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Talking Points with Koch

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TO: DEEVER, NOFZIGER, ANDERSON, BRADY

SENT: 10/16 1500

FROM: GARRICK

Khrachigian

TALKING POINTS FOR MEETING WITH MAYOR KOCH

General: Mayor Koch is a very talkative man and tends to dominate conversations. He will probably be favorably impressed if the Governor does a lot of listening.

Over recent months, the following are the issues involving the Federal government and New York City about which he has been most vocal:

1. Federal Mandates. Mayor Koch's favorite topic in recent months has been federal mandates--regulations imposed by the Federal government on state and local governments. Koch believes that the "mandate millstone" threatens the financial health of local governments throughout the country. The City of New York, as an example, is subject to 47 federal and state mandates. Mayor Koch estimates that the total cost to the city of meeting these requirements over the next four years will be \$711 million in capital expenditures, \$6.25 billion in operating expenditures, and \$1.66 billion in lost revenues.

What really bugs Koch is that the Federal government has ordered sweeping changes through mandates without ever bothering to estimate their impacts. Koch's favorite example is federal regulations **which** require local governments to make transit systems accessible to the handicapped. These regulations require total accessibility for the handicapped to transit systems, instead of dealing with the ultimate purpose of transportation: mobility. As a result, **the** city will have to make all 255 of the city's subway stations accessible to the handicapped, even though it would be cheaper to provide every disabled person with city-funded taxi service. The cost of the regulations, when spread over the limited number of wheelchair users and severely disabled passengers, will be \$33 per trip.

Koch's proposed solution to absurdities of this kind is that no mandates should be imposed unless alternative methods of compliance are offered, with the final selection left to local option. He also believes that every proposed mandate should be deferred until a report has been prepared on the financial impact it would have on local government spending. Finally, Koch believes that every federal mandate should be accompanied by financial aid sufficient to achieve compliance.

2. Block Grants Versus Categorical Programs. Mayor Koch has been a long-time opponent of the various strings attached to most federal aid programs. He would far prefer to see federal block grant funds increased, even if it comes at **the** expense of categorical aid. The Mayor is not likely to be very happy with suggestions that tax bases be turned back to states and localities. New York state and city taxes are already exceptionally high, and the Mayor is unlikely to be receptive to any proposal that would result in the city's tax rates being driven even higher. In this respect the Mayor would prefer to have the Federal government collect the money and turn it over to the city.

3. Revenue Sharing. Mayor Koch's plan for New York City's future finances rests heavily on the continuation of a large volume of federal aid. Mayor Koch would be reassured by a personal pledge that a Reagan Administration will **protect** the local share of revenue sharing, and will strive generally for expansion of the revenue sharing program.

4. Loan Guarantees. Federal loan guarantees for New York City bonds expire in 1982. The Mayor has pledged that the city will be able to go into the bond markets on its own by then, and that further guarantees will be unnecessary. Whether this pledge can realistically be kept is open to serious question. The best way to handle this would be to congratulate Koch on the spending cuts he has already made, and to possibly imply that if New York is in terrible shape in 1982, its pleas will at least be listened to sympathetically. One way to do this would be to imply that New York will not be held strictly accountable for its fiscal plight in 1982 if its problems are caused by the after effects of a Carter recession, rather than its own spending policies. Governor Reagan's opposition to the Proxmire amendment in September--which would have defeated the City's plan to use the Loan Guarantee Act to stockpile loan funds in 1981 and 1982 to meet possible needs of 1983 and 1984--should be noted. While Governor Reagan opposed the original loan guarantee plan, he now takes the position that the City is now relying upon it and must be allowed to continue until its fiscal problems are resolved.

5. New York's Jewish Vote: Although the Mayor has endorsed President Carter and has made some appearances on his behalf, his support is apparently lukewarm. What appears to bother Koch most about Carter is the President's policies towards **Israel**. The Mayor was appalled by Carter's flip-flop last March when the U.S. voted for a U.N. resolution condemning Israeli settlements on the West Bank. 40 hours later Carter claimed that the vote resulted from a misunderstanding. The Mayor was also upset by the U.S. abstention from an August U.N. vote to censure Israel for its law declaring Jerusalem as its undivided capital. Koch told Carter on Wednesday (10/15) that he will not be the President's "emissary to the Jews" and that he will not campaign before Jewish groups in support of the President's stance towards Israel. Koch has said that his refusal in this regard constitutes a protest against the White House's Middle East policies.

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