

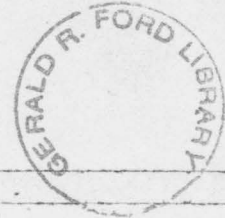
The original documents are located in Box 3, folder “Black Caucus - Meeting with the President, August 1974: General (2)” of the Stanley Scott Papers at the Gerald R. Ford Presidential Library.

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EDUCATION

Congresswoman Shirley Chisholm



I. Principal Assertions and Recommendations

A. Assertions

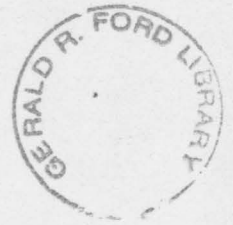
1. That the American educational environment is chaotic and confused.
 - Federal, state, and local governments are haggling over the costs of education
 - school districts and the courts are struggling with the problem of who should sit next to whom in the classroom
 - the policies affecting black children most are being made for them often without their best interest in mind
 - poor quality education results in managerial, low-paying dead-end jobs.
 - those who need education the most - the black and the poor - are being failed to the greatest extent.
2. School districts everywhere are being faced with dwindling resources.
3. The most severe fiscal crisis can be found in school districts which have the highest concentration of poor and minority students.

4. More attention and funding must be given to Black colleges and universities by the Federal government.
5. That the most important program to Black institutions is Title III of the Education Amendments of 1972.
6. There is a major fear that the Federal Student Financial Aid Program will be shifted to support relatively higher income groups than in the past.
7. Seventy percent or more of Black in colleges cannot continue without financial aid.



B. Recommendation

1. That national leadership in the Office of the President provide a commitment to real equal educational opportunity with achievement for all students in the nation.
2. In the development of subsequent changes in the education policy, that the President allow the Black Caucus to provide input as to the direction that policy might take.



II. Analyze Assertions.

Simply stated, the assertions merely point out the confused and critical situation found today in the educational environment. The assertions contend that in this type situation, the poor and the minority, are failed to the greatest extent. Generally, these assertions accurately depict the conditions found in our educational environment today.

There is significant pressure in the Congress to provide more financial aid to students from higher income groups. But the administration is committed to providing assistance according to need - and that means targeting funds on those who need them most-the low income students.

III. Assess Recommendation.

Recommendations are appropriate and should be given full consideration.

IV. Proposed Response.

Short term.

Request input to assist in the development of education policy. Indicate strong support for educational assistance to minorities and the poor. State the administration policy or intentions on the Federal Student Financial Aid Program as it relates to higher income groups.

Long term.

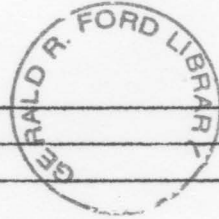
Maintain channels of communication with the Caucus --
restate continued support for Title IV and other
programs targeted for Black colleges.



THE WHITE HOUSE
WASHINGTON

Date

TO: JOHN CALHOUN _____
HAZEL CORNWELL _____
PAT HUGHES _____



FROM: STANLEY SCOTT

ACTION:

Rid tog memo to

Hol Horan

CHARLES B. RANGEL
19TH CONGRESSIONAL DISTRICT
NEW YORK

230 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: 202-225-4365

GEORGE A. DALLEY
ADMINISTRATIVE ASSISTANT

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

COMMITTEES:
JUDICIARY
DISTRICT OF COLUMBIA

DISTRICT OFFICE:
144 WEST 125TH STREET
NEW YORK, NEW YORK 10027
TELEPHONE: 212-866-8600

MRS. VIRGINIA L. BELL
DISTRICT ADMINISTRATOR

August 23, 1974

PLEASE RESPOND TO
OFFICE CHECKED:
☒ WASHINGTON
☐ NEW YORK

Mr. Stanley Scott
Special Assistant to
the President
The White House
Washington, D.C.



Dear Stan:

During our meeting with the President as you know, members of the Congressional Black Caucus were encouraged to communicate with you to follow up on matters which we raised in our talking papers left with the President. Although no formal format was established for this follow up, this may be for the best for I believe we will agree that the informality which characterized our meeting is an asset that should be maintained.

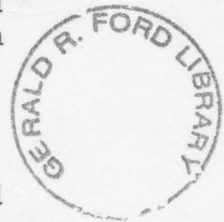
In this regard, I am writing to you to express additional concerns over the threat of the Turkish government to resume opium poppy cultivation in Turkey and thereby threaten the resumption of the infamous "French Connection" pipeline which resulted in the infection of our communities with narcotics addiction. One of the basic problems with our response to the Turkish decision to date has been the lack of affirmative action by the Administration to pressure the Turks to change their decision. Premier Ecevit's decision to resume poppy cultivation now appears to be unalterable and the opportunity for negotiations on this point appears to be lost. It is therefore imperative that we focus on strengthening our Federal law enforcement capacity to attack the renewed smuggling which will be a certain result of the Turkish decision.

Mr. Stanley Scott
August 23, 1974
Page 2

Because of my concern over our preparedness to meet the resumed smuggling, I asked the Administrator of the Drug Enforcement Administration, John Bartels, to brief me on the work of his agency's ability to meet this recent increased smuggling. He informed me that on July 15, 1974 he submitted a supplemental budget request for fiscal year 1975 of \$16.9 million calling for an additional 200 agents to specifically respond to the Turkish decision. Fifty of these agents would be stationed overseas, 150 would be placed in the primary impact cities on the Eastern Seaboard.

I believe it is necessary that this supplemental budget be approved now for these agents in the field to meet the flow which is already beginning from stockpiled inventories. (For example, the recent bust in New York of traffickers with 75 kilos of pure Turkish heroin.) I understand that the additional agents can be immediately placed if the supplemental budget is approved and would urge you to contact the appropriate officials for action on this important supplemental request.

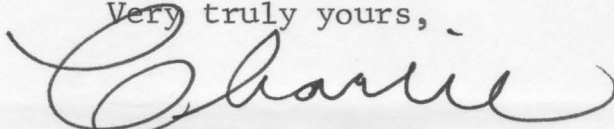
Beyond this immediate action to increase our law enforcement capacity against the resumed flow of heroin from Turkey, I believe the President should take the initiative in calling a conference of ministers and top law enforcement officers from the countries which are likely to be affected by the resumed Turkish opium flow (West Germany, France, Belgium, Holland, Denmark, Egypt, Lebanon, Iran and Mexico) to advise them of the potential dangers and to devise a unified reporting system adaptable to our computerized chemical signature program. This will enable us to prove on a multilateral basis that there is widespread diversion from the Turkish poppy crop and thereby to lay the ground work for international pressure for resumption of the poppy ban.



Mr. Stanley Scott
August 23, 1974
Page 3

I hope that you will be able to bring these matters to the attention of the appropriate officials and that action will be taken to protect our communities from this menace.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Charlie", written in dark ink.

CHARLES B. RANGEL
Member of Congress

CBR:gp



August 27, 1974

James L. Sweeney
743 Argonne Dr.
Dayton, Ohio 45408

Mr. Stanley S. Scott
Special Assistant to
the President
White House
1600 Pennsylvania Ave.
Washington, D.C. 20500

Dear Mr. Scott,

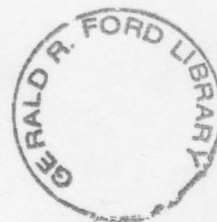
At my request, Miss Mal Johnson of WHIO-TV's Washington Bureau conducted interviews with three members of the Congressional Black Caucus regarding their meeting with President Ford on August 21, 1974. The three members were Mr. Charles Rangel, Mrs. Shirley Chisholm and Mr. Andrew Young. Segments of those interviews were run on my "Special Community Report" on WHIO-TV Total News at six o'clock on August 22, 1974.

Today, August 27, 1974, I will have a commentary about the Congressional Black Caucus. Recognizing that this subject matter may be of interest to you, I am forwarding to you a tape of the August 22nd interviews and my August 27th commentary.

I wish you success in what Congressman Young indicates is an expanded role at the White House. Many people outside the major newsmaking centers will be watching and impacted by your recommendations. Good luck and best wishes.

Sincerely,


JAMES (JIM) L. SWEENEY



SPECIAL COMMUNITY REPORT

TUESDAY
THURSDAY, AUGUST 22, 1974



THE CONGRESSIONAL BLACK CAUCUS

NEY/STUDIO

SOON AFTER MOVING INTO THE OVAL OFFICE, PRESIDENT FORD CONTACTED THE CHAIRMAN OF THE CONGRESSIONAL BLACK CAUCUS TO ARRANGE A MEETING. THAT ACTION SIGNALLED THE BEGINNING OF DOMESTIC DETENTE WITH THE REPRESENTATIVES OF A LARGE SEGMENT OF THE NATIONS PEOPLE. THE LAST TIME THE CONGRESSIONAL BLACK CAUCUS WAS AT THE WHITE HOUSE WAS MARCH 25TH, 1971. SINCE PRESENTING PRESIDENT NIXON WITH 60 RECOMMENDATIONS FOR GOVERNMENT ACTION, RELATIONS BETWEEN THE WHITE HOUSE AND THE BLACK REPRESENTATIVES IN CONGRESS DETERIORATED TO THE POINT THAT THEY WERE NON-EXISTANT.

ER/SPL COM RPT

ER/A COMMENTARY

THE CONGRESSIONAL BLACK CAUCUS IS COMPRISED OF THE 16 BLACK AMERICANS SERVING IN THE U.S. HOUSE OF REPRESENTATIVES. THE CAUCUS HAS HAD THREE CHAIRMANS SINCE ITS ORGANIZATION. CONGRESSMAN CHARLES DIGGS, JR. WAS THE FIRST. MR. DIGGS HAS SERVED IN THE CONGRESS SINCE 1955. HE IS THE CHAIRMAN OF THE HOUSE DISTRICT OF COLUMBIA COMMITTEE AND CHAIRMAN OF THE HOUSE FOREIGN AFFAIRS SUBCOMMITTEE ON AFRICA.

CONGRESSMAN LOUIS STOKES, THE SECOND CHAIRMAN, WAS ELECTED TO CONGRESS IN 1969. HE SERVES ON THE

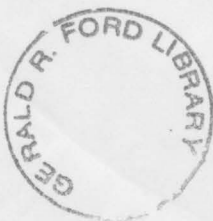
(2)

APPROPRIATIONS COMMITTEE. UNDER HIS LEADERSHIP IN 1972, THE CAUCUS NEGOTIATED WITH SPEAKER CARL ALBERT TO PLACE A BLACK REPRESENTATIVE ON 15 OF THE 21 STANDING COMMITTEES OF THE HOUSE. IN THE PRESENT CONGRESS, THE ONLY MAJOR COMMITTEES WITHOUT A BLACK REPRESENTATIVE ARE AGRICULTURE, RULES AND WAYS AND MEANS.

THIS YEAR, CONGRESSMAN CHARLES RANGEL OF NEW YORK BECAME THE CAUCUSES CHAIRMAN. MR. RANGEL WAS ELECTED TO CONGRESS IN 1970 AFTER DEFEATING THE LATE ADAM CLAYTON POWELL. HE SERVES ON THE HOUSE JUDICIARY COMMITTEE ALONG WITH CAUCUS MEMBERS JOHN CONYERS OF MICHIGAN AND BARBARA JORDON OF TEXAS.

THE INDIVIDUALS COMPRISING THE CONGRESSIONAL BLACK CAUCUS REPRESENT URBAN AMERICA. THE PEOPLE IN NEW YORK CITY, CHICAGO, LOS ANGELES AND DETROIT EACH HAVE ELECTED TWO OF THE REPRESENTATIVES. WHILE THE VOTERS IN ATLANTA, BALTIMORE, CLEVELAND, HOUSTON, PHILADELPHIA, ST LOUIS AND WASHINGTON EACH HAVE ELECTED ONE. COLLECTIVELY, IN 1972 THESE 16 INDIVIDUALS RECEIVED 1.6 MILLION OR 70% OF THE 2.3 MILLION VOTES CAST IN THEIR DISTRICTS. THE POPULATION IN THEIR DISTRICTS IS CLOSE TO 8 MILLION.

SO IN ^{THE} ~~THIS~~ SECOND WEEK OF THE FORD ADMINISTRATION, WHILE EVERY EFFORT ^{WAS} ~~IS~~ BEING MADE TO ASSURE OUR FOREIGN FOES THAT DETENTE WILL CONTINUE, IT IS ENCOURAGING TO KNOW THAT ELECTED DOMESTIC REPRESENTATIVES WILL ALSO BE HEARD.



YVONNE BRATHWAITE BURKE
28TH DISTRICT, CALIFORNIA

REPLY TO DISTRICT OFFICE:
4041 MARLTON AVENUE
SUITE 250
LOS ANGELES, CALIFORNIA 90008

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

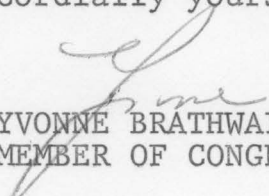
September 23, 1974

Mr. Stanley S. Scott
Special Assistant to the President
The White House
1600 Pennsylvania Avenue
Washington, D.C.

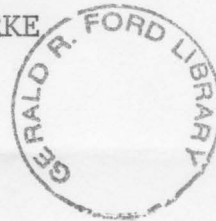
Dear Mr. Scott:

Thank you for your courtesy in sending me the photographs of the Congressional Black Caucus' visit to the White House. I appreciate receiving them and I shall value them as a memento of our visit. I do hope the Caucus will be able to return soon.

Cordially yours,


YVONNE BRATHWAITE BURKE
MEMBER OF CONGRESS

YBB:1b



COMPREHENSIVE HEALTH INSURANCE ~~THE~~

~~KEY POINTS~~

KEY POINTS



1. COMPREHENSIVE HEALTH ~~CARE~~ INSURANCE IS AN IDEA WHOSE TIME HAS COME IN AMERICA.

2. EVERY AMERICAN, ^{WITHOUT REGARD TO THEIR STATION IN LIFE; WHETHER} POOR, BLACK OR WHITE, ~~MUST~~ ~~BE~~ ASSURED ACCESS TO HIGH QUALITY HEALTH CARE.

3. CHAIRMAN WILBUR MILLS AND THE WAYS & MEANS COMMITTEE HAS THE FULL COOPERATION OF SECRETARY WEINBERGER IN WORKING OUT A COMPROMISE BILL THAT WILL PASS THE HOUSE AND THE SENATE THIS YEAR.

~~Q.~~
Q. & A.

Q. WHICH ^{PROPOSED} BILL DO YOU SUPPORT.

A. LIKE MOST ISSUES THAT ARE POPULAR, THERE ARE GOOD AND ^{NOT SO GOOD} ~~AND~~ VIEWS PUT FORTH BY MANY. I WOULD PREFER TO ~~OUT~~ OF THE MANY BILLS PROPOSED, I ~~AM IN HOPE~~ OF THAT A GOOD PIECE OF LEGISLATION COMING OUT OF THE WAYS AND MEANS COMMITTEE THAT WILL FULLY SATISFY ~~THE~~ THE NEED FOR HIGH QUALITY HEALTH CARE FOR ALL AMERICANS.

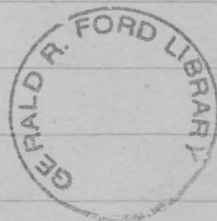
Q. ~~Q.~~ WOULD YOU VETO A BILL ~~IF~~ IF YOU FOUND IT WANTING IN ANY OF THE AREAS YOU THINK IT SHOULD BE STRONG.

A. ~~I WOULD LIKE TO CROSS THAT BRIDGE WHEN I GET TO IT. MAYBE WE SHOULD SAY THAT BECAUSE OF KENNEDY & CHAPMAN~~

A. I HAVE EVERY CONFIDENCE IN MY FORMER COLLEAGUES IN THE CONGRESS, AND I THINK THAT THEY ^{MUCH} LIKE MYSELF, WANT WHAT IS BEST FOR ~~OUR~~ THE CITIZENS OF THIS NATION, AND THAT IS QUALITY HEALTH SERVICE FOR ALL AMERICANS.

Q. CAN WE EXPECT YOUR SUPPORT IN GETTING ~~THE~~ SOME MEANINGFUL HEALTH LEGISLATION INTO LAW THIS YEAR?

A. YES.



~~HOUSING~~

HOUSING



KEY POINTS

1. REBUILDING THE INNER CITY, ~~THE~~ ^{INCREASED} LOW INCOME HOUSING PRODUCTION, HIGH INTEREST RATES ON HOME LOANS ALL ARE MAJOR CONCERNS OF THE FORD ADMINISTRATION.
2. I WILL ~~STAY~~ SIGN INTO LAW ~~TOMORROW~~ S-3066, THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974. AS YOU KNOW, THIS BILL WILL REVAMP OUR SUBSIDIZED HOUSING PROGRAM, PROVIDE BLOCK GRANTS TO THE CITIES USING A POVERTY FACTOR THAT WILL BE WEIGHED TWICE IN THE FORMULA USED TO DISBURSE ^{\$}2.5 BILLION AUTHORIZED UNDER THIS ACT.
3. INTEREST RATES ARE EXTREMELY HIGH FOR HOME LOANS ^{AT THIS TIME}, HOWEVER, I AM CONFIDENT ~~THEY~~ ^{they} WILL FALL MORE IN LINE ONCE WE BRING INFLATION IN GENERAL UNDER SOME REASONABLE CONTROL.
(WE MIGHT ADD ANOTHER POINT ON WHATEVER WE GET FROM TOD HULLIN).

STAN

Q & A

1. WHAT ARE YOU DOING RIGHT NOW ABOUT HIGH INTEREST RATES WHICH PRICE BLACKS OUT OF THE HOUSING MARKET?

A. THE FEDERAL HOME LOAN BANK BOARD, AND THE GOVERNMENT AND NATIONAL MORTGAGE ASSOCIATION ARE WORKING CLOSELY WITH ~~FEDERAL~~ SAVINGS AND LOANS INSTITUTIONS, AND ~~BANKS~~ ^(AND PRIVATE INVESTORS) TO HELP KEEP THE INTEREST RATES DOWN. THERE ARE FUNDS AMOUNTING TO ^{\$}10 BILLION AVAILABLE TO FINANCE APPROXIMATELY

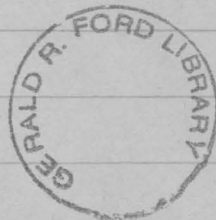
THE PURCHASE OF NEW HOMES AT THE $7\frac{3}{4}$ PERCENT RATE (\$3,108,600,000.) AND 8 PERCENT RATE (6,600,000,000.) THIS PLAN IS CALLED THE TANDEM PLAN.

WHILE THESE FUNDS ARE SMALL COMPARED TO THE NEED, I DO THINK THEY WILL HAVE GREAT IMPACT ON THE HOUSING INDUSTRY AND THE POOR WHO SUFFER MOST FROM INFLATED INTEREST RATES.

→ Q. Will you ~~give~~ ^{GIVE} THE NECESSARY ~~MOVES~~ ~~AND~~ SUPPORT AND LEADERSHIP TOWARD REBUILDING THE INNER CITIES WITHOUT DISPLACING THE POOR AND BLACKS?

A. YOU CAN EXPECT MY HELP IN THIS AREA, AND I WELCOME YOUR SUPPORT AND YOUR SUGGESTIONS ON HOW THE EXECUTIVE AND THE LEGISLATIVE BRANCHES CAN WORK TOGETHER ON THESE SERIOUS PROBLEMS WHICH PLAGUE OUR CITIES.

~~Q. IN ~~THE~~ YOUR LIST OF PRIORITIES, WILL YOU ~~LIST~~ HOUSING~~



~~OEO~~



KEY POINTS

3. 1. ~~OEO~~ IT IS CLEARLY EVIDENT TO ALL OF US HERE ~~THAT~~ THE PROBLEMS FOR WHICH OEO WAS CREATED TO SOLVE ARE STILL WITH US. ~~ALTHOUGH~~ ~~THE PURPOSE FOR WHICH OEO WAS ESTABLISHED HAS BEEN SERVED.~~

OEO'S PURPOSE WAS TO BE ONE OF INNOVATION IN THE DEVELOPMENT OF ANTIPOVERTY PROGRAMS. AS THOSE PROGRAMS PROVED THEMSELVES, THEY WERE TO BE SPUN OFF INTO AGENCIES THAT HAD SIMILAR ON-GOING ACTIVITIES. THAT WAS DONE: JOB CORPS WENT TO ~~LABOR~~ LABOR, HEAD START TO HEW, COMPREHENSIVE HEALTH CENTERS TO HEW, ETC.

4. 2. THE COMMUNITY ACTION PROGRAMS WERE CONCEIVED AS LOCAL INITIATIVE EXPERIMENTS WHOSE GOAL WAS TO GROW INTO ^{INDEPENDENT} LOCAL ~~INSTITUTIONS~~ INSTITUTIONS. AFTER NINE YEARS ~~OF EXPERIMENT~~ WE MUST ASSUME THAT THEY ARE PAST THE EXPERIMENT STAGE AND ARE READY TO BE FUNDED BY ^{LOCAL AND} THE STATE ~~AND~~ GOVERNMENTS IF THEY SO DESIRE.

5. 3. LEGAL SERVICES FOR THE POOR IS NO LONGER AN ISSUE, WITH REGARDS TO OEO. LEGISLATION ~~IS NOW~~ HAS ESTABLISHED A CORPORATION THAT WILL STRENGTHEN THIS PROGRAM. ~~THE PRESIDENT~~ ~~WILL MAKE~~ ~~IS~~ HAS UNDER CONSIDERATION A NUMBER OF APPOINTMENTS TO THIS BOARD.

Q. JA.



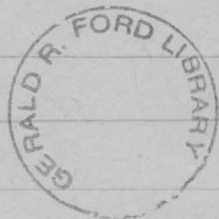
Q. ~~BLACKS~~ THINK YOU ARE FOLLOWING IN PRESIDENT NIXON'S FOOTSTEPS BY TAKING YOUR POSITION ON OEO. IF YOU'RE GOING TO BRING THE COUNTRY TOGETHER HOW CAN YOU KILL THE ONLY HOPE FOR THE POOR?

A. POOR PEOPLE SUFFER MORE THAN ANY OTHERS IN THIS NATION WHEN EACH FEDERAL DOLLAR DOES NOT BUY THE MOST AND THE BEST FOR THE ~~DOLLARS SPENT~~ ^{PURPOSE} IT IS SPENT. IT'S ~~NOT ONLY~~ INFLATIONARY TO HAVE A SEPARATE AGENCY ADMINISTER PROGRAMS THAT CAN BENEFIT FROM ACCESS TO THE RESOURCES AND EXPERIENCE OF THE LARGER DEPARTMENTS ^{AS AN EXPERIMENT}. NOTHING IS BEING OEO WAS ESTABLISHED TO LAST TEN YEARS. THAT TIME HAS PASSED. THE SUCCESSES HAVE BEEN SPUN OFF TO EXISTING DEPARTMENTS OR TO STATE AND LOCAL GOVERNMENTS, JUST AS THE ORIGINAL ^{OEO} PLAN CALLED FOR.

Q. ~~WHAT OTHER PROGRAMS DO YOU PLAN TO HELP THE POOR AND BLACKS TO OVERCOME POVERTY AND OTHER DISCRIMINATION THAT KEEPS THEM LOCKED AT THE BOTTOM OF THE LADDER?~~

A. ~~THIS IS AN AREA I WELCOME YOUR INPUT, SUGGESTIONS, AND ASSISTANCE.~~

I AM WELL AWARE OF THE INEQUITIES
THAT EXIST IN OUR SOCIETY WITH REGARDS
TO THE POOR, ~~AND~~ BLACKS, AND OTHER
MINORITIES. I NEED YOUR INPUT AND
I WELCOME YOUR SUGGESTIONS AND THE
SUGGESTIONS OF THE AMERICAN PEOPLE.



4.

Issues Raised by the National Association of Black Manufacturers

The NABM has raised two issues which the Congressmen may also raise. First, does the announced new emphasis on assuring the success of assisted firms mean that fewer new firms will be started? We have not changed the proportion of new versus existing firms that we plan to assist. The new emphasis applies to both types, and means we have to do a better job of analyzing business prospects. Second, NABM also suggested that firms not be "graduated" from the 8(a) subcontracting subsidy program, but rather be kept in the program until they have grown large enough to be outside SBA's standards for a small business. We have always had a policy of planning to graduate firms from the subsidy program to a fully-competitive position. It does no favor to a firm to keep it dependent upon subsidized government contracts, and too fragile to exist over the long-term on its own in the market place.

B. Points You Should Make

1. Progress On Objectives

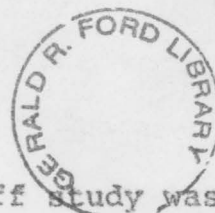
A. Coordination Between OMBE and SBA

cc:
Official/Comm
Mr. Scott
Mr. Bray

An early result of the long-term staff study was a realization that the agencies needed to better coordinate their efforts in the field. We also needed to avoid the "numbers game" of counting firms assisted, and instead to concentrate more on assuring the chances of success of these businesses. ~~We met with the agencies in December, and expect a submission of a coordinated field operation plan and revised objectives at the end of this month. The two agencies have been making a sustained, good faith effort, and progress so far has been good.~~

B. Effect of Energy and Materials Shortages

While loan volume has not been as high as our targets, due to general economic conditions, we have also had to cope with the effects of the energy and materials shortages. The agencies have put a good deal of effort into analyzing



3. Testimony of Last October

During your testimony last October before the Addabbo Subcommittee, Congressman Mitchell asked about using the Overseas Private Investment Corporation (OPIC) mechanism to stimulate minority business exports. We have not made a formal review of that issue, due to the uncertain legislative future of OPIC.

4. Status of Staff Study of Minority Enterprise Programs

There may be a question about the on-going OMB-Commerce-SBA staff study of minority enterprise programs. Here is a brief review of the status:

- We did an extensive rethinking of how to proceed in January;
- We are now concentrating on using the Census update of the 1969 survey of minority business as our main data base;
- We will match assisted firms against that data base, to analyze changes;
- This will go on through the summer, and we hope to have preliminary results in the fall; and
- We believe it is crucial to have sound, reliable data to base our analysis and recommendations upon.

It might be emphasized that the purpose of the study is to identify ways of improving the effectiveness of the programs, rather than to reduce or terminate the programs.

3. Recent Criticisms of SBA and OMBE

OMB has taken a low-profile position on the recent criticisms of the two agencies, letting them handle the problems themselves. We have cooperated on two changes worth mentioning in this context. For SBA, we have provided additional audit personnel. They are also making structural changes to strengthen their audit process. For OMBE, we approved an increase in the 1975 budget to initiate a marketing development and training program, to increase the quality of OMBE-funded technical assistance.

have put a good deal of effort into analyzing

NOT
RELEVANT



~~March 26, 1974~~

~~ECOP/Commerce~~

~~Meeting With Congressmen Stanton and Mitchell at 10:00 A.M.~~

~~March 27, 1974~~

~~The Deputy Director~~

CAUCUS

This memorandum is in two main parts: first, information on points which the ~~two Congressmen~~ may bring up, and, second, points you may wish to make.

A. Background Information On Items Which May Be Raised

1. OMBE Reorganization

Congressman Mitchell has been interested in this from its start, last October. ~~OMBE Director~~ ~~Armandaris testified last week on the matter before a subcommittee which Mitchell is on.~~ Based upon our information, the reorganization is going well. We will be specifically looking at this question during field trips this spring and summer. You may wish to ask Mitchell if he knows of any problems.

2. Legislation to Transfer OEO's CDC Program to Commerce

~~Congressman Stanton will almost certainly raise this question, as he is a co-sponsor with Congressman Steiger of a bill which differs from the Administration proposal.~~ The Administration proposal, H.R. 8556 (Hawkins) and S. 1941 (Tower), provides for (a) grant authority for OMBE, and, (b) transfer of Part A of Title VII of the Economic Opportunity Act from OEO to Commerce. The Steiger-Stanton bill, H.R. 10023, is broader. It provides for: (a) statutory existence for OMBE, and, (b) transfer of all of Title VII from OEO to Commerce. ~~Just last week, in considering a~~

5. Recent

~~proposal by Commerce, we reaffirmed our position on this issue in favor of the present Administration proposal, which provides the necessary authority for OMBE and transfer of what is needed from OEO's legislation. A broader bill is not necessary at this time. We should continue to oppose a broader bill because it would reduce administrative flexibility to redirect the OMBE program. Also, we should not accept any undesirable provisions just to get the CDC program transferred; it would be no disaster if the CDC program died.~~ ~~any program, to increase the~~ ~~quality of~~ ~~technical assistance.~~



III. TALKING POINTS

1. BUSING: While I am opposed to the busing of school children, especially the younger ones outside their neighborhoods in order to achieve racial balance, I reiterate that I intend to see that the laws of the land are faithfully executed and that the law established by the Supreme Court, as the final arbiter of Constitutional rights, will be carried out even where I might personally have some disagreement with those decisions.

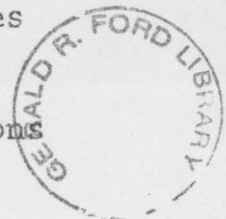
(The President might want to state the view that a spirit of racial harmony and understanding, even among those with different opinions on the busing issue, will greatly improve our ability to enforce the constitutional rights of everyone, and do so in a way which is sensible and effective).

Assure the civil rights leaders that those individuals found guilty of violating the civil rights of others--black or white--will be dealt with by the Department of Justice.
2. I welcome and need your support--you have mine--as we move ahead to unify and strengthen our great nation. We are determined to win the battle against inflation, high unemployment and other social and economic problems affecting our country. We need your help.
3. VOTING RIGHTS ACT EXTENSION: The President might take the following approach: a) There is no right more important than the vote, and state his commitment to enforcing all laws that guarantee that this right will not be abridged by reason of race or color. b) Note that when the Act was passed in 1965 and extended in 1970, he voted for such actions on both occasions, and does not have a private political agenda to torpedo the Voting Rights Act, particularly if compelling arguments for extension are made.
4. MINORITY BUSINESS: The development of minority business is not only a top priority of this Administration, but one to which I have a personal commitment.
5. FAIR HOUSING: Civil Rights Commission report concludes that not nearly enough ~~xxx~~ is being done to insure fair housing opportunities. President might want to instruct HUD and Justice to review concerns expressed by the Commission and report to the President through their respective Cabinet Officers.
6. OEO-POVERTY PROGRAMS: As the programs proved themselves, they were spun off into the agencies that had similar on-going activities. For instance, Job Corps was delegated to Labor, Head ~~XXXXX~~ Start to HEW, Comprehensive Health Centers to HEW, etc. The Administration feels that such moves strengthen rather than weaken the programs. With the signing of legal services legislation, the only major program remaining in OEO is Community Action, which, if approved by Congress, will be turned over to other levels of government.

Quotas and Goals

The Black Caucus would be pleased if the President were to acknowledge his belief that despite important and significant progress in the field of equal employment opportunity, there still are situations where jobs are denied because of race and national origin, and that he believes that it is important for all citizens to have a fair chance to work at their chosen jobs. He might also do the following:

- a) State his understanding of settled law, which is that discrimination of this kind must cease and that some form of "affirmative action" must be taken, where needed, to put identified victims of discrimination in their rightful place.
- b) State his belief in the equally important principle of merit employment. Governments and businesses are entitled to hire the most qualified person available, and the need for capable employees of all races has never been greater.
- c) State his concurrence in the "Four Agency Agreement" (Justice, EEOC, Civil Service Commission, Labor), which defines the proper balance to be struck between legally required affirmative action to remedy discrimination, and the principles of merit hiring (Copy attached).
- d) Note that there are important distinctions between requiring good faith effort to achieve realistic levels of qualified employees (goals)--a legally sound and supportable approach--and setting absolute numerical requirements, regardless of the availability of qualified applicants (quotas)--an unsupportable policy.
- e) State openly that even the use of affirmative action goals should be seen as temporary historical phenomenon. Once hiring and promotion standards have been purged of racial bias and victims of discrimination have been made whole, selection by merit alone, regardless of race, must be our national employment policy.



~~SECRET~~ [BUSING]

The President's views on this issue are clear and already a matter of record. (I doubt that this will be a key issue with the Black Caucus.) The President might undertake the following:

1. a) State his views that he is opposed to busing of school children, especially the younger ones, outside their neighborhoods in order to achieve racial balance. He might note that while the Oval Office requires a broad perspective on this issue, he still believes that his views represent sound public policy.
2. b) Reiterate that he intends to see that the laws of the land are faithfully executed and that the law established by the Supreme Court, as the final arbiter of Constitutional rights, will be carried out even where he might personally have some disagreement with those decisions.
3. c) Note that the Court itself has provided reasonable latitude for reconciling conflicting public and private interests in school desegregation cases^{2/}, and continues to provide guidance, as in the Detroit decision (Bradley v. Milliken).
4. d) Concur in recent Congressional action in Title II of the Equal Educational Opportunities Act of 1974, which states clear national policy in this area.^{3/}
5. e) State his view that a spirit of racial harmony and understanding, even among those with different opinions on the busing issue, will greatly improve our ability to enforce the constitutional rights of everyone, and do so in a way which is sensible and effective.



FEDERAL POLICIES RELATIVE TO EQUAL HOUSING OPPORTUNITY

Statement by the President. June 11, 1971

Of all the services, facilities, and other amenities a community provides, few matter more to the individual and his family than the kind of housing he lives in—and the kind of neighborhood of which that housing is a part. Through the ages, men have fought to defend their homes; they have struggled, and often dared the wilderness, in order to secure better homes.

It is not surprising, therefore, that public policies affecting the kind and location of homes available should be the subject of intense and widespread interest, and also of intense, far-ranging, and sometimes passionate debate.

One of the achievements of this administration of which I am most proud has been the dramatic progress we have made in increasing the supply of housing, including particularly low- and moderate-income housing, so as to expand the range of housing opportunities for Americans in search of a decent home. Housing starts are currently at the highest levels in 20 years. While our primary emphasis is on stimulating private construction, the number of federally assisted low- and moderate-income housing starts planned for fiscal year 1972 will be more than four times what it was as recently as fiscal 1968—an increase from some 150,000 to some 650,000. The remaining needs are still enormous. But this represents a giant step toward fulfilling the goal set forth in the Housing Act of 1949, of “a decent home and a suitable living environment for every American family.”

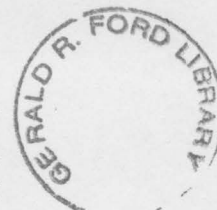
The very fact that so much progress is being made, however, has sharpened the focus on what has come to be called “fair housing”—a term employed, but not defined, in the Civil Rights Act of 1968, and to which many persons and groups have ascribed their own often widely varied meanings.

In this statement, I shall set forth the policies, as they have been developed in this administration, that will guide our efforts to eliminate racial discrimination in housing, to enlarge housing opportunities for all Americans and to assist in stable and orderly community development. It is important to understand the laws that govern those policies, the limits within which they operate, the complexities they seek to address, and the goals they seek to achieve.

My purpose is not to announce new policies, but to define and explain the policies we have—setting forth what we will do and what we will not. The factors determining patterns of housing and community development are immensely complex and intricately balanced, many are uniquely local in nature, and the Federal Government operates in important but limited ways and under limited authorities. Within those limits, we intend to continue to move vigorously—not to restrict free choice, but to expand and protect it.

Underlying our housing policies—and embodied in our laws and our Constitution—are certain basic principles:

—Denial of equal housing opportunity to a person because of race is wrong, and will not be tolerated.



- Such denial will not be tolerated whether practiced directly and overtly, or under cover of subterfuges, or indirectly through such practices as price and credit discrimination.
- To qualify for Federal assistance, the law requires a local housing or community development project to be part of a plan that expands the supply of low- and moderate-income housing in a racially nondiscriminatory way.
- In terms of site selection for a housing development, the Federal role is one of agreeing or not agreeing to provide Federal subsidies for projects proposed by local authorities or other developers.
- A municipality that does not want federally assisted housing should not have it imposed from Washington by bureaucratic fiat; this is not a proper Federal role.
- Local communities should be encouraged in their own voluntary efforts to make more housing more widely available, and to reduce the extent of racial concentration.
- Putting an end to racial discrimination, and building toward the goal of free and open communities, is a responsibility shared by Federal, State, and local governments, by business and private institutions, by civic leaders and by individual people everywhere.

A HISTORY OF HARDSHIP

The history of racial discrimination in housing in America runs deep; but, to the Nation's credit, so do efforts to correct it.

In earlier years, some local ordinances actually forbade minority group members to purchase property in blocks where they did not constitute a majority. Such ordinances were invalidated by the Supreme Court in 1917.

Covenants running with the land were widely used to restrict minority citizens in their access to housing. The efficacy of these covenants rested on their possible enforcement by courts and the awarding of damages for their breach. Judicial enforcement was invalidated by the Supreme Court in 1948.

Federal policy itself, quite unsurprisingly, in past eras reflected what then were widespread public attitudes. Policies which governed FHA mortgage insurance activities for more than a decade between the middle thirties and the late forties recognized and accepted restrictive covenants designed to maintain the racial homogeneity of neighborhoods.

Compounding the plight of minority Americans, locked as many of them were in deteriorating central cities, was the Federal urban renewal program. It was designed to help clear out blighted areas and rejuvenate urban neighborhoods. All too often, it cleared out but did not replace housing which, although substandard, was the only housing available to minorities. Thus it typically left minorities even more ill-housed and crowded than before.

Historically, then, the Federal Government was not blameless in contributing to housing shortages and to the impairment of equal housing opportunity for minority Americans. Much has been done to remedy past shortcomings of Federal policy, and active opposition to discrimination is now solidly established in Federal law. But despite the efforts and emphasis of recent years, widespread patterns of residential separation by race and of unequal housing opportunity persist.



RACIAL CONCENTRATION TODAY

In terms of racial concentration, the facts on housing occupancy revealed by the 1970 census are compelling. In our 66 largest metropolitan areas, accounting for more than half the U.S. population—of which 49 are in the North and West—the central city white population declined during the decade of the sixties by about 2 million (5%)—while the black population increased almost 3 million (35%). This meant overall black population in central cities increased from 18% in 1960 to 24% in 1970.

In the suburban areas of these cities, however, the story was different. White population increased by 12.5 million (30%) and black population increased by less than 1 million (44%). The result was that the total black proportion of suburban population increased only from 4.2% in 1960 to 4.5% in 1970.

In city after city the figures tell the same story. In New York City the white population declined by 617,000 while the black population rose by 579,000. In St. Louis whites declined by 169,000; blacks rose by 40,000. Thus the central cities grow ever more black, while the surrounding areas, for the most part, remain overwhelmingly white.

It is important to remember, of course, that simple divisions into "central city" and "suburban" can be misleading in this context. It makes a great deal of difference how large the city is, and what the patterns of distribution within the metropolitan area are in terms not only of housing, but of business, industry, recreational facilities, transportation, and all the many factors that enter into its internal dynamics as a functioning community.

One thing this points to is that no single set of rigid criteria can be laid down that will fit a wide variety of local situations. To speak of "opening up the suburbs," for example, may have widely differing implications in different metropolitan areas, just as the term "central city" means something quite different in New York or Chicago than it does in New Haven or Fresno.

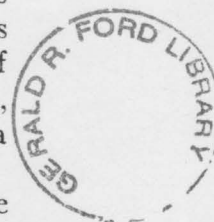
To some extent, the persistence of racially separate housing patterns reflects the free choice of individuals and families in both the majority and minority communities. Economic factors have also played a part, since average income levels—even though the disparity is being narrowed—remain lower for minority Americans than for the Caucasian majority.

It also is inescapable, however, that continuing, often covert housing discrimination is thwarting or discouraging the efforts of many minority citizens to find better housing in better neighborhoods. This is wrong, constitutionally indefensible, and pragmatically unwise.

THE COST OF RACIAL SEPARATION

Separation of the races, particularly when it is involuntary, has damaging consequences. One is racial isolation—the social isolation of the races from each other—an estrangement that all too readily engenders unwarranted mistrust, hostility, and fear.

Another consequence of involuntary racial separation is the waste of human resources through the denial of human opportunity. No nation is rich enough and strong enough to afford the price which dehumanizing living environments extract in the form of wasted human potential and stunted human lives—and many of those living environments in which black and other minority Americans are trapped are dehumanizing.



Another price of racial segregation is being paid each day in dollars: in wages lost because minority Americans are unable to find housing near the suburban jobs for which they could qualify. Industry and jobs are leaving central cities for the surrounding areas. Unless minority workers can move along with the jobs, the jobs that go to the suburbs will be denied to the minorities—and more persons who want to work will be added to the cities' unemployment and welfare rolls.

Clearly, both outright racial discrimination and persisting patterns of racial concentration combine to create a serious set of problems that public policy must seek to meet. These problems are human, they are economic, they are social—and they pose a challenge of the first magnitude to the community of the metropolitan area that tries to meet them in a way most nearly fair to all those affected. It is encouraging that many communities are meeting this challenge, and meeting it successfully.

THE FEDERAL ROLE

The Law

The Federal Government's responsibilities for eliminating racial discrimination in housing derive partly from the Constitution, partly from the Government's own extensive involvement in housing and community development programs, and partly from a number of statutes and Executive orders.

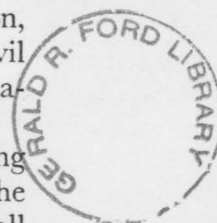
The broad outlines of the law are contained in our Constitution, which in its 5th, 13th, and 14th amendments guarantees basic civil rights, including the right to seek shelter free from any racial discrimination fostered by Federal, State, or local governments.

Executive Order 11063, issued in 1962, expressly states that housing discrimination and segregation prevent the Nation from attaining the housing goals declared by the 1949 Housing Act. It further directs all Federal departments and agencies "to take all action necessary and appropriate to prevent discrimination" as to race, color, religion, or national origin in federally assisted housing and related projects.

Congress followed up this initiative 2 years later with the Civil Rights Act of 1964. A critical provision of that law, Title VI, provides that no person shall, "on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." As a penalty for such discrimination, it provides for a cutoff of Federal funds to the program in which the discrimination occurs. The clear intent of the Congress in enacting this legislation was to insure that no program utilizing Federal financial aid should be tainted by racial or ethnic discrimination. A careful review of the legislative history indicates that the Congress intended that the cutoff of Federal funds resulting from a violation should apply only to the particular activity in which the unlawful racial discrimination took place, and not to all activities undertaken by the violator.

In the Civil Rights Act of 1968, the Congress declared that "It is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States."

Title VIII of the 1968 act goes beyond the previous statutes (which in terms of housing, had dealt only with that which was federally assisted) to prohibit discrimination on account of race, color, religion, or national



origin in most private real estate actions, whether sale or rental and regardless of whether Federal assistance is involved or not. In addition, this title also makes it the responsibility of "all executive departments and agencies" and the specific responsibility of the Secretary of Housing and Urban Development, to "administer their programs and activities relating to housing and urban development in a manner affirmatively to further the purpose of this title."

Antidiscrimination Enforcement

The provisions of the law aimed at barring racial discrimination in housing are administered primarily by the Departments of Justice and of Housing and Urban Development.

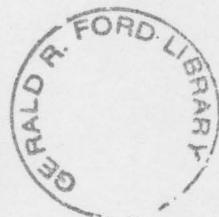
HUD's role under Title VI in the 1964 act is to guard against racial discrimination in any program or activity to which HUD gives financial assistance. Title VIII of the 1968 Civil Rights Act requires HUD to investigate complaints of housing discrimination and, where appropriate, to attempt to resolve such complaints through persuasion or conciliation. In calendar year 1970, HUD completed processing of 169 complaints; in 89 of these cases conciliation was successful. In the same year, HUD referred 19 of these cases where conciliation failed to the Department of Justice.

Under the terms of Title VIII of the 1968 Civil Rights Act, the Attorney General is empowered to bring suits in Federal court where he finds that racial discrimination in housing constitutes a "pattern or practice," or where housing discrimination cases raise issues of general public importance. Since January 1969, the Attorney General has brought or participated in 85 such suits against more than 250 defendants in 22 States and the District of Columbia. In addition, the Justice Department has negotiated out of court with several hundred other persons and companies and brought them into voluntary compliance.

These cases have involved not only outright racial discrimination in the sale or rental of homes, but also such practices as discriminatory real estate advertising and exclusion of minorities from multiple listing services. Several of the suits have been against municipal authorities. Several others have been against major companies controlling tens of thousands of dwelling units, and have resulted in orders that they take dramatic remedial efforts to attract minority families into buildings from which they have previously been barred or discouraged.

Not only have these suits directly opened to nonwhites a great deal of housing previously available only to whites; they also have had a significant wider impact in stimulating others to come into voluntary compliance with the antidiscrimination laws. This vigorous enforcement as required by law will continue.

Unlawful racial discrimination in housing extends beyond the barring of individuals from particular buildings or neighborhoods because of race. The courts have also held that, when its reasons for doing so are racial, a community may not rezone in order to exclude a federally assisted housing development. In such cases, where changes in land use regulations are made for what turns out to be a racially discriminatory purpose, the Attorney General, in appropriate circumstances, will also bring legal proceedings.



How Federal Programs Operate

In order to understand the way in which the broad "fair housing" mandates translate into specific actions, it is important to understand what some of the Federal housing programs are and how they operate.

HUD provides direct financial assistance in three broad areas:

- Housing for low- and moderate-income families. This includes the Home Ownership and Rental Housing Assistance subsidy programs ("Section 235" and "Section 236" housing, respectively), the rent supplement program enacted in 1965, and assistance to low-rent public housing.
- Grants for State, areawide, and local planning.
- Aid for community development activities, such as urban renewal and water and sewer grants.

In addition, of course, HUD plays a major role in providing mortgage insurance and in facilitating the overall flow of mortgage funds.

In each of these areas, the Federal program role—as the governing statutes make clear—is essentially one of responding to local or private initiatives, rather than one of imposing its programs on State and local governments.

In none of HUD's grant programs does the Department act directly. The Department builds no housing, develops no land use plans, clears no slums, and constructs no sewers. Instead, HUD provides, within its statutory and regulatory framework, financial assistance to local developers and agencies, both public and private, who build and manage housing, and engage in planning and community development activities.

The extent to which HUD program activity is dependent on local initiative and execution is frequently overlooked, but is an important element in considering policy issues. Sites for HUD-assisted housing must be selected and acquired by local sponsors—public or private—and housing developed on those sites must conform to local zoning and local building codes. Planning performed with HUD assistance is done by State and local governmental bodies. Community development activities—urban renewal, water and sewer, or open space projects, for example—are initiated and executed by local government.

In short, HUD's role in the location of assisted housing is one not of site *selection*, but of ultimate site *approval*. It does not initiate local housing projects. With more applications than it can fund, it must select those for funding which it determines most fully satisfy the purposes of the enabling legislation—and in doing so it says "yes" or "no" to local requests for financial assistance for projects that have been locally planned and will be locally executed.

In responding to local and private initiatives, of course, the Department must follow the statutory mandates. For example:

- As noted earlier, HUD may not make a grant under any of its programs if the recipient will discriminate or otherwise deny the benefits of the assisted activity or project to persons on account of race.

- Where the "workable program" requirement—imposed on local communities by the Housing Act of 1949, as amended in 1954, in connection with urban renewal and related programs—is a condition of eligibility, HUD may not make a grant in the absence of a HUD-certified workable program for community improvement. The program must make reasonable provision for low- and moderate-income housing, which must of course be available on a nondiscriminatory basis.



—Where comprehensive planning is supported by a Federal grant under the 1954 Housing Act, as amended in 1968, the plan must include a "housing element" to insure that "the housing needs of both the region and the local communities studied in the planning will be adequately covered in terms of existing and prospective in-migrant population growth." This provision has broad application, since such planning grants are often used to prepare the areawide plans which are a prerequisite for Federal financial assistance under the water and sewer, open space, and new communities programs.

Similarly, the statutory requirement of "fair housing" applies in the area of private housing construction, where the Federal role is substantial. The Federal Government provides billions of dollars in assistance and guarantees of mortgage credit for housing financing. The Federal Government sets standards widely used by industry, such as minimum property standards, credit standards, appraisal standards, and construction standards. The Federal Government makes market analyses which materially influence the private sector. The Federal Government approves mortgagees, builders, developers, and brokers with respect to their doing business with HUD. Local government and private initiative and Federal standards work together to produce new housing. And under the law, that new housing—like all the Nation's housing stock—must be open equally to all Americans regardless of race, religion, or national origin.

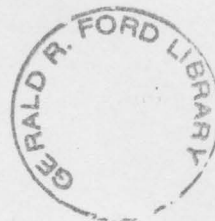
In approaching questions of "fair housing" for low- and moderate-income persons, it is important to remember that we are dealing with a rather imprecise term and with two separate matters.

One is the elimination of racial discrimination in housing. On this, the Constitution and the laws are clear and unequivocal: racial discrimination in housing will not be tolerated.

In public discussions of "fair housing" or "open housing," however, another issue has often become confused with that of racial discrimination. This is sometimes referred to as "economic integration." Frequently it arises in debates over whether subsidized low-rent public housing should be placed in the suburbs as a means of moving poor people out of the inner city and, if so, where, to what extent, and by what means.

One of the arguments frequently advanced is that poor people are often disadvantaged by living in low-income neighborhoods; that poverty thus perpetuates itself; and that the remedy therefore is to scatter the poor among the more affluent. Another argument often heard is that blacks and other minorities tend to be disproportionately poor, and that "economic segregation" is therefore equivalent to racial segregation.

It is important to remember, however, that the terms "poor" and "black" are not interchangeable. A higher percentage of blacks than of whites lives below the poverty line—but there are far more poor whites in America than there are poor blacks. Much of the Nation's most dismally inadequate housing is occupied by blacks; much of it is occupied by whites. Many of the worst slums are black; many are white. And by the same token, the skilled trades, the businesses, and professions increasingly are populated by affluent blacks whose children go to the best schools and colleges and who themselves have taken their deserved place in the leadership, not simply of inner-city neighborhoods, but of urban, suburban, and rural communities all across America.



To cite only one statistic, a recent special census study showed that in the North and West, black husband-wife families headed by persons under 25 had a median income equal to that of their white contemporaries. Although the income disparities among other ages and categories is still far too wide, this is one measure of how far we have come; also, because these young families represent the future, it is an indication of where we are heading. To equate "poor" with "black" does a disservice to the truth, and it blinks the fact—fundamental to anything so intensely personal as housing—that we are dealing with the needs not of an undifferentiated mass, but of millions of individual human beings, each separate and unique.

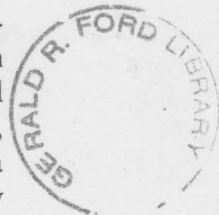
In many cases—when dealing with poor people who happen to be members of a racial minority—questions of where to locate housing for poor people and where to locate housing for members of the minority are related. But the issues involved are separate, and those who would treat effectively with race and poverty must take care to maintain the distinction. What is true of blacks in this regard is also true of Mexican-Americans, Indians, and members of other minorities.

When predominantly poor members of a racial minority are concentrated heavily in one particular area of a central city, the question of where to build housing designed to accommodate some but not all of them is often not easily answered. On the one hand, for example, concentrating the subsidized housing in the predominantly black area could have the effect of reinforcing the racial separation that already exists. On the other hand, failure to build at least a portion of it there could be unfair to the people who choose to live there, as well as reinforcing the housing blight that often prevails in such areas. Quite apart from racial considerations, residents of outlying areas may and often do object to the building in their communities of subsidized housing which they fear may have the effect of lowering property values and bringing in large numbers of persons who will contribute less in taxes than they consume in services. Beyond this, and whether rightly or wrongly, as they view the social conditions of urban slum life many residents of the outlying areas are fearful that moving large numbers of persons—of whatever race—from the slums to their communities would bring a contagion of crime, violence, drugs, and the other conditions from which so many of those who are trapped in the slums themselves want to escape.

In many other respects, the balances to be struck are often close and the considerations complex: For example, how are the interests of one part of a metropolitan area to be weighed against those of the area as a whole? What other housing opportunities are available? How do transportation patterns, job patterns, school locations, enter into the choice? What related efforts are being made to expand opportunity and end racial discrimination? And how and by whom are the determinations to be made?

By establishing "fair housing" as a policy but leaving the term undefined, Title VIII of the 1968 act added a complexity of its own: a lively debate about just what it means, and especially about the meaning of its requirement that Federal officials take "affirmative action" to promote it.

This and the other laws make abundantly clear that the Federal Government has an active, affirmative role to play in eliminating racial discrimination in either the sale or rental of housing. They also make it



clear that those communities which seek Federal assistance for most housing and community development programs must work honestly and constructively to meet the housing needs of their low- and moderate-income families. The debate has arisen over the extent to which Federal agencies are either required or authorized to go beyond anti-discrimination efforts, and to use their program money leverage as a means of requiring local communities to subordinate their land use policies to the goal either of breaking up racial concentrations or of promoting "economic integration."

POLICIES OF THIS ADMINISTRATION

It will be the firm purpose of this administration to carry out all the requirements of the law fully and fairly.

Racial discrimination in housing is illegal, and will not be tolerated. In order to fulfill their responsibility for eliminating this discrimination, the Department of Housing and Urban Development and the Justice Department have been developing and elaborating a wide-ranging program aimed at creating equal housing opportunity.

By "equal housing opportunity," I mean the achievement of a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion, or national origin.

At the outset, we set three basic requirements for our program to achieve equal housing opportunity: It must be aimed at correcting the effects of past discrimination; it must contain safeguards to ensure against future discrimination; and it must be results-oriented so its progress toward the overall goal of increasing housing opportunities can be evaluated.

The administration is embarked upon this course. It must and will press forward firmly.

The chief components of such a program include the firm enforcement of laws relating to equal housing opportunity; the development of appropriate equal housing opportunity criteria for participation in programs affecting housing; the development of information programs; and the development of policies relating to housing marketing practices.

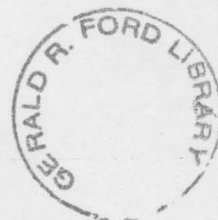
It is obvious that not all individuals will exercise the full range of choices made available to them. Those are matters for individual decision.

What is essential is that all citizens be able to choose among reasonable locational alternatives within their economic means, and that racial nondiscrimination be scrupulously and rigorously enforced.

We will not seek to impose economic integration upon an existing local jurisdiction; at the same time, we will not countenance any use of economic measures as a subterfuge for racial discrimination.

When such an action is called into question, we will study its effect. If the effect of the action is to exclude Americans from equal housing opportunity on the basis of their race, religion, or ethnic background, we will vigorously oppose it by whatever means are most appropriate—regardless of the rationale which may have cloaked the discriminatory act.

Access to federally assisted housing, like access to all housing, must be nondiscriminatory as to race. But simply to apply this principle will not answer all the practical problems raised by our national commitment to expanded and equal housing opportunity.



Pressures for the construction of new housing and the rehabilitation of existing housing are growing all across the Nation—in central cities, in suburbs, in small towns, in rural America. Demand for housing at all income levels is increasing dramatically.

As a major part of our national effort to meet these housing needs—an effort which is both private and governmental—federally assisted housing is being built at a rate approaching $\frac{3}{4}$ of a million units a year. These units are needed. They are being built. And they must be built someplace. The question is where.

If all the federally assisted units are packed together in one type of community or one kind of location, we will only exacerbate the social and, in all probability, the racial isolation of our people from each other.

If we build federally assisted instant ghettos, we fail both our communities and the people we are trying to help.

If we impact or tip the balance of an established community with a flood of low-income families, we do a disservice to all concerned.

The answers to these practical considerations are not simple—but they are of great importance.

Based on a careful review of the legislative history of the 1964 and 1968 Civil Rights Acts, and also of the program context within which the law has developed, I interpret the “affirmative action” mandate of the 1968 act to mean that the administrator of a housing program should include, among the various criteria by which applications for assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination. This does not mean that no federally assisted low- and moderate-income housing may be built within areas of minority concentration. It does not mean that housing officials in Federal agencies should dictate local land use policies. It does mean that in choosing among the various applications for Federal aid, consideration should be given to their impact on patterns of racial concentration.

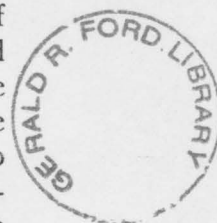
In furtherance of this policy, not only the Department of Housing and Urban Development but also the other departments and agencies administering housing programs—the Veterans Administration, the Farmers Home Administration, and the Department of Defense—will administer their programs in a way which will advance equal housing opportunity for people of all income levels on a metropolitan areawide basis.

This administration will not attempt to impose federally assisted housing upon any community.

We will encourage communities to discharge their responsibility for helping to provide decent housing opportunities to the Americans of low- and moderate-income who live or work within their boundaries.

We will encourage communities to seek and accept well-conceived, well-designed, well-managed housing developments—always within the community’s capacity to assimilate the families who will live in them.

We will carry out our programs in a way that will be as helpful as possible to communities which are receptive to the expansion of housing opportunities for all of our people.



In these efforts we will be aided by a change that already is taking place in the way subsidized low- and moderate-income housing is planned, built, and managed: In terms of new construction, the old-style, massively concentrated high-rise public housing project is largely a thing of the past; the trend now is strongly toward low-rise dwellings, many of them one-, two-, three- or four-family, on scattered sites, so that they can blend in with the community without detracting from nearby properties. Under the newer Federal programs of financial assistance to low- and moderate-income housing of other sorts, the pattern has been one of variety, enabling the community to fit the development to its own needs.

By approaching local questions of land-use planning in a creative and sophisticated manner, local authorities should in most cases be able to work out site-selection problems in ways that provide adequate housing opportunities for those who need them without disrupting the community.

In other ways as well, we are and will be working to promote better and more open housing opportunities. For example:

—By Executive Order 11512, issued in February 1970, I ordered that in the selection of sites for Federal facilities consideration should be given to the availability of adequate low- and moderate-income housing—and I have ordered that all agencies take specifically into account whether this housing is in fact available on a nondiscriminatory basis.

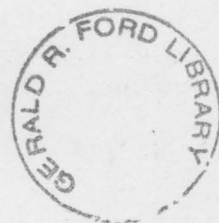
—Guidelines have recently been issued by the Office of Management and Budget under the provisions of the Uniform Relocation Assistance Act of 1970, to assure that adequate housing is provided on a nondiscriminatory basis and within the financial means of persons displaced by federally financed projects.

—The Department of Housing and Urban Development has been actively pressing the major Federal agencies regulating lending institutions to establish effective, affirmative measures against racial discrimination in home mortgage financing. The Federal Home Loan Bank Board, which regulates savings and loan institutions, has been the first to undertake the development of new rules and procedural safeguards. The Board is also working closely with industry leaders to improve financial services offered to members of minority groups.

—HUD also engages in a number of other Title VIII activities intended to eliminate racial discrimination in housing. It publishes advisory guidelines to aid those subject to the jurisdiction of the law in understanding their responsibilities; it undertakes studies of housing practices and collects racial data on all of its housing programs in order to determine areas of noncompliance; it conducts continuing community education programs to inform individuals of their rights under law; it encourages national, State, and local private organizations in undertaking programs designed to expand housing options for minority group and low-income individuals; it works closely with State and local agencies having fair housing laws substantially equivalent to Title VIII and refers complaints to these agencies.

A FREE AND OPEN SOCIETY

On March 24, 1970, I issued a statement setting forth in detail the administration's policies on school desegregation. In a portion of that statement that applies equally to housing, I said the goal of this administration is "a free and open society"—and I added:



In saying this, I use the words "free" and "open" quite precisely.

Freedom has two essential elements: the *right* to choose, and the *ability* to choose. The right to move out of a mid-city slum, for example, means little without the means of doing so. The right to apply for a good job means little without access to the skills that make it attainable. By the same token, those skills are of little use if arbitrary policies exclude the person who has them because of race or other distinction.

Similarly, an "open" society is one of open choices—and one in which the individual has the mobility to take advantage of those choices.

In speaking of "desegregation" or "integration," we often lose sight of what these mean within the context of a free, open, pluralistic society. We cannot be free, and at the same time be required to fit our lives into prescribed places on a racial grid—whether segregated or integrated, and whether by some mathematical formula or by automatic assignment. Neither can we be free, and at the same time be denied—because of race—the right to associate with our fellow-citizens on a basis of human equality.

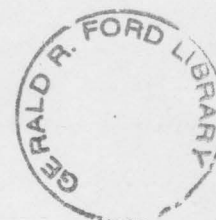
An open society does not have to be homogeneous, or even fully integrated. There is room within it for many communities. Especially in a nation like America, it is natural that people with a common heritage retain special ties; it is natural and right that we have Italian or Irish or Negro or Norwegian neighborhoods; it is natural and right that members of those communities feel a sense of group identity and group pride. In terms of an open society, what matters is mobility: the right and the ability of each person to decide for himself where and how he wants to live, whether as part of the ethnic enclave or as part of the larger society—or, as many do, share the life of both.

We are richer for our cultural diversity; mobility is what allows us to enjoy it.

Economic, educational, social mobility—all these, too, are essential elements of the open society. When we speak of equal opportunity we mean just that: that each person should have an equal chance at the starting line, and an equal chance to go just as high and as far as his talents and energies will take him.

The Federal Government bears an important share of responsibility for achieving fair housing for all Americans. But fair housing is not the responsibility of the Federal Government alone, and not of government alone. Its achievement depends on all of us—on the States and localities, on business and industry, on civic and professional leadership, and on each of us in his daily life.

For its part, the Federal Government will discharge fully its own particular responsibilities and offer example and leadership for others in the discharge of their responsibilities. We will be vigorous in enforcing both the constitutional mandate and the statutory requirements that there not be housing discrimination on grounds of race. In the more complex and difficult area of providing subsidized housing in areas where it is needed, we will encourage communities and local developers to take into account the broad needs of the various groups within the community and of the metropolitan area.



But we all must recognize that the kinds of land use questions involved in housing site selection are essentially local in nature: They represent the kind of basic choices about the future shape of a community, or of a metropolitan area, that should be chiefly for the people of that community or that area to determine. The challenge of how to provide fair, open and adequate housing is one that they must meet; and they must live with their success or failure.

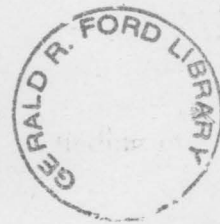
To local officials are entrusted the initial, and often the final, determinations as to how much low- and moderate-income housing is to be built, how well it is to be built, and where it is to be built. They operate under the same antidiscrimination strictures that apply to Federal officials. And in terms of site selection and residential zoning—both sensitive and complex matters, and yet both central to the goal of truly open housing in truly open communities—they operate in an area little charted by the Supreme Court but increasingly being navigated by the lower courts, as land use restrictions come under mounting challenge on constitutional grounds.

Two recent court cases suggest the boundaries within which other courts will be wrestling with these questions in the months and years just ahead. In one of these cases (*James v. Valtierra*), the U.S. Supreme Court decided that, absent any evidence of racially discriminatory intent, a State law requiring prior approval of low-rent housing projects by community referendum does not, on its face, violate the Constitution. Noting California's long tradition of using referenda on a wide range of issues of public policy and the factual finding in the lower courts that legitimate economic considerations were involved in the referendum in question, the court concluded that there was no factual basis for a claim that the California law was "aimed at a racial minority." On the other hand, in another case presenting sharply contrasting circumstances (*Kennedy Park Homes Association v. City of Lackawanna, N.Y.*), a Circuit Court of Appeals recently held illegal certain zoning and other municipal restrictions used to block a subsidized low-income housing development in an all-white neighborhood. In that case the municipal practices were determined to be subterfuges and part of a pattern of racially motivated discrimination by municipal officials; the Supreme Court denied certiorari. In short, the one case did not present evidence of racially discriminatory intent; the other did.

If these cases define the outer limits, they also indicate the broad range within which cases will be pressed in the courts by those who would seek the mandate of judicial decree in setting aside local restrictions to achieve social purposes: for example, the right of a community to impose large-lot zoning, even in the absence of any racial discrimination, has lately been under court challenge.

If the infinitely varied individual questions that arise as our thousands of local governments hammer out their individual local land use policies are not appropriate for Federal determination—and they are not—neither would it be wise to allow a situation to develop in which they have to be hammered out in the courts. But they no doubt will end up in the courts if they are not satisfactorily dealt with outside the courts through timely and enlightened local action.

This administration will offer leadership in encouraging local and State governments and housing authorities to address this question creatively and imaginatively, and to address it with a keen understanding



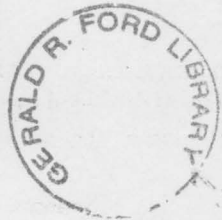
of the needs of those persons for whom the housing is being provided as well as the needs of the community at large.

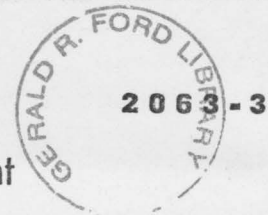
Local and State authorities, for their part, should continue to respond constructively, pressing forward with innovative and positive approaches of their own. For it is they—and beyond them, it is millions of Americans individually—with whom the challenge primarily rests. We are dealing here in a realm in which Federal authority, while substantial in terms of enforcement, is very limited in terms of the many choices that must be made in each community.

There are some who assume that the Federal Government has the power to do anything it wants—or that they want. But we have maintained our freedom for nearly two centuries by insisting that the Federal Government's exercise of power not exceed its authority.

I believe in that principle. And because the authority of the Federal agencies is limited—quite properly, I believe—with respect to the essentially local and individual choices involved in local community planning, their power will be used in only limited ways.

This does not reduce the challenge to the States, the localities and the people; it heightens it. For the task of making our communities livable, not for some but for all—of achieving our goals of decent homes and of open communities in a free and open society—this task summons the best that is in each and every one of us, in a cause that touches our soul as a Nation. We cannot afford to fail. I believe that together we can succeed.





Federal Policy Statement

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A memorandum stating the federal policy on remedies concerning equal employment opportunity in state and local government personnel systems, dated March 23, 1973, was sent to U. S. Attorneys and Field Representatives of the Civil Service Commission, of the EEOC and of the OFCC. The covering letter reproduced immediately below was signed by Robert Hampton, Chairman of the U. S. Civil Service Commission; Stanley Pottinger, Assistant Attorney General; William Brown, Chairman of the EEOC; and Philip Davis, Acting Director of the OFCC. The memorandum is also reproduced below.

Under a number of statutes and an Executive Order, the Equal Employment Opportunity Commission, the Department of Justice, the Civil Service Commission and the Department of Labor's Office of Federal Contract Compliance have similar and related responsibilities for working with State and local governments in ensuring that their various personnel systems are free from discrimination on the basis of race, color, national origin, religion or sex.

Questions often arise of remedies to be employed in cases where there has been a finding of unlawful discrimination. Since it is important that State and local governments have the benefit of a consistent set of federal standards and requirements, these four agencies have jointly developed a statement of policy by which to guide themselves and their personnel in dealing with State and local governments on this matter. The points contained in the attached memo-

randum are consistent with the President's announced views and each of the signatories is of the view that they are consistent with the previous policies of his agency.

Differences of view may still arise with respect to the interpretation of parts of this position statement; in such cases we will expect federal field representatives to discuss them with each other and with us if necessary in order to continue to resolve any issues through dialogue and coordination.

The Hon. Leonard Garment, Special Consultant to the President, recently gave an address on this subject in Washington and we are also appending the text of his remarks.

We are sending information copies of this memorandum and its attachments to State and Local Governments and to the State Fair Employment Commissions.

MEMORANDUM—PERMISSIBLE GOALS AND TIMETABLES IN STATE AND LOCAL GOVERNMENT EMPLOYMENT PRACTICES

This Administration has, since September 1969, recognized that goals and timetables are in appropriate circumstances a proper means for helping to implement the nation's commitments to equal employment opportunities through affirmative action programs. On the other hand, the concepts of quotas and preferential treatment based on race, color, national origin, religion and sex are, contrary to the principles of our laws, and have been expressly rejected by this Administration.

Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, conferred on the Justice Department and the Equal Employment Opportunity Commission enforcement responsibilities for eliminating discriminatory employment practices based upon race, color, national origin, religion, and sex by state and local government employers as

set forth in that Act. In addition, under the Intergovernmental Personnel Act and the merit standards statutes, the Civil Service Commission has an obligation to attempt to move state and local governments toward personnel practices which operate on a merit basis. The Department of Labor and other Executive Branch agencies have responsibilities in the area of equal employment opportunities as it affects state and local government employers. This memorandum addresses the question of how the agencies in the Executive Branch (e. g., CSC, EEOC, Justice, Labor and other Federal agencies having equal employment opportunity responsibilities) should act to implement the distinction between proper goals and timetables on the one hand, and impermissible quotas and preferences on the other, with due regard for the merit selection principles which many states and local governments are

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obliged to follow, and which some state and local government employers do not properly follow with regard to equal employment opportunities.

All of the agencies agree that there is no conflict between a true merit selection system and equal employment opportunities laws—because each requires nondiscrimination in selection, hiring, promotion, transfer and layoff, and each requires that such decisions be based upon the person's ability and merit, not on the basis of race, color, national origin, religion or sex. The problems arise when an employer pays only lip service to the concept of merit selection, but in fact follows employment practices which discriminate on the basis of race, color, etc.

All of the agencies recognize that goals and timetables are appropriate as a device to help measure progress in remedying discrimination. All agencies recognize that where an individual person has been found to be the victim of an unlawful employment practice as defined in the Act he or she should be given "priority consideration" for the next expected vacancy, regardless of his relative "ability ranking" at the time the new hire is made—this because absent the act of discrimination, he or she would be on the job. All agencies also recognize that it may be appropriate for a court to order an employer to make a good faith, nondiscriminatory effort to meet goals and timetables where a pattern of discriminatory employment practices has been found.

All agencies recognize the basic distinctions between permissible goals on the one hand and impermissible quotas on the other. Quota systems in the past have been used in other contexts as a quantified limitation, the purpose of which is exclusion, but this is not its sole definition. A quota system, applied in the employment context, would impose a fixed number or percentage which must be attained, or which cannot be exceeded; the crucial consideration would be whether the mandatory numbers of persons have been hired or promoted. Under such a quota system, that number would be fixed to reflect the population in the area, or some other numerical base, regardless of the number of potential applicants who meet necessary qualifications. If the employer failed, he would be subject to sanction. It would be no defense that the quota may have been unrealistic to start with, that he had insufficient vacancies, or that there were not enough qualified applicants, although he tried in good faith to obtain them through appropriate recruitment methods.

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Any system which requires that considerations of relative abilities and qualifications be subordinated to considerations of race, religion, sex or national origin in determining who is to be hired, promoted, etc., in order to achieve a certain numerical position has the attributes of a quota system which is deemed to be impermissible under the standards set forth herein.

A goal, on the other hand, is a numerical objective, fixed realistically in terms of the number of vacancies expected, and the number of qualified applicants available in the relevant job market. Thus, if through no fault of the employer, he has fewer vacancies than expected, he is not subject to sanction, because he is not expected to displace existing employees or to hire unneeded employees to meet his goal. Similarly, if he has demonstrated every good faith effort to include persons from the group which was the object of discrimination into the group being considered for selection, but has been unable to do so in sufficient numbers to meet his goal, he is not subject to sanction.

Under a system of goals, therefore, an employer is never required to hire a person who does not have qualifications needed to perform the job successfully; and an employer is never required to hire such an unqualified person in preference to another applicant who is qualified; nor is an employer required to hire a less qualified person in preference to a better qualified person, provided that the qualifications used to make such relative judgments realistically measure the person's ability to do the job in question, or other jobs to which he is likely to progress. The terms "less qualified" and "better qualified" as used in this memorandum are not intended to distinguish among persons who are substantially equally well qualified in terms of being able to perform the job successfully. Unlike quotas, therefore, which may call for a preference for the unqualified over the qualified, or of the less qualified over the better qualified to meet the numerical requirement, a goal recognizes that persons are to be judged on individual ability, and therefore is consistent with the principles of merit hiring.

In some job classifications, in which the newly hired person learns on the job the skills required, and where there is no extensive education, experience or training required as prerequisite to successful job performance, many applicants will possess the necessary basic qualifications to perform the job. While determinations of relative

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ability should be made to accord with required merit principles, where there has been a history of unlawful discrimination, if goals are set on the basis of expected vacancies and anticipated availability of skills in the market place, an employer should be expected to meet the goals if there is an adequate pool of qualified applicants from the discriminated against group from which to make selections; and if the employer does not meet the goal, he has the obligation to justify his failure.

Similarly, where an employer has purported to follow merit principles, but has utilized selection procedures which are in fact discriminatory and have not been shown validly to measure or to predict job success (see, *Griggs v. Duke Power Co.*, [3 EPD ¶8137] 401 U. S. 424), there frequently is no valid basis presently available for ranking applicants objectively in order of the probabilities of success on the job. In such circumstances, all agencies agree that a public employer will be expected to devise or borrow a selection procedure which is as objective as possible and is likely to be proved valid and is not likely to perpetuate the effects of past discrimination; and to meet those goals which have been set on a vacancy basis. The selection procedure should be as objective and job related as possible, but until it has been shown to be valid for that specific purpose, it must be recognized that rank ordering does not necessarily indicate who will in fact do better on the job. Accordingly, if the goal is not being met because of the interim selection procedure, the procedure and other aspects of the affirmative action program may have to be revised. All agencies agree that use of such goals does not and should not require an employer to select on the basis of race, national origin, or sex a less qualified person over a person who is better qualified by objective and valid procedures. Where such procedures are not being utilized, valid selection procedures to determine who will in fact do better on the job should be established as soon as feasible in accordance with the principles set forth in paragraphs 2 and 5 below.

With the foregoing in mind, the agencies agree that the following principles should be followed:

1. Whenever it is appropriate to establish goals, the goals and timetables should take into account anticipated vacancies and the availability of skills in the market place from which employees should be drawn. In addition, where unlawful discrimination by

the employer has been established, the corrective action program, including the recruiting and advertising obligations and the short range hiring goals, should also take into account the need to correct the present effects of the employer's past discriminatory practices.

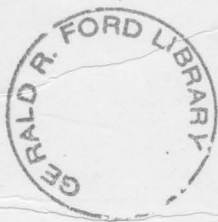
2. The goals should be reached through such recruiting and advertising efforts as are necessary and appropriate, and the selection of persons only from amongst those who are qualified. A goal, unlike a quota, does not require the hiring of persons when there are no vacancies, nor does it require the hiring of a person who is less likely to do well on the job ("less qualified") over a person more likely to do well on the job ("better qualified"), under valid selection procedures. When the standards for determining qualifications are invalid and not predictive of job success, valid selection procedures should be developed as soon as feasible. Where an employer has followed exclusionary practices, however, and has made little or no progress in eliminating the effects of its past discriminatory practices, the selection standards it proposes to utilize in determining who is "qualified," or "better qualified" will be examined with care to assure that they are in fact valid for such purposes and do not perpetuate the effects of the employer's past discrimination (i.e., which have as little discriminatory impact as possible under the circumstances) and do not raise artificial or unnecessary barriers.

3. In no event does a goal require that an employer must in all circumstances hire a specified number of persons, because such a goal would in fact be a quota. It is, however, appropriate to ask a court to impose goals and timetables, including hiring goals, on an employer who has engaged in racial or ethnic exclusion, or other unconstitutional or unlawful employment practices. The goals we seek in court, like those accepted voluntarily by employers, are subject to the limitations set forth in this memorandum.

4. As a general matter, relief should be provided to those persons who have been adversely affected as a consequence of the employer's unlawfully discriminatory practices. All agencies will continue to seek insofar as feasible to have persons who can show that they were injured by such practices restored to the position they would be in but for the unlawful conduct. In addition, all agencies will seek to have those persons who have been excluded from consideration or employment because of such

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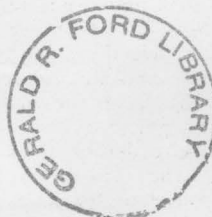


discriminatory practices allowed to compete for future vacancies on the basis of qualifications and standards no more severe than those utilized by the employer in selecting from the advantaged groups, unless the increased standards are required by business necessity. Such relief will be sought to prevent the erection of unnecessary barriers to equal employment opportunities. Such relief will not preclude a public employer from adopting merit standards; nor will it preclude such an employer who has previously used invalid selection standards or procedures from developing and using valid, job related selection standards and procedures as contemplated by paragraphs 2 and 5 of this memorandum.

5. Where an employer has utilized a selection device which is itself unlawfully discriminatory, relief should be sought to prohibit the use of that and similar selection devices (i.e., devices which measure

the same kinds of things) together with the development of an appropriate affirmative action plan which may include goals and timetables in accord with the principles set forth in this paper. In addition, we will ask the courts to permit the employer to select (or develop) and validate a job related selection procedure which will facilitate selections on the basis of relative ability to do the job. The speed with which such new selection devices can and should be developed and validated depends upon the facts and circumstances of each case.

Agencies with equal employment opportunity responsibilities should take actions in accordance with the principles outlined in this memorandum in order to assure a coordinated approach within the Executive Branch to eliminate discriminatory employment practices and their consequences.



NEWS

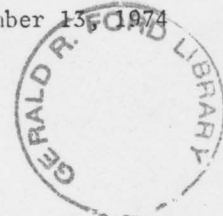


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USDL--74-507

FOR RELEASE: IMMEDIATE
Friday, September 13, 1974



BRENNAN ALLOCATES \$65 MILLION ADDITIONAL PUBLIC-SERVICE JOB FUNDS

Secretary of Labor Peter J. Brennan today allocated \$65 million to state and local governments as the first step in the creation of 85,000 additional public service jobs that President Ford called for on Wednesday.

Brennan said that these funds are being made immediately available for the creation of over 12,000 jobs and that an additional \$350 million will be allocated by the end of the month.

The allocations of the \$65 million are going to areas having 6.5 percent or higher unemployment and are based on the number of unemployed above the 6.5 percent level in the area compared to the number in all such areas throughout the country. The Department's regional offices will begin immediately to transmit the funds to mayors, county executives, and governors so they can start hiring unemployed and underemployed people.

The \$65 million was made available from the Secretary's discretionary funds under Title II of the Comprehensive Employment and Training Act (CETA) for fiscal year 1974. The \$350 million will come from fiscal 1975 CETA funds.

In a meeting with national labor leaders at the White House on September 11, President Ford said that the unemployment situation "calls for full use of available tools and dollars." He went on to say that he had instructed the Secretary of Labor to speed the allocation of available funds for public service jobs.

Responding to the President's announcement, Brennan directed that distribution of funds begin immediately. With computerized unemployment information already on hand,

(MORE)

actual funding was underway in less than 48 hours.

A separate allocation of funds to Indian reservations will be made later.

Funds under Title II of CETA may be used for public service employment by states and localities or they may be used for other manpower services, such as training, counseling, or job development, authorized under Title I of CETA.

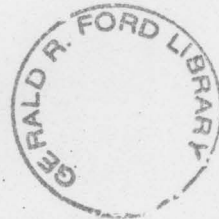
The Department has recently distributed to prime sponsors nearly \$300 million in CETA Title II funds for fiscal 1974, as well as almost \$250 million of Emergency Employment Act funds (EEA) provided in the second supplemental appropriation.

This \$550 million added to the \$415 million indicated above can provide some 170,000 public service jobs this coming winter.

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(Attached is a state-by-state listing of allocations.)

/ / /



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

PAGE 1

	% UNEMPLOYED -----	NO UNEMPLOYED -----	ALLOCATION -----
REGION I		36,810	4,776,665
CONNECTICUT		4,509	585,140
BRIDGEPORT	7.4	1,673	217,144
P A IS BRIDGEPORT	8.4	1,346	174,670
P A IS MILFORD	7.9	327	42,473
HARTFORD		1,250	162,227
HARTFORD AREA	6.3	1,250	162,227
P A IS HARTFORD	8.1	1,250	162,227
NEW HAVEN		968	125,717
NEW HAVEN	8.0	968	125,717
P A IS NEW HAVEN	8.0	968	125,717
WATERBURY	7.3	414	53,839
WATERBURY	7.3	414	53,839
BALANCE OF STATE		202	26,212
NEW BRITAIN/BRISTOL	6.5	202	26,212
P A IS NEW BRITAIN	7.0	202	26,212
MAINE		2,337	303,277
BALANCE OF STATE	7.1	2,337	303,277
BALANCE	7.1	2,337	303,277
RHODE ISLAND		844	114,791
PROVIDENCE	7.3	667	86,604
PROVIDENCE	7.3	667	86,604
BALANCE OF STATE	6.6	217	28,187
BALANCE	6.6	217	28,187
VERMONT		2,250	291,979
BALANCE OF STATE	7.6	2,250	291,979
BALANCE OF STATE	7.6	2,250	291,979



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

PAGE 2

	% UNEMPLOYED -----	NO UNEMPLOYED -----	ALLOCATION -----
MASSACHUSETTS		25,974	3,370,540
CAMBRIDGE	7.8	2,025	262,892
P A IS CAMBRIDGE	8.3	941	122,190
P A IS SOMERVILLE	9.1	1,084	140,701
LOWELL	7.5	934	121,113
P A IS LOWELL	7.9	614	79,681
BALANCE	7.1	319	41,431
NEW BEDFORD	7.2	516	66,965
P A IS NEW BEDFORD	7.2	516	66,965
SPRINGFIELD	7.1	1,591	206,477
P A IS SPRINGFIELD	7.8	911	118,301
P A IS CHICOPEE	7.4	236	30,633
P A IS HOLYOKE	8.6	443	57,542
WORCESTER		241	31,338
MODEL CITIES/POVERTY AREA	7.2	241	31,338
P A IS WORCESTER	7.2	241	31,338
BOSTON	9.1	7,678	986,403
BOSTON	9.1	7,678	986,403
BALANCE OF STATE	7.3	12,097	1,685,351
P A IS BROCKTON	8.3	728	94,583
P A IS FALL RIVER	7.9	601	78,003
P A IS LAWRENCE	7.5	302	39,206
P A IS LYNN	8.9	958	124,398
P A IS MALDEN	7.4	234	30,380
P A IS PITTSFIELD	7.9	370	48,016
BALANCE	7.2	9,792	1,270,763
NEW HAMPSHIRE		854	110,934
BALANCE OF STATE		854	110,934
BERLIN LOCAL OFFICE AREA	10.0	525	68,126
BERLIN LOCAL OFFICE AREA	10.0	525	68,126
LITTLETON LOCAL OFFICE AREA	9.7	329	42,808
P A IS GRAFTON	9.7	329	42,808



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

PAGE 3

	% UNEMPLOYED -----	NO UNEMPLOYED -----	ALLOCATION -----
REGION II		114,587	14,869,365
NEW JERSEY		28,089	3,644,946
CAMDEN'	10.2	1,721	223,400
CAMDEN'	10.2	1,721	223,400
JERSEY CITY	8.6	2,286	296,649
JERSEY CITY	8.6	2,286	296,649
NEWARK'	11.0	6,807	883,339
NEWARK'	11.0	6,807	883,339
PATERSON	12.4	3,810	494,496
PATERSON	12.4	3,810	494,496
TRENTON	7.9	689	89,409
TRENTON	7.9	689	89,409
ATLANTIC COUNTY	8.8	1,774	230,219
ATLANTIC COUNTY	8.8	1,774	230,219
BERGEN COUNTY		230	29,878
BERGEN COUNTY SUB-AREA 2	6.8	230	29,878
BERGEN COUNTY SUB-AREA 2	6.8	230	29,878
CUMBERLAND COUNTY	9.9	1,908	247,605
CUMBERLAND COUNTY	9.9	1,908	247,605
HUDSON COUNTY	10.0	5,505	714,416
HUDSON COUNTY	10.0	5,505	714,416
OCEAN COUNTY	7.2	733	95,124
P A IS OCEAN COUNTY	7.2	733	95,124
PASSAIC COUNTY	7.5	2,017	261,844
P A IS PASSAIC CITY	12.5	1,613	209,345
P A IS CLIFTON CITY	9.1	404	52,498
BALANCE OF STATE	7.0	605	78,562
BALANCE OF STATE	7.0	605	78,562



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U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

PAGE 5

	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
PUERTO RICO		48,409	6,281,791
BAYAMON	10.2	1,921	249,383
BAYAMON	10.2	1,921	249,383
CAROLINA	7.2	266	34,630
CAROLINA	7.2	266	34,630
MAYAGUEZ	12.8	2,106	273,356
MAYAGUEZ	12.8	2,106	273,356
PONCE	17.2	5,254	681,806
PONCE	17.2	5,254	681,806
SAN JUAN	10.7	7,958	1,032,716
P A IS GUAYNABO MUN	8.1	329	42,780
P A IS SAN JUAN MUN	10.9	7,089	919,982
BALANCE	13.5	539	69,953
BALANCE OF PUERTO RICO	12.5	30,901	4,009,898
P A IS AGUADILLA MUN	29.0	3,082	399,997
P A IS ARECIBO MUN	21.1	3,331	432,335
P A IS GAGUAS MUN	15.8	3,085	400,384
BALANCE	11.3	21,401	2,777,179



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U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
REGION III		41,118	5,335,673
DELAWARE		656	85,212
WILMINGTON	8.3	656	85,212
WILMINGTON	8.3	656	85,212
MARYLAND		1,673	217,139
WASHINGTON COUNTY	6.0	302	39,297
P A IS ALLEGANY COUNTY	7.4	302	39,297
PRINCE GEORGES COUNTY		278	36,176
D C BORDER AREA	7.1	278	36,176
D C BORDER AREA	7.1	278	36,176
BALANCE OF STATE		1,091	141,664
KENT/QUEEN ANNE	8.6	327	42,491
KENT/QUEEN ANNE	8.6	327	42,491
LOWER EASTERN SHORE AREA	7.7	764	99,173
BALANCE	8.3	764	99,173



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
PENNSYLVANIA		28,753	3,731,206
BUTLER COUNTY		258	33,524
ARMSTRONG COUNTY AREA	8.5	258	33,524
P A IS ARMSTRONG COUNTY	8.5	258	33,524
LANCASTER-LEBANON		204	26,479
LOWER LANCASTER AREA	9.8	204	26,479
P A IS LANCASTER CITY	9.8	204	26,479
LYCOMING-CLINTON	7.4	608	78,910
P A IS LYCOMING COUNTY	9.8	294	38,277
BALANCE	7.0	313	40,632
MERCER COUNTY	7.1	304	39,477
P A IS MERCER COUNTY	7.1	304	39,477
SCHUYLKILL-CARBON	7.1	1,067	138,466
P A IS SCHUYLKILL COUNTY	8.0	1,067	138,466
SOUTHERN ALLEGHENIES	7.4	1,710	221,991
P A IS BLAIR COUNTY	7.4	196	25,440
P A IS CAMBRIA COUNTY	9.0	253	32,945
BALANCE	7.3	1,260	163,604
PHILADELPHIA CITY/COUNTY	7.8	10,043	1,303,264
PHILADELPHIA CITY/COUNTY	7.8	10,043	1,303,264
PITTSBURGH	7.7	2,564	332,809
PITTSBURGH	7.7	2,564	332,809
SCRANTON	7.4	405	52,586
SCRANTON	7.4	405	52,586
ALLEGHENY COUNTY		523	67,931
MONONGAHELA VALLEY AREA	7.0	523	67,931
MONONGAHELA VALLEY AREA	7.0	523	67,931
BUCKS COUNTY		443	57,536
BRISTOL TOWNSHIP	7.9	443	57,536
P A IS BRISTOL TOWNSHIP	7.9	443	57,536



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
DELAWARE COUNTY		714	92,766
CHESTER WATER FRONT AREA	7.9	714	92,766
P A IS CHESTER CITY	7.9	714	92,766
FAYETTE COUNTY	8.6	1,120	145,409
FAYETTE COUNTY	8.6	1,120	145,409
LACKAWANNA COUNTY	7.7	665	86,311
LACKAWANNA COUNTY	7.7	665	86,311
LAWRENCE COUNTY	7.7	522	67,746
LAWRENCE COUNTY	7.7	522	67,746
LUZERNE COUNTY	7.5	1,186	154,021
LUZERNE COUNTY	7.5	1,186	154,021
WASHINGTON COUNTY		222	28,865
EASTERN AREA	7.4	222	28,865
EASTERN AREA	7.4	222	28,865
WESTMORELAND COUNTY	7.8	1,878	243,783
WESTMORELAND COUNTY	7.8	1,878	243,783
BALANCE OF STATE		4,310	559,322
CLEARFIELD COUNTY	9.1	753	97,805
P A IS CLEARFIELD COUNTY	9.1	753	97,805
COLUMBIA COUNTY	9.6	823	106,852
COLUMBIA COUNTY	9.6	823	106,852
JEFFERSON COUNTY-CENTRAL AREA	9.8	298	38,671
JEFFERSON COUNTY-CENTRAL AREA	9.8	298	38,671
JUNIATA COUNTY	9.4	197	25,661
JUNIATA COUNTY	9.4	197	25,661
MIFFLIN COUNTY	8.3	338	43,872
MIFFLIN COUNTY	8.3	338	43,872
NORTHUMBERLAND COUNTY	9.9	1,452	188,422
P A IS NORTHUMBERLAND COUNTY	9.9	1,452	188,422
TIOGA COUNTY	7.9	213	27,641



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

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	% UNEMPLOYED -----	NO UNEMPLOYED -----	ALLOCATION -----
TIOGA COUNTY	7.9	213	27,641
WYOMING COUNTY	9.3	234	30,395
WYOMING COUNTY	9.3	234	30,395
 VIRGINIA		 6,711	 870,866
PENINSULA		204	26,504
NEWPORT NEWS-EAST END	7.1	204	26,504
P A IS NEWPORT NEWS	7.1	204	26,504
RAMPS		348	45,282
RICHMOND SUB-AREA	7.6	348	45,282
P A IS RICHMOND	7.6	348	45,282
STAMPS		570	74,068
NORFOLK CENTRAL AREA	7.2	322	41,910
P A IS NORFOLK	7.2	322	41,910
PORTSMOUTH INNER CITY	7.2	247	32,158
P A IS PORTSMOUTH	7.2	247	32,158
BALANCE OF STATE		5,587	725,010
CHINCOTEAGUE	12.6	1,231	159,757
CHINCOTEAGUE	12.6	1,231	159,757
COLONIAL BEACH AREA	15.2	1,393	180,780
COLONIAL BEACH AREA	15.2	1,393	180,780
GRINDY AREA	11.7	560	72,725
GRINDY AREA	11.7	560	72,725
LEBANON AREA	12.5	819	106,385
LEBANON AREA	12.5	819	106,385
PENNINGTON GAP AREA	13.4	450	58,466
PENNINGTON GAP AREA	13.4	450	58,466
RICHLANDS AREA	12.1	886	115,067
RICHLANDS AREA	12.1	886	115,067
WISE COUNTY	9.3	245	31,828
WISE COUNTY	9.3	245	31,828
 WEST VIRGINIA		 3,323	 431,248
WEST VIRGINIA STATEWIDE		3,323	431,248
CABELL COUNTY MIDWEST AREA	7.7	420	54,581
CABELL COUNTY MIDWEST AREA	7.7	420	54,581
EASTERN AREA	7.1	1,278	165,849
EASTERN AREA	7.1	1,278	165,849
KANAWHA COUNTY	7.3	327	42,519
P A IS KANAWHA COUNTY	7.3	327	42,519
SOUTHERN AREA	7.5	780	101,228
BALANCE	7.6	790	101,228
WESTERN AREA	7.1	516	67,067
WESTERN AREA	7.1	516	67,067



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U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
REGION IV		13,826	1,794,172
ALABAMA		1,652	214,421
BIRMINGHAM		399	51,871
BIRMINGHAM SUBAREA (TR 6 ETAL)	7.5	399	51,871
P A IS BIRMINGHAM	7.5	399	51,871
HUNTSVILLE		267	34,702
CEP AREA	10.5	267	34,702
P A IS HUNTSVILLE CITY	10.5	267	34,702
MOBILE		747	96,997
SUB AREA (TRACT 2 ETAL)	8.7	747	96,997
P A IS MOBILE	8.7	747	96,997
BALANCE OF STATE		237	30,849
WINSTON COUNTY	9.8	237	30,849
WINSTON COUNTY	9.8	237	30,849
FLORIDA		4,348	564,331
MIAMI/DADE		350	45,473
CENTRAL AREA	6.9	350	45,473
P A IS MIAMI	6.9	350	45,473
BROWARD		481	62,536
HOLLYWOOD SUB-AREA	7.2	276	35,841
P A IS HOLLYWOOD	7.2	276	35,841
POMPANO AREA	7.7	205	26,694
POMPANO AREA	7.7	205	26,694
BREVARD COUNTY	11.0	3,516	456,321
P A IS BREVARD COUNTY	11.0	3,516	456,321



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U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
GEORGIA		2,084	270,551
ATLANTA		1,460	189,498
ATLANTA IMPACT AREA	7.8	1,460	189,498
P A IS ATLANTA	7.8	1,460	189,498
BALANCE OF STATE		624	81,053
ALBANY POVERTY AREA	9.3	341	44,264
P A IS ALBANY CITY	9.3	341	44,264
GA MTN POVERTY AREA	10.0	283	36,788
GA MTN POVERTY AREA	10.0	283	36,788
KENTUCKY		4,630	600,853
RURAL CEP	7.3	1,438	186,696
BALANCE	7.9	1,438	186,696
BALANCE OF STATE		3,191	414,156
MORGANTOWN AREA	13.6	419	54,398
MORGANTOWN AREA	13.6	419	54,398
MT. STERLING AREA	9.0	415	53,960
MT. STERLING AREA	9.0	415	53,960
PRINCETON AREA	9.8	545	70,787
PRINCETON AREA	9.8	545	70,787
SOMERSET AREA	9.5	1,811	235,009
SOMERSET AREA	9.5	1,811	235,009



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U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
SOUTH CAROLINA		213	27,683
STATEWIDE		213	27,683
DILLATTA SUB-AREAA	10.5	213	27,683
DILLATTA SUB-AREAA	10.5	213	27,683
TENNESSEE		896	116,332
BALANCE OF STATE		896	116,332
GREENE COUNTY SUB AREA	9.1	402	52,239
GREENE COUNTY SUB AREA	9.1	402	52,239
MC MINN COUNTY	7.8	196	25,520
MC MINN COUNTY	7.8	196	25,520
SCOTT COUNTY	13.1	297	38,572
SCOTT COUNTY	13.1	297	38,572



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
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	% UNEMPLOYED -----	NO UNEMPLOYED -----	ALLOCATION -----
REGION V		136,369	17,695,859
ILLINOIS		4,004	519,645
MADISON COUNTY	7.2	757	98,303
P A IS MADISON COUNTY	7.2	757	98,303
SHAWNEE LMA	8.5	472	61,248
SHAWNEE LMA	8.5	472	61,248
EAST ST LOUIS	13.0	1,550	201,134
P A IS EAST ST LOUIS	13.0	1,550	201,134
BALANCE OF STATE		1,224	158,959
CLINTON/MARION COUNTY	7.5	303	39,413
CLINTON/MARION COUNTY	7.5	303	39,413
SE ILLINOIS LMA	8.3	921	119,545
SE ILLINOIS LMA	8.3	921	119,545
INDIANA		6,282	815,219
INDIANAPOLIS		4,596	596,472
INDIANAPOLIS SUB-AREA	10.9	4,596	596,472
P A IS INDIANAPOLIS	10.9	4,596	596,472
MADISON COUNTY	7.3	354	46,015
P A IS ANDERSON	7.6	354	46,015
BALANCE OF STATE		1,331	172,732
FAYETTE COUNTY	8.2	277	36,049
FAYETTE COUNTY	8.2	277	36,049
GRANT COUNTY	7.1	222	28,873
P A IS GRANT COUNTY	7.1	222	28,873
HOWARD COUNTY	7.6	484	62,824
P A IS HOWARD COUNTY	7.6	484	62,824
ORANGE COUNTY	11.7	346	44,984
ORANGE COUNTY	11.7	346	44,984



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
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	% UNEMPLOYED -----	NO UNEMPLOYED -----	ALLOCATION -----
KALAMAZOO COUNTY		429	55,762
KALAMAZOO	7.6	429	55,762
KALAMAZOO	7.6	429	55,762
MACOMB COUNTY	7.5	1,798	233,338
P A IS ROSEVILLE	8.3	488	63,431
BALANCE	7.4	1,309	169,907
OAKLAND COUNTY	8.0	6,186	802,769
P A IS PONTIAC	17.7	4,264	553,425
P A IS WATERFORD TOWNSHIP	10.9	1,198	155,469
BALANCE	6.7	723	93,874
OTTAWA COUNTY	7.5	581	75,470
P A IS OTTAWA COUNTY	7.5	581	75,
SAGINAW COUNTY	9.7	2,910	377,616
P A IS SAGINAW	11.4	1,941	251,893
BALANCE	8.4	968	125,732
ST CLAIR COUNTY	11.5	3,966	514,712
P A IS ST CLAIR COUNTY	11.5	3,966	514,712
WAYNE COUNTY	7.1	2,313	300,244
P A IS TAYLOR CITY	8.5	594	77,095
BALANCE	7.0	1,719	223,149
BALANCE OF STATE	7.0	3,223	418,276
P A IS MARQUETTE COUNTY	7.5	253	32,890
P A IS MIDLAND COUNTY	14.9	2,146	278,503
BALANCE	6.6	823	106,881



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
MINNESOTA		20,107	2,609,262
ST LOUIS COUNTY	10.6	3,648	473,459
P A IS ST LOUIS COUNTY	9.4	1,270	164,818
BALANCE	11.8	2,378	308,640
DULUTH	9.2	1,098	142,506
DULUTH	9.2	1,098	142,506
MINN RURAL CEP		15,360	1,993,297
MINN DEVELOPMENT REGION 2	15.5	2,226	288,880
MINN DEVELOPMENT REGION 2.	15.5	2,226	288,880
MINN DEVELOPMENT REGION 5	13.0	3,112	403,890
MINN DEVELOPMENT REGION 5	13.0	3,112	403,890
MINN DEVELOPMENT REGION 4	8.5	1,744	226,430
MINN DEVELOPMENT REGION 4	8.5	1,744	226,430
MINN DEVELOPMENT REGION 6	7.4	673	87,432
MINN DEVELOPMENT REGION 6	7.4	673	87,432
MINN DEVELOPMENT REGION 7	9.0	2,858	370,873
P A IS STEARNS COUNTY	8.9	1,033	134,056
BALANCE	9.1	1,824	236,816
WINONA COUNTY	7.7	272	35,329
WINONA COUNTY	7.7	272	35,329
MINN DEVELOPMENT REGION 1	14.9	3,829	496,872
MINN DEVELOPMENT REGION 1	14.9	3,829	496,872
SOUTH CENTRAL AREA	8.1	644	83,587
SOUTH CENTRAL AREA	8.1	644	83,587



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U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
OHIO		6,517	845,701
CLEVELAND		4,353	564,948
TARGET AREA	6.6	4,353	564,948
P A IS CLEVELAND	8.2	4,353	564,948
DAYTON		1,211	157,157
DAYTON SUB-AREA	7.5	950	123,362
P A IS DAYTON	7.5	950	123,362
MONTGOMERY COUNTY SUB-AREA I	8.0	260	33,795
P A IS MONTGOMERY COUNTY	8.0	260	33,795
CINCINNATI	6.8	593	77,074
CINCINNATI	6.8	593	77,074
CLARK CO		358	46,520
SPRINGFIELD SUB AREA	7.8	358	46,520
P A IS SPRINGFIELD	7.8	358	46,520
WISCONSIN			
TRICO CETAC		221	28,792
RACINE CITY IMPACT AREA	8.5	221	28,792
P A IS RACINE	8.5	221	28,792
BALANCE OF STATE		3,784	491,120
49 COUNTY IMPACT AREA	7.1	3,784	491,120
P A IS GREEN BAY	8.6	310	40,305
P A IS LACROSSE	7.3	194	25,199
BALANCE	7.1	3,279	425,616

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U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

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	% UNEMPLOYED -----	NO UNEMPLOYED -----	ALLOCATION -----
REGION VI		14,271	1,851,922
ARKANSAS		1,274	165,374
BALANCE OF STATE		1,274	165,374
FRANKLIN COUNTY	10.8	215	27,899
FRANKLIN COUNTY	10.8	215	27,899
LAWRENCE COUNTY	11.2	311	40,405
LAWRENCE COUNTY	11.2	311	40,405
NORTH CENTRAL ECONDEV DIST	7.7	748	97,070
NORTH CENTRAL ECONDEV OIST	7.7	748	97,070
LOUISIANA		3,841	498,532
CALCASIEU PARISH	6.5	529	68,669
P A IS LAKE CHARLES	8.1	529	68,669
BATON ROUGE/E BATON ROUGE PAR		226	29,380
LEE/EDEN PARK AREA	8.4	226	29,380
LEE/EDEN PARK AREA	8.4	226	29,380
NEW ORLEANS/ORLEANS PARISH	7.4	2,300	298,503
NEW ORLEANS/ORLEANS PARISH	7.4	2,300	298,503
SHREVEPORT		231	30,049
LAKESIDE/STONERHILL AREA	8.8	231	30,049
LAKESIDE/STONERHILL AREA	8.8	231	30,049
BALANCE OF STATE	6.3	554	71,930
P A IS ST LANDRY PARISH	7.8	334	43,427
P A IS ST TAMMANY PARISH	7.4	219	28,502
NEW MEXICO		772	100,294
ALBUQUERQUE		340	44,214
S E HEIGHTS/VALLEYAREA	6.9	340	44,214
P A IS ALBUQUERQUE	7.1	340	44,214
BALANCE OF STATE		432	56,079
24 COUNTY HI UNEMPAREA	6.6	432	56,079
BALANCE	6.8	432	56,079



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
OKLAHOMA		1,742	226,087
OKLAHOMA CITY		437	56,733
OKLAHOMA CITY POVERTY AREA	8.3	437	56,733
P A IS OKLAHOMA CITY	8.3	437	56,733
BALANCE OF STATE		1,305	169,354
LATIMER/PUSHMATAHA/HASKELL	8.6	214	27,820
LATIMER/PUSHMATAHA/HASKELL	8.6	214	27,820
OKFUSKIE/HUGHES	9.3	250	32,466
OKFUSKIE/HUGHES	9.3	250	32,466
PITTSBURG COUNTY	10.0	477	61,949
PITTSBURG COUNTY	10.0	477	61,949
FIVE COUNTY AREA (COAL ETAL)	8.6	363	47,117
FIVE COUNTY AREA (COAL ETAL)	8.6	363	47,117
TEXAS		6,639	861,632
TEXARKANA		196	25,458
BOWIE COUNTY	7.2	196	25,458
P A IS BOWIE COUNTY	7.2	196	25,458
HILDALGO/WILLACY COUNTIES	9.3	1,981	257,072
P A IS HILDALGO COUNTY	9.3	1,981	257,072
CAMERON COUNTY	7.3	298	38,702
P A IS BROWNSVILLE	7.9	298	38,702
WEBB COUNTY	14.6	1,943	252,158
P A IS LAREDO	14.8	1,943	252,158
BALANCE OF STATE		2,221	288,239
JIM HOGG/STARR/ZA PATA CNTYS	16.3	1,097	142,382
JIM HOGG/STARR/ZA PATA CNTYS	16.3	1,097	142,382
MIDDLE RIO GRANDE AREA	9.2	1,124	145,857
MIDDLE RIO GRANDE AREA	9.2	1,124	145,857



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U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
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Region VII

% UNEMPLOYED
-----NO UNEMPLOYED
-----ALLOCATION

MISSOURI

1,065

138,256

ST LOUIS

SUB-AREA (TRACT 1014 ETAL)

P A IS ST LOUIS CITY

6.9

6.9

589

589

589

76,496

76,496

76,496

ST LOUIS COUNTY

NORMANDY MUN COUNCIL DIST

P A IS ST LOUIS COUNTY

PAGEDALE/WELLSTON

P A IS ST LOUIS COUNTY

7.1

7.1

10.6

10.6

475

272

272

203

203

61,759

35,409

35,409

26,350

26,350



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U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
REGION VIII		227	29,478
COLORADO		227	29,478
BALANCE OF STATE		227	29,478
EAGLE LAKE PITKIN/ROOTT COS AR	7.8	227	29,478
EAGLE LAKE PITKIN/ROOTT COS AR	7.8	227	29,478



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
TITLE II DISCRETIONARY ALLOCATION

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REGION IX

% UNEMPLOYED

NO UNEMPLOYED

ALLOCATION

CALIFORNIA

ALAMEDA TRAINING-EMP BOARD

P A IS ALAMEDA COUNTY

P A IS HAYWARD

FRESNO CITY/CNTY MANPOWER COMM

P A IS FRESNO CITY

P A IS FRESNO COUNTY

SACRAMENTO/YOLO MANPOWER COMM

P A IS SACRAMENTO CITY

P A IS YOLO COUNTY

INLAND MANPOWER ASSN

P A IS SAN BERNARDINO

P A IS SAN BERNARDINO COUNTY

P A IS RIVERSIDE COUNTY

P A IS ONTARIO

SAN DIEGO

P A IS SAN DIEGO CITY

P A IS SAN DIEGO COUNTY

P A IS CHULA VISTA

P A IS EL CAJON

SANTA CLARA VALLEYMANPOWER BD

EP MODEL CITY/ALVISO AREA

P A IS SANTA CLARACOUNTY

SAN JOAQUIN COUNTYCMAC

P A IS STOCKTON CITY

P A IS SAN JOAQUINCO

TULARE/KINGS COMP MNPWR AGCY

P A IS KINGS CO

BERKELEY

BERKELEY

7.1

7.0

8.6

7.5

7.8

7.9

7.0

8.2

7.0

7.5

7.6

7.6

7.6

8.7

8.8

9.2

8.3

9.1

8.6

9.6

9.6

8.5

8.7

8.3

6.7

7.5

10.9

10.9

1,383

537

846

2,561

962

1,599

2,096

1,884

212

5,115

463

2,619

1,375

657

15,423

8,825

5,201

822

574

2,438

2,438

2,438

2,537

1,064

1,472

238

238

2,515

2,515

13,616,858

12,565,329

179,588

69,794

109,794

332,442

124,833

207,609

272,052

244,542

27,509

663,790

60,101

339,947

178,425

85,316

2,001,361

1,145,192

674,976

106,666

74,526

316,493

316,493

316,493

329,228

138,146

191,081

30,883

30,883

326,443

326,443



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	% UNEMPLOYED -----	NO UNEMPLOYED -----	ALLOCATION -----
BUTTE COUNTY	10.7	1,952	253,403
BUTTE COUNTY	10.7	1,952	253,403
CONTRA COSTA COUNTY	6.9	753	97,831
BALANCE	7.0	753	97,831
HUMBOLDT COUNTY	11.3	2,123	275,605
HUMBOLDT COUNTY	11.3	2,123	275,605
IMPERIAL COUNTY	10.1	1,069	138,757
IMPERIAL COUNTY	10.1	1,069	138,757
KERN COUNTY		1,377	178,705
NORTH BAKERSFIELD	9.5	243	31,553
NORTH BAKERSFIELD	9.5	243	31,553
SOUTH KERN COUNTY	11.0	1,134	147,152
SOUTH KERN COUNTY	11.0	1,134	147,152
LONG BEACH	6.7	308	40,087
LONG BEACH	6.7	308	40,087
LOS ANGELES	7.5	12,798	1,660,721
LOS ANGELES	7.5	12,798	1,660,721
LOS ANGELES COUNTY.	6.1	1,934	251,032
P A IS CARSON CITY	7.4	247	32,085
P A IS COMPTON CITY	10.5	1,098	142,518
P A IS POMONA CITY	8.2	588	76,429
MERCED COUNTY	9.7	1,327	172,305
MERCED COUNTY	9.7	1,327	172,305
MONTEREY COUNTY	7.2	699	90,834
P A IS SALINAS	7.9	413	53,673
BALANCE	6.9	286	37,161
OAKLAND	10.3	5,945	771,539
OAKLAND	10.3	5,945	771,539
PASADENA		283	36,724
POVERTY AREA	7.9	283	36,724



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TITLE II DISCRETIONARY ALLOCATION

PAGE 24

	% UNEMPLOYED	NO UNEMPLOYED	ALLOCATION
KJJJJJJJJJKJJJJJJJJJJJKJJJJJJJJ			
P A IS PASADENA	7.9	283	36,724
RICHMOND CITY	9.7	1,060	137,630
RICHMOND CITY	9.7	1,060	137,630
SAN FRANCISCO CITY/COUNTY	8.5	6,963	903,646
SAN FRANCISCO CITY/COUNTY	8.5	6,963	903,646
SANTA CRUZ COUNTY	9.2	1,731	224,689
SANTA CRUZ COUNTY	9.2	1,731	224,689
SONOMA COUNTY	9.2	2,523	327,513
P A IS SANTA ROSA CITY	7.9	350	45,463
BALANCE	9.7	2,173	282,049
STANISLAUS COUNTY	11.5	4,913	637,536
P A IS MODESTO CITY	8.8	756	98,151
BALANCE	12.9	4,156	539,384
BALANCE OF STATE	10.9	14,753	1,914,478
P A IS MENDOCINO COUNTY	11.5	1,097	142,458
P A IS PLACER COUNTY	8.5	681	88,422
P A IS SHASTA COUNTY	10.9	1,644	213,456
BALANCE	11.3	11,329	1,470,140



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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
ARIZONA		1,367	177,388
PHOENIX/MARICOPA		1,367	177,388
CEP AREA	8.5	1,111	144,267
P A IS PHOENIX	8.5	1,111	144,267
YOUNGTOWN-AVONDALE AREA	9.8	255	33,121
P A IS MARICOPA COUNTY	9.8	255	33,121
HAWAII		4,358	565,532
HONOLULU CITY/COUNTY	7.5	2,749	356,782
HONOLULU CITY/COUNTY	7.5	2,749	356,782
BALANCE OF STATE	8.8	1,608	208,750
P A IS HAWAII COUNTY	8.8	740	96,082
BALANCE	8.8	868	112,667
NEVADA		2,378	308,606
LAS VEGAS/CLARK COUNTY	7.6	1,563	202,847
P A IS LAS VEGAS	8.2	1,183	153,639
P A IS CLARK COUNTY	7.0	379	49,208
BALANCE OF STATE	8.1	815	105,759
BALANCE OF STATE	8.1	815	105,759



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U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
REGION X		38,678	5,019,028
ALASKA		8,617	1,118,241
GREATER ANCHORAGE BOROUGH	9.3	1,695	220,051
P A IS ANCHORAGE	9.6	828	107,564
P A IS ANCHORAGE BOROUGH	9.1	866	112,486
BALANCE OF STATE	15.9	6,921	898,189
BALANCE OF STATE	15.9	6,921	898,189
OREGON		4,112	533,685
MID-WILLAMETTE VALLEY	8.0	1,619	210,144
P A IS SALEM CITY	8.0	504	65,474
P A IS MARION COUNTY	7.9	526	68,275
BALANCE	8.1	588	76,395
PORTLAND		532	69,098
SPECIAL IMPACT AREA	7.3	532	69,098
SPECIAL IMPACT AREA	7.3	532	69,098
LANE COUNTY	6.7	208	27,049
LANE COUNTY	6.7	208	27,049
BALANCE OF STATE	7.0	1,752	227,393
P A IS COOS COUNTY	7.7	297	38,544
P A IS DOUGLAS COUNTY	7.5	334	43,410
P A IS JACKSON COUNTY	7.3	368	47,824
P A IS LINN COUNTY	7.5	326	42,355
BALANCE	6.7	425	55,258



U.S. DEPARTMENT OF LABOR--MANPOWER ADMINISTRATION
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	<u>% UNEMPLOYED</u>	<u>NO UNEMPLOYED</u>	<u>ALLOCATION</u>
WASHINGTON		25,947	3,367,101
KING/SNOHOMISH MAPWR	7.3	5,782	750,364
P A IS EVERETT	8.9	546	70,894
P A IS SEATTLE	7.4	2,284	296,467
P A IS KING COUNTY	7.1	1,567	203,451
P A IS SNOHOMISH COUNTY	7.8	1,393	179,550
SPOKANE	7.9	1,013	131,494
P A IS SPOKANE CITY	7.8	1,013	131,494
TACOMA	9.4	1,858	241,122
TACOMA	9.4	1,858	241,122
KITSAP COUNTY	8.5	815	105,856
KITSAP COUNTY	8.5	815	105,856
PIERCE COUNTY	8.1	1,345	174,582
PIERCE COUNTY	8.1	1,345	174,582
YAKIMA COUNTY	11.3	3,091	401,115
YAKIMA COUNTY	11.3	3,091	401,115
BALANCE OF STATE	9.3	12,041	1,562,565
P A IS COWLITZ COUNTY	8.1	490	63,594
P A IS GRAYS HARBOR COUNTY	10.0	922	119,674
P A IS SKAGIT COUNTY	13.1	1,681	218,229
P A IS THURSTON COUNTY	7.5	382	49,569
P A IS WHATCOM COUNTY	12.1	2,168	281,362
BALANCE	9.1	6,397	830,134

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EMBARGOED UNTIL 12:00 NCON, EST
WEDNESDAY, FEBRUARY 6, 1974

February 6, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

THE COMPREHENSIVE HEALTH INSURANCE PLAN

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(OVER)

MAJOR FEATURES OF THE COMPREHENSIVE HEALTH INSURANCE PLAN

I. STRUCTURE

A. Employee Health Insurance Plan (EHIP)

- All employers would be required to offer the basic insurance plan and Health Maintenance Organization (HMO) coverage to each employee under age 65 who has met the full-time hours of work test. Coverage extends to family members under 65. Employers may self-insure.
- Election of coverage would be voluntary at the option of the employee.
- The basic plan would also be available to self-employed and non-working families, individuals, and non-employer groups (e.g., unions or professional associations), through private carriers.
- Employers would be required to offer coverage meeting the basic plan, and could offer optional plans supplementing the basic plan. Employers could not offer non-approved plans.
- Employers would contribute 65 percent of premium expenses for covered employees. However, if an employer's payroll rises by more than 3 percent due to required contributions to coverage, then the Federal Government would pay a subsidy to the employer for employer premiums in excess of the 3 percent increase in payroll expenses. The subsidy would be 75 percent of such excess in the first year reduced by 15 percentage points each year thereafter.
- The employer contribution toward coverage would begin 90 days after onset of employment and continue for 90 days after termination of full-time employment.
- An individual or family which has been enrolled in an Employee Health Insurance Plan would be allowed to continue coverage under the plan, at the employer's group rate, for 90 days following the period of a required employer contribution (a total of 180 days after termination), by paying the premium in full themselves.

B. Assisted Health Insurance Plan (AHIP)

- States would contract with intermediaries to offer the basic plan to all residents of the State, except those with family incomes of \$7,500 or more who are offered the Employee Health Insurance Plan.

more

- Employers who desire to do so could offer AHIP (at 150% of the average group rate in the State) in fulfillment of the requirement to offer a mandated plan. Members of such employee groups could enroll in AHIP irrespective of income level.
- Persons who would, in fact, enroll in AHIP:
 - a. families below \$5,000 income (\$3,500 for individuals) regardless of work status
 - b. non-working families between \$5,000 and \$7,500 income (\$3,500-\$5,250 for individuals)
 - c. very high risk working families between \$5,000 and \$7,500 income (\$3,500-\$5,250 for individuals)
 - d. non-working families with unusually high medical risks (disabled and early retirees) regardless of income
 - e. unusually high risk employer groups.
- All persons eligible for AHIP would have the option of obtaining coverage through an approved prepaid health care plan.
- The premiums, deductibles, coinsurance, and maximum liability would be related to income.
- Carriers administering AHIP coverage would be reimbursed by the State on the basis of actual benefits paid for covered services, less income derived from the plan, plus a negotiated rate for administration.
- Employers would be required to make a contribution to AHIP for low-income employees who elect that coverage, in the amount they would have contributed for other employees under an Employee Health Insurance Plan.
- For AHIP eligibles who elect coverage through a prepaid health care plan, the State would contribute an amount equal to the cost of providing AHIP coverage.

II. BENEFIT PACKAGE

A. Reimbursable Services

- Hospital services, not subject to a dollar limitation.
- Physician services, not subject to a dollar limitation.
- Prescription drugs, out-of-hospital.

more



- Mental Health services

- inpatient - 30 full days or 60 partial days
- outpatient - 30 visits to a comprehensive community care center or private practitioner (the latter not to exceed 15 visits)

- Special and preventive services for children

- well child care up to age 6
- eye examinations, developmental vision care, and eyeglasses up to age 13
- ear examinations and hearing aids up to age 13
- routine dental services up to age 13

- Other preventive services

- prenatal and maternity services
- family planning

- Home Health Services - 100 visits per year

- Post-hospital extended care - 100 days per year
- Blood and blood products

- Other medical services, as in Medicare (prosthetic devices, dialysis equipment and supplies, x-rays, laboratory, ambulance, etc.).

B. Premiums and Cost-Sharing (EHIP and AHIP)

Employer Plan

- Premiums for employer groups of 51 or more employees and other families and groups being offered EHIP would be negotiated between employer and other groups and the insurance carrier.

- Expenses for an insured individual which exceed \$10,000 in a year cannot be attributed to the experience rating of the employee group through which the individual has obtained coverage.

- Each insurance company would be required to offer the same rate to all employees in firms with 1 to 50 employees (subject to the single/family rate differential).

- Rates for coverage under the plan cannot differ on the basis of family size and composition, except that there must be separate rate determinations for singles and families with the single rate being 40 percent of the family rate.

- The benefit package as presently constituted would result in an approximate average group family premium of about \$600. (The single person could expect to pay a premium of \$240.) The average premium required by this coverage per full-time employee is \$415.

- The employer would eventually pay 75% of premium costs and employees the remaining 25%.

- EHIP would not reimburse for services until the insured unit has met a deductible of \$150 per person (maximum of three deductibles per family), with a separate \$50 per person deductible on reimbursement for outpatient drugs.

- After satisfying the deductible, the enrollee pays a coinsurance of 25 percent, with a maximum liability for cost-sharing (deductible plus coinsurance) of \$1,500 in a year.

There would be no per year or lifetime limitation on benefits paid by the Plan.

Assisted Health Insurance Plan (AHIP)

Premiums, deductibles, coinsurance, and maximum liability would be all income-related under the AHIP. The following schedule has been used in making cost estimates for the Comprehensive Health Insurance Act of 1974.

SINGLE

	<u>Annual Income</u>	<u>Contribution*</u>	<u>Per Person Deductible</u>	<u>Drugs</u>	<u>Other</u>	<u>Coinsurance</u>	<u>Maximum Liability</u>
I	\$ 0-1,749	\$ 0	\$ 0	\$ 0		10%	6% of income
II	1,750-3,499	0	25	50		15	9% of income
III	3,500-5,249	120	50	100		20	12% of income
IV	5,250-6,999	240	50	150		25	15% of income
V	7,000 +	360	50	150		25	\$1,050

* Based on 50 percent of average group single rate in Group III, 100 percent in Group IV, and 150 percent in Group V. Expected average group single premium rate equals \$240.

more

FAMILY

	Annual Income	Contribution**	Per Person Deductible		Coinsurance	Maximum Liability
			Drugs	Other		
I	\$ 0-2,499	\$ 0	\$ 0	\$ 0	10%	6% of income
II	2,500-4,999	0	25	50	15	9% of income
III	5,000-7,499	300	50	100	20	12% of income
IV	7,500-9,999	600	50	150	25	15% of income
V	10,000 +	900	50	150	25	\$1,500

** Contributions based on 50 percent of average group family premium rate in the State for Group III, 100 percent for Group IV, and 150 percent for Group V. Expected average group family premium rate equals \$600.

III. FEDERAL PROGRAMS

A. Medicare

- Medicare for the Aged would be retained, with the benefits changed to conform with the mandated health plan.
- Medicare would continue to be administered directly by the Social Security Administration through its own system of fiscal intermediaries.

The benefit package would include the full range of services as in EHIP and AHIP. As a result, outpatient drugs and mental health services would be covered, and the aged would have far superior protection against catastrophic expenses -- complete hospitalization and maximum financial liability. (Medicare now covers 90 days of hospitalization per episode plus a lifetime reserve of 60 days.)

- A Medicare beneficiary would face an annual per person deductible of \$100 on all services except outpatient drugs. The deductible for outpatient drugs would be \$50. Beneficiaries would pay 20 percent coinsurance on expenses above the deductible up to a maximum annual liability of \$750.

Medicare for the Aged would be financed from the current 1.8 percent payroll tax plus a small premium contribution by the enrollee (about \$90 per person annually, roughly equal to the current Part B premium).

- Federal, State, and local government employers and employees would participate in the Medicare system and be subject to the Medicare payroll tax.

more

- Medicare beneficiaries who are low-income would be eligible for reduced premium payments and cost-sharing. The income testing and income definitions would be tied to SSI.

- Dependents of Medicare beneficiaries below age 65 would be eligible to enroll in AHIP.

- Medicare for the Disabled (including the kidney disease provisions) would cease as a separate program. The disabled would be eligible for AHIP coverage. Most current Medicare disabled beneficiaries would have better protection because of the catastrophic provisions and because a high proportion would qualify for reduced cost sharing because they are low-income but have Social Security cash payments which place them beyond Medicaid eligibility.

Reimbursement for Medicare services in a State would be based on the same system as used in that State for EHIP/AHIP services.

Associate-Participating Providers - would agree to accept reimbursement through the Healthcard as payment in full for all AHIP and Medicare patients, and Medicare Plan enrollees.

B. Medicaid Medicaid would be terminated except for certain services not covered by the Comprehensive Health Insurance Act. These include (1) services in a skilled nursing facility or intermediate care facility; (2) care in mental institutions for persons under age 21 or over 65; and (3) home health services.

C. Indian Health

- The Indian Health Service would continue to provide health care to eligible Indians.

- Indians may also participate in State AHIP programs.

D. Veterans Administration

- The VA would continue to operate a separate health care system for those eligible for VA benefits.

- The VA system would be reimbursed for services not related to a disability incurred while in the military.

IV. REIMBURSEMENT POLICY

A. Healthcard

All persons (including Medicare enrollees) would receive an identification card which would be evidence of financial protection for all covered services.

more



- Participating providers of service would be required to accept the card as evidence of coverage and would bill the indicated carrier for covered services.
- The carrier would reimburse the provider and would bill the enrollee for the applicable cost-sharing.

B. Classification of Providers

- Full-Participating Providers - would agree to accept reimbursement through the Healthcard as payment in full for all patients (EHIP, AHIP, and Medicare). To these providers the Healthcard would reimburse the full amount of the applicable reimbursement rates (the insured amount as well as the patient's cost-sharing). All institutions would be required to be full-participating providers.
- Associate-Participating Providers - would agree to accept reimbursement through the Healthcard as payment in full for all AHIP and Medicare patients, and as payment of the insured amount of an Employee Health Insurance Plan enrollee's bills. To collect the remainder of his fee for the patient, the physician would bill the patient directly.
- Non-Participating Providers - would not be reimbursed from any approved plan for services provided.

V. Regulation and Administration

A. State Regulation and Administration -- States must enact appropriate legislation fulfilling each of the following responsibilities to be eligible for Federal financial participation in the plan. This regulation must extend to prepaid health care plans as well as to all private carriers and self-insured employers.

- Carriers and self-insured employers providing the basic plan would file their plans with the States, keeping the State advised of the employers and employees to whom the plan is provided. States would be required to provide for prompt review of the plan and determination as to whether it meets the requirements of the law.
- Premium rates and rating structures would be reviewed for reasonableness (file and use procedure) for all private health insurance.
- Enrollees would be guaranteed against noncoverage or non-payment of claims related to the basic plan resulting from carrier insolvency.
- An annual CPA audit would be required for all insurance carriers offering coverage under the plan.

- Carriers would be required to disclose information with regard to services covered, rates, and the relation between premiums and benefits paid. This requirement must extend to all private health insurance sold.
- All capital investment over \$100,000 would be approved by a State-designated planning agency to receive reimbursement through the plan.
- Medical services would be subject to Professional Standards Review Organization.
- Physician reimbursement for covered services under the insurance plans would be based on amounts determined after consultation with providers and other interested parties. Physicians would be free to bill additional charges to those covered under the Employee Health Insurance Plan provided the patient is notified beforehand of such additional charges.
- States would establish prospective reimbursement systems for hospitals.
- Providers would make available to patients information regarding charges for most commonly given services, hours of operation and other matters affecting access to services, and extent of certification, accreditation, and licensure.
- In addition to administration and participation in financing of the AHIP, States would be responsible for certifying health care providers as eligible for participation in the Comprehensive Health Insurance Plan.

B. Federal Regulation and Administration -- The Federal Government would:

- Establish standards for eligibility.
- Define the services to be reimbursed by the plan.
- Operate an expanded program of benefits for the aged.

VI. COSTS

- Added Federal/State expenditures to finance the Assisted Health Insurance Plan would approximate \$6.9 billion
- Added State spending under the Government Plan would equal about \$1.0 billion. Much of this would be offset by reductions in other State health programs
- Added Federal spending would equal about \$5.9 billion
- The Federal subsidy to assist low-income employees and their employers would equal about \$0.45 billion
- The additional cost of increased benefits for the aged would be \$1.8 billion

more



VII. FINANCING

A. Employee Health Insurance Plan (EHIP)

- Would be financed jointly by employers and employees.

- Employers would be required to make a contribution to the EHIP for those employees who qualify and enroll.

B. Assisted Health Insurance Plan (AHIP)

- Costs of AHIP above the income derived from enrollees would be shared by State and Federal governments. The States share would be related to current levels of State expenditures, ability to pay, and anticipated future expenditures under The Comprehensive Health Insurance Plan in that State. The total State share would be about 25%.

C. Medicare

- The Medicare Trust Fund (plus a small premium contribution (about \$90 per year)) would pay for all services provided under the basic Medicare plan. The cost above the basic income aged would be borne by General Revenues and State contributions.

D. Medicaid

- A residual Medicaid program for long term care services would continue with the current Federal/State Medicaid matching formula.

VIII. SPECIAL PROVISIONS TO ASSIST SMALL EMPLOYERS

The following provisions have been incorporated, which would particularly assist small employers, since they have a higher proportion of low wage workers and pay higher premiums than large employers:

- Where two members of the same family are eligible for Employee Health Insurance Plan coverage, only one could accept. This provision would benefit small business, which hire a disproportionate number of secondary workers.
- Each insurance company would be required to offer coverage at the same premium rate to all employees in firms with up to 50 employees. This provision would reduce the costs associated with carriers individually rating small groups. It also would minimize the adverse labor market effects against hiring high medical risk individuals.
- The Federal government will subsidize the employer whose payroll costs increase by more than three percent as a result of The Health Insurance Plan. The excess over three percent will be subsidized by 75% the first year and reduced 15 percentage points each year thereafter.

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