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WASHINGTON
 DATE: 14 MAR 78
 FOR ACTION: STU EIZENSTAT
 JODY POWELL

*Just not go
 in - what
 party - I will
 - will call back
 to confirm*

HAMILTON JORDAN
 JACK WATSON

*Hold for comment
 per Jordan*



INFO ONLY: THE VICE PRESIDENT

SUBJECT: CALIFANO MEMO RE CREATION OF THE PRESIDENT'S SPECIAL
 REPRESENTATIVE FOR DOMESTIC ASSISTANCE

 + RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
 + BY: 1000 AM THURSDAY 16 MAR 78 +

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

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

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

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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

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

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



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

March 13, 1978

MEMORANDUM FOR THE PRESIDENT

FROM JOE CALIFANO *Joe*

In a January 11 memorandum to Stu Eizenstat, I suggested the creation of the President's Special Representative for Domestic Assistance. Your staff has been considering the idea. Properly organized, I believe it can be a very important aspect of your urban initiative.

A successful urban policy should make much more effective use of the billions of Federal dollars now being invested in American cities. The key is better organization and the ability to negotiate commitments, on behalf of all the domestic departments and agencies, with the states and cities.

The Special Representative would be a domestic analog of the Special Representative in the foreign trade arena. What is needed is a broker/negotiator; not a program manager or super-cabinet secretary. The foreign trade analogy is instructive. Bob Strauss negotiates trade agreements within a foreign policy framework established by you and the Secretary of State and other relevant Cabinet officers. Similarly, the Special Representative for Domestic Assistance would negotiate a Federal assistance package, tailored to the needs of specific communities within the policy framework established by you, the Congress and the Secretaries of the domestic agencies.

Specific program authority should remain with and be administered by the Cabinet Secretaries. Established within the Executive Office of the President, but not within any existing White House staff office, the Special Representative should have two principal authorities:

- To represent the Administration in negotiating with state, local and private sector representatives in shaping the mix of Federal resources on a case by case approach.
- To negotiate with each Cabinet Secretary the specific financial, personnel and waiver commitments for that portion of each state/city agreement for which his/her agency will be responsible.

These authorities will enable your representative to shape and target Federal assistance in a way that (a) places primary planning and political responsibility at the state and local level, and (b) reduces bureaucratic and turf conflict among agencies. It will give your Presidency the potential to coordinate the enormous Federal investment in state and local government; something no President has yet achieved.

Two arguments have been made against this suggestion which deserve response:

- It would bring sensitive negotiations with significant political implications too close to the President.
- It would weaken the Cabinet.

Since you will be held politically accountable for the actions of the government in any event, you should take steps to coordinate the decisions of the government. If lodged in the Executive Office of the President, instead of the White House itself, a sufficient distance can be maintained between you and each negotiation as it proceeds.

Rather than weaken the Cabinet, I believe this proposal would unify and strengthen it. The management and statutory integrity of each Department would be unaffected. The Special Representative would play a role no single agency can play. Furthermore, you will provide a mechanism through which Governors and Mayors can play a strong role in focusing Federal resources to meet the needs of their cities while reducing the concern many Mayors feel over the effect of a strong state role in urban problem solving.

This is what cities need: a more flexible Federal system meeting the needs of particular cities; a stronger and more flexible role for state and local officials willing to take leadership and commit resources within their states and cities.

As far as resources are concerned, in addition or as part of whatever funds you devote to the urban package, I would recommend that you request authorizing legislation and an appropriation of a relatively modest amount -- say \$250 million to \$500 million -- under a new law that would permit the funds to be spent pursuant to existing program authorities in accord with agreements reached among the Special Representative and the cities and states involved. This would provide a pool of flexible funds, in addition to presently appropriated monies, that could be used to help glue these agreements together.