

001178

REMARKS

MINNESOTA DFL CAUCUS

ST. PAUL, MINNESOTA

FEBRUARY 28, 1973

DFL

001179

① where a man
stands often
~~depends~~ depends on where he sits!

Feb 27, 1973

TO: Senator

FROM: Bob

RE: Budget Cutbacks-- a Summary of Various Areas

I. A. Manpower - National -- out of \$1.095 billion

Public Service Employment Program

-- loss of 180,000 jobs in state and local
governments by summer of 1973;

27% of those jobs filled by Vietnam vets

33% filled by poor

2. Summer youth -- neighborhood youth

-- no appropriation: loss of more than 500,000
summer youth jobs

3. Vocational Rehabilitation

-- 1/3 reduction

4. Job Creation and Training programs

-- cut 29%

-- no funds to operate Mainstream and Contrated
Employment programs

-- Manpower Development and Training Act eliminated

Organization
Procedures
modernization
Research
work
Series!
Teamwork
Caucus.

B. Manpower - Minnesota

1. Freeze on new enrollments for the 91 Manpower Administration contracts in Minnesota
2. Loss of \$231,000 and at least 47 New Careers training slots
3. More than 2,500 persons in Minnesota will lose jobs under the phase-out of Public Employment programs.
4. Cutbacks in the Concentrated Employment Program will not allow any expansion into rural Minnesota and will jeopardize the 585 persons currently enrolled in CEP.
5. Neighborhood Youth Corps

-- Minneapolis in 1972 had 1,800 slots. The 1973 summer need is 3,080 slots.

-- There is no money for this program.

7m minn loss of over 10,000 jobs

-- St. Paul in 1972 had 1,008 slots. There is a
need for 1,300 slots.

-- There is no money for this program.

C. General Impact of Manpower Cutbacks

1. Reduces amount of federal funds available for Minnesota.
2. Reduces the number of individuals who can be trained and served in Minnesota.
3. Increases official and hidden unemployment -- especially affects rural areas where there is a lack of jobs and other opportunities.
4. { Freeze on new enrollments and monthly contract modification adversely affects program performance by:
 - a. Requiring sponsors to plan on a month-to-month basis;

- b. Requiring sponsors to prepare contract modifications and budgets every month;
- c. Makes relative costs of programs higher than benefits because it reduces number of persons who can be served (serve fewer persons with same administrative costs); and
- d. In many cases violates unilaterally terms of contracts, i.e. JOBS and CEP contracts have monthly enrollment requirements already in contracts. Unilateral federal action could be a violation of contracts.

II. A. Health - National

1. National Institutes of Health

- Only cancer and heart programs will have increases over over last year. Other programs such as child health, environmental health, neurology, etc., suffer a cutback in research funds.

-- Fund cutbacks are consequence of

- (a) phasing out training grants
- (b) phasing out fellowships
- (c) reductions for new and competing regular health research

← -- Fellowships training grants decreased \$61 million from last years end.

← -- Bio-medical Research cutback, some programs as much as 50%

2. Health manpower

- a. Capitation grants for schools of nursing eliminate -- also capitation support for schools of pharmacy, optometry, pediatry, and veterinary medicine will be eliminated.
- b. No construction grants for any of schools of health professions

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-- Hill-Burton eliminated: Is there no need to build, rebuild, modernize, and renovate hospitals?

3. Funds for mental health research and training programs are to be cut by \$40 million

-- increases in drug abuse research has forced compensating cuts in general mental health and alcoholism research.

-- decrease in alcoholism of \$2.8 million from \$12 to \$9.2 million.

-- mental health decrease (research and training) from \$200 million to \$141 million

4. Community Mental Health

-- 515 centers are now established

-- Federal funds currently provide only 30% of centers; state and local provide remainder.

-- Nixon budget puts all funds for 8 year phase-out into 1974 budget while claiming increase from 600,000 to \$1.2 billion.

5. Regional Medical ~~Authority~~ **Programs**

-- Termination of this program -- originally designed to expedite and coordinate health delivery and planning

6. Health Services Delivery

a. Comprehensive Health Services

-- will get a transfer of \$102 million in project grants from OEO

b. Family Planning

-- increase because of transfer of funds from OEO

7. Public Health Service Hospitals

-- Withdrawing support from 8 hospitals. Wants local to take over, and if locals don't take over, in-patient admissions will cease.

8. Community Environmental Management Program would lose all its funds for health education, hygiene, community development.

-- Staff reduced from 244 to 43 positions

9. No funds to implement the Veterans Administration Medical School and Health Manpower Training Act of 1972.

10. Medicare

-- Increase cost for medicare patients nationally by 1.6 billion:

-- increase deductible from 60 to 85.

-- 2nd day cost to be 10% rather than free.

-- Minnesota has over 420,417 persons enrolled
under Medicare.

III. A. Education Cutbacks

1. Cutback in National Defense Education Act low interest loan.
2. Supplemental opportunity Grant program for low income students will be discontinued.

303,000 students face a cutback.

3. Eliminate federal subsidized loans for construction of higher education facilities
4. Eliminate Impact Aid
5. Cutback in funds for training teachers

6. All money for operation of public and school libraries would be cut back
7. Elimination or phase-out of federal aid to land grant colleges, follow-through, university community services, and NDEA programs for post-graduate students; aid to state departments of education
8. Cutbacks in Title I; ESEA program; also cutbacks in vocational education -- from \$557 million to \$308 million.

-- Replace the Title I, \$1.5 billion program for disadvantaged children with Educational Special Revenue Sharing

B. Education -- Minnesota

1. \$1.02 million current impounded under Title III of NDEA -- equipment grants
2. \$2.89^{million} impounded in ^{impact}~~imported~~ aid for Minnesota schools

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-- \$96,000 in educational planning grants denied

-- \$200,000 impounded in library construction
funds

2. Elementary and secondary education programs
being cutback in Minnesota more than higher
education.

IV. Agriculture

1. Termination of FHA and SBA disaster loan programs
2. Terminating Rural Environmental Assistance Program
 - impound \$225 million
 - cut 700 conservation engineers from soil
conservation service
 - \$3.8 in Minnesota funds
3. Termination of FHA rural housing loans

- subsidized interest under sections 502 and 235
- 43 of America's poor housing in rural areas
- 250 applicants in Minnesota

4. Termination of REA 2% loan programs

- affects more than 1,000 rural electric systems
and 25 million customers

5. Termination of rural community water, sewer, and
soil waste disposal planning and construction grants

- Minnesota will lose \$850,000 or 15 projects ~~immediately~~
immediately. This does not even consider 50%
of allocated funds previously impounded.

6. Cutbacks in Farm Payments

- 800 million under 73 feed grain
- 100 million under 73 cotton

Also: Nixon's New Farm Program Proposal

7. Water Bank Program Termination

- 10 counties in Minnesota designed as eligible
- Minnesota farmers would receive more than \$100,000 during FY73.

8. Other cuts:

- Termination of EDA
- No Agricultural 1974 Census
- Termination of special milk and summer feeding
- Elimination or reduction of surplus commodity feeding program
- No Administration budget request for grants authorized by Rural Development Act of 1972.

V. A. Housing/Urban Development

1. 2nd half of calendar year's allocation to governments under general revenue sharing is pushed into FY74, thereby "saving" 2.5 billion.

-- but with magnitude of cuts, recessions, and termination of federal categoricals, cities will be behind their last year's position -- before general revenue sharing was enacted.

2. Budget for HUD is down 36% in new appropriations requested and 26% in new program commitments

-- Urban renewal
-- Model Cities
-- Open space
-- Basic water and sewer grants
-- Public facilities loans

All will not be funded unless Congress puts them into special revenue sharing

3. Impoundment of HUD funds constitute 16% of HUD 1973 budget and 21% of 1974 budget.

4. All HUD's 701 planning grants will go to Governors. Presently 25% of funds go to cities over 50,000.

5. Future grant funds for New Community Development will be eliminated.
6. All Model cities funds eliminated at end of FY73; same with Rehabilitation loans, urban renewal, etc.
7. Housing Freeze and cutbacks
 - a. No new funds for
 - 235
 - 236
 - Rent Supplements
 - Public Housing Production
 - b. Public Housing Management
 - operating subsidizes \$280
8. Cutbacks mean
 - total economic loss of \$19 billion

-- 470,000 planned housing units lost

-- 220,020 construction jobs lost over 20 years

9. Housing problems more result of Nixon mismanagement than failure of program concept.

B. HUD Cutbacks in Minnesota

1. 1,500 units of public Housing
2. 1,000 units of subsidized housing
3. Too early to tell exact impact of
 - Model Cities
 - Water/sewer grants
 - Rehabilitation

VI. Poverty

1. Welfare:

a. Project Headstart -- \$92.6 million below
authorized level of \$500 million

b. Social Service Ceiling: regulations will
put spending below \$2 billion -- which is
still below the \$2.5 billion ceiling

-- will sharply curtail cities flexibility to
provide services for elderly, consumer
education, retarded children and youth

-- also phoney "savings" of \$2.7 billion

2. OEO

-- being dismantled

-- no community action funds

-- functions being transferred:

a. Labor to get \$5.3 for manpower reserch

b. HUD -- testing for disadvantaged persons

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housing

- c. HEW -- testing for child care and causes of poverty
- d. HEW -- health and nutrition programs
- e. Office of Minorities -- economic development programs
- f. Labor -- migrant workers programs

VII. Environment

1. Water Pollution

- Nixon to allocate only \$5 billion of \$11 billion available for water pollution-construction grants
- Only \$1.9 billion of \$2.5 billion authorized will be used to reimburse cities and states that built control facilities without direct federal aid
- Only \$25 million of \$100 million authorized will be obligated for waste treatment management

2. Noise

-- Total federal noise pollution control and abatement will decrease by \$10 million

3. Parks and Recreation

-- Total funds for Bureau of Outdoor Recreation will be cut \$244.5 million to a level of \$90 million

4. Air pollution

-- Cut by 6.1 million -- from 152 to 146

5. Solid waste -- cut from ^H30.0 to \$5 million



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