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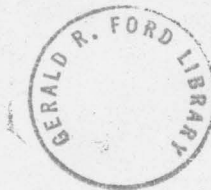
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ENERGY

PROPOSAL: To develop a new organizational structure which would consolidate current Federal energy functions and related activities.

DESCRIPTION: Energy tasks and functions within the Federal government are presently dispersed among a number of agencies. Issues related to national energy policy, energy research and development, regulatory policies, natural resources, transportation, international energy policy, etc., under current law, primarily involve the Federal Energy Administration, the Energy Research and Development Administration, the Federal Power Commission, the Nuclear Regulatory Commission, portions of the Department of the Interior, Department of Transportation, Department of State, and the Energy Resources Council. The importance of a comprehensive national energy policy for the Nation dictates the consideration of reorganization and consolidation of these energy functions.

ARGUMENTS:

PRO:

1. The fragmented governmental energy and natural resources structure currently in operation calls for central leadership and consolidation to meet the energy needs of the Nation.
2. While the crisis nature of the Arab embargo called for the expeditious actions of a few new agencies, overlap and duplication will only grow over time.
3. Present decentralization has led to occasional conflicts within the Administration in response to energy policy considerations.
4. New initiative for President to indicate his concern.

CON

1. The Administration's energy record has been adequately served by the present organizational arrangement with leadership in the hands of the Energy Resources Council.
2. More uncertainty for personnel at a time when they should be concentrating on implementation of important programs.

3. Shifts emphasis away from more important substantive legislation.

POSSIBLE IMPACT

FISCAL

Once initial logistics problems are resolved, consolidation could produce a savings in manpower and dollars as redundancies in the current agencies' structure are eliminated.

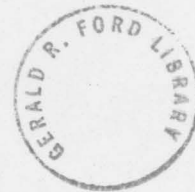
OTHER

One agency would have overall responsibility for dealing with energy.

Major Congressional jurisdictional problems and disputes.

RESPONSIBILITY FOR DEVELOPMENT

This reorganizational study will be jointly undertaken by the Energy Resources Council and the Office of Management and Budget with the assistance and participation of the affected agencies.



PROPOSAL: Demonstrate technology and Encourage creation of an industry to reprocess Nuclear Fuel (Recover and recycle uranium and plutonium)

DESCRIPTION:

The U.S. does not now have commercial facilities for reprocessing nuclear fuel from nuclear power plants -- to recover the valuable plutonium and unused uranium. Recovery of these materials is important economically and from the standpoint of getting maximum benefit from available domestic energy resources.

Reprocessing has been regarded as a responsibility of industry (not the Government) but delays have forced reopening the question of whether some Government action is needed.

Delays are due to:

- Absence of NRC approval of recycling which must await resolution of safety and safeguards issues.
- Demonstrating technology for some aspects of reprocessing, waste handling, storage, and safeguards.

ERDA has invited suggestions from industry on actions that might be taken to remove obstacles. This request contemplated development in late summer or early fall this year of a proposal for the Government assisting in some way to remove obstacles.

The nature of the proposal is not yet clear but could involve:

- An approach similar to that taken in the case of uranium enrichment (NFAA);
- Cost sharing in technology demonstration; and/or
- Loan guarantees, etc.

ARGUMENTS

PRO - Resolution of questions about reprocessing is critical to the future of nuclear power. Some Federal Government decisions are necessary -- even if it is to leave area (except for regulation) entirely to industry.

CON - There could be adverse budget impact (though this was recognized in the 1977 Budget process and was considered



setting in the allowance for contingencies in the President's 1977 Budget). Federal involvement should be approached carefully to preserve the policy that primary responsibility rests with industry.

POSSIBLE IMPACT

Fiscal and Other

- Federal R&D or financial assistance may be involved.

Responsibility

- ERDA will develop proposal for review by ERC, OMB and Domestic Council.

PROPOSAL: Extended Coal Conversion Authority

DESCRIPTION: Under the provisions of the Energy Supply and Environmental Coordination Act of 1974 and amendments thereto, FEA may require that any powerplant or other major fuel burning installation (MFBI) in the early planning process be designed and constructed so as to be capable of using coal as its primary energy source. The purpose of this authority is to conserve oil and natural gas for use in other energy sectors where alternative fuels cannot readily be utilized. Conversion authority for new utility boilers and MFBI's is subject to a determination that reliability will not be impaired and adequate and reliable coal supplies will be available.

The authority to issue orders expires on June 30, 1977. To continue discouraging oil and natural gas use in boilers and to do so more effectively, consideration should be given to obtaining new authorities which would preclude any oil or gas use rather than be discretionary, but allow FEA to issue permits to utilities and other users planning to install boilers which would use oil or natural gas on an exception basis.

ARGUMENTS

PRO

- Reaches total universe with mandatory requirement.
- Could have larger oil and gas savings than now applicable under current ESECA authority
- Could provide important psychological commitment to increased coal production and use.

CON

- Potentially larger bureaucracy may be required than that now in place.
- May be perceived as a more pervasive regulatory approach.
- May not save all that much more oil.



POSSIBLE IMPACT

FISCAL AND OTHER

- Some impact to the extent that an increased bureaucracy is created.

RESPONSIBILITY FOR DEVELOPMENT

The Federal Energy Administration will continue to examine the increased savings possible under this approach and review it with the ERC.

PROPOSAL: New Conservation Initiative

DESCRIPTION: There is currently a bill (S. 2932) before the Senate Commerce Committee which would provide tax incentives, loan subsidies and obligation guarantees for increased conservation in the commercial, residential and industrial sectors. Most of these proposals have either already been addressed by previous Administration proposals (i.e., residential tax credit, weatherization program, State energy conservation programs) or constitute small energy savings (i.e., small business loan subsidies). However, there is a provision for providing financial incentives to industrial firms and other large institutions through Federal obligation loan guarantees for permanent energy savings investment in well established technologies. This particular approach to conservation has not previously been initiated or embraced by the Administration, but should be considered as an initiative because the estimated incremental savings from this temporary program (1977 - 1980) range from 350,000 to 500,000 barrels per day for the life of the investment undertaken. It should be noted that similar loans might be available through the Energy Independence Authority for innovative conservation technology (e.g., waste heat recovery, power recovery turbines, solar units) but the intent of S. 2932 is much broader. Consideration would have to be given to an excise tax to recoup the revenue losses associated with defaults of loans.

ARGUMENTS

PRO

- A new initiative in this area would demonstrate continuing high level commitment to the concept of conservation at a time when public perceptions are still that the Administration does not have a strong conservation program.
- Could ultimately lead to a workable method of stimulating accelerated investments in energy efficiency by industry and other large institutions.

CON

- It is likely that data could quickly be developed to make a iron clad demonstration of the energy impact of the loan guarantee program.

- It is presently unlikely that Senators Kennedy (sponsor) and Long (Finance Committee) will cooperate on this type of a proposal.
- The excise tax feature would be unpopular and if deleted, could result in a bill with possibly significant budget impacts.

POSSIBLE IMPACT

FISCAL AND OTHER:

- Task of estimating default rate is difficult at this time without further analysis, but could reach several hundred million dollars over the life of the program.

RESPONSIBILITY FOR DEVELOPMENT

The Federal Energy Administration will work with the Department of Treasury and ERDA to complete analysis on this approach before submitting a paper for Presidential review and recommendation.

NATURAL
RESOURCES /
ENVIRONMENT

PROPOSAL

Introduce legislation affording Federal loan guarantees for municipal solid waste disposal systems.

DESCRIPTION

Legislation would afford Federal loan guarantees to municipalities for untried solid waste disposal systems embodying resource recovery systems and energy conversion technology.

ARGUMENTS

Pro:

- Would stimulate advancement in technology in municipal garbage disposal systems
- Would be extremely popular with local governments
- Would address a major problem of State and local governments (roughly 50 percent of the municipalities will run out of land-fill sites in five-eight years)

Con:

- Would intrude Federal Government into traditional area of local responsibility
- Could result in political squabble to determine eligibility criteria
- Adds new cost to Federal budget

POSSIBLE IMPACT

Fiscal

A Federal exposure of \$200-300 million could be expected, with a possible Federal cost of 25-30 percent of the exposure.



PROPOSAL: Introduce national beverage container deposit legislation.

DESCRIPTION: Legislation would require that all beverage containers carry a five-cent deposit to be reimbursed to the purchaser upon return of the container. This would encourage heavy glass containers which could be reused and reduce the demand on aluminum and other metal containers. Legislation would call for a ten-year phase-in period.

ARGUMENTS:

Pro:

- Energy savings from metal can manufacturing could be the equivalent of 100,000 barrels of oil per day.
- Some estimates of employment effects suggest a 25,000 job increase.
- After a short period, consumer prices could be reduced.
- Litter and solid waste problems decrease.

Con:

- Not enough study has been made to offer firm projections on prices and employment.
- Bottle and can industry claims the disruptive effect would be fatal.
- Whatever net employment gains or losses would occur, there would be a shift from higher to lower paying jobs.
- Legislation would be counter to the President's stated desire for less government interference in free market.



POSSIBLE IMPACT

Fiscal

- There is no significant government cost in the legislation

RESPONSIBILITY FOR DEVELOPMENT: Domestic Council and
OMB co-lead with interagency group (FEA, EPA, EPB, Commerce)

PROPOSAL

Introduce legislation earmarking \$100 million per year for five years from OCS lease income to National Parks O&M.

DESCRIPTION

In addition to regular allocations, the National Park System will receive \$500 million over a five-year period specifically provided to rehabilitate and improve existing parks and facilities. The moneys will be provided from OCS sales.

ARGUMENTS

Pro:

- Will provide much needed repairs and maintenance for the park facilities that are being increasingly over-burdened by growing visitations.
- Is a highly visible action that should be popularly perceived.

Con:

- Coastal States may feel more moneys should go to them for impact assistance.
- Could be argued against in terms of programmatic priorities.

POSSIBLE IMPACT

Fiscal

Will add \$100,000,000 per year to current projected budgets.

RESPONSIBILITY FOR DEVELOPMENT

Department of the Interior

GWH
Domestic Council 5-19-76

HEALTH

Federal Health Strategy

DESCRIPTION

A Federal Health Strategy should be developed to define the federal role in health and medical care delivery. The current debate focuses only on financing and access to medical care services without any clear plan for what should be provided, by whom, and finally, a delivery mechanism. These questions regarding the framework for a national health policy, and an appropriate federal role must be answered prior to the enactment of any form of NHI.

ARGUMENTS

Pro

This would establish a new policy making context for health and a fresh approach to the development of policy alternatives to the nation's medical care cost and availability crisis.

Con

Vested interest groups, in both the public and private sectors, may resist clearly defined roles and the establishment of a national health policy.

POSSIBLE IMPACT

Fiscal

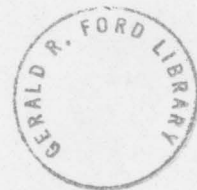
Favorable; with a defined Federal role, resource allocation decisions and program justification could be more effectively made.

Other

Resource allocation in the health system in general would be favorably affected.

RESPONSIBILITY FOR DEVELOPMENT

The Domestic Council



SCJ
Domestic Council
5/18/76

National Health Insurance Planning

DESCRIPTION

National Health Insurance planning should be undertaken, in conjunction with developing a Federal Health Strategy to gather data and present the potential effects of various approaches so that rational decision making can take place at the appropriate time.

ARGUMENTS

Pro

Although the Administration has taken the position that cost considerations preclude the enactment of any form of NHI, it is obvious that this issue will continue to be actively considered by the Congress. The Administration needs to have current information in order to make effective policy decisions in this debate.

Con

None

POSSIBLE IMPACT

Fiscal

Collection of basic data on which to base NHI policy decisions will lead to better cost projections and program decisions, including current efforts.

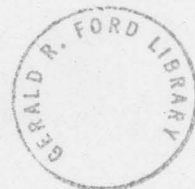
Other

Give a positive aspect to the negative NHI position taken by the Administration.

RESPONSIBILITY FOR DEVELOPMENT

The Department of Health, Education and Welfare

SCJ
Domestic Council
5/19/76



Health Cost Control Alternatives

DESCRIPTION

A series of alternatives should be implemented to control health costs. A range of efforts should be considered: less costly delivery alternatives; appropriate use of manpower, facilities, and services; alternative reimbursement systems; alternative reimbursement incentives; and further review of cost control mechanisms.

ARGUMENTS

Pro

Cost is the single most important and visible concern in today's individual care debate. The Administration should demonstrate its concern on a broader basis than only caps on federal programs. It is important to find economic alternatives in medical care supply and demand as well as encourage appropriate use of the health care system.

Con

Resistance by vested interest groups to Federal intervention or direction.

POSSIBLE IMPACT

Fiscal

Control medical care costs.

Other

Further define appropriate use of the delivery system and encourage effective and economic initiatives.

RESPONSIBILITY FOR DEVELOPMENT

The Department of Health, Education and Welfare

SCJ
Domestic Council
5/18/76

Long Term Care Financing

DESCRIPTION

Currently Medicare and Medicaid spend roughly \$4 billion for long term care services, mostly in nursing homes. While it is generally agreed that considerable savings can be accomplished in these expenditures through a more liberal use of home health services and other types of long term care, both Medicare and Medicaid have been reluctant to expand those benefits for fear that they would generate new demands for services which would more than offset the expected savings. Furthermore, artificialities have been introduced, and costs increased, by funding essentially a social program -- e.g., for aged persons who need special housing arrangements or assistance in eating, bathing, etc. -- under the guise of a medical program.

The proposed long term care initiative is designed to address this issue by providing State and local governments with the needed flexibility to tailor long term care services to the needs of the patient and put a fixed upper limit on the size of each agency's budget. Thus, it is hoped the expected savings of deinstitutionalization can be realized without creating an open-ended program for home health services or other services that can substitute for institutionalization.

Under the proposal, the long term care component of Medicaid, which represents over 40 percent of the Medicaid dollar, would be replaced by a grant-in-aid program that would be channeled through States to agencies controlled by local government. The community agency would be responsible for coordinating and assuring the delivery of a comprehensive range of services and would contract with private providers as appropriate. Funds would be used for social as well as medical services, including providing living arrangements for persons who need supervision and assistance but not continuing medical care (something many nursing homes do now under the guise of a medical benefit).

ARGUMENTS

Pro

- A proposal that would begin to address the long term care needs of the population, particularly for aged, will be widely applauded.
- Greater incentives would be created for alternatives to institutionalization, and the artificial divisions between the medical and other human assistance programs would be significantly reduced.



- The at times heavy handed Federal role in administering the Medicaid long term care benefit -- e.g., by establishing standards for, and regulating, nursing homes would be eliminated. This role is necessitated by the open-ended nature of the Medicaid program.
- Future-year budget control would be facilitated.

Con

- The program would entail modification of the Administration's health block grant proposal.
- Some will criticize the initiative, as they have the block grant proposal, as surrendering too much control to State and local governments or as abdicating Federal responsibility.
- As with the block grant proposal, States will have the concern that, with future Federal budgetary increases limited, they will be left with an open-ended liability, which must be financed with 100 percent non-Federal money.

POSSIBLE IMPACT

Fiscal

Most of the funds would come from a restructuring of the Medicaid program. However, for the program to be salable, it will probably require an initial sweetener of, say, \$100 million-\$500 million. Given rapidly rising Medicaid costs, the proposal would save Federal funds in the long run, even with a feature that would allow for automatic future increases of, say 5 percent, as in the block grant.

RESPONSIBILITY FOR DEVELOPMENT

The Department of Health, Education and Welfare



SCJ
Domestic Council
5/18/76

Health Awareness Promotion Program

DESCRIPTION

A Health Awareness Promotion Program should be implemented to inform the public about the determinants of health, preventive measures, how to purchase most effectively medical care coverage, and how to use the medical care delivery system. There is a socially accepted attitude toward the consumption of medical services as the key to better health. This attitude -- reinforced by government programs, insurance mechanisms, and health professionals -- is the main cause of the cost and availability crisis in American medicine.

ARGUMENTS

Pro

The President is the best example of living a healthful lifestyle. His physical activity, coupled with healthful personal habits are a model for all Americans.

Con

The benefits of this type of program are long range and often the programs considered too soft and not clearly defined.

POSSIBLE IMPACT

Fiscal

Reduce expensive medical intervention by disease prevention and appropriate use of the medical care system.

Other

Define the limits of medicine and personal responsibility for health.

RESPONSIBILITY FOR DEVELOPMENT

The Department of Health, Education and Welfare

SCJ
Domestic Council
5/18/76

Comprehensive Children's Health Project

DESCRIPTION

A comprehensive Children's Health Project should be initiated to invest in a healthful future for the nation through the living resource of its youth. Like the aged, the young present special requirements and needs, that effectively dealt with, can save hundred of thousands of dollars in future costs to the nation and the society. Activities should include: prenatal care, nutrition, disease prevention (a government initiative to provide all inoculations should be strongly considered), health education, and adolescent health.

ARGUMENTS

Pro

The pay off in terms of health prevention, promotion, and awareness is highest in the youngest age groups, especially with straight forward programs, such as inoculations, which have a direct pay off in terms of cost savings for treatment. It would be extremely popular.

Con

This requires a new program initiative and increased funding with a long range pay off.

POSSIBLE IMPACT

Fiscal

Requires initial funding increases, but long term pay off in terms of reduced medical costs.

Other

Better understanding in future generations about the determinants of good health.

RESPONSIBILITY FOR DEVELOPMENT

The Department of Health, Education and Welfare

SCJ
Domestic Council
5/18/76

EDUCATION

PROPOSAL: Take the lead in calling for a positive reassessment of FEDERAL ROLE IN AID TO HIGHER EDUCATION.

DESCRIPTION:

For the last several years the Administration has proposed a combination of reduced funding and program redesign among the several grant, loan, work-study and direct institutional assistance programs. The Congress has consistently opted for increased spending and has ignored redesign efforts.

This initiative is premised on the assumption that increased Congressional appropriations are inevitable, that there is an appropriate Federal function in providing aid to higher education, and that the only way to get program redesign is to ease some of the battles over funding levels.

The initiative could go beyond a redesign of existing programs. It could look into tax credit possibilities for greater assistance to middle class families and it could include the impact of NSF grants and basic research funds as a means of support for the higher education community. It could also deal with minimizing the impact of Federal regulations on higher education.

There is little consensus in the higher education community on anything other than the need to fight Administration spending level requests. If we can change the nature of the dialogue, we may force the community to begin to address the difficult question of how to allocate resources.

The initiative could include the President meeting with representatives of the higher education groups, reaffirming his commitment to diversity, indicating support for somewhat higher recommended funding levels, and asking for recommendations for allocation of resources within a given level of funding.

ARGUMENTS

Pro:

- ... Help to erase erroneous perception that Administration is anti-education.
- ... Would give the Administration more impact on shape of Federal aid to higher education.
- ... Would increase the reality of both "choice" and "access" as a result of Federal assistance.



Con:

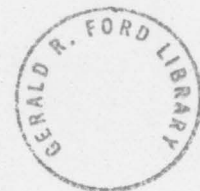
- ... Pressure will increase to allot even more to higher education programs.
- ... With finite resources there is no way to make everyone happy.

POSSIBLE IMPACT

Hopefully, the impact would be to take the initiative from the Congress and give us some semblance of control over the final program mix. On the fiscal side, we would raise our budget projections but, in reality, would not be spending any more money than the process already requires.

RESPONSIBILITY FOR DEVELOPMENT

HEW, Domestic Council and OMB would all have to be involved. Depending on the scope of the effect, Treasury, NSF, DOL and others might also be involved.



DHL/DC
5/18/76

INCOME
ASSISTANCE

SOCIAL SECURITY

PROPOSAL: To universalize Social Security coverage.

DESCRIPTION:

Require that all persons in the labor force participate in the Social Security system.

Under current law, state and local governments and non-profit organizations have the legal option of participating in Social Security. Federal employees are not covered by Social Security. Currently, approximately 10% of the nation's work-force is not covered by Social Security.

Optional coverage to state and local governments sometimes creates undesirable incentives for employee groups to drop coverage. Non-coverage of public employee groups permits individuals to retire from public employment and earn separate Social Security coverage. Such minimum coverage is heavily weighted in favor of this individual (in terms of return on contributions) and gives him an unfair advantage relative to the remainder of the population.

ARGUMENTS

Pro:

- Makes a "universal" system truly universal.
- Eliminates unfair advantage held by previously uncovered public employees.
- Eliminates incentives for covered public employees to withdraw from the system.
- Improves (modestly) the financial strength of the system.

Con:

- May not be constitutional (minimum wage case before Supreme Court may provide precedent).
- May be fought by state/local governments (although organized labor would probably support it).



POSSIBLE IMPACT

Fiscal:

Would increase revenues to Social Security system with virtually no near-term outlays. Over the long term it would remove a fiscal threat to the system and improve its fiscal condition to a modest, relative degree.

RESPONSIBILITY FOR DEVELOPMENT

Domestic Council with OMB, HEW, Treasury, and Labor (after the Supreme Court decision on minimum wage).



WAM/DC
5-18-76

PROPOSAL: To modify the "retirement test" applied to Social Security benefits.

DESCRIPTION:

Provide a 3% increase in Social Security benefits for each year in which a person is employed in covered employment beyond the age of 65 (to age 72).

Current law provides a 1% increase in benefits for each additional year worked to age 72. The reason for this is that to receive full Social Security benefits, a person must be "retired." As an individual's earned income increases, his Social Security benefits are gradually reduced. This provision has been attacked for the disincentive it creates for productive employment.

This proposal is offered in an effort to mitigate the employment disincentives and related inequities in current law. Alternative means to achieve a similar result would be to increase the level of "forgiven" income or to modify the rate at which benefits are reduced per dollar earned.

ARGUMENTS

Pro:

- Would replace work disincentives under current law, with stronger incentive for continued employment.
- Would be more understandable to a public which does not comprehend differential treatment of earned and unearned income.
- Would result in increased labor productivity, income taxes, and Social Security payments.

Con:

- Could cost \$200-400 million (excluding offsets).

POSSIBLE IMPACT

Fiscal

\$200-400 million (excluding offsets which could reduce these figures significantly).

RESPONSIBILITY FOR DEVELOPMENT

Domestic Council, OMB, and HEW.

WAM/DC
5-18-76

PROPOSAL: To eliminate Social Security windfall to Federal employees and uncovered state and local employees.

DESCRIPTION:

Make persons who have worked fifteen years or more in uncovered public or non-profit employment ineligible for the minimum benefit and for un-scheduled Social Security benefit increases.

Social Security coverage is not extended to Federal employees nor to state and local employee groups who choose not to be covered. However, when they retire, many of these employees work under Social Security covered employment long enough to earn minimum benefits. In such cases, benefits greatly exceed the value of contributions, giving such persons an unfair financial advantage over persons who have contributed to the system throughout their working career.

This proposal could be submitted as an alternative to the proposal to make Social Security coverage universal (see additional discussion accompanying that proposal).

ARGUMENTS

Pro:

- Improves equity of the system by eliminating unfair advantage unintentionally provided to some public employees.
- Removes an incentive contributing to the problem of state/local governments dropping out of Social Security system.
- Helps preserve fiscal integrity of Social Security.

Con:

- Will be attacked by public employee groups.
- Does not fully eliminate the inequity in the current system permitting optional participation to select groups.

- May be subject to constitutional challenge (minimum wage case before Supreme Court may provide precedent).

POSSIBLE IMPACT

Fiscal

The proposal would result in savings of an indeterminate amount for the Social Security system.

RESPONSIBILITY FOR DEVELOPMENT

Domestic Council with OMB and HEW (after the Supreme Court decision on the minimum wage case is made).

WAM/DC
5-18-76

LABOR/
UNEMPLOYMENT

VETERANS

LAW ENFORCEMENT

PROPOSAL: To reform the sentencing process in the Federal criminal justice system

DESCRIPTION:

In order to increase the certainty of appropriate punishment and to insure that punishment is meted out fairly, the Attorney General has suggested: (1) the creation of a Federal Sentencing Commission to develop guidelines for imposing sentences; and (2) the abolition of the Federal parole system.

ARGUMENTS:

Pro:

- There is substantial evidence which indicates that the certain knowledge that a specified length of incarceration will follow a criminal conviction actually operates as a deterrent to crime. The way the Federal criminal justice system presently operates, however, there is no certainty of punishment, even after conviction. Moreover, because of the indeterminate nature of Federal sentences, even where a sentence is imposed, its length is never really specified. Many believe the principal objectives of our sentencing policy ought to be certainty and equity, and this proposal is designed to assure the achievement of these ends.

Con:

- Endorsement of this proposal would be considered by some to be a radical departure from conventional wisdom. Further, abolition of the parole system would be objected to both by Members of the Congress and the bureaucracy and, no doubt, the civil liberties community.

POSSIBLE IMPACT:

Fiscal: It is difficult to assess the cost impact, but one would suspect that, over the long haul, there would be a substantial savings due to the dismantling of the Federal Parole Board and its attendant bureaucracy.

Other: The Parole Board would gradually be phased out of existence.



RESPONSIBILITY FOR DEVELOPMENT

The Attorney General would have primary responsibility for further development.



RDP/DC

5-18-76

PROPOSAL: To recommend enactment of legislation establishing a limited right of privacy in customer records maintained by banks or similar business entities

DESCRIPTION:

The Supreme Court recently ruled that a person has no constitutionally protected interest in the records which a bank or other business entity maintains on such person and that the bank or other entity may release such customer's records to government agents without the customer's authorization or knowledge. The House Judiciary Committee is currently considering legislation (H.R. 214, The Right of Privacy Act of 1976) which would establish a limited right of privacy in customer records maintained by a bank or similar business. Title I of this bill, which applies only to Federal law enforcement agencies, would establish a procedure for gaining access to a person's bank or business records which, among other things, would provide the customer with prior notice and an opportunity to object to the government's actions. This bill also establishes certain procedures governing mail covers and telephone service monitoring and extends existing provisions of law prohibiting wire-tapping to non-oral communications (i.e., electronic data transfers).

The President could endorse this specific legislation, call for the enactment of legislation similar to this, or direct the preparation and submission of his own legislation concerning government access to customer records held by third-party business entities.

ARGUMENTS:

Pro:

- In the process of providing full services to its customers, banks or other businesses may receive information regarding the customer's income, past and present employment, amount and type of indebtedness, marital and family status, social and business relationships, spending habits, travel, political beliefs and other personal data. Many believe that, before the government should be allowed to gain access to records containing this kind of information, the government should be required to demonstrate that it has a specific and legitimate interest in the records in question and that the persons with respect to whom those records have been maintained should have an opportunity to challenge the government's actions.

- There is an increasing awareness and appreciation on the part of a great many Americans of their personal privacy and the need to safeguard it from unwarranted government intrusion. It is interesting to note that the recent action of the Supreme Court has not been well received by the media or public interest groups.

Con:

- Virtually all of the Federal law enforcement agencies have indicated disagreement with the basic concept of H.R. 214, since that bill would make it more difficult for these agencies to gain access to customer records maintained by banks or other business. This, in turn, would make it more difficult for them to conduct their investigations.
- Justice and IRS have noted a number of technical and drafting deficiencies which, in their view, render H.R. 214 unworkable and/or unduly burdensome. (This particular objection could be eliminated by simply drafting new legislation or calling for elimination of the highly offensive, unnecessary provisions of the current legislation.)

POSSIBLE IMPACT:

Fiscal: None

Other: It is likely that if such legislation were enacted it would adversely impact on the investigative arms of Federal law enforcement agencies.

RESPONSIBILITY FOR DEVELOPMENT:

Domestic Council, with Justice, Treasury and OMB.

RDP/DC

5-18-76

PROPOSAL: Call a White House Conference on Drugs and Crime

DESCRIPTION:

The White House would host a several-day conference of selected police officials, judges, prosecutors, correctional heads and directors of major drug abuse treatment programs and criminal justice planning agencies to discuss the related problems of drugs and crime. Appropriate officials of the Federal government would also participate.

ARGUMENTS:

Pro:

- Studies have shown that up to half of all street crime in this country is committed by drug-abusing offenders. Other studies point out that these two items -- drug abuse and crime -- constitute major concerns of the American people. A White House conference would demonstrate the President's commitment to reducing both drug abuse and crime by bringing together representatives of Federal, State and local governments and the private sector to discuss ways of more effectively dealing with these problems.

Con:

- A White House conference would provide a forum for disgruntled locals to blast the Federal government for NOT doing enough or, failing that, to simply dump their problems in our lap. Further, the hosting of such a conference would have a modest fiscal impact.

POSSIBLE IMPACT:

Fiscal: The cost for the entire conference would be about \$130,000.

Other: Negligible.

RESPONSIBILITY FOR DEVELOPMENT:

Domestic Council.

RDP/DC

5-19-76

TRANSPORTATION

PROPOSAL -- Transportation

Consolidation of Federal surface transportation assistance programs.

DESCRIPTION

The Department of Transportation has been assessing the feasibility and desirability of proposing consolidation of existing Federal surface transportation programs. The key objectives are to focus more carefully the Federal involvement on interstate commerce and defense efforts, and to provide more flexibility to State and local officials in the execution of Federal transportation assistance programs which are primarily related to local or regional community development.

ARGUMENTS

- Pro:
- Could facilitate expanded ability to focus Federal resources on highest priority programs/projects.
 - Could provide more flexibility to State and local officials in utilizing Federal assistance.
- Con:
- Since a far-reaching proposal would most likely require a restructuring of current financing mechanisms (e.g., Highway Trust Fund), it could raise difficult user-charge policy issues.
 - Could generate opposition from interest groups involved with affected programs.

POSSIBLE IMPACT

- Fiscal: - Would vary considerably, depending on final funding and revenue plan chosen.
- Other: - Could provide some efficiencies in the use of Federal personnel.

RESPONSIBILITY FOR

DOT



WTC, Jr./DOT
JRH/DC

PROPOSAL -- Transportation

Consolidation of major Federal marine transportation programs.

DESCRIPTION

To remedy a current impediment to the development of comprehensive, balanced transportation programs and policy, this proposal would involve consolidating major marine transportation responsibilities in the Department of Transportation.

ARGUMENTS

- Pro:
- Could facilitate the development of a more comprehensive, balanced transportation policy.
 - Could increase the level of Federal focus on this important area.
 - Could permit better coordination of Federal regulatory actions in this sector.
- Con:
- Would create opposition from existing interest groups and members of Congress.
 - Could be somewhat disruptive (at least initially) to current efforts in this area.

POSSIBLE IMPACT

Fiscal: - Marginal.

Other: - Could lead to better policy and regulatory coordination for the marine mode.

RESPONSIBILITY FOR

OMB/DOT/DOC.

WTC, Jr./DOT
JRH/DC

PROPOSAL -- Transportation

Federal Highway Program Revisions

DESCRIPTION

Under the requirements of the Congressional Budget Control Act, the Administration is required to submit its recommendations for new highway legislation by May, 1977. This will require the Administration to develop a proposal for the Highway Trust Fund (HTF) as well.

DISCUSSION

The Administration in 1975 proposed a significant revision to the HTF. Congress deferred any meaningful review of the issue and just extended the status quo for two years. Options for dealing with this issue include tax turnback to the State, the status quo, development of a broader transportation fund, or utilization of the general fund for highway financing.

To a certain extent, the final Administration recommendation on this subject will depend on its view of the appropriate Federal role in the highway program. Studies are underway in DOT and OMB will assist in this policy determination.

RESPONSIBILITY FOR

DOT, OMB

WTC, Jr./DOT
JRH/DC

PROPOSAL - Transportation, Environment

Aviation Noise Abatement Program.

DESCRIPTION

The Department of Transportation is assessing the desirability and feasibility of various alternatives to share with industry the cost of replacing or retrofitting planes the noise levels of which substantially exceed present Federal noise standards for new aircraft.

ARGUMENTS

- Pro:
- Could reduce noise levels in areas surrounding airports, alleviating what is perceived as a serious problem for residential use and commercial activity in those areas.
 - Could forestall further local regulatory actions (e.g., extensive airport curfews) which threaten to hamper interstate commerce.
 - May create new jobs and sustain existing jobs in the aircraft industry, as well as promoting more fuel efficient aircraft.
- Con:
- Could constitute a substantial Federal expenditure to alleviate a problem whose scope and impact is exceedingly difficult to evaluate since the perception of noise is by nature subjective.
 - Could raise difficult international problems relating to what Federal action should be taken to similarly reduce noise levels of foreign air carrier craft.

POSSIBLE IMPACT

- Fiscal: - Would depend on the plan and phasing of replacement/retrofit that was adopted.
- Other: - Could raise troublesome issue of Federal liability for damages resulting from airport area noise levels.

RESPONSIBILITY FOR

DOT, OMB

WTC Jr/DOT
JRH/DC

PROPOSAL -- Transportation, Labor

Reform of transportation labor practices.

DESCRIPTION

A series of legislative/administration proposals to revise existing Federally-mandated labor protection practices which cause inflationary cost increases in transportation programs and which often prevent effective solutions to transportation problems. Examples include Section 13(c) in the mass transit program and various rail labor protective provisions. An examination of the cost impact of Davis-Bacon would also appear to be appropriate.

ARGUMENTS

- Pro:
- Could reduce transportation industry/project costs and permit more effective solutions to transportation problems.
 - Would be supported by State/local governments.
 - Could provide better balance between special organized labor interest and overall public interest.
- Con:
- Would be strongly opposed by organized labor and its Congressional allies.
 - By arousing ire of organized labor, might prove counterproductive with regard to railroad work rule modifications and other attempts to resolve outstanding problems relating to labor practices that restrain productivity growth.

POSSIBLE IMPACT

- Fiscal:
- Could reduce costs of projects and reduce inflation in transportation sector. Could increase productivity.
- Other:
- Could reduce some employment in transportation industries.

RESPONSIBILITY FOR

Domestic Council, DOT, DOL, OMB, CEA, CWPS

WTC Jr/DOT
JRH/DC

PROPOSAL -- Transportation

Strengthen U.S. freight rail system through effective consolidations.

DESCRIPTION

Using the tools and incentives in the recently enacted rail legislation (coupled with other legislative/budget actions as necessary), the Federal Government should encourage and facilitate rail mergers which eliminate current inefficiencies and duplicate track/facilities. This would require a coordinated effort in the Executive Branch and restraint by the Congress to avoid the enactment of counterproductive labor protection and other provisions.

ARGUMENTS

- Pro: - Elimination of duplication and inefficiency is extremely important in developing a strong private sector U.S. rail system.
- Next several years provide unique opportunity to push in such a direction.
- Con: - Could be opposed by rail labor.

POSSIBLE IMPACT

- Fiscal: - Will require the use of currently authorized Federal funds to assist in pushing good merger prospects.
- Other: - Will require cooperation of rail labor and independent regulatory agencies.

RESPONSIBILITY FOR

DOT (with DOJ and ICC cooperation).



WTC Jr/DOT
JRH/DC

PROPOSAL -- Transportation

Establish Executive Branch International Aviation Policy.

DESCRIPTION

Over the last several years, DOT and others in the Executive Branch have been working to formulate a revised statement of international aviation policy. These efforts have now progressed to the point where promulgation of a new policy statement could now be done.

ARGUMENTS

- Pro:
- Existing policy is outdated and ineffective. Would forthrightly establish Administration policy with regard to this important transportation sector.
 - Could serve to guide future legislative and other program decisions.
- Con:
- Would probably require Presidential time to resolve outstanding issues.
 - May be opposed by some in aviation community.

POSSIBLE IMPACT

Fiscal: - Minimal.

Other: - Could have impact on private market's willingness to invest in this industry.

RESPONSIBILITY FOR

DOT, DOS, DOJ, White House.

WTC, Jr./DOT
JRH/DC

URBAN AFFAIRS /
HOUSING

PROPOSAL: Counter-cyclical revenue sharing for cities with high unemployment.

DESCRIPTION:

Give revenue sharing funds on the basis of a formula which considers population size, unemployment rate, tax effort, and (optionally) regional taxing authority. Grant authority would be \$1 billion. The provision recognizes the fact that the fiscal condition of cities is worsened significantly in periods of economic decline.

ARGUMENTS

Pro:

- It would provide aid where need is greatest.
- It would put no strings on the assistance, giving maximum flexibility to local government.
- It would provide aid only when need was acute, then phase it out.

Con:

- It will be viewed as expensive.
- It will be difficult to sell because it appears to favor urban areas over "needy" state and non-urban areas.

POSSIBLE IMPACT

Fiscal

Up to \$1 billion.

RESPONSIBILITY FOR DEVELOPMENT

Domestic Council with OMB and Treasury.



WAM/DC
5-18-76

PROPOSAL: To rebuild the economic base of urban areas.

DESCRIPTION:

No amount of infusion of Federal funds can bring about renaissance of many older cities without the reconstruction of viable economies for these areas, particularly a revitalization of private sector activity. The Federal government can facilitate this by:

1. Application of Federal research and development resources to the study of urban economic needs.
2. Development of partnerships among Federal, State and local governments with the private sector to restore investment and jobs to urban areas by:
 - (a) more flexible delivery of Federal funds,
 - (b) deregulation of government controls and removal of unnecessary tax burdens that inhibit business investment in cities, and
 - (c) development of counter-cyclical mechanism that supplies funds for private sector employment rather than public service jobs.

ARGUMENTS

Pro:

- Would facilitate only real chance for salvaging certain older cities - i.e., private sector commitment.

Con:

- Might require new Federal expenditures for research and counter-cyclical assistance, and some loss of tax revenues.

RESPONSIBILITY FOR DEVELOPMENT

HUD, Commerce, Treasury, OMB, Domestic Council.

FLM/DC
5/18/76

PROPOSAL: To promote more effective use of Federal funds by urban governments.

DESCRIPTION:

Federal funds are currently supplied to city governments on the basis of an arbitrary Federal calendar that has little relationship to their fiscal and economic needs. Moreover, there is a great diversity among urban recipients of Federal funds as to the degree of citizen participation in their use of these funds and their development of urban policy. The following initiatives could be taken to promote more efficiency and consensus in the application of Federal monies:

1. Facilitate delivery of Federal funds to urban governments to better respond to the timing of their fiscal and economic needs.
2. Promote streamlining of citizen participation in urban planning and decision making processes.

ARGUMENTS

Pro:

- Would improve ability of urban governments to apply Federal funds to meet real needs on a timely basis.

Con:

- The promotion of citizen involvement could be perceived as a new Federal intrusion into the autonomy of urban governments.

POSSIBLE IMPACT

Fiscal:

Would require restructuring of current Federal delivery of funds.

RESPONSIBILITY FOR DEVELOPMENT

HUD, OMB, Treasury, Domestic Council.

FLM/DC
5/18/76

PROPOSAL: Legislation to permit local consolidation of planning and other assistance grants flowing to a single urbanized area.

DESCRIPTION:

Building upon the Allied Services concept, local metropolitan areas could receive waivers on administrative procedures, expedite approvals and consolidate individual categorical grants into a single funding pool. An example would be the planning area where requirements and reports differ from one domestic program to another even though they all affect the same urbanized area.

Local areas could apply to "lead agency" and get necessary sign-offs and waivers with approval of OMB.

ARGUMENTS

Pro:

- ° Provide another vehicle to overcome excessive categorical provisions.
- ° Simplify grant administration process, paper work, etc.
- ° Provide greater local flexibility in priority setting and decision-making.

Con:

- ° Might distract attention from block grant proposals.
- ° Could allow local areas to neglect critical (national priority) problems.

POSSIBLE IMPACT

Would encourage metropolitan areas to streamline their local processes if simplified grants were available. Would reduce duplication and over-lap of existing planning activities in a single area.

RESPONSIBILITY FOR DEVELOPMENT

Domestic Council, OMB, HUD, DOT and EDA.



PROPOSAL: To establish an Urban Development Bank to stimulate private and public development in depressed urban areas.

DESCRIPTION:

Despite numerous efforts through block and categorical grants and through tax/investment incentives, the Federal Government has not generated an effective mechanism to stimulate revitalization of depressed urban areas. We need to try a new approach.

This proposal would simulate the "World Bank" concept and would provide needed capital, guarantees, etc. for major redevelopment. Some states and localities have found the combination of local business and public capital to initiate this kind of activity. However, others have not, and this proposal would encourage other cities and would keep the focus on real and lasting development and employment. Moreover, this initiative would give the President something (other than revenue sharing) as an alternative to current Congressional proposals for public works and counter-cyclical.

ARGUMENTS

Pro:

- ° Presents a new approach building on the skill and know-how of the private sector.
- ° Forces discipline into Federal assistance by requiring local commitment and payback.
- ° Offers a guarantee for high-risk actions not likely to be taken by local institutions alone.
- ° Builds on the President's philosophy of real, permanent development and employment without government dependency.

Con:

- ° Poses possible drain on local/private capital.
- ° May relieve local financial institutions of public responsibilities.
- ° May encourage development in areas of little long-term potential

POSSIBLE IMPACT

Could provide stimulus to hard-hit areas where normal economic recovery will not impact employment and re-development.

RESPONSIBILITY FOR DEVELOPMENT

Domestic Council, OMB, Treasury, Commerce and HUD.

SGM/DC
5-18-76

PROPOSAL: To promote regional (or metropolitan) approaches to urban problem solving.

DESCRIPTION:

Urban problems do not stop at the city limits. Recent demographic trends have led to the urbanization of whole regions and counties. As a result, the resources of these regions must be mobilized to deal with comprehensive problems.

Current Federal policies promote some degree of regional planning, particularly through the application of Community Development programs. Much greater coordination could be achieved by the following initiatives:

1. Restructure Federal programs to insure logical administrative relationships with State and local governments and other recipients.
2. Complete Federal planning simplification initiative in order to standardize requirements and facilitate continuous, and comprehensive planning.
3. Strengthen the role of State governments as the coordinator of regional planning by consolidating aid programs into coordinated functional grant programs utilizing State priorities for expenditures.
4. Announce a series of regional meetings with State and local officials to develop approaches to regional or metropolitan planning.

ARGUMENTS

Pro:

- Would further strengthen complementary roles of State and local governments in urban problem solving.
- Would promote concentration of resources on problems that transcend the abilities of core cities to overcome.

Con:

- Might be viewed as a threat to the autonomy of some units of government, particularly those that have revived as a result of revenue sharing.

POSSIBLE IMPACT

Fiscal:

Might require additional Federal planning funds.

RESPONSIBILITY FOR DEVELOPMENT

HUD, OMB, Domestic Council.

FLM/DC
5/18/76

INTERGOV RELATIONS /
REVENUE SHARING

REGULATORY REFORM

PROPOSAL: Revision or Repeal of the Robinson-Patman Act

DESCRIPTION: Culmination of study by Domestic Council Review Group on Regulatory Reform and possible recommendation for legislation based on the analysis.

ARGUMENTS:

Pro

- The Robinson-Patman Act appears to have substantially adverse economic effects, without providing the small business protection benefits which are alleged.

Con

- Small Business groups view the Act as the "Magna Carta of Small Business."

POSSIBLE IMPACT: Revision or repeal of Robinson-Patman would reduce oligopolistic pricing rigidity and lead to lower retail prices (or less inflation).

RESPONSIBILITY FOR DEVELOPMENT: Domestic Council Review Group on Regulatory Reform (which has analysis in progress).

PCL
5/18/76



PROPOSAL: Abolition of Federal Maritime Commission

DESCRIPTION: In conjunction with elimination of antitrust immunity for price fixing by ocean freight conferences, it would be proposed that the Federal Maritime Commission be abolished. Any remaining useful functions could be transferred to DOT or MarAd.

ARGUMENTS:

Pro

- Once the FMC's ratemaking and immunity granting powers were removed, all other functions could be performed by DOT or MarAd and there would be no need for an independent agency.
- This would be a tangible step in the direction of fewer agencies.

Con

- The maritime interests in the U.S. would oppose loss of their "own" regulatory agency.

POSSIBLE IMPACT:

Some reduction in budget outlays and a positive step toward less regulation and fewer regulatory agencies.

RESPONSIBILITY FOR DEVELOPMENT:

Domestic Council Review Group on Regulatory Reform could explore this option in the course of its analysis of ocean freight conferences.

PCL
5/18/76



PROPOSAL: Elimination of Antitrust Immunity for Price Fixing by Ocean Freight Conferences.

DESCRIPTION: The Federal Maritime Commission is currently empowered to approve rates set by Ocean Freight Conferences, thereby giving this "price fixing" immunity under the antitrust laws. Repeal of this immunity would be proposed.

ARGUMENTS:

Pro

- This would be consistent with other Administration regulatory reform proposals and the objective of less government involvement in ratemaking and more competition.
- Could lead to lower ocean freight rates, reduced consumer prices for imports and increased exports.

Con

- The Ocean Freight Conferences provide a necessary check on predatory pricing and market chaos.
- This proposal could disrupt established international economic relationships.
- The maritime interests in the U.S. would show the normal hostility to this proposed regulatory change.

POSSIBLE IMPACT: Improved economic efficiency through lower freight rates, increased trade and lower consumer prices.

RESPONSIBILITY FOR DEVELOPMENT: Domestic Council Review Group on Regulatory Reform (which has low key analysis in progress).

PCL
5/18/76

PROPOSAL: Casualty Insurance Regulatory Reform

DESCRIPTION: Repeal of McCarran-Ferguson antitrust immunity and prohibition of state rate-making in the personal lines of casualty insurance.

ARGUMENTS:

Pro

- This is consistent with objectives of regulatory reform effort to reduce government involvement in ratemaking and increase reliance on competition.
- Probably would lead to generally lower rates for automobile and homeowner insurance.

Con

- The Federal Government has normally deferred to the States in matters of insurance regulation and this initiative would be seen as a departure from that precedent.
- Many insurance companies, insurance agents and state insurance regulators would strongly oppose.

POSSIBLE IMPACT: Probably would lead to generally lower insurance rates (or less inflation in rates) for automobile and homeowner insurance.

RESPONSIBILITY FOR DEVELOPMENT: Domestic Council Review Group on Regulatory Reform (which has analysis in progress).

PCL
5/18/76

GENERAL GOVERNMENT

PROPOSAL: Substitution of a Graduated Consumption Tax for the Federal Income Tax

DESCRIPTION: Currently, the Federal Income Tax generally is levied on income, whether or not it is "consumed" in the year it is received. This tends to create a bias toward consumption. However, a consumption tax scheme could be developed and proposed which would provide that there would be no tax on that part of income which was saved rather than consumed. Savings would only be taxed when spent (i.e., consumption) or upon death.

ARGUMENTS:

Pro

- This would tend to encourage savings and thus help alleviate any capital shortage problem which exists.
- It would encourage private planning for old age and unexpected catastrophes.

Con

- The transition to a graduated consumption tax might be very complex.
- Many interests would oppose a "tax shelter" for wealth accumulation.

POSSIBLE IMPACT:

Fiscal:

The budget impact could be neutralized through adjustment of rates.

Other:

Capital formation and private planning for retirement would be encouraged.

RESPONSIBILITY FOR DEVELOPMENT: Domestic Council, CEA, Treasury and OMB.

PCL
5/18/76



PROPOSAL: Federal Credit Program Reform

DESCRIPTION: As described in Special Analysis E of the Budget, Federal Credit programs (i.e., on-budget and off-budget direct lending and off-budget loan guarantees) have a substantial effect on the Nation's credit markets. Federal Credit Programs designed to assist housing, exports, hospital construction, energy development and many other ends now total over \$30 billion (FY 1977 estimate including guarantees). In order to achieve better control over these credit programs, the Administration could propose legislation to require that the programs be consolidated into the Budget so as to conform to the "unified budget concept."

ARGUMENTS:

Pro

- In the aggregate these programs are so large that they have a major impact on the capital formation process in America and should be more closely controlled.
- Budget consolidation would force a sharper analysis of the competing uses for the scarce capital being "allocated" via Federal Credit Programs.

Con

- Many interest groups and members of Congress have their favorite credit programs and would resist the effort to control these programs.
- The budget effects would be very substantial.

POSSIBLE IMPACT:

Fiscal:

The budget effect by fiscal year 1981 could be \$10 billion or more.

Other:

Capital misallocations might be reduced and the growth of Federal Government involvement in the economy retarded.

RESPONSIBILITY FOR DEVELOPMENT: Domestic Council, CEA, OMB and Treasury.

PCL
5/18/76

PROPOSAL: Require public employers to file information annually on the status of pension plans.

DESCRIPTION:

As a requisite to receive Federal revenue sharing funds, state and local governments would be required to file annually with the Federal Government a report on the status of their pension plans. It would include the following information:

- (1) A full description of the plans, including vesting, portability, and funding provisions;
- (2) Detailed assets and liabilities (including actuarial estimates of the future) and any changes in the plan over the years;
- (3) A statement indicating that all participants have a description of the plan and may have, on request, an individual statement of contributions paid, benefits accrued, and financial condition of the plan.

This information would be made public and summarized in an annual report on the status of public employee pension plans which compared them with private plans.

ARGUMENTS

Pro:

- It would be an important step in opening up an area of information often guarded closely (if available at all) by public employers.
- It would encourage public response to unacceptable local situations, while avoiding direct Federal involvement.
- It would demonstrate the degree of need (if any) for further Federal regulatory initiatives.

- It would set a precedent for requiring disclosure of additional information on the fiscal condition of state/local governments.

Con:

- It could be attacked as not going nearly far enough in regulating an area headed for trouble.
- It may also be viewed as unnecessary Federal intrusion in an area over which state and local governments should have sole responsibility.
- Attaching a caveat to eligibility for Federal revenue sharing may not be politically acceptable (or desirable). (Other legislative vehicles could be considered.)

POSSIBLE IMPACT

Fiscal

None

RESPONSIBILITY FOR DEVELOPMENT

Domestic Council with OMB and Labor.

WAM/DC
5-18-76