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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JUNE 9, 1970

Reported by

Beverly Toms, CSR

(This rough transcript of the Governor's press conference is furnished to the members of the Capitol press corps for their convenience only. Because of the need to get it to the press as rapidly as possible after the conference, no corrections are made and there is no guaranty of absolute accuracy.)

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GOVERNOR REAGAN: Isn't it awful, up till last night here Squire's turned right back into a pumpkin again. We have some visitors, Southern California Baptist Young up here. Glad to have you here with us.

To open the press conference I'd like to comment briefly on the state's current financial situation --

(Whereupon Governor Reagan read Release No. 300)

Q In what areas might you go to the Court or in what areas do you see possible cutback?

A Oh, I'll tell you, we have had -- had a long session on this and on some proposals, I haven't seen the following sum-up of this. And I would just have to confess right at the moment I couldn't pick them out and tell you where those would be.

Q Verne Orr yesterday indicated that you would be willing to go along with no pay raises for higher education faculty members. Isn't that unfair when other state employees would be receiving a pay raise?

A Well, the legislature had made that decision already, and if they chose to change that then we will have to find other ways, but you must remember that they have made the change in the budget as it now stands and while I can take out what they put in, I cannot put back what they take out.

Q If they put it back in you won't object to that, if they find some other way of doing it then?

A Well, we have turned it over to them now for the legislative process. We are open to any suggestion they may make.

Q Assembly Democrats charged this morning that these figures were withheld purposely until after the primary. The answer was that the economic picture was so clouded you couldn't tell. What about this welfare act, was that known?

A The what?

Q The welfare -- the Medi-Cal increase, couldn't this have been projected earlier?

A No, as a matter of fact we were getting those figures at the time and the same individuals were charging it was withheld until after the primary are the same individuals who are confident that it was 173 million deficit without counting welfare because they themselves didn't know about the welfare situation. Nor did we. And they are as accurate in this latest statement as they were in the first.

Q Governor, your proposals or Mr. Orr's proposals to the Joint Committee yesterday wiped out the only 28 million dollar cushion that was in the next year's budget. How do you propose to operate without any kind of flexibility at all?

A Well, it was kind of wiped out by the deficit itself, that's what you have a cushion for. And as I said here in my remarks, I'd like to -- my opening statement, I'd like to point out the fact that our so-called \$141 million ~~dollar~~ deficit was not -- was a deficit only in relation to revenues expected. Actually, we only have an imbalance of about \$85 million because for the third year in a row we have been balancing budgets with the economies and the savings that we have been making in the cost of government. But as I have said in here a number of times, we know that we are coming to the day, each year gets a little less because each year there is less fat for us to trim out, the economies are harder to come by, we know that we are working toward and must come to the day that we are within the revenues, not within the revenues plus the money we have been able to save out of the previous year's budget, and this is just one of those --

Q Just to pursue it just a little bit further, just as a matter of practical operations, is it safe to proceed into a new fiscal year with no cushion in funds whatsoever?

A It isn't even safe, actually, when you talk about that as a cushion. It isn't safe to proceed with a cushion that small, and we have talked for a long time that every time there is a little

excess money, again those same critics of our budgeting procedure are the first that come up with wild spending ideas to spend each dollar several times over. And each time that we have tried to point out the need and the necessity to have a cushion, we get this until we realize that if there is a loose dollar around someone's going to spend it. The truth of the matter is we are still battling with a situation that was forced on us by a state going to the accrual bookkeeping system without the adequate reserves that are necessary to make that change and without making any provision for such a change.

Q Governor, still some things are being deferred, construction, land acquisition, etcetera, etcetera. Are we not -- is it not inevitable that somewhere in the -- along the line within the next 12 months there's got to be a tax increase?

A No, what you are -- no, it is not inevitable at all. You must recognize that you've got to have some expectation that the economy is not going to continue to go down, that there will be a turning point and we will see a balance in the economy and our revenues will once again be up. So we are just looking forward as anyone is in a time of a period of hard times, looking also for an improvement in the inflation situation.

Q Governor, what chance is there now that there will be any new money for education before the fall?

A Well, once again on this education thing, let me try to state it again, as I have said it before. We believe that first of all we recognize that there are school districts in this state with a problem. We also believe that a possible cure of that problem or answer to that problem is to be found within the present monies now budgeted for schools, but which are inequitably being distributed. So we are proceeding with the study that I have told you about, getting our information together on whether we can rectify this situation with that. Now, I grant you that the -- the second possibility of making money available from the already existing budget has been somewhat dampened by this -- this latest problem that we have had of this -- of this imbalance in the budget. But there still remains legislation which could make additional monies available. Our welfare package is still before the legislature in the neighborhood of a hundred million dollars that can be made available. Other things of that kind. The last alternative, and one which I said I

would not turn from if it was the only alternative for school financing, would be a tax to raise that money if all of these other things failed, but that's three steps removed from where we are now in solving the school problem.

Q How soon do you expect your study to be completed. The Districts are having to budget for next year and pretty soon it is not going to matter to them.

A I know, I know, and we are working just as fast as we can, but I couldn't give you a day right now.

Q Governor, Assemblyman Crown said on the floor a few minutes ago that the administration had been caught in concealing facts from this house, the administration has not acted in good faith. Would you care to comment on that allegation?

A Well, Mr. Crown is one who makes accusations easily. He is far more adept at preferring charges than he is in listing accomplishments. And he knows that this is the political season and I think that's what he's talking -- I think he knows very well that we were not concealing anything and he knows that we have operated in good faith. As a matter of fact, I think all of you know that this administration has one trademark, if no other, and that is we have been the first to tell the people the total facts about the people's business. We believe in that and we are going to continue to do it, but you just let -- have to let him have his remarks for whatever political purpose he thinks they will serve.

Q Governor, do you have any comment on the fact Mr. Lanterman failed to get the budget returned to committee this morning in the Assembly? The Democrats were successful in getting it kept on the floor.

A The only comment I just heard that it was a completely partisan vote. So I suppose again some political games are being played with that as were played last year. I hope they will not resort to the same irresponsible conduct that they resorted to last year and put the state in the desperate position that it was in by attempting to go beyond the end of the fiscal year without a budget.

Q Governor, the Senate Finance Committee rather than following the recommendations of the administration moved a budget out on the floor today by just simply whacking off a hunk across the board, 1.4 per cent. Do you find that approach acceptable as far as the

administration is concerned?

A Well, I don't know and I don't know what purposes were -- I remember when I started to whack a budget across the board by 10 per cent and there was a great deal of editorial comment to the contrary. I don't know just what was intended there. But I'm sure in the legislative process that they will get around to an answer on that. I -- I'm not sure that they are prepared to make all the statutory changes they'd have to make to make such a thing stick.

Q Governor, Mr. Orr made a point last night of telling us that there were federal advisors telling welfare recipients how they could best benefit from the state's welfare laws. Could you explain to us what the difference is between that and tax consultants advising big business or anybody else how they can contribute least to government?

A Well, yes, I think there is -- I think there is a difference. And of course the real evil stems from regulations and laws that have been piled one on top of the other in the welfare program to where I'm sure that a great many people are astonished to discover how widespread are the legal loopholes and that they are -- the legal loopholes are providing things that were never intended by Congress, in the passage of the programs, to begin with. I'm quite sure that Congress never intended that people could earn up to \$14,000 a year and still be eligible for welfare grants, and the -- the result is that some of these people who are advising are actually taking people who are getting along and who have not called upon the government and providing for themselves, and are literally talking them into quitting providing for themselves and putting themselves over within welfare. And again, as I say, this was never the intent of the welfare program. But the real evil lies in correcting those legal loopholes, in plugging these gaps that find -- as the hypothetical case that I quoted sometime ago, where it is actually possible for a family to make as much as \$21,000 a year tax free, all legal, from welfare programs. I don't think anyone ever intended a program to do that.

Q But isn't that a mere argument, sort of, of the -- of the other -- the other problem which is people using the laws to avoid paying taxes?

A No, no, --



Q You think you are placing as much emphasis on that?

A How are you avoiding a tax if you are not legally bound to pay that tax?

Q Well, the law is here or welfare programs are in the law.

A Well, I think I just cited something that's quite different about it. This is that these loopholes that were created with one idea in mind, to help needy people, suddenly the loopholes appear and you find that it goes way beyond this to where need is no longer a consideration to be eligible for welfare. Now we do know that in the tax laws there are also loopholes that went beyond what Congress intended. But I think you will find, and for an obvious reason, that government's done a lot better job of plugging those loopholes in taxes when they show up than they have in the outgo of money when those loopholes show up because the welfare loopholes have been around for quite sometime.

Q Governor, would you elaborate on this hundreds of full-time public employees with salaries of \$14,000 a year to receive welfare -- payments?

A This has all been carried in your own papers, Herb. As a matter of fact, the Oakland Tribune, I think, was the first that brought this to the attention of a County and that County welfare director, if you will remember, had to go to court to get his own employees to give him the, the director of welfare, the information on county employees who were receiving welfare. And now a number of other counties have suddenly discovered these loopholes, particularly in the Aid for Dependent Children program, and have now reported that hundreds of full-time employees, many of them government employees, and particularly employees of the welfare department itself, where they were the first to discover the loopholes, are doing this.

Q Governor, you alluded a little while ago to the fact that you hope that the economy would have an upturn, get out of the recession. If we do not get out of the recession, however, before November, what is going to be the fate of the Republican candidates?

A Well, that just depends on the common sense of the people as to whether they want to fix the blame on those who in the last two or three years have been trying to bring the country out of the pit that it was put in by those who had been in there for about thirty



years.

Q Governor, you were speaking of the welfare situation and sometimes being able to earn \$14,000 a year and still remain on welfare. But under the Social Security Act and under the work allowance program doesn't it in fact save cities and state money?

A Well, now, no, I don't -- what program would -- well, you are talking Social Security.

Q The cases that have been cited recently, for example, the \$14,000 case which was one, is a work allowance program, where people are actually below the minimum standards set by the State of California but which the State of California will not match in welfare payments. So consequently a person or a family goes to work and they will receive say perhaps only \$30 in welfare which brings them up to the minimal standard which has been stated by the -- by the State of California, where they should be for a living standard. For example, \$14,000 could be for a family of ten.

A Well, and they have also found that in a great many circumstances it isn't, that the loopholes that they discovered, and that have been printed in their own papers are cases in which allowances are made for car payments, allowances are made for gasoline to get to work, until they pull the total income through exemptions down to a point that brings it below the standard. And yet a great many people are working for even less income than that and no one is paying their car payments or paying their gas and oil to get to work or clothing allowances and so forth. And these loopholes, as I say, I think are things that were never intended when the -- when the program was first \_\_\_\_\_ or liberalized.

Q Are you --

Q You still didn't answer my basic question under the work allowance program, doesn't it really save the state money; if this program were pushed through totally, wouldn't it actually save the entire welfare program for the state?

A No, I don't think it would. I don't see how it would.

Q I believe that's the way that it is set up, it is set up to save money.

A What program are we talking about?

ED MEESE: He's talking about the so-called welfare reform program --

A You mean the Federal welfare reform program now that is

before the Congress?

Q I mean the money you are speaking of, the cases that were cited in Alameda County.

A And a number of other counties.

Q Yes, and a number of other counties, actually it represented a saving to the county, it wasn't more money than that was put out through Alameda County, it was less money than we were putting out last year, but the only question was that there was no ceiling on the amount of money that people could earn to receive welfare.

A Well, I don't see where it saved the county any money, and I don't see how it saves -- we have never hesitated if we can find a saving we can make in federal money, and reduce the federal government's grants we get, we never hesitated to do that because it is all our money and it is coming out of the same taxpayers' pockets, so --

Q But it is a lesser amount of money that you are paying out for welfare.

A Well, I don't see --

Q On a particular program.

A I don't see where it is. I don't see how it is a lesser amount of money that's going out for welfare when somebody is getting \$300 a month -- is earning \$14,000 and getting \$300 from the government.

Q Governor, did you ever get a response from President Nixon to your letter to him about the welfare plan?

A Well, now--

Q Your opposition to the bill in the form it was in the Senate?

A Not directly from him, in person. I've had conversations with him since on other matters, but our people have continued to work with the people in HEW on this and there certainly was no -- no animosity or no feeling that we had attacked the administration or taken another or collision course with them.

Q Governor, do you have any regrets now over the \$81 million dollars lost through the one-time cut in the income taxes which could have been used to avoid this deficit?

A Not at all, and I'll tell you why. The \$81 million dollars, if it hadn't been given back to the people wouldn't be here to help with this deficit now. This is what I meant earlier when I said that every time there was an extra dollar upstairs there were enough

prospective programs of interest to individuals and special interest groups, but by this time that money would already have been earmarked for one of those programs and the cost of government, the size of government would have been built up by that amount. And we would now be in the position of having to find \$81 million dollars on an ongoing basis to pay for that. And this has been true of almost every surplus that we have given back to the people. Actually, you could say the same thing about one billion 480 million dollars which we have returned to the people of this state in direct tax relief since 1967.

Q Governor, couldn't you have held onto that \$81 million dollars by blue-penciling out of the budget anything that they put in?

A Well, you can blue-pencil out the budget, but it is also very difficult when legislative programs are introduced and remember that this \$81 million dollars was known about quite sometime ago, long enough for programs to have been augmented or legislation passed and instituting new programs or augmenting existing programs, and we have followed the tact that when we can we are going to give it back. It was a one-time windfall, remember.

Q All right, but in view of the national efforts that were really made to cool off the economy, surcharge, and that sort of thing, and couldn't you have made it known that this money might be needed this year to forestall something like this \$85 million dollar imbalance you've got now.

A Yes, but now will you remember that big \$537 million surplus a few months ago that we had, and will you remember that the fellows upstairs, some of them on the other side of the aisle were telling us that if you added them up they probably had about a billion and a half in suggestions for the use of that, and we kept saying there is no \$537 million surplus, it is already spent or earmarked for future use, and nobody listened -- and very frankly, I just have to tell you your headlines didn't actually quote me either as saying that and I still get letters every once in a while from people wanting to know what we are going to do with that \$537 million surplus, that one individual in particular kept talking about upstairs.

Q Do you think the runaway welfare costs are caused primarily by abuses and loopholes or are they caused by the fact that people

who are legitimate , eligible for these benefits are now applying for them?

A I have to tell you that I honestly believe more through loopholes and the kind of -- the kind of legalized cheating, if you could put those words together, in that no one's breaking the law. It is the law itself which is unfair to the people who are putting up the money. I think that this is the -- this is the biggest factor , not just that people have been going hungry and then discovered this. There is -- you'll find some county welfare directors will tell you that there is a kind of proselyting, a natural solicitation that's going on. I'm talking about the person that with a certain amount of self-respect has kept himself or herself, has managed perhaps without regular employment to make a living and has gone on down through the years making it and then suddenly is approached by a welfare worker and told if they will quit putting out that effort they are legally eligible to receive this aid, and in many instances the aid is more than they are already making. So they -- they quit their pattern of life and become a welfare ward.

Q Another topic?

A All right.

Q Governor, one more question.

A Well, wait a minute, one more.

Q On this surplus or this windfall that went back to the taxpayers this year, earlier this year. Aren't you saying that the State will have to be in some sort of permanent financial crisis if we can't keep any money ahead or build up a surplus? Isn't that what this sort of condemns the state to?

A No, we can still hope that one of these days some of that money we are saying every year, like the tens of millions of dollars this year that helped us in this particular crisis, that one of these days we will be able to use it properly. Remember, there is a regular cushion that is there in the accrual bookkeeping setup that's that magic \$194 million which no one ever seems to be able to show in cash but it is just ink in the bookkeeping. And that was part of that \$537 million dollar surplus. When you take the \$194 million dollar, well by now, as your economy grows your budget grows and revenue grows, that \$194 million dollars is now about \$236 million

dollars, and that is there as the cushion that bridges at the end of the year over to the next one. Now, this cannot be allowed to fall below its figure and each year it will grow a little bit to give you your balance. This is the working cash balance. The surplus figure that we are talking about of the \$28 million dollars and so forth is that figure that you have in case your estimates prove wrong, your revenues aren't up to scratch or something costs more than you thought it was going to cost. Well, here's an instance where the \$28 million dollars is going to be used for that purpose.

Q Governor, --

A Now, wait a minute, Ray --

Q Budget?

Q No.

Q Should the legislature adopt the Senate's 1.4 across the board cut, it means your operating ---- would you take a salary cut of 1.4 per cent?

A Sure, I think that's even in the bill, no problem.

Q Governor, has your office received any official complaints from Los Angeles County on the voting irregularities and what is your response to some of the charges which have come from that county?

A Well, now, I don't know that -- I don't know we have received any.

ED MEESE: We have received some letters, but no official complaint as such.

A Some letters, but actually we have been in touch with the Secretary of State on this and as you know we have someone that's involved right now in the investigation of this and we are as anxious as anyone else to get this straightened out.

Q You support the Assembly's plans to investigate not only the irregularities in Los Angeles County but the other counties?

A Oh, I think sure, you've got to do it statewide. The people of the state have got to be assured there can be no shenanigans where their votes are concerned, that everybody's vote's got to be counted and count.

Q Governor, I didn't understand your answer before on the -- on the surplus. Why is it that you couldn't have kept the surplus that was returned to the people and held it for an emergency purpose?

A I think you just have to understand the pressures that come



and come on the legislature, when there is apparently, as you well know there are any number of projects and programs and increases in existing programs that there are people in the state who believe that these are worthwhile and should go forward for the good of the state. And many of these are legitimate. No quarrel with that. I'm not saying that these are all just Mickey Mouse spending schemes. And when there is apparently money available it is just like it is in our pockets, I guess, in our family budgets, it is virtually impossible to resist the pressure to go forward with this and you can explain the need for a saving for a rainy day all you want, but to the people that problem is their rainy day and they want it solved right then.

Q So the state's better off if it does have that extra money?

A I think justice Oliver Wendell Holmes said it, "Keep government poor and remain free."

Q Governor, you've talked about the rising cost of welfare and Medi-Cal for -- for three years and there are many Democrats as well as Republicans in the legislature who have expressed concern about the rising cost and the abuses of these programs. Can you tell the people of California that your administration has exercised all the leadership it could and has done everything it can to reform these programs, and --

A Yes.

Q And if you can, who is to blame that nothing has been done?

A Well, we can't say that nothing has been done. I would like to point out to you that when this administration started Medi-Cal was in its first year. It had been, I think, rather hastily passed, it was shoved together on a gigantic scale that topped almost anything ever any other state attempted. Medi-Cal had been originally or Medicaid as it's called at the National level, had been handed to the states with the idea that they had over a several year period phase-by-phase they could bring this program about. California did it all at once, and in that first year there was no one that had any idea of the projections, and we discovered very early that all predictions as to cost, size of the program, were vast underestimates. If you will remember, the first, in the spring of 1967 we discovered the money in the pipeline. The bills that had not even been submitted to us were hundreds of millions of dollars



more than anyone had anticipated and this became our first battle in this room, the battle of the figures, in which we started trying to warn the people of what was going on. You will remember, we were prevented by court order in something we wanted to do that would have made it easily possible for us to get a handle on this. And a court overruled us, said we couldn't do what we wanted to do. Now, each year these things have gone on more and more we have learned we have been -- we have conducted experiments and have some going right now with counties in certain areas as to the means of controlling it, by way of providers of the services in Medi-Cal. In the administration of welfare we made tremendous cuts. Some of our biggest economies were in the actual administrative costs, but those are just in the cost of -- at our end of administering it, not in the grants.

Q Governor, there is another question over here, we are trying to get out of here, way over here.

A All right, but now we are going farther than we ever had, but we have been -- we have been reversed in several court decisions on things we have tried to do. We have instituted some reforms that we think would be of help, and some of our programs that we set out to cure things with just got out there and bogged down in the bureaucracy of the -- on the firing line.

Q Governor, the Medi-Cal program was a great part done by Republicans, especially now the under-Secretary of Health, Education and Welfare. Do you feel he was misinformed or wasn't quite prepared for all of this?

A Well, I'd have to tell you one thing that happened to whoever was Secretary of Health, Education and Welfare in Washington is --

Q I mean John Veneman who is now Secretary, was a great part an author of that Medi-Cal bill.

A Well, I think that that bureaucracy, when you get back there you'll find is a pretty informative opponent and it has its own philosophy as to how things are going to run.

Q I'm referring to the one you were just talking about, Governor, the California Medi-Cal bill when John Veneman was in the Assembly, he drafted a great deal of that bill.

A Well --

Q You criticized quite a bit of that, I'm curious --

A I wasn't here when that bill was drafted, and I don't know what share he had in it, but I can only tell you that it's been a tremendously cumbersome thing in which you simply by trial and error had to find out what all it was doing to you and as I have given you just one figure here today, one instance, is that Medi-Cal is being used by the people to whom it is available. Their medical care and medical attention averages double the cost -- more than double the cost of the medical care that the rest of us afford for ourselves.

SQUIRE: Thank you, Governor.

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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JUNE 16, 1970

Reported by

Beverly Toms, CSR

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Q Governor, there is a report that in meeting with the group of sympathetic faculty members of the University of California some of the advance the ideas of having political dossiers on new faculty appointments, and that you vetoed such an idea. Would you comment on that report and give us your reasons for --

A Well, I don't -- I don't recall anything of the kind. I remember in statements of my own, lest there be any misunderstanding, I made it plain that contrary to charges, not there, but that have been made in the past that I was advocating a political saliva test for faculty members, that my claims have been that there are now evidences of such political tests and that all I was seeking was the abolition of this.

Q What evidence do you have, Governor, that such tests exist now?

A Well, from the -- this would come from some of the individuals who have written me from campuses claiming discrimination, and I would think the-- actual balance of the faculty itself, as you look at it, and it does seem to have a kind of one-way political philosophy, claims by students in a number of classes on a variety of campuses they have had to answer questions and write papers from a certain political viewpoint or face discrimination in their grades.

Q You said you had gotten letters. Have you looked into it beyond that, sent people to the campuses to ask about it or investigate --

A Yes, we have looked into it. The difficulty is in relaying these cases to the university authorities I have to do it and respect the privacy of the individuals who have contacted me because they have feared that this discrimination would follow if

they were known to have complained.

Q Governor, the President has appointed a commission to look into campus unrest. You've been pretty close to this problem. Do you think we need yet another citizen's study of this?

A Well, since the extensive hearings that we held by the McClellan Committee didn't seem to get much attention I would suggest that such a commission could serve a useful purpose and perhaps they could start by a study and a review of all the testimony that's been given before that committee. I would hope that this commission of the President would devote some of its attention to finding out -- establishing whether there are indeed connections between the dissidents on the various campuses, why some of the leaders of these campus <sup>who</sup> revolts/have no visible means of support are able to travel from Hanoi to Budapest, Havana, and I think there are things to be -- to be determined. I hope it won't be just another one of those broad general commissions that comes up with a kind of a philosophical approach like the crime and violence commission under the previous administration.

Q Governor, what is your feeling about the Lieutenant Governor's call for the voluntary news blackout by the press, television on campus riots during states of emergency? Campus violence.

A Well, it is my understanding that the Lieutenant Governor in his speech touched on seven -- seven facets running from the public, the students, the faculty, the administration, the Regents and Trustees and the press, as well as government. All seven of these, and made points on steps that perhaps each one could take in an effort -- taking the steps to be of help in bringing this to a halt. He certainly made no suggestion whatsoever of any kind of government censorship. He was speaking of voluntary policing on the part of the media, and I would suggest that perhaps the media could find some areas in which it could be concerned with its own responsibility. We know instances in which the dissidents have scheduled their disturbances or changed the schedule of them to fit press coverage and if television camera crews from the networks weren't available at a certain time, they'd schedule their uprising at another time and I would think that the press would be -- I'm sure it must be concerned with whether it is being used in any way by the dissidents.

Q Isn't that not too much different, Governor, from politicians arranging their commission reports, various other things, in conjunction with what's good news coverage?

A No, I think there is a great deal of difference in having a report about the people's business of interest to the people and choosing the time based on deadlines and so forth, not only for your convenience but when you think it will reach the greatest number of people. That's a little different than scheduling a lawbreaking disturbance only at such a time that you can be guaranteed of adequate coverage.

Q Two points I'd like a little clarification on. In passing on the complaints to the U.C. about faculty members who request points of view there, did you pass on complaints about individuals or were you able to do that or -- Professor Ray in the political science department, for example.

A No, it had to be within the framework, as I say, of protecting the individuals who frankly did not feel that they would have support and backing if they were known to be complaining.

Q Governor, the Democratic caucus in the Senate yesterday said --

SQUIRE: Wait a minute, are you all done on this other subject?

Q One more question, Governor, if I may, on the news blackout thing. I'm not quite clear, do you think that the news media should voluntarily refuse to cover student uprisings?

A Well, I think the suggestion that was made had to do with -- with the news coverage reviewing and seeing if it had a responsibility in this field. Now, I know of one T.V. news coverage that reports the incidents are happening, reports the news, but holds the film off the air and doesn't give them that kind of film coverage of the actual activity.

Q Would you prefer that type of coverage?

A Look, you are asking me about some one else's comments on this. I'm just telling you that I could see some reasons back of it and calling to your attention that no one in government here is advocating censorship of the press.

Q Same subject. Governor, Sol Lenowitz submitted a report to the President several -- well, just about a month ago in campus



unrest and in it he cited politicians making harsh comments as responsible for some of the alienation and cited you were one of the two examples, Spiro Agnew is another. Do you feel that commission report was accurate?

A No, I don't.

Q And why?

A And you think that I feel that I'm responsible or anyone in government is responsible for what's been taking place on the campuses, absolutely not. And I think if that's the kind of commission reports that we are supposed to expect, then there is going to be no light shed by a commission report on what's taking place on the campus.

Q Can we go on another subject, Governor?

A Right over here.

SQUIRE: Wait a minute.

Q On the budget, Democratic caucus said yesterday that there would have to be more money for schools and welfare before they would approve the budget in the Senate.

A Well, this sounds a little bit like last year in holding the budget for ransom again, and I hope that the legislative process will go forward in a more responsible manner, and that we were only hearing from a few individuals as to their own views. I have made it perfectly plain to the legislature and the legislative leadership of both sides, that I am committed to meeting them with regard to the school problem, but when June 30 comes the Constitution calls for the legislature to submit back to the Governor a balanced budget, and they are derelict in their duty and violation of their oath and the Constitution if they do not do so, and I hope we will never have that experience again.

Q Governor, on that score, though, is the legislature under obligation to submit a balanced budget or are you the one that has the obligation?

A Well, we have submitted a manner in which the budget can be balanced. Now, if the legislature disagrees with our views and wants to find other ways in which to balance it they can do this and submit them back. As we know, I can't put back something they have taken out. I can only pare down something that they have put in. If they submit back to me a budget that is over and above the means to finance it, then it is my responsibility to blue pencil

it as I see fit. The best process, of course, is if I have the benefit of their thinking and their views as to what priorities are in that, bringing back the budget within the -- within our means.

Q Don't you recognize that what they want to do is put the monkey on your back and let you take the blame for cutting out things that are unpopular?

A Yes, I recognized that for about ~~th~~ree years and I wonder how long some of them were going to keep on being stupid politically because if they think that it hurts me to blue pencil ~~expensive~~ items out of the budget, I think most Californians would be very happy to chip in and buy me a supply of blue pencils.

Q Governor, I think I can relate my question to the budget sort of indirectly.

(Laughter)

Q Yesterday the Riverside County Supervisors passed a resolution ~~expressing~~ their intent to cut the County welfare personnel by 75 per cent in the new fiscal year to achieve economy and in explaining their action they -- one of the Supervisors referred to you and said Governor Reagan is willing to institute a suit on welfare directors against the federal government. "Now Riverside County can give him a chance to test it," and the Supervisors suggested the resolution and this problem will depend on your action, adding that if he supports your action in order for state welfare agencies not to enforce state welfare standards, but continue their aid, they will be able to test your support. Now, what is your reaction? Do you give them any support or not?

A Well, my reaction to this, this is one of the areas for reform in welfare that is forced on us by federal ~~regulations~~ which dictates the number of welfare workers you must have, depending on the number of welfare recipients. And again it is the kind of dictation from 3,000 miles away that doesn't allow the proper flexibility. It is just not true that "x" number of cases means "x" amount of hours of work for a case worker. One case worker can have a half a dozen cases that cause him more concern, more time and more effort than another case worker with several times the number. Some of the other changes we'd like to see made, I'm completely sympathetic to the Supervisors on what's bothering them -- Los Angeles County, as I understand it, is going to have to take on some 3,000 new employees

just brought about by these federal regulations. And while we are at it, I would like to see the welfare worker relieved of about 80 per cent of his work at present, which is paper work, reports to higher echelons of government, instead of spending his time with the people who need his attention.

Q Governor, just one follow up question, specifically on their action, if they pursue this would the State itself go to Court to force them to obey the standards or --

A Well, they are kind of forcing our hand on something that we would rather try to get by way of asking the federal government for waivers, as I have said before, to allow us to prove some points or try to prove some points. And I would much prefer to go to Washington with a good workable program and ask -- ask the government to waive the regulations temporarily on an experimental basis.

Q And you don't specifically support what they are doing? In Riverside County.

A Well, if they are just going to violate a regulation and sit back and wait for the roof to fall in, they'd better wear hard hats.

Q Governor, would it be difficult for Riverside to do that if your welfare bill as has been carried by Senator Richardson passes because wouldn't it require -- wouldn't it mean a lot of people no longer would be eligible for state help, but would be eligible for county help and county rolls would increase tremendously?

A Well, this is one of the things that I think would be hanging over them. I haven't -- this is the first I've heard about this this morning. You fellows are supposed to come in and learn things and I learn things from you, but so I don't know how these two fit together, but it is true that if -- if <sup>the</sup> county makes itself ineligible for some part of the regular welfare program, then they either have to absorb those people on county welfare at their own expense or simply abandon them.

Q Governor, on the matter of the expense, yesterday Supervisor Bud Gonzalez in San Francisco said that your proposed welfare cut for the state is a fraud upon the people, and what it is actually going to do is force a cut on the general assistance program. This if for those that just cannot work, the aged or the blind or any case like that, what's your comment on that, Governor?

A Well, I don't know what he was referring to. I haven't seen a statement, maybe he was referring to some of the changes we want to make in the liberalizing sometime ago, several years ago, of the standards for disability and there is reason to believe and our own people working with this say that we have liberalized them so far that there are people who are not truly disabled but who technically qualify. I don't know whether I was a victim of a joke or not myself, but when I was being fitted for -- checked for glasses again in a recent physical examination my doctor told me that I was legally qualified under the state law as blind. And --

Q Well, Governor -- excuse me.

A I haven't sought relief yet for that.

Q This same Supervisor claims that about 15 million dollars a year if your program went through on account of cutting off the disabled and blind.

A That what?

Q Cutting off aged, disabled and blind, said it would cost \$15 million a year.

A I don't -- I don't understand how he arrives at those figures, Squire. I think that -- unless he is assuming that they locally would keep the same standards. We are simply trying to review the standards and change back to something we think is more realistic.

Q Governor, there is a full-page ad in the San Francisco Chronicle this morning saying that when we voted for Proposition 7 Californians in effect were voting for the California Water Plan, and this committee says that was illegal and plans to sue California. Do you have any response to this reaction -- to this plan?

A Yes, every once in a while things must be quiet in the dressmaking business and this gentleman takes to advertising social causes. I don't think there was anything illegal. The people were told over and over again that the water bonds as well as a number of other bond issues were at stake in Proposition 7. I've read the gentleman's ad. I just told our staff a little while ago, if he leaves as many holes in his dresses as he does in his arguments, his customers have got some consumer complaints.

Q Governor, in view of the problems with the budget deficit and the need -- the obvious need for education money, Speaker Monagan last week suggested that perhaps one answer would be to delay the

relief part of your tax reform package. What reaction do you have to that and if there is no other alternative would you accept that?

A No. I think -- we have discussed this in our discussions with the Speaker and with our own legislative leadership on the school financing program. No, this would then simply be a tax increase without the comparable relief for the property taxpayer and that's the whole purpose of tax relief, it is the need that everyone on both sides of the aisle have explained and have cried for for several years. I believe that as I have said before, that there are several steps in that, and the several steps call for first, a review of the manner in which we are now financing the schools. The establishment of what is the need, the actual dollar need, and then if this cannot be found within our revenues, three steps down the line then I think you are going to have to find a source of revenue and go before the people and -- and ask for this source of revenue for support of education.

Q The education people seem to feel, though, that the situation is so critical that as many as a hundred school districts will be bankrupt in September. Can you solve it before then?

A Well, we are certainly hoping to. Now, we may not be able in the limited period that is left, -- we may not be able to come to the complete permanent solution by way of the changing of the formula for doling out state money on all the things that we think are necessary. If not, then we think we are going to have to take a temporary stop-gap measure, but I think this can be done without delaying the property tax relief for the people that need it so badly.

Q Governor, you say you'll go to the people if it becomes necessary. Are you indicating that any school tax would have to be voted on by the people?

A Oh, no, no. I mean that in my estimation, I won't use the term "figure of speech", I've always considered that when you tackle a problem this way in the legislature and the solution, the people are aware of it, they have a chance to make their own views known and they are informed and know that they have an opportunity to express their opinion to their legislators as to whether you have chosen the right method of raising money and whether they believe it is necessary, and so forth, and you go forward with some



idea that you are -- that you are meeting the people's views half way.

Q What thought have you given to delaying the forgiveness aspect of your tax package?

A No, we haven't given consideration to that. I'm very fearful any time that you start toying around with a one-time windfall or something that's an on-going government expense. Well, an example of that is right now in school financing. Last year in the giving of the surplus we were able to accumulate through our own economies and savings, giving that to schools over and over again we reminded them it was a one-time windfall and yet we see now this year as there is no comparable amount to be given there is a great cry of panic. And yet they were told that this was one-time money they were getting.

Q Governor, that -- maybe there is principle involved there, but nevertheless by doing so you are inflicting on tomorrow's taxpayers the requirement to pay today's inflated interest rates. What's the logic of that?

A Well, I think the logic is the tradition of financing the capital construction, if that's what you are talking about -- financing it over a long period of time and not asking just one generation of taxpayers at one particular period to pay for things that will be on-going for 40, 50 or 100 years.

Q Governor, you've said that you can't discuss with the Democrats the need for education -- new education money until your committees have assessed that need and they -- based on your determination about it. Since the Democrats are tying their support of the budget to education finance, are you making an effort to complete these studies before the budget has to be balanced?

A Oh, yes, as a matter of fact we are getting information on this and expect to have information almost immediately. We have been for sometime trying to get this or going forward to get this information.

Q But --

A It isn't -- as you know, it is pretty complicated, it isn't very easy in the school formula problem, for example, to get any changes in that. The very people who are screaming the loudest for help are the ones who don't want to change the status quo, but want



any help that's given to be given on top of that and I think that the status quo at the moment, the school apportionment is part of it, is partly to blame.

Q But when we have asked you about the need for new education money you said that you can't assess that until the studies that you have under way are complete. Now, when are they going to be complete? Will it be in time for the budget?

A Yes, very soon. We are -- as I say, we have been at this for sometime now. This isn't something we are delaying until next fall. What?

Q Will You make specific proposals about education finance as a result of the studies?

A We will make proposals based on the information we get, yes.

Q Can you tell us on a preliminary basis if you think new money is going to be needed?

A No, you are -- you are ahead of me by a meeting or two. Not a meeting or two here, a meeting or two in my office.

Q What have you learned so far?

(Laughter)

A Not to answer your question.

(Laughter)

A I can't do it, but we have talked to the legislative leadership, as I said, and there is no question about our commitment to this and there is absolutely no reason to hold up a budget on some kind of a blackmail basis as if they have to do this to win some support from us. This is just -- I'll go back three years and use the term again, this is political fun and games, and they ought to be ashamed of themselves.

Q Governor, if you told the schools last year that that was a one-time windfall, it was well aware it was needed at that time, why has it taken so long for your department and your study commissions to come up with the answer right down again to another deadline like it was last year?

A Well, as I have told you before, the problem of apportionment, and I don't think there are -- I make no claim to being able to understand that formula, but again I'll use the example I've used before, that in times of need when school districts are in need of

more money we have actually seen under the formula the Department of Education have to give money back to us, to the General Fund, because under the technicalities they could not apportion or give that money out. Now, where it was needed, and this hidebound formula, this dictation by the state to local school districts as to how the money must be spent is something that I think we have to face and change. And you will find there is a great political resistance to this, aptrticularly among the most vociferous of the education lobby.

Q Well, again, why has it taken so long, you've been going through this every year for three years.

A Well, because if you believed every school, every school district needs money, and a great many people in the districts at the local level have shown by their votes on tax overrides and so forth that they don't necessarily believe this. And it is their own children who are going to those schools. Now, I think there is some responsibility on the part of us to find out where this money can be used and is necessary to use it.

Q That was one of your campaigns in '66, and still there is no new plan or apportionment.

A No, my campaign was that the state was -- I believed that the state was -- I believed that the state should try for the 50-50 sharing, and we have started back uphill, after I might add again, eight years steadily decline in state support of public school education which was halted three and a half years ago and we have started back up. Now, can't do better than that.

Q Governor, the state sold \$200 million dollars worth of water bonds this morning for 5.83 per cent. What is your reaction to that level?

ED MEESE: Those are anticipation notes, not bonds.

A Anticipation notes, not bonds, and you see, that's on a short term, that is a one year basis and these are more attractive than bonds. You could not sell bonds at that same rate. This is why we are -- we are going to the market with anticipation notes, hoping for a better climate soon. But you see, even there we couldn't have sold those without possible -- Proposition 7, because if you will recall we went out and at one time we asked for an opinion, could we sell bond anticipation notes for higher than the constitutional limit on interest and were told we couldn't. And now we have sold

these, but if we tried to market those bonds I think the interest rate would have been higher.

Q Governor, <sup>if</sup> your reports on school finance should show that the schools do need additional money, do you have any idea yet what areas of taxation you might go to find that money?

A No, because first this is going to depend on whether we can find additional money. Remember, there is still legislation upstairs that would make more monies available if this legislation was passed, and we don't -- we want to know whether it is going to be passed, how much money is going to be made available and then see what our needs are over and above that, if any.

Q In the past you said that you believe that the schools should be financed or as much as possible by sales and income taxes to change with the economy. Would you like to go along -- would you like to go in that direction again, if it should be necessary?

A I'll just have to look when I see what -- what the need is. It would be silly to go for some broad based tax that would -- your need would only have to be a fraction of a penny increase when perhaps there is some other lesser tax that could simply take a reasonable and practical increase and make it up.

Q Governor, have you considered reducing the proposed rebate to property taxpayers to cover the school cost?

A Well, then, you are going against the very purpose of tax reform. I happen to be one who believes, and I think a great many people do, that the biggest evil in our society today, as far as taxation is concerned, is the clinging to this antiquated method of taxation, the property tax. Particularly on the home owner, and therefore I -- my leaning is to anything that gets us away from property tax and reduces property tax down to those practical things of its base for bonding, local bonding and the services that go with property, the protection of property and so forth and servicing of property. But to ask the property taxpayer to bear a share of education or welfare costs, I think is just -- doesn't fit our economy.

Q Governor, do you support Mr. Bagley's proposal to divert some of the truck taxes to pay for faculty salary increases? (budget)

A Well, we ourselves have discussed that particular -- that truck tax now in existence which goes in with the gasoline tax. It is not constitutionally bound, its just by custom that it has been included over in the trust fund, the highway trust fund, and we have discussed possibly the use of that tax in the General Fund, but we haven't discussed the idea of any particular use for it.

Q Do you think that would be a good use for it?

A I'd rather sit and think about that for a while.

SQUIRE: Thank you, Governor.

6/23

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JUNE 23, 1970

Reported by

Beverly Toms, CSR

(This rough transcript of the Governor's press conference is furnished to the members of the Capitol press corps for their convenience only. Because of the need to get it to the press as rapidly as possible after the conference, no corrections are made and there is no guaranty of absolute accuracy.)

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(Whereupon Governor Reagan read a press release.) # 328

Q Governor, up in the second paragraph you changed "must" to "will". Now, what do you mean? Nevertheless -- the last line there in the second paragraph.

PAUL BECK: Nevertheless more money will be provided in the coming year.

Q That's what you said. Your script says "must." In the second paragraph.

A Oh, no, it is written here "must." Did I say "will".

Q Yes.

PAUL BECK: You mean must.

A Must, must be provided in the coming year, yes, that's right.

Q Must be.

Q Governor, have you any idea how much this five per cent would be in -- *(school financing)*

A This would be something in excess of \$70 million. Now the Senate's figure of \$88 million was arrived at, which using the full 6.1 per cent cost of living increase, and we know that five per cent is short of last year's 6.1, but we -- as I say, consistency, we suggested this as a guideline because we are going this with regard to wage increases in other departments. Our feeling is that -- our own feeling, although this is not mandatory, if the Conference Committee can find more money to go more, that's -- that's up to them. But our feeling was that everybody has to share a little bit in the burden of inflation. You can't put the whole burden on the taxpayer or anyone else and say that government doesn't have to suffer a little also.

Q Is that five per cent applied just to basic aid or also to



equalization or the total allocation that schools get for all kinds of special education?

A Well, there are certain things that we are doing in the total support for schools that this would not apply to, but this is five per cent -- I think on the basic aid which brings it out to something in excess of \$70 million.

Q Governor, where are you cutting the budget and what priorities <sup>are</sup> being reordered?

A Well, now, this would be a little difficult because some of them we found the Conference Committee is already dealing with. Some of these things are further reductions in -- in administrative overhead in certain areas that -- where it would -- it would be a cut and it would hurt, but departments that believe that they could in view of this make that.

Q Which departments?

A Well, again, there's quite a variety ~~ety~~ because we are down now to after balancing the budget once we are down now to taking a few thousand here and there to arrive at these totals. Some of the newer money that will require legislation involves the Senate bill with regard to welfare which could produce \$27 million. The on-a-one-time use of the truck tax, \$18 million, the one-time use of the X factor \$16 and a half million. Now, this which we have made available for school construction can be released for this on a one-time basis because we have sold the bonds now, since the passage of 7, we can proceed with that. No one would be penalized by that. This is a surplus of several million dollars in the driver education program, these are some of the one-time funds that I mentioned. The other was just a case of going through -- again, in the budget and finding here and there, picking up a few thousand here and there from quite a variety of departments.

Q Governor, the school districts' financial problems vary quite a bit. Would there be no effort to try to find out where the need is greatest and to channel the money that way?

A Yes, this would not just go down the usual allocation route, this would require a distribution that we believe would benefit the schools with the greatest problems.

Q Have you recommended how this distribution would take place?

A Well, I know that our education people, yes, have a plan for this.



Q Are you presenting that to the Joint Conference Committee, that plan?

A What?

Q Are you presenting your plan to the Joint Conference Committee?

A This is -- all of this has been turned over to the Joint Conference Committee as guidelines and suggestions.

Q Why didn't you make this recommendation sooner?

A We didn't make this recommendation sooner because it's taken us all this time and several rather lengthy meetings to find these monies and also because the task force that I have told you about and which will be the basis cooperating with the Legislature as we go forward in the reorganization plan throughout the months ahead, and then take up in January in the new session -- their decisions, they were the ones that made it evidence to us that there just was no way at this moment to actually put a finger on the needs-- what they might amount to as to actual dollar amount or whether they were -- the result, as I say, of mismanagement or shortage of funds. So we decided on this two-step phase that we are faced with an interim problem and we are faced with the long-range reorganization problem and so we are going to proceed with that, but in the meantime regardless of the cause of the shortage there are school districts that have definite need, whether it is mismanagement or shortage of -- that we are not giving enough money and so we are going to provide this money rather than penalize the children.

Q Governor, when you talk about reducing administrative overhead, are you talking about possible state employed layoffs here or attrition or what?

A No, no, just absorbing increased work loads without increasing the department.

Q Governor --

Q Governor, that -- that \$27 million saving in welfare program is problematic. In other words, the bill probably won't be passed before the budget bill has to be through.

A All of these were presented to the Conference Committee and for their -- for the help to them -- their proving on their own and probably have thought of some thing that will institute some cuts that we haven't added. We just simply made all of our findings on the basis of what we had already presented to them as additional sources for finding this money.

Q Governor, do you feel this puts an end to what you call fun and games on the part of Democrats who have been holding out not voting for the budget because there was no school in it or increased school aid?

A I would think it would. I have said over and over again that we are as determined as they are to find an answer to this problem, and this, I would think, would make it evident to them that we meant it every time we said it.

Q Governor, the Senate version of the budget added \$135 for schools. Would your \$70 million then be on top of the \$135 million?

A Oh, no, no, and I don't know just exactly how they arrived at it. I know that there -- their increase on a cost of living basis which totalled some \$88 million was based on the full six per cent cost of living. Now, I might say that in addition 606 of last year is fully funded in the budget. At that level, and this money that we have proposed is on top of that. So I don't know what additional things they might have put in there.

Q Governor, you say this is offered only as a guideline. Yet if the Conference Committee came out with the full amount proposed by the Senate, \$135 million, would that be outside of your guideline, would you oppose that?

A I don't think it is \$135 million.

PAUL BECK: I would like to make a point. Let's get the question in the context because it is not \$135 because I think the net is \$88, \$95 -- 9--

VOICE: 98.

Q Would you oppose it if that solution came out of the Conference Committee?

A Well, I would have to -- I have the final responsibility then of looking at the budget and regarding -- and I would have to look at the priorities of -- and how they arrived at this.

Q Governor, earlier you said you were talking about cutbacks or trimming down in the administrative and you used the term "various areas." Were you referring to that procedurally or geographically?

A Now --

Q You said cutting down in administrative levels in various areas.

A Oh, no, no, I meant administratively.

Q Administratively or geographically?

A Not geographically, no.

Q Can you elaborate a little bit on the process that you went through if you couldn't determine the degree -- with any degree of certainty, as you say, the actual financial needs how then do you determine that there is more money needed?

A Well, we do know that there are school districts that are self announced bankrupt cases and that have some problems actually meeting their bills and some of these have been brought to the attention of the legislature. We do know that the problems exist. We also know with the task force work that has gone forward so far that there are school districts that we cannot solve their problem of why they are in this particular situation in these few days of closing out the budget, but we do know that under the long range plan they can be solved where there are great administrative flaws and weaknesses that have led to this problem.

Q Why is it necessary at this point to -- it is a stop gap measure, that it's been a long time to settle this program or this problem rather? You've been in the office now for four years.

A That's right. I've been here four years and there was somebody here eight years before and I don't know of a single time in which this problem has not been one of trying to find some answers to it. It is almost as bad a problem as welfare from that standpoint and we have -- we have been meeting their needs. We thought until this last great strained year, when the inflation rate virtually doubled.

Q Governor, the Senate in coming up with the extra money for education among other things, cut the budget across the board. They increased their across-the-board cut from 1.4 or 1.6 up to 2.25 per cent. Is your proposal offered to the Conference Committee an alternative to an across-the-board cut coming up with money?

A Well, I hope so, yes, because we feel that that was an unrealistic way to go at it, require legislation to implement it and also a number of those cuts wouldn't really be cuts -- they might be cuts at the State level, but they would simply be dumping expenditures back at the local level.

Q Governor, on this point again, about what's been gone on before this -- in the second paragraph in the bottom of your statement here, a Master Plan for higher education in terms and goals. At a

At a long committee study in '66 or '67, Dr. Rafferty was the Chairman of it; and I think the President of the Board of Education was on it, to do exactly the same thing. In your own State of the State message I think in 1969, when you informed your own commission, you told them to do many of the same things that you are talking about here. I'm just wondering why you think that something is going to happen now that hasn't happened before.

A Well, I think because a number of people have their backs to the wall. We are not talking about a further study, we are talking about going forward with a program of reorganization now.

Q Well, you said develop a master plan. How do you prepare a master plan without doing another study?

A Well, because we think a number of studies have been made, including our own task force. We want to go forward literally with -- the main thing is with reorganization of the financial support of K through 12 education.

Q How do you think the reading achievement score should be revised?

A Well, for one thing we think that there should be more than the one test at the end of the year. We think there -- to be gainful it ought to be a test at the beginning of the year and progress test during the year and one at the end of the year and we think also there should be some state standards for comparison, something to measure against.

Q There is a law -- the legislature passed a law last year by Assemblyman Greene that set down a whole number of standards for making comparisons and using them for reading tests or any other tests that the schools administer.

A There is no question that some of this is already in legislative form right now. Some of what will go forward and be a part of this whole --

Q Excuse me, Governor, that's in the law right now.

A Right.

Q That they are required to do that.

A All right, but we are going to insure that this is done and we are going to insure that there is an auditing team, they know how to keep score.

Q If I understood an answer you gave, you indicated your study group has found districts where there is mismanagement. You think there is -- can you tell the taxpayers and these districts -- the

they are?

MR. MEESE: Actually, this was done by <sup>an</sup> outside auditing group, Governor.

A This one was done -- oh, as a matter of fact, Cal-Tax brought some of these to the attention of the people and pointed out specifics where advantage had not been taken of savings that could be made. And we just feel that there is enough evidence to warrant our proposal for an auditing team that will establish some certain base requirements and then the basis for auditing districts to make sure that the money is properly being used and that they are getting the best value for the dollar.

Q When you talk about determining educational goals, are you saying that there are classes or subjects being taught now that should not be taught or --

A Now, some of this you are going to have to get at John Kehoe and some of those who have been dealing with all of this. I'm going to make no pretense that I suddenly have become an authority on the academic world. I've never pretended that. I've told you that I don't think there are over a half a dozen people that understand school financing and I don't claim to be one of them. So the same thing would apply here.

Q Last week when you were asked about using some of the forgiveness money for getting out of this educational crisis you said you were fearful of using it for a one-time basis. Are you moving towards changing that position now, are you talking about using monies here now --

A As I say, we are using one-time and we have made -- we have proposed to the Conference Committee the use of some one-time funds because we recognize this now as an interim step that we -- to do the reorganization and set up a reorganized school financing program is going to take beyond the end of this fiscal year. These few weeks that are remaining to us, and we are going to go forward as we did with the tax reform program with cooperation of the legislature on this and hopefully next year in the next session, in January, come in with a plan with whatever legislation is needed to implement that plan.

Q Without using any of the --

A So this is -- so this is used this one-time thing, to fill that gap until the reorganization takes place.



Q Governor, I'd like to allude back to the question that was asked a little earlier. Unlike a natural disaster which suddenly requires massive amounts of state aid, unpredicted, I'm still not clear on why all these problems in the school weren't predictable, why this suddenly becomes an emergency effort now.

A Well, I wish I knew the answer to that, but I can only point to the increases that have been given every year in school financing and the fact that a number of programs, there was AB 272 with its \$150 million dollar mistake, and then there was last year's 606, and each time the State has been trying to come up and meet its requirements in school financing. We gave last year the **biggest** increase, the schools have ever received and wound up with the first great strike in our school's history down in Los Angeles. And now I think that the-- the real answer to your question is that the compounding of the problems, and which were seemingly alleviated or at least helped by the additional grants of the State each year, were compounded or complicated by the great increase in the inflation rate this last year, to where now we do have school districts that are actually talking about being unable to pay their bills, being bankrupt and finally instead of us trying to meet the problem within the existing formula and just give them more state money, I think you are finding a determination now on the part of legislators as well as our administration that we cannot go on trying to solve their problem by pouring more money into a financial system that obviously is not doing the job, that is contributing to the inequities and so we are going to draw back and we are going to reorganize that whole setup.

Q Would the reorganization next year involve additional state money on a permanent basis for schools to replace this one-time funding?

A Well, this I couldn't tell you. By that time I think we will have a handle on exactly what is the financial need. In other words, I'm frankly stating that we are going to put this money in now because there is a financial need, but if a part or all of that financial need or even more has been created by a misuse of the present -- the present funds, and we cure that problem, we will govern ourselves accordingly. If, next year, in a reorganization of this kind it is determined that more money is needed, that this is a part of the problem even after all the mismanagement and inefficiencies are cured, well, then I think we have to face that also and we must



this case to the people of California.

Q Even if it involves a tax increase?

A Well, I have always said if that -- if that is revealed as an absolute necessity, yes, but we do not believe that a tax increase is justified now for this interim period.

Q Governor, how would that fit in with the expenditure limit controls that are presently in your tax reform package?

A Well, I don't think -- I think that this move that we are making here takes, as I have said it should -- takes the matter of school financing out of tax reform completely because I don't see-- if we really believe as we do that the property taxpayer, the home owner is paying an unjust share and we are trying to evolve a tax system that will give him some relief -- I don't think we can suddenly change our mind and turn back to him as a source of revenue for education or anything else. If more money is needed, then we have to find a source of revenue other than the home owner or we go right back to the same problem we have had this time.

Q Governor, I'd like to clarify one other thing. Are you going to publicly state or suggest a method of finding this \$70 million increase or is this something between you and the Conference Committee?

A Well, they didn't go into detail with us because there wasn't time for one thing in the meeting as to all of the areas that they are looking at in the budget, and I think there was an indication that they probably have found some that we haven't submitted. So we simply submitted our package to them and said we had to go by the budget we had submitted, and the method of finding the additional money, we are telling you to find, and here are our proposals, add them to what you have.

Q Will your proposals be made public?

A Well, now, this would depend on the committee. I don't know that they will put them in a separate package or not, these are all a part of the things that they can now look at.

PAUL BECK: We refer to a number of them, like the welfare bill, the truck tax --

Q I thought you might put out a statement or something listing them all.

PAUL BECK: No, that's basically what they are.

A I want to make it plain we are not attempting to dictate to

that conference committee, that we are offering them all the help we --

Q I just wondered in detail what your proposals were.

A The biggest bulk of them were these one-time things from the welfare bill, the X factor, the truck tax, the several million dollar surplus in the driver's education fund and you've got the bulk of the money right there.

Q What about the utility tax proposed, Bagley's bill?

A We didn't even mention that one.

Q You would endorse that previously and that would go for local schools --

A Yes, although I would call to your attention where that would not meet all of this problem, that was earmarked for those specific areas where the utilities were being taxes, and some of those might be areas where they don't have the need.

Q Governor Reagan, there have been charges that compulsory busing is adding a great deal to the cost of local school education. Do you agree with this, Number one, and are you in basic agreement with the Wakefield measure which passed the Assembly yesterday?

A Now, with my first qualification that I never talk about pending legislation, I am in sympathy with the goal or the purpose behind it. I do not and have never favored busing as an answer to the problem that it is being used for. And I have found from members of the minority community and parents of children in the minority communities that this isn't their answer either, they want better education in the schools their children are now attending and I think this is the answer to the problem, not trying to take the children some place else.

Q Governor, I have another question, having to do with the education bill. When you talk about reorganization of the structure of education system, the administration within the districts, aren't you in a province that really is that of Dr. Rafferty and do you think that he's in any way responsible for -- at this time?

A No, and Dr. Rafferty and his people have been a part of this task force of ours, that's been working on this reorganization plan. You have to remember that basically our school systems are local controlled and are local school systems and what we are suggesting is certainly not trying to impose on that. We do believe, however, that the idea of a statewide auditing with regard to the use of state funds is justified and is not again taking the control of schools and

school policy away from the local districts.

Q Governor, you don't think that is an initiative that should come from him rather than you?

A Well, it has in a way, he's a part of the task force that has been working on this.

Q Governor, you stated that this reorganization of schools would take the matter of school financing out of the tax reform program. Does that mean that that portion out of the tax reform program will be dropped?

A No, what I meant was those people who are discussing the tax reform program in Committee right now, from the standpoint of some of them, that they won't support it unless it makes provision for money for schools and we have said repeatedly that these are two separate items, and we have made this one separate item right now a budget item for discussion in the budget, and there is no reason in the world for anyone to hold up the tax reform program as they have threatened to do unless it includes some additional money for schools. We have made the provision for the additional money for schools.

Q Governor, did your package for financing also include cutting out the money for the Consumer Council and the Commission on the Californias?

A These were -- I don't recall -- I can't recall all of the areas where there were -- where these cuts were made. I don't think so.

Q Governor Reagan, do you plan to publicly support Dr. Rafferty in his runoff campaign for state superintendent of education?

A Well, this is a non-partisan race and I don't think there is any secret about how I feel about Dr. Rafferty and --

Q Then you'll support him, is that it?

(Laughter)

A Well, when you say that, Squire, then you get me in -- I haven't even given that a thought, when you get me into that you get me into what extent and how. I'm acknowledging that I don't think there is any secret that I have always favored his candidacy and still do.

Q Will you publicly support him?

A I can't be much more public than this unless you fellows are going to keep this a secret.

(Laughter)

Q Governor, when and who participated in -- was there a meeting with the Conference Committee from your office where these were laid out?

A We met with the Chairman of the Committee and a couple of the other members of the Committee on the Republican side were there. I have also been having meetings this morning with other legislative leaders, committee chairmen and so forth, telling them of this plan. All of them seemed to be highly approving. Again, as I say, this part, the interim part is suggested as guidelines to the Conference Committee.

Q Was Senator Teale present in any of these meetings?

A No. So far we kept this all on our side of the fence.

Q Have you personally seen Alan Post's recommendations for elimination of a number of agencies and boards who he said is all talk and no action?

A Yes, I have.

Q What's your view on it?

A Well, I -- I'm not in agreement. I think he found a great many that we also found. I think there are others I'm not in agreement with, just to blanket-wide go at California's traditional form of government for a savings that would total only a few hundred thousand dollars is not necessarily beneficial.

Q Governor, yesterday Dr. Hayakawa proposed that the legislature restore the five per cent pay raises that were held from the faculty members saying that fewer than five per cent were guilty of infractions and therefore the majority were being punished for the infractions of the few. Do you agree with this?

A Well, I agree that the majority of the faculty and I've always stated, I think are sound citizens. On the other hand, some of them have told us that they believe that they themselves have been guilty of too much silence, silence for too long, on their own campuses.

Q Are you going to help them get a five per cent cost of living raise?

A This is now in the hands of the Conference Committee. That was deleted in both houses, as I understand it, and the Conference Committee has that problem before it.

SQUIRE: Any more questions?

Q Governor, in the budget cuts the Professor's salaries would be cut as well. Do you feel the Professor's salaries should be cut?

A You are talking about the across-the-board cut. No, I certainly don't believe that anyone should be cut below his present income.

SQUIRE: Thank you, Governor.

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