

9/25/79 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 9/25/79
[2]; Container 132

To See Complete Finding Aid:

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

ROSS, DLZ
SIEGEL
1/23/82 ✓

I WANT TO ANNOUNCE MY INTENTION TO NOMINATE TED LUTZ TO BE THE NEXT UMTA ADMINISTRATOR. TED ENJOYS A NATIONAL REPUTATION WITHIN THE TRANSPORTATION COMMUNITY FOR HIS COMPETENCE, CREATIVITY AND COMMITMENT TO MASS TRANSPORTATION. HE WAS HONORED THIS YEAR BY THE TRANSIT COMMUNITY AS "RAIL MAN OF THE YEAR". HE WAS SIMILARLY RECOGNIZED BY THE WASHINGTON D. C. COMMUNITY, AS 1978 "WASHINGTONIAN OF THE YEAR", FOR THE SUCCESSES HE ACHIEVED AS GENERAL MANAGER OF THE D. C. METRO, DEVELOPING METRO INTO AN EFFECTIVE AND INNOVATIVE TRANSIT SYSTEM.

THE FACT THAT TED HAS HAD FIRST-HAND RAIL OPERATING EXPERIENCE AND THAT HE KNOWS THE DEPARTMENT OF TRANSPORTATION FROM THE INSIDE OUT, ADDED TO HIS NATURAL ABILITIES, WILL MAKE HIM A RESPONSIVE AND EFFECTIVE UMTA ADMINISTRATOR.

RESUME
Theodore C. Lutz

I. General

- A. Born; 9/24/45 Philadelphia, Pa.
- B. Marital Status; married, one son born 8/18/78
- C. Current Address; 2647 North Powhatan Street, Arlington, Va. 22207
- D. Military Background; Member, D.C. National Guard since 1968 (Operations Chief for MP Company)
- E. Religion; Presbyterian (Member of Trinity Presbyterian Church, Arlington, Va.)
- F. Physical Condition; excellent

II. Educational Background

- A. Richfield High School, Richfield, Minnesota, 1963 Rank 2nd in class of approximately 700
- B. Carleton College, Northfield, Minnesota, B.A. 1967 2.6 (of 3.0) grade point average in major field (government and international relations) with minor in economics
- C. Syracuse University, Maxwell Graduate School of Citizenship and Public Affairs) Masters of Public Administration (MPA) 1968. Graduated "with distinction"

III. Professional Background

- Nov. 76 - May 79 General Manager, Washington Metropolitan Area Transit Authority (METRO) Washington, D.C. Served as Chief Executive Officer for the regional public transportation agency with approximately 6500 direct employees and supervisors responsible for a \$300 400 million annual construction program Given the exceptionally complicated intergovernmental structure of the Washington region, had to work effectively with many state and local officials to expand service, improve efficiency and advance the construction program of this significant public project.
- 1973 - 1976 Deputy Under Secretary, Department of Transportation

1968 - 1973

Budget Examiner, Office of Management
and Budget (Bureau of the Budget)

IV. AWARDS

U.S. DOT Superior Achievement Award 1973

Secretary's Outstanding Achievement Award U.S. DOT 1975

U.S. DOT Superior Performance Award 1975

Washingtonian Of the Year Award, Washingtonian Magazine
1978

Chancellor's Award, Syracuse University 1979

Rail Man of the Year Award, Modern Railroad/Rail Transit
Magazine 1979

Received OMB Professional Achievement Award 1972

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: Gordon Stewart

SUBJECT: New York State transportation figures

The statement should read as follows:

4 yrs *4 yrs*
"From FY 1975 to 1978 federal operating and capital assistance to New York State transit was 1 billion, 435 million dollars. From FY 1979 to 1982 federal aid will be 2 billion, ~~123~~ 123 million -- an increase of almost fifty percent.

**Electrostatic Copy Made
for Preservation Purposes**

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 25, 1979

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}

Subject: New Economic Policy

Economist Al Sommers has suggested that the
Fed's monetary policy these days can be described as:
Pumping the Prime.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

September 25, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE ^{FM}
BOB BECKEL ^{BB}

SUBJECT: Senator Moynihan and SALT

Senator Moynihan has proposed an amendment to SALT II which would terminate the treaty at the expiration of the Protocol unless the negotiations on SALT III have produced "significant" reductions in the number of launchers permitted both sides.

We have heard recently that Moynihan is now toying with the idea of a Senate Resolution calling on both the U.S. and the Soviet Union to abide by the terms of SALT II without ratifying the treaty. The resolution would further provide that, in the meantime, negotiations on SALT III would begin and when and if these negotiations produce "significant" reductions, after a stated period of time, the Senate would formally ratify SALT II. This is politically attractive given the mood in the Senate, i.e., delay due to Soviet troops and the desire for further cuts in the arsenals.

He may raise these with you, but if not we suggest you avoid discussing SALT with him since Lloyd Cutler is working quietly with Moynihan to urge him to avoid this type of amendment.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

September 25, 1979

*Susan
tell hos
J*

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

*Dme
9/25/79
JC
+ via SBT*

About mid-morning this morning Mrs. Mamie Eisenhower was rushed to Walter Reed Army Hospital suffering from a medium stroke. She apparently has blood clot in the front part of her brain, which the doctors will try to deal with medically.

She is in stable condition, and is conscious but not particularly alert.

**Electrostatic Copy Made
for Preservation Purposes**

PAT MOYNIHAN
PRES DON MANES
LT Gov MARIO CUOMO
MAYOR ED KOCH
PRES SOL COHEN

New York City Trip

9/25/79

11-29-50

OUTRAGE

ZION/RECOMM

GRAY - Joffing

Weinburg - Cab - enemy - infl.

Ma: health - money

Mize & policy =

Elizabeth - Leadership

T. Hebaum - N Border

Barbara - ~~Veget~~ Indian Pt

ARL Troops in Cuba

QUEENS Y.M.P.H.O.U. ORCH

New York City Trip 9/25/79

79

(Town Hall Meeting)

QUEENS BOROUGH PRESIDENT DONALD MANES,
PRESIDENT SOL COHEN, MAYOR KOCH,
MEMBERS OF CONGRESS,
DISTINGUISHED COMMUNITY LEADERS

Kathryn Gilroy - Tax System

Laura & Corbin (II) - oil prices

Pete Riley - Sullivan

Quay - 25-3070 - Star Line - Ed Koch
Anthony - Ann in ed primary

RECEPTION
Electrostatic Copy Made
For Preservation Purposes

MAYOR ED
GOV CAREY SEN MEXIMAN
NY-75

CONF OF CONG IN KOCH

NYC LOAN GUAR ACT = 1⁶⁵ \$1.44⁴⁴

NO REREAT = X.4⁴⁴ vs. 44% 50% +

FED SUP + 33% (> \$700 MIL)

COM FRONT & OTHERS - URBAN POL.

NOT COSMETIC GIMMICKS

ED, HOUS, JOBS, HEALTH, REC

W'FARE REFORM - WEM RANGEL

MIDE 2 YRS. 1 YR - 6 MRS. LATELY

HAIFA, CAIRO

CONVENTION - 1980

NOT PRES - NY - PROP DEAD

I LOVE NY!

HEALTH GREATEST CITY SIGN

" " N.Y. 1103

New York Trip/Reception 9/25/79

PRESIDENT JIMMY CARTER
AMERICAN PUBLIC TRANSIT ASSOCIATION
NEW YORK CITY, NEW YORK
TUESDAY, SEPTEMBER 25, 1979

GOVERNOR HUGH CAREY, SECRETARY NEIL GOLDSCHMIDT,
SENATOR PAT MOYNIHAN, GOVERNOR BRENDAN BYRNE OF NEW JERSEY,
MEMBERS OF CONGRESS, MAYOR ED KOCH, LT. GOVERNOR MARIO CUOMO,
CHAIRMAN HAROLD FISHER.....(LADIES AND GENTLEMEN.....)

I AM GLAD TO BE ^{BACK} ~~HERE~~ IN NEW YORK -- THIS GREAT CITY
THAT IS, AMONG SO MANY OTHER SUPERLATIVES, THE MASS TRANSIT CAPITAL
OF THE WORLD.

45% of US passengers = NOT LOSE EXPORT FUNDS BECAUSE OF RATE TO FEE PORTS - FED

AND I AM GLAD TO BE IN THE SAME ROOM WITH SO MANY PEOPLE ^{TRULY}
^{NI}
^{QUALITY}
FROM ALL OVER OUR NATION WHO AGREE WITH ME THAT PUBLIC TRANSIT IS ONE OF THE KEYS TO THE
FUTURE OF THE UNITED STATES.

WE CAN NO LONGER AFFORD TO THINK OF PUBLIC TRANSPORTATION
AS SOMETHING WE MIGHT GET AROUND TO ONE DAY ONCE ALL THE
SUPERHIGHWAYS AND CLOVERLEAFS ARE BUILT.

THIS NATION IS IN THE THROES OF AN ENERGY CRISIS --
A CRISIS OF DANGEROUS OVERDEPENDENCE ON FOREIGN OIL -- A CRISIS
THAT AFFECTS EVERY AMERICAN.

IN A FEW BLUNT WORDS, THAT IS WHY STRONG PUBLIC
MASS TRANSIT IS IMPORTANT TO ALL CITIZENS OF THIS COUNTRY,
NO MATTER WHERE THEY MAY LIVE.

-- IN CITIES AND SMALL TOWNS,.....

Electrostatic Copy Made
for Preservation Purposes

IN CITIES AND SMALL TOWNS, AMONG SUBURBANITES AND RURAL DWELLERS, SUBWAY RIDERS AND PICKUP TRUCK DRIVERS -- WE ALL HAVE AN INTEREST IN PUBLIC TRANSIT BECAUSE WE ALL HAVE AN INTEREST IN SOLVING THE PROBLEM OF ENERGY.

AND WE WILL SOLVE THAT PROBLEM. THE SUBWAYS, BUSES, AND TROLLEYS OF AMERICA WILL HELP TO CARRY AMERICA TO A FUTURE OF ENERGY SECURITY.

IN MY FIRST ENERGY SPEECH AS PRESIDENT, I TOLD THE AMERICAN PEOPLE BLUNTLY THAT THE ERA OF CHEAP, ABUNDANT ENERGY AND WASTEFUL CONSUMPTION WAS OVER.

I WAS WARNED THAT IT WOULD NOT BE GOOD POLITICS. NOBODY LIKES BAD NEWS. 15%

BUT I WAS DETERMINED THEN, AS I AM NOW, TO LEVEL WITH THE AMERICAN PEOPLE. I CALLED THE ENERGY CRISIS THE MORAL EQUIVALENT OF WAR. IT WAS NOT EASY TO GET THE MESSAGE ACROSS.

BUT TODAY, TWO-AND-A-HALF YEARS AFTER THAT SPEECH, MILLIONS OF AMERICANS KNOW FROM THEIR OWN HARD EXPERIENCE THAT I WAS NOT EXAGGERATING.

NOT TOO LONG AGO THE U.S. WAS A NET OIL-EXPORTING NATION.

BY 1973, WHEN THE OPEC OIL EMBARGO HIT, WE WERE IMPORTING A THIRD OF THE OIL WE USED.

BUT WE FAILED TO COME TO GRIPS WITH THE UNDERLYING PROBLEM THAT OPEC BEGAN TO EXPLOIT. INSTEAD, THROUGH A COMPLICATED SYSTEM OF PRICE CONTROLS, WE TRIED TO INSULATE OURSELVES FROM THE REALITIES OF A GLOBAL ECONOMY.

IT DIDN'T WORK. IN FACT, IT ENCOURAGED OUR ILLUSIONS ABOUT CHEAP ENERGY AND ACTUALLY MADE OUR DEPENDENCE WORSE -- SO THAT THIS YEAR WE ARE IMPORTING ALMOST HALF THE OIL WE USE.

AND BECAUSE OPEC HAS CONTINUED TO TAKE ADVANTAGE OF THE INDUSTRIAL WORLD'S THIRST FOR OIL TO JACK UP PRICES, THE DOLLARS HAVE FLOWED OUT EVEN FASTER THAN THE OIL HAS FLOWED IN.

NEXT IN 1973 WE WERE PAYING OUT \$7 BILLION FOR FOREIGN OIL. THIS YEAR WE COULD PAY OUT \$70 BILLION -- TEN TIMES AS MUCH.

WHEN THOSE BILLIONS OF DOLLARS FLOW OUT OF OUR COUNTRY, AMERICAN JOBS FLOW RIGHT OUT AFTER THEM. AND WHEN THOSE MILLIONS OF BARRELS OF FOREIGN OIL FLOW IN, SO DOES INFLATION.

WITHOUT THE ASTRONOMICAL RISE IN ENERGY COSTS, IN FACT, THE INFLATION RATE WOULD BE MORE THAN A THIRD LOWER THAN IT IS RIGHT NOW.

OUR ECONOMIC WELL-BEING IS AT STAKE, AND SO IS OUR POLITICAL FREEDOM OF ACTION. WE ARE VULNERABLE TO INTERRUPTIONS IN OIL SUPPLY THAT COULD STRIKE AT ANY TIME. AND THE COMPETITION FOR OIL SUPPLIES IS A STRAIN ON OUR ALLIANCES.

-- DEPENDENCE ON FOREIGN OIL.....

DEPENDENCE ON FOREIGN OIL THREATENS OUR ECONOMY.
IT THREATENS OUR SECURITY. IT THREATENS OUR VERY FUTURE.
THEREFORE, WE MUST STOP AND THEN REVERSE ITS GROWTH.
PUBLIC TRANSIT CAN HELP US DO THAT.

THIRTY-FIVE YEARS AGO, AT THE CLOSE OF THE SECOND WORLD WAR,
THIS COUNTRY COULD CLAIM SOME OF THE FINEST TRANSIT SYSTEMS IN
THE WORLD.

THOSE TRANSIT SYSTEMS WERE MORE THAN JUST A WAY TO GET
FROM ONE PLACE TO ANOTHER -- THEY HELPED STRUCTURE A COMPACT,
EFFICIENT PATTERN OF LAND DEVELOPMENT,...AND THIS CONTRIBUTED
TO A SENSE OF COMMUNITY -- A FEELING THAT BROUGHT NEIGHBORS
TOGETHER IN A COMMON SENSE OF PLACE.

OUR TRANSIT SYSTEMS WERE A VITAL CONNECTING LINK THAT
HELPED TO FORM OUR WAY OF LIFE.

BUT IN THE YEARS AFTER WORLD WAR II, WE LET THAT
CONNECTING LINK ERODE.

BECAUSE WE DID NOT RECOGNIZE ITS WORTH, WE VALUED IT
TOO LITTLE.

BECAUSE WE DID NOT MEASURE ITS CONTRIBUTION, WE IGNORED
IT TOO MUCH.

AND BECAUSE WE COULD NOT IMAGINE ITS ABSENCE,
WE HARDLY NOTICED ITS DECLINE.

AS WE TURNED OUR ATTENTION TO THE CONSTRUCTION OF A VAST NETWORK OF SUPERHIGHWAYS, WE BEGAN TO OPERATE ON A SET OF UNSPOKEN, UNACKNOWLEDGED ASSUMPTIONS.

WE ASSUMED THAT THE UNITED STATES WAS FLOATING ON AN ENDLESS SEA OF 20-CENT-A-GALLON GASOLINE.

WE ASSUMED THAT BIGGER ALWAYS MEANT BETTER -- AND THAT NOTHING COULD BE BETTER THAN A LONG, CHROME-PLATED CONVERTIBLE WITH A GAS-GUZZLING V-8 UNDER THE HOOD.

WE ASSUMED THAT SUBURBAN SPRAWL WAS A LAW OF NATURE, NOT A LOGICAL OUTCOME OF TRANSPORTATION AND DEVELOPMENT POLICIES.

WE ASSUMED THAT THE ONLY RESPECTABLE WAY TO GET A 160-POUND HUMAN BEING FROM POINT A TO POINT B WAS TO WRAP HIM IN TWO TONS OF METAL WITH AN ENGINE POWERFUL ENOUGH TO DRIVE A TANK.

SO WE BEGAN TO LOSE OUR PUBLIC TRANSPORTATION SYSTEMS. ONE BY ONE, CITY BY CITY, THE SYSTEMS FELL PREY TO DECAY AND NEGLECT.

NOW, WE KNOW THAT WAS A MISTAKE.

NOW, WE RECOGNIZE THE VALUE OF MASS TRANSIT.

AND NOW -- AS THE BATTLE FOR AMERICAN ENERGY SECURITY IS JOINED -- WE STAND COMMITTED TO THE REDISCOVERY AND REVITALIZATION OF AMERICA'S TRANSIT SYSTEMS.

-- WE EMBARKED ON THAT.....

WE EMBARKED ON THAT REDISCOVERY. WE BEGAN THAT REVITALIZATION.

FEDERAL SUPPORT FOR PUBLIC TRANSPORTATION NOW STANDS AT THE HIGHEST POINT EVER.

I PROPOSED, AND THE CONGRESS PASSED, THE MOST FAR-REACHING SURFACE TRANSIT BILL IN OUR HISTORY -- GIVING IT A HIGHER PRIORITY THAN EVER BEFORE.

UNDER OUR COMPREHENSIVE URBAN POLICY -- THE NATION'S FIRST -- CITIES AND TOWNS ARE NOW WORKING WITH PRIVATE ENTERPRISE AND THE FEDERAL GOVERNMENT TO MAKE TRANSIT AN INTEGRAL PART OF URBAN REDEVELOPMENT.

THERE IS A GOOD EXAMPLE JUST A FEW BLOCKS FROM HERE, AT GRAND CENTRAL TERMINAL -- WHERE A \$10 MILLION FEDERAL GRANT WILL HELP TIE IN SEVERAL FORMS OF PUBLIC TRANSIT WITH A NEW MALL, A NEW HOTEL, AND THE SURROUNDING AREA OF SHOPS AND OFFICES.

DURING THE FUEL SHORTAGE THIS SUMMER WE KEPT THE TRAINS AND BUSES FUELED AND ROLLING. WE WILL KEEP THEM ROLLING. AMERICA'S PUBLIC TRANSIT SYSTEMS WILL CONTINUE TO HAVE THE FUEL THEY NEED.

**Electrostatic Copy Made
for Preservation Purposes**

WHEN I WAS LOOKING FOR A NEW SECRETARY OF TRANSPORTATION,
I LOOKED ALL OVER AMERICA FOR A PERSON WHO WOULD COME TO
WASHINGTON AS A STRONG ADVOCATE OF PUBLIC TRANSIT.

I FOUND THAT PERSON IN NEIL GOLDSCHMIDT -- WHO WORKED
AS A LEADER ON OUR NATION'S TRANSPORTATION PROBLEMS, AND WHOSE
COMMITMENT TO MASS TRANSIT PRODUCED EXTRAORDINARY RESULTS IN
PORTLAND DURING HIS TERM AS MAYOR.

*PLEASSED TO ANNOUNCE TODAY THAT THE NEW
ADMINISTRATOR OF UMTA (U.S. MASS TRANSIT ADMIN.) WILL BE TED LUTZ.
RAILMAN
OF YEAR*

WE HAVE MADE A STRONG START, BUT I AM HERE TODAY
TO TELL YOU THAT WE HAVE GOT TO DO MORE -- MUCH MORE.

OUR NATION'S INVESTMENT IN PUBLIC TRANSIT DURING THE
1970'S CAME TO \$15 BILLION.

WE MUST NOW TAKE A QUANTUM JUMP. WITH THE ENERGY PROPOSALS
I HAVE PRESENTED TO THE CONGRESS, THIS NATION WILL INVEST
\$50 BILLION IN PUBLIC TRANSPORTATION DURING THE DECADE OF THE
1980'S.

OUR GOAL IS TO ADD 15 MILLION PASSENGERS PER DAY TO THE
BUSES, STREET CARS, AND SUBWAYS OF OUR CITIES AND COMMUNITIES.

WE WILL DOUBLE THE PRODUCTION OF BUSES -- THE ONLY FORM
OF MASS TRANSIT IN 97 PERCENT OF AMERICA'S CITIES.

WE WILL STEP UP THE MODERNIZATION AND REFURBISHMENT
OF EXISTING RAPID TRANSIT.

-- FOR EXAMPLE,.....

FOR EXAMPLE, NEW YORK'S SUBWAY SYSTEM IS THE SENIOR
CITIZEN OF UNDERGROUND RAIL TRAVEL -- THE IRT IS 75 YEARS OLD
THIS YEAR.

BUT WHEN ED KOCH AND HAROLD FISHER AND I GET THROUGH
WITH IT -- WITH THE TOOLS WE ARE FIGHTING TO GET THE CONGRESS
TO GIVE US -- IT WON'T LOOK A DAY OVER SWEET SIXTEEN!

WE WILL ^{ALSO} SPEED UP CONSTRUCTION OF NEW RAIL LINES ALREADY
APPROVED OR UNDER WAY -- IN OTHER MAJOR AMERICAN CITIES.

WE WILL BUILD SUBWAYS, ELEVATED TRAINS, TROLLEYS,
PEOPLE MOVERS, AND COMMUTER TRAINS.

WE WILL REPAIR TRACK BEDS, ... MODERNIZE STATIONS, ...
IMPROVE SIGNALLING AND CONTROL SYSTEMS, ... REPLACE AGING RAIL
CARS, ... EXPAND THE SIZE OF FLEETS, ... EXTEND LINES INTO NEW
AREAS, ... AND ENCOURAGE NEW TECHNOLOGIES.

IN SHORT, WE WILL RECLAIM AMERICA'S TRANSIT SYSTEMS.

OVER THE LONG TERM, THE ENERGY SAVINGS WILL BE MASSIVE.
THOSE SAVINGS WILL RESULT NOT ONLY FROM GETTING FOLKS OUT OF CARS
AND ONTO BUSES AND TRAINS, BUT ALSO FROM THE PATTERNS OF DEVELOPMENT
THAT PUBLIC TRANSIT WILL ENCOURAGE.

**Electrostatic Copy Made
for Preservation Purposes**

PUBLIC TRANSIT MEANS GOOD LIVING FOR PEOPLE IN DOWNTOWN AREAS
AND MORE EFFICIENT HOUSING DEVELOPMENT -- WHICH IN TURN MEANS
LESS WASTE OF FUEL FOR HEATING AND COOLING.

AND BETTER MASS TRANSIT WILL GIVE US AN INSURANCE POLICY
AGAINST LACK OF MOBILITY IN THE FUTURE GASOLINE CRUNCHES THAT
WILL SURELY COME.

BETTER MASS TRANSIT WILL HELP US ATTACK A WHOLE RANGE OF
CRITICAL, INTERRELATED PROBLEMS -- NOT JUST ENERGY, BUT ALSO
INFLATION, UNEMPLOYMENT, THE HEALTH OF OUR ENVIRONMENT, AND THE
VITALITY OF OUR CITIES.

PUBLIC TRANSIT MEANS CLEANER AIR. IT MEANS LESS NOISE.
IT MEANS STRONGER, MORE LIVABLE CITIES. IT MEANS MORE MOBILITY
AND MORE OPPORTUNITY FOR EVERYBODY -- ESPECIALLY THOSE WHO NEED
IT THE MOST: THE YOUNG, THE OLD, THE HANDICAPPED, MINORITIES,
AND THE POOR.

AND PUBLIC TRANSIT MEANS JOBS. THE ENERGY MASS TRANSIT
INITIATIVE I HAVE PROPOSED WILL PUT AMERICANS TO WORK.

I AM NOT TALKING ABOUT A FEW HUNDRED JOBS FOR BUREAUCRATS
AND ADMINISTRATORS,...BUT AN AVERAGE OF 40,000 JOBS A YEAR,
AT ALL LEVELS OF SKILL, THROUGHOUT THE 1980'S.

-- CLEARLY, PUBLIC TRANSPORTATION...

CLEARLY, PUBLIC TRANSPORTATION IS A CRITICAL PART
OF THE OVERALL ASSAULT THAT I HAVE DIRECTED AGAINST THIS
NATION'S ENERGY DILEMMA.

JUST AS CLEARLY, OUR TRANSIT INVESTMENTS CANNOT DO THE
JOB ALONE.

THOSE INVESTMENTS MUST BE PART OF A COMPREHENSIVE PROGRAM.
AND THAT IS EXACTLY WHAT I HAVE PROPOSED:

-- A PROGRAM THAT DEVELOPS ALTERNATIVE FORMS OF ENERGY,
ESPECIALLY THOSE PLENTIFUL SOURCES THAT ARE OURS TO CONTROL,
SUCH AS COAL -- AND THE MOST PLENTIFUL SOURCE OF ALL, THE SUN.

-- A PROGRAM THAT GETS VITAL ENERGY PROJECTS BUILT WITHOUT
ENDLESS RED TAPE AND PROCESSING DELAYS -- AND ALSO WITHOUT
COMPROMISING OUR COMMITMENT TO A CLEAN ENVIRONMENT.

-- A PROGRAM THAT OFFERS SOME HELP FOR THE POOR AMONG
US, ON WHOM THE MOST CRUEL BLOWS OF SKYROCKETING ENERGY COSTS
WILL FALL.

THIS PROGRAM, TOGETHER WITH OUR TRANSIT INITIATIVE,
CAN TAKE US TO OUR NATIONAL GOAL OF ENERGY SECURITY.

BUT FOR THIS PROGRAM TO SUCCEED, THE CONGRESS ABSOLUTELY
MUST APPROVE ONE MAJOR ELEMENT -- THE WINDFALL PROFITS TAX.

THE WINDFALL PROFITS TAX WILL BE THE ENGINE OF AMERICAN ENERGY SECURITY.

THROUGH IT, WE WILL USE THE UNAVOIDABLE RISE IN OIL PRICES AS A LEVER -- AS A CROWBAR TO PRY OURSELVES LOOSE FROM THE DILEMMA OUR OVERRELIANCE ON OIL GOT US INTO IN THE FIRST PLACE.

RIGHT NOW, LOBBYISTS ARE SWARMING ALL OVER CAPITOL HILL, WORKING TO DEVASTATE THE WINDFALL PROFITS TAX.

IN FACT, THEIR PROPOSED AMENDMENTS WOULD PUT A TOTAL OF WELL OVER \$100 BILLION IN THE POCKETS OF THE OIL COMPANIES.

AND WHAT WOULD THEY DO WITH THAT MONEY?

- DEVELOP RENEWABLE ENERGY SOURCES?
- PUSH FOR NATIONAL ENERGY CONSERVATION?
- HELP POOR PEOPLE PAY THEIR FUEL BILLS?
- DEVOTE \$13 BILLION TO PUBLIC TRANSPORTATION?

OF COURSE NOT!

THESE CRUCIAL STEPS ARE NOT THEIR BUSINESS. BUT THEY ARE THE PUBLIC'S BUSINESS -- THE NATION'S BUSINESS -- AND THE NATION NEEDS THESE FUNDS TO MAKE OUR ENERGY FUTURE SECURE.

I HAVE TRAVELED THE LENGTH AND BREADTH OF THIS COUNTRY FIGHTING FOR A TOUGH, PERMANENT, FAIR WINDFALL PROFITS TAX.
I WILL CONTINUE TO DO SO.

-- I DEEPLY APPRECIATE.....

I DEEPLY APPRECIATE THE SUPPORT THE AMERICAN PUBLIC
TRANSIT ASSOCIATION HAS GIVEN ME IN THIS FIGHT SO FAR.

TODAY, I CALL UPON YOU TO REDOUBLE THAT SUPPORT AS THE
CRUCIAL VOTES IN THE SENATE ON WINDFALL PROFITS DRAW NEAR.

WITH YOUR HELP WE CAN GAIN THIS TAX, AND DRIVE OUR PROGRAM
FORWARD.

CUTTING OUR RELIANCE ON FOREIGN OIL WILL CURB INFLATION,
STRENGTHEN OUR DOLLAR, AND STIMULATE NEW JOBS.

PUBLIC TRANSPORTATION IS PART OF THIS CHAIN OF SUPPORT --
SAVING ENERGY, ADDING JOBS, AND IMPROVING THE OVERALL QUALITY
OF LIFE IN OUR NATION'S CITIES.

WE ARE ABOUT TO ENTER A NEW DECADE, CARRYING WITH US
THE LESSONS OF THE PAST, AND THE HOPES AND ASPIRATIONS OF
ALL AMERICANS.

THE CHOICES AHEAD ARE DIFFICULT, AND WE CANNOT AVOID
MAKING THEM.

**Electrostatic Copy Made
for Preservation Purposes**

I BELIEVE IN THE DECENCY AND COURAGE OF THE AMERICAN PEOPLE.

I BELIEVE THAT WE HAVE THE MATERIAL, MORAL, AND SPIRITUAL
STRENGTH TO MEET ANY CHALLENGE.

TOGETHER, IN THE YEARS AHEAD, WE CAN SIEZE CONTROL OF
OUR OWN DESTINY, ...AND MAKE SURE THAT AMERICA WILL REMAIN WHAT
AMERICA IS TODAY -- THE GREATEST NATION ON EARTH.

#

**Electrostatic Copy Made
for Preservation Purposes**

R. Hertzberg
Draft #3
9/24/79

Address, American Public Transit Association convention

New York Hilton, September 25, 1979

*She
edit &
return
J*

**Electrostatic Copy Made
for Preservation Purposes**

I am glad to be here in New York -- this great city that is, among so many other superlatives, the mass transit capital of the world.

And I am glad to be in the same room with so many people who agree with me that public transit is one of the keys to the future of the United States.

We can no longer afford to think of public transportation as something we might get around to one day once all the superhighways and cloverleafs are built.

Electrostatic Copy Made
for Preservation Purposes

This Nation is in the throes of an energy crisis --
a crisis of dangerous overdependence on foreign oil --
a crisis that affects every American.

In a few blunt words, that is why strong ^{public} mass transit
is important to ^{all} ~~every~~ citizen of this country, no matter
where ^{they} ~~he or she~~ may live. ~~City folk~~ ^{In cities and small towns,} and rural ~~folk~~ ^{people}; among
suburbanites and ^{rural} ~~small town~~ dwellers; subway ^{riders} ~~straphangers~~
and pickup truck drivers -- we all have an interest in
public transit because we all have an interest in solving
the problem of energy. And we will solve that problem.
The subways, buses, and trolleys of America will help to
carry America to a future of energy security.

In my first energy speech as President, I told the
American people bluntly that the era of cheap, abundant
energy and wasteful consumption was over. I was warned
that it would not be good politics. Nobody likes bad

news. But I was determined then, as I am now, to level with the American people. I called the energy crisis the moral equivalent of war. It was not easy to get the message across. But today, two and a half years after that speech, millions of Americans know from their own hard experience that I was not exaggerating.

We still export. It was long before 1968 that we were net exporters
Not too long ago 1948
 [As recently as 1968,] the U.S. was actually a ^{net} oil-exporting nation. 27

By 1973, when the OPEC oil embargo hit, we were importing a third of the oil we used. But we failed to come to grips with the underlying problem that OPEC ^{began to} [was exploiting]. Instead, through a complicated system of price controls, we tried to insulate ourselves from the realities of a global economy.

It didn't work. In fact it encouraged our illusions

Electrostatic Copy Made
for Preservation Purposes

about cheap energy and actually made our dependence worse -- so that this year we are importing almost half the oil we use.

And because OPEC has continued to take advantage of the industrial world's thirst for oil to jack up prices, the dollars have flowed out even faster than the oil has flowed in. In 1973 we were paying out \$7 billion for foreign oil. ^{This} [Next] year we could pay out \$70 billion -- ten times as much.

When those billions of dollars flow out of our country, American jobs flow right out after them. And when those millions of barrels of foreign oil flow in, so does inflation. Without the astronomical rise in energy costs, in fact, [~~inflation would be substantially under control~~ ^{lower} today] -- and] the inflation rate would be more than a third lower than it is right now.

Last 3 Months
12.7% vs 8.7% (CPI)
11.4% vs 5.5% (PPI)

6

Our economic well-being is at stake, ^{and} so is our political freedom of action. We are vulnerable to interruptions in oil supply that could strike at any time. And the competition for oil supplies is a strain on our alliances.

Dependence on foreign oil threatens our economy. It threatens our security. It threatens our very future. Therefore we must stop and then reverse its growth. Public transit can help us do that.

Thirty-five years ago, at the close of the Second World War, this country could claim some of the finest transit systems in the world.

Those transit systems were more than just a way to get from one place to another; ^{they} [~~public transit~~] helped structure a compact, efficient pattern of land development

-- and this contributed to a sense of community, a feeling that brought neighbors together in a common sense of place. Our transit systems were a vital connecting link that helped to form our way of life.

But in the years after World War II, we let that connecting link erode.

Because we did not recognize its worth, we valued it too little.

Because we did not measure its contribution, we ignored it too much.

And because we could not imagine its absence, we hardly noticed its decline.

As we turned out^R attention to the construction of a vast network of superhighways, we began to operate on a

set of unspoken, unacknowledged assumptions.

We assumed that the United States was floating on an endless sea of 20-cent-a-gallon gasoline. We assumed that bigger always meant better -- and that nothing could be better than a ^{long, chrome-plated} ~~block-long~~ convertible with a gas-guzzling V-8 under the hood. We assumed that suburban sprawl was a law of nature, not a logical outcome of transportation and development policies. We assumed that the only respectable way to get a 160-pound human being from point A to point B was wrap him in two tons of metal with an engine powerful enough to drive a tank.

So we began to lose our public transportation systems. One by one, city by city, the systems fell prey to decay and neglect.

^{Now}
~~Today,~~ we know that was a mistake.

^{Now}
[Today,] we recognize the value of mass transit.

And ^{now} [today] -- as the battle for American energy security
is joined -- we stand committed to the rediscovery and
revitalization of America's transit systems.

We [have] embarked on that rediscovery. We ^{began} [have begun]
that revitalization.

Federal support for ^{public transportation} [mass transit] now stands at the
highest point ever.

I proposed, and the Congress passed, the most far-
^{sur face} reaching [mass] transit bill in our history -- giving ^{it} [mass
~~transit~~] a higher priority than ever before.

Under our comprehensive urban policy -- the Nation's
first -- ^{now} cities and towns are working with private enterprise
and the Federal government to make transit an integral
part of urban redevelopment.

There is a good example just a few blocks from here,
at Grand Central Terminal -- where a \$10 million Federal
grant will help tie in several forms of public transit
with a new mall, a new hotel, and the surrounding area
of shops and offices.

pg. 9
insert



~~[Americans turned to public transit]~~ During the fuel
shortage this summer ~~[-- and]~~ we kept the trains and buses
fueled and rolling. We will ~~[continue to]~~ keep them rolling.

~~[The Department of Energy has today extended the priority
allocation of diesel fuel for mass transportation through
next January -- and is proposing to make it permanent.]~~
America's public transit systems will ^{continue to} have the fuel they need.



When I was looking for a new Secretary of Transportation,
I looked all over America for a person who would come to
Washington as a strong advocate of public transit. I
found that person in Neil Goldschmidt -- <sup>who worked as a leader on our nation's
transportation problems and</sup> whose commitment
to mass transit produced extraordinary results in Portland
during his term as Mayor.

We have made a strong start, but I am here today to
tell you that we have got to do more -- much more.

Our Nation's investment in public transit during the
1970s came to \$15 billion. We must now take a quantum

Our 1981
Proposals
will cost
\$3.5 billion over
10 years

With
jump. ~~[under]~~ the energy proposals I have presented to
the Congress, this Nation will invest \$50 billion in
public transportation during the decade of the 1980s.

Our goal is
~~[we will seek]~~ to add 15 million passengers per day
to the buses, street cars and subways of our cities and
communities.

We will double the production of buses -- the only
form of mass transit in 97 per cent of America's cities.

We will step up the modernization and refurbishment
of existing rapid transit. For example, New York's subway
system is the senior citizen of underground rail travel --
the IRT is 75 years old this year. But when Ed Koch and
Harold Fisher and I get through with it -- with the tools
we are fighting to get the Congress to give us -- it
won't look a day over sweet sixteen.

**Electrostatic Copy Made
for Preservation Purposes**

[We will speed up construction of new rail lines
already approved or under way (—) in ^{other} [Buffalo, Miami,
major American cities.
~~Baltimore, Detroit, Atlanta and Washington.~~]

~~delete from
copy~~

We will build subways, elevated trains, trolleys,
people movers and commuter trains.

We will repair track beds ... modernize stations ...
improve signalling and control systems ... replace aging
rail cars ... expand the size of fleets ... extend lines
into new areas ... and encourage new technologies.

In short, we will reclaim America's transit systems.

Over the long term, the energy savings will be
massive. Those savings will result not only from getting
folks out of cars and onto buses and trains, but also
from the patterns of development that public transit
will encourage. Public transit means ^{good living for} [high density]
people in downtown areas and more efficient housing

~~delete from
copy~~

development -- which in turn means less waste of fuel for heating and cooling. And better mass transit will give us an insurance policy against lack of mobility in the future ^{gasoline} ~~gas~~ crunches that will surely come.

Better mass transit will help us attack a whole range of critical, interrelated problems -- not just energy, but also inflation, unemployment, the health of our environment and the vitality of our cities.

~~Because~~ public transit means cleaner air. It means less noise. It means stronger, more livable cities. It means more mobility and more opportunity for everybody, especially those who need it the most -- the young, the old, the handicapped, minorities and the poor.

And public transit means jobs. The energy mass transit initiative I have proposed will put Americans to

work. I am not talking about a few hundred jobs for bureaucrats and administrators, but an average of 40,000 jobs a year, at all levels of skill, throughout the 1980s.

Clearly, public transportation is a critical part of the overall assault that I have directed against this nation's energy dilemma. Just as clearly, our transit investments cannot do the job alone.

Those investments must be part of a comprehensive program. And that is exactly what I have proposed:

A program that makes conservation a part of everyday life. A program that develops alternative forms of energy, especially those plentiful sources that are ours to control, such as coal -- and the most plentiful source of all, the sun. A program that gets vital energy projects built without endless red tape and processing

delays -- and also without compromising our commitment
to a clean environment. A program that offers some help
for the poor among us, on whom the ^{most} cruel blows of
skyrocketing energy costs ^{will} fall ~~hardest~~.

This program, together with our transit initiative,
can take us to our national goal of energy security.

But for this program to succeed, the Congress
absolutely must approve one major element -- the Windfall
Profits Tax.

The Windfall Profits Tax will be the engine of
American energy security. Through it, we will use the
unavoidable rise in oil prices as a lever -- as a crowbar
to pry ourselves loose from the dilemma our overreliance
on oil got us into in the first place.

[~~I took the hard step of decontrolling oil prices~~

because it was the only way to bring about the kind of realistic energy pricing that encourages alternatives to foreign oil and *because it will increase domestic oil production in the short run*

But a side effect of decontrol is a huge profit

No - this is incorrect and a bad hyperbole

bonanza for oil companies [that already have so much cash they literally don't know what to do with it.]

Mr President: Everyone on the Hill knows us and Frank's people want to go into this

The position of these companies is very simple.

anti-oil company rhetoric. We close to getting Roundtable NAM support from Energy Security Corp but it will be lost with this sort of hand

They want us to turn that gigantic windfall over to them -- even though they did nothing to earn it, and even though the Windfall Profits Tax would leave them with all the incentive they need for new production.]

Right now, ~~[the giant oil companies and their]~~ lobbyists

language

are swarming all over Capitol Hill, working to devastate

the Windfall Profits Tax. In fact, their proposed amendments

would ~~[put]~~ ^{put} a total of well over \$100 billion in the ~~[ir]~~ ^[ir] pockets, ~~to the income of~~

of the oil companies

Electrostatic Copy Made
for Preservation Purposes

And what would they do with that money?

Develop renewable energy sources?

Push for national energy conservation?

Help poor people pay their fuel bills?

Devote \$13 billion to public transportation?

Of course not.

Please read this
thin
↓

~~[If past performance is any indication, they would use it to buy everything under the sun -- and the sun, too, if that's for sale.]~~

~~[In the past, oil companies have bought up everything from insurance companies to mail order houses to copper corporations. One even tried to buy a circus. I see no reason to believe that handing them another \$100 billion~~

✓
See
the
By

Electrostatic Copy Made
for Preservation Purposes

ok
j

new
graph
page 16

These crucial steps are not their business. But they are the public's business -- the Nation's business -- and the Nation needs these funds to make our energy future secure.

I have traveled the length and breadth of this country fighting for a tough, permanent, fair Windfall Profits Tax. I will continue to do so.

I deeply appreciate the support the American Public Transit Association has given me in this fight so far. Today I call upon you to redouble that support as the crucial votes in the Senate on windfall profits draw near. With your help we can gain this tax, and drive our program forward.

Cutting our reliance on foreign oil will curb

Yes: this
is the way
to address

* Al McDonald would substitute for these two ¶s: "These moves are not their business. They are the public's business, and that is why we need this money to make our energy future secure."

of oil companies.

inflation, strengthen our dollar, and stimulate new jobs. Public transportation is part of this chain of support -- saving energy, adding jobs, and improving the overall quality of life in our nation's cities.

We are about to enter a new decade, carrying with us the lessons of the past and the hopes and aspirations of all Americans. The choices ahead are difficult, and we cannot avoid making them. I believe in the decency and courage of the American people. I believe that we have the material, moral and spiritual strength to meet any challenge.

Together, in the years ahead, we can seize control of our own destiny, and make sure that America will remain what America is today -- the greatest nation on earth.

#

THE WHITE HOUSE
WASHINGTON

9/25/79

Jack Watson

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

September 24, 1979

Jack -
Get the info
for me
J

Mrs. Carter:

I hesitate to write to you, but I know that as a mother you must know what Mary went through losing her son. It's been exactly a year since Steve's boat disappeared, and this is a particularly difficult time for Mary.

In July we learned that a report had been completed by the Coast Guard on the disappearance of LOBSTA I, and it was then in Boston. From there it came to Washington for release by the Commandant of the Coast Guard.

Jim King's office has been exceedingly helpful in trying to obtain a copy of the report for Mary, but the latest word they have is that it won't be released until mid October.

The anxiety that Mary feels is tremendous, and she is naturally anxious to read the findings of the report. And it's a frustration to know that it exists yet she can't see it.

If there's anything at all that you can do to request the report, I know that Mary would be extremely grateful. As a friend, I'd like to see her pain lessened.

Keith

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

Suburban Caucus 9-25-79

Ron 53. Sub Caucus

Had sub policy

39% vs 32% cent city

3:1 Taxes: fed aid

Wyder/Matt formed Caucus

Parcell

Russo - HUD vs chi

Gooding Run Dev Act vs GRS, re
location Fsh & game in Harrisburg

Wyder - falling betw coasts

Fed Office Sub-20 city

GRS - target?

(Mich) Carl - WH placed ind in city

Woff - Spec costs - heat, sport

Young - HUD in St Louis #9 mil

Spillman. Suburbs next storm

Wet - Stone

Shultz

Ann

J Waker

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

9/25/79

Jim McIntyre
Stu Eizenstat

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Jack Watson
Charlie Schultze
Alfred Kahn

FOR STAFFING
FOR INFORMATION
<input checked="" type="checkbox"/> FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
FOR APPROPRIATE HANDLING
LAST DAY FOR ACTION

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
<input checked="" type="checkbox"/>	EIZENSTAT
	MCDONALD
	MOORE
	POWELL
<input checked="" type="checkbox"/>	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
<input checked="" type="checkbox"/>	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	KREPS
	LANDRIEU
	MARSHALL

	MILLER
	VANCE
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	FRANCIS
	HARDEN
	HERTZBERG
	HUTCHESON
<input checked="" type="checkbox"/>	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE



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

*Stes -
Study ok - 200
Commitments
J*

SEP 24 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

Stuart E. Eizenstat *Sty*
James T. McIntyre, Jr. *JT*
Charles L. Schultze *CLS*
Alfred E. Kahn *Fred*

SUBJECT: Federal Standards for State Workers' Compensation

This memorandum asks your guidance on proposals to set Federal standards for State workers' compensation programs. The Administration, through Secretary Marshall, has supported the concept of Federal legislation to set standards, but has specified neither timing, particular standards to set, nor an enforcement mechanism, if any. Secretary Marshall recommends in the attached memo that he be authorized to seek agreement with unions and the Senate Labor and Human Resources Committee on the major issues before finalizing a legislative position. We feel at this juncture the appropriate choice is between no action or the establishment of an executive branch task group representing our offices and the Departments of Labor and Commerce to work to develop alternatives for your consideration in time for you to decide whether or not to submit such legislation early next year or whether additional study is necessary.

BACKGROUND

The Problem

Workers' compensation for job related accidents and disease is provided primarily under State laws, originally enacted in the early years of this century. Employers, employees, and insurers have recognized many inadequacies in the various State programs. In 1972 a National Commission, including representatives of these groups, unanimously agreed that these inadequacies included: incomplete coverage, insufficient benefits constrained by maximum time or dollar limits, benefits unable to keep up with the cost of living, the lack of compensation for occupational illnesses, administration and litigation costs absorbing an excessive amount of insurance premiums, and permanent partial disabilities receiving apparently excessive compensation. The Commission recommended specific actions for States to correct these inadequacies (except for excessive administration, litigation, and permanent partial costs for which it could find no solution) and recommended that the Federal Government set and enforce standards for the States if they did not adopt the Commission's 19 essential recommendations. The Ford

Administration adopted the 19 essential recommendations and set up a task force to encourage State response and develop solutions to some of the more intractable problems, such as how to determine whether an illness arose out of employment. On the day before your inauguration, it issued a report that States were making satisfactory progress toward adopting the essential recommendations and that a Federal law to set and enforce standards was not needed.

Legislation to set and enforce standards (but not necessarily those recommended by the National Commission) has been introduced in every Congress since 1973, hearings have been held, but no action taken. The Federal Government liberalized its two programs (for Federal workers and longshore and harbor workers) in 1973 to serve as models for State action. The States have improved their laws since the National Commission's report, but none has fully adopted each of the 19 essential recommendations. The pace of improvement has slowed recently, perhaps partly because the threat of Federal action no longer seems real. In addition, some improved State programs have been beset with claims that higher benefit levels have encouraged some workers to misuse the system. The State of Illinois has moved to pull back some of the liberalization previously enacted. And, as you know, our experience with Federal programs has shown that costs and program usage far exceeded original estimates. In light of this experience, many of the employer and insurer groups who supported the National Commission's recommendations now oppose any Federal legislation.

The problems associated with not having a fully effective workers' compensation system are still considerable. A worker hurt, made sick, or killed in the workplace does not always get adequate compensation. Not only should improved workers' compensation provide such compensation but it should also place the costs of workplace accidents and disease where they belong. Such internalization of costs might transfer the burden now being placed on other income maintenance programs (social security disability, welfare, veterans benefits) and product liability insurers. By how much and how quickly remains highly speculative. (A 1972 HEW survey reported that 70% of the severely disabled who attributed their disability to work received income support from other public and private sources; 21% received neither workers' compensation or other public income support.) It could hold down costs for any national health insurance program. It should also increase incentives for improved workplace safety and thus somewhat lessen the need for intensive direct regulation. From this perspective, workers' compensation is one element of a general health compensation and workplace safety policy which includes health and safety regulations, SSDI, National Health Insurance, etc. The design of any workers' compensation legislation (or policy) must be carefully related to these other elements of a workplace safety policy, and this will take time.

On the other hand, there is no clear agreement on what changes ought to be made in workers' compensation programs. In 1972 it was hoped that the costs of expanded coverage and higher benefits could be largely offset by improvements that reduced costs of permanent partial disabilities and administration and litigation. (About 43% of the \$13 billion employers pay for workers' compensation goes for administration and litigation.) Experience with enacted reforms, both Federal and State, indicates that the cost of benefit and coverage increases is higher than estimated. As a result, insurance costs for employers have substantially increased in areas where reforms, such as the longshore and harbor-workers' program, were enacted. At the same time, we have been unable to design improvements to reduce administration and litigation costs. Other reforms (coverage of the smallest employers, occupational disease coverage) could even increase these costs, as well as increase payroll taxes and directly add to inflationary pressures. Employers, particularly small firms, may fear that their ability to obtain insurance at a reasonable rate will be further eroded.

Action to date

Senator Harrison Williams along with Senator Jacob Javits introduced in this Congress a bill (S. 420) which would set minimum standards for State workers' compensation programs. This bill is a weakened version of similar proposals introduced in every Congress since 1975. The bill has not attracted much support. Unions oppose it because it does not contain mandatory cost-of-living increases, occupational disease coverage, or maximum benefits as high as previous bills. Employer and insurer groups oppose the bill because it would increase costs to employers, yet fails to address the administration and litigation problems in the current system and the Federal enforcement mechanisms proposed. The Secretary of Labor believes, and we concur, that no bill could be enacted in this Congress without Administration support, and that Administration support probably would not be sufficient to secure enactment within the 96th Congress.

In testimony before the Senate Labor and Human Resources Committee on April 3, Secretary Marshall fully discussed the problems in improving workers' compensation. While avoiding endorsement of any specifics, he endorsed eventual enactment of Federal minimum standards for State workers' compensation systems. Following the presentation of his testimony Secretary Marshall agreed to a request by Senators Williams and Javits to work with Senate staff in a joint task force to develop within 30-45 days a workers' compensation bill that the Administration could support. After the 45-day deadline had passed without producing a bill, Secretary Marshall met with Senators Williams and Javits and agreed to submit to you for your approval options on Federal workers' compensation standards.

a
mistake

Options

- A. Actively support the enactment of a Federal standards bill this term by:
- (1) developing and submitting an Administration bill;
 - (2) authorizing the DOL to work out a bill with Congress and the unions informing them of the specific provisions the Administration favors in a Federal standards bill; or
 - (3) generally supporting the legislative efforts in the House and Senate and signing a bill should it pass, but not taking a position on any specific provision.
- B. Inform the Congress and the unions that the Administration prefers deferring legislative action to the next Congress or beyond.
- C. Authorize the establishment of an Executive Branch task group to work on issues for a decision early next year.

Recommendations

- A. Secretary Marshall recommends that you authorize him to convey to Senators Williams and Javits and others in the Congress the specific legislative provisions the Administration would support, and that you sign legislation this term consistent with those provisions. Following this authorization, the Department of Labor would begin to explore the trade-offs immediately with the unions and the Senate Labor and Human Resources Committee, and to seek agreement before finalizing a legislative position.

B. Executive Office Agencies

We generally agree with the DOL on the desirability for Federal standards legislation. However, we believe that there are too many unresolved issues to permit a decision on the options presented by Secretary Marshall. We recommend that the Administration continue to support the principle of Federal standards legislation, but defer until next year a decision on whether to support any specific legislation. Over the next 4-6 months a task group made up of DPS, DOL, Commerce, CEA, COWPS, and OMB should explore solutions to the major policy issues concerning Federal workers' compensation standards and submit recommendations for your approval. The most important issues to be addressed by the task group are:

- Whether the National Commission's 19 essential recommendations are still appropriate for Federal standards. The key items will be:
 - o Benefit amounts
 - o Occupational disease coverage and determination standards
 - o Cost-of-living increases
 - o Overall cost of alternatives
- Whether viable solutions for the permanent partial disability or administration and litigation costs exist.
- Whether an effective Federal enforcement mechanism that is not too burdensome or costly can be found.
- How workers' compensation can be integrated with other Federal programs such as SSDI, Medicaid, National Health Insurance, and occupational safety and health regulations.

Decision

- _____ A. Actively support the enactment of a Federal standards bill this term by:
 - _____ (1) developing and submitting an Administration bill; or
 - _____ (2) authorizing Secretary Marshall to work out a bill with Congress and the unions. (Marshall)
 - _____ (3) generally supporting the legislative efforts in the House and Senate and signing a bill should it pass, but not taking a position on any specific provision.
- _____ B. Tell Congress we prefer deferring the issue to the next Congress or beyond.
- ✓ _____ C. Authorize the establishment of an executive branch task group to work on the issues for a decision early next year. (Eizenstat, McIntyre, [↑]Watson, Schultze and Kahn)

Attachment

Governors should be involved



TAB
A

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

JUN 4 1979

MEMORANDUM FOR THE PRESIDENT

FROM: RAY MARSHALL *Ray*

SUBJECT: Federal Standards for State Workers' Compensation

I. Summary of the Issue

In testimony before the Senate Labor and Human Resources Committee on April 3 I endorsed, on behalf of the Administration, enactment of Federal minimum standards for State workers' compensation systems. This was the first time any Administration formally supported the concept of a Federal legislative approach to reform State workers' compensation systems.

My testimony did not commit the Administration to any specific legislative provisions or timetable. I did, however, agree to a request by Senators Williams and Javits that over a 45-day period the Department of Labor would join with Senate staff in discussing options for resolving the complex problems related to this legislation. These steps have given some hope to members of the Senate Labor and Human Resources Committee and the unions that the Administration may support some specific provisions of a Federal standards bill this term.

On May 22nd, I met with Senators Williams and Javits and agreed to forward for your consideration the options facing the Administration. These are:

- A. Actively supporting the enactment of a Federal standards bill this term through
- 1) developing and submitting an Administration bill;
 - 2) informing the Congressional leadership of the specific provisions the Administration favors in a Federal standards bill; or

- 3) lending general support to the legislative efforts of the House and Senate and signing a bill should it pass, but not taking a position on any specific provision.
- B. Informing the Congress and the unions that the Administration prefers deferring legislative action to the next Congress or beyond.

I recommend that you authorize me to convey to Senators Williams and Javits and others in the Congress the specific legislative provisions the Administration would support, and that you would sign legislation passed this term consistent with those provisions.

II. Background

Workers' compensation is an employer-financed system operating under State law which requires compensation--medical benefits, cash disability payments, and rehabilitation--to workers injured or made ill on the job. Either insurance carriers on behalf of the employers or employers directly, who have been authorized by a State to self-insure, provide the compensation. Employer costs for workers' compensation throughout the nation were \$13 billion in 1978, with \$7.5 billion paid out in benefits.

Workers' compensation was the first social insurance program in this country's history. All but six States enacted workers' compensation laws between 1911 and 1919.

Yet workers' compensation today is one of the last areas of workers' protection without any uniform or Federal safeguards. Consequently, wide differences exist among the 50 State statutes regarding coverage, benefits and administrative arrangements.

Studies of the System

Several studies since 1970 have documented the deficiencies of the system and the need for reform --

- o The National Commission (1970-1972). A National Commission on State Workmen's Compensation Laws included representatives from business, insurance, labor, universities and government, to evaluate basic benefits and coverage of the State systems. The Commission's 1972 report found the systems badly in need of reform. The Commission regarded 19 of its 84 recommendations so essential that it unanimously recommended enactment of Federal standards if the States did not voluntarily reform their laws within three years, or by 1975.

An initial flurry of State legislation activity followed this report. But by 1975, the States had adopted fewer than half of the Commission's essential recommendations.

- o Interdepartment Task Force (1974-1977). The Nixon Administration stalled Congressional efforts to pass Federal standards by establishing an Interdepartmental Workers' Compensation Task Force in 1974 to study the problem further. The Task Force report, issued the day before your inauguration, found that States had made some progress in closing coverage gaps and increasing benefits, that the essential reforms recommended by the Commission in 1972 had not been achieved, but that there should not be Federal standards.

Status of Reform Today

No State has yet achieved the minimum level of reform deemed essential by the National Commission. The pace of reform has stalled since 1975. Deficiencies still persist, including among others:

- o Gaps in coverage

-- Some 10 million workers have no workers' compensation coverage, mostly employees of small

firms, farms, and households.

- 75 percent of all workers live in States with no provision to pay benefits if an employer or insurer defaults.

o Inadequate and inequitable benefits

- The benefits for 25 percent of all total disability claims and 40 percent of death claims are less than two-thirds of the worker's pre-disability wage, leaving many beneficiaries with only a poverty-level income.
- Maximum benefits for total disability are very low in many States -- e.g. \$75.00 per week in Oklahoma, and \$91.00 per week in Texas.
- Less than 10 percent of the long-term disabled are protected by automatic cost-of-living adjustments, although some States make periodic benefit adjustments.

o Inefficient administration

- 35 percent of the \$13 billion employers paid in 1978 went for overhead expenses (administration, selling and adjudication costs), including 10 percent for employer or insurer-initiated litigation. The litigation rate for some occupational diseases runs as high as 90 percent.
- An additional 8 percent of benefits paid to workers goes to pay their attorney fees.

o Failure to internalize the costs of work-related injuries and diseases

The benefit and coverage deficiencies result in many workers who should be receiving employer-financed compensation benefits:

- receiving Social Security disability, welfare, or veterans' benefits (a 1972 survey by HEW

found that only 12 percent of severely disabled persons who judged their disability to be job-related were receiving workers' compensation; approximately 70 percent received income support from other public and private programs);

- going without any compensation (21 percent of the seriously disabled in the same HEW study were receiving no income support from either workers' compensation or public sources); or
- suing manufacturers under product liability provisions.

The deficiencies also result in widely differing treatment and State benefits to workers with identical injuries or diseases. Indeed, the place of residency often determines whether the worker will receive any compensation at all.

Economics often constrain the prospects for significant additional voluntary improvement in State laws. States with inadequate workers' compensation systems and benefits -- hence lower labor and compensation costs -- want to keep their competitive advantage over States with more adequate systems. The failure of voluntary State efforts to achieve uniform protection for workers -- and the economic forces which make future State reform unlikely -- bolster the Administration position that Federal standards will be necessary.

III. Considerations Regarding Enactment of Federal Standards

While Federal standards offer considerable promise, they also pose several problems:

o Effectiveness of Federal standards

Both opponents and supporters generally agree that Federal standards would be effective in expanding coverage and raising benefits. Standards could also assist in integrating workers' compensation and other Federal income support programs (e.g. Social Security disability insurance) and in

achieving closer relations between Federal health and safety efforts under OSHA and workers' compensation. However, proposals to date have generally limited themselves to minimum standards imposed on private employers and insurers and ignore other deficiencies. These include the high overhead and litigation rates and the inability to devise any effective provision for permanent partial disabilities. Employer groups, in particular, frequently cite the lack of any solution to the permanent partial problems as reason enough to turn down reform. Solutions to some of these systemic problems could be devised. However, the solutions which hold most promise of being effective would disrupt the existing employer/insurer systems greatly and entail more Federal involvement than supporters of legislation have felt is politically acceptable.

o Enforcement

Devising effective enforcement of Federal standards involves difficult trade-offs between:

- providing sufficient incentives to induce compliance by employers with the Federal standards;
- insuring that workers get the benefits and services promised by Federal standards without extensive delays and costs; and
- avoiding Federal disruption or take-over and retaining State responsibility for overseeing that insurers and employers provide the benefits.

While none of the enforcement options contemplates a Federal take-over, enactment of mandatory Federal standards will require some Federal enforcement -- for example, a right of action in Federal court, an appeal to a Federal administrative body, or Federal penalties or taxes -- should a given State not comply with minimum standards. Critics argue that enactment of minimum Federal standards is only a disguised Federal take-over, and would

eventually lead to a Federalization of the systems.

o Costs

Conforming benefits and coverage to minimum Federal standards will increase employer workers' compensation costs, the amount depending on the scope of the standards adopted. The average employer in 1976 (the most recent year for which figures are available) paid 1.47 percent of payroll for worker compensation, although the costs varied widely depending on the injury record of the industry and the employer, and State laws. Employer costs for compensation totaled \$10.5 billion in 1976. The corresponding figure for the average employer in the year immediately preceding issuance of the National Commission report -- 1971 -- was 1.11 percent of payroll, or a total of \$5.0 billion.

A Federal standards bill limited to the essential coverage and benefits recommendations of the National Commission, and similar to the most recent legislative proposal of Senators Williams and Javits, would result in cost increases to the average employer of about 25 percent (i.e. add .35 to .40 percentage points to the 1.47 percent of payroll currently paid by the average employer). A more comprehensive bill providing coverage for occupational diseases (a major deficiency in the existing system) and annual cost-of-living adjustments for permanent total disability and death cases could ultimately (after several years) result in a doubling of the average employer's workers' compensation costs (i.e. add 1.5 percentage points to the average employer's labor costs).

While these estimates are the best available and are believed accurate, the real costs of Federally-legislated reform could be lower or, more likely, higher. The reliability of cost estimates for workers' compensation has not been very good in the past. Factors which make definitive cost estimates difficult to derive include: the data

are primarily in the hands of the insurance industry; adding or changing a provision in a statute affects the costs of all other provisions; there is no experience with such untried provisions as occupational disease coverage; and increased use of social insurance programs often accompanies improvements in benefits.

Opponents of Federal standards argue that the costs of reforming State programs will be more like those of the Federal workers' compensation programs -- Longshore, Federal Employees' Compensation, and Black Lung -- even though the Federal programs contain several provisions (e.g. extensive coverage for occupational diseases) which are not proposed as standards for the State workers' compensation systems.

Costs of any Federal standards bill would not begin until at least two years after enactment, since States will be allowed at least two years to change their laws. The cost of a more comprehensive package covering occupational diseases would be spread out even longer (10 years or more), because of the need for medical research and time to develop and promulgate administrative standards. But once in effect, reform would ultimately cost employers and consumers more and could cause some job losses due to the higher payroll costs.

There would be only small increases in State administrative costs and a Federal compliance staff. Also, some of the new workers' compensation costs to employers would be only reallocations from such social insurance programs as Social Security disability, Medicare or Medicaid, and welfare, and from the workers themselves who bear costs that inadequate benefits and coverage do not pay. The costs of providing national health insurance coverage would also be less if the employers/insurers were paying the full medical costs of all work-related injuries and diseases as a result of Federal workers' compensation standards. While this internalizing of costs may mean some significant savings to Federal social insurance programs, it would still mean higher costs to employers.

Costs can also be affected by limiting or deferring benefit and coverage provisions, by linking benefits to other social insurance programs (through offsets), or by restricting the worker's right to sue employers under product liability laws (a provision long sought by many manufacturers and urged by the Department of Commerce).

o The politics of reform

Unions have long sought enactment of Federal standards, but only recently have made it a high priority. The AFL-CIO Executive Council this year issued a strong endorsement for Federal standards. High union officials in the past few weeks have visited Stu Eizenstat and me, urging Administration support of specific Federal legislation this term. The unions, however, have criticized the current Williams and Javits bill (S.420) for omitting occupational disease coverage, a cost-of-living adjustment, and an adequate maximum benefit. We don't know if the unions will be able internally to agree on these provisions or to gain broad support among their members. Workers' compensation is not widely understood or of interest to most workers until they are injured or become ill. On the other hand, an Administration endorsement of Federal standards will significantly enhance organized labor's ability to mobilize support.

Employer and insurance groups have already testified in opposition to Federal standards because of costs and fear of a Federal take-over. They will argue that the States have made significant progress in reforming their laws without Federal standards, that this will continue, and therefore that Federal standards are not only unnecessary, but would add to employer costs in a time of high inflation (even though the costs will be deferred). They also cite the deficiencies in the administration of the existing Federal programs and the high costs as examples of what will happen if Federal standards are enacted. Small businesses and agriculture, which are not now covered by workers' compensation in some States, can also be expected to strongly object.

Opposition among employers, however, is not universal. Although they later changed their position, employer and insurer representatives on the National Commission supported Federal standards if the States failed to reform voluntarily. The capital equipment and machine tool manufacturers -- the only employer group which openly favors Federal standards -- will support a bill if it curtails their exposure to product liability suits. Some large employer groups also see the advantages to them of a uniform workers' compensation system.

The Congress. Senators Williams and Javits, Chairman and ranking minority member of the Senate Labor and Human Resources Committee, have sponsored legislation and held hearings each year since 1973 to set Federal standards. Their bill (S.420, which they plan to report out this year and are pressing the Administration to support) provides for --

- Coverage of all employees (except State and local government employees);
- A basic benefit for total disability and death of at least $66\frac{2}{3}$ percent of an employee's average weekly wage, or no less than 80 percent of an employee's spendable income, without any time or dollar limitations;
- A minimum benefit for long-term total disability or death of no less than 50 percent of the State-wide average weekly wage;
- A limitation on the maximum benefit paid any individual to 150 percent of the State-wide weekly wage;
- Continuation of disability payments as long as disability lasts and death benefits to surviving spouses for life or until remarriage and to dependent children until at least 18;
- Medical benefits without time or dollar limitations;

- Free choice of a physician for both diagnosis of the degree of impairment and for treatment;
- A waiting period of no longer than 3 days to qualify for benefits; and
- Mandatory acceptance of claims for compensation if filed within 2 years from the onset of disability or death.

Seantors Williams and Javits have eliminated from their current bill many of the more costly provisions of previous bills in the hope of gaining Administration support. Provisions that have been dropped and which the unions seek to have reinstated include: escalation of benefits for the long-term disabled, coverage for occupational diseases, and a maximum on the benefits of any individual at 200 percent of the State-wide weekly wage.

Legislation will soon be introduced in the House where hearings have already been held on specific occupational disease problems. However, the House is waiting to see what action the Senate and the Administration take before moving to act on a specific bill.

There are several trade-offs which can be made in developing workers' compensation legislation. The trade-offs include not only what coverage and benefits to require, whether to include escalation of benefits, coverage for occupational diseases, and/or offsets against other social insurance programs, but also how much time to allow States from date of enactment until they must comply with the various standards. If you agree with my recommendation to take a position on the specific provisions of a Williams/Javits bill, the Department will begin to explore the trade-offs immediately with the unions and the Senate Labor and Human Resources Committee, and to seek agreement before finalizing a legislative position.

Our assessment is that there is general Congressional interest in reform, but not enough votes to pass legislation this term without a strong Administration endorsement. However, it is not at all clear whether strong Administration support for a Congressionally-sponsored bill or an Administration bill would result in passage this year.

9:15 AM

THE WHITE HOUSE
WASHINGTON

C

September 25, 1979

Electrostatic Copy Made
for Preservation Purposes

MEETING WITH MEMBERS OF CONGRESS
OPPOSED TO THE DEPARTMENT OF EDUCATION

Bill Gray

Wednesday, September 26, 1979
9:15 a.m., (20 minutes)
The Cabinet Room

From: Frank Moore F.M./TS/CH

I. PURPOSE:-

You are scheduled to meet with a small group of Democrats (10-15) who could be persuaded to support you on this issue.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN:

Chairman ^{Jude} Brooks intends to bring the Department of Education conference report to the House for a final vote on Thursday afternoon. According to our latest count, the vote on final passage is narrowly losing 208-215 with 11 undecideds.

Press Plan: White House photographer

Participants: The President; Congressmen Applegate, Biaggi, Boland, Breaux, Chappell, Early, Guarini, Sam Hall, Hance, Hightower, Ichord, Maxxoli, McHugh, Ozzie Myers, Nowak, Satterfield, Scheuer, Stewart, and Pat Williams; Frank Moore; Bill Cable; Terry Straub.

III. TALKING POINTS:

In your meeting, we suggest that you express very strongly your personal interest and desire to pass this legislation. Specifically, you may wish to make the following points:

- o The Department of Education is one of your highest priorities. It is an essential step in reestablishing education as a major domestic concern. This country's

educational systems need leadership.

- o You feel even more strongly now than before you were President that education needs full time, accountable representation in the highest counsels of government. This is very important to you personally.
- o The fundamental issue in the creation of the Department is to manage more effectively and responsibly the Federal education effort.
- o We have just completed a successful conference on the bill. The conference committee has reaffirmed the central purpose of the legislation: improved management. (The conference committee stripped from the bill provisions that went beyond the scope and fundamental purpose of this legislation, including seven controversial amendments dealt with abortion and anti-affirmative action.)
- o The Department of Education will save money and decrease bureaucracy. The bill mandates that 500 positions be sliced from the Department immediately. This will save more than \$20 million annually. In addition, the bill puts a clamp on the future growth of the Department by requiring that each appropriation act for education programs include personnel ceilings. This means that only the Congress - through the appropriation process - can increase the size of this Federal agency.
- o The legislation asserts the primacy of local responsibility for education. It protects the rights of state and local governments and institutions in all areas of education policy, programs, and administration.
- o Finally, you want very much their support on this legislation. It is supported by over 100 education and related organizations representing a wide range of concerns (parents, teachers, students, community colleges, and school boards, State education officials); it is supported by the majority of the Senate and has substantial support in the House.

IV. POLITICAL ANALYSIS:

This group is all Democrats. I strongly recommend you make a heavily partisan appeal. Of those attending there is

no unanimous substantive reason for their reluctance to support the bill. Several of the Members oppose the bill out of fear of political backlash from their districts. (Growth of government, federal intrusion into local matters, etc.). Others are bending to strictly political pressure from the AFL-CIO, Catholics, Baptists, higher education institutions, etc.

By pointing out the cost savings of the bill, the reduction in personnel, and the embargo against federal intrusion into local matters, you may ease some fears. More importantly, however, several of those attending often pay lip service to supporting you, then don't! This opportunity to rise above petty interests and support you on this bill should not be missed.

SPEAKER OWEN

CLEM ZABLOCKI

LINDY BOGGS

Frank
done
J

THE WHITE HOUSE
WASHINGTON

September 25, 1979

MEMORANDUM TO THE PRESIDENT

Electrostatic Copy Made
for Preservation Purposes

FROM: FRANK MOORE *Frank Moore*

RE: DEPARTMENT OF EDUCATION PHONE CALLS

With the Department of Education bill on the floor Wednesday afternoon, our current count shows us 214-214, with 7 undecideds. It is clear that the role that the Leadership plays will be crucial; since there was no leadership breakfast this week I'd like you to call the Speaker and ask his help on this bill. You should ask both his commitment to help, particularly with his delegation, and his commitment to move the bill Wednesday afternoon if Brooks requests it. It is clear the longer we delay the more ground we lose.

9:30 am with you - when to bring up. There after budget?

~~Additionally, I'd like you to call Gunn McKay, who has pulled off the bill because he fears the anti-abortion votes. The best line to use with him is to impress upon him the fact that abortion has no place in this legislation. In its purest sense it is a reorganization bill and thus issues such as abortion, busing, prayer, etc. were taken off in conference to protect the integrity of the legislation. McKay should be particularly responsive to your call after all you've done for him and the United Democrats over the last several months. Moreover, McKay needs to help us work the floor on this vote, not just give us a "yes" vote.~~

Two other calls would be very helpful: Clem Zablocki and Lindy Boggs Both are feeling Catholic pressures on the bill, but both have traditionally been loyalists and would be responsive, in my opinion, to your call.

FYI, the Vice President has a long list of calls he is starting this afternoon. Additionally, we have assigned fifty to sixty names to Cabinet officers who will be reporting back this afternoon, and an additional thirty to forty names to senior staff.

⊖ but will get 2 or 3 other votes