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Date: December 15

Time: 700pm

FOR ACTION: Art Quern
 David Lissy
 Max Friedersdorf
 Ken Lazarus
 Paul Theis

cc (for information): Jack Marsh
 Jim Cavanaugh

FROM THE STAFF SECRETARY

 DUE: Date: December 16

 Time: 600pm

SUBJECT:

H.R. 8069 - Departments of Labor and HEW
 Appropriation Act, 1976

ACTION REQUESTED:

<input type="checkbox"/> For Necessary Action	<input type="checkbox"/> For Your Recommendations
<input type="checkbox"/> Prepare Agenda and Brief	<input type="checkbox"/> Draft Reply
<input checked="" type="checkbox"/> For Your Comments	<input type="checkbox"/> Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Agree with the recommendation of OMB and support draft signing statement in its current form.

P.W.B.
 Philip Buchen 12/16/75



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

JIM CAVANAUGH
 For the President

THE WHITE HOUSE
WASHINGTON

Date 12/16/75

TO: PHIL BUCHEN

FROM: KEN LAZARUS

ACTION:

_____ Approval/Signature
_____ Comments/Recommendations
_____ Prepare Response
_____ Please Handle
_____ For Your Information
_____ File

REMARKS:

Bobbie and I agree with the OMB recommendation as noted on the action memo. If you agree, forward the action memo to Cavanaugh.





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DEC 15 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8069 - Departments of Labor and Health, Education, and Welfare Appropriation Act, 1976

Last Day for Action: December 19, 1975 - Friday

(In millions of dollars)

<u>Appropriations</u>	<u>Budget Estimates</u>	<u>Enrolled Bill</u>	<u>Congressional Change</u>
1976.....	35,158	36,074	+916
Transition Quarter....	8,933	8,953	+20
Total.....	44,091	45,027	+936

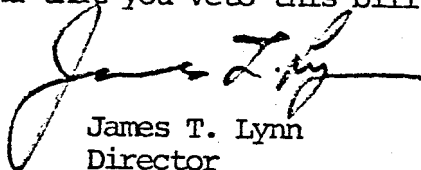
Outlay Effect: +\$382 million in FY 1976; +\$165 million in the transition quarter; +\$372 million in 1977.

Highlights

- The enrolled bill contains many specific problems, but it is the overall size of the Congressional increases to your requests which prompts the veto recommendation.
- Among the specific problems in the enrolled bill are:
 - o funding increases--principally \$740 million for health programs and \$171 million for the Community Services Administration.
 - o a busing provision that causes concern to both HEW and Justice (whose letters are attached to the longer memorandum).
 - o Congressional directives on Federal employment that limit the flexibility needed if the Executive Branch is to effectively carry out programs without unnecessary growth in overall employment levels.
- Congressional changes to your requests are discussed more fully in the accompanying longer memorandum.

Recommendation

Secretary Mathews and I recommend that you veto this bill.



James T. Lynn
Director





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DEC 15 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8069 - Departments of Labor and Health, Education, and Welfare Appropriation Act, 1976 Sponsor - Rep. Flood (D), Pennsylvania

Last Day for Action

December 19, 1975 - Friday

Purpose

Appropriates for fiscal year 1976 and the transition quarter a total of \$45,026,818,318 in budget authority for activities of two cabinet departments--Labor and Health, Education, and Welfare--and other agencies.

Agency Recommendations

- Office of Management and Budget Disapproval (draft veto message is Attachment A)
- Department of Health, Education, and Welfare Disapproval (letter from Secretary Mathews is Attachment B)
- Department of Justice (Comments on the busing provision are Attachment C)
- Civil Service Commission (Comments on an employment provision are Attachment D)

Discussion

Comparison with your 1976 and Transition Quarter Budget Requests

The total new budget authority provided in this bill, \$45,027 million, is \$916 million above your requests for 1976 and \$20 million above your requests for the transition



quarter--an overall increase of \$936 million. The net effect of these increases on estimated outlays is to add \$382 million in 1976, \$165 million in the transition quarter, and \$372 million in 1977.

The following table summarizes Congressional action on the 1976 and transition quarter appropriations by major program category:

(in millions of dollars)

	<u>Budget Estimate Considered</u>	<u>Enrolled Bill</u>	<u>Congressional Change</u>
Department of Health, Education, and Welfare..	38,700	39,474	+774
Health (excluding National Institutes of Health).....	(1,863)	(2,093)	(+230)
National Institutes of Health.....	(2,097)	(2,607)	(+509)
Social and Rehabili- tation Service.....	(19,453)	(19,455)	(+1)
Social Security Ad- ministration.....	(13,349)	(13,261)	(-88)
Assistant Secretary for Human Develop- ment.....	(1,753)	(1,888)	(+136)
Departmental Manage- ment.....	(185)	(170)	(-15)
Department of Labor.....	4,359	4,368	+8
Community Services Administration.....	454	624	+171
Other related agencies...	<u>578</u>	<u>561</u>	<u>-17</u>
Total.....	44,091	45,027	+936

Comparison with 1975 Funding Levels

In total, your 1976 appropriation requests for the programs included in this bill were \$8,150 million below 1975 funding levels. In the enrolled bill, the Congress has concurred in an overall decrease from the 1975 level but in a lesser amount-- \$7,234 million. On the surface, your total budget



requests for this bill and the amounts provided by the Congress appear to represent sizable decreases from the 1975 level. This is illusory, however, in that \$7 billion of the apparent decrease from 1975 is the result of a \$5 billion 1975 supplemental appropriation for unemployment compensation and a \$2 billion 1975 regular appropriation for special unemployment assistance. Neither of these items is included in this year's bill. However, the First Supplemental Appropriations Act, 1976, contains an identical \$5 billion request for unemployment compensation as well as several other requests--totaling \$433 million--for activities included in this bill. Thus, your budget requests for items in this bill, taken together with amounts you have requested in the soon-to-be-enrolled supplemental, actually represent a decrease of \$2.7 billion below the 1975 funding level. Later this fiscal year, you may request additional amounts to meet pay increase costs and for other purposes, and the Congress is likely to appropriate further increases to these requests in the Second Supplemental Appropriations Bill. In short, though both your requests and the Congress' actions on this bill initially are below the 1975 funding level, later actions could produce either very small reductions from 1975 or increases over 1975.

Attachment E to this memorandum is a more detailed comparison of your recommendations for level-of-funding changes from 1975 to 1976 and the Congress' response to your requests.

Major Changes to Requested Amounts

This part of the memorandum discusses major changes (increases and decreases) made by the Congress to the amounts of 1976 and transition quarter budget authority you requested for the programs contained in this bill.

Health

(net increase: \$740 million)

- Funds for the National Institutes of Health (NIH)--traditionally subject to Congressional additions--would be increased by \$509 million. This increase would:
 - o expand, by 446 new positions, the already adequate NIH personnel level of nearly 11,000 people;
 - o provide an unrequested \$51 million for the construction of three new research and information systems facilities;



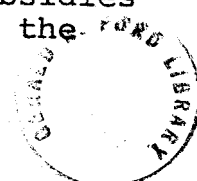
- earmark \$25 million for the construction of cancer research facilities; and
- allow an excessive rate of growth--approximately 11 percent over the 1975 funding level--for biomedical research activities.

The largest single increase is for the National Cancer Institute: an additional \$157 million has been added to your request of \$737 million.

- The enrolled bill would increase your \$563 million request for the Health Services Administration by \$129 million. More than \$110 million of this increase is for maternal and child health programs. For 1976, you had proposed increasing the State matching share for maternal and child health grants from 20 percent to 50 percent, and, commensurate with this proposal, your budget recommended a \$73 million decrease from the 1975 level. The Congress has not acted on the increased-State-share proposal and has, in this bill, increased formula grants to States \$29 million above the 1975 level.

Other significant increases to your requests for the Health Services Administration are an additional \$12 million for emergency medical services and an additional \$11 million for Public Health Service hospitals, an increase inconsistent with your plan to phase out these facilities. Minor decreases of \$4.5 million are overwhelmed by these and other minor increases.

- Increases totaling \$109 million to your 1976 requests for alcohol, drug abuse, and mental health programs would:
 - perpetuate--at increased levels of support--Federal subsidies for training mental health clinical specialists and other mental health professionals and paraprofessionals. You have sought to phase out these training programs because, generally, the supply of mental health personnel is adequate for current demand, the earnings potential for most jobs in this field is relatively high, and funds for student assistance are available under regular Office of Education programs.
 - expand the level and length of Federal commitments for community alcoholism programs which inequitably single out certain communities for special Federal subsidies and duplicate similar services available under the medicaid and social services programs.



- The enrolled bill alters your requests for health resources activities by:
 - increasing health planning programs by \$24 million,
 - decreasing health facilities construction funds by \$18 million (although an unrequested \$8 million for two District of Columbia hospitals is provided),
 - increasing health professions student loans by \$10 million, and
 - providing an unrequested \$9 million for medical and dental schools in the District of Columbia.

Welfare

(net increase: \$53 million)

- Increases to your request for human development programs total a net \$136 million, comprised primarily of the following items:
 - Funds for rehabilitation services are increased by \$64 million, including an additional \$40 million for basic State grants and an unrequested \$18 million for innovation and expansion programs which could be financed by the States from the basic State grant funds.
 - Nutrition programs for the elderly receive an additional \$25 million.
 - Funds for the Head Start program are increased by \$20 million.
- The enrolled bill provides \$88 million less than your budget requests for the Social Security Administration. Approximately \$40 million of this decrease represents the Congress' refusal to appropriate funds for standard level user charges levied by the General Services Administration against social security trust fund programs. Another reduction denies a \$12 million request to cover estimated underfinancing of 1974 costs for hospital insurance for the uninsured. The amount required has been provided out of 1974 funds. Consequently, denial of the request is not a problem. A further \$20 million reduction reflects a reestimate of the Supplemental Security Income (SSI) July 1, 1975, cost-of-living increase from 8.7 percent to 8.0 percent.



Community Services Administration
(net increase: \$171 million)

- The Congress has increased your \$454 million request for the Community Services Administration by \$171 million. More than half of this increase would provide support for items your budget did not request:

- Emergency energy conservation (+\$28 million)
- Emergency food and medical services (+\$30 million)
- Research and demonstration programs (+\$13 million)
- State economic opportunity offices (+\$12 million)
- Senior opportunities (+\$10 million)

These unbudgeted increases would fund programs which duplicate services available elsewhere or provide support for programs of questionable merit.

Most of the remaining increase would provide for the continuation of nearly 900 community action agencies at the 1975 Federal funding level (80 percent Federal, 20 percent State matching) rather than at the reduced Federal share level (70 percent Federal, 30 percent State matching) authorized by the Economic Opportunity Act of 1974. Your goal of creating greater local involvement in and commitment to programs administered by the community action agencies is unlikely to be achieved as long as a disproportionate Federal support is available to these agencies.

Department of Labor
(net increase: \$8 million)

- Although the net budget authority increase for the Department of Labor is not large, the bill makes two unnecessary and unwise changes to your requests:
 - o 333 positions are added for occupational safety and health inspections to increase emphasis on job health, to increase consultation services for small businesses, and to improve inspector training. In your review of the Department of Labor's 1977 requests, you approved 137 new positions for occupational safety and health activities, contingent upon the 333 positions provided by this bill not being granted.



- ° \$80 million in increased expenditures is added for the Employment Service to increase State staff to 30,000 and to start the full implementation of computerized job matching. There is no evidence that increased State staff will increase job placements, and evaluation of experimental computer job matching has not been completed. The Secretary of Labor is, however, urging that computer job matching be started in 1977.

Employment Levels for HEW Activities

The conference report on the enrolled bill sets forth position levels for HEW health activities in order to "insure the continued excellence of health programs and to prevent the dismantling of high priority health programs through the impoundment of positions without the consent of Congress." The position levels in the conference report represent an 8% increase and 2,239 positions over your initial 1976 personnel recommendations for these activities. Moreover, they represent an undesirable effort on the part of Congress to set employment levels for certain parts of one agency without regard to the overall Federal or the HEW department-wide employment ceiling.

The bill also directs that all positions established in the Social Security Administration to handle initial workload related to the supplementary security income program will be full-time permanent positions. The Civil Service Commission has expressed concern that this Congressional directive "could have serious implications for the President's authority to set appropriate employment ceilings and an agency head's ability to determine the type of positions needed to accomplish the agency's mission." A letter to me from Chairman Hampton, amplifying the Commission's views on this matter, is Attachment D to this analysis.

Language Provisions

One of the most controversial provisions of the enrolled bill is section 209, the so-called "Byrd amendment," which would provide that:

None of the funds contained in this Act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, and which offers the courses of study pursued by such student, in order to comply with title VI of the Civil Rights Act of 1964.

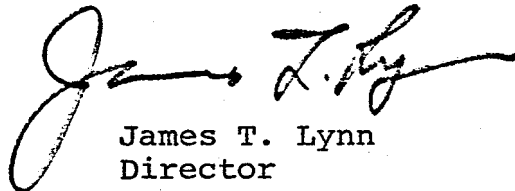


Secretary Mathews--in a December 12, 1975, letter (Attachment B)--states that this provision of the enrolled bill would "impose a more stringent limitation on the implementation of desegregation plans than has already been imposed by the Equal Educational Opportunities Act of 1974."

The Justice Department has indicated in its letter of December 12, 1975, (Attachment C) that the limitation imposed by section 209 on HEW's authority is vague, will be ineffectual, and raises constitutional issues. In spite of its concerns, and limiting its advice on the enrolled bill to the effect of section 209, the Justice Department does not recommend veto. The Department's letter notes that the difficulties created may not be permanent in that section 209 is affixed to an annual appropriations act and not to permanent legislation.

Recommendation

While the enrolled bill contains many specific problems, it is the overall size of the Congressional increases to your requests which prompts Secretary Mathews and me to recommend that you veto this bill.



James T. Lynn
Director

Attachments



TO THE HOUSE OF REPRESENTATIVES:

I return without my approval H.R. 8069, the Departments of Labor and Health, Education, and Welfare Appropriation Act, 1976.

Once again the Congress has presented me with a bill that substantially increases the budget I recommended. I had hoped that the Congress would spare the Nation the trauma of a veto of this bill by exercising fiscal discipline voluntarily. Instead, H.R. 8069 provides almost \$1 billion more spending authority than I requested. Not only would the total add significantly to the already burdensome Federal deficits expected this year and next, but the individual increases themselves are unjustified, unnecessary, and unwise. This bill is, therefore, inconsistent with fiscal discipline and with effective restraint on the growth of government.

I am not favorably impressed by the argument that H.R. 8069 is consistent with the Congress' second concurrent resolution on the budget and is, therefore, in some sense proper. What this argument does not say is that the resolution, which expresses the Congress' view of appropriate budget restraint, approves a \$50 billion, or 15 percent, increase in Federal spending in one year. I do not agree that such an increase is appropriate budget restraint.



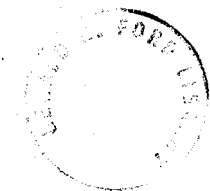
Effective restraint on the growth of government requires that we limit the growth of Federal spending every time we have an opportunity to do so. This bill provides such an opportunity. By itself, this bill would add \$382 million to this year's deficit and would make next year's deficit \$372 million more than if my recommendations had been adopted. In addition, the increases it would provide for this year would raise expectations for next year's budget and make the hard job of restraining spending growth that much more difficult. Thus, it would continue to contribute to excessive deficits and their consequences for financial markets, as well as to needless inflationary pressures, well into the future.

Furthermore, this bill, if enacted, would increase permanent Federal employment by 8,000 people at a time when we should be reducing total Federal employment.

In this regard, I find it most difficult to believe that Congressionally directed increases in the number of people on the permanent Federal payroll reflect the view of the majority of the people. On the contrary, I believe an overwhelming majority of the American people agree with my view that there are already too many employees in the Federal Government.

For these reasons, I am compelled to withhold my signature from this bill. I cannot, in good conscience, approve a measure which adds so excessively to deficits and directs spending so imprudently.

THE WHITE HOUSE,





THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

DEC 12 1975

RECEIVED
DEC 12 1 18 PM '75
OFFICE OF
MANAGEMENT & BUDGET

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

Dear Jim:

Paul O'Neill has asked that I provide you with my views on H.R. 8069, the Labor-HEW FY 1976 Appropriations Bill. As you know, the total amount of appropriations contained in the bill is \$916 million over the President's January budget request. Of this amount, \$795 million is related to HEW's programs. The outlay impact of HEW's portion over the budget would be about \$250 million in FY 1976; slightly over \$100 million in the transition quarter; and about \$350 million in FY 1977.

We are fully aware of the President's determination to restrict Federal spending and hold down the budget deficit. Furthermore, in our review with you of your revised FY 1976 and FY 1977 allowances, we have not requested further increases in FY 1976. Thus, I am led to conclude that the most consistent and sound action for the President to take would be to veto the bill.

Although only the excess appropriations would lead me to recommend a veto, this Bill also has other drawbacks. The conference report contains a table which virtually mandates 1,869 more Federal jobs for health programs than requested in the budget. Appropriation language requires the conversion of the 6,000 Social Security term employees to permanent status. As you know, I strongly support this conversion, and it is one of the items in my appeal of the President's FY 1976/1977 allowance. However, I believe that it is inappropriate for Congress to legislate such matters through appropriation language.



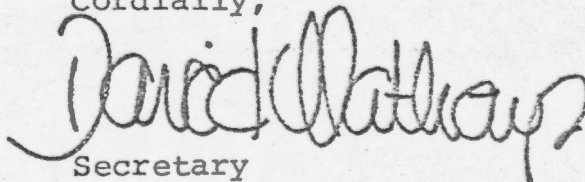
Your staff has also requested my views on the busing provision of H.R. 8069. This provision states that:

"None of the funds contained in this Act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, and which offers the courses of study pursued by such student, in order to comply with title VI of the Civil Rights Act of 1964."

In response to Congressional requests to describe the effects of this provision, as you know, we indicated that the Byrd amendment would impose a more stringent limitation on the implementation of desegregation plans than has already been imposed by the Equal Educational Opportunities Act of 1974 (title II of P.L. 93-380).

I hope that these views will be helpful to you in providing advice to the President. I and my staff will be glad to provide you with any additional information.

Cordially,


Secretary



Department of Justice
Washington, D.C. 20530

December 12, 1975

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

Dear Mr. Lynn:

This is in response to an oral request from your office for the views of this Department on section 209 of the enrolled bill, H.R. 8069, an appropriations bill for the Departments of Labor and Health, Education and Welfare.

Section 209 provides:

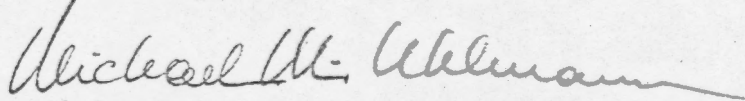
None of the funds contained in this Act shall be used to require directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, and which offers the courses of study pursued by such student, in order to comply with Title VI of the Civil Rights Act of 1964.

In our judgment, this limitation on HEW's authority is unnecessarily vague, will be, in the main, ineffectual, and raises constitutional questions. The great bulk of transportation of public school students for desegregation purposes has been occasioned by court orders and the provision does not, of course, seek to address that issue. Moreover, Section 209 may raise constitutional questions in that it appears to require a federal agency to give federal financial assistance to school districts even if the latter are engaged in racially discriminatory practices of the sort held unconstitutional by the Supreme Court.



In spite of these reservations, it is not sufficiently clear that a veto should be recommended as the difficulties created may not be permanent in that Section 209 is affixed to an appropriations act and not to permanent legislation.

Sincerely,



Michael M. Uhlmann





UNITED STATES CIVIL SERVICE COMMISSION
WASHINGTON, D.C. 20415

CHAIRMAN

December 10, 1975

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

Attention: Assistant Director for
Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of the Civil Service Commission on enrolled H.R. 8069 "Making appropriations for the Departments of Labor, and Health, Education, and Welfare and related agencies, for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes."

The only provision of concern to the Commission is title II which provides that all the "permanent positions" authorized for the Supplemental Security Income (SSI) program "shall be full-time permanent positions without limitation as to the duration of the positions." Although the statutory language is unclear, we understand the intent is to redesignate the 6,000 SSI term positions requested for fiscal year 1976 as full-time permanent. (Senate Report 94-366.)

The language in title II refers to positions, and not employees. In our view, this requires neither the discharge nor the automatic conversion to career appointments of current SSI term employees. However, this legislation would appear to end further term appointments to these positions and presumably would require them to be filled by career appointment. We believe this can be accomplished without difficulty.

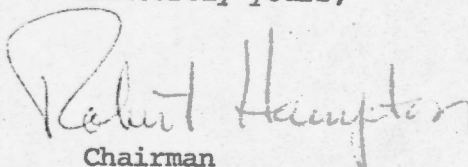


While posing no significant problem for SSI program staffing, this legislation could have serious implications for the President's authority to set appropriate employment ceilings and an agency head's ability to determine the type of positions needed to accomplish the agency's mission.

Although we are generally opposed to attempts to legislate in areas which should be left to management discretion, our objections to this legislation are not such as to warrant a recommendation of a veto. Therefore we recommend that insofar as title II is concerned the President sign enrolled H.R. 8069.

By direction of the Commission:

Sincerely yours,

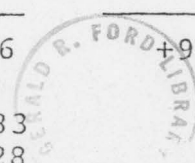

Chairman



HEALTH, EDUCATION, AND WELFARE AND
RELATED AGENCIES APPROPRIATION ACT, 1976

Change in Level of Funding, 1975 to 1976
(Budget authority in thousands of dollars)

Agency and Item	Change from 1975		Congressional action on Administration request
	Administration request	Congressional action	
Department of Labor.....	-10,627,084	-10,621,379	+5,705
Department of Health, Education, and Welfare:			
Health Services Ad- ministration.....	-70,766	+60,145	+130,911
Center for Disease Control.....	+3,603	+12,973	+9,370
National Institutes of Health.....	-256,005	+240,647	+496,652
Alcohol, Drug Abuse, and Mental Health Administration.....	-143,772	-35,097	+108,675
Health Resources Ad- ministration.....	+33,010	+55,109	+22,099
Assistant Secretary for Health.....	+7,076	+4,630	-2,446
Social and Rehabili- tation Service.....	+1,219,514	+1,221,396	+1,882
Social Security Ad- ministration.....	+1,553,391	+1,481,499	-71,892
Assistant Secretary for Human Develop- ment.....	-55,825	+56,351	+112,176
Department management.	+20,641	+8,354	-12,287
Total, Department of Health, Educa- tion, and Welfare.	(+2,310,867)	(+3,106,007)	(+795,140)
Related Agencies:			
Community Services Administration.....	-144,700	-13,048	+131,652
Other related agencies.....	+311,392	+294,734	-16,658
Total, Related Agencies.....	(+166,692)	(+281,686)	(+114,994)
Grand total.....	-8,149,525	-7,233,686	+915,839*
Consisting of:			
Increases denied by the Congress.....		-103,283	
Decreases denied by the Congress.....		+628,628	
Congressional initiatives.....		+390,494	



December 19, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE HOUSE OF REPRESENTATIVES:

I return without my approval H.R. 8069, the Departments of Labor and Health, Education, and Welfare Appropriation Act, 1976.

As you know, I have just vetoed H.R. 5559, which would have extended for six months the temporary tax cut due to expire on New Year's Eve, because it was not accompanied by a limit on Federal spending for the next fiscal year. H.R. 8069 is a classic example of the unchecked spending which I referred to in my earlier veto message.

H.R. 8069 would provide nearly \$1 billion more in spending authority than I had requested. Not only would the \$45 billion total in this bill add significantly to the already burdensome Federal deficits expected this year and next, but the individual increases themselves are unjustified, unnecessary, and unwise. This bill is, therefore, inconsistent with fiscal discipline and with effective restraint on the growth of government.

I am not impressed by the argument that H.R. 8069 is in line with the Congress' second concurrent resolution on the budget and is, therefore, in some sense proper. What this argument does not say is that the resolution, which expresses the Congress' view of appropriate budget restraint, approves a \$50 billion, or 15 percent, increase in Federal spending in one year. Such an increase is not appropriate budget restraint.

Effective restraint on the growth of the Federal Government requires effective limits on the growth of Federal spending. This bill provides an opportunity for such limitation. By itself, this bill would add \$382 million to this year's deficit and would make next year's deficit \$372 million more than if my recommendations had been adopted. In addition, the increases provided for this year would raise expectations for next year's budget and make the job of restraining spending that much more difficult. Thus, this bill would contribute to excessive deficits and needless inflationary pressures.

Furthermore, if this bill became law, it would increase permanent Federal employment by 8,000 people. I find it most difficult to believe the majority of the American people favor increasing the number of employees on the Federal payroll, whether by Congressional direction or by other means. On the contrary, I believe the overwhelming majority agree with my view that there are already too many employees in the Federal Government.

more



I am returning this bill without my signature and
renewing my request to the Congress to approve a ceiling
on Federal spending as the best possible Christmas present
for the American people.

GERALD R. FORD

THE WHITE HOUSE,
December 19, 1975

#



NEW

THE WHITE HOUSE
WASHINGTON

February 3, 1976

MEMORANDUM FOR

THE HONORABLE DAVID MATHEWS
SECRETARY OF HEALTH, EDUCATION
AND WELFARE

SUBJECT: Motivational Training as part
of the Educational Process

On Wednesday, January 28, W. Clement Stone of Chicago met with the President and brought up the subject of the need for greater emphasis on motivational training within our educational systems.

Mr. Stone mentioned specifically the success which the University of San Francisco is having with motivational training as part of the technical education it is offering to disadvantaged persons in the San Francisco area.

It would be helpful if I could have whatever information is readily available within your Department on this subject, particularly regarding programs for motivational training that are being planned or are in operation under the auspices of your Department.

P.W.B.

Philip W. Buchen
Counsel to the President

cc: Dick Cheney



THE WHITE HOUSE
WASHINGTON

June 10, 1976

*HEW
see hold file*

MEMORANDUM FOR:

Mr. Ronald G. Carr
Special Assistant to the Attorney General
Room 5119
Department of Justice

Attached is a duplicate of a memorandum prepared by the Secretary of HEW for the President dated May 20, 1976. It includes at Tab B a proposed Presidential Executive Order.

P.W.B.

Philip W. Buchen
Counsel to the President

Attachment



THE WHITE HOUSE
WASHINGTON

Rush to Bobbie
for response by
C.O.B. today

P.



OFFICE OF MANAGEMENT AND BUDGET
ROUTE SLIP

TO Mr. Phillip Buchen ✓

Mr. Richard Parsons

Mr. David Lissy

FROM Naomi Sweeney *NS*

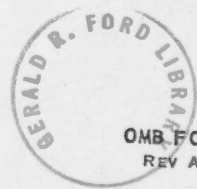
DATE 7/23/76

- Take necessary action
- Approval or signature
- Comment
- Prepare reply
- Discuss with me
- For your information
- See remarks below

REMARKS

Attached are copies of (1) the "follow the child" provision in S. 2657, the Senate L&PW Cte - reported education bill, (2) a proposed substitute for that provision drafted by HEW following discussions with Bill Diefenderfer, and (3) the provision of present law which would be amended.

May we have your views on the HEW draft by c.o.b. Monday? I have also sent this material to Justice and to Paul O'Neill and Dan McGurk. Views may be telephoned to Naomi Sweeney (3881), Ann Stone (4702), Allen Jackson (4532) or John Lively (3673).



OMB FORM 4
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Calendar No. 838

94TH CONGRESS
2D SESSION

S. 2657

[Report No. 94-882]

IN THE SENATE OF THE UNITED STATES

NOVEMBER 12, 1975

Mr. PELL introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

MAY 14, 1976

Reported, under the authority of the order of the Senate of May 13, 1976, by Mr. PELL, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To extend the Higher Education Act of 1965, to extend and revise the Vocational Education Act of 1963, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 *That this Act may be cited as the "Education Amendments*
4 *of 1975".*



AMENDMENT TO S. 2657 RELATING TO ELIGIBILITY
FOR TITLE I, ESEA SERVICES FOR CHILDREN
INVOLVED IN DESEGREGATION PLANS

On page 320 of the bill, strike out lines 8 through 17
and insert in lieu thereof the following:

ELIGIBILITY OF CERTAIN CHILDREN FOR CONTINUED
SERVICES UNDER TITLE I OF THE ELEMENTARY
AND SECONDARY EDUCATION ACT

Sec. 325. Section 141 of title I of the Elementary
and Secondary Education Act of 1965 is amended by adding
at the end thereof the following new subsection:

"(d) Notwithstanding any provision of this section,
any local educational agency which implements a plan
described in subparagraphs (A), (B), or (C) of section 706(a)(1)
of the Emergency School Aid Act, may, during the period
described in the following sentence, provide services
under this title to any child (1) who was eligible for
and actually received such services prior to the imple-
mentation of that plan, (2) who continues to need those
services, and (3) who would, as a result of the implementa-
tion of that plan, not be eligible to receive those services.
Services may be provided under this subsection during the
school year in which the desegregation plan is implemented



(d) Notwithstanding any other provision of this section, no payments for any fiscal year under this part to the local educational agencies in a single State shall exceed 12 per centum of the aggregate payments to all local educational agencies in that year under this part.

(e) (1) The aggregate of the amount for which all local educational agencies are eligible under this part shall not exceed \$75,000,000 for any fiscal year. If, for any fiscal year, such aggregate, as computed without regard to the preceding sentence, exceeds \$75,000,000, the amount for which each local educational agency is eligible shall be reduced ratably until such aggregate does not exceed such limitation.

(2) For the purpose of making payments under this part there are authorized to be appropriated not in excess of \$75,000,000 for the fiscal year ending June 30, 1975.

(f) For the purposes of this section, the term—

(1) "State" means the fifty States and the District of Columbia; and

(2) "children" includes all children aged 5 through 17, inclusive.

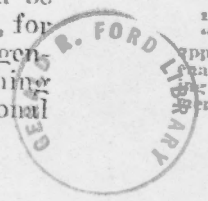
(20 U.S.C. 241 d-11) Enacted August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 495, 496.

PART D.—GENERAL PROVISIONS

APPLICATION

SEC. 141 (a) A local educational agency may receive a grant under this title for any fiscal year only upon application therefor approved by the appropriate State educational agency, upon its determination (consistent with such basic criteria as the Commissioner may establish)—

(1) that payment under this title will be used for the excess costs of programs and projects (including the acquisition of equipment, payments to teachers of amounts in excess of regular salary schedules as a bonus for service in schools eligible for assistance under this title, the training of teachers, and, where necessary, the construction of school facilities and plans made or to be made for such programs, projects, and facilities) (A) which are designed to meet the special educational needs of educationally deprived children in school attendance areas having high concentrations of children from low-income families (and at the discretion of the local educational agency, in any school of such agency not located in such a school attendance area, at which the proportion of children in actual average daily attendance from low-income families is substantially the same as the proportion of such children in such an area of that agency) and (B) which are of sufficient size, scope, and quality to give reasonable promise of substantial progress toward meeting those needs and to this end involve an expenditure of not less than \$2,500, except that the State educational agency may with respect to any applicant reduce the \$2,500 requirement if it determines that it would be impossible, for reasons such as distance or difficulty of travel, for the applicant to join effectively with other local educational agencies for the purpose of meeting the requirement; and nothing herein shall be deemed to preclude two or more local educational



¹ Sec. 109 (b) " (b) The applications submitted to the Department of State for the purpose of State n... at made by

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THE WHITE HOUSE

WASHINGTON

July 26, 1976

MEMORANDUM FOR: JIM CONNOR

FROM: BOBBIE GREENE KILBERG *Bobbie*

SUBJECT: H. R. 9803, Child Day Care Services Act, and S. 626, Child and Family Services Act

H. R. 9803, the Child Day Care Services Act, was vetoed by President Ford on April 6, 1976 and was essentially similar to the Senate-passed version which had been introduced by Senators Mondale and Long. H. R. 9803 dealt with child day care services under Title XX of the Social Security Act. Under the present provisions of Title XX, states receive social service grants on a formula basis which allows the states to select the services they will fund to meet their own priority needs.

H. R. 9803 contained the following major provisions:

(1) Postponed until July 1, 1976, enforcement of child day care staffing standards for children aged 6 weeks to 6 years contained in the Title XX social services program. Under Title XX, no Federal matching payments could be made after September 30, 1975 unless day care outside the home met a modified version of the Federal Inter-Agency Day Care Requirements (FIDCR) standards which were approved by HEW and OEO in 1968. FIDCR established rigorous staffing ratios for day care, e. g., a ratio of not more than 5 children to 1 adult for children 3-4 years of age.

(2) Increased the \$2.5 billion annual ceiling on Title XX outlays by \$125 million through September 30, 1976 for child day care services and raised the Federal matching rate for these services from 75 to 80 percent. The funding provision



would probably be extended at an annual rate of about \$250 million per year above the \$2.5 billion ceiling.

(3) Provided an incentive for employment of welfare recipients by child day care providers, including extension of present tax credit provisions.

The President vetoed H. R. 9803 for the following reasons:

(1) The bill only postponed the enforcement of Title XX FIDCR staffing requirements while the Administration supported repeal of the standards (though we evidently indicated we could live with postponement at least until October 1, 1976). The President's proposed Federal Assistance for Community Services Act, submitted to Congress on February 23, 1976, provides for a Title XX social services block grant proposal which also would eliminate the FIDCR standards from Title XX requirements and would require instead that each state set its own appropriate mandatory standards, including requirements relating to safety, sanitation and protection of civil rights.

(2) The earmarking of specific Title XX funds for child day care, a narrow, categorical purpose, is contrary to the basic principle that guided the development of the Title XX program: namely, that states should have the greatest flexibility in selecting the services they will fund in meeting their own priority needs.

(3) The bill would have increased the budget for 1976 and the transition quarter by \$125 million, as well as costing an undeterminable amount in tax credits to day care institutions that hire welfare recipients.

(4) The bill would introduce two additional Federal matching rates for some day care costs that are higher than the rates for other Title XX supported services, thereby further complicating the states' administration of social services programs. The President's legislation, on the other hand, would eliminate State matching requirements all together.



(5) There is considerable doubt that the bill's provision would result in any appreciable number of welfare recipients being hired in child day care centers, and it is questionable whether the staffing of centers largely with welfare recipients would be beneficial to the children served. (Not in President's veto message but in OMB report.)

(6) The authority provided in the bill for a State to waive FIDCR staffing standards for facilities with fewer than 20 percent of the children charged to Title XX could result in serious disparities in the conditions which prevail in such facilities compared with facilities with greater proportions of Title XX-funded children.

In an attempt at compromise, House-Senate conferees have reported a bill, H. R. 12455, that would earmark \$240 million for child day care services over the next 15 months, in addition to the present Title XX \$2.5 billion ceiling for social services, but would defer implementation of the FIDCR standards until October 1977. H. R. 12455 was originally an Administration-sponsored bill on means testing and group eligibility for social services funds which had passed the House on March 16, 1975. The House approved the conference report on July 1, 1976, and it is my understanding that the Senate is expected to do so very shortly.

S. 626, the Child and Family Services Act, was introduced on February 7, 1975 by Senator Mondale. Although joint hearings were held before the Subcommittee on Children and Youth of the Senate Committee on Labor and Public Welfare and the Subcommittee on Select Education of the House Committee on Education and Labor, the bill remains in committee and there is no expectation that it will be passed this session. Secretary Weinberger opposed enactment of this bill in testimony before these Subcommittees on July 15, 1975.

S. 626 would provide for \$1.85 billion over three years to plan for, initiate, and operate a new program providing a wide variety of services to children and their families. The activities would include health services, pre-natal services for mothers,



in-home and center-based day care, and health and nutrition programs. The bill would authorize new spending programs, would be duplicative of existing ones, and would perpetuate the concept of categorical grants.

In addition, the legislation would put the Federal government in the position of dealing directly with thousands of prime sponsor grantees, i. e., local governments and voluntary service organizations. The Secretary of HEW would have the responsibility of determining who should be a prime sponsor of a service program and would also determine when and to what extent a state should serve as prime sponsor in an area where local governments or voluntary agencies do not take it upon themselves to operate child and family service programs. This procedure would overturn the traditional Federal-State relationship embodied in the "single State agency" concept.

And finally, Weinberger stated in his testimony that the Administration was "strongly opposed to the idea, inherent in this proposal, that the Federal government should provide mass developmental day care for pre-school children all over the nation."

cc: Phil Buchen



MEMORANDUM

THE WHITE HOUSE
WASHINGTON

*cy memo
to Bessie*

July 24, 1976

TO: PHILIP BUCHEN

FROM: JIM CONNOR

Can you get someone from your office give me by noon Monday, if possible, a two page summary of the Child and Family Services Act (S-626) introduced by Senator Mondale in 1975 and H.R. 9803, the Child Day Care Services Act, which apparently was vetoed by the President.

We need this as soon as possible. Thank you.

