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OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

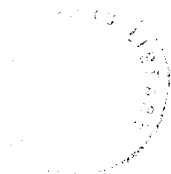
January 14, 1976

TO: Ron Nessen
FROM: Jack Veneman

A large, stylized handwritten signature in black ink, appearing to be 'J Veneman', is written over the name 'Jack Veneman' in the 'FROM:' line.

For your information.

Attachment



THE WHITE HOUSE

WASHINGTON

January 12, 1976

MEMORANDUM TO: Jack Veneman
FROM: Bill Selover
SUBJECT: Summary of Governors' Testimony at
the Public Forums

The following Governors appeared or submitted
statements at Public Forums:

Denver

Hon. Richard Lamm -- Governor, State of Colorado

Hon. Calvin Rampton -- Governor, State of Utah

Tampa

None

Austin

Hon. Dolph Briscoe -- Governor, State of Texas

Hon. Edwin Edwards -- Governor, State of Louisiana

Hon. David Pryor -- Governor, State of Arkansas

Philadelphia

Hon. Milton J. Shapp -- Governor, Commonwealth
of Pennsylvania

Hon. Brendan J. Byrne -- Governor, State of
New Jersey

Indianapolis

Hon. Otis R. Bowen, M.D. -- Governor, State of
Indiana

Los Angeles

Hon. Raul H. Castro -- Governor, State of California

Hon. George R. Ariyoshi -- Governor, State of Hawaii

Hon. Daniel J. Evans -- Governor, State of Washington

The following is a summary of their comments:

DENVER

The Governor of Colorado commented that the efficient delivery of governmental services can only be accomplished if "we. . .work together in the real meaning of a Federal-state partnership." His suggestions focused on this goal.

General Revenue Sharing

In addition to seeing that those most in need receive an equitable share of governmental services, we need to consider changes in our programs of Federal assistance to local governments so that money is used most effectively. And we need to impress upon you that we in this state are convinced that General Revenue Sharing is a vital and effective program. It is badly needed by every level of government. We will work hard to see that you understand the importance revenue sharing has to our local and state governments.

General Revenue Sharing is more than a money source. It is a philosophy. A philosophy that all Colorado priorities are not going to be set in Washington. It is a political science issue in how much we allow one level of government to dominate the other.

It is a trust issue -- we do trust the states and local governments enough to allow them to administer their own priorities.

While we are not on the brink of state bankruptcy, we, like the rest of the nation, are feeling the combined crunch of inflation and a significant decline in state revenues. It is important to this state to know that we can depend upon the continuation of revenue sharing to help us provide services to our citizens.

This state government and the local governments of this state have received a total of \$283,425,309 since the beginning of the General Revenue Sharing Program in 1972. Annually, this meant a total of \$65,345,701 for the past year and it means \$69.2 billion for the coming year. The cities and counties which receive revenue sharing money need to know that they can rely upon that source of income. Part of the frustration of the program has been the impending doom attached to revenue sharing's uncertain future.

The continuation of the General Revenue Sharing program has been so important to my administration and to the local governments in this state that we have banded together to form the Intergovernmental Council on Revenue Sharing and have involved representatives of state agencies, and universities, from city and county government, along with our State Legislature. Senator Fred Anderson, President of our state Senate, shares our concern and works closely with that Council. We want to show our congressional delegation and you that we are not squandering that Federal money. It is an important part of the budgets of our cities and we know that it is not being used to buy frills. . .

One of the difficulties is that even when we are in agreement with national objectives, it becomes impossible to carry out those programs effectively when someone in Washington tells how to best achieve that goal. The Federal concern should be that we work to achieve the national goal. How we as individual states or cities go about achieving that goal should be our own decision. Your restrictions and rules make our job more difficult. . .

Assistance to Local Government

In addition to our pressing concern with revenue sharing, we see the need for fundamental changes in Federal assistance to state and local government. . .

We suggest the following specific recommendations: 1. that Federal programs be consolidated; 2. that the concept of forward funding be implemented; 3. that funds be authorized for periods of longer than one year; 4. that there be coordination between the granting agency and the state clearinghouse.

Specifically, we ask that there be a realistic time period allowed for comments by the state. If the state is to do more than rubber stamp grant applications and if we are to both seriously coordinate Federally funded programs and be able to have input into such programs, we need at least a sixty-day review period.

Regional Cooperation

I would share with you one strategy which we in the West have found to be effective in dealing with the Federal Government. We have regional problems, particularly in the area of energy development, which are more than state problems. It has become valuable for us in the West to band together, to coordinate our position, and to attempt to present a unified front to the Federal Government. Through, for example, the Western Regional Energy Policy Council, the governors and staff of 10 states are working very hard to come to grips with the need for new energy development and with our individual concerns for our environment through the physical and socio-economic impacts of such development. We are also working together on the Federation of Rocky Mountain States. We intend to have a part in the discussions which affect our lives.

In addition, the Governor of Colorado expressed concern over the "overlapping, duplicated" Federal regulations that "complicate the lives of our state agencies." He suggested the consolidation of regulations and the establishment of a cross-referencing system in order to avoid overlap between agencies.

The Governor of Utah also addressed the issue of balancing Federal and State responsibilities. He noted that, "Just as a pilot who knows where the rocks are is the best person to bring a ship into port, locally-elected officials who know the territory are the best people to adopt rules for this community."

He called for policies that "recognize the legitimate interest in the Federal Government, and yet allow the states to take the latitude to respond to problems based upon their own unique situations, a specific example of which is the need for uniform law for the strip mining of coal under Federal leases. . . I believe the mining under Federal leases should conform to state mining law."

He continued:

In addition, the administration of the Federal standards, if they relate to Federal lands, ought to be under the state jurisdiction. The Federal Government should not attempt to prescribe the means by which a legislative Federal goal is achieved; each state should be allowed the flexibility to define its own procedures for reaching Federal objectives.

The population density of the coastal states present different situations than those faced by the states of the Rocky Mountain West. National legislation, or national administrative policies that ignore these very real differences would prevent these problems.

States in both regions, and even within a single region, have different problems. For example, Governor Lamm is concerned about the opening up of coal leases in his state. I favor the opening of coal leases immediately in the State of Utah, and yet neither one of us is less concerned than the other with the preservation of our environment.

The Governor described the "misuse" of environmental impact statements.

I applaud the necessity for environmental impact statements, but we're getting to the point in my opinion where they're being used not for the purpose of measuring accurately the environmental impact, but for the purpose of defeating a project by delay.

He cited the example of a five-year old impact statement process which is still pending on a major power plant proposed for southern Utah.

Nobody would deny in America that for one hundred years we've been fouling our nest, and it's time we clean it up and clean it out. But let's not destroy the nest in the meantime.

AUSTIN

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.

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 fossile 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 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.

PHILADELPHIA

The Governor of Pennsylvania proposed "a new approach to economic recovery," which, he said, "can be accomplished by mobilizing the tremendous resources of the public sector to stimulate the even larger resources of the private sector."

He noted that each dollar invested by government will trigger \$2.50 in follow-on investments by private industry -- with the combined \$3.50 resulting in an \$8 - 10 increase in GNP.

Planned public sector investments "to develop resources, people and transportation systems, to reclaim wasted land and to rebuild our cities," he said, "can power a full-scale revitalization of the national economy, generating millions of new jobs, and added income and wealth for all Americans."

He suggested reforming the National budget to do this. "We must change the budgeting system of the Federal government to conform to business practices," he said, "by separating operating costs of government from funds needed for making long term investments for which future yield can be accurately calculated."

Both the Governor of Pennsylvania and the Governor of New Jersey called for the Federal government to assume the total costs of welfare programs."

"The Federal government cannot ignore the plight of millions of our people who are on welfare and the unmanageable burden which welfare costs place on the states and local communities," stated the Governor of Pennsylvania.

". . .the only real solution to the welfare cost problem is Federalization of welfare programs," he said, "for only the Federal government has the tax base to afford these programs." He called on the Federal government "to assume the total costs of welfare programs."

Similarly, the Governor of New Jersey called for "Federal takeover" of social welfare programs, or "income maintenance" programs, as he preferred to term them.

He cited two reasons for calling for a "Federal takeover." First, he said, is the accidental or "happenstance" nature of the problem -- that is, the problem exists because of population migration trends, "not because of a good or bad governmental structure in that state." Second, "the problem tends to burden the urban areas of our country."

He described the following attributes which a Federal takeover should have:

I think they should have the attribute of uniformity. We should stop having people going from state to state bargain hunting. It should centralize the operation, so that first of all, all of the programs are under one roof and second of all, all of the programs are administered so that there are a check and a balance. . .

Another attribute that the federal program ought to have is that it not be insensitive so that it inhibits people and discourages them from going off an income maintenance program and into the private sector to earn a living or part of a living. It also should have the attribute of encouraging family stability and our welfare programs today unfortunately in some instances have an incentive to break up families, because of artificial eligibility requirements.

And finally, I think that it ought to have an attribute of flexibility. It ought to be able to respond to various needs and to respond in the best way to those needs. . .

The Governor of Pennsylvania said that the Federal government "must take on new responsibilities for education."

He added:

As long as the burden of education remains primarily on the shoulders of states and communities, and as long as its financing is dependent on the property tax -- which is unelastic and inequitable -- this Nation will continue to short-change our youth.

Education expenditures really represent an investment in the future of this nation. By increasing the quality of learning and providing greater job training to our children, we increase the productive ability of the economy in years to come.

Today, we try to pay for this long term investment out of current income. And when current income is strained, we reduce the investment in education. And yet, despite this reduction in support for education, the drain from property taxation is the main reason why many of our cities are in danger of going broke. They are trying to finance a long term investment to develop the education of our youth out of current income and in many cases the trained person moves out of the area so that there is no return to the community on this investment.

Real estate tax increases to recoup these losses then drive industry and the well-to-do people out of the cities, leaving behind a larger percentage of poor, untrained people and an increased welfare load.

It need not be that way. The alternative is to create a National Education Trust Fund (NETF) which would insure adequate funding for all education services.

Moreover, the NETF could be largely self-financing. Investments made today toward the training of a child would be repaid via a small surcharge on the Federal income tax when that person uses his or her training as a productive member of the labor force.

Thus the cost of educating tomorrow's workers and citizens would be paid back out of the economic return of that education by the person who benefits, and the present financial strain would be removed from home owners and industry.

INDIANAPOLIS

The Governor of Indiana said: "The creation of jobs -- employment that will stimulate the state's and nation's productivity -- is a priority in Indiana."

With respect to resource development, the Governor of Indiana was concerned that "Congress pays lip service to coal and then proceeds to enact questionable legislation further restricting its production."

And he said that the policies of the Environmental Protection Agency (EPA) "would appear to work against the use of coal, by permitting its application only on terms that would place an onerous burden upon the American consumer."

And he added:

If we are to move forward, we must have clear policy signals from Washington. If it is to be part of a national energy policy that we will utilize coal, then let the administrators, the regulators and the legislators give us a workable coal development policy. The same holds true for domestic production of petroleum, natural gas and nuclear power. If we are serious about designing energy efficiency into the American way of life, we need to get away from slick pamphlets and bumper stickers and bear down upon the fundamental economic and social issues involved. Will these needs be met through the normal processes, or through incentives, or through regulatory constraints? Until we know, our ability to proceed is badly hampered.

On the issue of health care, the Governor of Indiana said that leadership at all levels of government "has been challenged to find a way of making high quality care totally accessible and equitable in its delivery to all citizens."

He added:

In an effort to meet this challenge a proliferation of diversified Federal programs has resulted -- implemented by a large number of separate agencies. As a result of this phenomenon, management of the several Congressional intentions has become confused and, in fact, nearly impossible. This dilemma has been passed on to state and local government where program implementation is to take place.

In order to resolve the confusion that now reigns, to utilize both our public and private resources, and to make available the best health care system possible, I believe that immediately the Federal direction should be to consolidate the responsibility for all Federal health interests, activities and programs in a single agency.

The Governor of Indiana believes the Administration "should place a high priority upon simplifying the relationship between people and government and streamlining the relationships between different levels of government."

He added:

The existing structures and procedures, haphazard in their evolution and cumbersome in their workings, siphon off as overhead massive amounts of money which should find their way to the American people in the form of meaningful programs. The burdens of regulation, the inconsistencies of policy and the frequent shifts in rules and guidelines are a nightmare for our citizens, our businessmen and the lower levels of government.

This certainly is true of the broad range of social programs controlled at the Federal level. In the absence of cohesive administration and clear-cut goals, they are sinking under their own weight.

State and local officials have obtained interesting experiences in working with these programs and agencies and have a unique perspective to recommend improvements, if their federal counterparts are willing to listen and act.

He urged the Administration to "move quickly and with determination" to resolve the differences which have deadlocked Rail Reorganization legislation. "I cannot emphasize too strongly the need for prompt action," he said.

LOS ANGELES

The Governor of Washington State described himself as one of the nation's governors "who is faced daily with what has become the rather awesome task of standing eyeball to eyeball in the delivery of service to the people of my state."

And he elaborated:

This task of service delivery is too often complicated rather than assisted by federal efforts. What the people receive in terms of response to their needs is directly dependent upon our ability to deliver. We are too often faced with useless burdens of present broken-down federal categorical programs, proliferations of interrelated but separately administered programs that makes it practically impossible for states to do their jobs.

Categorical trends of confusion with federal programs are causing increasingly complex, inhuman, and inaccurate state administrative systems. We are faced with unclear and untimely overly restrictive federal regulation, unreasonable delegation of federal responsibilities, unnecessary interference in state administration, and federal legislation that often falls short of accomplishing its objective.

He said that there is too much "disincentive to work" in the present welfare system and "encouragement to stay on welfare."

And he cited figures to demonstrate his point. He also presented numerous examples of "untimely issuance of regulations in social programs.

He believes change is needed, and he expressed the conviction that "we can and must do better."

He believes that "the paramount issue of social policy facing the United States today is the development of a rational income maintenance strategy for the nation." He is convinced that the climate now exists for such a development.

He continued:

Because of my concern I have been working with the Human Resources Committee of the National Governors' Conference in an attempt to rethink the states' position on welfare reform and to generate new efforts in this vital area. As a first step I circulated a questionnaire to determine the views of the various Governors. While results are still being analyzed and work on policy is continuing, there does appear to be an emerging consensus in support of:

- a single need-related welfare program expanded to include all families
- cash grants for all needs
- national payment standards with regional variations
- state administration possible under a block grant
- a cooperative review of welfare regulations

- modifications of the quality control program
- full federal financing of welfare and medicaid but not of social services

As Governors, we are attempting to avoid a simplistic solution. We are committed to a more thorough examination of the basic social policy issues in income maintenance.

He believes that a wide range of interested groups must provide input as the country moves toward a national consensus on this issue.

And, he concluded:

I recommend that the Administration move quickly to propose new welfare reform legislation which can serve as the basis for a rational discussion of welfare policy issues on a national level. Administration action is needed to provide a stimulus to, and a focus for, this national problem. Such a proposal should address itself, at a minimum to the following concepts:

- a national payment and eligibility standards
- a broader and more effective system of coverage
- a rational administrative system
- workable incentives for employment
- fiscal relief for state and local governments

The decisions that will be made on a national income maintenance policy will be of profound importance. They will affect our economic and social well being as a nation and substantially color the relationships among the various levels of government as well as government's relationships with its citizens. We have the opportunity to restructure the system in such a way as to provide for minimal needs on an equitable basis, to encourage self-sufficiency and to restore a measure of pride and self respect to those of our population who are forced to rely upon these programs.

The Governor of Hawaii estimated that 95 percent of his state's citizens are covered by some sort of health insurance plan, including those under the state's pre-paid health care law, the first of its kind in the nation.

Therefore, he does not feel that national health insurance "will result in benefits much beyond what most people already have."

He recommends that other states be encouraged to adopt a plan similar to the Hawaii plan.

But he added:

If a national health insurance plan is enacted, one which is comprehensive, including preventive care, is preferred by Hawaii. However, it is our feeling that any national or state-sponsored health insurance program should be administered by a public agency which will be responsible for running the program through privately operated insurance carriers. The state will be responsible

for monitoring the program and assuring a high level of service. The rest of the program should be run by the private sector. This is in line with the State's current method of administering its Prepayment Health Insurance Law.

He said he has strong feelings about P.L. 93-641, the National Health Planning and Resources Development Act. He explained:

Another matter on which I have strong feelings is P.L. 93-641, the National Health Planning and Resources Development Act. In general, I look with strong reservations upon the vesting of control of future health planning and development in private non-profit corporations which are not accountable to State administration and the electorate. Moreover, I see no reason for establishing both a State agency and a separate Health Systems Agency in a state with a single statewide health service area such as Hawaii. This will not only result in unnecessary and costly duplication and overlapping of functions and responsibilities but will shift control of state health programs to the Health Systems Agency.

He also added the following recommendations:

The Federal government should continue to conduct or support research on medical and health care economics. It should also provide technical leadership to various health programs of state and local governments.

As a means of assuring better quality of health care, the necessity of relicensure of doctors and other health professionals should be pursued. Hawaii would like to see active Federal leadership and financial assistance in the development of continuing education programs to aid relicensure.

An area of increasing concern to Hawaii's Department of Health is the practice of Federal agencies in promulgating rules and regulations which are either overlapping (among various related programs) or which are enforced without regard to the special needs and problems of the individual states and localities.

The Governor of Arizona expressed concern with Federal regulations which impact upon agriculture and industrial resource development within state jurisdictions.

Too often, Federal regulations are promulgated for nationwide enforcement before adequate analysis is made of unique economic, cultural, and physiographic conditions within the states and regions subject to regulation. The Environmental Protection Agency is frequently subject to this criticism, but it can be made of other Federal agencies as well.

The Office of Economic Planning and Development suggests that Federal agencies such as the Department of the Interior should take positive steps to assure the state agencies are consulted when Environmental Impact Statements are prepared by Federal agencies, even though the projects may be in neighboring states.

And the Governor of Arizona suggested that "it should be an established policy and practice at the Federal level to fully inform the State of Arizona of proposed and existing plans and programs affecting the Indian reservations within Arizona. Indian reservations, no less than other governmental units, should be required to use the coordinative services of the A-95 Clearinghouse Process."

He believes this could lead to laws, regulations, and policies governing programs and services for Indian reservations being "more effectively applied, with greater efficiency in services."

The Governor of Arizona presented a detailed analysis of housing needs which recommended that Section 8 of the Housing and Community Act be streamlined "so that red-tape and delays are minimized." It was also urged that there be governmental support for "congregate housing" for the elderly and infirm. "Immediate steps should be taken to amend Section 202 of the Housing and Community Development Act of 1974 to remove the 10 percent ceiling on contracts for congregate housing units."

Finally, a background paper presented to the Forum by the Arizona Governor, noted that the Federal Government "must do more to encourage balanced economic growth and population settlement throughout the nation."

According to the paper, "The President and Congress should assure adequate funding for the Rural Development Act and the Comprehensive Planning Assistance Program, rather than cutting the funds allocated to these essential programs."




RH
~~THIS IS ON~~
~~YOUR BOOKSHELF~~

OFFICE OF THE VICE PRESIDENT
WASHINGTON

February 12, 1976

MEMORANDUM FOR: RONALD H. NESSEN

FROM: JOHN G. VENEMAN 
Counselor to the Vice President

SUBJECT: Report to the President on the
Public Forums on Domestic Policy

Attached is a copy of the Report to the President on the Public Forums on Domestic Policy, conducted by the Domestic Council this past fall under the chairmanship of the Vice President.

This document includes carefully documented, objective summaries of the ideas, criticisms and recommendations from each of the six Public Forums. Also included is a "Summary of Findings," which summarizes the critical concerns that were consistently expressed throughout the hearings process.

We believe the material in this report reflects an accurate view of the concerns and views of many Americans, and I think you will find this helpful as you study and review programs and policies under your jurisdiction.

If you would like additional copies of the report, please let me know.

Attachment