

2/27/78 [1]

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THE PRESIDENT'S SCHEDULE

Monday - February 27, 1978

7:45 Dr. Zbigniew Brzezinski - The Oval Office.

8:15 Mr. Frank Moore - The Oval Office.

9:00 Meeting of the Cabinet. (Mr. Jack Watson).
(2 hrs.) The Cabinet Room.

11:00 Mr. Jody Powell - The Oval Office.

11:30 Secretary Harold Brown. (Dr. Zbigniew Brzezinski).
(30 min.) The Oval Office.

12:00 Lunch with Vice President Walter F. Mondale.
The Oval Office.

2:30 Meeting with Governors on Energy. (Mr. Jack
(60 min.) Watson) - Room 450, EOB.

THE PRESIDENT'S SCHEDULE

Saturday - February 25, 1978

9:00

Dr. Zbigniew Brzezinski - The Oval Office.

THE PRESIDENT'S SCHEDULE

Sunday - February 26, 1978

9:50 Depart South Grounds via Motorcade en route
The First Baptist Church.

10:00 Sunday School.

11:00 Morning Worship Service.

4:00 Recital by Vladimir Horowitz - The State Floor.

1059

THE WHITE HOUSE
WASHINGTON

February 27, 1978

Stu Eizenstat

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

Rick Hutcheson

RE: WEEKLY DOMESTIC POLICY
STAFF WEEKLY REPORT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
/	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

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for Preservation Purposes

STATE DEPARTMENT NOT SEEN.

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THE WHITE HOUSE
WASHINGTON

February 24, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Domestic Policy Staff Weekly Status Report

HEALTH

NHI: DPS is discussing with other agencies whether there are new prevention initiatives, e.g., in traffic safety, occupational health, environmental protection, which could possibly accompany the Administration's NHI proposal. A staff level working group from DPS, OMB, CEA, HEW and other agencies is beginning to meet on a regular basis to implement the PRM process.

Immunization Initiative: We have been working with OMB to refine HEW's immunization initiative.

CIVIL SERVICE MATTERS

Civil Service Reform Initiative: The Civil Service reform legislation has been circulated to agencies, key Hill staff, and key interest groups for comment. Appropriate drafting changes have been made, and the legislation is being printed. A message to Congress is being drafted. Your public announcement is scheduled for March 1st. The White House Task Force continues to work on overall legislative and public relations strategy. Key Senators and House members are being visited; discussions with union leaders are continuing.

HATCH ACT REFORM

Hatch Act Reform: The Interagency Task Force has completed its policy work and discussions with Senate staff. Senate hearings are complete. Labor has requested that the Vice President call Senator Muskie and ask him to floor manage the bill.

see me

ECONOMICS AND BUSINESS

Economic Program: We will be working with Treasury, CEA, OMB, Labor, and Frank Moore's shop to expedite. Ham will coordinate.

AGRICULTURE AND RURAL DEVELOPMENT

Farm Policy Statement: We are continuing to work with USDA and CEA on development of a statement that details the Administration position on farm policy, identifies past and prospective actions, and assesses future options.

Crop Insurance/Disaster Assistance: The Food and Agricultural Policy Working Group is completing work on an options paper on this topic that should come to you soon.

Sugar Policy: Working with USDA and the Interagency Working Group to develop options for future sweetener policy. Senator Church is holding-up ratification of the International Sugar Agreement until we propose a policy.

COMMUNICATIONS

Reorganization: We and OMB are finishing the Executive Order abolishing the Office of Telecommunications Policy and transferring most of its functions to Commerce. It should be ready for your signature about March 10.

HOUSING AND URBAN DEVELOPMENT

Urban Policy: Agency comments have been received and we are preparing decision memos for you.

New York City Financial Plan: We are working with Treasury in formulating an appropriate federal approach in the post-June 30, 1978 period. Treasury's negotiations in the City are proceeding well, although a difficult period lies ahead. Hamilton, Jack, and I will work closely with Secretary Blumenthal.

ENERGY

National Energy Act (NEA): Natural Gas Conference discussions have resumed. DPS, OMB, Frank Moore, CEA and Schlesinger's staff continue to monitor closely and will make reports and/or recommendations to you as necessary. Analytic work continues on tax-related portions of the bill, along with assessments of Congressional mood on COET.

Nuclear Licensing Reform: Decision memo to you on February 29. John Dingell has asked for Administration testimony on March 1.

Energy Impact Assistance: Preparation of options for decision as well as revision of the steering group report continuing. Final decision memorandum due to you in early March.

DOE FY 1978 Authorization Bill: The bill is now at the White House for Presidential action (last day is February 25.) Enrolled.

NATURAL RESOURCES

Water Policy Study: Agency comments being analyzed. Final paper to you March 15.

Russell Dam: Memorandum to you within a few days.

Suwanee River: Memorandum is completed and on its way to you.

Cache River Project: Working with Senator Bumpers' staff and Interior, EPA and Army evaluating alternatives which minimize channelization and solve 404 legal problems.

OCS: Working with OMB, Interior, and other interested agencies to prepare for conference.

200-Mile Ocean Pollution Zone: Working with NSC and interested agencies on how EPA hazardous substances regulations should be handled.

Lake Tahoe: Discussing with CEQ possible approaches to dealing with pollution at Lake Tahoe.

HUMAN RESOURCES

Social Security: We have met with HEW, Treasury, OMB and CEA to discuss the position of current efforts on the Hill to alter the financing arrangements of the recent social security bill. The Departments are undertaking some soundings of congressional sentiment to see how serious the desire for immediate action is. We will be having some discussions on what our policy should be if it appears that the pressure for new legislation will be strong.

Vietnam Veterans: We will be initiating the PRM study on Vietnam veterans next week. The study will be concerned more with making current programs work better rather than on new spending commitments. Several of the agencies already have projects in development, within the current budget, which can be gathered into a coordinated policy.

AIRLINE REFORM

On Friday, a substitute airline reform bill was introduced in the House that resolved the differences between Congressmen Anderson and Levitas. The bill has all the strong provisions of the Anderson bill, but it makes a compromise on the automatic market entry section. Anderson had a 5-year program allowing one market per year; Levitas opposed having any automatic entry provision at all. The compromise is to direct the CAB to complete a permanent automatic entry program within 6 months. The program (and any future changes) is subject to Congressional disapproval. Although we prefer to have the automatic entry specified in the legislation, the provisions were getting severely weakened. We believe that the CAB, under the leadership of Alfred Kahn, will produce a strong program. All upward pricing flexibility is postponed until the Board's program becomes effective.

The bill is cosponsored by Chairman Johnson, and Congressmen Anderson, Levitas, and Mineta.

We are continuing to join with Frank's staff visiting House members and Senate staff.

PERSONAL

THE WHITE HOUSE
WASHINGTON

2-25-78

To Landon Butter

I'm getting tired of
this. What is behind
it?

J

CARTER INDECISIVE, MEANY SAID EARLIER

Labor Chief Charged That Failure
to Seize Coal Mines Showed
President Wasn't a Leader

By PHILIP SHABECOFF
Special to The New York Times

BAL HARBOUR, Fla., Feb. 24—In organized labor's sharpest attack to date on President Carter, George Meany, president of the A.F.L.-C.I.O., accused Mr. Carter of indecisiveness in the coal strike and urged him to seize the mines immediately.

Speaking before the President announced in Washington a tentative settlement of the coal dispute, Mr. Meany said: "Frankly, he is not giving leadership to this country, and this coal strike is an indication of that failure."

The labor leader said Mr. Carter "should have made up his mind two weeks ago and acted" to resolve the coal impasse. Mr. Meany expressed his views at a news conference at the winter meeting of the executive council of the American Federation of Labor and Congress of Industrial Organizations.

Leadership Is Questioned

Mr. Meany asserted that the coal situation was only the latest example of hesitancy by the President in decision-making, and added that Mr. Carter "has difficulty in making up his mind."

Speaking of the deadlocked coal negotiations and the worsening fuel shortage, the labor leader said he was sure that Presidents such as Harry S. Truman and Lyndon B. Johnson would not have waited this long before using Federal power to break the impasse.

"He acts as if he is hoping the whole thing will go away," Mr. Meany said in scornful tones of Mr. Carter.

Mr. Meany reiterated his belief that the right action for the President would be to seize the mines and have mining operations resume while a fresh effort was made to resolve the contract differences.

"You've got to get the miners back to work," he said.

Mr. Meany added, however, that the Government could seize the mines only if it did so on terms favorable to the miners. "It would be a real fiasco if he seized them on terms favorable to the operators," the labor leader said. "Then the American flag would be flying over every mine shaft, but the coal miners would still not be back to work."

Secretary of Labor Ray Marshall had been scheduled to speak to the day's session of the executive council, but he remained in Washington because of the coal crisis. Mr. Meany reported: "Ray Marshall was supposed to be here today,



Justin Howell, left, a striking coal m
of the tavern. Commenting on the i

but he is still back holding the President's hand."

Asked as he was leaving the news conference why he was being so harsh on Mr. Carter, Mr. Meany blinked his blue eyes and said, "Why should anyone think I have attacked the President?"

Up to now, Mr. Meany and the labor federation have been critical of the President's economic program and failure to reduce unemployment more quickly. But they have generally avoided personal attacks on Mr. Carter and his qualifications as President. The news conference was the most scorching personal criticism of Mr. Carter that Mr. Meany has yet made.

Earlier this week, the 83-year-old Mr. Meany said in reply to a question that the White House had not asked for his advice on what to do about the prolonged coal strike. He also said that past Presidents had made a practice of seeking his counsel during national-emergency strikes.

Mr. Meany replied: "I don't know if A.F.L.-C.I.O. might support Gov. Edmund G. Brown Jr. of California, who was scheduled to meet with the executive council later in the day, as the Democratic Presidential candidate in 1980 instead of President Carter."

Mr. Meany replied: "I don't know if Brown is a candidate, although he sure is acting like one. I tell you, though, after we get a closer look at Brown, maybe President Carter will look better to us."

Apartheid Condemned

On another matter, the executive council issued a statement "viewing with particular alarm the oppression in South Africa" and calling on the United States Government and American corporations to put pressure on the South African

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MINUTES OF THE CABINET MEETING

Monday, February 27, 1978

The forty-third meeting of the Cabinet was called to order by the President at 9:00 a.m., Monday, February 27, 1978. All Cabinet members were present except Mr. Califano, who was represented by HEW Under Secretary Hale Champion; and Mr. Vance, represented by Deputy Secretary of State Warren Christopher. Other persons present were:

Joe Aragon	Dick Moe
Landon Butler	Frank Moore
Zbigniew Brzezinski	Bill Nordhaus
Hugh Carter	Dick Pettigrew
Doug Costle	Frank Press
Stu Eizenstat	Jay Solomon
Jane Frank	Stansfield Turner
Rex Granum	Charles Warren
Richard Harden	John White
Robert Lipshutz	Jack Watson
Bunny Mitchell	Rosalynn Carter

The President thanked the Cabinet for a superb job in helping to secure Congressional action on the B-1 rescission legislation. He said that he has received favorable comments from Members of Congress concerning the Cabinet's effort on the matter.

He commended Messrs. Marshall, Schlesinger and Strauss for their work on the coal strike. He asked Mr. Marshall, the Attorney General and others to be fully prepared to act in the event that the tentative settlement is rejected by the miners.

The President said that several "budget breaking pieces of legislation" are pending in Congress (e.g., the \$250 million "pothole" bill which he strongly opposes and will veto if passed; the tuition tax credit which he also strongly opposes and to which the Administration has proposed an alternative). He asked members of the Cabinet to use their influence to get all Senate committee members present for the nomination hearings on William Miller to be Chairman of the Federal Reserve Board. He also noted that some department

staffs are already lobbying concerning the proposed Department of Education; he asked Cabinet members to talk with him before sending any more people to the Hill on this issue.

The President said that this could be a crucial week in the energy legislation and noted that an important vote on the Panama Canal treaties will be taken today or tomorrow.

There is growing sentiment on the Hill to support F-5E sales to Egypt. He said that, in order to override the President on a proposed arms sales, both the House and Senate have to disapprove the sale.

Recent Congressional action on the Wittiveen Facility was a "good victory" but we are still in trouble on foreign aid. The Administration is trying to educate Congress on the fact that the International Monetary Fund and other IFI's are not foreign aid. The Senate is more receptive to these arguments than the House.

The Hospital Cost Containment bill is still very important to the Administration, and we are trying to work out a compromise on the bill between Congressmen Rogers and Rostenkowski and Senator Kennedy.

The Social Security legislation is unpopular with certain Members of Congress in light of the more than \$30 billion in payroll taxes added by the conferees to the Administration proposal. The President said that he does not believe we should reopen the subject this year and should resist Congress' efforts to do so.

Senator Church is not willing yet to move on the international sugar agreement (ISA) negotiations which are stalled.

The President said that he will sign off on a nuclear licensing bill this week which will then be sent to the Hill.

He said that he was disappointed by George Meany's comments this weekend about the coal strike and about him personally. The President, Vice President and Messrs. Strauss and Marshall briefly discussed the causes and significance of those comments.

The President asked for comments from Cabinet members, beginning with the Secretary of Defense:

1. Dr. Brown said that General Daniel (Chappie) James' funeral will either be Wednesday or Thursday of this week in Washington, D.C., probably at the Shrine of the Immaculate Conception, with burial service at Arlington. He termed the death of the first four-star Black general "a sad loss."

-- He said that General Brown is coming along well. General Brown has undergone additional tests. If they are favorable, he should be back to work within a few weeks.

-- Dr. Brown was in Hawaii ten days ago and gave a major speech in Los Angeles last week on our Asian defense policy. He said that there is a misimpression that the U.S. is ignoring everything but NATO. In fact, with the exception of ground force withdrawals from Korea, we are maintaining or increasing our defense capabilities in the Pacific and are helping the Koreans and Japanese with their defense capabilities.

-- He reported DOD's progress on minority procurement. He said that the White House staff did a fine job of providing support on the B-1 issue. Dr. Brown will testify before the House and Senate Budget Committees later this week and noted that they (particularly the House Committee) have a different perspective on the DOD budget from that of authorizing and appropriating committees. He expects disagreement on Navy ship construction to be more intense than in past years.

2. Ms. Kreps said that the January numbers on production and prices are disappointing. There are significant downturns in industrial production, housing starts, retail sales, and a slowing of growth in personal income. She anticipates a sharp decline in the leading indicators this week: the work week is down; the new consumer price index available today shows a .8% rise in inflation--primarily reflecting a sharp increase in food prices.

-- In response to her request for comments from the Council of Economic Advisors, Mr. Nordhaus pointed out that the revised CPI now applies to all urban consumers. He agreed with Ms. Kreps that an important factor for increased inflation was food prices, but added that there are other significant reasons as well. He said that the real question is whether the new figures reflect a seasonal lull or a fundamental deterioration in the economy. His preliminary view is that it is seasonal.

-- Ms. Kreps stressed that in view of the economic statistics it is imperative that we implement a tax cut as soon as possible this year.

-- The President said that Mr. Schultze is in Paris chairing an OECD subcommittee.

3. Mr. Adams said that he was in Alaska over the weekend attending meetings on airline regulatory reform.

-- He is holding a series of meetings on train derailments and pointed out the continuing problem of spillage of hazardous chemical cargoes.

-- He said that he will work with Senator Bentsen and others in the Senate to persuade them of the inadvisability of the "pothole" legislation.

-- Mr. Adams will send the President a memorandum shortly on the status of the international air negotiations.

4. Mr. McIntyre said that he will go to Texas this week to attend a reception for Congressman Mahon.

-- The President asked the Cabinet to "help hold the budget" and said that he had instructed Mr. McIntyre to be strict about requests for increases.

5. Ambassador Strauss said that a Japanese trade delegation will come to the U.S. in March, and that STR and Commerce are working closely together to achieve substantial trade investments by the Japanese, as much as \$500 million to \$1 billion by June 1.

-- Mr. Strauss suggested that business leaders such as John DeButts, Irving Shapiro and Reg Jones could make calls to the Hill on the William Miller nomination. The President asked Mr. Strauss to meet with the Vice President about this after the Cabinet meeting.

-- Mr. Strauss said that the Tokyo-round negotiations are not encouraging. The issue is not just tariffs but non-tariff barriers such as agricultural subsidies. He is working closely with Secretary Bergland and Assistant Secretary of the Treasury Fred Bergsten, and also with Frank Moore, to ensure that Congress is consulted, and that it will be willing to approve the final outcome of the talks.

-- In response to a question from the President, Mr. Strauss said that he will get involved in the ISA negotiations which he did not realize were in so much difficulty. He plans to talk to Secretary Bergland and Assistant Secretary of State Julius Katz on the issue.

6. The President and several members of the Cabinet discussed problems relating to leaks of Cabinet minutes and other information discussed at Cabinet meetings. The President asked Mr. Watson to consult the Cabinet and give him a memorandum on this subject.

7. Dr. Schlesinger said that one million tons of coal was moved to the East Central Region last week, much of it from California. This compares to a 200,000 - 300,000 ton shipment in the previous week. He commended the high degree of cooperation by all involved and said that this capability should stretch out the period of risk if the miners reject the tentative contract. It appears that more western coal can be blended for use by utilities in the East Central states than was originally estimated.

-- DOE has established a task force to prepare for a federal take-over of the mines if it becomes necessary.

-- Mr. Adams reported on the availability of rail cars for coal shipments.

-- Dr. Schlesinger said that some DOE nominations have been pending on the Hill for six months and are moving very slowly. He described the crippling effect of the situation. He also noted that it takes over three months for the Civil Service Commission to clear new personnel, and said that DOE is experiencing considerable delays in moving into offices in Southwest because of a law suit filed by some DOD employees.

-- The President asked the Cabinet to give Mr. Watson a memorandum on the status of any nominations from their departments that are being unduly delayed on the Hill, or in the Civil Service Commission. He said that he will talk personally to Senators Byrd and Baker about the Hill situation.

8. Ms. Harris said that HUD is investigating scandals involving some HUD personnel during 1972 - 1976.

9. Mr. Bergland said that the actions of some farmers in Texas who threw eggs and grapefruit at him have generated many editorials condemning that kind of conduct.

-- He described the status of meetings he is holding with Congress on the farm situation generally, and with Senator Church on the ISA.

10. Mr. Blumenthal said that the House Ways and Means Committee will begin public hearings next week on tax reform. Treasury will monitor the situation closely.

-- Treasury is trying to keep any proposed changes to the Social Security legislation from interfering with the Administration's tax bill. The President noted that some Members of Congress misunderstood Mr. Blumenthal's statement in this regard which, when read in full, makes clear that his position is not to change the Social Security legislation this year.

-- Mr. Blumenthal said that the weakness of the dollar last week was due largely to the need to get the energy legislation moving and to settle the coal strike. He said that the tentative coal settlement probably accounts for the strengthening of the dollar at the end of the week. Treasury is engaging in "bridging actions" which are technical in nature and designed to strengthen the value of the dollar.

-- He will testify on the New York City financing situation on Thursday of this week and will submit a memorandum on the subject to the President today. Treasury has evolved an approach that is generally satisfactory to Governor Carey and Mayor Koch. He will testify later this morning on the Wittiveen Facility and the IMF. He expects tough questioning on his testimony which will explain the overall framework for our participation in international financial institutions (IFI's).

-- Mr. Blumenthal said that Congress is interested in increasing Treasury's budget. There was general discussion by several Cabinet members about this tendency on the part of Congressional committees with oversight responsibility for various departments and programs. The President said that it is time to undertake a fundamental review of the entire budget process. Mr. Adams, who formerly chaired the House Budget Committee, said that he agreed, and that he and Mr. McIntyre will have lunch to discuss this subject.

11. The Vice President stressed the importance of the tuition tax credit issue. He suggested that discussions against the Packwood/Moynihan bill focus on the fact that the un earmarked credit in the Administration's tax package is a more equitable way to help families put their children through both public and private schools.

12. The Attorney General said that the Justice Department's priority this week is the LEAA legislation and reorganization plan. Since November, DOJ has held discussions with White House staff and OMB on this subject. He will testify on the reorganization portion Wednesday before the House Judiciary Committee. He asked those departments with interests in special portions of the program, e.g., HEW in the juvenile justice section; HUD in the community crime section, to defer their skirmishes until the basic legislative situation is resolved.

-- In response to a question from the President, he predicted that the nomination hearings for Mr. Civiletti will work out well. He said that he had made it clear to the committee that Mr. Civiletti had absolutely no involvement with the Marston matter.

13. Mr. Marshall said that by the middle of the afternoon he will have a full contingency plan on the coal strike. He said that although we cannot count on ratification, the unanimous approval of the tentative agreement by the union's negotiating committee and by two-thirds of the Bargaining Council is significant.

14. Ambassador Young said that the UN is presently discussing disarmament and economic questions.

-- Ambassador Young said that he prepared a report on the recent discussions on Rhodesia held at Malta which was circulated widely by Senator Clark. His basic point was that those discussions went far better than the press reported. The President said that there is a great deal of information in the media on the difference between the Anglo-American proposal and the internal settlement. He said that the Administration had done a great deal of work on the issue prior to and since the Vice President's early trip to Vienna, and that we are maintaining our support for the Anglo-American proposal. He said that he enjoys an excellent relationship with British Prime Minister Callaghan, and that British Foreign Minister David Owen is in frequent contact with Ambassador Young and other Administration officials. He said that we are engaged in a "slow, steady,

consistent effort to generate the trust of the Africans." He noted that he will meet with General Obasanjo in Nigeria over the Easter holidays and will also make a brief stop in Liberia.

15. Dr. Brzezinski said that the National Security Council met last week.

-- The NSC is developing the U.S. position on anti-satellite activity.

-- NSC and State Department staffs are attending allied consultations on SALT to work out assurances concerning non-circumvention provisions.

-- NSC staff and the Science Advisor are on schedule in a program to provide heightened security for telecommunications.

-- Last week the President signed and issued to the government a Presidential Directive on human rights which emphasizes incentives instead of penalties.

-- Dr. Brzezinski is increasingly concerned about the Turkish Defense Cooperation Agreement. NSC will submit a Congressional action strategy to the President soon.

-- The Policy Review Committee met Saturday on the Humphrey bill which would establish a new International Development Cooperation Administration. The PRC agreed on the need for a positive response. Recommendations on the subject will be sent to the President soon.

-- Dr. Brzezinski noted a pattern of deterioration in U.S./Soviet relations. He said that the pattern is reflected in the Soviets' recent actions at the Conference on Security and Cooperation in Europe (CSCE) in Belgrade; their sustained campaign against the neutron bomb; their efforts to expand naval bases in the Mediterranean; and their current intrusion into the Horn of Africa. Dr. Schlesinger commented on the implications of Soviet intervention in the African Horn with respect to the Middle East oil situation.

-- The President said that he will attend two major meetings with our European allies during the next year. In May the NATO powers will meet in Washington, and an Economic Summit is tentatively scheduled with leaders of Britain, France and Germany in July. He said that he shares Dr. Brzezinski's sense that the U.S./USSR relationship is not as good as it should be. The President and

several members of the Cabinet discussed the advisability of developing an increased public awareness of the U.S./Soviet situation.

16. Mr. Nordhaus described the Organization of European Community Development (OECD) meeting which Mr. Schultze is attending in Paris. He said that the performance of the U.S. economy this past year was much better than that of our European friends.

-- CEA is preparing a reassessment of the coal strike and finds the new data heartening in terms of increased shipments and postponements of industrial production cutbacks. The President reiterated his directive that we be ready to move immediately if the tentative contract is rejected.

17. Mr. Champion said that a crucial signal on the tuition tax credit will be what recommendation the House Ways and Means Committee makes to the House Budget Committee. The Attorney General's opinion on the constitutionality of of the Packwood/Moynihan bill is very important. The Attorney General said that the Justice Department is still working on it. Congressional forces are now beginning to understand that the Administration will not accept both Packwood/Moynihan and our alternative, and, in view of this, are beginning to fight harder for the Administration proposal.

-- A critical vote will take place on hospital cost containment in Congressman Rostenkowski's subcommittee. Negotiations on this subject have been started with Senator Talmadge.

-- Mr. Califano's conversations with the Congressional leadership have convinced him that they do not want to raise the Social Security issue this year. Nonetheless, Mr. Champion predicted that it will come up in the context of consideration of tax reform.

18. Mr. Andrus said that late Friday, Interior and Justice resolved a long-standing suit, NRDC vs. Hughes, that had tied up a substantial amount of Western coal leasing. The result will be that 250 to 300 million tons of coal can now be leased in hardship situations. He said that it was a good agreement, and that it did not signify any surrender of rights by the Interior Department to environmentalists. This will be the first time that any Western coal has been leased since 1971. If the appeal had been pursued, another 12 to 18 month's delay would have resulted.

-- Mr. Andrus stressed the need for a contingency plan in the event that a seizure of the mines should become necessary. Since he has been tentatively designated to take charge of such a seizure, he asked to be included in and fully informed about planning for this event.

19. Mr. Christopher said that Mr. Vance is at the National Governors' Conference making a speech against protectionism. He said that Ambassador Strauss had made an excellent speech on this subject recently at the State Department.

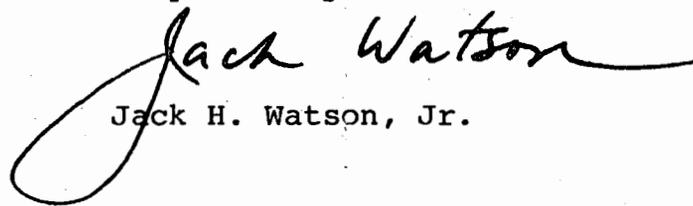
-- He said that the drug hearings in connection with the Panama Canal treaties debates had turned out to be a failure for the opposition. In this connection, he said that Panamanian General Torrijos was very patient. He described as unfortunate the release of certain portions of the Senate Intelligence Committee report. He met with Senator Byrd last Friday to talk about the first of a series of anticipated amendments.

-- He said that Yugoslavian President Tito will visit the U.S. next Monday through Wednesday. Demonstrations are predicted, and security arrangements are being made.

20. The President said that progress this past week was excellent and that, although Cabinet meetings usually focus on problems and unresolved issues, the general thrust of the Administration's activities is very good.

The meeting was adjourned by the President at 10:55 a.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Jack Watson". The signature is written in a cursive style with a large, looping initial "J".

Jack H. Watson, Jr.

Made
poses

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

C
/

HWF
Box 74
Reh
2/27/78 []

MINUTES OF THE CABINET MEETING

Monday, February 27, 1978

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- | | |
|---------------------|-------------------|
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There is growing sentiment on the Hill to support F-5E sales to Egypt. He said that, in order to override the President on a proposed arms sales, both the House and Senate have to disapprove the sale.

Recent Congressional action on the Wittiveen Facility was a "good victory" but we are still in trouble on foreign aid. The Administration is trying to educate Congress on the fact that the International Monetary Fund and other IFI's are not foreign aid. The Senate is more receptive to these arguments than the House.

The Hospital Cost Containment bill is still very important to the Administration, and we are trying to work out a compromise on the bill between Congressmen Rogers and Rostenkowski and Senator Kennedy.

The Social Security legislation is unpopular with certain Members of Congress in light of the more than \$30 billion in payroll taxes added by the conferees to the Administration proposal. The President said that he does not believe we should reopen the subject this year and should resist Congress' efforts to do so.

Senator Church is not willing yet to move on the international sugar agreement (ISA) negotiations which are stalled.

The President said that he will sign off on a nuclear licensing bill this week which will then be sent to the Hill.

He said that he was disappointed by George Meany's comments this weekend about the coal strike and about him personally. The President, Vice President and Messrs. Strauss and Marshall briefly discussed the causes and significance of those comments.

The President asked for comments from Cabinet members, beginning with the Secretary of Defense:

1. Dr. Brown said that General Daniel (Chappie) James' funeral will either be Wednesday or Thursday of this week in Washington, D.C., probably at the Shrine of the Immaculate Conception, with burial service at Arlington. He termed the death of the first four-star Black general "a sad loss."

-- He said that General Brown is coming along well. General Brown has undergone additional tests. If they are favorable, he should be back to work within a few weeks.

-- Dr. Brown was in Hawaii ten days ago and gave a major speech in Los Angeles last week on our Asian defense policy. He said that there is a misimpression that the U.S. is ignoring everything but NATO. In fact, with the exception of ground force withdrawals from Korea, we are maintaining or increasing our defense capabilities in the Pacific and are helping the Koreans and Japanese with their defense capabilities.

-- He reported DOD's progress on minority procurement. He said that the White House staff did a fine job of providing support on the B-1 issue. Dr. Brown will testify before the House and Senate Budget Committees later this week and noted that they (particularly the House Committee) have a different perspective on the DOD budget from that of authorizing and appropriating committees. He expects disagreement on Navy ship construction to be more intense than in past years.

2. Ms. Kreps said that the January numbers on production and prices are disappointing. There are significant downturns in industrial production, housing starts, retail sales, and a slowing of growth in personal income. She anticipates a sharp decline in the leading indicators this week: the work week is down; the new consumer price index available today shows a .8% rise in inflation--primarily reflecting a sharp increase in food prices.

-- In response to her request for comments from the Council of Economic Advisors, Mr. Nordhaus pointed out that the revised CPI now applies to all urban consumers. He agreed with Ms. Kreps that an important factor for increased inflation was food prices, but added that there are other significant reasons as well. He said that the real question is whether the new figures reflect a seasonal lull or a fundamental deterioration in the economy. His preliminary view is that it is seasonal.

-- Ms. Kreps stressed that in view of the economic statistics it is imperative that we implement a tax cut as soon as possible this year.

-- The President said that Mr. Schultze is in Paris chairing an OECD subcommittee.

3. Mr. Adams said that he was in Alaska over the weekend attending meetings on airline regulatory reform.

-- He is holding a series of meetings on train derailments and pointed out the continuing problem of spillage of hazardous chemical cargoes.

-- He said that he will work with Senator Bentsen and others in the Senate to persuade them of the inadvisability of the "pothole" legislation.

-- Mr. Adams will send the President a memorandum shortly on the status of the international air negotiations.

4. Mr. McIntyre said that he will go to Texas this week to attend a reception for Congressman Mahon.

-- The President asked the Cabinet to "help hold the budget" and said that he had instructed Mr. McIntyre to be strict about requests for increases.

5. Ambassador Strauss said that a Japanese trade delegation will come to the U.S. in March, and that STR and Commerce are working closely together to achieve substantial trade investments by the Japanese, as much as \$500 million to \$1 billion by June 1.

-- Mr. Strauss suggested that business leaders such as John DeButts, Irving Shapiro and Reg Jones could make calls to the Hill on the William Miller nomination. The President asked Mr. Strauss to meet with the Vice President about this after the Cabinet meeting.

-- Mr. Strauss said that the Tokyo-round negotiations are not encouraging. The issue is not just tariffs but non-tariff barriers such as agricultural subsidies. He is working closely with Secretary Bergland and Assistant Secretary of the Treasury Fred Bergsten, and also with Frank Moore, to ensure that Congress is consulted, and that it will be willing to approve the final outcome of the talks.

-- In response to a question from the President, Mr. Strauss said that he will get involved in the ISA negotiations which he did not realize were in so much difficulty. He plans to talk to Secretary Bergland and Assistant Secretary of State Julius Katz on the issue.

6. The President and several members of the Cabinet discussed problems relating to leaks of Cabinet minutes and other information discussed at Cabinet meetings. The President asked Mr. Watson to consult the Cabinet and give him a memorandum on this subject.

7. Dr. Schlesinger said that one million tons of coal was moved to the East Central Region last week, much of it from California. This compares to a 200,000 - 300,000 ton shipment in the previous week. He commended the high degree of cooperation by all involved and said that this capability should stretch out the period of risk if the miners reject the tentative contract. It appears that more western coal can be blended for use by utilities in the East Central states than was originally estimated.

-- DOE has established a task force to prepare for a federal take-over of the mines if it becomes necessary.

-- Mr. Adams reported on the availability of rail cars for coal shipments.

-- Dr. Schlesinger said that some DOE nominations have been pending on the Hill for six months and are moving very slowly. He described the crippling effect of the situation. He also noted that it takes over three months for the Civil Service Commission to clear new personnel, and said that DOE is experiencing considerable delays in moving into offices in Southwest because of a law suit filed by some DOD employees.

-- The President asked the Cabinet to give Mr. Watson a memorandum on the status of any nominations from their departments that are being unduly delayed on the Hill, or in the Civil Service Commission. He said that he will talk personally to Senators Byrd and Baker about the Hill situation.

8. Ms. Harris said that HUD is investigating scandals involving some HUD personnel during 1972 - 1976.

9. Mr. Bergland said that the actions of some farmers in Texas who threw eggs and grapefruit at him have generated many editorials condemning that kind of conduct.

-- He described the status of meetings he is holding with Congress on the farm situation generally, and with Senator Church on the ISA.

10. Mr. Blumenthal said that the House Ways and Means Committee will begin public hearings next week on tax reform. Treasury will monitor the situation closely.

-- Treasury is trying to keep any proposed changes to the Social Security legislation from interfering with the Administration's tax bill. The President noted that some Members of Congress misunderstood Mr. Blumenthal's statement in this regard which, when read in full, makes clear that his position is not to change the Social Security legislation this year.

-- Mr. Blumenthal said that the weakness of the dollar last week was due largely to the need to get the energy legislation moving and to settle the coal strike. He said that the tentative coal settlement probably accounts for the strengthening of the dollar at the end of the week. Treasury is engaging in "bridging actions" which are technical in nature and designed to strengthen the value of the dollar.

-- He will testify on the New York City financing situation on Thursday of this week and will submit a memorandum on the subject to the President today. Treasury has evolved an approach that is generally satisfactory to Governor Carey and Mayor Koch. He will testify later this morning on the Wittiveen Facility and the IMF. He expects tough questioning on his testimony which will explain the overall framework for our participation in international financial institutions (IFI's).

-- Mr. Blumenthal said that Congress is interested in increasing Treasury's budget. There was general discussion by several Cabinet members about this tendency on the part of Congressional committees with oversight responsibility for various departments and programs. The President said that it is time to undertake a fundamental review of the entire budget process. Mr. Adams, who formerly chaired the House Budget Committee, said that he agreed, and that he and Mr. McIntyre will have lunch to discuss this subject.

11. The Vice President stressed the importance of the tuition tax credit issue. He suggested that discussions against the Packwood/Moynihan bill focus on the fact that the un earmarked credit in the Administration's tax package is a more equitable way to help families put their children through both public and private schools.

12. The Attorney General said that the Justice Department's priority this week is the LEAA legislation and reorganization plan. Since November, DOJ has held discussions with White House staff and OMB on this subject. He will testify on the reorganization portion Wednesday before the House Judiciary Committee. He asked those departments with interests in special portions of the program, e.g., HEW in the juvenile justice section; HUD in the community crime section, to defer their skirmishes until the basic legislative situation is resolved.

-- In response to a question from the President, he predicted that the nomination hearings for Mr. Civiletti will work out well. He said that he had made it clear to the committee that Mr. Civiletti had absolutely no involvement with the Marston matter.

13. Mr. Marshall said that by the middle of the afternoon he will have a full contingency plan on the coal strike. He said that although we cannot count on ratification, the unanimous approval of the tentative agreement by the union's negotiating committee and by two-thirds of the Bargaining Council is significant.

14. Ambassador Young said that the UN is presently discussing disarmament and economic questions.

-- Ambassador Young said that he prepared a report on the recent discussions on Rhodesia held at Malta which was circulated widely by Senator Clark. His basic point was that those discussions went far better than the press reported. The President said that there is a great deal of information in the media on the difference between the Anglo-American proposal and the internal settlement. He said that the Administration had done a great deal of work on the issue prior to and since the Vice President's early trip to Vienna, and that we are maintaining our support for the Anglo-American proposal. He said that he enjoys an excellent relationship with British Prime Minister Callaghan, and that British Foreign Minister David Owen is in frequent contact with Ambassador Young and other Administration officials. He said that we are engaged in a "slow, steady,

consistent effort to generate the trust of the Africans." He noted that he will meet with General Obasanjo in Nigeria over the Easter holidays and will also make a brief stop in Liberia.

15. Dr. Brzezinski said that the National Security Council met last week.

-- The NSC is developing the U.S. position on anti-satellite activity.

-- NSC and State Department staffs are attending allied consultations on SALT to work out assurances concerning non-circumvention provisions.

-- NSC staff and the Science Advisor are on schedule in a program to provide heightened security for telecommunications.

-- Last week the President signed and issued to the government a Presidential Directive on human rights which emphasizes incentives instead of penalties.

-- Dr. Brzezinski is increasingly concerned about the Turkish Defense Cooperation Agreement. NSC will submit a Congressional action strategy to the President soon.

-- The Policy Review Committee met Saturday on the Humphrey bill which would establish a new International Development Cooperation Administration. The PRC agreed on the need for a positive response. Recommendations on the subject will be sent to the President soon.

-- Dr. Brzezinski noted a pattern of deterioration in U.S./Soviet relations. He said that the pattern is reflected in the Soviets' recent actions at the Conference on Security and Cooperation in Europe (CSCE) in Belgrade; their sustained campaign against the neutron bomb; their efforts to expand naval bases in the Mediterranean; and their current intrusion into the Horn of Africa. Dr. Schlesinger commented on the implications of Soviet intervention in the African Horn with respect to the Middle East oil situation.

-- The President said that he will attend two major meetings with our European allies during the next year. In May the NATO powers will meet in Washington, and an Economic Summit is tentatively scheduled with leaders of Britain, France and Germany in July. He said that he shares Dr. Brzezinski's sense that the U.S./USSR relationship is not as good as it should be. The President and

several members of the Cabinet discussed the advisability of developing an increased public awareness of the U.S./Soviet situation.

16. Mr. Nordhaus described the Organization of European Community Development (OECD) meeting which Mr. Schultze is attending in Paris. He said that the performance of the U.S. economy this past year was much better than that of our European friends.

-- CEA is preparing a reassessment of the coal strike and finds the new data heartening in terms of increased shipments and postponements of industrial production cutbacks. The President reiterated his directive that we be ready to move immediately if the tentative contract is rejected.

17. Mr. Champion said that a crucial signal on the tuition tax credit will be what recommendation the House Ways and Means Committee makes to the House Budget Committee. The Attorney General's opinion on the constitutionality of the Packwood/Moynihan bill is very important. The Attorney General said that the Justice Department is still working on it. Congressional forces are now beginning to understand that the Administration will not accept both Packwood/Moynihan and our alternative, and, in view of this, are beginning to fight harder for the Administration proposal.

-- A critical vote will take place on hospital cost containment in Congressman Rostenkowski's subcommittee. Negotiations on this subject have been started with Senator Talmadge.

-- Mr. Califano's conversations with the Congressional leadership have convinced him that they do not want to raise the Social Security issue this year. Nonetheless, Mr. Champion predicted that it will come up in the context of consideration of tax reform.

18. Mr. Andrus said that late Friday, Interior and Justice resolved a long-standing suit, NRDC vs. Hughes, that had tied up a substantial amount of Western coal leasing. The result will be that 250 to 300 million tons of coal can now be leased in hardship situations. He said that it was a good agreement, and that it did not signify any surrender of rights by the Interior Department to environmentalists. This will be the first time that any Western coal has been leased since 1971. If the appeal had been pursued, another 12 to 18 month's delay would have resulted.

-- Mr. Andrus stressed the need for a contingency plan in the event that a seizure of the mines should become necessary. Since he has been tentatively designated to take charge of such a seizure, he asked to be included in and fully informed about planning for this event.

19. Mr. Christopher said that Mr. Vance is at the National Governors' Conference making a speech against protectionism. He said that Ambassador Strauss had made an excellent speech on this subject recently at the State Department.

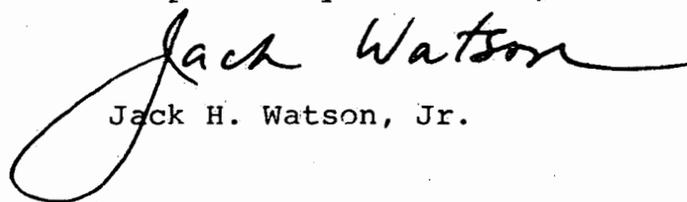
-- He said that the drug hearings in connection with the Panama Canal treaties debates had turned out to be a failure for the opposition. In this connection, he said that Panamanian General Torrijos was very patient. He described as unfortunate the release of certain portions of the Senate Intelligence Committee report. He met with Senator Byrd last Friday to talk about the first of a series of anticipated amendments.

-- He said that Yugoslavian President Tito will visit the U.S. next Monday through Wednesday. Demonstrations are predicted, and security arrangements are being made.

20. The President said that progress this past week was excellent and that, although Cabinet meetings usually focus on problems and unresolved issues, the general thrust of the Administration's activities is very good.

The meeting was adjourned by the President at 10:55 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jack Watson". The signature is written in dark ink and is positioned above the typed name.

Jack H. Watson, Jr.

~~File~~

London has
seen

THE PRESIDENT HAS SEEN.

ok
J

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO THE PRESIDENT

FROM: SECRETARY RAY MARSHALL *Ray*
LONDON BULLER *L.B.*

DATE: FEBRUARY 27, 1978

SUBJECT: COAL CONTRACT RATIFICATION CAMPAIGN

The UMW's ratification campaign will consist of the following:

- Today, some 400 district officers of the thirty-nine UMW districts are meeting in Washington to learn the details of the new contract.
- On Wednesday, these officers will return to their respective districts to hold meetings with officers of the UMW locals. These district level meetings will range in size from 50-200 persons.
- On Thursday, the local officers will meet with their members in the local union halls.
- The locals will then wait forty-eight hours to vote on the contract. The voting will begin over the weekend.
- Tomorrow and Wednesday, each union member will receive a copy of the full contract with a summary.
- Also on tomorrow and Wednesday, radio and television spots will begin on some 50 stations throughout those states with significant union membership. The spots will consist of an endorsement by Johnny Paycheck, plus other endorsements by Bargaining Council members.

Until we can assess the success or failure of the UMW program, the Administration should keep a low profile. There are, however, a number of steps which we can take now:

- A signing ceremony for the Black Lung bill should be scheduled for Wednesday morning. Bargaining Council members should be invited to attend.
- We need to make sure --probably by working through third parties -- that the miners understand that:

ok - work
E Tim

- 1) A Taft-Hartley injunction stops food stamps.
- 2) Opposition to seizure would grow if the miners turn down the contract.

--The BCOA must be urged to get out the "steady Eddie" vote; these are the miners who seldom attend union functions, but who are ready and anxious to get back to work.

--Finally, we must be looking for ways in which those Governors and members of Congress who enjoy the confidence of the miners can be best utilized.

2:30 PM

THE PRESIDENT HAS SEEN:

THE WHITE HOUSE

WASHINGTON

February 27, 1978

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MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *Fm/pd*

Governor Finch will probably bring up the matter of Iranian FFG's when he meets with you today. The construction of these five frigates would take place in the Pascagoula, Mississippi, shipyard and would result in the creation of 3,000 direct jobs and 9,000 indirect jobs. This is, of course, a foreign arms sale.

I have already mentioned the matter to Warren Christopher. If the Governor brings this up, you can tell him that because of his interest, you will ask the State Department to review the matter.

cc: Dr. Brzezinski
Jack Watson

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

①

February 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Bill Nordhaus *WN*
SUBJECT: January CPI Numbers

The January consumer price index will be released this morning. The price data are not encouraging: January was up 0.8 percent over December. This rise compares with an average of 0.4 percent over the last 6 months and is the largest figure since last April.

The volatile food component was up 1.2 percent following higher farm prices of the last three months. But almost all categories showed strong upward pressure. The higher minimum wage in January may also have been a factor.

Note: Starting with this release, the CPI has been completely revised and updated. The sample covers a broader group -- all urban consumers -- as well as the traditional one. The new "CPI for all Urban Consumers" will cover approximately 80 percent of the U.S. civilian population. Unfortunately, there will be two CPIs each month, as the old, narrower concept will be retained. We will focus on the broader index and hope that there is no major discrepancy to cause confusion. Both indices rose 0.8 percent for this first month.

1059

THE WHITE HOUSE
WASHINGTON
February 27, 1978

Secretary Kreps

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson
SPECIAL REPORT ON CAPITOL HILL
ACTIVITIES

cc: Frank Moore



THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

*Juanita
Good
J*

February 24, 1978

REPORT TO THE PRESIDENT (Addendum)

A Special Report on Capitol Hill Activities:

In addition to ongoing actions to meet your specific requests regarding Capitol Hill, I have established several new procedures in support of your desire that Cabinet members become more closely involved with Members of Congress and their staffs. These procedures include:

- Approximately once a month I am inviting a Senator and a Representative, and their spouses, to join me in the Presidential Box at the Kennedy Center. When possible, I encourage my guests to invite constituents to join us. This program has been very well received;
- A schedule for my visiting, on a periodic basis, with those Congressional committee staffs which are directly involved in Departmental program areas;
- Monthly breakfast meetings with me at the Department with six key House and Senate staff assistants;
- A new system for coordinating with Frank Moore and his staff which will enable them to use the Department's meetings with Senators and Representatives to learn their positions on upcoming legislation of White House interest;
- A continuing survey of the interests of Members and key staff individuals followed with briefings by my Assistant Secretaries;
- A program for Departmental briefings to appropriate Capitol Hill groups on issues of major importance involving the Department, e.g., minority enterprise, anti-boycott regulations, shoe assistance program, Local Public Works Program implementation; and
- Weekly visits by our Congressional Liaison staff to ten selected Hill offices, to inquire about problems with the Department and to explain the Bureaus within the Department.

1058

THE WHITE HOUSE
WASHINGTON
February 27, 1978

Jim Gammill

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

Rick Hutcheson

cc: Hamilton Jordan

RE: RICHARD PATENOUE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
	/	JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
/		GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

February 28, 1978

*Jim -
ok -
proceed
J*

MEMORANDUM FOR THE PRESIDENT

FROM: JIM GAMMILL *Jm G*

SUBJECT: RICHARD PATENOUE

Evan Dobbelle can offer Richard Patenoude a position as a Protocol Officer in the Ceremonials Section of the Office of Protocol. The base pay will be about \$16,800, and Richard can expect about \$2,000 in overtime as well.

Richard can not begin until he receives a State Department security clearance, which usually takes three weeks. We will urge the State Department to move as rapidly as possible.

I expect Evan to discuss the position with Richard on Monday.

THE WHITE HOUSE
WASHINGTON

February 27, 1978

Stu Eizenstat

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

Rick Hutcheson

RE: OPIC TRANSFERS TO EXPORT-
IMPORT BANK

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
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	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

ok
J

February 25, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: OPIC Transfers to Export-Import Bank

I have checked on your recent question about whether OPIC is transferring some of its functions to the Export-Import Bank. The basic answer is that OPIC is attempting to transfer to the Export-Import Bank certain construction insurance contracts, amounting to about 5 percent of OPIC's total business.

At present, OPIC provides construction insurance for American companies attempting to build projects in the Less Developed Countries. Last year the EPG strongly suggested that OPIC limit, with certain exceptions, its activities to those LDC's with per capita income of below \$1,000 a year. That suggestion was intended to have OPIC target its limited funds on projects in the most under-developed countries. To make certain that construction insurance does exist for companies desiring to build projects in LDC's with \$1,000 or more per capita annual income, OPIC has been attempting to persuade the Export-Import Bank that it should assume that function. For a variety of reasons, the Bank has been reluctant to assume the function; one of the major reasons is that those type of construction projects generally involve substantial foreign procurement, while the Bank is obligated to fund projects which have substantial U.S. procurement. I understand that OPIC and the Bank will probably not resolve this issue until at least the end of March.

With respect to any concern that OPIC is losing a large part of its functions, I think it is accurate to say that the proposed transfer would be negligible in terms of OPIC's overall business. OPIC estimates that, for instance, of the more than 500 projects it has insured over the last 4 years, only about 25 are in LDC's with annual per capita incomes of \$1,000 or more. In addition, OPIC estimates that only 3 to 5 employees would need to be transferred to the Export-Import Bank.

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank

February 24, 1978

RE: Proposed Agenda

1. Report on the coal situation;
2. Discussion of the Panama debate;
3. Comments from Cabinet members.

CC: The Vice President

Governors
Energy Production
2-27-78

THE WHITE HOUSE
WASHINGTON

- > Welcome - Thanks
- > Energy plans. All have learned
- > Need for NLP
- > Fed - St. Loc - Private - Dev - Env.
- > Coal strike. Nat gas W'77 - 73 Emb
+ O.I./gas prod
- Energy consumption
O.I./gas → Coal & renewable
Develop new

Phase II

- O.I./gas ← shale, coal, renewable
- Nuclear Licensing bill = ^{states} _{site} _{envir}
12 yrs → 6-8 yrs = ^{safety} _{Envir Qual}
- State planning - Impact Assistance
- Regulatory reform
- Foreign factors influence ^{US} energy

THE WHITE HOUSE
WASHINGTON

Predictions - 5 yrs or 20 ocs high
Price 3X

Calif heavy crude = short-in wells
Sohio (Alaska → ^{MW} sea)

inc entitlements \$174

Price A, widening markets

Impact assistance - recon Mid West
Rockefeller, Link, Judge

Nuke waste disposal - End '78

Renewable - \$200 mil + 50M fusion

Solar Demos → Commercial

Geo Arioshi - Renewable

- > Geo-Thermal - Biomass - wind - wood
+ \$200 mil + 50 mil fusion
- > Demos → Commercial
- DOE Consolidate data/admin/policy

> Phase II

=
Rockefeller = Conrail

Coal - Xportation = Rail = Hwy

RR Row a abandonment

> Impact - Fed/st/loc Mid West

(NEP opens opportunity
for resolution of problems)

Concerns comp act too quickly

Busco - Boren

- Oil imp +20% now 8⁶ mil
- > May double by 1985
- NEP overestimates '85 production
5 vs 20 - 3X - marginal - OCS ↑
If error - NEP needed even more
- > Price vs production of Nat Gas
NEP dereg 1.75 ↑
- > Fed leasing policy - Coal, OCS
- > Definition of stripper wells

≡

Staub

- > Siting - Governors act ^{OCS} N Reg Lic
- 30 yrs > Radioactive wastes - reprocessing
INFC/Consult to States - 1978
Dixie Lee
- ≡ Edwards - Thompson - Ray
- > Licensing 12 yrs → 6-8 yrs
- > Breeder

≡

- > DuPont OCS = Courts/Andrews
Impact aid - 3/11 - Bill - prefer House version
- > Oil tanker spill
Consolidation of lawsuits

Cabinet
2-27-78

THE WHITE HOUSE
WASHINGTON

- > B-1
- > Coal strike - T/H? - Seizure?
Black lung
- > Potholes
- > Tuition tax credit
- > Miller nomination
- > Education Dept - don't lobby
- > Energy
- > Panama
- > Mid East arms
- > Witteveen - IFFI
- > Hospital Cost Containment ^{Vote} today
- > Soc Sec. no action in '78
- > Meany
- > Int Sugar Agreement - Church
- > Nuclear licensing
- Killers & Cripplers
- > Hold budget
- > NATO mtg - May
Use of Ken Center

THE WHITE HOUSE
WASHINGTON

Asia emphasis

Chappie James death

Japan defence commitment

1/78 Ind prod, Housing, retail sales,
new orders all down

Leading indicators this week ↓

CPI for Jan + 0.8%

4th Q - + 4% GNP 1Q less(?)

Pilots agreement - Alaska

Jim Sasser statement - explosion

Rail beds

Int airline policy

1 mil tons coal/yr → ECAR

Rail cars moving

Civil service - 3 mos for clearance
also Confirmation

Ag sit - strikers excesses

Ag legis threat

W&M next wk tax bill leaving

NYC - gov, mayor satisfied (?)

Foreign Aid

THE WHITE HOUSE
WASHINGTON

Budget process

- Tuition tax credit = Moynihan/Rohrabacher
- LEAA reorg = Rodino vs Brooks
- HEW wants juvenile justice
- HUD/ACTON wants community crime
- Coal strike recon today
- Harbors on under "harbors W" policy
- UN Gen Disarm Conference
- Rhodesia
- Namibia
- Horn
- ASAT
- SALT vs NATO
- Telecommunications Security
- Human Rts PD
- Greece - Turkey - Cyprus
- Super deterioration
- Scharansky

THE WHITE HOUSE
WASHINGTON

US Econ growth $\approx 3\%$ > allies

W Coal leasing lawsuit
can now lease $\sim 200,000$ T

HNN ICI reorg bill
Tito visit

Andy:

Prepare for UN Disarmament Conf.

LDC - Jamaica mtg 6/1

Economics re LDC's (Niger, Venezuela)

1047

THE WHITE HOUSE
WASHINGTON
February 27, 1978

Stu Eizenstat
Jim McIntyre

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

Stu - please notify Secretary Califano of the President's decision.

Rick Hutcheson

cc: Tim Kraft
Fran Voorde - page 13

SECRETARY CALIFANO MEMO ON EDUCATION
LEGISLATION

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

sta - pls notify sec Califano

ACTION	FYI	
		MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
✓		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

✓	KRAFT - p. 13
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
✓	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

2/26/78

Mr. President:

No other staff comments
received.

Rick

Stu
J

THE WHITE HOUSE
WASHINGTON

February 24, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM MCINTYRE
STU EIZENSTAT *Stu*

SUBJECT: Secretary Califano Memorandum
on Education Legislation

Secretary Califano has sent you a memorandum outlining the issues you need to decide in order to send to the Congress the Administration's legislative proposals concerning elementary and secondary education. The Secretary proposes that this initiative be transmitted in the form of a message to Congress. We are working with HEW in drafting the message.

HEW has been working with OMB and DPS staff since the December briefing to revise the preliminary proposals to meet the goals and concerns you expressed. There is agreement on the major issues. We believe that these proposals, when combined with the unprecedented budget increases in Fiscal 1978 and 1979 clearly establish education as one of your most successful priorities.

In broad terms, the legislation would:

- o Implement a phased, gradual but substantial reform of the Impact Aid Program;
- o Strengthen our commitment to basic skills education in Title I -- the Compensatory Education Program; and add a new provision to concentrate a major share of increased Title I funding on those school systems most in need;
- o Propose a new program beginning in FY 1979 to encourage state implementation of their own compensatory education program;

- o Provide additional flexibility in the Emergency School Aid Act, designed to assist in desegregation, so that funds can be retargeted from areas where they are no longer needed to areas of greater need;
- o Create a new research and demonstration effort in the area of basic skills, and provide enhanced visibility for efforts to develop schools as community service centers;
- o Strengthen participation of private schools in existing grant programs;
- o Strengthen the bilingual education program with emphasis on teaching English as a primary and overriding goal but permitting flexibility in use of first language and culturally sensitive approaches to help achieve this goal.

I. Impact Aid

HEW proposes to reform Impact Aid, on a phased basis, by limiting federal payments to those school districts seriously impacted by the presence of federal installations. HEW proposes:

- o To eliminate payments for children whose parents work on Federal property outside the county in which the school district is located (out-of-county "B's");
- o To require that school districts "absorb" 3 percent of the cost of Federally connected children enrolled, eliminating all payment to 2,305 of the 4,000 districts now receiving aid;
- o To reform the method of computing the amount paid per child;
- o To cap federal payments for public housing children at the Fiscal 1978 level for 1979 and 1980 and to phase out these payments beginning in Fiscal 1981.

Secretary Harris strongly opposes elimination of public housing impact aid, on grounds that this will reduce the willingness of communities to accept public housing and that increased aid for poor children in one program should not be offset by reductions in another, even though the reductions

in impact aid will be more than offset by increases in Title I for the same districts. The present cost of public housing impact aid is \$85 million. (Tab A)

HEW proposes a 75 percent hold-harmless provision to ease the impact of the reform. Under this provision a district will be guaranteed 75 percent of its previous year's payments each year, over a three-year period.

In order to determine how to further reform Impact Aid, HEW proposes a study of the feasibility of eliminating payments for children whose parents work on Federal property outside the school district they attend. Data are not now available to assess the impact of "out of district" reform.

Impact Aid reform is difficult to accomplish politically. We believe that the steps HEW proposes to take are responsive to your directive. Although these proposals are not as severe as those advanced last year they will provoke controversy and are likely to be weakened substantially by Congress. The HEW proposal if enacted will result in savings of \$76 million in Fiscal 1979, \$336 million in Fiscal 1982. We recommend that you accept the HEW proposal.

- Approve Impact Aid reform proposals.
(HEW, DPS, and OMB recommend)
- Approve Impact Aid proposals but retain impact aid for public housing children.
(HUD recommends)
- Disapprove Impact Aid reform proposals.

II. Title I

The Title I program is the basic federal program for providing assistance to disadvantaged children. HEW believes that the program can be improved by (1) targeting new dollars on districts with high concentrations of poor children and (2) inducing the states to devote more of their funds to compensatory education.

A. Targeting

HEW proposes to target \$400 million of the additional \$600 million in Title I funds in the FY 1979 budget on those school districts which have high concentrations of poor children.

The Secretary argues that districts with high proportions or numbers of poor children need more assistance because (1) the most severe educational deprivation takes place in these areas and (2) such districts often face fiscal distress.

The funds would be used for basic skills as determined by local school districts. When this proposal was described by the Secretary last December, you expressed concern over whether the funds would reach unserved children in the primary grades first. Although not mentioned in the HEW memo, HEW has stressed in discussions with us that these funds should be used for unserved Title I children in the primary grades first, before high grades are served.

The formula proposed by the Secretary would provide funds to school districts where poor children are twenty percent of enrollment or total at least 5,000 students. You expressed concern over the 5,000 student measure. Use of the latter measure is necessary both on the grounds of need and coordination with our urban policy. In many cities the number of poor children exceed 5,000 but do not constitute 20 percent of enrollment (e.g., San Francisco, Denver, Indianapolis, Seattle, Minneapolis, Los Angeles). Poor children in these districts are often concentrated in a few schools, thereby creating the need for more resources, but the district-wide percentage is reduced by the presence of non-needy schools. Also, many of these school districts are in distressed urban areas and suffer from limited sources of revenue. It would be somewhat incongruous if they were disqualified from receiving targeted education funds.

*Be sure to
accommodate
this factor
in allocating
funds -*

On the other hand, there will be Congressional efforts to water down this targeting provision, and the basic Title I program is itself reasonably well targeted in comparison with other programs. A decision to simply allocate the increased compensatory education funds we have budgeted to the basic Title I program would reduce controversy.

HEW, OMB, and DPS recommend that you approve the Title I targeting provision.

Approve targeting provision.
(HEW, OMB and DPS recommend)

See note

Disapprove targeting provision.

B. State Matching

The Secretary proposes a program to encourage the states to devote more of their resources to compensatory education. The program has two parts. First, beginning in FY 1980, federal funds would be provided to match state funds for compensatory education on the basis of one federal dollar for every two state dollars. Between twelve and nineteen states would qualify for the program initially. Budget cost would be about \$100 million for the first twelve states.

The second part of the proposal is to automatically earmark funding for the matching program as a share of future increases in overall funding for Title I. This feature is necessary to insure that the matching program obtains the funds it needs from the appropriation committees. After much debate, a general agreement was reached on an escalating percentage of future increases in Title I funding which would be automatically devoted to the matching program. In the first year (1980) 20% would be earmarked, rising to 30% in year two (1981) and to 40% in years three and four (1982). In any year a greater share than these percentages could not be allocated as a budget decision. This proposal was not included in the HEW memorandum to you, which recommends a flat 20% earmark for each year. Actual expenditures would, of course, depend on the extent to which states participate. If state participation exceeds current estimates, an independent appropriation to the matching program can be made without the necessity of adding new funds to the basic Title I program.

It will be a difficult political battle to obtain Congressional approval of the tie to future funding increases. HEW, OMB and DPS believe, however, that there is substantial merit to encouraging states to become more involved in compensatory education. The escalating percentage approach permits a modest beginning with a growing commitment over time. A gradual approach will also help to calm fears that the matching program is an attempt to switch the entire Title I program to one requiring a state match and to limit all growth in the basic Title I program.

HEW, OMB and DPS recommend that you approve the state matching program with an escalating percentage requirement.

- Approve State Matching Program with escalating percentage requirement. (HEW, OMB and DPS recommend)
- Approve flat 20 percent requirement
- Disapprove State Matching Program

III. Emergency School Aid Act

HEW proposes a reform in the Emergency School Aid Act (which assists in school desegregation). HEW would reduce mandatory state apportionment of funds, and give the Commissioner of Education correspondingly increased discretionary authority. HEW seeks this discretionary authority to respond to new desegregation initiatives, primarily in the North and West. Funds subject to state-by-state formula allocation would be reduced from 87% to 72% of the total.

The Secretary believes that any further reduction in apportionment funds is not politically feasible. It would disadvantage a number of states with on-going desegregation programs, particularly in the South, and generate opposition from all the states currently receiving the funds.

On policy grounds HEW, OMB and DPS all believe that the reform could go further. A recent GAO report criticized the program because it: distributes funds through a formula not based on need; disadvantages districts newly beginning the process of desegregation; and continues funds for activities many years after desegregation efforts were completed.

We have decided not to recommend any additional curtailment of state apportionment for three reasons. First, the move would hurt some Southern school districts. Second, a review by HEW indicates that even under a totally discretionary program, the states currently receiving large amounts of apportionment funding would in general continue under the discretionary approach to receive similar amounts from the program. Third, any further attempt to reform the program is likely to be doomed to failure on the Hill and might even prevent the more modest approach recommended by HEW.

Therefore, HEW, OMB and DPS recommend that you approve increasing discretionary funds through a reduction and capping of state apportionment funds as described above.

 Approve increasing discretionary funds through a reduction and capping of state apportionment funds as described above.
(HEW, OMB and DPS recommend)

 Further reduce the share subject to formula allocation and increase the share subject to discretion.

IV. Educational Quality Initiatives

The Secretary proposes that we seek legislation to revamp a number of existing programs relating to educational quality into three new titles to the Elementary and Secondary Education Act: Basic Skills; Special Projects; and Extending the School.

A. The Basic Skills title would rename and expand the current Right to Read program to include mathematics and writing. Technical assistance would be provided to the states and local school districts, and competency testing would be emphasized. In addition, the Commissioner would be authorized to provide research and development funds to stimulate parent involvement, develop improved technology and materials, and disseminate promising basic skills programs.

B. The Special Projects title would gather together a variety of small categorical programs, such as arts education, gifted and talented, and consumer education, and streamline administrative procedures. A discretionary authority for the Commissioner would be funded through a partial phasedown of these programs.

Approve. (HEW, OMB and DPS recommend)

Disapprove.

C. The third title, Extending the School, would be a new discretionary authority based on:

- the community schools and career education programs;
- funding from the Youth Employment and Training Programs (HEW would include statutory language that would require a share of Youth Employment Training funds in DOL to flow to HEW) and,

-- new authority for magnet schools.

HEW expects FY 1980 costs to increase by \$31 million over the FY 1979 request and would transfer \$83 million from the current FY 1979 Department of Labor budget to HEW.

OMB questions the makeup of the Extending the School title. OMB believes that it is not necessary to create additional authorities in order to achieve the Administration's quality education objectives. Sufficient flexibility will be provided under the Special Projects Act and the Support and Innovation titles of ESEA to allow schools to create outstanding programs. OMB believes the magnet schools concept should be reserved for use in the Emergency School Aid Act context to help the desegregation process. DPS agrees with HEW that the objective of using schools as centers for related social and employment services is worthy of separate identification on a demonstration basis, and that magnet schools may be useful apart from desegregation.

I agree

DPS and OMB oppose as unnecessary amendments to either the youth employment legislation or the education amendments to allow funds to transfer from DOL to HEW. We strongly believe that coordination can be achieved through administrative agreements between Labor and HEW.

- _____ Approve the Extending the School title
(HEW recommends)
- _____ Approve the Extending the School title but, rather than submitting an amendment dealing with youth employment programs, instruct DOL to improve cooperation with HEW. (DPS recommends)
- ✓ _____ Retain authority for community schools and career education within the Special Projects, do not approve additional magnet schools authority, and direct DOL and HEW to initiate administrative agreements on youth employment. (OMB recommends)

*Except see
above
J*

V. Private Schools

The Secretary proposes several modest efforts to begin to improve the treatment of private schools within elementary and secondary education programs. He indicates that he is continuing to explore additional options which help respond to the need of these schools as you promised in the campaign.

In this legislation HEW proposes two changes to insure that private schools actually receive the assistance to which they are entitled under the current laws. First, they propose to require that private schools be guaranteed the same dollar amount per student as public schools receive. Second, where local education agencies fail to treat private schools fairly in the provision of services, HEW would have authority to bypass the local school district and contract with some other agency to provide the services. This bypass authority would apply to all educational programs.

*Be
careful
with
this*

OMB and DPS agree that these are good initial steps. They will undoubtedly not be a sufficient response in and of themselves to derail the Moynihan-Packwood tax credit.

However, the Justice Department has expressed concern that, as presently drafted, these proposals may be unconstitutional.

In view of momentum building behind the Moynihan-Packwood tuition credit for elementary and secondary school tuition, we believe it is critical for this legislation to contain a visible effort to improve participation of private school students. We recommend that we work with HEW and Justice to reach acceptable legislative language, and report back to you in the event of impasse.

✓

Work with HEW and Justice to refine language, report back if needed. (OMB, HEW, DPS recommend).

Omit private school initiative.

VI. Bilingual Education

A. HEW recommends the following basic proposals for the bilingual education program, a national competitive demonstration grant program. HEW proposes to (1) increase the authorization for research and development in order to determine the kinds of programs which work in teaching English and raising achievement, (2) retain the current ??
restore the emphasis on teaching English language rather than cultural heritage, (3) limit funding for particular schools to five years with waivers at the discretion of the Commissioner, and (4) clarify the role of the Office of Bilingual Education in coordinating, (but not operating) bilingual education aspects of other education programs. In addition, HEW proposes strengthening provisions for parent involvement.

Bilingual education is a politically sensitive program, of broad and deep concern to the Hispanic-American community. Although our proposal stresses that the primary emphasis of the program is on teaching English, HEW and DPS believe that on both educational and political grounds it is important to stress that non-English speaking languages and sensitive cultural materials may be used where appropriate to achieve this goal.

*I agree
w/ OMB's
concern*

OMB is concerned that if current trends continue, this program will become essentially a "culture" program. Recent evaluations indicate serious shortcomings in both the quality of programs funded (inadequate focus on children with real language need and failure to transition children to the regular classroom once they attain English competency) and their educational results.

OMB's concern is that HEW's proposals may hasten, rather than retard the trend toward a full time cultural program thereby engendering demands for similar programs for other areas. However, OMB does not recommend disapproval or an alternative to the HEW proposal. DPS agrees with HEW that the proper approach is to permit and encourage cultural sensitivity within an overriding goal of English competency -- and to strengthen program administration, which has been admittedly weak. A new Director of the program will be announced shortly. We believe approval will be a political plus in the Hispanic community.

Approve bilingual education initiatives
(HEW, DPS and OMB recommend)

Disapprove bilingual education initiatives

B. The Bilingual Education Program and its Advisory Council are the most visible symbols of the Administration's sensitivity to and interest in the problems of non-English speaking students. The recent recommendation of the OMB Reorganization Team to merge the Bilingual Education Advisory Council with the Title I Advisory Council has caused serious concern in the bilingual community -- particularly fear of being submerged in a group primarily concerned with the needs of black children.

On the merits, the two groups oversee programs with substantially different purposes. The Title I Advisory Council is the citizen advisory group which oversees the federal government's largest service program for poor children. The Bilingual Education Advisory Council oversees a demonstration program which serves non-English speaking children regardless of family income. Both Advisory Councils are statutory, and chances of Congressional approval of merger are slim.

OMB, DPS and HEW recommend that you retain the Bilingual Education Advisory Council. One of the factors leading OMB to this recommendation is your recent commitment to fill the five vacancies on the Advisory Council.

Approve retention of Bilingual Education Advisory Council (DPS, OMB, HEW recommend)

Disapprove retention of Bilingual Education Advisory Council

VII. Multi-Year Planning System

HEW's legislative proposals recommend 'such sums' authorization levels for all included programs beyond FY 1979 with one exception, Bilingual Education. We agree with this approach. This will allow the Administration flexibility to make annual funding determinations in the budgetary process. Estimates of desirable funding above FY 1979 levels (\$5.32 billion) are shown on the following table.

(Additional \$ in millions)

		<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
HEW proposal	BA	--	276	293	447
	0	--	54	182	253
OMB Recommendation	BA	--	134	123	285
	0	--	33	97	131

Attachment A displays the likely specific increases for each legislative proposal.

HEW's projections appear reasonable for the agreed upon provisions. They accurately reflect the normal growth in State-operated programs under ESEA Title I, the agreed upon one-half percent increase for State administration and reflect the reasonable costs of the matching provisions. In addition, the outyear costs of the Impact Aid proposal are accurately shown.

However, OMB recommends that planning estimates be increased only as shown on the OMB line above. Any further increases could be made as specific determinations are made in the budgetary process.

Accept OMB estimates for planning purposes

Accept HEW estimates.

VII. Press Handling

HEW requests that you and the Vice President hold a joint press conference to announce the new education initiatives, in advance of the Secretary's testimony before Congress on Tuesday, March 2, 1978.

Because Tuesday will be your press conference we suggest:

- J* →
- o a statement on this bill at your press conference
 - o ~~to be preceded by~~ an announcement press conference with the ~~Vice~~ President, Secretary Califano and key members of Congress.

Approve

Disapprove

Summary Table
 DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
 EDUCATION DIVISION
 Elementary and Secondary Reauthorization Legislation:
Analysis of Future Year Budget Planning Base

(Budget Authority in millions)

	HEW Proposal				OMB Recommendation			
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
<u>Current Program</u>	5,319	5,322	5,322	5,322	5,319	5,322	5,322	5,322
<u>Level</u>								
Title I, Elementary and Secondary Education Act	---	125	160	220	---	125	160	220
Basic Skills Achievement	---	20	20	20	---	<u>1/</u>	<u>1/</u>	<u>1/</u>
Special Projects	---	4	4	4	4	<u>1/</u>	<u>1/</u>	<u>1/</u>
Educ. Improvement, Resources & Support	---	52	67	67	---	<u>1/</u>	<u>1/</u>	<u>1/</u>
The Extended School	---	31	31	31	---	<u>2/</u>	---	---
Bilingual Education	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Impact Aid	---	9	-27	65	---	9	-27	65
Adult Education	---	10	13	15	---	<u>2/</u>	<u>2/</u>	<u>2/</u>
School Finance	---	10	10	10	---	<u>2/</u>	<u>2/</u>	<u>2/</u>

	HEW Proposal				OMB Recommendation			
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Women's Educational Equity	---	11	11	11	---	<u>1/</u>	<u>1/</u>	<u>1/</u>
Indian Education	---	4	4	4	---	<u>2/</u>	<u>2/</u>	<u>2/</u>
Emergency School Aid Act	<u>---</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Change	xxx	+276	+293	+447	---	+134	+123	+285
Proposed Level	5,319	5,598	5,615	5,769	5,319	5,456	5,445	5,607

1/ OMB/DPS recommend approval of the legislative thrust but against increasing the planning base.

2/ OMB/DPS recommend against expanding the program.

Summary Table
DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
EDUCATION DIVISION
Elementary and Secondary Reauthorization Legislation:
Analysis of Future Year Budget Planning Base

(Outlays in Millions)

	HEW Proposal				OMB Recommendation			
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Current Program Level	4,472	5,044	5,228	5,285	4,472	5,044	5,228	5,285
Title I, Elementary and Secondary Education Act	---	11	94	146	---	11	94	146
Basic Skills Achievement	---	1	16	19	---	<u>1/</u>	<u>1/</u>	<u>1/</u>
Special Projects	---	1	4	4	---	<u>1/</u>	<u>1/</u>	<u>1/</u>
Educ. Improvement, Resources & Support	---	10	33	49	---	<u>1/</u>	<u>1/</u>	<u>1/</u>
The Extended School	---	2	11	22	---	<u>2/</u>	---	---
Bilingual Education	---	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Impact Aid	---	22	3	-15	---	22	3	-15
Adult Education	---	2	5	7	---	<u>2/</u>	<u>2/</u>	<u>2/</u>
School Finance	---	1	4	7	---	<u>2/</u>	<u>2/</u>	<u>2/</u>

	<u>1979</u>	HEW Proposal			OMB Recommendation			
		<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Women's Educational Equity ---		2	8	10	---	<u>1/</u>	<u>1/</u>	<u>1/</u>
Indian Education ---		2	4	4	---	<u>2/</u>	<u>2/</u>	<u>2/</u>
Emergency School Aid Act ---		xxx	xxx	xxx	xxx	xxx	xxx	xxx
National Center for Educational Statistics ---		xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total Change ---		<u>54</u>	<u>182</u>	<u>253</u>	---	<u>33</u>	<u>97</u>	<u>131</u>
Total	4,472	5,098	5,410	5,538	4,472	5,077	5,325	5,416



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

February 14, 1978

MEMORANDUM FOR THE PRESIDENT

FROM JOE CALIFANO *Joe Califano*

SUBJECT: Final Elementary and Secondary Education
Legislative Proposals

The purpose of this memorandum is to present, for your final approval, the most important (or most controversial) elements of your elementary and secondary education reauthorization package. (Tab A contains a more comprehensive list of proposed legislative changes.)

Under separate cover, I am sending Stu Eizenstat a draft Presidential message on elementary and secondary education. The message and the legislation should be sent to the Hill early next week, since I am scheduled to testify on the proposed legislation before Chairman Perkins on February 23rd.

Since the initial elementary and secondary education briefing for you in early December, we have worked closely with Stu and Jim McIntyre in refining the proposals that we tentatively presented then. There is now agreement on all the major pieces, and most of the details. Our political testing with the Hill, with the teachers unions and with school officials -- which have led to some modifications -- indicate that your legislative package as a whole is going to be well received.

As you requested in December, the primary emphasis in the reauthorization package is on achieving basic skills and, where possible, attaining educational excellence so that students are prepared for further education, for employment and for citizenship. The basic skills thrust already underlies, but will be strengthened in, the large dollar programs -- Title I (compensatory education) and handicapped. It also guides legislative changes in bilingual and adult education. Moreover, several existing demonstration authorities are being recast to emphasize basic skill achievement.

Other central concerns which underlie the legislative package are:

- Continuing Federal commitment to access and equal opportunity for disadvantaged, handicapped, language-limited, Indian and minority students.
- Involving parents in the education of their children.
- Increasing teacher training resources and establishing networks of teachers centers.
- Seeking new ways to relate the schools to the work experience and to other social services (e.g. the Milliken project).
- Developing a new Federal-State relationship through incentives, reduced paperwork and greater flexibility that encourage States and localities to carry out Federal priorities.

Many of the legislative changes are mirrored by administrative changes to streamline and simplify Federal programs so that they can more adequately perform their historically limited function --to serve as catalysts and complements to State and locally controlled elementary and secondary education.

Most of the legislative proposals -- with the notable exception of the Title I targeting provision -- will not be funded until FY 1980. Nonetheless, your message should emphasize that you are submitting an historic education budget this year.

Elementary and secondary education is up nearly \$900 million in FY 1979 over FY 1978 (from \$6 billion to \$6.9 billion, an increase of 14 percent), mostly in Title I and handicapped. This is the biggest Presidential request for elementary and secondary education in nine years. Measured against President Ford's FY 1978 request, your FY 1979 elementary and secondary request reflects a \$2.2 billion increase. This elementary and secondary increase is complemented by the 40 percent growth in student assistance programs for higher education (from \$3.8 billion to \$5.2 billion). In fact, your FY 1979 budget for HEW's education programs is more than \$5 billion above President Ford's FY 1978 request.

The elementary and secondary legislative proposals, the new student assistance program for middle income families, the overall budgetary growth, and the OE administrative changes -- as well as your State of the Union commitment to work with Congress in developing a separate Department of Education -- underscore a fundamental point: your extraordinary commitment to education. The emphasis on basic skills and educational excellence is a distinctive mark of your leadership in elementary and secondary education.

A brief discussion of the major pieces of the elementary and secondary legislative package follows.

I. TITLE I

A. The Targeting Provision

In FY 1979, \$2.979 billion is allocated to the regular Title I program, and these funds will be distributed to about 14,000 school districts on the basis of number of poor children. Within each State, the same amount of money per poor child is distributed to each school district, so that districts with high concentrations of poor children get the same amount per pupil as less poor districts.

The Problem. As you know, an additional \$400 million has been allocated in FY 1979 for a new part of Title I -- a targeting provision. In essence, this money would give districts with high concentrations of poor children an extra shot of money on top of the regular Title I program. The basic justification for this provision stems from two factors:

First, additional educational needs -- necessitating additional educational resources -- are created by large concentrations of poverty children in schools and school districts. In essence, the cumulative educational disadvantage associated with poverty has an extra debilitating effect when substantial numbers of poor children interact with one another.

Second, Title I dollars don't go as far in very poor urban and rural districts as they do in other school districts. The costs of educational services are higher than average in poor urban districts. The total amount of funds available for children in poor rural districts is significantly lower than the state average; the tax base of these rural districts is so low that the regular Title I dollars, when added to the district's own per pupil expenditures, still leave total per pupil funds significantly below the state average.

Although these two factors cannot be established with 100 percent certainty, there is widespread agreement within the administration, on the Hill and among the interest groups that these two factors do exist and should be addressed in a new part of Title I.

The Proposal. We have proposed -- and the Domestic Policy Staff and OMB agree -- that a targeting provision should be added to Title I that would put extra funds into the very poorest districts. The \$400 million for this provision would be allocated on a per pupil basis to Districts that have at least 20 percent or 5000 poor students. Using this formula, extra funds would flow to 3554 of the nation's 14,000 Title I school districts, but approximately two-thirds of the nine million regular Title I students would be eligible.

These additional funds would be targeted on basic skill achievement (the great preponderance of regular Title I funds -- over 75 percent -- are already used for basic skill instruction). As under the regular Title I program, local districts would make the decisions about fund allocation. Districts could either spend the additional funds on the same number of pupils as now receive services (thus increasing the dollars spent per child -- mostly in the lower grades) or they could reach more students in the District (probably extending Title I into the upper grades of elementary school and into junior high school).

There is widespread agreement that these funds should be used for basic skills -- but there is also agreement that local Districts should make the decision, as they do under the regular Title I program, about whether to allocate more funds

to lower school children or to extend the reach of Title I to higher grades. This deference to local decision-making is based, in part, on the recognition that in many districts the decline in basic skill achievement takes place in the higher elementary grades and in high school. Local districts should be able to address the basic skill problem in these grades if they wish.

As with most formulas in social programs, the proposed trigger of 20 percent or 5000 students cannot be justified with mathematical precision. Nonetheless, the formula we have suggested has received general approval by the interested parties -- at least as a starting point for more detailed Congressional discussions.

- Basing the targeting provision on a District having 20 percent Title I students triggers funds for most of the eligible districts (3484 out of 3554) and reaches a very high percentage of Title I children (more than 50 percent of all Title I eligible students). (The percentage of poor children per school district is 17 percent on the average nationwide.)
- The 5000 poor student threshold is necessary, however, because exclusive use of the 20 percent trigger would mean that some large cities -- notably Los Angeles and Minneapolis -- would not receive concentration funds. Although these cities have serious pockets of poverty -- and have a number of schools with more than 20 percent poor children -- they do not have 20 percent poor students throughout the city-wide school district.
 - If we lowered the threshold to 4000 or 2500 students, more funds would flow to suburban districts and less to poor rural and urban districts.
 - If we raised the threshold to 10,000 students, some middle-sized urban districts would be eliminated that would be eligible at 5000: Gary, Indiana, Akron, Ohio, and St. Paul, Minnesota, for example. (A list of districts with more than 5000 but less than 20 percent poor students is attached at Tab B).

Use of the 5000 threshold means that about \$75 million of the \$400 million goes to those districts (covering about 19 percent of the "concentration-eligible" students).

Recommendation. Although you have raised some questions about the concentration formula (especially the 5000 student threshold), I recommend that you approve both the targeting provision and the proposed formula. With the exception of some suburban Members, this proposal -- which meets important needs -- is likely to be applauded all across the education and Congressional spectrum.

B. State Matching Program

With nearly \$3.4 billion requested for Title I in FY 1979 (up more than \$1 billion since FY 1977), the Administration has demonstrated a deep commitment to this basic compensatory program. In the future, it is clearly desirable to obtain greater State financial involvement in the Title I mission, especially since all Title I children are not presently covered and since States are, increasingly, developing budget surpluses.

Accordingly, we propose a new part of Title I that would match State expenditures for Title I-like compensatory education programs at the rate of one Federal dollar for every two State dollars. We hope to encourage increased State support for and involvement in compensatory programs. Twelve States would currently qualify for the match, with seven additional States administering programs that, with slight modifications, could also become eligible. Federal financial exposure would be approximately \$100 million in FY 1980 with the twelve eligible States participating.

We also propose that appropriations for the regular Title I program be tied to appropriations for the new State matching program in order to ensure that incremental Title I dollars are used to leverage State funds. This objective would be accomplished by requiring that, for every \$4 new dollars appropriated for regular Title I, \$1 dollar must be appropriated for the State matching program (up to the capacity of the State matching program to use funds). This proposal does not prevent independent appropriations for the match itself, so that the Administration could request independent Title I increases in the state match next year in order to make the incentive program work.

Recommendation. I urge approval of this State matching provision in Title I. It is an important step in encouraging the States to help us implement Title I.

II. THE EMERGENCY SCHOOL AID ACT

The Problem. In FY 1979, \$290 million is allocated to ESAA, but of that total \$187 million is apportioned to States on the basis of minority population (regardless of the level of desegregation activity) and only \$65 million is available in discretionary funds for use by the Commissioner in newly desegregating districts. Over the next two years, major desegregation activity is expected in the North and West and approximately \$50-60 million in additional funds could be needed under ESAA for those situations.

The GAO has recommended a total phase-out of the so-called "apportionment" feature because funds distributed to the States in that manner are often used simply for compensatory education as desegregation activity wanes. However, a total phase-out could not be enacted.

The Proposal. After consultation with the Congress and the EOP staff, we propose a partial reduction of funds distributed by the apportionment mechanism and then a cap on remaining apportionment levels. At present, more than \$30 million is distributed via apportionment for "pilot projects." These projects are located in districts with heavy concentrations of minority students and are used for purely compensatory education and not for desegregation-related activities. By converting these funds from the apportionment part of ESAA to the discretionary part (and by other, more minor changes), it is possible, without raising the total ESAA appropriation, to make approximately \$50 million available for use by the Commissioner in newly desegregating districts.

Recommendation. All the States which would lose some funds by the phasing out of pilot projects have a net gain, despite the phase out, as a result of the proposed Title I concentration provision due to the high correlation between concentrations of poor and minority students. Moreover, the Commissioner will, of course, have the discretion to keep funds in existing pilot project districts if special circumstances warrant. I also think this proposal responds to your concern, expressed on the phone to me last year, about a reform that would remove funds from southern districts still facing difficult problems as a result of desegregation.

Accordingly, this legislative change is both necessary and should not arouse great opposition (although it will not be free from controversy). A table listing the amounts States presently receive in pilot project funds -- and will receive under the concentration provision -- is attached at Tab C.

III. THE BASIC SKILLS AND EDUCATIONAL QUALITY ACT

In December, we presented to you an Educational Quality Act proposal that attempted both to consolidate and simplify existing programs and to provide a vehicle for demonstrating new concepts that are an important part of your emphasis on basic skills and excellence. You expressed concern about creating new authorities, although you also expressed approval of programs aimed at improving basic skills, involving parents in their childrens' education, more closely relating school and the work place, and extending the school to other social service functions.

The Proposal. After consultation, we have recast our original proposal into three separate parts, two of which build on and improve existing authorities.

- A Basic Skills Title. At present, the Reading Improvement Act (FY 1979 request \$27 million) is a loosely focused statute that aims at conducting demonstration programs to improve reading skills. Working with Senator Eagleton, who sponsored the Act and would like to see it refocused, we would transform this Act into a Basic Skills demonstration title that would seek to improve basic skill achievement in both State and Federal education programs. The Act would be broadened to include writing and mathematical skills. And the Commissioner would have authority to:
 - promote use of competency testing;
 - develop programs for enlisting parents in the education process, including parent-based summer programs;
 - develop improved technology and materials that will help basic skill achievement; and
 - disseminate the most promising basic skills programs to state and local authorities.

This Title thus provides -- at a modest price, and building on an existing program -- an important vehicle that exemplifies your fundamental educational theme. If properly -- and energetically -- administered, this program will be an important catalyst for a national effort to improve basic skill achievement.

- A Special Projects Title. At present, a Special Projects Act exists (FY 1979 request: \$50 million) which includes a number of small categorical programs that are favorites of particular members (e.g. consumer's education, arts in education, gifted and talented program). These small categorical programs are a source of administrative confusion. We propose a partial consolidation of these, and other small programs that would have the following features:

- single application form;
- single deadline;
- single monitoring and auditing requirements;
- a partial phase down of funds for the categorical programs during the life of the reauthorization at the discretion of the Commissioner;
- a small discretionary authority for the Commissioner -- funded with savings from the partial phase down -- for use in responding to emerging educational concerns.

As you know, these categorical programs have small but devoted constituencies, both on the Hill and among the interest groups. This partial consolidation is given at least a fighting chance of passage.

- An Extending the School Title. This title would be a new discretionary authority to allow demonstrations that advance three functions -- all tied together by the concept of extending the school to other institutions and with primary emphasis on preparing students for the work experience.

First, the Title would allow funding for magnet schools. Magnets are currently funded under ESAA for desegregation purposes, but many think that magnets are an important tool in employment. I have been greatly impressed by magnets' potential, and believe we should fund and test additional magnets from a quality, rather than a desegregation, perspective. I would envision no additional funding for magnets under ESAA and modest funding for them under this authority.

Second, the Title would allow funding for school-work projects. The 1977 Youth Employment and Demonstration Projects Act has an FY 1979 request of \$931 billion. A minimum of \$83 million must be allocated to program for students. DoL-designated prime sponsors are to work with local study programs -- usually for high school students. Although relations between DoL and HEW have been cordial, and there has been a measure of cooperation, the fact is that very little money is flowing to the schools under YEPDA. There is also great concern in the education community that YEPDA funds will be used for short-term job intervention and not longer term reforms aimed at more effectively involving schools -- especially urban schools -- in employment activities.

The proposal here is simply to include some coordinating language in this Title to allow funds to flow directly to HEW to perform YEPDA functions. (We do not seek to change the language of YEPDA itself because that would cause jurisdictional problems within the Senate Human Resources and House Education and Labor Subcommittees.) This change would not entail new money since, in the future, the Administration would simply request a fraction of the total YEPDA amount for allocation to schools through HEW. But it would make the Office of Education more directly responsible for innovative programs like making work qualify for academic credit, and using schools as job-training sites. Much work needs to be done, for example, in the promising educational area of work-study.

Third, the Title would allow funding for a community schools program that would provide funds for developing more systematic involvement of schools with other social services. The potential in this area is also great -- as the Milliken project illustrates -- and Chairman Williams of the Human Resources Committee is deeply interested in this concept.

Recommendation. Each of these three titles -- Basic Skills, Special Projects, Extending the School -- makes substantive and political sense. There is still some question about whether it is politically wise to link all three into one omnibus Act (the Basic Skills and Educational Quality Act) or to propose them as separate pieces. This is largely a question of form, not substance. I recommend that you approve the three Titles and leave it to Jim, Stu and me to decide precise legislative packaging.

IV. BILINGUAL EDUCATION

The bilingual program is a nationally conducted grant competition. Its scale (FY 1979 proposed budget is \$150 million) is much greater than a mere demonstration program, but falls far short of a full service program. The state of knowledge about how to conduct effective bilingual programs is limited, and this difficulty is compounded by the demands of interest groups that the program not just teach English, but convey a sense of cultural heritage, including continuing instruction in languages other than English.

We have three basic proposals for this program:

- We propose increasing the authorization for research and development, placing special emphasis on research directed to teacher training. There is a critical need to evaluate different ways of conducting bilingual projects, so that we can determine what kinds of programs will work to teach English and raise achievement. The time has come for the bilingual program to be closely and systematically examined.
- We propose retaining the current emphasis on teaching English language rather than cultural heritage. At our December briefing, you expressed the view, which I share, that the program should have a single overriding purpose: to help students develop the English language skills necessary to make the transition to the regular classroom. The decision not to adopt the dual purpose of language and cultural instruction will not please the more activist Hispanic groups.

We would, however, take two steps in the direction of these groups:

- We would permit bilingual programs to teach a foreign language (e.g. Spanish) to "Anglo" children and English to Spanish speaking children, side-by-side. The present statute forbids this practice; we would make the statute neutral -- and leave approval of such programs in the hands of the Commissioner as

he deems appropriate. Certain groups favor these dual programs, and the Vice President was impressed on his recent Western trip by their promise for achieving the primary goal of successfully teaching English to Spanish speaking children in districts with high percentages of Spanish speaking students.

-- In our expanded research activities, we would evaluate ways of using cultural background as a more effective means of teaching English language skills.

- We propose limiting funding for particular schools to five years, and requiring that funds be used to develop the capacity to conduct bilingual programs on an ongoing basis.

Recommendation. Although the proposals recognize that cultural instruction and instruction in a language other than English can have a place in the bilingual program, they do not adopt these instructional techniques as ends of the program but only as means, to be approved at the discretion of the Commission, for basic English language achievement.

We propose one additional step that will meet the criticism of some Hispanic groups. We would strengthen parental involvement in the development of grant applications and then in the educational process affecting their children. With these steps, we should be able to avoid strong rebukes from activist Hispanic groups and may, in fact, receive mild praise for the program, even though it follows your basic skills orientation rather than adopting a bicultural purpose.

V. IMPACT AID

The FY 1979 budget request is \$735 million to implement our legislative reform in this area. This figure represents a savings of \$76 million under the \$811 million it would cost to carry out the program under current law. Program costs in 1982 would be approximately \$717 million, compared with a program cost of over \$1 billion without reform, leading to savings of about \$336 million in this year. Under the reform proposal, approximately 2400 out of the 4000 districts currently participating in the program will be eliminated by 1982.

The Proposal. The basic elements are as follows:

- Payments for children whose parents work on Federal property outside the county in which the school district is located (out-of-county "B's") will be eliminated. A study of the impact and feasibility of eliminating payments for children whose parents work on Federal property outside the school district will be undertaken since data are not now available on "out of District" effects.
- A 3 percent absorption provision to reduce or eliminate districts which are not heavily impacted will be proposed; districts will receive no payments for a number of program children equal to 3 percent of their non-Federal children. (This reform eliminates 2305 of the 4000 Impact Aid districts.)
- The method of computing the local contribution rate (the amount paid to the district per child) will be changed:
 - eliminating the "comparable district" method of calculating local compensation rates for all but the most heavily impacted districts (i.e., principally those where "A" category children constitute at least 50 percent of total enrollment) since this method has been much abused and, as administered, is not a relevant yardstick of cost;
 - eliminating use of one-half the National average per pupil expenditure since this measure overcompensates low-expenditure States.
- Payments for public housing children will be kept level at the FY 1978 amount (\$85 million) for FY 1979 and FY 1980. Beginning in FY 1981, they will be phased out; and
- A 75 percent hold-harmless provision will be in effect for three years; for each of those three years, no district will receive less than 75 percent of the previous year's payments.

Recommendation. This proposal, which is more carefully crafted than the Impact Aid reform we proposed last year, will nonetheless still arouse stiff opposition. Although we should try once more to reform this program, we will face an uphill fight because there is such widespread use of Impact Aid funds and because reliance on those funds is so established in the affected Districts.

* * * *

A Final Note on Private School Children. At present, private elementary and secondary schools are most interested in receiving Federal funds under two programs -- Title I and Title IV (a state run program that provides books and materials and runs local demonstrations). Private school children will receive approximately \$135 million of the \$3.4 billion sought under Title I in FY 1979 and \$34 million of the \$365 million requested under Title IV. Although figures are not precise, it is estimated that this falls about \$150 million short of the proper share for private elementary and secondary school children.

As an administrative matter, we will make a major, sustained attempt to ensure that private schools get their due. We will require States to submit plans on how they will distribute funds to private schools and, if necessary, we will by-pass the States and deal directly with the private schools themselves (deducting the necessary funds from the State's allocation). You should specifically direct me to do this in the message. Some of these administrative initiatives will require minor legislative changes.

Over time, as these steps take effect, private schools should receive their full share under both Title I and Title IV. However, these steps may not be enough to satisfy private school interests. This is especially so because the Packwood-Moynihan tax credit proposal covers elementary and secondary education. As I have indicated to you before, we are

presently exploring legislative alternatives, since the tax credit for private elementary and secondary schools is probably not good policy and is of questionable constitutionality (Griffin Bell is writing an opinion on this subject).

I will update this question for you as soon as we reach a decision about whether additional legislation is possible. To meet your campaign commitment, we must do all we can to provide needy private elementary and secondary school children with funds in a constitutional manner.

ESEA LEGISLATIVE PROPOSALS

1. ESEA, Title I:

- New Concentration Provision (FY 1979 Request: \$400 million).
 - Would provide supplemental compensatory education funds to districts with 5,000 or 20 percent poor children.
 - Two-thirds of these funds would aid urban districts, and one-fourth would go to rural districts.
- Match for State Compensatory Education Programs
 - Would provide a bonus of up to 10 percent of State's Title I allotment to match (\$1 Federal, \$2 State) State funding of compensatory education programs that meet Title I criteria.
 - Funding for State match must be at least 20 percent of the increase above the 1979 level for Grants to LEAs.
- Title I Quality Concerns
 - Require assurances from districts that Title I programs include parental involvement, teacher participation in planning, and attention to sustaining achievement gains beyond school year.
 - In schools with at least 80 percent Title I eligible children, permit use of Title I to upgrade total school program, based on State-approved plan.
- Greater Flexibility for Local School Districts
 - Permit high poverty districts to extend eligibility to schools with 20 percent Title I eligible children, as opposed to current requirement of 30 percent, if Title I plus State compensatory funding is at least 80 percent of the district's full Title I entitlement.
- Expand State Role in Enforcement
 - Expand and clarify role of States in monitoring and enforcing Title I and provide additional administrative funds to assist States in meeting increased responsibilities.

- More Equitable Treatment of Puerto Rico

- Raise payment rate to minimum State payment rate, adjusted for differences in per pupil costs.
- At Commissioner's discretion, waive certain Title I program controls which are inappropriate because of the extremely high concentrations of disadvantaged children in Puerto Rico.
- Require plans for improving management of Puerto Rico's total education program.

2. Bilingual Education

- Definition of Purpose

- Primary emphasis on teaching English, but permit bicultural instruction as means of achieving this goal.

- Time Limit on Federal Funding

- Five-year declining Federal funding, as local and State support increase. May be waived for districts facing exceptional circumstances, such as a sudden increase in the immigration of limited-English-speaking children.
- Require school districts to develop plan for sustaining educational gains after students leave program.

- Research, Teacher Training (FY 1979 Request: \$15 million above 1978 level of \$54 million)

- Intensify research and evaluation in bilingual education (\$11 million); expand teacher training (\$4 million)

3. Emergency School Aid Act/Civil Rights Act, Title IV

Better targeting of funds for newly desegregating districts, while continuing aid for "second-generation" desegregation activities.

- Cap State Apportionment Formula at \$137 Million.

- Expand Commissioner's Discretion Under Special Projects Authority.
 - Eliminate set-asides for ESAA TV and bilingual programs.
 - Eliminate separate authority for pilot projects and shift funds from State Apportionment to Special Projects.
- Administrative Flexibility
 - Provide multi-year grants subject to approval by Office for Civil Rights.
- Magnet Schools (FY 1979 Request: \$30 million)
 - Funds schools with special curricula designed to attract students of different races.
- Planning Grants
 - Short term grants under Civil Rights Act, Title IV for districts out of compliance with Civil Rights Act to develop desegregation plan.

4. Education Quality Act

Three-title discretionary authority to promote educational quality in basic skills achievement, the extended school, and special projects.

- Basic Skills Achievement
 - Expansion of the National Reading Improvement Act to include mathematics and writing, and to allow for technical assistance to States, localities and Federal categorical efforts (e.g., Title I) to improve instruction in all basic skills. Special emphasis on testing and basic skills.
 - Research and demonstration grants to stimulate parent involvement in learning, extend and improve media efforts in instruction, explore private sector participation in delivery of materials to school-age children.
- Extended School
 - Research and demonstration grants for programs relating schools to the work place and to other community institutions.

- Special Projects

- A broadened Special Projects authority that would allow for greater flexibility in funding areas of national importance.

5. Title IV (FY 1979: \$365 million)

- Restructure two existing sections into three new authorities:

- Books, Materials, and Equipment.

- Strengthening State Management.

- Local Educational Innovation (including guidance and counseling).

- Establish State-administered programs for exploring ways of improving compensatory education.

- Update list of activities to reflect such Federal priorities as basic skills, testing, school and work, summer programs, and parental involvement.

- Encourage local efforts to engage in whole school planning to develop a comprehensive instructional program.

6. Women's Educational Equity (FY 1979: \$9 million)

- Increase the program's authorization level and designate that all appropriated funds above the current authorization level be utilized for implementing women's educational equity activities rather than for demonstration projects.

7. Impact Aid reform proposal includes provisions to eliminate payments for children who do not constitute a Federal burden, to provide funds only for districts experiencing above average Federal impact, and to phase in effects of reform over several years. (FY 1979 Savings: \$76 million).

8. Strengthen Adult Education through research, expanded business, labor, and community participation, and service emphasis on functional literacy.

9. School Finance Equalization. Technical assistance and planning support for State School Finance Reform to build on FY 1979 school finance studies.

DISTRICTS WITH MORE THAN 5,000 BUT LESS THAN
20 PERCENT TITLE I ELIGIBLES

District	Percent Eligibles	Total Eligibles in 000's
Kansas City, Missouri.....	19.9	16.1
Kansas City, Kansas.....	19.9	7.8
San Francisco Unified, California.....	19.7	22.7
Springfield, Massachusetts.....	19.7	7.7
Albuquerque, New Mexico.....	19.3	17.7
Pulaski County Special, Arkansas.....	19.2	5.7
Palm Beach County, Florida.....	19.1	14.0
East Baton Rouge, Louisiana.....	19.0	14.7
Kanawha County, West Virginia.....	19.0	10.6
Los Angeles Unified, California.....	18.9	142.3
Dallas ISD, Texas.....	18.9	36.8
Gary, Indiana.....	18.9	9.7
Houston ISD, Texas.....	18.6	51.2
Milwaukee, Wisconsin.....	18.5	31.6
Fresno City, California.....	18.4	11.1
Grant Junction Union High, California.....	18.2	5.6
Orange County, Florida.....	18.0	15.2
Dade County, Florida	17.7	46.2
Austin, Texas	17.6	9.8
Lansing, Michigan.....	17.5	6.3
Denver, Colorado.....	17.4	19.7
Forsyth-Winston Salem, North Carolina.....	17.2	9.3
Columbus, Ohio.....	16.9	20.1
Greenville County, South Carolina.....	16.9	10.9
Minneapolis Special, Minnesota.....	16.8	13.9
Hawaii	16.7	25.3
Youngstown, Ohio.....	16.6	5.7
Fort Worth ISD, Texas.....	16.3	15.7
Mechklenburg-Charlotte, North Carolina.....	16.2	15.1
Nashville-Davidson, Tennessee.....	16.1	17.6
Yonkers, New York.....	15.8	6.7
Sweetwater Union High, California.....	15.8	6.2
Phoenix Union High, Arizona.....	15.7	17.3
Indianapolis, Indiana.....	15.6	18.7
Jefferson County, Alabama.....	15.6	11.6
Portland, Oregon.....	15.2	13.2
Fayette County, Kentucky.....	15.2	6.1
Dayton, Ohio.....	15.1	10.3
Greensboro, North Carolina.....	15.1	5.5
Salt Lake City, Utah.....	15.1	5.5
Toledo, Ohio.....	14.8	11.3
Long Beach Unified, California.....	14.8	11.1
San Diego Unified, California.....	14.5	20.4
Pasadena Unified, California.....	14.5	5.3
Tulsa, Oklahoma.....	14.3	11.8

District	Percent Eligibles	Total Eligibles in 000's
Broward County, Florida.....	14.1	17.0
Virginia Beach, Virginia.....	14.1	6.7
Pinellas County, Florida.....	14.0	12.2
Akron, Ohio.....	13.9	9.4
Richmond, California	13.9	6.4
Jefferson County, Kentucky.....	13.8	25.4
Wichita, Kansas.....	13.8	9.8
Tacoma, Washington.....	13.8	5.6
Worcester, Massachusetts.....	13.4	5.1
Gaston County, North Carolina.....	13.3	5.0
East Side Union High, California.....	13.2	6.0
Spokane, Washington.....	12.8	5.5
Jefferson Parish, Louisiana.....	12.0	11.8
Saint Paul, Minnesota	11.5	8.2
Brevard County, Florida.....	11.3	7.2
Omaha, Nebraska.....	11.2	9.5
Seattle, Washington	10.9	10.9
Clark County, Nevada.....	10.5	6.9
Oxnard High, California.....	10.4	5.1
Anne Arundel County, Maryland.....	8.6	6.4
Granite, Utah.....	8.1	5.3
Prince Georges County, Maryland.....	7.0	11.5
Fairfax County, Virginia.....	5.7	7.2
Baltimore County, Maryland.....	5.5	8.1
Montgomery County, Maryland.....	4.4	6.1
(Total Districts = 70)		

NET CHANGE (in 000's) IN FUNDS FOR COMPENSATORY EDUCATION FROM
ADDITION OF ESEA CONCENTRATION PROVISION AND ELIMINATION
OF ESAA PILOT GRANTS

State	Concentration Dollars (FY79) (1)	ESAA Pilot Dollars (FY 1977) (2)	Net Increase (3)
Alabama	11,425	1,099	10,326
Alaska	571	0	571
Arizona	1,968	493	1,475
Arkansas	4,947	448	4,499
California	27,100	2,867	24,233
Colorado	1,994	321	1,673
Connecticut	1,756	311	1,445
Delaware	354	112	242
District of Columbia	5,432	527	4,905
Florida	16,101	1,547	14,554
Georgia	10,850	623	10,227
Hawaii	2,461	408	2,053
Idaho	114	0	114
Illinois	28,256	1,588	26,668
Indiana	1,800	0	1,800
Iowa	65	0	65
Kansas	975	0	975
Kentucky	8,180	269	7,911
Louisiana	15,071	872	14,199
Maine	268	0	268
Maryland	8,824	91	8,733
Massachusetts	4,225	293	3,932
Michigan	15,505	1,247	14,258
Minnesota	2,518	0	2,518
Mississippi	12,205	1,054	11,151
Missouri	6,292	581	5,711
Montana	193	56	137
Nebraska	762	56	706
Nevada	193	0	193
New Hampshire	13	0	13
New Jersey	9,990	1,157	8,833
New Mexico	3,224	266	2,958
New York	73,333	335	72,998
North Carolina	9,294	907	8,387
North Dakota	286	29	257
Ohio	9,489	951	8,538
Oklahoma	3,913	228	3,685
Oregon	1,207	0	1,207
Pennsylvania	18,393	896	17,497
Rhode Island	526	0	526
South Carolina	7,987	1,000	6,987
South Dakota	631	44	587
Tennessee	9,741	666	9,075
Texas	25,763	3,743	22,020
Utah	193	75	118
Vermont	72	0	72
Virginia	6,752	1,008	5,744
Washington	1,196	242	954
West Virginia	3,298	0	3,298
Wisconsin	3,460	135	3,325
Wyoming	40	16	24

SECRETARY HARRIS'
MEMORANDUM



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

February 24, 1978

MEMORANDUM TO THE PRESIDENT

FROM: Patricia Roberts Harris

SUBJECT: Impact Aid for Children of Public Housing Tenants

Title II of the Department of Health, Education and Welfare's proposed "Education Amendments of 1978" includes a provision which would eliminate low-rent public housing as a factor to be taken into account in determining the amount of Federal Impact Aid to be allocated to local school districts. The Impact Aid Program compensates local school districts for the cost of educating children whose enrollment is the result of Federal activities in those school districts. There is no proposal to eliminate from the Impact Aid Program the elements that do not reflect the needs of low and moderate income families.

This amendment should be stricken from the Bill for three basic reasons:

1. The change would remove a significant incentive favoring the placement and maintaining of public housing in localities, with the result of endangering a long-standing assisted housing program that is central to our national housing strategy.
2. The change would signal an alteration of the policy of this Administration favoring public housing production as a means of providing decent, safe and sanitary housing for persons of low and moderate income. In view of the support for public housing in the Congress and the attacks suffered by the Nixon/Ford Administration for the elimination of the public housing program, this would be a politically inflammatory decision.
3. The change would abrogate the compromise struck in 1974 during the debate on Title I of the Elementary and Secondary Education Act (ESEA) which made the Impact Aid Program more urban sensitive while allowing Title I of the ESEA to shift funds towards the Sun Belt and away from the Northeast and Midwest.

HEW claims that increased funds under Title I of the ESEA for children of poor families will compensate for the elimination of public housing as a factor in impact aid, but this is not the case because: (1) the adverse impact on public housing is not mitigated by any changes in Title I; and (2) it is logically unnecessary and politically unwise for this Administration to take a position which provides that increased educational aid for poor persons in one program will be paid for by eliminating educational aid for poor persons in another program.

I, therefore, strongly urge you to remove this proposed amendment from the Administration's legislative program for education. There is no identifiable benefit from removing public housing as a factor in the Impact Aid Program and the potential costs involve the viability of the entire public housing program.

A handwritten signature in cursive script, appearing to read "Pat".

Patricia Roberts Harris

WASHINGTON

DATE: 14 FEB 78

FOR ACTION: STU EIZENSTAT

HAMILTON JORDAN

FRANK MOORE (LES FRANCIS)

JACK WATSON

JIM MCINTYRE

INFO ONLY: THE VICE PRESIDENT

CHARLES SCHULTZE

SUBJECT: CALIFANO MEMO RE FINAL ELEMENTARY AND SECONDARY EDUCATION
LEGISLATIVE PROPOSALS

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: ASAP +

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ACTION REQUESTED: COMMENTS TO STU SO HE CAN PREPARE JOINT COVER MEMO

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

PLEASE NOTE OTHER COMMENTS BELOW

THE WHITE HOUSE
WASHINGTON

*PRJ
2/24/78
JH*

DATE: 14 FEB 78

FOR ACTION: STU EIZENSTAT

HAMILTON JORDAN *nc*

FRANK MOORE (LES FRANCIS)

JACK WATSON

JIM MCINTYRE

INFO ONLY: THE VICE PRESIDENT

CHARLES SCHULTZE

SUBJECT: CALIFANO MEMO RE FINAL ELEMENTARY AND SECONDARY EDUCATION
LEGISLATIVE PROPOSALS

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: ASAP +

ACTION REQUESTED: COMMENTS TO STU SO HE CAN PREPARE JOINT COVER MEMO

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

PLEASE NOTE OTHER COMMENTS BELOW:



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

February 21, 1978

MEMORANDUM FOR RICK HUTCHESON

FROM: BEN W. HEINEMAN, JR. *BWH*

SUBJECT: MEMORANDUM FROM SECRETARY CALIFANO TO
PRESIDENT CARTER ON ELEMENTARY AND SECONDARY
LEGISLATION

On February 14, 1978, Secretary Califano sent the President a memorandum on final legislative proposals in elementary and secondary education.

I understand from Bert Carp and Sue Woolsey that the Secretary's memorandum has not yet been submitted to the President.

I would be grateful if you would substitute four revised pages -- which I am attaching -- for the four similarly numbered pages in the memorandum we sent over on February 14th.

The revised pages reflect changes that have occurred as a result of conversations with EOP staff, and I am forwarding the revised pages to OMB and Domestic Policy Staff.

Thanks.

Attachment

cc: Bert Carp
Sue Woolsey

*Pages withdrawn are ATTACHED, uw pg
placed in Califano memo.*

First, the Title would allow funding for magnet schools. Magnets are currently funded under ESAA for desegregation purposes, but many think that magnets are an important tool in increasing basic skills and preparing students for employment. I have been greatly impressed by magnets' potential, and believe we should fund and test additional magnets from a quality, rather than a desegregation, perspective. I would envision no further funding for magnets under ESAA and modest funding for them under this authority.

Second, the Title would allow funding for school-work projects. The 1977 Youth Employment and Demonstration Projects Act has an FY 1979 request of \$931 billion. A minimum of \$83 million must be allocated to programs for students. DoL-designated prime sponsors are to work with local school districts to develop experimental work-study programs -- usually for high school students. Although relations between DoL and HEW have been cordial, and there has been a measure of cooperation, the fact is that very little money is flowing to the schools under YEPDA. There is also great concern in the education community that YEPDA funds will be used for short-term job intervention and not longer term reforms aimed at more effectively involving schools -- especially urban schools -- in employment activities.

The proposal here is simply to amend YEPDA and allow a percentage of the funds earmarked for students to flow through HEW (at present all funding goes to DoL). This change would not entail new money, nor would the amount involved constitute more than a small percentage of total YEPDA funds. But it would make the Office of Education more directly responsible for innovative programs like making work qualify for academic credit, and using schools as job-training sites. Much work needs to be done, for example, in the promising educational area of work-study.

Third, the Title would allow funding for a community schools program that would provide funds for developing more systematic involvement of schools with other social services. The potential in this area is also great -- as the Milliken project illustrates -- -- and Chairman Williams of the Human Resources Committee is deeply interested in this concept.

Recommendation. Each of these three titles -- Basic Skills, Special Projects, Extending the School -- makes substantial and political sense. There is still some question about whether it is politically wise to link all three into one omnibus Act (the Basic Skills and Educational Quality Act) or to propose them as separate pieces. This is largely a question of form, not substance. I recommend that you approve the three Titles and leave it to Jim, Stu and me to decide precise legislative packaging.

IV. BILINGUAL EDUCATION

The bilingual program is a nationally conducted grant competition. Its scale (FY 1979 proposed budget is \$150 million) is much greater than a mere demonstration program, but falls far short of a full service program. The state of knowledge about how to conduct effective bilingual programs is limited, and this difficulty is compounded by the demands of interest groups that the program not just teach English, but convey a sense of cultural heritage, including continuing instruction in languages other than English.

We have three basic proposals for this program:

- We propose increasing the authorization for research and development, placing special emphasis on research directed to teacher training. There is a critical need to evaluate different ways of conducting bilingual projects, so that we can determine what kinds of programs will work to teach English and raise achievement. The time has come for the bilingual program to be closely and systematically examined.
- We propose retaining the current emphasis on teaching English language rather than cultural heritage. At our December briefing, you expressed the view, which I share, that the program should have a single overriding purpose: to help students develop the English language skills necessary to make the transition to the regular classroom. The decision not to adopt the dual purpose of language and cultural instruction will not please the more activist Hispanic groups.

We would, however, take two steps in the direction of these groups:

- We would permit bilingual programs to teach a foreign language (e.g. Spanish) to "Anglo" children and English to Spanish speaking children, side-by-side. The present statute forbids this practice; we would make the statute neutral -- and leave approval of such programs in the hands of the Commissioner as he deems appropriate. Certain groups favor these dual programs, and the Vice President was impressed on his recent Western trip by their promise for achieving the primary goal of successfully teaching English to Spanish speaking children in districts with high percentages of Spanish speaking students.
- In our expanded research activities, we would evaluate ways of using cultural background as a more effective means of teaching English language skills.
- We propose limiting funding for particular schools to five years, and requiring that funds be used to develop the capacity to conduct bilingual programs on an ongoing basis.

Recommendation. Although the proposals recognize that cultural instruction and instruction in a language other than English can have a place in the bilingual program, they do not adopt these instructional techniques as ends of the program but only as means, to be approved at the discretion of the Commissioner, for basic English language achievement. This will not satisfy some Hispanic groups, and we can expect criticism in Colorado, in the Southwest, and perhaps elsewhere.

V. IMPACT AID

The FY 1979 budget request is \$735 million to implement our legislative reform in this area. This figure represents a savings of \$76 million under the \$811 million it would cost to carry out the program under current law. Program costs in 1982 would be approximately \$717 million, compared with a program cost of over \$1 billion without reform, leading to savings of about \$336 million in that year. Under the reform proposal, approximately 2400 out of the 4000 districts currently participating in the program will be eliminated by 1982.

- Payments for public housing children will be kept level at the FY 1978 amount (\$85 million) for FY 1979 and FY 1980. Beginning in FY 1981, they will be phased out; and
- A 75 percent hold-harmless provision will be in effect for three years; for each of those three years, no district will receive less than 75 percent of the previous year's payments.

Recommendation. This proposal, which is more carefully crafted than the Impact Aid reform we proposed last year, will nonetheless still arouse stiff opposition. Although we should try once more to reform this program, we will face an uphill fight because there is such widespread use of Impact Aid funds and because reliance on those funds is so established in the affected Districts.

* * * *

A Final Note on Private School Children. At present, private elementary and secondary schools are most interested in receiving Federal funds under two programs -- Title I and Title IV (a state run program that provides books and materials and runs local demonstrations). Private school children will receive approximately \$135 million of the \$3.4 billion sought under Title I in FY 1979 and \$34 million of the \$365 million requested under Title IV. Although figures are not precise, it is estimated that this falls about \$150 million short of the proper share for private elementary and secondary school children.

As an administrative matter, we will make a major, sustained attempt to ensure that private schools get their due. We will require States to submit plans on how they will distribute funds to private schools and, if necessary, we will by-pass the States and deal directly with the private schools themselves (deducting the necessary funds from the State's allocation). You should specifically direct me to do this in the message. Some of these administrative initiatives will require minor legislative changes.

Over time, as these steps take effect, private schools should receive their full share under both Title I and Title IV. However, these steps may not be enough to satisfy private school interests. This is especially so because the Packwood-Moynihan tax credit proposal covers elementary and secondary education. As I have indicated to you before, we are

THE WHITE HOUSE
WASHINGTON

February 27, 1978

Stu Eizenstat
Jody Powell

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

Rick Hatcheson

cc: Jim Fallows
TIM KRAFT
CIVIL SERVICE REFORM SPEECH

THE WHITE HOUSE
WASHINGTON

Mr. President:

You could do this in
an hour's time this Thursday
at noon.

TK

Mr. Pees.

I suggest Thurs. noon announcement at

THE WHITE HOUSE

WASHINGTON

February 25, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM:

JODY POWELL
STU EIZENSTAT

SUBJECT:

CIVIL SERVICE REFORM SPEECH

Per your review of his outline, Jim Fallows has just sent to you a draft of a speech to announce the Civil Service Reform Proposal next week. We continue to think it is very important that you give a set speech on this topic -- it is the centerpiece of your reorganization efforts, government reform was a central theme of the campaign, and it is one of your major legislative initiatives for the year. Our concern is over the forum that you use in delivering the speech.

The speech is now scheduled for the East Room, probably before an audience of civil servants and other supporters of the proposal. For the following reasons, we think the White House is an inappropriate forum for this speech:

- The White House complex is an excellent forum for brief announcements, but seems an inappropriate and somewhat artificial forum for a set speech of fifteen or twenty minutes.
- It is not likely that the successful civil rights announcement would be duplicated with the civil service announcement, for the nature of the subject is unlikely to produce as distinguished and attractive an audience. Therefore, any comparison with the civil rights ceremony might diminish the force of the sendoff we want for Civil Service Reform. In any event, it would be better to diversify forums for these two major announcements.

We believe that a forum outside of the White House, preferably one used for major speeches, would be desirable. We therefore recommend, for the following reasons, that you consider delivering your speech before the National Press Club:

Nat'l Press Club in
line of Tues. Press Conference
and Wed. White House ceremony.

Stu and Scotty Campbell
cmca.
JP
Stu
JEF

- The Press Club forum is an especially prestigious one, having been used for a number of major addresses. Just recently, President Sadat made his major speech there while in this country. Your speech will focus national attention not only on civil service changes, but on your Administration's overall government reform efforts.
- This government reform theme is likely to be popular with the public, and news media coverage would be greater at the Press Club than at the East Room.
- The Press Club has had an open invitation to you for over a year, and we believe the Club, and a great many members of the National press, would be especially honored to know that you feel the Club should be the forum for announcing one of your major programs. However, you will not be obligated to and we would recommend against your doing any Q and A session.
- The fact that you are leaving the White House, though only by a few blocks, would automatically magnify in importance your speech. In addition, it will help to refute the criticism that, unlike other Presidents, you have not delivered major, set speeches on your programs.

Approve Press Club forum
(Recommended)

Approve East Room forum