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MEETING WITH PAUL MYER, STEVE
MCCONAHEY, & JACK VENEMAN
FRIDAY, JANUARY 30, 1976
JMC's OFFICE
2:30 p.m.

THE WHITE HOUSE

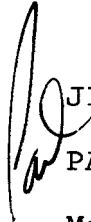
WASHINGTON

January 30, 1976

MEMORANDUM FOR

FROM

SUBJECT:



JIM CANNON

PAUL MYER

Materials for Presidential
Briefing on General Revenue
Sharing Renewal Legislative
Situation

Attached for your review are the materials I prepared for the briefing which we will discuss at a meeting in your office at 2:30 p.m. today. Please note that this meeting has now been scheduled for Tuesday, February 3, at 4:00 p.m., a time which both the Vice President and Secretary Simon will be available.

cc: Steve McConahey

Attachments:

1. Presidential Briefing Paper
2. Proposed Agenda
3. Remarks of Paul Myer
4. Remarks of Jim Cannon
5. Chart

PLAN OF ACTION (to be presented by Jim Cannon)

1. The President has initiated GRS renewal legislation and we must ensure that this leadership posture is maintained. The enactment of GRS was a major breakthrough in Federal-State relations. It represents the beginning of a more rational, viable approach to Federal assistance programs and the Administration is closely identified with the program. For this reason, the defeat of GRS or a substantial modification of the program changing its basic philosophical character would be viewed as a serious setback in the domestic policy area.
2. Over the past six months our efforts have been directed toward improving the climate for Congressional action and getting the public interest groups on board. While our assessment indicated that the Congress would not act on renewal last year, Administration efforts were focused on maintaining the President's initiative on this issue and building a firm foundation for a major effort this year.
3. The public interest groups have begun to intensify their efforts on behalf of your renewal legislation. Steve McConahey and his Intergovernmental Relations staff are working closely with governors, mayors and county officials, both through their national organizations and on an individual basis. Among our specific plans in this regard is assuring that the President and Vice President will be speaking to those State and local government officials who will be attending their organizations' mid-winter meetings in Washington. Additionally, the legislative representatives of their national organizations are coordinating their lobbying efforts with Max, Paul and Treasury staff to successfully move the bill from committee to the House Floor. As a part of this effort, the public interest groups are implementing plans to generate support in the Congressional districts.
4. We now plan to step up our activities in other key areas. For example, the following mailings are being considered:
 - A. Letter to all Members of Congress from Secretary Simon urging prompt action and enclosing more detailed data than previously provided to them

Monday ?

[Handwritten signature]



Secretary
Example

4. A. (cont'd.)
on actual GRS payments under the existing program and projected under the President's renewal bill for all jurisdictions in their Congressional districts.

Example also

B. Letter to various editors and newspapers throughout the country (possibly from ~~Margita White~~) noting the consequences of delay or failure to renew GRS and providing the data noted above for jurisdictions which their readers might find of interest.

Simon
Miller

V

C. Letter from the Vice President to governors, mayors and county officials, urging them to intensify their efforts on behalf of GRS renewal and enclosing data similar to that noted above.

5. In addition to our efforts with elected officials, we plan selected mailings and, where appropriate, personal presentations to other national and local organizations encouraging support for GRS renewal. Every effort will be made to develop the broadest possible support from the business community (e.g. Chamber of Commerce); labor organizations (e.g. building trades councils, Teamsters, etc.); and community and citizen groups (e.g. League of Women Voters). In addition to those actions taken by the Vice President, Secretary Simon and other Treasury officials, we will again encourage Cabinet and Sub-Cabinet officials to use various opportunities presented to them to make the case for General Revenue Sharing renewal.



PRESIDENTIAL BRIEFING ON GENERAL REVENUE
SHARING RENEWAL LEGISLATIVE SITUATION

PROPOSED AGENDA

1. Opening comments by the President (see Brief-in Paper for talking points).
2. Comments by Jim Cannon on purpose of briefing.
3. Presentation of legislative status by Paul Myer (5 minutes).
4. Presentation of plan of action by Jim Cannon (5 minutes).
5. Discussion.

GENERAL REVENUE SHARING RENEWAL --
AN ASSESSMENT OF THE LEGISLATIVE SITUATION
January, 1976

The President's proposed legislation to extend and revise General Revenue Sharing (GRS) still faces an uncertain future in the Congress. Our initial assessment of the legislative situation in August, 1975 stated: "The question is not only when, but if, the Congress will enact renewal legislation. Further, renewal legislation may include substantial changes in the existing program." While that situation has shown marked improvement during the past six months, major substantive and procedural problems remain as barriers to Congressional action.

Opposition to both the program and the President's legislation are found at strategic points in the legislative process, particularly in the House. The nature of the opposition closely parallels that expressed in 1972, reflecting philosophical and parochial differences over the control and distribution of Federal funds. Significantly, however, this opposition on matters of substantive national policy and Congressional procedure seems to have grown more intense.

Four key inter-related issues have been identified:

- *continuing the existing GRS funding method as well as level of funding as proposed by the President.

- *formula modification, particularly the addition of a "need" factor and the possible inclusion of some "countercyclical" aid.

- *more "strings" and controls with respect to the uses of GRS funds; and

- *civil rights and citizen participation, specifically the use of some legitimate concerns in this area as a screen for opposition to GRS.

Finally, floor consideration will probably be delayed until after May 15, 1976, due to new Congressional budget procedures and both the Budget and Appropriations Committees will play major roles in the legislative process.

* * * *

In the Senate, there is considerable bi-partisan and diverse ideological support for GRS and the President's renewal proposal. However, it is anticipated that the Finance Committee will not mark-up GRS renewal legislation until the House completes action. Senator Long believes that given the uncertainty over what the House will do, the Senate should await House passage and take appropriate action to place Senate conferees in the strongest possible position to maintain the concept and operation of GRS as originally enacted. We agree with his assessment.

The GRS picture in the House is clouded. There are dramatic differences between the climate and membership of the House in 1972 and the present House. Opposition to GRS is definitely more intense and located at strategic points in the legislative process. In brief, the basic facts are:

*Shift in jurisdiction to a new committee headed by a hostile, partisan chairman and before a subcommittee chairman who is, while a supporter of the program, concerned about House acceptance of any bill reported by his subcommittee.

*The Committee's Democratic membership is void of any strong GRS advocates and many Members have expressed serious concerns or indifference.

*A 35% turnover in the House membership since 1972 (154 "new" Members). 40% of the Members who supported GRS in 1972 on the critical Rule vote are no longer serving in this Congress, and the vote margin among those still serving is only 8 (as opposed to 38). Approximately 50% of the Republican Members who supported GRS are no longer in the House.

*The appropriations Committee remains skeptical of GRS and intensely opposed to the existing funding method. Chairman Mahon will seek to regain lost prestige on this issue and Jack Brooks will do everything he can to help.

*The Democratic Leadership is either indifferent at this time (Albert and O'Neill) or strenuously opposed to the program (McFall, Brademas and P. Burton).

*Outside opposition groups consider, with some merit, the "liberal" House as more receptive to their views.

*The Congressional Budget Act adds a new dimension to the issue and will greatly complicate consideration.

In marked contrast with the Senate situation, the major issues all represent serious legislative threats to GRS renewal. Basic policy questions debated and resolved in 1972 are being revisited.

The overall situation remains volatile and while it is unlikely that the House would fail to renew GRS, how, when and in what form it is passed are major questions.

Obviously, no one looks toward a floor situation similar to 1972. Supporters of GRS will be on the defensive, and there will be no protection in terms of as favorable a rule. Further, it is not beyond reason to anticipate a wide-open debate on the floor, regardless of what the committee reports.

Clearly, absent the nature and scope of Congressional support evidenced in 1972, we must find ways of creating an equally effective pro-GRS coalition in the House. The success of this effort depends, in large part, on the ability of the Administration and other GRS supporters to generate public awareness and interest in the program's renewal.

* * * *

At this point, I would like to briefly review the projected timetable and procedures for Congressional action on GRS renewal legislation. The chart before you attempts to graphically portray this information.