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1. letter	Virgilio Ramos to Norman Ross re application of Luis Gomez for a position and attachments	3/21/75	C

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HONORABLE GERALD FORD

PERSIDENT OF THE UNITED STATES

THE WHITE HOUSE

WASHINGTON/DC

IN BEHALF OF THE PEOPLE OF THE VIRGINISLANDS I IMPORE YOU TO
USE YOUR POWER TO STOP THE CLOSING OF PAN AMERICAN WORLD AIRWAYS'
OPERATION IN THE VIRGINISLANDS AND PUERTORICO WHICH WE UNDERSTAND
IS SCHEDULED TO TAKE PLACE ON APRIL 9 1975
OUR ALREADY SAGGING ECONOMY CANNOT WITHSTAND A CURTAILMENT OF THIS

1975 FEB 22 AM 11 15

WHITE HOUSE
MAIL ROOM

MAGNITUDE INASMUCH AS TOURISM IS THE MAINSTAY OF OUR ECCONOMY
PAN AMERICAN PIONEERED AIR TRAVEL TO THE VIRGINISLANDS AS WELL AS
THE ENTIRE CARIBBEAN AND HAS CONTRIBUTED MUCH TO OUR GROWTH
A SUSPENSION OF SERVICE AT THIS PARTICULAR TIME WILL BE DISASTER-
OUS WE SHALL BE MOST GRATEFUL TO YOU FOR YOUR INTERVINTION IN OUR
BEHALF MAY GOD CONTINUE TO BLESS AND GUIDE YOU AS YOU GIVE
OF YOURSELF TO THE PEOPLE OF OUR GREAT UNITED STATES OF AMERICA

HECTOR CINTRON SENATOR DISTRICT OF STCROIX
LEGISLATURE OF THE VIRGINISLANDS BOX 477

STTHOMAS VIRGINISLANDS 00801

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NNNN

1975 FEB 22 AM 11 16

WHITE HOUSE
MAIL ROOM

FOR IMMEDIATE RELEASE

MARCH 4, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

MODIFYING PROCLAMATION 3279, AS AMENDED, RELATING TO IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS, AND PROVIDING FOR THE LONG-TERM CONTROL OF IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS THROUGH A SYSTEM OF LICENSE FEES

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS, I judge it necessary and consistent with the national security, taking into account the economic welfare of the Nation, that provision be made to defer scheduled increases in the fees applicable to imported petroleum and petroleum products for a period of two months; and

WHEREAS, it is my intention that refiners located in territories of the United States, and in foreign trade zones, shall participate in the Mandatory Oil Import Program upon terms not less favorable than domestic refiners, and

WHEREAS, in order to facilitate such treatment, it is necessary that the Administrator of the Federal Energy Administration be authorized to determine at what point the oil import license fees effective February 1, 1975 shall be deemed to apply with respect to crude oil entered into such territories and zones, and

WHEREAS, I judge it necessary to permit a system for the receipt by Puerto Rico of sums equivalent to the license fees on petroleum consumed in Puerto Rico, to be appropriated by the Commonwealth for the benefit of individuals and corporations resident therein, comparable to the system which I have proposed for other parts of the United States,

NOW, THEREFORE, I, GERALD R. FORD, President of the United States of America, acting under and by virtue of the authority vested in me by the Constitution and the laws of the United States, including Section 232 of the Trade Expansion Act of 1962, as amended, do hereby proclaim that, effective as of February 1, 1975, Proclamation No. 3279, as amended, is hereby further amended as follows:

Section 1. Subparagraphs (iii), (iv), and (viii) of subparagraph (1) of paragraph (a) of section 3 are amended to read as follows:

"(iii) with respect to imports of crude oil, natural gas products, unfinished oils, and all other finished products (except ethane, propane, butanes, and asphalt) entered into the customs territory of the United States on or after February 1, 1975, there shall be a supplemental fee per barrel of \$1.00, rising to \$2.00 on imports entered on or after May 1, 1975, and to \$3.00 on imports entered on or after June 1, 1975.

(iv) with respect to the fees imposed pursuant to paragraphs 3(a)(1)(i)-(iii), the amount of such fees shall be reduced, on a monthly basis, by an amount equal to any applicable duties paid less any drawbacks received during the same period, except

more

(OVER)



that where duty drawbacks exceed the duty paid during that period, the net differences shall be applied to subsequent periods; provided that when the duty less drawbacks exceeds the fee imposed, the Administrator may provide that any excess may be used to reduce fees payable in subsequent months, such extended period not to exceed six months;

(viii) with respect to licenses issued pursuant to paragraph 3(a)(1)(iii) for imports other than (A) crude oil as defined for purposes of the Old Oil Allocation Program which is imported for refining or (B) products refined in a refinery outside of the customs territory as to which crude oil runs to stills would qualify a refiner to receive entitlements under the Old Oil Allocation Program, the Administrator may by regulation reduce the fee payable by the following amounts, or by such other amounts as he may determine to be necessary to achieve the objectives of this Proclamation and the Emergency Petroleum Allocation Act of 1973:

- for imports entered into the United States customs territory during the months of February, March and April, 1975, \$1.00 per barrel;

- for imports entered during the month of May, 1975, \$1.40 per barrel;

- for imports entered during the month of June, 1975, and thereafter, \$1.80 per barrel."

Section 2. Paragraph (a) of Section 3 is amended by adding subparagraph (5) to read as follows:

"(5) In order to ensure that refiners located in territories of the United States and in foreign trade zones are treated not less favorably than other United States refiners, the Administrator shall by regulation determine at what point crude oil, unfinished oils and finished products shipped into United States territories and foreign trade zones shall become subject to the fees imposed pursuant to paragraphs 3(a)(1)(i)-(iii)."

Section 3. Subparagraph (1) of paragraph (a) of Section 3 is amended by adding clause (x) to read as follows:

"(x) The Administrator shall by regulation reduce the fees payable by importers pursuant to paragraphs 3(a)(1)(i)-(iii) with respect to crude oil, unfinished oils, and finished products imported into Puerto Rico, or imported into Districts I-V and shipped to Puerto Rico, with or without further processing, and not shipped to Districts I-V, as crude oil, unfinished oils, or finished products, by the amount of any excise tax or other levy imposed and collected

more

(1) with respect to the fees imposed pursuant to paragraphs 3(a)(1)(i)-(iii), the amount of such fees shall be reduced by an amount equal to any applicable duties less any drawbacks received during the same period, except

by the Government of Puerto Rico on such materials, Provided that refunds from or reductions in such excise tax or other levy are authorized in the same manner as are authorized with respect to payments prescribed by paragraphs 3(a)(1)(i)-(iii), Provided further that with respect to shipments to Puerto Rico from Districts I-V such shipments shall be deemed attributable to imported crude."

IN WITNESS WHEREOF, I have hereunto set my hand this
fourth day of March, in the year of our Lord nineteen
hundred seventy-five, and of the Independence of the
United States of America the one hundred and ninety-ninth.

GERALD R. FORD

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FOR IMMEDIATE RELEASE

MARCH 4, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

MODIFYING PROCLAMATION 3279, AS AMENDED, RELATING TO IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS, AND PROVIDING FOR THE LONG-TERM CONTROL OF IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS THROUGH A SYSTEM OF LICENSE FEES

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more

(OVER)

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more

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fourth day of March, in the year of our Lord nineteen
hundred seventy-five, and of the Independence of the
United States of America the one hundred and ninety-ninth.

GERALD R. FORD

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F.le

THE WHITE HOUSE
WASHINGTON

March 6, 1975

MEMORANDUM FOR:

NORM ROSS

FROM:

JIM FALK

J

What the Governor of Puerto Rico is planning to do is outlined in this article which is of considerable concern to Carlos Romero, Mayor of San Juan. The Governor obviously is going to blame any increase in gas prices on the President and utilize to the advantage of Puerto Rico any rebate of tariffs collected by the Commonwealth. The Mayor of San Juan would like to avoid handing the Governor an easy win.





The San Juan Star

Today's Thought

Love consists in this,
that two solitudes protect
and touch and greet each
other.

—RAINER MARIA RILKE

16th Year Vol. No. 113

San Juan, Puerto Rico, Thursday, February 27, 1975

25¢ VIEQUES & OUTSIDE P.R.

20¢

F

Income Surcharge Subs Gas Tax, Gets RHC Nod

By CONNIE ARENA
And
MARGARITA BABB

come to the floor Friday, and prompt approval is
predicted.

million this fiscal year.

In answer to a question, Gov. Hernandez Colon
expressed his approval of the new bill, which he

Surcharge

From Page 1

Luis Ernesto Ramos Jordan

MEMO

from José A. Cabranes

To Mr. Norman Ross Date 3-13-75 Time _____

File

FOR YOUR INFORMATION.

J.A.C.



☐ Reply ☐ Initial and return ☐ See me

3/17

OFFICE OF THE
COMMONWEALTH OF PUERTO RICO

1625 MASSACHUSETTS AVENUE, N.W.



WASHINGTON, D.C. 20036

RAFAEL HERNÁNDEZ-COLÓN
GOVERNOR

JOSÉ A. CABRANES
ADMINISTRATOR AND
SPECIAL COUNSEL TO THE GOVERNOR

(202) 232-6000
CABLE ADDRESS
COMMONWEALTH
TELEX: 440 384

March 13, 1975

The Hon. Gerald Ford
President of the United States
The White House
Washington, D.C.

Dear President Ford:

We understand that there are currently two vacancies on the National Council on Education Research, the policy making body of the National Institute of Education.

A series of conferences sponsored by the Multi-Cultural Task Force of the National Institute of Education clearly shows that the interests of minorities have not been taken into consideration in determining N.I.E. policies in the past. Therefore, in view of the growing number of Spanish-speaking and especially Puerto Rican Americans that are affected by educational trends, we strongly recommend that a Puerto Rican be appointed as a member of the National Council on Education Research.

Your recent appointment of John E. Corbally, as Chairman, and the nomination of an able and sensitive educator to direct the Institute, could well provide new direction and strength to the Institute. The time is ripe to infuse it with concern for minority needs.

The following persons, in our view, would be eminently suited to perform in such a forum:

Dr. Arturo Morales Carrión
President
University of Puerto Rico
P. O. Box AD
Río Piedras, Puerto Rico 00931 Tel. (809) 765-6590



The Hon. Gerald Ford

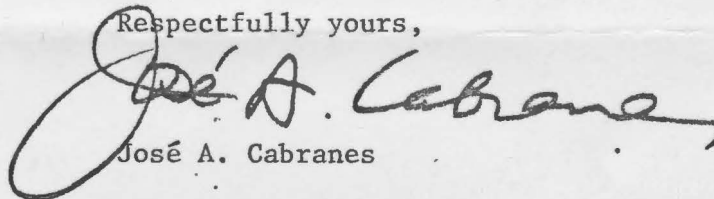
-2-

March 13, 1975

Mr. Mario Anglada
Executive Director
Aspira of New York
296 Fifth Avenue
New York, New York 10031 Tel. (212) 244-1110

Prof. Oscar García Rivera
303 West 105th Street
New York, New York 10024 Tel. (212) 255-1015

Respectfully yours,


José A. Cabranes



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This form marks the file location of item number 1 as listed
on the pink sheet (GSA form 7122 Withdrawal Sheet) at the front of the
folder.

W. H. M. 2/24/82

File

90% Of Puerto Ricans Can Get Food Stamps

By FRANK A. ESTRADA
United Press International

has been working, we estimate that 90 per cent in food (prices) has been one of the determining fac-





CITY OF SAN JUAN
OFFICE OF THE MAYOR
SAN JUAN, PUERTO RICO 00905

March 25, 1975

Mr. Norman Ross
Assistant Director
Domestic Council
The White House
Washington, D. C.

Dear Mr. Ross:

Knowing of the strong support you have always given to Puerto Rican's seeking jobs within the Federal Government, I am writing you to recommend Mr. Sigifredo Martínez-González to be considered for the position of Regional Health Administrator, presently vacant in the offices of HEW in New York.

While I am attaching a detailed Curriculum Vitae of Mr. Martínez, I might add that he commands the respect of the people that he works with for his professional achievements.

Anything you can do on behalf of this recommendation would be appreciated. Thanking you in advance for your assistance, I remain

Cordially,

Carlos Romero-Barceló



3/28



SIGIFREDO MARTINEZ, M.H.A.

CALLE DIAMELA, NUM. 1686, URBANIZACION SAN FRANCISCO, RIO PIEDRAS, PUERTO RICO - 00927
TELEFONO - 765-0251

CURRICULUM VITAE

SIGIFREDO MARTINEZ GONZALEZ; M.S.H.A.

Name: SIGIFREDO MARTINEZ GONZALEZ

Date of Birth: August 6, 1924

Home Address: Diamela 1686, Urb. San Francisco, Río Piedras, P.R. 00927

Married to: Mrs. Lydia Esther Rodríguez Fernández

Children: Marlyd, 27 (married); Sigdia Pilar, 25 (married)

EDUCATION:

a. Graduate

B.A. in Education (Cum-Laude) University of Puerto Rico 1947

b. Post Graduate

Master of Science in Hospital Administration, School of Public Health, School of Medicine, Columbia University in the City of New York - 1951

c. Others Courses

- 1.- Collective Bargaining Course - Institute of Labor Relations
University of Puerto Rico - 1964
- 2.- Institute on Financial Management for Hospital Administrator, American Hospital Association, Chicago, Illinois-1968
- 3.- Institute on Extended Care Facilities in General Hospitals, American Hospital Association, Chicago, Illinois - 1967
- 4.- Seminar in Improving Systems and Procedures in Hospitals
1971
- 5.- Seminar on Health Maintenance Organizations, Sheraton Hotel
1973
- 6.- Other Institutes and Seminars related to the Health Field



EXPERIENCE:

- a. Chief, Vocational Rehabilitation Office, Caguas District (1947-49)
- b. Administrative Residence in Hospital Administration Post-Graduate Hospital, N.Y.C. and San Patricio V.A. Hospital, San Juan, Puerto Rico (1950-51)
- c. Executive Director, P.R. Psychiatric Hospital, Río Piedras, Puerto Rico - (1951-56)
- d. Deputy Director for Administration, Division of Hospitals, Department of Health of Puerto Rico (1956-58)
- e. Deputy Director Regional Office for Coordination and Research, Department of Health and School of Medicine of Puerto Rico (1958-61)
- f. General Administrator, Hospital del Maestro, Hato Rey, Puerto Rico (1961-69)
- g. General Administrator, Puerto Rico Medical Center Service Corporation (1969-70)
- h. General Administrator, Hospital del Maestro, Hato Rey, Puerto Rico (1970-72)
- i. Partner, Professional Consulting and Management Services, Banco Popular Center Building, Hato Rey, Puerto Rico 1972
- j. Executive Director, San Carlos General Hospital, Santurce Puerto Rico (1973-74)
- k. Administrative Director, Ntra. Sra. de los Angeles, SKILLED NURSING FACILITY and Hospital (1974)

ACADEMIC EXPERIENCE:

- a. Instructor and Lecturer in Hospital Administration, School Public Health, School of Medicine of Puerto Rico (1957-66) Ad Honorem
- b. Instructor, Hospital Organization and Management, Course of Health Administration, Department of Public Health and Preventive Medicine, School of Medicine, University of Puerto Rico - Since 1967



PROFESSIONAL ACTIVITIES:

- a. Member, Alumni Association, Columbia University in the City of N. Y.
- b. Vice-President, Board of Directors, Puerto Rico Public Health Assn. (1960-61)
- c. Member, Professional Society, Phi Alpha Theta, Chapter Beta Delta, P.R.
- d. President, Board of Directors, Department of Health Credit Coop. (1957-59)
- e. President, Board of Directors, Sociedad Hogar del Niño, Inc. (1952-57)
- f. President, Puerto Rico Hospital Administrators Association (1957)
- g. Member, Advisory Committee, Provisional Board of Medical Center of Puerto Rico - (1957-61)
- h. President, Puerto Rico Hospital Association - (1964,1965, 1969)
- i. President, Puerto Rico Health Council - (1966)
- j. President Elect, Puerto Rico Hospital Association (1968)
- k. Member, Advisory Board for Comprehensive Health Planning, Commonwealth of Puerto Rico (1968)
- l. Member, American College of Hospital Administrators.
- m. Member, Advisory Council Puerto Rico Regional Medical Program and School of Medicine (1969)

OTHERS

- a. General Coordinator- Polio Program (appointed by the Secretary of Health (1954-55)
- b. Vice-President, Board of Directors, Blue Cross of Puerto Rico - (1965)
- c. Member and Treasurer, Board of Directors, Seguros de Servicios de Salud de Puerto Rico (Triple S) - (1965)

- d. Member, Governor's Committee to Improve the Executive Branch of Government - (1965-1967)

CIVIC ORGANIZATIONS:

- a. Member, Rotary Club of Río Piedras, Puerto Rico
 - 1. Secretary - 1954
 - 2. Vice-President - 1955-56
- b. Member, Lions International - Borinquen-Baldrich Club.

REFERENCES:

- 1. Honorable Carlos Romero Barcelo - Major City of San Juan
- 2. Licenciado Baltazar Corrada del Rio - Ex-President Board of Civil Rights.
- 3. Doctor Ernesto Colón Yordan - Ex-Secretary of Health of Puerto Rico (1969-1974)





SIGIFREDO MARTINEZ, M.H.A.

CALLE DIAMELA, NUM 1686, URBANIZACION SAN FRANCISCO, RIO PIEDRAS, PUERTO RICO - 00927
TELEFONO - 765-0251

EXPERIENCIA PROFESIONAL:

Recien graduado de la Universidad de Puerto Rico, en el año 1947, el Sr. Sigifredo Martínez González, asumió la dirección de la Oficina de Rehabilitación Vocacional del Distrito de Caguas. Desempeño este cargo hasta el año 1949, en que decidió ampliar sus conocimientos matriculándose en la Escuela de Salud Pública, Escuela de Medicina de la Universidad de Columbia, de New York, obteniendo allí su Maestría en Administración de Hospitales en el año 1951. Hizo su residencia en Administración de Hospitales, requisito éste para obtener la maestría en este campo académico, durante el año fiscal 1950-51 en el Post Graduate Hospital de la ciudad de Nueva York y en el Hosp. San Patricio para Veteranos en San Juan, de Puerto Rico.

El señor Martínez fue uno de los primeros administradores de hospitales con preparación académica especializada en este campo que produjo un programa del Gobierno del Estado Libre Asociado encaminado a introducir mejoras sustanciales en la administración y operación de nuestros hospitales, conforme a los conceptos, principios y técnicas más avanzados de la administración de hospitales. Con este objetivo, fue designado en el año 1951, recien obtenida su maestría, como Director Ejecutivo del Hospital de Siquiatría que opera en Río Piedras el Departamento de Salud.

Ocupó el anterior puesto hasta el año 1956, habiendo logrado notable mejoría en la administración y operación del hospital y principalmente, habiendo logrado la aceptación y aplicación de nuevos y avanzados conceptos, principios y técnicas desconocidas o ausentes



hasta entonces en la vida del Hospital.

Dada la natural resistencia del ser humano al cambio, y en particular a una institución grande, compleja y de muchos años de vida, se puso a prueba no solo sus conocimientos, sino también su habilidad para bregar con otros seres humanos, en situaciones difíciles, su tesón y su integridad profesional. Pasó todas estas pruebas con gran éxito. Tanto así, que en el año 1956 fue ascendido al puesto de Director Auxiliar de la Division de Hospitales del Departamento de Salud, una de las tres divisiones principales en que se dividía el Departamento.

En este nuevo cargo tenía la responsabilidad de dirigir y coordinar todos los aspectos administrativos de la operación de los hospitales del Estado y de ver que la administración de los mismos estuviera fundamentada en los más avanzados conceptos, principios y técnicas del campo.

Otra vez su labor fue tan exitosa, que en el año 1958, se le designa para un puesto de alta responsabilidad en un programa cuyo objetivo era la organización de los servicios de salud del Estado sobre una base regional, con un énfasis marcado en la fase de investigación como medio para mejorar los servicios de salud. Esta sigue siendo la estructura organizacional de los servicios de salud en la actualidad, siendo la nuestra observada como modelo por muchos de los países en desarrollo y aún por los Estados Unidos. Ocupó este cargo de Director Auxiliar de la Oficina Regional del Departamento de Salud y de la Escuela de Medicina de Puerto Rico hasta el año 1961.

En junio del año 1961 decide aceptar un nuevo reto en el campo de la administración de hospitales y a la vez ampliar el ámbito de su experiencia moviéndose al sector privado. Asumio el cargo de Administrador del Hospital del Maestro en Hato Rey, el cual contaba entonces



con 108 camas y operaba con un presupuesto de \$800,000. Su tarea principal e inmediata: Eliminar un déficit de aproximadamente \$300,000. lo que logró en el término de dos años, y ya para el año 1965- 1966 el Hospital del Maestro operaba con un superavit. En el año 1968 la capacidad del hospital fue aumentada a 159 camas y su presupuesto era de \$2.450.000.

Otros logros significativos del señor Martínez como Administrador del Hospital del Maestro, fueron los siguientes:

Planificó la expansión y remodelación de la institución que elevaría la capacidad de la misma a 325 camas. En esta expansión se provee, además, las más modernas facilidades en la prestación de servicios médicos-hospitalarios.

En el año 1968 el Honorable Gobernador de Puerto Rico, para entonces, el Hon. Roberto Sánchez Vilella, nombró al señor Martínez miembro de la Comisión de Ciudadanos para estudiar la Eficiencia Administrativa en la Rama Ejecutiva del Gobierno, con miras a hacer economías en la prestación de los servicios al público. Esta comisión se reunió por un término de dos años y rindió su informe al Gobernador, quien implementó muchas de sus recomendaciones.

En el año 1969, se le selecciona para ocupar uno de los puestos de más alta responsabilidad en el campo de la salud en Puerto Rico, y definitivamente el más complejo y de más alta responsabilidad en la Administración de complejos medico-hospitalarios: el de Administrador General de la Corporación de Servicio del Centro Médico de Puerto Rico. Este puesto conlleva además, la función de coordinador de las instituciones miembros del Centro Médico para asegurar que este opere con la mayor sincronización y armonía, como si fuera una sola unidad, sin vulnerar el principio de autonomía de dichas instituciones. Componen el Centro Médico las siguientes instituciones:



<u>Institución</u>	<u>Capacidad en Camas</u>
Hospital Universitario	380
Hospital Municipal	561
Hospital Industrial	260
Hospital de Siquiatría	1068
Casa de Salud	236

Las facilidades físicas del Centro Médico representan una inversión de \$55,000,000.



THE WHITE HOUSE
WASHINGTON

DOMESTIC COUNCIL CLEARANCE SHEET

Date: March 25, 1975

JMC Action Required by

*Mid-
Afternoon
Today*

TO: JIM CANNON

VIA: DICK DUNHAM _____

JIM CAVANAUGH _____

FROM: JIM FALK

97

SUBJECT: Your meeting with Governor Rafael Hernandez-Colon
of Puerto Rico

COMMENTS:

*For Jim Cannon's
reading in preparation
for his meeting late
today.*



THE WHITE HOUSE

WASHINGTON

March 25, 1975

MEMORANDUM FOR:

JIM CANNON

FROM:

JIM FALK *97*

SUBJECT:

Your Meeting with Governor Rafael
Hernandez-Colon of Puerto Rico

The principal issues expected to arise are outlined below:

1. Economic Matters

- . The Governor received a report of January 22 from T.N.Hurd which recommended certain additional taxes on property and luxury items as well as an increase in University tuition on the revenue side and budget cuts on the spending side to reduce the FY '75-'76 fiscal deficit.
- . The Governor met with the Domestic Council and OMB about 2 months ago seeking additional Federal aid. The response to the Governor from Paul O'Neill is attached at Tab A.

2. Meeting with the Vice President

- . The Governor has requested and I have proposed a meeting for him with the Vice President this week at the convenience of the Vice President.
- . A copy of my memorandum to Ann Whitman is attached at Tab B.
- . He indicates he wants to talk about fiscal and economic matters and has requested about 40 minutes.
- . A copy of a recent letter from the Governor to the President is attached at Tab C.



3. Ad Hoc Status

- . A recent series of articles has been running in the Washington Post on Puerto Rican status and the third in the series appeared in today's paper.
- . Jose Cabranes, speaking for the Governor, is quoted as saying that a new Federal bureaucracy may be needed to deal with Puerto Rican issues.
- . This proposal should not be responded to until the work of the Ad Hoc committee is further along.
- . The Governor will likely propose that a White House official head a committee for Puerto Rican affairs. The Domestic Council staff would support such an idea at an appropriate time.



THE WHITE HOUSE

WASHINGTON

March 19, 1975

MEMORANDUM FOR:

ANN WHITMAN

FROM:

JIM FALK *JF*

SUBJECT:

Proposed Meeting for the Vice President
with Governor Hernandez Colon of Puerto
Rico

Governor Colon has requested a meeting with the Vice President during the week of March 24 at the convenience of the Vice President. His staff indicates that he wants to talk about fiscal and economic matters and requests approximately 40 minutes.

In recent correspondence, the Governor has indicated that Puerto Rico is feeling the impact of inflation to a greater degree than is generally felt in the U.S. He indicates that 60% of Puerto Rican families are below the poverty level with incomes that are less than \$4,000 and that their efforts to curb inflation are not very effective because Puerto Rico imports over 75% of what it consumes.

Recommendation: That his request be approved.

Approve _____

Disapprove _____



OFFICE OF THE GOVERNOR
LA FORTALEZA, SAN JUAN



FEB 20 1975

*James
Frank*

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

Dear Mr. President:

Thank you for your letter concerning the steps being taken by the Federal Government to check inflation and your request that the States and the Commonwealth of Puerto Rico undertake their own share of actions.

We in Puerto Rico are feeling the impact of inflation to an even greater degree than is generally felt in the United States. Sixty percent of our families are below the poverty level with incomes of less than \$4,000. The consumer price index for wage earners in Puerto Rico increased by 30 per cent in 1974. Our efforts to curb inflation are offset because we import over 75% of what we consume. We are affected by the increase in prices on the mainland and by the dramatic rise in the price of the oil we import which comes mainly from Venezuela.

In addition, Puerto Rico has been very hard hit by recession. Our major exports are to the United States. Any slowdown in the United States economy affects the export of these products and causes a reduction in employment. Unemployment in Puerto Rico is now approximately 14%. This number is an official figure which does not include a large number of unskilled young people who are not seeking jobs at present.



The Commonwealth Government already has adopted and implemented a vigorous and diversified program to lessen and mitigate the effects of inflation.

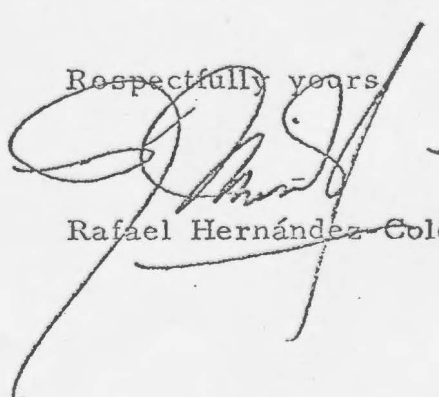
Due to the economic circumstances particular to Puerto Rico, actions of the Commonwealth have focused primarily on containing unemployment and promoting industrial and agricultural production. The most significant measures taken in order to reduce unemployment include an emergency public work training program; subsidies for low and middle income housing; and an acceleration of public works. In order to curb inflation and the effects it has primarily on middle and low income families our government has established a subsidy for electricity users which maintain a low level of consumption. Also, the Consumer Affairs Department is actively taking actions for controlling prices on essential consumer goods. Other measures have been taken to increase industrial production and improve food distribution systems.

The increase in government expenditures for financing employment and anti-inflation programs, combined with the reduction in Treasury revenues has caused a strain on the resources of the Commonwealth. As a result, we have had to raise taxes on property, gasoline, corporations, liquor, cigarettes and other items. In spite of our efforts we are feeling the effects of a severe economic recession.

I have carefully considered the measures proposed in your letter and have submitted them to my Finance Council. I have given instructions so that the measures be studied on how they might be implemented in Puerto Rico.

We appreciate your interest and help. You can count on our fullest cooperation in the common cause against inflation and recession.

Respectfully yours,


Rafael Hernández Colón



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

DEC 5 1974

Honorable Rafael Hernandez-Colon
Governor of Commonwealth of Puerto Rico
La Fortaleza, San Juan, Puerto Rico

Dear Governor Hernandez-Colon:

Wally Scott, Frank Zarb and I all appreciate the opportunity to have met with you and the Resident Commissioner on October 17, to discuss the economic situation in Puerto Rico. We also appreciate the opportunity to comment on the most thoughtful study which you presented at our meeting.

The study vividly demonstrates the adverse impact on the economy of Puerto Rico of price increases, particularly for petroleum products, which have occurred over the last year. The steps which you have taken that are outlined in the study represent an impressive agenda to lessen the impact of the current economic situation.

Similarly, we on the Federal level have developed an agenda for the fight against inflation - an agenda which, like yours, includes budgetary restraint. Although I cannot provide you at this time with definite estimates of the impact that this budgetary restraint will have on the Commonwealth, I will address the specific recommendations made in your study and, where possible, will indicate how we are attempting to reconcile the requirements for fiscal discipline with the needs of the Commonwealth.

In connection with the discussion of the Puerto Rico budget, your study notes that Puerto Rico does not participate in General Revenue Sharing and, thus, cannot substitute these funds for reductions in categorical Federal programs. Although Puerto Rico does not participate in General Revenue Sharing, the Commonwealth could be considered to receive the ultimate measure of revenue sharing in the return to the Commonwealth of all Federal income tax and customs duties collected in Puerto Rico. The estimated revenues of \$171 million from these sources in fiscal year 1975 are most likely considerably higher than what the Commonwealth would receive were it to be included in the General Revenue Sharing formula.

At this time, we cannot provide the assurance requested in the study that \$1.5 million will be made available for the Corps of Engineers to start construction on the Portugues Bucana project. It may be necessary to propose deferral of some public works projects in order to achieve the \$300 billion outlay ceiling. The status of Portugues Bucana will be addressed in connection with overall needs, but you can be assured that this request will be given careful consideration.



The request in the study that the Economic Development Agency (EDA) provide \$5.1 million in public works grants has been discussed with that agency. EDA officials indicate that the \$3 million potentially available for public works projects in Puerto Rico is the result of favorable action on two projects at pre-application conferences. EDA presently does not have any formula type allocation of its funds, except for the very limited funding now being requested to implement the new supplementary grant allocation to States. Accordingly, all eligible recipients must compete for the available resources. To the extent that Puerto Rico proposes projects that are more worthy than the competition, it could receive additional funding.

The study cites a need for increased SBA and FmHA loan funds to be channeled into the food production and distribution sectors in order to meet the growing demand which is expected to result from implementation of the Food Stamp program. We share your concern on this issue and hope that the accelerated schedule for implementation of the Food Stamp program, which the Commonwealth proposed, will not have an adverse impact on the economy of Puerto Rico.

The Commonwealth's relative position regarding SBA loans appears to be excellent. In fiscal year 1974, the total number of SBA loans declined 68 per cent, while the number in Puerto Rico increased 22 per cent. Similarly, the situation for FmHA loans looks favorable. The Commonwealth's loans are expected to increase in fiscal year 1975 from \$27 million to \$45 million, including an increase of 50% in farm ownership and farm operating loans to \$4.5 million.

The proposal in the study that business and industrial loans be made to the Commonwealth for the purpose of being reloaned to small farmers unfortunately cannot be adopted. FmHA is prohibited by law from making loans which would subsequently be reloaned by the borrower to other borrowers. The request that the FmHA interest rate for business and industrial loans be reduced below the rate on Federal notes also cannot be adopted. The interest rate formula for this program is statutorily prescribed, and it is designed to produce an interest rate to borrowers that approximates market rates. The ongoing farm ownership and farm operating loan programs at 5% and 8-1/2% respectively are designed to serve small farmers of the kind discussed in your study.

In regard to the recommendations on housing, a major review of Federal housing policy has indicated that the Nation's housing needs can be met more effectively, efficiently, and equitably under a revised public housing leasing program than under the homeownership assistance program which makes families eligible with the same income level as were eligible under the Section 235 program and the conventional public housing program. Accordingly, the Lower Income Housing Assistance program is being relied on to provide housing assistance in lieu of these programs. Most of the commitments under this program will be for construction of new housing units. Puerto Rico's housing needs will be carefully considered by HUD in the processing of applications for the new Lower Income Housing Assistance Program. The



recently enacted Emergency Home Purchase Assistance Act does not designate Puerto Rico as a high cost area. However, the Act does allow support for conventional mortgages of up to \$42,000.

Obviously, the housing problems of Puerto Rico and many other areas must ultimately be resolved by the private housing industry and indeed the Federal component must remain only a supplement to the private effort. We do appreciate the information on the housing needs of Puerto Rico.

The study concludes with some comments regarding Federal human resources programs and recommends that special attention be given to Puerto Rico and that ameliorative measures be devised. Two such ameliorative measures include:

- The conversion from commodity distribution to the Food Stamp Program should provide significant additional assistance to the low-income population of Puerto Rico. We are confident that, while the scheduled phased-conversion to food stamps during 1974-75 has been abandoned in favor of complete implementation by November 1, 1974, the economic assessment of feasibility has proved positive; thus, minimizing concerns of possible adverse impacts due to bottlenecks in the commercial food distribution system.
- The National Employment Assistance Act (NEAA), proposed by President Ford in his recent address on the economy, should provide significant assistance to the Commonwealth. Should the triggering conditions be met, Puerto Rico would be eligible for both extended unemployment insurance benefits (an additional 10 weeks for covered employees, 20 weeks for uncovered) and for participation in the Community Improvement Corps. At the national 6 per cent unemployment rate trigger, Puerto Rico could receive about \$28 million out of the \$500 million to be made available under the Community Improvement Corps.

In conclusion, we appreciate the opportunity both to have met with you and also to have reviewed the study which you submitted. Such dialogue with knowledgeable and responsible people like yourself is indispensable to good government. If we can provide additional information on Federal programs affecting Puerto Rico, please let us know.

Warmest regards,

Sincerely,

cc: Official File-HRD/IM

Director's Copy Mr. Edtheredge

Mr. O'Neill Mr. Meyer

Mr. Fischer Mr. Tryck

Mr. Rotherham Mr. Speshock

Mr. Barry Mr. Hanna

Mr. Smolkin

Mr. Parras

Mr. Landis

Mr. Hanna

Paul H. O'Neill

Associate Director for
Human and Community Affairs

HRD/IM:JRotherham:fv 11-14-74



File

THE WHITE HOUSE
WASHINGTON

April 16, 1975

MEMORANDUM FOR: JIM CANNON
FROM: JIM FALK
SUBJECT: Meeting with Governor Hernandez Colon of Puerto Rico

BACKGROUND

I have reviewed the material submitted by the Governor and Congressman Jaime Benitez through Lynn Coleman following our meeting with them. I have reviewed the issue with Norm Ross and have also spoken with Dick Parsons about it.

It is my understanding that once Justice reviews the issue, a memorandum will be provided to the Treasury Department. At that time a policy review may well be appropriate.

In the interim, Jaime Benitez, the Resident Commissioner, has requested an opportunity to meet with the Vice President and if such a meeting is approved, I recommend that you participate.

THE ISSUE

Will the Federal government reach a voluntary agreement with Puerto Rico on the rebate of taxes on gas refined in Puerto Rico and shipped to the United States mainland, both in the past and prospectively? In the alternative, litigation will probably result.

RECOMMENDATION

That no Domestic Council action be taken pending an opinion by the Justice Department Office of Legal Counsel as to the legality of the Puerto Rican request.

cc: Dick Parsons
Norm Ross



DOMESTIC COUNCIL CLEARANCE SHEET

DATE: April 16, 1975

JMC action required by: A.S.A.P.

TO: JIM CANNON

VIA: DICK DUNHAM _____

JIM CAVANAUGH _____

FROM: JIM FALK *F*

SUBJECT: Meeting with Governor Hernandez Colon or Puerto Rico

COMMENTS:

DATE: _____

RETURN TO:

Material has been:

- ☐ Signed and forwarded
- ☐ Changed and signed (copy attached)
- ☐ Returned per our conversation
- ☐ Noted
- ☐

Jim Cannon



*from
Dick Pambanks
FBI* F.L.

TESTIMONY OF RAFAEL HERNÁNDEZ-COLÓN
GOVERNOR OF THE COMMONWEALTH OF
PUERTO RICO

Before

The Subcommittee on Environmental Pollution
of the Senate Committee on Public Works

April 21, 1975



4/24

Mr. Chairman:

Thank you for the opportunity to appear before the Subcommittee to present the views of the Commonwealth of Puerto Rico on the Clean Air Act.

Clean air is particularly important to Puerto Rico - not only for the protection of the health of the people, but also to enhance and protect the natural beauty and resources of the Commonwealth - and it has been a high priority in my administration.

I am particularly proud to have initiated a number of important steps to improve and protect our environment, including:

- 1) the implementation of the Department of Natural Resources as a cabinet level department;
- 2) the strengthening of our Environmental Quality Board by giving it a major role in policy information and implementation of regulations, and
- 3) the enactment by the EQB of water quality standards, solid waste disposal regulations, and the presently advanced development of regulations for the control of noise.

So I come before the Subcommittee today with a strong commitment to protecting the environment and with the hope that I can work with you to better enable us to deliver on this commitment in Puerto Rico.



For the record I would like to call the Subcommittee's attention to the fact that there is currently in existence an Ad Hoc Committee on Puerto Rico-Federal Relations, composed of representatives of the United States and the Commonwealth. One of the proposals under active consideration by the Ad Hoc Committee is a Commission to study over the next five years the impact on the Commonwealth of the laws already applied to it to determine whether the laws should continue to apply as they do now or whether modifications or exemptions would be appropriate. However, I come to you today with a sense of urgency concerning some problems facing the island that will not wait. In short, we need some help now.

I believe that the Clean Air Act has made possible great strides in improving the quality of our air. At the same time, I am concerned that we need some modifications to the Act so that we can address our air pollution problems in the most sensible and effective manner which assures the health of our people while minimizing any unnecessary economic burden on them.

The Clean Air Act was passed when our nation's economy was strong and when we could afford to be optimistic about what we as a nation could afford - and how fast we could afford it. We are now faced with severe economic difficulties that force us to reassess our government programs and expenditures so as to be sure our available resources are being wisely directed to meet essential needs. I know that the Senate is aware of this situation and that Senator Muskie has introduced the Inter-



governmental Countercyclical Assistance Act of 1975 to deal in part with it.

Although we have made substantial progress in the last few years, we in Puerto Rico have not enjoyed as favorable an economic situation as exists on the mainland. More than sixty percent of our population qualifies as eligible under the Federal Community Services Administration's Income Poverty Guidelines. We are now suffering double digit inflation and an unemployment rate of nearly 20%. The projection of over a \$200 million deficit in the Commonwealth in the current fiscal year has necessitated the dismissal of thousands of Commonwealth employees, across the board reductions in the budgets of all Commonwealth agencies, and increased taxes. This projected deficit becomes even more significant when compared to our 1975 budget of \$1.5 billion - over 13%. Next year our projected budget will require the Commonwealth agencies to reduce their current expenditures by 11%. Thus, our economic problems are even more severe than those faced on the mainland, and there is an even heavier burden placed on me as Governor to see that the government is run efficiently and effectively.

Four years ago, under the preceeding administration, Puerto Rico's first state implementation plan (SIP) was developed and the approved by EPA. It was based on a fairly crude air diffusion model which was subsequently shown to substantially overstate the air pollution problem and to suggest the need for controls far beyond what was actually needed to meet air quality standards in many parts of the island. It also made



some incorrect assumptions about future growth and economic conditions. Present experience indicates that both development assumptions were grossly overstated. And the plan was developed when fuels were fairly inexpensive and at a time when we did not anticipate the recent steep increases in the prices of oil. Puerto Rico has been particularly hard hit by the oil price increases since it is 98% dependent on imported oil for fuel for electricity generation.

Last year, our Environmental Quality Board, working closely with EPA, developed and presented to me for signature a revision to the implementation plan. The revision was based on a new air diffusion model which appears to be more accurate and which permits more flexibility in administration, the substantial saving of money, and increased confidence that the people's health will be protected. Although the revised plan allows for significant savings in required expenditures, it nevertheless requires a continuous outlay of substantial proportions.

Last December, I signed the plan and forwarded it to EPA for approval because I believed it was a substantial improvement over the original SIP. At the same time, I did not, and do not, feel that it went far enough in assuring clean air at the lowest cost to the people. Regrettably, the present Clean Air Act does not allow me to use the most economically feasible method for meeting the primary ambient air quality standards. I believe that an example will be particularly instructive on this point.



Virtually all of our electric power is produced by the Puerto Rico Water Resources Authority, a Commonwealth owned and operated utility. The largest WRA electric generating plant is located at Guayanilla and produces about one-half the electricity for the Commonwealth. The original SIP called for this plant to burn 1.0% sulfur fuel by April 1, 1975, and the revised plan also calls for this. Our best predictions show that by the implementation of the presently adopted air quality regulations we are very close to meeting the primary SO₂ standards in all inhabited areas of Guayanilla when the plant burns 2.0% - 2.5% sulfur fuel. Available field data does not contradict this hypothesis. The drop to 1.0% sulfur fuel is necessitated in order to assure, with a margin for safety, that there is no violation of the primary ambient air quality standards anywhere in the Guayanilla area. The air diffusion model calculations predict a violation of the annual primary standards on some uninhabited hilltops when the plant burns 2.0% sulfur fuel - as the plan follows the letter of the Clean Air Act and requires the plant to go down to 1.0%. The problem on the hilltops is largely caused by the fact that the plant now has short smokestacks, far shorter than would be dictated by "best engineering practice."

The cost of switching to 1.0% sulfur fuel will be about \$40 million dollars a year at present prices. Frankly, the WRA does not have the additional working capital this increase will require, since they are facing many of the same problems that



are plaguing electric utilities across the country, including:

- 1) drastic increases in the cost of fuel oil;
- 2) a severe cash flow problem; and
- 3) great difficulties in securing needed investment capital.

Moreover, the increase in the price of electricity that a \$40 million increase in WRA fuel costs will necessitate will have a devastating effect on the whole economy of Puerto Rico and on the individual citizen's cost of living while producing little, if any, real benefit.

Clearly, a more sensible way for us to proceed to assure clean air in the Guayanilla area - and the most economical use of our scarce dollar resources - would be to require the Water Resources Authority to build their stacks to the height dictated by sound engineering practice and for us to extend the time for the WRA to comply with the Clean Air Act for 2 to 3 years, the time needed to build the new, taller stacks.

Thus, for an expenditure of some \$15 - 20 million which could be amortized over a period of years, we would have a permanent solution to the SO₂ problem in the Guayanilla area. We would save the 40 million dollars in annual expenditures that are now necessitated by the present Clean Air Act and would, at the same time, fully protect the health of the people since the current apparent violations are in uninhabited areas.



Mr. Chairman, in order to allow us to protect the people's health in this sensible and economically sound manner, I ask that Congress enact legislation which provides:

1) that tall stack technology, consistent with best engineering practice,^{*} is an acceptable method of air pollution control so long as ambient air quality standards will be met.

Tall stack technology is particularly suited to a reasonably small island like Puerto Rico. It would give us the opportunity of utilizing to our advantage the excellent and steady winds that flow over the island to disperse the emissions with a reasonable certainty that no one in Puerto Rico, or in a neighboring island, will be in any way affected by them. This technology would, in effect, achieve the air quality standards at a cost compatible with our limited resources.

However, to accomplish this first recommendation we would need a second one, which is:

2) an amendment to Section 110(e)(1) that a Governor may seek and obtain a three-year extension of time for attainment of primary ambient air quality standards when he finds that compliance in a shorter time is either technically impossible or economically impractical and where it can be shown that the extension of the compliance date will not cause a real danger to human health.

^{*} Best engineering practice equals a stack height of 2-1/2 times the highest structure.



Such an option is needed if we are to be able to utilize the tall stack technology since it offers a reasonable time in which to accomplish it. An equally important reason why it is now an urgent necessity is an omission made within the Clean Air Act due to the optimism with which we have traditionally looked toward the future. Indeed, Section 110(e)(1) of the Act did not foresee and much less account for the possibility that a state would find that its promise to implement a desired goal could be hindered by its inability to provide the required financing. This amendment that I now propose intends to apply a realistic perception to the situation through which we are now passing.

We have attempted to provide for the protection of human health by meeting the primary air quality standards. However, under the present circumstances it is clearly necessary to introduce some flexibility into the Clean Air Act so that in these difficult economic times we can pursue our Clean Air goals in the most economical and sensible way possible. Just as we cannot afford unhealthy air, neither can we afford to achieve clean air by incurring costs for greater than necessary to assure that clean air. Given the very limited resource available to us, the achievement of clean air should not be mandated at a cost which would act as a severe restriction on the provision of other necessary and important services to the people by the Commonwealth.



Mr. Chairman, I am hopeful that you and the members of your Subcommittee will draft and see enacted the legislation we so critically need to protect the health and economy of Puerto Rico.

Now, Mr. Chairman, I would be happy to try to answer any questions that you or the members of the Subcommittee might have.

Attachment



APPENDIX

I. Cost of Electricity to Puerto Rico Consumers

During the year 1970-71 the average cost of electricity for all customers was 2.07 cents per kilowatt hour. At present the fuel adjustment clause accounts for approximately 2.2 cents per kilowatt hour that is added to all rates. This brings the average cost of electricity to approximately 4.27 cents per kilowatt hour for all customers -- an increase of over 100% in the cost of electricity.

The percent increase in cost to the industry has been still more dramatic. For some industries the increased cost of electricity has been almost 300%.

II. Cost of Fuel Oil to the Puerto Rico Water Resources Authority

As can be seen in this chart, the Puerto Rico Water Resources Authority has experienced a more than 6-fold increase over the past six years in the price it had to pay for fuel oil for electric generation.

<u>Year</u>	<u>Total Cost of Fuel Oil Millions</u>	<u>Total Barrels Millions</u>	<u>Average price per barrel</u>
1969-70	\$ 18.9	11.4	\$ 1.66
1970-71	29.9	13.8	2.17
1971-72	46.9	16.6	2.83
1972-73	69.0	21.0	3.28
1973-74	154.0	21.2	7.27
1974-75	231.5	20.4	11.33



III. The Capital Investment Problem of the Puerto Rico Water Resources Authority

Serious commitments have been made in prior years for the investment program of the WRA which cannot be easily called off without facing heavy cancellation charges. At the same time, the Authority cannot finance this program because money is not available in the market for long term financing. Only last December the Authority had to call off the sale of a bond issue for \$100 million and in turn settle for a \$50 million issue. Short term financing due at that time was close to \$150 million. The present debt has risen to \$200 million.

The severity of the financial problems of the Commonwealth owned WRA can further be illustrated by an examination of the proposed capital investment program and the actual funding available for that program. For the present fiscal year some \$123 million were to be invested (approximately \$10 million per month). The current cash flow analysis indicates that the Authority can spend only a little over \$3 million in the last three months of 1975 as compared to the originally programmed \$30 million. For next fiscal year the situation appears to be little better. Some \$165 million were projected for capital investment, but only \$13.5 million will be available. Yet, the program of the Authority calls for an annual expenditure of some \$15 million a year merely to provide service to new customers.

It is apparent that unless the capital market improves, the Authority will have serious difficulty in maintaining its present



APPENDIX

- 3 -

level of service much less be able to install new equipment and maintain present equipment so as to be prepared for the future demand. At present, nearly all construction has been stopped and the WRA is being forced to lay off approximately 2,000 employees.





COMMONWEALTH OF PUERTO RICO

SENATE

CAPITOL

SAN JUAN, PUERTO RICO 00904

MIGUEL A. HERNANDEZ AGOSTO
VICE-PRESIDENT

CONFIDENTIAL

May 17, 1975

Mr. James Cannon
Executive Director
Domestic Council
White House
Washington, D. C.

Dear Mr. Cannon:

I was delighted by the chance to meet you and by the time and attention you gave to what I see as a delicate situation vitally affecting Puerto Rico and the United States. Here, in brief, is the information you asked for.

Puerto Rico is in a very difficult situation. The data as of September 1974 shows population growing at the rate of 3% per annum. (More precisely, the growth rate is 24.2 per 1,000 and the death rate 6.5 per 1,000. Additionally there is a high immigratory flow of 1.8% annually consisting of Puerto Rican returnees, Puerto Ricans born in the States, and incoming foreigners, which amounted to a net immigration of 106,000 in the last 3 fiscal years). The labor force is growing at the same rate, namely 3% yearly.

The projection is that population will reach 3,857,000 by 1985, meaning a labor force of 1,422,000. Merely to maintain present unemployment levels of 20-22%, (although the latest official figure is 17%) it will be necessary to create 40,000 net additional jobs for the next 12 years. To reduce unemployment to 5% by 1985 would require creating 46,000 new jobs each year.

At the present time Puerto Rico creates only 8,000 to 10,000 new jobs per year.

The current reduction in population growth will show its effect only in 20 years. In the meantime---



521

*1.4 million Puerto Ricans are presently under the Food Stamp Program (out of a total of nearly 3 million- and the program has not yet fully penetrated the island) v. 1.2 million in California.

*46% of all the unemployed are in the 16-24 year age range, a group that comprises 17% of all total population.

*The rural population keeps shifting to the cities. Where it comprised 54% of the total in 1960, within 10 years, by 1970, it reached 64% and is still climbing. The San Juan metropolitan area with only 5% of the island's total land area has nearly 1/3 of the total population.

*The participation rate of the working population in Puerto Rico was 59% in 1973 for the ages 20-64 years v. 65-70% in developed countries.

At the same time, Operation Bootstrap, largely responsible for bringing about a rise in GNP from \$755 million in 1950 (at current prices) to \$6,430 million in 1973, is lagging. This program which worked so well for so long, reports that in the ten months May 1974- March 1975 nearly 21,500 jobs were lost from layoffs alone during which new factory promotions would create only 5,391 payroll positions. Another 32,500 jobs were lost in other sectors of the economy for a total loss of 54,000 in a ten month period. Though wages are now higher, the worker participation rate is lower than used to be. As stated, hardest hit is the 16-24 age group, comprising 17% of total population. Forty-six per cent of this age group is unemployed. Currently, an estimated 60,000 young men are not disabled, are not at work, are not at study and are not utilized.

The immediate area in which I would like to enlist your support is in the field of social security. At present, Puerto Rico (and, I suspect, most if not all the states) lacks an encompassing integrated social security system. State, federal and private social service programs co-exist with little coordination. This adhoc growth, necessary as it may have been, is now resulting in a variety of ills, including unnecessary duplication of costs, benefit losses for those who shift from one system to another, insufficient coverage and missuse of benefits programs. Under terms of



a law of July 23, 1974 of the Puerto Rico Legislature, I was named chairman of a Commission whose purpose is to "guarantee to the population an adequate level of economic and social security, protection against loss of income from unemployment, death or disability, irrespective of the cause."

At present, Puerto Rico has some seven major social insurance and economic assistance programs ranging from old age insurance to social security for chauffeurs. In 1973 more than 42% of the total population (then 2,951,700) would have received some kind of payment, providing there was no overlap. The amount of overlap is really unknown.

I am, this week, convening in San Juan a four day program of Puerto Rican social security experts and stateside colleagues including Dr. Ida C. Merrian, recently retired from the Social Security Administration, Dr. Winifred Bell of the NYU School of Social Work, Dr. Arthur Williams, Dean of the Graduate School of Business Administration of the University of Minnesota, Dr. Eveline Burns, author and consultant in social security, Dr. Terence Kelly of the Urban Institute, Ms. Alair Townsend of the Congressional Budget Committee, as well as others.

Questions to be addressed include the following:

- * Are people with genuine needs not being served because they fall outside the purview of existing programs?
- * Are the present approaches the most desirable for confronting the problems? What are the financial and organizational alternatives? What redistribution of resources may be necessary to meet reasonable priorities? Are alternatives such as a guaranteed minimum income or family subsidies feasible and desirable? What would be the redistributive effects?
- * What reasonable means can be found that would minimize inducements to refrain from acceptance of employment if jobs are available?
- * In the interests of humane administration, expediting claims, and efficient and economic operation, what provisions can be made that do not involve too detailed and complicated a process of determining eligibility and the amount of benefit in the individual cases.



*What improvements should be sought in the current system of wage and payroll taxes?

*What improvements can be made in grievance procedures, appeals machinery and appointment of one or more ombudsmen, to safeguard the rights and dignity of beneficiaries?

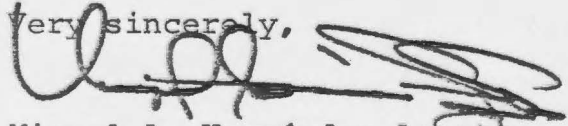
*What sort of central authority can be set up to monitor and report on the system as a whole, to insure that it is an integrated system that lends itself neither to abuse of social security by cheats or abuse of beneficiaries by bureaucrats?

I feel, Mr. Cannon that in good part this movement toward an integrated social security system is valuable not only for Puerto Rico but for the States. If this pioneering effort can succeed it may point the way for others. If, as is more likely, it succeeds only partially, it will be a guide to some of the pitfalls and some of the possibilities. Our U. S. social security system is comparatively young, fresh, now more than ever needed and more than ever requiring a careful looking at. Perhaps our effort will help. In any event, I believe it will help us in a substantial way to deal with some of the fallout from the problems suggested in the beginning of this memorandum.

Our people will deeply appreciate the help you can give us. A memorandum from your Council stating its approval and support of our effort will facilitate our data-gathering which is so dependent on the assistance of federal offices in Washington and in San Juan. I should also like to discuss the eligibility of this program for financial assistance.

I look forward to hearing from you and to seeing you again, and to talking with your people, as you suggested. Again, my thanks.

Very sincerely,


Miguel A. Hernández Agosto

P. S. Should further clarification be needed, please write or telephone me at (809) 723-1976 and 723-5392.



reaction taken by Ross

THE WHITE HOUSE

WASHINGTON

May 27, 1975

MEMORANDUM FOR: DOUG COSTLE
MIKE DUVAL
TOD HULLIN
PAUL LEACH
LYNN MAY
DICK PARSONS
ART QUERN
NORM ROSS ✓
ROGER SEMERAD

FROM: JIM FALK 7

Attached you will find copies of proposed resolutions which will be considered by the National Governors' Conference at the National Convention on June 8-11.

Please examine the resolutions in your area of responsibility with a view to determining whether or not they are consistent with administration policy.

As to those resolutions which are consistent with administration policy, you should so indicate on the face of the resolutions itself.

As to those resolutions which are only partially consistent but could be amended, please provide brief amendatory language.

As to those which are contrary to our positions, please indicate the reasons for our opposition.

It is important that your reply by received by 9:00 a.m., Thursday, June 5th for our use in a meeting with the key administration officials that will be attending the conference.

Thank you. If you have any questions, please contact Pat Delaney as soon as possible.

cc: James Cannon
Jim Cavanaugh
Dick Dunham



5-27



National Governors' Conference

1150 Seventeenth Street, N.W., Washington, D. C. 20036 (202) 785-5600

James A. R. Johnson
Acting Executive Director

POLICY STATEMENTS

COMMITTEE ON HUMAN RESOURCES

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Staff Contact

Joe Nagel
Office of Governor Cecil Andrus
(208) 384-3804

*Legend

New Language--Italics
Existing --Regular Type
To be deleted-Regular Type
with detached lines



PREAMBLE

The Human Resources Committee of the National Governors' Conference has reviewed the NGC Human Resources policy positions for ~~1973-1974~~. 1974-1975. Although these statements do reflect the position of the Nation's Governors on a variety of human resources issues, the Committee believes that its time and efforts can be better channeled in directions other than the development of detailed policy statements.

It is our preference that we deal less in specifics with these statements and, instead, concentrate on brevity. ~~This will allow us to follow the same pattern which has not with success in dealing with social services, health planning and manpower.~~

The human resources policy statements for ~~1974-1975~~ 1975-1976 reflect the Committee's desire for brief, concise statements which will provide the foundation for continuing multi-state involvement in making in-depth suggestions to the federal government on a situation-by-situation basis.

~~The annual report of the Human Resources Committee, which is issued separately from these statements discusses the directions in which this committee has worked during the past year. In addition, it outlines in greater detail the specific projects and goals of the committee during the coming year.~~

~~The National Governors' Conference believes that these policy statements encompass the major human resources issues which the States will be faced with during the coming year. However, of these issues, several are considered to be of the highest priority. These issues, not necessarily in order of importance, are: health financing, social services legislation, the effects of the national economy on human resources programs, and education financing.~~



HUMAN SERVICES PROGRAM REFORM

A. Supports concept of eligibility for income maintenance, social services, subsidized medical care, and food programs based on income. Supports equal treatment for families, working poor, childless couples and individuals regardless of marital status or family composition.

B. Supports federal financial responsibility for a national minimum standard income maintenance program.

C. Supports structuring human services programs based upon common goals, for example, social services and rehabilitation programs might be directed to the following specific goals, as appropriate, for particular families and individuals:

~~1. -- Self-support goal: -- to achieve and maintain maximum feasible level of employment and economic self-sufficiency.~~

~~2. -- Self-care or family-care goal: -- to achieve and maintain maximum personal independence, self-determination and security in the home, including, for children, the achievement of maximum potential for eventual independent living.~~

~~3. -- Community-based care goal: -- to secure and maintain community-based care which approximates a home environment when living at home is not feasible and institutional care is inappropriate (including care in half-way houses, foster homes, group homes, etc.)~~

~~4. -- Institutional care goal: -- to secure appropriate institutional care when other forms of care are not feasible.~~



1. achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency;
2. achieving or maintaining self-sufficiency, including reduction or prevention of dependency;
3. preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;
4. preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, or,
5. securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

D. Support basic purposes of pending federal proposals which would remove some barriers to States planning and administering a broad range of allied human services programs in a coordinated manner and in a manner which more adequately reflects the state priorities. Such action would be an important first step toward accomplishment of needed basic reforms including consolidation of existing categorical programs and a strong leadership role for the States. Provisions of the pending federal proposal which should be supported include:

1. State designated sub-state services areas recognized as the common geographical areas for planning human services programs.
2. Options available to States to transfer a portion of funds available to a certain program to other federal programs included in a State or sub-state human services plan.



3. Options available to States to have certain statutory requirements and administrative regulations waived if they impede the development of a coordinated services program.
4. Special funds for comprehensive planning activities in the field of human services both for state and sub-state services areas, and administrative start-up costs for the implementation of such plans.
5. Provisions which would allow States to consolidate HEW funds available for planning under various programs.

~~E. - Supports a prompt legislative solution to the current impasse in the social services program which would have the following essential characteristics:~~

- ~~1. - Requirements for limiting services to welfare recipients and the poor with "poor" defined by the use of state adjusted living standards plus possible higher standards for partially subsidized services.~~
- ~~2. - Provide opportunity for welfare recipients to obtain social services that they need but repeal of present 90-10 limitation on services required to go to welfare recipients.~~
- ~~3. - Allowing use of social services funds for medical and subsistence costs which are incidental to a comprehensive service program, but with time limitations for such use for an individual.~~
- ~~4. - Allow use of social services funds for related human services planning, coordination, and case management and linkage with the Comprehensive Employment Training Act and other human resources planning activities.~~
- ~~5. - Broaden options for States in designation of responsibility in state government for social services program administration and planning.~~



6. -- A clear statement of federal interests and requirements in the statute specifically with respect to ineligible services; income eligibility, and other key features of federal financial participation so that the States can plan and execute their programs in an atmosphere of certainty.

7. -- A public planning and accountability process within each State for developing and executing a comprehensive social services program rather than excessive federal regulations governing state activities.

The Governors urge the Secretary of HEW to support legislation to this end; and further urge the Congress to enact promptly such legislation. -- If the enactment of such legislation cannot be accomplished expeditiously, the Governors urge the continuation of current moratorium on new regulations until such legislation becomes effective.

E. The National Governors Conference commends the Congress and the Administration for the enactment of the new social services law (Title XX) and urges that in the implementation and refinement of the program, there be a continuation of the same spirit of cooperation and maximum flexibility for States which characterized the development of the legislation.

F. Urge that the Supplemental Security Income Program provide for full federal financing of the automatic cost of living increases and full federal financing of these increases to be passed on to the SSI recipients.

G. Provide for the continuation after June 30, ~~1974~~, 1975 of food stamp benefits or the cash out option for the aged, blind, and disabled receiving SSI benefits.

H. The National Governors' Conference urges that federal legislation and programs contain provisions for increased experimentation among the various States and allowances for differing approaches in implementation and administration of these programs, so that different needs and situations of the States can be met.

This could include the option of the development of State plans in which States devise their own structure and programs to meet the goals and objectives of the federal legislation.

I. We support improved federal and state efforts to combat hunger and malnutrition, including the improved administration and coordination of present food programs and the continued purchase by the federal government -- at market prices, if necessary -- of commodity foods for distribution to school and supplemental feeding programs.

J. NGC supports positive management and initiatives by both federal and state government to increase efficiency and reduce errors in public assistance payment programs. NGC does not consider that the punitive program of fiscal sanctions levied against States and localities on the basis of error rate samples represents a contribution toward these goals nor a recognition of the equal responsibility of both federal and state members of the partnership for high levels of error.

The NGC therefore urges HEW to revoke its regulation imposing fiscal sanctions to focus instead on efforts to stabilize regulations, simplify administration, and to assist States to develop constructive programs to minimize error.

K. Urge Congress to provide in all grant-in-aid legislation a specific section that allows for the timely and legitimate state legal and budgetary process to occur prior to the implementation of any new program or changes in existing programs.

L. Urge continued financial assistance to programs now funded through the ~~Economic Opportunity Act~~ *Headstart, Economic Opportunity and Community Partnership Act of 1974* including assistance to State OEO offices and partial financial assistance to Community Action Agencies only upon the approval of the Governor or a local official designated by the Governor.

M. During this period of a depressed economy, food stamps are helpful in the support of our needy citizens. Many of our people are in dire need of food stamp assistance immediately, and yet delays in processing applications and long periods of unnecessary waiting are causing hardships among many low-income citizens. The federal red tape of long and detailed registration and application procedures is causing these unnecessary delays. The National Governors Conference calls upon the Secretary of Agriculture to design a simplified one page-form-for-application-of-food-stamps-in-order-that-these-stamps may-be-issued-the-day-of-application.-If-further-information-is required-by-the-federal-government,-a-more-detailed-form-may-be-executed-within-a-reasonable-time-after-food-stamps-are-first-issued-on the-basis-of-a-simplified-application-form,-but-in-no-way-should-this delay-the-necessary-assistance-to-the-needy- *procedure for application for food stamps.*

C. - 3

INFLATION AND THE HUMAN RESOURCE PROGRAM

Inflation is having a disproportionate and very severe impact on the poor, unemployed, and the disabled, the aged and other persons served by human resources programs and on the amount of financial support available to support the human resource programs designed to assist such persons.

The National Governors' Conference urges the federal government to make a special effort (1) to provide financial adjustments for inflation in human resources programs and (2) to take a new initiative to stop the rise in the prices of basic human needs, such as food, medical care and home energy needs.

A. Federal financial adjustments for inflation in human resources programs should be made through:

1. Additional appropriations for cost of living adjustments in the welfare program, for higher stipends in manpower training programs, for larger basic grants for higher education students, and other related human resources programs.
2. Minimum wage increases consistent with inflation increases.
3. Higher income eligibility criteria for participation in human resources programs, such as education aid for disadvantaged children.
4. Increased in statutorily set authorization ceilings when increases in the minimum wage or inflation reduce the net amount of services that can be offered within such a ceiling.

B. A special federal effort should be made to control the rise in the price of basic human needs.

1. Through the use of national guidelines, long-range planning and wage and price controls as appropriate; and
2. Through national legislation restructuring inflationary economic arrangements, such as might be done with national health insurance in the health sector.

C. - 4

CHILDREN'S SERVICES

A. The National Governors' Conference recommends revising existing state child neglect and abuse laws to:

1. Expand the definition of abuse to include emotional, physical and sexual abuse as well as neglect.

2. Include provision for preventive and remedial measures, and not simply punitive ones.

3. Mandate reporting of suspected neglect by all persons regularly coming into contact with children.

4. Ensure coordinated reporting and service functions.

B. We urge the States to enact legislation requiring health insurance companies to begin coverage of children at birth.

C. We believe that one of the important stages in assuring normal physical and mental development in children is to provide early and periodic screening, diagnosis and treatment for all children. We urge health care providers to make special efforts to provide necessary treatment to such children.

D. We support all efforts to assist in the elimination of nutritional deficiencies in children.

E. We urge the States to strengthen and support family foster care for children separated from their natural parents.

C. - 5

HEALTH

A. Federal Responsibility for Financing Health Programs

1. The National Governors' Conference recommends national policy which establishes health financing as primarily a federal level responsibility.

2. As its first priority for health, the National Governors' Conference urges prompt enactment of federal legislation:

a. to guarantee an adequate set of comprehensive health benefits to every citizen regardless of his personal financial resources;

b. to finance such benefits through a federal level mechanism which combines public and private contributions in the most efficient and equitable manner feasible;



- c. to include in the method of financing health benefits the financing that may be needed for meeting the health manpower and health facilities needs of the future as established by state and local comprehensive health plans;
- d. to utilize the existing private enterprise medical services system and to reimburse private vendors of health services in a manner.

- (1) which encourages flexibility and innovation;
- (2) which is consistent with state and local planning and regulation efforts; and
- (3) which promotes efficient delivery and proper utilization.

- e. and to recognize that, to the extent that governmental financing is involved, such financing shall be primarily a federal responsibility, ~~and, to provide further that if Medicaid is continued it shall be one hundred percent (100%) federally financed.~~

3. The National Governors' Conference urges the federal government to reinstate financial support for needed medical research efforts.

4. The National Governors' Conference asks Congress to provide full funding, longer term authorizations and flexibility for existing health manpower, health maintenance organizations, drugs, alcoholism, mental health and mental retardation programs. ~~Congress should act immediately for continuation after June 30, 1974, of such federal health programs as the Hill-Burton program and the Community~~



~~Mental Health Centers program and other programs the authorization for which expires on June 30, 1974.~~

5. The National Governors' Conference urges the federal government to establish, along with national health insurance coverage, a comprehensive program to reduce or prevent the affliction of the major cripples or killers of the American people using basically the presently existing system of health care delivery.

B. States' Responsibilities for Financing Health Programs

The National Governors' Conference urges the States to provide continued financial support for:

1. the development of state health manpower and education programs;
2. the support of professional staff needed for the new planning and regulation efforts on the state level.

C. Federal/State Responsibility for Health Planning and Regulation

~~1. The National Governors' Conference recommends national policy which clearly establishes health planning and regulations as primarily a state and local governmental responsibility.~~

~~2. The National Governors' Conference urges the passage of federal planning and regulatory legislation:~~

~~a. which maintains straight line accountability to elected state and local officials and does not mandate the use of non-public instrumentalities;~~

~~b. which mandates functions, not structure, in order to allow for flexible state and local relationships;~~

~~c. States should be allowed to choose the agency or agencies they believe to be most capable for their own State to carry out the following functions:~~

--control over rates, charges or prices paid to health

care providers or researchers by government agencies or

third party payors;

--right of access to service and financial information -

possessed by health care providers;

--power to allocate capital among competing or alternative

health providers or classes of health providers; and

--power to qualify, license or register health manpower.

d. - which provides for coordination of federal reimbursement

policy for nationally-financed health benefits and federal

health manpower and facility funds with state plans and

regulations; and

e. - which evaluates States' efforts on the basis of performance

and not on arbitrary federally devised structural and pro-

cedural requirements.

The National Governors' Conference continues to support the establishment of a sound program of health planning, resource development and health care cost control.

During the legislative debate on the Health Planning and Resource Development Act of 1974 (Public Law 93-641), Governors and local elected officials stressed the need to provide for adequate public accountability in the carrying out of these functions.

The legislation as enacted, while containing some amendments sought by Governors, is still completely unacceptable in its lack of clear lines of public accountability for developing plans and making decisions that effect the delivery of health care services.



We ask that the Congress consider the implications for society of the enactment of the health planning and regulation bill effecting the delivery of over \$100 billion of health care services which inadequately addresses the issue of public accountability.

The National Governors Conference urges that there be an immediate evaluation by the Congress of the adequacy of the new health planning law and the policies of the Department of Health, Education, and Welfare in implementing the new law.

Such an evaluation and the determination of actions needed should focus on the issue of public accountability.

Congress should scrutinize the provisions in the law which give one official of the executive branch of the federal government, the Secretary of HEW, the power to control decision making structures for the critical choices effecting health care services for individuals in their communities and States.

In addition, Congress should recognize that many States have created substate districts, with federal encouragement, to reduce overlap and duplication and to support comprehensive planning across functional lines.

The administration of the Health Planning and Resource Development Act of 1974, as outlined to the States by the Department of Health, Education, and Welfare, would seriously damage the uniform district effort.

The National Governors Conference urges that, at a minimum, the following policies should guide the implementation of the law or the development of changes in the law:

1. The Governor, in consultation with local officials, should have the authority to designate health service areas without regard to such arbitrary criteria as populations minimums of 500,000 and prohibition of division of Standard Metropolitan Statistical Areas.

(SMSAs). *The Secretary of HEW should adopt the health service area designation submitted by a Governor.*

2. The Governor, in consultation with local elected officials, should be responsible for the designation of the health systems agency at the local level to serve as the publicly accountable organization for health planning and related decision making.

3. The Governor should be responsible for the establishment and structuring of health planning and resource development decision making mechanisms at the state level so as to ensure consistency with state law and policies and to facilitate public accountability rather than autonomous decision making. *As an interim measure, the National Governors Conference strongly supports pending amendments to the health planning law to allow waivers from requirements regarding population size of health service areas and waiver of the statutory requirements concerning structure, function, and composition of Health Systems Agencies and their governing boards, the Statewide Health Coordinating Council, and the State Health Planning and Development Agency.*

D. States' Responsibilities for Health Planning and Regulation

The National Governors' Conference urges the States to enact needed planning and regulatory legislation. Such legislation might include: establishment of Certificate of Need Legislation for facilities and health services; prospective budgeting and other cost control legislation for health vendors; provision for strong state comprehensive health planning; coordination of the expenditures of federal and state funds; encouragement of local planning; and the development of more flexible licensing laws.

E. The Nature of the Health Delivery System

The National Governors' Conference supports the maintenance of the private nature of the health delivery system until and unless proved unsatisfactory, and encourages the federal government and the States to shape legislation which provides for:

1. Greater flexibility and financial support for innovation and improvement in the health delivery system, such as support of health maintenance organizations.
2. Recognition that health delivery is primarily a personal service and is best performed in a decentralized and deinstitutionalized manner on a community basis.

C. - 6

EDUCATION

A. Recognizing the major responsibilities the States have for education and in light of questions raised by recent court decisions regarding the financing of elementary and secondary education, all Governors are urged to review the present system of financing elementary and secondary education in their States. This is especially true in light of the Supreme Court decision which focused responsibility for the financing of education upon the States. Governors feel that the States should take immediate action toward assuming greater responsibility for financing local education in order to eliminate the influence of local wealth in education opportunities and so as to guarantee educational spending in accordance with educational needs. States should implement alternative methods of financing education designed to relieve the undue burden on the local property tax.

B. While achieving equality of educational opportunity is primarily a state responsibility, the Governors are hopeful that new federal assistance will be forthcoming to aid the States in this endeavor. Federal programs designed to assist intrastate equalization efforts should be mindful of the differing state political traditions and fiscal preferences and, therefore, should not be aimed

at encouraging a single, federally prescribed approach to education finance reform. Moreover, federal assistance should not be tied to other objectives such as property tax relief, since local tax relief and reform are state concerns and must ultimately depend upon state action.

C. The National Governors' Conference supports the assumption by the federal government of far greater responsibility for the financing of education. Such increased federal financial participation should take the form of *block* grants to the States for educational purposes.

D. Federal grant-in-aid programs should continue to encourage new and innovative solutions to the serious problems that face our educational systems.

E. The National Governors' Conference supports adequate advance funding of existing federal programs commensurate with critical educational needs.

F. The Conference supports consolidation of existing federal grant-in-aid programs for education into broad functional categories. We further support maximum administrative simplification of planning, application, allocation, accounting, and reporting procedures for all consolidated grant-in-aid programs. Every effort should be made to develop the necessary fiscal and administrative capacity in the States to effectively assume responsibility for consolidated grant-in-aid programs.

G. The National Governors' Conference believes it should be the responsibility of each State, as an integral part of a free public education, to provide for special education services sufficient to identify and meet the needs of all handicapped children.

H. Recognizing the tremendous additional financial burden which would be incurred in providing for the education of all handicapped children, the National Governors' Conference calls upon the federal government to increase its assistance to the States in fulfilling this commitment. Federal assistance, however, should allow maximum flexibility and discretion to the States in providing

the essential services they deem appropriate, since these services in many States are administered by more than one agency.

I. The National Governors' Conference supports recognition by federal and state governments of their responsibility to help preserve the contributions of private education.

J. The funding of postsecondary education has rapidly become one of the Nation's biggest problems. In a recent survey, Governors identified postsecondary education finance as one of their three top priorities and concerns in the field of education. It is most appropriate, therefore, that the National Governors' Conference undertake a review of such surveys and related studies related to postsecondary education.

C - 7

MANPOWER TRAINING AND DEVELOPMENT

A. The National Governors' Conference urges that implementation of the Comprehensive Employment and Training Act (CETA) be carried out in the spirit of the legislation. Specifically, we urge that the regulations governing the administration of programs under CETA be kept brief; provide maximum flexibility to prime sponsors; and take into consideration existing state and local laws, as well as existing federal regulations.

B. As consolidation and decategorization of programs take place under *all titles of CETA*, the Congress and the Administration are urged to review the program effectiveness and planning and delivery of manpower services under CETA and also under the Wagner Peyser Act together with the linkages of these acts with vocational education and vocational rehabilitation. *Assistance and advice from state Manpower Services Councils, created under CETA, should be sought in this process of federal review.*



C. The National Governors' Conference strongly opposes legislative proposals to establish additional categorical manpower programs and efforts to provide a national guarantee of funding levels by prime sponsors for particular programs and instead urges increased decategorization of manpower programs.

D. The National Governors' Conference strongly opposes efforts to decrease the population of local governments eligible as prime sponsors or to make local school districts eligible as prime sponsors.

E. The National Governors' Conference urges the executive and legislative branches of the federal government to augment existing manpower programs with enough fiscal resources to deal quickly and effectively with the 1975 unemployment difficulties, including summer youth employment funds and public service employment funds.

F. Because of our national need to properly match persons in need of work with available job openings, the National Governors' Conference calls upon the Congress and the Administration to adequately fund the joint federal-state Employment Service. In a period of recession, more workers seek employment services, and proposed budget and staffing cuts only serve to lessen the ability to perform such services when there is a greater than normal need to counsel and place workers.

G. The National Governors' Conference urges that the role and function of the State Manpower Service Council be maintained and strengthened; specifically all CETA Title III activities such as programs for migrants, Indians and correctional inmates within States should come within the purview of the Councils.

~~The National Governors' Conference supports and encourages policies that enable all Americans to achieve and maintain self-sufficiency and gainful employment opportunities.~~

~~The NGG wishes to state that Governors have an obligation to provide immediate assistance to those unemployed Americans who suffer during periods of unusually high~~

~~unemployment,--utilizing the resources available to States,--such as public service employment,--unemployment insurance, and public works programs.--The NCG recognizes, however,--that public service employment alone will not,--and cannot,--solve America's economic problems nor provide long term solutions for our citizens.~~

~~The Nation's Governors support all efforts made by the Congress and the federal government to provide meaningful and dignified ways to provide unemployed Americans with public service employment opportunities, unemployment insurance assistance and jobs through public works projects.~~

H. Public service employment, although it possesses some advantages as a counter-cyclical tool, should principally be utilized to attach structural unemployment and assist the disadvantaged and other hard to employ groups to enter and remain in the work force. Public service employment alone will not cure the ills of a nation suffering from recession. Therefore, the National Governors' Conference urges Congress and the Administration to use more fundamental approaches to combat the current recession, including monetary policy changes and fiscal measures such as tax cuts, public works spending, and counter-cyclical revenue sharing.

~~The Conference supports the following policy recommendations:~~

~~1.--That Congress appropriate at least another \$1 billion from the initial \$2.5 billion authorization of Title VI of the Comprehensive Employment and Training Act of 1973.~~

~~(a)--It should be recognized that if no additional funds are appropriated for public service employment beyond those of December 1974, then further payments under unemployment insurance, welfare, and medicaid programs will be made correspondingly higher.~~

~~(b)--While it is anticipated that Congress will monitor the progress of city, county, and state public service employment utilization, it is suggested that this new recommended \$1 billion and other~~

~~appropriations for fiscal years 1975 and 1976 be made available to individual prime sponsors when they have effectively and fully committed previously appropriated funds.~~

~~2. That Congress extend Title I of the Emergency Jobs and Unemployment Act of 1974 (CETA Title VI). This extension should include a funding authorization that will provide such sums as may be necessary to enable a significant number of unemployed Americans to receive public service job opportunities. The extension, at a minimum, should continue through fiscal year 1976.~~

I. *The National Governors' Conference supports Congressional efforts to extend CETA Title VI through FY 1976. This extension should include a funding authorization that will provide such sums as may be necessary to enable a significant number of unemployed Americans to receive public service job opportunities, if required.*

~~3. That the Act and Regulations for the Emergency Jobs Program be amended immediately to state that "prime sponsors utilize at least 85 percent of the funds for wages and fringe benefits and 15 percent of the funds for administration, training, supportive services and job-related equipment for participants in the program."~~

J. *The National Governors' Conference calls for the Comprehensive Employment and Training Act and the regulations for public service employment programs to be amended to allow prime sponsors to utilize up to 15 percent of the funds for training, supportive services and administrative costs, including the purchase or lease of job-related equipment and supplies for participants.*

K. *That state, city, and county governments develop and maintain effective cooperative working relationships in the administration of all public jobs programs, including the provision of equitable state public service employment opportunities in areas of over 100,000 population.*

UNEMPLOYMENT COMPENSATION

WHEREAS, several States are compelled to borrow from funds controlled by the federal government to pay for unemployment benefits, and

WHEREAS, the national rate of unemployment is in excess of 8 percent and is projected to average 7.9 percent in 1976, and

WHEREAS, state and local economies have unemployment rates far in excess of the national average, and

WHEREAS, the federal government has recognized the need to restructure unemployment benefits through the creation of special and extended benefits program which include federal funds;

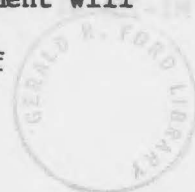
NOW, THEREFORE, BE IT RESOLVED:

That 1) if a state unemployment rate reaches 10 percent and if a state's employment trust fund has a balance sufficient to cover only one month of benefit payments, then the financing of the Extended Benefits Program shall extend to the Regular Unemployment Benefits Program and that 2) the federal government use its general revenues when necessary to finance the federal share.

PREVENTION AND TREATMENT OF CHEMICAL ABUSE, DRUG ABUSE,
NARCOTICS ADDICTION AND ALCOHOLISM

A. The National Governors' Conference supports the development of a national commitment to deal with the problems of narcotics addiction, drug abuse, and alcoholism.

B. We support full funding of federal drug and alcoholism prevention and treatment legislation which provides the first stages toward a national commitment to combat chemical abuse. Additional action by the federal government will be required to provide support, on a scale commensurate with the need of



research and for a full range of treatment resources for all addicts, drug abusers, and alcoholics who can benefit from it. Such funds should be made available on a flexible basis and in accordance with state established priorities so that state and local governments can use them in the most effective manner possible.

C. - 10

 NON-DISCRIMINATORY TREATMENT FOR PUERTO RICO AND THE TERRITORIES

The National Governors' Conference urges that federal programs be revised to provide non-discriminatory treatment for the people of the Commonwealth of Puerto Rico and the Territories in all Human Resources legislation.

The National Governors' Conference urges the removal of ceilings on the amount of federal expenditures for Medicaid in the Commonwealth of Puerto Rico and the Territories.

The National Governors' Conference supports removal of "set-asides" on the amount of federal expenditures for education in the Commonwealth of Puerto Rico and the Territories and of formulas which do not treat them in the same way as the States.

C. - 11

PROGRAM ADMINISTRATION

Each State should develop and administer all of its programs in a completely non-discriminatory manner.

MI-75- 41