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Date: November 1, 1975

Time:

FOR ACTION:

cc (for information): Jerry Jones

Bill Baroody

Bob Hartmann

Phil Buchen

Jack Marsh

Jim Cannon

Brent Scowcroft

Max Friedersdorf

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, November 4

Time: 3 P.M.

SUBJECT:

James T. Lynn memo 10/30/75 re Legislation
to establish a National Women's Conference
in 1976

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

*Shirley,
I responded by phone to Connor's
office in favor of option 2 - which is
CMB's option*

Bobbie



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 Connor
For the President



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

ACTION

OCT 30 1975

MEMORANDUM FOR

THE PRESIDENT

FROM:

JAMES T. LYNN

SUBJECT:

Legislation to establish a National Women's Conference in 1976

We need your decision regarding the Administration's position on legislation (H.R. 9924--Rep. Abzug and 21 others) to establish a National Women's Conference in 1976. This bill is, in effect, a follow-up to International Women's Year, 1975. It was brought up on the House floor on October 20 under suspension of the rules, but failed to receive the needed votes (233 yeas to 157 nays). It is now scheduled to come before the House Rules Committee on November 5 and, if a rule is granted, to come to the House floor the following week.

I. BACKGROUND

Last January, by Executive Order 11832, you established the National Commission on the Observance of International Women's Year, 1975, to promote national observance of International Women's Year (IWY). The Executive order provides for the Commission to conclude its work by the end of 1975, report to the President thirty days later and then terminate.

The House bill would (a) extend the life of the Commission and direct that it convene a National Women's Conference in 1976; (b) provide for assistance to preparatory State or regional conferences; (c) require a Commission report to the President and Congress within 120 days after the conference, and a report by the President to Congress within 120 additional days containing recommendations on the Commission's report; (d) provide for planning of a follow-up National Women's Conference in 1985; and (e) authorize appropriations of up to \$10 million.



On September 30, Ms. Jill Ruckelshaus, Presiding Officer of the Commission, presented uncleared testimony before the House subcommittee (copy at Tab A). While expressing some questions and reservations on timing and procedures, she indicated that the Commission "supports the intent and spirit of the bill...."

II. OPTIONS

The options are to:

- (1) Oppose the bill.
- (2) Support the bill, if amended to delay the conference beyond 1976 and lower the authorization.
- (3) Defer to Congress, while expressing reservations as to timing and authorization level.

Considerations--National conferences usually result in far-ranging recommendations which are difficult to oppose but impossible to endorse in their entirety. A National Women's Conference would generate particular pressure in a Presidential election year.

Support for a conference for one purpose, however worthy, would set a precedent, making it difficult to oppose pressures for other conferences.

The \$10 million in Federal funding is high compared to similar national conferences (\$3 million or less). Cost was the main criticism of the bill on the House floor.

On the other hand, none of the current activities in this area can provide the national visibility of the problems and goals of women in our society as could a National Women's Conference. Such a conference could also serve to sustain the momentum of IWY, and generate additional support for the Equal Rights Amendment. Opposition to H.R. 9924 could be interpreted as indicating a lack of interest in women's rights.



Support of the bill, which is likely to be enacted, would give the Administration part of the credit. It might also provide leverage in obtaining amendments to delay the conference date beyond 1976 and lower the authorization level.

To mitigate the precedential problem, a mid-ground position would be to defer to Congress as to the effectiveness of the proposed conference in achieving its purpose, but indicating no objection if the Congress decides in the affirmative. This position could also include recommendations for delay of the conference until 1977 and for a lower authorization.

Agency views:

-- State, HUD, and the Commission on Civil Rights support the objectives of the proposal.

-- HEW recommends against a White House Conference on the grounds that its purposes are already being met by a variety of activities in the Federal Government and that the \$10 million authorization is inconsistent with your "no new spending" policy.

-- the Civil Service Commission expresses "some reservations as to whether a congressionally-mandated national conference...represents the best expenditure of funds in pursuit of the broad objectives of the bill."

III. RECOMMENDATION

That you approve Option 2--support the bill if amended to delay the conference beyond 1976 and lower the authorization to \$3 million.

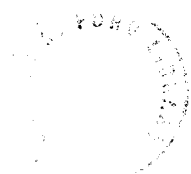
Mrs. Lindh also favors Option 2 and urges that, if the legislation is enacted, the conference be held at a site other than Washington, preferably in the Midwest.

Option #1

Option #2

Option #3

See me _____



Testimony of Jill Ruckelshaus
Presiding Officer of the National Commission
on the Observance of International Women's Year, 1975
on HR 8903

Before the Subcommittee on Government Information
and Individual Rights, Government Operations Committee,
House of Representatives, September 30, 1975

Congresswoman Abzug and Members of the Committee:

The Commission is indeed honored by your request for our testimony and by the confidence you have placed in us in HR 8903, a bill to direct "the National Commission on the Observance of International Women's Year, 1975, to organize and convene a National Women's Conference, and for other purposes."

My testimony today reflects the views of my Commission. H.R. 8903 was discussed with Commission members in attendance at our meeting on August 29 by your able assistant, Lee Novick. Last week we asked all our members for views and comments by mail.

All who were available approved of the bill in principle; a few had questions or reservations about timing or procedures. The general reaction seemed to be that the conferences proposed by the bill are important to carrying forward the momentum of International Women's Year and to bringing about a decade of development. They will be a very logical extension of the work of the Commission and an unparalleled opportunity for publicizing our report (or reports) and establishing priorities for implementation of our recommendations.



Some of our Members and staff also stressed that many women have been newly attracted to women's issues through International Women's Year and other developments and that the conferences would provide further outreach to them and opportunity for involvement.

The Commission, therefore, supports the intent and spirit of the bill, and I want to compliment you, Congresswoman Abzug, and your colleagues for the initiative you have taken in introducing the bill and the care with which you have drafted it.

I would like to present a few suggestions for amendment and some questions for your consideration. We are not necessarily asking that answers to the questions we are raising be spelled out in the bill or in the Committee Report, but we would like to have some expression of views from you and your colleagues, as well as the women's organizations who are testifying.

1. Unless the bill is passed very quickly and an appropriation authorized, it will be difficult to hold 50 State conferences climaxed by a national conference with a deadline of December 31, 1976. The summer months are generally not good for holding conferences, and in the fall months prior to the election many of the women who should be planning and participating in the State conferences will be actively engaged in political campaigns.

WALDO R. FORD

Our members do, however, recognize that the conferences will have greater impact if they are held prior to the November election, and if the bill passed early enough some of the conferences could possibly be held in the Spring. Would it be acceptable to leave the way open to holding some of the State conferences and/or the national conference in early 1977?

2. The bill mentions "regional" and "local" conferences in Section 4(1) and (2). In Section 1(3) the bill states "a national conference of American women, preceded by State conferences, is the most suitable mechanism by which such an evaluation of the status of women and issues of concern to them can be effected." We agree that a national conference preceded by State conferences is the most feasible method of accomplishing the bill's objectives and recommend that the words "local" and "regional" be eliminated in the other sections, with the understanding that if it seems desirable in any State to do so, the "State conference" could consist of a series of local conferences that would cover the entire state.

3. Where should the national conference be held? From the staff's point of view, it would be most efficient and less expensive to hold it in Washington. However, from the standpoint of facilities, press coverage, and



accessibility to the broadest possible representation of American women, a location in^a middle western city with a spacious conference center might be preferable.

4. We have had some discussion within the staff as to how to limit the national conference to the number that can be accommodated in the facilities available in Washington. Should there be delegates elected by the State conferences - perhaps one for each Congressional district and two at large? Since many women who are individual leaders in the women's movement or heads of organizations with much to contribute to a national conference would not be elected, there would need to be some mechanism for inviting additional persons to participate.

5. Would it be desirable to have a formula for allocating money to the States? Although we do not anticipate any large expenses for the State conferences, it will be necessary to subsidize expenses of women who would otherwise be unable to participate, pay a coordinator whose services would be required for a considerable period of time, and to reimburse speakers and consultants.

6. The Commission would need to have its own allocation of "slots" (a ceiling on the number of positions established by the Office of Management and Budget). Our staffing of the Commission has been greatly handicapped

ALB. S. FORD

by the necessity of persuading agencies to give us "slots", and we do not know how many of those we now have would be extended. Please consider including some language in the bill to accomplish this.

7. We may have to secure space in some other building, at least temporarily, for the additional staff needed to begin planning the conferences. The State Department has been very generous in providing us with space and telephones without charge but we are presently very crowded. Please include some language to give the Commission the authority to secure other space if needed.

Thank you again, Congresswoman Abzug, for your foresight and dedication to the promotion of human equality. When the bill is approved, I assure you the Commission and Secretariat will do everything possible to meet the great responsibility placed on it, and to provide a national forum which will engage the interest and commitment of all Americans to human equality.



*Copy
Buchen
OMB*

Date: November 6, 1975

Time:

FOR ACTION:

cc (for information):

Phil Buchen

Jim Cannon

Max Friedersdorf

Jack Marsh

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Monday, November 10

Time: 10 A.M.

SUBJECT:

James T. Lynn's memo 11/5/75
re Federal Aid Highway Legislation

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Agree with OMB.

Ken Lazarus for Phil Buchen 11/6/75



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 Connor
For the President

: November 10, 1975

Time:

7
)

ACTION:

cc (for information):

Phil Buchen
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Monday, November 10

Time:

SUBJECT:

Revised letter to Speaker on
temporary debt ceiling

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

The letter sent to you earlier today has been revised ---
It is still considered an urgent matter , therefore, the
revised version is sent to you with the hope of receiving
your prompt comments. Thank you.

P.W.B.

No objection. -- Ken Lazarus 11/10/75



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

James E. Connor
For the President

THE WHITE HOUSE

WASHINGTON

November 10, 1975

Dear Mr. Speaker:

As you know, on November 15 the present temporary debt ceiling of \$577 billion lapses and in the absence of action by Congress, the applicable debt ceiling becomes \$400 billion. Since the debt outstanding as of November 15 will total approximately \$561 billion, failure to pass legislation would ultimately bring to a standstill all Government operations. Enactment of a new debt ceiling may be regarded by some as routine, but failure to act on the debt ceiling matter would produce results that would not in any sense be routine.

For some, voting against the debt ceiling increase has become a way of opposing high spending in Government and large deficits. As we know, a vote against the debt ceiling is futile in restraining Federal spending for obligations already incurred. The Congress recently refused to authorize the debt ceiling increase, and I am sure that this vote represented concern for continued growth of Federal spending. I have never approved of permitting amendments to the Debt Authorization legislation, but now feel that we must be responsive to the Representatives who have voiced their concern.

I understand that the Chairman of the House Ways and Means Committee will request a Rule permitting consideration of my proposed Spending Limitation for fiscal year 1977 as an amendment to the Debt Authorization legislation. I therefore urge that you permit a vote on the floor of the House to establish an expenditure limit of \$395 billion for fiscal year 1977. It seems to me that this is the way that we are going to bring expenditures under control. It is the meaningful way for the House to deal with the issue of expenditure control.

A \$395 billion limit permits a growth in Federal expenditures in the amount of twenty five billion dollars. The Nation cannot afford a more rapid growth in expenditures. Establishment of a spending limit at this time will permit the Congress to approach the Budget process in a more orderly fashion permitting establishment of program priorities with a finite limit in mind.

The Nation needs confidence in our improving economy. An indication of fiscal restraint from the Congress would do much to provide assurance that our Government plans to take the necessary

steps to work toward a balanced budget. Such a step would do much to alleviate fears of the return of high inflation rates induced by continued Federal deficits. Therefore, I strongly request action on the debt authorization and spending limitation.

Thank you for your kind assistance in this important matter.

With kind regards, I am

Sincerely,

The Honorable Carl Albert
The Speaker of the
House of Representatives
Washington, D.C. 20515

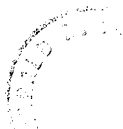


THE WHITE HOUSE

WASHINGTON

For
Belong
S.

Revised
version
sent to
Ken



November 10, 1975

Time:

ON:

cc (for information):

Phil Buchen
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Monday, November 10 Time:

SUBJECT:

Revised letter to Speaker on temporary debt ceiling

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

The letter sent to you earlier today has been revised --- It is still considered an urgent matter , therefore, the revised version is sent to you with the hope of receiving your prompt comments. Thank you.

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.

James E. Connor
For the President



THE WHITE HOUSE

WASHINGTON

November 10, 1975

Dear Mr. Speaker:

As you know, on November 15 the present temporary debt ceiling of \$577 billion lapses and in the absence of action by Congress, the applicable debt ceiling becomes \$400 billion. Since the debt outstanding as of November 15 will total approximately \$561 billion, failure to pass legislation would ultimately bring to a standstill all Government operations. Enactment of a new debt ceiling may be regarded by some as routine, but failure to act on the debt ceiling matter would produce results that would not in any sense be routine.

For some, voting against the debt ceiling increase has become a way of opposing high spending in Government and large deficits. As we know, a vote against the debt ceiling is futile in restraining Federal spending for obligations already incurred. The Congress recently refused to authorize the debt ceiling increase, and I am sure that this vote represented concern for continued growth of Federal spending. I have never approved of permitting amendments to the Debt Authorization legislation, but now feel that we must be responsive to the Representatives who have voiced their concern.

I understand that the Chairman of the House Ways and Means Committee will request a Rule permitting consideration of my proposed Spending Limitation for fiscal year 1977 as an amendment to the Debt Authorization legislation. I therefore urge that you permit a vote on the floor of the House to establish an expenditure limit of \$395 billion for fiscal year 1977. It seems to me that this is the way that we are going to bring expenditures under control. It is the meaningful way for the House to deal with the issue of expenditure control.

A \$395 billion limit permits a growth in Federal expenditures in the amount of twenty five billion dollars. The Nation cannot afford a more rapid growth in expenditures. Establishment of a spending limit at this time will permit the Congress to approach the Budget process in a more orderly fashion permitting establishment of program priorities with a finite limit in mind.

The Nation needs confidence in our improving economy. An indication of fiscal restraint from the Congress would do much to provide assurance that our Government plans to take the necessary

steps to work toward a balanced budget. Such a step would do much to alleviate fears of the return of high inflation rates induced by continued Federal deficits. Therefore, I strongly request action on the debt authorization and spending limitation.

Thank you for your kind assistance in this important matter.

With kind regards, I am

Sincerely,

The Honorable Carl Albert
The Speaker of the
House of Representatives
Washington, D.C. 20515

OMB

THE WHITE HOUSE
WASHINGTON

January 26, 1976

MEMORANDUM FOR: JIM CONNOR
THROUGH: PHIL BUCHEN P.
FROM: KEN LAZARUS^{el}
SUBJECT: Lynn Memo on H. R. 5247

This office has reviewed the above-noted memorandum and offers the following:

1. We should try to avoid the appearance of being inflexible on measures aimed at alleviating unemployment. A simple threat to veto would tend to create that impression.
2. A better approach would be to focus on those aspects of the bill which are extremely vulnerable to criticism. For example:
 - a. The interest subsidy provision in Title III is especially prone to attack and should be singled out as a major provocation for a veto.
 - b. The revenue sharing payments in Title II can be criticized as too general in their impact to be targeted at the sources of employment.
 - c. Title I criticism should be less intense. However, areas of vulnerability include:
 - (i) the lack of assurances of a connection between specific public works projects and persons who are unemployed and
 - (ii) as much as 30 percent of the funds may go to areas with unemployment below the national average.



3. It would be unwise to fall into the trap of equating unemployment measures with the budget issue generally. This would run the risk of creating too clear cut a target on the President's most vulnerable issue. For this reason, we should not attempt to attack measures such as H. R. 5247 with a frontal assault.

Attachment



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: January 23, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen

Jack Marsh

Jim Cannon

Max Friedersdorf

FROM THE STAFF SECRETARY

DUE: Date: Monday, January 26

Time: 10 A. M.

SUBJECT:

James T. Lynn memo 1/23/76 re
Local Public Works Capital
Development and Investment Act of
1975 (H. R. 5247)

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

OMB is asking for a very quick review of this matter by the President. We felt you should review but we would appreciate your prompt response.

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.

James E. Connor
For the President



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JAMES T. LYNN

SUBJECT:

Local Public Works Capital
Development and Investment
Act of 1975 (H.R. 5247)

The purpose of this memorandum is to obtain your decision on whether we should advise the Congress that you will veto H.R. 5247, the Local Public Works Capital Development and Investment Act.

Status

On December 8, the Conference Committee completed action on this bill. The House previously had passed an accelerated public works bill which authorized \$5 billion for a grant program to be administered by the Department of Commerce (EDA). The Senate had passed a substantially different bill totalling over \$6 billion, which included authorization for extending EDA's Job Opportunities program, additional authorizations for EDA's other programs, authorizations for a "counter-cyclical revenue sharing" program, and a change in the allocation formula for EPA waste treatment grants.

The Senate passed the Conference Bill on December 17, by voice vote. The House delayed taking final action last session, but is expected to pass it quickly upon its return. The House expects a veto, and did not want to send a bill down that might be pocket vetoed.

Summary of Bill

The bill includes three titles.

Title I is essentially the original House bill for accelerated public works, with the authorization level cut in half to \$2.5 billion. It authorizes a new program in Commerce to permit it to make grants to any State or local government for 100% of the cost of any public works project. At least 70% of the funds are to go to areas having unemployment rates in excess of the national average.

Connection
between
public works
& where
who are
unemployed?
Why only 70%
100%?



The Administration opposed this title when it was being considered by the House. If funds were appropriated, outlays from the program would increase the 1977 deficit by an estimated \$1 billion and the 1978 deficit by about \$1.2 billion. It would have its peak impact in late 1977 or early 1978, when it may be stimulating inflation.

Title II is to authorize and direct the Secretary of the Treasury to make revenue sharing payments to state and local governments, when the national rate of unemployment exceeded 6% during the 5-quarter period beginning April 1, 1976. It would authorize an appropriation of \$125 million per quarter at the 6% unemployment level plus \$62.5 million per quarter for each half percentage point by which unemployment exceeds 6%. For example, if the national rate of unemployment remained at 8% for a full year, an appropriation of \$1.5 billion would be authorized for that year. One-third of the funds would be reserved for States and two-thirds for local governments, and the funds would be allocated on the basis of the local unemployment rates and taxes raised.

NOT
+ targeted?

The Administration has opposed this type of aid as proposed in S. 1359 (Muskie, Humphrey, and Brock), a bill almost identical to this title. It would increase the 1977 deficit by about \$1,125 million, if the national rate of unemployment were at 8%. We have argued that extension of unemployment compensation and tax reductions are more effective means of achieving economic recovery.

Title III picks up several parts of the original Senate bill, including an authorization for an additional \$1.4 billion for EPA's wastewater treatment grants program; an extension and modification of the Job Opportunities program; an authorization for EDA to provide interest subsidies to businesses receiving commercial loans; and an amendment to the EDA Act to, in effect, make EDA an urban renewal agency. The total amount authorized is over \$2 billion.

The Administration has consistently opposed the Job Opportunities bill as being a costly means of creating temporary jobs as well as being administratively unwieldy. The changes would not improve the program and would likely increase the pork barrel nature of the allocations. The Administration also has opposed increases for the EPA wastewater treatment program.

The interest subsidy provision would result in grants to private firms and it would be very difficult to allocate the subsidies to those firms which would have the greatest impact on reducing unemployment. The amendment to make cities over 50,000 eligible for EDA assistance could get EDA into a major new and costly urban development role. It would be a step in reestablishing categorical grant programs for urban development.

The Bill in total authorizes funding of over \$6 billion. Outlays in 1977 could be over \$3 billion if the funds were appropriated. It is unlikely that Congress would appropriate the full amounts authorized, but enactment of this bill would almost certainly result in a substantial increase in appropriations.

Recommendation

The Economic Policy Board has reviewed this bill and recommends that we advise the Congress that you will veto the bill, because of its impact on increasing the Federal deficit and because the programs are ineffective or unnecessary means of stimulating the economy.

Decision

_____ Agree

_____ Disagree



THE WHITE HOUSE
WASHINGTON

Shirley

March 25, 1976

As you requested dm

Ken,

Please route comments
through Mr. Schmults.

Thanks.

shirley

*Done by Shirley
Support center
- or -
Phonix
- or -
Department of
Education
x. OMB
Opportunity grants*

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 25, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen

Jim Cannon

Max Friedersdorf

Jack Marsh

Rogers Morton

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Thursday, March 25

Time: 5 P.M.

SUBJECT:

James T. Lynn memo 3/24/76
re Proposed Budget Supplemental for
Summer Youth Employment Program

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Regret the request for a quick turn-around on this
subject but would like to present this package to
the President before he leaves.

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 Connor
For the President



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

MAR 24 1976

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. Lynn
SUBJECT: Proposed Budget Supplemental for Summer Youth Employment Program

Issue

What dollar and slot level should be requested for the Summer Youth Employment Program for 1976, and how should the amounts left over from last year's program be treated.

Background

In the 1977 Budget you included a preliminary estimate of \$440 million for a supplemental for this program to be formally transmitted when later data on summer youth unemployment became available. Since CETA requires a report on summer plans by March of each year, it was decided to make the formal supplemental request in time to be incorporated in that report.

The Department of Labor's analysis of the summer employment situation indicates some improvements but a continued high rate of unemployment for youth of perhaps 17 to 18 percent compared to 20 percent in 1975. The 1975 summer appropriation was at \$456 million, which was expected to fund 840,000 slots. Due presumably to the late date of the appropriation, the actual slot level realized was 888,100.

The January 1976 20¢ increase in the minimum wage plus related cost increases has raised the average cost for a summer slot from \$543 last year to \$595 this year.

Labor expenditure reports from last summer's program indicate that about \$44 million remains unexpended and available within certain sponsor grants. These funds cannot be recaptured and reallocated, but they can still be spent by the sponsors who have them for their 1976 program.

The Secretary of Labor has requested \$528,420,000 for this year's program to support the same realized slot level as last year, 888,100. The Secretary proposes to allocate the funds so that no area receives funding for fewer slots than it was allocated last year. The Secretary's letter is attached at Tab A.

Options for the Gross Total

	<u>1976 BA</u>	<u>Slots</u>
#1. Fund last year's actual slot level (DOL request).....	\$528 million	888,100
#2. Fund last year's allocation level...	\$500 million	840,000
#3. Fund the Budget estimate.....	\$440 million	740,000
#4. Reflect economy improvement while demonstrating concern.....	\$476 million	800,000

Discussion

Option #1 would prevent any area from getting fewer slots than it was allocated in 1975. There has never been an objective method for establishing a slot level. The level last year was the highest ever, but can be said to have corresponded to the general severity of the recession. The Secretary supports maintaining that level even though the economy is improving because the absolute level of youth unemployment remains high and is expected to persist.

Option #2 retains last year's funded slot level. It is not clear why there were 48,100 additional slots realized last year. Labor suggests that because of the lateness of the appropriation slots of shorter duration were funded. It may also be related to the particular program designs operated by sponsors, lower administrative or benefit level costs actually incurred, or a higher lapse rate programmed locally. In any case, the same arguments for recognizing continued severity of youth unemployment would support this option as well as Option #1.

Option #3 retains the Budget estimate. This number was Labor's estimate in the fall of what might be an appropriate level given projections at that time of the changes in the economy by the summer. It was recognized that updating based on later data would be required. Since the fall in the overall unemployment



rate has been sharper than predicted (albeit not so sharp for youth) a case can be made for keeping to this figure. Also, in the past whatever number the Administration proposes has been increased by the Congress. Starting at the \$440 million level might constrain the ultimate negotiated amount.

Option #4 is chosen arbitrarily to satisfy two points; reflecting the fact that economic recovery is well underway; and reflecting special concern for the problems of youth despite the overall improvement.

Decision

Option #1 _____; Option #2 _____; Option #3 _____; Option #4 _____; Other _____.

Options for the \$44 Million in 1975 Funds Left Over

- A. Do not take the funds into account for this year's allocation.
- B. Net the left over out of the total request for 1976.

Discussion

Option A recognizes that a certain amount of carryover is normal for this program although the Department is unable to explain what effect it has on successive years' programs. While the amount, \$44 million, is high, it is spread among many different sponsors. The reports received from sponsors are not of a sufficient quality to allow great confidence that if the full amount were subtracted from the total there would be no net reduction in slots made available. Sponsors were not told last year that they could not carry over funds and re-use them this year. Therefore the Department could be charged with having misled the sponsors if the carryover is netted out of the amount allocated this year.

Option B permits a lower net supplemental request without reducing the slot level. It adds pressure to sponsors to operate more efficiently and use all funds for the purposes and time frames appropriated. If a significant portion of the sponsor reports are not completely accurate, however, it arbitrarily penalizes or rewards those who reported inaccurately.

The Department of Labor recommends making no adjustments in the 1976 request because of 1975 carryover. Labor also suggests that an early enough appropriation this year will minimize the issue in the future.



Decision

Option A _____; Option B _____; Other _____.

Related Issue

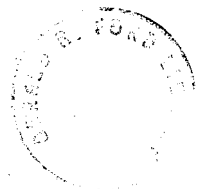
Secretary Usery also recommends that you use the opportunity of the transmittal of this supplemental to remind the Congress of the need to act on your request for \$1.7 billion for public service jobs. Congressional indecision on what to do overall in regard to public service jobs has prevented any action to date. It is likely that some sponsors will be forced to begin layoffs before the end of the fiscal year if funds are not forthcoming soon.

We support the Secretary's request.

Decision

Do you concur:

Yes _____; No _____; Other _____.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 25, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen

Rogers Morton

Jim Cannon

Bill Seidman

Max Friedersdorf

Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Thursday, ^{VI}March 25

Time: 5 P.M.

SUBJECT:

Paul H. O'Neill memo 3/24/76 re Funding
for Next Fall's Basic Educational Opportunity
Grants Program

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Regret the request for a quick turn-around on this subject but because of the timing necessary for transmittal of a supplement this package must be presented to the President before he departs.

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 Connor
For the President





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

MAR 24 1976

DECISION

MEMORANDUM FOR THE PRESIDENT

FROM: PAUL H. O'NEILL *O'Neill*

SUBJECT: Funding for Next Fall's Basic Educational Opportunity Grants Program

Attached is a complete description of an immediate issue in the Basic Educational Opportunity Grant program (BOGs) requiring your decision.

The Administration has been committed to full funding of BOGs (maximum grant of \$1,400) to help all eligible students attend the college of their choice. Over the past few years, Congress has consistently rejected full funding of BOGs in favor of continuing the old programs of aid to or through colleges. In effect, Congress has phased in BOGs one school year at a time, using the reductions to increase the other programs.

This year Congress appropriated only \$715 million of your \$1,050 million request, which would have reduced the maximum grant to \$977. It increased other education programs by \$768 million. You proposed rescissions of the \$768 million and promised a supplemental for BOGs if the rescissions were accepted. Congress rejected the rescissions.

Although this congressional action will result in some 1 million students getting smaller grants next year than this, it is not clear that the students will hold Congress responsible when they return to college next fall.

In the meantime, experience this year indicates that 74% of eligible students will participate, rather than the 56% we based our original estimate on. At this rate, the \$715 million will support grants next year almost 50% below this year's amounts.

The basic question is whether you want to recommend supplementals and appropriation transfers to provide full funding, or whether you want to directly confront Congress with the problem of the available education money being in the wrong pockets, and explain to the public that Congress has insisted on funding colleges at the expense of students.

OMB recommends you seek a supplemental to cover the increased participation, and push Congress to take care of the remaining shortfall by permitting reprogramming and transferring appropriations from the programs it increased.

HEW recommends you present a formal request for full funding, made up of a larger supplemental, reprogramming, and a transfer of funds which are not needed this year or next and which have not previously been proposed for rescission.

Because the transfer issues are terribly complex, you may wish to spend five minutes discussing this.

Attachment





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

MAR 24 1976

MEMORANDUM FOR THE PRESIDENT

FROM: Paul H. O'Neill *O'Neill*

SUBJECT: Second Basic Educational Opportunity
Grants Supplemental

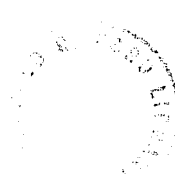
The purpose of this memorandum is to seek your decision on whether to seek a 1976 supplemental for the Basic Educational Opportunity Grants program.

Background

Since the enactment of legislation authorizing the Basic Opportunity Grant program (BOGs), the Administration has supported a full funding policy for this program. Full funding means grants of up to \$1,400, and participation by all four classes of undergraduates.

You have already submitted to the Congress a 1976 supplemental appropriation request of \$180.2 million that will be used to replace 1976 appropriated funds re-programmed to meet the anticipated shortfall in funding for academic year 1975-76. The reason for that shortfall was an underestimate of student participation in the program -- 56% originally estimated versus 74% now anticipated.

For academic year 1976-77, the Administration originally proposed, in the 1976 budget, \$1,050 million to fully fund basic grants at an expected 56% participation rate. The 1976 budget also proposed no further capital contributions for the National Direct Student Loan program, and no further funding for the Supplemental Educational Opportunity Grant program, as well as most higher education institutional assistance programs.



Congress appropriated only \$715 million for basic grants, along with \$768 million more than the Administration requested for other higher education programs. The Administration proposed to rescind this \$768 million and, in the 1977 budget, promised a \$335 million supplemental to fully fund basic grants if the rescissions were accepted. Congress has rejected the rescission proposal. At the expected 56% participation rate, \$715 million would have provided maximum grants of \$977 and an average grant of \$610.

There has now been an unexpected rise in the student participation from 56% to 74%. At the current participation rate, the \$715 million would provide a maximum award of \$735 and an average award of \$428. This represents a reduction of 50% in maximum and average award levels from the current 1975-76 academic year. Because of the increase in student participation, the full funded cost is now estimated at \$1,326.5 million or \$611.5 more than the \$715 appropriation.

The basic questions for decisions are:

- Should there be a supplemental, and if so, should it provide for the individual grant amounts implicit in the original congressional appropriation or full funding.
- Should Congress again be asked to reduce its appropriation for other education programs in order to provide resources for the Basic Opportunity Grants program.

The major considerations involved are:

- The effect on the budget, since any supplemental would increase 1977 outlays and threaten the \$395 billion ceiling and a full funding supplemental would threaten the 1976 Congressional Budget authority ceiling.
- The Administration's commitment to full funding especially since 1 million students would get less than this year if the program is not fully funded.



-- Timing for transmittal of a supplemental for this program is critical. Congress is expected to act on a BOG supplemental. HEW has been requested to submit all materials related to supplementals to Congress by March 25, 1976. The House expects to mark-up the supplemental on March 30, 1976 and the Senate expects to act shortly thereafter. In addition, some of the options to solve the problem involve reprogramming and transfer of funds which will be lost by mid-April. In addition, the award schedule, which cannot be published until total resources are known, must be published in May in order to allow students adequate time to apply.

Options

There are three broad options available to the Administration. All of these options include the \$715 million appropriation.

- #1. Do nothing further and maintain the \$715 million appropriation. Grant awards would average \$428, with maximum awards of \$735. Under this option the program would be less than fully funded.
- #2. Request additional funds but provide less than full funding through one of the following:
 - a. Request an additional \$224 million for a program total of \$939 million. Grant awards would average \$610, with maximum awards of \$997.
 - b. Request an additional \$224 million and reprogramming authority of \$175 million for a program total of \$1,114 million. Grant awards would average \$730, with maximum awards of \$1,150.
- #3. Provide sufficient funds (\$1,327 million) to fully fund the program through one of the following. Under each of these sub-options, grant awards would average \$865, with maximum awards of \$1,400.



- a. Request an additional \$224 million, re-programming authority of \$175 million, and suggest transfer of an additional \$213 million from other education programs. These latter amounts would be suggested for transfer, but not formally proposed, because of legal complications relating to the Budget Impoundment and Control Act of 1974. (OMB recommendation)
- b. Request an additional \$341 million, re-program \$175 million and transfer \$96 million. (HEW request)
- c. Request an additional \$437 million and re-program \$175 million.
- d. Request an additional \$612 million.

Major Consideration Affecting the Decision

A. Effect on Budget

1. Outlays and Budget Authority

All the options except #1 would involve a Presidential proposal to increase FY 1977 outlays and budget authority as follows:

(\$ in millions)

<u>Outlays</u>		<u>Budget Authority</u>	
Option #2a	\$224	Option #2a	\$224
Option #2b	224	Option #2b	224
Option #3a	224	Option #3a	224
Option #3b	437	Option #3b	341
Option #3c	437	Option #3c	437
Option #3d	612	Option #3d	612

There is no difference in the outlay effect among Options #2a, #2b and #3a because the



transfer and reprogramming proposed or suggested would reduce outlays for other programs by as much as BOGs would increase. There is no difference between Options #3b and #3c because authority proposed for transfer in #3b would not otherwise be spent in FY 1976 or FY 1977.

We understand that the Budget Committee believes that there is about \$330 million of budget authority, within the concurrent resolution setting congressional budget ceilings that can be used for BOGs. Thus while Options #2a, #2b, #3a and #3b might be acceptable to the Congress in terms of budget authority, they might not be able to accept Options #3c or #3d. However, it is unclear whether the appropriation committees regard the budget authority ceiling as binding especially if the Administration requests an increase. If the transfer of \$96 million from the non-year facility loan subsidy program were approved, an equivalent amount of budget authority would be needed in FY 1978 or future years.

2. Reprogramming and transfers

Under arrangements with Appropriation Committees, HEW can reprogram authority among activities, within totals specified in appropriation language, only if both House and Senate committees agree. The \$175 million proposed for reprogramming would come from:

- College Work-Study\$140 million
- National Direct Student
Loan capital contributions ... 35 million

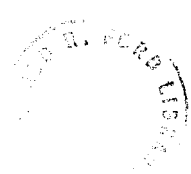
These are amounts in excess of your budget request. You proposed them for rescission and the Congress did not act on your request. The Committees can thus be expected to resist such reprogramming. Both of these programs are expected to be obligated in mid-April, not giving the Committees much time to react.

The \$213 million of transfers suggested in Option #3a would be from some mixture of:

- \$140 million of 1976 budget authority for:
 - Supplemental Educational Opportunity Grants\$100 million
 - School Assistance in Federally Impacted Areas 40 million
- \$211 million of 1977 advance budget authority for:
 - Elementary and Secondary Education Grants for the Disadvantaged and for Innovation. 162 million
 - Education for the Handicapped State Grants 35 million
 - Adult Education 4 million
 - Library and Instructional Resources 10 million

All of these were enacted in excess of your budget requests. You have proposed rescission of the excess, but the Congress did not act on your request.

The GAO has ruled that a request for transfers among appropriations must be treated as a rescission proposal. We have agreed with the Congress that we will propose only one rescission for any single amount. We are therefore effectively foreclosed from formally requesting a transfer of these appropriations. However, there is nothing to prevent our suggesting to the Congress such a transfer to assure full funding, as long as we do not withhold the funds from obligation. However, the \$100 million for Supplemental Educational Opportunity Grant program will be obligated in mid-April, not giving the Congress much time to enact a transfer on its own.



The \$96 million proposal for transfer in Option #3b has not been proposed for rescission previously, so we could formally propose a transfer. Sending a rescission at the same time as the BOGs supplemental may detract from the positive impact of the proposal, but would have no real program impact.

B. Commitment to Full Funding

Options #3a, #3b, #3c, and #3d demonstrate an Administration commitment to full funding. Probably only #3d would be acceptable to the education community since the other full funding options require reduction in programs they want. The Appropriations Committees might be reluctant to accept any full funding option, since each requires either changing a previous decision or exceeding the Congressional Budget Ceiling, although the importance of the ceiling to those committees is not clear.

Options #1, #2a, and #2b do not even appear to promise full funding, and would indicate to approximately 1 million students who are now getting grants that they would get a reduced amount next year, as follows:

<u>Option</u>	<u>Student Grants</u>	
	<u>Average</u>	<u>Maximum</u>
Full Funding	865	1,400
#1	428	735
#2a	610	977
#2b	730	1,150

Option #1 was intended by no one. Option #2a provides the grant originally thought possible under the enacted appropriation (at our original estimate of 56% participation).

Summary

The table attached displays the significant characteristics of each of the options. Unfortunately, there are significant disadvantages to each option.



While Option #1 is fiscally the most satisfactory, it runs against both the intent of Congress and the Administration's own policy with respect to Basic Grants and involves the largest reduction in awards to students this September.

Option #2a makes a commitment to keep the Basic Grant program to award levels consistent with original congressional intent, but significantly reduces awards and deviates from the Administration's commitment to full funding.

It should be noted, however, that the Administration's commitment to full funding for academic year 1976-77 was premised upon the acceptance of rescissions which the Congress rejected.

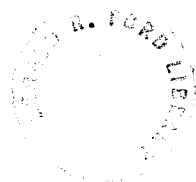
Option #2b increases the program level of the Basic Grant program without an increase in resources over and above the supplemental authority requested in Option #2a. Option #3a provides a strategy for obtaining full funding in the program without resources above the supplemental of \$224 million.

Options #3b, #3c, and #3d have the strong advantage of maintaining the Administration's formal policy of full funding. Options #3b and #3c provide some trade-off within the student assistance programs. The budget authority in #3b is closest to the congressional ceiling. All three have 1977 outlay increases substantially higher than Option #2a.

Recommendations

HEW believes that the first decision you need to make is whether to continue the Administration's policy of full funding for Basic Grants, or whether to acquiesce in a reduction of awards. HEW believes that full funding should take precedence over the other objectives and that the BOGs program may be permanently eroded if Administration support is not maintained. In HEW's view, you should therefore select Option #3b.

OMB believes that the objective of full funding for Basic Grants is certainly important, but cannot be divorced from cost and fiscal policy considerations. Taking into



account both programmatic and fiscal policy objectives, OMB recommends Option #3a, which demonstrates your commitment to full funding, fiscal responsibility, and the need to reorder priorities within budget totals for education.

Decision

- _____ Option #1
- _____ Option #2a
- _____ Option #2b
- _____ Option #3a
- _____ Option #3b
- _____ Option #3c
- _____ Option #3d

Attachment



Analysis of Options

(\$ in millions)

	<u>Total Funds Available</u>	<u>Supplemental Request</u>	<u>Reprogramming</u>	<u>Transfers</u>	<u>1977 Outlay Effect</u>	<u>(actual dollars) award Avg./Max.</u>
Current level (1975-76)	\$1,010	---	---	---	---	\$789/\$1,490
Option #1	715	---	---	---	---	428/735
Option #2a	939	224	---	---	+224	610/977
Option #2b	1,114	224	175	---	+224	730/1,150
Option #3a	1,327	224	175	213	+224	865/1,400
Option #3b	1,327	341	175	96	+437	865/1,400
Option #3c	1,327	437	175	---	+437	865/1,400
Option #3d	1,327	612	---	---	+612	865/1,400