

[4/11/80-Not Submitted-DF]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: [4/11/80-Not Submitted-DF]; Container 157

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

THE WHITE HOUSE
WASHINGTON

RE: Welfare Demonstration
Memo

OMB needs until Friday on
above listed memo. McIntyre
and Sec. Marshall are meeting
on it this afternoon -- OMB
will then prepare the written
attachments needed.

Per Urselle

4-11

Still held - may need
need to go in - OMB + DO L
have worked out

file — don't
submit

Marshall will put
it in weekly report
instead

ID 801925

THE WHITE HOUSE

WASHINGTON

DATE: 04 APR 80

FOR ACTION: JIM MCINTYRE

*by
for
McJ - Marshall
mtg Wed*

*Malotyre asked that we
hold for a couple of
days - this memo
might not need
to go to the President
OMB will be holding
meetings on*

INFO ONLY: THE VICE PRESIDENT

STU EITZENSTAT

JACK WATSON

SUBJECT: MARSHALL MEMO RE WELFARE REFORM JOB DEMONSTRATION
PROJECTS

+++++
+ RESPONSE DUE TO RICK MITCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 07 APR 80 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

**Electrostatic Copy Made
for Preservation Purposes**

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

APR 3 - 1980

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR *Roy*

SUBJECT: Welfare Reform Job Demonstration
Projects

You may recall that during our discussion prior to your speech before the Building and Construction Trades Legislative Conference I raised again the issue of our welfare demonstration projects. Based on our discussion, my understanding of your decision last week is that you support the continuation of these demonstration projects if they are consistent with your outlay objectives for 1980 and 1981 and that the Congress is willing to accept our re-financing proposal. As I indicated, our previous plan requires no additional funding and I am convinced the Congress will accept it.

Our plan would reduce the overall scale of the program in FY 1980 and 1981 by about 40 percent, absorb all new funding requirements for the program in FY 1981 within discretionary resources available under CETA Title II-D, and result in no change in either the budget authority or outlay totals for both FY 1980 and FY 1981 provided to the Congress last Friday in your amended budget.

Details of the proposed plan are provided in the attachment. In accordance with your instructions it is my intention to begin formal exploration with the Congress to determine if this arrangement is acceptable to them. I will coordinate this effort with OMB.

Attachment

Welfare Reform Demonstration Program

DOL PROPOSAL

(dollars in millions)

	<u>FY 1980</u>		<u>FY 1981</u>		<u>Total 80/81 Outlays</u>
	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>	
Original DOL Plan	\$175	\$179	\$281	\$271	\$450
New DOL Plan	175	57	61	208	265

Elements of the Plan

- o The new DOL plan substantially reduces the cost and scale of the program as compared with the original plan. The total two-year outlay cost is reduced from \$450 million to \$265 million. The build up of the program in FY 1980 will be restricted and the overall scope of the program in FY 1981 will be reduced with some individual projects either eliminated or substantially reduced in scale.
- o All new funding for the program in FY 1981 would come from Title II-D discretionary funds. The plan calls for the use of \$61 million in budget authority from the II-D discretionary monies to fund the program. The new discretionary money would be used in combination with carryover monies from the FY 1980 Title III appropriation to fund the estimated FY 1981 operating level of \$208 million.

- o The new plan would be completely consistent with the BA and outlay figures agreed to for CETA under the President's revised budget. Changes in amounts proposed for the demos would be offset by equal changes in amounts proposed for II-D. Thus, in FY 1980 a reduction of \$28 in II-D outlays would be made to accommodate the \$28 million increase in welfare demos expenditures contemplated by the plan. In FY 1981, II-D budget authority would be reduced by \$175 million to offset the elimination of the proposed deferral of \$175 million of Title III budget authority. Outlays for II-D would be similarly reduced to offset the expenditure of demo monies in FY 1981.

- o The new DOL plan would fund the demos in FY 1980 with the \$175 million of CETA Title III monies appropriated by the Congress for the program. However, outlays for the program in FY 1980 would be reduced by \$122 million from the original plan of \$179 million to \$57 million. The proposed deferral of the \$175 million in FY 1980 budget authority for the demos would be dropped and would be offset by a FY 1981 reduction in II-D of budget authority of an equal amount. Thus the Administration's plan to reduce CETA budget authority in FY 1981 by \$456 million would be accomplished in the new plan by eliminating \$281 million in budget authority for Title III and \$175 million for Title II-D instead of taking the entire \$456 million budget authority reduction under Title III.

- o The welfare demo outlay reduction of \$122 million in FY 1980 would be accomplished by amending the existing grant agreements to restrict the growth of the program in FY 1980 to be consistent with the planned outlay total.

- o It is essential to retain the FY 1980 Title III budget authority to support the program in order to avoid certain problems which would occur if II-D discretionary money were solely relied upon to support the program in FY 1980 or FY 1981. These problems would severely hamper the operation of the demos. For example, under Section 311(e) of CETA (the section that authorized the demos) persons can be helped without requiring them to go on welfare before aiding them. Since the overall objective of the demos is to eliminate reliance on welfare, avoidance of this requirement is important. The use of the highly successful Supported Work approach to meet the needs of some welfare recipients would also be impossible if II-D were exclusively relied upon. Finally essential research costs to evaluate the program cannot be paid for with II-D monies. Thus, the more flexible authority provided by partial funding with Title III monies is essential to the success of the program.

The tables below provide details on the funding proposed for the program under the new plan. All dollars are in millions.

TABLE I: NEW DOL PLAN

	<u>1980</u>		<u>1981</u>	
	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
Total	\$175	\$ 57	\$ 61	\$208
From Title III	175	57 ¹	-	147
From Title II-D	-	-	61	61

¹Includes outlays of \$29 million from 1979 obligations.

TABLE II: OMB PLAN

	<u>1980</u>		<u>1981</u>	
	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
Title III Welfare Demos	<u>2/</u>	29	-	-

²OMB proposal defers \$175 million to FY 1981 and then eliminates it by reducing FY 1981 Title III budget authority by \$175 million.

TABLE III: DOL CHANGES FROM OMB PLAN

	<u>1980</u>		<u>1981</u>		<u>80/81 Totals</u>	
	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
From Title III	+175	+ 28	-	147	+175	175
From Title II-D	<u>-</u>	<u>- 28</u>	<u>-175</u>	<u>-147</u>	<u>-175</u>	<u>-175</u>
Total Change	+175	-	-175	-	-	-

We need to examine these issues to see whether they are consistent with reducing or stabilizing the size of Government and would support economic growth at politically realistic levels. We would then draw up a step-by-step plan that reconciles policy goals in individual programs with broad goals of economic performance, reduced tax burdens, and the role of Government. In this way we can better grasp the direction and size of government and future Federal budgets.

If you agree with this scope of work, we would like to plan an initial meeting with you in May to lay out the implications of current Administration policy for future budgets through 1985, and to raise some of the major dilemmas we face. After completing our spring review process we would then like to plan four sessions in the first two weeks in July, at which we would ask you to review our recommended program. These sessions would cover economic policy, tax policy, and the overall size of Government; our international defense posture; the future path of social programs; and the development of our physical resources.

If you agree, we will proceed along these lines.

- _____ Agree
- _____ Disagree
- _____ Let's discuss

April 11, 1980

Dear Grace:

Thank you very much for your letter to the President regarding the future of the Community Services Administration.

We share your pride in the accomplishments of and improvements in CSA over the past three years. We are also anxious for progress there to be continued.

We of course pay special attention to your thoughts on the new leadership for CSA and appreciate your glowing recommendation of Mr. Frank Jones. I hope you will continue to offer your advice to us on this and other matters.

On behalf of the President, I thank you for your hard work and for your continued support.

Sincerely,

Jack H. Watson, Jr.

Ms. Graciela (Grace) Olivarez
3908 Barsifal Street, N.E.
Albuquerque, New Mexico 87111

Rich Hutcheon

ID 801955

THE WHITE HOUSE

WASHINGTON

DATE: 08 APR 80

FOR ACTION: JACK WATSON

ARNIE MILLER

INFO ONLY:

SUBJECT: OLIVAREZ MEMO RE FRANK N. JONES

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM THURSDAY 10 APR 80 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

**Electrostatic Copy Made
for Preservation Purposes**

Community WASHINGTON, D.C. 20506
Services Administration 

April 8, 1980

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

This is to thank you for your kind, thoughtful letter acknowledging and accepting my resignation. I very much appreciated the opportunity to meet with you briefly just prior to my departure from the Administration.

There is a matter regarding the future of the Community Services Administration (CSA) which I wanted very much to discuss with you. However, in recognition and appreciation, of your enormously busy schedule, I am taking the liberty of sharing my views in written form.

The agency was allowed to flounder under the last administration to the detriment of its programs, staff morale and public image. With your support over the last three years CSA gained renewed respect for its work among the Executive Branch, the Congress, and its National constituency. Although the agency has made impressive strides in the quality of its programs, monitoring, and management, it has not yet reached its potential as a force for assisting the poor to improve their standard of living. Nor, has it, as yet, maximized its potential as the cognizant agency for coordinating federal anti-poverty efforts in cooperation with state and local governments. The three years of your Administration has seen us move however to a point where this potential, with your continued support, can at last be realized. It is therefore particularly important, in my judgment, to maintain the momentum and continuity which we established during the years in which I had the pleasure of serving under your leadership.

It is in the context of the need for experienced, competent, thoughtful and courageous leadership that the Agency's continuity and potential will be realized. I should

therefore like to share my views and recommendations particularly as they relate to the next director of the Agency. While I have orally conveyed the following views to Messrs. Arnie Miller, Director of the Office of Presidential Personnel and Jack Watson, Secretary to the Cabinet, I am constrained to reduce these recommendations to writing for possible use and future reference.

After a great deal of thought and discussion about the policy and political implications for the Agency and the Administration, I have recommended Frank N. Jones as my successor at CSA. For the past three years he has served as Assistant Director for Legal Affairs and General Counsel of the Agency. His mature, conscientious advice and counsel on issues has been of enormous value to me as Director, to the Senior Staff of CSA, and to your Administration. He has shown an outstanding ability to solve problems whether they be of the intra-interagency variety or delicate legal/political negotiations between opposing factions at the state and local level. He has worked closely with and earned the respect of state and local officials throughout the country because of the discrete, careful, firm but fair manner in which he seeks compromise solutions to widely disparate positions. In New York City, Los Angeles, Essex County New Jersey, the State of Vermont, to mention a few, I have called upon Frank Jones to handle the most delicate politically-sensitive issues between local community groups, on the one hand, and elected public officials on the other. In every instance, Mr. Jones has won the respect and admiration of both groups. Moreover, early in this Administration, he served, under my direction as the architect of our plan to take vigorous corrective action to eliminate waste, abuse, and mismanagement of government funds by large and influential grantees. These actions served as a deterrent to further mismanagement and abuse among community action agencies and created an atmosphere in which it was understood that this kind of waste and mismanagement would no longer be tolerated in the Anti-poverty program.

Undoubtedly, the most important initial action of my Administration was to recruit versatile, energetic, independent senior managers. Mr. Jones' strength and maturity has been recognized and appreciated individually and collectively by every Senior Staff member of CSA, without exception. For example, immediately prior to the effective date of my resignation I called a meeting

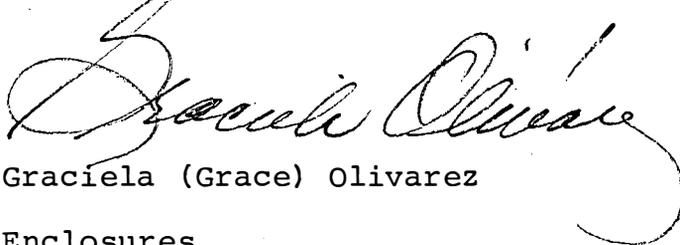
of the Agency's senior staff. I informed them that I intended to recommend Frank Jones as my successor and asked those present for their views on the recommendation. There was a unanimous expression of support for Mr. Jones' candidacy.

Finally, while I appreciate the importance of a policy that seeks to avoid friction and dissension among existing staff by appointing an "outsider", it is my considered opinion, however, that such a policy as it relates to the directorship of CSA could be counter-productive. Over the past three years, Mr. Jones has demonstrated an ability to bring the senior staff together as a smooth and harmonious team. This fact, coupled with other leadership qualities which he has demonstrated in our three year association leads me to recommend him as my replacement without reservation.

In sum, Mr. Jones is a loyal and trusted member of this Administration who supports your policies and programs and who has earned an opportunity to serve you as Director of CSA. For your information I have enclosed a copy of the Senate Confirmation Hearing on Frank Jones' nomination for Assistant Director and General Counsel of CSA.

Thank you Mr. President for this opportunity to share my views regarding these matters and I am prepared to provide any additional information or other assistance you may feel appropriate. I look forward to assisting in your campaign over the next several months and I welcome any opportunity to work with you and your Administration over the next four years.

Sincerely,

A handwritten signature in cursive script, appearing to read "Graciela Olivarez". The signature is written in dark ink and is positioned above the typed name.

Graciela (Grace) Olivarez

Enclosures

cc: Jack Watson
Arnie Miller

NOMINATION

NOMINATION

HEARING

BEFORE THE

COMMITTEE ON HUMAN RESOURCES

UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

NOMINATION OF

FRANK JONES OF VIRGINIA, TO BE AN ASSISTANT DIRECTOR
FOR THE COMMUNITY SERVICES ADMINISTRATION

SEPTEMBER 9, 1977



Printed for the use of the Committee on Human Resources

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1977

20-146 O