

United States Travel Services (USTS)

USTS is actively soliciting the cooperation of the private sector in the formulation of tourism development strategies throughout the country. Several businesses have made substantial contributions to this effort already.

USTS is planning an event called "State/City Days" for some time in January, 1982. The tourism industry is expected to jointly sponsor this event which will bring State and local tourism officers together.

Facilitating Working Arrangements

To facilitate working with the national organizations of the State and local governments, the Office of Intergovernmental Affairs has been selecting committees of those organizations directly linked to agencies of the Department. In one case, with the U.S. Conference of Mayors (USCM), the Office recently coordinated with the USCM the establishment of a 21-member liaison committee of Mayors with the Secretary of Commerce. To date, two beneficial meetings of this committee have been held and others are planned.

C. Returning Responsibilities to the States, Local Governments, and the Private Sector

Phaseout of the Federal Regional Commissions (FRC) and the Secretarial Representative Program (SRP)

Eight FRCs which promoted regional economic development are being phased out; as are ten offices of the SRP. This will return more responsibility to the States for economic development activities and leave them with the option of forming regional partnerships.

Economic Development Administration (EDA)

EDA is being phased out at the end of FY 83 to allow for greater responsibility at the State and local levels and in the private sector for economic development. EDA is assisting States and cities in the adjustment due to loss of EDA funding.

Office of Administration

The Office of Administration is reviewing services provided by the DOC, from patent issuance to export permits, in an effort to pinpoint those services that could be better provided by State and/or local government or by the private sector and to institute user fees where possible.

COMMUNITY SERVICES ADMINISTRATION

As part of its phase out, CSA held meetings in each state to brief them on Community Services Block Grant, the transition and CSA past experiences regarding programs and grantees. Also participated in White House Conferences on Block Grant Implementation and National Governors Conference "Block Grant Room."

CSA terminated September 30, 1981. Forty-one states have notified HHS that they plan to take over the CSBG on October 1.

DEPARTMENT OF EDUCATION

Block grants - Education has made great efforts in keeping lines of communication open with state and local officials for implementation of block grants; participated in eight block grant implementation conferences across the country.

President has proposed the dismantling the Department of Education.

With respect to expanding state and minimizing federal prescriptive role, General Counsel's Office is looking at deregulation; education legislation of states; civil rights enforcement deregulation (dress code, bilingual education, education of the handicapped, student loans, migrant education, higher education institutional support and veterans' education).

Office of Elementary and Secondary Education. They are planning for block grant implementation. The Office has instructed and is monitoring OESE employees so that federalism thrust is a significant part of response to public inquiries.

Office of Special Education and Rehabilitative Services. They are shifting focus of individual programs to monitoring states' abilities to administer their own programs; to diminish federal role and strengthen state role.

Office of Civil Rights is placing emphasis on negotiation over confrontation in seeking resolution of OCR cases.

Office of Postsecondary Education is reviewing its programs with regard to possibilities of consolidation and planning for utilization of private sector in student loan collection activities.

Office of Legislation and Public Affairs will maintain liaison with Congressional, state and local agencies affected by new policies of Federalism.

Ten Offices of Regional Liaison will facilitate the return of responsibility and authority to state and local entities.

Office of Educational Research and Improvement is sponsoring a "Commission on Excellence" to identify successful state and local academic practices. Commission will report to state and local officials, school boards and parents; not national officials as in the past.

National Institute of Education will continue its sponsorship of a project by the National Conference of State Legislatures, one aspect of which will be to clarify block grant concepts for state legislators.

DEPARTMENT OF ENERGY

Regulatory Relief

- Major relaxation of the regulations implementing the Powerplant and Industrial Fuel Use Act (FUA) (June 1981) -- regulatory changes will make it easier for utilities and industrial firms to petition for exemptions to use natural gas or oil as an energy source.
- Omnibus Budget Reconciliation Act (P.L. 97-35) (August 1981) amended Fuel Use Act by repealing Section 301(a) requiring existing electric powerplants to be off gas by 1990; exemptions are no longer required. New Section 808 requires that gas-burning utilities submit to DOE for review plans on reducing their consumption of natural gas by 10% by the end of a five-year period. "Also amended Section 301(b) of the Fuel Use Act to include language simplifying and expediting cost-effective conversion of oil fired utility boilers to domestic coal."
- Reduction in Energy Information Agency (EIA) Reporting Requirement:
 - Reviews resulted in elimination of unnecessary and duplicative elements (burden reduction of over 100,000 hours).
 - Consulted with industry for possible improvements and perceived areas of duplication.
 - Upon changes in Administration policy, unnecessary forms were quickly eliminated.
- Greater Exchange of Energy Information Between Federal and State Governments. State Energy Data Program Plan proposed for FY 1982. Goals include (1) developing mechanism for exchanging information between Federal Government and States, (2) ensuring State data users have access to EIA statistical products, and (3) coordinating State and Federal data collection activities to ensure comparability and usefulness of data.
- Relaxation of Emergency Preparedness Regulations. Administration will rely on the marketplace to allocate products.
- Elimination of Emergency Temperature Restrictions for owners and managers of buildings.

- Acceleration of Siting and Licensing Reviews for major energy facilities will assure that review is undertaken and completed in the shortest possible time by the State and localities.

Devolution of Federal Programs to State and Local Governments and Private Sector

- Decontrol on Pricing and Allocation of Oil and Petroleum Products.
- Chevron Consent Order will provide for a portion of the oil overcharge funds (\$25 million) to be distributed to 43 States and territories for their use and discretion in devising general energy projects within their domain.
- Improved Climate for Technical Innovation With the Private Sector while reducing Federal expenditures.
 - a. Surface Mining: No new funding for the program requested for FY 1982, since private companies have shown greater incentive and improvements in productivity.
 - b. Synthetic Fuel Demonstration Projects: With U.S. Synthetic Fuels Corporation and improved competitive position of synfuels caused by recent increases in world oil prices, DOE will rely more on private market forces to set the pace for the introduction of new technologies into the marketplace.
 - c. Coal-Oil Mixtures: DOE turned over the initiative for commercial application of coal-oil mixtures to the private sector since substantial private sector interest has developed. DOE oriented toward previously untried coal liquid fuels.
 - d. Oil Shale Conversion: Private firms beginning to move into the final stages of engineering and design for commercial-scale oil shale pioneering work done with Federal funding. DOE strengthening the existing technology base.
- Energy Conservation Block Grants. DOE has recommended the repeal of existing energy conservation grant programs and is supporting an energy block grant. The existing categorical grant programs -- the Schools and Hospitals Grant Program the State Energy Conservation Program, the Energy Extension Service and the Weatherization Assistance Program

- A Number of Significant Solar Initiatives Being Turned Over to the Private Sector.
- Near-Term Technologies for Low-Risk Biomass Programs Being Turned Over to Non-Federal and Private Sectors.
- Elimination of Loans for Municipal Waste Programs. All commercialization and demonstration support has been transferred to the private sector.
- Office of Industrial Programs Initiatives:
 - a. DOE is closing out industrial energy conservation activities that have logical phase-out point prior to the end of fiscal year 1982. Activities which continue beyond that time will be transferred to DOE National Laboratories for management until the contract is concluded.
 - b. DOE is assisting major industrial organizations and associations in establishing private sector initiatives to stimulate more productive use of energy.
 - c. DOE is persuading individual corporations to assume the risks associated with development and demonstration of more energy-efficient technologies, rather than depend on the Federal Government.

Nuclear Energy

- National Waste Terminal Storage Program (NWTS). This is an R&D program for the permanent disposal of high-level nuclear wastes from commercial reactors. States have been actively involved in the NWTS Program. Governors are notified prior to initiating any State data collection. States may review and interpret DOE activities, perform their own investigations, interpret data or provide scientific oversight. Grants are provided to States to conduct their own independent assessments.
- Remedial Actions Programs. DOE is working to decontaminate approximately 500 surplus facilities which are radioactively contaminated in order to permit productive use, and eliminate any potential hazards to public, reduce cost of maintenance and surveillance. This requires frequent consultations with State and local officials.

- Nuclear Materials Transportation. Recent DOT rulemaking has established a Federal preemption which will eventually establish a consistent approach for meeting the requirements of State and local laws in transporting nuclear material through their territories.

DOE has sought to work out compromise solutions with State and local governments with participation from the State Planning Council's Transportation Network, the National Conference of State Legislatures and the National Governors' Association.

- Radioactive Waste Isolation Pilot Plant Program (WIPP). DOE and New Mexico entered into a Consultation and Cooperation Agreement on July 1, 1981 to provide R&D facility, to demonstrate the disposal of radioactive wastes.
- West Valley Demonstration Project. (Only commercial reprocessing center to operate in U.S. - Closed since 1972.) DOE has a cooperative arrangement with the New York State Energy and Research and Development Authority to focus on long-term maintenance of 600,000 gallons of liquid high-level radioactive wastes stored in underground tanks.

Since commercial low-level nuclear waste is the responsibility of the States, DOE will provide fiscal, program and personnel support to the States to establish low-level waste management system throughout U.S.

DOE is involved in several studies and projects with various State and local jurisdiction on advanced nuclear energy projects and utilization.

Internal Departmental Review and Reorganization

- Secretary's Task Force on Regulations Unrelated to Decontrol: Intra-agency task force created by the Secretary identified a total 152 regulations in DOE unrelated to price and allocation of petroleum, including both final and proposed regulations. Rescission or withdrawal recommended for 58 of these regulations; modification of 21 regulations.
- Reduction in Congressional Reporting Requirements as directed by OMB Bulletin 81-23. Sixteen Series 100 reports recommended for elimination; five Series 200 reports recommended for consolidation or modification.

- ° Major Reorganization of the DOE's Field Structure will result in a much expanded role for the senior appointed officials at Headquarters, because their direct contact with elected officials will increase. This will ensure that the Department is speaking with one voice that is close to the Secretary, while leaving the more routine but necessary functions to technical career people, after receiving guidance from Headquarters.

ENVIRONMENTAL PROTECTION AGENCY

EPA will be pursuing federalism initiatives for years to come. Agency will to delegate more meaningful responsibility to the states and work in partnership with states to improve quality of nation's environment.

Each state should begin to administer its own programs with initial EPA assistance. EPA at national and 10 regional offices will help state officials interpret laws and regulations.

EPA wants to devolve more of State Implementation Plans to states and simplify this detailed review.

EPA will strengthen State/EPA Agreements to allow states to negotiate priorities with EPA and create a stronger partnership.

Clean Air

According to Clean Air Act, states should have primary responsibility for implementing programs to achieve clean air. This has not occurred since Act's first passage. President Reagan states in his Eleven Principles of the Clean Air Act:

"States should be accorded a full partnership in implementing the Nation's standards. The Federal Government will monitor state achievements of national health and welfare standards." (6th principle)

"Deadlines for achieving primary air quality standards should be adjusted to reflect realities in a particular area." (9th principle)

Solid Waste

States must take lead in closing open dumps with EPA's guidance.

- National model has been devised which ranks all hazardous waste sites. List is shared with states who rate their hazardous waste sites accordingly. State contributes 10% of private land cleanup; 50% of public land cleanup cost.

Emphasis is placed on private sector cleanup whenever possible.

- Federal government, at present, contributes 100% of hazardous waste removal. Future cooperative agreements will be instituted so states and federal government can act together in emergencies.

- Training sessions on safety procedures during hazardous waste accidents will be conducted in cooperation with states.
- Enforcement has been strengthened under this legislation enabling EPA to cooperate with states in prosecutions where appropriate.

In FY 1982, Office of Water will delegate Construction Grants to states for implementation. Legislation now before Congress gives states more flexibility. The states will be stronger partners in the creation and maintenance of municipal wastewater treatment systems.

To establish a more autonomous role for states, technical, fiscal and administrative tools will be provided on regional and national level.

"In the future, EPA will contribute to a new federalism by constantly watching for ways to shift the decision-making process from the banks of this local, now much cleaner Potomac to the local courthouse and state capitals. We will desert an adversary role, and EPA will seek to bring State governments in as full and active partners in the achievement of our environmental efforts."

Anne M. Gorsuch, 5/21/81

GENERAL SERVICES ADMINISTRATION

- The Public Building Service is conducting an intensive cost comparison of private sector performance functions currently provided by 12,000 GSA employees nationwide; anticipated savings of 20 percent of current cost.
- Historic Preservation - Public Buildings Service is the augmenting role and increasing responsibility for State and local governments in the historic preservation compliance process required for Federal undertakings.
- The National Historical Publications and Records Commission of the Archives, voted in June 1981 to provide \$600,000 to 22 States for the assessment and planning of archives and manuscript programs.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Seven Block Grants: Community Services; Maternal and Child Health; Preventive Health Services; Alcohol, Drug Abuse and Mental Health; Low Income Energy Assistance; Social Services; and Primary Care.

Regional Block Grant Conferences. Participated in all eight White House co-sponsored regional workshops around the country concerning the implementation of block grants and the funding process.

Deregulation. HHS seven block grants reduce pages of regulations from 318 pages needed to operate 25 categorical programs to six pages; a 90% reduction.

In an effort to expedite requests for deregulation and for waivers of certain AFDC and Medicaid requirements, the Secretary has put in place a "Fast-Track" system to assure quick responses to requests by Governors and their staffs. With initial success, HHS anticipates that the system will continue to be a valuable management tool.

Aid to Families with Dependent Children (AFDC). Interim final regulations issued by Secretary Schweiker designed to save taxpayers \$11 billion over the next five years.

Medicaid. Medicaid changes in Budget Reconciliation Bill in August give States greater flexibility to improve their programs, provide incentives to eliminate inefficiencies and control costs in the \$30 billion medical program for serving 22 million Americans. Funded by both States and Federal government, Washington will pick up 56% this year.

States now free to make more cost-effective improvements. They can introduce competitive bidding for the purchase of laboratory services and medical devices, make greater use of services of prepaid health providers (including Health Maintenance Organizations); develop innovative and cost-effective ways of paying hospitals, pay for home and community care as an alternative to institutionalization and target services to medically needy groups.

Food Bank Program. (Funded by the Community Services Administration.) Four hundred thousand dollars has already been committed to the program for 1982 to distribute surplus food to certain charitable organizations. Food Bank Program is seeking an additional \$400,000 for transportation in order to reach more people in need. HHS recommended that they contact ACTION for help and volunteer assistance and has pledged full cooperation within HHS. Each warehouse of distribution must become self-sustaining through donations and volunteer service.

Technical Assistance. Secretary is renewing HHS Planning Reform Project for third year. Results of the project's first two years will be used in developing more effective planning and management techniques in human resource programs. HHS will also contract with the Council of State Planning Agencies to provide technical assistance to the States.

Review of the Role of Department's Regional Offices. Office of Intergovernmental Affairs undertook a comprehensive review of the ten Regional Offices to strengthen and modify ineffective organization structures, since they will assume more responsibility for interacting with the States on technical assistance matters especially in implementation of block grants. Intention of this is to give the Regional Offices adequate authority to carry out the mandates of the Administration.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development - Shift of Small Cities Community Development Block Grants to States.

States have opportunity to assume responsibility for distribution of over \$1 billion to nation's small cities to carry out community development activities. States are provided total flexibility within the broad objectives of the legislation to design the method they will employ to distribute these funds. States are required to consult with local units of governments as they design their systems.

HUD will make available up to \$20 million in technical assistance.

HUD has made revisions and legislative proposals to eliminate much of the paperwork associated with the application process and restore flexibility to local governments to design programs responsive to their needs with reduced federal intervention. These changes will be available to cities applying for assistance in FY 1982.

Withdrawing CDBG policies and inviting waivers to regulatory provisions which have been shown to be burdensome and counter-productive.

Reducing complexity of application and review process for UDAGs.

Multifamily Housing

Changes in Handbook 4350.1 - removes HUD from direct oversight of the trend setting process in most unsubsidized projects.

Changes to 290 regulations will remove costly restraints to the timely disposition of unsubsidized HUD-owned inventory.

Coinsurance regulations. State agencies and private sector insurers will do underwriting and assume share of the risk.

Shifting performance of the bulk of the routine multifamily loan servicing activities to private sector contractors.

Allocating greater number of units to State agencies and allowing them flexibility to determine their use. For FY 82, 17,000 units are slated for state agencies. State governments will have increasing control over solving their housing problems.

Proposed 883 regulations allow state agencies more flexibility. They allow state agencies to implement their own underwriting and financial criteria for processing state-financed Section 8 developments; need only certify it is in accordance with HUD regulations.

Office of Single Family Housing is:

- Deregulating and simplifying regulation process by reducing constraints and rewriting regulations and handbooks for simplicity and readability.
- Encouraging mortgagee participation in loan processing through coinsurance and delegated processing while accelerating Property Disposition programs through greater use of the Free Market process of using new entrepreneurial techniques.
- Seeking waiver authority to allow FHA single family to respond more quickly to unique market opportunities.

Public Housing Initiatives

1. Comprehensive Improvement Assistance Program - designed to place responsibility at the local level for performing a comprehensive assessment of the condition of the existing public housing projects.
2. Turnkey III - Homeownership Opportunity Program - designed to facilitate operations at the local level with a minimum of operating subsidy.
3. 10-Year Extension. Legislative revisions are being considered to reduce controls for projects on which the capital debt has been fully amortized but which continue to need operating subsidy.
4. Utility Allowances - regulation proposed for placing responsibility at the local level for the establishment of appropriate utility allowances.
5. Lease and Grievance Procedure. Revisions are being made in existing regulations concerning tenant leases and grievance procedure in public housing program.
6. Section 8 Moderate Rehabilitation. Revisions are being made to simplify this regulation and administrative process, and to place more responsibility at the local level.
7. Section 8 Existing -- Eviction Procedure. Revision of this regulation will restore the right to bring eviction actions to owners without the participation of federal and local government.
8. Section 8 Existing -- Lead-Based Paint. (Considered by Housing Deregulation Task Force on Wednesday, September 23.) The revision will limit the burden of complying with lead-based paint regulation.

"Federalization" of Public Housing Halted. Under the previous Administration 55,356 units of state/city financed Public Housing Authority-owned projects advised Field Offices to suspend approvals for acquisitions under the public housing program because it merely transfers responsibility from local and state governments to the federal government and does not provide additional housing.

Manufactured Housing and Construction Standards.

Revision of the Manufactured Housing Standards being made to eliminate unnecessary and burdensome regulation. Review and revision of the Minimum Property Standards (MPS) for One- and two-family Dwellings.

Assistance Allocation.

The Department is revising regulations to include procedures for local government consultation as part of the allocation process.

Legislative Initiatives

Development of legislative proposals for streamlining UDAG application and implementation process.

Environmental Clearance Procedures

The Department is working toward the elimination of those procedures that automatically require an environmental impact statement on housing developments exceeding certain numerical thresholds. The aim is to retain only the current highest threshold.

Policy Development

1. Enterprise Zones. The Department is currently developing an Enterprise Zone program with the major role to be played by state and local governments. The state and local governments would initially designate where the zones would be located, develop incentive packages to be contributed to the zones and encourage involvement by private sector neighborhood and community groups. Only after a solid, local commitment had been developed would the federal government then approve a zone for removal of federal tax and regulatory burdens.

2. Neighborhood Initiatives. In its initial stage, a Departmental initiative is underway to assess innovative relationships between neighborhoods and their state and local governments which enhance the ability of neighborhoods to engage in service delivery or economic development activities.

3. National Urban Policy. An Urban Policy consistent with the principles of the New Federalism is being drafted, which will enhance the ability of neighborhoods to engage in service delivery or economic development activities.
4. Housing Affordability. The Undersecretary is chairing a Housing Affordability Task Force, which has initiated a plan for a wide scale demonstration of the effects of deregulation on housing costs.
5. Privatization. Research is currently underway to discover and evaluate current ways in which local governments can make use of private enterprise to provide local services.

INTERNATIONAL COMMUNICATION AGENCY

United States International Communication Agency (USICA) is totally oriented toward foreign affairs, however, they are making a strong drive to involve the private sector in their work. They hope to enlist its support in augmenting programs devoted to public diplomacy. This includes the substantial and important role of the voluntary sector in international affairs.

DEPARTMENT OF INTERIOR

- Will consult with Governors to develop more viable, simplified alternatives to the current Principles, Standards and Procedures for Water Resources Planning.
- Addressed the annual convention of the National Association of Counties in Louisville, Kentucky.
- Announced the establishment of a "Commission on Fiscal Accountability of the Nation's Energy Resources" to develop solutions to minerals management problems, focusing on royalty accounting and oil theft. The chairman of the five-member commission will be David Linowes, an international authority in accounting and auditing. (Note: The Commission held its first meeting on July 27 in Washington, D.C.)
- Asked Western Governors to identify small parcels of Federal land they wish transferred to them to meet community needs. Contacted states responded with over 393 requests; most of their proposed action plans have been approved. Transfers, leases and land patent grants occurring as a direct result of the Secretary's action include:
 - ARIZONA: Patents for 172 acres to Phoenix; 960 to Tuscon; 230 t Pima County; 320 to Yavapai County; 234 to Mahave County Community College.
 - COLORADO: 120-acre lease renewal to Mesa County; 20 offered to Routt County; 40 to Jackson County; 106 to be sold to Town of Rangley.
 - MONTANA: Patents issued to Miles City, 4 acres and Helena, 46 acres.
 - WYOMING: 130 acres to be sold to Green River.
- Made a 6-day inspection of parks and other natural resources to Alaska and met with the State's elected officials on Departmental programs.
- Reaffirmed the historic primacy of state water management in announcing the Department's repudiation of a controversial 1979 opinion that sought to establish a so-called "Federal non-reserved water right."
- Will work closely with state agencies to develop proposals for the transfer of Animal Damage (Predator) Control programs from Interior to the states.

- Continue discussions with Governor Matheson about the State of Utah's proposal to exchange state land for Federal land to eliminate most of the problems and irritations that arise from the present checkboard pattern of state lands surrounded by Federal lands.
- Established biennial meeting -- February and September -- with Western Governors to discuss land, water, and energy issues.
- Actively seeking state cooperation in achieving Interior's wildlife conservation objectives.
- Continued consultations with Governors Matheson and Lamm to develop legislative language and procedures for "shared decision-making" in oil shale leasing decisions.
- Challenged the states to come up with innovative methods for water project financing -- such as project cost-sharing arrangements.
- Asked the private sector to assist the Interior Department in developing creative solutions to the overgrazing problems associated with wild horse and burro populations on public lands.
- Initiated a regulatory relief program to streamline and simplify regulations affecting states and surface coal mine operators and to provide to states and operators greater flexibility in complying with requirements.

DEPARTMENT OF JUSTICE

Attorney General has emphasized two key objectives in Justice policy: (1) to communicate and cooperate closely with state and local enforcement agencies whenever state and federal authority tends to overlap; and (2) to defer to state and local decisions in law enforcement matters when the federal jurisdictional interest is not clear.

Seeking to ensure that regulatory schemes created by federal statute, whether they involve criminal, civil rights or economic regulation, are not extended so as to encroach unduly on state and local domains.

Consulting with state leaders in order to avoid using the regulatory device of litigation whenever possible, and working affirmatively with the Task Force on Regulatory Relief to reduce regulatory burdens on states and localities, among others.

The Federal Courts

The Attorney General has adopted a litigating strategy intended to stem the flow of power from legislative bodies to the federal courts -- and the accompanying flow of power from states to the federal courts. The Solicitor General -- working with other officials -- is identifying those cases by which the Department will urge a new judicial restraint upon the federal courts in those areas in which they have entered the policymaking arena confided by the Constitution to the states or to legislative bodies. New appointees to the federal bench will be persons committed to the same notion of judicial restraint.

Coordinating Committees

The Attorney General has ordered development of Law Enforcement Coordinating Committees by U.S. Attorneys in all of the 95 Federal judicial districts.

They will be chaired by the U.S. Attorney and include representatives of Federal enforcement agencies as well as their state and local counterparts -- policemen and prosecutors.

Together, the Federal and state officials will develop detailed plans on how to bring their joint resources to bear against the worst crime problems in the district. This will mean that priorities will be proper and realistic -- set in the city, county, and state rather than in Washington.

The plans will emphasize the worst offenses -- including violent crime and narcotics, which account for about one-third of all pending Federal prosecutions were related to violent crime.

One of the new tools to help the Coordinating Committees will be cross-designation of prosecutors. This means that local

One facility already has been turned over to a state. New York has received a surplus Air Force radar station and within 90 days plans to open it as a prison for 200 inmates. Several properties are expected to be turned over to other states soon. Working with GSA, the Department now has a list of 546 surplus and excess Federal properties.

The Department has opened the National Corrections Academy at Boulder, Colorado, to consolidate in one central facility all training by the National Institute of Corrections. It is concentrating on training state and local managers and others who can in turn provide training for line personnel. It expects to train more than 2,100 persons in its first year of operation.

The Bureau of Prisons has developed a new cooperative training strategy -- contacting state and local law enforcement personnel to attend training sessions at Federal prisons.

New emphasis is being placed on the Federal prisons housing particularly dangerous state inmates at the request of state prisons. The Administration is also proposing that the government enact a law providing surplus property to states and localities for use as correctional facilities -- and that states and local corrections requests when such property is made available for non-Federal use.

Support is also being given to amending the Vocational Education Act to enable state and local correctional agencies to gain access to existing funds to establish vocational and educational programs within correctional institutions.

Attorney General promulgated on September 28, 1981, standards for state inmate grievance procedures, which accorded more deference to state procedures which comply with federal civil rights laws than in the past.

Litigating Divisions

Attorney General Smith's litigation notice policy requires prior notice to state governors and attorneys general before litigation against state government entities is commenced; permit controversies to be resolved without confrontation.

Civil Rights Division is carefully reviewing current cases against state and local entities to ensure that the federal government does not unnecessarily intrude itself into state decisions regarding hiring and public education.

Land and Natural Resources

Holding Environmental and Superfund training program this fall to familiarize state attorneys general personnel and Assistant U.S. Attorneys with the issues, evidence, regulatory strategies, technical matters and policy questions associated with hazardous

waste cases; aimed towards a more consistent and balanced enforcement program, with state authorities assuming a more prominent role.

Immigration and Naturalization Service

Consulting closely with state leaders with regard to implementing our immigration program. Entitlements of aliens and size of guest worker programs are left to state discretion to the extent legally feasible. Moreover, it is INS policy to work closely with state and local agencies on enforcement matters whenever possible.

Community Relations Service

The entire program of the Community Relations Service (CRS) is devoted to providing nationwide information about sources of racial and police-community tensions, and working with state and local authorities to establish their own programs and lines of communication with citizens groups to defuse potential violence.

DEPARTMENT OF LABOR

Mine Safety and Health Administration (MSHA) has strengthened cooperative program with state governments. MSHA is working with state mining agencies to develop safety programs. They are monitoring MSHA grant money which goes to 42 states for this program and providing technical assistance to assure that the training that the states provide covers all the safety requirements mandated by Federal Law. Also providing new assistance for states by sending our federal mine inspectors to sites to set up rescue teams.

Employment Standards Administration. Because there is much duplication between the state/federal function, the Labor Department has proposed a pilot program to turn over these compliance functions to the states. The state agencies that administer the wage and hour laws would perform compliance functions for the Labor Department on a contract basis, while still satisfying their own requirements for state law.

Division of State Employment Standards within Wage and Hour, has begun to encourage cooperative efforts between the federal office and state agencies. These efforts include joint-funding of published materials for business and workers, which explain federal laws and corresponding state laws.

Occupational Safety and Health Administration. Labor Department is taking steps to strengthen the state role in safety and health.

Assistant Secretary Thorne Auchter has eliminated the federal duplication of state enforcement during the three year developmental plan stage, if the state is performing according to the standards of the law.

Department has expedited the review process for state certification to run own safety and health programs. Under 1970 Act, states have option to operate program with up to 50 percent federal funding. 23 states have certified programs.

Federal monitors required after certification have been reduced by one half; evaluation system being revised to rely more heavily on state-submitted information and less on federal government presence in the states.

Employment Training Administration - Private Sector Initiative Programs, CETA - Title VII of CETA provides funds for development of programs to increase jobs and trained workers in the private sector. President's budget request would double the funds to be spent in this important area - from \$150 million to \$300 million. Reconciliation has lowered the President's figure to \$274 million, but this is still an improvement over FY '81.

The private sector initiative programs (PSIPs) are run by the Private Industry Councils, in cooperation with local prime sponsors. Labor has eliminated the \$3 billion public service employment program because it was determined to be an artificial support system; never actually giving participants skills needed to work in the private sector, the original intent of the program.

ETA is putting resources into Private Sector Initiatives, and Title II job training programs to improve the long term employability of the low-income, structurally unemployed by providing them with skills that are marketable in the private sector.

Involvement of the local business community is critical, emphasizing linkage programs between the Private Industry Councils which represent needs of local business, and the hard to employ.

Bureau of Apprenticeship Training - Promotional efforts are being made by field staff in the area of increasing apprenticeship opportunities. They are stressing more direct contact with private employers, employer associations, and labor organizations at the local community and state level.

The Bureau is encouraging women and minorities to register for apprenticeship programs; improving the quality of training in existing programs; working with state and local vocational education agencies to keep school-based training up to date and responsive to employer needs; providing technical assistance to state agencies and private employers; encouraging apprenticeship-related interest groups and associations.

NOTE: Programs concerning Employment Standards Administration and Employment Training Administration are pending per ongoing budget negotiations.

OFFICE OF MANAGEMENT AND BUDGET

Block Grant Implementation. OMB has lead responsibility as chair of the EOP Block Grant Implementation Task Force, for implementation of the nine block grant programs created by the Omnibus Budget Reconciliation Act of 1981. The effort is intended to ensure that the new programs reflect administration policy, and thus provide maximum permissible discretion to states, are implemented in a timely and consistent manner, and provide adequate and timely information to states on which to plan for assuming responsibility. Results of the effort will be reflected in future block grant proposals.

The ten Federal Regional Councils (FRCs) have been restructured to assist in facilitating the Administration's policies on federalism, and to improve management and coordination of federal programs in the field. Most important is the FRC role in assisting state and local governments, as opportunities arise, to implement block grants and other federalism initiatives.

Simplifying OMB Circular A-95. OMB has initiated an effort to drastically reduce the federal involvement and prescriptiveness of the process and systems used by state and local governments to comment on federal assistance programs which affect their jurisdictions.

The Federal Assistance Award Data System (FAADS) provides a central mechanism for compiling uniform, government-wide information on federal financial assistance awards. Provides reliable/timely/consolidated information on what federal programs are being funded in each state. FAADS can help identify programs that might eventually be devolved to the states, as well as program areas where there are overlap and duplication.

Prepackaging Experiment - OMB is using the authorities of the Joint Funding Simplification Act to identify and administratively simplify prepackaged related categorical grant programs. This effort is aimed at simplifying administration requirements for categorical programs and is a complementary effort to the block grant and grant consolidation initiatives.

Budget Information System improvements provide timely information on the levels and geographic breakdown of budget data for state/local government on each formula grant program to state/local government.

Simplifying Federal Assistance Administrative Requirements. For the 60+ generally applicable (cross-cutting) requirements attached to federal aid programs, OMB has initiated an effort to assure that for each requirement there is an appropriate lead responsible for its administration. All 60+ are being examined in consultation with state and local governments to determine which are most burdensome and costly to them. For those so identified, OMB and the responsible agency will make every effort to identify ways to reduce such burden. In addition to the above which simplify administrative requirements for all grant programs, OMB has initiated efforts with several selected agencies to simplify program-specific mandates in transportation, community development, education, energy and environmental areas.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

1. Aeronautics -- building direct relationships between the NASA-related aviation industry and state and local transportation planning officials.
2. Participation in a unique NASA-industry conference on space plans and objectives.

NATIONAL SCIENCE FOUNDATION

NSF mandate is to support science research at academic institutions, businesses, industries, for-profit and non-profit research corporations and Federal laboratories.

NSF federal initiatives involve attempts to develop links between these producers of research and potential users in State and local governments and in the private sector. Programs designed to become self-sustaining after a number of years.

TRANSPORTATION FEDERALISM INITIATIVES

One of the Department's major objectives has been to determine what programs serve truly national objectives and should continue to be a primary responsibility of the Federal Government and to identify programs that more properly should be carried out chiefly by state and local governments or the private sector. The Department has developed legislative, budgetary and regulatory proposals that support the concept of Federalism by:

- relaxing or eliminating Federal regulations,
- returning programs to state and local governments,
- providing an environment that allows or encourages state, local and private sector involvement in DOT processes as well as programs,
- reducing the Federal transportation budget.

Emphasis is directed toward minimizing red tape and providing greater state and local flexibility. Our decisions are reflected in the following list.

A. Highways

1. Legislation

- Provide highest Federal priority to the Interstate System, for completion of the system, as redefined, and for preservation of that system.
- Provide second priority to the primary system and bridges.
- Phase out Federal involvement in the secondary and urban systems by 1984, as these programs are local.
- Consolidate and/or eliminate separate funding authorizations on a number of categorical programs.

2. Budget and Financing

- Reduce expenditures through 1986 by an estimated \$12 billion compared to the previous Administration's budget proposals.
- Provide technical assistance (model law) to states for enacting state-generated user tax revenues.
- Develop user charge adjustments based on Highway Cost Allocation and Truck Size and Weight Studies.

3. Regulatory Reform

- Review Buy America requirements for equipment and construction, the Davis-Bacon prevailing wage requirements, environmental procedures and design standards for highways, to eliminate or relax inefficient or unnecessary Federal rules and regulations.
- In August, 1981, Department issued interim final planning regulations intended to reduce red tape and simplify administration of the planning process, especially for urbanized areas with a population of less than 200,000.

B. Highway Safety

1. Legislation

- Concentrate funding on traffic safety programs with the highest potential for reducing death and injury.
- Eliminate various procedural requirements and restrictions imposed on states.
- Return bus driver training to a state-funded status.
- Develop additional legislation to simplify auto manufacturers' reporting requirements and to eliminate requirements for Federal fuel economy standards for small-volume auto manufacturers and for light trucks.

2. Budget

- Propose to cut budget for highway traffic safety programs by approximately \$200 million from FY 1981 budget to FY 1982 budget.

3. Regulatory Reform

- Rescind automatic occupant protection regulations.
- Reopen rulemaking on automobile bumper standards.
- Withdraw proposed rulemaking on post-1985 fuel economy standards to enable consumer demand to dictate auto fuel efficiency.
- Revise and simplify uniform tire regulation.
- Rescind standards, requirements and rulemaking for speedometers and odometers, multipiece tire rims, "Fields of Direct View" design, and design testing and labeling of batteries.

C. Transit

1. Legislation

- Make capital assistance for existing transit systems a Federal priority.
- Phase out Federal operating subsidies by 1984 and return responsibility to state and local government and the private sector.
- Remove or relax statutory requirements imposed on state and local recipients, such as the one-half fare requirement for the elderly and handicapped and the requirement for public hearings prior to changes in fares or services.
- Give Governors the discretion to shift formula-allocated transit funds among areas with a population of less than 200,000.
- Provide flexible local option process to meet the Section 504 accessibility requirement.

2. Budget

- Reduce Federal funding for transit by about \$1 billion from FY 81 to FY 82.
- Achieve additional reductions in future years, as operating assistance is phased out.
- Eliminate "new starts" until the national economy and the condition of the Federal budget improve.
- Examine the possibility of providing block grants.

3. Regulatory and Administrative Reform

- Simplify grant application process.
- Target technical assistance to immediate, operational needs of state and local program recipients.
- Reduce burden of regulations, especially the 13(c) labor protection requirement administered by the Department of Labor.
- Review Buy America regulations.
- Simplify bus purchases by eliminating requirements for "price offsets" in the procurement of Advanced Design Buses (ADB).

- Eliminate mandatory use of the "White Book" ADB specifications on October 1, 1982 to further increase local flexibility in purchase of buses.
- Simplify planning process regulations.
- Increase flexibility in meeting the 504 (handicapped) requirements, by allowing transit operators to certify that they are making "special efforts" to provide transportation that handicapped persons can use (see Attachment 1).

D. Railroads

1. Legislation

- Return Conrail's freight service to the private sector (recently enacted legislation provides for the eventual sale of Conrail).
- Minimize Federal subsidy for passenger service and require Amtrak to price services so that revenues, including contributions from state and local governments, cover at least fifty percent of the Corporation's total costs (recent legislation reduces subsidies somewhat and establishes the fifty percent standard).
- Propose, for new state-assisted Amtrak routes, that the local share be increased to fifty percent of the fully allocated operating costs and 100 percent of the associated capital costs. (Congress agreed to reduce to fifty percent of the operating costs after the first year and fifty percent of the associated capital costs.)
- Propose that commuter rail service, now operated by Conrail, be returned to state and local governments or to Amtrak if localities in the Northeast are not prepared to take it over (this was recently enacted by Congress).
- Request the termination of Federal subsidies for low-volume rail branch lines, because the benefits of these lines are primarily local (Congress authorized subsidies through FY 1984).

2. Budget

- Reduce Federal assistance compared to the prior Administration's budget.

3. Regulatory Reform

- Review power brake requirements, regulations on hours of service of railroad employees and regulations concerning the movement of defective cars.

E. Aviation

1. Legislation

- Phase out Federal aid to the 41 largest airports because they could be self-sufficient.
- Eliminate the Federal ban on airport passenger taxes (head taxes) for airports that do not participate in the Federal grant program.
- Increase state authority to distribute Federal airport funds to small airports.

2. Budget and Financing

- Reduce proposed budget amounts.
- Seek changes in user fees to better reflect actual cost responsibility of various users.
- Seek increased funding of operations and maintenance of the airway system from the Airport-Airway Trust Fund.

3. Regulatory and Administrative Reform

- Review air transportation rules to consolidate and simplify operator certification, operation and maintenance requirements.
- Relieve non-Federal airports of most grant requirements.
- Accelerate sunset of Civil Aeronautics Board.

F. Coast Guard, Maritime and Waterways

1. Legislation

- Provide cost recovery policy for deep draft waterways and shallow draft waterways.
- Develop legislation for 1982 to recover user fees for certain Coast Guard operating costs.

2. Regulatory and Administrative Reform

- Review Puget Sound vessel traffic service rules, pollution prevention pilot vessel reporting requirements, vessel design and construction standards, etc., to eliminate or relax unnecessary Federal rules and regulations.

DEPARTMENT OF THE TREASURY

Issued proposed regulations on October 5, 1981 limiting the so-called composite packages of small-issue Industrial Development Bonds. This is one of the first steps in the Administration's efforts to rationalize "private-purpose" uses of tax-exempt financing, so as to reduce competition with more traditional uses, e.g., bridges, hospitals, schools, and jails.

Actively studying Revenue Sharing regulations relating to discrimination against the handicapped with a view to their implications for the costs of State and local governments.

Withdrew a revenue ruling that would have prevented commercial banks from pledging their holding of tax-exempt bonds as collateral for the deposits of State and local governments. If this ruling had gone into effect, tax-exempt issues used as collateral would have lost their tax-exempt status, and the costs of State-local borrowing would have been increased.

The Mortgage Subsidy Bond Tax Act of 1980 imposes restrictions on the issuance of mortgage revenue bonds to prevent abuse of such issues. Temporary and proposed regulations for single-family issues were issued on July 1, 1981. Regulations for multi-family units are expected in November.

INTERNAL REVENUE SERVICE

IRS now permits "self certification" by states and federal agencies to insure they are following established rules for safeguarding federal tax information provided to them by IRS.

IRS will no longer prepare taxpayer's tax return, as was done if requested in the past, but tax returns will be prepared for physically handicapped individuals having demonstrated an inability to use the self-help concept.

IRS is discontinuing its Fundamentals of Tax Preparation course beginning in FY 82. (Since the early 70's coursebooks and instructors guides were provided to colleges free of charge.) High quality private sector materials are now available.

IRS has adopted combined reporting with state revenue and tax officials through use of magnetic tape which eliminates up to 200 million paper information returns currently filed.

IRS, after working with state charity officials, has made to changes on Form 990, which has burdened multi-state charities with filling out over 25 separate Financial reports. From six states last year, 27 have now adopted Form 990, '90% adoption anticipated by year's end. This will help states coordinate information with other states and charities. IRS expects tens of millions of dollars formerly spent in complying with various state reporting requirements each year to be directed to charitable, educational and similar programs benefitting the public.