

November 16, 1976

TO: Senator Mondale

FR: Bill Smith

RE: The Wednesday Congressional Leadership Meeting and the Organization of White House Congressional Liaison

I. Leadership Meeting.

Clearly, it is important for the President Elect to get off on the right foot with the Congressional leadership. Carter met with Senate Democrats twice during the campaign, emphasizing that they would have a close working relationship both then and after the election. He handled these meetings well and made a good personal impression, but since then the Frank Moore problem and the lack of any real coordination during the campaign have created a lot of uneasiness. Additionally, there is a lot of apprehension about how the new Administration will relate to Congress, apprehension resulting largely from the press-created image of a stubborn and uncompromising Georgia governor in his dealings with the Georgia legislature, and the lack of Washington experience among those likely to be closest to him on the White House staff.

It is particularly important that Carter listen, seek their advice and hear their suggestions about White House Congressional relations, government organization and program priorities. I suggest the following agenda.

1. Carter should let the Congressional leaders know that he understands the importance of a close working relationship with the leadership, committee chairman, and members of the House and Senate. He should say that their advice will be sought as legislative proposals are developed, that they will be consulted before proposed legislation is sent up to the Hill, and throughout the legislative process. He should emphasize particularly that he and the White House staff will always and constantly be accessible to them and receptive to their ideas and needs. In short, he should let them know that Pennsylvania Avenue is a two-way street.
2. Carter should say that he will seek persons with Capitol Hill experience for appointment to White House and executive agency liaison positions. He should offer to clear with the Congressional leadership all key liaison

appointments before they are selected. He should not, however, solicit the names of candidates for these positions from members of Congress.

3. Carter might say that neither he nor his staff will in any way become involved in either House or Senate leadership races. (Perhaps this should be said publicly at some point.)

4. It would be helpful if Carter could give the leadership some indication of his own early legislative priorities, e.g., the economy, jobs, government reorganization, etc. (I would not recommend tying executive branch reorganization to the reorganization of the Congressional Committee system. The Senate could well spend the first two or three weeks fighting over the Stevenson committee recommendations. These recommendations do not relate very well to any possible reorganization of the executive branch, and if the Senate committees are to be reorganized, that will happen in the first couple of months or not at all in this Congress.)

5. Carter should invite the comments and suggestions of those present, especially with respect to:

- (a) the elements of a good White House-Executive Agency Congressional liaison operation and how best to work together in the development and implementation of the new Administration's legislative programs;
- (b) past difficulties in working with the White House and suggestions for remedying such problems; and
- (c) their own priorities.

II. The Selection and Organization of Congressional Liaison Staff.

The following results from my conversations with Larry O'Brien, Mike Manatos and Ken Gray.

1. Organization.

The key Kennedy-Johnson White House Congressional liaison staff numbered five, with the Assistant to the President (O'Brien) at the top, one deputy in charge of the Senate and four as liaison with the House. The House liaison divided their responsibilities geographically -- South, West, Midwest and Northeast. In addition, and this is important, a sixth

key White House staff liaison was a nuts-and-bolts person who handled requests from members of Congress, case work and the like.

In the Johnson Administration, department and agency heads and their Congressional liaison assistant secretaries were given line responsibility for the implementation of their own programs. Under Johnson, the whole operation became a team effort involving more than 40 executive liaison staff with weekly reports to O'Brien and weekly meetings, often with the President. In addition, the legislative program was on the agenda for every Cabinet meeting.

2. The Selection of Congressional Liaison Staff.

O'Brien and Manatos both emphasized the following:

- (a) The most important qualification for the job is a sense of human relations and personal sensitivity. ✓
- (b) Select "Hill-wise" people with House and Senate staff experience or with lobbying experience (lobbyists like Ken Young). ✓
- (c) Don't select former members of Congress. They have too many old alliances, enemies, etc., and cannot adjust to the staff relationships necessary vis-a-vis the Hill or the White House. ✓
- (d) Clear the White House liaison staff selections with the House and Senate leadership but do not invite them to nominate their people. If you accept their suggestions, they will never be independent. If you don't, you may sour White House relationships with the members of the Congress. ✓
- (e) Emphasize youth, first because prima donnas don't work out well, and second because the hours are long and the frustrations enormous.

Addendum: Inaugural Luncheon with Congressional Leaders

Nordy Hoffman says the word is being spread around that Carter plans to scrap the traditional inaugural luncheon with the Congressional leadership. This is an important tradition, and I think you should mention its importance to Carter.

DATE: December 8, 1976

INVITATIONS

Page 1 of 6

DATE: JANUARY 1977	EVENT AND LOCATION	CONTACT NAME AND PHONE	COMMENTS
ANY DATE -- ANY TIME	<u>D.C.</u> HARVARD BUSINESS SCHOOL CLUB Luncheons -- Speaker	James Schoenberger-- 755-6047	
ANY DATE -- ANY TIME	(Speaker) <u>DALLAS</u> DEMOCRATIC CLUB LUNCHEONS	John Sartain - (214)521-4030	
ANY DATE-- ANY TIME	<u>N.Y.</u> ALBION CENTRAL SCHOOL Parent's Meeting (Speaker)	Robert Bauer - (716)589-7807	It is a school for the Handicapped
ANY SUNDAY- 10:00 A.M.	<u>MNPLS.</u> GRACE PRESBYTERIAN CHURCH Forum after the service (To join in on the forum)	David Ernsberger - (612) 823-8269	He also wrote to Joan, she did reply to his earlier letter.
ANY SUNDAY- MORNING	<u>MNPLS.</u> FIRST CHRISTIAN CHURCH Sunday Service (Worship only)	FRANK EDMUND SEE -(612)870-1868	Offer to only worship with them
ANY SUNDAY- MORNING	(Speak) <u>MICH.</u> DETROIT EPISCOPAL CATHEDRAL	Dr. Vistor Maxam-(313)549-7000	
ANY DATE THROUGH TO APRIL	<u>CALIF.</u> HASTINGS CONSTITUTIONAL LAW QUARTERLY LECTURE SERIES (To give Lecture)	Campbell Killefer(415)557-1929	Would like you to speak on "Legislation"
ANY DATE - ANY TIME	<u>D.C.</u> FABIAN BACHRACH PHOTOGRAPHERS (To be Photographed)	Ms. Diane SeRosa (201)376-8266	Would like to photograph you and/or family
ANY DATE - ANY TIME	<u>MNPLS.</u> MARCH OF DIMES SPRING BIKE- A-THON (PROMO PICTURE -Taken)	James Swanson (612) 861-2291	
	<u>MN.</u> FOURTH REUNION OF MUNDALE- MONDALE CLAN	Lester Mondale	

--MORE--

DATE: December 8, 1976

INVITATIONS

PAGE 2 *of 6*

DATE:	EVENT AND LOCATION	CONTACT NAME AND PHONE	COMMENTS
SUNDAY, JANUARY 2, 1977 11:45 A.M.	<u>MNPLS.</u> ADULT FORUM-FIRST UNIVERSAL- IST CHURCH (Give Address)	Kenneth Whitlock (612) 338-2662	JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
TUESDAY, JANUARY 4, 1977 anytime- All day	<u>D.C.</u> THE COUNCIL FOR CLINICAL INFANT PROGRAMS (Drop by)	Reginald Lourie 654-1026	JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
THURSDAY, JANUARY 6, 1977 Lunch	<u>VA.</u> A.B.A. CENTER FOR ADMINISTRAT- IVE JUSTICE CONFERENCE (Address Conference)	Milton Carrow (202) 797-7050	JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
THURSDAY, JANUARY 6, 1977	<u>D.C.</u> SOMERSET SCHOOL - FUNDRAISER More details will follow	Nick Kotz (<i>Regret already indicated on card</i>)	The request was made through Joan- the whole family invited JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
THURSDAY, JANUARY 6, 1977 or FRIDAY, JANUARY 7	<u>MN</u> MINNESOTA HEALTH CONFERENCE (Keynote Speaker)	Paul Brye (502) 387-5643	Invitation will follow & will come from Lt. Gov. Perpich JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
JANUARY 6, 7, or 8, 1977	<u>GA.</u> CLARKE COUNTY DEMOCRATIC COMM. (Address Banquet)	George Bullock (404) 549-6897	Ruth Cain wrote a letter to R.M. JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
FRIDAY, JANUARY 7, 1977 NOON	<u>OHIO</u> THE CITY CLUB FORUM (Speak at Forum)	Alan Davis (216) 621-0082	On the "Air" Forum-Live JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
MONDAY, JANUARY 10, 1977	<u>D.C.</u> DEMOCRATIC FORUM LUNCHEON (Principal Speaker)	John Gilligan (202) 332-0603	Lester Hyman also wrote and copies to R.M. JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>

MORE

DATE: December 8, 1976

INVITATIONS

PAGE 3 of 6

DATE: 1977	EVENT AND LOCATION	CONTACT NAME AND PHONE	COMMENTS
SATURDAY, JANUARY 8 Evening	<u>N.C.</u> TESTIMONIAL DINNER for HARRY GOLDEN & HAROLD McIVER SPONSORED by NC--A.F.L.-C.I.O. (Principal Spaecker at Dinner)	Wilbur Hobby (919) 833-6678 STEIN (Am. Trade Council) 212-628-1000	*It was thought by them that you were going to attend Gov. Inaug. JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
TUESDAY, JANUARY 11	<u>N.Y.C.</u> STANDARD & POOR ENERGY SEMINAR (Seminar speaker)	Thomas Wilson (212)924-6400	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
WEDNESDAY, JANUARY 12 Mid-Day	<u>D.C.</u> RECEPTION HONORING SEN. SPARK- MAN (Drop By)	Senate Small Business Comm. 4-5175 or Brad Furguson	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
WEDNESDAY, JANUARY 12 11 A.M. - Noon	<u>D.C.</u> AM. HEART ASSOC. -"HOWS YOUR HEART DAY" (Drop By)	Lou Brott 638-1441	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
THURSDAY, JANUARY 13 6:30 P.M.	<u>RESTON, VA</u> NATIONAL URBAN COALITION Conference (Dinner Speaker)	Carl Holman 331-2400	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
FRIDAY, JANUARY 14 1:30 - 2:30 PM	<u>BETHESDA</u> MEMORIAL SERVICE for DR. M.L. KING - Naval Hosp. (Give the Address)	L. Kenneth Epps 295-0307	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
SATURDAY, JANUARY 15 7:30 P.M.	<u>D.C.</u> MN STATE SOCIETY PRE-INAUG. PARTY (Attend as Guest Of Honor)	<i>Accepted (JAM also)</i> Harold Gross - 262-2685 or Peg Hofmann in Jacobs Office	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
SATURDAY, JANUARY 15 6:30 PM.	<u>D.C.</u> 5th ANNIVERSARY CELEBRATION Internat'l. Toastmistress Clubs (Guest Speaker)	Frances Hunter 584-6719 (home) 426-4347 (office)	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
SUNDAY, JANUARY 16 12:30 - 3 PM	<u>D.C.</u> AM. WOMEN IN RADIO & T.V. GALA BRUNCH (Be Honored Guest)	Fay Gillis Wells 628-5033 (o) 332-3855 (h)	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___ Invitation is also extended to Joan

--MORE--

DATE: December 8, 1976

INVITATIONS

PAGE 4 *of 6*

DATE: 1977	EVENT AND LOCATION	CONTACT NAME AND PHONE	COMMENTS
SUNDAY, JANUARY 16 11:00 A.M.	<u>D.C.</u> PEOPLES CONGREGATIONAL CHURCH MEMORIAL SERVICE FOR M.L. KING (Give the Address)	Rev. Knighton-Stanley - 829-5511	JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
SUNDAY, JANUARY 16 Noon	<u>MNPLS</u> OPENING OF ART EXHIBIT "AMERICA 1976" (Drop By)	John DeWitt 343-3582 (Interior)	(Joan was asked & said "no") JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
JANUARY 17 - 21 anytime - just drop by	<u>D.C.</u> NAT'L. COMM. OF THE MACHINIST NON-PARTISAN POLITICAL LEAGUE (Drop By)	Floyd Smith 785-2525	JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
WEDNESDAY, JANUARY 19 5 - 8 P.M.	<u>D.C.</u> A.D.A. RECEPTION honoring the INAUGURATION of Carter/Mondale (Attend as Honored Guest)	MIKE SAID NO Sen. George McGovern 4-2321	The letter was sent from McGovern JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
SATURDAY, JANUARY 22 Evening	<u>ST PAUL</u> DINNER-DANCE OF BRAC (Brotherhood of Railway, Air-line, etc.) (Drop By)	R.F. Roberts (612) 698-1369	JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
JANUARY 23-27 anytime	<u>TX</u> NAT'L ASSOC. OF HOME BUILDERS CONFERENCE (Personal Appearance)	John Hart (202) 452-0200	JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
MONDAY, JANUARY 24 6:30 PM	<u>D.C.</u> RECEPTION AND DINNER FOR THE SMITHSONIAN REGENTS (Attend Dinner)	S. Dillon Ripley 381-5005	Wives invited JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
TUESDAY, JANUARY 25	<u>D.C.</u> MEETING OF THE BOARD OF REGENTS (Smithsonian) (Attend Meeting)	S. Dillon Ripley 381-5005	JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>
WEDNESDAY, JANUARY 26 Breakfast	<u>G.W. UNIV.</u> FAMILY IMPACT SEMINAR (D.C.) (Meet with informal breakfast)	Sid Johnson (202) 833-1737	JIM YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/> SEN YES <input type="checkbox"/> NO <input type="checkbox"/> DELAY <input type="checkbox"/>

DATE: December 8, 1976

INVITATIONS

PAGE 5 of 6

DATE. 1977	EVENT AND LOCATION	CONTACT NAME AND PHONE	COMMENTS
WEDNESDAY, JANUARY 26	<u>D.C.</u> WASHINGTON PRESS CLUB DINNER (Congressional Dinner) (Be Honored Guest)	Ellen Wadley 393-3417	Joan is also invited JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
THURSDAY, JANUARY 27 Evening	NAT'L FAMILY BUSINESS COUNCIL GOV't AFFAIRS MEETING (Keynote)	Stevan Wolf - contact by mail	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
THURSDAY, JANUARY 27 anytime	<u>D.C.</u> CONFERENCE ON CIVIL RIGHTS (Attend Maeeting)	Clarence Mitchell 638-2269	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
JANUARY 27 - 28 anytime - either day	<u>DENVER</u> ROCKY MOUNTAIN FORUM ON INTERNAT'L ISSUES (Speaker)	Clarence Williams (303)753-2417	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
FRIDAY, JANUARY 28 8:00 PM	<u>ALEXANDRIA</u> YOUNG DEMOCRATS ANNUAL BANQUET (Dinner Speaker)	Fred Hofrichter 543-1517	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
FRIDAY, JANUARY 28 7:00 PM	<u>D.C.</u> "WASHINGTONIAN" AWARDS DINNER (Speak at Award Dinner)	Larry Adler (202) 296-3600	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
FRIDAY, JANUARY 28 Evening	<u>ST. PAUL</u> - FUND RAISER for THOMAS FOLEY (Attend)	Foley Volunteer Committee (612) 225-2544	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
SATURDAY, JANUARY 29 1:30 PM	<u>ST. PAUL</u> WINTER CARNIVAL PARADE <u>BE: "GRAND MARSHALL"</u>	Bert McKasy (612) 222-4416	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
SATURDAY, JANUARY 29 7:00 PM	<u>ST. PAUL</u> WINTER CARNIVAL PRESS, RADIO, TV DINNER (Be Honored Guest)	JACK NICHOLS (612) 456-4511	Joan is also invited JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___

--MORE--

DATE: December 8, 1976

INVITATIONS

PAGE 6 *of 6*

DATE: <u>1977</u>	EVENT AND LOCATION	CONTACT NAME AND PHONE	COMMENTS
FRIDAY, JANUARY 28 Evening <u>or</u> SATURDAY, JANUARY 29 Luncheon	<u>D.C.</u> AM. CIVIL LIBERTIES CONFERENCE (Luncheon Speaker)	Aryheh Neier (212) 725-1222	We regretted on 10/22 but they sent another invitation since JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
MONDAY, JANUARY 31 Luncheon	<u>D.C.</u> NAT'l ALLIANCE OF BUSINESSMEN (Luncheon Speaker)	J.O. Woodrick 254-7105	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
MONDAY, JANUARY 31	<u>D.C.</u> AM. HOSPITAL ASSOCIATION ANNUAL MEETING (Principal Address)	John McMahon 393-6066	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
WEDNESDAY, JANUARY 12	<u>DC</u> Reception - Mail Carriers Asso. (Requests your attendance)	The Nat'l Star Route Carriers Assoc. -- 543-1661	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___ --END--

DATE: December 10, 1976

INVITATIONS

UPDATE 1 of 1 page

DATE: 1977	EVENT AND LOCATION	CONTACT NAME AND PHONE	COMMENTS
SUNDAY, JANUARY 2	INAUGURAL CEREMONIES OF GOVERNOR OF PUERTO RICO (Guest of Honor)	Carlos Romero Barcelo (Governor-elect)	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
JANUARY 2 - 7 ANYTIME	<u>D.C.</u> MEETING WITH STANLEY SAHLSTROM In SEN. OFFICE	Stanley Sahlstrom U. of MN.	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
TUESDAY, JANUARY 4 1:00 - 4:00 PM	<u>D.C.</u> RECEPTION HONORING S. SOLARZ after his Oath of Office (Attend)	Stephen Soalrz Office -965-5100	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
WEDNESDAY, JANUARY 5 5 - 7 PM	<u>D.C.</u> RECEPTION HONORING JOHN & RITA JENRETTE (Attend)	Fortney Stark - 225-3315	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
SATURDAY, JANUARY 15 6:30 PM	DINNER HONORING the RETIREMENT OF Fred Hermann (Attend) <u>D.C.</u>	St. Paul DPC -- respond by mail	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___ This same date MN State Soc. Dinner
JANUARY 11 - 14 EVENING	<u>MD.</u> WHEATON H.S. PERFORMANCE OF One Act Opera "Doctor Miracle"	Thomas Paek -- 301/727-0592	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___
FRIDAY, JANUARY 14 Evening	<u>PHILA, PA:</u> PRE-INAUGURAL BALL --(To receive an award)	Rev. William Jones - 717/783-8512	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___ (This invitation is filed with inaugural file)
PRIOR TO JANUARY 20 ANYTIME	SEN OFFICE: A FILMING OF AN INTER- VIEW (Bilingualism: A Promise for Tomorrow) Film to be used by CBS and/or PBS	Elizabeth Antley - 602/884-3724	JIM YES___ NO___ DELAY___ SEN YES___ NO___ DELAY___ They would like a response by 12/20/76.

November 20, 1976

TO: WFM

FROM: Bert *B*

RE: Attached Briefings for Mathews and Lynn meetings and Charlie Schulze comments on meeting with Burns

I. Mathews

The attached memo (obviously prepared by committee) I think raises the right questions. The memo does not stress the low opinion in which Secretary Mathews is held by many members of his own executive staff. In their view he has retreated almost completely from the activities of the Department to the point of requiring others to sign important correspondence with the Congress. His own pet projects seem to be efforts to reform the process of writing regulations and making departmental policy and to open these processes up to the general public. However, Mathews has made no more than a start and I don't yet have an assessment of his approach in this limited area. Furthermore, Mathews is criticized for not clearly delegating basic management tasks to the Undersecretary or anyone else in the department.

You might want to question him specifically about what practical steps can be taken to improve federal-state cooperation in reducing welfare and Medicaid fraud and abuses, and you might also want to explore the widespread reports of demoralization in the Social Security Administration which followed the departure of Bob Ball and the appointment of James Cardwell to replace him as Commissioner.

II. Lynn

Bo Cutter's memo is also attached. You should know that Bo's relations with Paul O'Neill, Lynn's Deputy, have been somewhat strained. Lynn's reluctance to show us specific work on Ford's budget is understandable. But we badly need a commitment of full access to the agency's budget submission, and to other basic factual data, since Governor Carter hopes to submit his own "budget in brief" in February.

In addition, Charlie Schulze suggests that you might want to explore: Which departments in Lynn's view are the worst in terms of organization and personnel, and where the greatest needs lie for reorganization, what Lynn thinks OMB's role should be in relation to the CEA and Treasury departments in terms of formulating economic policy and what happened to the \$15 billion or so in budget shortfall. (We still have no definitive word.)

Arthur Burns

Dr. Schulze also wanted to pass along to you his concern about Burns' recent statements about economic policy. Burns has been publicly quoted, for example, as saying that he will review the economic situation and determine the appropriateness of a tax cut and other stimulative fiscal steps. Charlie observes that there is a case for an independent executive branch as well as an independent Federal Reserve, and that Burns probably would not enjoy reading that the Treasury Secretary had made determinations about the appropriate growth rate for the money supply. Charlie suggests that you stress the administration's sincere desire for Burns' private input on general economic policy.

CARTER - MONDALE

TRANSITION PLANNING GROUP

*P.O. Box 2600
Washington, D.C. 20013*

MEMORANDUM FOR THE PRESIDENT-ELECT

FROM: HEW Transition Team

SUBJECT: Talking points for your meeting with HEW Secretary,
F. David Mathews

OVERVIEW

The Department of Health, Education, & Welfare has over 157,000 employees and an estimated budget (FY 1977) of \$142 billion -- more than 1/3 of the federal budget. The Department's responsibilities encompass:

1. Administration of most (but not all) federal income security and health insurance programs -- Medicare, Social Security, and the Supplemental Security Income Program for the Aged, Blind and Disabled (under the Social Security Administration), Medicaid and Aid to Families with Dependent Children (under the Social and Rehabilitation Service.) HEW does not, however, have responsibility for unemployment compensation (Labor Department), food stamps (Agriculture), the Federal Employees' Health System (Civil Service Commission), or the Veterans Administration.
2. Administration of federal grant and loan programs (direct and through state and local government) for health, education, and social services.

3. Responsibility for basic and applied research in the human services through the National Institutes for Health, the Alcohol, Drug Abuse & Mental Health Administration, the National Institute for Education, and research programs conducted by the Office for Child Development and other agencies within the Department.

4. Major law enforcement/compliance responsibilities -- including Food and Drug Administration; the Office for Civil Rights, which enforces prohibitions against discrimination based on sex or handicap, as well as race; and the regulatory responsibilities of the Social and Rehabilitation Service for setting and enforcing standards for nursing homes and other health providers.

The Department's activities are so diverse and its structure so complex that the job of the Secretary is often characterized as "impossible."

The consensus among observers is that Secretary Mathews has dealt with the problem by withdrawing to some extent from day-to-day administration to focus on two related overall problems -- simplification of HEW regulations and opening the entire HEW decision-making process to greater participation by the public, state and local government, and other constituent groups. Neither effort has reached its final stages. This withdrawal from day-to-day administration has lead to characterization of Secretary Mathews as a "philosopher", as compared to more active recent "administrators" such as Secretaries Richardson and Weinberger.

SUGGESTED STRATEGY FOR THE MEETING

In a short meeting, it may be useful to focus on general policy and management questions, such as:

1. Refining your own "job profile" for the HEW Secretary, Undersecretary and agency team, and exploring alternative leadership models.
2. Exploring the management problems of the agency.
3. Defining interrelationships between a line agency and the White House, OMB, the Congress, and outside constituencies.

Although we have included material relevant to specific areas of federal health, education, and welfare policy, you may find a focus on more general management questions to be most productive.

GENERAL POLICY/MANAGEMENT

1. Role of the HEW Secretary: As you will recall, your current "job profile" for the HEW Secretary indicates that the position requires leadership in three critical areas: (a) political and legislative initiative, (b) management, and (c) program integration. In order to help determine where your own priorities lie among these areas, you may want to explore with Secretary the way he has seen his role, and how he has viewed that of the Undersecretary.

2. Relationship of HEW to the White House/OMB: In view of your desire to delegate primary responsibility for administration of the federal government to your cabinet officers, you may want to ask the Secretary what he would consider to be the most productive or appropriate relationship between the Executive Office of the President and an agency head. What type of support does a Secretary need to run an agency effectively? Most observers agree that there have been increasingly strained relations between HEW and both the White House and OMB over the past eight years.

3. Relationship of HEW to the Congress: Inasmuch as HEW is accountable to more than 30 Congressional committees and subcommittees, you may want to explore the Secretary's views of Hill relationships. You might want to seek his recommendations on ways for HEW to work most effectively with key leaders, particularly Representative Ullman and Senator Long. In particular, how much of his own time should the Secretary devote to Congressional relations; how much to management?

4. Manageability of the HEW enterprise: In view of your administration's priority on management and reorganization, you may want to focus on the critical issue of whether, in fact, the concept of the HEW agency is workable. Ideally, should health, education, and welfare functions be interrelated on the federal agency and/or local service delivery levels or should these agencies be separated? What administrative changes would make the enterprise more manageable? You may want to explore the Secretary's views on a separate Department of Education. Should such a department

consist solely of education functions within the present structure or should portions of other agencies -- such as job training from the Labor Department -- be included, as well?

A related management issue concerns the Secretary's efforts to try to simplify the language of federal regulations and solicit citizen input on federal policy. He has devoted considerable energy to this effort, including holding "town meetings" around the country, directing that staff be trained in the use of simpler language in writing regulations, and inviting persons to review drafts of regulations. His assessment of progress to date and necessary next steps to complete the project could be useful.

5. Intergovernmental Relations: HEW's relationship to states and localities is an area of considerable controversy. For example, what can be done generally to increase the level of cooperation between HEW and state/local government in development and implementation of policy. What should be the federal role in education? In the area of civil rights?

6. Interdepartmental Relationships: As you know, some of the most critical problems facing HEW cannot be handled by the department in a vacuum, e.g., welfare and jobs. Therefore, you may want to explore with the Secretary ways in which interdepartmental issues -- particularly economic and labor market issues -- can be dealt with effectively.

PROGRAM AREAS

1. Welfare Reform: As you know there are two approaches to welfare reform: 1) an incremental approach which attempts to rationalize and build on the existing system, and 2) fundamental redesign and consolidation of income security programs. Proponents of the first method proceed on the assumption that a multifaceted system is necessary to fulfill multiple needs, and that each of the present proposals for major overhaul and simplification of the welfare system involves serious unresolved design problems. Supporters of the second strategy argue that only a total rewriting of income support laws can fully resolve the inequities and inefficiencies of the present system.

During his tenure, Secretary Mathews has focused on the first alternative -- administrative attempts to tighten and improve the existing system (although his policy and planning office has also worked on major reform proposals).

Based on his experience with attempts to reform the present system, Secretary Mathews may have developed definite opinions concerning the feasibility of further tinkering with the system, or he may have firm views on what sorts of reforms or consolidation of programs may be warranted.

2. Social Security Financing: First, there are the short-term deficits that have been generated primarily by recent inflation and unemployment. The most recent projections indicate that, even with steady economic growth, the Social Security Trust

Fund will have net annual shortfalls rising from \$4.3 billion in 1976 to \$8.6 billion in 1981, when the Fund will be bankrupt. The Disability Trust Fund is in even worse shape, with rapidly rising caseloads now projected to drain the system by 1979.

Secondly, there is the long-term demographic problem of the apparent increase in the ratio of retirees to wage-earners in the period following 1990, leading to projections of massive "doomsday deficits" in the trust funds by the end of the century.

The administration last January proposed a .6% increase in the payroll tax rate, combined with minor benefit reductions, and corrections to the overcompensation for inflation in the schedule for payments to future retirees (so-called "decoupling"). Secretary Mathews may be able to recommend whether immediate (i.e., early 1977) action is necessary, given the continued economic pause and the negative macroeconomic impacts of a SS tax increase. He may also have recommendations on alternatives to a tax rate increase.

3. Health:

A. Reorganization and Management: Senator Talmadge has called for administrative reforms of Medicare and Medicaid in S. 3205. Specifically, he seeks to combine the Medicare, Medicaid, Office of Nursing Home Affairs and Bureau of Quality Assurance agencies into a single Administration for Health Care Financing headed by an Assistant Secretary.

It would be useful to learn Mathew's views on these reorganization/administrative proposals and to see if he has alternative proposals.

B. Cost Containment: During the decade from 1965 to 1975 per capita expenditures for health rose from \$198 to \$547, an average annual increase of 10.7 per cent. Health care outlays as a proportion of GNP have risen from 5.9% to 8.3%. The federal percentage of national health expenditures has risen from 12% to 28%.

Based on experience and the experiments undertaken by Social Security and others, what are the most promising cost containment techniques? How far along is HEW in developing prospective reimbursement methods for hospitals and for physicians? Are such methods likely to be more effective than patient cost-sharing?

C. National Health Planning: The National Health Planning and Resources Development Act of 1974 expires in 1977. Are any changes needed in the Act to enable it to accomplish its mission of controlling costs. How do we give local and state planning agencies the incentive and muscle to control construction of new hospital beds and the purchase of new equipment?

D. Immunizations: There has been considerable publicity about the failure of Americans to take swine flu immunization shots, but even better established immunization programs are not being widely utilized. In 1974, 37% of children ages one to four had not been immunized against polio. 44% had not been immunized against Rubella. 40% had not been immunized against measles. Are new efforts needed?

4. Education: During transition, we will be focusing on several areas that you may want to explore with the Secretary. Four

subjects of special importance will be:

A. The Future Direction of Expiring Legislation: These laws include the Elementary and Secondary Education Act, Emergency School Assistance Act, impact aid, libraries, and school lunch.

B. Budget Amendments: We will be focusing on commitments made during the campaign, including increased aid for handicapped, career education, student aid for college students, and for aid to the disadvantaged.

C. Options for a Potential Department of Education

D. White House Conference on Education: This is mandated by law, to be held before December 1977. To our knowledge no preparations for this conference have yet been made.

Most of these subjects relate to the broader question of what constitutes the appropriate role of the federal government in education. Legislative debates will continue to center on categorical-versus-block grants approaches. Since the Secretary is most familiar with problems of higher education, you may want to solicit his views on the federal role with respect to colleges and universities, inasmuch as they must deal with about 70 agencies at present for grants and contracts, without an overall federal policy.

* * * * *

We have been in touch with relevant individuals within the Department, with key congressional committee staffers, and with outside experts, including Tom Joe, John Palmer, Wilbur Cohen, Steve Kurzman (ex-HEW Assistant Secretary for Legislation), Ruth Hanft, and John Molahan (urban Institute.)

November 20, 1976

DRAFT MEMORANDUM FOR THE PRESIDENT-ELECT

FROM: W. Bowman Cutter

SUBJECT: Talking Points For Your Meeting with OMB Director
James T. Lynn, Monday, November 22

This memorandum consists of four parts: 1) a suggested strategy for the meeting; 2) a brief profile of Lynn; 3) a list of substantive issues about which you may wish to secure his views; and 4) specific requests for his cooperation.

1. A Suggested Strategy for the Meeting

Lynn can be helpful to the transition in two ways: he can make available to the Budget Analysis Group information and technical assistance in the development of FY 76 and 77 spending estimates--which are needed for your first economic policy decisions in January. He can also facilitate the development of your FY 78 budget package, by authorizing OMB staff consultation and advice to the Budget Analysis Group and the staff of your new OMB Director.

Lynn can refuse to help, on the grounds that OMB is heavily engaged in President Ford's last budget, which is privileged. But he is likely to want to be cooperative. It may help in securing his cooperation to begin your discussion by asking his views on the role and functioning of OMB, and on the operations of the federal government overall. He has a unique vantage point, and you may find his views of some use. Therefore, it is suggested that you approach the meeting in the following sequence:

- o a discussion of his views on OMB and the management and organization of the government. [See Part 3, below].
- o a discussion of the best ways to facilitate a smooth transition.
[See Part 4, below].

2. A Brief Profile of Lynn

James T. Lynn is 49 years old, and a native of Ohio. He is a graduate of Western Reserve University and received his law degree from Harvard in 1951. He was appointed Director of OMB in 1975 by President Ford. Before that he was Secretary of the Department of Housing and Urban Development (1973 to 1975). He first joined the Nixon Administration in 1969, as General Counsel, Department of Commerce (later promoted to Under Secretary). Before entering government service he engaged in private law practice, mainly in Cleveland, Ohio.

Lynn has been given generally good marks as OMB director. He is very bright, reasonably straightforward, and an unabashed administration partisan.

At the meeting he will not agree to anything which will compromise Ford's control over his last budget (and therefore shouldn't be asked). But he otherwise will try to be cooperative and would be flattered if asked his views on government.

3. Lynn's Views on the Role and Functioning of OMB, and the Operation of the Government

You are well acquainted with each of the issues outlined below. Lynn may not contribute to your understanding of them, but it is worth finding out.

A. The OMB Director's relations with the President, the White House Staff and the Cabinet

Lynn has served under two presidents, each with very different styles of operation. It would be useful to know how he views the relationship between OMB and the Domestic Council.

In the Nixon Administration's scheme of things, the Domestic Council was to develop domestic policy and OMB to allocate resources, over-see policy execution, and evaluate results. This division of function has been viewed

with increasing scepticism by observers in and out of government, but it would be helpful to have the perceptions of a direct participant.

Similarly, the National Security Council during the last eight years attempted to preempt the field in national security policy development, with particularly heavy emphasis upon strategic nuclear issues. Recently a budget unit was created in the NSC staff, which enables the NSC to become the principle forum for some of the more important budget decisions--for example, Ford's choices on the Navy's shipbuilding programs last summer. Lynn may shed some light on problems created by this fragmentation of the budget process within the Executive Office of the President.

Lynn may also have interesting and worthwhile views on his relationship with the Cabinet. Every president vows to make extensive use of the Cabinet, yet all eventually have felt it necessary to center policy coordination and the power to shape decision choices in the White House staff. Lynn may offer insights as to the feasibility of reliance on the Cabinet, and the appropriate relationship between the OMB Director and Cabinet officers.

B. Assessment of Agency Competence

Lynn is an organization and management buff, and as OMB Director has principal responsibility for evaluating the organization and management of federal agencies within the Executive Branch. Personalities of the Cabinet officers aside, he may have useful comments on which agencies are organized well to develop and manage their programs; which are organized well but managed badly; and which are in serious trouble and need reorganization.

C. OMB Organization and Management

There are a host of issues regarding OMB which Lynn might like to discuss; given the general thrust of your plans for OMB, five topics should be of particular interest:

First, how well does OMB make use of analysis in its efforts to develop budget options and program alternatives for the President? There is some evidence that efforts to expand OMB's analytic competence beyond budget review and examination have been largely unsuccessful. It would be useful to learn Lynn's views on the possibilities for strengthening OMB capacity for analysis.

Second, how well does OMB's management role work? Lynn has made changes from the original Ash/Malek formula which enshrined management by objectives. It would be useful to know what balance Lynn found appropriate and what might be done in the future.

Third, what can be done to restore OMB's role in the defense and intelligence budget process? Unlike other executive branch agencies, the Defense Department's budget is not subjected to the normal independent review by OMB. Instead, there is a "joint review" by DOD and OMB officials, which is thoroughly dominated by the former. DOD determines the agenda, meetings are held in the Pentagon, OMB representatives are drastically outnumbered, etc. OMB does suggest alternatives to the President later in the year, but its position generally is far weaker as concerns Defense vice the other agencies. Changes to this process would permit greater control to be exercised over the defense budget, which is roughly one-fourth of the total Federal budget. Such changes also would permit greater budgetary

control of the intelligence community, most of which is funded within the defense budget. Finally, and aside from procedural changes, it may be desirable to reorganize and strengthen OMB's Directorate of National Security and International Affairs.

Fourth, should OMB control the government reorganization process planned for the new administration? OMB's present budget and management role gives it a potent vantage point from which a reorganization plan might be successfully implemented. Lynn should have a good feel for the feasibility of such a role for OMB.

Fifth, what are the prospects for multiyear budgeting? OMB must produce a report to the Congress on February 24, 1977, on the possibilities for advance appropriations and other forms of multiyear budgeting. Lynn should have a well developed sense about procedures for shifting to a multiyear budget process.

4. Transition Strategies

(Note: You might begin this discussion with a statement that you respect OMB's heavy workload in the coming months, and that you also think it inappropriate for your transition team to seek access to OMB's development of President Ford's FY 78 budget and other activities involving his agenda.)

In this part of the discussion you should raise three issues:

First, how should the new OMB Director relate to Lynn? There obviously will be background books, staff briefings, and lengthy discussions between Lynn and your new director. What is more important are Lynn's views about the most appropriate way for the new director to get up to speed smoothly and

quickly, when OMB more than any other federal agency will be engaged up to virtually the last minute with President Ford's budget--and you must submit your modifications to it a month after the Inauguration.

Second, what kinds of activities should the Transition Planning Group (especially the Budget Analysis Group) undertake to smooth the transition? In the main, the Budget Analysis Group will be busy developing the basis for your budget choices, and assisting the new OMB director until he recruits his staff. But Lynn may have suggestions from his vantage point of other activities which will facilitate a smooth transition.

Third, will it be possible to arrange for staff level contact between OMB staff and the Budget Analysis Group? Direct contact with OMB staff and agency budget personnel is necessary to draw on the unique professional budgeting expertise of the Executive Branch. The Budget Analysis Group needs access to the skills and experience of career budget professionals and to the budget data regarding FY 1976, FY 77, and alternative revenue and expenditure paths for FY 1978 and beyond. OMB and agency budget staff are the best--and in many instances the only--informed source.



MINNESOTA HISTORICAL SOCIETY

Copyright in the Walter F. Mondale Papers belongs to the Minnesota Historical Society and its content may not be copied without the copyright holder's express written permission. Users may print, download, link to, or email content, however, for individual use.

To request permission for commercial or educational use, please contact the Minnesota Historical Society.



www.mnhs.org