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THE WHITE HOUSE

WASHINGTON

August 30, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN  
FROM: JAMES E. CONNOR *JE C*  
SUBJECT: Conference Committee Action  
on Extension of Public Service Jobs

Confirming telephone call to Roger Porter this morning, the President reviewed your memorandum of August 24 on the above subject and approved the following option:

Option 1 - Issue a Presidential statement as soon as possible expressing support for an extension of Title VI at current levels as long as new employees are limited to the long-term unemployed.

In connection with the implementation of this decision, the President approved the following method:

Request Secretary Usery to inform Al Quie and other key Republican Congressmen that you will sign a bill extending Title VI at current levels as long as new employees are limited to the long-term unemployed. Issue a Presidential statement after the Conference Report has been filed.

Please follow-up with appropriate action.

cc: Dick Cheney

THE WHITE HOUSE  
WASHINGTON

August 26, 1976

MR PRESIDENT:

We are told by Bill Seidman that your  
decision on this matter is needed by  
noon, Friday, August 27.

Jim Connor

THE WHITE HOUSE

WASHINGTON

August 24, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *LWS*

SUBJECT: Conference Committee Action on Extension  
of Public Service Jobs

In late 1974, in response to your October request, Title VI was added to the Comprehensive Employment and Training Act (CETA) authorizing an emergency public service employment (PSE) program in addition to the limited PSE program provided for in Title II of CETA. At the present time there are approximately 260,000 persons employed under the Title VI emergency program and 50,000 employed under the permanent Title II program. The Administration's budget calls for phasing out the emergency program by the end of FY 1977. Money is already appropriated to fund the emergency jobs through the end of January. Funding of the Administration's phase-out proposal will require a 1977 appropriation of another \$500 million, which represents the balance of the \$1.7 billion you requested in 1976.

On April 30, 1976, the House passed H.R. 12987 by a vote of 287-42. This bill would extend Title VI through the end of the transition quarter and authorize "such sums as may be appropriated."

On August 10, the Senate passed its substitute for H.R. 12987 by a vote of 67-11. The Senate bill would extend Title VI through the end of FY 1977 but contains provisions limiting new employees under the program to low income individuals who have been unemployed for 15 or more weeks, including those who have exhausted unemployment benefits, or are receiving unemployment compensation or public assistance and are members of low income households. Language in the Senate report indicates an intent to double the size of the program, but the bill itself merely authorizes "such sums as may be appropriated."

The Conference Committee on the bill has been rescheduled for Monday, August 30.

If the Administration maintains its current opposition to the legislation, Al Quie believes that Title VI will be extended through FY 1977 at current levels without the Senate eligibility limitations and that a veto would be overridden. He also believes that if the Administration supports an extension of Title VI at its current levels, the conference probably would support the Senate language limiting the new employees to the long-term unemployed. Others believe that supporting an extension could invite an increase.

The Economic Policy Board is currently in the process of exploring several alternatives for addressing the persistent problem of reducing the number of long-term unemployed and is preparing these for your consideration within the near future. One of these alternatives is supporting the extension of Title VI at current levels so long as new employees are limited to the long-term unemployed. However, the Administration will be pressed to take a position on H.R. 12987 before the Conference Committee acts this week. This memorandum requests your decision on what position the Administration should take on H.R. 12987.

Issue: What position should the Administration take on H.R. 12987?

Option 1: Issue a Presidential statement as soon as possible expressing support for an extension of Title VI at current levels as long as new employees are limited to the long-term unemployed.

Advantages:

- o This would demonstrate leadership in addressing the problem of the long-term unemployed rather than reacting to congressional initiatives.
- o This is consistent with a position that the recovery is progressing well and that it is appropriate to turn our attention to dealing with long-term structural employment and away from temporary emergency programs.
- o This approach would increase the chances of getting the Senate restriction targeting the program on the long-term unemployed in the bill while leaving you free to veto any bill lacking the restrictions. In the absence of any such signal, an extension of Title VI at current levels probably will be enacted without the desirable restrictions limiting the program to the long-term unemployed.

Disadvantages:

- o Support for H.R. 12987 at present levels would represent a major change from the proposal in the budget and would cost \$700-\$900 million more than a phase out.
- o Following an announcement of Presidential support, the conferees could greatly increase the program size up to the \$2.8 billion increase of the Concurrent Resolution.

Option 2: Maintain the current position of opposing the extension of Title VI. Do not signal a veto. Signing an extension could be justified on the grounds that such an authorization is consistent with phasing out the program.

Advantages:

- o Does not put the Administration in the position of pressing for the Senate amendments which are opposed by many mayors because the amendments would limit flexibility to rehire laid-off municipal workers.
- o Avoids inviting an increase in the program size.

Disadvantages:

- o This approach would lessen the chances of getting the desirable Senate limitations and would deprive you of getting any credit for the virtually certain extension.

Option 3: Maintain the current position of opposing H.R. 12987. Signal a veto of any extension of Title VI.

Advantages:

- o This is consistent with your commitment to opposing excessive spending and with your warnings that emergency, counter-cyclical programs tend to become permanent because the Congress lacks the courage to phase them out.

Disadvantages:

- o Some additional action is necessary to fund the Administration's own phase-out proposal and thus we are not really in a position to oppose any congressional action on PSE.

DECISION

Option 1 WBY Issue a Presidential statement as soon as possible expressing support for an extension of Title VI at current levels as long as new employees are limited to the long-term unemployed.

Supported by: CEA, Commerce, Domestic Council, Friedersdorf, Labor<sup>1</sup>

Option 2 \_\_\_\_\_ Maintain the current position of opposing the extension of Title VI. Do not signal a veto. Signing an extension could be justified on the grounds that such an authorization is consistent with phasing out the program.

Supported by: Treasury, OMB, Marsh

Option 3 \_\_\_\_\_ Maintain the current position of opposing H. R. 12987. Signal a veto of any extension of Title VI.

Supported by:

<sup>1</sup> While the Department of Labor favors Option 1, we would prefer that it be implemented without a major public statement by the President at this time. Instead the Department would inform Al Quie and other key Republican Congressmen that the President will sign a bill extending Title VI at current levels as long as new employees are limited to the long-term unemployed. After the Conference Report has been issued, the President would then issue a public statement.

Implementation

If you approve Option 1, two alternative methods of implementing your decision have been proposed.

\_\_\_\_\_ Issue a Presidential statement as soon as possible expressing support for an extension of Title VI at

current levels as long as new employees are limited to the long-term unemployed.

RCF

Request Secretary Usery to inform Al Quie and other key Republican Congressmen that you will sign a bill extending Title VI at current levels as long as new employees are limited to the long-term unemployed. Issue a Presidential statement after the Conference Report has been filed.