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THE WHITE HOUSE
WASHINGTON

April 19, 1976

MEMORANDUM FOR: JIM CANNON
FROM: STEVE McCONAHEY *sgm*
SUBJECT: Guam

Since our last discussion, I've had the opportunity to discuss the Guam issue with the NSC staff. We have concluded that the best way to proceed with this issue is a combined effort on the part of the Department of Interior, NSC and my office. The Department of Interior will take the lead on routine discussions with issues relating to the Guamanian Commission, NSC will continue to provide a substantive review and input from a security standpoint, and we will perform the major contact point on an intergovernmental basis.

This week we met with two Senators from Guam to hear their request for prompt negotiations on their status and relationship with the Federal Government.

NSC is prepared to begin such discussions later this spring, and so indicated to the delegation. As a result of our meeting, I think it is appropriate to send the attached letters (see attachment A and B) to the Governor of Guam and to the Chairman of the Guamanian Commission indicating our understanding of their concerns and our willingness to begin serious discussions with them later this spring. These letters are somewhat overdue; however, they have been awaiting the completion of the Northern Marianas compact.

I urge you to sign these letters and if you have any questions, Jay Taylor of the NSC staff and I will be happy to respond.



April 19, 1976

MEMORANDUM FOR:

4/19/76
JIM CANNON

FROM:

STEVE McCONAHEY

SUBJECT:

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I urge you to sign these letters and if you have any questions, Jay Taylor of the NSC staff and I will be happy to respond.



A.

THE WHITE HOUSE

WASHINGTON

Dear Governor Bordallo:

The President has asked me to respond to your letter regarding Guam's relationship with the Federal Government.

Your letter was a timely reminder of the vital role the Territory of Guam has played in the implementation of the U.S.- Pacific policy in the past 78 years. The President understands your concern for Guam's economic development and your desire to review some aspects of the existing Guam/Federal relationship. The related questions are presently being considered within the Administration, and we hope to be able to initiate a discussion of the issues with you and the Special Commission sometime this spring. In the meantime, Fred M. Zeder, Director, Office of Territorial Affairs, Department of the Interior, will continue to act as our principal official on this question.

The President appreciates having your timely remarks, and he has asked me to extend to you and all our fellow Americans on Guam his best regards.

Sincerely,

James M. Cannon
Assistant to the President
for Domestic Affairs



The Honorable Ricardo J. Bordallo
Governor of Guam
Agana, Guam 96910

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**James M. Cannon
Assistant to the President
for Domestic Affairs**

**The Honorable Ricardo J. Bordallo
Governor of Guam
Agana, Guam 96910**

cc: Steve McConahey

THE WHITE HOUSE

The Honorable Ricardo J. Bordallo
Governor of Guam
Agana, Guam 96910

B.

THE WHITE HOUSE

WASHINGTON

Dear Senator Blas:

Please excuse the long delay in replying to your earlier letter to the President regarding Guam's relationship with the Federal Government. As you know, we have been pre-occupied over the last few months with gaining Congressional approval of the Northern Marianas Covenant. Now that we have succeeded in completing this task, we are focusing our attention to the issue of Guam.

We appreciate your desire to establish an initial dialogue between the Federal Government and the Special Commission on the Political Status of Guam. The related questions are presently being considered within the Administration, and we hope to be able to initiate discussion of the issues with you and Governor Bordallo sometime this spring. In the meantime, Mr. Fred M. Zeder, Director, Office of Territorial Affairs, Department of Interior, will continue to act as our principal official on this question.

The President has asked me to extend his best wishes to you and to all our fellow Americans on Guam.

Sincerely,

James M. Cannon
Assistant to the President
for Domestic Affairs

The Honorable Frank F. Blas
Senator
Post Office Box 373
Agana, Guam 96910



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Assistant to the President
for Domestic Affairs

The Honorable Frank F. Blas
Senator
Post Office Box 373
Agana, Guam 96910

cc: Steve McConahey

THE WHITE HOUSE

The Honorable Frank F. Blas
Senator
Post Office Box 373
Agana, Guam 96910

C.



TERRITORY OF GUAM
OFFICE OF THE GOVERNOR
AGAÑA, GUAM 96910
U.S.A.

RICARDO J. BORDALLO
GOVERNOR

JAN 13 1976

Honorable Gerald Ford
President
The White House
Washington, D.C.

Dear Mr. President:

This Bicentennial Year renders an opportuned time for the United States of America to re-examine its purpose and policy in the Western Pacific. The Territory of Guam has played a vital role in the implementation of America's Pacific policy in the past. It will continue to do so in the future.

In its history, America has endeavored continually for a full democratization of its system of government. This included our nation's ability to establish political equality for all its citizens. However, for Guam this process has been much too slow in coming during the past 75 years as a possession and territory of the United States. For instance, granted American citizenship only in 1950, the people of Guam now face another presidential election 26 years later still without the right to vote for its President - a right so fundamental to our democratic way of life.

I have been in office as Governor for a year now. As I begin the second year of my administration, I am compelled to bring to your attention the existence of many federal statutes and constraints that affect Guam's ability to advance politically and economically. Increased economic self-sufficiency demands increased local autonomy. I believe that more autonomy for Guam will allow it to achieve a more mature status.

An upgraded political status will provide Guam the foundation necessary for a sound and stable society. HR 9491, a Bill to provide for the establishment of a constitution for Guam, is a single step in that direction. I request your support for the passage of that Bill. Any change in Guam's political status must consider among other issues such as immigration control, relations with regional and international bodies and relief from various Federal regulations.

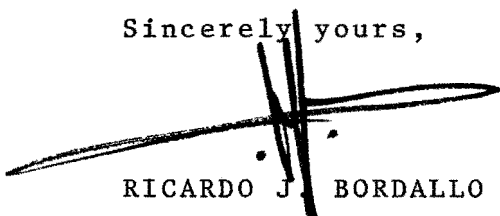
Mr. President, I seek your personal action in resolving some of the imperfections of Guam's relationship with the Federal government. Your office can lend significance to the issues at hand. I therefore, urge you to appoint a Personal Representative to begin talks with Government of Guam officials. I seek your immediate consideration of this matter.



President Gerald Ford
January 13, 1976
Page Two

I extend to you the best wishes of the people of Guam. With personal regards and best wishes, I am,

Sincerely yours,

A handwritten signature in black ink, appearing to be "Ricardo J. Bordallo", written over a horizontal line. The signature is somewhat stylized and overlaps the line.

RICARDO J. BORDALLO





TERRITORY OF GUAM
OFFICE OF THE GOVERNOR
AGAÑA, GUAM 96910
U.S.A.

President Gerald Ford
The White House
Washington, D.C.



Steve

SPECIAL COMMISSION
ON THE
POLITICAL STATUS OF GUAM

P.O. Box 373
AGANA, TERRITORY OF GUAM
U.S.A. 96910

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Guam
holders
JL
sent to
Antonia
Antonio
Shaw us

August 22, 1975



The President,
The White House,
Washington D.C.

Dear Mr. President:

As Chairman, I am pleased to inform you of the organization of the Special Commission on the Political Status of Guam. The thirteen members of the Commission include representatives of the general public and representatives of the Executive and Legislative branches of the Guam government.

The Guam law creating the Special Commission states that "a resolution of some of Guam's basic economic, social and political questions should be sought within the framework of political status negotiations with the federal government with all due speed."

Accordingly, the Commission has formally approved a timetable for accomplishing its purposes, among which are identifying points of discussion for inclusion in any status negotiations, and drafting a plebiscite for submission to the voters during next year's Primary Election in September.

In a March 3, 1975 meeting between Mr. Norman Ross, former Assistant Director to the President's Domestic Council, and the Governor of Guam, Ricardo J. Bordallo, Guam's relationship with the United States was discussed and a Presidential Task Force was mentioned by Mr. Ross as one method of studying all aspects of Guam's political status.

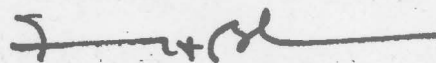
The recently concluded and successful status talks with the Northern Marianas were conducted by Ambassador Haydn Williams, appointed to represent the President of the United States, and the Political Status Commission of the Northern Marianas.

The Commission believes its mission can be accomplished much quicker if liaison were established as soon as possible between the office of the President and itself.

Therefore, the Commission, by this letter, respectfully requests that a representative of your office be appointed for the purpose of establishing initial dialogue with the Special Commission on the Political Status of Guam in

order that proper coordination can be maintained throughout our efforts to resolve the important question of the future relationship of Guam to the United States of America.

Sincerely yours,



FRANK F. BLAS
Chairman
Special Commission on the
Political Status of Guam

THE WHITE HOUSE

WASHINGTON

April 20, 1976

MEMORANDUM FOR: JIM CANNON
FROM: STEVE McCONAHEY *SGM*
SUBJECT: NACo Request

As you know, we have for some time been reviewing the two requests that NACo Officials placed before the President in their meeting with him earlier this year. After numerous discussions with NACo, it is clear that their major interest is in getting some type of formal response from the President and the White House to their request and in recognition of the role that county governments play.

I think we can very legitimately respond to these requests and I have drafted two letters for your review. One is a general response from the President to Mr. Vance Webb thanking him for his support on the summer youth program (see attachment A) and then expanding upon the importance the President places on participation of all levels of government, with particular attention on the role of counties. The second is a letter from you (see attachment B) providing a more detailed response to the NACo request and indicating how we plan to carry out the President's mandate. I recommend these two letters to keep the President out of detailed responses.

I recommend these letters be signed as soon as possible.

The counties are playing an increasingly active and substantive role throughout the country and in Washington. I believe that a positive relationship with them is important.

Attachments



April 28, 1976

Dear Mr. Webb:

Thank you for your letter of April 7 in which you expressed support for the Summer Youth Employment Program and my request for an urgent supplemental to support this activity in the upcoming summer months. As you know, I signed this emergency supplemental into law on April 15. I am optimistic that this measure will provide substantial employment opportunities for the youth of this nation.

I am pleased to see the active interest of County Governments in this and other Federal programs. There is no doubt in my mind that you and your fellow County Officials are playing a critical role in the delivery of important services and in the planning and administration of Federal programs, particularly in the welfare and social service areas.

I am also aware of the active role that your membership has played in securing important Federal legislation. General Revenue Sharing and the Urban Mass Transportation Assistance Act of 1974 are two examples. NACo's involvement has contributed to the national debate on these issues and passage of needed legislation.

I believe that the experience and contribution of county, as well as state and local officials, are important, and I have taken steps to strengthen our intergovernmental capacity to ensure that we maintain an effective process of participation and consultation with all levels of government. Along this line, Jim Cannon and Steve McConahey of my staff have



been reviewing the specific requests that you made during our meeting earlier this year, and they will be in touch with you shortly in response to your questions.

Let me say again that I welcome your active interest and participation in these Federal issues. You and your colleagues are helping to rebalance the responsibilities within our system of Federalism. I look forward to working with you and the other executives of the County Governments in achieving this objective.

Sincerely,

Mr. Vance A. Webb
President
National Association of Counties
Chairman, Board of Supervisors
Kern County Courthouse
Bakersfield, California 93301



cc: Steve McConahey

April 28, 1976

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file
[ca. 4/21/76]

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON *J Cannon*
SUBJECT: Mayor Perk Support

Mayor Perk (R-Cleveland) has forwarded to our Intergovernmental Affairs Office the attached draft letter which he has already sent to several Republican Mayors and which he intends to send the remaining Republican Mayors supporting you as the Republican nominee (Tab A). You may recall that Mayor Perk and the Executive Committee of the U.S. Conference of Mayors formally endorsed you as the Republican nominee, and formally requested that Mayors throughout the country lend their support to you. This letter is a further manifestation of the strong support that Mayor Perk is providing for you.

I have attached a letter of acknowledgment from you to Mayor Perk thanking him for his efforts (Tab B).



FROM THE DESK OF
INA KEEGAN
PRESS SECRETARY TO THE MAYOR

April 21, 1976

Dear Mr. McConahey:

The attached letter was sent, personalized, to the 113 Republican mayors of Indiana.

We are planning to send similar letters to the Republican mayors in at least several of the states with upcoming primaries. Therefore, Mayor Perk asked that I send you this to look over in the event you have any suggestions for additions or corrections concerning the President's role with the mayors.

Any suggestions would be welcomed.

Best regards,

Ina Keegan



Our National Republican Mayors Conference, as you know, has been organized only a little more than a year. Yet we have had tremendous success in Boston at the U.S. Conference of Mayors and in Miami at the National League of Cities in promoting the programs of the President--programs which are basic to the Republican philosophy of fiscal responsibility, integrity and efficiency.

We are fortunate to have an incumbent President who symbolizes that philosophy, and it would be good to go into the convention and fall election strongly united behind him. It is not just our party, but the entire nation, which can look to Gerald Ford for honest and progressive leadership.

Sincerely,

Ralph J. Perk, Chairman
National Republican
Mayors Conference





City of Cleveland

RALPH J. PERK
MAYOR

April 15, 1976

Honorable -----
Mayor, City of -----
-----, Indiana

Dear Mayor -----,

As chairman of the National Republican Mayors Conference, I am pleased to inform you that the executive committee of the conference, in executive session, unanimously endorsed President Ford for nomination in the August convention and election in November.

The Republican mayors have been extremely enthusiastic about President Ford, particularly since he has been so sensitive to the needs of the cities and the problems facing the mayors of the country. The President was also in the forefront while a member of Congress, and while Vice President, in his support for revenue sharing.

He has been more receptive to meeting with mayors, in his cabinet room and oval office, than any President in history--and has been extremely sensitive to our needs and proposals.

Personally, and on behalf of the National Republican Mayors Conference, I would appreciate your support for President Ford in the Indiana primary and at the Republican Convention in Kansas City. Indiana is the heartland of America, and a good showing of support for the President in your state on May 4th would be of far-reaching impact.

I do not have to remind you that the President is struggling to overcome the damaging effects of the extremely liberal Democrat-controlled Congress, and is working to return governmental control to the people through revenue sharing so that we in local government can determine the priorities necessary to solve the problems of our individual communities. He has shown great courage in vetoing much of the excessive spending legislation of Congress, and I believe his success in having so many of his vetoes sustained is because the people are behind him in his efforts.



THE WHITE HOUSE
WASHINGTON

Dear Ralph:

I enjoyed seeing you at the White House on Wednesday, and appreciate your participation in the Conference on Neighborhood Development.

I would also like to express my gratitude for the support which you are continuing to provide for me during my primary elections. I have seen a copy of the letter for support which you are circulating among Republican Mayors and I am deeply grateful for that.

I continue to be confident of the nomination, and the support you and other local officials are providing is most helpful.

Sincerely,

The Honorable Ralph J. Perk
Mayor of Cleveland
Cleveland, Ohio



THE WHITE HOUSE

WASHINGTON

May 3, 1976

MEMORANDUM FOR:

JIM CANNON

FROM:

STEVE McCONAHEY

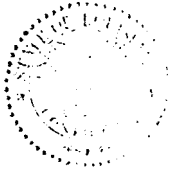
SCM

Attached is a draft letter that Mayor Perk intends to send to other Republican Mayors throughout the country. I suggest that you forward this along with the attached draft memorandum to the President, informing the President of this kind of support.

Attachment



*cc: Mr. Courahey
[unclear]*



EDWIN EDWARDS
GOVERNOR

State of Louisiana

EXECUTIVE DEPARTMENT

Baton Rouge

April 27, 1976

*How
M!*

The Honorable Elliot L. Richardson
Secretary of Commerce
Washington, D. C. 20230

Attention Mr. Frank Hotse1

Dear Mr. Secretary:

I understand that certain proposals have been made to amend the Coastal Zone Management Act. Previously, bills have been introduced which would provide for Federal Grants to the various coastal states to compensate them for the adverse impact of Outer Continental Shelf developments. However, I understand that there is now a move to delete the grant provisions from these bills and to substitute a system of loans to the various states.

Under the Louisiana Constitution of 1974 and other state laws, the required procedure for approval of the loans by the state would appear to be extremely difficult if not impossible, and the success of the entire program in Louisiana could be jeopardized.

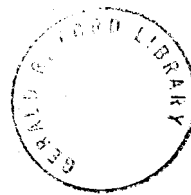
In addition to legal reasons for favoring a system of grants by the Federal Government, the equities of the grant system certainly outweigh any disadvantage

In closing, I would like to assure you that it is very important to the State of Louisiana that a bill be approved which would permit grants to the various coastal states.

Sincerely,

[Signature]
Edwin Edwards
Governor

bcc: Mr. James M. Cannon



THE WHITE HOUSE

ACTION

WASHINGTON

April 28, 1976

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON *JC*
SUBJECT: Letter to Vance A. Webb, President,
National Association of Counties

Attached for your consideration is a proposed letter to Vance A. Webb, President of the National Association of Counties, in response to his letter (Tab A) expressing support for the Summer Youth Employment Program.

As reflected in the proposed letter, I recommend that you take this opportunity to respond to a general concern expressed by Mr. Webb and other county officials during their meeting with you in February of this year. As you may recall, they expressed a feeling that they were not receiving the attention that governors and mayors were in Administration decisions, speeches, appointments, etc.

This letter affords you the opportunity to recognize the role of counties in this country and to express your interest in establishing a dialogue with them.

Together with a separate letter that I propose to send to Mr. Webb (Tab B), I feel we will respond to their concerns without singling them out among the state and local officials.

RECOMMENDATION

I recommend that you sign the letter to Vance A. Webb at Tab C, which has been cleared by the White House Editorial Office (Smith)



THE WHITE HOUSE

WASHINGTON

April 28, 1976

Dear Mr. Webb:

Thank you for your letter of April 7 in which you expressed support for the Summer Youth Employment Program and my request for an urgent supplemental to support this activity in the upcoming summer months. As you know, I signed this emergency supplemental into law on April 15. I am optimistic that this measure will provide substantial employment opportunities for the youth of this nation.

I am pleased to see the active interest of County Governments in this and other Federal programs. There is no doubt in my mind that you and your fellow County Officials are playing a critical role in the delivery of important services and in the planning and administration of Federal programs, particularly in the welfare and social service areas.

I am also aware of the active role that your membership has played in securing important Federal legislation. General Revenue Sharing and the Urban Mass Transportation Assistance Act of 1974 are two examples. NACo's involvement has contributed to the national debate on these issues and passage of needed legislation.

I believe that the experience and contribution of county, as well as state and local officials, are important, and I have taken steps to strengthen our intergovernmental capacity to ensure that we maintain an effective process of participation and consultation with all levels of government. Along this line, Jim Cannon and Steve McConahey of my staff have



been reviewing the specific requests that you made during our meeting earlier this year, and they will be in touch with you shortly in response to your questions.

Let me say again that I welcome your active interest and participation in these Federal issues. You and your colleagues are helping to rebalance the responsibilities within our system of Federalism. I look forward to working with you and the other executives of the County Governments in achieving this objective.

Sincerely,

Arnold R. Ford

Mr. Vance A. Webb
President
National Association of Counties
Chairman, Board of Supervisors
Kern County Courthouse
Bakersfield, California 93301
J



32

Support for Summer Youth Employment Program
7605031835

THE WHITE HOUSE

WASHINGTON

April 30, 1976

Dear Vance:

With this letter I would like to respond to two specific requests that you and your associates placed before the President in your meeting with him earlier this year. At that time, you requested a Presidential executive order mandating broader recognition of counties in Federal actions, and for the establishment of a formal committee comprised of state, county and local representatives to advise the Domestic Council.

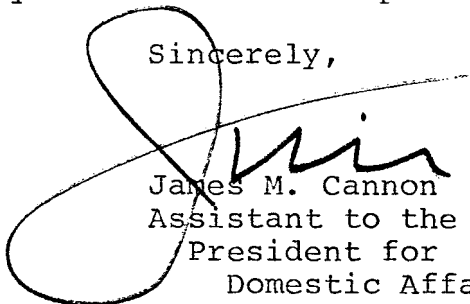
In response to your first request, let me say that there is no doubt about the President's conviction as to the critical role that county governments perform, particularly in the welfare and social service areas. Furthermore, the President has made it clear by words and by actions to the White House staff, to the Cabinet and other members of the Administration the importance of cooperation with representatives of all levels of government. To help implement this mandate, we established a new and expanded intergovernmental staff under the direction of Steve McConahey, Special Assistant to the President for Intergovernmental Affairs. This staff will be working with other White House personnel and with the agencies and departments of the executive branch to insure the equitable participation of counties along with other levels of government in executive branch deliberations.

With regard to your second request, I believe that the regular and special meetings that our intergovernmental staff has initiated with NACo and representatives of the other major interest groups representing state, county and local officials will accomplish the objective

of continual communication and consultation without the administrative complexities and legal requirements of establishing a formal advisory committee. The President supports this type of ongoing communication and I am hopeful that you will find it productive.

The President firmly believes in the importance of working with those who have the day-to-day responsibility for government service. The Counties are playing a critical and increasing role, and we are looking forward to working with you in the closest possible way.

Sincerely,



James M. Cannon
Assistant to the
President for
Domestic Affairs

Mr. Vance Webb
President
National Association of Counties
Chairman, Board of Supervisors
Kern County Courthouse
Bakersfield, California 93301

THE WHITE HOUSE

WASHINGTON

May 4, 1976

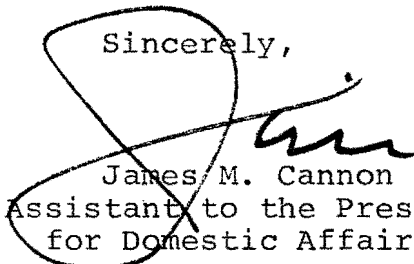
Dear Dick:

Brent Scowcroft has kept me fully informed about your efforts in behalf of Governor Cecil Andrus and his Idaho delegation, and I want to tell you personally how much I appreciate what you have accomplished.

Governor Andrus has been very helpful to the President in three important and far-reaching domestic programs, and it was important to us that he be accorded every possible courtesy during his recent trip to Iran. You have succeeded in that, and we are most grateful.

With best wishes and warmest personal regards.

Sincerely,



James M. Cannon
Assistant to the President
for Domestic Affairs

The Honorable Richard M. Helms
American Ambassador
The American Embassy
Tehran, Iran



FBI AMBASSADOR HELMS, TEHRAN 309
TO: GENERAL BRENT SCOWCROFT, WHITE HOUSE, WASHINGTON, D.C
EYES ONLY
DELIVER AT OPENING OF BUSINESS
REF: WH60523 AND PRESIDENT'S LETTER DATED MARCH 24, 1976

1. SHAH RECEIVED GOVERNOR ANDRUS AT 1630 MAY 2 FOR THIRTY MINUTE AUDIENCE. SHAH WAS GRACIOUS AND ATTENTIVE AND GAVE GOVERNOR EVERY OPPORTUNITY TO COVER THE POINTS HE WANTED TO MAKE ABOUT IDAHO, ITS POTATO-RAISING TECHNIQUES, AND ASSOCIATED AGRICULTURAL MATTERS.

2. MEMBERS OF IDAHO DELEGATION HAVE BEEN RECEIVED BY THOSE OFFICIALS OF IRANIAN GOVERNMENT WHOM THEY WANTED TO SEE. THIS INCLUDES MINISTER OF ECONOMIC AFFAIRS AND FINANCE HUSHANG ANSARY AND MINISTER OF AGRICULTURE MANSOUR ROUHANI. I GAVE A RECEPTION FOR THE DELEGATION ON EVENING OF MAY 1 WHICH HAD EXCELLENT ATTENDANCE BY TOP IRANIAN BUSINESSMEN AND GOVERNMENT OFFICIALS. ON MAY 2 I GAVE LUNCHEON FOR MALE MEMBERS OF DELEGATION TO PROVIDE OPPORTUNITY FOR GENERAL BRIEFING ON IRAN. IN SUM, VISIT SEEMS TO BE GOING WELL, AND WE HAVE IMPRESSION THAT DELEGATION IS REASONABLY SATISFIED GIVEN ITS DISPARATE COMPOSITION. IF I PICK UP ANYTHING WHICH CUTS AGAINST THIS OPINION, I WILL OF COURSE LET YOU KNOW IMMEDIATELY.

3. PLEASE GIVE MY REGARDS TO JIM CANNON AND TELL HIM THAT IF HE GETS ANY COMPLAINTS FROM THE GOVERNOR OR ANY OTHER MEMBERS OF THE DELEGATION, I WOULD APPRECIATE HIS ADVISING ME OF THEM. THE EMBASSY HAS DONE ITS BEST ON THIS ONE, AND I BELIEVE OUR ASSISTANCE AND SUPPORT HAVE BEEN FIRST-CLASS EVEN THOUGH WE HAVE HAD THE NATIONAL WAR COLLEGE GROUP IN TOWN AT EXACTLY THE SAME TIME.



THE WHITE HOUSE
WASHINGTON

May 4, 1976

TO: JIM CANNON

FROM: STEVE McCONAHEY

For your information _____

Comments:

Attached is Helms' summary of
Governor Andrus' meeting with
the Shah of Iran.

Attachment



THE WHITE HOUSE
WASHINGTON

May 3, 1976

TO: STEVE McCONAHEY

FROM: BUD MCFARLANE *Bud*

Attached is Ambassador' Helms' comment on the visit of Governor Andrus. It appears to have gone well. Please let me know if you get any feedback from the Governor himself.

Many thanks

Bud



THE WHITE HOUSE

WASHINGTON

May 4, 1976

MEMORANDUM FOR:

JIM CANNON

FROM:

STEVE McCONAHEY *SGM*

SUBJECT:

Governor Rhodes' Letter
Regarding an EDA Grant

I talked with EDA about the issue raised by Governor Rhodes and his objection to the turndown based on "policy" reasons. In talking with people at EDA, I have been informed that Governor Rhodes and Assistant Secretary Mizell had discussed the possibility of an EDA grant under Title I as a public works grant. However, because it was not anticipated that Volkswagon would pay back the money, it was perceived to be equivalent to a grant to a private industry and, thereby, illegal in terms of EDA's authority. Subsequent to that realization, there was a meeting to discuss two other alternatives. Alternative one was to have the city or state identify another public works project for which EDA could commit money and, thereby, free up approximately \$5 million of state money for the refurbishing of the Volkswagon plant. Alternative two was to have Cleveland and/or Brook Park enter into a joint venture in which \$5 million from the two communities could be put together leaving EDA to refund those communities by supporting another project.

Initially the Governors staff indicated that they would pursue one of those two alternatives, and indicated that they would be "back shortly" with a specific proposal. Another factor in this whole equation was the eligibility of Cleveland and Brook Park under Title IX which provides for special economic adjustment grants. The problem with this alternative was that the two communities involved could not provide substantial justification of their special economic impact situation.

As it currently stands with EDA, Mr. James Peterson, Regional Director for EDA, was to go back to Governor Rhodes and his staff, explain again the position of EDA, and seek some kind of agreement, whereby, assistance could flow. Currently, EDA is waiting to hear the results of that meeting.



EDA did express their concern that if they were too flexible in responding to Cleveland's request, they may have other cities, such as Buffalo, New York where the economic conditions are worse than they are in Cleveland, make a very valid case for a special economic impact grant. Therefore, EDA is trying to be very careful in their discussions with Rhodes so as not to create a bad precedent.

I will keep you informed of subsequent events.





JAMES A. RHODES
GOVERNOR

STATE OF OHIO
OFFICE OF THE GOVERNOR
COLUMBUS 43215

*cc: Teach
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McKee*

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April 23, 1976

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Mr. James E. Peterson, Regional Director
Economic Development Administration
32 West Randolph, Tenth Floor
Chicago, Illinois 60601

Dear Mr. Peterson:

I was extremely disappointed to learn that your office has decided that it is against the "policy" of EDA (but not the law) to approve a \$5 million dollar grant to the State of Ohio to pass on to the Brook Park Urban Redevelopment Corporation to create jobs in a depressed area.



As you know, the grant would have been used for the renovation of the Brook Park tank plant in connection with possible location of Volkswagen's new United States plant at that site. VW's plans call for an assembly plant that would employ 5,000 workers in the Cleveland area, and since it is the mission of EDA to assist in the economic development of hard-pressed areas, it seemed appropriate to ask EDA for the grant.

It seems to me that to reject our grant proposal on the basis that it is "against EDA policy" is utter nonsense. EDA has a responsibility to alleviate unemployment and had an opportunity in this case to provide more jobs in a single location than any other project that has been submitted to you.

Apparently, EDA would rather spread its money around on projects with less immediate and significant impact and for endless economic studies that, of themselves, provide no jobs.

April 23, 1976

There is nothing in the law that would prohibit EDA from providing the grant we requested under Title IX. I have been advised that one of the objections of your staff was that such a grant could not be interpreted as "serving the public good". In the current economy, where we have nagging unemployment in many of America's basic industries, I can think of nothing that would serve the public good any more than providing 5,000 jobs for unemployed workers in the Cleveland area.

For EDA to make a rule against this kind of project that would help put people back to work and would help stimulate the economy not only in Ohio but throughout the United States, seems to contradict the intent and purpose of the legislation that established EDA.

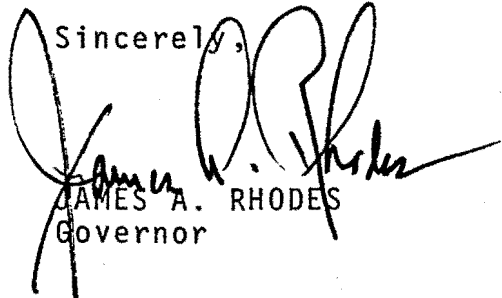
We sought EDA assistance in this project because we saw it as a way to expedite the plant location, increase job opportunities and broaden the tax base in the entire Cleveland area. We believe that we can completely substantiate the fact that the recent recession caused the sudden dislocation--certainly the sudden unemployment of many thousands of auto workers in Ohio and the Cleveland area.

I am still hopeful that you will reconsider your recommendations and will set the wheels in motion immediately to invite and expedite an application for the \$5 million dollar grant we seek.

We, in government, have a responsibility to carry out the intent as well as the letter of the law, and I think we have a duty to respond to evident needs with the least amount of bureaucratic obstruction.

If you believe that you can extend the "policy" of EDA to this urgent project, please get in touch with me, and I will have representatives of the Ohio Department of Economic and Community Development initiate the paperwork immediately.

Sincerely,


JAMES A. RHODES
Governor

JAR:pmj

cc: Wilmer D. Mizell / U.S. Dept Commerce

~~be:~~ James M. Cannon / The White House

SCHEDULE PROPOSAL
DATE: May 17, 1976
FROM: Steve McConahey
THROUGH: Jim Cannon
VIA: Bill Nicholson

MEETING: Under Secretaries Group and Federal Regional Chairmen

DATE: 11:00 a.m. on Thursday, May 20th

PURPOSE: To discuss the Administration's intergovernmental policies and kick-off effort to reform regulations affecting state, county and local governments.

FORMAT: -Roosevelt Room
-3 minute drop-by

SPEECH MATERIAL: Talking points to be provided

PRESS COVERAGE: None

STAFF: Jim Cannon

RECOMMEND: Jim Cannon
Steve McConahey

BACKGROUND: This will be the first meeting of most Under-Secretaries and Regional Chairmen. This meeting initiates our program to review and reform Federal regulations that impact adversely on state and local governments. The Under Secretaries will be tasked at the meeting with primary responsibility to manage this program within their respective agencies, and they will receive field assistance from the Federal Regional Councils.

The President's brief appearance will be essential to signal White House priority and ensure prompt response from agencies.

_____ APPROVE

_____ DISAPPROVE

not sent

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_____ APPROVE

_____ DISAPPROVE

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THE WHITE HOUSE

INFORMATION

WASHINGTON

May 18, 1976

*Steve -
Thanks
Jim*

MEMORANDUM FOR: JIM CANNON
FROM: STEVE McCONAHEY
SUBJECT: Ohio EDA Grant

I spoke with Governor Rhodes' office this morning. They advised me that they are currently in a "holding pattern." They have decided not to pursue the EDA grant request until they receive an indication from Volkswagen that the Cleveland site will be selected. In addition, Ohio is pursuing alternative funding from EPA and from the state legislature in the form of \$5 million to rehab the old tank facility.

They will keep us posted on their actions.



THE WHITE HOUSE

file
INFORMATION

WASHINGTON

May 19, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *Jain*

SUBJECT:

Intergovernmental Coordination

In February, you reviewed the Vice President's memorandum on intergovernmental coordination and asked for our views on what action should be taken. This memorandum is in response to that request.

In January of this year, you appointed Stephen G. McConahey as Special Assistant to the President for Intergovernmental Affairs, and we expanded the Intergovernmental staff from three to four.

As part of his assignment, Steve undertook an analysis of the White House intergovernmental function in order to identify ways in which it could be strengthened. He also met with other members of the White House staff, previous White House intergovernmental staff members, governors, mayors, and county officials, as well as their public interest groups. He also held discussions with outside observers such as the ACIR, Brookings Institute and others.

As part of this analysis, he also reviewed the Vice President's memorandum on this subject. The Vice President's memorandum outlined very thoroughly the range of problems and issues relating to the intergovernmental area. The recommendations represented a massive restructuring of our intergovernmental strategy and organization. In fact, it touched upon the whole range of domestic issues and regulations and went so far as to recommend a White House "ombudsman role" for state and local officials.

The Vice President's memorandum has been very helpful in providing me and Steve McConahey with valuable background information in focusing our efforts. But we do not have either the staff or the authority to carry out the Vice President's recommendations. Consequently, we have structured our intergovernmental effort in a much less

expansive way. We have recognized the need to involve existing agencies, OMB and others in the intergovernmental process. And we have recognized the need to focus our activities on fewer items to ensure a thorough performance given the staffing realities that we presently face.

The result of our effort is reflected in the attached memorandum from Steve McConahey which outlines the major objectives and directions of the Office of Intergovernmental Affairs. In my judgment, the activities outlined in the attached memorandum represent a significant upgrading and improvement in our ability to monitor and respond to important intergovernmental matters.

If there is one critical theme that runs throughout the recommendations of the Vice President, our discussions with state and local leaders, and my own observations as a participant in state government, it is that the most important ingredient to a successful intergovernmental function within the White House is Presidential interest and support. You have clearly expressed and demonstrated your interest and support. With what I believe to be a capable staff, I feel that we can maintain effective communication and relationships with state, county and local officials and contribute substantively to the quality of decisionmaking in the White House.

As you suggested, I believe that Steve and I should meet with you to discuss this intergovernmental effort and respond to questions and recommendations that you might have. I will submit a schedule request for an appointment.



THE WHITE HOUSE

WASHINGTON

May 4, 1976

MEMORANDUM FOR:

JIM CANNON

FROM:

STEVE McCONAHEY *SM*

SUBJECT:

Intergovernmental Coordination

This memorandum outlines an organizational and activity plan for an expanded Office of Intergovernmental Affairs within the White House. This plan reflects the conclusions I reached after conducting numerous interviews, reviewing previous analyses of the intergovernmental needs and in reviewing the Vice President's memorandum on this subject. As a result, I believe this plan will help guide us toward an effective and responsive intergovernmental posture within the Administration.

MAJOR OBJECTIVES

In carrying out the President's mandate to establish an effective intergovernmental function within the White House, I have outlined the following objectives for an Office of Intergovernmental Affairs:

1. Comment on Program and Policy Decisions: From our analysis it is clear that decisions on policy and legislation are often brought to the President's attention and to the attention of others within the White House staff without an adequate assessment of what impact such decisions would have on states and localities. Under these circumstances, unplanned burdens and restrictions can be placed on state and local governments without our clear knowledge. By placing the Office of Intergovernmental Affairs in the review and comment process, we hope to overcome this shortcoming and alert the President to the opinions of state and local officials on specific issues.
2. Maintain an Effective Consultation Process with State, County and Local Officials on Major Issues and Proposals: In response to the President's desire that we have the benefit of state and local officials experience in our policy deliberations, we are developing a process whereby Governors,

Mayors and other officials can assess policy proposals as well as suggest new initiatives. Beginning with the briefings on the FY77 budget and continuing through the development of block grant legislation, we in concert with OMB have emphasized participation with representatives of states and localities. We have continued the process through a series of meetings with these officials on a variety of subjects and issues. Based on the responses we have received, I believe we have developed a sense of cooperation with these groups.

3. Improve Executive Branch Support of Intergovernmental Activities: To insure that the attention to intergovernmental matters extends beyond the White House into the executive branch, we have initiated a series of meetings with intergovernmental representatives of each agency and department. We will be assembling a series of recommendations for ways in which the performance and coordination of intergovernmental functions can be improved. I recommend that at an appropriate time this topic be placed on the agenda for a Cabinet meeting with an opportunity for us to brief the Cabinet on our efforts and for the President to stress the importance of their cooperation.

4. Undertake Substantive Analyses of Specific Intergovernmental Issues: There are several domestic issues that do not clearly fit into one functional area. Such issues as public employee bargaining, dedicated computer requirements and, to some extent, state and local financial problems are examples of these issues. In addition there is the range of domestic agency regulations that continue to trouble state and local officials. The Office of Intergovernmental Affairs will oversee many of these items. In doing so, we will work closely with ACIR and other intergovernmental analytic groups. I believe that questions surrounding the relationships of different levels of Government in domestic programs are becoming increasingly important and bear directly on the effectiveness of many domestic policies. Therefore, we need to give more attention to these issues as we refine and develop our domestic policy.

5. Continue and Improve Staff Support for the President and the Day-to-Day Communications with State and Local Officials: As part of the ongoing responsibility of this office, we will continue to respond to particular requests and communications received from state and local officials, to participate in the scheduled meetings of the major public interest groups, to provide briefing material, and to arrange for specific meetings with the President and other White House staff as appropriate. We also are taking steps to improve our communications process and, thereby, insure that each and every request has an adequate and timely response.

The achievement of our objectives will require a high degree of interaction with external groups as well as executive branch agencies. Some of the approaches we plan to use are listed below:

1. Regular and special purpose meetings with state and local officials and their organizations for the development of initiatives and comment on administrative proposals.
2. Agency committees or task forces to monitor and assess specific problems.
3. Working relationships with substantive inter-governmental organizations, e.g. NCOP, ACIR, Brookings.
4. Special forums and meetings to discuss and assess specific issues.
5. Routine contact with OMB, Domestic Council and other White House staff groups.

The success of our intergovernmental office will depend in part on the perception people have of its Presidential mandate. A key element of this perception is the organizational placement within the White House. I am recommending that we identify an Office of Intergovernmental Affairs reporting to you as Assistant to the President for Domestic Affairs. Placing this function on the White House staff and under your direction will help to:

- a) Ensure that Governors, Mayors, and other state and local officials perceive the activity as a White House priority, and
- b) Position this function to gain necessary White House staff and executive branch cooperation.

In addition, these steps would ensure that the intergovernmental function would be free from the Hatch Act provisions that would restrict our ability to discuss, legitimately, political issues with state and local officials.

I believe the intergovernmental function holds enormous potential, particularly given the President's theme of achieving a better balance of power and authority among Federal, state and local governments. The President referred to this theme in his State of the Union when he said: "We must strike a new balance in our system of Federalism - a balance that favors greater responsibility and freedom for the leaders of our State and local governments."

Particularly important in carrying out this theme will be our ability to provide a point for substantive input by state and local officials on policy and programmatic issues, and to provide the White House with an intergovernmental perspective in its policy and program deliberations.

Intgott

THE WHITE HOUSE
WASHINGTON

INFORMATION

May 24, 1976

MEMORANDUM FOR:

JIM CANNON ✓
JIM CAVANAUGH

FROM:

STEVE McCONAHEY *SM*

Attached is a letter from Governor Bennett to the Regional Director of HEW in Kansas City. This is a further example of the growing ill-will between Governors Bond and Bennett and HEW.

Attachment

Call Memos



STATE OF KANSAS



OFFICE OF THE GOVERNOR
State Capitol
Topeka

ROBERT F. BENNETT
Governor

May 19, 1976

Mr. Max M. Mills, Regional Director
U.S. Department of Health, Education,
and Welfare, Region VII
Federal Building
601 East 12th Street
Kansas City, Missouri 64106



Dear Max:

On April 26th Secretary Harder wrote you a letter protesting the proselyting which is occurring by federal bureaucrats in an effort to get, from the state, the more capable state administrators of our various programs. I would like to join with the Secretary in protesting this kind of evangelism. It's difficult enough to live with the rules and regulations promulgated by federal agencies without also perimeter defenses to protect our personnel structure from these national raids.

For many years we have had an unwritten rule amongst state agencies and departments that such proselyting would not occur until the superiors involved were notified and approved. If the so-called "federal-state partnership" which is so frequently discussed is more substance than form, I would suggest that this would not be an inappropriate unwritten rule for federal agencies to consider.

Very sincerely,


Robert F. Bennett
Governor of Kansas

RFB:pc

cc: Mr. Stephen McConahey ✓
Special Assistant to the President
for Intergovernmental Affairs

STATE OF KANSAS

ROBERT F. BENNETT, Governor



STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

State Office Building
TOPEKA, KANSAS 66612
ROBERT C. HARDER, Secretary

April 26, 1976

Division of
Vocational Rehabilitation

Division of
Social Services

Division of
Mental Health
and Retardation

Division of
Children and Youth

Division of
Administrative Services

Alcohol and Drug Abuse
Section

State Office
Economic Opportunity

Mr. Max M. Mills, Regional Director
U.S. Department of Health, Education,
and Welfare, Region VII
Federal Building, 601 East 12th Street
Kansas City, Missouri 64106

Dear Mr. Mills:

Almost weekly it comes to my attention that the federal agency is making private contacts to members of our staff trying to lure them into federal service. This presents real problems to the state operation of SRS. I find it very demoralizing among members of our own staff as they feel the conflict and pressure between the federal agency and the state agency.

From the standpoint of the person responsible for the overall management of the SRS program in Kansas, it is frustrating to think that this is the way in which the federal-state partnership is carried out. Obviously, I do not want to stand in the way of job opportunities or advancements for members of the staff, although I certainly would do everything I possibly could to hold onto good staff. I would think in the interest of federal and state cooperation it would be to everyone's advantage to have federal agency people make contacts to the Secretary of SRS before they start recruiting within the state.

I would be interested in your thoughts concerning this matter.

Sincerely yours,

Robert C. Harder
Secretary



RCH:pa
cc: Governor Robert F. Bennett ✓
Mr. Robert L. Davis
Mr. J. Charles Stevenson

C
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THE WHITE HOUSE
WASHINGTON

INFORMATION

May 24, 1976

MEMORANDUM FOR:

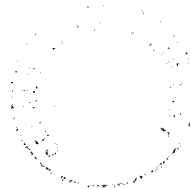
JIM CANNON
JIM CAVANAUGH ✓

FROM:

STEVE McCONAHEY *JSM*

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OFFICE OF THE GOVERNOR
State Capitol
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Very sincerely,


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Governor of Kansas

RFB:pc

cc: Mr. Stephen McConahey ✓
Special Assistant to the President
for Intergovernmental Affairs



STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

State Office Building
TOPEKA, KANSAS 66612
ROBERT C. HARDER, Secretary

April 26, 1976

Division of
Vocational Rehabilitation

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Alcohol and Drug Abuse
Section

State Office
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I would be interested in your thoughts concerning this matter.

Sincerely yours,

ROBERT C. HARDER

Robert C. Harder
Secretary

RCH:pa
cc: Governor Robert F. Bennett ✓
Mr. Robert L. Davis
Mr. J. Charles Stevenson

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ADVISORY
COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON, D.C. 20575

May 25, 1976

James M. Cannon
Assistant to the President
for Domestic Affairs
The White House
Washington, D. C. 20500

Dear Mr. Cannon:

Enclosed are copies of the Commission's recommendations on "middle range reforms" in the Federal assistance system adopted this past Thursday and Friday and at the March meeting. Although you will receive them as a matter of course in the minutes of the meeting, given their subject matter I thought that you might welcome a copy now.

Sincerely,

Wayne

Wayne F. Anderson
Executive Director



Enclosure

DRB/paa

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W7 stage
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RECOMMENDATIONS ON MIDDLE RANGE REFORM EFFORTS IN
THE INTERGOVERNMENTAL GRANT SYSTEM ADOPTED MARCH 11, 1976
AND MAY 20, 1976

RECOMMENDATION 1: BASIC POLICY POSITION

On balance, while fully supporting the enactment of additional block grants where appropriate and the effective administration of existing ones, the Commission concludes that categorical grant programs will continue to be an integral component of the Federal assistance system. Hence, the Commission believes that efforts must be continued to improve grant^{1/} administration through such means as management circulars, measures to improve intergovernmental information and consultation, as well as procedures for strengthening State and local coordination and discretion.

Hence, the Commission recommends that the political branches of the Federal, State, and general units of local government assume their historic responsibility for jointly establishing and sustaining the necessary central management mechanisms to achieve improved operations of governmental programs and to render the civil service more fully accountable. The Commission further urges that the intergovernmental dimensions (fiscal, programmatic, and policy) of public management be made an integral component of all such administrative systems.

^{1/} This includes block grants as well as categoricals.

RECOMMENDATION 2: THE CENTRAL MANAGEMENT MECHANISM

The Commission concludes that the Federal executive branch needs a stronger central management capacity, but recognizes that no single strategy for organizing the Executive Office of the President could or would over time suit the varying administrative styles of individual Presidents. Hence, the Commission recommends that the organization of the Executive Office of the President for central management purposes be flexible enough to reflect Presidential desires, but that there should be in place sufficient institutional staff to enable the President to exert vigorous and visible leadership in the five basic central management activities essential to smoother and more productive Federal-State-local relations: budget preparation and consultation; management, including government-wide grants management; domestic policy development; intergovernmental liaison; and legislative reference. The Executive Re-organization Act concept should be revived to allow the President expeditiously to achieve his desired Executive Office organizational objectives.

The Commission further recommends that the President appoint a high-ranking assistant for intergovernmental affairs having direct access to the President who, with a small professional staff, would monitor and evaluate for the President the various intergovernmental relations activities performed on a government-wide basis under whatever organizational arrangements the President may establish. A key official in agencies responsible for budget preparation, management, and domestic policy development, as well as officers of Presidential appointive rank responsible for intergovernmental affairs in each department, would serve as strategic points of contact



for and consultation with the Presidential assistant.

Furthermore, recognizing the present essentially bifurcated pattern of management-budget and policy organization, the Commission recommends that, if this present arrangement is continued, the organization, staffing, and internal operating procedures of the Office of Management and Budget be thoroughly reviewed and evaluated by the President, the Director, and the appropriate committees of the Congress, with a view toward making the OMB the primary focal point with adequate staff for management improvement on an interdepartmental, interprogram, and intergovernmental basis. Specific provision should be made for regular consultation between the Office of Management and Budget and officials and representatives of State and local governments on long- and short-range budgetary and fiscal issues. Activities relating to intergovernmental relations and grants management delegated by executive order to the Department of the Treasury (TC1082) and by Circular A-85 to the Advisory Commission on Intergovernmental Relations should be vested in the Office of Management and Budget. A key OMB official should be specifically assigned intergovernmental responsibilities.

The Commission also recommends that the performance of the Domestic Council or its successor in the identification of domestic problems requiring national attention and the development of general domestic objectives and policies through the report on national growth and other activities be improved. Meetings of the full membership of the Council for the consideration of domestic policy problems and issues should be held on a regular basis. Other domestic policy-related councils and boards with membership which largely duplicates that (in full or part)



of the Domestic Council should be consolidated with the Domestic Council.
The creation of similar bodies in the future should be avoided.

The Commission further recommends that OMB and the Domestic Council
continue to collaborate, but more effectively, in "the determination
of national domestic priorities for the allocation of available resources"
and in assuring "a continuing review of ongoing programs from the stand-
point of their relative contribution to national goals as compared with
the use of available resources," as was called for in executive order
11541.

Finally, the Commission recognizes that organizational arrangements
may change from time to time, but believes that the essence of this
recommendation pertaining to the budget, management, and policy functions
will remain valid and compelling.

RECOMMENDATION 3: THE FEDERAL REGIONAL COUNCILS

The Commission recommends that the President, the Office of Management and Budget, and the Under Secretaries Group for Regional Operations move aggressively to eliminate the impediments to the more effective operation of the Federal Regional Councils by (a) fully familiarizing policy-level officials of State and local governments with the purposes and activities of the Councils; (b) analyzing the political and administrative factors that permit decentralization of grant sign-off authority in some assistance programs and not in others and securing the decentralization of the former under the direction of the principal regional official of each appropriate department and agency; (c) obtaining greater conformity to the standard administrative regions and field office locations set forth in OMB Circular A-105; (d) assuring the assignment by each FRC member agency of the staff members required for ongoing Council operations, including the A-95 review and comment procedure, joint funding, and special task forces; (e) providing to Council staff such special training as is required for the effective performance of their duties; and (f) assuring continuing communications with and support from Washington, largely through a more active Under Secretaries Group.



RECOMMENDATION 4: ASSIGNMENT OF RESPONSIBILITY FOR INTERPROGRAM GRANTS MANAGEMENT WITHIN INDIVIDUAL DEPARTMENTS AND AGENCIES

The Commission recommends that the President require the heads of Federal grant-administering departments and agencies to assign leadership

1/ Mr. Cannon and Mr. White dissented on Recommendation 3.

responsibility for interprogram grants management activities to a single unit with adequate authority, stature, and staff in their respective departments or agencies. Such activities, at a minimum, should include oversight of the agency's compliance with OMB Circulars A-85, A-89, and A-95 and management circulars (including FMC 74-7, FMC 74-4, FMC 73-2, and OMB Circular A-105), and responsibility for leadership and compliance with regulations under the Joint Funding Simplification Act of 1974.

RECOMMENDATION 5: MONITORING INTERAGENCY AGREEMENTS

The Commission recommends that the Office of Management and Budget be given responsibility for compiling and updating a list of the interagency agreements in effect, for evaluating them and initiating new ones or improvements to existing ones as needed to effectively further and support maximum feasible coordination among the various Federal aid programs. The Office of Management and Budget, acting through the Under Secretaries Group for Regional Operations and the Federal Regional Councils, also should be given responsibility for monitoring and supporting the proper and full implementation of these agreements. All new and amended interagency agreements having a significant and broad intergovernmental impact on the management of Federal aid programs should be reviewed and commented upon at the draft stage by State and local governments through the A-85 consultation process.

RECOMMENDATION 6: INTERAGENCY COMMITTEE MANAGEMENT

The Commission recommends that the President re-institute administrative guidelines and instructions regarding the establishment, use, and termination of interagency committees, with a view toward (a) monitoring and evaluating the operation of such committees within the executive branch; (b) supporting and strengthening those committees necessary to the effective operation of Federal assistance programs and related activities; and (c) discouraging the formation or continuation of unnecessary or unproductive committees.

RECOMMENDATION 7: CONGRESSIONAL SUPPORT FOR CIRCULARS

The Commission recommends that Congress provide specific statutory authorization for OMB Circulars A-85 and A-95 and existing and future circulars issued by the Office of Management and Budget directed toward standardization, simplification, and other improvements of grants management.

The Commission further recommends that Congress enact legislation clearly vesting in the Office of Management and Budget the responsibility for developing the circulars, interpreting them, and otherwise enforcing compliance by the grants-administering agencies. Monitoring by the OMB of agencies' compliance with the circulars should include approval of agency regulations and related documents implementing these circulars.

Finally, the Commission recommends that Congress enact legislation requiring submission of periodic evaluation reports on the circulars to the Congress by the Office of Management and Budget.

RECOMMENDATION 8: POSSIBLE MODIFICATIONS OF STANDARDIZATION REQUIREMENTS

The Commission recommends that the Office of Management and Budget organize and head an interagency review of FMC 74-7 for the purpose of determining whether additional areas of administrative requirements should be standardized and whether existing standardized requirements should be modified. Representatives of State and local governments should be given the opportunity to review and comment on any revisions recommended by the interagency group.

RECOMMENDATION 9: THE STATES AND THE MANAGEMENT CIRCULARS

The Commission recommends that the States examine their legislative and administrative policies and practices applicable to the expenditure of Federal grant funds by the States or their political subdivisions, including conditions attached to the pass-through of Federal funds to localities, with a view toward resolving in cooperation with the Office of Management and Budget any conflicts between those policies and practices and the provisions of Federal grants management circulars. Such examination should include problems involved in claiming allowable overhead costs in performance of audits by non-Federal agencies.



RECOMMENDATION 10: THE STATE AND A-95

The Commission recommends that States upgrade their participation in the Circular A-95 process. Specifically, the Commission recommends

that Governors and/or legislatures take steps to assure that Federal program plans are reviewed for their conformity with State policies and plans pursuant to Part III of the Circular; and that where States have developed and adopted statewide policies and plans impacting on local government, the legislatures enact statutes or the Governors issue executive orders making State grants to political subdivisions that relate to such policies and plans subject to the A-95 clearance process.

RECOMMENDATION 11: A-85 AND THE PUBLIC INTEREST GROUPS

The Commission recommends that the public interest groups involved in OMB Circular A-85 re-examine their internal A-85 procedures and the resources they deploy to them and take steps necessary to assure more fully responsive participation in the process.

RECOMMENDATION 12: FRCs AND A-95

The Commission recommends that the Office of Management and Budget designate the Federal Regional Councils as Federal clearing-houses under Circular A-95, making them responsible for (a) notifying affected Federal agencies of grant applications having major regional impact and intergovernmental significance, as well as comparable direct Federal activities subject to A-95, (b) preparing comments concerning the interprogram and intergovernmental effects of these proposed projects, (c) transmitting their own comments as well as individual agency

reviews to the Federal action agency, and (d) more vigorously pursuing their currently assigned responsibilities for enforcing Federal agency compliance with existing Circular A-95 provisions. The Commission further recommends that Federal Regional Councils provide the means for resolving issues raised in the Federal interagency review process.

RECOMMENDATION 13: JOINT FUNDING AND RECIPIENTS

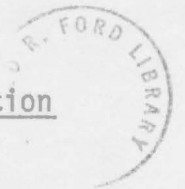
To strengthen State and local support for and use of the Joint Funding Simplification Act, the Commission recommends that States and larger units of general local government assign to a single agency leadership responsibility for participation by their respective jurisdictions in jointly funded projects. Such responsibility should include the development of proposed projects and coordination of the joint funding activities of participating departments.

RECOMMENDATION 14: IMPROVING GRANT INFORMATION

The Commission recommends that Congress and the Administration take steps to improve information that is available on grants-in-aid through the Catalog of Federal Domestic Assistance and other sources.

Specifically, the Commission recommends that:

(a) Congress amend Section 201 of the Intergovernmental Cooperation Act of 1968 to require Federal agencies, upon request of the chief executive or legislative body of larger cities and counties, to inform them on a timely basis of the purpose and amounts of grants-in-aid that are made directly to such localities and authorities within such localities;



(b) the Office of Management and Budget publish annually, prior to the conclusion of each calendar year, a list of grant-in-aid programs that are scheduled to terminate in the following calendar year;

(c) the Office of Management and Budget assume the initiative for assuring that all authorized programs are listed in the Catalog of Federal Domestic Assistance instead of relying on grantor agencies to identify such programs; and

(d) the Office of Management and Budget revise the format of the Catalog of Federal Domestic Assistance so that each listing represents not more than one discrete program or clearly identifies the separate programs included under that listing; that all authorized programs are listed whether or not funds are appropriated therefor; and that the program titles in the State and local government indexes show the code for the type of assistance provided (for example, formula grants, project grants, direct loans, technical assistance, training).

The Commission further recommends, in connection with paragraph (a) above, that States explore the possibility of providing their larger localities with information on the purpose and amounts of grants-in-aid which the States sends to such localities. Such information should cover both direct grants from the State and Federal grants passed through the State government.

