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THE WHITE HOUSE

WASHINGTON

May 4, 1976

MEETING WITH THE REPUBLICAN CONGRESSIONAL LEADERSHIP

Wednesday, May 5, 1976
8:00-9:00 a.m. (60 minutes)
The Cabinet Room

From: Max L. Friedersdorf

m.b.

I. PURPOSE

To discuss the Day Care bill veto and General Revenue Sharing legislation with the Republican leaders.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background:

1. The House overrode the President's veto of H.R. 9803, Child Day Care Centers, by a vote of 301 - 101, on Tuesday, May 4.
2. The Senate vote is set for today, Wednesday, May 5, at 2:00 p.m.
3. The opportunity to sustain in the Senate is reasonably good. We have in the neighborhood of 30 votes with 33 probably needed because of absentees.
4. Democrats who voted against the bill whom we are seeking to retain include Byrd (Va.), Chiles, McClellan, Morgan, Nunn, Talmadge, Pastore and Proxmire.
5. The following Republican Senators voted for the bill, but are still considered good possibilities to sustain: Beall, Brock, Fong, Hatfield and Laxalt.
6. The full House Government Operations Committee met yesterday, Tuesday, May 4, for consideration and mark-up of the General Revenue Sharing bill approved by the Subcommittee.
7. Votes are expected to occur today, Wednesday, and Chairman Jack Brooks (D-TEX) expects the full House to take up the bill sometime in May.
8. The Senate Finance Committee is expected to hold brief hearings after the House acts.

B. Participants: SEE TAB A



C. Press Plan:

Announce to the Press as a regular Republican
Leadership meeting - White House photos only.

III. TALKING POINTS

See TAB B



PARTICIPANTS

The President

HOUSE

John Rhodes
Bob Michel
John Anderson
Sam Devine
Jack Edwards
Barber Conable
Lou Frey
Guy Vander Jagt
Jim Quillen
Al Cederberg
Frank Horton
Jack Wydler

SENATE

Hugh Scott
Bob Griffin
Carl Curtis
John Tower
Bob Stafford
Ted Stevens
Bob Packwood
Bill Brock
Milt Young

STAFF

Bob Hartmann
Jack Marsh
Dick Cheney
Rog Morton
Brent Scowcroft
Max Friedersdorf
Bill Baroody
Phil Buchen
Jim Cannon
Jim Lynn
Alan Greenspan
Ron Nessen
Bill Kendall
Charles Leppert
Tom Loeffler
Joe Jenckes
Pat Rowland
Russ Rourke
Bob Wolthuis
Paul Myer

REGRETS

The Vice President
Bill Seidman



TALKING POINTS

1. I would like to talk with you about H.R. 9803, the Child Day Care Services Under Title XX of the Social Security Act. I regret that the House of Representatives has failed to sustain my veto of this bill.
2. This legislation runs counter to a basic and important principle of government -- the vesting of responsibility in State and local government and the removal of burdensome Federal regulations which thwart the effectiveness of that responsibility.
3. As I said in my statement yesterday, I am firmly committed to providing Federal assistance to States for social services programs, including child day care. But I am opposed to unwarranted Federal interference in States' administration of these programs.
4. H.R. 9803 would make permanent the highly controversial and costly Federally-mandated day care staff-to-children ratios. And it would deny the States the necessary flexibility to establish and enforce their own staffing standards for federally assisted day care.
5. This bill would not make day care services more widely available. It would only make them more costly to the American taxpayer. The expenditure of \$125 million over the next six months, and possibly as much as \$250 million more each year thereafter, would be required under this bill.
6. H.R. 9803 would also require that a portion of Federal social services funds be available under Title XX of the Social Security Act for a narrow, categorical purpose. In the deliberations leading to enactment of Title XX, a little over a year ago, the States and voluntary service organizations fought hard to win the right to determine both the form and the content of such services according to their own priorities. This bill would undermine the Title XX commitment to allow the various States their own initiative by dictating not only how day care services are to be provided, but also how they are to be financed under Title XX.
7. The Federal day care standards imposed by H.R. 9803 have been subject to considerable debate. In fact, the bill recognizes the questionable appropriateness of these standards by postponing their enforcement for the third time, in this case to July 1 of this year. Fewer than



one in four of the States have chosen to follow these standards closely in the administration of their day care programs. The Congress itself has required by law that the Department of Health, Education and Welfare conduct an 18-month study ending in 1977, to evaluate their appropriateness.

8. For these reasons, I urge the Senate to join me in opposing the enactment of this measure.
9. And I urge that the Congress extend, until October 1, 1976, the moratorium on imposition of Federal day care staffing standards that it voted last October 2. This would give the Congress ample time to enact my proposed Federal Assistance for Community Services Act, under which States would establish and enforce their own day care staffing standards and fashion their social services programs in ways they believe will best meet the needs of their citizens.

DRAFT TALKING POINTS

1. The House Government Operations Committee has begun mark-up of a General Revenue Sharing bill.
2. Although the Subcommittee did not endorse my proposal, the reported bill is not far from my position, and I want to thank Frank Horton and Jack Wydler for the work they have already done.
3. There are a number of important issues related to revenue sharing; however, the question of how General Revenue Sharing is funded is one of the most critical.
4. The funding provision of the current Act and my proposed renewal legislation provide for a combined authorization-appropriation of funds over a long-term period.
5. Opponents of the legislation, led by Brooks, Mahon, Adams and liberal Democrats, are seeking annual appropriations and want to gut the program.
6. The entitlement financing provision in the Subcommittee bill was developed as a realistic approach to this highly controversial question of how revenue sharing is funded. The provision does not substantially modify the basic tenets of the revenue sharing concept, but it does answer the argument of those Members who have charged that the existing funding provision bypasses the traditional Congressional appropriations process and circumvents the newly-established Budget Act procedures designed to control long-term spending actions.
7. I am strongly committed to the long-term funding of General Revenue Sharing and opposed to annual appropriations.
8. I hope the House will pass a bill which is consistent with my objectives and give the Senate an opportunity to work for a much stronger bill.
9. I need your strong public support.

THE WHITE HOUSE

WASHINGTON

April 30, 1976

STAFF BRIEFING ON GENERAL REVENUE SHARING
RENEWAL LEGISLATIVE SITUATION

Saturday, May 1, 1976
The Oval Office

From: Jim Cannon *JAC*

I. PURPOSE

To brief the President on the status of General Revenue Sharing renewal legislation, and to get Presidential guidance on strategy as the bill is taken up by the full Committee.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: On Tuesday, May 4, the House Government Operations Committee will begin consideration of the General Revenue Sharing bill reported by the Fountain Subcommittee. Although the Subcommittee did not endorse the President's proposal, the reported bill includes most of the major elements proposed by the President.

Congressmen Frank Horton and Jack Wydler, ranking minority members of the Committee and Subcommittee respectively, need guidance on your strategy for the Committee sessions next week and the floor battles to follow.

Four major issues will dominate full Committee consideration:

1. length of program and level of funding;
2. method of funding;
3. civil rights; and
4. formula revision.

Tab A is a summary of these points.

- B. Legislative Assessment: There has been a 36.5% turnover in the House since 1972 when General Revenue Sharing was enacted.

The key House vote in 1972 was on a motion to adopt a "closed rule" for consideration of the General Revenue Sharing bill.

In 1972, the motion passed by a vote of 223-185 (R 113-57; D 110-128). Today, 63% of the Members (141 Members) who supported General Revenue Sharing on this critical vote are still serving, while nearly 70% (126 Members) of those opposed remain Members. There are 157 new Members since 1972 (103 D; 54 R). Tab B is a statistical display of the key rule vote.

The opposition represented a coalition of liberal Democrats opposed to "no strings" spending, and conservative Democrats and Republicans who opposed the program for a variety of philosophical reasons including increased spending and the funding method which by-passed the traditional appropriations process. With respect to the latter, current Members of the Appropriations Committee voted 31-15 (R 8-7; D 23-8) against General Revenue Sharing on this vote. Members of the new Budget Committee voted 14-9 (R 4-4; D 10-5) against. Tab C is a list of all current Republican Members who voted "wrong" on this rule vote in 1972.

The nature of the opposition in the 94th Congress closely parallels that expressed in 1972, reflecting the same philosophical differences over the control and distribution of Federal funds and appropriate Congressional procedures.

- C. Participants: See Tab D.
- D. Press Plan: To be announced.

TAB A -- REVIEW OF MAJOR ISSUES

1. Length of Program and Level of Funding

President's Proposal: 5 3/4 years; total funding of \$39.5 billion, including \$150 million annual increase.

Subcommittee Bill: 3 3/4 years; total funding of \$24.9 billion, with no annual increase (funds frozen at 1976 level of \$6.65 billion).

Comment: Committee Democrats may attempt to get a 1 3/4-year extension. Governors and Mayors are willing to accept a 3 3/4-year compromise. A longer extension may be obtainable in the Senate.

All attempts to increase funding, including those advanced by Members wanting to change the formula, were rejected. No serious effort is anticipated to increase the level of funding, except to the extent the formula is modified.

2. Method of Funding

President's Proposal: Continue the present combined authorization-appropriation approach.

Subcommittee Bill: Establishes an "entitlement" financing approach.

Comment: The entitlement financing adopted by the Subcommittee was developed as a realistic approach to the highly controversial question of how General Revenue Sharing should be funded. It does not substantially modify the basic tenets of the revenue sharing concept, but it does answer the argument of influential Members such as George Mahon and Jack Brooks who have charged that the existing funding provision bypasses the traditional Congressional appropriations process and circumvents the newly-established Budget Act procedures designed to control long-term spending actions.

3. Civil Rights

President's Proposal: Retains current nondiscrimination requirement, but clarifies the Secretary's authority to withhold all or a portion of entitlement funds,

to require repayments, and terminate eligibility where revenue sharing funds have been expended in a discriminatory fashion.

Subcommittee Bill: Expands nondiscrimination requirements to cover all State and local programs except where recipient can prove "with clear and convincing evidence" that the program was not funded, directly or indirectly, with revenue sharing funds.

Extensive hearing and compliance procedures are spelled out requiring time limits for investigations, compliance, administrative procedures and court actions. Private civil suits are authorized only after the exhaustion of administrative remedies.

Comment: There has been substantial criticism of the enforcement record under the current Act. The subcommittee provision was drafted as a compromise which the Members hoped would neutralize the issue and gain some liberal support.

It now appears that the civil rights community and their Congressional allies will not support the bill without more drastic changes, and the Subcommittee provision may go too far for most moderate and conservative Members. An effort will be made to return to a position more consistent with, but possibly stronger than, the President's proposal.

4. Formula Provisions

President's Proposal: Retains current formula with a slight increase in upper constraint.

Subcommittee Bill: Retains current formula without change, but attempts to tighten eligibility criteria.

Comment: Liberal Democrats will renew their attempts to modify formula or add a new provision for the distribution of increased payments to "needy" governments.



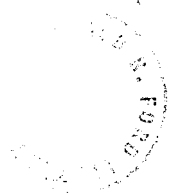
TAB B --

STATISTICAL DISPLAY

House vote on motion to end debate and adopt "closed rule" for consideration of H. R. 14370. Motion agreed to, 223-185, June 21, 1972. A ye a vote was in support of General Revenue Sharing.

	Republicans		Democrats		Total	
	1972	1976	1972	1976	1972	1976
YEA	113	57	110	84	223	141
NAY	57	32	128	94	185	126
NOT VOTING	8	2	16	6	24	8
TOTAL, 92nd Congress	178	91	254	184	432*	267
"NEW" MEMBERS	--	54	--	103	--	157
TOTAL, 94th Congress	--	145	--	287	--	432*

* 2 vacancies, Speaker not voting.



TAB C -- ALL CURRENT REPUBLICAN MEMBERS VOTING
AGAINST GENERAL REVENUE SHARING ON KEY
VOTE IN 1972

Republicans

Andrews
Archer
Ashbrook
Broyhill
Burke
Carter
Cederberg
Clancy
Clawson
Collins
Crane
Derwinski
Devine
Edwards
Findley
Frey

Hutchinson
Lujan
Michel
Myers (Ind.)
Rhodes
Robinson
Rousselot
Ruppe
Schneebeli
Sebelius
Skubitz
Spense
Snyder
Talcott
Vander Jagt
Young (Fla.)

Mr. Cannon
F-41.

THE WHITE HOUSE

WASHINGTON

May 4, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF

FROM

PAUL MYER

SUBJECT:

General Revenue Sharing
Information for GOP
Leadership Meeting

Attached for your review are draft talking points for the President's use at the GOP Leadership Meeting on Wednesday, May 5.

The comments are specifically directed toward the most controversial issue in both the House and Senate -- the question of how General Revenue Sharing is to be funded. As you know, this issue involves both institutional and substantive policy matters. Since long-term funding is a basic tenet of the revenue sharing concept, its preservation in any renewal legislation is a major element of the President's program.

Also attached per your request is a copy of the Briefing Paper I had prepared for use at our Saturday meeting with the President.

Attachments



DRAFT TALKING POINTS

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2. Although the Subcommittee did not endorse my proposal, the reported bill is not far from my position, and I want to thank Frank Horton and Jack Wydler for the work they have already done.
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Ashbrook
Broyhill
Burke
Carter
Cederberg
Clancy
Clawson
Collins
Crane
Derwinski
Devine
Edwards
Findley
Frey

Hutchinson
Lujan
Michel
Myers (Ind.)
Rhodes
Robinson
Rousselot
Ruppe
Schneebeli
Sebelius
Skubitz
Spense
Snyder
Talcott
Vander Jagt
Young (Fla.)



TAB D -- PARTICIPANTS

The Vice President

Jack Marsh, Counsellor to the President

James Cannon, Assistant to the President

James Lynn, Director of the Office of
Management and Budget

Ed Schmults, Deputy Counsel to the
President

Paul O'Neill, Deputy Director of the
Office of Management and
Budget

Charles Leppert, Deputy Assistant to
the President

Robert Wolthuis, Deputy to the Assistant
to the President_____

Paul Myer, Assistant Director, Domestic
Council

Richard Albrecht, General Counsel,
Department of the Treasury

