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OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
PRESS CONFERENCE
OF
ROBERT D. RAY
GOVERNOR OF THE STATE OF IOWA
AND
PHILIP W. NOEL
GOVERNOR OF THE STATE OF RHODE ISLAND

THE BRIEFING ROOM

11:28 A.M. EST

MR. HUSHEN: The President met for about two hours and 15 minutes this morning with nine of the Nation's Governors in order to receive a report from them on the state of the States prior to the time that he delivers his State of the Union address and finalizes his budget.

As you probably know, the President has met with all of the Governors in the course of this year, and in working sessions, and during some of these sessions the Governors had expressed a time for them to come here and to meet with him to explore ways to improve Federal-State relations and to give him a report on the States' condition.

We have with us today the Governor of Iowa, Governor Ray, who is Chairman of the National Governor's Conference, and Governor Noel of Rhode Island, who is Chairman of the Democratic Governor's Conference, to give you a report on the meeting.

Governor Ray will be first.

GOVERNOR RAY: As you know, we spent about two hours with the President. We had our standing Committee Chairmen, of which there are six, and the Chairman of the Democratic Caucus and the Chairman of the Republican Governor's Association, and we discussed some of the aspects of concerns that the respective standing committees had, as they represent all of us Governors, and I think probably the most important, significant part of our meeting was the zeroing-in on the need for good Federal-State relations; that we can do a good deal in our States if we just know with some certainty what it is we are going to have from the Federal Government or what we are not going to have from them, and if they are not going to provide the funds as we have had in the past that we have the flexibility within our States to be able to do as we see fit what needs to be done with that amount of money that does come forth.

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But regulation stifles us. It is very difficult when we try to administer the programs that come from the Federal Government. We have virtually no choice in most cases but to participate in the programs because it is money that comes from our States and it is money for purposes that we have to deal with every day.

That is a general statement. We would be happy to answer any questions you might have.

Phil Noel is the Chairman of the Democratic Caucus and he was there representing the Governors as well as I.

Do you have some comment?

GOVERNOR NOEL: I will take any questions that any members of the press corps might have.

Q Governor Ray, an irrelevant question -- but relevant to many of us here -- how is the President doing out in Iowa in his effort to pick up delegates?

GOVERNOR RAY: We really didn't discuss that this morning.

Q No, but what do you know about it?

GOVERNOR RAY: Well, I think it is hard to tell if you assess it on the basis of the two candidates in our party, but the President, I think, has been well received in our State. I know the poll recently that came out, a change where Ronald Reagan came up in the standing and the President slipped, did not particularly surprise me. It did surprise me that it was as large and the magnitude was as big, but I think the President today has quite a little support in our State and I would say delegate-wise at this moment he would be far ahead.

Q What are you doing on his behalf in the State? Have you gone to work for him?

GOVERNOR RAY: Well, I think the people know that I have been a supporter of the President and that is very public, but as far as going out campaigning I have been very much involved in a program and a budget that I have to submit to the Legislature the first of next month.

Q But have you done anything specifically to say let's get to work for the President, has the word gone out from you in your State?

GOVERNOR RAY: Well, I have not overtly done that myself. As far as people who are working, I think they know what my sentiments are and my feelings are. I can't say that I have personally, in an organized way, gone out and done that.

Q Governor Ray, in view of your comments just now about the flexibility of the States, how many lone economic programs -- what is your view of Ronald Reagan's proposal to cut the Federal budget by \$90 billion and turn all the responsibility for social programs to the States?

GOVERNOR RAY: I was very much interested in what he was proposing. I did listen to him on television, and if I understood correctly, he was saying in effect that it was not a matter of cutting the programs, it was a matter of on the local level it would be up to them to support those programs and I know that that has a little shuttering effect because right now we are faced with increased property taxes and that is the way most local services are financed, and our people cannot afford property taxes, any more property taxes.

If it fell on other taxes -- it would be income or sales, basically, and we have both of those taxes and we have tried to have a good balance of the major taxes, so without knowing how that would fall and exactly where it would go it is pretty difficult to have much appreciation for that particular proposal.

Right now if it were just dumped -- and I don't think he would propose that it just be dumped on the local level -- but if it were, it would fall on property and that we could not stand.

Q Governor Ray, Bo Callaway said Ronald Reagan had been a very rhetorical and poor Governor of California. What is your opinion on that?

GOVERNOR RAY: Well, I think he is a tremendous speaker -- (Laughter) if you are talking about rhetoric. I am not in a very good position to comment about his effectiveness as Governor of California. I have trouble enough analyzing how we are doing in my own State.

Q Governor Ray, could you give us a little more detail on the major complaints that you were bringing to the President today and to the Cabinet about the Federal Government's relationship with the States, the principal problems that you were reviewing today?

GOVERNOR RAY: I would be happy to mention it, but let me put it in a little bit different frame. We came here -- and my introductory remarks included this -- with the thought that we were not there to lecture the Cabinet and the President of the United States, nor were we here to be lectured. We were here to tell the Cabinet and the President that we do have some initiative in the States, that we are sovereign States, and that many of the answers that are coming forth today are coming through the innovativeness and creativity of the respective States, and I can give you some examples.

We were here to tell them that we wished to help because they have very difficult jobs and we would also like that same kind of help in return and, frankly, listening to my colleagues, the problem is not basically with the Cabinet members or the President as it was with the bureaucracy itself, and on a number of occasions someone indicated some surprise about a particular point that was being made, that it had not really reached the Cabinet level. So, again, I think it shows that there is a very heavy, thick, stacked-up bureaucracy that these people have to work through as well as the Governors have to work through and we are not free of bureaucracy in our own States.

Phil had some good points about some of the basic problems that he has had to confront in the Northeast, and you might want to comment on those, Phil.

GOVERNOR NOEL: I think it was well-stated that we did not come here with complaints. We came here in a positive spirit to participate with the President and his Cabinet in formulating some solutions to some of the major problems that beset this country.

We did leave some written material with the President and members of the Cabinet and those copies of that written material will be available through the National Governors Conference headquarters for all members of the media.

What that represented was some of the major concerns of the chairmen of the five standing committees of the National Governors Conference and, although it is not an expression of all of our concerns, some of the major items of concern of those committee chairmen were presented in written form to the Cabinet and the President. I think the general theme of the Governors' statements was one of concern for the Federal-State relationship which most Governors in this country think is deteriorating rather than improving. That is not a criticism of the Ford Administration; it is something that, in my opinion, has been happening over the last decade and it involves an insensitivity to this issue on the part of Congress as well as those who have served in the Executive Office of the Federal Government.

My own expression of concern to the President was that we get about the business of forming a more constructive partnership between the levels of Government and then address through that more viable relationship the major issues that beset the Nation. I think we go about it in reverse order if we take the problems issue-by-issue while we allow the relationship between the levels of Government to deteriorate.

Q Specifically, can you give us an example or two of how the relations have deteriorated?

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GOVERNOR NOEL: Well, I think, for example, the President is about to suggest a budget, or recommend a budget, and we think that it will be a rather austere document and will call for a cap on Federal spending and, without question, in order to reduce Federal spending or to limit the increase in Federal spending there will be a lot of emphasis on a draw-down in transfer money, money that goes to the States and to the cities and counties to finance Federal, State and local programs.

I, for one, don't think that that will be acceptable to the Congress nor to the Governors, Mayors and County Executives of this country unless there is also a reassessment of some of the Federal standards that have been imposed upon us by Congress and by fiat from bureaucratic leaders. If we have to press forward to meet quality of life goals and standards that were fixed during more affluent times and which require a heavy expenditure on the part of State and local Government and at the same time the Federal Government is attempting to drawdown transfer payments or Federal support for these programs, then we are going to have a very unacceptable situation.

So in the broad sense I would answer the question by saying it is an endemic problem and that rather than point to specific instances I think it permeates every agency of the Federal Government that deals with domestic issues.

Q Did you talk about the energy bill at all, Governor?

GOVERNOR NOEL: I did not. Governor Salmon, who is the Chairman of the Committee on Natural Resources and Energy was present and he addressed the energy question and basically spoke in support of the legislation that is now before the President.

Q Did he indicate whether he would sign it or veto it?

GOVERNOR NOEL: No, he did not.

GOVERNOR RAY: I might, if I may, add -- and Governor Salmon is here and he might like to comment himself -- but Governor Salmon has found an era of cooperation working with the Federal Government in this area with Frank Zarb and with the President, and I might tell you another example that was mentioned in here, that the Governors have been arguing with the Federal Government relative to the dedicated computers, and I think most of you are a little familiar with that. They have insisted through the Justice Department that we have a dedicated computer just for criminal information and most States are two or three years ahead of what the Federal Government was calling for and consequently we have programs all over this country with good computer systems, with personnel, with programs and with the hardware.

Then the Federal Government came along and said you have to have an all new program with more personnel and new hardware and that will cost over several hundred million dollars around this country. Well, that is the bad, but the good news is that we have been able to work with the Justice Department and they have seen our point of view and they have adjusted and they have made some changes in the rules and it appears now that we are going to be able to have our systems with the privacy and confidentiality of records protected and they are going to be satisfied with what we are doing in our States.

I think that is one of the kinds of things that Phil was talking about, that if we could just be on the end part before it goes to that extent we don't have to come back and try to recover but, in any event, the Justice Department here has been very cooperative and they have worked with us and cooperated with us.

Q Can either of you gentlemen tell us how the President responded to the comments about deteriorating relations?

GOVERNOR NOEL: I would like to take that. I think he acknowledges that there is that deterioration and that that deterioration has been in process and that one of the things we need to do as a Nation is to put together a better working relationship so that we can hope to build some new confidence in the American people and their Government institutions, and we don't point this as criticism of his Administration. I think the Congress has to share some of the blame. Some of the Federal legislation that they put into place represents a mandate that then must be followed by those who serve in the Executive Branch of Government and agencies that have to carry out those programs, so that I think he responded in a positive way and I think that was to be expected since the criticism was directed at all of us who serve at all levels of Government rather than criticism directed at him or his Administration.

Q Governor Noel, did you repeat to the President the complaints you made in the past about the Office of Management and Budget and the lack of any coordination within the Federal Executive Branch on State-local relations?

GOVERNOR NOEL: I think we did. I usually speak up. I could not say it again here like I said it in there because I got a little bit carried away, but I carried on, as I usually do, and mentioned all those problems. He is a very patient, tolerant President, by the way, and I, for one, appreciate the great deal of time and attention that he gives to the Governors of this country. It is quite a change from the kinds of meetings we used to have with his predecessor.

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Q How is it a change? Could you elaborate on that?

Q How would you contrast it?

GOVERNOR NOEL: I think there is more of an aura of mutual confidence and respect and we have a great deal more time with President Ford than we had with President Nixon. I always felt that we were being marched before President Nixon for some kind of public relations reason. That is how I felt about those meetings.

Q Governor Noel, but the question is, are you getting results?

GOVERNOR NOEL: So far? You know, I don't think we have been getting any great results. I think we have made some gains, especially with the Federal Energy Administration under the direction of Frank Zarb who has developed a great working relationship with Tom Salmon, the Chairman of our Energy Committee of the National Governors Conference. We have had some success, as mentioned by Bob Ray, with the Justice Department in the area of dedicated computers and other kinds of concerns. That may sound insignificant, but when they are all put together, they are very substantial in cost and bureaucratic requirements. I think we are making some progress.

If you look at the problem in its totality, I don't think it is acceptable progress and I think we have got a long way to go, but there is a spirit of cooperation that does exist and we have made some progress.

Q Did the President give you any indication of the magnitude of the drawdown?

GOVERNOR NOEL: I think someone has something else.

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Q When you told the President your concern about the States getting the short shrift of any cut in Federal spending, was he able to reassure you to your satisfaction that if there is a tax cut bill that does include Federal cutbacks that you will not suffer at your State level?

GOVERNOR NOEL: No, we did not receive that assurance. The point that I made, I think quite emphatically, was that I would not for one, nor did I think many other public officials at the State and local level -- nor did I think they would support such an austerity budget recommended by the President if it meant the transfer of costs out of the Federal Government and on to the State and local government because we are more extremist than the Federal people are with their budget.

States, by Constitution, are not allowed a deficit so we must tax to cover our expenditure. If they try to pass the cost of those programs from the Federal level to the State and local level, it is going to mean, I think, an intolerable increase in the burden on the local taxpayer -- the property tax, State income tax, State sales tax -- so that is one aspect of the problem.

The other one is what I refer to, for want of a better title, as the quality of life programs. We are still trying to attain Federal goals that were established in several areas, such as environmental protection, OSHA -- Occupational Health Safety legislation -- the Life Safety Code. The goals that were established for those great programs were established during times of affluence in this country and now we are in times of severe shortage of funds and a very weak economy and we have got to reassess our timetable for the attainment of those great goals, not back away from the commitment to clean up the environment or to make our public buildings safe or to make our plants and factories safe. Those are great goals and we should strive forward to meet those goals, but I think our timetable for that kind of accomplishment has got to be adjusted to match our fiscal capability as a Nation in 1976, which is not the same fiscal capability that we had when those programs were enacted by the Congress.

So, one, to make sure that we don't transfer costs out of the Federal budget and on to State and local budgets; and, two, that if there is going to be a drawdown in Federal support to the capability of State and local government, then some of these other programs have got to be adjusted, perhaps legislatively, maybe by regulation if they have that latitude in the agency, so that we don't have such an ambitious mandate at a time when we do not have the resources to do that job adequately. That is basically the message that we are bringing to the President and his Cabinet in that area.

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GOVERNOR RAY: I think it was mentioned a number of times by our Governors that if there were going to be a drawback in funds that States could sustain a great amount of that or at least some of it if they were given the freedom or the flexibility to use the money that is going to come into the States wisely without all of the regulations and all of the red tape and all of that which just absolutely strangles us.

Let me give you just an example, if I may. There is a lawsuit pending right now. It pertains to the Fair Labor Standards Act where the Federal Government has told the States and local units of government exactly what they have to do in the way of employee relations. We can only allow people to work so many hours without paying them what the Federal Government says we have to pay them. They can only work 40 hours and if they work extra during that week we cannot give them compensation time; we have to pay them at a later time.

Well, you know, we want to pay them fair salaries. We want to give them fair benefits. But there are times like in my State where maintenance workers can clean the roads and work extra hours in the winter and have extra time later on to offset that on a seasonal basis. But you can't do that with the Federal regulations.

It is that kind of thing that costs States and cities and counties a tremendous amount of money that could be avoided if they will let us handle some of our own relations and our own responsibilities and our own operations.

Q Governor Ray, what was the President's response to that?

GOVERNOR RAY: To which?

Q What was your approach to your request that the States want flexibility?

GOVERNOR RAY: Well, I think the President indicated an understanding of that, and that kept coming up, and he did not tell us what his budget was going to entail or include as we probably had no right to expect him to do. It is like when we get ready to give our budget we cannot very well disclose all facets of it, but he did express an understanding of what we were talking about.

Q Governor, what is the Federal reason for so tightly regulating the wages and hours? There must be some reasonable basis for wanting each State to have a uniform wage-hour.

GOVERNOR RAY: Well, I think it is Congress who has decided that that is their prerogative and we think that encroaches upon the sovereign States and the prerogatives of the people there.

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Q I know you are contesting the rights of the Federal Government. What is their reason for that?

GOVERNOR RAY: Well, I guess --

GOVERNOR NOEL: The labor bill -- that is what it is.

GOVERNOR RAY: -- I cannot really answer that except that it is, as Phil points out, a labor bill. The next one that is pending, that is standing in the wings, is about collective bargaining and about coming under the National Labor Relations.

Q But there is no reason for it other than they want it?

GOVERNOR RAY: None that I know of.

Q Governor, what did you tell him was the state of the States in regard to their fiscal condition? The Federal Government is certain to have a huge deficit, and what about the States collectively or as a group? Are they in pretty good shape this coming year or bad shape or what?

GOVERNOR RAY: Well, we expressed a serious concern about that. As Phil pointed out a moment ago, and you people know, States by and large cannot go into debt and so, consequently, we are looked upon as units of government that don't need any financial assistance. That is not the case and we are reassessing in the National Governor's Conference the information relative to the actual condition of all of the States financially.

But we believe -- and I think it was shared by all Governors there -- that if revenue sharing -- which we are not asking for any increase -- but if revenue sharing as we know it discontinues or is eliminated, it would be absolutely disastrous and I think the President shared our point of view on that.

Q I would like to ask a question on the National Guards. Do you gentlemen have enough weapons and vehicles in the training programs for the National Guards?

GOVERNOR RAY: Well, ours is always strapped and we have old equipment and old airplanes. That is not really a big complaint on our part, however. We do struggle to maintain the numbers of Guardsmen because, let me tell you that in my opinion it is absolutely essential that we maintain a strong citizens' army and citizens' military and we believe very much that that is essential.

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It is also our only way in which we can handle the emergencies, the natural disasters and problems within our States. So it is the numbers of people that concern us more than the weapons that we have.

Q Governor Noel, did national health insurance come up?

GOVERNOR NOEL: It came up in the terms of health planning and regulation legislation but not national health insurance as the program to cover all people.

THE PRESS: Thank you.

END (AT 11:52 A.M. EST)