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THE WHITE HOUSE

PRESS CONFERENCE

OF

NELSON ROCKEFELLER

VICE PRESIDENT OF THE UNITED STATES

THE BRIEFING ROOM

4:00 P.M. EST

VICE PRESIDENT ROCKEFELLER: I will pick up one point the President made, which seems to me is awfully interesting and important, and that is the low cost of overhead and personnel.

He gave a percentage of dollar figures. A total of \$6 billion were distributed at a total cost to the Federal Government, the Treasury, of \$3 million and less than 100 people.

Now, when we had these meetings for the Domestic Council the President asked me to conduct around the country, the thing which is of the most irritation to State and local Government, to business and to even the recipients of welfare, is bureaucratic red tape in Washington.

This totally eliminates bureaucratic red tape because it is a distribution of cash on a formula that goes directly to State and local Governments, and they have the responsibility in response to their people as to how the money should be used.

Now, this is a conceptual question. It is a philosophical question. It relates to the whole Federal system, which has meant so much to this country, and this is the move which the Governors have been proposing for 15 years and supporting.

So, we have here now five years of most successful operation. Tragically, local governments, State governments, expect it to go so they have taken it for granted and haven't done too much to support it, but now they are waking up and finding that nothing has happened.

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Not only do some budgets start in January of next year, but some start in July 1 of next year, and you cannot -- if you have to have a balanced budget -- put an item in your budget of revenue unless it has been authorized, and this has not been authorized.

If I could give one local illustration -- nobody would be able to guess which -- if you take New York City -- the President has recommended to the Congress that they pass legislation so that he can advance funds against their three-year period while they balance their budget.

The balancing of their budget included this \$263 million a year, each year, and it is the integral part of balancing the budget.

Now, the State of New York has just cut \$100 million from New York City, so they are trying to struggle with that. If they now lose \$263 million, this makes it impossible for them to balance the budget and therefore assures their bankruptcy.

Excuse me for using a local illustration, but it is dramatic and, if they go bankrupt, I would just like to point out the other recommendation of the President -- to change the bankruptcy laws -- has not been accomplished by the Congress yet and, therefore, there would be a chaotic situation and a chaotic situation could spread to other areas.

MR. NESSEN: Let me explain some of the things we will be passing out here.

VICE PRESIDENT ROCKEFELLER: I hope I am not one of them. (Laughter)

MR. NESSEN: This morning, some people asked about why there was such a rush when this didn't expire until December 31. The Vice President will be referring to this chart, which shows the legislative steps it needs to go through in Congress.

Also, the Governors Conference has sent to the White House a State-by-State breakdown by the Governors themselves of what they would have to do in their own States to either cut programs or increase taxes if they lose general revenue sharing.

We have prepared some excerpts from the reports, and it comes from the Governors. We are also handing out now a State-by-State breakdown of how much each State has received.

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I am sorry for the small print, but it was the Office of Revenue Sharing saving this money that the President talked about. Small print costs less.

This will show you how much each State has received since the beginning of the revenue sharing plan four and a half years ago. I will Xerox some copies of the chart, which you can take away with you.

VICE PRESIDENT ROCKEFELLER: The only thing that is important to me in this chart from your point of view is the urgency of time with the new budget procedures in the Congress. The committee hearings have got to be held prior to the committee review and estimate on FY 1977 funding due to the budget committees, so you have to get in before here and you have to have another round here.

These are new hurdles, if you want to call it that, that have to be covered between now and the time you get to the ordinary appropriations committees. So, this is a very new and interesting situation.

When I worked on this in 1972, there were only two committees -- Ways and Means and Finance. Now there are seven committees. This is under the reorganization of Congress to speed up their process.

So, I think this just gives you the urgency to act now because of the complexity of what has to be done if it is going to be done in time to include in people's budgets. If not, I can give you a few illustrations.

If you take the President's own State of Michigan, if this was not enacted, Michigan as a State, not including counties and cities, gets \$90 million. In order to make up for the loss of that, they would have to use any one or a combination of the following: a 7 percent increase in State personal income tax, a 25 percent increase in State corporate income tax, a 15 percent reduction in State support of higher education, a 9 percent increase in State sales tax, or abolishment of the State's public health programs.

That gives the range of the impact from a State point of view.

Now, you have it in counties and then cities. Arizona--\$22 billion to compensate for the loss of this. It would mean a 75 percent increase in State university student fees, or a 14 percent increase in State personal income tax, or a 75 percent increase in State tobacco tax, or 10 percent decrease in assistance to schools.

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These are the kinds of changes, and you can go through these for the counties and for the cities. I have given you the figure on New York and will be glad to discuss details, both from a conceptual point of view and from the financial point of view.

Q Mr. Vice President, where is the opposition from this coming from?

VICE PRESIDENT ROCKEFELLER: Inertia, plus a few people who have been Constitutionally opposed to this either because they come from a State where they have other revenues that are so great they don't need it, or they would prefer -- and this gets back to that fundamental argument over categorical grants, of which we now have 1,007 categorical grants.

It used to be, when I was Governor, 35 in the field of education alone. We had to prepare 22 State plans, submit them to Washington and, when we got all through doing all of that -- and I never could find out who read the plans when they got down here, and I hate to think who didn't read them up there -- when we got all through we got 5 percent of our cost of primary and secondary education.

This is where the red tape and the bureaucracy, the resistance, comes. It is the complexity, it is where the Federal Government has moved in increasingly to dominate States, counties, cities and to control, really, virtually control their actions in almost every field.

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Q Specifically, what are your plans, Mr. Vice President, for getting Congress off the dime, so to speak?

VICE PRESIDENT ROCKEFELLER: You have a whole series of ways of working on this. One which I have started is talking to the key people who have been opposed. Two is to get the States, the counties and the cities properly organized. The cities have been always. The counties are moving very rapidly. They are very effective because this gets right down into the home districts. The States have never been as effective lobbyists, if you want to put it that way, but they can be and we hope they will be.

But I think also the other side of the coin is getting back to the people of the State so that they recognize that they are either going to have tax increases or they are going to have services cut. And it is just as simple as that. It isn't \$90 billion; it is \$6 billion.

Q Mr. Vice President, it sounds like you are having trouble with the committee chairmen more than anything else, because they tend to initiate things. Is that true? Are you talking to committee chairmen?

VICE PRESIDENT ROCKEFELLER: Yes, but I think really a lot of it is inertia -- so many problems and so forth, you put it off. They say, well, it doesn't expire until, what is it, December 31, and therefore what is the big rush? But then they haven't figured out or brought into focus the fact that budgets have to be made up now, starting now and States, some States have them in July, and local governments, some in later periods. Where the State law says that the State and city has to come up with a balanced budget, you have to put in authorized sources of revenue.

Q Is this what you are saying to us today with that chart and with this news conference and so on? Is that an alternative to what you have attempted to do on the Hill already?

VICE PRESIDENT ROCKEFELLER: It is not an alternative. This is sort of like a roadmap to the places that have to be dealt with -- the committees, the chairmen, the Members in both Houses, the time schedule, conflicts that come up -- one drafts it one way, another one does it another, reconciling the differences and so forth.

Q I understand that, but have you been on the Hill, or have you been on the telephone to those key subcommittee chairmen explaining to them, as you said, that they are unaware of the need for the publication of the budget?

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VICE PRESIDENT ROCKEFELLER: I have only talked to one so far myself, but what we have been trying to do is to get the organized groups of States, counties and municipal governments and they have very good offices here and they have very knowledgeable people. The most important thing is to get them to get their people back home, to call their Congressmen and just alert them to the fact and give them the list of things that it means and what they have used the money for and what they would have to cut out and get them to talk to their people in those communities. So the people themselves, the interest groups, in a sense -- the firemen, the policemen, whichever groups have been getting the money -- to get them active. You know, this is the way our Government works and so we might as well stay with it.

Q What is your timetable for action? When do you want to get the bill signed into law?

VICE PRESIDENT ROCKEFELLER: Well, if it was yesterday, it would be great. Really, just as fast as we possibly can.

Q I can't read your chart.

VICE PRESIDENT ROCKEFELLER: Neither can I.

Q It looks as though something is happening in October. Is that when you want to have it all?

VICE PRESIDENT ROCKEFELLER: That is the appropriations. There are two processes: One is authorization and the other is appropriation.

Authorization is really the most important. First of all, if it is authorized, then the State is in a better position.

Q So when do you want to get the authorization approved?

VICE PRESIDENT ROCKEFELLER: Just as soon as we can.

Q Practically speaking, though, you have to get some work done; you have to get your people lobbying.

VICE PRESIDENT ROCKEFELLER: We are not going to let any grass grow any longer under anybody's feet that we can prevent.

Jim, I don't like to give a deadline.

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MR. JAMES CANNON (Assistant to the Vice President):
No, sir, we can't give a deadline. We have been working so far to try to get Congressman Fountain's subcommittee to schedule the markup session and that is our first effort, because until we do that, Carroll, we can't take the next step.

Q Sir, you are mounting what appears to be a huge lobby on this thing, but are you really that concerned that it is not going to be extended?

VICE PRESIDENT ROCKEFELLER: No, but I have found in life that, if there is a little concern, it is worth making sure that it doesn't happen. Sometimes little concerns get out of hand. Therefore, this is so important and so vital to so many communities that it is inconceivable to me to think what would happen in this country if it wasn't done.

Now, as long as there is opposition and as long as there are possibilities of its being sidetracked, of its being amended so that it is made inoperative -- and let's face it, there are a lot of Congressmen who would prefer the categorical grant because they become personally identified with it. It has a special group back home and, you know, they can notify the people of the grants and so forth and it is more personalized.

But this goes counter to the concept of the Federal system where the responsibility is most responsibly exercised closest to the people.

Q Sir, since committees are controlled by the Democrats, are you saying the Democrats are too slow to move on this?

VICE PRESIDENT ROCKEFELLER: No, sir, I didn't say that.

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Q In effect, aren't you saying so?

Q Is that a factor?

VICE PRESIDENT ROCKEFELLER: You know, I frankly didn't even differentiate in my own mind. I have just been thinking in terms of people, who is in the key position and how do you reach him or her most effectively, to understand the problem.

I have been a Governor for 15 years, and a vote is a vote, whether it is Democrat or Republican. It is important to have.

Q You are saying this is bipartisan apathy in Congress, then? (Laughter)

VICE PRESIDENT ROCKEFELLER: Why don't you just stick with what I did say instead of what you are trying to put in my mouth. What I said was there was apathy in Congress. I didn't classify it or identify it with one party or the other.

I just think they have been loaded with so many problems that on this issue -- certainly they are not apathetic on some other issues I can think about.

Q How much money are you asking for?

VICE PRESIDENT ROCKEFELLER: Just renewal of the present program.

Q How much is that?

MR. CANNON: \$39.85 billion.

VICE PRESIDENT ROCKEFELLER: They are extending from five years to five years and three quarters, but what would it be a year?

MR. CANNON: A little over \$6 billion, Governor.

The Ford proposal has a \$150 million annual increase, Mr. Vice President.

VICE PRESIDENT ROCKEFELLER: That is a small reflection of inflation.

Q Sir, have you arrived at a figure?

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VICE PRESIDENT ROCKEFELLER: Yes, we have. There is a bill in, the President has put a bill in.

MR. CANNON: The total is \$39.85 billion over the five and three-quarter year term.

Q Mr. Vice President, if you are not concerned that Congress will eventually extend --

VICE PRESIDENT ROCKEFELLER: I am.

Q You said you were not really concerned.

VICE PRESIDENT ROCKEFELLER: Excuse me, somebody said in the back of the room why was I so exercised if there wasn't a major concern. My feeling is, even if there is a minor concern, that I am concerned.

Q My question to you was --

VICE PRESIDENT ROCKEFELLER: I will rephrase my answer. I am concerned.

Q Do you honestly believe the Congress might not extend revenue sharing?

VICE PRESIDENT ROCKEFELLER: Yes, it might not.

Q You said just a few minutes ago that you weren't.

VICE PRESIDENT ROCKEFELLER: I would like to get the transcript of what I did say and correct it, because I am concerned or I wouldn't be wasting my time doing what I am doing. I don't mean wasting it in this room, excuse me. I beg your pardon, not here. I mean in this whole program. (Laughter)

Now, I am very concerned because the potential impact of not passing this is so serious to the country that I don't think, as long as there is a shadow of a doubt, that anybody should relax.

THE PRESS: Thank you very much, Governor.

VICE PRESIDENT ROCKEFELLER: It has been a pleasure, indeed. (Laughter)

END (AT 4:17 P.M. EST)