The original documents are located in Box 28, folder "7/26/75 S66 Health Services National Health Services Corps and Nurse Training (vetoed) (1)" of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

Vetoed 7/26/75
Veto Message delivered to Senate - 10:30am 7/26/75

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 24 1975

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill, S. 66 - Health Services, National Health Service Corps, and Nurse Training
Sponsor - Sen. Kennedy (D) Massachusetts and 10 others

Last Day for Action

July 29, 1975 - Tuesday

Purpose

Extends and expands Federal support for health service delivery programs, the National Health Service Corps, and nurse training programs; creates new Federal health service delivery programs, study groups, and nurse practitioner and advanced nurse training programs.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto message attached)
Department of Health, Education, and Welfare	Disapproval (Veto message attached)
Department of the Treasury	Concurs in recommendation that bill not be approved
Department of Labor	Defers to HEW (informally)
Department of Agriculture	Defers to HEW
Department of Housing and Urban Development	Defers to HEW (informally)
Department of Justice	No comments (informally)
Community Services Administration	No recommendation

Discussion

S. 66 reflects continuing disagreement between the Congress and the Administration on basic issues of health policy and funding. The major provisions of S. 66 are essentially the

same as those in two bills which you pocket vetoed at the end of the 93rd Congress (H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974, and H.R. 17085, the Nurse Training Act of 1974).

Although the authorization levels in S. 66 have been reduced by approximately $300 million from the previous bills, they total $1.8 billion for fiscal years 1976 and 1977, more than $1.1 billion above your budget request and planning ceiling for those years.

This legislation has had very strong support in both the 93rd and 94th Congresses. This year, the health services provisions of S. 66 passed the Senate by a vote of 77 to 14 and were approved by voice vote in the House. The nurse training provisions were passed as a separate bill in the House by a vote of 384 to 17. The conference bill was passed by voice vote in both Houses.

S. 66 also includes a one-year extension of the National Health Service Corps, through fiscal year 1976, with a few substantive amendments. The conference report indicates that further revisions will be considered in conjunction with health manpower legislation later this session.

The following sections summarize the provisions of S. 66, the Administration proposals, and the major arguments for and against approval. Further details and considerations are provided in a comparison of the bill's specific provisions with Administration proposals (Attachments A and B), in your previous memorandums of disapproval (Attachment C), and in HEW's views letter on the enrolled bill.

Health Services

S. 66 would extend, through fiscal year 1977, and expand Federal support for health services programs. These programs include State formula grants, as well as project grants for family planning, community mental health centers, migrant health, rat control, and neighborhood health centers. S. 66 would also repeal the existing flexible authority for project grants for health services development, and would add a wide range of new programs, i.e., hemophilia treatment, blood-separation centers, home health

services and training, and would create special study groups on mental health of the elderly, epilepsy, and Huntington's disease. The Senate report states these new activities are "an expression of intent and future direction" to expand the Federal role in health services delivery.

In contrast to S. 66, the 1976 Budget reaffirmed the general 1974 and 1975 budget policy of "no new starts, no expansion" for these programs. It also proposed (1) elimination of the comprehensive health State formula grants, placing major reliance on the flexible project grant authority of the Public Health Service (PHS) Act, and (2) a 20 percent reduction in Federal spending from the 1975 revised budget level for most of these programs, with a requirement that grantees share an additional 20 percent of the costs.

The Administration position reflected the view that these programs are demonstration activities, that the proposed funding is adequate to demonstrate the delivery concepts involved, that grantees should finance a greater share of the costs to improve program efficiency and assessment of need for the projects, and that a Federal emphasis on providing services through Medicare and Medicaid is a more equitable approach for addressing national health problems than grants for specific areas or interest groups. The Administration submitted to Congress early this year flexible noncategorical legislation (H.R. 4819/S. 1203) for the health services programs.

S. 66 clearly rejects the concept that the Federal role in health services delivery should be limited to demonstration programs authorized under broad authorities. For example, S. 66 proposes rapid expansion of the community mental health centers program into a national system. The Congress also views the present Medicare and Medicaid programs as inadequate and believes that expansion of narrow, categorical health service delivery programs is necessary to provide needed services to selected groups and areas pending enactment of national health insurance legislation.

National Health Service Corps

S. 66 would extend the National Health Service Corps for one year with minor modifications but with excessive authorization. The Administration's proposal (H.R. 7048/S. 1753) would extend the National Health Service Corps for four years at the 1976 funding level.

Nurse Training

The nurse training provisions of S. 66 reflect an intent to extend, through fiscal year 1978, and expand institutional and student assistance activities to increase the supply of registered nurses. S. 66 would also add new categorical programs for nurse practitioners and advanced nurse training.

The Administration has argued that continued capitation and construction subsidies to encourage further expansion of nursing schools are unnecessary and will probably produce widespread unemployment of nurses. The Administration's proposed health manpower bill (H.R. 4717/S. 996) would terminate the general institutional and student aid programs for nursing schools and provide future assistance only for innovative nursing education in the form of special project grants.

Budgetary Impact

For fiscal year 1976, S. 66 would provide appropriation authorizations of $889 million, more than double your budget request of $341 million. For 1977, the authorizations of $911 million are also more than double the budget levels of $341 million for these programs contained in your 1977 planning ceiling for HEW. Attachment B compares the appropriation authorizations in S. 66 with the 1975 appropriation, your 1976 Budget request and 1977 planning ceilings. If fully funded, S. 66 would increase Federal outlays by $114 million in 1976 and by $489 million in 1977.

If S. 66 were disapproved and this disapproval sustained by the Congress, the activities it authorizes would continue to be subject to the continuing resolution provisions. The continuing resolution authorizations are only $90 million above the 1976 Budget -- entirely a result of requiring

continuation of the State health formula grants at the 1975 appropriation level. The continuing resolution provides no funding for new community mental health centers and restricts the other programs covered by S. 66 to the lower of the 1975 appropriation level or the 1976 Budget request.

Major Arguments for Approval of S. 66

1. S. 66 appears to be as far as the Congress is willing to go in accommodating to the Administration's views on Federal health policy and funding. In the face of your previous vetoes and strong opposition to the present bill, Congress has not changed its intent to authorize expansion of the Federal role in health services delivery and to specify in separate authorities the activities it wishes to be funded.

2. The present bill has decreased the appropriation authorizations by about $300 million from the 93rd Congress version. The Senate Committee report argues that S. 66 is an appropriate statement of the need and Federal responsibilities, and that actual funding levels must and should be separately considered in the appropriation process. S. 66 may not be fully funded, and, even if it were, it would increase outlays by only $114 million in 1976 and $489 million in 1977.

3. Disapproval of S. 66 may be construed as a lack of commitment by the Administration to meeting the health needs of low income persons and health service shortage areas. The expansion of these programs could be viewed as a short-term investment in the health delivery system, providing needed services to selected groups and areas until they could be covered under comprehensive national health insurance legislation.

4. Proponents of assistance for nursing schools state that it is needed to upgrade and improve the quality of nursing education, as well as to overcome reported shortages of nurses. It is also argued that it would be inequitable to deny Federal aid to nursing schools while providing support to medical schools. Moreover, it is claimed that most nursing students come from low to middle income families and Federal aid may enable some of them to attend nursing school who otherwise would be unable to do so. In addition, the special projects provisions in S. 66 are consistent with the Administration's emphasis.

Major Arguments for Disapproval

1. The Administration has strongly and consistently opposed legislation along the lines of S. 66. Nothing has occurred since you pocket vetoed the predecessor bills that would make S. 66 more compatible with your health policy. Furthermore, the authorization levels continue to be excessive and the bill is still undesirable programmically.

2. S. 66 endorses the concept of an expanded Federal role in health service delivery through narrow categorical programs. The Administration has argued that health service delivery is primarily the responsibility of State and local governments and the private sector, and that the Federal role should be limited to demonstration activities carried out under broad, flexible authorities. Federal financing activities, such as Medicare and Medicaid, are a more equitable emphasis for Federal policies.

3. S. 66 is not just an interim "gap filler" pending national health insurance legislation. Many of the activities to be financed, e.g., training, outreach, social services, and public education, would probably not be financed under national health insurance and could thus require continuing Federal support.

4. S. 66 would repeal the flexible project grant authority of the Public Health Service Act. This is in direct contrast with the Administration's proposal to consolidate the existing categorical health services program under this authority in order to more effectively design and administer health services demonstration programs.

5. Federal support of nursing education is not required to meet the needs for registered nurses. The number has grown from 504,000 in 1959 to 723,000 in 1970 and is projected to increase to over 1 million by 1980 without additional Federal aid. Moreover, nursing is an undergraduate field and nursing students can and should look for financial assistance to the general purpose student aid programs of the Office of Education, e.g., guaranteed loans and basic educational opportunity grants for financially hard-pressed students.

6. Approval of S. 66 would make it even more difficult to achieve your health budget and policy objectives in the future through the appropriation process. If disapproval of S. 66 were sustained, the programs would be subject to continuing resolution levels which are less than the authorizations provided by S. 66.

Recommendations

HEW recommends disapproval of S. 66, pointing to the high authorization levels and other objectionable features summarized above. The Secretary's letter concludes:

> The original Senate version of S. 66, with even higher appropriations authorizations, was passed by the Senate by a vote of 77 to 14, while a motion in the House to recommit H.R. 4925 (titles I through VII of the bill) failed by a vote of 9 to 352, and H.R. 4115 (title IX of the bill) was passed by the House by a vote of 384 to 17. Nevertheless, if our choice is between now acceding to legislation that in the past we have consistently

opposed, or making clear that our opposition to it continues unabated, even though we may for the moment be unable to prevail, I think the latter course the more consistent, and the one that best records the Administration's concerns. In short, if our positions have been correct, we should continue to adhere to them. For this reason, I recommend that the bill be returned to the Congress without the President's approval.

* * * * *

S. 66 is fundamentally inconsistent with your budget and legislative proposals for Federal health services and nurse training. It should not be approved unless the Administration is willing to make major concessions on its health policies and to accept higher levels of Federal spending for these programs. We recognize that there is substantial congressional support for this legislation. Nevertheless, we feel an important principle is involved in S. 66 and recommend that you veto the bill. We have attached a draft veto message which represents suggested revisions in the HEW draft.

James T. Lynn
Director

Attachments

Attachment A

COMPARISON OF MAJOR PROVISIONS IN S. 66 WITH THE 94TH CONGRESS PROPOSALS

Health Revenue Sharing and Health Services (Titles I-VI)

Title I. State Formula Grants--As part of your 1976 Budget, you recommended that the Congress eliminate the comprehensive formula grants to States for health services, based on an HEW recommendation.

The enrolled bill would expand these formula grants and would add new requirements for the State plans submitted to HEW for approval. In addition, it would (a) continue the existing requirement that States spend at least 15 percent of the grants they receive for mental health activities and (b) specify the appropriation level for hypertension programs.

Title II. Family Planning--The Administration proposed to consolidate the categorical family planning authorities in title X of the Public Health Service (PHS) Act into the flexible project grant authority in the Act and to require a 20 percent match by grant recipients. This reflects the fact that substantial amounts of Federal funds are already available for family planning services through the multi-billion-dollar Medicaid and social services financing programs.

S. 66 would eliminate the flexible project grant authority and expand the categorical research and services authorities in the Public Health Service (PHS) Act for family planning with minor changes. The research authorities in the enrolled bill duplicate other research authorities in the PHS Act, but the bill would bar HEW from supporting family planning research under any other title of the PHS Act. The bill would also impose criminal penalties for threatening a person with cut-off of Federal benefits in order to coerce abortion or sterilization.

Title III. Community Mental Health Centers (CMHCs) and Rape Prevention--Your 1976 budget decision would continue the policy of limiting Federal support to the existing 626 CMHCs already funded by HEW for the duration of the original 8-year commitments, but would not fund new starts. This decision reflects a rejection of the concept contained in S. 66 that the appropriate Federal role is to establish wall-to-wall CMHCs which would blanket the country. The concept of community-oriented mental health care delivery has already been adequately demonstrated through Federal subsidies.

S. 66 would expand Federal programs subsidizing CMHCs, with detailed requirements for program administration. New specific authorities include subsidies for 8-year "initial operations," expansion, financial distress, and consultation and education. S. 66 would also broaden the purpose of operating subsidies to include "all reasonable" costs instead of just "staffing" costs as under current law. Through financial distress, expansion, and consultation and education grants, S. 66 would authorize Federal subsidies 2-3 years beyond the current limit of 8 years. The bill would also require the Secretary of HEW to develop a 5-year plan for extending the CMHC concept nationwide.

The total cost to the Federal Government to meet the existing 8-year CMHC commitments would be approximately $670 million. The total cost to the Federal Government of implementing the CMHC provisions of S. 66 would be approximately $1.2 billion--and this amount would still not fund a full nationwide network of CMHCs.

The CMHC provisions in S. 66 are fundamentally at odds with the Administration's overall health delivery strategy and attempts at fiscal restraints.

S. 66 would create in HEW a new National Center for the Prevention and Control of Rape to conduct research into the legal, social, and medical aspects of rape; to act as a clearinghouse for materials on rape prevention and control; and to make grants for research and demonstration programs. The Secretary would be required to submit to Congress annual studies and recommendations on preventing and controlling rape.

The Administration opposed the proposed National Center for Rape Prevention and Control primarily on the basis that this problem is in many respects a criminal justice matter and that there is no sound programmatic basis for singling out this crime from among the many forms of deviant behavior. Moreover, HEW and the National Institute of Mental Health, in particular, can undertake research on rape within existing activities and research funding levels, and the studies assigned by the bill to the proposed National Center duplicate activities already underway.

Title IV. Migrant Health--The Administration proposal would consolidate the migrant health program into the flexible project grant authority of the PHS Act and require grant recipients to share 20 percent of the cost of migrant health service delivery projects.

The enrolled bill would on the other hand, extend and substantially expand migrant health grant authorities, including creation of a new National Advisory Council on Migrant Health. The bill would sharply limit HEW's flexibility to administer the program; e.g., by mandating that projects provide the specific services listed in the bill. In coordination with the Secretary of HUD, the HEW Secretary would be required to conduct studies related to the housing of migratory workers and submit such studies and recommendations to the House Commerce Committee and the Senate Public Welfare Committee.

Title V. Community Health Centers--Your 1976 decision would continue this program as part of the flexible project grant authority of the PHS Act but would make it mandatory in 1976 that grantees share costs at a 20 percent rate.

S. 66 would authorize community health centers activities as a separate categorical program. The S. 66 provisions would stipulate in detail the services that must be provided by the grantee and sharply limit the Secretary's discretion in administering the program.

Title VI. Other New Programs and Study Groups--S. 66 would continue Federal funding of the rat control program and would create new Federal responsibilities for hemophilia treatment, blood-separation centers, home health services and training of home health personnel. It would also create three new study groups and would require them to submit reports and recommendations to Congress: a Committee on Mental Health and Illness of the Elderly, a Commission for the Control of Epilepsy and a Commission for the Control of Huntington's Disease.

The Senate report states that these new programs and study groups are "an expression of intent and future direction" to expand the Federal role in direct health services delivery to additional specific health problems. As noted earlier, the Administration has consistently and vigorously opposed new, narrow categorical Federal grant programs for health services delivery. Individual project grants for service delivery on such a basis are generally inequitable; a few selected communities receive preferential treatment, while the bulk of those individuals in similar circumstances must rely on the eligibility standards and benefit coverage in Medicare and Medicaid.

National Health Service Corps (Title VIII)

Your 1976 budget decision would continue this program at the 1975 level. In addition, $5 million has been reprogrammed in 1975 to remain available through 1976 to support increased positions for the Corps in 1976.

S. 66 would authorize appropriations in 1976 over double that proposed in the 1976 Budget.

Nurse Training (Title IX)

Your 1976 Budget requested no funds for construction assistance, capitation grants, or financial distress grants for schools of nursing. In light of the anticipated increase in the numbers of nurses, continued Federal funding for these activities is unwarranted. Today's needs call for the concentration of Federal efforts on the shortage of certain nurse specialities and geographical maldistribution. Your proposed legislation addresses these problems through a flexible, special projects program for all health professions.

The 1976 Budget also reflects the Administration's proposed phase-out of student aid specifically designated for nursing students. Nursing students are overwhelmingly undergraduates, and as such should be--and are--entitled to the same types of student assistance available generally under the Office of Education's program for post-secondary education. These include, in particular, guaranteed loans and basic educational opportunity grants for the financially hard-pressed student. With these programs available, it is felt that a categorical nursing student assistance activity is inappropriate.

S. 66 would continue the current program of construction grants and loan guarantees with interest subsidies through fiscal year 1978. The capitation grant program would be extended and revised to provide specific capitation formulas for baccalaurate, associate degree, and diploma schools of nursing. The financial distress grant program would be continued.

The existing authority to make special project grants would be extended and revised to place emphasis on increasing nursing education opportunities for persons with disadvantaged backgrounds, to provide support for programs to upgrade nursing skills, and to increase the supply of bilingual nurses. In addition, two new categorical programs would be authorized--one for nurse practitioner training and one for advanced nurse training.

S. 66 would continue for another three years the existing categorical programs of assistance to nursing students, including nurse traneeships, student scholarships, and student loans. In addition, S. 66 would limit the HEW Secretary's authority to decentralize the nurse training program by prohibiting grant or contract awards to be made by any HEW regional office.

Comparison of Funding Levels and S. 66 Authorizations
(Dollars in Millions)

Program	1975 Appropriation	1976 President's Budget	1976 S. 66 Auth.	1977 Planning Ceiling	1977 S. 66 Auth.
Health Services					
State Formula Grants	90	--	115	--	125
Family Planning	146	116	176	116	183
Community Mental Health Centers:					
New	14	--	104	--	114
Continuation	(199)	(160)	(such sums)	(133)	(such sums)
Rape Prevention Center	--	--	7	--	10
Migrant Health Grants	24	19	39	19	44
Health Center Grants	200	155	220	160	240
Miscellaneous: 1/					
Rat Control	13	5	20	10	--
Home Health Grants	--	--	10	--	--
Hemophilia Treatment Centers.	--	--	3	--	4
Blood Separation Centers	--	--	4	--	5
Subtotal, Health Services .	487	295	698	305	725
National Health Service Corps ..	13	18 2/	30	13	--

1/ S. 66 would also authorize such sums as necessary for: the Committee on Mental Health and Illness of the Elderly, the Commission on Epilepsy, and the Commission on Huntington's Disease.

2/ Includes $5 million reprogrammed from Health Maintenance Organization (HMO) program to support 146 positions in 1976.

Attachment B

Comparison of Funding Levels and S. 66 Authorizations
(Dollars in Millions)

Program	1975 Appropriation	1976 President's Budget	1976 S. 66 Auth.	1977 Planning Ceiling	1977 S. 66 Auth.	1978 S. 66 Auth.
Nurse Training						
Institutional Aid:						
Construction Grants	19	--	20	--	20	20
Interest Subsidies	1	1	1	1	1	1
Capitation Grants	34	--	50	--	55	55
Financial Distress Grants ...	5	--	5	--	5	5
Special Project Grants	19	18	15	16	15	15
Educational Research Grants and Contracts	1	--	--	--	--	--
Advanced Nurse Training	--	--	15	--	20	25
Nurse Practitioner Program ..	--	--	15	--	20	25
Student Aid:						
Nurse Traineeships	13	--	15	--	20	25
Student Scholarships	(16)	(4)	(such sums)	(2)	(such sums)	(such sums)
Student Loans	23	9	25	6	30	35
Loan Repayments	(--)	(2)	(such sums)	(3)	(such sums)	(such sums)
Subtotal, Nurse Training ..	115	28	161	23	186	206
Total	615	341	889	341	911	206

Veto of Health Revenue Sharing and Health Services Bill

The President's Memorandum of Disapproval. Dated December 21, 1974. Released December 23, 1974

I have withheld my approval from H.R. 14214, the "Health Revenue Sharing and Health Services Act of 1974."

H.R. 14214 conflicts with my strong commitment to the American taxpayers to hold Federal spending to essential purposes. The bill authorizes appropriations of more than $1 billion over my recommendations and I cannot, in good conscience, approve it. These appropriation authorizations are almost double the funding levels I have recommended for Fiscal Year 1975 and almost triple the levels I believe would be appropriate for 1976.

As part of my effort to see that the burden upon our taxpayers does not increase, I requested the Congress last month to exercise restraint in expanding existing Federal responsibilities, and to resist adding new Federal programs to our already overloaded and limited Federal resources.

These recommendations reflect my concern with both the need to hold down the Federal budget and the need to limit the Federal role to those activities which can make the most necessary and significant contributions.

In H.R. 14214, the Congress not only excessively increased authorizations for existing programs but also created several new ones that would result in an unjustified expenditure of Federal taxpayers' funds. Although the purposes of many of the programs authorized in this bill are certainly worthy, I just cannot approve this legislation because of its effect upon the economy through increased unwarranted Federal spending.

Finally, it should be pointed out that the Federal Government will spend almost $20 billion in 1975 through Medicare and Medicaid for the financing of health services for priority recipients—aged and low-income persons. These services are provided on the basis of national eligibility standards in Medicare and State eligibility standards in Medicaid and therefore are available to individuals in a more equitable and less restrictive manner than many of the programs authorized in H.R. 14214.

GERALD R. FORD

The White House,
December 21, 1974.

NOTE: The text of the memorandum was released at Vail, Colo.

7/25/75

THE WHITE HOUSE

WASHINGTON

ACTION

July 25, 1975

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Enrolled Bill S. 66 - Health Services, National Health Service Corps and Nurse Training

This is to present for your action S. 66, the Health Services, National Health Service Corps and Nurse Training bill. The last day for action is Tuesday, July 29, 1975.

BACKGROUND

The major provisions of S. 66 are essentially the same as those in two bills which you pocket vetoed at the end of the 93rd Congress. The authorization levels in S. 66 have been reduced from the two vetoed bills by $300 million but S. 66 still totals $1.8 billion for FY 76 and FY 77. This is more than $1.1 billion above your budget request and planning ceiling for those years. Under S. 66 actual outlays are expected to only increase by $114 million in 1976 and $489 million in 1977.

S. 66 revises and extends the health revenue sharing program, family planning programs, community mental health centers program, the program for migrant health centers, the National Health Service Corps and the programs for assistance for nurse training. It also establishes new programs for treatment of hypertension, for rape prevention and for hemophilia treatment. Three new national commissions on specific diseases would also be established.

The legislation has had very strong support in Congress. S. 66 passed the Senate by a vote of 77 to 14 and was approved by a voice vote in the House. The nurse training provisions were passed by a vote of 384 to 17 in the House.

ARGUMENTS FOR APPROVAL OF S. 66

1. S. 66 appears to be as far as the Congress is willing to go in accommodating to the Administration's views on Federal health policy. Senate Republican leaders favor signing the bill and House Republican leaders report it would be difficult to sustain a veto.

2. The Senate report argues that S. 66 is an appropriate statement of Federal responsibilities and that the funding levels should be dealt with in the appropriation process. In any event, outlays in FY 76 will only be increased by $114 million.

3. Disapproval will be construed as a lack of commitment by the Administration to meeting the nation's health needs.

ARGUMENTS FOR DISAPPROVAL OF S. 66

1. The legislation authorizes funding levels $1.1 billion in excess of Administration positions.

2. The legislation endorses and expands the concept of narrow categorical programs.

3. A number of human resource bills are currently moving through Congress. They too have worthy goals but contain excessive authorizations and many initiate new programs. Failure to veto S. 66 could encourage further support for these bills and make veto of them more difficult.

AGENCY RECOMMENDATIONS

Department of Health, Education, and Welfare	Disapproval
Department of the Treasury	Concurs in recommendation that bill not be approved

STAFF COMMENTS

Max Friedersdorf: "The Office of Legislative Affairs reports that the Senate Republican leaders favor signing this bill. The House leaders are split and feel it will be difficult to sustain veto."

Phil Buchen (Lazarus):	"No objection to veto. However, in view of the fact that health services will no doubt be a substantial issue in the campaign and the negative appearances of the President's stance in this area, the veto message should point to a Special Message on health services to be delivered shortly after the recess."
Jim Lynn:	"S. 66 is fundamentally inconsistent with your budget and legislative proposals for Federal health services and nurse training. It should not be approved unless the Administration is willing to make major concessions on its health policies and to accept higher levels of Federal spending for these programs. We recognize that there is substantial congressional support for this legislation. Nevertheless, we feel an important principle is involved in S. 66 and recommend that you veto the bill."

RECOMMENDATION

I recommend disapproval on the basis that the authorization is more than $1.1 billion above your request for FY 76 and your ceiling for FY 77. I concur with Jim Lynn in that an important principle is at stake here. A memorandum of disapproval is attached at Tab A. Jim Lynn's memorandum which includes Cap Weinberger's recommendation for disapproval is at Tab B.

DECISION

1. _____ Approve S. 66.

2. _____ Disapprove and issue memorandum of disapproval.

Veto of Nurse Training Bill

The President's Memorandum of Disapproval. Dated January 2, 1975. Released January 3, 1975

I have withheld my approval from H.R. 17085, a bill that would amend Title VIII of the Public Health Service Act to provide support for the training of nurses.

This measure would authorize excessive appropriations levels—more than $650 million over the three fiscal years covered by the bill. Such high Federal spending for nursing education would be intolerable at a time when even high priority activities are being pressed to justify their existence.

I believe nurses have played and will continue to play an invaluable role in the delivery of health services. The Federal taxpayer can and should selectively assist nursing schools to achieve educational reforms and innovations in support of that objective. The Administration's 1976 budget request will include funds for this purpose. Furthermore, I intend to urge the 94th Congress to enact comprehensive health personnel training legislation that will permit support of nurse training initiatives to meet the new problems of the 1970's.

This act inappropriately proposes large amounts of student and construction support for schools of nursing. Without any additional Federal stimulation, we expect that the number of active duty registered nurses will increase by over 50 percent during this decade.

Such an increase suggests that our incentives for expansion have been successful, and that continuation of the current Federal program is likely to be of less benefit to the Nation than using these scarce resources in other ways. One result of this expansion has been scattered but persistent reports of registered nurse unemployment, particularly among graduates of associate degree training programs.

Today's very different outlook is not reflected in this bill. We must concentrate Federal efforts on the shortage of certain nurse specialists, and persistent geographic maldistribution. However, this proposal would allocate less than one-third of its total authorization to these problems. Moreover, it fails to come to grips with the problem of geographic maldistribution.

Support for innovative projects—involving the health professions, nursing, allied health, and public health—should be contained in a single piece of legislation to assure that decisions made in one sector relate to decisions made in another, and to advance the concept of an integrated health service delivery team. By separating out nursing from other health personnel categories, this bill would perpetuate what has in the past been a fragmented approach.

The enrolled bill would also extend various special nursing student assistance provisions of current law. Nursing students are overwhelmingly undergraduates, and as such should be—and are—entitled to the same types of student assistance available generally under the Office of Education's programs for post-secondary education. These include, in particular, guaranteed loans and basic educational opportunity grants for financially hard-pressed students. Categorical nursing student assistance activities are not appropriate and should be phased out, as the Administration has proposed.

GERALD R. FORD

The White House,
January 2, 1975.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

July 23, 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

This is in response to Mr. Frey's request for a report on S. 66, an enrolled bill "To amend the Public Health Service Act and related health laws to revise and extend the health revenue sharing program, the family planning programs, the community mental health centers program, the program for migrant health centers and community health centers, the National Health Service Corps program, and the programs for assistance for nurse training, and for other purposes." The enrolled bill is essentially H.R. 14214 and H.R. 17085, enrolled bills of the Ninety-third Congress, placed together in one bill, with somewhat lower appropriation authorizations and an additional title dealing with the National Health Service Corps. Neither H.R. 14214 nor H.R. 17085 became law, because the President withheld his approval after the session of Congress had ended.

Title I of the bill, the "Special Health Revenue Sharing Act of 1975", would amend section 314(d) of the Public Health Service Act, the current program of formula grants to the States for the provision of comprehensive public health services. The present requirements for a "State plan" needed to qualify for a grant would be modified by requiring "assurances" that the State mental health authority would carry out a plan (1) to eliminate inappropriate placement of persons in mental institutions and improve the quality of care for individuals for whom institutionalization is necessary, (2) protect employees affected by actions under (1) above, (3) set minimum standards concerning mental health programs and facilities, and (4) provide assistance to courts and other agencies in determining the need for inpatient care and in providing follow-up. Present requirements relating to drug and alcohol abuse services would be eliminated.

Title I of the bill would also delete from the amended section the specification of a Federal share of State costs under the program, and would instead allow the Secretary to determine the amount of any grant to a State, subject to the ceiling established by the State's formula allotment.

The existing earmark of 15 percent of a State's allotment for mental health services and the existing requirement that 70 percent of a State's allotment be available only for the provision of services in communities would be retained. One hundred and fifteen million dollars would be authorized for fiscal year 1976 and $125 million for fiscal year 1977; in each year, $15 million of the total could be used only for hypertension programs.

Title II of the bill, the "Family Planning and Population Research Act of 1975", would continue the existing Public Health Service Act title X program largely along current lines. With the intent of increasing accountability for research supported by the Secretary in fields related to family planning, the Secretary would be barred from supporting research of that character under any other title of the Public Health Service Act. In recognition, however, that much research is conducted directly by the Secretary, under the current section 301 authority, through the Center for Population Research in the National Institute of Child Health and Human Development, the bill would add to title X an authority for the Secretary to conduct family planning research under title X. The Secretary's preparation of a five-year plan for carrying out title X, now a one-time requirement, would be made an annual requirement.

The authority concerning project grants and contracts for family planning services would be modified so as to (1) require family planning projects to include natural family planning methods among the methods offered and (2) assure local and regional entities the right to submit applications for grants and contracts. Grants for new projects or programs under title X would have to provide 90 percent funding of costs.

The program would be extended for fiscal years 1975 and 1976 at appropriation authorization levels of $115 million each year for project grants and contracts for family planning services; $4 million and $5 million, respectively, for training grants and contracts; $55 million and $60 million, respectively, for research; and $2 million and $2.5 million, respectively, for informational and educational materials.

The enrolled bill would make it a crime, punishable by up to a $1,000 fine and a year's imprisonment, for any Federal official, any State official in a program receiving Federal assistance, or any person paid for his services in such a program, to coerce or try to coerce any person into undergoing an abortion or sterilization procedure by threatening that person with the loss of any benefits under a program receiving Federal assistance.

Title III of the bill, the Community Mental Health Centers Amendments of 1975, would completely revise the Community Mental Health Centers Act.

Current law defines a community mental health center as a facility for the prevention or diagnosis of mental illness, or the care and treatment, or rehabilitation, of mentally ill patients, which facility provides its services principally to persons residing in a community in or near the facility (known as the "catchment area"). This definition has been substantially elaborated by the Department's regulations, which require CMHCs to provide five enumerated "essential services", and contemplate the provision of enumerated "supplemental services".

The bill would greatly expand the statutory definition. It would define a CMHC as a legal entity through which comprehensive mental health services are provided principally to individuals residing in its catchment area, regardless of their ability to pay for the services. The services would be required to include the services currently mandated by the Department's regulations, such as inpatient services, outpatient services, partial hospitalization services,

emergency services, and consultation services, but would require, also, certain services, such as after-care, which, under the Department's regulations, have been provided on an optional basis. (CMHCs that would have been eligible for various continuation grants but for the new definition, would continue to be eligible for those grants under prior law, within certain limitations.)

The new CMHC Act would replace the existing structure of staffing grants with a program of grants for the payment of CMHC operating costs. The new grants would be for the planning of CMHC programs (one-year grants, not to exceed $75,000 each, with $3.75 million in appropriations authorized for each of the fiscal years 1976 and 1977 for the initial operation of a CMHC (support to be limited to eight years of otherwise unfunded operating costs, at declining percentages of total operating costs of 80, 65, 50, 35, 30 (for the fifth and sixth years), and 25 (seventh and eighth years), except that grantees serving rural or urban poverty areas would receive percentages up to 90 for the first two years, and, for the remaining six years, 80, 70, 60, 50, 40, and 30; appropriations to be authorized at $50 million and $55 million for fiscal years 1976 and 1977, respectively); for consultation and education services (the grants normally to begin in the fifth year of a center's operation, subject to a complex grant ceiling, with appropriations authorized for fiscal years 1976 and 1977 at $10 million and $15 million, respectively); for conversion from a CMHC under current law to a CMHC under the new law (appropriations authorized at $20 million for each of the two years); for financial distress (of a CMHC that has enjoyed funding for the maximum period prescribed by the old or new law, and which would be forced to curtail its services without such a grant, the grant to be for one year, with a limit of five such grants per CMHC, at 90 percent of the last percentage of costs to which it was entitled under the CMHC Act; appropriations of $15 million to be authorized for each of the fiscal years 1976 and 1977; and for facilities assistance (for the acquisition or remodeling of CMHCs, and the construction or

expansion of CMHCs in catchment areas with 25 percent low income group residents, subject to the existing provisions limiting the Federal share; appropriations to be authorized at $5 million for each of the two fiscal years 1976 and 1977).

This title of the bill would also add to the CMHC Act a new part dealing with rape prevention and control. It would establish a National Center for the Prevention and Control of Rape within the National Institute of Mental Health to conduct research into the legal, social, and medical aspects of rape, and to act as a clearinghouse for materials in rape prevention and control. Appropriations for the Center would be authorized at $7 million for fiscal year 1976 and $10 million for fiscal year 1977.

Finally, among its other administrative provisions, the title would require submission of a statewide plan for CMHCs and comprehensive mental health services, in place of the current, less comprehensive, State plan requirement. Also, not later than 18 months after the bill's enactment, the Secretary would be required to submit to the pertinent congressional committees a report setting forth national standards for care provided by CMHCs and criteria for evaluating them.

Title IV of the bill would expand section 319 of the Public Health Service Act, relating to health services for domestic agricultural migrants. In brief, the Secretary would be authorized to make grants to public and nonprofit private entities for projects to plan and develop migrant health centers to serve migratory agricultural workers, seasonal agricultural workers, and the members of the families of migratory and seasonal workers, in what are termed "high impact areas", i.e., areas in which there reside not less than 6000 migratory or seasonal workers and their families for more than two months each year; and grants for the costs of operating public and nonprofit private migrant health centers, including the cost of acquiring or modernizing buildings, in high impact areas. A migrant health center would be defined as an entity that, among other things,

provides "primary health services" and referrals to providers of "supplemental health services" if those supplemental health services are not provided by the center. Primary health services consist of physicians' services, diagnostic laboratory and radiologic services, preventive health services, emergency medical services, preventive dental services, and necessary transportation services. Supplemental health services include a broad range of additional health services.

Conditions imposed for the approval of grant applications include establishment by the applicant of arrangements for Medicare and Medicaid reimbursement.

The amended section would also contain provisions for Federal assistance to initiate migrant health centers (including the modernization or acquisition of buildings) in high impact areas, and assistance for the provision of health services to migratory and seasonal workers and their families in other than high impact areas.

Appropriations authorizations for the amended migrant program would be as follows: for planning and development grants, $4 million in each of the fiscal years 1976 and 1977, of which not more than 30 percent in 1976 and 25 percent in 1977 may be used for projects other than migrant health centers; for operating grants, $30 million for FY 1975 and $35 million for FY 1976, except that no more than 30 percent of the appropriation (or, if greater, 90 percent of the grant made for such purpose for the preceding fiscal year) may be used for other than operational or start-up grants for migrant health centers for fiscal year 1976, and no more than 25 percent (or 90 percent of the preceding year's grant) for fiscal year 1977; and for the provision of inpatient and outpatient hospital services, $5 million for each of the fiscal years 1976 and 1977.

Among its other provisions, the title would also establish a permanent National Advisory Council on Migrant Health, which would advise, consult with, and make recommendations to, the Secretary on section 319 matters.

Title V of the bill would establish a new part of the Public Health Service Act dealing with community health centers, now

funded under section 314(e). In the services required to be provided, the centers would be patterned along the lines of the migrant health centers under the amended section 319. That is, there would be enacted, as a new section 330(a) and (b), provisions closely following those to be contained in sections 319(a)(1) and 319(a)(6), respectively. Like the new CMHC provisions, the CHC would serve all residents of a "catchment area". Like the new migrant health center program, the Secretary would be authorized to make grants to public and nonprofit private entities to plan and develop community health centers (but to serve "medically underserved populations" rather than "high impact areas"), including grants to meet the costs of acquiring or modernizing buildings, grants for the costs of operation of community health centers which serve medically underserved populations (including building acquisition or modernization costs), and grants (limited to two years per entity) to entities that are not CHCs for the provision of health services to underserved populations. Centers would be required to meet administrative requirements parallel to those the bill would impose on CMHCs.

Appropriations for planning grants would be authorized at $5 million for each of the fiscal years 1976 and 1977; appropriations for operational grants would be authorized at $215 million and $235 million, respectively.

Section 314(e), the current program of project grants for health services development, would be repealed.

Title VI of the bill contains a number of miscellaneous provisions:

Inasmuch as section 314(e) would be repealed, the title would provide for rodent control programs, currently assisted under that section, to be conducted under section 317, the existing communicable disease control section. Twenty million dollars would be authorized to be appropriated for FY 1976 for rodent control programs.

The bill would enact a program to demonstrate the establishment and initial operation of public and nonprofit agencies to provide home health services (eligible for Medicare reimbursement). The Secretary would be authorized to make grants from appropriations authorized for FY 1976 only, in the amount of $8 million for development and $2 million for training.

The title would require the Secretary to appoint a temporary committee, and two temporary commissions, for, respectively, the study of future needs in the area of mental health and illness of the elderly, the control of epilepsy, and the control of Huntington's disease. Each body would be required to submit its report within one year after the bill's enactment.

The title would establish a new program of grant and contract assistance to public and nonprofit private entities for projects for the establishment of comprehensive hemophilia diagnostic and treatment centers. Appropriations would be authorized at $3 million for FY 1976 and $4 million for FY 1977.

A new program would also be established to develop and support, within existing facilities, blood-separation centers to separate and make available for distribution blood components to providers of blood services and manufacturers of blood fractions. Appropriations of $4 million and $5 million would be authorized for each of the fiscal years 1976 and 1977, respectively.

Title VII of the bill would extend various Public Health Service Act appropriation authorizations through FY 1975, and therefore would not actually effect changes.

Title VIII of the bill would authorize an appropriation of $30 million for FY 1976 for National Health Service Corps activities. It would also make a few changes in the substantive provisions relating to the Corps by:

(1) authorizing the Secretary to make one grant of up to $25,000 to each entity with an approved application for the

assignment of Corps personnel to assist the entity in establishing medical practice management systems and acquiring supplies and equipment, and for other health services expenses,

(2) authorizing the Secretary, after the Corps has provided services to a community with a critical health manpower shortage, to sell or transfer for community use United States equipment and supplies used there by the Corps, and

(3) permitting an entity, to whom Corps personnel were assigned, to retain payments received for services provided by Corps personnel if the Secretary found that requiring the payments be paid in turn to the Secretary would unduly limit the ability of the entity to maintain the quality or level of health services provided by Corps personnel.

Title IX of the bill would provide the following support for the undergraduate, graduate, and continuing education of registered nurses: In relation to construction assistance, the title would continue the award of grants for construction; add as a criterion for selection of awardees the capacity to provide graduate training; continue loan guarantees (raising coverage from 90 percent to 100 percent of interest and principal) and interest subsidies; and broaden the class of lenders eligible for interest subsidies and loan guarantees to include the Federal Financing Bank. There would be appropriations of $20 million authorized for each of the fiscal years 1976 through 1978 for construction grants, and $1 million for each of those fiscal years for additions to the loan guarantee and interest subsidy fund.

The title would alter the formula by which schools' capitation (per student) payments are computed as follows:

School	Enrolled bill	Present law
Baccalaureate	$400 per year during the last two years	ALL SCHOOLS: $250 per year except $500 in the graduating year
Diploma	$250 per year for each year	
Associate Degree	$275 for the last year and $138 for the first year	

The title would also eliminate enrollment bonus student authority but authorize "such sums" to phase out support for those enrolled under the present Act; and modify the requirement that schools must expand enrollments in order to be eligible for capitation by requiring that a school either:

(1) increase first-year enrollment over the 1974-1975 school year enrollment the year following the year of the capitation grant by 10 percent (or 5 percent, if the first-year enrollment was more than 100), and maintain such increased enrollment, or

(2) carry out at least two of the following four programs:

(A) in the case of collegiate schools, a nurse practitioner training program,

(B) clinical training in community health centers, long-term care facilities, and ambulatory care facilities remote from the main teaching site of the school,

(C) a continuing education program,

(D) a program to recruit students from disadvantaged backgrounds (to equal at least 10 percent of the entering class or 10 students, whichever is greater).

Fifty million dollars for FY 1976, and $55 million for each of the fiscal years 1977 and 1978, would be authorized to be appropriated for capitation payments. Schools would also be required to maintain the level of previous enrollment and to expend non-Federal funds at the level of the average expenditures over the three previous fiscal years.

The title would authorize appropriations of $5 million for each of the fiscal years 1976 through 1978 for financial distress grants.

The existing special projects authority would be modified by decreasing the list of eligible projects from 12 to 10 by combining some, dropping cooperative interdisciplinary training, greatly expanding assistance to the disadvantaged (including a restriction that not less than 10 percent of the special projects appropriations (except for advanced nurse training and nurse practitioner training) be used for this purpose), and breaking out separate sections for advanced nurse training (of teachers, administrators, supervisors, nurse clinicians and other categories the Secretary identifies) and for nurse practitioner training; and provide authority for the Secretary to set nurse practitioner training guidelines including provisions that awardee programs be in primary care, be at least a year long with at least four months in the classroom, and have a minimum enrollment of eight students. For these special projects, appropriations of $45 million for FY 1976, $55 for FY 1977, and $65 million for FY 1978 would be authorized. Start-up grants for new training programs and grants and contracts for "full utilization of educational talent" would be repealed.

In relation to student assistance, the title would (1) continue traineeships for nurses receiving graduate training in teaching, administration, or supervision, as nurse practitioners, or other specialties the Secretary identifies, at authorization levels of $15 million for FY 1976, $20 million for FY 1977, and $25 million for FY 1978, (2) extend student loan authorities and authorize for Federal capital contributions to nursing school student loan funds $25 million for FY 1976, $30 million for FY 1977, and $35 million for FY 1978, and (3) extend the scholarship grants provisions through FY 1978.

Finally, the title would restrict the Secretary's right to delegate to the Department's regional offices the review and comment function on grant and contract applications and the right to make a grant or enter into a contract, and would require the Department to conduct continuing analyses of supply, demand, distribution, full-time and part-time employment status, compensation, etc., of all registered nurses, and report to the Congress each February 1, beginning in 1977, on the needs and make legislative proposals to meet those needs.

The bill's appropriations authorizations for FY 1976 compare to the President's FY 1976 budget requests as follows:

	Bill Authorization	1976 Budget Request
	(in millions of dollars)	
Health revenue sharing	115	0
Family planning	176	116
Community mental health centers (new grants)	104	0
Rape prevention and control	7	0
Migrant health centers	39	19
Community health centers	220	155
Rodent control	20	5
Home health services	10	0
Hemophilia programs	3	0
Blood separation centers	4	0
National Health Service Corps	30	18
Nurse training-- Construction	21	1
Capitation	50	0
Financial distress	5	0
Project grants	45	18

	Bill Authorization	1976 Budget Request
	(in millions of dollars)	
Traineeships	15	0
Student loan program	25	9
	889	341

Excess of bill authorizations over budget requests: $548 million.

Appropriation authorizations exceeding the President's 1976 budget requests by almost $550 million in a period when fiscal restraint is of the highest priority in themselves form sufficient grounds to veto an enrolled bill. Such authorizations create unrealistic expectations and generate pressure to enact excessive appropriations.

In addition, the enrolled bill is objectionable on other grounds. In our submission to the Congress, on February 26, 1975, of the Administration's health services amendments, we sought to terminate Federal categorical assistance for Community Mental Health Centers on the ground that the community mental health services program had proven itself as a demonstration program, and should now be absorbed by the regular health service delivery system. Moreover, we oppose the expansion and mandating into law of health programs that single out a few selected communities for special Federal subsidies. Our overall strategy in health reflects a policy of assuring financial access to health insurance for all Americans on an equitable basis.

Also contrary to the Administration proposal is the bill's repeal of section 314(e) of the Public Health Service Act, and the substitution of narrower categorical authorities for the support of community health centers and for rodent control. And, whereas the Administration proposal would have folded family planning services and training, and the migrant health program, into section 314(e), the bill would preserve and expand those programs as separate authorities.

We continue to object to the specific authorization for hypertension programs under section 314(d). It is bad in principle because categorical mandates in this program work against the entire concept of the original Partnership for Health program and that of its successor under the enrolled bill, health revenue sharing: the concept of giving the States money to deal with their individual health problems as they see fit with as little interference from the Federal Government as possible. We had proposed, instead, that the existing mental health earmark be repealed.

The bill's provisions establishing study commissions and new narrowly categorical health programs are undesirable. In the case of rape prevention, certain of the mandated studies could more appropriately be undertaken by the criminal justice system. With regard to epileptic problems, the existing Epilepsy Advisory Committee has been productive in defining the "state of the art" in specific research areas and in stimulating interdisciplinary research efforts to bear on the problems of the epilepsies. We can see no useful purpose in establishing statutorily a body to do what can and is being done under present authorities. We also oppose singling out hemophilia for a special entitlement. Providing special treatment for one disease could inappropriately divert funds and attention to that disease at the expense of other equally debilitating conditions. The multiplication of these special entitlements will, in the long run, undermine the NIH mission of basic biomedical research.

The nurse training provisions of the bill are objectionable because (1) capitation and construction authorities are continued, (2) geographic maldistribution is scarcely addressed, and (3) the provisions are separate from other health manpower training authorities.

In 1970, there was a generally recognized shortage of general duty registered nurses. Capitation and construction support authorities were viewed as providing incentives for the training institutions to expand. The schools responded,

and, despite a reduction in the number and enrollment of diploma programs, the following growth has occurred:

	Number of Programs	Students Enrolled	Admissions Per 100 Female High School Graduates
1970	1,343	164,545	4.9
1971	1,350	187,551	5.4
1972	1,363	213,127	6.3
1973	1,359	232,589	6.8

Current estimates are that the number of active registered nurses will rise from 723,000 in 1970 to 1,099,000 in 1980 even without additional growth stimulation. Continued emphasis on capitation for this undergraduate field is costly, inefficient, and unnecessary. Capitation subsidies to encourage enrollment expansion are not needed in view of the sizeable increase in the aggregate supply of nurses already achieved, as well as those projected to occur in the future. Capitation grants, moreover, represent on the average less than 10 percent of the annual education costs in participating nursing programs--amounting to only about $200 per student per year--and thus can reasonably be met from other sources of revenue, such as increased tuition. Further, continuing the nursing capitation mechanism diverts scarce Federal resources from addressing higher priority national needs such as special ventures targeted on schools and students in underserved areas. In addition, nursing students are entitled to the same types of student assistance available generally under the Office of Education's programs for postsecondary education. These include, in particular, guaranteed loans and basic educational opportunity grants for financially hard-pressed students. The construction authority in the bill is also not needed, in view of the growth in teaching capacity already achieved.

While aggregate supply is clearly close to if not meeting aggregate market demand for staff RNs, serious geographic

maldistribution problems persist, with particular acuteness in the rural areas in the Southeastern and South Central States. For example, Georgia, South Carolina, and Kentucky fall in the lowest quartile of States in terms of nurse-to-population ratios for both RNs and Licensed Practical Nurses. Arkansas and Alabama have ratios only 45 percent of the New England States' average. We find no reason to conclude that pockets of oversupply of nurses will push out to these underserved areas and believe that specially targeted initiatives are called for. The single minor category located in the special projects section of this bill is woefully inadequate.

Finally, by handling nurse training apart from the other manpower categories, this bill perpetuates the kind of fragmentation that results in inconsistency, gaps, and overlap, and sets policy precedents that may limit what we can subsequently do in other manpower areas.

The original Senate version of S. 66, with even higher appropriations authorizations, was passed by the Senate by a vote of 77 to 14, while a motion in the House to recommit H.R. 4925 (titles I through VII of the bill) failed by a vote of 9 to 352, and H.R. 4115 (title IX of the bill) was passed by the House by a vote of 384 to 17. Nevertheless, if our choice is between now acceding to legislation that in the past we have consistently opposed, or making clear that our opposition to it continues unabated, even though we may for the moment be unable to prevail, I think the latter course the more consistent, and the one that best records the Administration's concerns. In short, if our positions have been correct, we should continue to adhere to them. For this reason, I recommend that the bill be returned to the Congress without the President's approval.

We enclose a draft veto message.

Sincerely,

Secretary

Enclosure

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 7-25-75

TO: Bob Linder

FROM: Jim Frey

Attached is the Labor views letter on S. 66. Please have it included in the enrolled bill file. Thanks.

OMB FORM 38
REV AUG 73

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

This is in response to your request for our comments on S. 66 an enrolled enactment "To amend the Public Health Service Act and related health laws."

This bill, which revises and extends programs of health revenue sharing and health services, vests principal program authority and responsibility in the Department of Health, Education and Welfare. We therefore defer to that Department regarding the provisions of the bill related solely to health issues.

We note that Davis-Bacon wage provisions are appropriately included in this enrolled enactment to ensure the adequacy of wages for construction workers engaged in projects authorized by the bill. Under section 102 of this bill the Secretary of Health, Education and Welfare must, after consulting with the Secretary of Labor, establish equitable arrangements to protect the interests of employees of health care institutions who are affected by provisions requiring emphasis on noninstitutional care for mentally ill persons. Although we would have preferred to have final authority with respect to determinations regarding these arrangements, we are prepared to consult with the Department of Health, Education and Welfare in the implementation of this provision.

Sincerely,

John T. Dunlop

Secretary of Labor

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 7-31-75

TO: Bob Linder

FROM: Jim Frey

Attached is the HUD views letter on S. 66. Please have it included in the enrolled bill file. Thanks.

OMB FORM 38
REV AUG 73

THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

July 29, 1975

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Miss Martha Ramsey

Dear Mr. Frey:

Subject: S. 66, 94th Congress
Enrolled Enactment

This is in response to your request for the views of this Department on the enrolled enactment of S. 66, the "Special Health Revenue Sharing Act of 1975."

The enrolled bill would amend the Public Health Service Act and related laws to revise and extend health revenue sharing and health service programs, and the program for assistance for nurse training.

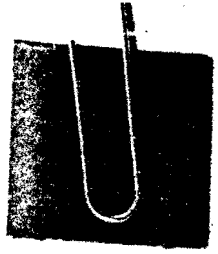
The Department of Housing and Urban Development defers to the Department of Health, Education and Welfare, as the Department responsible for administering these programs, regarding the desirability of and necessity for the provisions of the enactment.

We would, however, note that under the Migrant Health Centers provisions of the enactment the Secretary of Health, Education and Welfare is directed to undertake a study of the quality of housing for agricultural migratory workers and its effect on workers' health, as well as of Federal,

State and local standards for such housing and the adequacy of enforcement. These provisions also require HEW to consult with this Department before the study is undertaken. Although this in itself would certainly not provide a justification for the President's disapproval of the enactment, we believe that it would have been more appropriate to also provide for consultation with the Farmers' Home Administration.

Sincerely,

for Robert R. Elliott



THE WHITE HOUSE

WASHINGTON

July 25, 1975 '75 JUL 25 AM 9 40

MEMORANDUM FOR: PAUL THEIS

FROM: ART QUERN

SUBJECT: POSSIBLE VETO MESSAGE

Before departing for Europe the President will decide whether or not to veto the Health Services Bill.

Should he decide to veto the bill, the attached draft veto message has been prepared by OMB.

I would appreciate having your comments, suggestions, revisions or additions to the attached as early as possible this afternoon.

I know you received a copy of this as part of a larger package last night but I simply wanted to highlight this particular aspect of the response we are seeking from you.

Art Quern

TO THE SENATE OF THE UNITED STATES:

I am today returning, without my approval, S. 66, a bill to amend the Public Health Service Act to provide support for health services, nurse training, and the National Health Service Corps program.

This bill is very similar to two separate bills which I disapproved during the last session of the 93rd Congress, H.R. 14214 and H.R. 17085. In my memorandums of disapproval, dated December 23, 1974, and January 3, 1975, respectively, I cited a number of reasons why I could not approve those bills. Those objections remain valid for the measure before me today.

As in last year's bills, S. 66 would authorize excessive appropriation levels. I realize that in considering the bill this year, the 94th Congress made some reductions in the total cost of the measure. However, the levels authorized are still far in excess of the amounts we can afford for these programs. The bill would authorize almost $550 million above my fiscal year 1976 budget request for the programs involved, and it exceeds fiscal year 1977 levels by approximately the same amount resulting in a total increase of $1.1 billion. At a time when the overall Federal deficit is estimated at $60 billion, proposed authorization levels such as these cannot be tolerated.

When I signed the Tax Reduction Act of 1975, I pledged to do everything in my power to keep this year's deficit from exceeding $60 billion and to restrain the longer-run growth in Federal spending. I stated that I would resist every attempt by the Congress to add to that deficit. Bills currently being considered by the Congress would add $25 billion to the fiscal year 1976 deficit and $45 billion to next year's deficit. If they were to become law, they would

Delivered to Senate: 7/26/75 (10:30 am)

(Stenciled)

lock us into a permanent policy of excessive spending and make the Federal budget a primary cause of inflation for years to come. To avoid this, I have no choice but to veto these bills if the Congress insists upon sending them to me.

Apart from its excessive authorization levels, S. 66 is unsound from a program standpoint. In the area of health services, for example, the bill proposes extension and expansion of Community Mental Health Centers projects which have been adequately demonstrated and should now be absorbed by the regular health services delivery system. S. 66 also would continue and expand such separate categorical programs as Community Health Centers and Migrant Health Centers. In addition, it would authorize several new narrow categorical, and potentially costly programs which duplicate existing authorities, including $30 million for the treatment of hypertension, $17 million for rape prevention and control, $10 million for home health service demonstration agencies, and $16 million for hemophilia treatment and blood separation centers. Three new national commissions on specific diseases also would be established. The expansion of the Federal role in health services delivery through such narrow categorical programs is not consistent with development of an integrated, flexible health service delivery system.

The Administration repeatedly and vigorously has opposed measures such as S. 66 and urged passage of a more effective and more equitable approach to Federal assistance for health services. H.R. 4819 and S. 1203, which reflect our proposals, would consolidate various separate programs into the flexible project grant authority of the Public Health Service Act to allow funding of a wide variety of health services projects based on State and local needs. Moreover, such programs would be for demonstration purposes. Once a new service model has been adequately tested, its adoption into the delivery of services can -- and should -- be the primary responsibility of the private sector and State and local governments.

The Federal role in overcoming barriers to needed health care should emphasize health care financing programs -- such as Medicare and Medicaid for which spending is estimated at $22 billion this year. These programs establish specified eligibility and benefits standards and provide assistance generally available to those most in need, such as the poor and the aged. S. 66, on the other hand, would have the Federal Government select individual communities and groups for special funding assistance. In my view, this is clearly an inequitable approach to health problems and an unwise attempt to substitute judgments made in Washington for those of responsible persons in State and local governments and the private sector.

In extending the registered nurse training authorities, S. 66 inappropriately proposes continuation of large amounts of capitation and construction support. These support mechanisms have outlived their usefulness. They were introduced to stimulate nursing schools to educate more general-duty nurses because of an overall shortage. The schools responded, with enrollements in baccalaureate and associate degree programs rising by more than 90 percent during the period 1970-74. As a result, with no further Federal stimulation, we can expect the supply of active registered nurses to increase by more than 50 percent during this decade.

With these increases, the employment market for general duty nurses already is tightening in some areas. As early as January, 1973, the American Nurses' Association stated that "...it appears that the shortage of staff nurses is disappearing." Our failure to limit growth now could result in our training an excess number of nurses, creating the same kind of oversupply that has left thousands of elementary and secondary school teachers disillusioned with the lack of teaching opportunities.

The general nursing student assistance provisions contained in this bill are largely duplicative of existing undergraduate student aid programs offered by the Office of Education, and represent just one more unnecessary categorical program.

The bill also fails to shift emphasis in any meaningful way from problems of aggregate supply shortages to the problem of geographic maldistribution, which is reflected in very substantial intra- and inter-State differentials in nurse-to-population ratios.

S. 66 continues to treat nurse training separately from the other health professions. The Congress is now considering various measures for Federal support for education in other health professions. Nurse training should be considered as part of that debate to interrelate health manpower education programs rather than to perpetuate a fragmented Federal health professions policy.

Finally, S. 66 provides for a one-year extension of the National Health Service Corps. I support this fine program, and the Administration has submitted legislation to the Congress for its extension. I believe, however, that the authorization level proposed in S. 66 of $30 million for fiscal year 1976 is excessive.

Good health care and the availability of health personnel to administer that care are obviously of great importance. I share with the Congress the desire to improve the Nation's health care. I am convinced that legislation can be devised to accomplish our common objectives which does not adversely affect our efforts to restrain the budget or inappropriately structure our health care system. I urge the Congress to pass such legislation, using the bills I have endorsed as the starting point in such deliberations.

Gerald R. Ford

THE WHITE HOUSE,
July 26, 1975

To- J. Cavanaugh 7-24-75 5:30 p.m.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 24 1975

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill, S. 66 - Health Services, National Health Service Corps, and Nurse Training
Sponsor - Sen. Kennedy (D) Massachusetts and 10 others

Last Day for Action

July 29, 1975 - Tuesday

Purpose

Extends and expands Federal support for health service delivery programs, the National Health Service Corps, and nurse training programs; creates new Federal health service delivery programs, study groups, and nurse practitioner and advanced nurse training programs.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto message attached)
Department of Health, Education, and Welfare	Disapproval (Veto message attached)
Department of the Treasury	Concurs in recommendation that bill not be approved
Department of Labor	Defers to HEW (informally)
Department of Agriculture	Defers to HEW
Department of Housing and Urban Development	Defers to HEW (informally)
Department of Justice	No comments (informally)
Community Services Administration	No recommendation

Discussion

S. 66 reflects continuing disagreement between the Congress and the Administration on basic issues of health policy and funding. The major provisions of S. 66 are essentially the

TO THE SENATE OF THE UNITED STATES:

I am today returning, without my approval, S. 66, a bill to amend the Public Health Service Act to provide support for health services, nurse training, and the National Health Service Corps program.

This bill is very similar to two separate bills which I disapproved at the end of the last session of Congress, H.R. 14214 and H.R. 17085. In my memorandums of disapproval, dated December 23, 1974, and January 3, 1975, respectively, I cited a number of reasons why I could not approve those bills. Those objections remain valid for the measure before me today.

As in last year's bills, S. 66 would authorize excessive appropriation levels. I realize that in considering the bill this year, the 94th Congress made some reductions in the total cost of the measure. However, the levels authorized are still far in excess of the amounts that we can spend for these programs. The bill would authorize almost $550 million above my fiscal year 1976 budget request for the programs involved, and it exceeds appropriate fiscal year 1977 levels by approximately the same amount. At a time when the overall Federal deficit is estimated at $60 billion, proposed authorization levels such as these can only raise expectations far beyond what could reasonably be expected to be available for the activities included in this measure.

When I signed the Tax Reduction Act of 1975, I vowed to do everything in my power to keep this year's deficit from exceeding $60 billion and to restrain the longer-run growth in Federal spending. I stated that I would resist

every attempt by the Congress to add to that deficit. I must hold to my word. Bills currently being considered by the Congress would add $25 billion to the fiscal year 1976 deficit and $45 billion to next year's deficit. If they were to become law, they would lock us into a permanent policy of excessive spending and make the Federal budget a primary cause of inflation for years to come. To avoid this, I have no choice but to veto these bills if the Congress insists upon sending them to me.

Apart from its excessive authorization levels, S. 66 is programmatically unsound. In the area of health services, for example, the bill proposes extension and expansion of Community Mental Health Centers projects which have been adequately demonstrated and should now be absorbed by the regular health services delivery system. S. 66 would also continue and expand such separate categorical programs as Community Health Centers and Migrant Health Centers. In addition, it would authorize several new narrow categorical, and potentially costly, programs which duplicate existing authorities, including $30 million for a two-year program for the treatment of hypertension, $17 million for rape prevention and control, $10 million for home health service demonstration agencies, and $16 million for hemophilia treatment and blood separation centers. Three new national commissions on specific diseases would also be established. The expansion of the Federal role in health services delivery through such narrow categorical programs is not consistent with development of an integrated, flexible health service delivery system.

The Administration has repeatedly and vigorously opposed measures such as S. 66 and urged passage of a more effective and more equitable approach to Federal assistance for health services. H.R. 4819 and S. 1203, which reflect our proposals, would consolidate various separate programs into the flexible project grant authority of the Public Health Service Act to allow funding of a wide variety of health services projects based on State and local needs. Moreover, such programs would be for demonstration purposes. Once a new service model has been adequately demonstrated, its adoption in the delivery of services can--and should--be the primary responsibility of the private sector and State and local governments.

The Federal role in overcoming barriers to needed health care should emphasize health care financing programs--such as Medicare and Medicaid for which spending is estimated at $22 billion this year. These programs establish specified eligibility and benefits standards and make assistance generally available to those most in need, such as the poor and the aged. S. 66, on the other hand, would have the Federal Government select individual communities and groups for special funding assistance. In my view, this is clearly an inequitable approach to health problems and an unwise attempt to substitute judgments made in Washington for those of responsible persons in State and local governments and the private sector.

In extending the registered nurse training authorities, S. 66 inappropriately proposes continuation of large amounts of capitation and construction support. These support

mechanisms have outlived their usefulness. They were introduced to stimulate nursing schools to educate more general-duty nurses because of an overall shortage of such personnel. The schools responded, with enrollments in baccalaureate and associate degree programs rising by over 90 percent during the period 1970-74. As a result, with no further Federal stimulation we can expect the supply of active registered nurses to increase by over 50 percent during this decade.

With these increases, the employment market for general duty nurses is already tightening in some areas. As early as January, 1973, the American Nurses' Association stated that "...it appears that the shortage of staff nurses is disappearing." Our failure to begin to limit growth now could well result in our having trained an excess number of nurses, resulting in the same kind of oversupply that has left thousands of elementary and secondary school teachers disillusioned with the lack of teaching opportunities.

The general nursing student assistance provisions contained in this bill are largely duplicative of existing undergraduate student aid programs offered by the Office of Education, and represent just one more unnecessary categorical program.

The bill also fails to shift emphasis in any meaningful way from problems of aggregate supply shortages to the problem of geographic maldistribution, which is reflected in very substantial intra- and inter-state differentials in nurse-to-population ratios.

S. 66 would continue to treat nurse training separately from the other health professions. The Congress is now considering various measures for Federal support for education in other health professions. Nurse training should be considered as part of that debate to interrelate health manpower education programs rather than perpetuate a fragmented Federal health professions policy.

Finally, S. 66 provides for a one-year extension of the National Health Service Corps. I support this fine program, and the Administration has submitted legislation to the Congress for its extension. I believe, however, that the authorization level proposed in S. 66 of $30 million for fiscal year 1976 is excessive.

Good health care and the availability of health personnel to administer that care are obviously of great importance. I share with the Congress the desire to improve the Nation's health care. I am convinced that legislation can be devised to accomplish our common objectives which does not adversely affect our efforts to restrain the budget or inappropriately structure our health care system. I urge the Congress to pass such legislation, using the bills I have endorsed as the starting point in such deliberations.

THE WHITE HOUSE

July , 1975

TRR

FRR

TO THE SENATE OF THE UNITED STATES:

I am today returning, without my approval, S. 66, a bill to amend the Public Health Service Act to provide support for health services, nurse training, and the National Health Service Corps program.

This bill is very similar to two separate bills which I disapproved ~~at the end of~~ during the 93rd the last session of Congress, H.R. 14214 and H.R. 17085. In my memorandums of disapproval, dated December 23, 1974, and January 3, 1975, respectively, I cited a number of reasons why I could not approve those bills. Those objections remain valid for the measure before me today.

As in last year's bills, S. 66 would authorize excessive appropriation levels. I realize that in considering the bill this year, the 94th Congress made some reductions in the total cost of the measure. However, the levels authorized are still far in excess of the amounts ~~that~~ we can afford ~~spend~~ for these programs. The bill would authorize almost $550 million above my fiscal year 1976 budget request for the programs involved, and it exceeds ~~appropriate~~ fiscal year 1977 levels resulting in a total increase of $1.1 billion by approximately the same amount. At a time when the overall Federal deficit is estimated at $60 billion, proposed authorization levels such as these ~~can only raise expectations far beyond what could reasonably be expected to be available for the activities included in this measure~~ cannot be tolerated.

When I signed the Tax Reduction Act of 1975, I ~~vowed~~ pledged to do everything in my power to keep this year's deficit from exceeding $60 billion and to restrain the longer-run growth in Federal spending. I stated that I would resist

every attempt by the Congress to add to that deficit. ~~I must hold to my word.~~ Bills currently being considered by the Congress would add $25 billion to the fiscal year 1976 deficit and $45 billion to next year's deficit. If they were to become law, they would lock us into a permanent policy of excessive spending and make the Federal budget a primary cause of inflation for years to come. To avoid this, I have no choice but to veto these bills if the Congress insists upon sending them to me.

Apart from its excessive authorization levels, S. 66 is unsound from a ~~programmatically unsound~~ standpoint. In the area of health services, for example, the bill proposes extension and expansion of Community Mental Health Centers projects which have been adequately demonstrated and should now be absorbed by the regular health services delivery system. S. 66 would also continue and expand such separate categorical programs as Community Health Centers and Migrant Health Centers. In addition, it would authorize several new narrow categorical, and potentially costly, programs which duplicate existing authorities, including $30 million for ~~a one year program for~~ the treatment of hypertension, $17 million for rape prevention and control, $10 million for home health service demonstration agencies, and $16 million for hemophilia treatment and blood separation centers. Three new national commissions on specific diseases would also be established. The expansion of the Federal role in health services delivery through such narrow categorical programs is not consistent with development of an integrated, flexible health service delivery system.

The Administration has repeatedly and vigorously opposed measures such as S. 66 and urged passage of a more effective and more equitable approach to Federal assistance for health services. H.R. 4819 and S. 1203, which reflect our proposals, would consolidate various separate programs into the flexible project grant authority of the Public Health Service Act to allow funding of a wide variety of health services projects based on State and local needs. Moreover, such programs would be for demonstration purposes. Once a new service model has been adequately tested, its adoption in the delivery of services can--and should--be the primary responsibility of the private sector and State and local governments.

The Federal role in overcoming barriers to needed health care should emphasize health care financing programs--such as Medicare and Medicaid for which spending is estimated at $22 billion this year. These programs establish specified eligibility and benefits standards and provide assistance generally available to those most in need, such as the poor and the aged. S. 66, on the other hand, would have the Federal Government select individual communities and groups for special funding assistance. In my view, this is clearly an inequitable approach to health problems and an unwise attempt to substitute judgments made in Washington for those of responsible persons in State and local governments and the private sector.

In extending the registered nurse training authorities, S. 66 inappropriately proposes continuation of large amounts of capitation and construction support. These support

mechanisms have outlived their usefulness. They were introduced to stimulate nursing schools to educate more general-duty nurses because of an overall shortage ~~of such personnel~~. The schools responded, with enrollments in baccalaureate and associate degree programs rising by ~~over~~ more than 90 percent during the period 1970-74. As a result, with no further Federal stimulation, we can expect the supply of active registered nurses to increase by ~~over~~ more than 50 percent during this decade.

With these increases, the employment market for general duty nurses is already tightening in some areas. As early as January, 1973, the American Nurses' Association stated that "...it appears that the shortage of staff nurses is disappearing." Our failure ~~to begin~~ to limit growth now could ~~well~~ result in our ~~having~~ training an excess number of nurses, ~~resulting in~~ creating the same kind of oversupply that has left thousands of elementary and secondary school teachers disillusioned with the lack of teaching opportunities.

The general nursing student assistance provisions contained in this bill are largely duplicative of existing undergraduate student aid programs offered by the Office of Education, and represent just one more unnecessary categorical program.

The bill also fails to shift emphasis in any meaningful way from problems of aggregate supply shortages to the problem of geographic maldistribution, which is reflected in very substantial intra- and inter-state differentials in nurse-to-population ratios.

S. 66 ~~would~~ continues to treat nurse training separately from the other health professions. The Congress is now considering various measures for Federal support for education in other health professions. Nurse training should be considered as part of that debate to interrelate health manpower education programs rather than perpetuate a fragmented Federal health professions policy.

Finally, S. 66 provides for a one-year extension of the National Health Service Corps. I support this fine program, and the Administration has submitted legislation to the Congress for its extension. I believe, however, that the authorization level proposed in S. 66 of $30 million for fiscal year 1976 is excessive.

Good health care and the availability of health personnel to administer that care are obviously of great importance. I share with the Congress the desire to improve the Nation's health care. I am convinced that legislation can be devised to accomplish our common objectives which does not adversely affect our efforts to restrain the budget or inappropriately structure our health care system. I urge the Congress to pass such legislation, using the bills I have endorsed as the starting point in such deliberations.

THE WHITE HOUSE

July , 1975

TO THE SENATE OF THE UNITED STATES:

I am today returning, without my approval, S. 66, a bill to amend the Public Health Service Act to provide support for health services, nurse training, and the National Health Service Corps program.

This bill is very similar to two separate bills which I disapproved during the last session of the 93rd Congress, H.R. 14214 and H.R. 17085. In my memorandums of disapproval, dated December 23, 1974, and January 3, 1975, respectively, I cited a number of reasons why I could not approve those bills. Those objections remain valid for the measure before me today.

As in last year's bills, S. 66 would authorize excessive appropriation levels. I realize that in considering the bill this year, the 94th Congress made some reductions in the total cost of the measure. However, the levels authorized are still far in excess of the amounts we can afford for these programs. The bill would authorize almost $550 million above my fiscal year 1976 budget request for the programs involved, and it exceeds fiscal year 1977 levels by approximately the same amount resulting in a total increase of $1.1 billion. At a time when the overall Federal deficit is estimated at $60 billion, proposed authorization levels such as these cannot be tolerated.

When I signed the Tax Reduction Act of 1975, I pledged to do everything in my power to keep this year's deficit from exceeding $60 billion and to restrain the longer-run growth in Federal spending. I stated that I would resist every attempt by the Congress to add to that deficit. Bills currently being considered by the Congress would add $25 billion to the fiscal year 1976 deficit and $45 billion to next year's deficit. If they were to become law, they would

lock us into a permanent policy of excessive spending and make the Federal budget a primary cause of inflation for years to come. To avoid this, I have no choice but to veto these bills if the Congress insists upon sending them to me.

Apart from its excessive authorization levels, S. 66 is unsound from a program standpoint. In the area of health services, for example, the bill proposes extension and expansion of Community Mental Health Centers projects which have been adequately demonstrated and should now be absorbed by the regular health services delivery system. S. 66 also would continue and expand such separate categorical programs as Community Health Centers and Migrant Health Centers. In addition, it would authorize several new narrow categorical, and potentially costly programs which duplicate existing authorities, including $30 million for the treatment of hypertension, $17 million for rape prevention and control, $10 million for home health service demonstration agencies, and $16 million for hemophilia treatment and blood separation centers. Three new national commissions on specific diseases also would be established. The expansion of the Federal role in health services delivery through such narrow categorical programs is not consistent with development of an integrated, flexible health service delivery system.

The Administration repeatedly and vigorously has opposed measures such as S. 66 and urged passage of a more effective and more equitable approach to Federal assistance for health services. H.R. 4819 and S. 1203, which reflect our proposals, would consolidate various separate programs into the flexible project grant authority of the Public Health Service Act to allow funding of a wide variety of health services projects based on State and local needs. Moreover, such programs would be for demonstration purposes. Once a new service model has been adequately tested, its adoption into the delivery of services can -- and should -- be the primary responsibility of the private sector and State and local governments.

The Federal role in overcoming barriers to needed health care should emphasize health care financing programs -- such as Medicare and Medicaid for which spending is estimated at $22 billion this year. These programs establish specified eligibility and benefits standards and provide assistance generally available to those most in need, such as the poor and the aged. S. 66, on the other hand, would have the Federal Government select individual communities and groups for special funding assistance. In my view, this is clearly an inequitable approach to health problems and an unwise attempt to substitute judgments made in Washington for those of responsible persons in State and local governments and the private sector.

In extending the registered nurse training authorities, S. 66 inappropriately proposes continuation of large amounts of capitation and construction support. These support mechanisms have outlived their usefulness. They were introduced to stimulate nursing schools to educate more general-duty nurses because of an overall shortage. The schools responded, with enrollements in baccalaureate and associate degree programs rising by more than 90 percent during the period 1970-74. As a result, with no further Federal stimulation, we can expect the supply of active registered nurses to increase by more than 50 percent during this decade.

With these increases, the employment market for general duty nurses already is tightening in some areas. As early as January, 1973, the American Nurses' Association stated that "...it appears that the shortage of staff nurses is disappearing." Our failure to limit growth now could result in our training an excess number of nurses, creating the same kind of oversupply that has left thousands of elementary and secondary school teachers disillusioned with the lack of teaching opportunities.

The general nursing student assistance provisions contained in this bill are largely duplicative of existing undergraduate student aid programs offered by the Office of Education, and represent just one more unnecessary categorical program.

The bill also fails to shift emphasis in any meaningful way from problems of aggregate supply shortages to the problem of geographic maldistribution, which is reflected in very substantial intra- and inter-State differentials in nurse-to-population ratios.

S. 66 continues to treat nurse training separately from the other health professions. The Congress is now considering various measures for Federal support for education in other health professions. Nurse training should be considered as part of that debate to interrelate health manpower education programs rather than to perpetuate a fragmented Federal health professions policy.

Finally, S. 66 provides for a one-year extension of the National Health Service Corps. I support this fine program, and the Administration has submitted legislation to the Congress for its extension. I believe, however, that the authorization level proposed in S. 66 of $30 million for fiscal year 1976 is excessive.

Good health care and the availability of health personnel to administer that care are obviously of great importance. I share with the Congress the desire to improve the Nation's health care. I am convinced that legislation can be devised to accomplish our common objectives which does not adversely affect our efforts to restrain the budget or inappropriately structure our health care system. I urge the Congress to pass such legislation, using the bills I have endorsed as the starting point in such deliberations.

THE WHITE HOUSE,

FOR IMMEDIATE RELEASE July 26, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE SENATE OF THE UNITED STATES:

I am today returning, without my approval, S. 66, a bill to amend the Public Health Service Act to provide support for health services, nurse training, and the National Health Service Corps program.

This bill is very similar to two separate bills which I disapproved during the last session of the 93rd Congress, H.R. 14214 and H.R. 17085. In my memorandums of disapproval, dated December 23, 1974, and January 3, 1975, respectively, I cited a number of reasons why I could not approve those bills. Those objections remain valid for the measure before me today.

As in last year's bills, S. 66 would authorize excessive appropriation levels. I realize that in considering the bill this year, the 94th Congress made some reductions in the total cost of the measure. However, the levels authorized are still far in excess of the amounts we can afford for these programs. The bill would authorize almost $550 million above my fiscal year 1976 budget request for the programs involved, and it exceeds fiscal year 1977 levels by approximately the same amount resulting in a total increase of $1.1 billion. At a time when the overall Federal deficit is estimated at $60 billion, proposed authorization levels such as these cannot be tolerated.

When I signed the Tax Reduction Act of 1975, I pledged to do everything in my power to keep this year's deficit from exceeding $60 billion and to restrain the longer-run growth in Federal spending. I stated that I would resist every attempt by the Congress to add to that deficit. Bills currently being considered by the Congress would add $25 billion to the fiscal year 1976 deficit and $45 billion to next year's deficit. If they were to become law, they would lock us into a permanent policy of excessive spending and make the Federal budget a primary cause of inflation for years to come. To avoid this, I have no choice but to veto these bills if the Congress insists upon sending them to me.

Apart from its excessive authorization levels, S. 66 is unsound from a program standpoint. In the area of health services, for example, the bill proposes extension and expansion of Community Mental Health Centers projects which have been adequately demonstrated and should now be absorbed by the regular health services delivery system. S. 66 also would continue and expand such separate categorical programs as Community Health Centers and Migrant Health Centers. In addition, it would authorize several new narrow categorical, and potentially costly programs which duplicate existing authorities, including $30 million for the treatment of hypertension, $17 million for rape prevention and control, $10 million for home health service demonstration agencies, and $16 million for hemophilia treatment and blood separation centers. Three new national commissions on specific diseases

more

also would be established. The expansion of the Federal role in health services delivery through such narrow categorical programs is not consistent with development of an integrated, flexible health service delivery system.

The Administration repeatedly and vigorously has opposed measures such as S. 66 and urged passage of a more effective and more equitable approach to Federal assistance for health services. H.R. 4819 and S. 1203, which reflect our proposals, would consolidate various separate programs into the flexible project grant authority of the Public Health Service Act to allow funding of a wide variety of health services projects based on State and local needs. Moreover, such programs would be for demonstration purposes. Once a new service model has been adequately tested, its adoption into the delivery of services can -- and should -- be the primary responsibility of the private sector and State and local governments.

The Federal roles in overcoming barriers to needed health care should emphasize health care financing programs -- such as Medicare and Medicaid for which spending is estimated at $22 billion this year. These programs establish specified eligibility and benefits standards and provide assistance generally available to those most in need, such as the poor and the aged. S. 66, on the other hand, would have the Federal Government select individual communities and groups for special funding assistance. In my view, this is clearly an inequitable approach to health problems and an unwise attempt to substitute judgments made in Washington for those of responsible persons in State and local governments and the private sector.

In extending the registered nurse training authorities, S. 66 inappropriately proposes continuation of large amounts of capitation and construction support. These support mechanisms have outlived their usefulness. They were introduced to stimulate nursing schools to educate more general-duty nurses because of an overall shortage. The schools responded, with enrollements in baccalaureate and associate degree programs rising by more than 90 percent during the period 1970-74. As a result, with no further Federal stimulation, we can expect the supply of active registered nurses to increase by more than 50 percent during this decade.

With these increases, the employment market for general duty nurses already is tightening in some areas. As early as January, 1973, the American Nurses' Association stated that "...it appears that the shortage of staff nurses is disappearing." Our failure to limit growth now could result in our training an excess number of nurses, creating the same kind of oversupply that has left thousands of elementary and secondary school teachers disillusioned with the lack of teaching opportunities.

The general nursing student assistance provisions contained in this bill are largely duplicative of existing undergraduate student aid programs offered by the Office of Education, and represent just one more unnecessary categorical program.

The bill also fails to shift emphasis in any meaningful way from problems of aggregate supply shortages to the problem of geographic maldistribution, which is reflected in very substantial intra- and inter-State differentials in nurse-to-population ratios.

S. 66 continues to treat nurse training separately from the other health professions. The Congress is now considering various measures for Federal support for education in other health professions. Nurse training

should be considered as part of that debate to interrelate health manpower education programs rather than to perpetuate a fragmented Federal health professions policy.

Finally, S. 66 provides for a one-year extension of the National Health Service Corps. I support this fine program, and the Administration has submitted legislation to the Congress for its extension. I believe, however, that the authorization level proposed in S. 66 of $30 million for fiscal year 1976 is excessive.

Good health care and the availability of health personnel to administer that care are obviously of great importance. I share with the Congress the desire to improve the Nation's health care. I am convinced that legislation can be devised to accomplish our common objectives which does not adversely affect our efforts to restrain the budget or inappropriately structure our health care system. I urge the Congress to pass such legislation, using the bills I have endorsed as the starting point in such deliberations.

GERALD R. FORD

THE WHITE HOUSE,

July 26, 1975.

# # # # #