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Memo	Brzezinski to Pres. Carter, w/attachments 13 pp., re:SKYLAB decision	12/14/78	A

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THE PRESIDENT'S SCHEDULE

Friday - December 15, 1978

7:30 (90 min.)	Breakfast with Vice President Walter F. Mondale, Secretary Harold Brown, Dr. Zbigniew Brzezinski and Mr. Hamilton Jordan - The Cabinet Room.
9:00	Dr. Zbigniew Brzezinski - The Oval Office.
9:30 (2 hrs.)	Budget Review Session. (Mr. James McIntyre). The Cabinet Room.
11:30	Mr. Jody Powell - The Oval Office.
4:00 (45 min.)	Interview with Time. (Mr. Jody Powell). The Oval Office.
7:30	Greet Guests Attending 30th Anniversary Dinner for Mr. and Mrs. G.C. Davis, Jr. - State Floor.
7:45 (Approx.)	Depart South Grounds via Helicopter en route Camp David.

THE WHITE HOUSE
WASHINGTON

15 Dec 78

Jim McIntyre

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

Rick Hutcheson

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9:30 AM

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

DEC 14 1978

MEETING ON THE 1980 BUDGET

Friday, December 15, 1978
9:30 A.M. (two hours)
The Cabinet Room

From: James T. McIntyre, Jr.

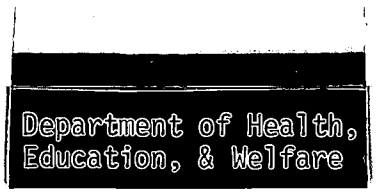
I. PURPOSE

A meeting regarding the fiscal year 1980 budget, including an oral appeal of the Department of Health, Education, and Welfare and OMB budget recommendations for the Department of Agriculture's Food and Nutrition Service. The Food and Nutrition Service is not appealing OMB budget recommendations. Supporting materials are included in the attachment.

II. PARTICIPANTS

The Vice President
Stuart Eizenstat
Frank Moore
Jack Watson
Charles Schultze
Alfred Kahn
Anne Wexler
Hamilton Jordan
Jody Powell
Gilbert Omenn
Herky Harris
Robert Dietsch
James McIntyre
John White
Bowman Cutter
Dale McOmber
Suzanne Woolsey
Secretary Joseph Califano
Hale Champion
Fred Bohen
Ben Heineman, Jr.
Karen Davis
Frank Press

Attachment


Department of Health,
Education, & Welfare

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TABLE OF CONTENTS

Page

Agency Summary Table.....

Decision Issues:

NIH -- Biomedical Research.....

Child Health Facilities.....

Information Issues:

Additional Entitlement Savings Legislation.....

Education of Handicapped Children.....

Key problems:

Ed // Title I :(-)$100 mil (OMB #1)
Impact Aid
Sup HE grants (SOGs) -50 (Like to get rid of it)
W/S -$50 mil
NDSL -$100 mil (ok)
(SOGs - Local utilization estimate ?)

Health // Head Start 623 → 680
State formula grants $57m
Com H Centers - No ↑ inner cities
NIOSH - short
Drug abuse -$12 m
Prevention form grant (Kev) $20 m.l
Medicaide pkg = $184 mil

Social // Aged - nutrition $50 m.l

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Department of Health, Education, and Welfare
Presidential Appeal Summary
1980 Budget
($ in millions)

Budget Authority	1979 Request	1979 Initial Decision	1979 HEW Appeal	1979 Recomm.	1980 Request	1980 Initial Decision	1980 HEW Appeal	1980 Recomm.
Relatively uncontrollable programs:								
Social security (OASDI)	101,530	102,496	102,496	102,496	118,473	118,387	118,387	118,387
Other	59,386	58,928	59,371	59,198	65,586	65,190	65,707	65,435
Subtotal	160,916	161,424	161,867	161,694	184,059	183,577	184,094	183,822
Relatively controllable programs	23,398	22,080	22,602	22,247	24,091	19,993	22,748	21,758
Total HEW BA	184,312	183,504	184,469	183,941 (184.3)	208,150	203,570	206,842	205,580
Presidential appeal-NIH.				+ 199				+ 178
Outlays								
Relatively uncontrollable programs:								
Social security (OASDI)	103,953	103,992	103,980	103,992	113,515	114,456	113,563	114,186
Other	56,741	56,436	56,730	56,707	62,000	60,924	61,023	61,169
Subtotal	160,694	160,428	160,710	160,699	175,515	175,380	174,586	175,355
Relatively controllable programs	20,272	20,017	20,220	20,103	22,573	20,827	21,754	21,071
Total HEW outlays	180,966	180,445	180,930	180,802	198,088	196,207	196,340	196,426
Presidential appeal-NIH.				+ 68				+ 189

201
184
FY1 Bil

Funding for NIH

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NATIONAL INSTITUTES OF HEALTH

OVERVIEW

During the 1979 appropriations process, Congress added $319 million to your budget request for bio-medical research and $37 million for for a child health research facility to be constructed on the NIH campus. At issue are:

-- Should the Administration request a rescission of one half of the congressional increase in 1979 and continue that reduced level of bio-medical research into 1980?

-- Should the Administration seek rescission of the funds for the child health research facility?

1/3 total fed research budget

~ $160 m rescind

Bio-Medical Research

(BA in millions)

	1978 Appropriation	1979 January Budget Request	1979 Appeal/ Appropriation	1979 OMB Recomm.	1980 Appeal	1980 OMB Recomm.
Cancer.....	$ 872	$ 883	$ 942	$ 913	$ 946	$ 913
Heart/Lung.....	448	453	509	479	515	479
All other.....	1,521	1,560	1,765	1,662	1,742	1,634
Total NIH*.....	$2,841	$2,897	$3,216	$3,054	$3,204	$3,026

*Excludes child health facilities.

For FY 1979 the Congress increased the funding for bio-medical research from $2,897 million in the budget request to $3,216 million, an increase of $319 million. Included in this total was $942 million for the National Cancer Institute, nearly thirty percent of the total.

The Congress acted despite sustained Administration appeals to both Appropriations Committees to hold down funding increases over the President's budget request. As a result of our appeals to the Appropriations Committee, the final Conference figure was $26 million below the Senate bill. OMB believes that one-half of the increase over your budget request in 1979 should be proposed for rescission and that the 1980 level be held at approximately the same amount. Within these totals the amount going to basic research would continue to be emphasized.

HEW is opposed to the rescission because it is impossible to achieve and would be directed toward a program which we believe is productive. Of the congressional increase, more than 65 percent is targeted for expanded basic research activities. This is in accord with the priorities expressed last year. Even with the increased appropriation, only about 50 percent of approved new and competing research grants can be funded in 1979. In addition, although the congressional appropriation is 11

percent over your original request for 1979, the real increase is only approximately 4 percent when discounted for inflation.

HEW agrees with OMB that the budget recommended for 1980 should continue the 1979 program level that is finally agreed upon, and that we should fight hard to achieve that objective. We acknowledge that this will be a difficult fight in any case, one which would be exacerbated by a proposal to rescind a portion of the 1979 appropriation.

Child Health Research Building
(BA in millions)

	1979 Appropriation/ Appeal	OMB Recomm.
Child Health Research Facility...	$37.0	-0-

The child health research facility was not proposed in the 1979 budget. It was added by the Congress over the strenuous objections of the Administration.

HEW believes that there is a clear need for additional research space for this institute to allow for expansion and consolidation of child health and reproductive research programs which have grown considerably. Space available to the National Institute of Child Health is currently the lowest per employee of any of the health institutes (114 square feet per person). The Institute does not have a single building of its own, but is spread out in nine different locations. This situation inhibits cooperation and coordination between scientists of various medical disciplines who should work together.

In addition, there is widespread public support for a new facility.

HEW believes rescission is not only wrong on the merits but will be resoundingly rejected by the Congress.

OMB still questions the need for such a facility at a time of severe fiscal constraints. OMB also has doubts that the building as currently planned can be completed within the $37 million total estimated cost set by the Congress.

Other Information

Additional Entitlement Savings

Overview

To meet the President's anti-inflation budget targets, HEW recommends three cost-saving legislative initiatives in addition to items originally approved in the OMB passback. OMB is supportive of these recommendations on their merit as desirable reforms and because of the budgetary relief they promise -- if they are approved by Congress.

These proposals provide needed structural reform in the HEW budget. This constrained budgetary period offers a rare opportunity to make basic reforms in these entitlement programs -- reforms that will have a more substantial structural effect on the shape of the HEW budget than reductions in discretionary programs. OMB has not agreed to apply this savings to the HEW budget and believes that if they are accepted, consideration should be given to applying the savings to alleviation of the government-wide outlay problem.

-- Savings from Entitlement Reductions Grow Over Time. One obvious advantage of seeking reductions in entitlement programs is that these cuts yield increasingly large savings in the outyears.

  . For example, one of the savings items HEW is proposing -- phasing out early retirement under Social Security -- would yield net savings of $205 million in FY 1980, $1.3 billion in Fiscal 1982, and a total of $2.2 billion in the period Fiscal 1980-82.

  . The three entitlement cuts that HEW is proposing would yield net savings of $1 billion in Fiscal 1980, $2.1 billion in Fiscal 1982 and a total of $4.3 billion in the period Fiscal 1980-82.

-- Savings from Entitlement Reductions are "Permanent". The conventional wisdom is "entitlement" cuts are customarily more difficult to achieve than appropriations reductions because they involve a change in law. But there is an important corollary. Once achieved, such entitlement reductions are much harder to reserve than savings in discretionary programs, which, even if held down for one year, can be easily increased through the appropriations process in the next.

Both HEW and OMB acknowledge that passage of these reforms will be difficult in Congress. In the 95th Congress, however, we were successful in getting three unpopular entitlement changes -- tightening up retirement earnings test, limiting retroactive benefits and ensuring that retirees get benefit increases related only to increases in the cost of living. In addition, the Congress independently put a cap on the minimum social security benefit, a deliberalization we were reluctant to propose.

These additional changes must also be considered in light of their future benefits. The resultant greater outyear savings offer the Administration reasonable choices between social security payroll tax reductions in 1981 and budget room for alternative program proposals or some combination of both. HEW believes that if these changes are not made, entitlement program costs will continue to grow and squeeze discretionary program items intolerably; forcing even more difficult and unsatisfactory budget choices.

At the same time, these proposed initiatives must also be viewed as supplementing an existing package of cost-reduction initiatives already included in the allowance, including proposals that are projected to save $1.0 billion in FY 1980 OASDI outlays, and the Administration's renewed effort to win support for hospital cost containment legislation. The overall set of proposals, including those discussed below, inescapably touch large numbers of individual, future beneficiaries, and it is reasonable, even in the new era of austerity, to consider carefully how much can be done all at once.

HEW believes that these cost-saving entitlement reductions, including those already accepted in the allowance are examples of your stated intention to redirect misspent dollars to those truly in need.

<u>The three HEW cost-reductions proposals discussed individually below would save nearly $500 million in FY 1980 outlays; savings in subsequent years would grow rapidly, mounting to $3.5 billion in FY 1984</u>.

A. Terminate the $255 Lump-Sum Social Security Death Benefit: Net FY 1980 Savings -- $221 million. Proposal also permits permanent reduction of 1,000 in Federal work force.

The Social Security death benefit is costly and is now largely an anachronism. Its $255 value has not changed very much since it was first enacted in 1954. It, therefore, no longer bears any relationship to its intended purpose -- helping survivors of deceased workers meet the cost of terminal illness and funeral expenses.

If the maximum value of the benefit had kept pace with inflation it would have been approximately $700 today. Or, looked at another way, the current $255 benefit would have had a purchasing value of $95 in 1954.

On the basis of limited data, we know that about 45% of all "death" benefits are paid directly to the deceased's estate, not to a surviving spouse. (Not surprisingly, the mortuary industry has always supported continuation of this benefit.) 37% of all "death" benefits are paid for individuals who die prior to reaching retirement age, i.e., active workers who may own or be covered by private life insurance.

For people with truly minimal resources for final arrangements, we propose a death benefit in the SSI Program equal to an extra month's benefits. (Cost -- $7 million in FY 1980). Based on a needs test, this proposal would offer the surviving spouse of low-income couples some assistance in meeting the costs of death and burial. Taking account of the cost of this modest, cushioning proposal, elimination of the "death" benefit under Social Security will yield net savings in FY 1980 of $221 million, growing to a net savings of nearly $400 million in FY 1984.

It is important to underscore that a key element of the cost of the death benefit is its cost in terms of Federal employees--an estimated 1,000 staff years annually. Its termination is probably the single, most significant decision that can be taken in this budget to advance the President's goal of control and reduction, wherever possible, of the Federal work force.

B. Eliminate Monthly $122 "Minimum" Benefit under Social Security for Future Beneficiaries: FY 1980 Savings -- $65 million.

The Social Security "minimum benefit" was originally enacted to provide a "floor" award for people otherwise eligible but with minimal earnings covered by the Social Security system. Such people were initially seen as poor, intermittent or marginal workers, and the "minimum" benefit was justified in terms of its ability to provide a class of poor, retired workers an assured minimum income.

The Social Security "minimum benefit" has also become an anachronism.

A person who has worked regularly in employment covered by social security, even at the minimum wage, is eligible for social security benefits well above the minimun. In fact, careful analysis has demonstrated that nearly 20% of all social security "minimum" benefit awards are paid not to very poor people but to "double/triple dippers", many with middle and upper middle incomes predominantly in Federal State, local and non-profit employment that is not presently part of the social security system. In addition, 25-30 percent would have offsetting increases in SSI benefits.

A 1979 study of retired Federal civil servants, for example, revealed that 45% of all those drawing retirement as Federal workers were also receiving some social security benefits; nearly one in three were receiving social security benefits at the "minimum" level. And those receiving the OASI minimum benefit enjoyed a Federal pension averaging almost $500 per month.

Faced with this evident distortion of original legislative intent, Congress froze the level of "minimum benefit" in the 1977 amendments. We think Congress' decision last year suggests the receptivity that would greet a determined Administration effort to terminate it.

HEW proposes that the Administration eliminate the minimum benefit for future beneficiaries only.

This proposal saves $65 million in FY 1980, savings that grow to $230 million in FY 1984. In addition, it avoids the high administrative costs of adjusting benefits for individuals already on the rolls.

Most individuals truly in need of a floor of retirement income support would not be affected adversely by this proposal. They could apply for SSI benefits, which are means tested. Those qualifying for SSI would receive a combined SSI/OASDI benefit at least as high as those they would receive from OASDI alone, if the minimum were retained.

This proposal has been opposed on the grounds that it would transfer persons from retirement benefits provided by social security to retirement benefits provided on a welfare (SSI) basis. We believe the Administration can get public credit for distinguishing between welfare and social insurance dimensions of the present social security entitlements as well as obtain the savings that result from stopping the payment of benefits, weighted to help the poor, to people who do not meet the test of need. Our proposal has that clear purpose as its rationale.

C. Gradual Phase-Out of Age 62 "Early Retirement" Option Under OASI: FY 1980 Savings--$205 Million.

A steadily increasing proportion of American workers in the 62-64 age range are electing to retire early with reduced benefits under social security. In calendar 1975, 64% of all retirement claims came from persons electing "early retirement", up from 49% that had elected this option as recently as 1965. This demographic reality now dominates a life-style option originally designed for individuals in their early sixties whose health or basic skills had deteriorated to the point where their ability to work was clearly marginal.

The availability of early retirement with reduced benefits encourages early retirement for many still productive and healthy at a time when the nation's population as a whole is aging, is staying healthy longer, and even living slightly longer. It adversely affects the adequacy of benefits for these people as they grow older, and leads to pressures for general benefit increases.

We recommend a 6-year phase out of the early retirement feature of the social security program. The OASI element of our proposal would save $300 million in FY 1980, and slightly more than $3 billion annually in FY 1984. For the much smaller group that are no longer able to obtain work at age 62, we propose that the eligibility age for the SSI program be lowered from 65 to 62. This SSI liberalization adds $95 million in costs, reducing net FY 1980 savings to $205 million. ($2.8 billion net savings in FY 1984.)

The effect of this gradual, 6-year phase out of the early retirement option, would not be sharp, even on those individuals now near age 62. Under our proposal, moreover, anyone now 58 or older (through age 64) would continue to have the option of planning on some definite portion of the early retirement option, if that proved to be their choice.

We believe this is the time -- programmatically and socially -- to push for this social security reform. It leaves to SSI -- as does our proposal for prospective elimination of the minimum benefit and the lump sum death payment -- the welfare responsibility for those who can show need, and it removes them from the trust fund insurance programs -- a change that many congressional spokesmen of both parties suggested during the financing debates of 1977.

Our proposal does not reduce the aggregate amount of benefits an individual will receive during his retirement years. Indeed, the delay in the receipt of benefits will ultimately increase the size of the individual's benefit when he does retire. Because of this feature, we believe this proposal is preferable to other alternatives that would result in real benefit reductions.

Our proposal will also result in long-term administrative simplifications, reducing SSA's future employment needs.

EDUCATION OF HANDICAPPED CHILDREN

HEW and OMB agree on an amount for this program which is defensible, but which will bring some criticism from the Congress, the States, and the education constituency.

Background

The Education of the Handicapped Act provides grants to States to help pay for the extra costs of educating handicapped children, but at the same time imposes costly requirements on participating States. Many of those requirements are also imposed by section 504 of the Rehabilitation Act. The appropriations authorization is based on a percentage of the extra costs incurred in meeting these requirements. The percentage increases each year.

In the first two years of the program -- fiscal years 1977 and 1978 -- the Congress appropriated funds sufficient to fund the percentages of excess costs authorized for those years: five percent and ten percent, respectively. In FY 1979, the Administration was successful in containing the percentage of excess costs by offering an increase from 10 to 12 percent which the Congress adopted. The appropriations have grown from $465 million for FY 1977 to $804 million for FY 1979.

FY 1980 Budget

For FY 1980, both HEW and OMB have agreed on a budget of $862 million, which would maintain the current Federal cost-sharing at about 12 percent even though the authorization will increase to 30 percent.

This budget policy will require an increase of $58 million over the 1979 appropriation of $804 million because both per pupil costs and the number of children to be served are expected to increase. The budget, however, is based upon conservative assumptions about these variables:

1) Increased costs are estimated at 7 percent, consistent with the Administration's wage and price guidelines, instead of 9 percent currently projected by the National Center for Education Statistics and the 9-10 percent increases of the past two years. We believe this percentage is defensible in light of the Administration's anti-inflation campaign.

2) The additional number of children to be served is being estimated at only 150,000 on a base of 3.8 million despite evidence that States are not fully complying with the law's mandate to serve all handicapped children and extensive efforts by HEW to enforce the law. We believe that this estimate can be defended.

The Administration is likely to receive two basic criticisms from the Congress, the States, and the constituency:

1) The Federal Government is not sharing enough in the additional costs of educating handicapped children. This could invite the Congress to fund the program at a much higher percentage.

2) The States are being asked to find and serve additional children but the Federal Government is not willing to meet its legislatively authorized share of the costs. States and localities may interpret the action as either an effort to shift the burden on the States or as a lessening of Federal commitment to meeting the needs of the handicapped and reduce their efforts accordingly.

However, we believe that the budget request can be defended as maintaining last year's 12 percent funding level for a program which has experienced rapid growth in real dollars in recent years in a year in which resources are limited.

USDA--Food and
Nutrition Service

Department of Agriculture
Food and Nutrition Service
1980 Budget Summary
($ in millions)

	1978 actual	1979 Estimate		1980 Estimate	
		Initial request	OMB Recommendation	Initial Request	OMB Recommendation
Budget Authority..	$8931	$9005	$9389	$10,814	$10,481
Outlays.....	9046	8964	9349	10,659	10,192
FTP Employment....	2337	2445	2287	2,337	*

* Within USDA's overall personnel ceiling.

° Major Decisions

Rather than (1) reduce benefits for the poor or (2) increase Federal outlays to fully finance inflated food costs of current programs, USDA and OMB agreed to:

-- Seek legislation to set fiscal sanctions for food stamp program maladministration --excessive errors (1980 savings: -$122 million or more). Underpayments and denials will count as errors to assure due process for beneficiaries. Our objective is to prompt States to better manage the program and eliminate food stamp fraud and abuse. OMB believes this will reduce food stamp errors by more than 50% within 5 years. This parallels the AFDC sanctions Secretary Califano is seeking by regulation.

-- Reduce meal subsidies for middle and upper income children and eliminate fraudulent requests for reimbursement (-$500 million from a base of $3 billion) and target federal resources on the needy.

-- Eliminate special milk subsidies in schools where milk is already federally subsidized in the school breakfast or lunch program (savings: -$110 million.)

-- Increase the Women, Infants and Children (WIC) food program (+$200 million) to $750 million in 1980 as agreed upon when you signed the 1978 Child Nutrition Amendments.

Summary

The 1980 request is $840 million less than 1980 current services -- a reduction of 7%.

THE WHITE HOUSE
WASHINGTON

15 Dec 78

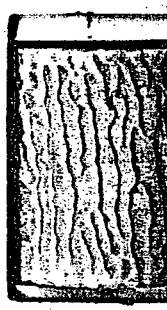
Stu Eizenstat
Jack Watson

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Rick Hutcheson

Frank Moore
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		VANCE

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		BUTLER
		H. CARTER
		CLOUGH
		CRUIKSHANK
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HUTCHESON
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THE WHITE HOUSE

WASHINGTON

December 7, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT
JACK WATSON

SUBJECT: Secretary Harris' Housing Simplification Proposal

When Secretary Harris met with you to review her proposed recodification and simplification of the housing laws, you indicated that she should not discuss its contents with Congress or outside groups until you had reviewed this issue with your staff.

We believe that the recodification of current housing laws may be a desirable initiative, but it is impossible to identify the most serious political or substantive problems without consulting with Congress on specific elements of the proposal. We recommend that you authorize us to permit Secretary Harris and White House staff to have exploratory discussions with Congress and outside groups, subject to the understanding that such discussions do not reflect an Administration decision to move ahead with a housing simplification proposal.

OMB's major concern is that the present proposal appears to go beyond mere simplification to make substantive changes which could be undesirable as well as compound the difficulty of achieving enactment. Secretary Harris' view is that there are no substantive changes, and that the Secretary would be willing to modify or delete any provisions which did in fact involve substantive changes of law. Consequently, in discussions with outside groups it should be stressed that our sole interest is the possible simplification of existing substantive provisions.

It would be useful to commence such discussions immediately so that we can make an informed recommendation to you later this month.

OMB is willing to agree with this approach.

THE WHITE HOUSE
WASHINGTON
15 Dec 78

Fran Voorde
Phil Wise

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Rick Hutcheson





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THE WHITE HOUSE
WASHINGTON

Phil
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December 14, 1978

MEMORANDUM FOR THE PRESIDENT
VICE PRESIDENT

FROM: FRANK MOORE F.M./BR

SUBJECT: STATE OF THE UNION MESSAGE

The State of the Union is scheduled tentatively for Monday, January 22. It can be rescheduled later in that week or as early as Wednesday, January 17.

cc: Zbigniew Brzezinski
Hamilton Jordan
Jody Powell
Jerry Rafshoon

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		WEXLER
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		MCINTYRE
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		MARTIN
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THE WHITE HOUSE
WASHINGTON

15 Dec 78

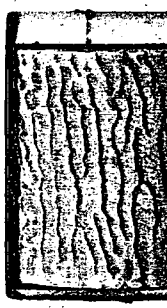
Tim Kraft

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

Rick Hutcheson

Hamilton Jordan
Arnie Miller





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Hamilton
Tim
J

UNITED STATES SENATE
WASHINGTON, D. C. 20510

JOHN GLENN
OHIO

December 14, 1978

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

Dear Mr. President:

Within the next few days, you will be making your first appointments to the Interstate Commerce Commission. Among the names now under final consideration for recommendation to you is that of one of my chief aides, Reginald Gilliam, Jr.

Reg is a young Black man who has served me with great distinction the past four years. Prior to that he served with equal distinction on the faculty of Williams College. He holds a degree from Harvard Law School. He has been supported in his candidacy by virtually every major national Black organization and by distinguished individuals such as Clarence Mitchell, Ben Hooks, Vernon Jordan, Andy Young, Cliff Alexander to name a few. The ICC has not had a Black commissioner in its 90 year history.

Your aides Tim Kraft and Frank Moore are familiar with this as I have discussed it with them personally. Louis Martin also is very familiar with the situation. Reg has worked with me in my heavy involvement in the regulatory and minority business development areas. He is thoroughly competent and politically skilled. His appointment would prove to be a credit to your administration as well as an invaluable aide in your efforts to fight inflation and to modernize transportation regulation.

I strongly urge this appointment, it is very important to me.

Sincerely,

John Glenn
United States Senator

Reginald E. Gilliam, Jr.
33 years old
A.B. Cumlaude Lincoln University, Pennsylvania 1965
J.D. Harvard Law School 1968

Staff Attorney, Legal Services Program, 1968-69
Assistant Professor, State University of New York at Albany 1969-72

Assistant Dean of the College and Lecturer in Law and Political Science, Williams College, Williamstown, Massachusetts, 1972-75. Taught and developed four courses in Law and Politics. Author of book, "Black Political Development," numerous articles. Numerous political activities.

Legislative Assistant to Senator John Glenn 1975-78.
Responsible for Senator Glenn's staffwork in following areas: minority business development, small business, labor relations, civil rights, federal regulatory policy, state and local government and transportation regulatory policy.

Transportation, Regulatory and Small Business Development Activities for Senator Glenn:

1) Staffwork, all of Senator Glenn's activity on minority business development, contracting and procurement and governmental organization in minority business (includes hearings staffed, bills and amendments drafted, constituents represented).

2) Current staffwork for Glenn, Senate Government Affairs Committee, Regulatory Reform Part V, Transportation. Hearings on a major bill expected this summer. Bill deals with a national transportation policy organizational framework.

3) Staffwork, Senator Glenn's position and constituent work of Ohio truckers seeking Temporary Operating Authority before the ICC. Includes RECORD statements, GAO report analysis letter preparation.

4) Staffwork, Senator Glenn's efforts to develop a more coordinated urban transportation policy. Includes a drafted bill and letters to 5 cabinet members.

5) Staffwork, Senator Glenn's efforts to increase transportation-related training among hard-core unemployed. Includes CETA amendment drafted.

6) Staffwork, Senator Glenn's co-sponsorship of S. 1794, a bill to require regulatory agencies to make distinctions on regulatory matters and requirements with respect to small businesses.

7) Staffwork, Senator Glenn's work on Trucking Safety.

8) Staffwork for Senator Glenn on Impact of 4-R Act, Railcar shortage.

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~~11:30 AM~~
1:30 p.m.

THE WHITE HOUSE

WASHINGTON

C

MEETING WITH SENATOR HOWARD BAKER

Friday, December 15, 1978
11:30 a.m. (20 minutes)
Oval Office

From: Frank Moore F.M./BR
Zbigniew Brzezinski ZB

I. PURPOSE: To discuss his forthcoming trip to the Soviet Union.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN:

A. Background: Senator Baker is going to the Soviet Union on January 4. He will be accompanied by Senators Danforth, Garn, Hayakawa, and Tower.

Earlier this week, he told Dr. Brzezinski that he intended to discuss SALT. He is trying to get appointments with Brezhnev and Kosygin. Per your instructions, we have helped him to get an official invitation from the Soviets.

He told Dr. Brzezinski that he intends to tell the Soviets that there will be a genuine, open discussion on SALT.

B. Participants: Frank Moore, Dr. Brzezinski

C. Press Plan: White House photo

III. TALKING POINTS:

As appropriate

THE WHITE HOUSE
WASHINGTON

Dec 14, 1978

Rick:

The President should see this before the HEW budget appeal tomorrow morning. Since this is our review of the OMB and HEW positions, I don't believe it should be staffed out to OMB.

OMB has a copy of the memo.

Jack Lew

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9:30 AM

THE WHITE HOUSE

WASHINGTON

December 14, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: Frank Press FP

SUBJECT: HEW Appeal Session on NIH, December 15

The $3B per year NIH Budget supports numerous programs within each of the 11 National Institutes of Health and the other components of the NIH. The research productivity and practical applications from NIH-supported work in the nation's research centers have been first rank, and billions in health costs have been saved by such breakthroughs as the polio vaccine, the TB drugs, and the decreases in coronary heart disease and stroke. The budget for NIH has grown substantially in the last decade. Nevertheless, the percentage growth from 1968 through the FY79 request is not as much as commonly believed: 162% for the NIH overall, (133% for direct support of research) compared with 186% for all Federal outlays, 174% for GNP, and 116% for the Consumer Price Index.

Your Administration has become identified with a policy of rebuilding the basic research strength of the nation. The NIH represents a very substantial portion (about one third) of the total Federal basic research budget. Therefore, your decision on NIH will strongly influence the overall basic research position in your FY80 budget. I believe the OMB proposal is too severe. I recommend:

1) That the proposed rescission be made smaller in order to have any chance of acceptance in the Congress. Political soundings suggest that the very recent appropriation by the Congress will be sustained. There may be some value in underlining your anti-inflation effort with a selective rescission, perhaps on the order of $50-80M of particularly objectionable items. The OMB staff can make such suggestions.

2) An increase of 5% only for the science base of NIH; this is equivalent to a 3.6% increase in the total NIH budget for FY80 over the FY79 appropriation of $3.2B. This represents a decrease in real research support for FY80. A fall back position would be to straightline NIH at the FY79 appropriation. This is essentially Joe Califano's request.

Overall R and D for FY80 will increase by only a few percent, less than half the rate of inflation, due to cutbacks in development. Growth of the relatively small basic research component (13% of overall R&D) may be seen as honoring your commitment to research.

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for Preservation Purposes

9:30 AM

THE WHITE HOUSE

WASHINGTON

December 14, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: LOUIS MARTIN

SUBJECT: HOWARD UNIVERSITY

Protests over a proposed cut of $2.3 million to the budget of Howard University have been received from Clarence Mitchell and a host of Black leaders. Such a cut does not, in my view, save enough money to risk the political damage that will ensue. Pledges to help Black colleges have been taken seriously. Sensitivity in this field is perhaps greater than in any other area of Black concern.

THE WHITE HOUSE
WASHINGTON

15 Dec 78

Stu Eizenstat
Zbig Brzezinski
Jim McIntyre
Charlie Schultze

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

Rick Hutcheson





THE WHITE HOUSE
WASHINGTON

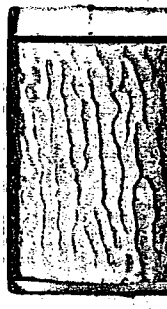
15 Dec 78

To Secretary Blumenthal

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

Rick Hutcheson





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	EYES ONLY

ACTION	FYI	
		VICE PRESIDENT
		JORDAN
	/	EIZENSTAT
		KRAFT
		LIPSHUTZ
		MOORE
		POWELL
		RAFSHOON
		WATSON
		WEXLER
	/	BRZEZINSKI
	/	MCINTYRE
	/	SCHULTZE
		ADAMS
		ANDRUS
		BELL
		BERGLAND
/		BLUMENTHAL
		BROWN
		CALIFANO
		HARRIS
		KREPS
		MARSHALL
		SCHLESINGER
		STRAUSS
		VANCE

		ARAGON
		BUTLER
		H. CARTER
		CLOUGH
		CRUIKSHANK
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HUTCHESON
		LINDER
		MARTIN
		MOE
		PETERSON
		PETTIGREW
		PRESS
		SANDERS
		VOORDE
		WARREN
		WISE

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ACTION

THE SECRETARY OF THE TREASURY
WASHINGTON 20220

December 14, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Treasury note issue denominated in Deutsche marks

The Second Liberty Bond Act authorizes me -- with your approval -- to borrow funds by issuing Treasury notes, including notes denominated in foreign currencies. As part of your dollar defense and in accordance with my November 1 joint statement with Chairman Miller, we are scheduled to issue up to approximately $1.5 billion in Deutsche mark denominated Treasury notes.

We plan to issue notes in both three and four year maturities which will bear interest at rates of 5.95 percent and 6.20 percent, respectively. The notes will be available only to German residents in amounts of DM 500,000 or multiples thereof. Assignments of the notes may also be made only to German residents. Acquisition of any interest in the notes may not be financed by borrowings outside of Germany. The notes are scheduled to be issued and paid for on December 15.

Under established practice, we do not advise you of each pending issue of Government securities. However, in view of the uniqueness and importance of this German issue, I thought I should do so in this case and request that you record your approval. Any further issues denominated in foreign currencies in the future will be administered in the regular way.

Approve ✓ Disapprove _____

Mike

W. Michael Blumenthal

ID 786248 THE WHITE HOUSE

WASHINGTON

DATE: 14 DEC 78

FOR ACTION:

INFO ONLY: STU EIZENSTAT ZBIG BRZEZINSKI

CHARLIE SCHULTZE

SUBJECT: BLUMENTHAL MEMO RE TREASURY NOTE ISSUE DENOMINATED IN DEUTSCHE MARKS

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

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

+ BY: +

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

15 Dec 78

Phil Wise

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

Rick Hutcheson

Stu Eizenstat
Jerry Rafshoon
Frank Press
Fran Voorde

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
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	LAST DAY FOR ACTION

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	SECRET
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ACTION	FYI	
		VICE PRESIDENT
		JORDAN
	/	EIZENSTAT
		KRAFT
		LIPSHUTZ
		MOORE
		POWELL
	/	RAFSHOON
		WATSON
		WEXLER
		BRZEZINSKI
		MCINTYRE
		SCHULTZE
		ADAMS
		ANDRUS
		BELL
		BERGLAND
		BLUMENTHAL
		BROWN
		CALIFANO
		HARRIS
		KREPS
		MARSHALL
		SCHLESINGER
		STRAUSS
		VANCE

		ARAGON
		BUTLER
		H. CARTER
		CLOUGH
		CRUIKSHANK
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HUTCHESON
		LINDER
		MARTIN
		MOE
		PETERSON
		PETTIGREW
	/	PRESS
		SANDERS
	/	VOORDE
		WARREN
/		WISE

THE WHITE HOUSE
WASHINGTON

12/15/78

Mr. President:

Mrs. Carter says it's up to you. Rafshoon strongly concurs.

Phil Wise says that it would be late winter or spring before this could be scheduled.

Stu adds that the event would be a useful political outreach to the scientific community, "which believes it has been largely ignored since Kennedy's Administration."

Rick

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THE WHITE HOUSE

WASHINGTON

December 13, 1978

Phil - President early in 1979 J

MEMORANDUM TO: THE PRESIDENT

FROM: Frank Press FP
Stu Eizenstat SE

SUBJECT: White House Affair for Nobel Prize Winners

There has been no substantive Presidential recognition of American Nobel Prize winners since 1962 when President and Mrs. Kennedy hosted a White House dinner in their honor. In addition, other prominent Americans from science, education and the arts were invited. This was the occasion of Kennedy's famous line "This is the most extraordinary collection of talent, of human knowledge, that has been gathered together at The White House, with the possible exception of when Thomas Jefferson dined alone."

Nobel Prizes are awarded in Physics, Chemistry, Medicine, Economics, Peace and Literature. Americans win most of the awards in the first four categories and a goodly number of the others (this year, six out of nine). Our strong showing brings great credit to our Nation as a world leader in science and culture.

We recommend that you and Mrs. Carter host a White House evening affair for American Nobelists with a few additional prominent Americans drawn from science, education and the arts. This would be a gala affair in honor of our country's intellectual contributions to the world. It would involve approximately 150-200 people, including perhaps 75 Nobelists and their wives.

President approves _____

Other _____

ID 786242 THE WHITE HOUSE

WASHINGTON

DATE: 13 DEC 78

FOR ACTION: JODY POWELL JERRY RAFSHOON

THE FIRST LADY FRAN VOORDE

PHIL WISE

INFO ONLY:

SUBJECT: FRANK PRESS, STU EIZENSTAT MEMO RE WHITE HOUSE AFFAIR FOR NOBEL PRIZE WINNERS

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

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

+ BY: 1200 PM FRIDAY 15 DEC 78 +

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

It would be late Winter or spring before it could be scheduled-

ID 786242

THE WHITE HOUSE

WASHINGTON

DATE: 13 DEC 78

FOR ACTION: JODY POWELL — JERRY RAFSHOON strongly concur

THE FIRST LADY up to JC — FRAN VOORDE NC

PHIL WISE - late winter or spring

INFO ONLY:

SUBJECT: FRANK PRESS, STU EIZENSTAT MEMO RE WHITE HOUSE AFFAIR FOR NOBEL PRIZE WINNERS

RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052)
BY: 1200 PM FRIDAY 15 DEC 78

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

ID 786242

THE WHITE HOUSE

WASHINGTON

DATE: 13 DEC 78

FOR ACTION: JODY POWELL
THE FIRST LADY
PHIL WISE
JERRY RAFSHOON
FRAN VOORDE

INFO ONLY:

SUBJECT: FRANK PRESS, STU EIZENSTAT MEMO RE WHITE HOUSE AFFAIR FOR NOBEL PRIZE WINNERS

RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052)
BY: ~~1200 PM FRIDAY 15 DEC 78~~

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

fran

ID 786242 THE WHITE HOUSE

WASHINGTON

DATE: 13 DEC 78

FOR ACTION: JODY POWELL JERRY RAFSHOON

THE FIRST LADY FRAN VOORDE

PHIL WISE

INFO ONLY:

SUBJECT: FRANK PRESS, STU EIZENSTAT MEMO RE WHITE HOUSE AFFAIR FOR NOBEL PRIZE WINNERS

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

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

+ BY: 1200 PM FRIDAY 15 DEC 78 +

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

December 13, 1978

Mr. President:

This would not only be a useful political outreach to an important constituency but is substantively important as well. The scientific community properly believes it has been largely ignored since Kennedy's Administration, that its contributions are unrecognized, and that the spirit of innovation (with Presidential impetus) is dwindling. Such a function could address these concerns directly.

Stu

Stu Eizenstat

f

THE WHITE HOUSE
WASHINGTON

15 Dec 78

The Vice President

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

Rick Hutcheson

Fran Voorde
Phil Wise

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	SECRET
	EYES ONLY

ACTION	FYI	
✓		VICE PRESIDENT
		JORDAN
		EIZENSTAT
		KRAFT
		LIPSHUTZ
		MOORE
		POWELL
		RAFSHOON
		WATSON
		WEXLER
		BRZEZINSKI
		MCINTYRE
		SCHULTZE
		ADAMS
		ANDRUS
		BELL
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		BLUMENTHAL
		BROWN
		CALIFANO
		HARRIS
		KREPS
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		SCHLESINGER
		STRAUSS
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		ARAGON
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		H. CARTER
		CLOUGH
		CRUIKSHANK
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HUTCHESON
		LINDER
		MARTIN
		MOE
		PETERSON
		PETTIGREW
		PRESS
		SANDERS
	✓	VOORDE
		WARREN
	✓	WISE

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THE VICE PRESIDENT
WASHINGTON

December 13, 1978

Very difficult for me. Can do this - TC

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT

SUBJECT: REQUESTS FOR MEETINGS ON THE BUDGET

As you know, several key constituencies have asked for an opportunity to offer their advice on the budget decisions which you will be making. Although individual representatives have consulted or will consult with Jim McIntyre, senior staff, or agency heads, it is important that leaders of these constituencies have a sense of participation in the process, including an opportunity for discussion directly with you. These opportunities should be limited to a few meetings before final budget decisions.

On behalf of the Executive Committee and in order to avoid a series of random requests on your time, I would like to propose the following meetings over the next three weeks based on the senior staff's recommendations:

1. Women: Sarah Weddington proposes a meeting with a broad spectrum of women's leaders. The Advisory Committee meeting will be scheduled for early January. However, there are significant individuals who are not a part of the Adivsory Committee who are also more apt to be supportive of Administration efforts, especially if included in consultations.

2. Liberal and Social Services Groups: Patsy Mink, on behalf of the Americans for Democratic Action and 23 other liberal, religious, social welfare, and labor groups, has asked for an opportunity to meet with you to review the FY 80 budget. I have some concerns about the specific mix of groups she suggests. Staff level consultations will be necessary before a meeting with you. Nonetheless,

2. Liberal and Social Services Groups (continued)

I believe it would be in our interest to show a willingness to sit down with an appropriate gathering of human services and liberal organizations and to hear their concerns. This is especially true of the religious service organizations who can perhaps be persuaded that within very tight constraints we are seeking to do everything we can to assure that basic needs are met. (Attached is a copy of Patsy's request including the specific groups who have asked to take part in the meeting.)

3. State and Local Government: Jack Watson proposes three meetings although the meeting of county and city officials might be combined.

- Governors: The Governors will have more maneuvering room with the proposed budget cuts and should be the most supportive. It will be important to have them in early to obtain their political support later on.

- Mayors: When I met with leading Democratic Mayors in Memphis, their number one concern was to have an opportunity to meet personally with you to discuss the budget and its impact on cities.

- County Officials: As you know, county officials have a strong sense of identity. In addition, they administer the health and welfare programs. There is an opportunity here to obtain support, and for this reason we recommend a meeting with the leaders of the National Association of Counties and certain strong Democratic county officials.

In addition to the meetings you have already held with the NAACP and other representatives of Black groups, we believe it may be useful to arrange a short session with Hispanic leaders at a later date. Senior staff is holding preliminary meetings with both Hispanics and labor, and recommendations for further meetings, if any, will follow those discussions.

The proposed meetings should occur prior to Christmas. Each meeting would have about a 20-minute briefing on the budget (and by implication, policy priorities) by Jim McIntyre and Stu Eizenstat. The intent is to frame the discussion which follows in terms of their recommendations on budget decisions within a given of a tight budget. After about a 30-40 minute discussion, you would join the meeting for about 30 minutes.

I would appreciate your guidance on the proposed meetings with you:

_____ Concur. Please arrange scheduling.

_____ Please arrange only the following meetings:

Women _____

Liberal/Social Services Groups _____

Governors _____

Mayors _____

County Officials _____

LESLIE LOBLE
1411 K ST NORTHWEST
WASHINGTON DC 20005

Mailgram

4-059565E335 12/04/78 ICS IPMMTZZ CSP WSHB
2026386447 MGM TDMT WASHINGTON DC 200 12-04 0609P EST

PRESIDENT JIMMY CARTER
WHITE HOUSE
WASHINGTON DC 20500

THE FOLLOWING ORGANIZATIONS CONCERNED WITH HUMAN NEEDS URGENTLY REQUEST A MEETING WITH YOU AS SOON AS POSSIBLE TO DISCUSS THE PRIORITIES AND SUBSTANCE OF THE FY-1980 BUDGET SINCERELY

PATSY T MINK PRESIDENT
AMERICANS FOR DEMOCRATIC ACTION
1411 K ST NORTHWEST
WASHINGTON DC 20005
2026386447 RSVP PATSY T MINK
OR LESLIE LOBLE

AMALGAMATED MEAT CUTTERS AND BUTCHER WORKERS OF NORTH AMERICA
AMERICANS FOR DEMOCRATIC ACTION
AMERICAN FRIENDS SERVICE COMMITTEE
AMERICAN JEWISH COMMITTEE
B'NAI B'RITH
CENTER FOR COMMUNITY CHANGE
CHILDRENS DEFENSE FUND
FRIENDS COMMITTEE ON NATIONAL LEGISLATION
LEAGUE OF WOMEN VOTERS UNITED STATES
NATIONAL ASSN OF SOCIAL WORKERS
NATIONAL CONFERENCE OF CATHOLIC CHARITIES
NATIONAL LOW INCOME HOUSING COALITION
NATIONAL ORGANIZATION FOR WOMEN
NATIONAL RURAL CENTER
NATIONAL RURAL HOUSING COALITION
NATIONAL WOMENS POLITICAL CAUCUS
NATIONAL YOUTHS ALTERNATIVE PROJECT
UNITED AUTO WORKERS
UNITED CHURCH OF CHRIST
U S CATHOLIC CONFERENCE/OFFICE OF DOMESTIC SOCIAL DEVELOPMENT
UNITED STATES STUDENT ASSN
WOMENS EQUITY ACTION LEAGUE
WOMENS INTL LEAGUE FOR PEACE AND FREEDOM

16:09 EST

MGMCOMP MGM

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9:30 AM

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

DEC 14 1978

MEMORANDUM FOR THE PRESIDENT

FROM JOE CALIFANO

SUBJECT: Hospital Cost Containment Legislation, the Anti-Inflation Guidelines and the Fiscal 1980 HEW Budget

In your October 24th anti-inflation speech, you stated that the health care industry was different than other sectors of the economy and you called for deceleration of "at least" 2 percent in health care costs. In recent weeks, we have had numerous discussions with Fred Kahn and his staff -- and have reached a number of agreements with COWPS, DPS and OMB -- on the shape of the health care anti-inflation guidelines.

There are, however, two issues which require your decision:

(1) With respect to hospitals, what should be the allowable rate of increase for total hospital expenditures in Calendar 1979? HEW and OMB believe it should be fixed at 9.5 percent; COWPS believes it, in effect, should be around 10.5 or 11 percent. HEW, COWPS, DPS, and OMB agree, however, that:

-- the guidelines must be at least as strict as the hospital standard we propose in Hospital Cost Containment legislation and

-- that HEW should promulgate, monitor and have general responsibility for administering the hospital anti-inflation guideline.

Kahn/Stu 10½%
What recommendations?

My view is that 9.5 percent is tight, but that it is necessary, first, as the lowest credible starting point in the legislative debate (the number may move upward in the Congress) and, second, in order to achieve important savings in the Fiscal 1980 HEW budget.

(2) With respect to physicians, who should monitor and have general responsibility for implementing the anti-inflation guideline? I believe HEW should; COWPS believes it should. HEW, COWPS, DPS and OMB agree, however, that

-- the guideline should be initially set at the same level for doctors as for other professionals (i.e. the general price rise in the economy) but we should acknowledge clearly that, because of their relationship to the highly inflationary health sector, physicians may require special treatment in subsequent guidelines or actions.

I. BACKGROUND ON HOSPITAL COSTS

A. Immediate Objectives of Hospital Cost Containment

As you know, health costs in general -- and hospital costs in particular -- have been rising significantly faster than the general rate of inflation in recent years. With respect to hospital expenditures, action to constrain costs is vital to meet two basic objectives.

First, we must slow down the rate of increase in total hospital expenses in both the public and the private sector as part of our general effort to reduce the nationwide rate of inflation.

Second, we must control Federal hospital expenditures -- primarily in Medicare and Medicaid -- in order to realize savings in the Fiscal 1980 HEW budget that will allow you to reduce the Federal deficit significantly.

B. The Two Methods of Hospital Cost Containment; Timing and Relationship

The hospital anti-inflation guideline should be issued as soon as possible and, in any event, no later than January 1, 1979.

But, in my judgment, hospital cost containment legislation is of far greater importance in our effort to contain hospital costs than the issuance of the hospital anti-inflation guideline. Indeed, the immediate introduction of cost containment legislation after the 96th Congress convenes is vital to the success of the guideline.

As you know, there is agreement within the Administration that we should follow the approach adopted by Senator Nelson in the 95th Congress and that we should send up legislation with a voluntary trigger period -- running from January 1, 1978 (the approximate date on which the hospitals' Voluntary Effort began) until January 1, 1980. If the hospital industry fails to meet limits on the rate of increase in Calendar 1979 mandatory controls will take effect. And we need the threat of standby controls in the legislation to keep the heat on for voluntary action by the hospitals.

Thus, for Calendar 1979, the anti-inflation guideline must be at least as tough as the voluntary trigger in the hospital cost containment legislation. The guideline cannot be weaker than the legislative trigger.

C. The Method of Deriving a 9.5 Percent Rate of Increase

In December, 1977, the hospital industry set a deceleration goal of 2 percent per year. On October 24th of this year, you announced the Administration's anti-inflation program. If successful, your anti-inflation program should allow the hospital industry to do better than a 2 percent deceleration.

Deriving 9.5 percent limit on the rate of increase in 1979 turns, then, on two key determinants: the 1977 rate of increase (which is the Voluntary Efforts' starting point) and the effect of the anti-inflation program. In essence, we assume that your program should yield a 3 percent -- not a 2 percent -- deceleration in hospital expenses and that as I will make clear below, 9.5 percent is thus a reasonable limit.

- The Data for Determining the 1977 Rate of Increase. The hospitals' performance in 1978 can be measured against one of two 1977 data bases, both developed by the hospital industry itself.

  -- The Panel Survey. This is a monthly sample of approximately 20 percent of the nation's 6,000 general hospitals. In 1977, the rate of increase for total hospital expenses was 15.6 percent as measured by this data.

  -- The Annual Survey. This survey is gathered from more than 90 percent of the hospitals at the end of their fiscal year. Because it covers many more hospitals, HEW believes it is more reliable. In 1977, the rate of increase for total hospital expenses was 14.2 percent as measured by this data.

Thus, assuming the 2 percent deceleration goal of the Voluntary Effort, the rate of increase in total hospital expenses should be down to 13.6 percent in 1978 and 11.6 percent in 1979 if the Panel Survey data form the base. If the Annual Survey data form the base, then the rate of increase in total hospital expenses should be down to 12.2 percent in 1978 and 10.2 percent in 1979.

- The Effect of the Anti-Inflation Program. As noted, the wage and price guidelines should slow down the rate of increase in wages and prices paid by the hospital industry. HEW assumes the effect of your anti-inflation program will be to reduce hospital industry inflation about 1 percent below what it would otherwise have been in 1979, and that hospitals should be able to decelerate by 3 percent, not 2 percent, in 1979. Thus:

  -- If the Panel Survey is the base, then the rate of increase in total hospital expenses in 1979 should be 10.6 percent (13.6 percent in 1978 minus 3 percent).

  -- If the Annual Survey is the base, then the rate of increase in total hospital expenses in 1979 should be 9.2 percent (12.2 percent in 1978 minus 3 percent). If we go with a 9.5 limit, we have a 0.3 margin of error under this line of reasoning.

II. ISSUE #1: THE LIMIT ON HOSPITAL EXPENSES

As noted, the first issue on which we need your decision is: What rate of increase in total hospital expenses should be included in both the anti-inflation guideline and the voluntary section of hospital cost containment legislation?

A. Options

Option 1: The limit should be fixed at 9.5 percent for Calendar 1979.

Option 2: The limit should be 2 percent below the actual rate of increase in 1978. Unfortunately, there is not yet final data on 1978 -- although the Panel Survey data for the first nine months indicate

that the rate of increase will be in the 12.5 to 13 percent range. Thus, the limit should be fixed at 10.5 or 11 percent, if the incomplete Panel Survey data for 1978 only (as opposed to 1977) is used as the base. (Final Panel Survey data will not be available until next March and the Annual Survey data for 1978 will not be available until next September.)

B. Criteria for Decision

(1) Budget Savings. The following table indicates budget savings in Fiscal 1980-82 for different limits on the rate of increase.

In the budget projections for Fiscal 1980 both OMB and HEW have assumed a 9.5 percent rate of increase in the guidelines and in the cost containment legislation. There is little question that the tightest possible limit and the concommittant savings will help make room in a very tight budget for other funding priorities.

Federal Savings: Hospitals

(billions of dollars)

	FY 80	FY 81	FY 82	FY 80-82
9.5%	$1.8	$3.3	$5.0	$10.1
10%	1.6	2.9	4.5	9.0
10.5%	1.5	2.6	4.0	8.1
11%	1.3	2.3	3.5	7.1

(2) Total Health System Savings. The following table indicates savings for fiscal 1980-82 in both the public and private sectors for different limits on the rate of increase.

Total Health System Savings: Hospitals
(billions of dollars)

	FY 80	FY 81	FY 82	FY 80-82
9.5%	$4.8	8.7	13.1	26.6
10 %	4.4	7.6	11.8	25.2
10.5 %	4.0	6.9	10.5	21.4
11 %	3.5	6.1	9.2	18.8

Obviously the tighter the effective limit the greater the savings and the greater the reduction in economy-wide inflationary pressure from hospital spending.

(3) Feasibility. COWPS questions whether 9.5 percent is feasible, and is concerned that by setting an impossible limit in the guidelines we will discourage the voluntary effort.

But, as noted, if we start with the hospitals' own Annual Survey data yielding a 14.2 percent rate of increase in 1977 -- a decision which can be defended -- and if we assume, which COWPS apparently does not, that the anti-inflation program

requires a better than 2 percent deceleration performance from the hospitals, then we can fairly derive a 9.2 percent rate of increase in Calendar 1979.

Thus, as noted, we have room for about 0.3 percent slippage -- slippage that might result if our estimates of the rise in prices throughout the economy migrate upwards.

(4) Effect on Legislation. Our goal today should be to come in with the lowest possible credible number in the legislation. Although 9.5 percent for Calendar 1979 will seem low initially to Members (the debate last session centered around 13.5 or 12.2 for 1978), Senator Nelson has told us that he thinks we could come in at about 9.5 percent as an opening position in the legislative process.

He believes, as we do, that the world changed economically this fall. He believes that, in a very tight budget year, Members may be much more willing to impose tighter performance standards on hospitals in order to realize the budget savings that may be necessary to protect other programs.

In any event, we can go out with a 9.5 percent guideline and, if consultation or events dictate otherwise, change the limit on the rate of increase that we put in the voluntary trigger section of the cost containment legislation.

But we should clearly start low in the guidelines as a matter of legislative strategy.

C. Decision.

_____ Option 1: a 9.5 percent limit on the rate of increase in total hospital expenses in Calendar 1979 (HEW and OMB recommend).

_____ Option 2: a limit 2 percent below actual performance in 1978, which would yield between a 10.5 and 11 percent rage of increase using present, though incomplete, Panel Survey data (COWPS recommends).

III. ISSUE #2: RESPONSIBILITY FOR THE PHYSICIAN GUIDELINE

As noted, HEW and COWPS have agreed that physician fees should be held to the same rate as the projected increase in the Consumer Price Index in 1979 (presently projected at 6.5 percent).

We need your decision on the following issue: Should HEW or COWPS have the lead responsibility in monitoring and enforcing Guidelines for physicians, i.e. be the point of negotiation and discussion with providers on the guidelines.

A. Options:

Option 1: COWPS. The basic rationale is that physicians should be treated like other professionals and kept as part of the overall Guidelines effort.

Option 2: HEW. The basic rationale is that the health sector is different from other industries, as noted in the Anti-Inflation White Paper. HEW should have the lead responsibility to ensure coordination with its legislative initiatives and administrative actions because it is so deeply involved, as a matter of law, in the economics of the health profession already.

B. Criteria for Decision:

- Relationship of physicians to the Federal Government

HEW has a strong interest in levels of physician reimbursement since they affect both program expenditures and program beneficiaries.

-- 90 percent of all physicians participate in Medicare, and 20 percent of physician patient revenues are derived from Medicare and Medicaid.

-- Access to care for Medicare and Medicaid beneficiaries, and the out-of-pocket costs to Medicare beneficiaries are functions of the disparity between Medicare reimbursement and physician fees. Higher fee increases in the private sector will reduce access, reduce assignment rates (an "assignment" is a physician's decision to bill the patient only for the amount covered by Medicare),

and increase out-of-pocket costs to the aged. Medicare assignment rates have declined from 60.8 percent in 1970 to 50.5 percent in 1977.

The Federal government is increasingly going to be involved in doctors' fees both in and outside hospitals. HEW will be the lead agency in that effort, and, because of its central role in the economics of the health care profession, it should have the lead now.

Because the White Paper discussed the uniqueness of the Health Industry, this delegation of responsibility to HEW, like the delegation regarding the hospitals, will not be a precedent for other COWPS delegations.

- The Need for a Unified Administration Position and Coordination with Legislation and Administrative Actions.

First, HEW has FY 1980 legislative proposals to make physician reimbursement more equitable under Medicare by establishing a system of statewide fee negotiations. HEW must have the flexibility to alter physician guidelines as necessary to carry out administrative measures in advance of legislation and to implement the legislation when passed.

-- Before legislation is passed, we may take certain administrative steps such as consolidating carrier areas and establishing statewide prevailing charge standards. Exceptions to the Guidelines may be required to accomplish these actions.

-- Under the legislation, as inequities are remedied, traditionally high fees will be constrained to increases lower than the overall Guidelines in order to contain program expenditures, while some traditionally low fees may need to be increased more rapidly than the Guidelines.

Second, physicians control hospital costs to a great extent, and the AMA lobbied hard against hospital cost containment legislation. To work effectively

as the Administration's chief spokesman on that legislation, HEW needs to have sole responsibility for both the hospital and physician guidelines.

If responsibility for Guidelines on hospitals and physicians is split between HEW and COWPS, the provider will try to pit the two agencies against each other. There must be only one focal point within the Administration regarding physician reimbursement both in and outside hospitals. And a split would reduce the effectiveness of HEW in providing pressure on the providers to reform the delivery system and reduce costs.

C. Decision:

_____ Option 1: COWPS lead responsibility

_____ Option 2: HEW lead responsibility

Both options assume policy coordination within the government between COWPS, DPS, HEW and OMB.

IV. A FINAL WORD ON ADMINISTRATIVE ACTION TO CAP MEDICARE AND MEDICAID COSTS.

There is a third weapon we might use in our fight to contain hospital costs. Under Section 223 of the Social Security Act, HEW has the authority to regulate Medicare and Medicaid payments to providers.

At present, HEW does regulate "routine" hospital costs (i.e. hotel-type, room and board expenses) under Section 223. And OMB has accepted an HEW proposal to save approximately $100 million in fiscal 1980 by screwing those "routine" costs down even tighter.

We could, however, extend the scope of our Section 223 regulation to cover total expenses (both routine and non-routine, i.e. medical, expenses), and we could cap Medicare and Medicaid hospital payments at, for example, 9.5 percent. We have not done that in the past because such action aimed only at Medicare and Medicaid would violate an important

principle of the hospital cost containment legislation -- that the limit on the rate of increase in hospital expenses covers all payors.

Nonetheless, we may, in the future, want to use 223 for two basic reasons:

> First, it could increase pressure for hospital cost containment legislation because the insurance companies would not want hospitals to increase fees for private patients in order to compensate for revenue lost as a result of the Medicare and Medicaid cap.
>
> Second, if cost containment legislation fails to move rapidly, administrative action may be necessary to ensure Federal budget savings in Fiscal 1980.

There are many arguments for and against the use of Section 223. I thought it important to inform you that we do have this weapon to save the Fiscal 1980 budget, if necessary. But there is a danger that invocation of Section 223 will hurt, not help, passage of cost containment legislation (many in the Congress do not think 223 applies to total expenses). We might ultimately face a painful dilemma: whether to invoke 223 to save the Federal budget even though such action could scuttle cost containment legislation that would hold down skyrocketing hospital costs in both the public and the private sectors.

There is, at present, agreement within the Administration that we need not make a decision about using Section 223 to control total hospital expenditures under Medicare and Medicaid until about February 15, 1979. We should put out the guidelines and introduce cost containment legislation. We should not make a final decision on Section 223 action until we determine whether hospital cost containment will be able to move swiftly enough to ensure our projected fiscal 1980 budget savings.

WASHINGTON

DATE: 15 DEC 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT — HAMILTON JORDAN
STU EIZENSTAT — FRANK MOORE
JODY POWELL — JERRY RAFSHOON
JACK WATSON; ANNE WEXLER — JIM MCINTYRE; C. SCHULTZE

SUBJECT: CALIFANO MEMO RE HOSPITAL COST CONTAINMENT LEGISLATION, THE ANTI-INFLATION GUIDELINES AND THE FISCAL 1980 HEW BUDGET

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

BY:

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

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ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

December 15, 1978
10:30 a.m.

MEMORANDUM FOR THE VICE PRESIDENT

FROM: FRANK MOORE

At 10:00 this morning we began inviting the Senators and Representatives on the attached list and saying the following:

> "The President has asked me to invite you to a briefing this afternoon at 6:15 p.m. in the Roosevelt Room. I am not at liberty to disclose the subject. I would appreciate it if you would enter through the SW gate. If you are unable to attend, please give me the telephone number where you can be reached at 7:30 p.m. this evening. I would like to call you back and give you the information which you would have received in the briefing."

We are not talking with AAs or personal secretaries--but only with the Members themselves.

Depending upon the acceptances, we will make assignments later in the day for the 7:30 p.m. calls requesting that you make some of them. I assume that the Secretary of State and the National Security Adviser will not have time to make calls given their schedules. Therefore, we may ask Warren Christopher to make a few calls if the schedule permits.

The briefing calls will be from a prepared set of materials furnished by Dr. Brzezinski which my people will receive at 7:30 p.m. We will provide sandwiches and refreshments in the Roosevelt Room, and we will invite those who attend the 6:15 to 7:15 briefing to remain and watch the televised announcement.

If the Member asks during the invitation call if he should come, I have instructed my staff to say "yes" if they are in the vicinity. For instance, Abe Ribicoff is in New York and could easily catch a shuttle.

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However, Frank Church is traveling by car in Idaho and may not be reachable by telephone all day long. Also, Senator Jackson is in Washington and may not be reachable today.

We are not at this point telling the people we are inviting about the television address. We will tell them about it after Jody and Jerry Rafshoon let us know that it is [redacted] that we have asked for television time.

We discussed waiting until early this afternoon to begin inviting, but decided that with the Christmas social schedules we should begin on a low-key basis this morning if we hope to attract a respectable crowd (10 to 12).

SENATE

Frank Church
John Glenn
Jacob Javits
John Stennis
Henry Jackson
Sam Nunn
John Culver
Gary Hart
Strom Thurmond
Barry Goldwater
Warren Magnuson
Milton Young
Edmund Muskie
Henry Bellmon
Robert Byrd
Alan Cranston
Daniel Inouye
Howard Baker
Ted Stevens
John Tower
Ernest Hollings
Ted Kennedy
Abraham Ribicoff
Birch Bayh

HOUSE

Speaker O'Neill
Jim Wright
John Brademas
Dan Rostenkowski
Tom Foloy
Robert Michel
John Anderson
Clement Zablocki
Wm. Broomfield
Mel Price

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

1

MEETING ON THE 1980 BUDGET

Thursday, December 21, 1978
2:00 P.M. (2 hours and 15 minutes)
The Cabinet Room

From: James T. McIntyre, Jr. Jim

I. PURPOSE

A meeting regarding the fiscal year 1980 budget, including appeals of the Department of Energy relating to the strategic petroleum reserve (2:00 p.m.) and decisions on the economic assumptions to be used in the 1980 budget (3:00 p.m.). We need also to discuss budget plans for welfare reform and national health insurance. Supporting materials are included in the attachment.

II. PARTICIPANTS

The Vice President
Stuart Eizenstat
Frank Moore
Hamilton Jordan
Jody Powell
Gerald Rafshoon
Jack Watson
Anne Wexler
Alfred Kahn
Charles Schultze
Lyle Gramley
Frank Press
Rutherford Poats
James McIntyre
John White
Bowman Cutter
Dale McOmber
Eliot Cutler
Sue Woolsey
Van Ooms
Herky Harris
Ken Glozer
Secretary James Schlesinger
Dale Myers
Charles Warren

ATTACHMENT

1219

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

December 15, 1978

MEMORANDUM FOR: The Director, International Communications Agency

SUBJECT: Expansion of ICA Exchange Programs

The President has seen your memo of November 30 (see attached). In response to your question of whether the program you outlined should begin in FY 1980 or FY 1981, the President stated there would be no room in the FY 1980 budget. The President did state, however, that the Hubert Humphrey scholarship program is a good step. In addition, he approved keeping your proposal alive for later consideration.

Zbigniew Brzezinski

Copies to:
The Secretary of State
The Director, Office of Management and Budget

RECEIVED
SEP 16 1980
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MEMORANDUM

7219

THE WHITE HOUSE

WASHINGTON

December 14, 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI ZB.

SUBJECT: Expansion of ICA Exchange Programs - Memorandum from John Reinhardt

You will recall that last October in reviewing John Reinhardt's report of ICA's first six months of operation, you approved my recommendation that we urge him to develop a plan for expanding exchange programs to rectify the 57% decline over the past twelve years. He has now responded with a memorandum (TAB 1) in which he provides further details on how exchange programs have declined and presents a set of priorities for expansion. He asks for your approval of a program for implementing these priorities (TAB A of his memorandum) with first-year costs of $6.25 million and requests that you decide whether the program should begin in FY 1980 or FY 1981. He attached a measuring table of decline at TAB B. TABs A and B have been removed because of thickness and are available if you wish to see them.

I have had Reinhardt's memorandum reviewed by State and OMB, both of whom endorse it in principle. State wishes to work further with ICA on priorities for expansion. OMB believes the program needs to be worked out in greater detail before budgetary adjustments are made but notes that $5 million has been included in FY 1980 budget planning which will fund the newly created Humphrey Scholarship Program.

RECOMMENDATION

I suggest you approve this program in principle, for it represents a serious response to your original recommendation. I recommend that through modest reprogramming ICA begin implementation of the program immediately, working out priorities with State and NSC, accelerating implementation in 1980 and, concurrently, working out longer-term funding requirements with OMB.

AGREE_____ DISAGREE_____

Attachment
TAB 1

I/o room in FY80 HHH Scholarships OK to start. Good idea keep alive J

MEMORANDUM 7219 Re-do

NATIONAL SECURITY COUNCIL

December 13, 1978

ACTION

MEMORANDUM FOR: ZBIGNIEW BRZEZINSKI

FROM: PAUL B. HENZE

SUBJECT: Expanded ICA Exchange Program

John Reinhardt is eager to demonstrate that his agency is responsive to the President's desire to see exchange programs expanded to make up for the decline of the past decade. He has prepared a decision memorandum for the President which needs to go forward immediately if it is to be taken into account in the current budget review process. I have prepared a brief memorandum from you forwarding it to the President (TAB I) and recommending approval in principle, but without locking the President into decisions on specific budgetary allocations. If we are serious about expanding exchanges, we should begin immediately (not wait until FY 1980 or FY 1981) and the modest funds to do this can be found in the current ICA budget. What is needed during the first few months is not a lot of money, but careful developmental work, country-by-country, to work up good programs.

State has reviewed Reinhardt's memorandum and endorsed the program in principle and wishes to work closely with ICA in developing the program before endorsing a specific set of priorities. State's memorandum is attached.

OMB has reviewed this program, in conjunction with its consideration of ICA's appeal of OMB's recommendations on its FY 1980 budget. OMB accepts the need for an expanded exchange program, notes that future-year funding for a program is partially provided for in budget projections for FY 1980 ($5 million which will fund the newly created Humphrey Scholarship Program) and beyond, but believes that ICA should plan its effort in greater detail before more specific budgeting can be done. OMB's memorandum is attached.

Both State and positions are consistent with the position I recommend you take: that you send Reinhardt's memo (TAB 1) to the President with the recommendation that he endorse the program in principle without reaction to the specific approval requests made in it.

To reduce the thickness of Reinhardt's memo, I have removed TABs A and B but suggest they be readily available in case the President asks to see them (TAB II).

Attachments
State and OMB memos h/w and
TAB I w/TAB 1 and TAB II

NATIONAL SECURITY COUNCIL

ZB 12/13/78

Rick, Thanks

Tom has reviewed the memo and goes along with the serious exception of the priorities given on page 3 of McIntyre's memo. ZB will note that the lower "tier" LDCs get no attention. Instead, they get the Humphrey Scholarships which, however, were meant to be additional to existing programs not instead of.

Also, you may want to take Tabs A and B to Rick Hutcheson with the memo, in case the President wants them.

Christine

7823286

DEPARTMENT OF STATE

Washington, D.C. 20520

UNCLASSIFIED

December 6, 1978

UNCLASSIFIED

MEMORANDUM FOR DR. ZBIGNIEW BRZEZINSKI
THE WHITE HOUSE

Subject: Expanded ICA Exchange Programs

The Department in principle supports an expansion of international exchanges as an important foreign affairs effort. We hope an approved program can be accorded sufficient priority to assure adequate funding. The draft "Program for the '80s" focuses on a number of important issues and represents a useful starting point for developing an expansion.

Deputy Secretary Christopher recently discussed the ICA expanded exchange program with ICA Deputy Director Bray, and it was agreed that State and ICA would work together over the next two months on specific priorities for allocating expanded exchange resources. The Department is not able on the present short notice to comment on the ordering of priorities outlined in the ICA submission.

Frank H. Wisner for
Peter Tarnoff
Executive Secretary

UNCLASSIFIED

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR: The President

FROM: James T. McIntyre

SUBJECT: International Communication Agency Budget Appeal and Plan for Increasing Exchange Program

The International Communication Agency has appealed their budget allowance for 1980 seeking $2.5 million for several technical improvements for the Voice of America and $6.2 million for the first year of a four year expansion of their exchange of persons activities.

We believe Voice of America items (an additional transmitter in Greece, partial modernization of the Washington plant, and some research funds) are all very marginal. ICA ranked them very low in its ZBB budget. We believe all ought to be denied in this tight budget year.

The increase for exchanges is proposed in the context of the multi-year plan to expand exchanges that you requested recently at Zbig Brzezinski's suggestion. John Reinhardt has drafted such a plan, which could also serve as your response to the requirement in the Foreign Relations Authorization Act, 1980, that you prepare a general plan for expanding exchanges over a four-year period beginning October 1, 1979. The ICA plan would increase exchanges $44 million above the current $64 million level (the $32 million base listed in the ICA paper includes only part of the cost of these activities) over four years beginning with a $6.2 million increase in 1980 or 1981.

OMB believes ICA is probably correct when it asserts that there are gaps in current exchange activities that are detrimental to U.S. national interests. For this reason, the 1980 budget mark includes a $5 million real increase for this program (beyond estimated inflationary costs) which will fund the newly created Humphrey Scholarship Program. Furthermore, OMB's out-year planning amounts include $5 million real increases in the program level each year through 1984.

We believe the ICA "plan" lacks the kind of analysis needed before these program increases can be justified or properly administered.

ICA points out that its academic exchange program has suffered a 57% real-term decline over the past twelve years. However, the world situation is very different from that of 1966, and it is difficult to judge from the report what such a decline means. Private exchanges have increased sharply. The plan, however, fails to address the exchange activity going on now outside of the ICA program or how the latter relates to (or fills gaps) in the former. As the report does point out, there are 250,000 foreign students in the U.S. now compared to 82,000 in 1964.

Perhaps the 57% decline in the ICA program is not as serious as the ratio implies. For example, the ICA paper notes that there are now only 5-10 grant opportunities for Brazilian economists to study in the U.S. while five years ago there were 50 Brazilian economists enrolled in U.S. Ph.D. programs under various grants. It fails to note how many Brazilian economists, whatever their funding source, are now at American universities or whether a "shortfall" in American-trained economists is developing in Brazil.

The ICA report addresses primarily how to increase the government program to its past level and beyond. It should instead identify the opportunities, important to U.S. interests, that are being missed by both the private and public sector. Only when this is done on a country-by-country basis, can substantially increased ICA programs be justified.

I recommend that you not respond to the specific choices provided you in the ICA paper. Rather I recommend that you approve the OMB allowance for ICA for 1980 and beyond, which provides moderate real increases. I suggest that my staff work with NSC and ICA staff to develop the framework and analysis needed to ascertain the need for expanded exchange activities. If the product of that analysis indicates increased resource needs, beyond both what can reasonably be reprogrammed and the increases already included in the OMB planning numbers, increased funding can be provided in 1981 and beyond.

We believe this will lead to the kind of plan which will be defensible to the public and critical elements in Congress during a period of fiscal austerity.

Approve Disapprove

cc: Official file - State/ICA
DO Records
Director's chron
Executive Associate Director
Mr. Jayne
Mr. Sanders
IAD:DSvevacek:mh: 12/1/78

INTERNATIONAL EXCHANGE OF PERSONS: A PROGRAM FOR THE 1980's

A. PURPOSE

The proposed exchange-of-persons program for the 1980's has three purposes:

(1) To assure that there is a sufficient number of trained and sensitive Americans to assist this country to deal effectively with the world of the 1980's and 1990's;

(2) To assure over the next generation that significant leaders in countries important to the United States have had a first-hand encounter with American society;

(3) To assure that there are enduring personal and institutional links, between influential Americans and foreigners, of the kind and quality which can facilitate cooperative address to major international problems and

a reciprocal appreciation of values and ideas.

B. NEED

The need for an enhanced Program for the 1980's rests on an assumption: that, despite a significant increase in the flow of people and information across international boundaries, "gaps" in contact exist which could impact on our national interest. To illustrate:

Example: While the number of Japanese in the U.S. to acquire English, learn about American business and its techniques, and "work the market" is estimated at 10,000, the comparable number of Americans in Japan is 150.

Example: A "successor generation" is coming to power in Western Europe without the shared experience of World War II and its immediate aftermath, an experience which generated common values and cooperative relationships, an experience which is not being duplicated by the "natural", commercially oriented

flow of people and ideas between the United States and Western Europe.

Example: Our Embassy in Lisbon reports that the Portuguese higher education system is in a dramatic state of flux and looking urgently to the U.S. for advice and assistance. The long-term strategic advantage of a response is considerable. The Fulbright budget is $85,000.

Example: While the economic power and importance of Brazil has grown dramatically over the past decade or so, currently there are only 5-10 grant opportunities for Brazilian economists to study in the United States. There were 50 Brazilian economists enrolled in U.S. Ph.D. programs five years ago.

Example: While over the past few years Africa has become a major focus of U.S. interest, our knowledge base from which to deal with that variegated continent is severely constricted

by the fact that we support no senior research fellowships and only seven doctoral students in all of Africa.

These are "gaps". They represent the kind of lost opportunities to which a Program for the 1980's should be geared.

C. PRIORITIES

It is with the "gap" principle in mind that the Program for the 1980's is focused on the following priorities:

Western Europe, Japan and Australia -- Proposed for priority allocation because of: (a) the premier importance of the area to the national interest of the United States: (b) the "successor generation" gap; and (c) the dire financial condition of many of the exchange programs in Europe. The purpose of the program would be to generate cooperative European/American sensibility, to give emerging European political leaders a more accurate sense of the reality of the post-Vietnam, post-Watergate America, to bring the

leftist-oriented and influential European academic elites into contact with more market-oriented counterparts in the United States and to give the latter a better sense of the value framework from which the former are working.

USSR, Eastern Europe and the PRC -- Proposed for priority attention because: (a) in these societies there are few alternatives for contact beyond official exchanges; (b) the gaps in understanding--and the implications of these gaps--between these societies and our own are enormous (as illustrated most recently in conversations eight U.S. Senators held with Soviet officials in Moscow); (c) the opportunities for expansion appear to be growing (Poland wishes to double its exchange-of-persons program with the United States); and (d) an expansion will put us in a more favorable position at the Madrid 1980 review of the Helsinki Accords. Opportunities in the PRC are now hidden, but could emerge rapidly and compellingly. Assuming a continuation of the current attitude in Peking, the program would focus on: (a) facilitating--but not funding--the

successful placement and treatment of Chinese students and scholars in the United States; (b) maintaining reciprocity in the program by expanding the number of Americans sent to the PRC; and (c) engaging influential younger Chinese with their counterparts in the United States, a form of contact non-existent for 30 years.

"Upper Tier" LDC's -- Proposed for priority attention because: (a) their importance to the U.S. national interest has expanded with the dramatic increase in their economies and the leading role they play in regional and global affairs; (b) the opportunities for useful contact have increased as these societies and their institutions have grown more sophisticated; and (c) while the opportunities for contact have increased, support for contact from both public and private sectors has declined, thus creating a gap. The "upper tier" category includes such countries as Brazil, Nigeria, India, Iran, Egypt, Mexico, ASEAN.

Southern Africa and the Middle East -- Proposed for priority attention because: (a) these are areas of the world of importance to the United States that are undergoing rapid changes in leadership and/or direction; (b) contact between influential Americans and the emerging leaders has been relatively limited; and (c) the institutional and value preferences and allegiances of these societies have yet to be determined in any definitive way, and could be positively influenced by closer contact with the United States.

D. PROGRAM FOCUS: Justification for their Priority Status

The origins and precise nature of the gaps vary from area to area. For this reason, the programmatic means of dealing with each gap will also vary.

For example, in Western Europe the program should give relatively greater weight to enhancing American Studies programs and to bringing relevant professionals (public servants, environmentalists, labor leaders,

local government leaders, etc.) together to discuss common problems.

In the USSR, Eastern Europe and the PRC, relatively greater weight should be given to the exchange of influential academics from important institutions and to enhancing contact among emerging political and professional elites.

In the "upper tier" countries, relatively greater emphasis should be placed on increasing contact among economists, communicators, businessmen and labor groups.

In the Middle East and Southern Africa, (as well as the PRC and the "upper tier" countries), a primary goal is enhancing our own knowledge and understanding in order to deal more effectively with these societies.

In all cases, and whatever the specific area, the key ingredient would be enhancing contact among younger leaders who are likely to be influential in their societies 10 or 20 years hence--be they academics, political leaders, economists, communicators, writers, artists, or intellectuals.

Finally, the Program for the 1980's does not focus heavily on "lower tier" Third World countries. These, we believe, are adequately covered both from the current ICA base and from the recently approved Humphrey North-South Scholarship program. It is true that these countries are important collectively, and a single American can have a relatively greater impact than in Japan or Germany. It is also true that these countries are of relatively less importance to the United States, that they are benefiting from already existing ICA-funded programs and that the benefits to be derived from enhanced programs in these countries are relatively marginal, precisely because they have smaller elites, less sophisticated institutions and relatively less capacity for absorbing program enhancements.

E. SPECIAL PROGRAMS

Two additional elements of a Program for the 1980's deserve note:

Foreign Student Counseling. There are now 250,000 foreign students on American campuses; in 1964 there were 82,000. Pre-arrival screening, testing, placing, counseling (and post-arrival assistance) mechanisms are hopelessly inadequate. Frustration, failure and anger are too frequent among individuals who represent a statistically significant future leadership pool in many foreign countries. Given our longer-term interest in these individuals, and the fact that they are contributing $1 billion to the U.S. economy, a modest investment in counseling and related services seems justified.

Competent American Leadership Cadres. One of the most cost-beneficial programs supported by ICA has been the effort to put emerging young American political leaders (at the local, state and national levels) into contact with their counterparts in selected countries of importance to the United States abroad. The costs per individual are relatively small. The benefits are apparent: (a) those

involved have already achieved a leadership position of one kind or another in their communities; (b) because of their leadership positions, their experiences can affect others; and (c) networks of contact are established that will prove beneficial as individuals rise in influence.

This small, still tenuous program has focussed in the past largely on such countries as the Soviet Union, Syria, Israel and Mexico. It should be substantially expanded--in frequency of visits, the number of individuals and foreign countries included, and in the geographic areas from within the United States from which American participants are drawn.

While the United States traditionally has been an insular country, with foreign contacts concentrated mainly among a small elite on the East and West Coasts, communities throughout the country are today being seriously affected by international developments. These communities, and the country as a whole, would benefit from greater foreign contact on the part of emerging leaders.

F. FUNDING

The best current estimate of the annual funding required for the initiatives described above is $76.2 million ($44.2 million above the 1979 base). To assure a prudent phase-in, but also to respond to highest priority immediate needs, we recommend a staged, four-year enhancement outlined in the attached table and its accompanying notes.

PROGRAM FOR THE 1980's:
USE OF PHASED ADDITIONAL FUNDING

Notes on Preceding Table

Western Europe, Japan

Year I	Increase funds to Bi-National Commissions to "stay in business" (cost-sharing problems, dollar devaluation, inflation).
Year II	Increase European academics in U.S. universities; Japanese and European professionals and leaders in U.S. institutions.
Year III	Increase American doctoral students, academics, professionals in European and Japanese institutions.
Year IV	Continue as above.

Eastern Europe and USSR

Year I	Increase exchanges of persons in fulfillment of Helsinki Accords.
Year II	Increase visits of young foreign "influentials".
Year III	Expand institutional networks; grants to individual "influentials" and academics, both ways.
Year IV	Continue as above.

"Upper Tier" LDC's (Brazil, Nigeria, India, Mexico, ASEAN, et al.)

Year I	No increase except counseling.
Year II	Increase foreign "influentials" and academic exchanges, both ways.
Years III and IV	Expand programs under Counseling, Cooperation with Private Sector.

People's Republic of China

Year I	Support American research scholars and doctoral candidates.
Year II	Increase support for American research scholars and doctoral candidates. Expand program for Chinese "influentials" to visit U.S.
Year III	Expand opportunity for Americans to study, consult and observe in the PRC.
Year IV	Support additional programs including cooperative research.

Middle East

Year I	No increase.
Year II	Initiate programs in cooperation with private institutions, e.g., support for Camp David agreement; student counseling.
Year III	Add programs in cooperation with private sector; develop professional networks; American scholars, teachers to Middle East universities.

Year IV — Continue as above.

Southern Africa

Year I — No increase.

Year II — Expand support for Southern African teachers, students and professors in U.S. institutions; Americans observe, consult, study and teach in Southern African institutions.

Year III — Increase program for foreign "influentials".

Year IV — Initiate programs as opportunities arise.

Third World

Years I and II — No increase. (Humphrey Scholarships will be introduced during this period.)

Years III and IV — Add categories and numbers of foreign "influentials". Increase academic ex- exchanges selectively, both ways.

Cooperation with Private Institutions

Year I — Focus on competence of young American leaders.

Year II — Expand American institutional networks; increase American competence in Japan, Western Europe, "upper tier" LDC's, PRC. Support institutional linkages with Southern African institutions and U.S.

Year III — Develop networks and links between professionals and their organizations: Middle East, "upper tier" LDC's, PRC, Japan, Western Europe, Eastern Europe.

Year IV	Worldwide programs.

Counseling

Year I	Counsel foreign graduate and undergraduate students. Focus: "upper tier" LDC's, Western Europe and Japan, other.
Year II	Focus: "upper tier" LDC's, Middle East, East Asia, China, Japan, Western Europe for third country nationals.
Year III	Focus: worldwide.
Year IV	Focus: special programs needed.

A PROGRAM FOR THE 1980s
DISTRIBUTION OF PHASED ADDITIONAL FUNDING
(Dollars in millions)

	Year I	Year II	Year III	Year IV
Western Europe/Japan	1.3	1.7	1.7	1.1
Eastern Europe/USSR	2.5	.5	.8	.9
"Upper Tier" LDCs	*	1.2	*	*
People's Republic of China	.3	.2	1.0	1.0
Middle East	-	*	1.7	*
Southern Africa	-	1.3	1.4	1.0
Third World	-	-	.4	3.0
Cooperation with Private Institutions	.8	1.9	3.2	6.0
Counseling	1.3	2.2	2.8	3.0
Additional Funding	6.2	9.0	13.0	16.0
Base	32.0	38.2	47.2	60.2
Total Direct Grant Program	38.2	47.2	60.2	76.2

*Area included in Counseling and Cooperation with Private Institutions

MEASURING THE DECLINE

Exchange Grants Awarded 1968-1977

	1968		1970		1972		1974		1977	
	For'n	U.S.	For'n	U.S.	For'n	U.S.	For'n	U.S.	For'n	U.S.
AFRICA										
Teachers/Researchers	1	60	2	39	2	62	35	58	44	48
Doctoral Scholars	628	13	341	2	163	0	119	7	141	7
Foreign "Influentials"	522		538		587		496		438	
Subtotal	1151	73	881	41	752	62	650	65	623	55
LATIN AMERICA										
Teachers/Researchers	137	136	59	105	85	119	66	103	17	70
Doctoral Scholars	628	13	335	23	264	26	220	30	164	35
Foreign "Influentials"	889		628		514		449		340	
Subtotal	1654	149	1022	128	863	145	735	133	521	105
WESTERN EUROPE										
Teachers/Researchers	332	246	167	106	211	232	204	263	191	232
Doctoral Scholars	845	612	686	244	593	252	530	273	478	233
Foreign "Influentials"	242		208		264		383		432	
Subtotal	1419	858	1061	350	1068	484	1117	536	1101	465
EASTERN EUROPE										
Teachers/Researchers	62	47	80	65	89	87	108	118	101	181
Doctoral Scholars	70	52	78	66	84	62	142	76	95	74
Foreign "Influentials"	64		58		120		99		129	
Subtotal	196	99	216	131	293	149	349	194	325	255
EAST ASIA/PACIFIC										
Teachers/Researchers	64	115	43	82	47	127	63	137	76	96
Doctoral Scholars	383	56	202	23	299	25	307	15	271	15
Foreign "Influentials"	518		299		303		309		258	
Subtotal	965	171	544	105	649	152	679	152	605	111
NEAR EAST/SOUTH ASIA										
Teachers/Researchers	78	102	43	62	51	104	37	85	73	70
Doctoral Scholars	424	58	252	16	216	24	149	17	116	4
Foreign "Influentials"	207		144		174		168		173	
Subtotal	709	160	439	78	441	128	354	102	362	74
Subtotal All Areas	6094	1510	4163	833	4006	1120	3884	1182	3537	1065
Subtotal American and Foreign	7604		4996		5126		5066		4602	
Other Grant Categories	1168		928		704		510		471	
TOTAL GRANTS AWARDED	8872		5924		5830		5576		5073	

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

(Cy sent to Paul (Hare) 12/6/78)

DATE: December 4, 1978

TO: DAVID AARON

FROM: *RANDY JAYNE, AD/NSIA*

Attached is a copy of a memorandum Jim will be sending to the President shortly on the ICA budget. It would seem to me to be useful for us to try to coordinate this memo's movement with your submission of the ICA expansion plan. If you agree, we should have our staffs work together in the next few days to that end.

As you can see from this memo, we are skeptical regarding the extent to which the ICA plan would justify the kind of additional funding which they request for 1980.

Randy

SUSPENSE

NSC 7219

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

December 4, 1978

MEMORANDUM FOR: Peter Tarnoff
Executive Secretary
Department of State

SUBJECT: Expanded ICA Exchange Program

The NSC Staff would like to have State Department's concurrence on the attached memorandum for the President from John E. Reinhardt, Director, ICA. Please, give me a quick answer so we will not hold up Mr. Reinhardt's letter.

Christine Dodson
Staff Secretary

Attachment
Reinhardt Ltr to
President, 11/30/78

MEMORANDUM

7219

NATIONAL SECURITY COUNCIL

30 November 1978

ACTION

MEMORANDUM FOR: ZBIGNIEW BRZEZINSKI

FROM: PAUL B. HENZE

SUBJECT: Expanded ICA Exchange Program

John Reinhardt is eager to demonstrate that his agency is responsive to the President's desire to see exchange programs expanded to make up for the decline of the past decade. He has prepared a decision memorandum for the President which needs to go forward immediately if it is to be taken into account in the current budget review process. I have prepared a brief memorandum from you forwarding it to the President /TAB (A)/ and recommending approval in principle, but without locking the President into decisions on specific budgetary allocations. If we are serious about expanding exchanges, we should begin immediately (not wait until FY 1980 or FY 1981) and the modest funds to do this can be found in the current ICA budget. What is needed during the first few months is not a lot of money, but careful developmental work, country-by-country, to work up good programs. Funding needs for future years can then be worked out with OMB. I have talked to OMB about this and they have promised to develop a funding proposal by the time the Presidential review of the foreign operations budget takes place on 5 December.

RECOMMENDATION

That you send Reinhardt's memorandum forward to the President.

Attachments
TABs (A) and
1 (with atts) and 2

PH

(1) Do we have State concurrence?

(2) We should have some OMB comments

ZB.

International Communication Agency

United States of America
Washington, D.C. 20547

Office of the Director

November 30, 197[illegible]

MEMORANDUM FOR: THE PRESIDENT

FROM: John E. Reinhardt
Director

The issue is whether, how, and in what time frame to expand our academic and other exchanges programs.

In his memorandum to you of October 24, Dr. Brzezinski noted: "our expenditures on the competition for ideas have not kept pace with military outlays and we have a serious lag to make good." Some indicators of the decline are at Tab B.

The problem is easily identified: funds appropriated to these exchanges have not kept pace with inflation and the decline of the dollar (academic exchange funds have declined by 57% in constant dollars over the past decade). With the shift in emphasis in our foreign assistance programs, the focus has been on "basic human needs" at the expense of higher education or international exposure. Private foundations and academic institutions have curtailed their own efforts in recent years.

As a result:

-- All of our Western European exchange programs are inadequately funded; 5-6 academic programs face the possibility of extinction in the next several years. Several European governments have indicated that, in the absence of significantly increased U.S. funding, they may begin to use their own contributions to these programs for exchange with other countries. (We currently fund only one full-year research grant for an American to all of Scandinavia; the number of French grantees has fallen in 10 years from 309 to 67. The FRG attaches such high political importance to these programs that it is now funding 80% of exchanges with the United States; the Bundestag appropriations committee, however, has sought

out our Ambassador to express its growing unhappiness at the funding imbalance and to remind us that the USG in 1974 committed itself to parity funding.)

— We are forfeiting opportunities with emerging leadership groups and institutions in the "upper tier" LDC's. Our programs funded only 16 American scholars to Brazil in 1977, only 7 American doctoral students in all of Africa, only 3 in Korea, none in Iran, none in Nigeria. Ten years ago we officially hosted 1,000 influential younger Latin Americans; last year the figure had dropped to 340.

— The U.S. has been criticized by the USSR and Eastern European countries for not enlarging our exchanges in fulfillment of the Helsinki Accords. Both Dante Fascell of the CSCE Commission in Congress and Warren Christopher have asked ICA to enhance these programs. As a general proposition, the Department of State has authorized us to express its strong support for enhanced exchanges programs.

The foregoing quantitative measures do not reflect the qualitative decline. Influential foreigners, brought here to be impressed by the U.S., literally stay in third-rate hotels, travel in the company of inadequately trained escorts and interpreters, or with inadequate attention to their programs from overworked contract agencies. The average duration of academic sojourns has been reduced, typically, from an academic year to a semester or less; the value of stipends has eroded so dramatically as to make it difficult to attract truly authoritative scholars; the value of a grant for a doctoral scholar is now, typically, the cost of an airplane ticket.

For 1979-80 we have reprogrammed $2.3 million from other ICA activities into general exchanges; given that all of ICA's activities are engaged in what Dr. Brzezinski calls "the competition for ideas" we are now robbing Peter to pay Paul. Reprogramming on a scale commensurate with the needs outlined in this memorandum would represent radical--and not necessarily corrective--surgery.

In our view, these exchanges programs should have three goals:

(a) To assure, now that it is clear the United States cannot overwhelm its foreign problems by throwing resources at them, that there is an adequate cadre of trained and sensitive Americans to assist this country to live by its international wits;

(b) To assure that over the next generation there are successors to the 38 heads of state or government who are currently alumni of these programs (or the 11 members of the current Indonesian cabinet, or the 10 of the current French cabinet);

(c) To assure that there are enduring personal or institutional links between influential Americans and foreigners of the kind and quality which can facilitate cooperative address to major international problems and a reciprocal appreciation of values and ideas.

As a result of your reaction to Dr. Brzezinski's memo, we have developed a possible "Program for the '80's". From the 1979 level, and at eventual full funding, the program would represent approximately a $44 million increase in our current exchanges budget of $32 million. The increase would be composed entirely of program funds; there would be no net addition to ICA staff. We would propose that the increase be phased in over a four-year period (doing so would respond to the congressional request in our 1979 Authorization Act that you submit a multi-year program to enhance exchanges).

We believe that any new funds should be apportioned according to the following priorities (the rationale for which is at Tab A).

(a) The technologically advanced and/or democratic societies, in order to contribute to a solid "rear area" in the years ahead;

(b) Eastern Europe, the USSR and the PRC;

(c) the "upper tier" LDC's;

(d) Southern Africa and the Middle East;

(e) Special attention to Mexico (and, to a lesser degree, Canada).

We will continue to operate exchanges programs in the poorer LDC's, which will also benefit by your recently proposed program of Humphrey Scholarships for younger public servants nominated for one-year "topping off" educational experiences in the United States. But the preponderance of incremental funds would be applied as outlined above, particularly in the field of academic exchanges.

In addition, we would propose a substantial expansion of an existing small program under which young American public officials (elected and appointed from local, state and federal levels) are exposed to selected foreign societies. The current program, administered by the bi-partisan American Council of Young Political Leaders, for example, has focused on the USSR and has created an impressive network of personal relationships among emerging figures in both countries. We would propose not only to increase the numbers of American and foreign public officials participating in this kind of program, but to enhance the learning experience by building short "bursts" of academic study into it.

The proposed "Program for the '80's" is explained in greater detail at Tab A.

Since ICA could not prudently administer the total sums required for these programs were the funds to become available in any given fiscal year, we recommend phasing them in over four years.

We recommend approval of the program at Tab A and that it form the basis for the required report to the Congress early next year. If you approve, we will draft the report for White House consideration.

Approve _____ Disapprove _____

We would recommend first-year attention to: (1) a partial restoration of the exchanges programs with the technologically advanced/democratic societies; (2) Eastern Europe and the USSR (so as to position ourselves for Madrid 1980); (3) a radically expanded program involving young American and foreign public leaders. We would also hold a small reserve fund so that we can take advantage of opportunities in the PRC.

First-year costs for these purposes would require $6.25 million.

Approve _____ Disapprove _____

The question then arises as to whether you wish to enhance these programs beginning in FY 1980 or defer until FY 1981.

Begin in FY 1980 _____ Begin in FY 1981 _____

Received: 12 - 1 Hr: 13 LOG # 7219

NSC/S ACTION PROFILE

(U) C S TS SN CO
Log in & Out (____)

TO: Rec FROM: John E Leonhardt DocDate: 30 Nov # _____

Keywords: Exchange Program _____ _____ _____

_____ _____ _____

Persons: _____ _____ _____

SUBJECT: re Expansion of the Program

	Action	Comments	Info	Z-Cy
Advance Cy ZB/Aaron				
Staff Secretary				
Western Europe/Canada				
USSR/Eastern Europe				
Far East				
ERC & RCC				
Mid-East/No. Africa				
N/S Issues: Gen/Afr/S.Asia				
N/S: Latin America				
N/S: UN/LOS/et al				
N/S: Dev Economics				
Horn of Africa/Special				X ✓
Global Issues				
Security Analysis				
Economics				
Intelligence				
Congressional/Press				
Scientific				
Crisis Management				
Coordination				
Other				X ✓

Action Required:
- Prepare memo for President . . . . ( )
- Prepare memo for Brzezinski . . . ( )
- Prepare reply for _____ ( )
- Prepare memo _____ to _____ ( )
- Prepare SP. . . . . ( )
- Recommendations . . . . . ( )
- Concurrence/Comments . . . . . ( )
- Appropriate Action . . . . . ( )
- Any Action Necessary . . . . . ( )

_____

Due Date: _____

COMMENTS:

Paul, do you know. Amb Comments
they have not yet come thru
me. Thanks
L.

Date	To	Sta	Action Required or Taken (Updates)	Due	Copy(s) to
11/30	ZB	X	Fwd to Rec for decision	12/7	
12/2			ZB disapproved recom		
12/2	Henze	S/	for redo		
12/4	State	U	cc sgd memo to Tarnoff	12/8	
12/6			Rec'd s/s Recom 7823286		
12/7	HENZE	S	Memo for ZB	12/10	

Date	To	Sta	Action Required or Taken (Updates)	Due	Copy(s) to
12/13	ZB	X	redone for decision	(12/18)	
12/15		<	ZB sgd memo to Rec		