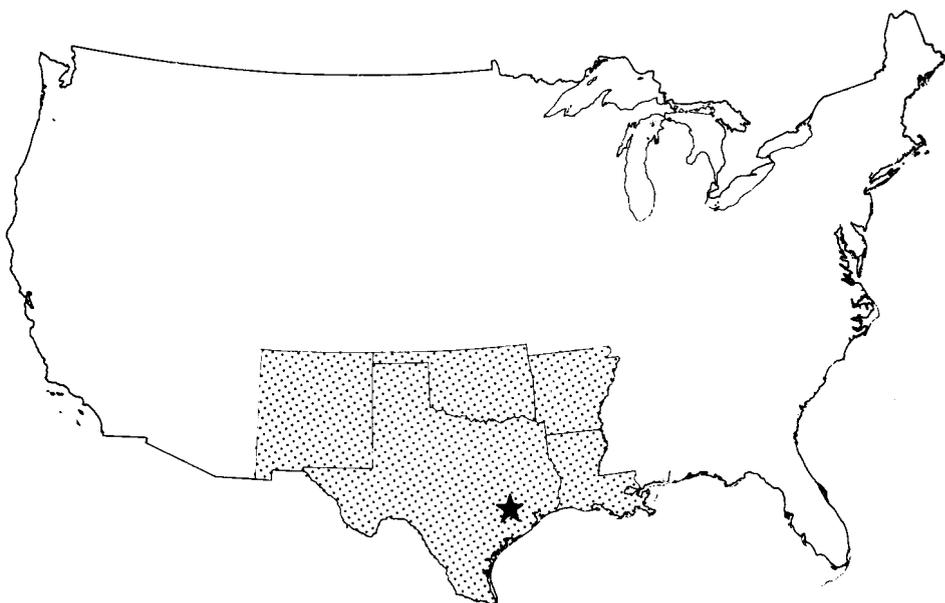


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**WHITE HOUSE**  
**PUBLIC FORUM**  
**ON**  
**DOMESTIC POLICY**



**AUSTIN, TEXAS**  
**NOVEMBER 11, 1975**

**Domestic Council**  
**Executive Office of the President**

**AUSTIN**

PUBLIC FORUM ON DOMESTIC POLICY

Austin

November 11, 1975

SUMMARY

for

DOMESTIC REVIEW PROCESS

Domestic Council

The White House

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# Economic Growth



## PUBLIC FORUM SUMMARY

Austin

### Part I. Economic Growth

The economic concerns expressed at Austin covered a broad number of issues -- with unemployment appearing most often among the troubling factors. Inflation was probably the next most often issue mentioned, with the impact of inflation on related growth and consumer factors -- housing, transportation, health care, and so forth -- spelled out in detail by witnesses and participants. There were fewer solutions proposed than there were concerns expressed. But a recurrent theme urged the relaxation or suspension of Federal rules and regulations over business. Another was a call to end deficit spending. Tax reform was another.

"Reducing inflation should be the number one goal of the government," according to an individual Austin man who wrote to the Forum. He felt the issues of red tape and bureaucracy do not address the main problem. That problem, he said, was "disenchantment with government and politicians" who are more concerned with political popularity than problem solving.

He added:

According to more and more economists, the traditional cures for inflation do not and will not work until the federal government gets its fiscal house in order by balancing the budget. A balanced budget is one of those proposals which gets a lot of lip service and very little action because it is not considered politically popular. But until inflation and federal deficit spending are reduced, voters will continue to look for new faces to send to Washington in an attempt to find people who will act instead of talk.

Similarly, a Fort Worth businessman noted that "You cannot continue deficit spending without eventually bankrupting a business. This is no less true, it seems to me, with our government."

While not begrudging tax dollars spent on defense, he said that the most obvious area for conserving and reducing Federal spending is in social programs.

The Assistant Vice President of Houston's Heights Savings Association called for savings incentives (through tax exempt savings from savings accounts) and criticized tax cuts. "The tax cuts make no sense," he said. "Tax incentives would prevent reduction in federal income and reduce the federal deficit."

The advantages of the savings incentive approach, he said, included:

1. The slow down in spending would help to slow inflation.
2. Additional cash into savings institutions would make funds available for housing and related industries.
3. It would encourage recovery and reduce unemployment.

He also proposed that lending institutions be allowed tax free interest income from loans made in so-called "Red Line Areas."

He cited six advantages of this proposal.

1. It would allow the local lenders familiar with the area to get involved. That means no additional Bureaucracy. It would not necessitate housing authorities that issue municipal bonds or nonprofit corporations which pay no taxes to be established.
2. It would allow the lower interest rates that labor is demanding with lower payments.
3. There would be no reason to extend mortgage terms to make payments comfortable for low income families.
4. Local taxes would not have to be decreased to lower cost for homeowners; thus making it possible to maintain funds for improved city services.
5. A better quality of construction and repair would be maintained because local lenders and builders would improve local interest.
6. Added incentive for local lenders because of tax advantage and reduced pressure of schedule items by supervisory rules.

He also said the saving incentive would create an opportunity for low income communities and big business "to begin a partnership for improving respective communities." He said it would "create more jobs that will create more savings that will create more jobs."

A Fort Worth CPA called for a tax policy that is "fair and equitable" and one that will remain stable and consistent. He feels that using Federal tax policies to spur the economy is no different from any other Federal pump priming procedure -- temporary relief but no cure.

Short of "a complete repeal of existing laws," he proposed the following:

1. Increase the personal exemption to an amount sufficient to allow a taxpayer the basic human needs, food, shelter and clothing, free of any tax.
2. Increase the standard deduction to permit greater equity to taxpayers who do not desire to maintain records in support of itemized deductions.
3. Remove the earned income credit and special interest credits. These are useless.
4. Set a permanent rate on the business investment credit so business men can plan accordingly.
5. Increase the investment interest limitation. This will encourage the investor.
6. Increase the rate of minimum tax on tax preferences. This tends to equalize the tax burden.
7. Eliminate the job hunting and moving expense deductions. These encourage job turnovers and loss of production.
8. The political contribution deduction and credit are ridiculous. Eliminate them!
9. Lower the corporate surtax rate to encourage more corporate profits subject to taxation.

10. Achieve greater enforcement of the provisions of IRS Code Section 531 relating to improper accumulation of earnings. This will tax these earnings currently.
11. Require more thorough audits of inventories. Taxpayers tend to defer taxes using inventory buildup.
12. Eliminate all artificial accounting loss deductions by requiring a matching of deductions to revenues. This reduces the "deferred" tax.
13. Remove the requirement for compulsory coverage under the Social Security Program.

He said taxpayers would like to see a budget that is balanced to realistic revenues. And he said taxpayers would like to see "statesmen in government" instead of politicians juggling the tax dollar for special interest groups. "

An Albuquerque, New Mexico, Certified Public Accountant believes that the Federal government (particularly the high pay scale and the costly, escalating retirement benefits), is the "greatest cause of economic inflation over the past twenty years."

He is especially concerned about retired government workers who take other jobs, while receiving retirement pay. His solution: "impose economic sanctions on the employment of persons receiving public retirement stipends." He would put in this category all public retirement programs, Federal, state, local or institutional, where the cost of benefits is not funded during the period of employment but represents costs during the retirement period.

An individual from Broken Bow, Oklahoma, wrote that the tax rebate on 1974 taxes did not improve the economy in 1975.

He continued:

We still have inflation. We are still in a recession. And nobody is keeping the store.

You cannot starve the economy to control inflation. High interest rates curtail production and progress and causes failures and bankruptcies -- creating shortages all over -- when an item gets in short supply it goes to the highest bidder.

The administration looks the other way when labor strikes for a 30 or 35 percent increase in wages. . . .

Then we get a bunch of college professors together and come up with a real doozy, the E. P. A. Act of 1970 -- up goes the cost of production, more and more business failures, more unemployment and more inflation.

I know this nation has the brains to solve these problems, but nobody wants to take a stand that will cost a few votes. . . .

A Marble Falls, Texas, individual similarly believes that the Environmental Protection Agency "is proving to be counter productive in many areas of our lives and is an important factor in U. S. unemployment and in the inflation rate.

He called for a study of E. P. A. performance, and called for legislation to make environmental laws fair "to both business and the public at large."

The Senior Vice President for Economic Development at the First National Bank of Midland, Texas, is concerned that Federal regulators and their interpretation of Congressional intent are "creating an atmosphere of bewilderment for the free enterprise system." He feels that the "over-reaction" of regulatory agencies, such as OSHA and EPA, thwarts initiative, dampens enthusiasm, and causes distrust, which, in turn, endangers economic progress.

He said: "We urge that the public policy of the United States Government be directed toward encouragement, minimum regulatory concepts, and a position of affirmative action for individual initiative." He listed six "restraints," which included excessive new regulations and paperwork for banks.

Similarly, the President of the Houston Chamber of Commerce said that economic growth must be actively encouraged by increased incentives and decreased regulation. He called inflation and regulation "major impediments" to economic growth.

He explained:

"The trend toward regulatory over-kill is frightening and counter-productive, widening the gap between the government and the people. It increasingly jeopardizes our free economy on which all other freedoms depend."

The President of the Heights Savings Association, in a statement, urged attention to "a tax incentive to individuals drawing interest from thrift association savings accounts in order to give further stimulus to the troubled home building industry."

The statement said that "the Home Loan Bank Board should have as much competence in the thrift organization as the directors of the Federal Reserve have in commercial banking. And the District Home Loan Bank Boards should have at least as much authority as the Federal Reserve Districts have."

And the Chairman of the Board of First International Bancshares of Dallas calls "the stimulation of savings. . . critical to the future well being of the United States."

He says that for the United States to achieve satisfactory real growth in production, factors which discourage savings must be eliminated. He cited three:

1. Price inflation must be brought under control;
2. Consideration should be given to the reduction or elimination of taxation on interest income; and,
3. The elimination of ceilings on passbook savings accounts and consumer certificates would stimulate savings and would aid in redirecting these savings in the private sector.

A glass container industry official from Richardson, Texas, believes that "the interrelationship of all these factors in our economy is so complex and in such a constant state of change that attempts to control them artificially by regulation can only result in severe dislocation to the economy."

His solution to economic problems is to "let our free economy, governed by the laws of supply and demand, determine the proper solutions."

A businessman from Plano, Texas, reported that in the last year, his company had spent \$175,000 to meet the requirements of 10 Federal regulatory agencies. He noted that seven of the agencies he worked with cost only \$4,000; the other three agencies account for the balance of \$171,000. They were: Equal Employment Opportunity Commission (\$3,800.), Office of Federal Contracts Compliance (\$11,200.) and Occupational Safety and Health Administration (\$156,000.).

He believes that "many of these government regulatory agencies are needed." But practical problems created by regulatory behavior concern him.

He suggested the following recommendations born of his experience:

#### RECOMMENDATIONS

##### A. GENERAL

1. Provide a system whereby a manufacturer can recover its costs when the manufacturer disagrees with any government agency, and must spend monies on legal counsel to win his case. We recommend that 100% of this money be paid by the agency if the manufacturer wins his case.

##### B. FOR AGENCIES INVOLVED IN AFFIRMATIVE ACTION PROGRAMS AND EEOC LAWS

1. Insure that compliance officers give credit for extra efforts put forward for affirmative action beyond the requirements of the law, such as special recruiting efforts.

2. Insure that compliance officers make allowances for the minority population in the actual plant location. For example, we are measured against the Dallas and Ft. Worth complex, which has a 20% minority population; yet, we are located in Plano, Texas, in Collin County, 20 miles north of Dallas which has only a 6% minority population.
3. Insure that manufacturers have the right to hire the best qualified individual. If the educational system, which we have already paid for with tax dollars, is not adequate, then the place to solve that problem is in the educational system. Forcing manufacturers to hire the least qualified person will only increase our cost through reduced productivity. This, as we all know, will ultimately make American manufacturing non-competitive in the world market.

C. RECOMMENDATIONS FOR OSHA

1. We recommend that OSHA determine the real problem areas regarding safety in a manufacturing facility before giving citations. As we previously stated, the \$156,000 expenditure we had to make to comply with OSHA standards, in no way has reduced our real injury problems which are increasing our workmen's compensation cost to an outrageous level.

2. Insure that OSHA compliance officers are fully qualified and properly trained in the industry which they are inspecting. The compliance officer who inspected our plant was, in our opinion, unqualified.

"We are becoming a police state of agencies who do not have to answer to anyone," complained the Chairman of the Board of a Dallas cosmetics firm. "Federal agencies such as OSHA, FTC, FDA, and the SEC -- just to name a few -- are. . . beginning to imprison the business community."

She also called for a "tremendous infusion" of capital for future growth by means of some form of capital accumulation tax benefits. She said that reform of double taxation of corporate dividends is needed.

An official of a Dallas Home Interior firm had two suggestions related to economic growth: "Keep government to a minimum! Allow free enterprise to function freely!"

A professor of marketing at the University of Texas at San Antonio praised the Small Business Administration for its role in economic growth, "If small business is to thrive as a way of increasing the strength of our free enterprise system, the functions of the SBA are vital."

He suggested these improvements:

1. A closer working relationship between SBA loan officers and management assistance personnel with the educational sector dealing with the Small Business Institute;
2. Increased personnel within SBA offices for management assistance;
3. Greater consideration of applicants' potential;
4. Requirement of preparation for business by the applicant before the loan is approved.

The Small Business Administration also received high marks from the Executive Vice President of the First Wichita Falls National Bank in Wichita Falls, Texas. "Much greater use should be made of the proven capability of the Small Business Administration . . . No other investment of Federal resources results in as much return to the taxpayers, both in reducing unemployment and in revitalizing the private business sector."

A professor of economics at Texas Southern University believes small business must be helped through significant tax reductions or tax write offs. He believes the Small Business Administration and the Office of Minority Business Enterprise could define these areas.

He also urged the Federal Government to make available a job to every adult (18 or over) who wants to work.

The President of the Texas League of Women Voters believes "we need a new national commitment to full employment -- when every worker who possesses useful skills is fully employed." She said that fiscal and monetary policies should be reevaluated and redirected in order to foster a healthier employment level.

The City Manager of Oklahoma City cited the value of the Comprehensive Employment and training Act block grant concept, in that city's Riverside Neighborhood project. The project is designed to renovate homes in a poverty area while at the same time providing pre-apprenticeship training in carpentry, bricklaying, plumbing and electrical installation for the unemployed in the area (which has an estimated unemployment rate of 12.2 percent).

He calls it "an excellent illustration of the increased flexibility, increased local involvement and increased coordination of community resources permitted by block grant funding."

But a Bernalillo, New Mexico, County Commissioner was concerned about the short lead time allowed under the Comprehensive Employment and Training Act (CETA) to use the allocated funds. "We are grateful," he said, "for the funds and the jobs, but last January, we were given three weeks to submit our plan for the use of CETA funds, to process applications, interview applicants, and hire the new employees, during which time the number of applicants increased to ten times the average number.

He said more time is needed "to do the job right" -- to plan carefully, and to provide full assistance to the unemployed.

The Albuquerque Mayor's Assistant in Charge of Manpower (CETA) reported the establishment of a successful manpower delivery system under a "pilot" comprehensive manpower program.

While the first year's performance under CETA is favorable, he expressed concern in the following areas:

1. The requirement for multiple contracting. Instead of a block grant or a one contract package, there presently is the requirement for separate contracting under the different titles of CETA -- Titles I, II, III and VI. This has resulted in increasing the number of sub-contracts at the local level, creating a burden in the administration, monitoring and reporting on each of these contracts.
2. While the funding and administration has been granted to the local elected officials, the Federal role in program administration is greater than initially anticipated.

3. It is becoming imperative that the United States Department of Labor publish the data which is used for allocating funds under the CETA program. In order to predict the amount of funds that will be available from one fiscal year to the next, prime sponsors need to review and validate CETA funding data and project allocations and possible activity for the next fiscal year. In order to promote an orderly progression of the CETA programs funded under the various CETA Titles, it is becoming increasingly important to have the data by which the funds were allocated.
  
4. Prime sponsor participating in the Title III Special CETA Programs. In fiscal years 1975 and 1976 the U. S. Department of Labor has funded various programs for special client groups under Title III of the CETA Law. In Albuquerque, national office contracts were negotiated for the elderly migrant farm workers, the Job Corps, National Indian Youth Council, and SER, but the City of Albuquerque only obtained sponsorship of the SER national funds. In a truly coordinated program with the most economically efficient operations, all of the programs should be at least coordinated through the state and local prime sponsors.

The Director of Oklahoma's Department of Institutions, Social and Rehabilitative Services believes that "a good work program and a work-related training program would greatly reduce the various other costly programs." He added: "Until the life style of children can be changed through full employment of parents, you will continue to have fourth, fifth and sixth generation welfare recipients."

The Executive Director of the Texas Department of Community Affairs believes that domestic programs must be directed toward "assisting those poor who can and do work to improve their skills and obtain jobs that will raise their incomes above the poverty level."

Programs in his Department, he said, have proven their ability to respond quickly and effectively as problems arise without wasting great amounts of time and money in bureaucratic red tape. He cited the example of direct employment provided to 1,157 unemployed people under Title X, Job Opportunities Program, of the Public Works and Economic Development Act. He explained that "new employees will be used to provide services to the poor that will prevent the need for much greater public expenditures under other programs."

In a statement, "Job Creation Through Various Mechanisms," the Chairman of the Texas Industrial Commission noted that "economic expansion can be expedited by joining the forces of the private sector and government in identifying expansion potentials, determining the barriers delaying or prohibiting expansion, and then jointly developing solutions to the removal of those barriers."

He described the state's "Texas First" job creation program as a successful illustration this kind of government-private sector joint cooperation. But, because of the "outstanding response" to this program, a real need has been created "for additional training funds to supplement monies already appropriated through our state legislature."

The President of the Texas AFL-CIO said he agreed with recommendations proposed by other AFL-CIO representatives in earlier Public Forums, regarding the unemployment picture. But he added two suggestions for improving the employment picture in Texas:

"The first is passage of the Rodino bill which would make hiring of an illegal alien a Federal criminal offense. The second is development of a widely accepted National Energy Policy which would provide energy producing companies a stable atmosphere in which to expand their domestic productions."

The President of the Rapides Parish, Louisiana, Police Jury (equivalent to a County Board of Supervisors) said public officials in his area are "struggling to diversify the economic base and provide more jobs and opportunities for the people."

But he is concerned about Federal economic development policies:

On the local level I find very little cooperative planning between the federal agencies whose policies and programs could have an economic impact on our area. While Rapides Parish has been designated as part of an overall economically depressed area, we seemingly get attention from only the Economic Development Administration. A better system would seem to be a task force of federal agency representatives whose function would be to zero in on the economic ills of the various economically depressed areas of our country.

Also concerned about regional development was the President of Oklahoma Water, Inc., and the Water Development Foundation of Oklahoma, Inc. He called for a Mid-America Development Association responsible "for the development and implementation of preferred growth and economic policies for Mid-America."

He made the following points:

The nation's population will continue to grow, and the challenge is to develop a policy of preferred growth to direct it to the areas which can best accommodate it.

The Mid-America region, with its many inherent advantages, represents the most logical area. Immigration, in fact, is already occurring there.

The federal role should be to provide incentives to draw people into the region.

The region itself should determine the scope and substance of the development.

The most viable way to assure this is to create a private, autonomous commission to plan for and direct the development of the region.

The development of the nation's natural resources presents the greatest challenge, and is the cornerstone of all other domestic policies.

Water resource development is the key to natural resource development because of the essential nature of water to all things.

The General Manager and Port Director of Brownsville Navigation District in Brownsville, Texas, speaking as the Chairman of the Council for South Texas Economic Progress (COSTEP), is mainly concerned about regional development of South Texas. He said his organization has identified "the basic stumbling blocks which have prevented the economic development of South Texas." Education and jobs are two basic needs in this area, the poorest in Texas.

His basic recommendations: "I believe our Federal Government should channel its money into productive programs which will stimulate and attract private investment in this region, thus creating jobs and establishing a much more desirable economic climate."

He added that transportation seems to be the key to industrial development in South Texas.

Similarly, the Executive Director of the Central Arkansas Development Council, Inc., said that "the lack of adequate transportation is . . . one of the major problems hindering the development of rural America."

He recommended putting more money into the development of mass transit systems for rural areas. "Plants need workers and workers must have transportation to their jobs," he said. "Goods must be transported from the site of production to consumers."

The Mayor of Farmington, New Mexico, discussed the effect of Federal regulations on his region's economic growth. "Unrealistic restrictions and bureaucratic road blocks are defeating the purpose and intent of the present law and are unduly retarding economic growth in areas such as the northwest part of New Mexico," he said.

Calling adequate transportation "a primal part of our economic well-being," the Director of Oklahoma's Department of Highways called for an increased level of funding for rural highways and roads.

The Executive Director of the Arkansas Waterways Commission told the Forum that "the nation needs and deserves a first class water transportation system."

He added: "We suggest to you a national transportation goal of developing an intermodal system which would include water transportation, and which would maximize the inherent advantages of each of the various modes."

He defined the economic benefits of such a proposal.

The President of the West Gulf Maritime Association in Houston, Texas, submitted a statement containing five recommendations to update laws and regulations with respect to the maritime industry. It cited the economic benefits to be derived by these reforms.

The construction industry in Texas "has had some rough times in the last five years," according to the Executive Secretary-Treasurer of the Texas Building and Construction Trades Council. He cited "under employment" in the industry as "a terrible waste of manpower." He said the loss of highly skilled technicians, and the inability of construction unions to accept young men and women as apprentices will mean "a significant loss in productivity in the future."

He recommended "that the administration use its influence to persuade the banking community and the Federal Reserve System to decrease interest rates" to help the construction industry.

In the same vein, the President of the National Association of Home Builders called on money-managers to take "the necessary steps to establish and maintain lower interest rates than currently prevail." He believes that "a goal of producing 1.8 million actual housing starts over the next twelve months can be accomplished without adding to the inflation rate."

Stating that the "homebuilding industry has a far reaching affect upon the economic growth of our country," the Executive Director of Southwest Oklahoma Community Action Group, Inc., made recommendations to improve the administration of Federal programs related to housing.

These recommendations included the following: "That the Administration take a hard stand on the control of home mortgage interest rates. A reasonable limit would give new life to the industry and home ownership within the reach of middle-income again."

The President of Olney Savings of Olney, Texas, called for the development of policy directives aimed at securing an increased flow of funds to housing.

He criticized the Government for pursuing the policy of eroding the bonus rate position held by savers in thrift institutions. This, he says, coupled with high mortgage interest rates, have added substantially to the problems facing the housing industry. He added: "There is no question but that many of these problems could be eliminated if fiscal and monetary policy worked to achieve a balanced budget with little or no inflation."

The President of the Texas Farm Bureau said that "inflation is a major problem for those of us in agriculture." And he cited examples of the impact. "I believe," he said, "that deficit spending causes inflation. The only way inflation can be controlled is for government to spend no more than is collected in taxes. All of us must find a way to stop excessive government spending if our economic and political system is to survive." His number one recommendation: "Control inflation -- it's killing us."

And the Executive Vice President of Galveston's American National Insurance Company cited inflation as a major factor in the rise in health care costs. And a Dallas physician said: "The most important cause of increases in the cost of health care and the one over which the providers and the patients have no control whatever is the persistent policy of the United States Government to spend more money than it takes in." He called inflation a "disease."

Calling the national economy and energy supply "synonymous," the President of Enserch Corporation said "economic progress is presently hindered by an energy problem." He said that problem results, in part, from governmental "tinkering" with laws of supply and demand for natural gas. He called for deregulating the price of newly produced natural gas sold in interstate commerce.

A former Dallas Mayor Pro Tem cited the special needs of minorities in economic growth efforts.

He submitted this proposal:

The City should provide resources and assistance for the development and implementation of an aggressive program which would permit the City to actively seek and assist minority contractors to work in and with the city. Further, the City should assist minority contractors in learning the mechanisms involved in successful bidding and the techniques of economic interaction with other agencies in and outside the city. The City should also consider the possibility of utilizing capital bond programs for the improvement of minority economic development.

Expressing the concerns of the Spanish-speaking peoples, the National Chairman of the American G. I. Forum said Hispanics "remain totally dependent on the goodwill of those who control this economy -- corporate America." He said "our destiny can be altered if we, the Spanish-speaking, become more involved in the mainstream of this nation's economy."

"What we need," he said, "is resource re-allocation and stronger enforcement of executive orders and procurement regulations to ensure our participation as business owners."

The Vice-Chairperson for Political Action of the Texas Women's Political Caucus cited two "basic flaws" in the Federal effort to provide employment opportunities for Mexican Americans and women:

1. In the Comprehensive Employment Training Act, which was the first special revenue sharing act passed by Congress for the purpose of assisting the unemployed, the underemployed and the disadvantaged there has not been adequate representation by Mexican Americans or women on the councils that make the decisions of where the monies go.
2. The training that is provided is not adequate.

She called for action to correct these flaws:

An Okmulgee, Oklahoma, Consultant on Indian Affairs submitted the following proposal on "Economic problems among minority groups," regarding unemployment:

This can be relieved by:

1. Providing community work programs for public projects.
2. Increasing loan funds for small business with built-in interest suspension and substantial decrease in principal of loan for early pay-off.

# Resource Development



## Part II. Resource Development

The lack of a "sound" or "meaningful" Federal energy policy came under attack often during consideration of resource development issues at the Austin Forum. Many participants suggested that Federal controls should be lifted or that Federal regulations over resource development should be relaxed -- especially environmental ones. Several proposals called on the Federal government for stiffer, more consistent conservation measures. And some concern was expressed over the impact of resource development on communities.

The Mayor of Farmington, New Mexico, appeared at the Austin Forum "to present the case of a small community facing a population and economic impact because of present and proposed energy related industrial development."

He said his city is expecting to receive the major impact of providing the housing and all supporting services needed, not only for the construction crews, but also for operating personnel later.

He called the environmental impact statement requirements involving proposed developments "wholly inadequate," because "they fail to require coverage for the impact faced by municipalities in and near the developed sites."

At the same time, he criticized the time required by the environmental impact process. He described the concern:



The time lag, caused by federal review and approvals of all environmental steps as they relate to industry, places the surrounding communities in a position of indecision. The cities are unable to undertake construction planning, financing and construction in areas of social and economic improvements until after the fact, therefore, we are always running behind. Playing a catch-up game with the percentages of growth which we are facing is a losing battle.

He is especially concerned that there is no provision to assist energy related impacted areas, requiring them to rely on normal finance sources, taxes and bonds.

He recommended:

Some emergency financial provisions from the federal government must be made available to municipalities facing an abnormal economic impact until such time as normal revenue sources increase to the point of meeting current demands.

He also recommended that environmental restrictions be relaxed somewhat to make the adjustment easier for cities.

The concern over a lack of energy policy was summed up by the President of the Houston Chamber of Commerce who said: "It is an incredible scandal that this nation still has no energy policy." He sees Federal agencies and the Congress "trying to cripple or destroy the highly complex oil business on which our economy depends."

His recommendation: "A sound new energy policy or some sound new politicians."

A Fort Worth business man issued the same plea: "We need a sound energy policy, and we need it now!"

He called for an energy policy that will encourage private enterprise to develop energy sources. He called for the restoration of incentives to encourage the development of coal, uranium, oil and natural gas.

The President of the Texas AFL-CIO called for the development of "a widely accepted National Energy Policy which would provide energy producing companies a stable atmosphere in which to expand their domestic production." He said the oil industry is ready to invest billions in new development plans but will not until a national energy policy is spelled out in detail. "They want to know," he said, "that for the long haul the government is not going to undercut their domestic investments as has been the case in the past."

Similarly, the Governor of Texas told the Forum, "We need a national energy policy to put an end to our current state of indecision and inaction in this vital area."

He defined his energy policy proposal in the following terms:

I believe the first element in a national energy policy must be the removal of price controls on oil and gas at the wellhead. If oil and gas prices are allowed to reflect the relative scarcity of these fuels, alternate energy sources and additional oil and gas supplies will be developed without massive federal intervention. There is not a man or woman -- in or out of government -- who is smart enough to make price controls work.



The removal of artificially-low oil and gas prices will also provide incentives to conserve energy and produce energy-efficient appliances and vehicles -- again, without the specter of government edict.

Decontrol should be accompanied with the removal of import tariffs.

A national energy policy must recognize the fact that 75 percent of our energy needs are met by oil and gas. Consequently, we must continue to discover new oil and gas supplies and increase our recovery of petroleum from known reservoirs.

Additionally, we cannot afford to delay development of the vast oil and gas sources believed to exist in the federally-owned Outer Continental Shelf lands.

Our national energy policy must provide for realistic environmental standards especially in the area of coal mining and utilization.

A national energy policy must provide for an accelerated licensing and environmental review process. We must distinguish between valid environmental concerns and obstructionist delays.

A national energy policy should not preempt traditional areas of state responsibility. Likewise, state governments should be given the opportunity to participate in the decision-making process regarding energy and national resource policy.

In short, I believe a national energy policy must be adopted immediately. This policy must embrace the overall concept of permitting the market place to locate supplies and determine demand. It is precisely our deviation from this philosophy which is the root cause of current over-demand and under-supply.

The Executive Vice President and General Counsel of Texas Mid-Continent Oil and Gas Association commended the Administration "for its efforts to remove these regulations [on the price of natural gas] and allow the price of gas to be established in the market place." He also commended the Administration "for its efforts to return the pricing of crude oil and petroleum products to the operation of a market place economy."

He hopes the Administration will continue to oppose legislation now before Congress "which seeks to roll back the price of domestic crude oil under the false claim that it is a compromise toward deregulation."

In his statement, the Governor of Louisiana warned that, with respect to energy policy, "the time for debate has long expired."

He put forward the following policy recommendations designed to solve energy-related problems:

First, I would recommend the establishment of a reasonable, national conservation program that is well designed to achieve the optimum level of conservation which does not present more problems than it solves. . .



Next, I would recommend the suspension of environmental restrictions which inhibit the discovery, production, transportation and use of available and potentially available energy resources. . .

I would recommend the acceleration of the development of this nation's vast coal resources. . .

I would next recommend an accelerated Federal leasing program to open up the availability of potentially productive acreage in the Federal domain offshore, particularly off the Atlantic and Pacific seaboard. . .

Oil and natural gas wellhead prices should be deregulated. . .

Federally-insured or subsidized low-interest loans should be available for the construction of shale oil production facilities and thermonuclear or any electrical generating system not using fossil fuels as a source for the generation of electricity. . .

To the extent that the energy industry realizes excess or windfall profits from past investments in the development and production of energy resources, these should be taxed, with those same taxpayer industries being exempt from such taxes to the extent that such profits are plowed back into research and/or development of existing undeveloped or new sources of energy. . .

Graduated penalties, in the form of tax levies, should be made on the ownership and use of motor vehicles which do not achieve a gas consumption rate of 20 mpg or more. . .

Crash programs should be undertaken to complete the construction of the Alaskan oil and gas pipelines. . .

A massive, "crash" research and development program should be undertaken, through a government-industry partnership, to develop alternative resources of energy so as to achieve complete reliance on sources other than fossil fuels by the year 2000. . .

Although such might not be considered to relate to energy resource development, per se, a government-industry sponsored program should be undertaken involving long-range studies and programs for the use, conservation and preservation of fresh water supplies in order to avoid an impending crisis in that area.

The President of the Rapides Parish Police Jury in Alexandria, Louisiana, called on the Federal government to develop "an overall energy policy." He added that "I personally favor decontrol of the price of fossil fuels at the wellhead when interstate transport is to occur."

Similarly, the President of the Texas Housing Association recommends that "all price controls be lifted and the price of natural gas seek its own level."

The President of Enserch Corporation of Dallas also called for deregulation. "This nation," he said, "finds itself today in the frustrating position of literally sitting on an abundant wealth of natural resources but also being inhibited by regulation which effectively discourages exploration and development."



The Vice President of Arkansas Power and Light Company noted the need to develop alternative energy resources. Because of the previous reliance on natural gas, and its increasing scarcity, he stressed the need to develop and utilize coal and uranium.

He cited three general areas where much can be done to make the Federal Government "move responsive and less burdensome," if the goal of coal and uranium development is to be achieved:

These include compliance with environmental standards; the inherent delays in the regulatory process and the inadequacy of rate increases when granted; and the lack of a national energy policy, with the resultant ever-present threat that Federal legislation under consideration, if enacted, would further complicate the transition to coal and uranium here in the Southwest.

An individual from Marble Falls, Texas, takes the Environmental Protection Agency to task. "All industry," he wrote, "and specially the energy producing industry, has been hit hard by EPA. A prime example is the Alaska pipe line -- five year's delay and billions in extra cost to construct. . ."

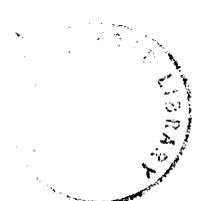
A Member of Congress from the 5th District in Texas called for the expanded production of coal, but proposes a balanced approach which provides for environmental protection. He said his proposal is contained in HR 25, 94th Congress regulating surface mining. The bill "would permit mining coal, it would require revegetation, and it would require responsible conduct on the part of the mining companies," he explained.

A spokesman for "Friends of the Earth" believes a proper Federal energy plan must:

1. encourage conservation;
2. develop solar, wind and geothermal energies;
3. abandon the growth of nuclear power.

While agreeing with the purpose and urgency of the President's \$100 million proposal to meet the energy crisis, he disagrees with much of the program itself. He explained:

While we think the federal government has an important role in developing new sources of energy and new technologies, we do not think the federal government should launch itself into such a vast program as the president has proposed. First, it's not necessary to set up a new agency to develop new energy technologies, the Energy Research and Development Administration has already been given that responsibility. Second, despite the excessive environmental costs and economic failure of nuclear power, the bill apparently aims at a giant subsidy of that industry. Third, the bill neglects energy conservation and small-scale energy technologies. We think that the president's energy program, as reflected in his bill to Congress, must change to a program encouraging energy conservation, developing solar, wind, and geothermal energies and abandoning the growth of nuclear power.



A spokesman for the Southwestern Regional Office of the National Audubon Society is concerned "that we are on an almost single source of energy treadmill -- fossil fuels." He said that nuclear energy as an alternative "seems no more encouraging considering the dangers and nuclear waste disposal problems involved."

He believes that the primary goal of the Administration and Congress should be to encourage industry to develop energy alternatives "that are safer and less environmentally damaging than most of the programs that we now have. . ."

The alternatives he suggested included solar energy, geothermal energy, and tidal energy, among others as yet unexplored. He was concerned that such agencies as the Environmental Protection Agency are left short of funds. "Others less environmentally concerned," he said, "are traditionally lavished with [funds]."

A New Mexico State Senator said "the lack of publicly discernable Federal policies on energy precludes sound planning by the states."

He added:

One particularly notable example involves the management of radioactive waste materials. The technical aspects of this problem have been studied and restudied until we have now advanced to exactly the point we attained five or six years ago. The lack of policy positions on volumetric reduction, solidification, plutonium recycling, interim storage, and the role of private industry in the backside of the fuel cycle have precluded the application of existing, viable technical solutions.

The Executive Director of the Texas Water Quality Board believes that what is required, in the area of environmental protection, "is a balance, the middle ground -- in short, a state where both a clean environment and the wherewithal to enjoy such an environment can coexist."

After discussing specific ways to do this, he provided the following summary:

1. The nation needs a rest from new and additional federal environmental programs of the kind we have had lately;
2. Future federally originated programs take a problem-solving approach rather than a regulatory approach;
3. Some attempts should be made to strengthen rather than supplant state and local government; and
4. Finally, the administration might profitably spend some time in smoothing up existing programs to be sure that these programs are operating properly and in the public interest.

The head of the Dallas League of Women Voters discussed air, water and the land as "limited resources" to be developed.

She called for a phase out of the nuclear energy program, the development of coal resources with environmental safeguards, and a major commitment to solar energy development. She said a national energy policy must include conservation and environmental considerations.



Similarly, the President of the Texas League of Women Voters said that energy conservation should be the "keystone of governmental energy policies."

She added:

Conservation should have a two-fold aim: greater efficiency and cuts in consumption. The burden of energy conservation measures should be borne as equitably as possible among all energy users. To achieve such consideration, we would have you consider:

- Mandatory fuel economy performance standards for autos
- Mandatory efficiency standards for appliances
- Incentives to increase energy efficiency in the heating and cooling of buildings
- National mandatory thermal standards for buildings
- The recycling of waste and heat as an energy source
- Federal, state, regional, and local funding for public transportation
- Reviving and developing a nationwide rail system to move people, goods, and raw materials with less energy per mile

- Revising electric utility rate structures to reflect the costs of fuel and capital investment as well as promoting conservation.

Our dual recommendation is a strong conservation effort coupled with strong environmental safeguards in future energy development.

She also called for land use management:

Even Texans are coming to realize that land is a finite resource, and that the ever-growing conflicting needs create a necessity for wise choices in the use of our land.

An Austin, Texas, resident wrote a statement to the Forum expressing concern that no one has taken the "bull by the horns" and laid out "a tough conservation program for all the public to sacrifice in conserving."

He suggested the following:

1. Regulate retail store hours, 8 hour days, 1 night a week openings.
2. Most outside lighting turned off after 12 midnight.
3. Gas stations to close either Saturday or Sunday.
4. State and Federal buildings to cut out all unnecessary lighting.



5. Tax credits on all types of home insulation such as siding, insulation, and storm windows with FHA, low interest financing.

A Senior Research Associate, Institute of Urban Studies at the University of Texas at Arlington has studied the impact on the budgets of cities and towns of higher energy costs. The only immediate answer, he says, is conservation. He calls energy conservation "our most viable short-term alternative for extending petroleum-based resources." He set out guidelines for local officials in developing a "total conservation program."

He believes the Federal government must go well beyond the meagre funding for the Energy Conservation and Buildings Act of 1975, and the 19 volunteer type programs announced by the Federal Energy Administration.

He suggested this further possibility:

National officials might consider establishing a more direct relationship between community development planning requirements under the Housing and Community Act of 1974 and the need for energy conservation planning at the local level. This legislation substantially restructured federal laws governing housing assistance to low and moderate income families and the provision of assistance to towns, cities and counties for community development needs. Even though all cities are not eligible for funds under current provisions of the Act, to obtain assistance communities must submit an application containing, among

other requirements, a summary of a three year community development plan with proposed activities and projected goals. Given the national importance of energy issues, planning requirements under the Community Development Act might be extended to include formal planning directed to the achievement of specified milestones in energy conservation. To assist cities in this effort, funds should also be made available for energy research/planning activity to determine the most effective conservation techniques applicable to local government operations.

In discussing the outlines of an urban transportation policy, the Mayor of Dallas, Texas, stressed conservation and air quality:

In our opinion, any new transportation policy developed for the future must take into account both the need to make the most economic use of motor vehicles in an effort to conserve resources and the necessity to preserve the vitality and environmental standards of the city. And as the dependence upon the automobiles continues, the goal should be an integrated transportation system, with public transit operating to reduce daily congestion at peak periods, thus reducing fuel consumption and improving air quality.

A spokesman for the Dallas Citizen's Action Committee on Energy contends that coal resource development and a massive conservation effort should be the keys to U. S. energy policy.



He asked the Forum to consider the following facts on "promoting and coordinating our nation's energy conservation efforts."

1. Congress has yet to develop a clear-cut policy on conservation and, as a result, there is much overlap between state and the various Federal agencies promoting conservation.
2. The following is a partial list of Federal agencies "promoting and coordinating" energy conservation in the industrial, business, and residential sectors: Federal Energy Agency, Department of Interior, Department of Commerce, General Services Administration, HUD, ERDA, and numerous Congressional Committees.
3. There is such an abundance of literature and information from the various agencies that the average homeowner or businessman is often confused, or simply, he is not convinced that energy conservation will yield a significant dollar savings to make it worthwhile.

He said that a strong national program of conservation, once implemented, would be equivalent to a 10 to 20 percent improvement in our energy resources. Here is his recommendation:

To improve the effectiveness of our national energy conservation program, it is recommended that one agency, the Federal Energy Admin., be given total administrative authority for promoting

conservation in all sectors of our nation. Resources previously allocated to other agencies for conservation should be transferred to FEA so that the momentum of this vital part of our energy independence program can be doubled or tripled in the next two year period.

The development of water resources for agriculture, for transportation, for consumption and for mining and other resource development needs was a concern of several Forum participants.

A state representative from Albuquerque, New Mexico, thinks it's "almost too late for long-range water and energy planning." He noted that in the Albuquerque telephone book alone are listed 24 separate Federal entities under eight agencies or departments "responsible in some way for how we use our water."

He concluded:

We're going to have to take a long, hard look at all the social, environmental, and legal implications of water management and administration if we in the west are going to survive the massive industrial and population explosion incident to our fabulous energy reserves. And along the way abandon some of our state and federal government water management stereotypes and prejudices for some viable new ideas.

The Executive Director of the Arkansas Waterways Commission asked the Federal government to "adopt principles and standards for evaluating water and related land resource projects that will insure proper developments in lieu of no development."



The President of Oklahoma Water Inc., believes water resource development is a key to regional development in mid-America.

He suggested the following policy:

First, an incentive to encourage the national migration pattern which is already evident is needed. Such an incentive could be extended by the Federal Government through investments in water and other resource programs which are badly needed in the Mid-America region. Not only would thousands of people be put to work in constructing resource projects, creating an immediate economic transformation in many areas, but the end result would be projects which would beneficially serve both present and future populations. In the case of water development, the benefits would be in the form of assured water supplies to support the new population base; increased agricultural production from irrigated acreages; impetus for industrial expansion; flood control benefits; recreational opportunities; and the benefits to be derived from the development of navigable waterways.

A federal investment in water resource development would, then, begin paying dividends almost immediately. It would pay large returns through the creation of jobs, the stabilization of the economy and the encouragement of fiscal responsibility, and would act as a magnet for private investment. The federal program should "prime the pump," to create the infra-structure of a state-regional-federal cooperative effort.

The Port Director of Brownsville, Texas, said that "the principal dilemma we face today in developing our seaport is the extremely long time-lag from the time we need deeper water to the time we get it." He said it takes eight to ten years for the U. S. Corps of Engineers to respond.

"As a port authority," he continued, "we are trying to solve the fuel and energy requirements for our region and those industries interested in helping us solve these problems cannot make those decisions to invest in a major oil refinery or power plant on the chance that you might have deeper water eight to ten years from now." He said this problem confronts most American ports today.

A paper submitted by the Louisiana State Department of Public Works goes into this issue in some detail, including a discussion of environmental factors in water resource development.

It concluded:

A greater priority must be given by the Congressional procedure to recognize the importance of water resources projects in this Nation and adequate monetary support should be promptly provided. More and more restraints and limitations are being imposed on Federal funding procedures while expenditures in welfare and social programs seem to be limitless. The importance of water resources and its proper development for utilization should be one of the outstanding priorities of this nation. The State of Louisiana feels that inadequate consideration of these activities must be displaced with proper recognition and policies for fulfillment of development requirements within a reasonable number of years.



Finally, the Chairman of the Texas Committee on Natural Resources summarized his remarks this way:

The federal government should vastly reduce its annual expenditures for construction of dams, channels, and levees for flood control. Within two years, all federal expenditures for new projects should be ended.

In spite of past expenditures in excess of nine billion dollars for flood control construction, the annual flood losses have steadily increased to more than one billion dollars per year. The main reason is that when flood control projects are constructed people build buildings in the floodplains. Then, a flood in excess of the design, or a heavy rain immediately below a dam, wipes out such buildings in the floodplain.

A preferable and cheaper alternative is nonstructural floodplain management.

Those who discussed agriculture as a resource to be developed, generally called for a national policy on agriculture.

For example, the Texas Commissioner of Agriculture stated:

There must be developed a national policy for food and agriculture that will provide first for the continued survival of our basically free enterprise farmer-owned and operated agricultural system. Second, for assured supplies of essential food and fiber at price equitable to farmers and consumers alike. And third for our parallel responsibilities to help feed the world's people and to sustain our own international economic balance.

He concluded:

We abuse and use up all our resources in sight. Our unique capability for food production is our only edge in the world, and our only salvation lies in our development of some system to preserve and use wisely our agricultural greatness.

A Guyman, Oklahoma, farmer, rancher and cattle feeder described the agricultural economy as "the bed-rock of our national economy."

While he agrees that international agricultural sales are good and must be made, he has "serious reservations about the advisability of international agreements negotiated by the United States Government." He cited the deals with the U. S. S. R.

He also submitted the following suggestions for reducing, consolidating and improving the administration of federal agricultural programs:

1. Reduce the power of or eliminate the Packers and Stockyards Administration.
2. Severely restrict the powers of the Interstate Commerce Commission.
3. Reduce the powers of the Occupational Safety and Health Act.
4. In general, reduce the reports which have to be filed with the federal government of some agency thereof.
5. Recently the Food and Drug Administration took away from the cattle industry the drug diethylstilbestrol (DES). . . . If you want increased efficiency in food production you must allow the use of these tools which increase efficiency.



6. Finally, the Federal Power Commission is diligently trying to regulate intrastate gas prices. . . If you want to do a good deed for everyone, do not regulate more, regulate less. Deregulate all gas prices.

The President of the Texas Farm Bureau called "government interference" a major problem for agriculture.

He said that government agencies administer laws for agriculture that seem to be "totally different from the intent of Congress." As "prime examples," he cited the Environmental Protection Agency and the Occupational Safety and Health Administration.

He suggested the following recommendations for agriculture:

1. Control inflation -- it's killing us.
2. Stop harassment by government agencies. Unreasonable, unrealistic, impractical regulations are a serious threat to agriculture's future.
3. Make the tools of production available to agriculture. Fuel, machinery, parts, supplies, fertilizer, chemicals, are necessary for food production.
4. Provide adequate research programs for the production and marketing of agricultural products.
5. Stop interference in our free markets -- price controls, embargoes, regulations.

The President of the Association of Texas Soil and Water Conservation Districts submitted a detailed recommendation for strengthening those existing "voluntary incentive programs that encouraged land owners to install more conservation, environmental and ecological practices on their own land than any other nation in the world."

He listed 22 proposals for doing this. He added:

In conclusion, the main objective of this proposal is to provide incentives to the agricultural land owners of the nation to manage their lands in a manner that will provide a productive source of food and fiber, control the discharge of agriculturally-related pollutants and enhance the environment.

A national domestic policy of voluntary participation and incentives would not only preserve the private property rights envisioned by the founders of this great nation, but would eliminate the heavy hand of bureaucratic regulation.

Finally, the Chairman of the Houston Pollution Solution Group noted that the most critical problem facing the world is food supply. He noted that energy used in American agriculture is critical to meeting future needs. He submitted a detailed recommendation which he summarized:

1. Decontrol prices of all primary source energy and adopt policies to promote exploration for and development of all primary sources of energy.



2. Amend the 1969 NEPA, the 1970 Clean Air Act and the 1972 Water Quality Act to eliminate an implied no-risk policy, eliminate antidegradation, require that environmental improvements on an incremental basis equal or exceed incremental cost, and eliminate EPA's enforcement authority.

The Chairman of the Navajo Tribal Council discussed the special problem of resource development by Native Americans on Indian Reservation lands.

He explained:

We find ourselves in that curious position of having much of the resources necessary for America's energy independence and at the same time confronted with a federal bureaucracy which seems designed to frustrate our every attempt at resource development.

He said that reservations possess the energy which America needs -- coal, uranium, some gas and oil and extensive water rights. But, he said, "we lack the money necessary to develop these resources."

He cited the following example of efforts to develop coal resources:

To develop coal resources located within the Navajo Nation on Navajo land, Hopi land and Navajo-Hopi joint use land -- all in one geologic area -- requires the review and approval of Bureau of Indian Affairs officials for three different area offices, as well as Central Bureau of Indian Affairs Offices in Washington, the Environmental Protection Agency, the Mining, Engineering and Safety Administration and the United States Geological Survey.

Over 18 months ago, our Tribal Council approved a uranium exploration and development agreement with Exxon Corporation and it has taken almost 18 months for the Department of Interior just to make a decision as to the bureau within the Department who would have responsibility for environmental analysis.

He observed, in conclusion:

We may indeed have an energy crisis, but if America responded to Pearl Harbor the way we have responded to this energy crisis, we would all be speaking Japanese today.

He offered recommendations "as to how America can take advantage of its energy treasure."

As Chairman of the Council of Energy Resource Tribes he noted the following guidelines for accommodating the problems and needs of Native Americans to America's energy problems:

First, the exploitation of mineral resources of Indian lands of the past must be ended and ongoing wrongs corrected.

Secondly, new development must respect and protect our people and our land.

Third, we must be an equal partner in the development of our resources.



**Social Policy**

Part III. Social Policy

Suggestions on social policy gathered from participants at the Austin Forum ranged from "a proposal to abolish the welfare system" to methods of applying space-age technology to the delivery of social services. But most participants proposed selected methods of reforming services for the poor and the disadvantaged through improvements rather than total overhaul. This was the case with respect to health care as well -- few dramatic changes, but many improvements were proposed. Health care delivery for the aged, handicapped and seriously disadvantaged was the focus of some attention.

There were a few who were concerned that social programs simply make recipients lazy, suggesting that funds for all such programs be cut back.

"The most obvious area for conserving and reducing Federal spending is in our social programs," wrote a Fort Worth businessman. He called this "a fertile field for budget cutting."

The President of the Houston Chamber of Commerce said "the welfare mess is counterproductive." He called on the administration to "eliminate, terminate, revise, restrict wasteful programs."

The Chairman of the Council for South Texas Economic Progress has seen "many cases" of welfare money "being flagrantly misused and abused."

He added:

We must discourage our people from being dependent on the federal welfare hand-outs and encourage them to educate and train themselves to seek work and become



productive citizens. The present domestic programs are doing the reverse and are creating an unproductive society which is being supported by an ever decreasing work force. Presently, our programs do not motivate people to improve themselves and develop their skills and talents; on the contrary, it motivates them to become wards of the state.

The President of the Business and Professional Women's Club, Inc., of San Antonio believes that "Federal domestic social programs in my opinion are so inadequate and uncoordinated that too much of our hard earned tax money is not spent wisely."

She added:

Welfare programs make people lazy, irresponsible and dependent on welfare. Once welfare assistance is approved the recipient has a tendency to stay on welfare permanently.

She sees the "best solution" as a "simple cash grant," based on need, measured by income and payable only to those who meet a strong work requirement if they are able to work.

"Why couldn't welfare recipients do many of the public service jobs that are required?" asks a Dallas businesswoman. "An organized program of putting welfare recipients who can work to work would cut, substantially, into the cost of city services, thus eliminating the duplicated expense."

A professor of economics at Texas Southern University proposed a plan for "overhauling our welfare system." First, he believes government should "make a job available to all who want to work."

Second, he would do the same for those who do not want to work -- "I mean those citizens who avoid work." He would give the person a choice: "Take a positive job that has incentives for him to move up with upward mobility or take a negative job, one that he dislikes that does not have any built-in upward mobility."

A professor at the Lyndon Baines Johnson School of Public Affairs at the University of Texas at Austin submitted "a proposal to abolish the welfare system."

Its objective would be to find "non-demeaning ways which encourage people to help themselves." He proposes a step by step elimination of the welfare system and integrating cash assistance and service delivery into social policy which is meaningful for the entire population -- offering services which, in exchange, requires financial or in-kind contributions according to each person's capability.

The President of the Texas Housing Association believes the welfare program "should be changed to a voucher type system whereby vouchers for food, clothes, housing, etc., are allocated instead of cash," thereby preventing "unqualified recipients" from using the recipient's allocation for other purposes. "Recipients should be provided with day care for their pre-school children and be made to work or their allotment terminated. Children would be fed and clothed at school or day care centers."

A report submitted by Central Texas College proposed the "Application of Technology for a Cost Effective Delivery System for Social Services."



Such a system, the report explained, would establish a cost effective delivery system to provide the needed social services in the health, education and welfare areas, "in a uniform and consistent manner, to citizens of our cities, suburban and rural areas," with the "ultimate objective that each person must become a productive member of this society."

Recent technological developments are used: "a communications system. . . capable of utilizing television and computer technology to provide a cost effective delivery system."

The report presents the details.

A detailed discussion of recent problems associated with the Supplemental Security Income program was presented by an individual associated with the LBJ School of Public Affairs, University of Texas at Austin. He believes a new effort of major welfare reform is "premature," even "fool hardy" at this time.

Meanwhile, he proposes:

The Social Security Administration must be given adequate resources and some time to stabilize the program, train staff and provide computer facilities and administrative structure to implement the program. New federal programs are needed that provide states and counties with incentives and/or requirements to assure adequate ancillary services for the SSI population.

But most important, with administration support Congress must move in the direction of program simplification, eliminating some of the requirements of the SSI program which make it complex and error prone.

The Deputy Director of the Arkansas Department of Social and Rehabilitative Services presented his concerns about the social welfare programs.

He had two central thoughts:

First, decentralize decision making. He said "the process of implementation of Federal programs is a cumbersome, disorganized, unresponsive, and poorly coordinated effort, particularly the system which results in Federal Program Policy Guidelines and Regulations." He cited the WIN program as an example of unsuccessfully drafted regulations.

Second, change the concept of welfare. He explained that the "receipt of public assistance should impose upon the recipient an obligation for contribution in keeping with individual ability."

Concluding, he said "we resent the annoyance and paternalism inherent in detailed Federal prescription and evaluation of the means used to achieve [Administration policy] objectives."

The Director of the Economic Opportunity Division of the Texas Department of Community Affairs said that domestic programs must be directed toward:

1. Preventative measures that will assist individuals and families from becoming poor.
2. Assisting those poor who can do work to improve their skills and obtain jobs that will raise their income above the poverty level.
3. Providing for the basic needs of those poor who, because of age or disability cannot increase their income above the poverty level.



He explained how his division was following these guidelines in citing specific examples.

The Supervisor of the Food Distribution Unit of the Department of Institutions, Social and Rehabilitative Services of the State of Oklahoma believes that those who are responsible for drafting legislation should know what each state is doing with respect to proposed legislation.

He also feels that the minimum program standards set by regulation after legislation is passed should allow states the "flexibility to set administrative procedures to be followed."

He added these recommendations:

Eligibility standards should be standardized for all federally funded programs for low income families. All individuals should be treated alike and to have one set of eligibility requirements for food stamps, another completely different set for supplemental security income, another for Aid to Families with Dependent Children, and still another set for Medicare Assistance (Title XIX) is most difficult to administer, and most difficult for the needy individuals to comprehend.

It is conceivable one family might need all of these forms of assistance. Confusion errors, overpayments, underpayments, ineligibilities, results from having to abide by 4 different sets of eligibility requirements. An example, Quality Control is mandated to verify all income by their federal regulations. However, by the regulations imposed on

Supplemental Security Income and the Bureau of Indian Affairs they are required by their regulations to refuse to reveal this information for income verification and if income cannot be verified, a Quality Control exception is taken. Another example of poor interpretation of Federal Regulations is again in the Quality Control area. A family determined to be eligible at the time of initial application and certified for a maximum of an eleven month period could be a Quality Control exception if they have had any increase of SSI benefits from the time of certification to the time of the Quality Control Review, a preventative of many errors being reported as overissues or under collections could be prevented if Quality Control Reviews could be made on the eligibility standards established at the time of certification.

States are penalized for the errors made and then, in turn, penalize the clients. The fault could well be found in the Federal Requirements setting different standards for different programs the same family or for families that are of similar circumstances as far as being needy is concerned. It is, therefore, very necessary to implement the standards to conform with the President's desire to make the Federal Government more responsive and less burdensome and the consolidating of these standards would greatly improve the administration of Federal programs.



The President of the Rapides Police Jury in Alexandria, Louisiana, is concerned that social programs designed to address poverty and unemployment problems "have not had the effects that were expected."

He added:

In my opinion the federal social assistance programs must be consolidated to avoid duplication and reduce costs. Today a person may be receiving assistance from U. S. D. A., Social Security, Dept. of Labor, HUD, HEW, etc. In addition to being costly to taxpayers, this proliferation of programs does not provide good delivery of services to assist their recipients.

A national policy should be developed to require evaluation of existing and future social programs to determine if the programs are meeting established national goals.

The Executive Director of Community Action Resource Services, Inc., of Texarkana, Texas, believes the Community Services Administration should remain as an independent agency for the following reasons:

- A. As is, decisions are made at local level and involve local elected officials.
- B. If transferred to H. E. W., there would be a tendency to get caught up in bureaucracy.

C. Community Services Administration has been able to quickly and innovatively, mobilize resources and produce results.

D. It is the agency closest to the people.

The Associate Dean of the University of Arkansas College of Medicine believes that there is no more serious issue currently facing both state and federal governments than the rapidly escalating costs of human service programs.

He explained:

The continuing effects of inflation combined with the more recent economic downturn and reduced tax revenues have caused a complete turnaround in the outlook of virtually all publicly supported social and health programs, from one of planning and moving ahead toward improvements and expansions in meeting human needs to one of struggling to maintain existing services, cutting back, or in some instances, simply one of program survival.

In this period of tight budgets and deficit spending, it is fruitless to plan new social and/or health programs, or propose anything more than the most needed and productive expansions of existing programs. It is a time for the careful evaluation of public expenditures and the programs which they support, and for an objective reassessment of funding priorities based on the nation's most critical needs. It is a time also for an all-out effort to do a better job with existing resources, to concentrate on improved cost/effectiveness, and the elimination of extravagance and abuse in the administration and utilization of programs.



He spelled out his concern in detail, excerpted as follows:

First, and to the detriment of all government, an effective working relationship between federal and state governments does not exist.

Federal program regulations, in the traditional form handed down, add immeasurably to the costs of administration of human service programs.

Another source of frustration and difficulty experienced by states in administering federal social and health programs is the narrow categorical approach and rigid eligibility criteria taken by most of them.

For example, state agencies commonly find that federal funds can be used for institutional care, but will provide very limited or no support for alternative care. This simply encourages the states to overutilize and abuse institutional care, and in response, the federal government imposes a whole new set of costly regulations on utilization review.

The Governor of Arkansas submitted a statement expressing his concern that P. L. 93-641, calling for vast improvements in health planning and delivery, is destined to disappoint "because the funding is only a fraction of previously available funds."

"If these programs are to control waste, duplication, and unnecessary services," he said, "they should not be predestined for failure by an insufficiency of funds."

He is also concerned that the categorical type funding unduly restricts a state's capability to meet its priority problems in the health field. One of the problems of categorical funding by Federal agencies he cited was the "maldistribution of health professionals, and especially doctors." He illustrated this with an example in his state.

And he concluded:

Arkansas has led our region in seeking to comply with the goals and purposes of P. L. 93-641, the National Program for Improved Health Delivery. Our local and state governments can be effective only if funds are available which are commensurate with health needs and people expectations. State and local health systems must have the flexibility to assign resources to meet local needs. This can be done in either one of two ways: 1) By allowing states to transfer funds from one federally funded categorical program to another, or 2) by substantial federal blocks of funds available for meeting the needs of state and local governments as they experience them. The second possibility, in my opinion, is preferable to the first. Many federal programs should not require state matching funds for the simple reason that the states needing money most desperately are the very ones who cannot participate, therefore missing out on an entire program.



A paper presented by two Fort Worth individuals in the fields of health care administration and hospital accounting called for the development of one health care system in America that is equal for all, based on a pre-determined benefit level.

They explained:

All persons should be required to demonstrate that they can provide themselves with this level of health care, either through their own health insurance policies, memberships in HMOs, or coverage under the one federal government health care plan.

Additionally, a medical indigency level would be established on a national level. All persons determined as being medically indigent, as well as federal employees and persons age 65 and over, would be provided by the federal government with this determined benefit level of health care.

We suggest that all health care programs be consolidated into one package with guidelines and criteria being established by the federal government and administered on a state level.

They were also especially concerned about hospital costs and misperceptions about them. They explained:

Too, a closer working relationship between the federal government and health care providers could reduce the excessive costs being experienced by all concerned parties at this time. Federal policies

resulting from congressional legislation which provides for certain coverage for varying groups of citizens, such as Medicare and Medicaid, and selected illnesses, such as chronic renal dialysis, are costly for both hospitals and the federal government. Determining what portion of costs are to be borne by the federal government in such instances requires an inordinate amount of administrative effort on the part of both hospitals and the federal government. The present reimbursement systems provide that no profit be allowed providers of the services which are rendered, a concept which carries several negative factors which need correcting.

While many hospitals are organized as not-for-profit corporations, the services they provide cannot be sold for only their costs. Profits must be made if hospitals, or any businesses, are to survive as a viable economic entity.

If hospitals are to continue as a viable industry, recognition of these economic realities must be made; otherwise, the federal government will, in fact, be required to assume ownership and operational responsibilities of the total health care industry.

Now is the time to put forth those efforts which are necessary to retain the free enterprise system, one which has brought this nation to a level of productivity and accomplishment that has been exceeded by no other system.



The President of the Texas Hospital Association made specific recommendations in four areas, reimbursement system, regulation magnitude, productivity measurement, and the private sector:

Reimbursement System

The traditional approach serves to penalize cost reducing techniques and innovative procedures, permits the inappropriate use of facilities, provides a limited mechanism for capital accumulation, aggravates manpower shortages and contributes to the overall complexity of the health care system.

As a major recommendation, I would like to endorse and encourage the development of a reimbursement system with built-in incentives that is uniform for all carriers and include coverage for ambulatory care.

Because of its importance, immediate top priority consideration is strongly urged to facilitate implementation of this key recommendation. It is recommended, therefore, that a Presidential Commission specifically designed to develop this reimbursement formula be established to achieve this goal within a period of one year. This Commission should include representatives from government, health care, labor, industry, and the general public. It is believed that responsibility for the development of new programs such as this, should be assigned to a specific body or group in order to assure implementation and enhance the prospects for general success.

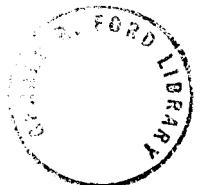
### Regulation Magnitude

Currently, there exists an almost unbelievable maze of administrative and operation regulations which increase the cost of health care. Additionally, some of these are conflicting and some prevent the attainment of goals sought in others. It is recommended that:

- a. An operation "paper chase" be conducted with a view toward streamlining costly, useless, and outdated regulations.
- b. One governmental agency be given the power to expeditiously adjudicate administrative rulings that are found to be conflicting.

### Productivity Measurement

In the health care industry to date a universally acceptable hospital productivity measurement system has not been developed. The major problem as viewed by health care executives -- the customers who must be sold on any system that is developed -- is that each institution is different and therefore productivity norms cannot be developed for similar groups of hospitals and hospitals cannot be compared to each other. It is recommended that a universally acceptable and feasible measurement system be developed, thereby providing the health care system with a uniform method of measuring its own productivity.



### Private Sector

It is recommended that state and metropolitan hospital associations be encouraged to increase their role in increasing hospital productivity by means of matching funds contracts.

He referred the Forum to studies undertaken by the Texas Hospital Association with respect to several of these issues for further information.

The Executive Vice President for Corporate Operations of Galveston's American National Insurance Company called for the "early enactment of a national health insurance program which utilizes, to the fullest, the unique capabilities of both the private and governmental sectors." He specified support for H. R. 5990, the National Health Care Act of 1975.

He believes financing should be based on a partnership between private health insurers and government, with most of the financing being raised through premiums paid by employers and employees and tax dollars used only to pay for the costs of the poor and near poor.

He believes that the plan should utilize the existing administrative and underwriting experience of private health insurers.

He also discussed questions of costs and quality of health care, calling on Congress to exert the leadership necessary to persuade doctors, hospitals, and other health personnel to work together to establish effective cost control and quality assurance mechanisms.

The Executive Director of Holy Cross Hospital in Austin reported on a federally funded research project into the efficacy of the Health Maintenance Organization (HMO) concept.

He concludes that, with prepayment the key to such plans, it is a system which rewards quality care in contrast to the present system which rewards quantity.

He explained:

While on the surface this method seems similar to traditional hospitalization insurance, there is a vital difference. In the event the individual requires medical care, he does not pay piecemeal for the services provided.

The only hope that such a plan would have for breaking even would lie in treating the patient in both a timely and preventative manner so as to minimize or eliminate the patient's illness. In doing so, the health care organization would itself spend less on providing care to the patient, thus insuring itself of financial stability.

In view of these circumstances, we can see that a prepaid health plan would eliminate the reward for quantity system that we now labor under and replace it with a reward for quality system.



The President of the Louisiana State Medical Society presented his organization's views on National Health Insurance:

He reported:

The more than 3,500 members of our Society believe that the only way that we can continue to provide adequate, high quality health care for all citizens is by practicing our profession within the framework of the American free enterprise system with the least possible interference by government. We present this statement in OPPOSITION to any and all of the National Health Insurance proposals that have to date been put forth.

He explained his reasons:

1. There is no real need for NHI.
2. NHI would lower the existing standards of medical and health care.
3. NHI would provide care for those who can afford to care for themselves.
4. The cost of NHI would bankrupt the nation.
5. Any form of NHI, no matter how limited, would gradually be expanded into a total system of socialized medicine.

A Dallas, Texas, practicing physician believes that "any additional national insurance plan, without balancing the budget would be dangerously inflationary in general and devastatingly inflationary to health care costs themselves. The only plans which should be pursued at all are plans to increase availability of care to the underserved."

With respect to health, he proposed the following:

1. The government should stop equating standardization and controls with quality.
2. The government should enlist the cooperation of the private sector wherever possible and treat the private sector with respect.
3. Utilize time proven vehicles such as
  - (a) Current Procedural Terminology
  - (b) Standard claim forms,
  - (c) the Joint Commission on Accreditation of Hospitals,
  - (d) the voluntary insurance mechanism.
4. Seek and obtain adequate input from the private sector in the original preparation of data systems designs. Confidentiality of patients' records and utilization review records must be preserved. (42CFR Sec 122.107.104)
5. Use as little compulsion as possible.
6. Review and amend statutes and regulations tending to concentrate outpatient services in institutional settings. (Health priorities under P. L. 93-641)



7. Subject new or untried programs to critical evaluation before widespread application or major appropriations:
  - (a) Health maintenance organizations,
  - (b) Home Health care programs,
  - (c) physicians' assistants and practice extenders.
  
8. Require federal officials to seek cooperation from the voluntary sector as a policy of the administration of federal departments.
  - (a) Liaison with the legitimate established organizations.
  - (b) Minimize, perhaps eliminate, intemperate accusations about quality of care and abuses.
  
9. Minimize the effects of inflation on health care costs by amortizing the public debt and gradual elimination of deficit financing.

The Commissioner of the Louisiana Health and Human Resources Administration believes that alternatives to National Health Insurance should be explored. He elaborated on the following recommendations:

1. I recommend that the Medicare (Title XVIII) and Medicaid (Title XIX) and Maternal Child Health (Title V) programs be combined under one program.
  
2. The combination of Medicare, Medicaid and Maternal Child Health is a viable option to National Health Insurance.

3. As has been inferred earlier, the proposed program should allow for a sufficient phase-in period. At the outset, those segments of the population not now covered should receive limited medical services with eventual expansion to coincide with the comprehensive programs now in effect.
4. As the program evolves, it is important that coverage be provided for certain usual medical expenditures not now covered as well as to protect the family's income against catastrophic illness which may lead to financial ruin.

In conclusion, he said that instead of launching out with a totally new health care program, "we should build upon those programs already in existence."

A Mexican-American physician, practicing in Roma, Texas, spoke broadly of issues such as health care for the poor, health insurance, Indian health care, Medicaid-Medicare, health care delivery, hospital administration, federal regulations, migrant farm workers, and so on, from his own perspective. That is the perspective of one of three full time physicians in a total combined area of 1,207 square miles.

Throughout his presentation, he suggested ways to improve federal programs for poor, rural areas. And he gave an insight into his own daily routine. For example:

Many of the problems that we face of course are similar to those of other communities -- amongst them a shortage of physicians. It is difficult for three of us to render care to this many people in this large an area, but we try conscientiously



to do so. My associate and I each see around 60-80 patients a day in the office, plus about 20-30 hospitalized patients: we deliver around 60 babies and perform about 20 major operations each month; we see many emergencies and still make a few house calls. Each of us work at a migrant clinic at the hospital for three hours or so each week and we lend support to our public health nurses who operate other clinics. Hours are long and oftentimes we have to work 16 to 18 hours a day -- this is the rule rather than the exception.

The Director of Pediatric Cardiology at the Driscoll Foundation Childrens Hospital in Corpus Christi, Texas, believes his institution has acquired some unique experience in health care which he passed along to the Forum. The following are among his suggestions:

We see the utilization of a multi-disciplinary team, functioning within a system of outlying clinics relating to regional centers, as the most effective method for making comprehensive health care available to the population of a rural region and in successfully combating what has become known as the U.S. health care crisis.

We feel regional, coordinated, long-range planning is essential -- planning which takes into consideration programs and services within the private as well as the public sector. Such

planning, in health, must take into account the total environment of the patient and foster changes which will improve the total environment. It further means an increased emphasis on preventive services and public health which, in the long run, will reduce the extraordinary and rapidly escalating cost of health care. This cost can be reduced, and this new emphasis can be implemented successfully by a team approach, including such personnel as Nurse Practitioners and Physician's Assistants and others (having implications for regional community manpower development), and the employment of such personnel in small outlying communities relating to regional centers.

He also noted:

The Children's Heart Program has found the Community Services Administration a very flexible organization with whom we have a good working relationship. The absence of a maze of unnecessary red tape, often present in other agencies, allows us to concentrate on those activities which are of direct service to our patients.

We therefore suggest that other agencies use the Community Services Administration as a model and we strongly urge continued support for this and similar agencies with commitment to community and human development and day-to-day involvement with local citizen groups.



The Administrator of Fort Worth Children's Hospital came to the Austin Forum "to say a word on behalf of the nation's children."

He noted that children's health services are more costly than adult health services. "Unfortunately," he said, "neither Congress nor the Social Security Administration has yet recognized the higher costs associated with delivery of children's health services."

He added:

It is therefore recommended that the Department of Health, Education and Welfare assign a high priority to the accomplishment of a comprehensive study of the uniqueness of children's hospitals and the role they play in the delivery of children's health services. Since children's hospitals account for only 120 of the more than 7,000 hospitals in this country, and since 87% (321,997 patients) of all children's hospital admissions and 85% (2,962,340 visits) of all children's hospital outpatient visits are carried out in the member institutions of the National Association of Children's Hospitals and Related Institutions, it is hoped that the Department will utilize the specialized expertise of the Association in the conduct of such a study.

The Nutrition Coordinator of the Harris County Health Department in Houston is concerned with "the inability of government and other policy makers to realize that food and nutrition are actually the same thing" -- and thus directly related to health.

She submitted the following recommendations:

1. Establish a Department of Health separate from that of Education and Welfare.
2. Establish a Department or Office of Nutrition within this Department of Health for the purpose of coordinating, regulating, monitoring, etc. all nutrition related policies for the entire country.
3. The Food Stamp Program and Supplemental Feeding Program for Women, Infants and Children (WIC) and/or any alternative program should be taken out of the Agriculture Department and transferred to the Department of Health. Both of these programs have a direct effect on the health of their participants.
4. Nutrition Education must be a component of any feeding and/or health program to make a maximum impact on the health of its participants. Greater use of mass media should be made in implementing these nutrition education components.
5. Programs that have nutrition components should be required to seek the highest level of nutrition personnel available for employment in that geographic area.



6. Primary responsibility for the future provision of technical assistance in specialized areas to health related planning agencies be relegated to the proposed Centers for Health Planning as envisioned under Section 1534, P. L. 93-641.
  
7. A mechanism must be developed to assure that a local funding mechanism is in existence to pick up programs at the time the federal government ceases to support them. This is to assure continuity of services.

A member of the Board of Directors of the National Retired Teachers Association focussed his statement on the health needs of older Americans. He also submitted a copy of the Health Legislative Objectives for 1975 from his organization.

He believes that the benefit package under Medicare should be broadened to provide alternatives to costly institutional care. And he believes a national health plan must address the issue of long-term care.

He believes a central problem is getting hospitals to minimize costs:

We advocate three steps to deal with this issue: (1) alternatives to institutional care, with special emphasis on preventive care; (2) a strategy of health resource planning to ensure a rational approach to providing health facilities; and (3) a requirement to make institutional providers cost-conscious.

We insist the acceptable plan must take into account the income situation of older Americans.

His final recommendation was that Medicaid be federalized, and he spelled out reasons for this proposal.

According to the Director of the Louisiana Bureau of Aging Services, Division of Human Services of the Louisiana Health and Human Resources Administration, of all the problems encountered by the aged, "that of adequate income is probably the central and most critical."

She proposed the following "courses of action" which address themselves to the needs of the aged:

- Providing a standard of income adequacy for all elderly.
- Continuing and expanding support for health maintenance organizations and other mechanisms aimed at preventive health care.
- Supporting legislation that would mandate at least 10% of general revenue sharing funds to go for services to the elderly. (Currently, less than 0.5% of these funds are channeled into programs for the elderly.)
- Supporting H. R. 8912, which would provide subsidies to SSI recipients for housing costs if these costs exceed 33-1/3% of their income (benefits would go up to \$600 per year).



- More vigorously enforcing the anti-discrimination laws dealing with age, especially in the area of employment.
- Creating more jobs for the elderly through public service employment.
- Supporting legislation which provides property tax relief for elderly homeowners.
- Supporting recommendations found in the recent report on prescription drug price disclosures by the staff of the Bureau of Consumer Protection of the Federal Trade Commission. (The report states that "Demographic studies paint a bleak picture of the status of elderly persons and their ability to cope with their rising needs for prescription drugs.")
- Developing a comprehensive health program for older Americans which allows for proper health care.
- Supporting a fair and equitable food stamp program responsive to recipients' true needs.
- Changing Social Security rules to receive full benefits and to allow widows/widowers to receive full benefits of deceased spouse in addition to their own earned benefits.
- Lowering the age at which widows/widowers can receive benefits to age 50.

The Executive Director of the Central Arkansas Development Council called for improved rural transportation to insure health support services accessible to the elderly and the handicapped.

The Vice-Chairman of the All-Indian Pueblo Council in Taos Pueblo, New Mexico, urged passage of an Indian Health Care Improvement Act "with projected appropriations comparable to S-522. He said this "should have preference over any other national health bills before Congress."

He explained that "if my people are ever going to reach a point when our health needs will be adequately met we must institute a three-pronged program which will:

1. Adequately finance health services;
2. Train individuals from our midst in sufficient numbers;
3. Build health facilities in which these services shall be provided.

The Tribal Chairman of the Otoe-Missouria Tribe noted a special legal problem which prevents his people from receiving adequate social services:

One other item relating specifically to Oklahoma Indian tribes, is the legal status relating to original boundaries and class reservation status, has continually hampered the efforts of tribal governments to assist our people on far too many occasions. These fundamental precepts are the cornerstones upon which the dominion of tribal government is based. The negative



impact of this uncertainty and confusion has rendered our tribes ineligible for many beneficial social and economic development programs. In fact, on most of our development programs, we are playing "catch up" with the other Indian tribes in the nation. We are not satisfied to be told simply that we are not reservation Indians without a thorough explanation of how this came about or without proposing alternative remedies or curative legislative acts that the tribes can propose or undertake. We are not satisfied to hear from our trustee that the research necessary to determine whether the apparent, but questionable, extinguishment of our various reservation boundaries meet the legal tests announced by the United States Supreme Court in Mattz vs Arnett and Feather vs Erickson would require a massive commitment of time and effort. The time has come for that time and effort to be expended, however massive it might be.

The Executive Director of Community Action Resource Services, Inc., of Texarkana, Texas, notes that "the country is undergoing a tremendous change and upheaval, and whenever there is change, there is conflict."

In an effort to have part of this upheaval understood more clearly, he submitted the following statement on racial discrimination in America in the 1970s:

- A. Only a small minority of Black Americans have so far dared to confront and question by their actions, the lack of justice in America's cities, states, and Federal government; lack of democracy in America's economic, educational, employment, and religious organizational structures.
  
- B. The majority of Black Americans passively pretend to accept the organizational structure: "status quo" as the appropriate and relevant means for acceptance and success within the confines of the larger society.
  
- C. The small minority or protesting blacks has raised fundamental issues concerning the nature and purpose of the many city, state and Federal programs designed and funded for the benefit of the poor and disadvantaged. The high school and college students are beginning to raise fundamental issues concerning the purpose of higher education. Unfortunately, important issues in the fields of politics, economics, employment, housing, health, education, recreation and public welfare programs have been obscured and at times adolescent statements and actions.



The President of the League of Women Voters of Texas noted that her organization had monitored the revenue sharing program at the state level to learn how the program affected citizen participation, civil rights, and the needs of minorities and the poor.

She explained their findings:

Our study revealed that revenue sharing funds were distributed in a fragmented manner without the benefit of a well-defined comprehensive plan incorporating careful analysis of the state's greatest areas of need. There was no direct citizen input to the allocation process. Our study placed heavy emphasis on evaluating the impact of revenue sharing on the poor and minorities. It was our conclusion that revenue sharing allocation had little impact in meeting the needs of minorities or of the poor who constitute one-fifth of Texas' population.

The National Chairman of the American G. I. Forum expressed concern over the social implications of the legislation pending in Congress designed to stem the flow of illegal aliens into the United States. He believes it is legislation which deals "with the symptoms of a problem, rather than addressing effectively the very social, economic, cultural and political realities which cause the problem."

He added:

Trying to solve this very complex problem by imposing penalties on employers who knowingly employ illegals merely serves to exacerbate this very sensitive problem, making employers an extension of our immigration and naturalization service and forcing Mexican-Americans to become the only card-carrying citizens of this great country. My recommendation to this panel is a Presidential Commission representative of the Mexican-American community; public officials; business and labor to study the problem in depth and recommend legislation, backed by the administration to bring order and a measure of justice to this very chaotic and confusing situation.

The Vice-Chairperson for Political Action of the Texas Women's Political Caucus in San Antonio, expressed the concern of the Mexican-American community and of women over the announcement that civil rights investigations on nonracial school discrimination complaints will be frozen. She believes this will place a very low priority on discrimination cases based on national origin and sex.

She added:

This action, we believe, is in itself discriminatory, and it violates the spirit and intent of the Civil Rights Act of 1964. If allowed to stand it will surely result in the pitting of minorities against each other, and we strongly object to being placed in this position. We call upon you to use

your power and influence to overturn this determination by calling for immediate Congressional hearings and investigations and by insisting that the Office of Civil Rights enforce Federal law. We insist that HEW Office of Civil Rights Director either change his directive or that he resign from his position. We agree with the NAACP that the United States Government should finally commit itself to ending discrimination and should staff and fund the enforcement agencies (i. e. , HEW, DOL, EEOC) so that Federal law can be implemented and so that legal protection may be available to all. Priorities should be based solely on the dates of filing complaints.

The Coordinating Director of the Women for Change Center in Dallas, Texas, believes that "the equality and empowerment of women will do more to encourage economic growth, resource development, a humane social policy, and community building than all the other expensive Band Aids we have indulged in, primarily in government programs and expenditures since World War II.

She continued:

There are agencies enough in existence. We don't need any more studies to find out that women are clustered in the lower paying jobs; that after a decade of the Equal Pay Act, it still isn't; that the EEOC is backed up 3,000 cases in Dallas and 100,000 nationally. WITH LEADERSHIP AT THE EXECUTIVE LEVEL,

ENFORCING THE LAWS ON THE BOOKS,  
WITH THE CONVICTION THAT A TOP  
PRIORITY BE GIVEN TO WOMEN YOU  
COULD ENABLE A CHAIN REACTION OF  
HOPE AND REVITALIZATION IN THIS  
COUNTRY.

Priority given to the Women's  
Bureau could achieve more. There is  
also a Commission on the Status of  
Women in every state now, EXCEPT  
TEXAS, and this is a natural network  
for cities and states to work on their  
own unique problems and creative  
solutions.



**Community Building**

Part IV. Community Building

Throughout the testimony and statements gathered at the Austin Forum on the subject of community building participants described their efforts to grapple with Federal programs designed to help communities. Those in responsible municipal positions described the "paper work," the "voluminous amounts of red tape," and the "reams of regulations and bureaucratic jungles" that they encountered. They expressed their frustration at feeling "over-regulated, stifled and thwarted." Yet, none was willing to turn back the funding benefits of the Revenue Sharing or Community Development programs. But many had ideas to make the programs work better and the Federal, state and local relationships less onerous.

The Mayor of Fayetteville, Arkansas, said his primary concern "deals with the rapidly escalating volume of paper work associated with the Block Grant Community Development Program." He fears that the paper work required by HUD will surpass that required of the older categorical grant programs.

He believes the citizen participation process "has worked beautifully" in his city. He described the cooperative citizen's committee effort, spending many long hours, to come up with "a well-balanced community program."

He noted, however, that the committee was "quite disappointed" that the small amount of social service programs were deleted by HUD as ineligible. He believes the local communities should be given the latitude to include some social service projects in their Community Development Programs.



"This is an example," he said, "of the local decision making process being thwarted by what we feel is an erroneous HUD interpretation of the intent of the original legislation."

He was also concerned about guidelines which require a new facility to house social services. He noted that his city's low income population is not concentrated in a ghetto but is found in small pockets throughout the community. He added: "To require us to build or buy an additional facility in order to use any money for social services is not only wasteful but also makes the services less available to those we wish to serve." He believes smaller units of social service should be located where they are most needed throughout the community.

He also expressed concern about solid waste management; he sought federal assistance for research and financing of local recycling plants.

Finally, he urged early reenactment of Revenue Sharing in its present form.

The President of the Oklahoma Municipal League (who is also the Mayor of Moore, Oklahoma) is concerned that, through reduced appropriations or inflation, federal grants are diminishing in their benefit to municipal governments. "Yet," he said, "we local officials must still move a mountain of Federal paperwork to produce a molehill of a project."

He submitted a detailed set of resolutions adopted by the city and town delegates at the recent annual convention of the Oklahoma Municipal League. He summarized them as follows:

Resolution No. 1 asks both the state and federal governments to provide financial assistance to cities and towns whenever they impose an obligation upon cities and towns and to file with proposed legislation a fiscal impact statement so that our taxpayers will know the increase tax burden they must share.

Resolution No. 2 strongly urges the reenactment of federal revenue sharing, the only federal assistance program that benefits most communities.

Resolution No. 3 calls for a realistic and achievable federal water pollution control program that will mean real savings in taxpayers' dollars.

Resolution No. 4 emphasizes that final decisions over land use control must remain in the hands of our locally elected officials.

Resolution No. 5 asks that sufficient funds be appropriated to meet the needs of discretionary cities that seek to make use of the Housing and Community Development Act of 1974.

Resolution No. 6 calls for the funding of local comprehensive planning assistance at a level sufficient to meet the obligations imposed by the federal government.

The Mayor of Tulsa, Oklahoma considers himself "an enthusiastic advocate of General Revenue Sharing." He strongly supports its reenactment.



However, he is less enthusiastic about "the current operation of block grant programs." This results, he said, not so much from legislative flaws but from "the interpretation of legislative intent which is exercised by Federal administrative officials."

He was pleased to describe a Government-Wide Annual Arrangement (GWAA) Agreement which the City of Tulsa and the Southwest Federal Regional Council have entered into for the past three years. It is designed, he said, "to mesh available Federal aids, including state pass-throughs, with a statement of high priority community needs which serves as the basis for a work program for the city government in the ensuing year."

He noted the following benefits from the GWAA negotiation process:

1. face-to-face clarification of issues and problems in an environment where federal agencies can realize how the wide variety of federal programs affect a local jurisdiction;
2. commitment of available resources, both local and federal, prior to the beginning of a fiscal year so that sound management principles might be applied to the implementation process to gain maximum results from these resources;
3. consideration of streamlining some of the bulky administrative processes of each federal agency so that federal agency programs might function in a complimentary fashion; and

4. providing a functioning communication channel between the local government and federal officials.

In conclusion, he said:

We are pleased with the steps that recent administrations have taken to decentralize the decision-making process. We are very pleased with the opportunities for cooperation and coordination which has been extended to our City through the Southwest Federal Regional Council.

The Mayor of El Paso calls General Revenue Sharing an "effective, practical and viable way to return essential public tax dollars to the people of this nation."

He strongly urges the continuation of the program for an additional five years.

He also called the Housing and Community Development Act of 1974 one of the most "significant programs" to help "relieve the financial pressure at the local level."

This program, he said, "while cumbersome in its planning and implementation process, may temporarily provide basic assistance to communities. . ."

He also pointed out in detail some of the major problems his city faces as a border city along the 1800 mile border with Mexico. These include: illegal aliens, juvenile illegal aliens, narcotics, smuggling, and international vehicular and pedestrian traffic. He said the problems cited are common to all border cities.



"While we would prefer to see a phasing out of all Federal aid to cities," said the Mayor of Abilene, Texas, "we have accepted the fact that this will not happen." He hopes the administration of Federal programs will improve in the years ahead.

Meanwhile, he hopes Revenue Sharing will continue in its present form. But he has this special concern:

Along with officials of other cities which have managed their affairs in a fiscally responsible manner, we are concerned that some of our national legislators are considering possible changes in the allocation of general revenue sharing funds whereby a greater share of the funds will go to cities which are in financial difficulty. General revenue sharing is probably the best and most equitable form of federal aid to cities and we would urge the Administration to continue to work for its extension in its present form.

He believes the Housing and Community Development Act of 1974 represents an improvement over the categorical programs it replaces.

He said:

Like general revenue sharing, the community development program is more equitable than the categorical programs wherein the cities with the most and best "grantsmanship" received the greatest share of federal funding. We are concerned, however, that guidelines established by the Department of Housing and Urban Development for administration of community development programs will

unnecessarily restrict cities in their efforts to carry out efficient programs and we seriously question whether these restrictive guidelines are in keeping with the intent of the Congress when they passed the Housing and Community Development Act. Some of the visits which HUD staff members have made to our city have caused us to wonder whether some of the documentation and reporting required by the guidelines may serve no better purpose than to make work for the HUD staff.

The City Manager of Oklahoma City, Oklahoma, called Community Development Block Grants, "a good program, but underfunded and poorly administrated."

He said the annual funding arrangement "makes it hazardous to embark on any long-range, large-scale redevelopment."

He also expressed deep concern, supported by examples, over the "erosion of the local decision making powers" which Congress attempted to build into the Community Development Block Grant (CDBG) program.

He said:

Throughout the application review process it has seemed evident that HUD is administering the CDGB program on a day to day basis with inexperienced staff. For instance, there was no attempt to establish a cut-off date for regulatory changes or requirements for the current action year. The "Hot Line" was permitted

to turn out a continued stream of refined and modified regulations during the period following January 1, 1975, when Hold Harmless entitlement cities were rightfully anticipating approval and funding of their programs. As a result, many such cities have been forced to employ their remaining NDP money to pay the salaries of their experienced Community Development staffs through June 30, 1975, in order to retain these employees for operation of the CDBG program.

He is convinced that unless remedial steps are taken "the concept of block grant funding will end in failure and disappointment."

The President of the Texas League of Women Voters, following a League study of the revenue sharing program monitored at the state level, submitted the following recommendation for policy and procedural changes in administering revenue sharing:

#### Stricter Compliance Procedures

Without federal level enforcement of civil rights provisions of the law, state governments knowingly and unknowingly perpetrate the pattern of discrimination that already exists, particularly in the area of state employment practices.

#### Adequate Provisions for Citizen Participation Mandated by the Law

Publishing the Planned and Actual Use Reports in a major newspaper is not enough. Decentralized public hearings

for revenue sharing, held early in the decision-making cycle, should become an integral part of the process.

The President of the Rapides Parish Police Jury of Alexandria, Louisiana, believes the General Revenue Sharing and Community Development programs represent "a step in the right direction." But he believes that if the intent of the Act is to be realized, local governments must retain the right to determine how Revenue Sharing money will be spent.

He offered these suggestions:

The Community Development Act, while appearing to have merit, has yet to prove that it is superior to the old categorical grant programs. The program, as it now stands, should be modified to include all Standard Metropolitan Statistical Area Counties or Parishes as Urban Counties and make them eligible for entitlement grants. Multi-year funding should be provided to assure program continuity and reduce the red tape involved in annual applications. Community Development and Housing Programs should be based on 701 Comprehensive Planning Program (Title 4, Housing and Community Development Act 1974), in order to assure the effective planning of such projects.

The Chairman of the Board of Commissioners of Bernalillo County, New Mexico, is concerned that his county was assigned a lower priority for funding under the Community Development Act than urban counties, "although city and county residents live side by side and share the same need for employment and community services." The City of Albuquerque is the county seat of Bernalillo County.

He added:

I would propose that the national government take into consideration such local conditions and advise local government officials of the means by which they may increase their funding potential through federal, state and local communications before funds are made available, and further, I would propose that program administrators exclude regulations which split hairs and deprive a metropolitan area such as ours -- with high unemployment and low per-capita income -- of desperately needed revenues because of different priority assignments to the City of Albuquerque and the County of Bernalillo.

He urged the Executive Branch to "have faith in us, simplify the procedures required of us to obtain and administer federal monies, and revise the rules and regulations once a year only." He also called for better communication between the field offices and the staff of each local program.

A former Mayor Pro Tem of Dallas, Texas, said that the Housing and Community Development Act was looked upon by the minority community as a panacea for minority problems.

But there was disappointment:

It was heartbreaking, therefore, to the minority community to learn that out of an allocation of \$3.9 million approximately \$2.8 million was allocated for "hardware" programs such as public improvements, housing programs, street and facility improvements, and relocation expenditures.

Yet, perhaps it is not too late for this seemingly forgotten segment of the City's population. Perhaps the next allocation of HCDA funds will take into consideration those needs particular to the minority community, and provide adequate financial assistance to alleviate these needs which are still unmet.

The Director of the Texas Office of Economic Opportunity, a division of the Texas Department of Community Affairs said that the major domestic policy issue that the Forum should consider is the continuation and strengthening of the Federal-state-local relationship.

He said this policy should be based on:

1. The reliance on local officials and community based organizations and leaders to identify their needs, plan programs to meet those needs, and effectively implement those programs to the benefit of the local citizens.
2. The realization that the States are in a position to immediately respond to the local needs with training, advisory services, and expertise, and, at the same time, effectively and efficiently administer financial assistance programs including grant allocation, auditing, monitoring, and evaluation. This role is strengthened by the fact that local governments are constitutionally accountable to states and that states are the most effective governmental level because of size and homogeneity.

3. The relegation of the federal government to the role of formulating national policy (usually general in nature), and establishing funding mechanisms that assist states and localities in meeting the specific local needs for which the national policy was designed.

He cited the Community Development Block Grant Program, and others, as "prime examples" of successful meshing of the Federal-state-local roles.

A Senior Research Associate at the Institute of Urban Studies at the University of Texas at Arlington believes local government officials "have every reason to face the future with deep apprehension" because of the escalating costs of energy. He cited a Texas study of twenty cities which showed that fuel related expenditures have increased 71.8 percent since 1970.

He believes that unless cities implement effective conservation programs they "court financial disaster."

He cited the following basic questions to guide local officials in the initial development of a total conservation program:

- Does the city maintain records on fuel consumption which can provide the base line information required to establish an effective fuel management system?
- Has the city developed a fuel allocation plan along departmental, agency, or service lines? Have relative priorities or contingency plans been established to provide for an orderly continuance of service in future fuel curtailments?

- Does the city have procedures for auditing energy consumption in public buildings and vehicles? Have any audits been conducted?
  
- Does the city have a senior staff member responsible for energy conservation? Does this person have the full support of the city council and staff? Has a broad based conservation plan been developed against which results might be measured?

The Director of the Center for Energy Policy Studies at the University of Texas in Arlington believes that "much of our government has been reduced to crisis management." He believes a change must be made, but he does not advocate "a mega-planning agency."

He said:

What I do advocate is the creation of a small agency whose purpose would be to question any funding intensive or long-term program proposed by agencies or the executive or legislative branches. Long-term economic and long-term social impact as well as spill-over effects would be the focus of the agency. This would not be another layer of government to contend with; rather its purpose would simply be to make us aware of the likely repercussions of our alternatives so that better actions might be taken.

The President of Olney Savings Association, of Olney, Texas, is concerned that Federal programs for the cities "have had the effect of luring small town people to the cities -- and in many instances this influx of population has resulted in further burdens to the cities themselves."

At the same time, he noted, it has robbed the smaller towns and farm areas of young men and women who would otherwise be available to broaden the tax base of these areas. "We must seek methods to slow down this migration to the cities," he added.

He described a program "along these lines" recently tried in Texas, "and I can state without equivocation that the program has worked."

He explained: "We used Federal expertise and matching grant type programs to develop urban renewal programs and to seek out new industry and population."

The Mayor of Rio Hondo, Texas, said she did not have time to submit a formal statement to the Austin Forum, but she sent some press clippings which expressed her views.

According to press accounts, the Mayor believes the Community Development Act, administered by HUD, is "just the same old song." By that, she said she meant that small towns are again "left empty handed."

She explained, according to one newspaper account: ". . . after many cuts in the insufficient discretionary funds or leftovers from the Metropolitan areas, there is not enough left in the pot to justify the expense of further applications necessary to fight over it."

She added: "Rio Hondo, like most small towns, has realized that they are written out of these governmental funding programs and have to go it alone or die on the vine. For a number of years we have bought time by paying to make applications in order to extend our deadline another few months, only to find we have to invest more local funds in still another study in order to apply once more and extend the deadline again."

The Director of the Oklahoma State Legislative Council finds it "incredible that the states cannot directly propose amendments to the United States Constitution."

He added:

I have drafted a proposed amendment which will be introduced in the 1976 session of the Oklahoma Legislature in the form of a concurrent resolution asking the Congress to submit said proposed amendment. Essentially, the amendment provides that whenever two-thirds of the states propose a constitutional amendment, in identical form and language, said proposal must be submitted to the states for ratification. Whenever three-fourths of the states, either by legislative action or by a vote of the people through conventions, ratify the proposed amendment it then becomes an official amendment to the United States Constitution.

The Secretary-Treasurer of the Oklahoma State Building and Construction Trades Council expressed concern over the lack of consistency in enforcement of wage standards, OFCC regulations regarding minority participation programs, OSHA standards,

and apprenticeship standards on construction projects awarded by HEW, HUD, the Corps of Engineers, and the various military departments.

He believes that new programs instituted under these agencies through revenue sharing "have only compounded this problem."

He explained:

Where union contractors are involved on construction projects the building trades unions through their Business Agents are diligent to see wage standards, OFCC regulations, safety and apprentice programs are enforced as per their working agreements; however, non-union contractors are free to operate in almost any manner they choose. This lack of enforcement on non-union contractors gives them an unfair advantage on bidding work in competition with union contractors; hereby depriving our members of an opportunity to work on these projects.

As a possible solution to this problem, he said:

. . . we in the Building Trades Unions would proffer our services to aid in the policing of all federal funded projects both union and non-union.

The President of the League of Women Voters of Texas noted that, since 1949, the United States has had as a goal "a decent home for every American." She also noted that the Housing and Community Development Act redefined this goal: "Development of viable urban communities including decent housing and suitable living environment and expanding economic opportunities principally for those of low and moderate income."

But, she said, "we are far from that goal."

She is concerned that large amounts of community development funds are spent "on other eligible activities, such as public works, facilities, and site improvements."

She continued:

Section 8 of the Housing and Community Development Act of 1974 was to be the major federal housing program for lower income people, but HUD is inclined to withhold funds. Requirements are needed so emphasis is placed on new construction and major rehabilitation to provide a significant increase in the housing supply in this income range. We view housing construction as one of the more important ways for creating employment while at the same time meeting long-term housing needs in the nation.

The City Manager of Oklahoma City, Oklahoma, submitted a detailed paper on "Preserving Existing Investments in our Urban Areas." The major focus of his concern was housing.

He is concerned that HUD has placed "virtually no emphasis on the rehabilitation of existing units." He believes "there should be a balance between the emphasis on new housing and lengthening the effective life cycle of our existing housing stock."

He suggested that tax incentives applicable to new construction should be applied to the renovation of existing housing.

He provided detailed comments on two specific Federal programs in the conservation area. One, the 312 Rehabilitation Loan Program, he describes as "tenuous at best"; the other, Concentrated Code enforcement, he notes has been discontinued.

The Executive Director of Southwest Oklahoma Community Action Group, Inc., is concerned that the Administration may reduce Federal support for housing programs "when the need for a good housing program is greater than ever before."

He made the following recommendations concerning improving the administration of Federal programs related to housing:

1. That the intent of Congress be carried out in the Laws of the land. The Community Development and assisted Housing Act of 1974, which is the first major legislation providing special revenue sharing funds, calls for local units of Government either operating the section 8 family assistance program or designating the program operator. This is being ignored in the state of Oklahoma.
2. That there be a general simplified version of HUD. Minimum property standards allowing a greater flexibility in material use application and building practices more suited to local customs and resources. This would allow for lower cost construction for low-income people. I make reference to the Basic Homes Research Program now being administered by Battelle-Columbus Laboratories, Columbus, Ohio.

3. That the Administration take a hard stand on the control of Home mortgage interest rates. A reasonable limit would give new life to the Industry and homeownership within the reach of middle-income again.
  
4. That a greater effort be made by Federal agencies administering Housing Programs to cooperate with State and Local agencies, that already exist and have capabilities that would enhance the Federal program success. Housing development corporations sponsored by non-profit agencies have survived the moratorium and are still around struggling to help Americans who need better housing.

The President of Women Interested in Government Study submitted the following plan which she calls "so simple an answer to a partial solving of the housing situation (particularly as it relates to rehabilitation) as to be completely overlooked."

She explained her plan:

It would seem that were the City to be given a sum of money with no strings attached and allowed to purchase car-load lots of building materials (lumber, sheetrock, plumbing supplies, etc.) used in rehabilitation of homes according to the repair needs of each particular structure to bring it up to standard, and that there would be placed on the payroll of the program persons to do the actual work, and all of this to be drawn from one central control office at

NO COST TO THE POOR. This appears to get the job done at the minimum costs both to the City and to the Federal Government. The program would be under strict control of ONE (1) CENTRAL AGENCY with a minimum of time consuming paper work requiring a large office force to handle. An agency free from interference from manpower programs, EEO and Minority forums; with the program goal focused on a narrow view "HOUSING" period. This program could be tried on a small scale in a very low income, sub-standard area on owner homes and if successful could then be expanded. Even the trial run of this program could be less costly than some of the inovative programs either now in force or of past history. Make the only legal requirement a signature on a covenant not to sue (particularly in cases where the owner might think he is entitled to more than provided in repairs).

The former Mayor Pro Tem of Dallas expressed the concerns of minorities with regard to housing. He believes the problem should be given a high priority in the distribution of resources.

He said:

Housing, at an affordable price, continues to be a major problem in the minority community. The initiation of many housing subsidy programs have proven to be detrimental, rather than positive, in the Black community because of the lack of management assistance in

the area of finance. Redlining by lending agents has served to create blighted areas, and segregated housing practices have precluded many citizens from being able to relocate to many communities in the city.

The President of the Texas Housing Association submitted the following comments on "public housing."

The new leased housing program may be a success in that it allows LHA's to house extremely low income tenants in a totally subsidized program; thereby these tenants do not cause a financial burden on regular LHA operations. In some areas, the local developers have overbuilt apartments which are now vacant; therefore, the Section 8 program will enable said developers from facing foreclosure by participating in the program. It seems apparent that the Community Development Act of 1974 serves to assist the extremely poor and those business enterprises facing economic problems, but the building industry will not benefit from said programs as new construction has come to a halt. The Administration's viewpoint that Section 8 is the cure to all housing problems seems to ignore the success of many LHA's with traditional housing (i. e., El Paso, Texas, 1970 - 1974, 3000 new units of turnkey housing). I recommend, based on Section 8's track record, that traditional housing programs be reinstated and play a major role in the eradication of substandard, below par housing.

A Fort Worth businessman believes that "unnecessary and ridiculous regulations" placed on the housing industry by HUD have contributed "a great deal" to the shortages of housing. "This Department," he said, "will continue to increasingly put the squeeze on developers if permitted to continue their restrictive practices."

The President of Olney Savings Association in Olney, Texas, said that the housing industry "has been crippled by on-again, off-again programs and policies which with one hand propose to provide ample funds for home loans and with the other hand takes those funds away."

He discussed at length government policy with respect to savings deposit rate ceilings at banks and thrift institutions.

He concludes: "The Federal Government can certainly be more responsive to the needs of families seeking housing funds if it returns to its pre-1966 posture of recognizing the particular needs of the housing market, including the long-term, fixed rate mortgage."

The Executive Vice President of the Austin Association of Builders believes the President has the authority to do much to help provide the American public with decent housing.

He proposed:

1. Make the additional \$5 billion under Brooke-Cranston available as soon as the HUD Appropriations Act is signed and instituting the conventional multifamily program already authorized: a Presidential request for the additional \$5 billion authorized under Brooke-Cranston.

2. By reopening the GNMA tandem plan for FHA and VA multifamily, single family and condominium mortgages.
3. By simplifying the Section 8 program to make it operable, including developing a practical method of financing for new construction.
4. By asking Secretary Carla Hills to make guideline changes in the reactivation of the 235 Program so that all existing new homes not previously occupied would be eligible. Many such new homes are now in inventory and they will be virtually frozen unless such changes are made. Surely all FHA and VA constructed new homes that have an outstanding commitment should be eligible. Toc, 235 mortgage limits should be raised to make the program more workable.
5. It is hoped that the President will lend the good name of its office to support measures for tax credit and/or exclusions for both the saver and the savings institutions that invest funds in or for residential construction and residential mortgages.
6. Finally, it is hoped that the administration will lead the way in helping to establish home mortgage interest rates in the 7% range. This should enable literally hundreds of thousands more Americans to own a home of their own.

Finally, the President of the National Association of Home Builders suggested the following measures to be taken to reach "a goal of producing 1.8 million actual housing starts over the next 12 months:"

1. All government departments and agencies should adopt positive policies to accomplish goal of 1.8 million starts by eliminating unproductive processing delays and requirements.
2. The Administration using available housing funds to rapidly and efficiently move toward goal.
3. By encouraging pension funds and insurance companies to invest just an additional 2-3% of their assets in residential mortgages.
4. The money-managers taking the necessary steps to establish and maintain lower interest rates than currently prevail.
5. Fiscal policy should encourage increased productivity through the private sector; other spending should be curtailed.
6. Federal and local communities need to eliminate impediments to housing production by amending restrictive land use policies, subdivision regulations, and building codes that add costs without adding value to housing.

Several of those presenting their views at the Austin Forum appealed to the Federal government for a clarified transportation policy.

The Mayor of Dallas believes that the idea of revenue sharing should be carried forward in transportation public funding and that local governments should be allowed certain discretion in how the monies are to be allocated.

He supports the Federal government's continued funding for long range transit planning, short range implementation of innovative transit services, energy contingency planning, improved bus equipment, and other programs and projects that improve on existing transportation systems which were established as a result of a large public investment.

He said that the general approach that he would suggest in considering a mass transportation policy calls for:

- Minimizing "red tape" required in processing of grant applications. Allow for expanded discretion and flexibility in the administration of these grant monies.
- Establishing a separate and dedicated fund for supporting major transit improvement projects, in lieu of depleting the highway trust fund.
- Equitably distributing tax monies among our urban and rural areas. At the present time, the Federal gasoline tax is yielding nearly \$415 million from drivers in Texas, and yet Texas only received back \$.53

for every dollar collected for federally funded highway improvements, and

- Provides for maximum flexibility at the municipal level to determine priorities for urban transportation system expenditures.

An Austin City Councilman presented his views on transportation planning and program implementation at the local level.

He added several comments with regard to the role of the Federal government.

First, the formulation of a national transportation policy by the federal government is essential to the development of future transportation planning, evaluation and implementation. I commend Secretary Coleman on his recent statement to the U. S. Congress, which statement represents an excellent base upon which to structure and develop a cogent national policy.

Second, I would also like to express my approval of the shift from federal and state control to greater local control of transportation planning and program implementation. Such re-emphasis provides us with increased flexibility and enhances our ability to meet local needs with locally developed remedies.

Hand in hand with this change in emphasis and control goes the continuation of federal funding for local planning activities. As a point of fact, additional funding is essential if we are to continue to meet existing and ever-changing federal requirements.

Third, I believe that the federal government should encourage the separation of planning functions from those of program implementation.

Fourth, it is essential for the federal government to delineate, define, and coordinate the roles of its various transportation agencies. An increase in coordination based on definite areas of responsibility will greatly assist us at the local level while enhancing to plan and fund local projects.

He concluded by saying that future transportation policy "must be fluid enough to allow local governments to adapt to changing conditions."

The Mayor of El Paso, Texas, is concerned about the completion of highways in his city. He criticized "the state and Federal governments' lack of action." He added: "We urge the Federal government to complete unfinished commitments, especially those in partnership with local taxpayers who have fulfilled their share of the agreement."

The President of Rapides Parish Police Jury in Alexandria, Louisiana, notes that the Department of Transportation is making great strides in coordinating highway transportation while neglecting to coordinate rail, air and water transportation efforts.



"I feel," he said, "that the current Department of Transportation program which utilizes Local Transportation Policy Committee review for federally assisted highway and mass transit projects should be expanded to include Policy Committee review of rail, air and water transportation."

The Executive Director of Central Arkansas Development Council, Inc., would like to see U. S. policy "be one in which citizens in both rural and urban areas of the country be guaranteed access to transportation opportunity."

He wants to see a greater Federal effort to identify innovative and successful approaches to rural transportation problems.

The Chairman of the McKinley County, New Mexico, Board of Commissioners wants the Federal government to supply monies to help resolve jurisdictional disputes which have prevented the development of a coordinated transportation system in his region.

The Chairman of the Better Roads and Transportation Council submitted detailed testimony including recommendations regarding national highway and transportation programs. Primary among his suggestions is to "complete the Interstate System as soon as possible."

The Director of the Oklahoma Department of Highways cites "two existing concepts" of the Federal highway program which "must be revised" if the rural states are to construct a highway, road and street system adequate to support their economic potential.

They are:

First, steps must be taken to insure an increased level of funding from the Federal-aid Trust Fund for use on rural highway, road, and street transportation needs. This is the basic consideration which must be met. The other two bear directly on the achievement of the first.

The second factor concerns the elimination of the categorical programs now contained within the federal-aid structure. These categorical programs serve to limit flexibility of the use of federal funds by the individual states, and have the effect of imposing federal programming concepts and philosophies on the individual state's transportation efforts. It is proposed that categorical programs be completely eliminated, and that the apportionment be made to the various states as a "block grant" with the option being given to each of the states to use their apportioned funds in a manner best suited to serve their transportation needs -- whether they be construction of rural highways or the development and acquisition of rolling stock for a public transit system.

And he concluded:

While we have addressed primarily the need for an adequate rural highway and road system, we also sincerely believe that if this country is to continue



to improve the quality of life of its citizens, the federal government must reduce the onerous bureaucratic burden which now exerts itself on every facet of our activity, both public and private. An example of the magnitude of this burden can be found in the unbelievable amount of time and effort required to comply with the myriad of process guidelines surrounding the Federal-aid Highway Program. The average "lead-time" for a federal-aid project has increased during the past several years from two to five years, even more if detailed environmental assessment is required or if public park lands are involved.

Views presented to the Forum on water transportation generally coincided.

"I encourage our Federal transportation planners to seek innovative methods to speed up Federally financed port navigation projects," said the General Manager and Port Director of the Brownsville Navigation District in Brownsville, Texas.

The Executive Director of the Arkansas Waterways Commission stated that "it is very important to the economic survival of this country that you gentlemen, as members of the Executive Branch, recognize the value that water and its collateral uses will play toward insuring our future needs."

"Water transportation," said the President of Oklahoma Water, Inc., "plays a key role in the very industries most basic to economic growth and competitive strength." He believes the Federal government should provide incentives for the development of water transportation.

The Chairman of the Board of Frozen Food Express of Dallas, Texas, proposed a solution to the nation's transportation regulatory practices:

Since the Administration, the Council of Economic Advisors, the Department of Transportation, the Department of Justice, are neither buyers of transportation services or sellers of transportation services I suggest that they get on the sideline and let those of us in the transportation field come up with what legislation we feel is advisable and necessary to reform some of the regulatory practices and work toward a further improvement in our national transportation system. I suggest, therefore, that the shippers of the United States and the common carriers of the United States sit down together and work out reforms in the regulatory system, submit these reforms to the Congress as a unified approach to the solution of some of the regulatory problems.

The Manager of Southern Pacific Transportation Company, in Houston, Texas, believes that the role of the railroad will grow and can well serve the nation's future transportation needs. He said the "real crisis" in the railroad industry was "brought about by decades of outmoded transportation policy."

He discussed the issue of private ownership versus nationalized railroads.

He concluded:

My vote, of course, is for private ownership. I don't believe there is any significant number of people in Congress, government, labor, industry or general public who favor nationalization. It runs counter to the free enterprise system that has served us so well and the disadvantages are too great and too obvious.

There is optimism that Congress will act this session to correct some of the inequities and to provide avenues through which funds for rehabilitation and capital improvements may be obtained. My view is that Congress must act this session.

Given timely and effective action by the Congress, our privately operated railroads will efficiently and dependably serve the growing transportation needs of this area and the country.

Finally, the Chairman of the Board and Chief Executive Officer of Braniff International Airlines provided this recipe for air transportation:

1. Recognize the air transport system as an integral and important part of the public transportation system of the United States.
2. Go ahead with the airfare "zone of reasonableness" with a referee to keep one carrier from substantially harming another.

3. Put competitive carriers in single carrier markets and more competition in multi-carrier markets when it is timely to do so, then keep a close accounting on traffic flow in order to know when and where still more service is warranted.
4. Make timely decisions on all the pending route cases.
5. Award route authority on the basis of financial and marketing capability to provide the service rather than as a reward for financial losses.
6. Balance the concept of increased competition with the consumer need for greater air service in every American city, not just the large ones.
7. Don't allow artificial restraints to competition, such as capacity agreements.
8. Allow U. S. flag carriers to compete with foreign flag carriers with equal regulation, or equally with no regulation, in such important areas as travel agent commissions, landing fees, and inauguration of new international routes at the same time. In other words, stop giving foreign carriers special privileges not available to our own carriers.

9. Modernize the CAB's policies and procedures so that its members and staff will be up-to-date and its decisions will also be timed to changes in the marketplace.
10. Finally, get off your Washington chairs, if you are really interested in the welfare of air travelers, and come behind the scenes to get first-hand knowledge of what airlines do to provide the safety, on-time performance, reliability, comfort, service, and choice of flight departures which consumers must have.

On the question of education as a part of community building, the Texas State Deputy Commissioner for Administrative Services represented the Texas Education Agency. He submitted a statement for the Agency representing its views and concerns on the effect of Federal policies, practices, and funding on the State-Federal partnership in education.

The following are excerpts from that statement:

1. The Texas Education Agency is opposed to direct funding of school programs from the Office of Education and the National Institute of Education.
2. The Federal government has long maintained its concern for equal educational opportunity. Such opportunity has been equated with providing equal financial support for the school programs of every

child. However, actions by the Federal government preclude that condition from existing. Federal funds are actually bringing about disequalization of educational opportunity.

3. Another critical area has been the inconsistencies between Federal statute and regulation. Both OE and NIE often take legislation passed by Congress and write regulations which are far more restrictive and involve extensive red tape beyond the intent of Congress.
4. There are numerous programs aimed at the same population or at overlapping populations. Regulations are developed for each discreet program and in isolation from others. Such procedures cause difficulties in utilizing funds most effectively because of often conflicting regulations.
5. HEW auditors are sent out to audit various programs with little communication from various program offices.
6. A sixth concern is the unrealistic reporting requirements placed upon both State and local education agencies. It appears that some of the requested information has little practical purpose and may never be utilized.



7. A seventh practice resulting in less than optimum conditions is the shifting in national education priorities. The Texas Education Agency urges Federal agencies to consider establishing priorities on the basis of objective needs assessment and staying with these priorities for a period of time long enough for significant results to be accomplished.
8. A final concern is that the lack of certainty regarding continued funding of educational programs hinders appropriate planning and program continuity.

The Mayor of Tulsa described what he felt was an "unhappy situation" in that city's public schools resulting, he said, from a "bureaucratic interpretation of Congressional intent."

A vital part of Tulsa's voluntary desegregation program was the provision of supplemental math and reading instruction for students from minority schools who transfer to majority area schools, he explained. When HEW decided against the allocation of funds for this purpose, the city and School Board sought funding through the HUD Community Development Board Grant Program which, he said, "stipulates in P. L. 93-383 that education accruing to the benefit of residents of concentrated community development activities is an eligible activity for funding."

He continued:

It saddens me to report that today there is no program for special math and reading education support for those minority students that transferred to majority area schools voluntarily in Tulsa. The reason there is no program can be traced to a bureaucratic interpretation of Congressional intent which held, notwithstanding Public Law 93-383, that administrative interpretation by HUD lawyers and administrators would not permit us to spend our block grant entitlement funds for this important purpose.

We have had other experiences under "so-called" block grant programs such as the Comprehensive Education and Training Act, which while purporting to allow local decision-making and discretion, are no more than board shells within which middle levels of the federal bureaucracy are permitted to impose a narrow categorical approach to grants-in-aid through administrative fiat.

The Executive Vice President, Independent Colleges and Universities of Texas, Inc., submitted a statement regarding public policy toward the independent sector of higher education.

He noted that four commissions or task forces, including the President's Commission on Higher Education, have all recognized "the value of the independent sector and have expressed concern about the future of our dual system of higher education."



He continued:

An urgent need exists for the current administration and the Congress to address the vital question of how independent higher education is going to survive in America if public policy continues to create an ever-widening disparity in tuition charges and if the federal and state governments do not adopt a public policy of direct assistance to students who wish to pursue their goals of higher education in the independent sector.

If the federal government is convinced that the independent sector of higher education is essential to the well-being of the whole academy and of our larger society, it must be willing to adopt purposeful and appropriate public policies to assure the survival of the dual system.

**Critical Concerns**

## CRITICAL CONCERNS

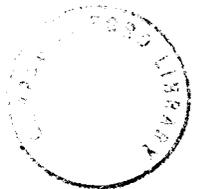
### Austin

In his testimony before the Austin Forum, the Mayor of Moore, Oklahoma, emphasized that "local officials must still move a mountain of Federal paperwork to produce a molehill of a project." His remark summarized the opinion of the majority of the participants. Process-oriented problems prevailed in this particular Forum. Witnesses described excessive and overlapping Federal regulations as being the principal obstacle to effective implementation of programs in all four of the subject areas -- economic growth, resource development, social policy, and community building.

Unemployment and inflation were the chief concerns. When discussing relief measures, the participants pointed to the "regulatory over-kill" that compounds the problem by thwarting business initiative and blocking productivity. Two specific targets of criticism were the Environmental Protection Act and the Occupational Safety and Health Act. Small business spokesmen attacked the combined regulatory pressure from OSHA, FTC, FDA, and SEC.

Lower interest rates were cited as a prerequisite to recovery in the construction industry. Many advocated controlled home mortgage rates as a stimulus for the depressed home ownership market.

In the area of resource development, heavy criticism was levelled both at the lack of a Federal energy policy and at excessive environmental controls. Witnesses claimed that the time lag caused by the processing and review of environmental impact statements hinders orderly construction projects, financing



plans, and provision of social services. The distinction must be made, said one witness, "between valid environmental concerns and obstructionist delays."

Many participants urged the removal of price controls on oil and natural gas at the wellhead. Witnesses who called for the development of new resources assailed environmental regulations that impede exploration.

In underlining the need for a comprehensive Federal energy policy, witnesses questioned the effectiveness of the overlapping state and Federal agencies that currently promote conservation. One witness presented a "partial" list of six Federal departments and agencies charged with coordinating energy conservation.

As to social policy, participants noted several areas in which efficient administration of existing programs would reduce costs and improve service delivery. It was suggested that escalating health costs could be checked by consolidating health care programs and coordinating the public and private sectors involved therein. Several speakers called for uniform eligibility standards in the food stamp, supplemental security income, AFDC, and Medicare programs in order to reduce error and minimize client confusion. One witness urged that an "operation paper chase" be conducted to streamline outdated health and welfare regulations.

With reference to community building, witnesses generally expressed approval of the Community Development Block Grant program and of Federal Revenue Sharing. Again, it was Federal-level restrictions on grant applications and program administration that caused concern, especially in the areas of housing and transportation.

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**PUBLIC FORUM ON DOMESTIC POLICY**

**Morning Session**

**Vice President Nelson A. Rockefeller**

**Presiding**

**Tiffany Ballroom, Hilton Inn, Austin**

- 9:00 am**      **Opening of Forum—James M. Cannon,**  
Assistant to the President and Executive Director of  
the Domestic Council  
**Welcome—The Honorable Dolph Briscoe,**  
Governor, State of Texas  
**Welcome—The Honorable Jeffrey Friedman,**  
Mayor, Austin, Texas  
**Introductions and Remarks**  
Vice President Nelson A. Rockefeller
- 9:30 am**      **Resource Development and the Environment**  
**Secretary Thomas S. Kleppe,**  
Department of the Interior  
**Witnesses:**  
The Honorable Dolph Briscoe,  
Governor, State of Texas  
Peter McDonald  
Chairman, The Navajo Nation,  
Window Rock, Arizona
- 10:05 am**      **Discussion**  
**Social Policy**  
**Secretary David Mathews**  
Department of Health, Education and Welfare  
**Witnesses:**  
Dr. Graciela Olivarez  
State Planning Officer, Santa Fe, New Mexico  
Dr. Milton Davis  
Dallas, Texas
- 10:40 am**      **Discussion**  
**Community Building**  
**Secretary William T. Coleman, Jr.**  
Department of Transportation  
**Witnesses:**  
Harding Lawrence  
Chairman of the Board and Chief Executive Officer,  
Braniff International, Dallas, Texas  
The Honorable Robert LaFortune  
Mayor, Tulsa, Oklahoma
- Discussion**



**11:15 am**      **Economic Recovery**  
**L. William Seidman\***  
Assistant to the President and Executive Director,  
Economic Policy Board

**Witnesses:**

**Harry Hubbard**  
President, Texas State AFL-CIO, Austin, Texas

**Elvis Mason**  
Vice Chairman of the Board, First International  
Bancshares, Inc., Dallas, Texas

**12:30 pm**      **General Discussion with audience participation**  
**Adjournment**

**Afternoon Sessions will begin at 2:00 pm**

**\*Unable to attend. Paul MacAvoy, Member, Council of  
Economic Advisors, added to panel.**

**Afternoon Sessions**

**RESOURCE DEVELOPMENT  
AND THE ENVIRONMENT**

**2:00 pm**      **Secretary Thomas S. Kleppe \***  
                  **Department of the Interior**

**ENERGY RESOURCE DEVELOPMENT**

**Witnesses:**

**Charles L. Steel**

Vice President, Arkansas Power and Light Company,  
Little Rock, Arkansas

**Phillip R. Grant**

State Representative, Albuquerque, New Mexico.

**T. L. Austin, Jr.**

Chairman of the Board, Texas Utilities, Dallas, Texas

**ENVIRONMENTAL PROTECTION**

**Witnesses:**

**Hugh C. Yantis, Jr.**

Executive Director, Texas Water Quality Board, Austin

**The Honorable Mario L. Webb**

Mayor, City of Farmington, New Mexico

**Charles R. Barden**

Executive Director, Texas Air Control Board, Austin,  
Texas

**Pearl L. Wincom**

Chairman, Environmental Quality Committee, Dallas  
County, Texas

**AGRICULTURAL RESOURCES**

**Witnesses:**

**Carrol Chaloupka**

President, Texas Farm Bureau Federation, Waco, Texas

**Paul Hitch**

Vice President, Hitch Ranches, Farms and Feedlots,  
Guyman, Oklahoma

**John C. White**

Commissioner of Agriculture, State of Texas, Austin

**5:00 pm**      **Adjournment**

**The audience will participate as time permits**

**\*Add J. Dawson Ahalt, Deputy Director, Office of  
Agricultural Economics, Department of Agriculture,  
to panel.**

### **ECONOMIC RECOVERY**

2:00 pm

**L. William Seidman \***  
Assistant to the President and Executive Director,  
Economic Policy Board

**Wilmer D. Mizell**  
Administrator, Economic Development Agency,  
Department of Commerce

### **CAPITAL REQUIREMENTS**

Witnesses:

**Leonard Brantley**  
CPA, Brantley, Spillar & Frazier, Fort Worth, Texas

**Robert Allen**  
Chairman of the Board, Gulf Resources and Chemical  
Corporation, Houston, Texas

### **JOBS AND UNEMPLOYMENT**

Witnesses:

**James Kellum**  
President, Delta Engineering & Sales, Inc., Grand  
Prairie, Texas

**C. Truett Smith**  
President, First State Bank, Wylie, Texas

**Gerald Brown**  
Executive Secretary, Texas State Building &  
Construction Trades Council, Austin, Texas

### **GOVERNMENT REGULATIONS**

Witnesses:

**Dave Fox**  
President, Fox & Jacobs Construction Company,  
Dallas, Texas

**Stoney Stubbs, Sr.**  
Chairman of the Board, Frozen Food Express, Dallas,  
Texas

**Dr. Pat Burr**  
Professor of Marketing, University of Texas,  
San Antonio

**Olin A. Lively**  
President, Luminator Division of Gulton Industries, Inc.,  
Plano, Texas

**John Warner \*\***  
President, Tyler Pipe Industries, Inc., Tyler, Texas

5:00 pm

**Adjournment**

The audience will participate as time permits

\* Replaced by Paul MacAvoy, Member, Council of  
Economic Advisors.

\*\* Unable to attend.

**COMMUNITY BUILDING**

**2:00 pm**

**Secretary William T. Coleman, Jr.**  
Department of Transportation

**Warren H. Butler**  
Deputy Assistant Secretary, Department of Housing  
and Urban Development

**TRANSPORTATION POLICY  
HIGHWAYS, RAIL, WATER**

**Witnesses:**

**Reagan Houston**

Chairman, Texas State Highway and Public Transporta-  
tion Commission, San Antonio

**Al Cisneros**

Port Director, Port of Brownsville, Texas

**D. R. Kirk**

Manager, Southern Pacific Transportation Company,  
Houston, Texas

**George R. Perkins**

Vice President, United Transportation Union, Houston,  
Texas

**URBAN AND RURAL TRANSIT**

**Witnesses:**

**The Honorable Wes Wise**

Mayor, City of Dallas, Texas

**Charles Cunningham**

Director, Central Arkansas Development Council,  
Benton

**The Honorable Don Henderson**

Mayor, City of El Paso, Texas

**Howard McMahon**

City Manager, Oklahoma City, Oklahoma

**5:00 pm**

**Adjournment**

**The audience will participate as time permits**

**2:00 pm**

**SOCIAL POLICY**

Secretary F. David Mathews  
Department of Health, Education and Welfare  
William Morrill  
Assistant Secretary, HEW  
Harry P. Cain  
Director of Planning, Public Health Service

**INCOME TRANSFER**

Witnesses:  
Dr. Beryl Radin  
Professor, LBJ School of Public Affairs, University of  
Texas, Austin, Texas  
Priscilla Engolia  
Louisiana Aging Services Bureau, New Orleans  
Patrick Flores \*  
Auxiliary Bishop, Archdiocese of San Antonio

**HEALTH COSTS AND DELIVERY**

Witnesses:  
Dr. Roger Bost  
Associate Dean, University of Arkansas Medical School,  
Little Rock  
O. Ray Hurst  
President, Texas Hospital Association, Austin, Texas  
Dr. William H. Stewart  
Director, Louisiana Health and Human Resources  
Administration, Baton Rouge  
Dr. Mario E. Ramirez  
Chief of Staff, Starr County, Hospital, Roma, Texas  
Paul Bernal  
Vice-Chairman, All-Indian Pueblo, Albuquerque, New  
Mexico

**EDUCATION**

Witnesses:  
Dr. Tom English\*  
President, Langston University, Langston, Oklahoma  
Dr. Lewis Morton, Jr.  
President, Central Texas College, Killeen, Texas  
Dr. Norman C. Francis\*  
President, Xavier University, New Orleans, Louisiana

**5:00 pm**

**Adjournment**

The audience will participate as time permits

\*Unable to attend.

AUSTIN FORUM PARTICIPANTS

The following is a listing of persons who contributed statements -- oral, written, or both -- to the Public Forum on Domestic Policy in Austin, Texas. The list includes invited witnesses and observers, and the general public.

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Dallas, Texas

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Texas State Highway and Public  
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Austin Association of Builders  
Austin, Texas

## **SOUTHWEST FEDERAL REGIONAL COUNCIL**

The Federal Regional Councils were established by Presidential Executive Order in 1972 for the purpose of coordinating Federal Domestic Programs on the regional level.

### **Members of the Southwest Federal Regional Council**

Department of Transportation - Ed Foreman, Chairman

Department of the Interior - Willard Lewis, Vice Chairman

Department of Housing and Urban Development -  
Richard L. Morgan

Law Enforcement Assistance Administration - J. Robert Grimes

Environmental Protection Agency - John C. White

Department of Health, Education & Welfare - Stuart W. Clarke

Community Services Administration - Ben T. Haney

Department of Agriculture - Martin Garber

Department of Labor - Paul W. Story

Federal Energy Administration - Delbert Fowler