

The original documents are located in Box C46, folder “Presidential Handwriting, 8/12/1976” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE PRESIDENT HAS SEEN....



THE VICE PRESIDENT
WASHINGTON

Agenda for the
Meeting with the President
Thursday, August 12, 1976, 2:00 p.m.



1. Political

2. New York City

TAB A

The Mayor and his top management team are developing a new guarded feeling of confidence that they can balance the City's Budget by July 1, 1978, unless they get some "bad breaks" on such key matters as:

1. City employee-union relationships;
2. State assumption of City University and judicial correction costs;
3. Stavisky/Goodman bill mandating increased education funds (court decision expected shortly);
4. SEC investigation of the City's sale of bonds and notes.

A

SUMMARY

1. Municipal Hospital strike settled, but basic problem not solved.
2. Mayor Beame and Comptroller Goldin deny seeking a "Freedom from Prosecution" agreement from the Securities and Exchange Commission.
3. Mayor Beame pushing for Federal Environmental Protection Agency approval of financing plan to proceed with two major sewage disposal projects.
4. Court decision on Stavisky/Goodman Act due by August 16.
5. Governor Carey to appoint still another task force on higher education.

August 10th Weekly Report on New York City

1. Municipal Hospital Strike Settled, but Basic Problem Not Solved

- A. The strike at 16 Municipal Hospitals by Local 420 of District Council 37 of the American Federation of State, County and Municipal Employees (AFSCME) and three smaller unions ended on August 7.
- B. The strike had been called to protest the laying off of about 1,350 employees during the week of July 28th.
- C. A complicating factor in the strike was the State's announcement, after the strike had begun, of a cut in Medicaid reimbursement rates from an average of \$200 per day to \$197 - which will result in an added cost to the City of an estimated \$22 million per year. (This cut implemented a proposal which Governor Carey had announced in his 1976-77 State Budget Message.)
 - ° The former reimbursement rate of \$215 per day had previously been cut temporarily to \$200.
- D. The strike settlement developed by Deputy Mayor John Zuccotti, Dr. John L.S. Holloman of the Health and Hospitals Corporation, Mediator Basil Patterson, and the Union's Victor Gottbaum provides for:
 - (1) Reinstatement of the laid-off employees;
 - (2) Agreement of the Union to forgo \$10 million of the cost-of-living increase this year - and next year, if necessary;
 - (3) Agreement by the City and the State each to provide \$5 million of one-time money.
 - (4) Agreement by the Health and Hospitals Corporation not to punish the strikers. This provision does not relieve the strikers individually of the possible loss of two days' pay for each strike day under the State's Taylor law.
 - (5) Appointment of a seven-member task force to report by November 15, 1976, on specific ways in which the Health and Hospitals Corporation can generate savings and improve its operations.

E. While Victor Gotbaum supported the strike and helped to settle it, it appeared to some that Lillian Roberts, his assistant, was the ring-leader in organizing the strike, and might have proceeded in that role without Gotbaum's complete support.

F. Comment.

- ° The settlement of this dispute provides only a temporary solution to the problems of the Health and Hospitals Corporation.
- ° It is readily acknowledged that the Corporation is overstaffed and that attrition will not be sufficient to meet the cuts required by the City's 1976-77 Financial Plan. Apparently the City believed that it could not survive a prolonged strike, and instead took the best "deal" it could get.
- ° But any further concessions such as this can threaten the City's Financial Plan. Unless the seven-member task force performs a miracle, the Corporation will be in trouble again by mid-winter.

2. Mayor Beame and Comptroller Goldin Deny Seeking a "Freedom from Prosecution" Agreement from the Securities and Exchange Commission

A. It has been reported that Beame and Goldin asked the SEC to assure them before they testified that neither they nor the City would be prosecuted as a result of the current SEC investigation of the circumstances surrounding the sale of City bonds and notes.

B. It has also been reported that the SEC turned down the request.

C. Goldin and Beame and their attorneys deny these reports that they sought "immunity."

D. Comment.

- ° Whatever the truth, both the Mayor and the Comptroller claim that they have cooperated with the SEC and that they will testify in September.

° This SEC investigation could pose a problem of serious proportions for the City. Complete exoneration of everyone involved would no doubt provide at least a small "plus" for the City. On the other hand, something less than complete exoneration could vary from a small to a major disaster for the City's plans to reestablish its fiscal position.

3. Mayor Beame Pushing for Federal Environmental Protection Agency Approval of Financing Plan to Proceed with Two Major Sewage Disposal Projects

- A. To help activate the Red Hook and Orchard Beach sewage treatment plants, together costing about \$540 million, the City has proposed two alternative plans for providing its 12 1/2% share of the total cost (2% is already available; finding the remaining 10.5% is the problem).
- B. One plan would involve direct sale of bonds to banks, subject to resale with the understanding that construction would not begin until such resale was completed.
- C. The alternative plan would involve purchase by the successful contractor or group of contractors of bonds equal to the City's 10.5% share.
- D. EPA's regional staff had doubts about both plans, although Russ Train and his staff are still reviewing them. Mayor Beame has been attempting to see Russ Train personally, to urge approval of either one of these plans or at least development of some other arrangement so that the work can be started and idle construction labor put on the job.
- E. (Jim Cannon and George Humphreys of the Domestic Council are thoroughly familiar with this problem.)
- F. Comment. Beginning work on these projects would give the City Administration a terrific boost - and the construction industry a new lease on life. If EPA cannot approve either proposal, it would still help tremendously if they could work vigorously with the City to find some other way to launch one or both of these projects soon.

4. Court Decision on Stavisky/Goodman Act Due by August 16

- A. Arguments on the case involving the Stavisky-Goodman Act, which is being challenged by Mayor Beame, were heard in State Supreme Court on August 6; a decision has been promised by August 16.
- B. The Stavisky-Goodman Act would mandate an additional City appropriation of \$115 million for the Board of Education, thus destroying the City's Financial Plan for 1976-77. The Mayor is seeking to void the effects of the law.
- C. A decision favoring the Board of Education will almost certainly be appealed by the Mayor.

5. Governor Carey to Appoint Still Another Task Force on Higher Education

- A. Under provisions of State legislation approved at the 1976 Session, Governor Carey is to appoint soon a five-member Task Force on Higher Education; its mission will be to recommend a plan for the integration of City University into the State higher educational structure.
- B. While it is too early to set forth all of the integration possibilities precisely, the general options are:
 - (1) Complete integration of City University into the present State University structure;
 - (2) Creation of another State University ("number two");
 - (3) Continued operation of City University by the City as a "contract" University, with the State paying the full net cost after tuition.
- C. It is quite possible that the Higher Education Task Force project will eventually become an "in-house" operation, conducted by the Governor's staff.