be convened as provided in Section (3). The delegation shall consist of five voting persons as follows: (a) the governor or, if the governor does not wish to be a member of the delegation then a constitutional officer selected by the governor; and (b) four legislators, two from each house selected by the presiding officer of that house. No more than two of the four legislators may be from the same political party. Each presiding officer may designate two alternate legislator delegates, one from each party, who have voting privileges in the absence of the primary delegates.

(2) The delegates of the Conference of the States will propose, debate and vote on elements of an action plan to restore checks and balances between states and the national government. Measures agreed upon will be formalized in an instrument called a States' Petition and returned to the delegation's state for consideration by the entire legislature.

(3) The Conference of the States shall be convened under the §501(c)3 auspices of the Council of State Governments in cooperation with the National Governors' Association and the National Conference of State Legislatures no later than 270 days after at least 26 legislatures adopt this resolution without amendment.

(4) Prior to the official convening of the Conference of the States the steering committee will draft:

- (a) the governance structure and procedural rules for the Conference;
- (b) the process for receiving rebalancing proposals; and
- (c) the financial and administrative functions of the Conference, including the Council of State Governments as fiscal agent.

(5) The bylaws shall:

- (a) conform to the provisions of this resolution;
- (b) specify that each state delegation shall have one vote at the Conference; and
- (c) specify that the Conference agenda be limited to fundamental, structural, long-term reforms.

(6) Upon the official convening of the Conference of the States, the State delegations will vote upon and approve the Conference governing structure, operating rules and by-laws.

# Conference of the States

## *Restoring Balance in the Federal System* FACT SHEET

### I. OVERVIEW

- The call for a Conference of the States (COS) is attracting broad support from state officials as a way to drive home an important federalism message to the Congress and the American people.
- COS is a non-legal, yet formal process to convene a Conference of the States to develop an action plan to restore balance to the federal system.
- COS will be convened when a majority of states pass identical resolutions of participation in COS.
- It is anticipated that each state will vote to send a five-member delegation to COS -- the governor and four legislators -- two from each chamber and each party.
- It is expected COS will occur in the Fall of 1995 in a historically symbolic location such as Philadelphia. It will be the first formal meeting of the states since 1786.
- The end product of COS will be an agreed-to action plan, written in the form of a states' petition, specifying a set of statutory, legal and constitutional measures essential to an effective, balanced state-federal partnership.

### II. DEFINING CHARACTERISTICS

- COS enjoys broad, bipartisan support from state leaders in both parties. It will be guided by a national, bipartisan steering committee of state elected officials, under the auspices of The Council of State Governments, in cooperation with the National Governors' Association and the National Conferences of State Legislatures.
- COS is not a Republican or Democrat vehicle -- it is an initiative of, for, and by the states to advocate a balanced federal system -- with a strong, yet limited, federal government -- and with states (and local governments) handling a larger share of the domestic governance role.
- COS does not address or advocate any single or special issue interests. It does not speak to abortion or gun control, nor does it identify with any group or individual.
- COS is a forum for the states to formally, collectively, and responsibly define their rightful roles in the federal system, based upon past principles and the new governance challenges of the 21st century.

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Convenor: The Council of State Governments in conjunction with the National Conference of State Legislatures and the National Governors' Association

•P.O. Box 11910 •Lexington, KY 40578-1910

•606/244-8000 •606/244-8001 fax

EXHIBIT 3  
DATE 1-19-95

### III. STATES AS AGENTS OF REFORM

- One of the most compelling aspects of COS is that it provides a clear opportunity for states to inform the American public that the states, along with local government, have become positive forces of governmental change and reform. There has been little or no public recognition of these facts:
  - All states have updated and modernized their constitutions in the last 30 or so years.
  - Most states have completely revised their ethics codes and standards in the last five years.
  - Most states have restructured, downsized and privatized key functions in the last few years.
  - Most states elect more women and minorities to office, as do local governments, than does the federal level. They are more representative of, and responsive to, citizens.
  - And, virtually all states are living within their budgetary limits. In contrast to the federal level, which has been overspending in recent years more than all 50 state general fund budgets combined.
- And, in domestic policy areas, states are the acknowledged leaders and innovators in:
  - Health care redesign; welfare reform; education restructuring; corrections policy; environmental innovation; and in many management areas - including TQM, customer service and benchmarking to improve accountability for outcomes and for efficiency.

### IV. CONCLUSION

- Convening a Conference of the States provides an invaluable forum to develop an accurate picture of the states in action and to address a profound, structural distortion in the American political system.
- COS offers states and citizens an opportunity to revisit our founding governing principles and the appropriate state-federal structural balance best suited to American society in the 21st century.
- COS is a non-constitutional, non-binding vehicle for American states to reclaim their rightful, co-equal status in the federal system and to work closely with citizens on the public challenges ahead.

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## QUESTIONS?

Call The Conference of the States information line:  
(606) 244-8158



CONFERENCE (

NATIONAL CONFERENCE

Post-it Fax Note 7671		Date	# of Pages
To	Lavarr	From	Joanne
Co/Dept		Co.	
Phone #		Phone #	
Fax #		Fax #	

DECEMBER 10, 1994

The National Conference of State Legislatures for many years has led the campaign of state officials to restore balance and integrity to the federal system. We have advanced mandate protection legislation to the brink of passage. We have opposed preemption of state laws and have fought federal attempts to intrude on state revenue systems. We have attempted to protect the states' ability to develop flexible, inventive and responsive solutions to the country's problems. We have waged this campaign with Congress, the executive branch and in the federal courts.

We have had victories and we have suffered defeats. We have succeeded, most importantly, in elevating federalism to a preeminent place in the debate among national, state and local officials concerning the country's future. Despite the victories and despite the substantially altered political context in Washington, there remains a need for a permanent and fundamental shift in the way the states and the federal government share the responsibilities of governing.

For the past several months, representatives of our organization have worked with governors and other state officials on a dramatic and imaginative proposal to reshape the federal system. This proposal, known as the Conference of the States, will allow state legislatures and governors to propose, consider and advance structural changes that would reverse the long-term trend toward dominance of the national government over state governments.

The Conference of the States will be a convocation composed of bipartisan delegations of state legislators and governors from the 50 states. The conference will consider proposals, primarily amendments to the constitution, designed to effect structural changes to the federal system. Proposals to which the conference agrees then will be debated within the 50 legislatures. Upon approval by a constitutional majority of legislatures, the proposals will be presented to Congress in the form of a "states' petition," with the strong presumption that Congress would adopt the proposals and send those that are constitutional amendments back to the legislatures for ratification under provisions of Article V of the constitution.

The National Conference of State Legislatures is pleased to pledge our support and resources to bringing the Conference of the States to a successful and historic conclusion. The Executive Committee of NCSL authorizes appointment of NCSL's representatives to a steering committee, composed of officials from NCSL, the National Governors' Association and the Council of State Governments, that will organize and implement the Conference of the States.

*Approved by the NCSL Executive Committee, December 10, 1994*

Legislative Fiscal Analyst  
CLAYTON SCHENCK



STATE OF MONTANA  
Office of the Legislative Fiscal Analyst

EXHIBIT 4  
DATE 1/19/95  
HB 9/F Relations  
Room 105 - State Capitol  
P.O. Box 201711  
Helena, Montana 59620-1711  
(406) 444-2986  
FAX (406) 444-3036

January 19, 1995

Representative Aubyn Curtiss  
Seat No. 81  
Montana House of Representatives  
Helena MT 59620

Dear Representative Curtiss:

This letter is in response to your request for information on federal spending in the state budget and the impact of federal spending on the state economy.

The attached table shows the total state appropriated budget as recommended by the Governor for the 1997 biennium, and the accompanying graph shows a breakdown of the total budget by major funding source. As the graph shows, federal funds account for 30 percent of the total state appropriated budget.

This office does not maintain a record of a total state production or of total federal funds received statewide. I have attempted to obtain this information from the Census and Economic Information Center of the Department of Commerce and from the Bureau of Business and Economic Research of the University of Montana. Our office works closely with these offices for economic data. I have obtained some information, but it does not appear to answer your question.

It is my understanding that you want a measure of the impact of total federal resources in Montana (including payroll, farm subsidies, social security payments, etc.) as compared to a total gross state product (comparable to gross national product). There does not appear to be a comprehensive measure of state gross product. The closest I could come is a measure of industrial state gross product, comparable to a federal gross domestic product. It does measure federal sector sources, but only includes federal payroll, and doesn't include direct payments of subsidies, grants, social security, and other payments. The total gross product is also not representative of a total state flow-through of resources.

The Bureau of Business and Economic Research would be willing to attempt to develop some sort of measure of federal sector impact on a total gross state product, but indicated to me it would be a significant project and may require several days at a minimum to develop. Please advise me if you wish to have me request that they develop this information.

Please contact me if you have questions or desire more information regarding the table and graph on the total state budget. I look forward to working with you if you desire further information on state economic impacts of federal spending.

Sincerely,



Clayton Schenck  
Legislative Fiscal Analyst

Office of Legislative Fiscal Analyst  
Executive Budget Recommendations  
1997 Biennium

EXHIBIT 4  
DATE 1-19-95

Fund Type	House Bill 2	Statutory	Language	Total
General Fund	1,054,718,152	59,051,415	50,000	1,113,819,567
State Special	771,055,523	1,217,793,172	3,233,152	1,992,081,847
Federal Special	1,707,214,115	31,950,000	0	1,739,164,115
Proprietary Fund	221,878,529	462,732,877	104,639,602	789,251,008
Other Funds	7,907,333	1,456,626	1,952,000	11,315,959
Current Unrestricted	<u>150,433,777</u>	<u>363,341</u>	<u>0</u>	<u>150,797,118</u>
Grand Totals	\$3,913,207,429	\$1,773,347,431	\$109,874,754	\$5,796,429,614

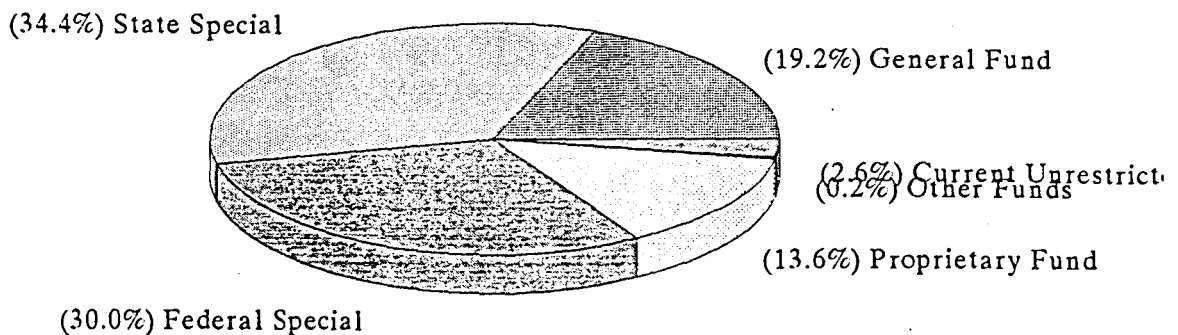
Unallocated Executive Budget Recommendations

Budget Recommendation In Error	13,138,317
Long-Range Building Proposal	107,764,000
Employee Pay Proposal	33,061,596
Guaranteed Annual Benefit Adjustment	<u>4,970,000</u>

\$5,955,363,527

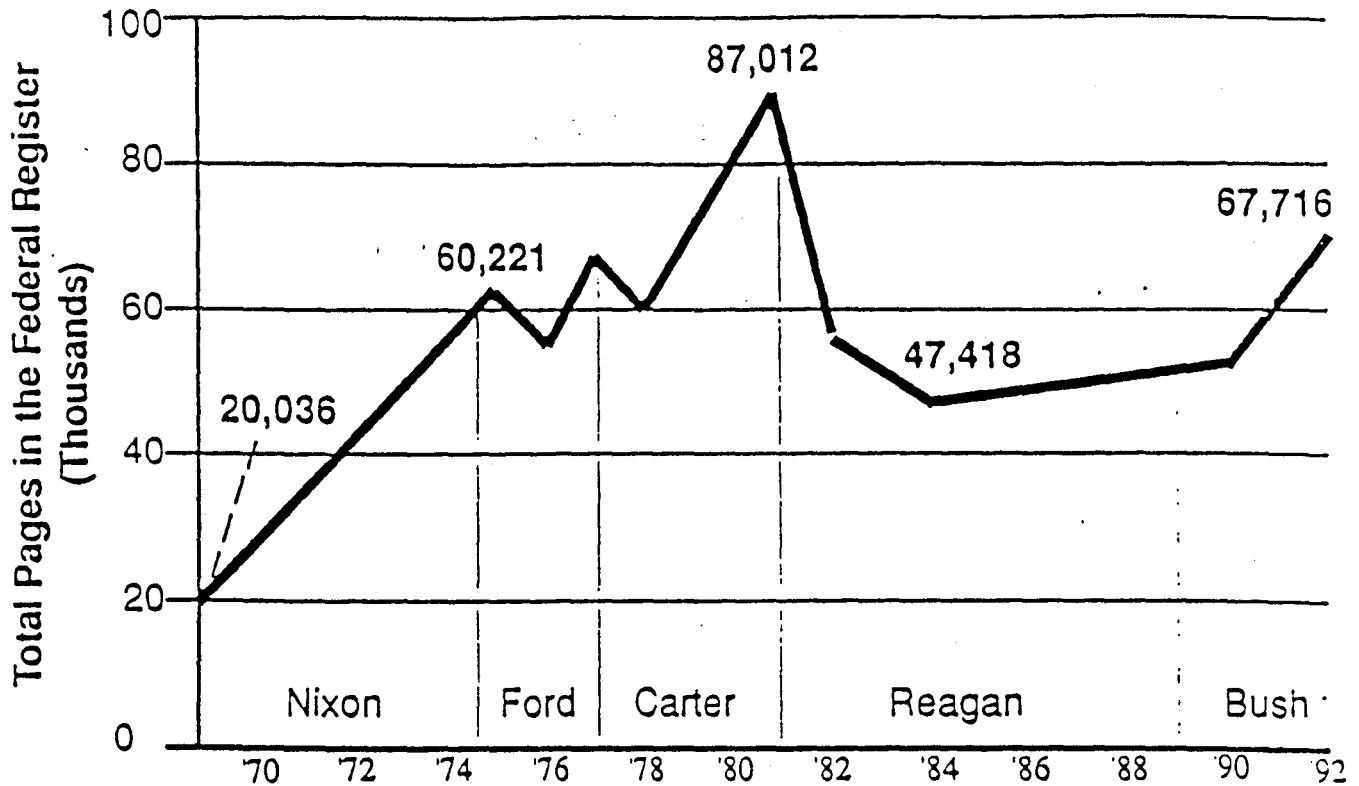
## Executive Budget Recommendations

By Fund Type For 1997 Biennium



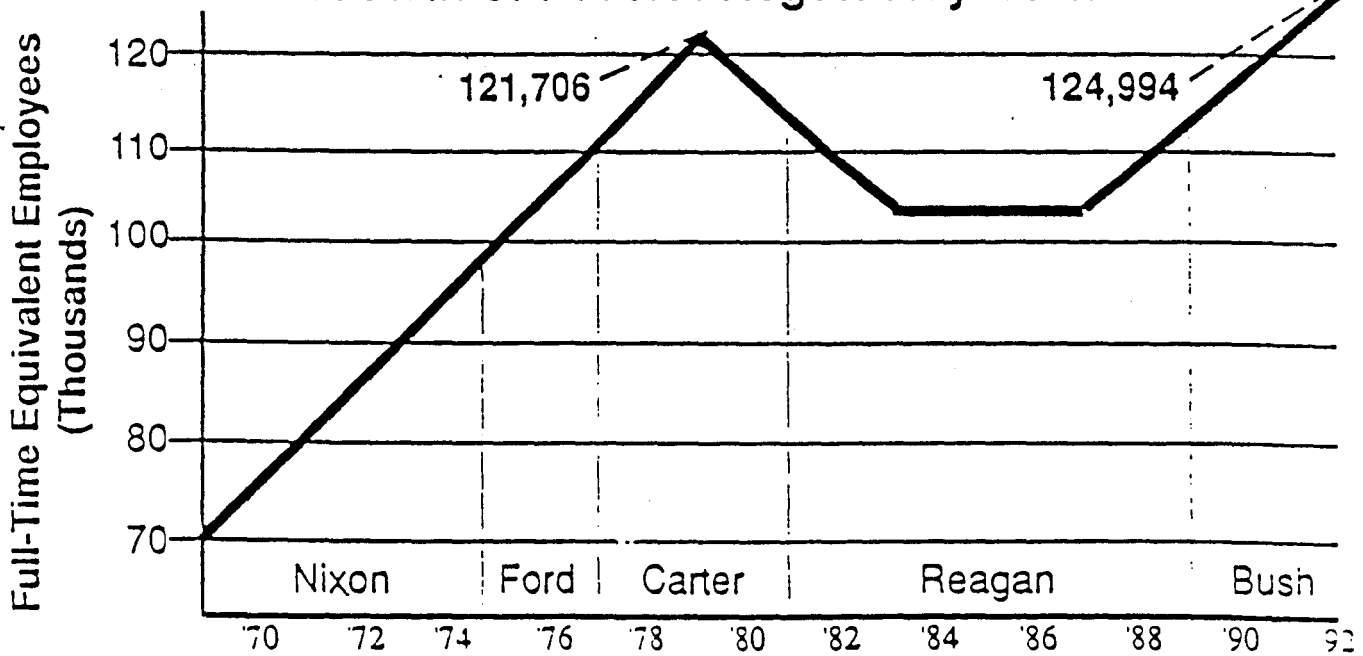
Does Not Include Unallocated Recommendations

## Growth of Federal Regulation



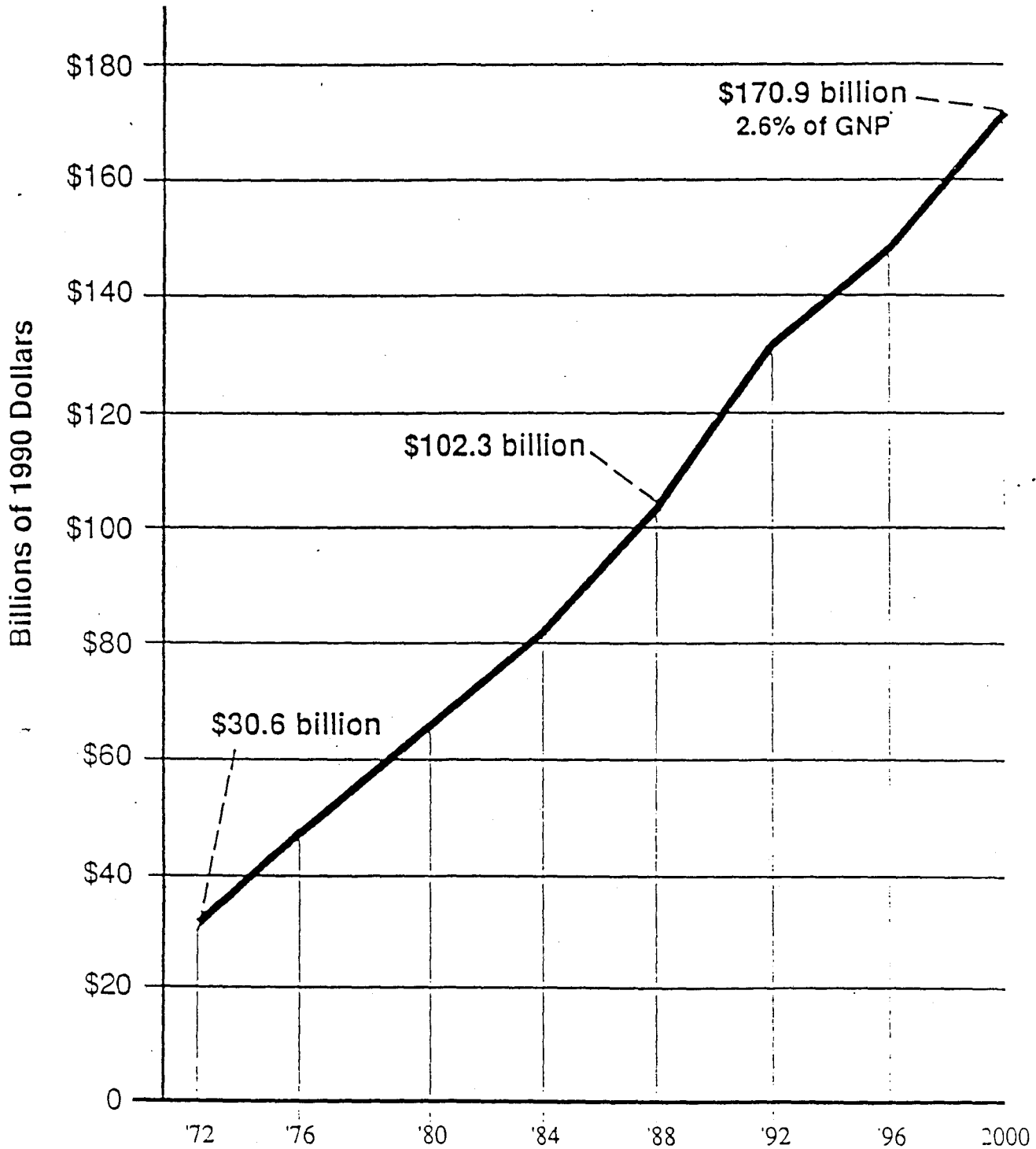
SOURCE: Office of the Federal Register  
*What Ever Happened to the American Dream*, Larry Burkett, 1993

## Growth of Federal Regulatory Staff



SOURCE: Center for the Study of American Business, Washington University, St. Louis  
*Money Matters*, May 15, 1993

## Growth of Federal Environmental Regulatory Costs (Billions of 1990 Dollars)

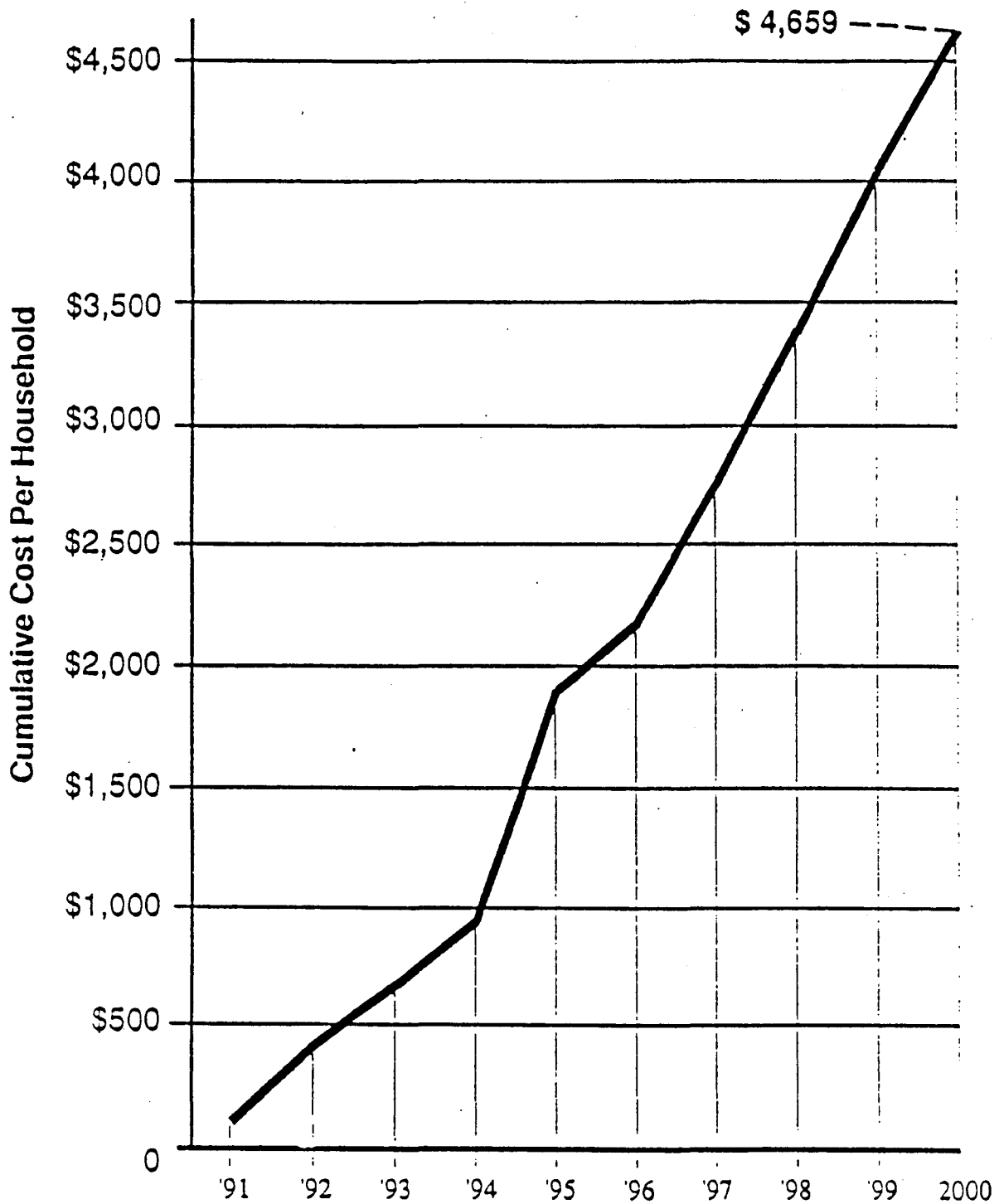


BASED ON 1989 DATA:

SOURCES: U.S. EPA Unfinished Business, 1989

*Resources for the Future*, Michael Gough

# City of Anchorage Alaska Cumulative Cost of Federal Environmental Mandates Per Household



SOURCE: City of Anchorage, Alaska – Report to Congress

*Paying for Federal Environmental Mandates: A Looming Crisis for Cities and Counties*, September 1992