

FOR IMMEDIATE RELEASE

FEBRUARY 23, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
OPENING SESSION OF
THE NATIONAL GOVERNORS' CONFERENCE

STATLER-HILTON HOTEL

9:30 A.M. EST

Governor Bob Ray, Governors, guests, ladies and gentlemen:

Let me say it is a great privilege and a very high honor to be here among all of you distinguished Governors and distinguished fellow candidates. (Laughter) Betty and I are, of course, looking forward to having you for dinner tonight. I think we will have a pleasant and I trust a very enjoyable evening.

I am delighted to greet all of you on this very historic Bicentennial winter meeting of the National Governors' Conference. This is a very memorable year in which to give new balance and meaning to relations between our Federal and State Governments, and I eagerly anticipate working with you to achieve better Government at all levels for all of our people.

It has been said by some that Federal-State relations are the most deadly boring of all political issues. I do not agree. As a matter of fact, I feel a sense of excitement and eager anticipation at the progress we are making to restore to you and to your States more say in decisions affecting the daily lives of all of our citizens.

This process does not bore me. It really turns me on, especially the prospect of working more closely with all 50 States to restore during this National Bicentennial the necessary balance among us that was first conceived by our Founding Fathers 200 years ago. George Washington warned against the danger of the monolithic, centralized power of the Federal Government. In recent years, State and local authority has eroded as the Federal establishment has grown and grown.

This trend of categorical grants and decision-making by the bureaus and the agencies of the Federal Government has not made life easier for the beneficiary nor has it made Government more responsive.

MORE

The Federal Government now employs more people than the entire combined population of the 13 original States when our founders reserved to State Governments and to the people all power not bestowed upon the national Government.

When your State constitutions were adopted, great care was taken to preserve the basic principles of self-government. Americans have always wanted the decisions affecting their daily lives made at home in their local communities and in their own States.

But freedom is now misinterpreted by too many individuals to mean freedom from personal responsibility and instant gratification of all desires by the rich Uncle Sam in Washington, D. C. In pursuit of that quest -- and I might say that fantasy -- the Federal bureaucracy has grown and grown. Power inevitably is drawn away from your States, your counties, your cities, your towns to an increasingly centralized national Government -- always bigger, always more meddlesome -- but not always more efficient or more responsive to local needs.

This process has undermined individual pride and resourcefulness. It threatens our economic prosperity and dims our vision of a future in which every citizen can help determine his or her fate. As a result, you and I must make some hard decisions this year.

It is all too easy to offer unrealistic suggestions in the heat of an election year. But a President, or a Governor, in office has to provide accountable and realistic leadership with honest answers to all constituents.

I will never irresponsibly transfer serious problems from the Federal Government to State governments without regard for human need or fiscal realities. I am determined to preserve a constructive partnership with the States on all mutual concerns through cooperation and not through treatment that is worse than the disease.

Let us cooperate to move the decision-making process back to the States and to the people. Let us work to assure that we really help the needy and not the greedy. We must clarify and we must simplify the complex, frustrating and inefficient regulations in categorical grant rigidity that invite abuses and rip-offs. Those sworn to protect the public interest must assure that every tax dollar is used honestly and effectively.

In the campaign for general revenue sharing, I think I have worked longer and harder for that legislation than almost any other. You are well aware of how this \$30.2 billion five-year program is now administered at the Federal level at a cost of a twelfth of a penny for every dollar spent. You know how our States are now making State decisions on the local use of their Federal taxes. I am now vigorously seeking to extend this excellent program for five and three-quarters years.

MORE

It was last April, almost a year ago, when I asked the Congress to renew revenue sharing so that you could make timely plans and decisions for fiscal year 1977 State budgets.

Regrettably, the Congress did not share my sense of urgency. Thus far, it has failed to act, and the deadline is getting closer and closer. The Nation needs your help, and I am especially pleased by the response that I understand you are undertaking.

I have seen your warnings of higher taxes or drastic curtailment of public services if Federal revenue sharing would be unfortunately discontinued. You are right in saying that our present economic recovery would be in danger if the Congress were to end general revenue sharing. It could force the States to fire workers, increase State taxes and even institute new State taxation.

You know and I know that we must join forces -- and I am glad we are -- in getting some action on general revenue sharing. I ask you today, as the Chief Executives of your States, to join me in moving the mountain we know as Capitol Hill. The whole concept of balanced Federal-State relations is at stake.

You are much more aware than anyone of the new realities in your States. If we fail this year to assure continued movement toward general revenue sharing, there will be a new escalation in the categorical programs of an increasingly centralized Government.

I am determined to shake up and shape up, with your help, the worthwhile and proven programs we now have rather than permit a proliferation of new and untried programs.

Categorical grants and categorical expectations have created more problems--many more--than they have solved. While I expected some criticism of my State of the Union and budget messages, I suspect some of you have had the same. I regret the revival of the old "knee-jerk" response -- that I failed to propose enough new Federal programs.

We already have more than enough programs. What we need is quality, not quantity. My messages contained proposals that not only improve quality but also reduce quantity.

MORE

Let me show you a chart here on the right. When I first looked at that chart in late December, my impression was that it looked like the electronics set-up for our new space shuttle, but the truth is that is the way that Federal dollars for health services go from the top line down to the beneficiaries or the recipients.

It is what we call a mess chart. It is the most complicated, I think irresponsible, unsuccessful way to deliver health services to the American people with the Federal tax dollar.

After looking at that mess chart and knowing that services are badly delivered to the recipients or the beneficiaries -- too expensively, too long delays-- I was convinced beyond any doubt whatsoever that we had to simplify it.

If you look over here on the other side, and if you will note those x's, you will find that under the proposal that I have made for a block grant program of health services, those escalate the removal of the Federal excess package.

It would simplify, it would improve the delivery system of health services to the American people. And, with your cooperation, I think this program is infinitely superior to the one we have.

I can say that in the other three block grant proposals we could substitute the same chart here and it would look virtually identical, whether it was in education, child nutrition or social services. The alternative chart would be even, in each case, as impressive, if not more so.

Now, I frankly am encouraged by the way the States and localities are responding to the challenge of balanced Federalism. Behind the block grant concept is the conviction that you can do a far, far better job in many ways than the Federal Government, and your performance in the past gives me renewed faith, but we have to do a lot more.

The State and localities can lead the way. These block grant programs provide a dramatic and effective way to serve local priorities. Under one such block grant-- the Community Development Program, enacted into law in late 1974, after a long and controversial struggle--it resulted in the following:

Federal regulations which a community must follow have decreased from twenty-six hundred pages -- 2,600 pages -- under the categorical program, to 25 pages for the block grant program.

MORE

Under the Community Development Act, a community need file only one application consisting of 50 pages rather than the previous average of five applications consisting of 1,400 pages.

Under this change from categorical to block grant, the processing and approval of a community development block grant application averaged 49 days, although under the categorical urban renewal program processing took over two years.

Due to the success that we have had in simplifying the Community Development Program, as I said a moment ago, I am recommending that we use the same approach in other Federal problems involving social services, health, education and child nutrition.

Therefore, I am asking the Congress to approve the Community Services Act, and I am sending the proposal to the Congress today. It will significantly increase the flexibility of States in delivering social services to low income families, and I refer in this category to such programs as day-care, foster care and homemaker services.

Many of the responsibilities now placed by law in the hands of Federal bureaucrats will be passed back to locally elected or State elected officials. The basic responsibility on how best to meet the needs of States' low income families would be returned to each of your respective States.

This determination, as I see it, can best be made through an open process of local planning that directly involves your citizens.

Later this week I will transmit proposals consolidating Medicaid and 15 other categorical health programs into a single \$10 billion block grant. With it-- and I think this is significantly important -- is a commitment to each of you that your State will receive more Federal funds from this single program in fiscal year 1977 than your State received in 1976 from 16 existing programs.

The hard choices of how best to meet the health needs of your State will no longer be defined by a complicated and categorical tangle of Federal regulations. They will be for you and your citizens to determine in an open and locally responsive process.

I will soon submit to the Congress an education block grant program which would propose to recognize national concerns that call for very special emphasis. It will give each State maximum flexibility in using Federal dollars to meet your educational needs.

MORE

I know that all of you have been in the forefront on such issues as school finance reform and education of the handicapped. In the last decade you have demonstrated the ability and the willingness to attack educational problems and there is no reason whatsoever for the Federal Government to treat you as if we doubted your commitment to goals shared by all Americans.

My proposals will reduce the administrative burdens of State and local governments while assuring a Federal commitment to elementary and secondary education. No State will receive less Federal money under my proposal than it did in fiscal year 1976 under all of the programs that would be consolidated.

In offering these proposals, I do not suggest a retreat from national concerns nor the wholesale elimination of Federal funding. I intend to make Federal dollars available to you, for you, in your States. But I will also minimize or eliminate the requirement that State financial resources be used to qualify for Federal matching funds.

My Administration will not dismantle programs that really work, that reach the people and meet their needs. I will not retreat from my commitment to wise Federal spending to meet local needs. But we need to improve these programs and wherever appropriate, to return decision-making power to the State and local level.

I think my actions have shown my willingness to work individually with you or collectively with your group. Indeed, I have made it a point to confer personally with every one of the 50 Governors since I assumed the Presidency.

As a Congressman, I listened to the warnings of President Eisenhower. He said that unless we preserved the traditional power and basic responsibilities of State government we would not retain the kind of America previously known; we would instead have quite another kind of America.

The pendulum has swung very far in the direction that President Eisenhower feared but I am very confident that the will of the people voiced all across America is beginning to bring the pendulum of power back to a balanced center.

The preservation of the 50 States as vigorous units of government is very vital. We must make sure, make certain that each level of Government performs its proper function -- no more and no less -- and we must do this to preserve our system and to draw new energy from the sources of all Government power -- the people throughout this great country.

MORE

I believe very strongly in the vitality of America. I reaffirm my faith in the unique value of a governmental system of shared responsibility. I believe in our capacity to foster diversity with unity, to encourage innovation and creativity, both privately as well as publicly, and to achieve a proper balance between Government and the governed.

The vision of 200 years ago remains valid today. It is a vision of States united in action, united as a Nation where the Government serves and the people rule. It is a challenge, a very great challenge to those of us entrusted with the high honors of governing.

I am an optimist. I believe it is a challenge that will be met by all of us.

Thank you very much.

END (AT 9:53 A.M. EST)