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THE PRESIDENT HAS SEEN...



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

November 19, 1976

Handwritten initials, likely "JL", in the top right corner of the page.

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES T. LYNN

SUBJECT: Meeting with Governor Carter

There are several subjects in the budget area that you may want to raise with the Governor or that he may have questions about.

1. Transition arrangements with OMB.

The Governor may ask for more access for his transition team to the OMB staff. You should know that when Jack Watson met with Paul O'Neill to discuss transition, Watson's first suggestion was that their budget transition team be given access to the OMB staff in order that the Carter team's facts and concepts could be checked for accuracy and alternative ideas could be developed by the OMB staff.

Paul told Watson that wasn't possible for two reasons; the OMB staff is fully occupied in the preparation of the FY 78 budget and, even if that was not the case, it would be inappropriate to ask the OMB staff to work on two different budgets at the same time.

Watson said he understood and agreed to an alternative arrangement suggested by Paul; as the transition team identifies facts or concepts they would like to have checked by OMB, they will write them down and send them to Paul and he will decide whether the requests can be accommodated in OMB's workload. So far, no requests have been made. In no event will OMB develop alternative ideas for the Carter staff.

We have tried to be accommodating to the transition team in other ways. They were invited to (and attended) the technical briefing on the Current Services Estimates. Also, we have prepared and delivered to them materials on OMB functions, operations and career personnel.

2. Budget Outlook

The Current Services Estimates have been published so, presumably, the Governor knows that the spending increase for FY 78 is in the 8.5 - 10% range, depending on economic assumptions and assuming no change in programs on the statute books.

I have stated publicly that we are developing options for your consideration that will permit you to propose a budget that incorporates your deeper tax cut, effective January 1, 1977 and achieves a balanced budget for FY 79. It is no secret that this will require proposed changes in programs and the policy that is being followed by the Congress.

You may want to reassure the Governor that while you do intend to present such a budget, all of the proposed changes will be clearly identified so that he will not have to worry about "discovering" where the changes are.

3. "Shortfall".

You may want to indicate to the Governor that in our judgment the "shortfall" subject has been overplayed. The details on actual outlay and obligation performance are available to his staff.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 11-24-76

TO: *Sudy*

FROM: *Sandy via*

*President handed
these to Mr. Lynn.
Returned for your
files.*