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5/1

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
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RELEASE: 2:30 p.m. SATURDAY
May 1, 1971

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
American Association of University Women
State Convention
Fresno, May 1, 1971

I realize there are many vital issues that interest this distinguished audience...higher education...campus unrest...tuition...school financing...environmental protection programs. But there is one situation facing California which cannot be ignored.

California and the rest of the nation must once and for all face up to the need for welfare reform.

To fully grasp the urgency of the situation, you have to realize just how fast welfare has grown and what it is costing our state and nation---not only in dollars, but in values that are worth far more to our society than the money we spend on welfare.

Only ten years ago, the welfare caseload in California was 620,000 people. Today that is the annual rate of increase in the caseload. One out of every nine citizens---about 2½ million people---are on welfare or Medi-Cal or both---at a cost of 3½ billion dollars a year.

Unless we do something to reverse this staggering growth, it will be 1 out of 7 by the middle of next year.

This crisis is not confined to California. The rising numbers of people on welfare and the staggering cost of public assistance is literally pushing state and local governments to the edge of bankruptcy...in New York...in Pennsylvania...in California...in virtually every state. It has become an intolerable financial burden because it is forcing state and local governments to delay or underfund other essential programs in order to pay for an ever increasing welfare caseload.

There is a growing public revolt against welfare all across the country. This is not because our people have no concern for the poor. No people in all history have given more of their resources to help those in need...no people have taxed themselves more to meet man's moral obligation to assist the disadvantaged and those temporarily in distress.

The humanitarian instincts that prompted our system of public assistance are still deeply felt by our people. But they have watched welfare change over the years---into something no one ever intended when we started formal public programs to assist the poor.

AAUW speech

Our people have simply lost faith in the welfare system as it has evolved over the past three decades. They see it for what it is now--- a hodge-podge of confusing and sometimes conflicting laws and regulations....a system bogged down in red tape and corrupted by legal loopholes that have allowed some who have well-paying jobs to qualify for and receive the welfare benefits that are meant for the poor.

Almost every day, some new and shocking example of welfare abuse comes to light. Yet, every time someone proposes a realistic and effective reform to eliminate welfare fraud and legal loopholes, the cry goes up that reform is an attempt to deprive the poor. Let us examine that charge.

Does anyone really believe it is fair for families earning \$1,000 or more per month to be on welfare? The present rules have permitted some isolated examples of this type of abuse.

Is it right for a family earning \$7,200 a year---a figure well above any poverty line yet suggested---to receive the same amount of welfare assistance as a family of the same size which has no outside income? The present system of federally mandated income exemptions and legal loopholes not only allows this type of inequity, it actually encourages it. And examples of this are not so isolated.

Should working citizens be forced to pay higher and higher taxes to finance free unlimited medical benefits for those on welfare--- benefits that are two to three times greater than the basic health protection most citizens can afford for their own families?

Is there something wrong with trying to adopt reasonable regulations that will eliminate costly over-utilization of medical benefits---through limitations that still leave welfare families with a far broader health program than many working citizens have for themselves?

Should the state simply give up efforts to tighten laws designed to collect child support from the more than 230,000 fathers who have abandoned their responsibility to help support their children?

In the last fiscal year (1969-70) counties collected from only 15 percent of absent parents of children on Aid to Families with Dependent Children---an average of about \$75 per month from each absent parent.

Our welfare reform includes tougher laws and financial incentives to the counties to enable them to greatly increase their collection in child support cases.

If we could raise the ratio from 15 percent to just 50 percent, collecting the same average \$75 per month it would mean well over \$100 million toward the support of these children now borne by the taxpaying citizens.

Other types of abuse are possible under the current welfare system. I am sure many of you have actually seen examples yourselves, or perhaps your sons and daughters have observed them.

The Food Stamp program, for example, was designed to stretch the food purchasing power of our neediest citizens. It was not intended to help finance experiments in group living or as a subsidy for able-bodied persons who are fully capable of work but who have---for their own reasons---chosen to drop out of society.

A man has a constitutional right to the pursuit of happiness---and that can include dropping out of our system. But he cannot ask the rest of us to underwrite his pursuit without violating our constitutional rights.

Many young people today express impatience with society and contempt for what they regard as its misplaced priorities. But how can anyone respect a society that continues to allow the educated and able-bodied to take advantage of welfare loopholes and, in effect, to steal bread intended for the poor?

Stealing is perhaps too soft a word to describe the legal abuses that have occurred in the Food Stamp program. But it certainly is accurate because when someone who really does not need help claims a welfare benefit, it means that much less for those who must depend upon welfare for their very existence.

It is because of these types of abuses...legal and illegal...it is because of welfare's chaotic red tape...conflicting regulations and misplaced priorities...that public assistance has become a costly and tragic failure.

It is failing its very reason for existence. Because we have to stretch the available funds to include some who should not be on welfare at all, our public assistance program is unable to provide sufficiently for those who really need help the most. These are the truly needy... the blind, the elderly, the disabled and those children from families with little or no outside income and no employed breadwinner.

Every dollar wasted through administrative duplication...welfare fraud or legal abuse...means that much less is available to provide for the basic needs of the truly needy.

One of the chief purposes of the 70-point welfare reform program we have submitted is to lift the level of support that the state provide for those who need help the most and to restore a degree of dignity to the lives of those who must rely upon public assistance.

Time prevents me from detailing the entire program, but I would like to briefly acquaint you with the main goals.

First of all, we want to provide automated monthly pensions for the elderly, the blind and disabled. The 600,000 persons in this category should not be consigned forever to the welfare structure. They should not be regarded as simply another entry in a social caseworker's notebook. Because of the permanence of their dependency, they are in fact pensioners. We want to provide their monthly checks through a pension program similar to Social Security. Everyone in these categories would receive the check they now get, plus regular cost-of-living increases. And by eliminating the costly social worker administrative structure as it affects these groups, we would hope to realize sufficient funds to increase those monthly checks in time.

California already provides the nation's most generous overall level of public assistance. We rank first or second among the states in three of the four major categories of aid---grants to the blind, aged and disabled and our monthly payments are \$38 to \$55 per month higher than the national average. We lead 35 other states in average monthly payments in the AFDC category with grants \$5 per person higher than the national monthly average.

With the reform program we have proposed, we will be able to increase the monthly grants to those on AFDC who have no other outside income or very little. A random sampling in Los Angeles showed that our welfare reform would allow us to provide increases ranging from 19 to 43 percent per month in AFDC benefits, depending on the size of the family.

This can be accomplished by imposing---among other reforms---a realistic limit on the amount of outside income a family may have and still qualify for welfare benefits. And frankly I think our proposal

in this regard are quite generous. Our ceiling would not eliminate supplemental welfare aid to those whose incomes fell below the ceiling.

For a family of four in San Francisco, for example, welfare assistance would taper off to an end when the family income reached about \$6,084 a year. (This figure should give you some idea of how high earnings can be now with the individual still retaining welfare eligibility). If the family's income is less than that amount, it would still be eligible for supplemental assistance, including medical benefits, Food Stamps and free school lunches.

Such a ceiling is essential if we are to divide the available welfare funds among those who need help most.

The AFDC program is the largest, most emotional and most expensive category of welfare. About 1 million, 650 thousand persons receive benefits on AFDC. It is this category that is most prone to abuse and it is in this category that we propose a fundamental change of direction.

We do not dispute society's obligation to provide for needy children. But we insist we also have an obligation to restore dignity and direction to the lives of those on welfare.

We now have third and even fourth generations of families on AFDC and the program is growing every year. There are those who suggest that most of this growth is because of the national economic slump and a higher than normal rate of unemployment. The facts show otherwise.

The number of people on AFDC grew by 25 percent in 1968-69---a time when California had the lowest rate of unemployment it had known in 15 years.

The problem with the AFDC program is far more basic. It simply has no goal. It started out to be a temporary helping hand, it has become a way of life.

We have created a segment of society which looks upon poverty as a perfectly acceptable career. I do not share that view and I do not believe most Californians accept it either.

Nothing could be more destructive to our society than to subsidize a permanent and growing poverty population that must be indefinitely supported at public expense.

Is there any dignity in being dependent? Can self-esteem and self-respect grow in such an atmosphere of humiliating defeatism? Is it humane or generous to consign generation after generation to the demeaning indignity of the dole?

We do not accept that degrading prospect. And so we have proposed a drastic change of direction for welfare. We want to begin measuring welfare's progress---not by how many new people are added to the rolls each year---but by how many we restore to economic self-sufficiency.

We propose to restore the dignity and discipline of work to the lives of those able-bodied AFDC adults who now are regarded as simply another "welfare case."

Employment in a job sufficient to pay one's way should become the goal of the welfare system. The able-bodied adult must be regarded as temporarily unemployed---not as a permanent dependent.

Under our proposal, these adults would have to be either seeking employment, training for a job or participating in the Public Assistance Work Force to continue receiving welfare.

The main goal of this work-oriented program would be employment in a private or regular public sector job---ultimately at wages sufficient to support the entire family.

If a person is not directed into the active job-market or into a training program, he would be expected to help with the public assistance work force.

We have heard protests that this kind of rule is cruel or inhumane that it is demeaning to require work for welfare.

It is none of those things. Society expects you and your families to work to support not only yourselves, but the government and all those who are dependent upon government.

There are many things that the able-bodied adult could do to make a constructive contribution to the society that supports them. They could help patrol urban school grounds to guard against vandalism or protect children from violence...they could take part in environmental recycling projects...maintain park and recreational facilities. Women could provide child care so that other mothers could be freed to either train for a job or work.

If it is not demeaning for volunteer crews of students---many of them possibly your sons and daughters---to pick up litter along the roadway, why is it demeaning to ask the able-bodied on welfare to make a similar contribution to improve the environment?

While this work program is initially aimed at able-bodied male recipients, it also would offer women on AFDC an opportunity to become usefully employed and to escape the dreary cycle of dependency that welfare has become.

The U.S. Labor Department says almost half of the married women in America today who have children under 17 are now working to help support their families and very probably to help pay the taxes their family owes to government. Is it unfair to give AFDC mothers the same opportunity to earn economic independence---when adequate child care is assured? Are we asking something unusual, out of the ordinary of them? Thirty seven percent of all the married women who work are mothers of children under 5 years of age.

Almost 30 percent of the women on AFDC and more than one fourth of the male recipients have the equivalent of a high school education or better.

Many taxpayers who help pay for welfare have less than a 12th grade education. Still they worked their way into economic independence.

Society owes every citizen an equal opportunity to make maximum use of his talents...to travel as far as his own energy and skill can take him. Society has a moral obligation to help those who through no fault of their own are unable to provide for themselves. But society is not obligated to indefinitely subsidize those who simply refuse to try.

We hear pious declarations that we are attacking the result, not the cause. Well, when our citizens are working 4 months out of the year just to pay the cost of government and that is insufficient to finance necessary government services because of one runaway program---welfare, then welfare must be restructured so that we can go forward with positive programs...increased financial aid to education...better technical training...more modern health facilities...positive programs that are essential if we are to eliminate or even reduce the root causes of human misery.

Every person here knows the value of higher education to our society, not only in dollars, but the intangible strengths that an educated people provide in a free nation.

Our state budget for higher education is \$676 million this year, the highest amount in the state's history. But welfare and Medi-Cal consume almost twice as much.

We are investing \$337 million in the University of California system---40 percent more for 26 percent more students than we had four years ago. But the cost of the AFDC program increased by 42 percent and the enrollment in this program went up 39 percent in just one year.

We are providing \$20 million a year for student scholarships and loans. \$20 million will not pay for one week of welfare.

We have been told that higher education needs more state financial assistance---millions of dollars more. Can we ask the working men and women for even more of their earnings when we know we have not done all that is possible to get the most and the best use out of the money they are already providing?

Unless we bring welfare's excessive cost spiraling under control... higher education will not get those millions...there will be less and less money for education and training---the positive cures for poverty---and the state will go on paying more and more to finance an unworkable, discredited system that fails the helpless victims it is supposed to rescue.

We need your help. Specifically your letters and those of your friends directed to your own legislators---your own assemblyman and state senator. It does not do much good to write to those who do not represent your particular district---they need to hear from their own constituents.

We do not expect to convert any of those self-appointed leaders of the "professional poor." Their power depends upon a continuation of the human misery and the dependency that the present welfare system has produced. They will never agree to any change that really cures poverty. The poor have become their clientele and they are not about to reduce their number.

No, we hope to convince reasonable men and women from all walks of life that we cannot go on as we have been going---that we cannot afford the cost in dollars. But even more we cannot afford what welfare is costing us in the destruction of the spiritual and moral values that created our society...the ideals of individual and family responsibility.

We must offer the poor the same opportunity this nation has always offered the down-trodden---an equal chance to earn---through their own efforts---a respected place in society and the material rewards that go with economic independence.

That is the ethic upon which America created the freest and most prosperous society ever known to man. It is the vision and the dream that built California.

Welfare was born of the compassion of our people---the most humane, open handed society the world has ever known. It has become a monster destroying that which it was intended to help---our most precious resource---our people.

We must turn away from the philosophy that some men must be condemned to exist forever off the confiscated earnings of others.

We must reaffirm our faith in the values of work, self-reliance and individual dignity. Without those values, freedom and dignity cannot survive.

With them, our state and our nation can reach new heights of greatness.

This choice is ours to make. I believe we must make it now.

5/
12

OFFICE OF THE GOVERNOR
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RELEASE: WEDNESDAY P.Ms.
April 12, 1971

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
LEAGUE OF CALIFORNIA CITIES
SACRAMENTO
May 12, 1971

Solving problems is the business of government and one of the greatest problems you are faced with today is how to finance the increasing cost of essential services within the revenues available to you.

This is not a California problem alone. Virtually every city, county and state government in America is facing a fiscal crisis. The nation's largest city, New York, talks of a budget exceeding \$9 billion--- greater than any state budget and second only to the federal government--- and still it talks of having to lay off 90,000 employees who have been added to the payrolls in recent years.

The state of New York is faced with firing more than 8,000 employees, eliminating needed rehabilitation programs, cutting back on higher education and many other essential services.

California too faces a time of stringency and cash flow problems, but the past four years of cut, squeeze and trim finds us able to meet the present crisis without drastic steps. We have fewer employees for example than we had four years ago and other efforts at economy are now paying off. Still we have a critical period of decision-making because we simply do not have sufficient revenue to finance all the spending requests that come before us.

Inflation, and the economic slump that has resulted from the beginning transition to a peace time economy, has reduced state revenues. The constant push for expanded services also takes a toll.

We have to critically examine each new spending request. And we must constantly be alert for ways to reduce even further the cost of existing programs, especially those which are consuming a disproportionate share of the revenue available to government.

Before I elaborate on these efforts and how it affects the cities of California, I would like to briefly discuss some other matters I know are of deep concern to you.

We appreciate the opportunity of working with the League of California Cities. The relationship between my office and your representatives is a close one and we are always happy to hear any suggestions on how we can improve communications between Sacramento and the level of government which is closest to the people...the cities.

League of California Cities

We share many common problems, ranging from finances to employer-employee relationships. And we welcome your views on ways of defining our different responsibilities to meet the needs of the people at the different levels of government.

May I interject a personal view here on one problem which is becoming more widespread and is of great concern to you I know. This is the matter of strikes by public employees. I was an officer of my union for 25 years and for much of that time played a leading role in contract negotiations with management. I believe the strike is a legitimate tool in bargaining between a free trade union's membership and a private industry. In fact I led our union as president in the first strike we ever had.

But I strongly believe the right to strike is something public employees must forego. Government, at any level, is not like a private business. Government cannot close down. A strike is the use of excessive power to win a point---a test of whether the worker can afford to withhold his services longer than the employer can shut down his business. Inherent in this contest is the knowledge that if at any time the public good is endangered, government---the elected representatives of the people---will protect the people's interest. But government cannot refuse to provide the services and protections prescribed by the constitution and charters of the nation, the states and the cities. It must continue round the clock giving essential services certain basic protections to the people.

Government has no choice but to continue operations any way that it can. Now because of this, government as an employer, has a responsibility to provide machinery for settling grievances---whether over salary levels or working conditions---to insure the greatest possible fairness in its relations with its employees. Having done this to the best of its ability the final decisions on how far government can go to meet employee needs and requests must be made by elected officials.

For many years, the state has returned to cities and local governments part of the revenue it collects from the sales, cigarette and highway user taxes. This amounts to more than \$500 million this year, and represents an important part of municipal revenues.

Now as a possible answer to some of our shared financial problems the federal government or at least the administration in Washington has proposed federal revenue sharing. At the state level, we have supported

Obviously, the ideal would be if the federal government returned the tax resources to state and local government and let us raise the money ourselves. But this would be the millenium. Next best might be tax credits---returning a portion or percentage of the federal income tax to us.

One reason states and local governments find themselves in periodic financial difficulty is because the federal government has pre-empted so many of the available sources of revenue. Whenever a tax dollar goes to Washington and is returned through some federal program, part of it is lost through needless administrative overhead. Red tape and restrictions attached to federal grants is in itself one of the most difficult administrative problems for cities and local governments---denying us the flexibility we need to allocate the revenue where it is most needed.

However, a proposal has been made by the president and certainly it goes farther than anything we have heard from Washington in many years. We have been offered a share of federal revenues along with the responsibility for some of the present programs free of federal mandates and regulations.

The president's proposal goes beyond anything Washington has ever offered before. If local and state governments can use their federal funds under the president's plan in such a way that a surplus remains over and above the cost of the program, the surplus can be used to lower local taxes if the local governments so choose.

Naturally, there is great resistance to this program in the Congress and in the Washington bureaucracy which will lose some of its size and power under this plan. We can have this first step toward restoration of local and state autonomy and adequate financing, only if we get public backing and pressure on the Congress.

In the meantime, can we give up and impose even more of a tax burden on our already over-burdened citizens without doing our utmost to reform welfare--Medi-Cal and even education? The taxpayer has a right to know that every tax dollar is being wisely and efficiently used.

Last year, a management survey disclosed that one major school district was still spending money on out-of-state recruiting trips at a time when it had 15 applicants for every teaching vacancy. It was not using modern purchasing practices to hold down the cost of such mundane items as paper towels and window cleaners.

League of California Cities

How many other school districts could find similar examples of inefficiency and excessive cost? How many cities or counties?

As you know, the state has made available to cities and other local government agencies the cost saving possibilities in the mass purchase of equipment and supplies. In the 1969-70 fiscal year, almost \$10 million of equipment was purchased through this program for 139 cities, 43 counties and 49 special districts, among others. The items purchased included more than 2,600 vehicles of various types---police cars, trucks, typewriters, gasoline, paper and other items of necessary equipment. Participating local agencies saved more than \$1 million by taking part in the voluntary cooperative purchasing program.

Efficient cost control must become standard operating procedure at every level of government. Taxpayers cannot be expected to subsidize inefficiency of government.

But you and I both know this will not be enough. The housekeeping and administrative economies we have achieved are significant savings. But we could save millions buying paper clips efficiently and it still would not be enough to offset the staggering growth of welfare---in b cost and caseload.

Even though cities do not have as much of a direct role in welfare as the counties and the state, you do have a vital stake in welfare reform. In a very real sense, the question of whether cities and other local governments obtain the additional revenue they need depends on the outcome of the battle for welfare reform.

Every taxing jurisdiction is in direct competition with every other level of government for tax revenue. When one level of government takes a disproportionate share, it makes it that much harder for every other level of government to raise the revenues they need to keep pace with rising costs.

Some of the legislative leadership in Sacramento seems to be curiously unaware of that fact or else they choose to ignore it.

They apparently would rather increase taxes instead of easing the tax burden by reforming welfare.

Those in control of the legislature somehow have failed to hear the massive cry from the grass-roots for tax relief.

Instead, they have suggested a so-called "tax reform" program that only partly conceals a massive tax increase for our citizens.

League of California Cities

Lip service has been given to economy, even while they introduce spending measures---all of which would require higher taxes. Already they have asked for more than \$4.1 billion of additional state bonds.

The state treasurer felt it necessary to point out the implications of adding this amount of bonded debt in a single year. Only an estimated \$500 to \$600 million of state bonds can be sold in a normal year without disrupting the bond market. Since cities rely on municipal bonds to finance capital improvements, this should be a concern to you, too.

Even though some of our legislators choose to ignore all these factors, we must consider them. We must consider them because every new spending program, every dollar of additional cost that requires higher taxes, and every new bond issue, are critical individual parts of an overall economic equation that we must keep in mind to assure the continued economic stability of California and all its different levels of government.

Obviously, we have to establish priorities on spending; we must decide which bond programs are most important; and we must hold down the cost of government to a level which will not require massive new taxes.

Unfortunately, there are still those who live back in a discredited day, where they think political success comes to those who tax and tax and spend and spend---someone else's money.

There is no secret about my conviction that more than any other single step, it is imperative that we reform welfare this year.

The present welfare system in California costs \$3.5 billion in tax money each year. And this is a staggering financial burden on the working citizens of this state.

There is almost unanimous agreement that welfare must be reformed, even among those in the legislature who refuse to act. The present system is a hodge-podge of confusing and conflicting regulations...it is perpetuating welfare as a way of life. Because of various complex ways of computing eligibility, welfare now allows and even encourages outrageous abuses which are unfair to those who need help the most and to the taxpayers who must pay for welfare.

It is not necessary for me to impress upon this audience the cost impact of welfare. But I would like to point out a few examples of how welfare spending compares with other essential programs.

League of California Cities

In the past four years, we have been able to increase state support for public schools by \$500 million---the largest dollar increase in any comparable period in the state's history. Yet unless we have welfare reform, the total cost of public assistance and Medi-Cal will go up more than 600 million dollars within the coming fiscal year!

This year's state budget provides \$337 million for the University of California system. That is more than a 40 percent increase in funds compared to a 26 percent increase in enrollment over four years.

Spending in the AFDC program went up 42 percent in one year and the enrollment---in that program---increased 39 percent in one year.

We provide \$20 million to finance college scholarships and loans for needy students---welfare spends that much in a week.

We could completely phase out all the General Fund costs and the functions of three of the four major state agencies---Business and Transportation, Resources and Agriculture and Services...and the savings would only be \$154 million. Welfare and Medi-Cal costs eight times that much this year in state funds alone.

The total cost of welfare and Medi-Cal in California is running at the rate of \$9 million a day.

We can cut that cost by \$2 million a day in state, county and federal spending if we can get passage of our welfare reform.

I am sure many of you are familiar with the general purpose of the 70-point welfare program we have proposed. Fully implemented, it will save between \$566 and \$836 million a year in tax funds.

It will eliminate legal loopholes which presently permit persons with significant income to remain eligible for welfare. It will provide a monthly pension check to our elderly, the blind and the totally disabled...instead of treating them as so many welfare "cases."

By fixing a reasonable ceiling on the amount of income a family may have and still be eligible for welfare, it will assure that the funds we have available for public assistance are directed to those most in need, those who have little or no outside income.

By eliminating from the rolls those who have significant outside income...there will be more funds to provide better benefits for the needy AFDC families which have no other source of support---without raising taxes. And the work requirement we propose for able-bodied adults will restore discipline and dignity to a system that now encourages generation after generation to remain dependent on public assistance.

League of California Cities

The only major objection to our program is the mistaken belief that there would be certain cost shifts to the counties. Shortly after I announced our program, I directed the State Department of Social Welfare to send teams into each county to discuss each component of the plan and to reconcile wherever possible the differences that always accompany estimates.

Let me say first that the majority of counties and county officials strongly endorse our overall welfare reform goals. They have demonstrated a spirit of cooperation that indicates to me how necessary this reform is to the state and to the local government most affected.

Obviously, when cost estimates are made on a program's impact, there are differences of opinion. Many of these differences are rapidly being resolved. We are prepared to work with the counties to reach complete agreement so that they will be satisfied that there will be no additional burden on them.

We have always been prepared to make adjustments and reconcile any differences to guarantee that there would be no additional cost burden on local government. To emphasize this point I have some news to report. Today---in fact in just a few minutes---Senator Burgener will introduce amendments which will enable the counties to be confident that there will be no cost shift to them. These amendments will reinforce our commitment to the counties and, at the same time, maintain the integrity and intent of our welfare reforms. For those who may have missed the emphasis the first time, I would like to say once again as clearly as possible that there will be no net cost shift to counties in this welfare reform. Instead, there will be millions of dollars of savings and the state will take over a tremendous administrative load that counties have been shouldering alone.

Those county officials who give up on welfare reform are---in effect---telling their citizens that a property tax increase is inevitable and that there is no alternative. There is an alternative: welfare reform.

If, for any reason, our estimates should prove higher than the final actual savings from reform, then I repeat the pledge I made to the counties---the state will adjust its financial support so that NO county will have additional costs as a result of welfare reform. I tell you this, because you and the counties share the same source of revenue---

League of California Cities

Arguments about whether a particular reform will save \$3 million or \$5 million must not be used as an excuse to block an overhaul of the welfare program.

Nor should anyone resort to partisan politics to block reforms which have been supported by all reasonable men---Democratic and Republican-- at every level of government.

Many of the reforms we proposed have been suggested by county and local officials. Every major plan now being discussed contains elements of our plan.

We have a program that is workable...a plan that provides a sweeping change of direction for the welfare cost spiral that has pushed state and local governments to the edge of bankruptcy.

We cannot afford to delay action on welfare reform just because Washington is talking about the same subject. They have been talking about it for several years now and some of their previous efforts at "reform" created the most outrageous abuses we are now trying to correct.

California's legislature cannot abdicate its responsibility to correct what we know to be a badly constructed welfare program which is not achieving its purpose and which is consuming vast sums of revenue that would be better spent for other vital programs.

More than 4,700 separate bills are before the legislature this session. Aside from the budget, the most important are the three bills which constitute the welfare reform we have proposed, a realistic tax reform and a budget balanced without increased taxes.

If the legislature is really concerned about the financial plight of the cities...the counties...the schools, if they are really concerned about reducing the tax burden on our citizens, they will pass our welfare reform program and deal with these other problems.

The only alternative is a massive increase in taxes...an increase that would make it that much harder for cities and local governments to finance their own operations.

Opponents of our welfare reform say they prefer the tax increase. I believe the people prefer welfare reform. I believe every public official concerned with the economic stability of government at any level should be in favor of reforming welfare, too.

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(NOTE: Since Governor Reagan speaks from notes there may be changes in, or additions to, the above text. However, the governor will stand by the above quotes.)

5/
14

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
Department of Consumer Affairs
Annual Board Breakfast
Sacramento
May 14, 1971

Government is too big, too costly and too far removed from the people in many cases to be responsive to the individual citizen's problems.

If those words sound familiar, they should. They emphasize a theme that I have been sounding off about for many years---long before I became governor.

The things I have learned while in public office have only reinforced my belief that government must have a constant flow of new ideas from the public and more citizen participation if it is to be effective in meeting the needs of our people. We have been trying to accomplish both those goals and we have made some progress.

Since we met a year ago, a lot has been happening in state government to strengthen California's ability to protect the consumer.

Most of the boards and commissions represented here today will be affected in one way or another by the two major reorganizational plans we are putting into effect this year and next year.

Our goal--simply stated--is to provide a more effective direct link between the consumer and those state agencies which have the responsibility for protecting consumer interests. Instead of getting a runaround from one agency to another, we want the individual citizen to be able to seek and get prompt action on his complaints---whether they involve health quacks or phony merchandising schemes.

We also want to streamline this particular area of government so that the boards and commissions dealing with various consumer-oriented problems and programs will be consolidated into a more efficient and logical administrative structure.

The first part of this reorganization already is under way. It created the State Department of Consumer Affairs, the parent agency under which most of your boards and commissions are now operating. This department already has made considerable progress under Leighton Hatch's direction in streamlining the state's consumer protection program.

A one-stop consumer complaint and information handling service has been put into effect so that the individual citizen now has a central place to register a complaint or have his specific grievance quickly referred to the proper agency for handling.

The department will publish a handy consumer complaint handbook and has published other material needed to acquaint the average citizen with his rights and the consumer protection services that are available to him, including Small Claims Court.

They are working with the Department of Education to promote more effective consumer education programs in the public schools.

The Consumer Affairs Act that becomes operational on July 1 will help us accomplish our goal of increasing public participation on the various regulatory boards and commissions.

Very shortly, we will be announcing a Consumer Advisory Council. Its membership will include two representatives from voluntary consumer organizations, one from labor, two from business and one legislative appointee each from the State Senate and Assembly.

The purpose of this committee will be to make recommendations for legislation to help us maintain California's leadership in consumer protection.

A second part of the plan calls for a Consumer Fraud Task Force to compile information on the various kinds of consumer rackets and fraud and to recommend new laws or other steps necessary to strengthen the enforcement of our existing anti-fraud laws.

The other major reorganizational program involves the creation of a single Department of Public Health. Responsibility for California's many health programs now is divided among several departments, including the Department of Consumer Affairs.

This fragmentation and overlapping jurisdiction creates confusion, inhibits effective planning and makes it difficult to achieve maximum benefit from the dollars the state spends to protect the health of the citizens of California.

At the consumer level, it leaves the individual with the task of trying to thread his way through a maze of health programs to find exactly the type of service or program he needs.

Under the reorganization plan, eleven healing arts boards of the Department of Consumer Affairs will be transferred to a new Department of Health.

One of the responsibilities of this department will be to determine what the state can do to help meet the manpower needs in the health and medical care service area---doctors, nurses, pharmacists, and so forth.

The decisions that are made by the healing arts licensing boards could have a significant impact on the ability of the state to carry out programs to increase the manpower available for medical and health care service in California.

By combining these functions in the Department of Health, it will streamline planning and eliminate some duplication of effort.

When this reorganization becomes operational (on July 1, 1972), we think it will be a tremendous benefit to you in carrying out your regulatory duties. It also will help us do a better job of meeting California's health needs.

I also would like to take just a moment to speak to you--not as a member of a board or commission--but as citizens and individual members of the business and professional community.

As you know, this is a year of austerity for state government. While the national economic slump aggravated our problems, it is not the major cause. The major cause is welfare and the massive amounts of state revenue necessary to finance this program.

The current system is a hodge-podge of confusing and sometimes conflicting regulations which have perpetuated welfare as a way of life. Legal loopholes have permitted some families with incomes of \$12,000 or more per year to remain eligible for welfare.

Some of the worst abuses involve the Aid to Families with Dependent Children program. A majority of the 1.6 million persons on AFDC involve families in which the male parent has either abandoned his responsibility to provide for his children or is otherwise absent.

Welfare has become bogged down in red tape and is no longer achieving its original purpose of providing for those who are most in need of help.

As you know, we have proposed a comprehensive 70-point welfare reform program designed to completely change the direction of public assistance in California.

Instead of welfare payments we want to provide pension checks for the elderly, the blind and disabled. They should not be lumped together as so many welfare cases. These pension checks would be distributed through an automated system similar to Social Security---a step which will eliminate a lot of unnecessary administrative

and ultimately should enable us to increase the grants to our senior citizens and those permanently disabled citizens who have no other means of support.

A major emphasis is on eliminating loopholes and abuses and to reintroduce the discipline and dignity of work in the AFDC program. As it now operates, AFDC is not the temporary helping hand it was intended to be. We now have second and third generations of families who have known no other way of life.

We want to require able-bodied welfare recipients on AFDC to either work, be seeking a job, be in training for a job or take part in a Public Assistance Work Force---as a condition for receiving further welfare benefits.

We want to enact new legal procedures to track absent AFDC fathers and collect at least some child support from those who have abandoned their responsibility and instead have thrown the entire burden of their family's support on the taxpayer.

This overhaul of the welfare system will result in a total saving of between \$566 to \$836 million in state, federal and local taxes. It will eliminate the abuses, and it will allow us to provide better benefits for those families which have little or no outside income.

There are a number of other specific steps designed to eliminate loopholes and abuses and provide administrative savings. I hope you become familiar with the entire package because frankly, we need your help.

We must convince a majority of the legislature that welfare reform is a priority California must act on this year.

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in the above text. However, the governor will stand by the above quotes.)

5/19

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
STATE MEN'S AND WOMEN'S CLUB LUNCHEON
Sacramento
May 19, 1971

The whole reason for government is to serve the people of California, to meet their needs and to help them build a better tomorrow for themselves and for our state. This is what you and I are working for; it is what our people expect.

I am proud of the progress we have made in meeting the needs of the people of California. And I would like to thank you for your part in making this progress possible.

California is often called a working model of the future. If you want to know what the world will be like tomorrow, look at California today.

With their inventive genius and productive capacity, our people are far ahead of the world in almost every major area of advanced scientific, educational and medical development. And we are often first in other things too---the fads and far-out fashions---the social unrest and other problems that man creates for himself in an urban society.

In the field of environmental protection, California was the first state to recognize smog and air pollution as a major problem. But because of persistent efforts, we are on our way to being the first industrial society in the world to learn how to successfully cope with and control air pollution without stopping progress.

We have been consistently ahead in the fight against all forms of pollution. And we have some specific, measurable progress to show for it.

--Every 1971 model automobile sold in California emits 85 percent fewer hydrocarbons than new vehicles used to discharge before our smog controls went into effect.

--This year, California put into effect the first new car controls ever imposed anywhere on exhaust oxides of nitrogen. That's the brownish-orange colored element that makes smog such a visible irritant in Los Angeles and other areas.

Our air, water and noise pollution controls are setting a standard for the rest of the nation to follow.

But we are not satisfied. We are asking the Legislature to adopt even tougher emission standards and pollution controls for older model used cars---the last major source of vehicle air pollution.

--In a recent nation-wide competition for the most beautiful highways, California took five of the top nine awards. This reflects the policy adopted several years ago, assuring for the first time protection of the environment in planning and building all types of public works projects.

A few weeks ago, California took another step forward. We adopted an official state policy to involve local citizens in the planning of freeway and transportation corridor routes. We are asking them not only to help us decide the paths that freeways and highways will take near their communities, but we are asking them to help us determine whether another type of transportation system would be more feasible than a freeway or highway in the transportation corridor.

Now we know we cannot simply outlaw the automobile. But we can and we are moving to eliminate the environmental problems the automobile has caused.

We know we cannot stop building highways. But we can consider the environment when we build every roadway---as some of our highway engineers did recently when they re-routed a highway to protect a small pond that was a breeding area for a rare type of salamander.

It is our responsibility---yours and mine---to look to the future in planning all public works projects. We must build into every decision an assurance of maximum environmental protection. And while we are doing all this, we must continue to work diligently to clean up the pollution caused by the neglect of the past.

Tougher laws, of course, will not eliminate air or water pollution without help from man. Man creates his own environment. All of us must work together to assure the cleaner air, the fresher water and the uncluttered landscapes we want to preserve for ourselves and for our children.

These are specific areas of progress which you in state government have helped California to achieve. And while they involve the environment the final result is the same as all our other efforts---to build a better tomorrow for the people we both serve---the people of California.

That was our purpose and our goal in pushing the concept of community mental health programs.

In 1967, the state budget for community health services in California was \$18 million. It is \$96 million this year and the increased financing tells only part of what is a dramatic effort to improve care for the mentally ill. Fifty-six of our 58 counties now offer community mental health services. Instead of warehousing the mentally ill in outmoded hospital facilities, these local programs allow mentally ill patients to seek the treatment they need in their own communities, in surroundings that are familiar to them and where they can still be close to their families and friends.

Because of more effective treatment services, the length of stay in the hospital has been shortened. And the number of patients in our state hospitals on a given day has decreased from about 37,500 in 1959 to an estimated 11,500 this year---even though new admissions have increased from 30,000 to 40,000 in the past seven years alone.

The overcrowding that existed in California's hospitals for the mentally ill for decades is no longer a problem. In 1968, we were able to adopt new space and nursing staff standards and we reached those goals four years ahead of schedule.

State programs aimed at correcting the overcrowding in hospitals for the retarded also are going forward. The two year waiting period for admission that existed in 1964 has been cut to about two and one half months now. Improved space standards in the hospitals for the retarded will be achieved this July 1. Our facilities for the retarded have more staff than at any time in their history and are within 18 to 24 months of reaching 100 percent of the higher staffing standards we adopted in 1968.

You should be proud of these results. I am. Every other state in the nation looks to this state as a model in the treatment of the mentally ill. California is the only major state to have all of its state hospitals and institutions fully accredited by the national commission which sets the standards for mental health programs.*

Our neighboring state of Nevada---which has only one hospital---has received this accreditation. But---except for California---no other state with more than one hospital has received this overall tribute to the effectiveness and efficiency of its programs for the mentally ill and mentally retarded. All 15 of our state hospitals and institutions have been fully accredited.

We have made great progress in broadening educational opportunities for our young people. This year, California's state scholarships and loan program will issue more than 21,000 grants to help individual students further their college educations. The state is investing some \$20 million in scholarships and loans for students. Four years ago it was less than one fourth of that, but I prefer to measure this particular achievement in terms of the opportunity it means to our young people.

Protecting the environment means protecting people. The mental health program is designed to provide better health service to people. In education, we have expanded opportunity for individual advancement... a service for people.

But there is another achievement which is more significant than all the others and that is the progress we have made in saving human life itself. Last year, the number of traffic fatalities on California's streets and highways reached an all time low.

The mileage death rate dropped to 4.2 deaths per 100 million miles of travel, a record which we feel reflects the vigorous law enforcement and the added safety factors involved in the completion of 275 miles of new freeways.

--Accidents involving more than one vehicle went down 5 percent.

--Fatal accidents in cities decreased 7 percent.

--The number of pedestrians killed at city intersections went down 29 per cent.

Although we must never relax our efforts, those figures represent tremendous progress in improved traffic safety. The most gratifying statistic of all is the fact that the total number of highway deaths last year was 179 fewer than during the previous year. (4,901 compared to 5,080 in 1969).

This means that having more highway patrolmen on our freeways is having an impact. It means that the tougher laws we have enacted to deal with drunken driving are working.

In simplified terms, it might be said that all these traffic safety efforts by so many in state government could have meant life itself for at least 179 people---people who might otherwise have died in automobile accidents.

We are still facing many unresolved problems. We need a complete overhaul of the welfare system...to give it dignity and purpose and to improve benefits for those who need help the most. We need realistic tax reform. We need to balance our forthcoming budget. And we need to accomplish all this without increasing the tax load on our citizens---if possible.

I am not passing on any state secrets when I remind you that this is an austerity year for state government, in California and every other major state. Yet, curiously enough, this very austerity emphasizes the necessity of our past efforts to hold down the cost of government.

Although we were unable to provide an across-the-board salary increase this year, we do seek to improve your retirement benefits; we have budgeted \$11½ million in fringe benefits that state employees have sought for a number of years---including overtime pay, night differentials and unemployment insurance benefits; of course we will have the usual merit pay increases.

Contrast this, if you will, to the situation in New York---the only other state comparable in size to California. New York faces the prospect of firing more than 8,000 state workers. New York City---with a budget larger than any state and second only to the federal government---is considering layoffs totalling 90,000 public employees.

So far, we have been able to avoid any such mass reductions---and the main reason is the fact that for the past four years we have made a concentrated effort to hold down the number of additional employees.

We did not demand economy in government for a punitive purpose. We insisted on more efficiency because, frankly, there was real need for improved management in state government and because if we had not done so, we would have been unable to find sufficient funds to finance essential programs.

We have to squeeze every penny of value out of every tax dollar spent. We still do.

Now, I am not unmindful of the sacrifice that you face this year by being asked to forego the usual cost of living pay increase we have provided in the past. I wish there was no necessity for it, and I truly hope our effort at belt-tightening will bring us through this temporary period of economic dislocation to a sound fiscal base where such measures will no longer be needed. In the meantime thank heaven we have been able to meet our problems without mass layoffs and even salary cuts which have been proposed in some states.

One of the main reasons for the national economic slump is the transition from a wartime economy to a peacetime economy.

This transition...the aerospace cutbacks...and the other related adjustments have contributed to our fiscal squeeze. Our revenues simply haven't grown in the amounts necessary to cover the increasing cost of government, including welfare and Medi-Cal.

The only sensible thing to do in such a situation is to try to cut down spending and to get on with long-deferred reforms in welfare, Medi-Cal and California's tax structure.

As you know, we have been vigorously opposed on some of the reforms we have proposed. When anyone suggests a drastic change of direction in any government program, there is opposition. I am sure many of you have been through similar periods before in your careers.

But I would like to point out one significant fact to you: no reasonable person in this state---Democrat, Republican or Independent---has argued that welfare reform is not needed. There is as close to a unanimous consensus on this as it may ever be possible to achieve.

The arguments instead are over cost formulas and whether a particular reform will save this much or that much.

These are not substantial differences. I have repeatedly made clear my administration's determination to work with the legislature, the counties and with all concerned parties to achieve a goal we all seek---a realistic welfare system that is fair to those who receive public assistance, to the citizens who must finance it and to the employees who administer it.

Only when we achieve these reforms will we be able to have orderly budgeting so that all the other essential state programs---including salary adjustments---may at last receive the financial priority they deserve.

California has met challenge before. This is the state where men dare to dream great dreams. If we can send a man to the moon, we can clean up our backyards. We can stop polluting our own air and water.

We can move forward to meet the needs of our people...in environment programs...in education...in transportation planning. Problem-solving is the business of government. That is our purpose---yours and mine.

I could go on longer than time permits with the record of your accomplishments in these past four years. The per capita cost to each taxpayer of the cost of state government has been reduced. Many departments have absorbed 30 and 40 percent work load increases and at the same time increased their ability to do the job with no enlargement of staff.

Our prison rehabilitation and parole system sees California with fewer inmates in our state prisons than we had ten years ago. Honor camps for juvenile offenders are being closed down because there is no need for them, thanks to the probation program we have in cooperation with the counties. The list is long and impressive and Californians can be proud.

If we work together, with understanding, we can solve every problem and lay the foundation for the better tomorrow that we all want for California.

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(NOTE: Since Governor Reagan speaks from notes, there can be a delay)

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OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 5-20-71

RELEASE: S DAY A.Ms.
May 23, 1971

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
100th ANNIVERSARY DINNER
LOS ANGELES COUNTY MEDICAL ASSOCIATION
May 22, 1971

If you have had time to read the newspapers or watch television, you know we are in the busy season in Sacramento. We have been engaged in a dialogue about a lot of important matters, including some that vitally affect your profession.

The most important struggle involves the reforms we hope to make in welfare and Medi-Cal.

Almost every reasonable person in and out of government agrees that something is drastically wrong with our system of public assistance, not only in California, but throughout the nation. In cost and caseload, welfare is like the mythical monster which grew another arm every time one was sliced off.

This year, the cost of public assistance and Medi-Cal will reach a total of \$3.5 billion in California. Almost 2½ million persons---one out of every nine citizens---is receiving some sort of welfare benefit.

Without reform another 600,000 people will be on the rolls by the middle of next year...and that will make it one out of seven.

Welfare's staggering financial burden is pushing state and county governments to the brink of bankruptcy. The system is so overloaded, so bound up in red tape and so restricted by confusing and sometimes absurd regulations that it is on the point of total collapse.

Our citizens do not lack compassion for the poor. They have given more of their resources in cash and other material assistance to help the needy at home and overseas than any other society in man's history.

But they have lost faith in the public assistance program we have today. Those who have always had to work for a living themselves cannot understand why a voluntarily unemployed drop-out is able to sneer at society---yet receive food stamps that were intended to help the truly needy.

They cannot understand federally-mandated regulations which allow one family with an income of \$7,200 a year to be on public assistance---collecting the same amount of welfare as another family of the same size which has no income at all or that people earning \$12,000 or even \$14,000 a year can also qualify for welfare. But above all they cannot understand why the overwhelming majority of truly poor who would like to be self-supporting are seemingly sentenced to permanent dependence on the dole, and they have a suspicion someone must be trying deliberately to keep it that way.

In your own field of interest, many people cannot understand why working citizens must finance for those on welfare an array of health care benefits two to three times greater than the basic health benefits they can afford for their own families. After four years of trying to reform welfare and Medi-Cal one or two steps at a time...after a seven month task force study of this entire problem...we have come to the conclusion that the inequities in welfare and Medi-Cal, the built-in financial instability of public assistance cannot be cured with shots---major surgery is called for.

And that is what we have proposed. California enacted Medi-Cal in 1966 as part of the federal Medicaid program. Unlike private health insurance plans, no limit was set on any service. Medi-Cal goes far beyond the benefits offered by the most comprehensive private health insurance plans.

One California newspaper estimated that to provide these types of optional services totally free in addition to basic health care, a non-welfare family of four would have to pay a yearly premium of \$2,000---if they could find an insurance company reckless enough to offer such a policy.

By the spring of 1967---only nine months after it was launched and during our first few months in Sacramento---we made the discovery that this hastily passed program (Medi-Cal) was already far beyond its projected budget and rocketing into space totally out of control. We have been trying to stabilize it into a predictable financial orbit ever since.

We have worked out some of the management snarls that kept providers of service waiting six months or more for payment in the early days of the program. But not even a computer can solve the financial problems caused by Medi-Cal's almost unlimited benefits, the explosion in the welfare caseload, and over utilization of the services provided.

As you know, everyone who is on welfare is automatically eligible for Medi-Cal, too. In addition, the program provides totally free benefits to the medically needy---those who have some income but who cannot afford the additional cost of their own medical care.

A total of 2.4 million people are eligible for Medi-Cal this year at a cost of about \$1.3 billion.

Court decisions periodically add thousands of new people to the rolls by changing regulations or eliminating some of the restraints that used to allow us to more accurately predict what next year's budget would be. But no one has invented a computer which could have predicted that the U.S. Supreme Court would eliminate California's one-year residency requirement for welfare or similar waiting periods that were in effect in 40 states prior to 1969.

This year, because of that ruling, about 60,000 persons who would not have been eligible under the previous residency rule are on the welfare rolls in California---at a total cost of some \$55 million. The Supreme Court said a residency requirement interferes with a welfare recipient's right-to-travel. And so instant welfare became the law of the land.

None of this is a fault of the health care industry. But some for their own reasons would have us believe otherwise.

Your efforts to provide for the health care needs of all our citizens...within severe cost limitations...has been gratifying. Fees being paid to doctors today under Medi-Cal are 7 percent less than they were five years ago.

Hippocrates advised physicians to "sometimes give your services for nothing." Contrary to what some of you may have heard we have not gone quite that far in Medi-Cal. But last December, we did come to a day of reckoning.

Many of you may not be clear on just why we had to take the action we did to bring the Medi-Cal budget into control. Although Dr. Earl Brian and I appreciate all the attention---in all candor---we must share the credit for the December cutbacks with the legislature.

As governor, I had no discretion. I was required by law to put these cuts and restrictions into effect to avoid having the entire Medi-Cal program grind to a complete stop before the end of the fiscal year.

Some of those who protested the cuts the loudest were legislators who would be all things to all people. Never once have they mentioned that our action was in obedience to the law they passed in 1968. The first cutback that must be made when Medi-Cal overruns its budget is a temporary 10 percent reduction of fees to physicians and other health care providers---except for hospitals.

The next step is to postpone all non-emergency and non-essential health care services that may be safely deferred without seriously endangering life. Those are the steps we took. Let me interject---when the legislature adopted this rigid system for meeting any future fiscal crisis, we were opposed. We had asked for some flexibility---some way to meet such a situation administratively without being tied to inflexible mandates.

The legislation adopted over our protests is our only tool and it authorizes still a third cut if the steps already taken fail to eliminate the deficit. The third step, which we have not taken, calls for dropping almost a quarter of a million people in the medically needy category from the program entirely.

Instead, we have tried to spread the available funds to cover as much of the basic and essential health care that we can possibly cover within the law for almost 2½ million people. We had no other realistic choice---except to go on with this ill-conceived program and at the same time ask the people for more taxes.

The national economic slump...which affected state revenues...also affected our citizens. They are caught between inflation, unemployment and reduced earnings. It seems totally unreasonable for us to ask the legislature for more money...knowing it could only be obtained by higher taxes.

Solving the financial problems of Medi-Cal requires actions that are not directly involved with the health care industry which provides the services authorized under Medi-Cal. It requires us to completely change the upward growth of welfare caseloads in California. It is the welfare caseload that determines how many Medi-Cal patients you must serve.

Dr. Brian is doing a tremendous job coping with the management problems of such a massive program. But he has no control whatsoever over the number of patients who must be served.

It is virtually an open-ended program. And no end to this growth is in sight until we restore a little realism to welfare---with rules that direct assistance to those who really need help the most. Only when we have realistic eligibility standards will we stabilize the caseload growth and put an end to the periodic financial problems of Medi-Cal.

In the meantime, we have to keep the system operating and solvent within rules that we know are totally unrealistic and unfair.

We know there is a lot of red tape involved in prior authorization---too much.

By your professional oath, you are sworn to offer your services to all who need treatment. The physician is pledged to enter the houses of the sick to heal.

You should not and cannot be expected to serve as a punch-card policeman to determine whether the patient is legally eligible for care under Medi-Cal.

The job of deciding who is eligible should be done before the patient ever seeks treatment. And that is a job for the government which authorized the program, and which has an obligation to establish a system that will allow you to use your time to practice your profession---to heal the sick.

Under the present system, this red tape, all the forms and screening procedures are the only restraints we have to keep some degree of fiscal control over Medi-Cal. And we are required by law to impose these restraints.

But we don't like it. We want to develop a simplified system that will cut away as much of this red tape as possible...that will allow the physician maximum freedom to exercise his own professional judgment in caring for the sick.

Every day, Medi-Cal spends approximately \$4 million providing health care for the poor. And every day Earl Brian receives some 400 complaints--written and verbal---about various aspects of a program that involves seventy thousand individual physicians, hospitals and other health care providers. Multiply this by the number of claims that can be expected from a patient population of almost 2½ million and you can get some idea of the administrative complexity and sheer volume involved in managing Medi-Cal.

Briefly, the reform program we have proposed would:

--Establish a uniform basic schedule of Medi-Cal benefits, including full coverage for hospital costs and full coverage for physicians' services. This basic schedule will allow up to four outpatient visits to physicians every month. It will provide a full 365 days per year of nursing care, laboratory and X-ray benefits, prescription drugs up to two per month and 65 days of fully-paid hospitalization per year.

L.A. County Medical Assoc.

We also propose to transfer 800,000 "medically indigent" persons into the state's basic plan and thereby relieve the counties of a substantial cost burden that has contributed to higher local property taxes.

Possibly the most publicized part of the program involves ^{/token} co-payment. With this provision, every person with outside resources, except the totally destitute, would pay \$1 per visit to the doctor or dentist; \$1 per drug prescription and pair of eyeglasses.

Such a system is absolutely essential to curtail over-utilization and it is not unreasonable.

Every major private health insurance plan requires the person receiving the health benefit to pay at least a small deductible---or co-payment. Most of those are far more expensive than the token \$1 co-payment we have proposed.

It is an accepted part of Medicare. Even the former labor government in Britain found it necessary to impose some health care surcharges to avoid bankrupting that country's system of socialized medicine.

We believe this basic program will meet health care needs of 90 percent of our needy citizens. The rest would be met through a supplementary schedule of benefits---to be financed by the counties and administered at the local level, under state supervision. This supplemental schedule of benefits will provide those additional services that a patient requires over and above those he qualifies for every year under the state's basic plan.

These reforms, plus the changes we have proposed in welfare, will save the counties more than \$100 million a year...the cost to the state will be cut by more than \$200 million and the federal share will be cut by at least \$300 million.

The main goals of our welfare reforms are simple.

--We want to separate the elderly, the permanently disabled and the blind from the welfare structure entirely. We think their monthly cash grants should be distributed through a pension system similar to Social Security. There is no need for a social worker to drop by to see if a senior citizen is still getting older.

--By separating out the unemployables, those remaining can be viewed as temporarily unemployed. Most of these will be in the AFDC category. Able-bodied adults will be required to be either seeking a job, training for a job or participating in a public work force as a condition for receiving further welfare.

A humane society has an obligation to help everyone find the path to self-sufficiency. But society does not owe a lifetime annuity to those who will not even take the first step. Those who refuse to work, to train for employment or to take part in the public assistance task force---will be denied further welfare assistance.

We also want to implement other necessary reforms---a realistic income ceiling---to limit the amount of outside income a family may have and remain eligible for welfare. And since that ceiling would be 1½ times a family's basic needs, our proposal can hardly be termed lacking in compassion. But such a limitation would put an end to the high income family on welfare.

Everyone in this room has a vital stake in welfare reform---either as someone whose profession is vitally affected by welfare or as a taxpayer.

We need your help in putting these reforms into effect and we need your help in carrying them out.

It is no secret that we have not always received a 100-gun salute from all segments of the health care industry. We are a little puzzled when we discover your state association is announcing some pro-rata reduction in fees while they are suing us for our cutbacks, even though the law required us to do it. We hope this action by your spokesmen in Sacramento does not express your feeling about our administration. We are going to need each other in the days ahead.

One problem that has become a critical one for the physician is the steep rise in the cost and availability of professional liability insurance. The need to protect against possible legal liability causes some physicians to feel obliged to order more tests and more medical procedures than may really be required.

This is a serious problem for your profession. It is a serious problem for the public. I repeat to you tonight what I have told your representatives---I am prepared to support any legislation that offers a reasonable prospect of solving the liability insurance problem in the practice of medicine.

There are some people---in and out of government---who would like nothing better than for government to have an iron grip on the entire medical field...to have total bureaucratic control---even over decisions that have always been regarded as matters solely within the professional judgment of the individual physician.

Regardless of the false case the proponents of socialized medicine make for this unholy intrusion into the practice of the healing arts, you and I know that it has reduced the quality of medicine wherever it has been tried. Here in this nation, we have the highest level of medical care to be found anywhere in the world. In spite of this, the free practice of your profession is in greater danger than it has ever been.

The Kennedy proposal for socialized medicine, which he says will cost \$77 billion the first year, is the culmination of these years of foot in the door encroachment by those who have been determined from the first to substitute government control for individual freedom. Make no mistake about it, this measure will make you government employees, not independent professionals. As for the cost, their estimates are far too low and, one cannot help but think, intentionally so.

Unfortunately, years of propaganda, aided and abetted now by inflation, have misled many of our people. You know that the recent sharp inflation in medical and hospital costs involve a great variety of complex factors. But the average citizen knows only that his hospital and doctor bills are a lot higher today than they used to be. And that it is getting harder and harder to pay. It is our job to try to keep those costs from becoming an impossible burden for a citizen to meet through his own resources or through the health insurance available to him through private health plans.

At the same time, we have a monumental task in giving that citizen the facts about socialized medicine. It's hidden costs, greater than anything he now pays, and the decline in quality of care that accompanies socialized medicine everywhere it has been tried. Perhaps with the truth we can make our people see that you cannot socialize the doctor without socializing the patient.

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
WELFARE REFORM RALLY
Sacramento Memorial Auditorium
May 24, 1971

We need your energies and your influence in helping achieve welfare reform. There is no need to remind this audience why welfare reform is necessary. We need to reduce the cost of welfare and bring reform to public assistance for a host of reasons, each of which is important. But one of the most important reasons is the simple fact that our people can no longer afford the cost of a welfare program that increases by a quarter or even a third every year.

The federal government recently announced that the number of people on welfare in the United States is now approaching 14 million. In California, one out of every nine citizens is on welfare and one program alone---Aid to Families with Dependent Children---grew 39 percent in caseload last year while the cost went up 42 percent.

The same story is repeated across the country, in every state and every urban county. Welfare threatens to bankrupt state and local governments unless something is done.

This year, California has almost 2½ million people drawing some type of welfare or Medi-Cal assistance at a total cost of 3½ billion dollars. And unless the growth trend is reversed with more realistic regulations, another 600,000 will be on the rolls by the end of July 1972. If that happens, instead of one out of every nine citizens on welfare, it will be one out of seven.

We cannot afford the financial burden this would mean to our working citizens. But in a more basic sense, California and the United States can no longer afford the moral and spiritual disintegration that the welfare system is subsidizing in California and other states. No one disputes the legitimate obligation of society to care for the helpless who have nowhere to turn for assistance.

But the complex system we have now has become hopelessly bogged down in bureaucracy, bound by unnecessary red tape and discredited by abuses which permit the diversion of welfare funds to some people who earn more than many of our working citizens.

Welfare Rally

The most tragic consequence is that welfare has failed the very purpose for which it was established. Because our resources are stretched so thin, welfare is failing to provide sufficiently for those who need help the most---the elderly, the blind who cannot work, the permanently disabled and the family with little or no income and very little job potential. Such people need a helping hand, not a permanent handout sentencing them to a lifetime on the dole.

It is not that our people refuse to help those legitimately in need. But they have watched welfare---particularly the AFDC program---grow into a permanent way of life for millions of Americans. The organized leaders of the "professional poor" look upon welfare as an acceptable life-long career...and those who lead them view mass poverty as their own political power base.

Working citizens---struggling to raise their own families---have simply lost faith in the present welfare system. And who can blame them when the newspapers carry articles almost every day detailing some new kind of welfare abuse, inefficiency or fraud?

There are those who say that welfare reform cannot be handled at the local or state level. They say we must turn it over to the federal government. I do not agree. I do not agree because some of the worst abuses you have read and heard about are the direct result of unreasonable, unrealistic federal regulations that become distorted by the time they are applied to individual cases.

Let me give you just one example:

A few years ago, the federal government came up with some new welfare regulations that were supposed to encourage welfare recipients to work and stay on a job after they found one.

The idea was fine. But after the bureaucracy went to work on a way to accomplish this, an abuse known as the "\$30 and One Third Formula" was the result. Here is how this works:

Suppose an AFDC family of four is receiving a cash monthly grant of \$221, Medi-Cal benefits worth \$1,127 a year for a family of four, bonus food stamps which stretch the family's food purchasing dollar, free school lunches and similar fringe benefits.

Then the male or female breadwinner finds a job paying \$600 a month or \$7,200 a year.

The federal regulation enables the family to exempt the first \$30 of the monthly salary plus one-third of the remaining gross. In determining whether the family may still get public assistance, the wage-earner also may deduct such other "work-related" expenses as union dues, child care costs, uniforms, transportation costs (including payments on a new car), \$25 a month in miscellaneous personal expenses. Even the wage-earner's federal income and social security taxes are deductible. It is entirely possible under this formula to reduce the family's "net" income down to zero, leaving it eligible for the same benefits it received before, when it had no income at all.

That means the total combined earnings and welfare grant becomes \$9,852 for a family of four, plus food stamps, Medi-Cal benefits worth another \$1,127 a year, free school lunches and whatever other benefits they might discover with the help of the local social worker and federally-financed legal aid society.

This is the kind of unrealistic welfare rule that enables the thousand dollar a month income family to be on welfare and remain eligible for benefits. Indeed, I have used a \$1,000 a month income in the example I just used, and the answer was the same---full welfare eligibility.

Furthermore, the whole concept of federal revenue sharing is an open admission that programs as vast and complex as welfare cannot be effectively administered from Washington. In LBS revenue sharing proposal the president made it plain he believed that with the federal funds should come full state and local responsibility for the programs utilizing those funds.

One of the reasons why we are so strongly opposed to the idea of a guaranteed income is because it would be only the first installment, regardless of the starting figure. Raising the annual family grant would become an election-year must.

Some of the more eager advocates of a guaranteed income make no bones about their goal. A few weeks ago, a group of congressmen who support the National Welfare Rights Organization put in a bill that would provide a guaranteed annual income of sixty five hundred dollars a year. To give less, they say, would undermine the rights of poor people.

They never mention what seizing another 60 billion dollars a year in taxes would do to the rights of working citizens, some of whom do not even earn sixty five hundred dollars a year themselves.

...ence of you who have followed the welfare debate know why so many state and local officials advocate a federal takeover.

Many governors and local officials are simply desperate to get rid of their most crushing financial problem.

But it will not be solved by turning to Washington, or by patch-work regulations. Instead, we must overhaul the existing system in a way that will provide true welfare reform, eliminate the abuses and ultimately reduce the cost to the working citizen.

That is what we propose to do in California. Many of you already are familiar with the welfare reform program. But I would like to just briefly take a moment to touch on some of the highlights and the philosophy behind it.

One of the main goals is to restore dignity to the lives of the elderly, blind and disabled. These groups of deserving citizens are really pensioners and they should not be regarded as just another entry in a social worker's casebook. We want to send them their monthly checks through an automated system similar to Social Security. With the savings that this kind of system and our other reforms will realize, ultimately we hope to improve their pensions in addition to providing the regular cost-of-living increases they receive now.

Then we want to cut through the maze of welfare regulations and law and tighten up every one that has been translated into an abuse. We want to give counties a greater incentive to track down the 230,000 California fathers who have deserted their families and are not contributing to their children's support. Any child support collected would greatly reduce the cost of welfare in California. Just \$75 a month from half of those fathers would save more than \$100 million.

We want to terminate welfare aid to illegal aliens...eliminate food stamp eligibility for able-bodied adults between the ages of 18 and 65...including the voluntarily unemployed hippies who sneer at society while they stand in the check-out line clutching food stamps that are intended to help feed the deserving poor.

We want to clamp a realistic ceiling on the amount of spendable income a family can have and still remain eligible for welfare...this would put an end to the possibility that families earning one thousand dollars, twelve hundred or even more per month could also qualify for welfare.

Our program would have the state assume the entire cost of automated payments of the pension program for the elderly, blind and the permanently disabled. With these tighter eligibility standards and other reforms, we will be able to save an estimated \$566 to \$836 million a year in state, federal and local taxes.

And by streamlining the administration of welfare...eliminating the present abuses and reducing or eliminating the grants to those who have significant outside income, we can restore equity to the system and improve the benefits for the truly needy---those families who suffer most from the regulations that allow employed people to receive welfare benefits intended for the poor.

This can be ended by adopting a realistic cutoff point beyond which supplemental welfare ends. And to those shedding crocodile tears over our inhumanity to man, we intend that ceiling on earnings to be 1½ times a family's basic requirements.

There is another reform we propose to do---the most important reform of all. We intended to require that able-bodied welfare recipients either work, be training for a job or take part in a public assistance task force. Those who refuse will be denied further welfare aid.

Now I know that is a radical idea to some sociologists and poverty experts. We have already been greeted by their howls of outrage. They regard poverty as an industry and they want to be captains of the industry. They want to run not only welfare, but the lives of the welfare recipients.

Why, we have even been accused of wanting to restore the "work ethic" in America. Well, that is exactly what we do want to do; restore the ethic that has been lost these past 30 years when people started trading their dignity for a dole.

Such a welfare work force could do many constructive things to benefit the society that is supporting them. They could be school monitor and guards to protect children against violence and property against vandalism. They could help in anti-litter cleanup and recycling projects to improve the environment.

Some could take care of children so that other welfare recipients would be free to engage in job training or could work.

Opponents of this work requirement often say that most of the 1.6 million AFDC recipients are children. And they are right. But more than 380,000 are adults...women and men...most of them, are able-bodied.

welfare rally

Except for the career welfare recipient, work is not a strange or radical idea in America. According to the U.S. Department of Labor, almost half of America's mothers with children under 17 and in school are now working to help support their families, and 37 percent of them have children under five years of age. Should these working mothers be forced to help support those who do not work or who refuse to take part in training efforts to become employable?

Of course, we know not every welfare mother will be able to work. But many of them could. And for every able-bodied adult welfare recipient who finds work at a wage sufficient to support his family... the welfare rolls decline not by one...but by the whole family. And, contrary to what some believe---the overwhelming majority of welfare recipients want more than anything else to be able to support themselves.

We must change AFDC into a temporary helping hand. Instead of regarding everyone as a permanent public dependent, we must look upon welfare as a way-station en route to a permanent job and the dignity of self-sufficiency.

For some reason, certain legislative leaders prefer to raise taxes on the working citizens of our state rather than take effective action to implement the reforms we all know are so necessary in welfare. They started talking about the necessity for new taxes before they even saw our proposal for saving costs through welfare reform. A recent poll showed that 64 percent of our citizens wanted tax reductions and a cut in government spending now and were willing to support a taxpayers revolt if necessary---a refusal to pay taxes.

Using the present economic slump as an excuse, these same individuals produced their own version of the new math last week. Their first pronouncement was one of fiscal crisis---"tax revenues would be \$160 million less than anticipated!" So they added \$318 million to the budget.

As for our welfare reform, they have also raised the false issue of a cost burden on the counties. I have repeatedly assured the counties that if our estimate of the savings that may be realized through welfare reform prove overly optimistic, then the state will adjust its share to guarantee that there will be no additional cost burden on the counties.

But the truth is, there will be millions of dollars of savings...the state will assume a tremendous administrative cost burden that counties now bear and we will take over the basic medical costs for 800,000 people whose health care now is totally a burden on local property taxpayers. And, to insure savings to the counties, we offered three amendments last week which should result in \$150 million of reduced county costs.

The State of California and its legislators have an obligation to get on with the task of welfare reform this year...the counties have asked for welfare reform...every reasonable person who knows anything at all about the program knows that we cannot go on as we have been going in public assistance.

Forty-seven hundred bills have been introduced in the legislature this year. Yet along with the budget bill itself, and tax reform, none are more important than welfare reform.

We are paying too great a price for welfare now---not only in dollars, but in the destruction of the standards of individual and family responsibility that created our society.

It is totally repugnant to the American philosophy to accept the idea of a permanent and growing poverty population to be supported indefinitely at ever increasing cost.

To do so repudiates and undermines the very basis of America's greatness. Our society offers everyone the chance to climb as high and travel as far as his own talents and energy and work can allow him to climb.

Those who will not take the first step cannot expect society to support them forever.

We know you share this philosophy. Unfortunately, some of our legislators do not. While we welcome your letters of support, you know where we stand. So if I may close on this note, please tell others where you stand...write to your Assemblyman...your state Senator...your Congressman...especially those who are not already pledged to support this welfare reform program. You must fill the corridors of the Capitol as do the special interest pleaders when their little empires are threatened.

Let them know that Californians are no longer willing to subsidize the present chaotic welfare system. Let them know that working citizens of California demand realistic welfare reform.

In closing, let me suggest an answer to those who are now ducking the issue of welfare reform by claiming that Congress has preempted the field by passing Chairman Mills' (House Ways and Means Committee) welfare bill out of committee, so there is no need for state action. There is no guarantee the Senate will accept this bill, and if they do it will not go into effect according to Congressman Mills, until fiscal 1973! Our problem is now.

Even the Secretary of HEW has expressed the hope that our reform will be passed because of the information they will have as to the effectiveness of some of our proposals.

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
Los Angeles County Bar Association
Los Angeles
May 26, 1971

I am grateful for an opportunity to discuss with you some of the critical problems the legal profession must help solve if we are to protect and preserve this tiny clearing in the jungle we call civilization.

Sometimes I am shocked at how easily that sentence comes, indeed, how much of a cliché it has become. And I find myself, as I am sure you do, asking how has it come about that we must feel such concern for civilization as we have known it.

It begins when parents allow their children to mock their elders and to ignore the most basic standards of civilized conduct. It carries over into school and it reaches into the very citadels of justice--the courtroom--where a judge is no longer immune to calculated mockery and even physical harm.

Last year when I spoke to the State Bar Association, I said we in California--and indeed in the United States--are faced with a mounting crisis of confidence in the administration of criminal justice. That was hardly original with me.

The crisis is most evident to the layman by what he views as a deliberate and often successful attempt to thwart justice. The Constitutional guarantee of a speedy trial--written into law to protect the defendant--has in our criminal courts become an anachronism. The long and unnecessary delays between arrest and a final conviction, the endless appeals of questionable merit, the resort to legal gimmicks involving technical and procedural rules--all these practices deprive society of its right to expect a speedy disposal of criminal matters. Instead of battling to win an early hearing of the evidence...to win acquittal on the facts...delay has become a goal in itself, a way for the defense not to assure justice, but to prevent it.

There is an even greater threat to the dignity of our legal system. It is the growing tendency for the client himself to become the boss in the courtroom, to stage-manage his own defense with disrespectful and contemptuous conduct toward the court. This, too, is deliberate on the part of modern revolutionaries. It is copied from the young thugs of the Hitler era. The purpose is to prove that under stress, the system won't work.

There is an additional crisis in the processing of civil cases... long delays in trials and appeals and the ever increasing costs of court administration---these things compound the challenge to our legal system.

It does not appear that the legislature is inclined to make any significant improvements in the judicial system this session.

I don't mean to give the impression that nothing is being done about all these problems. Last year I urged the legal profession and the judiciary to clean its own house. Since then:

The Chief Justice of the California Supreme Court, Donald R. Wright, a distinguished former member of your own local bar, has appointed a Select Committee on Trial Court Delay. The purpose is obvious from the title. It is to examine the judicial process from the first filing of a case, or charge, to the final appeal and to recommend ways to eliminate the log-jam in our trial courts.

This group is funded by the California Council on Criminal Justice and includes three judges, three lawyers and three laymen. There are liaison members from my office and the legislature. Thus, all three branches of state government will participate in this study. We are to have a report with recommendations for major changes by next March 15.

The urgency of solving overcrowded criminal calendars is best emphasized by the situation here in Los Angeles County where the Superior Courts ended the year with 62,000 legal matters still on the docket. This massive backlog was documented by a study group from your own Superior Court, in a report that contains 39 specific recommendations for judicial reform and lists another 171 proposals for further study. I would like to commend the committee which assembled this impressive study. This type of activity--within the legal profession itself--will help us find ways to speed up the judicial process without sacrificing any of the basic rights or protections of our legal system.

Now it is up to you--members of this local bar--to evaluate each of the suggested changes and to determine which are desirable and practical--not only for Los Angeles County, but for the entire state.

The Judicial Process Task Force of the California Council on Criminal Justice--chaired by my legal affairs secretary Herbert E. Ellingwood--is sponsoring many other proposals. I would like to mention just a few.

All of the professionals in your field acknowledge that the efficient management of a court calendar is the key to success in reducing the number of delayed trials. Yet the trial courts have little control over the tide of incoming business.

To find ways to increase the efficiency of the courts, the council has put a team of two trained experts to work full time with the presiding judge of Sacramento County's Superior Court. For at least a year, they will seek practical means of increasing the efficiency of the courts through better calendar management.

Another such team has been approved for the Superior Court in San Francisco. Both these teams will seek to develop new techniques that can be applied statewide---better scheduling systems that can work for courts of various sizes.

This research is unique because the teams will conduct this court management project in a pragmatic way---with all the ongoing pressures of the present system in a day-to-day working environment. And it will affect both civil and criminal courts.

Information on the progress of these two projects will be exchanged so that each can learn from the experience of the other and the overall program will be supervised by the Administrative Office of the Courts.

Judicial manpower is another practical problem. The Chief Justice--as chairman of the Judicial Council--last year assigned judges to cover 1,325 days in the Appellate courts, 2,837 days in the Superior Courts and 2,891 days in the municipal courts---just to keep up with critical caseloads.

Currently we are helping finance the California College of Trial Judges every summer at Berkeley. I have encouraged each of my judicial appointees to attend this intensive two week course. And the Judicial Council has an active program of institutes to acquaint judges with new problems they will be facing.

One such project which has received initial approval is on the Problems of Narcotics and Drug Abuse. Drug addiction is one of the most critical social and legal problems of our time. To be effective, judges must keep up with new developments in this field.

--For public defenders, we are sponsoring a project of the California Public Defenders Association. This will be an orientation course for an estimated 100 new deputy public defenders. We hope to make this an annual course so that newly appointed public defenders will receive a thorough understanding and appreciation of the total criminal justice system.

Hastings Law School has a project for a criminal justice clinic up for approval. Under this program, students will work in the offices of district attorneys and public defenders and perhaps can be used immediately as para-professionals in the legal field.

Various means of automating the judicial process also are under way.

One suggestion is for witnesses to be "on call" until they are needed. Policemen, for example, could be scheduled for duty near the courthouse so that their professional time will be spent on the job until they are notified to appear in court.

The drive for judicial reform is wide-reaching and is going forward with many innovations that give promise of providing a more efficient court system.

Before I leave the subject, I would like to mention one federal project. Last March, a National Conference on the Judiciary convened at Williamsburg, Virginia. That meeting may well prove to be the most important conference on the judicial system in this century.

The President, the Chief Justice of the United States and the Attorney General met with more than 40 state chief justices.

The challenge to the legal profession was issued by Chief Justice Burger. He told his colleagues that "the American system of criminal justice in every phase--the police function, the prosecution and defense, the courts and the correctional machinery--is suffering from a severe case of deferred maintenance...fully documented by innumerable studies and surveys."

Justice Burger classified civil justice in the same way and urged the establishment of immediate priorities.

One of those priorities is better state and federal cooperation. The public is well aware of the various ways by which lawyers seek to get around the traditional judicial process. Shopping for a friendly court to accept a matter that should be the responsibility of a different jurisdiction is as offensive and destructive of the judicial process as it is to shop for a judge.

It should not be permitted. It turns the courts into an arena for legal badminton, a spectacle that makes justice a mockery to the layman.

The crisis today provides a constructive climate for solving this particular problem. Chief Justice Burger warned last December that the

work of the Supreme Court itself "will either break down or it will deteriorate in quality" before long unless the crushing burden of cases referred to the nation's highest court is shifted to other courts. State and federal judicial councils have been strongly urged to find ways to limit the number of cases transferred unnecessarily from state to federal courts.

But these are internal administrative corrections and while they are essential, they are only one part of the job that must be done to restore the public's confidence in the courts.

I will not dwell on the charge that is made that some courts and some judges--all too frequently--view their role as acting as a catalyst of social change rather than as a forum to administer justice and interpret laws. I could ask in this connection how many of you are uneasy with what seems to be a new teaching philosophy in too many law schools today.

Probably the most visible barrier to courtroom efficiency are those symptoms most visible to the layman.

Jury selection takes too long. Judges seem to be challenged more as a delay tactic than for legitimate cause. The disgraceful behavior of some defendants and the even more disgraceful conduct of some lawyers who defend them are an affront to the entire legal profession. These antics reduce the dignity of the judicial process to the level of a street brawl shouting match.

Our citizens are concerned about those judges who do not seem to have adequate control in their own courts and they ask if the bar associations are aggressively moving to discipline those who arrogantly violate your own canons and the ethical standards of your profession.

The image projected by the bar is one of getting the criminal off rather than acting in a responsible way to assure both the rights of the defendant and the rights of society to be protected against the lawbreaker.

In the area of search and seizure, the legal debates over police methods long accepted as reasonable, appear to the public to be less of a quest for justice than a legal chess game with the law abiding citizens as unwilling pawns in the contest.

Edward Bennett Williams could hardly be regarded as an advocate of repressive laws. Yet he has publicly criticized the legal system on many points.

the innocent defendants, to the honest policeman, (the urban criminal courts have become a sham and a broken promise."

The victim of a crime finds it impossible to understand why a defendant convicted of armed robbery by a court or jury--convicted beyond a reasonable doubt--can forestall his day of reckoning for two years or more.

We must redeem the promise of justice by reforming our legal system so that it will be in fact as well as in theory the mechanism by which we assure the Constitutional rights of all our citizens.

As officers of the court, you can help achieve this restoration---using the same creativity, the same intense energy and the same professional pride with which you represent your best clients.

The legal profession itself must carry the main burden. Some voluntary experiments already are under way.

What I am suggesting is exactly what I told your colleagues last year. You know the problems best. You are able to solve them best. The answer cannot be just a simple plea for more judges.

Now I don't want to leave the impression that our legal system is the only cause for concern to the people. The public is frustrated with government itself and its seeming inability to solve major problems. The voice of reason is needed now--common sense answers before the voice of the demagogue makes it impossible for reason to be heard above his loud and easy promises.

In addition to an intolerable crime rate, we now are experiencing a staggering increase in acts of violence carried out at random against innocent victims...all in the name of social or political protest.

The self-proclaimed revolutionaries and their legal champions denounce the system...yet they wrap themselves in the Constitution at every step in legal proceedings that involve them.

To accept their idea of "justice" is to accept tyranny and anarchy.

If Moses himself stood on Nob Hill and solemnly intoned the Ten Commandments, he probably would be denounced as a reactionary seeking to impose a repressive and outmoded life style on the multitude. He would be certain to wind up in a Conrad cartoon.

No one wants a legal system that is concerned only with arrests and quick convictions.

What every citizen wants--and what the system should provide--is a judicial process that offers a fair trial to every accused, an acquittal for the innocent; conviction for the guilty, and sentencing and appeals carried out swiftly--but within the framework of the Constitutional guarantees we all cherish.

This kind of fair and quick justice is not the practice today. And regrettably, many laymen do not even believe it is still a mission of the legal system.

But a fierce belief that right will prevail burns deeply within the American consciousness. And the people expect you to help restore their shining dream of justice for all.

Carl Sandburg summed up this faith in a poem called "The People Will Live On." He described the American capacity for survival against the greatest oppression, the meanest tyranny, and he told of man's enduring faith in a bright tomorrow when brotherhood would be a reality.

Man will yet win (he wrote);

Brother may yet line up with brother.

Until that day, we must have law. And we must respect the law and make it the highest expression of our civilization. It is your job and my job and the concern of everyone to make the bench and the bar an institution worthy of the respect that its noble traditions and its purpose deserve.

You have more to lose than anyone if we fail.

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ADDENDUM TO REMARKS BY GOVERNOR REAGAN AT SAN DIEGO REPUBLICAN DINNER
July 23, 1971

Thirty-five years ago a President of the United States said that our generation had a rendezvous with destiny. It is possible that we are living in that time of destiny right now. Our sons and daughters in this particular moment of history are coming into their inheritance a few years early. We are proud and happy to have these young people here with us. But I wonder sometimes if we are really as disturbed and concerned as we should be that the great majority of our young people seem to be registering with the opposition party. Oh I know that a great many of them have been indoctrinated in over a thousand classrooms. I suppose the miracle really is the number who are still on our side--- when you consider the power of their peers at that age and the indoctrination to which they have been subjected. I wonder how these young people who are here have managed to hold out the way they have. Certainly they must have an extra strength of character and willpower that would make them a very valuable ally in the days ahead. But right now you and I should be seeking them out and asking what have we done or what have we said, if anything, that has helped them choose this course or stay on this course. Or did they do it all by themselves. We have a story as Republicans to tell and we haven't done a proper job of selling that story. If we had, I think the majority of young people would be going our way. Hasn't the complaint of those younger generation in these last few years of unrest been that they're against materialism, they're against big impersonal government that's beyond their reach, they're against regimentation and imposition on their individual freedom. They have a great idealism about the course a nation like

ours should follow. But what do they think we have been against for these last four decades. Materialism? Materialism that thinks a full belly is excuse enough to justify keeping people on the dole for the rest of their lives. Our opponents have built this giant bureaucratic government where regulations are spawned in multitudinous agencies, regulations that seem to have even more power than the laws passed by Congress. It is our opponents who built the cavernous halls of government where the voice of the citizen echoes unheard and unheeded. Our sons and daughters have let us know they are against the establishment. Well, so are we. But can we make them understand that the establishment we are opposed to is a government? A government that is capable of great tyranny. That unless we control this establishment, we shall become a nation of timid sheep dependent on a shepherd. We're on the eve of another election and I wonder sometimes if we are approaching this challenge as we should or are we as Republicans once again beset by doubts? Confused about our own leadership, wondering whether we've chosen correctly. I have talked of the economic slump in our state but you all knew that this economic slump is nationwide. But what has been its cause. Very simply, the transition from a wartime to a peacetime economy. A transition that has come about because for 2½ years a new President has been winding down a war that was growing larger for eight years before he took office. Two and a half years ago we were talking about long hot summers. We were accepting, even though we feared them, the riots that were almost commonplace in our cities and on our campuses. Now, and in recent days, the President has made an announcement that is disturbing to a great many of us. May I offer some thoughts for your consideration before perhaps misgiving becomes

mistrust. With this announcement the President put himself where the loud mouths of his potential opponents have been for quite a few months---in fact, for most of these two and a half years. With his announcement he preempted the field worldwide. The President has taken center stage as the one man who is trying to do something besides talk about peace. All of those peace-loving Senators have been very quiet for just about a week. They were busy revising their campaign speeches, but now they have discovered that in his announcement the President made it plain that he had no intention of abandoning an old friend and ally, and suddenly they're beginning to make their noises again. I don't believe that if he were willing to abandon this ally, this would fit with the idealism of the young people we would like to appeal to. I think we all, before we become disquieted, should remember that Dick Nixon among all the leaders of this nation has known perhaps better than most that the enemy is where he always has been, in Moscow.

And, there is some evidence of this in the fact that the Kremlin has been strangely quiet since that announcement. They can't make up their mind whether to send over a bomb or the Bolshoi ballet. Well, I have no information that the rest of you don't have but I would like to offer some possibilities out of this new development based on, I think, some knowledge of the men and knowledge of the situation. For ten years, bullets and rockets and mortars and booby traps made in China have been killing young Americans. The President has made it plain that not only will we not abandon an ally---we will not disengage from this war if the price means leaving even one young American as a prisoner of the enemy. China holds prisoners of ours, airmen shot down in the air war over Laos who came down across the Chinese border.

China has boasted that it is going to continue to hold those men. Has anyone suggested a better way to get them back than the President has suggested---by simply going there and at least getting into a conversation about getting them back? For decades we've heard conflicting voices talking about the inevitable Armageddon and other voices on the other side saying that we should give in---better Red than dead, slavery of surrender. I think the President, cutting through the confusion, has made a bold and decisive move with no suggestion or no hint that he has any intention of asking this nation to abandon either honor or principle. I believe that we should insure that when the time comes, and the President goes there---and in my own heart I believe that when that time comes, we will find that all the matters of prisoners of war and cease fires, and an end of the killing in Vietnam have been tied together with this Red China visit---I think that it would be well if he went there with the knowledge that he has the prayers of two hundred million in his country. I've taken the liberty of suggesting that perhaps these young people are here with us because they have made a decision. I think it would be well if we recognized that perhaps these young people are here looking us over. They are about to make a very decided choice and it is up to us to prove by our actions that there is much to love in this land---very much to be proud of. To those who say there is a communications gap, I will say to these young people that there has never been a time when an older generation wanted more to understand and be understood by its own sons and daughters. This older generation has paid a higher price for freedom than any people have ever paid in all man's history. And I think with some pride we can say we have done more in our lifetime

to advance the dignity of man than any other generation that ever lived. And, now very frankly we will tell you young people we would be very proud to have you look us over---look over our principles---and decide whether you wouldn't rather join us than join those who believe that mankind is incapable of governing itself---that a little chosen elite can be picked and sit in the nation's capitol and make the decisions in our every day living that we should make for ourselves. Or, whether you would like to go along with us who would like to see America become in your lifetime and ours, if possible, a place where every man is free to be whatever God intended him to be.

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RELEASE: Thur() ay A.M.s
May 27

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
Los Angeles County Bar Association
Los Angeles
May 26, 1971

I am grateful for an opportunity to discuss with you some of the critical problems the legal profession must help solve if we are to protect and preserve this tiny clearing in the jungle we call civilization.

Sometimes I am shocked at how easily that sentence comes, indeed, how much of a cliché it has become. And I find myself, as I am sure you do, asking how has it come about that we must feel such concern for civilization as we have known it.

It begins when parents allow their children to mock their elders and to ignore the most basic standards of civilized conduct. It carries over into school and it reaches into the very citadels of justice--the courtroom--where a judge is no longer immune to calculated mockery and even physical harm.

Last year when I spoke to the State Bar Association, I said we in California--and indeed in the United States--are faced with a mounting crisis of confidence in the administration of criminal justice. That was hardly original with me.

The crisis is most evident to the layman by what he views as a deliberate and often successful attempt to thwart justice. The Constitutional guarantee of a speedy trial--written into law to protect the defendant--has in our criminal courts become an anachronism. The long and unnecessary delays between arrest and a final conviction, the endless appeals of questionable merit, the resort to legal gimmicks involving technical and procedural rules--all these practices deprive society of its right to expect a speedy disposal of criminal matters. Instead of battling to win an early hearing of the evidence...to win acquittal on the facts...delay has become a goal in itself, a way for the defense not to assure justice, but to prevent it.

There is an even greater threat to the dignity of our legal system. It is the growing tendency for the client himself to become the boss in the courtroom, to stage-manage his own defense with disrespectful and contemptuous conduct toward the court. This, too, is deliberate on the part of modern revolutionaries. It is copied from the young thugs of the Hitler era. The purpose is to prove that under stress, the system won't work.

There is an additional crisis in the processing of civil cases... long delays in trials and appeals and the ever increasing costs of court administration---these things compound the challenge to our legal system.

It does not appear that the legislature is inclined to make any significant improvements in the judicial system this session.

I don't mean to give the impression that nothing is being done about all these problems. Last year I urged the legal profession and the judiciary to clean its own house. Since then:

The Chief Justice of the California Supreme Court, Donald R. Wright, a distinguished former member of your own local bar, has appointed a Select Committee on Trial Court Delay. The purpose is obvious from the title. It is to examine the judicial process from the first filing of a case, or charge, to the final appeal and to recommend ways to eliminate the log-jam in our trial courts.

This group is funded by the California Council on Criminal Justice and includes three judges, three lawyers and three laymen. There are liaison members from my office and the legislature. Thus, all three branches of state government will participate in this study. We are to have a report with recommendations for major changes by next March 15.

The urgency of solving overcrowded criminal calendars is best emphasized by the situation here in Los Angeles County where the Superior Courts ended the year with 62,000 legal matters still on the docket. This massive backlog was documented by a study group from your own Superior Court, in a report that contains 39 specific recommendations for judicial reform and lists another 171 proposals for further study. I would like to commend the committee which assembled this impressive study. This type of activity--within the legal profession itself--will help us find ways to speed up the judicial process without sacrificing any of the basic rights or protections of our legal system.

Now it is up to you--members of this local bar--to evaluate each of the suggested changes and to determine which are desirable and practical--not only for Los Angeles County, but for the entire state.

The Judicial Process Task Force of the California Council on Criminal Justice--chaired by my legal affairs secretary Herbert E. Ellingwood--is sponsoring many other proposals. I would like to mention just a few.

All of the professionals in your field acknowledge that the efficient management of a court calendar is the key to success in reducing the number of delayed trials. Yet the trial courts have little control over the tide of incoming business.

To find ways to increase the efficiency of the courts, the council has put a team of two trained experts to work full time with the presiding judge of Sacramento County's Superior Court. For at least a year, they will seek practical means of increasing the efficiency of the courts through better calendar management.

Another such team has been approved for the Superior Court in San Francisco. Both these teams will seek to develop new techniques that can be applied statewide---better scheduling systems that can work for courts of various sizes.

This research is unique because the teams will conduct this court management project in a pragmatic way---with all the ongoing pressures of the present system in a day-to-day working environment. And it will affect both civil and criminal courts.

Information on the progress of these two projects will be exchanged so that each can learn from the experience of the other and the overall program will be supervised by the Administrative Office of the Courts.

Judicial manpower is another practical problem. The Chief Justice--as chairman of the Judicial Council--last year assigned judges to cover 1,325 days in the Appellate courts, 2,837 days in the Superior Courts and 2,891 days in the municipal courts---just to keep up with critical caseloads.

Currently we are helping finance the California College of Trial Judges every summer at Berkeley. I have encouraged each of my judicial appointees to attend this intensive two week course. And the Judicial Council has an active program of institutes to acquaint judges with new problems they will be facing.

One such project which has received initial approval is on the Problems of Narcotics and Drug Abuse. Drug addiction is one of the most critical social and legal problems of our time. To be effective, judges must keep up with new developments in this field.

--For public defenders, we are sponsoring a project of the California Public Defenders Association. This will be an orientation course for an estimated 100 new deputy public defenders. We hope to make this an annual course so that newly appointed public defenders will receive a thorough understanding and appreciation of the total criminal justice system.

--Hastings Law School has a project for a criminal justice clinic up for approval. Under this program, students will work in the offices of district attorneys and public defenders and perhaps can be used immediately as para-professionals in the legal field.

Various means of automating the judicial process also are under way.

One suggestion is for witnesses to be "on call" until they are needed. Policemen, for example, could be scheduled for duty near the courthouse so that their professional time will be spent on the job until they are notified to appear in court.

The drive for judicial reform is wide-reaching and is going forward with many innovations that give promise of providing a more efficient court system.

Before I leave the subject, I would like to mention one federal project. Last March, a National Conference on the Judiciary convened at Williamsburg, Virginia. That meeting may well prove to be the most important conference on the judicial system in this century.

The President, the Chief Justice of the United States and the Attorney General met with more than 40 state chief justices.

The challenge to the legal profession was issued by Chief Justice Burger. He told his colleagues that "the American system of criminal justice in every phase--the police function, the prosecution and defense, the courts and the correctional machinery--is suffering from a severe case of deferred maintenance...fully documented by innumerable studies and surveys."

Justice Burger classified civil justice in the same way and urged the establishment of immediate priorities.

One of those priorities is better state and federal cooperation. The public is well aware of the various ways by which lawyers seek to get around the traditional judicial process. Shopping for a friendly court to accept a matter that should be the responsibility of a different jurisdiction is as offensive and destructive of the judicial process as it is to shop for a judge.

It should not be permitted. It turns the courts into an arena for legal badminton, a spectacle that makes justice a mockery to the layman.

The crisis today provides a constructive climate for solving this particular problem. Chief Justice Burger warned last December that the

work of the Supreme Court itself "will either break down or it will deteriorate in quality" before long unless the crushing burden of cases referred to the nation's highest court is shifted to other courts. State and federal judicial councils have been strongly urged to find ways to limit the number of cases transferred unnecessarily from state to federal courts.

But these are internal administrative corrections and while they are essential, they are only one part of the job that must be done to restore the public's confidence in the courts.

I will not dwell on the charge that is made that some courts and some judges--all too frequently--view their role as acting as a catalyst of social change rather than as a forum to administer justice and interpret laws. I could ask in this connection how many of you are uneasy with what seems to be a new teaching philosophy in too many law schools today.

Probably the most visible barrier to courtroom efficiency are those symptoms most visible to the layman.

Jury selection takes too long. Judges seem to be challenged more as a delay tactic than for legitimate cause. The disgraceful behavior of some defendants and the even more disgraceful conduct of some lawyers who defend them are an affront to the entire legal profession. These antics reduce the dignity of the judicial process to the level of a street brawl shouting match.

Our citizens are concerned about those judges who do not seem to have adequate control in their own courts and they ask if the bar associations are aggressively moving to discipline those who arrogantly violate your own canons and the ethical standards of your profession.

The image projected by the bar is one of getting the criminal off rather than acting in a responsible way to assure both the rights of the defendant and the rights of society to be protected against the lawbreaker.

In the area of search and seizure, the legal debates over police methods long accepted as reasonable, appear to the public to be less of a quest for justice than a legal chess game with the law abiding citizens as unwilling pawns in the contest.

Edward Bennett Williams could hardly be regarded as an advocate of repressive laws. Yet he has publicly criticized the legal system on many points.

He says: "To the victims of crime, to the witnesses of crime, to the innocent defendants, to the honest policeman, the urban criminal courts have become a sham and a broken promise."

The victim of a crime finds it impossible to understand why a defendant convicted of armed robbery by a court or jury--convicted beyond a reasonable doubt--can forestall his day of reckoning for two years or more.

We must redeem the promise of justice by reforming our legal system so that it will be in fact as well as in theory the mechanism by which we assure the Constitutional rights of all our citizens.

As officers of the court, you can help achieve this restoration---using the same creativity, the same intense energy and the same professional pride with which you represent your best clients.

The legal profession itself must carry the main burden. Some voluntary experiments already are under way.

What I am suggesting is exactly what I told your colleagues last year. You know the problems best. You are able to solve them best. The answer cannot be just a simple plea for more judges.

Now I don't want to leave the impression that our legal system is the only cause for concern to the people. The public is frustrated with government itself and its seeming inability to solve major problems. The voice of reason is needed now--common sense answers before the voice of the demagogue makes it impossible for reason to be heard above his loud and easy promises.

In addition to an intolerable crime rate, we now are experiencing a staggering increase in acts of violence carried out at random against innocent victims...all in the name of social or political protest.

The self-proclaimed revolutionaries and their legal champions denounce the system...yet they wrap themselves in the Constitution at every step in legal proceedings that involve them.

To accept their idea of "justice" is to accept tyranny and anarchy.

If Moses himself stood on Nob Hill and solemnly intoned the Ten Commandments, he probably would be denounced as a reactionary seeking to impose a repressive and outmoded life style on the multitude. He would be certain to wind up in a Conrad cartoon.

No one wants a legal system that is concerned only with arrests and quick convictions.

What every citizen wants--and what the system should provide--is a judicial process that offers a fair trial to every accused, an acquittal for the innocent; conviction for the guilty, and sentencing and appeals carried out swiftly--but within the framework of the Constitutional guarantees we all cherish.

This kind of fair and quick justice is not the practice today. And regrettably, many laymen do not even believe it is still a mission of the legal system.

But a fierce belief that right will prevail burns deeply within the American consciousness. And the people expect you to help restore their shining dream of justice for all.

Carl Sandburg summed up this faith in a poem called "The People Will Live On." He described the American capacity for survival against the greatest oppression, the meanest tyranny, and he told of man's enduring faith in a bright tomorrow when brotherhood would be a reality.

Man will yet win (he wrote);

Brother may yet line up with brother.

Until that day, we must have law. And we must respect the law and make it the highest expression of our civilization. It is your job and my job and the concern of everyone to make the bench and the bar an institution worthy of the respect that its noble traditions and its purpose deserve.

You have more to lose than anyone if we fail.

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in the above text. However, the governor will stand by the above quotes)

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
MEETING OF STATE RESOURCES BOARDS
RESOURCES BUILDING AUDITORIUM
11 a.m. Wednesday, June 2, 1971

This is the first opportunity I have had to personally express my appreciation to each of you for the tremendous job you are doing. Environmental problems are very much center-stage today throughout the nation. And your commissions and boards are the catalyst for solving those problems in California. You can be very proud of your progress in finding those solutions.

In the past four years or so, we have been able to mobilize state government in the effort to protect California's environment against the excesses of man and his machines and to preserve the cultural heritage of this state.

The same pioneering spirit that led the 49ers and the settlers to California is still very much evident in the struggle to conserve our priceless natural resources.

Recently a national magazine (Reader's Digest) called attention to the long effort to protect Lake Tahoe against pollution. As this article noted, we are winning that battle.

California also is leading the way in developing other programs to protect the environment without choking off the economic development that provides the jobs our people need.

We have been, and remain, far ahead of other states in enacting and enforcing effective programs to control all types of pollution. We have the strongest air, water and noise pollution control programs.

We are giving environmental considerations major priority in planning freeways and public works projects. And this emphasis is showing results.

We believe man can learn to live with the environment if enough people show sufficient concern and commitment to assure us cleaner air, fresher water and an end to needless destruction of the esthetic beauty of this land we call California.

Now let no one get the idea I am suggesting we have won the war. Each environmental battle is only a skirmish in a struggle that we will have to hand over to our children and they in turn will pass on to their children. So long as man inhabits this planet, we must make environmental protection a major part of every human endeavor.

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In this room are concentrated the boards and commissions which involve almost every essential service government provides for all of the people of California. What you do and how well you succeed will have a lasting impact, not only upon the geography and scenic resources of our state, but also upon our citizens.

What is more important than protecting our cities and agricultural areas against flood and providing a stable, sufficient water supply for our people, for farms and orchards?

What is more vital than wisely managing our marine and wildlife resources so that those species of animal and fish life which share California with man will be protected against extinction?

What is more urgent than cleaning up the very air we all must breathe to survive?

It is part of your task to see that California protects and preserves its rich cultural heritage, that this state's abundant mineral resources are mined or otherwise utilized with maximum attention to wise conservation.

In short, we are attempting to prove that economic progress can co-exist with the environment and that we can build without destroying or polluting.

Of all the things we have tried to do in state government, I regard this as one of the most important. You are actively involved in what must be the most rewarding and challenging assignment in all state government.

It can be a tough and frustrating effort to strike a balance between progress and preservation; between what we are able to do now and what we know must eventually be done to protect the environment. And yet, we must do it.

We still have a long way to go. Many of your accomplishments cannot be measured in dollars; their value is too immense. But the programs we must enact and enforce to fight pollution and to accomplish the other tasks you have been assigned do cost money. And that brings me to the main purpose of our meeting here today.

Protecting the environment is a top priority with this administration. Assuring a stable water supply next year and for the next generation is an urgent matter. Developing parks and recreational areas for our people is a government obligation we all acknowledge.

And yet, there never seems to be enough money to do everything we would like to do.

It would be naive to suggest that we will ever be able to satisfy all the dollar demands which are made each year by various government programs. Budget requests always grow faster than revenues, or even legitimate needs.

But we have reached a time of crisis and decision in California because of two programs: welfare and Medi-Cal. The cost and caseload of these two public assistance programs have grown so swiftly in recent years that we are no longer able to finance adequately the many other essential programs government must provide.

I will not recite for you all the staggering statistical evidence. I am sure you have heard the figures mentioned time and again. But I would like to point out one numerical fact that emphasizes the magnitude of the problem.

Ten years ago, the state of California had a little more than 600,000 people on the welfare rolls. Today there are 2½ million and there will be an increase of 600,000 more by the end of the next fiscal year unless we take decisive steps to stem this growth.

Welfare and Medi-Cal have become an intolerable financial burden on our people and on state and local governments. We must reform it and restore welfare to its proper priority---as one, but just one---of the many programs government must provide.

We have proposed a realistic and reasonable program to do just that in California. I have talked about it so much you must be familiar with it. But I would like to mention it briefly once more for two reasons: first, because it vitally affects you---as an individual citizen and as a member of a board or commission representing an essential state government program.

And second, because we need your help in both those capacities.

One of the main goals is to restore dignity to the lives of the elderly, blind and disabled.

Then we want to cut through the maze of welfare regulations and law and tighten up every one that has been translated into an abuse.

We want to terminate welfare aid to illegal aliens...eliminate food stamp eligibility for able-bodied adults between the ages of 18 and 65... including the voluntarily unemployed hippies who sneer at society while they stand in the check-out line clutching food stamps that are intended to help the deserving poor.

We want to put a realistic ceiling on the amount of spendable income a family may have and still remain eligible for welfare.

Resources Boards

Finally, there is one other reform we propose---the most important one of all. We intend to require that able-bodied welfare recipients either work, be training for a job or take part in a public assistance Task Force. Those who refuse will be denied further welfare aid.

The loudest opposition to the work requirement is not from the recipients themselves, but from those self-appointed champions of the poor---the ones who look upon poverty as an acceptable career. They do not want the welfare rolls to stop growing because they look upon the needy as a political power base. These self-serving and self-appointed experts fully realize that when the poor become self-supporting...when someone goes to work...they don't like the idea of supporting others who don't work, especially experts whose 'expertise' is limited to either living off the poverty industry or getting on welfare themselves.

We do not expect to convert these kinds of individuals.

But we do hope to convince reasonable men and women of all political philosophies...in every city and town in this state...that California simply cannot go on financing unlimited Medi-Cal benefits and a public assistance program that virtually invites abuses.

We must reform welfare to make it fair to those who need help the most. Our welfare reform program will do this.

Those who are opposing this program in the legislature already have accepted the idea of higher taxes this year. They have given up without even considering welfare reform. Apparently, they feel it is easier simply to impose higher taxes on the working citizens of California than to insist upon the reforms which all reasonable men and women agree are necessary.

We have not given up. But we do need help. We need your influence and your support.

Tell your friends to write their legislators and demand welfare reform. Tell them that the only alternative to welfare reform is higher taxes...indefinitely.

Urge your County Supervisors to get behind this program. Despite the false propaganda you have heard, our reform does not mean a financial burden to counties. Instead, counties will save more than \$100 million a year and the state will assume the basic health costs for 800,000 people who now must be cared for entirely at county expense. The state will take over administrative expenses that we now share with counties.

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Resources Boards

In order to meet the concern of some county officials who honestly feared a cost shift to local government, we have amended our welfare reform. And many of those who previously expressed opposition say they are satisfied.

There is no longer any reason, no honest cause for opposing welfare reform.

Our people want it. And we must have welfare reform unless we are prepared to abandon many other vital state programs, including those we need to protect the environment.

Take this message with you to the people you know. Ask them for their support, as I am asking you now for yours.

The choice is simple and it must be made now: higher taxes or welfare reform.

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in the above text. However, the governor will stand by the above quotes).

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
POW-MIA International, Inc., Dinner
Los Angeles, California
June 4, 1971

It is customary for a speaker, when invited to address such a distinguished gathering, to describe the opportunity as a privilege. And I am privileged to be with you this evening, privileged and honored.

No one could stand before this particular assembly without also feeling deep humility and great pride.

Humility because that is the only possible emotion in the face of the human courage and sheer fortitude we are acknowledging by our presence here tonight; and pride because it is an occasion for pride to see so many Americans expressing their personal concern for the fate of a gallant few.

It is these missing men who are the real guests of honor here tonight. And perhaps it is appropriate for us to leave one empty chair on this rostrum and mark it reserved--reserved for those who cannot be with us, but whose courage and endurance in captivity brought us together.

We are not here for a partisan reason. We are here for a humanitarian cause. And our cause transcends any political divisions. We are not here as hawks or doves. We are here as Americans who are concerned about the plight of almost 1,600 brave countrymen who are missing or held prisoner by the enemy in Southeast Asia.

Some of them have been held captive for six or even seven years... longer than any other prisoners in any of our past wars or conflicts. The fact that we do not even know how many are prisoners is a grim reminder of the inhumane and barbaric treatment they are enduring.

In violation of the most basic terms of the Geneva Convention, the enemy has not given us a complete listing of the men they hold prisoner. The North Vietnamese Communists have not allowed Red Cross teams to visit the internment camps to see that these prisoners are receiving humane treatment. They have not permitted release of the sick and injured. And they have not even exhibited a minimum of human decency and compassion by allowing the men they hold to maintain a regular correspondence with their wives and children.

POW-MIA

Instead, time and again, the Communists have cruelly and cynically used the plight of our missing men in a sadistic game to further their own aims.

Only some among us tonight--the wives and families of these brave men--can ever really know in full measure the terrible anguish this inhumanity has caused.

But millions of Americans, from every corner of this land, who can only try to imagine your pain, say to you and to all the other wives and relatives of our missing and imprisoned men: We want with all our hearts to share your burden.

There is an extra element of tragedy in the plight of your husbands, sons and brothers. Unlike other conflicts, in other times, they cannot take comfort in the knowledge that whatever their hardships, America is united behind them.

This is the first group of American prisoners of war who have ever had to endure--along with captivity--the bitter awareness that some of their own countrymen are more concerned about the enemy than about them. No doubt many participate in parades for peace with all sincerity, but I would find that easier to believe if they weren't marching beneath the enemy's flag.

One of the more prominent demonstrators recently said on national television the prisoner of war problem was a "joke" and that there is no way to get them home without setting a firm date for withdrawal in advance.

The issue of the prisoners is not a joke. It is the single most important issue involved in this long and savage war and we want them back now.

Those in America who speak of "peace" say it can be easily purchased by accepting the terms the enemy has dictated. They imply that the United States and those who serve their country's military forces do not share their desire for peace. Whatever the divisions we may have over the origins of the Vietnam War, the desire for peace is unanimous. And nowhere is this felt more strongly than among the men who know the sight and sound and smell of war.

Some of the ugliest and more lasting scars in this war have been inflicted, not by the enemy on a far-away battlefield, but by divisions among our own people, at home, in our own streets.

Psychological warfare is practiced in time of war to reduce the enemy's belief in his own cause, to make him distrust his own leaders and colleagues...to raise serious doubts in his own mind about the justice of his system of government and to make him lose faith in the stated objectives of his society.

No matter what their declared intent or how sincere the demonstrators' desire for "peace", they have been fulfilling the mission of psychological warfare---not against the enemy, but against our own nation.

And the cost of this has been the unnecessary deaths of thousands of young Americans and an unnecessary prolonging of the suffering and hardships of our prisoners of war.

Peace demonstrators subscribe to many myths easily exposed if only they were interested in the truth. How many students have been assigned Marvin Gettleman's book on the Vietnam War as outside reading? And have any been told to test it's blatant propaganda against the historical facts in "Vietnam: Anatomy of Conflict" (by Wesley Fishel)?

Professor Fishel's book commits the apparent academic sin of recalling the entire history of the Vietnam conflict, including the fact that that great Vietnamese patriot, Ho Chi Minh, never saw his native land in all the years between 1911 and 1940.

Nor was this because he was in lonely exile. He was a founder of the French Communist Party and in 1924, worked in Moscow as an official representative of the French Communists. When he did return to Vietnam, he did so as a representative of the Comintern, fomenting revolution against the French in that phase of this long war.

Ho Chi Minh was not even a true Vietnamese nationalist. In fact, in 1946...before the National Union movement had actually engaged the French in combat...Ho engineered the slaughter of many Vietnamese nationalist supporters...those who were interested in a truly free Vietnam.

POW-MIA

One of the Communist tactics was simple assassination of all who dared disagree with them. Another was to send the Vietnamese nationalists as a vanguard against the French. In one incident, 2,000 young Vietnamese between the ages of 15 and 20 were left to defend Hanoi while Ho's own Communist forces slipped out the back door. This was hardly original with Ho---it is standard Communist operating procedure.

Or doesn't anyone remember World War II when the Polish and Jewish guerrillas in the Warsaw ghetto were told by the advancing Soviet armies to rise up and strike against the Nazis as the Russians attacked the city.

The signal was given and Warsaw freedom fighters struck with every weapon they had, including rocks and bricks. But, the Soviet army halted its advance and waited--waited until there were no sounds of conflict from the ghetto--not even the cries of the wounded---just a deadly silence. The Communists would not be sharing power with local leaders when they took over Poland from the Nazis.

It only took a few days in Warsaw. In Hanoi the young Vietnamese nationalists betrayed by Ho Chi Minh held out for two months before the benevolent kindly dictator Uncle Ho heard the silence he was waiting for.

Another myth is that at the Geneva Conference on Indo-China in 1954, the United States and South Vietnam agreed to hold free elections to unify the country and that we refused to honor the agreement for fear Ho would win. All propagandists sell this one--Richard Goodwin, Felix Greene, Dr. Spock and Norman Cousins. They often misuse a quote from the late President Eisenhower to support this claim---always carefully omitting the lines which would reveal he was speaking of an election that would have pitted Ho Chi Minh or anyone else against the French puppet Emperor Bao Dai.

The truth is the (United States and South Vietn) m did not endorse the so-called 1956 election proposal---not because they were not interested in free elections, but because Ho Chi Minh and the Communists refused to agree to hold such free elections under international supervision. The United States was not included as an official party in the final settlement of the French Indo-China war.

Subsequently South Vietnam repeatedly proposed free elections throughout the country---to be held under international supervision when peace and order was restored. Always it was Ho who refused.

In 1955 the people of South Vietnam proved the correctness of President Eisenhower's assessment of Emperor Bao Dai. In a legitimate referendum with 90 percent of the people participating he was overwhelmingly defeated by the late President Diem.

A year later the Diem government announced that South Vietnam would accept the defacto separation of Vietnam and would not resort to force in an effort to re-unify the country. He urged the re-unification of Vietnam by peaceful means through truly democratic and free elections. Again it was Ho who rejected such overtures.

Then on May 8, 1960, Ho Chi Minh held his kind of election. There was no need for voting booths because there was no secret ballot. The people of Vietnam marked their ballots at tables set up on street corners, helped by Ho's Communist agents. And what do you know? Ho got almost 99 percent of the vote. Less than a third of the other offices were even contested.

All this time there was an International Control Commission set up by the 1954 Geneva agreements. It did very little because the Communists had insisted on unanimous decisions. The representatives were from Canada, India and Communist Poland and the Communist member could be counted on for a consistent veto. Finally in 1962 the representatives of Canada and India charged the Communists of North Vietnam with subversive and hostile actions designed to overthrow the free government of South Vietnam.

This is just part of the history so often edited out of the versions some of our students receive.

POW Speech

But all of this (historical fact---availab . to anyone who seeks the truth about Vietnam.

For those in the demonstrations and marches, especially those who truly believe in peace and prefer to march under our flag---I have a question: suppose we do what they propose? Tell the enemy we are getting out now---give them a date and unilaterally lay down our weapons? We are told the enemy will leave our departing men unmolested and return our prisoners after we have reduced our presence to zero---demonstrators, Congressmen, Senators and any number of assorted bleeding hearts tell us this.

What if they are wrong? What if there is even one chance that the enemy descends on our retreating forces once their numbers had been sufficiently reduced? What if there is a battle on the beach---a "Dunkirk" with thousands of our young men killed and captured? Do our pleaders for peace have facts not known to the President? Will they guarantee absolutely this will not happen?

The answer, of course, is they have no such facts and they can make no such certain guarantee. They are just sure in their own minds that everything will turn out all right. If it does not---well their purpose was noble. Their only sin was wanting peace---at any price. But someone else will pay that price.

The President has no such easy write-off. As Commander-in-Chief he must take into consideration even that one in a million possibility of disaster---for he must answer to each one of our men and for each one of them.

Into his consideration must go all that he knows of the enemy---the murder of more than 30,000 village leaders, the violation of holiday truces, the slaughter and burial of thousands of men, women and children at Hue. He must remember the terrorist bombings of school rooms, buses, movie theaters and street corner crowds long before we were even in the war. There are a million refugees who fled North Vietnam to escape the mass executions in the North which were as savage and senseless as the mass murder of landlords by Mai Tse Tung in China.

POW Speech

For four years we have sat at the table in Paris offering bombing halts, cease fires and mutual withdrawal. Never once has the enemy said "If you do this your prisoners will be returned", he has said only that he will talk about it if we will quit.

Some of those who yearn for peace as well as some members of Congress have been playing Russian Roulette again at no risk to themselves. For the gun was always aimed at someone else's head.

There are signs that the enemy---badly hurt in Cambodia and Laos---was putting out feelers indicating he might finally be ready to do business in the Paris meetings. The massive demonstrations, the talk in Congress of trying to vote our capitulation, has given him reason to hang on a while longer, to launch raids and increase American casualties for propaganda value here at home. How many young Americans died and will die in Vietnam because of the parades and speeches in Washington? The enemy has been encouraged to believe he can win the cruel waiting game---not by how many divisions he can put in the field in Vietnam but by how many divisions there are among our own people---here in America.

The President has chosen, as he should, a program of withdrawal geared directly to the ability of the South Vietnamese to assume responsibility for their own defense. And this too is our concern, or have some of us decided we no longer hold out the hand of brotherhood to the downtrodden?

At one of our state colleges recently a speaker was explaining our Vietnam policy. A middle-aged man in the audience began heckling him and of course was immediately joined by a certain element among the students. Then a young man in the audience stood up and addressed the hecklers. He was an exchange student from Vietnam---in fact a refugee from North Vietnam.

He said, "If you don't think it is in your interest to help my country---why don't you get out? It's that easy, you don't have to find a reason---just go." And then he made it plain that his people need our help, but he asked, "Do you really ever think about our people, wonder about them---do you care about them? If you don't---if you don't want to help us then go home." The crowd was silent---I would like to think---ashamed.

POW Speech

We can hope that meetings like this one here tonight will help Hanoi from fatally misreading the mood of America.

The President has offered the Communists an immediate cease fire throughout Indochina, the immediate release of all prisoners, a full Indochina peace conference, complete withdrawal of all outside forces and a political settlement of the hostilities there. But he has said we will not abandon our men who are prisoners. We will stay as long as we have to and do what we have to, to get them back.

Millions of Americans must endorse this position, must in a thunderous voice tell Congressmen, Senators and the faint of heart---but most particularly the enemy---he is not going to win his war here in Main Street America.

Some of the young ladies on my staff have been wearing bracelets which are distributed by a student group on behalf of our prisoners.

Each bracelet bears a name and date. The name of a missing man and the date he was lost. One reads---Lt. David Rehmann---12-2-66. The lieutenant is a U.S. Navy pilot from Lancaster, California. He is known to be a prisoner---a captive for 4½ years.

I find myself asking, "Where do we find such men?" Young men who leave their homes and loved ones to go half a world away. They fly out over a strange land through machine gun and rocket fire and then having done their appointed task seek out a dot on the ocean and try to land in stormy darkness on the heaving deck of a carrier.

What produces these young men---where do they come from? The answer is so simple. America produces them and has in every time of crisis for 200 years. They come from our cities, our farms, our small towns.

Last December, T.V. recorded the White House meeting of the President and some of the gallant leaders of that daring attempt to rescue prisoners from a camp in the enemy heartland. The President asked the commander where he had found such men. The answer so quietly given should have thrilled every American. He said, "We could have had thousands, Sir." Thousands willing to gamble their lives to save another---greater glory hath no man.

POW Speech

But even this heroic rescue mission became the object of criticism and debate by some public officials whose carping surely lent some measure of comfort to the enemy.

A decade ago, an American President said that Americans should let the word go forth that we would pay any price, bear any burden, to assure the survival of all those things we hold precious---to guarantee that the freedoms we enjoy will be secured for our children and their children.

Those words should be a reminder of the very meaning and purpose of government; to offer the protection of all to even the least among us wherever in the world he may be. Distance alone must not be allowed to rob a man of his God-given right to life and liberty.

If we are unwilling to make such a pledge to each other then our trumpet will sound an uncertain note and all the world will hear. And therein lies great danger. From the vantage point of history, we look back on wars we might have avoided had an enemy not mistaken our desire for peace or our patience for weakness.

We are not given to bellicose sabre rattling or unnecessary belligerence. But the savage captors of our young men must be made to know that each one of those young men is precious to us; that there will be no peace until they are restored to their families. Our President has said as much. Now it is up to all of us to make it unmistakably clear to the enemy that he spoke only what is in the heart of each one of us. We will not buy our peace by abandoning even one American.

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in the above text. However, the governor will stand by the above quotes).

6/17

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
445-4571 6-17-71

RELEASE: FRIDAY A.Ms.
June 18, 1971
PLEASE GUARD AGAINST PREMATURE
RELEASE.

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
CALIFORNIA LIVESTOCK SYMPOSIUM
Fresno, California
June 17, 1971

Because of the change to Democratic control of the legislature and the close party division in the Assembly and the Senate, it was obvious from the start that we would have to work together to achieve realistic tax and welfare reform and to solve the state's cash-flow difficulties and the other revenue problems caused by the national economic decline.

These are not partisan issues. And the people don't care who gets screen credit (nor do I) so long as we meet the state's essential needs without increasing the cost and size of government and without increasing the taxes our people are already paying.

For five months now, we have attempted to develop a bi-partisan tax reform program with the legislative leadership. Our goal is to shift some of the intolerable burden from the homeowner to a number of broader based taxes. This should be a bi-partisan cinch. Both parties have pledged to do as much for more than four years. So at the beginning of this legislative session I proposed a joint effort to construct a workable, practical and acceptable tax reform plan. Unfortunately no one came to the party.

When it became apparent that time was running out we proposed an administration tax reform program that includes the essential elements it must have to assure that the property tax burden on homeowners will--- in fact as well as theory---be substantially reduced.

There is general agreement that tax reform is an urgent necessity, yet some citizens remain wary of major changes in the tax laws and with good reason. Too often in the past, they were handed "tax reform" which turned out to be a tax increase. It does the homeowner little good for the state to provide property tax relief if local or county government solves its revenue problems by raising the tax rates so as to wash out the state funded reduction. That is why, in our program, we insisted upon including expenditure controls for counties and school districts to guarantee the homeowner the property tax relief he receives from the state will not fade like a vacation tan.

Livestock Symposium

Our opponents have two tax reform programs which contain some elements that are necessary in any reform package, although neither marks any attempt to impose expenditure controls.

At first glance, the tax relief they promise sounds enticing---until you read the fine print. Then you discover that both programs contain exactly what some of our skeptical citizens fear---a massive tax increase disguised as tax reform...as much as \$500 million more per year with absolutely no guarantee that the homeowners tax relief will be permanently reduced.

Without going into a detailed comparison, let me point out a few points you should be interested in: There would be no guaranteed tax relief for agriculture in either of these two plans.

Our program last year and this year does include provisions to encourage open spaces and the preservation of agricultural land for food production.

California recognized a number of years ago the unfair practice of assessing farm and ranch land for its highest potential rather than on the basis of actual use. As a result, the California Land Conservation Act was adopted and 41 of the state's 58 counties are now participating in it.

More than 6½ million acres, about 1/6 of the state's agricultural land, is presently set aside in agricultural preserves under provisions of the Williamson Land Conservation Act and qualifies for lower property tax rates. The effect has been to reduce the assessed value of these lands by more than \$227 million, saving the owners \$22 million a year.

We propose to reimburse counties and other local agencies for part of the revenues they lose as a result of the open space program and have set aside \$12 million for this reimbursement in the first year and a total of \$57 million over the next four years.

Both of these other tax reform plans also propose what amounts to a 'tax relief' cash subsidy to non-taxpayers. They would authorize income tax credits or refunds of \$35 to \$75 for all renters---regardless of whether they owed any taxes or not. This part of their program may not even be constitutional. But apparently they think it is sound fiscal policy to provide tax relief to those who don't owe any taxes.

Our plan provides that each renter would receive a tax credit of up to \$50 a year to apply against his state income taxes. This would be in addition to the current double standard exemption. If the taxpayer owed less than \$50, his entire tax obligation would be forgiven. If he owed \$100, it would be cut in half. By specifying tax credits, we insure that the revenues set aside for tax relief will go only to those who pay taxes.

Homeowners would receive property tax reductions ranging from 100 percent for smaller homes to a maximum of 20 percent for homes costing \$47,000 or more. A home with a market value of \$15,000 would receive a 55 percent reduction, taxes on homes in the \$25,000 range would be cut by 34 percent.

We also propose to reimburse counties for 60 percent of most welfare costs in excess of 25 cents on the county's tax rate; our plan would shift \$44 million in county costs to the state by having the state assume the current \$1,000 veterans property tax exemption.

Now, to finance the program:

- the state sales tax would be increased not to exceed one cent;
- bank and corporation taxes would go to 7½ percent this year and to 8 percent in 1974;
- personal income taxes in the highest brackets would be increased;
- the oil depletion allowance would be lowered to the same level that the federal government allows, and;
- there would be a minimum income tax.

Possibly the most important difference between our approach and theirs is how to use the so-called "windfall"---that one time bundle of money government gets in the first year when it starts collecting state income taxes by withholding. This amounts to roughly \$500 million.

We propose to the taxpayers as a one-time rebate approximately 50 percent or \$250 million of that windfall. The other \$250 million will be utilized to meet essential capital construction needs... for school and community college construction, higher education and parks and recreational developments, without raising income tax rates.

Livestock Symposium

The change to withholding also would mean substantial sums in permanent ongoing revenues. However, because the economic slump has continued to reduce the tax revenues we had counted on to fund the budget we submitted last February, we have a revenue gap.

We propose to meet this gap largely by using this permanent ongoing increase in state revenues.

In my state-of-the-state and inaugural messages, I said I am firmly opposed to increasing taxes and I still believe we must make every effort to avoid a tax increase.

Yet one of the other plans (Moscone) proposes to use up the entire withholding windfall for spending. It does not provide a one-time rebate to the taxpayers. And it would use up both the ongoing and one-time revenues that will be available from withholding to finance ongoing programs.

In effect, it sets a tax time-bomb with a one year fuse because there would be a built-in future deficit. To accept that would break faith with the taxpayers.

I have been called stubborn and inflexible for resisting these types of so-called "tax reforms." If it is inflexible to refuse to enact a built-in tax increase in the guise of tax reform, then it is a type of inflexibility our citizens have a right to expect from their elected officials at all levels of government.

There has been too much cynical maneuvering on tax reform. The beleaguered homeowners are entitled to a realistic program that will permanently ease their property tax burden. And I plan to continue to fight for that kind of true tax reform.

The subjects I have mentioned---tax reform, and a balanced budget---are both important. But neither can be achieved unless we also act in our most urgent priority. That, ladies and gentlemen, is to reform a welfare system that threatens to saddle the people of California with a tax increase this year, next year and every year unless we adopt some reasonable restraints and limit assistance to those who truly need help.

After four years of trying in bits and pieces to make the present open ended welfare system work, we put a team of attorneys and management specialists to work on welfare reform last year. They combed through the laws to trace the many examples of outrageous welfare abuse that you read about in the newspapers.

After seven months of work, we submitted to the legislature a comprehensive 70-point welfare reform program to close the loopholes, restore dignity to the system and increase benefits for the truly needy---without raising taxes.

Some of our reforms were measures requiring legislation. Some could be done by administrative changes. We are already instituting those. Our total package---including legislation and regulation changes---will save more than \$600 million in state, county and federal welfare expenditures in the next fiscal year and will allow us to balance the budget---without increasing taxes.

The only legislative alternative presented thus far would eliminate one of the chief parts of our program---a provision that welfare employees be required to prove that applicants truly need assistance before they are certified for welfare.

Moreover, this Democrat "substitute" would undermine the work requirement program which we proposed as a means of restoring to public assistance the discipline and dignity of work for those able-bodied recipients who may need temporary assistance---but who should not be regarded as permanently dependent.

Ten years ago, there were about 600,000 people on welfare in California. Today, there are more than 2.4 million and unless we act to stem this excessive growth, the increase alone will be another 600,000 by the end of the next fiscal year.

The people of California and those in every other state have lost faith in the present welfare system. They see it for what it is---a confusing hodge-podge of conflicting and ridiculous regulations that encourage abuses.

Yet every time someone proposes a realistic and effective reform to eliminate welfare fraud and legal abuses, opponents charge that reform is an effort to deprive the needy.

Does anyone think it is fair for families earning \$600 a month---a figure well above any poverty line yet proposed---to receive the same size welfare check as a family which has no income at all?

The federally mandated regulations in the current program not only allow such an inequity, they actually encourage this kind of abuse.

Should the working citizens of California be forced to pay higher and higher taxes to finance unlimited medical benefits for those on welfare---benefit two to three times greater than the basic health protection most citizens can afford for their own families?

Is there something wrong with trying to impose reasonable restraint that would assure that our welfare dollars go to those who need help most?

Should we accept the prospect of a permanent and growing population of able-bodied welfare recipients who---once certified as needy---are entitled to lifetime support at the expense of the taxpayers? This is not the purpose of public assistance.

We have proposed a work requirement for able-bodied adults. Under this provision, adults on welfare would be required to be either seeking employment, training for a job or they would have to take part in a public assistance work force to qualify for further aid. If they refuse they will be denied welfare.

The main purpose of this work-oriented program would be to change the direction of the Aid to Families with Dependent Children category---the area where many of the publicized abuses occur. Ventura County already has agreed to test this concept of regarding able-bodied adult recipients as temporarily unemployed rather than as permanent dependents on public assistance.

Finally, we hope to restore dignity to the lives of our senior citizens, the blind and the disabled by taking them permanently out of the welfare program. We want to provide them with automated monthly checks in a program similar to Social Security.

With the savings this would permit, we would ultimately be able to increase their benefits. The overall reforms in the other parts of our program also would allow us to increase benefits for those families who have little or no income. They are the ones who suffer most because the present system allows many people to claim benefits even though they have sufficient means to meet their own basic needs.

These are humanitarian goals. These are reasonable goals. Welfare as it exists today is dividing our people and aggravating rather than alleviating social tensions.

We must change it. We must reverse its course so that it will not be what it is today---a certain pathway to defeat and dejection for those who must rely on it for support.

There is a definite difference in philosophies behind the disagreement on welfare reform---a radically different belief with regard to the role of government. Our efforts to achieve tax and welfare reform are based on the premise that it is our duty to balance the budget, provide realistic tax reform and reform a discredited welfare system---without raising taxes. In short, that government should be limited in size and power and the people left to run their own lives much as possible consistent with an orderly society. Opposed to this view are those who believe government is ordained to provide for the people not just to satisfy the bare needs of government, but to subsidize government's wants.

We do not believe the people of California want their elected officials to raise taxes without first exerting every effort to avoid increasing the financial burden on our citizens.

The Constitution requires us to have a balanced budget. The people want a balanced budget without a tax increase. But apparently, some in the legislature are misreading the mood of the public.

It is crucially important in these final weeks of the legislature to let them know they are mistaken, that they cannot use welfare and tax reform as a vehicle for raising taxes.

If you want a balanced budget, a fair and equitable tax and welfare reform, write to your legislators and let them know how you feel.

The people elected their public officials to solve problems, not to play politics with the fiscal future of California.

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in the above text. However, the governor will stand by the above quotes).

OFFICE OF THE GOVERNOR
Sacramento, California
Contact: Paul Beck
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RELEASE: TUESDAY P.Ms.
June 22, 1971

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
COMMONWEALTH CLUB OF CALIFORNIA
Grand Ballroom, St. Francis Hotel
San Francisco, California
June 22, 1971

Two years ago, when I addressed you, my topic was the People's Park controversy across the Bay in Berkeley, a subject which to that point there had been shed much heat and very little light.

There were at that time those who said firm handling of that situation by the established authorities could only lead to disaster, to a complete collapse of the University of California's home campus of Berkeley.

But the Campanile still stands and the University remains one of the world's greatest institutions of higher learning.

Today campus-related violence seems to be subsiding. But there have been other direct challenges to the University's traditional role in our society. I refer not only to the University of California, but to campuses all across the nation.

Just a year ago, one of those ugly symptoms seized the spotlight: the willful use of the classroom by too many faculty members trying to impose on students their own beliefs and bias. They called it "re-constitution of courses." Actually it turned out to be instant grades and units for rapping about the war: a manipulation of academic freedom contradicting the very purpose of the academy as a place where truth and knowledge can be pursued objectively, without fear. Protests were voiced by the public, many students and by thoughtful faculty members who know that the University as an institution cannot survive if it permits itself to become an instrument of physical or intellectual coercion on behalf of one political view.

For more than 100 years the campus in America has represented society's highest devotion to objectivity, a place where reason ruled over emotion, where the cultural values of our civilization were passed on from generation to generation, pushing forward the frontiers of knowledge.

Too often, in these past 7½ years, we have forgotten that primary goal. But now the volume of revolutionary rhetoric has been lowered. There are few street confrontations and fewer buildings being captured.

Perhaps working together we can restore the public's confidence in the University---the confidence it enjoyed and earned through dedication to academic goals in all those other decades.

Unfortunately, our efforts to return to the fundamental purpose of higher education must take place this year within the context of a severe economic pinch which has required a general tightening of budgets in both public and private institutions of higher education---in California and throughout the country.

The challenge today is not whether outside assistance is necessary to keep the University operating in the face of a threat of violence, but whether the University community itself will choose to take the necessary action to meet its responsibilities.

The people of California have long considered education to be the state's No. 1 priority. They know our educational system prepares our youth for informed and rational functioning within a free and democratic society.

In recent weeks, a parade of University spokesmen have gone forth to solicit public support for greater spending than our proposed budget allocates for the next fiscal year. They have contacted alumni and other friends of the University. They have painted a picture of impending educational disaster if the University's demands for increased funding are not met.

I do not take issue with their right, indeed their duty to vigorously press the University's requests for state financing. But my own responsibility is to a much broader constituency than just one area of government or one essential public program.

I have to balance the University's claim for more money against other, equally urgent needs and then match the sum total of these claims against the state's ability to finance them and against the ability of our economy to absorb an increased tax burden at a time when the national economy is taking its first slow step back from an economic recession. Since they have not pointed this out, I will---we are not discussing a changed emphasis on priorities. Education is already our No. 1 priority. To accept the University's financial demands means a tax increase for our people.

So these questions must be posed to you and to the people of California for your impartial judgment. Is the state arbitrarily stifling the University through budget reductions? Is higher education and this state's commitment to excellence endangered by requests for better management of the University's financial resources and personnel? Do we have on our campuses an overworked faculty, unable to function effectively because the teaching activity we expect is far beyond a reasonable level?

The budget we have proposed for the University of California in the coming year is at about the same level of state support we provided this year. That is more than \$337 million and reflects a 40 percent increase during these past four years. The State Colleges have received an increase of 88 percent and state aid to the community colleges has gone up 151 percent. Student aid---grants and scholarships---have quadrupled.

All told, our proposed budget for the support of higher education is more than two-thirds of a billion dollars---highest in the state's history.

Every state-financed program, including the University, would like to have more. Sometimes advocates of increased funding compare our spending to that of our sister state New York. They are not doing that so much this year. Unlike California, New York proposes to provide fewer tax dollars next year for higher education than it did this year. Some 300 to 400 vacant faculty and staff positions in higher education are being abolished and 500 permanent and temporary employees are to be laid off. There has even been talk of not admitting a freshman class at all to that state's university system next fall. New York's governor and the legislature have cut \$750 million from the budget requests for all education and are laying off thousands of state employees.

In Illinois, the budget for higher education has been reduced by more than \$177 million. The State of Washington suggests a salary cut for all members of the faculty, as well as for other employees.

Every major state university system is undergoing a period of financial austerity.

In Michigan, the governor has asked for a reduction in enrollment at the University next year. Spokesmen for the State University say budget reductions in that state mean an inevitable "erosion toward mediocrity." The words and music have a familiar sound.

Here, University of California spokesmen imply that the University is being singled out for economic persecution. They make reference to four years of "economic decline" when, in fact, during the past four budget years, they have had an increase in General Fund dollars greater than in any previous four years.

Sacramento has been blamed for specific curtailment of specific programs when, in fact, the constitution provides that only the University itself may decide where to put and where to withhold the dollars available.

Most significantly, they have suggested that the only solution to the University's financial problem is greater funding. By their actions and attitude, they have rejected the prospect of meeting this situation through internal belt tightening, modifying programs or re-examining the teaching workload and the usage of existing faculties.

The University implies that this is not possible, that to teach more, to give greater priority to instruction and to senior faculty contact with students, would jeopardize educational excellence.

The layman has no way of evaluating the validity of that claim. Yet those of us in the executive and legislative branches must attempt to do so if we are to carry out our responsibilities of providing the maximum possible state support for the University while meeting other essential needs within the revenues we have available.

Let us examine, then, the University of California's position that the only solution to its financial problems is increased funding by the taxpayers of this state. Particularly, let us examine the University's attitude toward the teaching load, its approach to classroom use, and its salary scale.

FACULTY TEACHING WORKLOAD

Historically, teaching has been afforded equal status with research and other functions in our institutions of higher learning. In California New York, Michigan, nine or ten hours in the classroom per week---or about three lecture courses---is traditionally regarded as an appropriate teaching workload. By adding the time spent developing courses, interviewing students, and for such activities as individual study, this usually brings the time devoted to teaching to about 50 percent for an average faculty member, with the other time available for research.

In the colleges---which do not have equivalent research obligations-- 12 hours or four three-unit lecture courses is regarded as the norm and 15 hours is the standard workload for community college faculties.

The legislative analyst confirmed this standard in 1962-63 and past records show the University has operated quite effectively, without faculty discontent, at even higher levels. According to one of its own publications, classroom teaching hours in the mid-50s ranged from 17.3 hours weekly for undergraduates to 15.2 hours at the post-graduate level.

And it was during that time the University of California achieved its enviable reputation for educational excellence.

During the intervening years, unfortunately, teaching has been neglected or downgraded. Unknown to the public or those representing the public, universities across the country have dramatically reduced their teaching activities.

University spokesmen protest that the faculty works "sixty hours a week." Perhaps they do. But it is the lack of balance of their work that is our concern. If they worked 80 hours a week, it would not be enough if teaching was neglected. The public expects, the students need and our financial condition requires that teaching be restored to equal status with research.

A recently completed audit of classroom contact hours by the University of California faculty in 36 sample departments picked at random on the nine University campuses reveals an average of only 4.3 hours in the classroom each week. We all know and readily concede that some of the more demanding disciplines may require greater research. But how is it that full professors in physics---an area in which the University of California possibly leads the world---managed to spend more time with their students than professors in the sociology department?

The University supplies figures which suggest at best that the overall average time spent in the classroom by the regular faculty was 6.7 hours per week for 1969-70 and is expected to be 7.2 hours for the current year, rather than the traditional standard of nine.

Equivalent figures for the State Colleges show an average teaching time of 10.3 hours rather than the traditional 12. But unlike the University, State College administrators assure us they are restoring the 12 hour teaching load.

I have long argued that the University need not turn away a single student (as they threatened to do if budgets are not increased). All that is necessary is that the faculty spend in the classroom the number of hours they are expected to devote to teaching.

Our budget for the University is based on a student-faculty ratio that assumes the faculty will teach nine hours a week.

CLASSROOM UTILIZATION

California's Coordinating Council for Higher Education has found that one third of the University's undergraduate classes had enrollments of 14 or fewer students; more than 15 percent of the classes taught had nine or fewer students. Perhaps this is an ideal. Yet in some subjects if a class is that small, could it be taught less frequently, and would a small increase in the number of students jeopardize educational excellence?

Clearly, in view of the public reluctance to vote bond issues for capital expansion, we must seek alternate ways of providing classroom space for the additional students who are entering our system of higher education. More careful scheduling of classes might be a way to do this.

FACULTY SALARIES

We are proud in California to attract to our faculty the most sought after scholars. We believe in a fair wage and we feel that quality teachers are the best possible investment for the long-run benefit of our young people and our institutions. However, it is hard to reconcile the cry of economic starvation with the fact that of the top 66 salaries paid by state government (those above \$42,000 a year) 57 go to personnel in our higher education system.

In fact, the total cost of the dozen top positions in the University is more than the top dozen highest offices in state government. We are told that our University has fallen drastically in comparison to other universities in faculty pay level. Still, salaries in our system of higher education are in the upper five percent of all the Universities in the nation. And, unlike a number of other universities, we have not proposed any salary cuts.

Considering those facts, we might question the charge of an under-paid faculty, particularly when it is remembered that these salaries are based on a nine-month academic year. In the remaining three months, the individual professor or instructor is free to earn additional income through extra summer session teaching, consultantships or even in the pursuit of the vocation for which his academic training equips him.

In our efforts to meet the state's responsibility to higher education, we have not simply picked arbitrary budget figures. The Director of Finance and his staff would like to be able to O.K. the purchase without asking the price. Obviously they can't, so they have tried to be helpful and cooperative in finding ways to make the education dollar go as far as possible. An audit of 36 major departments in the University indicates there are potential savings if the faculty teaching load will simply be brought up to the minimum standard the University itself prescribes. There might be an additional dividend.

A college poll of 100 institutions across the county^r reports that the three most frequently mentioned grievances by students all relate to teaching, or lack of contact with the faculty. My own conversations with students bears this out.

Our young people want to associate with the professors whose names they read in the catalog. Their desire for greater personal contact with the faculty coincides with the need of higher education to re-emphasize teaching.

Again let me point out that professors cannot unilaterally decide on shorter hours and higher pay---for a bigger slice of the pie---without reducing the slice for others---either the taxpayer through higher taxes or other government agencies with vital services to perform. If the latter, which function would they reduce---help for the mentally ill, the size of the highway patrol, our senior citizens? Or perhaps we should give up our efforts to control pollution of air and water?

ROLE OF HIGHER EDUCATION

Higher education not only in California but throughout the nation is undergoing a major period of change and challenge, and at the moment it is to a certain extent failing to meet the real needs of the students themselves and society.

In some disciplines, we have trained more Ph.D.s than we need or our economy can absorb. In some, students are enrolled in Ph.D. programs for an unconscionable length of time. There are serious questions whether the traditional path of secondary school to college to graduate degree, in a one-two-three pattern, is really best either for the individual or for society. Long-accepted practices must be reviewed and tested against reality.

Both our state University and our State Colleges must provide better information to students so these students can make more rational choices of an academic course and career. They need to find more effective ways to measure such factors as ability and interest in planning college programs for the tremendous numbers of young people who wish to pursue education beyond the high school level.

More than half our students who enroll fail to finish their full four years of college. This is a tragic waste. It is reasonable to ask whether many of them were really ready for college at the time they enrolled, or perhaps, for some whether college was really the right choice.

We need open minds and fresh thinking; we need cooperative efforts between society and its institutions.

We do not need threats that faculty members will flee to higher paying jobs---which do not, except in rare cases, exist.

We need fewer fables, less emotion, and more of the reason that we have traditionally associated with higher education.

I am proud to be able to say that in the last several years the nation, and indeed the world, has learned to expect innovation and excellence from California. Why not in this? Working together, in a spirit of cooperation, guided by a sincere desire to fulfill what the students, our citizens and our civilization expect from higher education, we can meet this challenge.

Let me suggest four short-term goals.

1. That we expect faculty members to fulfill the traditional and reasonable amount of teaching or student contact that higher education has established for itself: nine hours in the University, 12 hours in the State Colleges and 15 hours in the community colleges. And that the legislature spell this out, through legislative mandate as other states are doing.

HEALTH SCIENCES

2. That we seek alternatives to costly new physical facilities, particularly in such vital areas as health sciences, and seek other ways of meeting the need for additional physicians. As just one option, I am strongly supporting legislation that would allow us to explore with private universities in California---the University of Southern California, Stanford, Loma Linda and the University of Pacific---which are now considering their capacity to provide an increased number of the new physicians we need. These institutions have indicated that for approximately \$12,000 per year per student, they can collectively increase our production of new physicians by 178 a year.

Such a medical school scholarship program would cost about one fifth of the interest alone on the University's proposal for another \$294 million construction bond, to say nothing of the \$60 million in ongoing yearly operating costs that would follow this construction.

INDEPENDENT AUDITS

3. In order to strengthen and preserve the University's separate constitutional status, we must guard against dictating policy decisions through the political process. So I will offer to the Board of Regents a proposal for regular, independent audits to help the Regents in making policy decisions.

STUDENT BILL OF RIGHTS

4. Finally, I propose that the Regents adopt a Student Bill of Rights that would include these points:

--Regardless of their economic status, students have an opportunity to continue their education to the maximum of their ability and interest.

--Students be given enough information about higher education to make them able to choose within reason their own specific goals.

--Students have a right to continue their education without interruptions, without threats of violence, without disorder. And they have a right to be taught by a faculty which includes teaching as one of its highest priorities.

--Finally, they have a right to hear and digest all sides of all major issues, to weigh alternatives which include the whole spectrum of America's values and political opinions from the middle out to and including the extremes.

Let me quote from just one letter I have received from a student in one of our state institutions. He told me he was in college through work on his part plus a great deal of family sacrifice and he said: "I'm being cheated---all too often I must write essays from the New Left viewpoint in order to get good grades. Three papers were returned with progressively better grades in direct proportion to my discovery that only by submitting work with the New Left line would my grade improve. My last paper dealt with U.S. involvement in Vietnam and could have been written by a North Vietnamese minister's aide. It received the highest grade in the class."

Commonwealth Club

I make no estimate of how widespread this is, but from the number of similar letters I have read and from the concern expressed to me by groups of faculty members I know this is not an isolated case. By the same token I know there are a great many in the academic community who want true academic freedom, freedom of speech but not freedom to propagandize a captive audience. The latter threatens free speech and the entire system of free education.

In California we found the inspiration, the intellectual genius and the sheer physical engineering capacity for man to reach out to the stars

Surely we can find the way to preserve and protect the system of higher education that made such a journey possible. Together we can reach across a generation gap---can respond to the concerns of our sons and daughters who must carry forward man's search for knowledge. Together we can reclaim for higher education its proper role as guardian, advocate and inspiration for all the lasting values of our civilization.

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(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in the above text. However, the governor will stand by the above quotes).

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
TOWN HALL, LOS ANGELES
June 23, 1971

Did you ever get the feeling you were reliving an experience you had had once before?

Once again you have provided your prestigious forum and made it possible for me to speak to you and through you to the people of California. It is my intention to try to cut through some of the confusion surrounding the issues of welfare reform, tax reform and the budget which is due in just seven days.

If you are confused it is easily understandable.

You have been told the budget cannot be balanced without tax increases of anywhere from \$250 million to \$750 million; that our welfare reforms are unworkable and our projected savings from these reforms inaccurate and impossible to prove. And you have been promised relief from the onerous burden of property tax in two different tax reform plans which actually do not guarantee such relief will be permanent or even long-lasting but which do vastly increase the total amount of taxes you will pay.

In my remarks at the inaugural last January, and again a week later in the State-of-the-State message to the legislature, I told you that a balanced budget was possible without a tax increase. I tell you now we can have a balanced budget without a tax increase if we are willing to tighten our belts and forego things which in better times might be desirable in a budget but which are luxuries in this time of economic stress. And if, in addition, we are willing to meet and deal with the long overdue need for welfare reform.

In these next few days the choice between increased spending or government economy will bring California to an unprecedented crisis. The issue is not a difference of opinion as to whether a deficit due to declining revenues can be resolved with or without a tax increase. The issue is in truth a confrontation between two philosophies of government - one holding that government exists to provide the people with services government thinks are essential to their welfare and that government has the right to take the people's resources for that purpose if the people lack the wisdom to provide those services for themselves, and the other that government should do only those things the people cannot do for themselves and do those things as efficiently and economically as possible. I subscribe to the latter view and think most Californians do also. Justice Oliver Wendell Holmes called it "keeping government poor and remaining free."

Town Hall

A few weeks ago we learned and you were told that the continuing economic slump had reduced our expected revenues by another \$200 million.

Faced with this new crisis Assemblyman Willie Brown, chairman of the Ways and Means Committee, responded by adding \$318 million to the budget we had proposed. Our own response was that adoption of "withholding" in the collection of personal income tax would produce sufficient additional revenue to meet the crisis without increasing the tax rates, provided, of course, we did not add any new spending to the budget.

In other words, cutting through all the rhetoric of charge and counter-charge, if the legislature will pass the \$6.7 billion budget we submitted, give us the welfare reform we asked for and adopt withholding, California can still have a balanced budget and the maintenance of essential state services without a tax increase.

I think this is what the people of California want. I cannot believe there is widespread agreement with Senator Moscone's statement that "Californians are getting away with murder and should pay more taxes." Reflecting that philosophy, the budget proposed in the state Senate has an added billion dollars in new spending (give or take a few million). On the Assembly side, the increase is holding at roughly about one-quarter of that amount.

You are entitled to know the reasoning behind my position. In the first place, Californians are already the second highest taxpaying citizens in the nation. Four years of economy have taken us from the largest budget in the nation to third behind New York State and even New York City. Still our cost for state government pro-rates out to \$1,350 per year for the average family of four. Add a like amount for local taxes and you have only figured one-third of the total tax burden. The rest is federal.

I do not believe that government should continue doing business as usual by adding a tax increase to the burden our people are already carrying.

Some of the new spending advocated by the majority leadership is to provide additional money for a pay raise for state employees and more money for schools and higher education. Admittedly these are all desirable and are things we wish could be included in the budget, but not at the cost of increased taxes.

Town Hall

I have asked our employees to do without a cost of living salary increase in the coming year. I take no great joy in that because we have the finest employees to be found in government anywhere. They will receive the usual merit pay raise which affects about 40 percent of them. And we have managed to include in the budget a number of important changes they have long wanted---unemployment insurance, time and a half for overtime, differential pay for night work, improved retirement benefits and an increased state contribution to their health program. May I point out there have been four straight years of cost of living increases for state employees totaling 21 percent which even with no increase in the coming year will still be a greater salary increase than in any other similar period.

Contrary to what you are constantly told, state aid for public schools has gone up more in the last four years than in any other four-year period in California history. From 1958 to 1967 teachers' salary increases averaged 4.5 percent a year. Since 1967 they have averaged 7 percent. The annual state subvention to public schools is half a billion dollars greater than it was four years ago but there has been no increase in the quality of education. In fact the major complaint is that quality of education has continued to decline. If there is to be a further increase in state spending, the people have a right to ask for some assurance that it will produce an improvement in the quality of education.

Our funding for higher education in the past four years has been greater than in any other similar period. Since the previous administration, the budget for the University has increased 40 percent; the state colleges have matched a 69 percent enrollment rise with an 88 percent budget increase. And state aid to community colleges has gone up 151 percent, 2½ times faster than enrollment. We have quadrupled our student aid programs.

Again, let me say I believe the people have a right to ask that through this temporary period of economic dislocation when they must hold the line on their own spending that government do the same. After all, if our tax revenues declined \$200 million below expectations, the people's earnings and ability to buy must have gone down a great deal more than \$200 million.

The legislature has been in session 24 weeks. It has been 16 weeks since you were kind enough to let me set forth our welfare reform proposals.

Town Hall

On that day sixteen weeks ago, we proposed a program that would change welfare's direction from a certain pathway to bankruptcy to a system that offers dignity and the prospect of an even higher level of support to those who really need help. We proposed a program that would have the state assume the full cost of supporting our needy senior citizens, the blind, the disabled---and to provide this support not within the demeaning welfare system, but through a pension program similar to Social Security.

We proposed a program that would give our over-taxed and impatient citizens the potential of a welfare system that would ultimately lessen its demands for tax revenue...a system that would reduce the number of people dependent upon public assistance by requiring those who are able-bodied to seek work, to train for a job or to help meet through the dignity of work some of the public service needs of the generous society that supports them.

That program has been before our lawmakers in Sacramento for almost four months. The governor of New York asked for our plan after we had submitted it to our own legislators. He took part of it, added his own proposals to it, submitted it to his legislators and signed it into law on April 7.

Here it has been dissected, debated, argued over and amended. We amended it ourselves when some counties expressed fears that their welfare costs would be increased. We did not agree that those fears were well-founded, but to give the counties an iron-clad guarantee that they would not have increased costs, we amended our proposal to make that assurance official.

I repeat the pledge I made in your presence on March 3---"there will be no added costs to the counties and no additional burden to property taxpayers." Most county officials have reviewed our amendments and know this to be true.

Our figures on potential savings if welfare reform is enacted have been challenged and picked at on an almost daily basis.

Those figures are the result of a year's study and research by a Task Force working with county welfare officials throughout the state. And they have been confirmed by a team of career professional statisticians in the Department of Social Welfare, utilizing exhaustive field research material and computer analysis.

I have full confidence in our projections. In fact, we have been so careful we probably have underestimated the real savings that can actually be achieved.

Tomorrow we will release the new welfare figures for May. These figures will confirm a definite decline in the total number of people on welfare in California for/ ^{the second month in a row} ---even in the face of serious unemployment.

Some of this is caused by our regulation changes. Some, no doubt, by our constant repetition of the need for tighter eligibility and a work requirement.

Encouraging as these figures are, they are at the same time tantalizing in the extreme:

For if we can cause a dent in the caseload simply by talking about ^{the need for reform} /and tightening the regulations, just think what we could do if the legislature would give us the legal authority to really reform welfare.

It has been personally frustrating for me to hear over and over again the false charge that I refuse to negotiate or accept any kind of compromise. From the first week of this session I have asked the majority leaders of both houses to join with us in a bipartisan approach to the major problems of welfare tax reform. The people sent a majority of Democrats to the legislature and a majority of Republicans to the executive branch. They must have intended a bipartisan solution to the state's problems. There are responsible Democratic members of both chambers who have tried to join their Republican colleagues in such an endeavor. Unfortunately this is not the position of the Majority Party Leadership. They have chosen a less productive course.

We won agreement from the Democratic leadership that welfare reform would be resolved with the budget. After all, a budget can hardly be adopted or revenue needs known if the subject of welfare, our biggest cost item, is left up in the air.

With their agreement, I envisioned a series of meetings in which we would negotiate our differences. They would tell us what was unacceptable in our plan---offer their own proposals and we would wind up knowing at least how much of our welfare reform the legislature would approve.

When weeks went by with no such meetings taking place, I again called the legislative leadership of both parties together. It was then we were told our welfare reform would die in committee.

Town Hall

The committee chairman had built his own reform plan (without benefit of any negotiations). It was presented to us as a compromise since he had borrowed several points from ours.

It is not a compromise and it is not welfare reform. It ignores 75 percent of the areas of abuse we are trying to correct. In short, it offers only what we have now---the continuation of a discredited welfare system that is failing its humanitarian purpose, and the taxpayers who support it.

Finally, this alternative we have been offered adds hundreds of millions of dollars to the projected cost of welfare under our proposal.

To those who say our welfare reform is dead, that it has been killed by the action of one committee, my answer is that the California legislative process is not that inflexible. The essential elements of true welfare reform can still be enacted through amendments---it does not matter whose name is listed as author.

Put another way---it is not parliamentary blasphemy to suggest that what one committee has torn asunder, a majority of legislators can join together again.

Ours is a reasonable program with humanitarian goals and it can be enacted into law. It does not take four months more to pass it. It can be passed in four days if a sufficient number of legislators can be convinced that the people want this problem solved before it destroys us.

The pattern I have just outlined was followed with regard to tax reform.

Meeting with the speaker of the Assembly early in January, I said I would not reintroduce my tax reform plan and suggested that Democratic and Republican leaders in the legislature meet with me in a bipartisan attempt to hammer out a mutually acceptable bill which could then be submitted to the legislature for passage. This suggestion was enthusiastically received by the new speaker. The next word I had on the subject was a last minute statement that they would announce their own plan. It was introduced in the Assembly followed by charges that I had violated my campaign promise by not introducing tax reform of my own.

A bi-partisan effort did go forward in the Senate and only after it became clear these negotiations were stalled did we then offer our own tax reforms to the legislature. We were willing to make adjustments and certainly willing to agree to any authorship the majority party proposed. The main goal was to provide tax relief for the homeowner.

The only area in which we could not compromise was that tax reform must not be used as a device to increase the overall tax burden.

If the taxpayer ends up paying more, in my book, that is not tax reform. That is a tax increase. And that is what some of the majority leadership seems determined to enact.

The figures they claim for tax relief sound intriguing. But they do not tell you what is hidden in the fine print.

One of the plans they offer which they call a "compromise" actually would mean a phased income tax increase of \$965 million---

60 percent more money than the state now collects from income taxes.

Under this plan, it would be possible for a citizen over 60 who owned a \$60,000 home to pay no property taxes at all while the married homeowner in the \$10,000 to \$15,000 a year income bracket actually would wind up with an overall tax increase.

Another of the so-called tax reforms carries with it a large tax increase and also utilizes the one-time windfall that accrues in the first year of withholding. This is a built-in tax time bomb.

Ongoing programs are financed for one year by this one-time windfall and then comes the discovery that the program has a second and third and fourth and fifth year and so on into the future and revenue must be found for each of those succeeding years.

As I said earlier neither of these bills has any provision to guarantee that the reduction to the homeowner will not be wiped out by new property tax increases. It took only 18 months for that \$750 exemption the state provided in 1968 to be completely wiped out and now you are paying higher property taxes than you were before the exemption.

Our proposal offers a sliding scale of homeowner relief ranging from a 100 percent cut on the lowest price homes to 20 percent on those above \$47,000. And we include spending controls to ensure you keep those reductions. In the \$25,000 price range tax bills would be cut 34 percent.

There would be further savings because:

We would reimburse the counties for 60 percent of most of their welfare costs over and above a basic 25 cents of the county's tax rate.

--We would shift to the state the cost of financing the veterans property tax exemption, and have the state assume a substantial part of the costs of our courts---a burden that has been growing in recent years.

Town Hall

To finance this tax reform, there would be, among other changes:

--an increase in the state sales tax---not to exceed one cent.

--an increase in bank and corporation taxes this year and next year.

--an increase in the higher income tax brackets.

--a reduction of the oil depletion allowance to increase the state's revenue from the oil industry---in conformity with the lower depletion allowance adopted by the federal government, and a minimum income tax.

Incidentally, this is the second consecutive year that I have proposed a minimum income tax.

I have spoken of "withholding" as a way of replacing our lost revenues and also of the one time windfall so let me make sure there is no misunderstanding about these items.

Withholding catches each year an estimated \$20 million not now being collected, the so-called cheaters. In addition, it picks up some \$75 million a year as incomes go up and new jobs are added and another \$75 million is money that represents over-payments by the taxpayers---money which the state can use until it is returned to the taxpayer. By that time, another \$75 million has been overpaid so the state's revenues are actually increased about \$170 million through withholding.

Eighteen months ago, when I reluctantly gave up my opposition to withholding I did so because our cash flow problem made it necessary. I informed the legislature that our cash needs by October of this year would force us to sell tax anticipation notes or tax warrants unless we had withholding in time to give us an even cash flow throughout the year. Withholding was part of the tax reform we presented last year which failed by one vote in the Senate, even though it had the votes of 78 percent of the legislature. My prediction that we would have a cash shortage this October has been verified---in fact, moved up by our economic crisis. Our cash flow problem will catch up with us in August and possibly July. There is no reason why withholding should not have been passed early enough in this session to have gone into effect July 1 and there would then be no need for tax anticipation notes or tax warrants. There is still time to pass it and have it implemented by January 1 so at least there will never again be a need for that kind of borrowing.

Withholding also produces a one time windfall, the result of the overlap of collecting next year's tax by withholding between January 1 and April 15 and collecting this year's tax on April 15. I had hoped that this \$500 million windfall could have been given back to the people much as we gave the 10 percent rebate a year ago.

Now, however, with the economic crisis delaying so much necessary construction and the need for local schools to meet earthquake construction standards, I am proposing that: half the money go back to the taxpayers and the other half be used for one time needs such as school construction, community colleges and higher education buildings and park and recreational developments.

But why hasn't withholding been adopted? I was about the last holdout and I gave in a year and a half ago. There is a bill before the legislature and withholding is part of the two Democratic tax reform proposals. Well, the Democratic leadership has let me understand that they are holding it in order to buy some concessions from me. If it was not so costly, that should be quite a laugh.

They are going to buy something from me, the one who had to be pushed screaming and kicking into accepting what the Democrats have wanted for the last ten years?

They play games while the people of California undergo the added expense of tax anticipation notes or tax warrants---no wonder people don't like the taste of politics.

Still I say again---there are many fine men on both sides of the aisle who want to achieve realistic reforms and a bipartisan solution to California's problems. Others unfortunately subscribe to a belief that they can ignore the voice of the people in a non-election year and the people will forget before election year rolls around.

I do not accept this cynical view. I believe our system can and will be responsive to the voice of the people if the people demand to be heard.

In the few days just ahead, it is reasonable to assume that I will be presented with a budget out of balance by reason of additional spending proposals. There will be an additional \$200 million deficit because of the reduction in revenues and because withholding will not have been adopted to cover that deficit. And there will be no welfare reform legislation so more millions of dollars will be added to the imbalance.

Town Hall

Then, with the need to have a budget as the Constitution requires adding urgency to the situation, those who are philosophically bent on increasing the size and cost of government will offer to negotiate. Their goal will be to strike a bargain in which I agree to a goodly portion of their increased spending proposals in return for some concessions on welfare reform and possibly withholding; and that I join them in proposing tax increases to cover the additional new spending. They believe in tax increases, but they don't like being out there all by themselves when the time comes to be held responsible.

(I suppose we have been on our way to this confrontation for four and one-half years). The price they are asking of me in their irresponsible partisanship is one that would have to be paid by the people of California. It is a price I will not ask the people to pay. A workable, practical budget can be balanced without a tax increase by the adoption of withholding and a meaningful welfare reform.

It is my position that we can and must learn to live within our present income. I hope I have your support.

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