

6/13/79 [2]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Young to The President (one page) re:Weekly Activities of US Mission to the UN/enclosed in Hutcheson to Cabinet Members	6/7/79	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 6/13/79 [2] BOX 136

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
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DATE: 13 JUL 79

FOR ACTION: JIM MCINTYRE (R. JAYNE)

*7/18 - 1157d - per Reilly
- MCI & EB discussion
- may be pulled & be
made part of leg
later Reilly*

INFO ONLY:

*7/23 - 1102D - per Reilly,
w/only w/ USC to work out
compromise memo if possible.
Now exp 2 7/26.
BS4*

SUBJECT: BRZEZINSKI MEMO RE DEATH GRATUITY BENEFITS TO
SURVIVORS OF CIA EMPLOYEES KILLED OVERSEAS

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 15 JUL 79 +
+++++

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

*Don Craig - 4682 - ~~sent to~~ sent to
CIA - w/OMB changes.*

*memo will most likely be
pulled - Craig working w/
CIA to compromise & not bother
President*

FOR ACTION
FYI

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

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE (Snyder)

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARONSON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FIRST LADY

HARDEN

HERNANDEZ

HUTCHESON

KAHN

LINDER

MARTIN

MILLER

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

WARREN

WEDDINGTON

WISE

VOORDE

ADMIN. CONFIDEN.

CONFIDENTIAL

SECRET

EYES ONLY

THE WHITE HOUSE
WASHINGTON

July 11, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB.*
SUBJECT: Death Gratuity Benefits to Survivors
of Central Intelligence Agency Employees
Killed Overseas

I recommend that you grant the DCI authority to seek legislative amendments granting death gratuity benefits to the survivors of CIA employees killed overseas in the course of operational activities or as the result of hostile or terrorist action. The DCI letter is at Tab A.

AGREE _____ DISAGREE _____

OTHER _____

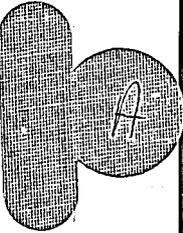
I also recommend that, as the DCI requests, the benefits be made retroactive to cover payments to survivors of four CIA officers killed overseas, including the widow of Richard Welch, the assassinated Chief of Station in Athens.

AGREE _____ DISAGREE _____

OTHER _____

Attachment

(We also need to help CIA morale in general, in addition to the fairness issue involved in the above).



The Director
Central Intelligence Agency



Washington, D.C. 20505

25 June 1979

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

Dear Mr. President:

I find it necessary to appeal to you a decision by the Office of Management and Budget denying me authority to seek legislative amendments granting an adequate death gratuity benefit to the survivors of Central Intelligence Agency employees killed overseas.

Recently I forwarded to the OMB proposed legislation that would authorize me to provide payment of a death gratuity to the survivors of CIA employees killed overseas in the course of operational activity or as a result of hostile or terrorist action. OMB would authorize benefits limited only to instances of death caused by hostile or terrorist action. Current State Department death gratuity benefits, including those for alien employees, are already much broader in that they provide payment to surviving dependents of an amount equal to one year's salary if death occurs "as a result of injuries sustained in the performance of duty outside the United States."

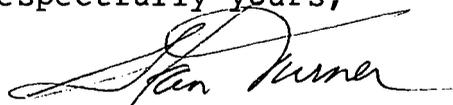
I do not seek a standard equally as broad as State, but I do believe the benefit should be paid to CIA personnel killed in an operational activity, not just as a result of hostile or terrorist action. As you are aware, there are many risks inherent in the nature of the intelligence business, not all of them related to terrorist or hostile activity. It is intolerable from a morale standpoint to have CIA employees working side by side with State employees under the impression that the U.S. Government values their lives less than those of their State colleagues.

OMB argues that it is opposed to the State benefit and will seek repeal. I do not view this as a realistic solution since Congress is always loath to reduce benefits, particularly in compassionate areas such as this.

I also request that the benefit be made retroactive to cover the survivors of four CIA officers killed overseas since the enactment of death gratuity legislation for the Department of State. One of these is the widow of Athens Chief of Station Richard Welch. OMB is equally opposed to this provision.

I regret being obliged to make this appeal, and I do not do so lightly. But I am convinced that CIA personnel must be able to feel they are entitled to equitable treatment by their Government if they are to continue to carry out their often dangerous missions effectively.

Respectfully yours,

A handwritten signature in cursive script, appearing to read "Stan Turner", written in dark ink over a horizontal line.

STANSFIELD TURNER

20834

Let Frank handle announcement J

THE WHITE HOUSE
WASHINGTON

June 13, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
LYNN DAFT *Lynn*
SUBJECT: Recommendation for Major Disaster Declaration - Texas

not pertinent

In the attached letter, Secretary Harris recommends that you grant a major disaster declaration for the State of Texas due to severe storms and flooding beginning about May 30th. Assistance will be limited to individual assistance and will total about \$650,000 in outlays. Most of the victims are low to moderate income minorities. Public assistance needs of \$445,000 will be left to the State and local governments. A turndown would disadvantage low and moderate income people for which Governor Clements will blame you. The approach recommended here will provide needed help to low income people without giving the Governor cause for criticism.

We concur with Secretary Harris' assessment of the situation and recommend that you approve the request.

THE WHITE HOUSE

SIGNATURE MUST BE SECURED

Tex.

The Hon. Patricia Harris
Secretary of Housing and Urban Development DATE: 6/27/79

NUMBER 20834
Time Rec'd 11:36 p

RECEIVED BY *P. Wood*

DELIVERED BY _____

RETURN RECEIPT TO Robert D. Linder
Chief Executive Clerk

Electrostatic Copy Made for Preservation Purposes

NAME OF AGENCY THE WHITE HOUSE	PRECEDENCE ACTION: INFO:	SECURITY CLASSIFICATION <i>SECRET</i>
ACCOUNTING CLASSIFICATION	DATE PREPARED	TYPE OF MESSAGE 10 09
FOR INFORMATION CALL		<input type="checkbox"/> SINGLE <input type="checkbox"/> BOOK <input type="checkbox"/> MULTIPLE-ADDRESS
NAME	PHONE NUMBER	

THIS SPACE FOR USE OF COMMUNICATION UNIT
Release @ noon

001 MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

TO:

June 14, 1979

Honorable William P. ^xClements, Jr.
Governor of Texas
State Capitol
Austin, Texas 78711

As you requested, I have declared a major disaster for the State of Texas because of damage due to severe storms and flooding beginning on or about May 30, 1979. I have authorized Federal relief and recovery assistance in the affected areas. This assistance will be limited to Individual Assistance under the provisions of Public Law 93-288 and will include Individual and Family Grants as well as Temporary Housing assistance.

The Administrator, Federal Disaster Assistance Administration, Department of Housing and Urban Development, will coordinate Federal assistance efforts and designate specific areas of the State eligible for such assistance. The Federal Coordinating Officer will be Mr. Bernard B. Marshall of the Federal Disaster Assistance Administration. He will consult with you and assist in the execution of the Federal-State Disaster Assistance Agreement governing the expenditure of Federal funds.

JIMMY CARTER

Dispatched at 12:07 pm 6/14/79
R

PAGE NO.	NO. OF PGS.	SEL. CLASSIFICATION

THE WHITE HOUSE

WASHINGTON

June 14, 1979

Dear Madam Secretary:

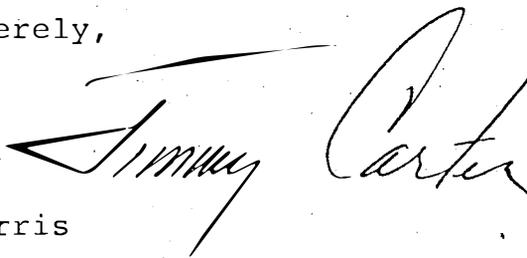
I have determined that the damage in certain areas of the State of Texas resulting from severe storms and flooding beginning on or about May 30, 1979, is of sufficient severity and magnitude to warrant a major-disaster declaration under Public Law 93-288. I therefore declare that such a major disaster exists in the State of Texas. Assistance to eligible disaster victims will be limited to Individual Assistance under the provisions of Public Law 93-288.

In order to provide Federal assistance, you are hereby authorized to allocate, from funds available for these purposes, such amounts as you find necessary for Federal disaster assistance and administrative expenses.

The time period prescribed for the implementation of Section 313 (a), Priority to Certain Applications for Public Facility and Public Housing Assistance, shall be for a period not to exceed six months after the date of this declaration.

I expect regular reports on progress made in meeting the effects of this major disaster, the extent of Federal assistance already made available and a projection of additional assistance required, if any.

Sincerely,



Honorable Patricia Roberts Harris
Secretary of Housing and
Urban Development
Washington, D. C. 20410

*Signed original sent to Sec. HUD, w/copy of
telegram to Gov. Clements, via St. H. Messenger
6/27/79.*

1979 JUN 14 PM 12 07

11 WU INFOMASTER

12 WHITEHOUSE WSH

13 011258C165 1102EST

14 001 DLY GOVT WHITE HOUSE DC JUN 14

15 PMS HONORABLE WILLIAM P. CLEMENTS, JR. DLR DONT DWR

16 GOVERNOR OF TEXAS

17 STATE CAPITOL

18 AUSTIN TEXAS 78711

19 AS YOU REQUESTED, I HAVE DECLARED A MAJOR DISASTER FOR
20 THE STATE OF TEXAS BECAUSE OF DAMAGE DUE TO SEVERE
21 STORMS AND FLOODING BEGINNING ON OR ABOUT MAY 30, 1979.
22 I HAVE AUTHORIZED FEDERAL RELIEF AND RECOVERY
23 ASSISTANCE IN THE AFFECTED AREAS. THIS ASSISTANCE
24 WILL BE LIMITED TO INDIVIDUAL ASSISTANCE UNDER THE
25 PROVISIONS OF PUBLIC LAW 93-288 AND WILL INCLUDE
26 INDIVIDUAL AND FAMILY GRANTS AS WELL AS TEMPORARY
27 HOUSING ASSISTANCE.

28 THE ADMINISTRATOR, FEDERAL DISASTER ASSISTANCE
29 ADMINISTRATION, DEPARTMENT OF HOUSING AND URBAN
30 DEVELOPMENT, WILL COORDINATE FEDERAL ASSISTANCE
31 EFFORTS AND DESIGNATE SPECIFIC AREAS OF THE STATE
32 ELIGIBLE FOR SUCH ASSISTANCE. THE FEDERAL COORDINATING
33 OFFICER WILL BE MR. BERNARD B. MARSHALL OF THE
34 FEDERAL DISASTER ASSISTANCE ADMINISTRATION. HE
35 WILL CONSULT WITH YOU AND ASSIST IN THE EXECUTION OF
36 THE FEDERAL-STATE DISASTER ASSISTANCE AGREEMENT
37 GOVERNING THE EXPENDITURE OF FEDERAL FUNDS.

38 JIMMY CARTER

39 ACCEPTED

40 00001

41 I-PC

INFORMATION COPY

DISASTER PRIORITY

SUBJECT

RECOMMENDATION TO THE PRESIDENT
FOR A MAJOR DISASTER DECLARATION
TEXAS

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL DISASTER ASSISTANCE ADMINISTRATION**

DATE

JUNE 13, 1979



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

The President
The White House
Washington, D. C.

REQUEST FOR MAJOR DISASTER DECLARATION

STATE: Texas

TYPE OF INCIDENT: Severe storms and flooding

DATE OF INCIDENT: Beginning on or about May 30, 1979

DEATHS: None

INJURIES: None

AREAS Affected: Nacogdoches County

COMMITMENT OF STATE AND LOCAL RESOURCES:

- o Implementation of State Emergency Operation Plan
- o State Commitment is \$135,119:
 - State share of the Individual and Family Grant program - State estimate is \$75,000.
 - State and local Public Assistance is \$60,119.

PRINCIPAL NEEDS EXPRESSED BY THE GOVERNOR:

- o Individual and Family Grant program
- o Public Assistance

FDAA FINDINGS:

HOMES AFFECTED: 165 homes and three apartment buildings
consisting of 75 units

FAMILIES NEEDING TEMPORARY HOUSING: 40

BUSINESSES AFFECTED: 80

POTENTIAL DISASTER LOANS: \$1,350,000

UNMET UNEMPLOYMENT NEEDS: \$6,000

POTENTIAL APPLICATIONS FOR INDIVIDUAL AND FAMILY GRANTS:
75 program applications for a Federal share of \$112,500

UNMET HEALTH AND SAFETY PROBLEMS:

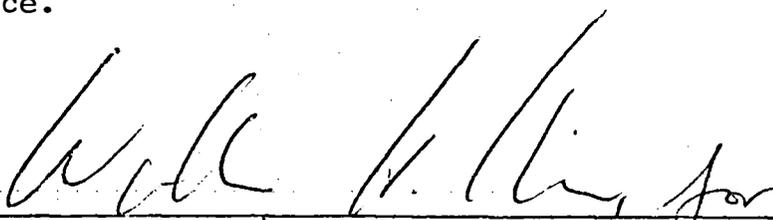
Anticipate sanitation problems as flood waters recede.

SIGNIFICANT PROBLEMS CAUSED BY DAMAGES TO PUBLICLY
OWNED FACILITIES:

None beyond the capabilities of the State and
local governments.

RECOMMENDATION:

- o That the Governor's request for a major disaster
declaration be granted.
- o That Federal disaster assistance be limited to
Individual Assistance.


Secretary, Housing and Urban Development

Date: 13 JUN 1979

Attachments

Summary of Findings
Declaration Letter
Telegram to the Governor
Notice to the Press
Representation
Map
Governor's Request

SUMMARY OF FINDINGS

TEXAS

Beginning on or about May 30, 1979, severe storms and flooding impacted Nacogdoches County, Texas. There were no casualties. A total of 165 homes and three apartment buildings were damaged. The American Red Cross is currently providing housing for 12 families although 73 families have received some form of emergency care from them. The damage is centered, principally, in the City of Nacogdoches. Eighty businesses sustained damaged, 40 of which were major. Also, numerous agricultural businesses were affected. This identical area was declared a major disaster under Public Law 93-288 on February 15, 1975. The extent of damage to public and private property appears to be similar to this incident.

Individual Assistance needs:

- o Temporary housing - 40 families - \$60,000
- o Individual and Family Grant program - 75 applications for \$150,000, of which the Federal share is \$112,500.
- o Small Business Administration (SBA) loans \$1,250,000, including:
 - 75 personal loans for \$750,000
 - 40 business loans for \$500,000
- o There is also a potential need for farm and ranch assistance from the United States Department of Agriculture in their Farmers Home Administration and Agriculture Soil Conservation Service. Such assistance could amount to \$500,000.
- o Disaster Unemployment Assistance - \$6,000

Public Assistance needs:

Total Public Assistance needs are \$445,000, of which \$385,000 are located in the City of Nacogdoches.

The most significant Public Assistance requirements are for road and bridge repair and restoration of a sewer plant within the city. Included in Public Assistance requirements are:

- o Debris Clearance \$15,000
- o Protective Measures \$15,000
- o Road Systems \$220,000
- o Water Control Facilities \$10,000
- o Public buildings \$10,000
- o Public Utilities \$175,000

CONCLUSIONS:

- o The State commitment is marginal. Denial of Federal Public Assistance would, in effect, increase the State's share of assistance.
- o In Fiscal Year 1979, the projected balance for the State is reported by the National Governor's Association and the National Association of State Budget Officers to be \$702 million.
- o The losses to publicly owned facilities are not significant when compared to a city budget of \$6 million and a county road and bridge budget of \$781,000.
- o The occupants of the affected homes are middle to low income people.
- o A significant percentage of people affected are minorities.
- o There is a need for temporary housing, disaster loans, and Individual and Family Grants.
- o The Public Assistance requirements are within the capabilities of the State and local governments.
- o The Individual Assistance requirements are beyond the capabilities of the State and local governments.

THE WHITE HOUSE

WASHINGTON

Dear Madam Secretary:

I have determined that the damage in certain areas of the State of Texas resulting from severe storms and flooding beginning on or about May 30, 1979, is of sufficient severity and magnitude to warrant a major-disaster declaration under Public Law 93-288. I therefore declare that such a major disaster exists in the State of Texas. Assistance to eligible disaster victims will be limited to Individual Assistance under the provisions of Public Law 93-288.

In order to provide Federal assistance, you are hereby authorized to allocate, from funds available for these purposes, such amounts as you find necessary for Federal disaster assistance and administrative expenses.

The time period prescribed for the implementation of Section 313 (a), Priority to Certain Applications for Public Facility and Public Housing Assistance, shall be for a period not to exceed six months after the date of this declaration.

I expect regular reports on progress made in meeting the effects of this major disaster, the extent of Federal assistance already made available and a projection of additional assistance required, if any.

Sincerely,

Honorable Patricia Roberts Harris
Secretary of Housing and
Urban Development
Washington, D. C. 20410

TELEGRAPHIC MESSAGE

NAME OF AGENCY <p style="text-align: center;">THE WHITE HOUSE</p>	PRECEDENCE ACTION: INFO:	SECURITY CLASSIFICATION
ACCOUNTING CLASSIFICATION	DATE PREPARED	TYPE OF MESSAGE
FOR INFORMATION CALL		<input type="checkbox"/> SINGLE
NAME	PHONE NUMBER	<input type="checkbox"/> BOOK <input type="checkbox"/> MULTIPLE-ADDRESS

THIS SPACE FOR USE OF COMMUNICATION UNIT

MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

TO:

Honorable William P. Clements, Jr.
 Governor of Texas
 State Capitol
 Austin, Texas 78711

As you requested, I have declared a major disaster for the State of Texas because of damage due to severe storms and flooding beginning on or about May 30, 1979. I have authorized Federal relief and recovery assistance in the affected areas. This assistance will be limited to Individual Assistance under the provisions of Public Law 93-288 and will include Individual and Family Grants as well as Temporary Housing assistance.

The Administrator, Federal Disaster Assistance Administration, Department of Housing and Urban Development, will coordinate Federal assistance efforts and designate specific areas of the State eligible for such assistance. The Federal Coordinating Officer will be Mr. Bernard B. Marshall of the Federal Disaster Assistance Administration. He will consult with you and assist in the execution of the Federal-State Disaster Assistance Agreement governing the expenditure of Federal funds.

SECURITY CLASSIFICATION

PAGE NO.	NO. OF PGS.
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June , 1979

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President today declared a major disaster for the State of Texas as a result of severe storms and flooding beginning on or about May 30, 1979, which caused extensive public and private property damage. The President's action will permit the use of Federal funds in relief and recovery efforts in designated areas of the State.

Federal assistance from the President's Disaster Relief Fund will include individual and family grants as well as temporary housing assistance for eligible disaster victims. Low-interest disaster loans will be made available by the Small Business Administration and emergency loan assistance will be made available by the Farmers Home Administration.

Federal relief activities in Texas will be coordinated by the Federal Disaster Assistance Administration, Department of Housing and Urban Development, under the direction of Administrator William H. Wilcox. Mr. Wilcox will designate the specific areas within the State eligible for Federal assistance, based upon Federal and State damage assessments.

Mr. Bernard B. Marshall of the Federal Disaster Assistance Administration will be designated as the Federal Coordinating Officer to work with the State in providing Federal disaster assistance under the Disaster Relief Act of 1974, Public Law 93-288.

NOTE: ADDITIONAL INFORMATION FROM FDAA: (202) 634-6666.

TEXAS REPRESENTATION

The Governor of Texas is:

William P. Clements, Jr. (R)

Texas Senators are:

John G. Tower (R)
Lloyd M. Bentsen (D)

Representing the Affected Area:

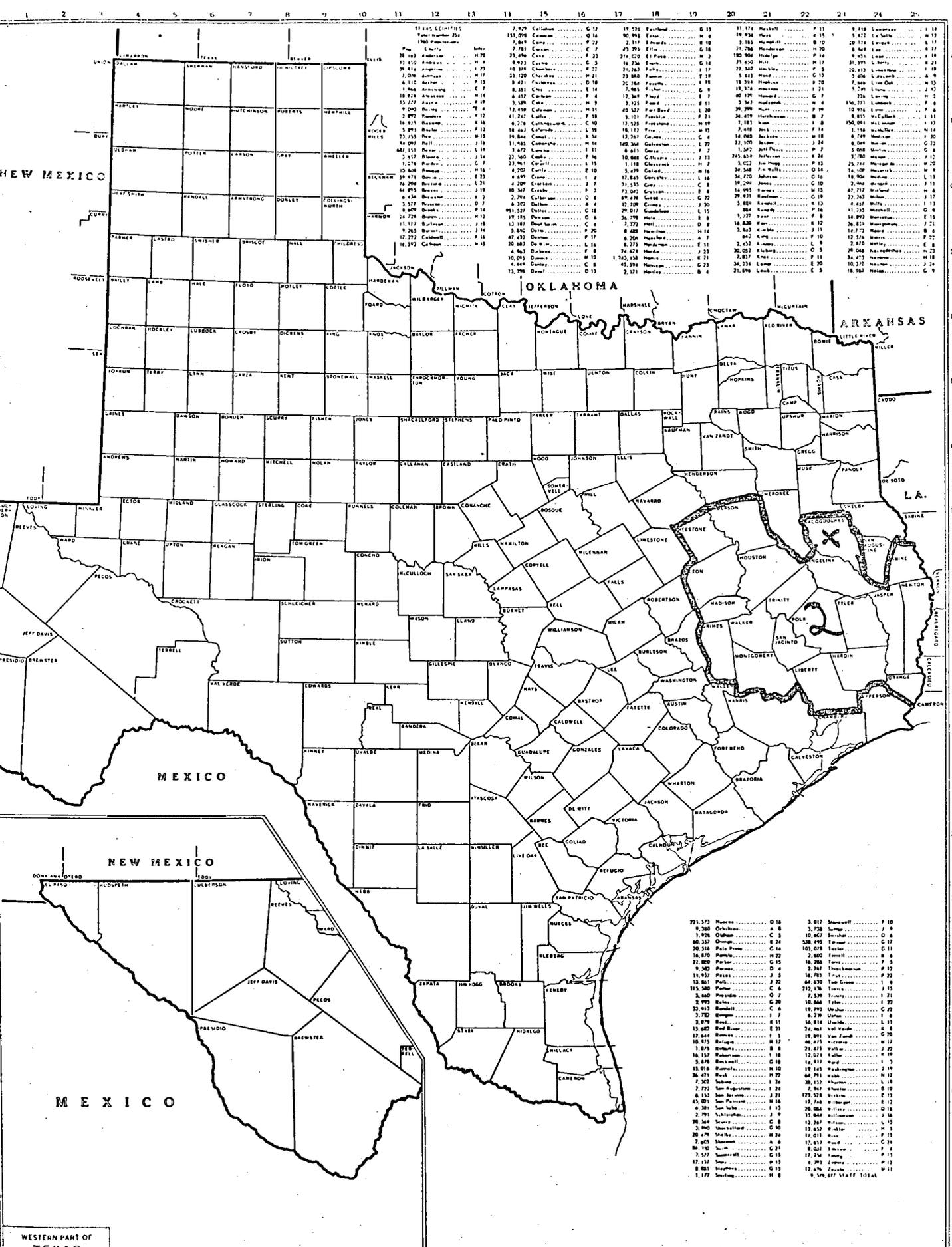
Charles Wilson (D)

2nd District

For further information, contact Maria J. Vorel, FDAA:
(202) 634-6115.

GRAND McNALLY STATE COUNTY OUTLINE MAP

TEXAS
SIZE 8 1/2 x 11



TEXAS COUNTY POPULATION

Adair	1,220	Adair	13,236	Adair	11,374
Andrew	131,098	Andrew	90,991	Andrew	18,434
Angelina	7,843	Angelina	7,311	Angelina	3,153
Aransas	7,881	Aransas	43,791	Aransas	21,736
Archer	23,476	Archer	37,070	Archer	182,504
Armstrong	8,923	Armstrong	19,236	Armstrong	27,640
Asa	20,474	Asa	31,263	Asa	12,342
Atascosa	33,120	Atascosa	23,584	Atascosa	9,443
Austin	8,431	Austin	12,568	Austin	18,519
Brewster	4,351	Brewster	7,265	Brewster	19,179
Brewster	4,412	Brewster	12,347	Brewster	40,178
Brewster	13,222	Brewster	3,125	Brewster	39,799
Brewster	9,000	Brewster	12,458	Brewster	20,419
Brewster	2,875	Brewster	41,247	Brewster	30,419
Brewster	18,515	Brewster	4,273	Brewster	1,182
Brewster	3,911	Brewster	18,443	Brewster	16,113
Brewster	27,253	Brewster	10,844	Brewster	12,743
Brewster	14,001	Brewster	11,943	Brewster	142,364
Brewster	1,151	Brewster	1,072	Brewster	8,613
Brewster	3,427	Brewster	23,400	Brewster	10,568
Brewster	1,274	Brewster	23,941	Brewster	1,118
Brewster	10,878	Brewster	4,207	Brewster	5,479
Brewster	19,171	Brewster	4,892	Brewster	17,845
Brewster	14,704	Brewster	3,707	Brewster	21,535
Brewster	44,893	Brewster	10,347	Brewster	72,407
Brewster	6,134	Brewster	2,794	Brewster	49,436
Brewster	3,357	Brewster	4,307	Brewster	12,209
Brewster	8,409	Brewster	91,527	Brewster	79,817
Brewster	14,728	Brewster	15,145	Brewster	26,798
Brewster	11,177	Brewster	13,181	Brewster	7,777
Brewster	9,243	Brewster	3,840	Brewster	6,022
Brewster	17,272	Brewster	4,473	Brewster	6,208
Brewster	18,397	Brewster	20,488	Brewster	8,775
Brewster		Brewster	4,444	Brewster	24,429
Brewster		Brewster	16,051	Brewster	1,163,158
Brewster		Brewster	4,444	Brewster	45,334
Brewster		Brewster	13,306	Brewster	2,121

231,373	Brewster	D 18	3,012	Sumner	F 10
9,380	Cherokee	A 8	3,728	Surber	J 9
1,978	Cherokee	C 3	10,827	Swisher	D 11
40,357	Cherokee	E 14	338,440	Tarrant	G 18
20,316	Cherokee	F 14	101,079	Tarrant	D 11
16,510	Cherokee	G 14	2,605	Tarrant	F 8
22,820	Cherokee	G 15	16,786	Tarrant	F 5
9,340	Cherokee	D 4	2,741	Tarrant	F 12
11,517	Cherokee	J 5	54,783	Tarrant	F 12
13,861	Cherokee	F 22	64,430	Tarrant	F 8
113,560	Cherokee	C 6	712,176	Tarrant	F 15
5,640	Cherokee	O 7	2,139	Tarrant	F 21
2,979	Cherokee	G 20	10,848	Tarrant	F 22
22,913	Cherokee	C 4	19,793	Tarrant	F 22
3,712	Cherokee	J 7	6,730	Tarrant	F 8
3,878	Cherokee	E 11	56,814	Tarrant	L 13
13,427	Cherokee	E 23	24,461	Tarrant	L 18
17,444	Cherokee	F 1	19,801	Tarrant	G 20
10,975	Cherokee	E 17	46,475	Tarrant	F 19
1,878	Cherokee	B 4	21,415	Tarrant	F 12
16,157	Cherokee	E 18	12,071	Tarrant	F 12
5,876	Cherokee	G 18	16,913	Tarrant	F 13
15,016	Cherokee	H 10	15,145	Tarrant	F 14
36,471	Cherokee	H 22	64,791	Tarrant	H 12
7,322	Cherokee	F 24	28,153	Tarrant	L 18
7,777	Cherokee	J 21	7,842	Tarrant	F 19
6,133	Cherokee	J 21	129,578	Tarrant	F 13
43,021	Cherokee	H 16	15,748	Tarrant	F 12
4,381	Cherokee	E 13	20,084	Tarrant	O 18
2,761	Cherokee	J 9	33,844	Tarrant	F 12
30,549	Cherokee	C 8	13,747	Tarrant	L 15
3,940	Cherokee	G 10	13,613	Tarrant	H 13
20,478	Cherokee	H 24	19,012	Tarrant	G 21
2,423	Cherokee	A 8	17,673	Tarrant	H 21
20,478	Cherokee	C 19	8,021	Tarrant	F 14
3,737	Cherokee	G 15	12,374	Tarrant	F 15
17,111	Cherokee	O 13	4,791	Tarrant	F 13
8,851	Cherokee	G 13	12,476	Tarrant	H 11
1,177	Cherokee	H 8	7,367	Tarrant	H 11

WESTERN PART OF
TEXAS
SAME SCALE AS MAIN MAP

SCALE IN MILES
0 10 20 30 40 50

Copyright by
BARD McNALLY & COMPANY
1919

COPY

6-8-79

ADMINISTRATIVE STAFF

The President
The White House
Washington, D.C. 20452

6286

79 JUN 9 AIO: 03

ATTENTION: William H. Wilson
Administrator
Federal Disaster Assistance Administration
Washington, D.C. 20410

FEDERAL DISASTER
ASSISTANCE
ADMINISTRATION-SAA

Mr. Joe Winkle, Regional Director
FEMA, Region VI
Dallas, Texas 75242
Phone (214) 749-2411

Deliver to:

On behalf of the county judge and mayor of Tarrant County I respectfully request that you declare the affected county a major disaster area under the provisions of PL 93-288 because of extensive flooding from 5-31-79 through 6-3-79. Preliminary estimates indicate private damage \$2 million, public damage \$1 million, 75 qualifying for IFG and 30-40 requiring temporary housing.

Detailed documentation will follow as available.

William P. Clements, Jr.
Governor of Texas

(This message was received at 4:45P CDT, FEMA Dallas Regional Office)

COPY

June 11, 1979

The President
The White House
Washington, D.C. 20402

0324
THROUGH: Mr. Joe D. Winkle, Regional Director
Federal Disaster Assistance
Administration
1100 Commerce St.
Dallas, Texas 75242

Mr. President:

Reference is made to my Western Union wire dated June 8, 1979, requesting a Major Disaster Declaration for Macogdoches County, Texas ravaged by floods and high winds beginning on May 30, 1979.

As you are aware, the severe weather system moving through the County has caused streams and creeks to crest at elevations considered to be at or above record stages. Some three hundred people have suffered losses to homes and personal property and miles of streets, roads and bridges were flooded.

I have declared that a state of emergency exists and have directed the implementation of our State Emergency Operations Plan committing the numerous State agencies to assist local governments in performing rescue, evacuations and other disaster recovery operations.

Pursuant to Federal Disaster Assistance Administration regulations, I certify that the total of expenditures and obligations for this disaster for which no Federal reimbursement will be requested are in accordance with the following table:

Category of Assistance	Amount	
	State	Local
Individual Assistance:		
Individual and family grants	\$75,000	
Total	\$75,000	

COPY

COPY

The President
June 11, 1973
Page Two

	Amount	
	State	Local
Public Assistance:		
Debris and wreckage clearance		25,534
Protective work		7,500
Public safety	18,000	6,525
Other - administrative		2,500
Total		\$42,119
Grand total	\$93,000	\$42,119

Therefore, Mr. President, I urgently request that you grant a Major Disaster Declaration under the provisions of P. L. 93-288 for Navarro County, Texas.

Sincerely,

William P. Clements, Jr.
Governor of Texas

DES

COPY

THE WHITE HOUSE
WASHINGTON

Mr. President:

Zbig said you wanted
to see Henry Owen for 5
minutes today. Do you
want to see him now or
later today?

now
 later (2pm)

Phil

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

6/13/79

Stu Eizenstat

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

The signed original has been
sent to Ev Small for delivery.

Rick Hutcheson

cc: Ev Small

2687

THE WHITE HOUSE
WASHINGTON

2nd P
Not let -- to stand

MR. PRESIDENT:

Attached is a suggested response
to the letter you received from
Billy Lee Evans.

Stu Eizenstat

12 Jun 79

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

June 13, 1979

To Congressman Billy Lee Evans

I appreciate the care and time you have taken to share with me your comments on energy issues. We face a serious, even critical, long run energy problem which demands the best advice and most clearheaded thinking we as a nation can muster.

The points you raise about the need for a better resolution of our environmental and energy goals are indeed important. While I believe that we -- the Executive and the Congress -- have acted properly over the last decade in giving environmental protection the emphasis which was previously missing, we must not let unnecessary red tape and delay stand in the way of meeting our energy needs.

Many of the difficulties we have had in constructing new refineries, or expanding old ones, stem from unnecessary delay in the permitting process. While I continue to believe that refineries can be built which protect basic air and water quality, a too-lengthy decision process has often hampered our ability to get on with the job. On April 5, I signed an Executive Order to expedite the federal decision-making process for these kinds of essential energy facilities. We will also work with the states to gain their cooperation in making a better fit between state and federal permit requirements.

You are quite right in pointing out the need for new, more modern refineries which are capable of handling higher-sulfur, lower-quality crude oils. I have asked the Energy Task Force, chaired by Stu Eizenstat, to examine a number of issues associated with refinery policies to determine how we can best encourage the development of these needed facilities. Environmental issues, as well as some of the questions associated with the decontrol of oil prices, warrant examination in that process.

I would point out that to ease the difficulties which we face in assuring adequate supplies of unleaded gasoline this summer, EPA and DOE have jointly taken a series of regulatory actions which should permit refiners to shift up to 800,000 barrels per day of current production from leaded to unleaded gasoline. While these are temporary measures, they should assist us in meeting our needs this summer.

I too am disappointed in the rate of growth in our nation's use of coal. I have asked the heads of the three agencies charged with regulatory responsibilities for the coal industry to make recommendations to me on how we can stimulate demand for this energy source which we have in abundance. As I review the recommendations coming from this study, I shall keep your suggestion for a special coal organization in mind.

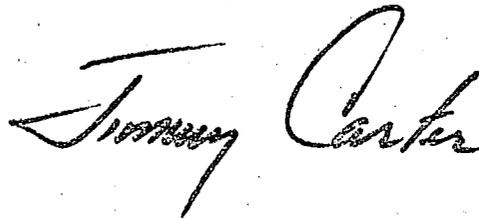
I do, however, question whether implementation of a sound coal policy is hampered by a lack of personnel at the Department of Energy. A very substantial part of the Department's resources are now devoted to implementing the Fuel Use Act, which was passed last year as part of the National Energy Act to increase the use of coal by industrial and power generating facilities. We have also placed new emphasis on finding better ways to mine, burn, or convert coal to more useable forms of energy. Both the FY 80 budget which I recommended last January, and the Energy Security Trust Fund which I proposed in April will devote substantial revenues to increasing coal use. Secretary Schlesinger informs me that currently over 1,000 employees and more than \$750 million will be devoted to coal research and development, with substantial additional help from contractor employees. I have, however, asked Jim to explore whether an Office of Coal Policy would help contribute to this important national effort.

The last part of your letter raises questions about the top management of DOE. Here I must disagree. As I have stated before, Jim Schlesinger continues to have my confidence as he undertakes what may well be the most difficult job in government, mine included. Because our energy problem is so difficult, and the changes which it will force on our society in terms of higher prices and less abundant supplies are so unpleasant, the personalities of those responsible

for implementing energy policies will always be controversial. My experience has been, however, that Jim and his top people have given their utmost to resolution of this very difficult problem and they deserve our support. While each of us may have a particular like or dislike, changing horses in mid-stream will not make the problem any easier to solve.

I do appreciate your thoughtful letter and share your conviction that the energy problem is as serious as any our nation has faced. I ask your continuing support and assistance in helping me to deal with it.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Billy Lee Evans
U.S. House of Representatives
Washington, D.C. 20515

*p.s. There must be enough energy
to get from Dublin to Dexter!*

J

THE WHITE HOUSE

WASHINGTON

June 13, 1979

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Many of the difficulties we have had in constructing new refineries, or expanding old ones, stem from unnecessary delay in the permitting process. While I continue to believe that refineries can be built which protect basic air and water quality, a too-lengthy decision process has often hampered our ability to get on with the job. On April 5, I signed an Executive Order to expedite the federal decision-making process for these kinds of essential energy facilities. We will also work with the states to gain their cooperation in making a better fit between state and federal permit requirements.

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June 13, 1979

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BILLY LEE EVANS
5TH DISTRICT, GEORGIA

113 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
PHONE: (202) 225-6531

COMMITTEES:
PUBLIC WORKS AND
TRANSPORTATION
SMALL BUSINESS
SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 16, 1979.

DISTRICT OFFICES:
331 FEDERAL BUILDING
MACON, GEORGIA 31208
PHONE: (912) 742-5753

805 COLLEGE STREET
EASTMAN, GEORGIA 31023
PHONE: (912) 374-7319

207 FEDERAL BUILDING
WAYCROSS, GEORGIA 31501
PHONE: (912) 245-8420

*To Jim Schlesinger
Draft a reply for
me to sign
J*

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

Dear Mr. President:

A number of energy-related problems have recently come to my attention. I am very concerned about these matters because they do not seem to be receiving the proper attention they deserve within the Executive Branch. I would urge you most strongly to review these issues and to resolve them as soon as possible. If you do not address these topics soon, I fear that the energy situation may grow far worse and may become even more difficult to manage than it is now. Many of these points are within your jurisdiction; some will require the concurrence of the Congress; but they all need your immediate attention.

1. The gasoline shortage, all rhetoric to the contrary, does not appear to be the fault of the petroleum industry but is largely the result of conflicting and counter productive Federal regulations that are seriously hampering our ability to refine the products most needed by our country. EPA regulations in connection with the Clean Air Act are so restrictive that domestic refiners cannot site new refineries or reconfigure older ones to make the unleaded gasoline and low-sulfur distillate that we need to reduce air pollution at the consumer level. EPA is requiring the use of the best available technology on all existing refineries in non-attainment areas. This effectively eliminates all potential tradeoffs that a refiner might make on improving the older parts of his refinery to offset the incremental emissions from the new facilities. The new facilities are especially needed because the crude oil now available to refiners is generally high in gravity and in sulfur content. It cannot be effectively utilized without these refinery changes which are virtually impossible under the current regulations. If they could be adjusted to permit the necessary refinery modifications to take place, the pressure on gasoline and distillate stocks could be eliminated. No one in the Administration seems to be dealing with refining problems as part of a national energy policy. Unless these changes are made the gasoline and distillate shortages can only get worse.

*10
2098*

The President
May 16, 1979
PAGE TWO

2. The United States has no coordinated energy policy. It places the burden for production on the oil industry and then proceeds to interfere in its operation. Regulations are promulgated on one subject without regard for their effect on another. Much the same could be said for the coal industry. We have huge reserves of coal and you have stated repeatedly that we need to produce more coal as a substitute for imported oil. Yet, over the two years since you made that commitment, coal use has increased only 1.5 percent per year. There is something seriously wrong with our policy, Mr. President, when we are able to accomplish so little in the length of time that has passed since the 1973 Oil Embargo. I believe that you have acted in good conscience, but I also believe you have been poorly advised and have not successfully addressed the interdepartmental impasses that have developed within your Administration. Even if the Department of Energy were properly motivated, which it emphatically is not, it is doubtful that it would even then be able to accomplish much in the way of achieving energy goals in the face of deep intransigence on the part of EPA and the Department of the Interior. Perhaps the purpose would be best served by creating an organization in the Executive Office of the President which would impartially advise you directly on these problems so that you could make objective policy decisions with unbiased information or could successfully arbitrate disputes between agencies or departments in conflict.

3. The lack of a National Coal Policy is particularly appalling and is a national disgrace. The Department of Energy has thousands of employees, but only one is doing anything within DOE on the subject of coal policy. What kind of commitment is that? If we are serious about coal as our alternative to oil as a future energy source, we had better get organized. One man cannot do it by himself, particularly when he is receiving no support from the Department. If we are not going to do it, let's be honest and say so. If we are committed to actually doing something with coal, let's set up a structure within the department, not just a facade like we have now, to deal with coal-related problems, and there are plenty of them with which to deal. The simple fact of the matter is that DOE does not have an operational office of Coal Policy, despite the fact that there is one for oil and gas. DOE had better get organized on this subject because the Congress has awakened to the fact that coal is a resource that we can no longer afford to neglect. DOE needs to discover that, too.

4. The Department of Energy has been a special disappointment to just about everyone who has followed its progress. I feel this is due in large part to the lack of imagination and control the top management of

The President
May 16, 1979
PAGE THREE

DOE has exercised. The National Energy Plans have been total flops, there has been little recognition of problems before they developed or even afterward, for that matter. The Department seems to indulge itself in self-congratulations from minor triumphs while acting deaf, dumb, and blind to the major energy issues facing it. Mr. Schlesinger is no doubt a capable man but he is clearly the wrong person for that position. Mr. O'Leary has a much better appreciation for energy issues specifically and for management generally. He would make an excellent replacement. It is a real shame to see the talent wasted at DOE. People who were doing important work in organizations that were absorbed by DOE have been misassigned and are now doing virtually nothing despite their desire to contribute. Large numbers of people are assigned to insignificant projects, while extremely competent mid-level people must struggle with major issues with literally no staff support.

The Policy and Evaluation Office under Al Alm has become an especially hopeless case. No management or accountability is evident. Reports are written at great expense to the taxpayers but are never released because of "review problems". People with no energy experience have been placed in important jobs because of their "contacts" rather than their ability. As noted by the Coopers and Lybrand Study, which was commissioned by DOE, a thorough housecleaning is in order. Let Al Alm take a well deserved rest and elevate competent people like Erik Svenson to top positions where they can use their considerable skills to get our energy policy back on the track. We cannot afford to drift much further. I might add that the indecision and lack of managerial talent at P and E has led to a situation where National Energy Policy is being set largely by private contractors with DOE's blessing. The small amount of policy control that remains has been largely abdicated to the Office of Management and Budget, which is not where it belongs.

I did not mean for this note to be this long, but I have still not covered all of my thoughts on this matter. I believe the energy problem is by far the most serious one this country has ever faced and if we do not meet the challenge soon we will be in deep trouble, domestically and internationally. I would like very much to discuss these and other matters with you at your convenience. I hope that we can work together to develop the best possible energy policy for the country.

Sincerely,


BILLY L. EVANS
Member of Congress

Date: May 26, 1979

MEMORANDUM

FOR ACTION:

Bernie Aronson

1 Gordon
1 Kelly
1 [unclear]
1 [unclear]

FOR INFORMATION:

Stu Eizenstat
Frank Moore

- Kelly on [unclear]
Cooper

FROM: Rick Hutcheson, Staff Secretary

6/12 PM

SUBJECT: Schlesinger response to Cong. Billy Lee Evans

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12 noon

DAY: Monday

DATE: 5/28

NHF
FSI
- solar
deleg. [unclear] - decision
Fed. [unclear] reform
22 [unclear] [unclear]

ACTION REQUESTED:

Your comments

Other: _____

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone 7052)



Department of Energy
Washington, D.C. 20585

May 25, 1979

NOTE TO RICK HUTCHESON

Pursuant to the President's request attached is
a draft response for his signature to Congressman
Billy L. Evans' letter of May 16th.

A handwritten signature in black ink, appearing to read "Frank R. Pagnotta".

Frank R. Pagnotta
Director
Office of The Secretary

Attachment

To Billy Lee Evans

I read with interest your letter of May 16 in which you gave me your thoughts on energy policy and programs in my Administration.

As the laws we are entrusted to carry out involve competing goals in a complex society, the subject matter that different agencies must address in carrying out these laws often raises legitimate conflicts. It was to minimize unnecessary inconsistencies that by Executive Order I have required several procedures to make sure that executive agencies avoid many of the pitfalls you have pointed out and, in the case of energy facilities such as those you have mentioned, I have required as well a system designed to identify and solve systematically potential bottlenecks in the administrative process required by Federal law.

I share your sentiments that the Nation must make effective use of its coal reserves. Most recently, the International Energy Agency (IEA) Ministers adopted, with very strong support from the United States, a resolution calling on greatly increased use of coal by all member nations to lessen dependence on petroleum. Among the benefits of this action to the United States, are the

following: (1) increased steam coal utilization will reduce growth in world demand for oil, thereby alleviating the tight oil market situation; (2) exports of United States steam coal and related antipollution and mining equipment will help our balance of trade and contribute directly to increased employment and economic growth; and (3) United States foreign and economic policy objectives will be reinforced by our future role as a significant supplier of coal within the IEA. By the late 1980's, this action alone could displace as much as 2 million barrels a day of oil from projected IEA demand. As you can see, the task of increasing the use of coal involves far more than those analytical activities associated with coal use that might be called "coal policy."

In addition, a very substantial part of the Energy Department's resources are devoted to implementing the Fuel Use Act, legislation that was passed last year as part of the National Energy Act for the purpose of greatly increasing the use of coal by industrial and power-generating facilities. Other parts of the Department have devoted substantial resources to coal research and development activities, which are designed also to

increase the use of coal in an environmentally sound manner. These resources include over \$750 million annually in coal research and development and highly related activities with an excess of 1,000 employees and many times that number of contractor employees working to implement these programs.

The comments in your letter underscore the enormous difficulty of the responsibilities carried out by the Department of Energy and Secretary James Schlesinger. These policy issues are so controversial, as you know, that almost every policy shortcoming you have attributed to the Department could be considered by others as a virtue. Secretary Schlesinger, and the many other public servants who serve with great dedication and ability in the Department, can use all the support that we can give them so that our Nation can improve its strategic energy position, while taking responsible actions to protect the public health and the environment.

I share many of your concerns and want you to be assured that this Administration does and will continue to treat energy policy as the most difficult long-term strategic problem facing this Nation today.

Sincerely,

The Honorable Billy Lee Evans
United States House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE
WASHINGTON

June 18, '79

TO: Rick Hutcheson

FROM:

Fran



For your files --- this is from
the last camp david trip --- I did
call Stu but wanted you to have
this original notation.

THE WHITE HOUSE
WASHINGTON

N H I

THE WHITE HOUSE
WASHINGTON

June 11, 1979
6:15 p.m.

MR. PRESIDENT

JIM McINTYRE CALLED
ABOUT THE NATIONAL
HEALTH PLAN.

PLEASE CALL HIM.

PHIL

THE WHITE HOUSE
WASHINGTON

June 11, 1979

MR. PRESIDENT,

Attached is a "white paper" prepared by HEW with the concurrence of OMB, CEA and other interested agencies giving the Administration's view of an ultimate fully-implemented National Health Plan.

Essentially it is the broad plan presented to you earlier by Secretary Califano, with the controversial questions of phasing cost, regulation and coverage left intentionally vague. It builds upon and is fully consistent with the key features of the legislative proposal that we are announcing tomorrow.



Stu Eizenstat

$\leq 55\% = 10 \text{ mil non-aged}$
 $\frac{1.2}{11.2} \text{ aged}$

4.5% non-aged spend-down
 THE WHITE HOUSE
 WASHINGTON (15?) (1:1)



	<u>Phase I</u>	<u>Kennedy</u>	<u>Long Relief</u>
Fed.	18.2	30.7	17.6 + 18.5

Emplyrs	6.1	33.1	
---------	-----	------	--

Total	<u>24.3</u>	<u>63.8</u>	
-------	-------------	-------------	--

	<u>Phase I</u>	<u>Kennedy</u>
Fed	18.2	30.7
Emplyrs	6.1	33.1
Indi.	-4.0	-25.4
Stt/Local	<u>-2.0</u>	<u>-2.7</u>
	\$18.36	\$35.75

minus HCR $\frac{5.5}{12.8 \text{ net}}$

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THE CARTER ADMINISTRATION'S OUTLINE OF
A FULLY IMPLEMENTED NATIONAL HEALTH PLAN

JUN 8 1979

The Carter Administration is firmly committed to a universal, comprehensive National Health Plan. This white paper provides an outline description of such a plan when fully implemented, and relates it to the Phase I legislation which the President is proposing.

I. Background

The National Health Plan, and the Phase I legislation which serves as its foundation, derive from the President's commitment to the goals of universal, comprehensive coverage.

A. Early Commitments

President Carter has been working to improve health care since his days as governor of Georgia. During the 1976 Presidential campaign, before a group of Black medical students, he first set forth his vision of the ideal health care system, including:

- universal, mandatory coverage;
- the same comprehensive benefits for everyone, including preventive care;
- a variety of financing sources;
- strong cost and quality controls and incentives for system reform; and
- phasing of implementation according to national priorities, dealing with the most severe unmet health care needs first.

B. Presidential Principles

In July 1978, the President reiterated his support for universal and comprehensive coverage, to be achieved through a mixture of public and private financing. He issued a set of specific principles to guide the design of a tentative plan.

These principles remain the touchstone of the proposal we are presenting today. They are notable because they call for a National Health Plan much broader in scope than simple insurance improvements — a plan that includes other steps required to address the critical problem of health cost inflation and to expand access to care for millions of underserved Americans. The principles are:

1. The plan should assure that all Americans have comprehensive health care coverage, including protection against catastrophic medical expenses.
2. The plan should make quality health care available to all Americans. It should seek to eliminate those aspects of the current health system that often cause the poor to receive substandard care.
3. The plan should assure that all Americans have freedom of choice in the selection of physicians, hospitals, and health delivery systems.
4. The plan must support our efforts to control inflation in the economy by reducing unnecessary health care spending. The plan should include aggressive cost containment measures and should also strengthen competitive forces in the health care sector.
5. The plan should be designed so that additional public and private expenditures for improved health benefits and coverage will be substantially offset by savings from greater efficiency in the health care system.
6. The plan will involve no additional federal spending until FY 1983, because of the tight fiscal constraints and the need for careful planning and implementation. Thereafter, the plan should be phased in gradually. As the plan moves from phase to phase, consideration should be given to such factors as the economic and administrative experience under prior phases. The experience of other government programs, in which expenditures far exceeded initial projections, must not be repeated.
7. The plan should be financed through multiple sources, including government funding and contributions from employers and employees. Careful consideration should be given to the other demands on government budgets, the existing tax burdens on the American people, and the ability of many consumers to share a moderate portion of the cost of their care.
8. The plan should include a significant role for the private insurance industry, with appropriate government regulation.
9. The plan should provide resources and develop payment methods to promote such major reforms in delivering health care services as substantially increasing the availability of ambulatory and preventive services, attracting personnel to underserved rural and urban areas, and encouraging the use of prepaid health plans.
10. The plan should assure consumer representation throughout its operation.

C. Consultation

At the same time that the President issued the principles, he asked that the tentative plan serve as a basis for consultation with Congress, State and local officials, interest groups and consumer representatives. He said:

"I am directing you to develop a tentative plan as soon as possible which embodies these principles and which will serve as the basis for in-depth consultation with the Congress, State and local officials, interest groups, and consumer representatives. You should then provide me with detailed recommendations so that I can make final decisions on the legislation I will submit to the Congress next year."

The President also requested analysis of options for phasing toward a fully implemented plan, as follows:

"To respond fully to my economic and budgetary concerns, you should develop alternative methods for phased implementation of the plan."

D. Legislative Approach

The approach that emerged from the phasing analysis and the consultation process was that the President would:

- present the full universal and comprehensive plan to the 96th Congress; but
- ask for legislative consideration of only the first phase at this time.

As Secretary Califano said when he announced the President's decision in March of this year:

"Since January, my colleagues and I have consulted scores of Congressional leaders, committee and subcommittee chairmen, and health industry experts. With few exceptions, the overwhelming sentiment among legislators is that the 96th Congress cannot and will not digest a complete national health plan in one bite.

"The overwhelming number of those who favor eventual adoption of a national health plan urged me to bring this message back to the President: 'Ask the President to limit his legislative recommendation to the first phase of a national health plan and to describe his vision of a total plan so we can put that phase in context.'"

II. Summary: The Fully Implemented National Health Plan

When fully implemented, the National Health Plan (NHP) will mandate universal comprehensive health insurance for every American, using a mixture of financing sources and preserving a significant role for the private insurance industry.

General structure. The two basic structural entities established in Phase I will continue:

- HealthCare — a public plan serving the aged and disabled; the poor and near poor requiring subsidies, and employees of small firms.
- The Employer mandate — employers will be required to purchase qualified private insurance or HealthCare for employees and to pay at least 75 percent of the premium.

Eligibility. Every American will be covered by HealthCare or a qualified private plan. Using the estimated U.S. population in 1980 of 231 million as a base, this includes:

- Low income — 37 million persons with incomes near the federal poverty level (\$7500 for a family of four in 1980 dollars) — will be fully covered by HealthCare.
- The aged and disabled — 29 million persons over 65 or eligible for disability benefits — will be fully covered by HealthCare.
- Employees and their dependents — 156 million persons — will be covered by the employer mandate.
- Others — 9 million persons who are neither poor nor aged and who do not have full time salaried incomes will be required to purchase qualified insurance or have the HealthCare premium (prorated for the near poor) added to their federal income tax. This mechanism will achieve universal, mandatory coverage.

Benefits. HealthCare and all qualified private plans will be required to incorporate uniform covered services and patient cost-sharing provisions.

The lean but comprehensive package of covered services will consist of:

- unlimited hospital, physician and diagnostic services;

- specific amounts of other services with annual limits:
 - 100 days of care in a skilled nursing facility
 - 100 home health visits
 - 20 days in a mental hospital
 - \$1000 in outpatient health care
- cost free preventive services for all, including prenatal, delivery and child health care up to the age of 6 and a Lifetime Health Monitoring program; and
- outpatient prescription drugs in excess of \$250 per person annually.

The cost-sharing provisions will provide incentives for outpatient and preventive care and protect all Americans against large expenditures by:

- elimination of deductibles (except for drugs);
- an equal coinsurance rate of 25 percent across all covered services (except prenatal, delivery, child health care up to age 6 and other preventive care);
- a limit on out-of-pocket expenses for covered services in excess of \$1500 per family or \$750 per individual annually; and
- prohibition of cost sharing for the poor and more limited cost sharing for the near poor.

Financing. NHP will use a mixture of public and private premium financing while taking a number of steps to maximize equity:

- Necessary subsidies for the poor, the near poor, the aged and disabled and low wage employers will be provided through public general revenues.
- Current Medicare payroll taxes will be retained but not increased except for inflation.
- Employers will be required to pay 75 percent of mandated premium; employees, 25 percent.

- Competition will be encouraged because private insurers will be free to price large group plans at experience rates reflecting actual costs. At the same time these plans will have to compete with a HealthCare premium controlled for inflation — thus preventing exorbitant prices.
- Every worker will be insured individually; in families with two wage earners dependents can be included in either worker's plan. This will discourage employers from seeking out "secondary" wage earners for whom they now pay no premium.

Reimbursement. Reimbursement and cost containment policies under NHP must attempt to resolve the key tension between the desire to expand coverage and the need to contain costs:

- Hospitals will be paid by public and private insurers according to limits prescribed in the program that evolves from the Administration's hospital cost containment proposal.
- HealthCare will pay physicians according to areawide fee schedules; physicians will have to accept the fee as payment in full and will not be allowed to bill patients for extra amounts.
- The schedules will serve to advise privately insured patients of reasonable physician fees and to encourage them to shop for less expensive care. If private fees are not kept within reasonable limits voluntarily, consideration will be given to other measures to control physician costs.
- Incentives for competition will include favorable reimbursement policies for Health Maintenance Organizations (HMOs) and other organized settings, a premium structure that passes HMO savings on to consumers, and "multiple choice" among HMOs for employees.
- A Presidential Commission will be established to determine whether reimbursement policies are containing costs sufficiently and achieving broad provider participation in HealthCare.

Administration. The fully implemented NHP will preserve a major role for private insurers while providing uniformity of coverage:

- Private insurers will market and underwrite qualified insurance plans for most current beneficiaries, add new beneficiaries through the employer mandate and increase income by bidding on claims processing for HealthCare.

- HealthCare will subsume Medicare and Medicaid operation, thus standardizing eligibility, benefits, and reimbursement policies.

System reform initiatives. NHP is designed as an umbrella to include non-insurance provisions addressing problems in the way the health care system operates. Some of these initiatives will be included in the Phase I legislation; others involve separate but complementary legislative or administrative steps. They include:

- Limits on hospital capital growth.
- Incentives for competition, primarily through HMO expansion.
- Expansion of utilization review by Professional Standards Review Organizations (PSROs).
- Establishment of a Resource Development and Service process to plan for and coordinate federal grant efforts in light of expanded insurance coverage.
- Incentives for redistribution of physicians.
- Technology assessment.
- HMO development.
- Improved delivery of services: primary care in underserved areas; mental health; prevention.

Costs. When fully implemented, NHP will add roughly \$___ billion to the federal budget and \$___ billion to the costs employers and individuals must pay. These costs do not include offsets from cost containment measures. Strict cost containment and encouragement of competition could reduce total health spending by as much as \$___ billion — making total health systems costs less than those projected without NHP.

III. The Fully Implemented Plan Compared to Phase I

A. General Structure

Phase I and the fully implemented National Health Plan (NHP) share two basic structural entities: the public plan, HealthCare, and a mandate requiring employers to purchase insurance for their employees.

These two entities are the key to a smooth transition from Phase I to the fully implemented plan. Once they are in place, several fairly simple expansions will lead to deeper and broader coverage for all.

1. HealthCare. For HealthCare, expansion will take two forms:

- o The most significant improvement will provide fully subsidized coverage for all of the Nation's poor — by raising the income standard below which every person is eligible.
- o Nearly all aged and disabled will already be enrolled; their insurance will be improved by providing greater protection against out-of-pocket expenses.

2. Employer mandate. Expansion of the employer mandate will also be of two types:

- o Here the most significant improvement will be in the nature of insurance. Qualified plans will be required to incorporate uniform cost sharing provisions with greater protection against out-of-pocket expenses.
- o Employers will assume responsibility for part time as well as full time employees.

B. Eligibility

When fully implemented, NHP will mandate basic health insurance for all Americans. Several mechanisms will be used to move the four population groups — the low income, the aged and disabled, the employed and others — toward this universal coverage.

1. Low Income. There are roughly 37 million persons at or near the federal poverty level who are not aged or disabled. Of these, 17.5 million are now covered by Medicaid. In Phase I, HealthCare will establish a national minimum low income standard at 55 percent of the federal poverty level, regardless of family composition — thus adding 10.5 million persons to those who already have subsidized public coverage.

The fully implemented plan will raise the low income standard to full poverty level, thus covering all 37 million persons. In addition, near poor AFDC and SSI recipients who are currently eligible for Medicaid will continue in HealthCare.

2. Aged. There are 28.9 million persons over 65 or eligible for disability assistance. Twenty-eight million are now eligible for public insurance. Phase I will bring another 500,000 aged and disabled who are under the 55 percent of poverty standard, but not now covered, into HealthCare and increase the number of current Medicare beneficiaries who are fully subsidized to 5.1 million.

NHP will bring in the other 400,000 aged and disabled previously excluded from Medicare, thus covering all 28.9 million. The number of aged and disabled who are fully subsidized will increase further to include all 12.6 million at or near poverty level.

3. Employer mandate. Of the 156 million employed persons and dependents, currently 128 million are covered by employer group plans. Phase I will require all employers of full time workers to provide HealthCare or qualified private group plan coverage, which will increase the number of workers and dependents in such plans to 156 million.

NHP will require employers to cover part time workers and their dependents. (A part time worker is defined as one who works less than 10 weeks, 25 hours a week for the same employer.) This expansion of the employer mandate will largely mean additional employer responsibility for persons in Groups 1 and 4.

4. Others. Dealing with persons who are not categorized as low income, aged, disabled or employed full time is more complicated. Those who are near the federal poverty level -- as well as many who are poor but do not meet current income standards -- "spend down" into some State Medicaid programs when they have substantial medical expenses. Some persons without salaried incomes are covered by individual plans, which are usually very inadequate. Some are not covered at all.

Phase I will establish a "spend down" into HealthCare in all States for those with high medical expenses as a proportion of income. This will provide temporary catastrophic protection, especially for poor persons who do not yet qualify for a full subsidy. Phase I will also allow individuals who desire to do so to purchase insurance from HealthCare that is similar to the minimum employer mandate plan.

With the fully implemented NHP, mandatory universal coverage will be achieved and the need for a "spend down" program will be eliminated because:

- o All those under the federal poverty level will receive fully subsidized HealthCare coverage.
- o Nine million other persons who do not purchase insurance will have the HealthCare premium (prorated for the near poor) added to their federal income tax.

4. Results:

- o Every American will be fully covered by HealthCare or a qualified private plan.
- o Providers will be put on notice that no person is a poor risk because of inability to pay.

C. Benefits

The element of a health insurance plan known as "benefits" is really a combination of two features:

- Which services are covered by the plan.
- What out-of-pocket expenditures by individual patients for covered services are required. This is known as patient cost sharing. (It does not include premium payments, which are discussed in Section D.) Cost sharing may take the form of deductibles or coinsurance -- a consistent percentage of cost. Total out-of-pocket spending by an individual may be limited to a specific amount.

1. Covered services. The services covered in Phase I and under the fully implemented plan will differ only slightly. Phase I will establish a lean but comprehensive package of required services for HealthCare and all qualified private plans. Physician, diagnostic and hospital services will be covered on an unlimited basis. Specific home health, skilled nursing facility and mental health services will also be covered.

Prenatal, delivery and all health care during the first year of life will be included for pregnant women and children in Health-Care or covered by the employer mandate. Because of the importance of this benefit in preventing disease and improving health status, it will also be available to any person not otherwise covered, at a nominal premium. No cost sharing will be imposed on these maternal and infant care services.

NHP will build on Phase I by:

- o Adding outpatient prescription drug coverage. Unlike other benefits, this would operate on a \$250 deductible basis for administrative ease and to target coverage on those who must take medication on a long term basis.

- o Adding complete child health care up to the age of 6, as well as preventive services for all persons, consisting of periodic checkups and counseling according to a Lifetime Health Monitoring program, with services and intervals specified by an Institute of Medicine study panel. No cost sharing will be imposed on these services.
2. Cost sharing. While eligibility is the key variable in moving to a fully implemented plan for the poor, the transition from Phase I to NHP turns on cost sharing for most other persons.
- o The poor and near poor. Poor persons eligible for HealthCare will pay no cost sharing in Phase I. Under NHP, the same full subsidy will be provided, but, as noted, to a larger number of covered poor. Near poor persons enrolled in HealthCare will pay a 25 percent coinsurance rate across most covered services, but these payments will be limited as a proportion of income.
 - o The aged and disabled. In Phase I, existing cost sharing arrangements (Medicare deductibles) will apply, but no aged or disabled person will pay more than \$1250 for covered services annually. Under NHP, a 25 percent coinsurance rate across all covered services except prevention will be used instead of deductibles, and the limit on out-of-pocket expenditures will be lowered to \$750 per person annually.
 - o Employer mandate. Persons included in the employer mandate in Phase I will be protected against out-of-pocket expenses for covered services in excess of \$2500 annually; the same limit will apply to families or individuals. Insurers will be able to require any form of patient cost sharing they wish as long as it does not exceed the limit. Under NHP the catastrophic limit will be lowered to \$1500 per family and \$750 per person. Deductibles will be eliminated (except for drugs) and cost sharing in any qualified plan will have to take the form of a 25 percent coinsurance rate across all covered services except prevention.
3. Results:
- o Establishment of a precedent-setting prevention benefit for all persons, including complete health care for children up to the age of 6, designed to turn the direction of health care from curing to caring.
 - o A drug benefit with a moderate deductible which will free those who must pay for medication on a long term basis from a major financial burden — especially important for the aged living on fixed incomes.

- o Substantial protection against out-of-pocket expenditures for every American.
- o Powerful incentives for outpatient care achieved by eliminating deductibles and instituting the equal coinsurance rate across services.
- o Phased implementation of cost sharing above the poverty standard to avoid work disincentives.

D. Financing

Financing — who pays for the insurance policy in the first place — affects the affordability and the equity of the plan. Both Phase I and NHP will retain the two current sources of financing:

- General revenues will be used to cover the poor; to subsidize the aged (in conjunction with current payroll taxes); to subsidize the near poor, and to offset adverse employment effects of mandated insurance.
 - Premiums paid by individuals or employers will be the predominant method of financing insurance.
1. General revenues. In the transition from Phase I to NHP, general revenue financing will expand as the number of persons with subsidized coverage increases. The aged will continue to pay 25 percent of the HealthCare premium — an amount similar to the Part B Medicare premium — with any part not covered by the current payroll tax subsidized by general revenues. Increased use of payroll taxes to finance improvements for the aged is undesirable because of inflationary impact and competition with other Social Security needs.
 2. Premiums. Under NHP, as in Phase I, employers will pay 75 percent of premium costs and employees 25 percent. With full implementation, the premium structure will be altered in several ways. There are many advantages to retaining premiums — among them ease of administration and minimal disruption of current patterns. However, premiums alone are not designed to vary according to ability to pay. Thus, as coverage expands and financial burdens increase it becomes more important to deal with certain problems:
 - o Competition will be encouraged because private insurers will be free to price large group plans at "experience" rates, reflecting actual costs of care. In order to discourage disproportionately large premium increases in the private sector, the private plans will also be competing with a controlled HealthCare premium. The HealthCare premium will be set at the current areawide rate for small groups and individuals — generally higher than private large group rates. However, increases in the HealthCare premium would be keyed to increases in total health expenditures.

- o Increased premium burdens may exacerbate a tendency for firms to discriminate against the "primary" wage earner in a family, who carries insurance for himself and his dependents. Under NHP, every worker will have to be individually insured, to prevent employers seeking out "secondary" wage earners for whom they now pay no premium. Dependents will be dealt with through a premium structure that allows their coverage through either of two wage earners in a family.
- o Larger premiums will also pose disproportionate burdens for small, low wage firms and for near-poor workers. Gradual implementation of broader benefits (and, consequently, gradual growth of premiums) will give firms time to adjust and lessen the need for subsidies in the plan's early years. The structure established during Phase I will allow subsidation of these groups as it becomes necessary.

3. Results:

- o Continuation of a uniform employer-employee premium ratio.
- o Enhanced competition among plans without subjecting employers or individuals to exorbitant premiums.
- o Avoidance of adverse employment effects.
- o Provision of needed premium subsidies to the poor, the near poor, the aged and disabled, and low wage firms.

E. Reimbursement

The way in which Phase I and NHP pay providers will be the keystone of an aggressive effort to contain costs and foster more efficient delivery of care. This is crucial to resolving the dilemma that stands in the way of full implementation: Sorely needed expansion of coverage costs more money — yet we need to control disproportionate growth of the health sector and to limit federal budget increases.

Ideally, NHP reimbursement and cost containment policy will bring health cost inflation in line with GNP growth and, to the maximum extent possible, finance new expansion through savings in health care costs.

The fully implemented NHP will build on three elements in Phase I:

- Hospitals will be paid according to a single reimbursement policy for public and private insurers that is expected to evolve from the Administration's current hospital cost containment proposal.
 - Physician reimbursement reform will feature a mixture of mandatory controls for HealthCare and voluntary steps on the private side.
 - Competitive incentives to enrollment in Health Maintenance Organizations (HMOs) and other organized care settings will be established.
1. Hospital cost containment. Phase I recognizes — as does current Administration policy — that spiralling hospital costs are the major cause of health care inflation, requiring sustained efforts at containment. In Phase I the proposal now before Congress limiting increases in hospital expenditures will be refined, categorizing individual institutions by case mix and input costs. National and State limits on capital growth will also be established. Because the current hospital cost containment proposal is designed as a transitional program, it can be expected to evolve further under a fully implemented NHP.
 2. Physician fees. Phase I will establish areawide physician fee schedules for HealthCare, based on current Medicare rates but eliminating urban/rural and specialty differentials. Low Medicaid fees will be phased up; providers now charging fees over the limit will be held harmless for two years.
 - o The fee schedules will be mandatory for HealthCare and physicians will not be permitted to bill patients for additional amounts.
 - o The schedules will serve to advise privately insured patients of reasonable fee levels and to encourage them to shop for less expensive care.

To aid in making the transition to the fully implemented NHP, a Presidential Commission will be established. This Commission will give careful consideration to whether costs for privately insured physicians services are being contained by the voluntary provisions of Phase I, and to whether the absence of mandatory controls on the private side has adversely affected provider participation in HealthCare and access to care for public beneficiaries.

3. Competition. Phase I and NHP will provide incentives for enrollment in HMOs, Independent Practice Associations (IPAs) and other organized care settings. These incentives recognize that organized settings internalize cost containment measures and can replace certain forms of regulation for their enrolled population. They include:
- o Requiring employers to offer coverage by any qualified HMO in an area.
 - o Requiring that an employer's share of the HMO premium be equal to the dollar amount he pays in premium costs for other insurance. Thus, HMO premiums that are comparatively lower will benefit and attract the consumer.
 - o Requiring that for subsidized beneficiaries, HealthCare reimburse HMOs and other organized settings at rates that encourage competition with the fee-for-service sector.

As we move to a fully implemented NHP, consideration will also be given to changes in the tax laws to discourage spending for benefits outside the fully implemented plan and high provider fees.

4. Future options. The importance of correcting the underlying causes of runaway health costs — an absence of market forces and the ability of providers to determine the type and quantity of service purchased — cannot be over-emphasized. HMOs, which have reduced total costs as much as 40 percent, are a key element in this strategy. NHP must be structured to pass on these savings to the consumer, thus encouraging greater and greater competition.

At the same time, the Administration recognizes the limits on competitive forces in a system traditionally characterized by third party payments and cost-plus reimbursement. If the combination of hospital regulation, physician reimbursement reform and competitive incentives does not substantially lower health care cost inflation and ensure provider participation in Health-Care, stronger and more comprehensive measures may be needed.

One method that has been suggested is a national health budget set by the Congress in relation to GNP and allocated to hospital, physician and other sectors. Rates could be negotiated by providers, consumers and insurers to meet the sector allocation.

F. Administration

In accord with the goal of a significant role for private insurers, the fully implemented NHP will minimize disruption of existing administrative arrangements. At the same time, it will provide appropriate regulation of private plans and shift some public functions from States to the federal level to enhance equity.

Again, the two basic structural elements established during Phase I will provide the foundation for incremental change.

1. HealthCare. HealthCare will be the key to increasing uniformity of treatment for public beneficiaries. During Phase I, Medicare and Medicaid rate setting will be merged and claims processing will be contracted to private firms on a competitive basis. Eligibility determination will remain split, with States continuing to certify current Medicaid recipients whose eligibility is linked to welfare, and the federal Social Security Administration certifying the aged and disabled, as they do now. For the newly-entitled poor (55 percent of poverty and spend-down eligibles) States could elect to operate the eligibility intake process under performance contracts with the federal government.

When fully implemented, NHP will ensure uniformity of treatment for all those in need of subsidies through HealthCare. The combination of federal standards and private claims processing will improve efficiency of operation, prevent waste and fraud, and mitigate providers' and consumers' problems with the current Medicaid program.

2. Employer mandate. The employer mandate will move toward similar uniformity on the private side, but with insurers retaining the essential functions of marketing and claims processing. During Phase I the federal government will be responsible for certifying the benefits, catastrophic coverage and the consumer protections offered by qualified private plans. As cost sharing and premium contributions are brought into line under the fully implemented plan, these responsibilities will increase.

3. Results:

- o The important meshing of public and private interests.
- o A major role for private insurers and increased income from claims processing.
- o Sufficient regulation to increase equity and encourage competition.
- o Elimination of the problems for both providers and consumers with State operated Medicaid programs.

G. System Reform Initiatives

Many serious problems in the U.S. health care system will not be relieved by insurance changes alone. NHP is designed as an umbrella, incorporating important non-insurance system reform supplements to guarantee access to care, limit and improve distribution of resources and promote efficiency. Phase I and a fully implemented NHP will deal with these problems in a very similar way.

1. Elements in Phase I Legislation. The Phase I legislation itself will contain:
 - o A new Resource Development and Services process to coordinate and plan for federal grant supplements. This process will require the Secretary to submit a five year plan for each relevant federal program, serving as the key to expansion from pre-Phase I efforts to initiatives consistent with the complete plan.
 - o Strengthening the health planning program by imposing national and State limits on hospital capital spending, as noted.
 - o Measures to increase competition by encouraging HMO enrollment, as also noted.
 - o Expanding utilization review through PSROs.

2. Other Initiatives. In addition, the following legislative and administrative initiatives already under way will be part of the Phase I and NHP system reform effort:
 - o Revising federal health manpower policy to discourage increases in physician supply and to provide incentives for change in specialty and geographic distribution.
 - o Seed money to expand HMOs and other innovative settings, helping to ensure consumers a wider choice among delivery systems.
 - o Improving efficacy and productivity through assessment of new technology and procedures.
 - o Expanding programs that provide basic primary care for the neediest of the nation's underserved areas.
 - o Implementing fully the proposed Mental Health Systems Act now before the Congress.
 - o Continuing to build disease prevention and health promotion through preventive dental services in Title I schools; anti-smoking, drinking moderation, nutrition and exercise campaigns; effective screening programs, community based health fairs and environmental improvements.

3. Results:

- o Coordination among federal grant efforts, while maintaining Congressional jurisdiction and valuable oversight of individual programs.
- o Important incentives for change not possible with an insurance initiative alone.

IV. Conclusion

In summary, it is rarely possible to solve every problem in an important sphere of our national life with a single bill. Proceeding step by step, we can help millions of people — people whose needs must not be held hostage to the noble dream of coverage for all.

Medicaid, Medicare and, if enacted, the Child Health Assurance Program, are incremental in nature. Phase I of the National Health Plan will be giant stride toward equitable, adequate and cost conscious health protection for all Americans.

At the same time, as we approach our ultimate goal the broader vision must be clear. The National Health Plan set forth in this paper provides the context for orderly growth toward the universal comprehensive coverage this Administration supports.

THE WHITE HOUSE

WASHINGTON

June 9, 1979

Fran
Call Stu
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MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

NATIONAL HEALTH PLAN LETTERS

Attached are copies of draft letters which I recommend that you send to union and liberal community leaders, representatives of senior citizen organizations, governors, and selected mayors and county officials.

I believe it is worthwhile to send these letters to about 250 people.

Approve letters. _____

✓

Disapprove letters. _____

J

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Draft Letter to Public Officials

To

More than thirty years ago, President Truman challenged Congress to enact a national health program which would secure for all Americans the right to decent health care. After twenty years of bitter struggle, Medicare and Medicaid were enacted through the leadership of Presidents Kennedy and Johnson. Now it is time to move forward once again.

I am submitting to Congress legislation which

- extends comprehensive health coverage to over 14 million low-income Americans
- protects all Americans from the cost of major illness
- provides coverage for prenatal, delivery, postnatal, and infant care without cost-sharing
- contains costs by reforming the health delivery system
- creates both the framework and the momentum for a universal, comprehensive national health plan.

You and I share a deep commitment to improving the health of the American people. My legislation will enhance the ability of every level of government to meet that commitment. The time for action is now, and I ask your help.

Jimmy Carter

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Draft Letter to Liberals/Labor/Seniors

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To

More than thirty years ago, President Truman challenged Congress to enact a national health program which would secure for all Americans the right to decent health care. After twenty years of bitter struggle, Medicare and Medicaid were enacted through the leadership of Presidents Kennedy and Johnson. Now it is time to move forward once again.

I am submitting to Congress legislation which

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- protects all Americans from the cost of major illness
- provides coverage for prenatal, delivery, postnatal, and infant care without cost-sharing
- contains costs by reforming the health delivery system
- creates both the framework and the momentum for a universal, comprehensive national health plan.

You and I share a deep concern for the health of the American people. The time for action is now, and I ask your help.

Jimmy Carter

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THE WHITE HOUSE

WASHINGTON

June 10, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: National Health Plan Announcement
and Message to Congress

Attached are drafts of the Message to Congress and your announcement on the National Health Plan.

If you have an opportunity to read this on Monday, we can incorporate any changes you suggest by the end of the day.

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Today I am proposing to the Congress a National Health Plan. This major ~~new~~ initiative will improve health care for millions of Americans and protect ~~all~~ our people against the overwhelming financial burdens of major illness.

It has been 30 years since President Truman asked Congress to secure for all Americans access to quality health care as a matter of right. It has been nearly 15 years since Congress, responding to the leadership of Presidents Kennedy and Johnson, finally enacted Medicare and Medicaid. Now, after a decade and a half of inaction, it is time to move forward once again.

My proposal is practical, premised on effective cost controls, and consistent with sound budget practice.

I challenge Congress to rise above the differences that have created stalemate for so many years, and act now to protect the health and financial security of the American people.

No American should live in fear that serious illness or accident will bring bankruptcy or a lifetime of debt. Yet today 80 million Americans are unprotected against catastrophic medical costs. Millions more may lose their coverage through unemployment or the death of a parent or spouse.

The National Health Plan will protect every American

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against these costs. It will rid the nation forever of the fear of financial ruin from catastrophic illness.

No disadvantaged citizen should go without decent health care in the richest nation on earth. The National Health Plan will extend comprehensive coverage--a full range of medical and hospital benefits--to almost 16 million low-income Americans for the first time. No longer will Americans be denied needed health services, or be discouraged from obtaining needed treatment, because of poverty.

No elderly American should be forced to depend on charity when Medicare hospital coverage reaches its limits, or face unlimited out-of-pocket costs for medical care. The National Health Plan guarantees unlimited hospital coverage for the elderly and disabled, caps their out-of-pocket expenses, and requires physicians to accept Medicare reimbursement as full payment for covered services.

And no American taxpayer should be forced to foot the bill for waste, fraud, and inefficient administration. The National Health Plan will establish Healthcare, a new federal program which will consolidate Medicare and Medicaid into a single administrative unit. Through good management practices we will eliminate the inefficiency and abuse which have too often characterized government health care programs.

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A strong and effective health system absolutely requires establishment of cost containment measures far more effective than those we have today. The American people now spend over 9% of the Gross National Product on health services--\$200 billion a year. Hospital costs are rising \$1 million an hour, 24 hours a day, 365 days a year. It is time to draw the line.

For two years I have asked the Congress for hospital cost containment legislation. That bill alone will save \$53 billion over the next five years. I have had the support of key Congressional leaders, including those here today. Congress must ~~summon the courage to~~ enact a strong hospital cost containment bill if the National Health Plan is to become a reality. We must go further. The National Health Plan contains new provisions to curb waste, eliminate duplication and encourage competition.

A truly comprehensive health program is among the great unfinished items on our nation's social agenda. The National Health Plan I am submitting today establishes the framework and creates the momentum for reaching that long-sought goal. This Plan meets urgent national needs:

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- o No longer will the elderly find the benefits of Medicare illusory when they are most needed;
- o No longer will working families live in fear of catastrophic medical expenses;
- o No longer will millions of our poor be forced to depend only on emergency rooms and charity hospitals for basic care;
- o No longer will low-income women be forced to bring their children into the world with inadequate medical care and help.

I urge the Congress not to lose ~~[through ceaseless argument]~~ this precious opportunity for progress. ~~[The real needs of our people are not served by endless waiting for a better tomorrow. That tomorrow will never come unless we act today.]~~ The National Health Plan I have proposed will provide millions of our citizens with better health, greater economic security, and more productive, dignified, and hopeful lives. The American people have waited long enough. I call on the Congress to act *x without delay.*

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TO THE CONGRESS OF THE UNITED STATES

Today I am proposing to the Congress a National Health Plan. This major new initiative will improve health care for millions of Americans and protect all our people against the overwhelming financial burdens of serious illness.

It has been 30 years since President Truman challenged Congress to secure for all Americans access to quality health care as a matter of right. It has been nearly 15 years since the Congress, responding to the leadership of Presidents Kennedy and Johnson, enacted Medicare and Medicaid. Now, after a decade and a half of inaction, it is time to move forward once again.

I have consulted with the Congress, with consumers, with leaders of labor, management and the health care industry, and have carefully weighed every option. ~~[I am now asking Congress to rise above the differences that have created stalemate and stood in the way of progress.]~~ My proposal is practical, premised on effective cost controls, and consistent with sound budget practices.

The proposal I am submitting will

- protect all Americans from the cost of ^{Catastrophic} ~~major~~ illness or accident
- extend comprehensive health coverage to almost 16 million low-income Americans
- provide coverage for prenatal, delivery, post-natal and infant care, without cost-sharing
- establish Healthcare, ~~[a new Federal program]~~ [?] which will provide more efficient administration of health coverage for the poor and the elderly
- reform the health care system to promote competition and contain costs

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-- create both the framework and momentum for a universal, comprehensive national health plan.

Protection from Catastrophic Expenses

No American should live in fear that a serious illness or accident will mean bankruptcy or a lifetime of debt. Yet today, over 80 million Americans are unprotected against devastating medical costs, and millions more can lose the protection they now have because of unemployment or the death of a working spouse.

This
My National Health Plan will protect every American from the serious financial burden caused by ^{major} illness and injury. All employers will provide catastrophic coverage for full-time employees and their families, with subsidies to ease the burden on small businesses. No family will be required to pay more than \$2500 for medical expenses in a single year. Americans who are not covered elsewhere can obtain affordable catastrophic coverage from a special federal program. Under this program, no one will be denied coverage because he or she is labelled a "bad medical risk."

Expanded Benefits for the Elderly

The cost of health care falls most cruelly on America's oldest citizens, who, with reduced incomes, have the highest medical expenses. Because Medicare places limits on hospital days and places no ceiling on out-of-pocket expenses, serious illness threatens senior citizens with loss of their home and their life savings. Under the National Health Plan, the elderly will have unlimited hospital coverage and will be required to pay no more than \$1250 for medical expenses in a single year.

Today, the elderly also face heavy financial burdens because physicians increasingly charge more than the Medicare

fee. Under the National Health Plan, physicians would be prohibited from charging elderly patients more than the allowable fee.

Improved Program for the Poor

The National Health Plan also provides expanded benefits for the poor. The Plan will extend comprehensive coverage--full physician, hospital and related services--to all Americans with incomes below 55% of poverty (\$4200 for a family of four). In addition, persons with incomes above 55% of poverty will be able to "spend-down" into comprehensive coverage if their medical expenses in a given year reduce their income to the eligibility level. A family of four with an income of \$4500, for example, will be covered after \$300 of medical expenses. Under these programs, 15.7 million poor people, including 1.2 million elderly, will receive comprehensive coverage for the first time.

Today the existence of 53 separate State and territorial Medicaid programs impedes efficient management. Under the National Health Plan, the administration of programs for the poor and the elderly will be significantly upgraded by the creation of a single new federal program--Healthcare. Healthcare will improve claims processing, reduce error rates in eligibility determination and facilitate detection of fraud and abuse.

Health Services for Mothers and Infants

Prevention is the best way to eliminate the suffering and cost of illness, and one of the most effective preventive health measures we can take is to assure health care for expectant mothers and infants. We have been far too slow to learn this lesson. Our infant mortality rates are higher than those of seventeen other nations. This inexcusable record can and will be corrected.

Under the National Health Plan, employers will provide employees and their families with coverage for prenatal care, delivery, and infant care to age one, without any cost-sharing. A high priority in future years must be to expand this coverage to include children up to age six. Since both Healthcare and employer plans will provide full coverage to expectant mothers and infants, no newborn child in this country will be denied the chance for a full and productive life by the high costs of health care.

Extending Insurance Coverage

Today, many employees and their families suddenly lose all health coverage when the employee is laid off or is between jobs. Under the National Health Plan, employer-based insurance policies will be required to maintain coverage for 90 days after employment ends. In addition, employer-based policies will be required to maintain family coverage for 90 days after an employee's death, and to cover dependents until age 26.

Cost Containment

A renewed emphasis on cost containment must accompany new health benefits. The American people now spend over 9% of the Gross National Product on health services--\$200 billion a year. Hospital costs in America are rising \$1 million an hour, 24 hours a day. It is time to draw the line.

The National Health Plan is premised on passage of strong hospital cost containment legislation, which will save the American people \$53 billion over the next five years, including \$28 billion in federal, state, and local expenditures. The nation cannot afford expanded coverage without hospital cost containment legislation. In addition, my National Health Plan proposes a \$3 billion annual limit on hospital capital

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5

expenditures. This nation cannot support more duplicative facilities and more unnecessary equipment. We must not add to the 130,000 excess hospital beds we now have. We must and we will insure that needed extensions in coverage do not become the excuse for further waste.

This
~~My~~ Plan will also provide for a negotiated fee schedule for physicians who serve Healthcare patients. The fee schedule will curb excessive inflation in physician fees and will reduce the disparities in fees paid to rural physicians as compared to urban physicians, and primary care physicians as compared to specialists. Over time, the new fee schedule will help produce a better geographic distribution of physicians and increased availability of primary care services.

The Healthcare fee schedule will provide a model for private health insurance plans. To assure that Blue Shield and similar organizations reexamine their physician reimbursement policies, ~~my~~ ^{the} Plan will prohibit physician domination of their governing boards.

Competition

Competition has been weak in the health care industry because a very high percentage of costs are paid by third parties, and because patients generally cannot determine or shop for the services they need. In recent years, however, health maintenance organizations (HMOs) have injected important competitive forces into the health care system. ^{The National Health} ~~My~~ Plan will encourage further competition by giving employees and Healthcare beneficiaries new financial incentives to enroll in HMOs or other cost-effective health plans.

Employers will be required to make equal contributions to the various health plans they offer their employees.

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Employees who choose more cost-effective plans would either pay lower premiums, receive additional compensation or receive expanded health benefits.

The Healthcare program will pay a fixed amount on behalf of elderly beneficiaries who choose to enroll in HMOs. If the HMO can provide the standard Healthcare benefit package for less than the fixed amount, it must offer additional health benefits to the patient.

The Plan also promotes competition by requiring Healthcare to use competitive bidding to select private companies to perform claims processing and related functions. Demonstration projects by the Department of Health, Education, and Welfare have shown that this change will produce significant administrative savings.

A Framework for a Comprehensive Plan

A universal, comprehensive national health insurance program is one of the major unfinished items on America's social agenda. The National Health Plan I am proposing today creates both the framework and the momentum to reach that long-sought goal. In future years, the Plan can be expanded to include all low-income persons. Employer coverage can be made more fully comprehensive, with subsidies to ease the burden on small businesses. First-dollar coverage for preventive services can be extended throughout early childhood. I am today sending to the Congress an outline of a fully comprehensive plan which builds upon the significant health care improvements that I am asking the Congress to enact this session.

Consistent with current budgetary constraints, new federal spending for the National Health Plan will not begin until FY '83. When the Plan is fully implemented, the Federal budget cost in 1980 dollars will be 18 billion and the

premium cost to employers and employees will be 8 billion. A substantial portion of these costs represent reduced out-of-pocket expenses for individuals and reduced spending by State and local governments for their health programs. These costs are a social investment in the future of our children, the health and peace of mind of our elderly, and the well-being of all Americans. They are an investment in a more effective and efficient health care system. Over time, the Plan's emphasis on prevention, competition, and cost containment will reap important dividends for our nation and its people.

I urge the Congress not to lose ~~through ceaseless argument~~ this precious opportunity for progress. The real needs of our people are not served by endless waiting for a better tomorrow. That tomorrow will never come unless we act today. The National Health Plan I have proposed today will provide millions of our citizens with better health, greater economic security, and more productive, dignified, and hopeful lives. The American people have waited long enough. I call on the Congress to act, *without delay.*

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TODAY I AM PROPOSING TO THE CONGRESS A NATIONAL HEALTH PLAN.
THIS MAJOR INITIATIVE WILL MEET THE MOST URGENT HEALTH CARE NEEDS OF THE
AMERICAN PEOPLE IN A PRACTICAL, COST-EFFICIENT, AND FISCALLY RESPONSIBLE
MANNER. IT WILL IMPROVE HEALTH CARE FOR MILLIONS OF AMERICANS, AND
PROTECT OUR PEOPLE AGAINST THE OVERWHELMING FINANCIAL BURDENS OF
MAJOR ILLNESS.

IT HAS BEEN 30 YEARS SINCE PRESIDENT TRUMAN PROPOSED ACCESS TO
QUALITY HEALTH CARE AS A MATTER OF RIGHT FOR ALL AMERICANS. IT HAS BEEN
NEARLY 15 YEARS SINCE CONGRESS ENACTED MEDICARE AND MEDICAID.

NOW, IT IS TIME TO MOVE FORWARD ONCE AGAIN.

(=OVER=) (I CHALLENGE ALL THOSE WHO.....)

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I CHALLENGE ALL THOSE WHO ARE SINCERE IN THEIR CONCERN FOR THE HEALTH AND FINANCIAL SECURITY OF THE AMERICAN PEOPLE TO RISE ABOVE THE DIFFERENCES THAT HAVE CREATED STALEMATE FOR SO MANY YEARS, AND ACT.

NO AMERICAN SHOULD LIVE IN FEAR THAT SERIOUS ILLNESS OR ACCIDENT WILL BRING BANKRUPTCY OR A LIFETIME OF DEBT. YET TODAY 80 MILLION AMERICANS ARE UNPROTECTED AGAINST CATASTROPHIC MEDICAL COSTS. MILLIONS MORE MAY LOSE THEIR HEALTH INSURANCE COVERAGE THROUGH UNEMPLOYMENT OR THE DEATH OF A PARENT OR SPOUSE.

THE NATIONAL HEALTH PLAN WILL RID THE NATION OF THE FEAR OF FINANCIAL RUIN FROM CATASTROPHIC ILLNESS.

(=NEW CARD=) (NO AMERICAN SHOULD BE.....)

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No AMERICAN SHOULD BE DENIED NECESSARY HEALTH SERVICES, OR BE DISCOURAGED FROM OBTAINING NEEDED TREATMENT, BECAUSE OF POVERTY.

THE NATIONAL HEALTH PLAN WILL EXTEND COMPREHENSIVE COVERAGE -- A FULL RANGE OF MEDICAL AND HOSPITAL BENEFITS -- TO ALMOST 16 MILLION LOW-INCOME AMERICANS FOR THE FIRST TIME.

No ELDERLY AMERICAN SHOULD BE FORCED TO DEPEND ON CHARITY WHEN MEDICARE HOSPITAL COVERAGE REACHES ITS LIMITS, OR FACE UNLIMITED OUT-OF-POCKET COSTS FOR MEDICAL CARE.

THE NATIONAL HEALTH PLAN GUARANTEES ADEQUATE HOSPITAL COVERAGE FOR THE ELDERLY AND DISABLED, CAPS THEIR OUT-OF-POCKET EXPENSES, AND REQUIRES PHYSICIANS TO ACCEPT MEDICARE REIMBURSEMENT AS FULL PAYMENT FOR COVERED SERVICES.

(=OVER=) (NO NEWBORN CHILD IN AMERICA.....)

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NO NEWBORN CHILD IN AMERICA SHOULD BE DENIED THE CHANCE FOR A FULL
AND PRODUCTIVE LIFE BECAUSE OF A LACK OF NEEDED HEALTH CARE SERVICES.
OUR INFANT MORTALITY RATE IS ONE OF THE HIGHEST IN THE INDUSTRIALIZED WORLD.
MY PLAN WILL PROVIDE PRENATAL, DELIVERY, AND INFANT CARE SERVICES TO ALL
PREGNANT WOMEN AND NEWBORN CHILDREN.

AND NO AMERICAN TAXPAYER SHOULD BE FORCED TO FOOT THE BILL FOR
WASTE, FRAUD, AND INEFFICIENT ADMINISTRATION.

THE NATIONAL HEALTH PLAN WILL ESTABLISH HEALTHCARE -- A NEW FEDERAL
PROGRAM WHICH WILL CONSOLIDATE MEDICARE AND MEDICAID INTO A SINGLE
ADMINISTRATIVE UNIT. THROUGH GOOD MANAGEMENT PRACTICES, THE NATIONAL
HEALTH PLAN WILL CURB WASTE, ELIMINATE DUPLICATION AND ABUSE, AND
ENCOURAGE COMPETITION.

(=NEW CARD=) (A STRONG AND EFFECTIVE...)

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A STRONG AND EFFECTIVE HEALTH SYSTEM ABSOLUTELY REQUIRES ESTABLISHMENT
OF COST CONTAINMENT MEASURES FAR MORE EFFECTIVE THAN THOSE WE HAVE TODAY.

THE AMERICAN PEOPLE NOW SPEND OVER 9 PERCENT OF THE GROSS NATIONAL
PRODUCT ON HEALTH SERVICES -- \$200 BILLION A YEAR. HOSPITAL COSTS ARE
RISING \$1 MILLION AN HOURLY, 24 HOURS A DAY, 365 DAYS A YEAR.

IT IS TIME TO DRAW THE LINE ON SKYROCKETING HOSPITAL COSTS.

FOR TWO YEARS I HAVE ASKED CONGRESS FOR HOSPITAL COST CONTAINMENT
LEGISLATION. THAT BILL ALONE WILL SAVE ^{AMERICANS} \$53 BILLION OVER THE NEXT FIVE YEARS.
I HAVE HAD THE SUPPORT OF KEY CONGRESSIONAL LEADERS, INCLUDING THOSE HERE
TODAY.

CONGRESS MUST ENACT A STRONG HOSPITAL COST CONTAINMENT BILL IF THE
NATIONAL HEALTH PLAN IS TO BECOME A REALITY.

(=OVER=) (A TRULY COMPREHENSIVE.....)

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A TRULY COMPREHENSIVE HEALTH PROGRAM IS AMONG THE GREAT UNFINISHED
ITEMS ON OUR NATION'S SOCIAL AGENDA. THE NATIONAL HEALTH PLAN I AM
SUBMITTING TODAY ESTABLISHES THE FRAMEWORK AND CREATES THE MOMENTUM
FOR REACHING THAT LONG-SOUGHT GOAL. THIS PLAN MEETS URGENT NATIONAL NEEDS:

-- NO LONGER WILL THE ELDERLY FIND THE BENEFITS OF MEDICARE
ILLUSORY WHEN THEY ARE MOST NEEDED;

-- NO LONGER WILL WORKING FAMILIES LIVE IN FEAR OF CATASTROPHIC
MEDICAL EXPENSES;

-- NO LONGER WILL MILLIONS OF OUR POOR BE ^{DEPRIVED} FORCED TO DEPEND ONLY ON
EMERGENCY ROOMS AND CHARITY HOSPITALS FOR BASIC CARE OR BE DEPRIVED OF
HEALTH CARE ^{ALTOGETHER}

-- NO LONGER WILL LOW-INCOME WOMEN BE FORCED TO BRING THEIR CHILDREN
INTO THE WORLD WITH INADEQUATE MEDICAL CARE AND HELP.

(=NEW CARD=) (THERE ARE THOSE WHO.....)

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THERE ARE THOSE WHO SINCERELY BELIEVE THAT WE MUST INSIST UPON A FULL-SCALE, COMPREHENSIVE PLAN ENACTED ALL AT ONCE.

THE IDEA OF "ALL-OR-NOTHING" HAS BEEN PURSUED FOR ALMOST THREE DECADES. BUT I MUST SAY IN ALL CANDOR THAT NO CHILD OF POVERTY, NO ELDERLY AMERICAN, NO MIDDLE-CLASS FAMILY HAS YET BENEFITTED FROM A RIGID AND UNSWERVING COMMITMENT TO THIS PRINCIPLE. *of ALL or NOTHING.*

THE NATIONAL HEALTH PLAN I HAVE PROPOSED WILL PROVIDE MILLIONS OF OUR CITIZENS WITH BETTER HEALTH, GREATER ECONOMIC SECURITY, AND MORE PRODUCTIVE, DIGNIFIED, AND HOPEFUL LIVES.

THE AMERICAN PEOPLE HAVE WAITED LONG ENOUGH. I CALL ON THE CONGRESS TO ACT WITHOUT DELAY.

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LONG, RANGEL, CORMAN

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Susan
Speech cards
J

Today I am proposing to the Congress a National Health Plan. This major initiative will meet the most urgent health care needs of the American people in a practical, cost-efficient, and fiscally responsible manner. It will improve health care for millions of Americans and protect our people against the overwhelming financial burdens of major illness.

It has been 30 years since President Truman proposed access to quality health care as a matter of right for all Americans. It has been nearly 15 years since Congress, ~~responding to the leadership of Presidents Kennedy and Johnson,~~ finally enacted Medicare and Medicaid. Now, ~~after a decade and a half,~~ it is time to move forward once again.

I challenge all those who are sincere in their concern for the health and financial security of the American people to rise above the differences that have created stalemate for so many years, and act.

No American should live in fear that serious illness or accident will bring bankruptcy or a lifetime of debt. Yet today 80 million Americans are unprotected against catastrophic medical costs. Millions more may lose their ^{health insurance} coverage through unemployment or the death of a parent or spouse.

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The National Health Plan will rid the nation ~~forever~~ of the fear of financial ruin from catastrophic illness.

No American should be denied necessary health services, or be discouraged from obtaining needed treatment, because of poverty. The National Health Plan will extend comprehensive coverage -- a full range of medical and hospital benefits -- to almost 16 million low-income Americans for the first time.

No elderly American should be forced to depend on charity when Medicare hospital coverage reaches its limits, or face unlimited out-of-pocket costs for medical care. The National Health Plan guarantees ~~unlimited~~ ^{adequate} hospital coverage for the elderly and disabled, caps their out-of-pocket expenses, and requires physicians to accept Medicare reimbursement as full payment for covered services.

No newborn child in America should be denied the chance for a full and productive life because ~~he or she does~~ ^{of a lack of} ~~not receive~~ needed health care services. Our infant mortality rate is one of the highest in the industrialized world. My Plan will provide prenatal, delivery, and infant care services to all pregnant women and newborn children.

And no American taxpayer should be forced to foot the bill for waste, fraud, and inefficient administration. The National Health Plan will establish Healthcare, a new federal program which will consolidate Medicare and Medicaid into a single administrative unit. ^{Through good management practices} ~~The National Health Plan contains~~ ^{will} ~~new provisions to~~ curb waste, eliminate duplication ^{and abuse} and encourage competition. ~~Through good management practices we will eliminate the inefficiency and abuse which have too often characterized government health care programs.~~

A strong and effective health system absolutely requires establishment of cost containment measures far more effective than those we have today. The American people now spend over 9% of the Gross National Product on health services -- \$200 billion a year. Hospital costs are rising \$1 million an hour, 24 hours a day, 365 days a year. It is time to draw the line.

For two years I have asked Congress for hospital cost containment legislation. That bill alone will save \$53 billion over the next five years. I have had the support of key Congressional leaders, including those here today. Congress must enact a strong hospital cost containment bill if the National Health Plan is to become a reality.

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A truly comprehensive health program is among the great unfinished items on our nation's social agenda. The National Health Plan I am submitting today establishes the framework and creates the momentum for reaching that long-sought goal. This Plan meets urgent national needs:

- o No longer will the elderly find the benefits of Medicare illusory when they are most needed;
- o No longer will working families live in fear of catastrophic medical expenses;
- o No longer will millions of our poor be forced to depend only on emergency rooms and charity hospitals for basic care;
- o No longer will low-income women be forced to bring their children into the world with inadequate medical care and help.

~~I know that~~ ^T there are those who sincerely believe that we must insist upon a full-scale, comprehensive plan enacted all at once, ~~"all or nothing."~~ The idea of "all or nothing" has been pursued for almost three decades. But I must say in all candor that no child of poverty, no elderly American, no middle-class family has yet benefited from a rigid and unswerving commitment to this principle.

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~~Had Presidents Kennedy and Johnson insisted on an "all or nothing" approach, we would not now have either Medicare or Medicaid.]~~

~~I urge the Congress not to lose this precious opportunity for progress.~~ The National Health Plan I have proposed will provide millions of our citizens with better health, greater economic security, and more productive, dignified, and hopeful lives. The American people have waited long enough. I call on the Congress to act without delay.

THE WHITE HOUSE
WASHINGTON

6/13/79

The Vice President
Hamilton Jordan
Jody Powell
Tim Kraft
Bob Lipshutz
Anne Wexler
Stu Eizenstat
Jack Watson
Frank Moore
Hugh Carter
Jim McIntyre
Alfred Kahn
Jerry Rafshoon

Re: Cabinet Summaries

The attached were returned in the President's outbox today and are forwarded to you for your personal information.

Rick Hutcheson

EYES ONLY

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, SEC. 3.4(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1993
BY Jery NARS, DATE 7/12/90 2639

CONFIDENTIAL

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

cc P2
J Watson
J

FYI

REPORT TO THE PRESIDENT

June 8, 1979

The Department of Commerce recommends against Administration endorsement of the U.S. Postal Service (USPS) plan for building a \$1.8 billion electronic message service network, as will be explained by the Postal Electronics Presidential Review Memorandum being sent to you soon. USPS proposes to duplicate and compete with similar services already being provided efficiently by one of our strongest private industries. Congressional leaders, the communications industry (both management and the Communications Workers of America), and private industry in general strongly oppose the USPS plan.

USPS entry into this market will discourage entry by small innovative firms and will deter well-established firms from offering a full range of services. Endorsement of the USPS plan would conflict with several basic tenets of this Administration: deregulation of industries which otherwise are competitive; promotion of innovation; and reliance on the private sector in markets it serves well.

Placing conditions on USPS entry is not a sufficient safeguard. Once there is substantial USPS investment and involvement, proponents will argue for expansion of USPS service in further competition with private industry. This does not mean that there should be no role for USPS and its unions in electronics. USPS should be encouraged to do pertinent research and development and to link its physical delivery capability with private sector firms which provide the electronic services.

As part of our overall effort to upgrade the Department's minority enterprise efforts, I have requested OMB's approval for a plan to integrate and restructure the Office of Minority Business Enterprise and the Interagency Council. The reorganization is consistent with our proposed legislation to create a Minority Enterprise Development Administration (MEDA), but it does not require new resources or authority. The Administration's credibility within the minority business community will be enhanced if this reorganization is seen as the first step in an Administration commitment to seek legislative authority for MEDA.

Another breakthrough was achieved yesterday in the Administration's proposals to strengthen and consolidate Federal economic development programs. The Senate Banking Committee, which was expected to reduce substantially the funding levels and authority requested by the Administration, approved a bill that comes very close to what we requested. This action improves greatly the prospects for obtaining Congressional approval of an EDA bill that resembles closely your April 4 proposal.

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Along with Stanley Marcuss of my staff, Warren Christopher, Bob Bergland, Ray Marshall, John Moore, Alan McDonald, and Bruce Llewellyn, I attended the Governors' Conference on International Trade in Seattle on Wednesday. You should know that the Administration came under sharp attack in a number of areas, particularly for its use of trade as a foreign policy tool -- in the area of human rights especially -- and for what was generally regarded as a weak position on export expansion. Although every member of your team made a strong showing in presenting the point of view of the Administration, the meeting was far from satisfactory.

Your staff will conduct a post-mortem to plan for the next two sessions later this month in Iowa and New York, and we will give them our detailed recommendations. But I want you to know my principal observations:

1. A great many governors are critical of Administration policies and will use these meetings, as some did in Seattle, to attack the Administration,
2. We should assure that governors sympathetic to the Administration preside over these sessions. We should also attract to these sessions people who understand what we are trying to do so that the questioning is not all one-sided.
3. It is important that these sessions be structured to maximize our opportunities to present our point of view to the audience and especially the media. For example, question periods should not be excessively long thereby giving members of the audience an opportunity to build up a drum beat of criticism as they did in Seattle.

Given our opposition to most of the Governors' Association's proposals for changing the Export Administration Act and their business community's unhappiness with the use of export controls for foreign policy purposes, export policy is simply not our strongest issue with this group at this time. We shall be as creative as possible, but it will be difficult to turn the meetings to our advantage.


Joanita M. Kreps

THE WHITE HOUSE
WASHINGTON
6/13/79

Bob Strauss

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

Rick Hutcheson

cc: Charlie Schultze

THE WHITE HOUSE
WASHINGTON
6/13/79

Secretary Andrus

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

Rick Hutcheson

cc: Phil Wise
Fran Voorde



THE SECRETARY OF THE INTERIOR
WASHINGTON

June 8, 1979

cc Cecil
C

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior
Subject: Major Topics for the Week of June 4

I have had conversations with Senator Jackson on processing our Alaska legislation, and he has expressed a desire to have it out of Committee before the August recess. I meet with Jackson again next week to firm up the procedure.

Norm Guth, our river guide, will be in Washington on June 22nd. If your schedule isn't too tight, I know he would like to say hello. For him to stand in the Oval Office would be the highlight of his life. *ok*

Interior has decreased overall energy consumption by 14 percent. Our consumption of gasoline and diesel fuel will be decreased by 2,250,000 gallons. *good*

The Coal Leasing Program we released this week was accepted by both industry and the environmentalists as an improvement and a positive step towards meeting our future need for additional production.

The new OCS schedule will be released next week and it will be an increase over the old program. Industry will be generally pleased, but there will be some environmental concerns expressed. I can defend it, and I think you should put that burden on me. *ok*

Carol's mother has passed away, so I will leave tomorrow for the services and return on Tuesday. The switchboard can reach me if necessary.

Cecil
CECIL D. ANDRUS



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

JUN 8 1979

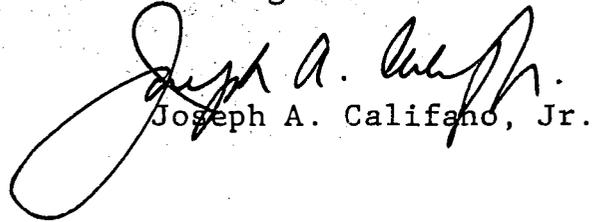
MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HEW Activities

- In Vitro Fertilization. On Sunday, I will release a report from my Ethics Advisory Board of the ethical acceptability of HEW support of human in vitro fertilization. The Board concluded that HEW could ethically fund research proposals involving human in vitro fertilization under carefully limited circumstances. During the next sixty days, I will seek both public and Congressional reaction to the Report before deciding whether HEW should support such research in humans.
- Methapyrilene: At my request, drug manufacturers have voluntarily agreed to recall sleep aid and cough-cold products containing methapyrilene. The Food and Drug Administration's continuing concern about this substance was confirmed last month when a study showed it to be a potent carcinogen in laboratory animals. We will carefully monitor the recall to assure that it is complete.
- Testimony: On Thursday, I will testify on the Mental Health Systems Act before the House Interstate and Foreign Commerce Subcommittee on Health and the Environment (Waxman). I have already testified on the mental health legislation before the Senate Human Resources Subcommittee on Health (Kennedy). On Friday, I will testify on the Administration's Welfare Reform bill before the House Ways and Means Subcommittee on Public Assistance (Corman).

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• Social Security Disability Insurance Legislation: On Thursday, the House Rules Committee (Bolling) reported a rule on the Administration's bill to reform the Disability Insurance system by a vote of 7 to 4. As reported by the House Ways and Means Committee, the bill is well balanced between incentives and savings and will reduce expenditures by more than \$1 billion annually when fully effective. We will try to move quickly to get the bill to the House floor for a vote before opponents can mobilize against us.


Joseph A. Califano, Jr.



THE DEPUTY SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

①

June 8, 1979

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM : Alan A. Butchman *Alan Butchman*

SUBJECT: Significant Issues for the Week of June 4

Discussions with Anwar Sadat - Secretary Adams met with President Sadat last Sunday during the Secretary's visit to Egypt to discuss transportation matters, among them Coast Guard assistance in aids to navigation for the Suez Canal. The Secretary has requested a meeting with you early next week to more fully inform you of this meeting, as well as to discuss sensitive transportation matters.

Assistance to New York and New Jersey - The Coast Guard is continuing to transport sludge and garbage for New York and New Jersey, while Port Authority tug boat crews are on strike. The services of the Coast Guard were requested by officials of the State of New York, City of New York, and the State of New Jersey to avert potential health emergencies. Unfortunately, there are no signs that the strike is going to be settled soon. There are no reported problems between Coast Guard operators and striking tug boat crews. However, the Coast Guard has had to divert significant resources away from its search, rescue, drug seizure, and navigation duties.

Milwaukee Railroad Update - The judge involved in the Milwaukee Railroad bankruptcy and reorganization case denied the request of the railroad's trustee to halt operations on two-thirds of the railroad's system. The judge's ruling means the ICC will now have to address this through the normal abandonment procedures. The decision has prompted the trustee to reopen negotiations with other privately owned railroads to sell sections of the railroad in the states of Washington, Montana, and Iowa.

DC-10 Airplane Investigation - We will be sending a separate memorandum to you which describes the status of our investigation into the DC-10 airplane since the O'Hare Airport crash.

Fuel Transportation Impacts - I have attached a one-page updated report on the severity of the diesel fuel situation. The report reflects information we have received as of Thursday, June 7.

Attachment

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Fuel Transportation Impacts

Railroads - Railroad diesel inventories are reported to have dropped to a level of 50-60 percent below normal. A number of suppliers, such as Husky, Shamrock and Phillips have announced that they are providing no June fuel allocation to the railroads. Because of the shortfall in current supply, some railroads have been "borrowing" on their allotments for future months.

Barges - Diesel suppliers in Region 7 (Nebraska, Kansas, Iowa and Missouri) report a very tight supply situation. Most mid-streamers (barges which refuel in mid-stream while continuing down river) reported that they expected their supplies for June to be depleted by mid-month; some as early as June 10 to 12. There is concern over the ability of the barges to move coal, crude oil, and petroleum products--which represent some 40 percent of all inland barge traffic. The waterways operators also are concerned that they will be unable to get fuel to move the grain out before the winter shutdown.

Tows moving up the Mississippi are only getting limited supplies in the Memphis area (Region 4). There have not been any reports of towboat tieups, but suppliers are refusing to take on new customers. Spot prices on the Southern part of Mississippi range from \$1.11 to \$1.27, but fuel is available. Above Memphis and Greenville, fuel availability is a problem.

Trucks - There are difficulties in implementing the mandatory allocations for trucks hauling perishable agricultural products. We have reports that truck stop operators are reluctant to attempt to differentiate among customers on the basis of cargo-type carried. In addition, the regulation provides only for fuel for the agricultural shipment itself--not the trip to pick up the load nor for the return trip.

We also understand that the National Independent Truckers Unity Committee is calling a meeting in Cleveland next Friday, June 15, to attempt to organize a national shutdown of trucking on June 23, concentrating especially on perishable foods. The truckers have three demands: (1) lifting of the national 55 mph speed limit; (2) mandatory controls on diesel price and availability; and (3) lifting of truck size and weight limits.

Other regional reports include:

- West Virginia truck stops are receiving as little as 60 percent of June, 1978 supplies.
- Region 7 (Nebraska, Kansas, Iowa and Missouri) truck stops are limiting purchases to 50 gallons per truck (1/4 of normal 200 gallon truck fuel tank size).
- Region 8 (Colorado, Montana, Utah, North Dakota and South Dakota) most major truck stops are supporting the Independent Truckers strike and are closing their pumps. Others are being effectively blockaded by the Independent Truckers.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

C

June 8, 1979

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

SEATTLE. Although some of my colleagues may disagree, the regional trade meeting in Seattle this week went well. It does top administration officials good to get out in the real world and see how petty and partisan some of the "major concerns" of elected officials can be.

INFLATION. The reason behind a 1.3 percent drop -- the first in five months -- in the price for finished consumer foods can best be described as profit taking on the part of cattle producers. The beef and pork markets should be settling down, but I would not expect long-term reductions in consumer meat prices.

A handwritten signature in black ink, appearing to read "B.B." with a stylized flourish.

BOB BERGLAND

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U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

June 8, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR *ly*

SUBJECT: Major Departmental Activities
June 4-8

Economic policy process. I would like to thank you for your concern and action that has insured my participation in the formulation of economic policy. I strongly agree that we needed to tighten and improve the process for economic decision-making. But as I have indicated, I believe it is important from a policy perspective that my views be presented to you. It is equally as important that people and groups outside of government, particularly labor who may share some of these views feel that this perspective is given full and careful consideration.

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Office of the Attorney General
Washington, D. C. 20530

June 8, 1979

Principal Activities of the Department of Justice
for the Week of June 3 through June 8, 1979

1. Meetings and Events

On Wednesday the Attorney General met with the Editorial Board of the Washington Star. On Friday he held a ceremony at the gravesite of the first Attorney General, Edmund Randolph in Berryville, Virginia. Scholarly papers were to be presented in Randolph's honor.

2. Judicial Selection

There are currently 162 federal judgeship vacancies (135 under the new law and 27 regular vacancies). The President has approved 114 candidates for these vacancies and they are in various stages of the selection and nomination process. This leaves 48 vacancies not yet presented to the President. The Attorney General expects to present 12 to 15 recommendations to the President next week. The Senate during this Congress has confirmed 22 judicial appointments (17 under the new law and 5 under regular vacancies).

3. Immigration & Naturalization Service Computerization

The Attorney General and the INS Commissioner hosted Representatives McClory, Holtzman, and Fish at a ceremony to inaugurate computerization of the INS district office in Washington, D. C. This was the third office of 23 to be automated under a program to expedite the handling of files, petitions, and applications. A separate project will provide partial automation of the arrival and departure documents to permit faster identification of "over-stays" among foreign visitors and students.

4. Trip to Soviet Union

The Attorney General will lead an American Bar Association delegation to the Soviet Union on June 17 for an exchange of information between the two legal systems. This visit will reciprocate for a previous Soviet delegation tour of the United States. The Attorney General will participate in seminars on

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various legal topics in Moscow, Tashkent, Bukhara, and Leningrad.

5. Graymail Legislation

Next week a Justice Department bill will be introduced to establish procedures to prevent "graymail" problems in litigation involving national security material. The bill was drafted in consultation with the intelligence community. Senator Biden and Congressman Morgan Murphy will introduce their own bills, which are close enough to the Justice bill to serve as reasonable vehicles for legislative action.



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

June 8, 1979

MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

HUD Helping Local Governments Improve Fiscal Management Practices. The Department is taking steps to help local governments keep better account of their financial resources and relieve them of multiple audit and reporting requirements now imposed by the Federal government. Two groups, the National Council on Governmental Accounting and the Financial Accounting Standards Board, will jointly administer a \$1.2 million HUD grant to conduct seminars for local finance officials on uniform accounting standards. Such standards could serve as the basis for meeting audit and reporting requirements associated with receipt of Federal aid and can strengthen a city's ability to sell its bonds.

New Automated Forms Processing System to Reduce FHA Paperwork. The Computerized Homes Underwriting Management System (CHUMS), now undergoing testing in Philadelphia, reduces the number of forms which FHA lenders have to submit to HUD. For example, the application form has been reduced from a six-part form to a two-part form without sacrificing the quality of information required for underwriting decisions. This not only substantially reduces the amount of paper to be processed, but will also generate a considerable savings in HUD staff time.

Duluth Housing Project First in Nation with Licensed Board and Care Facilities. A new 96-unit public housing project for the elderly in Duluth is the first to provide congregate living facilities and the necessary social services to avoid institutionalization. The unique social services which are available at the project include housekeeping, laundry service, special outpatient care and transportation services.

Congressional Support for the Administration's Urban Policy. In approving the fiscal year 1980 HUD authorization bill, the House overwhelmingly rejected an amendment to reduce the increased authorization for the Urban Development Action Grant program. Additionally, the House accepted an amendment closely paralleling the Administration's recommendations to provide UDAG eligibility for pockets of poverty in currently non-distressed cities. Lastly, the House also rejected an amendment to waive the Davis-Bacon prevailing wage requirements for residential housing rehabilitation projects carried out by neighborhood-based non-profit organizations and for Indian Housing.

Chicago Public Housing Situation Eases. After nearly a decade of failing to provide an adequate amount of public housing, the City of Chicago appears ready to try harder. Under the Gautreaux ruling in 1969, the City was held to a formula of building three units of public housing in non-impacted areas of the city for every one built in a poverty impacted area. In the decade which followed, the City built only 114 units of public housing. A recent court ruling eases that constraint, and requires only that 400 units be built in both impacted and non-impacted areas and that 586 units be built in either area. The road back will be difficult, however, since the housing authority must find appropriate sites at reasonable costs.


Jay Janis

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Department of Energy
Washington, D.C. 20585

June 8, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM SCHLESINGER
SUBJECT: Weekly Activity Report
June 2 - 8, 1979

1. Production of Unleaded Gasoline. The Department this week proposed to permit refiners a "production incentive" for increased production of unleaded gasoline. It was also proposed to permit refiners to recoup the total increased costs for additives including process chemicals attributable to gasoline on sales of gasoline. Also included in the proposal is a requirement that the May 15, 1973 prices for unleaded gasoline be computed by using the weighted average May 15, 1973 selling price for all leaded gasoline regardless of the octane number. This action when finalized, along with recent EPA actions, will assist in relieving short-term shortages of unleaded gasoline.

2. Middle Distillate Set-aside. The final rule was issued this week establishing a permanent set-aside program for middle distillates for those states electing to participate. Effective July 1, 1979, this rule will permit ultimate consumers who have made unsuccessful efforts to obtain supplies for an emergency or hardship to obtain quantities required to meet their certified requirements.

3. Independent Audit of Domestic Oil Companies. As part of our overall energy data program, we are commissioning an audit by an independent firm to examine and evaluate the reliability of petroleum company stock and inventory accounting systems and the data produced by these systems for submission to and use by the Federal government. We are notifying 25 Senators who requested such an audit.

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THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON
20506

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June 8, 1979

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

Subject: Weekly Summary



The Administration's draft trade bill has now been put out for public comment and should be ready for your transmittal to Congress around June 15.

It appears to me that I will be ready to accept formal appointment to the new assignment by the end of July. In this connection, you will be pleased to know that I am spending several hours a day with State Department people and others who either have or think they have contributions to make to the Middle East process. It is my intention to return to the Middle East during the Congressional July 4th recess.

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THE SECRETARY OF THE TREASURY
WASHINGTON 20220

June 8, 1979

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. EPG

The Steering Group is planning structured consultations with Congressional, labor, and business representatives on the future course of the anti-inflation program. At present, your advisers are divided on whether it makes either economic or political sense to propose legislation to add "sanctions" to the wage-price guidelines; it is difficult to go in that direction without erecting a defacto controls apparatus, with a large bureaucracy. We will need to know your views on that issue, and perhaps others, before going very far into the consultations.

Next week, the Steering Group reviews possible reforms in the administration of the Davis-Bacon Act. The members are presently divided on these politically sensitive questions. We may need to bring the decision to you.

2. Dollar

The dollar continued to trade within a narrow range in terms of major foreign currencies in generally steady markets. The U.S. purchased moderate amounts of German marks to add to Treasury's DM balances. Pressures within the European Monetary System increased because of the relative strength of the German mark against other EMS currencies.

3. Oil transport

The Supreme Court has let stand a lower court decision holding that foreign-flag vessels may carry crude oil from Alaska to the Virgin Islands refineries and then carry the refined products to the U.S. mainland. This was the position taken by the government (i.e. the Customs Service).

W. Michael Blumenthal

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memo	From Young to The President (one page) re: Weekly Activities of US Mission to the UN/enclosed in Hutcheson to Cabinet Members	6/7/79	A

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Community WASHINGTON, D.C. 20506
Services Administration



8 JUN 1979

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson
Staff Secretary

FROM: Graciela (Grace) Olivarez *GO*
Director
Community Services Administration

SUBJECT: Weekly Report of Significant Agency Activities
(June 4 - 8, 1979)

Energy and the Elderly Poor

I testified Thursday before the Senate Subcommittee on Aging about the serious impact of the energy crisis on the elderly poor. I pointed out that, for these people, voluntary reduction in consumption is not an option as numerous studies have shown that the elderly poor already use less energy than other people and that they frequently are forced to sacrifice other basic needs, such as food and medicine, to pay for the minimum amount of energy. What the elderly poor need is a comprehensive program offering energy efficient housing, utility rate structures that reward conservation, alternative energy sources, proper home maintenance and, in the meantime, a significant program of energy payment assistance. This Agency's current \$200-million Crisis Intervention Program has been extended from May 31 to June 30, 1979, so that Community Action Agencies can complete their task of certifying low-income households for assistance in covering the cost of energy crises which occurred prior to June 1, 1979.

The Greater Los Angeles Community Action Agency

Representatives of this Agency will be testifying June 14, 1979, in Los Angeles before the House Manpower and Housing Subcommittee. The hearings will focus on the Greater Los Angeles Community Action Agency (GLACAA).

Congressional Hearings on Food Stamps

I will be testifying June 12, 1979, before the House Subcommittee on Domestic Marketing, Consumer Relations and Nutrition regarding the food stamp program.

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VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

JUNE 8 - 1979

TO : The President
THRU : Rick Hutchinson, Staff Secretary
FROM : Administrator of Veterans Affairs

Max [Signature]

VA Presidential Update

Agent Orange - At your May 30 reception, Frank McCarthy, a NYC Vietnam era veteran, asked about health effects on veterans of this herbicide. This has been a concern of mine for almost a year.

Epidemiological Studies - Veterans concerned about AO exposure are urged to get examinations at VA hospitals. About 2,000 veterans have been examined with results incorporated in a VA herbicide registry . . . VA is doing a computer analysis of medical data generated through treatment of 1.2 million patients a year seeking to spot any common medical problems possibly due to herbicide exposure . . . With VA urging, Air Force has agreed to a follow-up study of some 1,200 "Operation Ranch Hand" personnel who repeatedly were exposed while doing the AO spraying in Vietnam . . . A government funded National Academy of Sciences study is now probing the aftermath of a 1976 herbicide manufacturing plant accident in Seveso, Italy, which exposed 134 plant workers and many citizens . . . HEW is correlating a follow-on study of 288 employees grossly exposed in a 1949 herbicide plant explosion at Nitro, W. Va.

Other Activities - VA is studying human fat tissues to determine if dioxin (a deadly contaminant sometimes found in AO) might be stored in such tissues and cause later health problems. This study, matching exposed veterans with a non-exposed control group, will be completed this summer . . . I announced this week establishment of a VA advisory committee on herbicide exposure, a body including many of the foremost experts in the country . . . VA physicians have reviewed voluminous world literature on herbicide research, and consulted with countless authorities, including Dr. T. That Tung, the Vietnamese physician who reported civilian AO health problems in his country.

All of this info - and more - is being relayed to Mr. McCarthy.

Trip to Britain and Scotland - I will be visiting these countries - departing the evening of June 15, and returning the evening of June 23. Although this is a vacation trip, I will be visiting the American Ambassador in London and the American Cemetery in Cambridge.

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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

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June 8, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren
Gus Speth
Jane Yarn

D.S.

SUBJECT: Weekly Status Report

Agricultural Lands Retention Study. Yesterday, Bob Bergland and I conducted a briefing for policy officials of seven other federal agencies on the joint CEQ/USDA proposal for an interagency study on the availability of agricultural land and its conversion to other uses. Representatives from DPS (Lynn Daft) and OMB (Eliot Cutler) spoke at the briefing and supported our request for agency cooperation. We are now considering the most appropriate methods for formally initiating the study.

Hendry County, Florida Flood Control Project Referral. In March of this year, Secretary Andrus referred the Corps of Engineers' Hendry County, Florida Flood Control Project to us because of serious environmental concerns that the Department had with the proposal. On Tuesday, the Secretary notified us that the conditions we had negotiated with the Corps had resolved the environmental issues to his Department's satisfaction. In addition, as part of the resolution of this issue, we received assurances from the State of Florida that it would pursue policies for the protection of significant wetlands in the project area. On Wednesday, the House Appropriations Committee restored the project funds which had been deleted from the Corps budget earlier.

Environmental Message. Good progress is continuing on the preparation of Environmental Message proposals. We have been working closely with other EOP Units and have, this week, circulated several proposals to agency heads for review and comment.

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