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HELD JULY 7, 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: Well, Happy past 4th of July. No opening statement other than How do you do.

Q Governor, Hugh Fluornoy says something has to be done to prevent this budget impasse from occurring again and one of the things he suggested was doing away with the two-thirds approval requirement of the budget. Would you favor that or would you favor any of his other suggestions?

A Well, I've got an open mind on what would be the best method, but I think definitely something should be done. My mind has been turning to possibly a continuation of the past year's budget, but I think you'd have to then have no retroactive feature with regard to the new budget that had to be some pressure on them to keep them moving. But whatever it is, all I can tell you is that I am in agreement, something must be done.

Q Governor, one of the discussions in the Assembly was having a special legislative committee to screen budget requests as they are made to the Finance Department so that the legislature will be more aware of what -- of the entire budgetary process, kind of a check on the Executive Department. Would you support this concept?

A Well, I don't think they quite understand how long and how hard this budgetary process is when department heads are going over priorities, the changes of mind that occur, the alternatives that are presented and the long selection of alternatives. I didn't react too favorably to that one. I must point out that in this last budget and in last year's budget, actually the legislature has had it for a long time. The only thing that happened this year was the last minute change that had to be made due to the reduction of the budget because of -- of the change in estimates both as to welfare spending and as to revenues. But even there it was simply a case of

going back to the Conference Committee with the priorities that had been considered at one time things that had been left in the budget and helping and consulting with them on what further reductions could be made in that budget. I think the legislature has had the budget for a long time. Last year it was gotten out to the floor earlier than it had ever been done in history, to my understanding.

Q Well, their argument was that they should be more aware of what's going on and how the -- how the budget recommendations are -- on what they are based, the information that goes into the Finance Department and then comes out in your budget when they first see it.

A Well, possibly there could be some earlier meetings with legislative leadership or the appropriate committees on some of these things and how we were doing what we were arriving at, consultation with regard to priorities.

Q Governor, how did that \$15,000 for the rent of the mansion get into the budget and do you approve of it?

A It came out of the Conference Committee and yes, I have to tell you I approve of it. As a matter of fact, when the fuss was raised a few months ago about that, I had to say at the time, came in and told my own people and told some of the legislators that as far as I was concerned the state could buy the house or the state could rent the house, but I was sick and tired of being held up to public view for committing the crime of renting my own house when the law requires that the state provide one. Maybe I made the mistake in the first place by paying the rent myself, it did set a precedent that could be quite a problem for someone elected Governor, who was unable to do such a thing. So I'm glad to see it is there.

Q Well, along those lines, Governor, would you like to see an appropriation bill go through for the construction of the Governor's Mansion?

A Well, right now that's, of course, a rather rough problem with the present state of the budget. The economy -- but yes, it's been about 30 years too long in coming. Something should be done of that kind as we have said before. There are groups of citizens in the State, once again, working with the idea of raising funds outside of government for this purpose, and I certainly hope they're successful. Maybe it will wind up as a kind of combination of the private citizens and supplemental help from government. But it's long overdue.

Q Governor, you talked several times this year about abuses

in the area of welfare. You advocated cuts in the Welfare Department. There aren't any such cuts in the present budget that you signed. In fact there were increases in that area. Do you think that -- is that a disappointment to you or are you trying to do anything -- are you taking any initiatives on your own to try and cut welfare spending?

A Well, we are engaged in quite a program now. There was legislation introduced to cut welfare, legislation which so far the legislature has seen unfit to pass. The biggest problem we have is that most of what is wrong with welfare is mandated either by state statutes or mainly by federal laws and regulations. We are working on a welfare reform program with the idea then of coming forth based on that program of asking for changes in the federal regulations and laws and asking for changes in whatever state laws. I have issued orders to review again whatever state regulations are responsible for some of the growth in staff at the county level, to review and see if there are places where we can change or eliminate state regulations, such as regulations pertaining to the proportion of supervisors, the proportionate number of welfare workers to those on welfare and so forth. This problem, as I have said before, must be controlled. This is the greatest single cause of the State's financial condition that we have. And was more than half responsible for the out of balance of the budget we discovered in May. But, as I say, it is mandated by statutes and by law, federal law.

Q If you had studies of this kind in the past and still haven't been able to come up with any substantial cuts in welfare program, why is there this consistent problem of no solution offering itself?

A Well, that's not quite true. We have made great savings in the administrative overhead of welfare. We have made great administrative savings in the overhead of Medi-Cal. We have been frustrated in several of our attempts by court decisions, both at the federal level and here in the state and again we have been frustrated in several experimental attempts that we have made and which they -- they didn't pan out and usually because of court decisions and because of running afoul of federal regulations and laws. Now, the one program we inherited that was passed by the previous administration and which they didn't have to provide anything for it, that fell on our necks, was Medi-Cal. I would call to your attention a number of times that we have been reversed on things we tried to do with



regard to that program. So we are trying again. This time we are going at it on an over-all experimental basis openly aimed at going outside the regulations and then seeking permission to do so, instead of trying to reform it and make our reforms within the framework of the multitudeness regulations that are imposed on us.

Q Governor, the Democrats --

Q -- the Court decisions, doesn't that suggest there is something wrong with your changes rather than necessarily the courts?

PAUL BECK: Governor --

A No, I would suggest that sometimes it might suggest that there is something wrong with the Court's interpretation and I'm not above criticizing the Court now and then.

PAUL BECK: Governor, if I could add, I think in the next period -- short period there will be some further announcements on administrative changes in welfare.

Q Governor, the Democrats in the Senate have indicated that their next target is your tax reform plan. Among two of their problems, as they see it, are the 20 per cent discount on the property taxes after the thousand dollar deduction. They say this is unfair to the lower income people. And the other is that they have an idea that part of that money earmarked for property tax relief should be instead -- be sent to the schools. Without those changes they have indicated they will oppose your bill. Are you receptive to those kind of changes in the program?

A No, and I am very much concerned that the same element of Democrats who frustrated the budget for a while are going to continue in the same way on this tax reform program. You mentioned two problems there and I'll have to address myself to both of them.

Number one, the idea that a 20 per cent across the board reduction in property tax is somehow unfair to those with the lower priced homes and the lower income bracket just isn't quite true. First of all, the total reductions for every home in California will range from a minimum of about 25 per cent to about 40 per cent and the 40 per cent will be at the lower range in home value. Now, there is a certain dichotomy in what I'm going to say at this point, because we ourselves by going partially for a flat exemption of a thousand dollars and then 20 per cent on top of that have in a sense, if this bill is adopted, made the property tax a little bit progressive

but only a little bit. The thousand dollar exemption, is of course, of greater value in the lower priced home, percentagewise, than it is when you get into the -- into a higher priced home, but to suggest that this 20 per cent flat cut across the board is somehow discriminatory is to go against the theory of property tax that we have known since the property tax inception. Property tax is not progressive, it is proportionate. You pay on 20 per cent -- 25 per cent of the assessed valuation of the property and you pay the same rate whether the property is worth a million or whether it is worth a thousand. Now, for us to change and have a decreasing percentage depending on the value of the home would be for the first time in history to make property tax progressive. It would have a different scale or rate of taxation and I think that the -- even the fact that to benefit those at the extremely lower income range we have made first of all the flat exemption and then have added the 20 per cent to it violates what I've said about a sliding scale. It doesn't do it to such an extent that we are in violation of the principal of proportionate taxation.

Q Then about the schools.

A Now, about the school thing. Here again I can only repeat what I've said to you before, and which I guess I got lost in the news some place and other things of more interest captured your attention, we recognize there is a problem of school financing. We have frankly stated that the \$102 million dollars in this budget is one-time revenue for the coming year to hopefully get the schools past and through this period of needwhile we come up with a long time reform of school financing. We recognize that this must be done from the state level. We are prepared to deal with this. We intend to deal with it. We have a task force going forward already, with this in the session -- coming session we hope that with the help of the legislature we will be able to present a program that will <sup>local</sup> once and for all meet the problem of/school financing, and we are not neglecting this in any way. What I have answered to those who right now want to -- first wanted to hold the budget for ransom and now want to oppose the tax reform program unless it can become a tax increase of some \$180 million dollars is that they are suggesting at this point throwing 180 million dollars into school financing when they, themselves, cannot tell you or tell the public that this is absolutely needed and all we know is that we have had in these four years, including the budget just passed, the greatest four-year

increase of state funding for schools in any four year period in the history of California. I'm a little tired of this administration being picked on as not supporting the schools when we are 172 million dollars above, in these four years, the largest four year period of the Brown administration in its eight years, in state help to schools. But we do know there is something wrong. We know something's wrong when 85 per cent of all of that money we have given to the schools has gone only to increase teachers' salaries, not to solve the many other problems of the school financing about which they are talking at present. So we believe that we are right in doing something temporary while we go forward and try to solve the problem on a long-range basis.

Q Governor, part of the criticism from Democrats and others seems to be that -- that by going ahead with tax reform at this time and delaying the schools, which is maybe justified, that you are using up tax sources that perhaps if it does come -- if your studies do show you need massive infusion of funds for the school system, where are you going to get it after you've used it up for property tax relief?

A Well, let me answer that on the problem of property tax right now, and I think everyone has agreed on this. Number one, you cannot ask, and this is the very thing not only the people but the schools themselves are saying, you cannot ask the property taxpayer to pay a bigger share than he's now paying for education support. This is what is wrong. There is too much reliance on it. Also, I think almost all of us agree that the property tax burden at present is too large. Now, all we are doing with tax reform is trying to correct an inequity in the whole tax structure of California. There is one area where the tax is out of line. The people say it is in every survey, fantastic numbers that cross party lines, that the property taxpayer is paying an unjust share, it is out of proportion from the burden imposed on taxpayers who aren't property owners. Now, all we are seeking to do with tax reform is shift some of that unfair burden to broader based taxes that are paid by everybody, including the property taxpayer. It is simply a restructuring of a tax program. The matter of whether additional revenues must be raised if schools next year should call for it as a result of our task force approach, then this must be weighed against a fair tax structure. And it doesn't do any good to maintain an unfair tax structure until you know whether you are going to need more money in the future. And I don't



see that it makes any change at all. We would still have to face this problem of giving the home owner, particularly, some tax relief. And we are trying to do that now with this program. And the terrible thing is those Democrats who at present say they are going to oppose this program are doing it because they demand that half of that tax reduction for the property owner be taken from him and <sup>be</sup> added to the increased cost of government.

Q Governor, on this matter of 85 per cent of the new school money going into salary increases, isn't there a misunderstanding there? I heard this argument ~~used~~ upstairs, but I think the school people will admit that 85 per cent of the school money goes into salaries, but not salary increases. In other words, the new money would go to hire more teachers to reduce class ratios, etcetera. And some ~~maybe~~ for salary increases, but to say that all of the 85 per cent of it goes into salary increases, I think, is misleading from the arguments I hear upstairs.

A I'd be happy to check with Finance Department, but that was my understanding, that of the money we have increased that is what has happened. So it is not a theory of the future, it is what has happened in the past and I know some of our people who met with some of the school authorities asked them if they could guarantee that this would not be the fate of additional money to the schools and there was no guarantee, they had to admit this ~~is~~ probably what would have happened.

Q Governor, have you contemplated campaigning in the districts of those legislators who held out against your budget and will against your tax program further?

A Now, you've got a kind -- you've got a double question there. What will I do with regard to those who held out against the budget or what will I do if they hold out against the tax reform. As far as the budget is concerned, the budget has been passed. I have no spirit of vengeance at all. I would feel, however, that if there were legislators that made it impossible to give the home owners in this state a tax reduction from their unjust burden, I would feel that I had a responsibility to point out to the people that -- who had denied them that tax decrease.

Q Senator Teale today characterized the 20 per cent part of the assessment reduction as richman's welfare, they will get that much a greater share. How do you respond to that argument that's sure to be made?

A Well, I like to compare it to the bill that so many of them seemed to want to support earlier in substitute for mine, the Gonsalves bill, which by analysis did give the greatest tax break to the higher priced homes and if anything worked a hardship on the lower priced homes, and they didn't seem to find anything wrong with that particular bill. We did, for that very reason. Now, I don't see how they can suggest that we are giving someone welfare when we are suggesting a cross-the-board reduction of the home owner's tax and they instead want to use some of that reduction instead to increase the cost of government. They are not benefiting in wanting to penalize one section of the economy. They are not doing anything to benefit someone in the lower brackets at all. The average price home in California is \$20,000, and I think you'll find that a \$20,000 -- our tax reform program from there down to about a \$10,000 home is giving a better break than anything that's been suggested by the opposition.

Q Another topic, Governor. There are reports that Murray Chotiner and Lyn Nofziger will come to California to campaign for Senator Murphy. Two questions. Do you think this indicates a feeling of doubt about Senator Murphy's chances of re-election and will you welcome these two men coming into California to campaign?

A Oh, I don't know anything about Murph's campaign or whether he wants -- I know national officers that way, many times, have people from the Washington scene help them. The opposition in '66 to me even had help from Washington and those weren't national offices. But I don't know. I met with Lyn Nofziger when he was out here these past several days at the summer White House, and he didn't say anything to me. As a matter of fact, he indicated no, that he wouldn't be doing anything in California, he's got a job in Washington and that's where he'll be.

Q What is your feeling on them coming out here and working in the Senator's campaign?

A Well, that's his campaign and whatever he's chosen as his strategy, that is up to him. I won't be doing that for my own, but then I'm not running for an office that -- a national office in Washington.

Q Governor, legislators in the final version of your budget wiped out the office of Consumer Council. What is your reaction to that and do you plan to reappoint Kay Valory in some other post?

A Well, he 's one I can't answer in ( ) detail on this because they -- in the cuts that came out they gave us a great many problems in the Executive Department that administratively we are going to have to solve and we just haven't had time to get down to solving those.

Q Do you feel you could get along without her?

A No, we -- no, I'm not giving an answer to that, until we -- it is going to call -- well, we are engaged, as you know, in a desire to reorganize the whole department and this has just further complicated that reorganization.

Q Governor, on another subject, the State constitution requires you to "immediately" call a special election in case of vacancy. Now, you've done so in the case of the vacancy caused by the recent election of Senator Schmitz, the Congressman, not in the case of the vacancy created by the death of Assemblyman McGee. Will you explain why you have delayed in the McGee vacancy calling a special election there despite the constitutional provision?

A There was a problem of the candidate in the November election and working out both the time of the election and the candidacy situation in regard to that. It just was the time. I know we discussed all of those that were caused and I honestly couldn't stand here now with what's been going on in the last couple of weeks and remember.

Q Are you going to call a special election in the McGee seat or let the Central Committee --

A The Central Committ~~ee~~ has already named the nominee.

Q Will you call any special at all for the interim?

A That -- you usually ask the Central Committee, the State Central Committee their advice and counsel on these things.

Q You don't consider a constitutional provision mandatory then that says you must call a special election immediately?

A Well, I remember a couple of times in the previous administration when immediately took about two years.

Q And you were critical of the previous administration.

A But I haven't taken two years, we are talking about two months.

Q Wasn't there also the hopeful assumption that the legislature might adjourn sometime before December?

A I was hoping that, which would sort of obl~~iviate~~ the

necessity for a special election.

Q Throughout the last week we heard repeatedly the assertion your budget will leave the state in the same kind of position as Pat Brown's last budget, that built in is a guarantee of five hundred million dollars or larger tax increase next year. When will you know whether that's true or can you deny that now?

A No, I don't -- I don't subscribe to that at all. I recognize that there are things in the budget such as the one we discussed earlier, welfare, that are beyond our control, because of mandate bylaw. So far we have been bringing the budget into control with our own savings and not with the kind of gimmicks that were employed before, where someone created a single source of revenue. The only one-time funding with single sources is the one that I told you was one-time, which was the present 102 million dollars for schools. Other~~w~~ we have created out of our own savings, we are continuing along that line and at the moment no, I'm not prepared to say that a tax increase is necessary. I realize that for political purposes that seems to be a song that is being sung by some here in the state. But I haven't bothered to learn the tune.

Q But, Governor --

Q Governor, following up that question, two years ago you said you were moving away from bond funds used for construction and going to pay as you go construction. Yet to balance this budget you've done just exactly the opposite. Now, how do you justify that in reference to your last statement?

A No.

Q Isn't that in effect a gimmick in order to balance the budget?

A No, we were caught by this emergency this time, with the declining revenues and the excessive costs of welfare. We also at the same time have undergone a long period of -- in which we could not keep pace with construction because of the inability to sell bonds. I don't think there is anything wrong with now taking advantage of -- of the breaking of that log jam with the passage of Proposition 7, but the gimmicks that I'm referring to are gimmicks such as changing the bookkeeping structure of the state so as for one year to get 15 months revenue to pay for 12 months cost of government, without facing what you are going to do when you get to the next year and only have

12 months revenue or the government you've left up to that size or one time advancing the collection of taxes for a one-time windfall to pay for programs you tried to pass. We have done exactly the opposite. We have been balancing out of our own fat, we have been cutting the cost of government in areas where we could cut and using that money in those areas where we couldn't cut to balance budget and I don't think that this could be called gimmickry.

Q Are you still committed to pay as you go financing for capital construction?

A If you are referring to the fact that back during the '66 campaign it was my understanding that this could be the policy of the universities when they came to me and asked me as a candidate to join the then Governor as honorary -- or campaign chairman for the university bond issue, I was told at that time that that was the last bond issue the university required. I took them at their word. They said it could be pay as you go. Subsequent to that I learned that the university was even then planning a second bond issue, the one that was defeated in '68, and that the expansion of the university and the campuses still to be built could not possibly be built out of -- on-going revenues. I didn't know that at the time that they had solicited my support for the first bond issue. I have to tell you now as a Regent, if this university is to complete the campuses and keep pace with the growth over the period of time, obviously it cannot be done out of on-going revenues, it must be the result of bonds. Wait a minute, I recognized someone over here.

Q Governor, last week Mark Hatfield made some observation about the 1972 Presidential election. He said the Nixon administration doesn't solve the problems, that you would be the benefactor. Do you have any comment on that?

A Yes. There was absolutely no reason or need for his statement. I find that utterly ridiculous and I don't see why in the world he would lend himself to those whose idea of politics is to seek to drive wedges within a party. We have cooperated fully with the administration. I am in support of the policies. And as I have said here before, I intend to be re-elected Governor for the next four years in the State of California, and that's as far as any political aspirations of mine go, and I suspect in about another two years -- well, whether I'm elected or not, to be supporting the



renomination of the incumbent president.

Q What forces did Senator Hatfield lend himself to?

A Oh, I think this attempt to drive wedges to split and factionalize a party is standard politics, and if he was in the other party I could understand his lending himself to that. I can't understand him as a Republican Senator playing that same game, which couldn't help but try to be harmful to both the President and to myself.

Q Did you communicate these thoughts personally to the Senator Hatfield since he made his statement?

A No, I haven't communicated with him at all. I'm still counting to ten.

(Laughter)

Q Governor, back to the budget again, a few weeks ago you said you were fearful of one-time windfall money for -- at the time the suggestion was for education, to use this forgiveness money for education. Now, you signed a budget which contains one-time money. What made you change your mind in those three weeks?

A No, I frankly stated that with this problem that we have been trying to solve of school financing and recognizing that they absolutely had to have some money, regardless of the cost, that they had to have some money for this coming year, while we tried to find a long-range solution to their problem, that we had to -- we had to find one-time money such as the one-time use of the truck tax, the use of some money that was made available by way of surplus and so forth, and I frankly explained that we were justified in doing this because this is a one-time problem, we hope to come forth next year and expect to come forth with a long-range answer to a long-time problem that a great many in the legislature and the administrations preceding us have not had the courage to face, and that is that reform of school financing was desperately needed in California. And --

Q Governor, there is somebody wants a civil rights question back there, I think.

A There.

Q Governor, another subject. In a recent article in a London Observer, stated you were working on a super secretive plan to stop revolution in the state, using all sorts of electronic means to stop campus disputes and -- was told those sorts of thing. Do you know anything about this article written by Charles Foley in the London

Observer?

A I sure don't and if he -- and if he knows a secret about stopping campus disturbances, I'd be delighted to hear it. He didn't print an answer as to how it could be done?

Q He named some advisors that are supposed to be working with you on this plan.

A You are pretty well aware of all the things that we have continued openly to try to do by way of the Regents and all the Regents meetings -- no, I have no super secret plan.

Q I'd like, however, to hear one.

Q William Buckley now suggests that the police in Santa Barbara, all the law enforcement agencies in Santa Barbara were a little over-enthusiastic in this recent Isla Vista fracas. Are you investigating the conduct of law enforcement people down there?

A Well, I read Mr. Buckley's column which was quoting one graduate student there as to some experiences, and Mr. Buckley was properly expressing his abhorrence of that, if those things took place. I will express the same abhorrence, if law enforcement was out of line, we should know it, and something should be done about it. The investigation is being conducted by the Attorney General's office and they know our interest in it and we have communicated with them. We want to keep informed. There still seems to be a great deal of controversy about those things, whether they happened. For example, I myself have had communication with someone who claims to have been in a building where the doors were kicked in and a needless search was made because someone shot a marble out of a window with a sling shot. Well, that was one version. The real version was that observers with field glasses saw from a number of windows in that building the police being fired on with sling shots that were not the fork-stick-rubber band variety that kids make, but were a real sporter sling shots firing metal objects that -- metal balls that I guess are used for hunting now, and that have the principle of a dum-dum bullet and this was why the raid on the buildings, the result of actual observations.

SQUIRE: Thank you, Governor.

Q As a result of the investigations we can expect some kind of a result?

A I would think so, yes.

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7/15

PRESS CONFERENCE OF GOVERNOR REAGAN

HELD JULY 15, 1970

Reported by

Beverly Toms

(The transcript of the press conference is for the Capitol press corps. Because of the need to get it to them as soon as possible, there is no guaranty of absolute accuracy, and no corrections are made.)

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GOVERNOR REAGAN: We have some visitors here from the University of California, Santa Barbara; one from UCLA, who's also working here in the capitol. Education will be equally effective.

(Whereupon Governor Reagan read release No. 369.)

Q Governor, do you expect the United Republican support for this program in the Senate?

A I'm going to do my best to see that we have it. I know that there are some individuals up there who found here and there a point which they take issue, but I believe the over-all tax reform program is probably the best one that has ever been submitted in this state, and I believe that almost anyone should be able to swallow whatever difference he has here and there on a point or something contrary to go along with it.

Q Governor, apparently part of this maneuver, all the organizations representing local governments and all the organizations representing the schools, they all claim problems with it. How come you haven't been able to convince them that they should be happy?

A Yes, that's right, and I don't know that I could convince them, but I would like to also call to the attention of the taxpayers as to the manner in which they're being represented at the local level. The principal objection which some local government representatives and some school representatives have to our tax reform proposals is the fact that once having reduced the property tax and giving relief there we have included measures to try and see that the property tax will not just automatically go right back up. And these people seem to have so little faith in the American system that they object to our provisions which would insist that the people themselves, the taxpayers, be allowed to vote on whether their property tax is increased in the future and it is hard for me to understand how they can hold to this position. What they in reality are saying, is that they would

have no fault with our tax reform program basically if we would give them the authority without a vote of the people to go back and increase the property taxes. If we get them reduced, this is our goal, to insure that the people have some measure of protection and that this archaic and outmoded form of taxation does not go right backup to become the burden it now is.

Q Governor, what's this got to do with the American system, as you mentioned?

A I think the American system of having some faith in the people's right to make decisions in their own behalf; all that we have really said with regard to restrictions on further increases of the property tax is to allow the voters themselves to decide whether they want that tax to be increased, and a number of local government officials, not all of them -- we have had many county Supervisors come in and tell us they have no quarrel with this tax program whatsoever, and they do not go along with the position of their own organization, but we have insured that the voters can -- this is what I mean by the American system, that those who have so little faith in the people that they want to deny them this control over their own welfare.

Q Governor, are you saying then this is a democracy, not a republic?

A No, I believe it is a republic. We tried every way we could to find some way to insure that the property tax would stay down and the best way we found is to put this in the hands at the local level. It is not too far afield from custom in the past, tax overrides and so forth for educational costs that must be submitted to the people, school bond issues.

Q Governor, this morning Mr. Unruh said you are downgrading education. You head the heaviest cuts in education. He wants to know if this is a conspiracy against public schools and so forth...What about that?

A Well, no, since Mr. Unruh was called by many of you here in this room for several years before I got here, the most powerful man in Sacramento, he might be interested in explaining how the most powerful man in Sacramento over the years preceding this administration let the state's share of public school funding decline from 45.6 per cent down to 41 per cent and why this administration in the few years we have been here have increased it -- well, the actual increase over any other four-year period in state's history, we have exceeded it



by 175 million dollars, over these four years. So his figures just-- or his claim isn't substantiated by his record.

Q Governor -- well, Governor, he says there is going to be a \$400 million dollar tax increase next year regardless of who's governor and that this is largely because of fiscal irresponsibility on the part of the Reagan administration.

A Well, he should be an authority on fiscal irresponsibility. He presided over some of the greatest that had this state virtually insolvent three and a half years ago, but I find it a little hard to take seriously the remarks of a man who has only been in the Assembly six days since last April, and on his first day home from a European vacation, having missed the budget battle and some of the more important legislative matters that go on perhaps this explains his lack of understanding of just what we have been accomplishing here.

Q Governor, back to the tax reform package, one of the criticisms voiced against your plan is that for renters with a family and earning less than \$9500 a year, the net effect of all your changes would be to increase their taxes. Would you address yourself to that criticism and say whether you would be willing to have any changes made to meet that criticism.

A Yes, I don't think that it holds up and it doesn't match ours. We were -- you might be able to find a particular example someplace of someone whose taxes would be increased. Now, there is no question but that in getting the same total amount of revenue from the people of California, and by relieving one particular group of a burden they are now paying, the excessive property tax, that it would seem obvious that in spreading this burden over all of them that some citizens who are not now paying what is -- should be an equitable share might find themselves paying more, but we discover that there are enough of our -- enough of the sources that we are turning to are business oriented, that over-all the average taxpayer is probably going to come out with a slight reduction. Because in gaining the amount of money that is presently being paid by the citizen and by the -- of course now, you can hang me up to dry on this, and I'm not refuting my original belief, I believe that those business taxes will eventually be paid by the people in the price of the product they buy. But talking about direct taxes, we have made shifts of some of the money to additional business taxes, and this is helping compensate for the property tax reduction. So we -- we find over-all that if anything

Q Governor, would you favor a vote of the people on every tax raised by the legislature?

A No, and I don't think I've said that, but I think it is also one of those that you can't draw a hard line and say it all must be this way and all must be the other, then we would -- we wouldn't turn to the people again for bond issues, for tax overrides and that sort of thing. We have always recognized a certain amount of turning to the people for this kind of tax and I think in this instance we are in keeping with that tradition in saying that the property taxpayer -- I, as you know, have favored such as for the income tax -- I have favored having a two-thirds vote in the legislature and you'd think after the budget battle that I'd be a little frightened of that, but I'm not. I would like to see it take a two-thirds vote.

Q Governor, back to the \$400 million dollar tax increase that Assemblyman Unruh says will come regardless of who's governor. Then you deny that this will happen or dispute this?

A We are working already on the budget for next year and our goal is going to be as it has been for the last three years. Our goal is to come forth with a budget and a balanced budget with no tax increase.

Q Are you optimistic about that, Governor?

A I'm optimistic, maybe more so than others. You'll remember that in a week or so ago, in here I told you that there were factors beyond our control that we have trouble getting a handle on this welfare spending. This is mandated on us by the federal government in such a way that if we just cannot come up to meet the increased welfare demand with the savings and economies we can make in other departments of government as we have done in the past, this would be one that -- where we'd have no other choice, but I am reasonably optimistic right now, and certainly, as I say, our goal is not what seems to be the goal of some others upstairs whoever, just automatically assuming that they are going to have it. I call to your attention also that some of those that were preaching this the loudest have made every effort to begin now with increasing the spending of state government and they number among them the authors of some of the \$335 million dollars in spending bills which I have vetoed in the last three years.

Q If you are optimistic, Governor, who is less optimistic within the administration? Is it the director of the Department of

Finance who is less optimistic?

A ~~Who~~ no could look at Verne Orr and believe that he is anything but optimistic, his smiling face would reassure you at all times.

Q Governor, you are not definitely ruling out the possibility of a tax increase next year though, are you?

A Now, fellows, here we go again with somebody wanting me to write the lead for them. I cited the one instance and I -- to be honest could cite the other one, I said last week that I have said to you that when our task force on public school education has hopefully solved all the things with the present formula and all, if we find then that it is true that additional funds are needed and additional source of revenue, we certainly will come forward to the people in the legislature and make that known. But when I say write a lead I hope that you are not looking for me to say something that you'll say, Governor says prospect of tax increase. I'm -- as I say, my goal is to continue without a tax increase.

Q Governor, you seem to be at variance with Mr. Monagan and Mr. Post then.

A I may be at variance with Mr. Post. I think that if you look at Bob's remarks to you all the way he said virtually what I have said, that there are these possibilities that could be beyond our control but that he knew that every effort would be made not to -- to have such a tax increase. This is quite contrary to those who are upstairs pronouncing now that it is inevitable and you'll have to have it.

Q New subject. Attorney General Mitchell said he's given the states until August 3 to pledge full compliance with the new voter's rights act and he's written letters to each of the 50 governors asking them to specify the states at which they would register young voters. How are you going to reply to that, Governor?

A I haven't actually -- I just say that as you have seen it. I haven't actually gotten into this. I suppose that we are going to have to go forward. It would seem that the federal government is moving forward the day, hopefully, for a test of the constitutionality of that measure that was passed and which they themselves questioned. I'm sure we will have to go forward. I signed the legislation the other day for our young people under 18 to be allowed to circulate petitions on their own behalf to seek to put this on the ballot. It figures now in what has just been asked, but I'm sure we do have to go forward. We have been handed a law. But I haven't had a

chance to even talk to anyone about it.

Q Are you any more sympathetic to the idea of the 18 year old vote than in the past?

A Well, I've never disguised the fact that I lean away from it, but I am sympathetic to the idea that I think they ought to be allowed to go out and circulate petitions and let the people take a crack at it on the ballot.

Q Governor, you have been spending a good deal of time with young people of late, the Girl's State and the Boy's State and this afternoon Miss California. Are you going after the 18 year old vote just in case?

(Laughter)

A No, no, it just happens that this is the season of the year when Girl's State and Boy's State comes along and it is also the season of the year which one of the nicer things that happens to you, when along about this time every year Miss California is brought into the capital as a visitor and we are all very happy to see her.

Q If that 18 year old vote measure is on the ballot this November, are you going to take a position during the campaign against it?

A I've told everybody, and particularly the young people, I lean away from it. I'm still waiting to be convinced. I want to hear their arguments. I'm trying to keep an open mind on it, but I have to be frank and honest and say that so far the evidence I've had makes me lean away from it.

Q Does that mean that you will include it in part of your platform, the opposition to it or you take no stand?

A Well, as I said, I've just told you here, I am in this wavering indecisive state of mind on this, so don't try to pin me down for an answer yet.

Q The measure passed by the Assembly this morning, the constitutional amendment to lower the voting age to 18, included a lowering of the age of the majority, leaving the drinking age the same. With those qualifications would that make that measure more attractive to you?

A Well, I'm one who has always believed that you can't have one without the full citizenship status. That the -- that if a person is deemed qualified mature enough to vote, then that person also should be deemed mature enough to stand trial for example, as an



adult in the event of law-breaking and not fall back on a juvenile status and not having full knowledge of right and wrong and so forth. No, I think full citizenship has to go with it if you are going to have the vote.

Q Another subject.

Q Same subject. Yes, two months ago when you spoke to the Republican Women's Convention here in Sacramento you had one sentence answer for that statement on the subject of 18 year old vote. You said, "I'm against it," and that's kind of different from what you told the Girls Staters the other day, but I was wondering if you could clarify exactly where you stand on the issue.

A Now, in answering questions at one meeting or the other, if I said that, I think all of you though who have been present at a number of meetings and over a period of certainly the last couple of years have heard me say repeatedly that -- that while I have taken a position and I think I've used the expression "lean away from it" or tend to be against it, you've also heard me say many times that I can't say that my mind is totally made up, that I'm in opposition, that I am willing to hear the arguments for it and I have usually, when there's been time, explained that some of my reasons are not only based on the age of 18 and the young people themselves, but based on some concerns I have about what would happen to the campus, to academic freedom and to higher education if politicians and political parties year after year are in trying to organize the campus when there's an election almost every year; major election every other year and in between the years local and county elections, and so forth. And I might have -- I might have answered a question some place and been briefer than others, but I'm sure I did it with the confidence that my position has been well stated on a number of occasions.

Q Well, when you talk about keeping your mind open on this issue does that mean you are looking for votes?

(Laughter)

Q That's another word for the same thing.

A No, because I said it when it wasn't an election year also. I'm not one who believes that the young people of this country are automatically one way or the other. I have a hunch that far more than people realize they represent pretty much some of the same cross-sections. No, I've made my reasons very clear about why -- why my doubts and one of them -- one of the principal ones has nothing



to do with the young people, it has to do with the campus and with education and what happens if political parties are going into a professor's class, demanding equal time because of something he said in a lecture the day before. I think it is something to be reckoned with.

Q New subject, Governor.

A All right.

Q You received, as has Mr. Unruh, numerous offers from broadcasting stations across the state for live debate or face-to-face debate with Mr. Unruh on the issues. Are you willing to meet Mr. Unruh under these conditions?

A No, I don't see any need for meeting Mr. Unruh on these issues. I think he's been here long enough and certainly now I must have been here in these last few years long enough that the people must know our viewpoints and they can -- they can hear both of us throughout the campaign, what we advocate and what we believe.

Q Governor, on that subject, though, do you feel that public officials have some responsibility in this country to face each other to give the voters a choice every time they come up for election?

A No, I think -- I think the people who run for office have an obligation to the voters to make themselves as available as they possible can to appear before as many voters as they possible can by every medium, to speak as clearly and as broadly as is possible on all their views and what they intend to do and what they advocate, And there is no question as to where they stand, what their platform is and this is their obligation and I don't think that -- this depends on each individual as to how he thinks he can do this best and frankly I don't see any reason to share the platform with Mr. Unruh. I find it -- I believe that I can relate to the people what it is I stand for and what I believe in.

Q Governor, are you saying you think the printed press is adequate and you don't need to look for votes on the television?

A Oh, no.

(Laughter)

A I said by every means possible. I'm -- the electronic media, I think, is a pretty good -- pretty good way to do it.

Q Governor, will you be sharing the platform with Frank Sinatra?

A Well, now, I don't know what might be planned in the line

of fund raisers or political rallies in which, as you know, this is a kind of standard thing in campaigning any more, that the entertainment world does contribute in that way and entertains audiences at political rallies, and so forth and Frank has expressed, as has Dean Martin, and some others, a desire to be a part of those kind of affairs when they take place, and so it is possible.

Q Are you making another announcement here, Dean Martin. Dean Martin is part of the crew? I think you just broke Jack MC Dowell's (phonetics) heart.

(Laughter)

A No, I guess -- no, I guess I was just, you know -- now, this is -- this is the old show business side coming out, I imagine I was -- those names kind of go together like ham and eggs, and I guess I --

Q Ham and eggs.

(Laughter)

A No, I guess -- I was just -- I was just talking names, I could have added a few more in there that you usually associate when those people --

Q Dean Martin will support you this fall?

A Pardon?

Q Will Dean Martin support you this fall?

A I have no authority to say that, though.

Q Are we off the record, Governor?

(Laughter)

SQUIRE: Any more questions?

GOVERNOR REAGAN: Yes, there is a couple back there.

Q Governor, a two-part question. How many more of administrative cutbacks on welfare, such as the two you announced during the past week, do you have coming up and how prominently will you use these actions in your campaign for re-election?

A Well, first of all, how many more, there are several more. As we have told you, we are doing our best to get a handle on this program. If we, who are elected by the people at every echelon, from City Councilman and County Supervisors, but mainly County Supervisors, because that's where the welfare is administered, and here in the state and at the national level, do not do something to balance this program with regard to our obligation to the taxpayers as well as to the needy, this is going to bankrupt government at every level. And

so something has to be done. As for where it may figure in the campaign, I've told you before, I'm going to campaign as honestly as I can on the basis of the record of what we have done and what we are trying to accomplish and what our goals are, and I would recite this in what our problems have been with welfare and what we are trying to accomplish. I am concerned right now about some of the misconceptions concerning one of the two reforms we have just announced. There seems to be very little quarrel with the announcement about giving the counties flexibility with regard to the number of welfare personnel they have to employ. But by looking at the Los Angeles Times this morning, I was aware that once again you can color some of the Los Angeles Supervisors as Chicken Little. They are screaming that they are not going to stand by and see the disabled die in their beds for want of care, and anyone who looks at the program, the first announcement that we made, knows that no one is going to lie on their beds and die for lack of care, nor do we intend anything of the kind. We just think that there are some corrections needed in a program where a disabled recipient receives \$169 a month and the person who's taking care of him is paid \$300 a month. Now, when I say taking care I do not mean nursing care. Nothing in the change we made reduces or removes nursing care, nothing will remove people from their homes. We are talking about marginal cases where some people are being paid for rendering no service at all, simply stealing the money. Relatives and friends and neighbors who have been doing favors for a neighbor disabled for sometime suddenly finds out they can be paid for this and we have put a ceiling on some in the marginal cases and making sure the people who are able to do their own marketing or sweep their own floor do not have an added grant, but there's been no change whatsoever in the total basic grants which include food stamps, special allowances, medical care, rent and nursing care. There's been no reduction at all. And the plain truth of the matter is that one of the objections at the county level was the fact that we would not include in our change of regulation a mandate that the county could not replace with county money our cutback because they frankly stated to us they didn't want to take the heat, they would prefer to be able to blame the state, but they did want the advantage of not having to spend the money. Well, I think it is time if you are going to be hold-offish you better stand up and be counted, and they better start being counted honestly also.

A Yes, let's be cheerful, fine.

Q There's quite an argument in Los Angeles with respect to oil drilling in Pacific Palisades. I was wondering as a property owner in that area do you have any opinion on it?

A The Palisades is a large area. It is quite a way from us. I've heard of it. I know that there was a hearing, I don't know just what the views are that were presented. I think all of us in this day and age who are concerned with the environment are legitimately concerned about how necessary is such a thing in a residential area, what happens to a neighborhood and to the people who are living in that -- in that area. I recognize also that sometimes there are needs, reasons why we have to compromise in what we would like to see, but I really don't know the case. I don't know whether there is that much oil there to make this a valuable thing. I know they picked a very shaky piece of ground. I know it is the foot of the slide.

Q I also wonder if you favor legislation which the Ways and Means Committee reported out to cancel the leases on the State tidelands in Santa Barbara channel, the Unruh Bill.

A Well, you know me, I don't comment until I see them when they come down to me. I think that -- I think there have been some proposals made and -- that would be terribly destructive to our economy and destructive to the state itself. And here again it is one of those areas where I think we have to be willing to accept some compromises. The state, as you know, has a sanctuary out to the three mile limit off Santa Barbara which we have not permitted leases and this was -- is one of the causes of trouble, the federal government went out in that sanctuary or beyond that sanctuary area and permitted leases outside. But we have finally succeeded in persuading the federal government that they should also maintain that sanctuary and continue it on out to sea, which we think is a very forward step. But there are some areas -- California is not self-sufficient in oil. We are an importing state as to oil, and there are -- there's a limit as to how far we can go in just refusing to take advantage of some of the deposits that we have.

SQUIRE: Thank you, Governor.

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7/21



PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JULY 21, 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: Well, we have some visitors here, very welcome, glad to have <sup>you</sup> aboard. These are members of the military assistance program under the Department of Defense. There is Sergeant Ellis and Sergeant Dohr of McClellan Air Force Base. These gentlemen are here under this program from virtually every corner of the world. Glad to have you present. And there is no other opening statement, so --

Q Governor, since last week when you said that the counties won't have to pick up the state cutbacks in homemaker -- rather home care programs, some of the county welfare people have been saying that they will have to pick up those costs in order to keep patients at home rather than sending them to the hospitals, which would be more expensive. In view of those findings by the counties have you decided to review your original cutbacks?

A No, because the entire program is still under a state of review. Hearings have to be held on this. We announced a program to try and cure an abuse and we announced also that we did not intend with that program for any individual to be forced out of his home into nursing care. We did not in any way intend to deprive anyone of care that was absolutely necessary. We were trying to curb what had become a runaway abuse and if welfare workers at the local level chose to sabotage efforts of this kind to cure welfare abuses by trying to create particular cases or force someone from their home into a nursing home so they can make a case, it would be very difficult to stop them. And I think it is on their conscience if they try to do this, but we have made it very clear to the counties, we have made it very clear to welfare, that we are seeking to cure a runaway abuse, an advantage that's been taken of a program that was well-intentioned

from the very beginning and that there was no intention to in any way infringe upon the necessities, requirements of the truly needy and we would not do that.

Q Are you then going to have hearings on this program that's not in effect, is that what I understood you to say?

A Well, yes there have to be hearings. The hearings are scheduled, I think, for late in August.

ED MEESE: Emergency regulations take effect, but then the hearings follow that. It can be amended.

Q The regulations in effect now?

A Yes, but we gave very careful instruction of what was not to take place.

Q Governor, do you have any idea of the extent to the abuse to which you refer, was it 15 per cent or some figure like that, which -

A Well, I think the people over in welfare have some because they made the recommendations as to the amount. The thing was that the program is being reduced back to about the level of last year. The state's contribution then was 14 and a half. It jumped suddenly to 24 and a half for the present year and the -- the projections for the following year were up to as much as \$50 million dollars, which when this happens, in the past in our experiences revealed, this usually indicates that there has been some loophole found and some abuse of the program taking place, because there has not been a comparable increase in the number of dependents requiring this kind of care.

Q Regardless to the intent, though, aren't there those who will be hurt along the way?

A Well, any time when you have a large program involving thousands and thousands of people, and this is one of the great problems with the federal government trying to run things from 3,000 miles away, blanket programs tend to ignore the -- the requirements or the needs of individuals. Now, this is the idea of getting welfare back to the local level, where you can take into -- into account the actual individual requirements and we intend that they should be, and we -- we intend that no one should be hurt by this. And when I say that, I mean that no one who actually requires something should be deprived. The bulk of the -- of the help that is being given in this program is between -- well, about a one -- a

\$50 level or the most about a hundred -- about 50 to a hundred dollar is the bulk of the care. This would not be affected by any of the changes at all other than careful screening of whether the actual fifty or a hundred dollars is being used for the purpose intended and is needed. As I said before, if someone wants to sabotage the bureaucratic level, wants to say, well, we will prove this can't work by just simply applying it in such a way that we -- we don't show any regard, then they can. As a matter of fact, there is a little bit of that going on already with the campaign against this. The panicky getting of people who are on welfare or who are on these aid programs and putting them on certain news programs and interviewing them and frightening them into the belief that they are going to be deprived when there is no evidence whatsoever, that some of those individuals are going to be deprived or in any way affected under the reform of this program. We again are trying to curb an abuse. We did not cancel the program. We cut back on what is a known, on the basis of evidence, abuse of the program and if we are not allowed to do this in welfare, if we cannot begin to get a handle on the abuses of welfare, then all of you better be prepared to dig down in your pockets pretty deep because it is going to go beyond all bounds of our ability to afford it.

Q Do you have any evidence, Governor, that social workers are abusing us by loading the program up with cases that don't belong there?

A I couldn't tell you that from firsthand knowledge, I only know that in talking to local government representatives, talking to county Supervisors, oh, in many instances they complain that the welfare workers have in a sense been out -- not only in this, but in other programs proselyting to find every way and every avenue whereby someone can be placed on additional programs and I think this was evidenced in the stories that came out from so many counties just a few weeks ago about the numbers of welfare workers and government employees as well as others, who are full-time employees and also receiving welfare grants by way of the technical loopholes that exist in this -- in this program.

Q Governor, in view of the state's fiscal condition, do you think it is advisable at this time to pass legislation, as the Senate did yesterday, which would give accountants and chiropractors special

income tax privileges by allowing them to form professional corporations?

A Oh, I haven't had a chance to go into what they passed yesterday. I think if -- and I stand to be corrected, if I'm wrong. in this, I think what we are talking about is the right of individuals to incorporate as doctors have in clinics and thus have the advantage of being taxed as a corporation instead of as individuals. and if there is an inconsistency between one classification, professionals and another, then that inconsistency should be corrected.

Q This would result in a loss of about 1.6 million dollars to the state in the first year.

A Well, see, I have to go along with this, that whatever is called a loss to the state, if the money -- the state is getting is based on an inequity to the taxpayers, then the state has to bear that loss, because the state has no right to be gaining money, tax revenues by personalizing one group of taxpayers as against another.

Q Governor, yesterday there was a Senator came in with a group of people in wheel chairs and they all claim that those are getting a \$300 allowance from care, particularly those badly crippled are going to be cut in half, won't be able to take care of themselves. Now what about that?/

A Well, in an effort to get at this program it is true that one of the points raised was to change the ceiling in that particular program from \$300 to \$150. But I have to wonder in the interpretation of this if some of these people aren't confused again between nursing care and just simply the attendant care or outside care of people coming in to do household chores or marketing or run errands and so forth, and if it is -- if it is indeed involving personal care of a nursing nature then there are other programs to provide that. And there is no intention to cut those.

Q Governor, I want to talk about the tax program a bit. It is scheduled now for debate, at least, and probably a vote in the Senate on Thursday. Last week you indicated that you wanted some public support to get the Senators on the ball on this thing. Have you counted noses or anything at this point? Are you confident at this point anything in the Senate --

A I continue to be optimistic, I just find that -- it hard



to envision how a Senator can go back to his district, particularly those who are up for election, and explain to the constituents how they voted against this tax relief for the home owner. And face them on this in view of all the evidence we have that the -- that the home owners are virtually to the point of tax rebellion with regard to property tax. So I continue to believe that while it is very possible that the -- and I think the evidence indicates that roughly the same group of Senators who blocked the budget are mobilized against this program. It may be the end result would be the same as it was with the budget.

Q Governor, oh --

Q Governor, Senator Schrade has been pro tem not for nearly six months. How are you getting along with him?

A Just fine. And I must say his leadership during the several dark days of the budget battle was outstanding and I'm grateful to him for the cooperation that we had.

Q There are a number of bills pending in both houses of the legislature that would -- constitutional amendments as well, that would divert gas tax from the state highway fund to rapid transit and there have even been suggestions it would go for education, but it is diversion nonetheless. How do you stand on the general subject of gas tax diversion?

A Well, Jack, let me divide that. If we are talking about programs that actually have to do with the automobile user that still come within the framework of this being a service tax assessed against the user; smog, for example, I believe the automobile caused the smog, therefore it is fair that the automobile use should contribute to the research and to the battle against smog. With regard to rapid transit, I have always felt that that program really belongs in the hands of the people at the local level where the rapid transit district would be created. If they are talking about a diversion of their own highway funds for that purpose within their district, the local share of highway funds, I could be persuaded to that. On the broader scene, if you are asking my position with regard to simply opening up the gasoline tax as a source of revenue for the running of government, I am opposed. I think it is a fine tax in the sense of a service charge against the user and I would be opposed to simply treating it as a source of revenue and a grab bag for everybody to get into for their particular program. It still isn't sufficient for us



was created some years before I got here, and which is way behind schedule because of inflation and increasing costs or maybe because of over-optimistic estimates in the beginning. We do know that every mile of modern expressway or freeway that we build we can actually count the number of lives per mile that are saved because of the reduced accident rate and fatality rate on those freeways.

Q Governor, Attorney General Mitchell indicated that he was going to write to the Governors, all the Governors, ask them how they intended to implement the federal ~~-----~~ <sup>Voter Rights Act,</sup> have you formulated an answer to that letter?

A We received the letter. I have to tell you on this one you are going to have to wait a while. We haven't -- we haven't been able to get into this or give any attention to it at all as to what we are going to do. I'm -- I'm one who believes that the statute passed in Congress is unconstitutional. I think that the voting qualifications properly belong in the hands of the state.

Q You might take some action then that would force the matter into the courts in California?

A As I say, we haven't had a chance to sit down and go into this and I'm a layman, not a lawyer, so I may have shocked some of the lawyers on the staff already with my statement I have just made.

Q Governor, the Controller's preliminary annual report came out and it shows over-all about 182 -- \$185 million dollar increase in collections, and the only area where there was down in the collections was Bank and Corporations and cigarette sales tax. Is \$185 million dollars too small of an increase to run the state or where does that reflect in a recession in the state that causes the \$145 million deficit?

A Well, now, wait a minute, are you talking about a projection or upon the figures --

Q His preliminary report, annual report, receipts and -- everything was up.

A No, we are talking --

Q The sales tax.

A We are talking about the Controller's cash balance that he just gave us, weren't we, on the cash balance for the year that we have been in?

Q Gross receipts, not a cash balance.

ED MEESE: No, that is the cash report.

A That's the cash balance. This really has nothing to do with whether we are deficit plus or minus.

Q I was referring everything was up except banks and corporations, how does this reflect a bad recession? There is still an increase in the collection of taxes.

A Well, aren't you comparing what is true of the year we have just gone through and what is the prediction for the revenues in the year ahead? Well, maybe I'm confused, but if we are talking about the Controller's report, the Controller has just issued a report, as he explained to me, that he was going to, that he was -- was issuing a cash balance report on -- as of June 30, -- July 1, the amount of cash that had come in as against the cash outflow and there was a difference, but this is not the balance of whether there is a surplus or deficit in the state. That won't be known until November because all the cash isn't in.

Q I crossed over that, I didn't mean to go into -- I'm just saying that personal income tax and the sales tax, cash receipts is still up. There is an increase from last year.

A Oh, I think that's true. The question is whether the increase is up to the amount of increase that you base your projections on. We normally expect our tax revenues, normal growth in the economy to be reflected in anywhere from a six to an eight per cent increase each year. Now, it is my understanding that the report that we would be \$70 million dollars off in our projections from the projection made last December was that the increase -- there would still be an increase, but it would be \$70 million dollars less than the increase that we had normally anticipated in December because in the interim had come this economic slump.

Q Another subject, Governor, a couple weeks ago you indicated you needed some time to decide what you intend to do about the loss of Kay Valory. Have you made up your mind about that yet?

A No, Kay Valory has been a valued member of this staff and I hope that we can retain her in government and intend to. We -- the re-organization with regard to the whole consumer affairs thing is apart from that. That's a part of our reorganization of the executive branch.

Q Governor, another subject. The State Senate last week

passed a bill which would give legislative employees much greater pension benefits than other state employees at an estimated cost of about one million dollars a year. Two years ago you vetoed a similar bill. Is your position still the same towards such legislation?

A Well, I haven't had a chance to take a look at this and see if they have done anything different. I think the one I vetoed a couple of years ago was restricted to a much narrower group of employees, if I remember correctly. I don't think I've ever faced one that took care of the entire legislative employees staff, I think they had a small narrow group in mind.

Q Governor, the same thing, the Senate passed a bill this morning, Assemblyman Ryan's teacher reform bill, and has some of the recommendations from your reform commission in it. I'm wondering whether you are looking favorably on that.

A Well, let me say that I vetoed with -- because of some provisions of the bill the other one and told Ryan that I was very much in favor of that -- the goal of the bill of removing school administrators from the necessity of having teacher credentials. I'm still in favor of removing that necessity, but it is my -- all that I've heard so far is that that bill has undergone a great many amendments and on its way down, and I frankly haven't had a chance to get into the whole bill and see if it contains the same things I objected to last year or whether they have been changed.

Q Governor, back on the tax bill, you said that you -- there may be the same problem with the same Senators that you had on the budget but this time you don't have the lever of the deadline. What are you willing to -- what are you planning or intend to do in order to get that tax program passed if those Senators hold out? Are you going to talk to them, are you going to threaten, are you going to promise, have you yet or what?

A Just be my most persuasive self. I figure that they are not totally without a deadline. I think there is a kind of a built-in itch to get home upstairs and every day that goes by the itch gets greater.

Q You haven't been up there lately.  
(Laughter)

A No, I only go by what they say when they come downstairs.

Q On another subject. The University of California. Can you tell us <sup>was</sup> why Professor of Physiology Hardin P. Jones given a raise?

A Yes, there were two changes in the submission of overscale raises that came in. This list was submitted a month ago and some questions were raised about some of the overscale approvals there. This approval is in the hands of the Regents, must be approved by them. The list was taken back by the President of the University at his request for a review and some changes were made that -- that he made in the entire list, that came back in and one of the newer members of the Board, Dr. Lawrence, himself, a Professor at Berkeley, raised some questions and presented some evidence regarding the work that was being done by Dr. Jones and one other Professor and upon the basis, upon the testimony that he gave as to what they were doing and this man had been in his particular department, his recommendation was accepted by the Board.

Q Governor, can you tell us whether some of that evidence had to do with Mr. Jones' speeches on anti-drug use?

A No, this had to do with the work load he's carrying, the research that he's been doing and one of the individuals, it was pointed out by the president, that one of the individuals was a professor at large and therefore he didn't actually have a department or a Chancellor plugging for him like so many others have, and this was why he had been lower than Dr. Lawrence thought he should have been on the first time a month ago. And Dr. Lawrence did present just the factual evidence as to the load they are carrying, the teaching load, the research that's being done, their record, point of service and the Regents just thought that it warranted the raise.

Q Governor, a couple more questions around here.

Q Governor, the Anti-Vietnam bill is up before the Ways and Means Committee. What is your view on that?

A What?

Q The Anti-Vietnam Bill by Vasconcellos.

A Oh, this is the bill that Californians shouldn't go. I've answered that before, my position is -- it's been declared unconstitutional already by the one state that passed it, Massachusetts. The Supreme Court overruled them and I for once agree with the Supreme Court decision. I think that the obligation of the federal government

the responsibility is the protection of the nation and I don't think that the states should be involved in deciding whether they would aid in the defense of the nation or not.

Q Would you veto it if it should pass?

A Well, you know, you keep wanting me to violate my rule about saying I would veto or not veto. Let me just tell you that I don't believe a state should be telling the federal government it is going to keep its young men from serving in the defense of the nation.

Q Governor, regarding the university question. Could you more specifically address yourself to the complaints that the Regents showed a political bias by holding up the promotions of two liberal Professors and granting pay increases to two conservative Professors?

A I would be delighted to answer that because the stories that have been carried came evidently by way of someone who went out of an executive meeting and in violation of what I think is ethical conduct in an executive meeting relayed their version of what had taken place in the meeting. There were two professors -- here again this is a right of the Regents and a responsibility that appointments to tenure must be approved by the Regents, and if a Regent and the approval comes not so much in us voting to approve as it comes in and says that appointments to lifetime tenure, that if a Regent has questions and wants more information or questions or challenges the appointment that the University then will provide this or then it will come to a vote and the case will be made. In this instance there was no blocking. What happened was two members of the Board of Regents, both incidentally who aren't professors by profession, asked for additional information on the academic qualifications. There was no issue raised by them or any other Regent as to the political views or outside conduct of these two individuals. The only mention of this came from a member of the Board of Regents opposing these -- the questioning who challenged that he felt this was what it was about, and both Regents made it very plain that they wanted no information of that kind, they were asking merely for additional academic qualifications, and the administration of the University said that that information they would provide for the next meeting.

Q Well, is it just a coincidence then that these two faculty members were active in liberal-radical causes?



A Well, I would have to say it is a coincidence. One of them his name seemed familiar to me in association with some of the causes. The other one I never even heard of him, and I'm sure this was true of many of the Regents present and it isn't anything that requires a vote, it simply required Regents who had questions raising their questions and the questions were with regard to the academic qualifications.

Q Governor, who is the Regent who -- who you say disclosed these arguments?

A Well, now, if I -- I've already said a lot of what went on in an executive session. I'd just rather not be in the same category as the Regents that keep running out of those meetings to the press and revealing what goes on. The purpose of an executive meeting is not to protect the Regents, it is to protect the individuals discussed by the Regents and this is being violated. And violated by someone on the Board of Regents and I'm not going to join them, so I can just say there was a regent who questioned these other two Regents if this was the reason for their objection. They made it very plain that was not and I'm not going to reveal his name.

Q Governor, I understand a manufacturer is coming out with a Ronald Reagan wristwatch. I wonder what your reaction is.

(Laughter)

A Well, I figure it was inevitable. I doubt if it will catch on. I think it is probably a fad that's already run its way and I'm not going to take a poll and find out how many buy them.

SQUIRE: Thank you, Governor.

GOVERNOR REAGAN: You bet.

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7/28

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JULY 28, 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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SQUIRE: Have you got an opening statement?

GOVERNOR REAGAN: No opening statement.

Q Governor Reagan --

Q Governor, you and ~~the~~ Lieutenant Governor Reinecke have said that on the cutback in the attendant care program that you had informed the counties that there could be exceptions to the new \$150 ceiling if situations warranted it. Santa Clara County said they can't find anywhere any written or oral communication from the state saying that and they said there is nothing in these regulations that went out.

A It was not said in the sense of that actual exception. What we said was that nothing in the changed regulation should be used to remove anyone from their home into a nursing home or into -- into any kind of an institution. And I would think that this would mean that when you got to that ceiling, you had a conflict there in which it would have been logical for them to say what do we do in the event that a cut in the ceiling would force this person out of his home, then I think they -- that no one ever bothered to inquire of us. No one ever bothered to ask what do we do. Ray?

Q Governor, a report out of Washington yesterday says that a study in California --

Q Excuse me, I'd like to -- on welfare.

Q This is.--

Q O. K.

Q -- welfare. -- that 22 cases out of 260 studied in California showed nursing homes billing sometimes up to ninety days after a person had died, double and triple billing, and things of this kind. Are you aware of this report and what is the situation?

A Yes, and some of the cases that they are talking about go back as much as two years. This has been a problem we have talked about before and we have been working with this problem of trying to clear up the billing process and avoid errors. We are going to computers, as you know, and already the computerizing of welfare or Medi-Cal billing has resulted in what runs to millions of dollars a month in savings in -- in detecting errors. I notice the report also said that in some of those instances even the nursing homes were unaware of the error and in some instances nursing homes themselves had found the error and corrected it. And this is an ongoing problem and I think you'll -- you'll find if you check it that it -- that some of what they found, as I say, goes back as much as two years and has long since been corrected.

Q Is there any indication of outright fraud?

A Ray, I -- I would hesitate to stand here and say that there's been no case of cheating in Medi-Cal, or in any one of the social welfare programs. But I also would tell you that at this moment I haven't spoken to them about, well, what do we find in deliberate fraud or not. I know there is -- there's been a long and unending struggle since we have been here. I remember when we came here Medi-Cal was in its first year, just a brand new program, but to intercept and correct those abuses where sometimes the recipient and sometimes the purveyor of the service or drug has attempted to cheat. But I think we have got that pretty well corraled also. Our biggest problem there is just the same as it is in every other welfare program. It is the legal abuse that can come about through taking advantage of technicalities and loopholes in the existing regulations.

Q Excuse me. Yes, Governor. You said a minute ago that you did not tell the counties in the regulations that they could make exceptions to the \$300 maximum, if that's what I believe we were talking about, in the attendant care program to the \$150 maximum, that you said there could be exceptions so as to keep a person in his home. You said this was not -- that statement was not made in the regulations.

A I don't recall. As I recall it, I don't think there was anything we said specifically that if this ceiling -- the change of ceiling interferes, but we felt and I was confident that in the explaining that under no circumstances was anyone to be moved from his home because of his change in regulation or nursing home, that would be

pretty apparent, that whatever in the regulation ran into conflict with that, that it would be apparent we meant selectivity. We meant exceptions.

Q In a letter to the Board of Supervisors announcing them, you said the regulations which are now being mailed to county welfare directors also will enable counties to operate the program within the reduced allocation without forcing any recipient into out-of-home care but apparently the counties say or some of the ones -- people I have spoken with say there is nothing in the regulations that does allow them to do that.

A I said, I think, the other day in my statement, what I explained was welfare workers who show a great versatility in their ability to loosely interpret the regulations that they have -- or to interpret them strictly and I made the charge the other day, and I stand by the charge, they make no effort to do anything except go by the letter of the regulation in spite of all of the public statements and the written statements that we have sent with regard to what the intent or spirit was of this. Now, since that time, at least one paper here in the community that was more concerned with fact than with emotionalism had cited, quoting welfare workers at the county level, a number of violations of the type of thing we were talking about. The type, for example, of a young man from a well-off family who is incapacitated and going to college and his mother is being paid a hundred dollars a month to take care of him and yet he is able to go to college and there are a number of other instances of that kind. As far as I can determine, no effort was made whatsoever to find that kind of case and to recognize this is what we were trying to get at.

Q Governor, has there been any effort made to stop such a sloppy regulation again in your administration?

A Well, this was -- I told you the other day, before we do this again the regulation is going to say -- is not going to offer that same opportunity when we know that there is a tendency on the part of those people to interpret contrary to what it is we are trying to accomplish. I think you only need to refer back to the fact that the same welfare workers are just as upset about our giving elasticity to the counties with regard to how many welfare workers they have to hire or what proportion of supervisors they have to have. They are



just as enraged about that. In other words, they seem to be enraged about anything that is going to reduce the overhead in distributing the welfare dollars. And we are just as determined that we are going to find some way to make sure that we can continue to deliver the services or even improve them to those people who truly have need where at the moment we are being spread so thin with people who neither need it nor deserve it that we are coming to the day when we are not going to be able to provide adequate care for those who must have it.

Q Governor, your fear of sabotage by local welfare workers, does that extend to anybody, you think, in the State Department of Social Welfare who helped write that regulation didn't have your best interests in mind?

(Laughter)

A Let me say, I would not throw up my hands and fall over backward in surprise if that too developed.

Q Governor, Robert Anderson of the Social Services Union said that he felt that the press coverage had done your whole effort in. Do you feel that way about it? The playing on sob sister type stories.

A No, the thing that did us in is when I discovered that there was no way that I could join the fight with them and guarantee protection to the truly handicapped who needed this help. That in other words by their willingness to use those people as pawns there was no way that I could stand here and guarantee to those helpless people that protection against this in a state the size of this one and what was going on. And it was evident that they were victimizing as I told you the other day in here. When a case arrived so close to home that I was personally acquainted with people who had received the telephone call, then I think in conscience I only had one thing to do. I had to back away until I could find a way to correct the abuses and protect at the same time the handicapped.

Q Governor, you indicated that none of the counties had bothered to get in touch with the state and find out whether or not it was the intention ---- Los Angeles County people claim they did attempt to get in touch with the state and ask for clarification. They didn't get any cooperation.

A I don't know who they tried to call or who they were in touch with, but we preceded this by meetings with county Supervisors and the County Supervisors' Association. They knew the intent and

they knew what we were trying to correct.

Q They knew in advance of the announcement?

A That's right.

Q Change of subject, Governor.

A All right.

Q The first round has gone through on the Senate floor on your tax reform package.

A Yes.

Q The numbers look pretty darn close. What do you think is going to happen now and what are you going to do besides just be your normal natural self in convincing some Senators how to vote?

A I shall sit persuasively in the corner office until it passes. I'm optimistic that we are still going to get it because <sup>it</sup> is a good tax bill and some of the Mickey Mouse attempts to make changes have revealed that most people can find -- ~~either side of the~~ aisle, can find little fault and I'm greatly gratifying by what seems to be a good solid bi-partisan approach to this. There are people up there on both sides of the aisle who aren't playing politics.

Q Are you saying we are going to get the tax package as it exists right now or no tax package at all?

A Well, I know that there are a number of changes, some minor, some major. I couldn't swear that there won't be some minor ones. I don't know that we are going to bat a hundred per cent. I would like to see it go through as it is. I think in all the long months and all last summer before the session took place, when we were working with the legislative leadership on this, I think we anticipated most loopholes and did a pretty good job of putting forth a sound program.

Q You said before that you compromised enough on this tax reform program. You mean by what you said you are not going to make any more major compromises in this package?

A Well, some of the major compromises, such as the amendments that were proposed and defeated yesterday, I'm sorry, I think that they so subverted and destroyed the program I just couldn't have accepted it with that kind of change.

Q What will you offer Democratic Senators for their support?

A Just the knowledge that they will be able to go back to their constituents and say "we defended the people of California." We don't make deals. I haven't bought a vote up here yet and nor have I tried and I'm not going to start.

Q Governor, on that, there were rumors around when your budget passed that some Senators got judgeships for themselves or for elders or acquaintances. Could you comment on that?

A Yes, I can comment. That, too, is totally false. I heard the rumors when they went around. I think the cave-in and the decision to pass the budget led to this -- to this thought. No, there was no such thing, there was no deal. We just simply said this budget has to be passed. We had accepted the budget without change that was -- as it came out of the Conference Committee. I announced -- the only thing I did was send the word upstairs, which I thought they should know, that the budget they were talking about and debating was the budget that I would sign, that I saw no need in my study of it to do any blue-penciling. There was no deal made whatsoever of any kind.

Q Governor, the Democrats in proposing their amendments seem to give the impression they felt that they were doing what they believed was right for their constituents. Do you mean -- intend to call their efforts Mickey Mouse?

A No, I -- I used the word "some", I think. I hope the transcript will show that, that some amendments. No, I'm sure there are people up there with -- and on both sides of the aisle. There are Republicans who have had changes that they would like to see and amendments and they believe in them very much and so do some of the Democrats. On the other hand, I think there have been some just sheer obstructionist type of amendments that would have literally turned the purpose of the bill around even. Even some at times that were discussed that would have made it a tax increase rather than just a tax reform.

Q Governor, change of subject?

A All right.

Q Have you planned any investigation or have you made any inquiry into the conditions at Solidad prison at all, the tensions that apparently exist there?

A Oh, we have had -- yes, we have had cabinet meetings on this and with the people from the Department of Corrections. We know that this is a great problem. What is happening and what you are seeing reflected inside the institutions is a reflection of what is taking place outside. The great increase in violence and violent crime is

reflected because these type of people are the ones who are now coming into these institutions and it presents a very real problem. There is no question about it, the nature of the jobs of the men inside is -- I can't say different than what it was in the past, but the degree of risk and tension is greater.

Q Is this a black and white -- black versus white conflict that exists in Solidad, and if so, how do you overcome that in institutions?

A Well, this is not -- this might be involved in the last issue of what has taken place there, but this is not new. This has been happening and again is a reflection of what's taking place outside the prisons. This has been going on and there's been an increase in tension in that line in a number of institutions, not only in California, but across the country, but I think basically you have to face that with or without that you have a -- you have an increased problem because of just the greater increased proportion of-- of violence. Violence outside. You add one other factor to this, too. The percentage of that kind of individual inside the institution is greater because of our subsidizing of probation. As you recall, we have a program now where we underwrite or subsidize to local government their taking, particularly first offenders, and keeping them on probation instead of putting them into institutions and it's been very successful. But in so doing you have thinned out and left a higher proportion of the truly violent while the first offenders, the less violent, the ones who always kind of gave you some stability and order in those institutions are out on probation.

Q Governor, another subject. The Senate killed a \$750,000 mansion bill yesterday. Do you have any comment on that?

A They did? Well, as I told you the other day, I wasn't going to spend the money right away in the condition that we are in now. But I think it is sort of -- I don't know what basis they killed it on, if they did. But it -- it is just a pattern of the last thirty-two years and I still say it is a disgrace and some day maybe they will quit playing politics. In the meantime maybe we should go back to the original plan and let the people of California do what a great many of them have shown they are willing to do and present it to the state instead of relying on the --

Q Governor, will you propose the \$750,000 in your budget next

year if you are re-elected?

A Well, that's going to have to depend on what the budget condition is or what the financial condition is of this state. Obviously, that like anything else would have to take its place in the priority.

Q Governor, are you calling this partisan politics? The bill was sponsored by a Democrat.

A I beg your pardon?

Q You said they are playing politics. The bill was sponsored by a Democrat.

A No, I guess that was -- you know, blood bath, that was a figure of speech. I don't think it was partisan because I've been assured by some Democrats that they have believed for a long time that we should have resolved this issue years ago. No, it wouldn't be partisan in any sense.

Q Governor, if that new mansion were built downtown, would you want to live in it?

A Frankly, no. We had that experience once. I learned to hate the sound of trucks shifting gears. I think if anyone would stop to think about it, they'd realize that this is a residence and in the increasing youthfulness of our population, I'm sure the odds are that in days to come there are going to be Governors of California -- you are building something for a hundred years -- that there are going to be Governors who have small children and you take a look and you say, "Well, what do you do with a family of that kind?" The kids come home from school and what do they do, go out and count the cars going by or who do they play with, what kind of a neighborhood do they live in? The lot that they have picked out over here, I think you'd have to put a roof over the place, also, because there is a high rise apartment building next door, they could sell tickets.

(Laughter)

Q Governor --

Q Governor, you said that -- pardon me, that you had met with Supervisors before announcing the welfare cuts. Some of the welfare people have complained they did not get any notices of cuts before the time of the announcement publicly. Could you tell us when you met with the Supervisors?

A Well, our people were meeting with them -- not me, our people were meeting with them on this for quite some period of time



and if there is a line of communication there, then that ought to be straightened out at the county level.

Q They were notified how long in advance, do you think?

PAUL BECK: Warren, I think -- I guess about two weeks.

Q Excuse me, on that point, two weeks before that you signed the budget bill. Why didn't you just take the ten million dollars out-right then and announce the regulations then?

A Well, because we were probably still talking to them, but also because I said upstairs that we wouldn't -- we wouldn't blue-pencil the budget bill.

Q Governor, I apologize for belaboring this subject, but I want to make sure I understand. On the -- if there was an exception allowed to that new \$150 ceiling wouldn't it have had to be stated in the Executive order? How could the counties approve an exception if it wasn't in the law?

A Excuse me, it isn't a law, it is a <sup>welfare</sup> regulation, administrative change.

Q Secondly, who would pay for the extra money above the \$150, the state or the county?

A Well, I think that program, you'll find, was a three-way -- this is why we warned them about their own expenditure. There is federal sharing in this and there is county sharing, so that we always talk to you and to the public in terms of the dollar that's a saving statewide, ever since our first several months up here in trying to explain Medi-Cal in terms of total cost as against the state savings, and so finally I think some of you ~~were~~ <sup>were</sup> ready to stab me over is it \$800 million or \$200 million dollars, and we were being honest at every time, but we have since then tried to talk in what is the state cost. But every time we save a dollar in state cost you have to add on and say we are really saving two and a half to three dollars because there are the matching dollars. The county is thus relieved of a -- of a matching sum and the federal government is relieved of a matching dollar.

Q Well, back to the question, Governor, how could they make an exception if it wasn't in the regulation, though?

A Well, I admitted in my statement the other day that it was possible the wording of the regulation -- you've had some questions about that here today, why the regulation was worded in that way. I went on the explanation and the surrounding language that we had informed them. But it doesn't seem to me that it is too far fetched

right now by a liberal interpretation of welfare regulations, we have just discovered at least one publication's revealing the increasing numbers of college students who are going to college on welfare. They have just discovered that there are loopholes that with a liberal interpretation they can get money if their fathers and mothers aren't sending them enough money to go to school on welfare. Now, by this same thing, if I -- when we put a ceiling but announce that that ceiling must not be imposed if it is to bring about a change in the -- in the residence of the individual, it seems to me common sense that someone would assume that we are agreeing there can be exceptions.

Q Are you going to try --

Q Governor, why does this liberal interpretation on welfare laws upset you and we don't hear a similar degree of distress about liberal interpretation of tax laws and open space subsidies and those sort of things which -- from which wealthy people prosper? We hear it all the time about welfare workers. We don't hear coinciding figures on the other.

A Well, your question is asked, I think, based on a false premise. I think -- I don't think that there is any liberalizing or conservative interpretation of what is a legitimate deduction or what is a legitimate protection in -- say in open space, the Williamson Act. I think it is very explicit that a person can sign an agreement and get a reduction in his property tax. And the state in turn under our proposal is going to reimburse the county for the lost revenue. Now, I doubt that the wealthy are being subsidized to the extent that it makes this a scandal and if so I'd be the first to stand in line and say let's plug it. But what you are talking about is a welfare situation that I don't believe any fair person can deny has gotten out of hand nationwide. The federal government is trying to solve it because they know it is out of hand. As we, who several years ahead we can have projections that show that the tax structure of California, admittedly the highest in the nation, cannot possibly afford what is going on. San Diego County, for example, their budget for welfare is now greater than the total county budget was just a few years ago, and it is increasing this year. There are 239,000 more people on welfare. When I talk about liberal interpretation I'm talking about such examples as a professional man and his wife who can put their children in a boarding home for care while they take a vacation and the taxpayers pay the bill for that. I'm talking about the example I gave you a little earlier, I'm talking about anywhere

from ten to fourteen thousand dollars a year, government employees as well as private industry employees who have found that through the legal loopholes that they discovered in the law they can put themselves on welfare in addition to getting these salaries. And I'm only saying to you that not only must there be some fairness with regard to the taxpayers who are -- who are bearing this burden, but we are reaching the point in which we will be able and can point to cases of real need that are not getting what they should have.

Q Well, no, I'm -- that certainly -- you are to be commended for attacking that problem. I just wondered why there isn't a similar degree of industry on the other end of the scale, because that's costing taxpayers money, too.

A Well, I think there is, but are you talking about -- are you talking about an abuse of an existing program or are you talking about changes in the tax structure such as ~~restricting~~ someone's charitable contributions because you think that that is a tax out.

Q Oh, I don't know --

A Depreciation.

Q Senator Danielson yesterday pointed out a whole flock of farmers who take advantage of the Williamson Act, like Standard Oil Company and J. Paul Getty and other farmers like that, who get tax breaks and he questioned whether they really needed those tax breaks.

A Well, all right, whether they need them or not, is it a tax break to take someone who is -- we have the reverse of that. We have the man who wants to remain a farmer but because suddenly a farmer three miles away has -- and I've been through this and had to give up a ranch because of it -- we have a farmer three miles away sells his land for a subdivision and suddenly this farmer has to pay a tax on the potential value of his farm as a subdivision sometime in the future rather than on the ability of that land to earn as a farm. And the Williamson Act admittedly doesn't go an awful long way on this, but it makes some break for the man who is willing to say, "I intend to farm this," and every year he signs for ten years ahead that he's not going to make this a subdivision and that he intends to keep it at its present use.

Q Governor, do you have any evidence that any social workers were not enforcing the regulations on the abuses -- the new regulations that you had proposed July 9th, on the abuses on the cases involving abuse? That is, were they just enforcing the regulations on the end

of the scale where people would be hurt and not enforcing them on the other end or do you feel that their enforcement was level across the whole range of regulations?

A I have no evidence the other way. I have no evidence that there was any effort made to comply with the intent and to simply eliminate those abuses. I know of no such case. I know of countless cases that all of you held up to view and understandably so, it was quite emotional of the truly handicapped, the very ones that we wanted no change in their status, that they were going to have a change in their status.

Q What would you have done if you found some welfare worker said well, he really didn't mean it in the regulation and kept paying the \$300 instead of cutting it back to \$150? What would you have done to some welfare worker if you found that to be indicated?

A Well, frankly I would have thought -- frankly I would have thought that he was complying with exactly what we said he should do.

Q Governor, there are reports of a planned meeting last night with you, President Nixon and Senator Murphy. Did that come about?

A Yes, it was a very lovely social evening.

Q Did you discuss --

A Nancy and I and George Murphy dined with the President and Mrs. Nixon and Dr. Kissinger.

Q Did you discuss the federal welfare regulations you've been so critical of?

A Yes, we had a little opportunity before dinner which was social, with a few others of the White House staff, who were present, and I had a chance to explain our criticisms of that, and they were quite interested. They were also quite surprised to learn some of the ways in which welfare is being misinterpreted at the local level.

Q You think something will come out of this particular meeting? In that area?

A I sure hope so.

Q Governor, did you or Senator Murphy ask the President to speak in either of your behalf ~~where~~ in California in the coming elec-  
tion?

A Subject never came up.

Q Do you expect that he will come into California and campaign? You are constituents. He's a constituent of yours.

A I don't know, I've read -- I've read some accounts that he is trying to avoid campaigning at all in this election, but it -- it never came up.

Q Do you feel at all responsible in any way, Governor, for some of the confusion of the welfare regulation?

A Well, as I told you the other day, I suppose I was a little naive. I should have anticipated the kind of thing that happened, and if there is a responsibility, perhaps it is in my not being more careful about the regulation itself, but then as I say, not anticipating that anyone would do what they did I just assumed that our language was -- our intent was so clear that there wouldn't be that kind of violation.

Q Governor, another subject. What kind of conversation did you or your staff have with Assembly Republicans over the Unruh bill to prohibit further oil drilling in Santa Barbara channel? Unruh is blaming you for arm-twisting Republicans, saying that it is you now who must bear the responsibility for, as he put it, besmirching the beaches and befouling the water.

A Well, he who goes barefoot should be careful about throwing thorns.

(Laughter)

Q What -

A It seems to me Mr. Unruh is reaching a long way. First of all, I didn't talk to anybody about his bill. It was up before the Legislature, it was defeated by one vote, and the one vote that could have been the difference was Mr. Unruh's and as usual he was not present. I would suggest that if he has something he feels strongly about again he ought to be present when it comes to a vote on the floor.

Q Governor, your reorganization plans, too, have had quite a bit of problem in the Senate. One of the complaints of your opposition is that you are not following through as you said, you are still overlaying and overlapping government. You are not streamlining. Why not?

A Well, I don't know what some of the objections are. I know some people have legitimate objections to some of these. It is the prerogative of the Executive Branch, has always been considered so, to do what it thinks is necessary. On the other hand, the legislature does have the right to object if they find something in there that they believe goes too far. My quarrel yesterday with their coming on the floor was that they were not actually being treated



as individual programs. They were simply lumped together, and I think that each reorganization program should be treated separately, but all I said to some of our own people was let's take a little more time, let's sit down with you and see if we can iron out these difficulties. I call to your attention ~~that~~ we ourselves last year withdrew one of our own plans when the debate and the hearings in the committees revealed the things that we thought should take -- we should take more time with and study again. These particular bills probably had the most extensive hearing before the Senate than any other legislation or any other program that's been up there and we are willing to sit down and try to work something out.

Q At the same time, Governor, what's your feelings about Speaker Monagan's plan to reorganize the legislature and make it a two-year legislature and continuous --

A Well, I haven't paid too much attention to that, there have been a few other things on my mind, but once again, my first inclination would be that unless I found something against which I was very much opposed, that this is -- this is the legislature. Just as the Executive Branch is the Executive Branch.

SQUIRE: More questions? Thank you, Governor.

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