

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION ON DAIRY PRICE REPORTING**

**Resolution Summary**

This resolution addresses a serious error by the USDA in reporting of milk prices that impacted the price paid to dairy producers by at least tens of millions of dollars. At a time when many states are budgeting emergency payments to provide relief for the milk price crisis for their dairy producers, we find that the crisis itself may have been caused in entirety by the USDA error. In October 2000, Congress passed a bill that established mandatory price reporting requirements for the dairy products used in establishing milk prices under the Federal Milk Market Order system. The purpose of this legislation was to provide a transparent method for the government to set milk prices, which all parties could have confidence in. Unfortunately, recent events have undermined confidence in USDA's ability to oversee this data collection.

In late April 2007, USDA reported a serious error in the prices reported to the National Agricultural Statistics Service for nonfat dry milk. USDA has indicated that this has affected milk prices for farmers for at least two months and caused a "market loss" of at least \$6.4 million. But this market loss was not borne by the market as a whole -- it came only from dairy farmers' milk checks.

At the time of writing of this resolution at least six governors and several members of Congress are seeking explanations and proposals to rectify this situation. This resolution will serve to support the states seeking explanation and redress of this situation.

**Dairy Price Reporting Management Directives:**

Management Directive #1: CSG staff would need to send a copy of this to the U.S. Secretary of Agriculture.

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION ON DAIRY PRICE REPORTING**

**WHEREAS**, dairy is the "anchor tenant" of agriculture in many areas of the country, supporting the critical mass of infrastructure upon which many other agricultural enterprises depend; and

**WHEREAS**, the income from milk is very important for many state's economies and for keeping dairy farm families in business.

**WHEREAS**, it has come to our attention that the federal government recently announced an error in the reporting of nonfat dry milk (NFDM) prices,

**WHEREAS**, these reports, plus weekly price reports for cheese, butter and dry whey, are used to develop the federal milk marketing order price formulas to determine minimum prices paid to producers and thus this error resulted in U.S. dairy farmers receiving significantly less dollars for their milk than what they should have been paid.

**WHEREAS**, dairy farmers, and not the market, incurred this loss, estimated by the United States Senate at \$6.4 million over a two month period.

**WHEREAS**, we understand that USDA and the Inspector General are conducting an investigation to determine the extent of the effects, reports suggest that this problem may have been present for eight to nine months and cost dairy farmers tens if not hundreds of millions of dollars in lost income. This error is being felt hard in our nations rural communities as many of our farmers struggle to pay feed, fuel and fertilizer bills this spring.

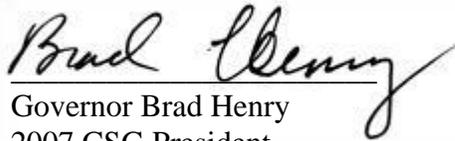
**WHEREAS**, the USDA has the authority under section 32 of the Agricultural Act of 1935, to provide funds for dairy producer indemnification, once the overall impact on dairy producer prices has been determined.

**NOW, THEREFORE BE IT RESOLVED**, that the Council of State Governments representing state, territorial and provincial policy leaders urge the USDA to provide back-payments to dairy producers who were financially hurt by USDA errors in nonfat dry milk price reports.

**BE IT FURTHER RESOLVED**, that the USDA immediately implement mandatory auditing of product prices and inventories, as directed by Congress in 2000 and 2002, to avoid future errors in price reporting. Producers deserve mandatory daily and weekly reporting of all dairy commodity transactions, including prices and quantities by location and product characteristics. Without regular audits, that the USDA was instructed by Congress to conduct, incorrect reporting of powder prices may continue.

**BE IT THEREFORE FURTHER RESOLVED**, that a copy of this resolution be forwarded to the U.S. Secretary of Agriculture.

Adopted this 13<sup>th</sup> Day of June, 2007 at the  
CSG Spring National Committee and Task Force Meetings  
In Puerto Rico.

  
Governor Brad Henry  
2007 CSG President

  
Representative Deborah Hudson  
2007 CSG Chair

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION OPPOSING FEDERAL INSURANCE CHARTERING**

**Resolution Summary**

State officials have supervised insurance for more than a century. Through this supervision, states have worked to promote the public interest, ensured the equitable treatment of consumers and promoted fair competition. Despite state success in this area, there has been congressional interest in “reforming” insurance by creating a dual insurance regime that would allow insurers and producers to elect state or federal regulation.

In the 109th Congress, Sen. John Sununu introduced legislation, S. 2509, the National Insurance Act. This legislation proposed to create an independent Office of National Insurance, which would be housed within the U.S. Treasury Department. This national office would oversee a separate system of regulation and supervision for insurers and producers that choose to be licensed or chartered at the federal level. A presidentially appointed national insurance commissioner would lead the office and the office would be funded by various fees collected from insurance companies, producers and agencies that elect federal regulation. While the Bush Administration has not taken a formal position on this legislation, the Treasury Department has stated that it is tracking developments in this arena.

Recently, Sen. Sununu and Sen. Tim Johnson reintroduced this legislation, S. 40, The National Insurance Act of 2007. The primary change to the current bill, as compared to last year’s bill, is the ability of a surplus lines insurer to now opt for federal oversight. Surplus lines insurance is insurance for unique risks that the private market doesn’t cover. In the House of Representatives, Rep. Ed Royce has indicated interest in reintroducing the House companion to Sen. Sununu’s bill that he introduced last year.

State insurance supervision enforces laws developed by state governments to protect the rights of consumers where they live. The legislation introduced by Sen. Sununu contains very little language on consumer protection, but rather relies on the creation of an office of consumer affairs, which would be tasked with producing rules for the regulation of insurance sales and marketing. This is the only language in the proposed legislation that deals with consumer protection issues, thus allowing insurers to opt out of state standards and oversight. Also, this legislation pre-empts laws pertaining to credit scoring, senior discounts, genetic testing, redlining and other insurer practices. The absence of specific regulatory standards in the federal legislation, combined with a heavy reliance on industry self-regulation to implement the National Insurance Act, in all likelihood could lead to regulatory arbitrage between the federal and state systems, with a negative impact on consumer protections and solvency enforcement.

Federal insurance chartering stands to threaten protections that states have put in place for consumers, and also stands to put much-needed state revenues at risk from the loss of fees and assessments. This resolution seeks to educate state legislative leaders about the

potential ramifications of a federal insurance charter, and how this dual scheme could lead to market disruption and policyholder confusion.

### **Additional Resource Information**

National Association of Insurance Commissioners: [www.naic.org](http://www.naic.org)

The National Insurance Act, S. 40: <http://thomas.loc.gov>

National Conference of Insurance Legislators: [www.ncoil.org](http://www.ncoil.org)

### **Federal Insurance Chartering Opposition Management Directives**

**Management Directive #1:** Support state efforts to raise awareness of the attempts to establish federal insurance charter legislation and the potential consequences of these attempts.

**Management Directive # 2:** CSG staff will post approved resolution on CSG's Web site and make available through its regular communication venues at the state and local level to ensure its distribution to the state government and policy community.

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION OPPOSING FEDERAL INSURANCE CHARTERING**

**WHEREAS,** state insurance protection safeguards individual and commercial policyholders, and thereby galvanizes the strength of the U.S. insurance markets through diversity addressing unique local concerns; and

**WHEREAS,** state officials are effective stewards of the insurance marketplace and can preserve these unique and diverse consumer protections; and

**WHEREAS,** insurance is a unique industry apart from banking and securities and presents issues that state officials are best able to address; and

**WHEREAS,** federal chartering would disrupt insurance markets and harm consumers; and

**WHEREAS,** federal chartering would create a bifurcated regime which would only add an additional layer of bureaucracy whereby companies would be able to “opt out” of consumer protections and state oversight; and

**WHEREAS,** federal chartering threatens state revenues of nearly \$14 billion a year in lost state insurance premium tax revenues, fees and assessments; and

**WHEREAS,** Optional Federal Charter legislation stands to threaten the consumer safeguards that have been put into place by enabling and encouraging the outsourcing of enforcement of insurance industry consumer protections; and

**WHEREAS,** federal chartering will result in policyholder confusion and market disruption due to the separate and overlapping systems that would be created; and

**WHEREAS**, an optional federal regulatory system would only be optional for insurers, not for consumers, taxpayers, businesses and local economies.

**BE IT THEREFORE RESOLVED**, that The Council of State Governments supports and encourages state actions to preserve the pre-eminence of state insurance systems and seeks to educate state elected officials on the potential ramifications of a bifurcated scheme on consumers and state revenues.

Adopted this 13<sup>th</sup> day of June 2007, at the  
CSG 2007 Spring Committee & Task Force Meetings  
in Puerto Rico



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Governor Brad Henry  
2007 CSG President



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Representative Deborah Hudson  
2007 CSG Chair

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION ON INTERSTATE SALE OF STATE INSPECTED MEAT AND  
POULTRY**

**Resolution Summary**

This resolution urges Congress to pass H.R. 1760, *The Expanding Markets for Small Meat Processors Act*, which would eliminate the ban on the interstate shipment of state-inspected meat, allowing small meat processors to increase their business and grow local economies. States often develop their own meat inspection programs to provide the flexibility needed to accommodate small businesses. Although these inspection programs are equivalent to federal standards, currently there are restrictions on the interstate shipment of state-inspected meat.

No other agricultural commodity has this type of restriction, state-inspected milk, fruits, vegetables, grain and fish are all allowed free access to the national market. Currently foreign products have greater nationwide meat market access than state-inspected meat. *The Expanding Markets for Small Meat Processors Act* would eliminate the interstate shipment ban, while ensuring that states maintain their high safety standards. Lifting this restriction will give small meat processors the ability to ship these products in interstate commerce, not only greatly expanding the market for their products, but also benefiting consumers and rural areas.

This legislation supports the efforts of states that already have a federally equivalent state inspection program and may encourage other states to look at this as an option for adding value to livestock operations.

This resolution was approved by the Midwestern Legislative Conference on Aug. 23, 2006 at their annual meeting.

**Interstate Sale of State Inspected Meat and Poultry Management Directive:**

**Management Directive #1:** CSG staff would need to send copies of this to members of Congress on the House and Senate Agriculture Committees, state Agriculture Commissioners and Directors and the U.S. Secretary of Agriculture.

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION ON INTERSTATE SALE OF STATE INSPECTED MEAT AND  
POULTRY**

- WHEREAS,** the Federal Meat Inspection Act of 1967 and the Poultry Products Inspection Act of 1968 required all state meat and poultry inspection programs to be “at least equal” to federal standards; and
- WHEREAS,** 28 States have adopted state meat inspection programs that equal or exceed federal standards; and
- WHEREAS,** states are allowed to inspect “non-amenable” products—such as venison, buffalo, squab, quail and pheasant—and interstate shipment of these state inspected products has been allowed for many years and deemed safe for commerce and consumers; and
- WHEREAS,** other commodities, such as milk, dairy products, fruit, vegetables, fish, shellfish, and complex canned products, which are inspected under state jurisdiction, are allowed to be marketed freely throughout the United States; and
- WHEREAS,** any foreign-inspected meat can be shipped to and sold anywhere in the U.S. as long as that country’s foreign inspection program is equivalent to U.S. federal standards—in practice the same standard which Federally approved state-inspected programs must meet; and
- WHEREAS,** state-inspected meat and poultry are the *only* commodities that are restricted from sale across state lines; and
- WHEREAS,** the 2002 Farm Bill included report language supporting the merits of interstate meat shipment and required United States Department of Agriculture to conduct a new, comprehensive review of state inspection programs; and
- WHEREAS,** three USDA Advisory Committees have recommended that the ban on interstate shipment be removed: USDA’s Advisory Committee on Agricultural Concentration (June 1996); USDA’s National Commission on Small Farms (January 1998); and the National Advisory Committee on Meat and Poultry Inspection (NACMPI), (May 1998 and June 2002); and
- WHEREAS,** the demand for high quality local products is not limited to within a state border; and

**WHEREAS,** HR 1760 has been introduced in Congress to address this obvious inequity; now therefore be it

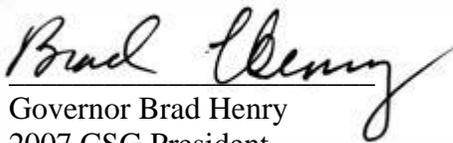
**RESOLVED,** that The Council of State Governments urges all members of Congress to join the bipartisan efforts to ensure that legislation is enacted to allow the interstate shipment of state inspected meats and poultry; and be it further

**RESOLVED,** that a copy of this resolution be forwarded to all members of Congress on the House and Senate Agriculture Committees; and be it further

**RESOLVED,** that this resolution be submitted to the U.S. Secretary of Agriculture; and be it further

**RESOLVED,** that a copy of this resolution be sent to state Agriculture Commissioners and Directors.

Adopted this 13<sup>th</sup> Day of June, 2007 at the  
CSG Spring National Committee and Task Force Meetings  
In Puerto Rico

  
Governor Brad Henry  
2007 CSG President

  
Representative Deborah Hudson  
2007 CSG Chair

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION IN SUPPORT OF THE GOVERNORS' POWER TO CONTROL  
THE NATIONAL GUARD**

**Resolution Summary**

Section 1076 of the John Warner Defense Authorization Act expanded the president's authority to federalize the National Guard during certain emergencies and disasters. The president would be able to exercise such authority without a governor's consent. Specifically, the president would be allowed to employ the Armed Forces and the National Guard to restore public order in certain situations, namely in times of "natural disaster, epidemic, or other serious public health emergency, terrorist attack or incident or other condition." The president would be required to notify Congress within 14 days of exercising such authority.

Section 1076, which was enacted in October 2006, as part of the Defense Authorization measure (Public Law 109-364) revised the Insurrection Act of 1807. The Insurrection Act empowered the president to use the U.S. military as a domestic police force when laws are not being enforced, or the rights of citizens are being denied due to insurrection, domestic violence or conspiracy.

Section 1076 of the Defense Authorization Act was made following Hurricane Katrina, after disputes between President Bush and Louisiana Gov. Kathleen Blanco over control of Guard units at the time of the hurricane. Generally, the National Guard is under state control with governors as commanders-in-chief, but National Guard units can be mobilized at any time by presidential order.

Section 1076 stands to potentially undermine governors' authority over the National Guard, which ultimately could place the safety and well being of citizens in jeopardy. These changes beg to question whether an individual governor or the president has primary responsibility during a domestic emergency.

Rep. Tom Davis (VA) has introduced legislation, H.R. 869, that would repeal the president's ability to federalize the National Guard for domestic law enforcement purposes during emergencies. The Davis legislation is supported by the National Guard Association, the Adjutants General of the United States and the Enlisted Association of the National Guard. In the Senate, Sen. Christopher Bond (MO) also introduced similar legislation, S. 513.

This resolution is meant to express The Council of State Government's support of the repeal of this provision in the Defense Authorization Act, and to also encourage discussion with governors pertaining to any potential changes in the control of the National Guard.

### **Additional Resource Information**

CQ Article on Defense: January 3, 2007, "President's Post-Katrina Powers Go Too Far, Lawmakers From Both Parties Say"

National Guard: [http://en.wikipedia.org/wiki/United\\_States\\_National\\_Guard](http://en.wikipedia.org/wiki/United_States_National_Guard)

Senator Patrick Leahy Press Release: <http://leahy.senate.gov/press/200702/020707a.html>

\*S. 513 (sponsored by Senator Leahy):

\*H.R. 869 (introduced by Representative Tom Davis):

\*Public Law 109-364 ("The John Warner Defense Authorization Act of 2007" -HR 5122):

All of the starred materials can be found under "2007 Spring Meeting" at:

<http://www.csg.org/policy/resolutions.aspx>

Insurrection Act:

[http://www.law.cornell.edu/uscode/html/uscode10/usc\\_sec\\_10\\_00000331----000-.html](http://www.law.cornell.edu/uscode/html/uscode10/usc_sec_10_00000331----000-.html)

National Governors Association National Guard Policy Statement:

<http://www.nga.org/portal/site/nga/menuitem.8358ec82f5b198d18a278110501010a0/?vgnextoid=24ca9e2f1b091010VgnVCM1000001a01010aRCRD&vgnextchannel=4b18f074f0d9ff00VgnVCM1000001a01010aRCRD>

### **Resolution in Support of the Governors' Power to Control the National Guard**

Management Directive #1: Support state efforts to raise awareness of the potential changes and ramifications made to Section 1076 of the John Warner Defense Authorization Act.

Management Directive #2: Support and encourage state policy actions that will keep Governors as commanders-in-chief of their state National Guard units.

Management Directive #3: CSG staff will post approved resolution on CSG's Web site and make available through its regular communication venues at the state and local level to ensure its distribution to the state government and policy community.

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION IN SUPPORT OF THE GOVERNORS' POWER TO CONTROL  
THE NATIONAL GUARD**

**WHEREAS,** Section 1076 of the John Warner National Defense Authorization Act (P.L. 109-364) unnecessarily expands the President's authority over the National Guard; and

**WHEREAS,** Section 1076 does not require the President to confer with a Governor prior to deploying a state's National Guard forces; and

**WHEREAS,** these changes could lead to confusion as to who is in charge of leading the Guard in times of an emergency; and

**WHEREAS,** Governors should remain as commanders-in-chief of the National Guard to assure the safety and well being of residents. The power to employ the National Guard should rest primarily with Governors; and

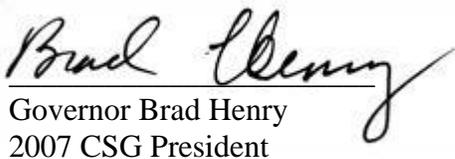
**WHEREAS,** any changes pertaining to the control of the National Guard should be made in consultation with Governors to allow for full discussion and debate on the ramifications of such changes in emergency response.

**BE IT THEREFORE RESOLVED,** that The Council of State Governments supports the passage of S. 513 and H.R. 869 which repeal Section 1076 of the 2006 National Defense Authorization Act.

**BE IT THEREFORE FURTHER RESOLVED,** that The Council of State Governments supports the proposition that Governors should control the domestic use of federal military forces operating within their respective state or territory, and should retain control over the domestic use of their own National Guard forces and supporting National Guard forces from other states operating within the supported Governor's state or territory, in all but two instances: (1) if the application of lethal military force is required to repel an invasion or attack against the United States; and/or (2) if National Guard forces in state active duty or Title 32 status are being used to resist a lawful order of the executive or judicial branch of the federal government. In these two instances, federal activation of a Governor's National Guard forces under Title 10 USC for domestic operations should be authorized.

**BE IT THEREFORE FURTHER RESOLVED**, that in instances where military forces in both Title 10 and Title 32 status are engaged in domestic operations within a state or territory, Governors believe a Dual Status National Guard commander should be appointed by the respective Governor and the President pursuant to 32 USC Section 325; and the Dual Status National Guard commander should be in command of all active, Guard, and reserve military personnel deployed to or within the state in support of or in response to the domestic event or emergency.

Adopted this 13<sup>th</sup> day of June 2007, at the  
CSG 2007 Spring Committee & Task Force Meetings  
in Puerto Rico

  
Governor Brad Henry  
2007 CSG President

  
Representative Deborah Hudson  
2007 CSG Chair

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION ENDORSING THE NASS REGIONAL PRIMARY INITIATIVE**

**RESOLUTION SUMMARY**

Amid concerns that states are moving the dates of their presidential primaries earlier and earlier, which has resulted in “frontloading” the primary system, the National Association of Secretaries of State (NASS) conducted a hearing and released a report on the problems associated with this trend. Following this hearing, NASS formed an Ad Hoc Committee on Presidential Primary Reform. The committee was tasked with developing a plan that would treat each state fairly and would give voters the opportunity to participate in primaries that would not be deemed as “irrelevant.”

The NASS Regional Rotating Primary/Caucus Plan was formally adopted by NASS in 2000. This plan seeks to preserve the rights of each state to have their own elections; provide each state an opportunity to be first in the presidential primary process and provide voters and candidates an opportunity to focus on issues of regional interest.

Under the NASS plan, primaries conducted by region would begin in 2012. A lottery would be held to determine which region would hold the first primary. The next time that a presidential election comes around, the region that began the process would become the last region to conduct primaries and the other regions would move forward. Both Iowa and New Hampshire would retain their leading positions in the presidential selection process.

Primaries in each state in a particular region would be held on or soon after the first Tuesday in March, April, May or June of presidential election years. States in the same region would not be required to hold primaries/caucuses on the same day.

According to the NASS plan, regional groupings would be as follows:

**East:** Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, West Virginia, District of Columbia

**South:** Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, Puerto Rico, Virgin Islands

**Midwest:** Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin

**West:** Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming, Guam

It is hoped that the Regional Rotating Primary Plan would enhance voter participation, strengthen the political process and protect the rights of all states and their citizens to have a defined electoral schedule.

### **Additional Resource Information**

Presidential Primary System:

<http://usgovinfo.about.com/cs/politicalsystem/a/delegateprocess.htm>

The University of Virginia Center for Governmental Studies:

[http://www.centerforpolitics.org/reform/report\\_nominating.htm](http://www.centerforpolitics.org/reform/report_nominating.htm)

National Association of Secretaries of State:

<http://www.nass.org/Primary%20Plan.htm>

### **Resolution Endorsing the NASS Regional Primary Initiative**

Management Directive #1: Support state efforts to raise awareness of the benefits of a regional primary system.

Management Directive #2: CSG staff will post approved resolution on CSG's web site and make the resolution available through its regular communication venues at the state and local level to ensure its distribution to the state government and policy community.

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION ENDORSING THE  
NASS REGIONAL PRIMARY INITIATIVE**

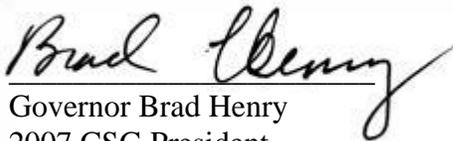
- WHEREAS,** The Council of State Governments (CSG) seeks to provide states with innovative ideas and concepts which encourage civic responsibility and strengthen the democratic process through increased overall voter turnout; and
- WHEREAS,** Many state elected officials who guide the activities of CSG are recognized experts in election administration issues, including a number of members of the National Association of Secretaries of State (NASS) who serve on the CSG Governing Board; and
- WHEREAS,** The anticipated 2008 state primary election date schedule appears to have been haphazardly arranged from a race to the front of the calendar with little consideration for input from distinctly different regions; and
- WHEREAS,** After careful deliberation and consideration of a variety of alternatives, NASS has formally endorsed a Regional Primary concept designed to prevent the “front loading” of the national primary system and to ensure that each state and region of the nation has the opportunity to influence Presidential Primaries; and
- WHEREAS,** NASS has requested that The Council of State Governments endorse the NASS Regional Primary proposal designed to emphasize thoughtful consideration through coordinated regional input over a more protracted period of time.

**THEREFORE, BE IT SO RESOLVED** that The Council of State Governments strongly supports the Regional Primary concept designed and endorsed by the National Association of Secretaries of State.

**BE IT FURTHER RESOLVED** that The Council of State Governments will request each of CSG's regions to highlight the NASS regional primary concept through presentations at their individual regional meetings and through their regional publications.

**FINALLY, BE IT RESOLVED** that The Council of State Governments will undertake whatever actions are deemed appropriate by their membership to encourage the various state legislatures to adopt the Regional Primary system advanced by NASS.

Adopted this 13<sup>th</sup> day of June 2007, at the  
CSG 2007 Spring Committee & Task Force Meetings  
in Puerto Rico

  
Governor Brad Henry  
2007 CSG President

  
Representative Deborah Hudson  
2007 CSG Chair

## **THE COUNCIL OF STATE GOVERNMENTS**

### **RESOLUTION ON UTILIZATION OF FRESH LOCAL MILK IN FEDERALLY FUNDED FOOD SECURITY PROGRAMS**

#### **Resolution Summary**

The following resolution addresses the issue of dairy farm viability in Puerto Rico. Puerto Rico is an island community that is very dependent on imported food. The serious issue of food security is compounded by this dependency. Therefore, it is important for Puerto Rico to have programmatic support for local agriculture producers. The Women, Infants and Children (WIC) food program is designed to support the domestic agriculture industry while providing high quality, nutritious food to low income residents. The dairy industry in Puerto Rico currently provides more than 25,000 jobs, therefore, the loss of this industry will affect the island's wage base as well as consumer choice. This resolution seeks to have the WIC program specifically support locally produced milk and dairy products.

This resolution came from The Council of State Governments-Eastern Regional Conference (ERC), where it was passed by the Executive Committee on March 31, 2007

#### **Utilization of Fresh Local Milk Management Directive:**

**Management Directive #1:** CSG staff would need to send copies of this to members of Congress on the House and Senate Agriculture Committees, state Agriculture Commissioners and Directors and the U.S. Secretary of Agriculture.

## **THE COUNCIL OF STATE GOVERNMENTS**

### **RESOLUTION ON UTILIZATION OF FRESH LOCAL MILK IN FEDERALLY FUNDED FOOD SECURITY PROGRAMS**

**WHEREAS,** state, provincial and territorial policy makers understand the importance of supplying healthy, fresh milk and other wholesome foods for their constituents; and

**WHEREAS,** dairy is the "anchor tenant" of agriculture in many areas of the country, supporting the critical mass of infrastructure upon which many other agricultural enterprises depend; and

**WHEREAS,** the federal government in partnership with state governments has created food security programs to satisfy the nutritional needs of low income children and families; and

**WHEREAS,** the Women's Infants and Children (WIC) program was created to specifically address nutritional deficiencies in young children; and

**WHEREAS,** it has come to our attention that the WIC program in Puerto Rico is substituting Ultra High Temperature (UHT) milk for fresh, local milk in its program; and

**WHEREAS,** independent market research studies indicate that 96% of consumers prefer the taste of fresh milk over UHT milk or powder milk.; and

**WHEREAS,** infants and young children, who reject the taste of UHT milk and do not consume it and do not receive the nutritional benefit of the product; and

**WHEREAS,** there is some level of nutritional loss in certain proteins that are important to the mother and to the child with UHT milk due to the high temperature process required to sterilize and pack this product; and

**WHEREAS,** WIC's program also aims to provide support to the local industry of each individual state to whom it is providing the benefits; and

**WHEREAS,** dairy continues to be the driving force of commerce, employment and income in Puerto Rico accounting for more than 25,000 jobs;

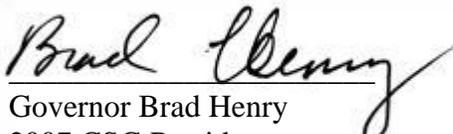
**NOW, THEREFORE BE IT RESOLVED,** that The Council of State Governments representing state, territorial and provincial policy leaders urge the use of local, fresh milk in WIC and other federally funded hunger security programs; and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be forwarded to all members of Congress serving on Senate and House Agriculture and Appropriations committees as well as Puerto Rico's representative; and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be forwarded to the U.S. Secretary of Agriculture; and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be sent to the Commissioners of Agriculture in every state and territory.

Adopted this 13th Day of June, 2007 at the  
CSG Spring National Committee and Task Force Meetings  
In Puerto Rico

  
Governor Brad Henry  
2007 CSG President

  
Representative Deborah Hudson  
2007 CSG Chair

# THE COUNCIL OF STATE GOVERNMENTS RESOLUTION ON RURAL DEVELOPMENT

## Resolution Summary

Every five years Congress produces the nation's flagship legislation on farm policy. It's no small undertaking. The Farm Bill contains something on just about everything—from nutrition to research, from energy to rural development and, of course, agriculture. The current farm bill had a multitude of rural development objectives, but little funding for them. The current deficit ensures even tighter spending restrictions on the 2007 Farm Bill.

This resolution supports the traditional and nontraditional rural development programming; providing funds for hospitals, water, sewer, internet access, road improvement, and better coordination of federal programs, as well as regional collaboration and entrepreneurship.

One of the biggest challenges facing rural America is the fact that it gets shortchanged in federal funding. Federal spending on urban community development is two to five times higher than rural, per capita. Not only do rural areas get 8 percent fewer dollars per capita than urban areas, less of the money is for building the capacity needed to create economic and community development. Each year from 1994 to 2001 (latest data available), the federal government spent two to five times more, per capita, on urban than rural community development. Rural policy is not just small scale version of urban economic development but has its own characteristics, needs and asset determination.

This resolution was approved by The Council of State Governments-Midwestern Legislative Conference on Aug. 23, 2006 at its annual meeting.

## Rural Development Management Directives

**Management Directive #1:** CSG staff would need to send copies of this to members of the U. S. House and Senate agriculture, transportation and health committees and to the Secretaries of the United States Departments of Agriculture, Transportation and Health and Human Services.

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION ON RURAL DEVELOPMENT**

**WHEREAS,** a variety of conditions over the last two decades have resulted in declines in rural farm economies, decreases in small rural businesses and declines in natural resource based economies; and

**WHEREAS,** such conditions have had dramatic impacts on the ability of rural areas to remain self-sufficient, and have contributed to the outmigration of younger residents; and

**WHEREAS,** ninety-three percent of farm households, which control two-thirds of all farmland in the United States, earn most of their income from off farm sources, thus off-farm employment is key to maintaining many small and medium sized farms and ranches; and

**WHEREAS,** water, wastewater, telecommunications, health and transportation infrastructure maintenance and improvements are imperative for preservation of the natural environment, promotion of economic development and health of rural residents and this maintenance has relied on federal assistance; and

**WHEREAS,** niche markets, value-added enterprises and broadened direct-to-consumer marketing opportunities are one way of increasing employment and diversifying risk for rural communities and offer economic advantages to both consumers and producers; and

**WHEREAS,** healthy, vibrant rural communities are needed to provide the jobs to retain rural youth, and support medium and small sized farms and ranches; and

**WHEREAS,** it is accepted that government supports small business ventures as an efficient way of maintaining economic growth. and it is vital to our food security that such opportunities be made be available to the farmers and producers upon whom we depend for foodstuffs; now therefore be it

**RESOLVED,** that Congress of the United States and the United States Department of Agriculture make the Rural Development title of the Farm Bill reauthorization a priority in terms of both programming and funding; and be it further

**RESOLVED,** that the Rural Development title continue to include funds and technical assistance for the Rural Utilities Service; and be it further

**RESOLVED,** that programs and incentives for adding value to agriculture commodities and assisting in the research and development of new market opportunities be a priority in the farm bill reauthorization; and be it further

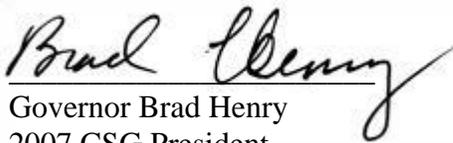
**RESOLVED**, that the USDA Beginning Farmer program be continued and fully funded; and be it further

**RESOLVED**, that Congress support adequate funding for programs with proven track records in recruiting, training, and placing health professions students in rural practice, provide assistance to rural health care organizations to engage in ongoing measurement of and support and quality improvement strategies, ensure that measurement and reporting (especially public reporting) reflects the unique data and roles of rural health care providers, facilitate the spread of successful health information technology programs through federally supported technical assistance.

**RESOLVED**, that this resolution be submitted to the members of the U. S. House and Senate agriculture, transportation and health committees; and be it further

**RESOLVED**, that this resolution be submitted to the Secretaries of the United States Departments of Agriculture, Transportation and Health and Human Services.

Adopted this 13<sup>th</sup> Day of June, 2007 at the  
CSG Spring National Committee and Task Force Meetings  
In Puerto Rico

  
Governor Brad Henry  
2007 CSG President

  
Representative Deborah Hudson  
2007 CSG Chair

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION ON STATE CHILDREN'S HEALTH  
INSURANCE PROGRAM (SCHIP)**

**Resolution Summary**

In 1997, Congress created the State Children's Health Insurance Program (SCHIP) to provide federal assistance to states to create programs to provide health care coverage for uninsured children whose families had incomes too great for Medicaid but who could not afford to purchase private coverage. In the subsequent ten years, the number of uninsured children in the United States has decreased by one third. Today, over 6 million children benefit from the SCHIP program.

The SCHIP program is complimentary to Medicaid but has a few important differences. Unlike Medicaid, SCHIP is not an entitlement program. SCHIP also has a much simpler, targeted purpose: to provide health care coverage for low-income uninsured children. And finally, states have more flexibility in the design of their SCHIP programs. Some states provide SCHIP services as an expansion of their Medicaid program and other states structure SCHIP services to be more like private insurance coverage.

Congress must reauthorize the SCHIP program in 2007 or jeopardize the health care coverage of million of children. Without federal funding, which is provided as a capped amount to states requiring a matched amount, states will face making sharp reductions in coverage for low-income children. The reduction in the numbers of uninsured children would likely be reversed.

**Additional Resource Information**

American Academy of Pediatrics

<http://www.aap.org/advocacy/washing/ChildrensHealthCareCoverage.pdf>

Congressional Budget Office

<http://www.cbo.gov/ftpdocs/80xx/doc8092/05-10-SCHIP.pdf>

The Heritage Foundation

<http://www.heritage.org/Research/HealthCare/h1980.cfm>

The Kaiser Commission on Medicaid and the Uninsured

<http://www.kff.org/medicaid/upload/7642.pdf>

Center on Budget and Policy Priorities

<http://www.cbpp.org/6-5-06health.htm>

Voices for America's Children

<http://www.voicesforamericaschildren.org/Template.cfm?Section=Home&CONTENTID=8084&TEMPLATE=/ContentManagement/ContentDisplay.cfm>

## **State Children's Health Insurance Program Management Directives**

- ⌚ **Management Directive #1:** CSG staff will prepare correspondence to U.S. House and Senate leadership notifying them of the approved resolution.
  
- ⌚ **Management Directive #2:** CSG staff will post approved resolution on CSG's Web site and make available through its regular communication venues the CSG support for reauthorization of the State Children's Health Insurance Program (SCHIP).

**THE COUNCIL OF STATE GOVERNMENTS**  
**Resolution on State Children's Health Insurance**

- WHEREAS**, over the past decade, the State Children's Health Insurance Program (SCHIP) has succeeded in providing millions of children and youth across the country with access to affordable health care coverage; and
- WHEREAS**, since the inception of SCHIP in 1997, the number of low-income, uninsured children has decreased by one-third; and
- WHEREAS**, over 6 million children currently benefit from this program; and
- WHEREAS**, the rates of uninsurance have dropped for white, African American children and Hispanic children since the implementation of SCHIP; and
- WHEREAS**, SCHIP has provided health insurance coverage for low-income children in rural and urban areas alike; and
- WHEREAS**, Medicaid remains the foundation of our nation's public health care system for children, ensuring that 28 million children have access to health insurance; and
- WHEREAS**, Medicaid and SCHIP combined provide health care access for 34 million children; and
- WHEREAS**, SCHIP and Medicaid are especially important to children with special health care needs – those with developmental, chronic or behavioral health problems who may require specialized care; and
- WHEREAS**, the federal government and states have worked together to build a public health program that has been resoundingly successful and effective in providing access to and securing coverage for children; and
- WHEREAS**, Congress has the opportunity to reauthorize the SCHIP program to build upon the success of the last ten years and provide the resources needed to further narrow the coverage gap for children; and
- WHEREAS**, despite the success of Medicaid and SCHIP, 9 million children remain uninsured; and
- WHEREAS**, for the first time since 1998, the number of children without health insurance coverage rose by 360,000 children, climbing from 10.8 percent of children in 2004 to 11.2 percent in 2005; and
- WHEREAS**, most children covered by SCHIP are in working families that are unable to get or afford private health insurance for their children; and

**WHEREAS,** SCHIP covers children who would otherwise be uninsured. Most newly enrolled children were previously uninsured or had recently lost their Medicaid or private health coverage for involuntary reasons, such as parental job loss of a job or divorce; and

**WHEREAS,** a child's future should not be jeopardized by their inability to access affordable, health care services that meet the child's health care needs; and

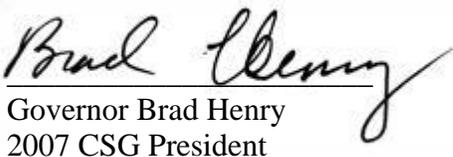
**WHEREAS,** in an ever-increasing global market, now more than ever, America's children need to grow up ready to succeed in school and at work; and

**WHEREAS,** the authorization for federal appropriations to the states for the SCHIP program ends in 2007 without reauthorization action by Congress; and

**WHEREAS,** the Congressional Budget Office estimates that the number of children covered by SCHIP will fall substantially over the coming decade if funding is not increased to reflect rising health care costs and other circumstances;

**BE IT THEREFORE RESOLVED** that The Council of State Governments urges the Members of Congress to reauthorize the State Children's Health Insurance Program *at higher levels* thus continuing the financial partnership between states and the federal government in providing access to affordable health care coverage for children.

Adopted this 13<sup>th</sup> Day of June, 2007 at the  
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**THE COUNCIL OF STATE GOVERNMENTS**

**RESOLUTION ON THE EXPANSION OF SUMMER FOOD SERVICE  
PROGRAM**

**Resolution Summary**

Given the current concern of obesity rates in children, this resolution supports summer feeding programs as specified in S.790, legislation to amend the Richard Russell National School Lunch Act. This legislation would provide children in lower-income areas with the opportunity to continue to receive nutritious meals during long school vacations, even when they do not have access to school lunch or breakfast.

This resolution was passed by The Council of State Governments-Eastern Regional Conference Executive Board on March 31, 2007.

**Expansion of Summer Food Service Program Management Directive:**

**Management Directive #1:** CSG staff would need to send copies of this to members of the U. S. House and Senate agriculture, transportation and health committees and to the Secretaries of the United States Departments of Agriculture, Transportation and Health and Human Services.

## **THE COUNCIL OF STATE GOVERNMENTS**

### **RESOLUTION ON EXPANSION OF SUMMER FOOD SERVICE PROGRAM**

- WHEREAS**, the Congress of the United States has crafted S.790, a bill to amend the Richard B. Russell National School Lunch Act to permit the simplified summer food programs, to be carried out in all States and territories and by all service institutions; and
- WHEREAS**, this bill sponsored by Senators Lugar, Kennedy & Chambliss would expand The Summer Food Service Program (SFSP) under the U.S. Department of Agriculture to all states; and
- WHEREAS**, the SFSP was created to ensure that children in lower-income areas could continue to receive nutritious meals during long school vacations, when they do not have access to school lunch or breakfast; and
- WHEREAS**, millions of children depend on nutritious meals and snacks are free or reduced-price meals and snacks at school for 9 months out of the year, just a fraction of them receive the free meals and snacks provided by the SFSP during the summer months; and
- WHEREAS**, SFSP is the single largest Federal source of funding available for local sponsors who want to combine a feeding and summer activity program; and
- WHEREAS**, currently only one-half of the states are involved in this program; and
- WHEREAS**, each day, more than 30,000,000 children participate in Federal school meal programs; and
- WHEREAS**, more than 1/2 of those children receive free or reduced price meals due to low household income; and
- WHEREAS**, the SFSP sponsors receive payments for serving healthy meals and snacks to children and teenagers, 18 years and younger, at approved sites in low-income areas. Schools, public agencies, and private nonprofit organizations may apply to sponsor the program; and
- WHEREAS**, research shows a direct relationship between healthy eating and academic achievement - studies have shown a link between low-income children eating breakfast and higher test scores; and

**WHEREAS**, the legislation would allow SFSP sites to serve up to three reimbursable meals (breakfast, lunch, snack or dinner); currently, a site can serve more than 2 meals only if it is a "camp" site; and

**WHEREAS**, this is not just an economic and social issue, but also a health issue; and

**WHEREAS**, recent National Health and Nutrition Examination Surveys have made a clear connection between hunger and obesity; and

**WHEREAS**, the most nutritious foods tend to be the most expensive, causing low income families to choose cheaper foods that are higher in sugar and fat; and

**WHEREAS**, skipping meals to stretch the food budget dollar leads to obesity; and

**WHEREAS**, access to safe play areas and playgrounds in low income areas is difficult; hindering physical activity and exercise for growing children; and

**WHEREAS**, without intervention we are compounding the childhood obesity epidemic and creating a future generation of overweight and unhealthy adults; and

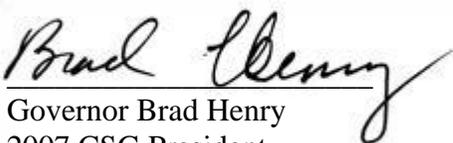
**NOW, THEREFORE BE IT RESOLVED**, that The Council of State Governments representing state, provincial and territorial policy leaders urge the support of S.790 and make certain that all states and territories in the nation have access to this necessary service to low-income children in our communities; and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be forwarded to all members of Congress serving on the Senate Agriculture, Nutrition, and Forestry Committee; and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be forwarded to the U.S. Secretary of Agriculture; and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be sent to the commissioners of agriculture of U.S. states and territories.

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The Council of State Governments

*Intergovernmental Affairs Committee*

Statement of Intergovernmental Policy: Transportation

**Overview:** The transportation needs of this country are growing. There is increased congestion, an increased demand for public transportation and increasing fuel costs. This increased demand on the transportation system has led to an increased strain on states' budgets as they also try to fund escalating costs for healthcare and education. By 2009, it is expected that funds for the Highway Trust Fund will be depleted. The current transportation authorization bill, Safe, Accountable, Flexible, Efficient Transportation Act- A Legacy for Users (SAFETEA-LU) will also expire in 2009. The Council of State Governments (CSG) recognizes the pivotal role transportation plays in state budgets and the impact transportation expenditures have shaping the economic development of both urban and rural areas. This statement of policy outlines CSG's concerns as Congress pursues upcoming legislation on transportation policy, with emphasis on the following areas:

- Any federal transportation legislation must contain a clearly articulated vision for an overall national system, while at the same time allowing states to achieve integrated and coordinated transportation solutions reinforcing and complimenting basic community and statewide goals.
- Any federal transportation legislation must reauthorize Amtrak at levels that will allow Amtrak to meet increased demands for service and also support partnerships between Amtrak and the states.
- Any federal legislation must contain sufficient funding to maintain the current surface transportation network and expand it to meet anticipated demands throughout the period covered by such legislation.
- Any federal transportation legislation must take into account the need for rail transportation augmentation to expand passenger rail service and enhance regional rail corridors.
- Any transportation legislation should build upon state and local government capacity to utilize innovative financing and contracting tools so states can effectively utilize public-private partnerships.

**Surface Transportation Funding:**

The federal highway program faces a funding crisis in 2009. The Congressional Budget Office estimates that highway trust fund revenues will be depleted by 2009, with a shortfall of \$200 million in revenue. This shortfall would require a reduction in highway program expenditures totaling about \$800 million. If the Highway Trust Fund approaches a negative balance and Congress has not acted, it is likely that the Department

of Transportation will make cuts to its obligation levels, which will reduce the amounts available for state transportation funding.

Ninety percent of the revenue supporting the highway trust fund comes from fuel taxes. Federal gas rates have remained the same since 1993, with the current Federal gasoline tax at 18.4 cents per gallon. More than half of this amount, 15.44 cents, is dedicated to the Highway Trust Fund. The tax rate on diesel fuel is 24.4 cents, of which 21.44 cents is deposited into the Highway Account.

At the same time as stagnant federal gas tax rates, prices for steel, concrete, petroleum and construction have increased dramatically from 2004 to 2007. In order to maintain the federal highway program at its current level, federal fuel taxes will have to be altered in some fashion to increase revenue.

In order to best serve the infrastructure needs of our states, stable funding from Congress is critical. We urge Congress to fully fund authorized programs and to also appropriate funds for these programs in a timely fashion. Congress should identify adequate and reliable sources for the Highway Trust Fund to ensure that the surface transportation system will continue to serve the ever growing needs of this country. We support flexible, innovative and alternative financing schemes that support the goals of the states, and will allow states to use these funds in manners that best work for the individual state. We also support legislative proposals that would provide federal highway funding in a consistent manner to facilitate long-range planning on all levels of government.

The balances in the Highway Trust Fund should be continued to be spent down as needed. Interest generated by Trust Fund accounts should be dedicated for the trust fund. We urge Congress to take the necessary corrective steps to ensure that the Highway Trust Fund will not reach a negative balance prior to the expiration of the current transportation bill.

**Rail Transportation:**

There are many benefits to creating a modern, efficient passenger rail system. State support of intercity rail has been critical to alleviating congestion, reducing environmental concerns and increasing state economic development.

We urge Congress to provide a dedicated source of funding for rail service. Passenger rail is unique because it receives no source of dedicated federal funding. Currently, states investing in passenger rail do not have a federal funding partner and consequently, investments in this area have been hampered. In order to grow this mode of transportation, states need a federal commitment to fund rail transportation.

We urge Congress to provide operating and capital support for short and long-distance rail systems, as well as to support state efforts for the implementation of new and improved intercity and regional passenger rail. Enhanced rail system can prove to be a viable alternative to highway and air systems.

**AMTRAK Reauthorization:**

Amtrak plays a key role in providing a viable, energy-efficient mode of transportation. However, Amtrak's viability has been in jeopardy the past few years. There have been recent attempts to zero out funding for Amtrak, but each time, these attempts have failed. The Administration's Fiscal Year 2008 budget proposal cut Amtrak funding from \$1.3 billion to \$900 million. In order for Amtrak to cover operating losses on service that it provides to its 24 million passengers, Amtrak will need to ask Congress for an average of \$1.7 billion a year through 2009. Amtrak's opponents have pushed for privatization, which will likely leave states with the financial burden of picking up the former federal expenditures for this mode of transportation.

The last time that Amtrak was reauthorized was 1997. Recently, a bill was introduced to reauthorize Amtrak for six years (S. 294 -- the Passenger Rail Investment and Improvement Act). This legislation would provide capital improvement grants to the states and require Amtrak to make railroad security improvements. The bill would fund Amtrak at \$19.2 billion over six years. The bill requires several reforms which are intended to reduce Amtrak's operating costs by 40 percent over six years, such as the creation of a new financial accounting system, initiation of customer service quality standards to address on-time performance and cost recovery measures. Under this proposal, states would be required to match funds for intercity rail capital investments. We support legislation that would reauthorize Amtrak at a level to maintain current service, provide sufficient funding for capital improvements and provide adequate funding for long distance train service.

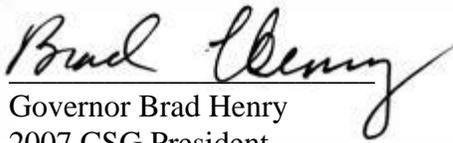
We also support partnerships between Amtrak and states to help states create their own rail passenger services. Increased funding is needed for Amtrak to be able to meet the demands for increased intercity and regional rail passenger service, such as the heavily traveled Northeast Corridor and the Pacific Coast region.

**Public Private Partnerships:**

Another issue of concern to state and local governments is the increased use of public-private partnerships (PPPs) to fund local transportation projects. PPPs have taken various forms, including the increased use of toll roads and the use of tax-exempt municipal bonds. Recently, lawmakers in the House Transportation and Infrastructure Committee have warned states to proceed with caution in entering into such agreements that involve highways because these arrangements may not fully protect the public interest. Lawmakers specifically warned against projects that improve select segments of the surface transportation network, but do little to improve the integrity of the national system.

While PPPs have proven to be successful funding alternatives for specific localities, we support increased federal funding as an alternative so localities will not have to depend entirely on PPPs in order to initiate or complete needed transportation projects.

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