

FOR IMMEDIATE RELEASE

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OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

PRESS CONFERENCE
OF
VANCE WEBB, PRESIDENT,
LOUIS MILLS, VICE PRESIDENT,
AND
BERNIE HILLENBRANK, EXECUTIVE DIRECTOR,
OF THE
NATIONAL ASSOCIATION OF COUNTIES

THE BRIEFING ROOM

2:44 P.M. EST

MR. CARLSON: As you are aware, the President met for thirty minutes with the Executive Committee of the National Association of Counties. Attending the meeting were Vance Webb, the President of the Association, Louis Mills, Vice President of the Association, and Bernie Hillenbrank, the Executive Director.

Here with a summary of the meeting and to answer your questions are these gentlemen.

MR. WEBB: I am Vance Webb, President of the National Association of Counties, and my home State is California. I flew in from Taft. It is in Kern County, is probably the best way to identify.

We flew in to have a discussion with the President today regarding his Message on the budget and such as that. We certainly support much of his program providing that the counties' input is also used. I don't know who to blame for that but oftentimes the emphasis is put on Governors and on cities when actually counties are the Government that is closest to the people. In fact, of the 205 million people in the United States, 188 million or 93 percent are governed by or receive services from counties.

So we feel we are the closest to the people and that perhaps our input into proposed legislation is very, very important. If we are given an opportunity to use our expertise and our people's expertise, then I feel that we can go in and help in promoting this legislation with the Congress.

Q Do you have any specific proposals to the President?

MR. WEBB: The proposals that we offered today were to perhaps have a little more input into his legislation, that he perhaps use some of our suggestions since we are the ones who are perhaps closest to the people and know the problems.

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Q Did you make any suggestions?

MR. WEBB: Yes, that we be included, if possible, in the Domestic Council -- in their deliberations, perhaps, so we might have an opportunity to give them a little of the grass roots thinking.

Q Mr. Webb, I take it you didn't care too much for the Economic Advisers Report that they put out today?

MR. WEBB: The Economic Advisers Report was rather a shock, let me say that, to us, because we feel that it was not too accurate as to the conditions at the local level.

Q What do you mean?

MR. WEBB: All right. I am going to let Mr. Mills comment. I don't want to hog all the time here.

MR. MILLS: I am Louis Mills, the elected County Executive from Orange County, New York, and the Hudson Valley.

We took exception strenuously to the report this morning. We feel that the facts are entirely different from the basis on which they must have phrased their report. I can tell you that in all of the counties in New York State they are absolutely wrong. In my own county, for example, our unpaid taxes are three times what they were a year ago. Our surplus is one-sixth of what it was a year ago and we have an attrition of our work force already.

I know that is true in the large counties surrounding New York City -- Nassau County, West Chester -- major layoffs taking place -- Suffolk County and right on across the State and across the Nation.

We also feel that while we support the President on the block grant programs, we only do so if it is fully recognized that any reduction in aid to localities is going to have a major impact on county government; that in fact since we base our revenues on the real property tax, and this tax does not respond to an upturn in the economy as rapidly as the income tax, that we are in no position to accept the greater part of the reductions that might occur.

This is why we told the President that we feel we deserve a seat on the Domestic Council along with the Governors and with the mayors so that we can have input in the beginning and be able to knock out of the box the kind of arguments that were put forward in this report that was released this noon.

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Q Is it your contention, then, that the Economic Advisers Report paints too rosy a picture as to recovery.

MR. MILLS: The report as far as I am concerned, is entirely fallacious, its findings are wrong.

MR. HILLENBRANK: It is Alice in Wonderland.

I am Burnett Hillenbrank, the Executive Director of the National Association of Counties.

We just conducted a survey of 15 of the largest counties in the United States accounting for about 30-some million population and those reports are unanimous in that they are tight against their budget restrictions. Many of them -- in the case of California, for example, Mr. Webb's counties -- there is no way for them to increase the ad valorem taxes. The 16 counties that were represented on our Executive Committee this morning made detailed reports that there is no way that they can absorb additional costs, particularly in the human services areas -- health, education and welfare -- and that emphasizes why it is very important that the President get a total picture of what is happening and why we want Governors, mayors and county officials to be formally made a part of the Domestic Council when the President is making his decisions about block grants and other matters.

Q Did you tell the President that the report was Alice in Wonderland, it was fallacious? Did you use those words?

MR. HILLENBRANK: I just used Alice in Wonderland. We told him it was fallacious, it had no basis in fact.

Q What did he say?

MR. HILLENBRANK: He said that he felt -- not directly quoting him -- but he felt that perhaps their report was exaggerated or overstated.

Q That the Administration report was exaggerated?

MR. MILLS: His term was "overstated."

Q What, that the report was overstated?

MR. MILLS: The report was overstated. He, however, had not seen it because it was only released an hour or so ago.

Q What specifics are you mentioning? What specifically was overstated?

MR. MILLS: I cannot speak for what the President said, but he had --

Q What were you referring to specifically?

MR. MILLS: The report was put in front of him and he had just seen it. As far as we were concerned, we saw it this morning several hours ago. I am referring to the reference to surplus, the reference to expanded services. My lord, county governments are cutting back on services, they are not expanding services.

MR. HILLENBRANK: The inference is very clear from that report that we can absorb additional costs at the local budget for health, education and welfare and it is not true, we cannot do it.

MR. MILLS: They refer to a rise of two to three percent in local government purchase which they say represents 90 percent of our expenditures. Well, two or three percent is exclusive of the inflation factor, it is much more like 13 or 14 percent.

Q I am just interested in you giving us just a little more detail in characterization of what the President said. He indicated that it was exaggerated?

MR. MILLS: He glanced at the sheet which was the first time we presented it to him, he had not had an opportunity to know about this --

Q It is a wire service story you are talking about?

MR. MILLS: Yes, not the report, and that is the information upon which he made his comment that it was overstated.

Q Your case is overstated or his Economic Report is overstated?

MR. MILLS: His Economic Report is overstated.

MR. HILLENBRANK: The press story is overstated -- too optimistic.

Q Let's start all the way over and get this in one clean sentence. What is overstated?

MR. MILLS: The wire service story of the Economic Report and, therefore, we have to assume the Economic Report that he said was overstated.

Q Did he do anything to assure you that the report was not quite as overstated as the news account? How did he respond to your arguments that it was an Alice in Wonderland report?

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MR. MILLS: I think he took into account what we said. He could hardly say much more about this since he had not been briefed on it in advance.

Q Gentlemen, what we are all trying to get at here, you are familiar with your problems and we are not and we are trying to find out what it is that the economic advisers have said that counties are able to do or ought to be required to do.

MR. MILLS: That is a different question. I can answer that easily.

Q What is it that you had the problem with?

MR. MILLS: First of all, the report says, one, that the increase in cost -- local government purchases, for example, which account for 90 percent of the expenditures -- would rise by two to three percent during 1976 and I say to you that it is going to be more like 12, 13 or 14 percent or more because this does not take into account inflation. It also refers to the fact that you are more likely to build up surpluses. Building up surpluses is precisely what we are not doing. They are dropping it at a rate where they are near extinction.

The opening sentence of this news story is that "State and local governments should be able to cope with their financial problems without unduly adding to the tax burdens of their citizens." We are in much worse shape than the Federal Government.

Q I see. And you are saying that if the Federal Government proposes another cut in Federal taxes but keeps unemployment at above 7 percent that that is going to put the counties in a new crunch, in other words, and you will have to raise your own taxes?

MR. MILLS: It hits us immediately. Our unemployment rate has a direct effect on our welfare costs and we are the ones that deliver welfare. I may say the news media frequently does not seem to understand that fact.

Q How about the Administration?

MR. MILLS: I think the President is aware of it and I think he made that very clear.

Q Gentlemen, we understand that you are not happy with the report because that is just predictions. What are you unhappy with insofar as the Administration's actions? What do you wish the Administration were doing that it is not doing?

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MR. HILLENBRANK: We want to be sure that when the President of the United States makes some decisions about national programs that impact on cities, counties and States at the State and local level, that we have an adequate vehicle to present our position. If judgments are being made on the basis that there is surpluses at the State and local level, we find that to be a preposterous kind of a conclusion and what we want is a formal way, as formal advisers to the Domestic Council, so that the input of Governors, mayors and county officials can be presented to the President of the United States so that he is getting both sides of the equation.

Q Did the President voice any reaction to that?

MR. HILLENBRANK: We came away with the impression that he was favorable for the working out of details so that we could adequately be consulted on this,

Q Who asked for this meeting today -- you or the President?

Q The President at this point when he signed that report said that he was going to continue to follow the same economic policies that he has followed for the last 18 months, the same basic policies. Are you saying that those basic policies are going to force you at the county level to increase taxes?

MR. HILLENBRANK: We are saying that we conducted a survey of the urban counties and this morning we had 15 of the counties represented and in none of those counties is there any capacity to absorb any more cost. We are at a budget crunch where our alternatives now are to discontinue services or to increase taxes, and in most places that is politically impossible and in some cases, as in California, it is constitutionally impossible.

Q Did you answer the question about who asked for the meeting?

MR. HILLENBRANK: The other question was who asked for the meeting. We did, the Executive Committee of the National Association of Counties.

Q Do you think that the Administration has tried to white-wash the situation in this report?

MR. HILLENBRANK: Well, I think you are drawing too much on the report. We got the report just a few minutes ago and we were certainly very sharply critical of the press account of what the report says. What we are after, in a positive sense, is a capacity to work with the President of the United States.

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We want grants consolidated if we can have them, but we cannot have the grants consolidated on the basis of us having to put up more money. We don't have any more money at the local level. What we were after in our discussions with the President is a mechanism to be sure that those facts got into the equation before decisions were made.

Q Gentlemen, the President's block grant approach does not require any additional input by States, cities or counties, does it?

MR. HILLENBRANK: That is not correct. This morning representatives of the Governors, the mayors and the county officials met with the key staffers at the OMB and started the dialogue about helping to draft the specific proposals that the President will submit to the Hill. The President has assured us that we will have an input now before those proposals are in firm shape. We will be consulted absolutely in the process started this morning at 9 o'clock at the Office of the Budget and Management.

Q I am sorry. I misstated my question, maybe. What I meant was the President's block grant proposals will not require any additional taxation at the local level, will it? I don't understand what you are so upset about concerning block grants.

MR. HILLENBRANK: Well, some analysts say that they won't and some analysts say that we will and and what we want is an official input to be certain that the proposals as they are finally submitted to the Hill do not require any additional tax effort at the State and local level.

Q I am reading in your press release here where you are talking about unemployment and so forth. Can you address yourself to that? What is the problem for counties with unemployment? You want a Federal program to reduce unemployment, to help counties, is that it?

MR. HILLENBRANK: Well, you have really asked two questions and I will respond to the first and maybe Bernie or Vance can respond to the second.

The way it is impacting so seriously on us is that people are running out of the unemployment benefits, they are on extended benefits or they are running out entirely and it is increasing our recipient caseload in social services, which is a direct county charge, and this is going to get worse. Even with an upturn of the economy, there is going to be a considerable lag before we see an improvement in that caseload total.

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Meanwhile, the Federal income tax, if you have an upturn in the economy, is going to improve, but the real property tax totals are not going to improve for several years later. There is a substantial lag there.

Q And you would like to see more pump priming to get more people back to work. That is what you told him today, is that it?

MR. MILLS: I am sure that is what we want.

MR. WEBB: I think I might answer that. Actually, if we don't keep people at work or put them back to work, they are going to go on a welfare program and we would much rather get some benefit from the money that is spent rather than have them on the welfare program.

You asked about the block grants also, whether this was sufficient. It is increasing all the time mandatory programs that are given to us to increase more services. It is impossible to increase these additional services with no more money but still more people to take care of and also with the inflation moving in. Also, your head is bumping the ceiling and there is no place to go.

It was mentioned that California has a ceiling on taxes. It does. S.B. 90 which happened in California, you cannot increase the tax rate in any of those government agencies. So as long as the costs are coming up, more services are needed to be provided and you can't go up any on the taxes; something has to happen, and that is our concern.

Q You are getting the sense here that the President is moving as the Economic Report and the budget show, that you are dumping more of a load on the counties and the counties being unable to support this financially?

MR. WEBB: I know there are perhaps additional programs that are being suggested and it does not always come from the President, it can come from other agencies. I am talking about the interpretation of the law by departments oftentimes can build up a program that really it was not the intent or purpose of Congress or the Administration to have.

In other words, it is the departments on down the line who interpret the law just a little different than it was and they say the law means you should provide these additional services when actually we don't feel that that is true.

Q How do you feel about Mr. Reagan's proposals for \$90 billion going back?

MR. WEBB: I am not familiar with Mr. Reagan's proposal. I have a tough time reading my own mail.

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Q Gentlemen, what you said sounds a little different from the representatives from the States and cities, the Governors and mayors who were here last week, the day that I think the President's budget came out, and the President gave them a briefing on it. They came out and told us that they were 100 percent behind his block grant approach, that they were mildly disappointed at the funding in some programs, but that they understood he was trying to cut the budget and they could live with that. I get the feeling that you folks don't feel that you can live with what the President is proposing.

MR. WEBB: We think that perhaps in some of the drawing of the legislation to go to the Hill it should have a little more impact from local government. There are things that money, I think, is being spent for that perhaps is not as necessary as some of the human services. So if we were permitted to put our thinking into the bill, I believe we could adjust the expenditures to where we would get more mileage, more help to people and it might not be too much of an extra cost.

THE PRESS: Thank you.

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(AT 3:01 P.M. EST)