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7/22

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JULY 22, 1969

Reported by

Beverly Toms, CSR

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

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Q Governor, Senator Burgener has a bill which you signed, which would give school \$16 million dollars in supplemental aid. Is that \$16 million dollars come from -- is that within the 120 million dollars you say is available or is that on top of it or --

A Isn't this of all the things you could anticipate, I have to tell you I'm going to have to ask for help on that one, I can't --

VOICE: Yes.

A It is within part of the use of that money.

Q So that there is only \$104 million dollars left?

A No, these are all -- these are all bills for apportioning that total amount.

Q Governor, are you supporting the Knox bill tonight before the Finance Committee, the bi-partisan bill to save San Francisco Bay?

A At this stage of the legislature it is kind of hard to say when you are supporting a bill, the changes that are occurring are so rapid that I'd rather not, and you know, even more than during the rest of the year at this particular time, not comment on them specifically. Again, let me say I've made it plain and I laid down six criteria earlier over in Davis as to what I thought should be incorporated in a bill, and I want a strong bill come down that guarantees the preservation of the Bay, meet those criteria, involves of course is one of those -- was compensation for individuals, owners of private property in the event that they are ruled out of use of that property and so forth, and I definitely want such a bill and will sign it but I'd rather not -- I can't get into discussing what are the particulars of a bill now with the way they are moving and the changes and the amending that is going on.

Q Governor, if I can just follow that up, if -- without your endorsement of a specific bill there are some people who feel that there won't be any bill that's going to get out -- out of this committee. Now, are you -- is your administration endeavoring -- can you indicate whether there is any efforts being made to get some kind of a bill that's acceptable?

A Well, we have sent messages up and sent one just a few days ago repeating again that this is a little bit like the BART controversy. I've tried to stay away from acting or sounding as if I'm dictating to the actual specifics or particulars other than the broad principle that was first enunciated in the State of the State message to the legislature and as forcefully as we can we are telling them we want a bill down here that meets those criteria and that guarantees the preservation of the Bay.

Q Governor, has your office investigated at all the questions raised by Cal-Expo --

Q Can we continue on this --

SQUIRE: Why don't we finish this other question.

A They want us all to finish a subject. I'll come back to you.

Q Governor, if by some chance the legislature does not pass a bay bill by the time it adjourns, would you call the legislature back into special session to save BCDC from expiring?

A Let me see, when is the expiration date of BCDC?

ED MEESE: 90 days after the session.

A 90 days after the session closed, I would have to, yes. Is this --

Q Governor, I have to go back on the \$16 million that we started with. That switches \$16 million from kindergarten to junior colleges --

ED MEESE: No, it doesn't.

Q Isn't that the same one?

A No, we aren't talking about the same thing. Now can we change the subject, because I got a number one man.

Q My question was regarding the questions raised by Cal-Expo about the claims submitted by their master concessionaire, American News Company, has your office looked into that at all?

A We have -- as to looking in, we have joined with the

Attorney General, cooperating and supporting, endorsing this investigation. I hope there has been no wrongdoing, but certainly if there has been we want to know it and we won't stand still for a minute for any -- any of that kind of wrongdoing and so we are joining in in support in this -- in this investigation.

Q Governor, are you sympathetic on efforts in the legislature to pay school districts for teacher's salaries for Monday? School districts observed the holiday.

A Well, I'm certain there was no intention to deprive the school system of money they are entitled to in the declaring of that holiday. On the other hand, I don't think there was also any intention to simply give someone added money or let someone make money out of the fact it was a holiday. I think if the schools are entitled they shouldn't be deprived of money they are entitled to and we will look into that and we have already -- I've already passed the word to look into this and see what is needed to insure that justice is done in that regard.

The state workers were paid. How could they be more or less entitled to the money than the teachers?

A Well, this is what I said. If this is money they are entitled to, we want to make sure that through a technicality they are not deprived of that.

Q Since the state workers were paid, then this is your inclination at this point, the teachers probably are entitled?

A I don't know whether the rules are the same for all employees or for schools as they would be for our state employees, but as I say, whatever is right and whatever they are entitled to, we will try to see that it happens.

Q Governor, you gave Senator Beilenson a letter authorizing his bill to tax unrelated church property to go ahead of the budget bill.

A Yeah.

Q And that bill passed the Senate this morning. Does that mean you support his bill?

A Well, here again, gentlemen, you've -- again I'm just going to have to say this every time now that you ask, in this stage I'm not going to comment because they are changing too fast and I'm not going to comment until I see the finished product now.

Q What about that bill, particularly, what you authorized to go ahead of the budget, do you support that bill as it was then?

A Well, again I'd rather not comment now. I don't know what's in line, there may be -- someone may have some amendments that I would -- I'd be discouraging if I commented. I'm just not going to comment on legislation that is moving as fast and changing as much as legislation is now upstairs.

Q Well, Governor, not about that bill particularly, but what about the philosophy of taxing an unrelated church business? I mean do you have any ideas on that subject at all?

A Well, I think there's been pretty general agreement -- there is among the church people themselves, that this type of thing has gotten out of hand, but I think it should -- we shouldn't always just relate to the churches, I think there are a number of other non-profit organizations that are out owning businesses that have nothing to do with their particular function and are enjoying these benefits and I think a review of all of this is necessary.

Q But non-profit corporations already are taxed, churches aren't; that's the point in this, this incorporates --

A I think there are other organizations that aren't.

Q On their income?

A Yes, for example in the field of organized labor, the same thing takes place, and I think all of those things that are still omitted should be looked at and as I say, there's pretty general agreement the churches themselves have supported this type of thing where they are concerned.

Q Governor Reagan, a bill by Senator Nejedly was approved in the Senate today which would ban the use of DDT by 1971. Again, in general principle, are you in favor of banning this pesticide? Well, again, Ray, you've got me on one that I don't know what's going to happen to it or what they are going to change in the bill or whether they are going to change it. As I said sometime ago, with regard to this and all of the pesticides, it is nothing new for the Department of Agriculture to be embarked on a program of review of their use and certainly we should be moving on this and moving very forcefully in all these fields. Now, I'm not going to comment on that specific legislation, but DDT is one of them, of course, that the Department of Agriculture's already made great reduction in the amount that's being used and the manner in which it is being used.

Q Governor, in that line have the cotton people been in

touch with you on the subject?

A No, they may have reached Earl Coke by now, but not with me. This I know is one of the areas where a substitute would have to be found if something of that kind took place.

Q From information you have received, do you believe that DDT is harmful to the environment?

A Well, I've got two scientific accounts. I don't know whether you could call either one of them completely objective, with completely opposite viewpoints on that and both of them make a good case if you only read one at a time; you could either be for or against depending on this. The trouble is to maintain our agriculture economy we know the dependence we have on pesticides and we are not as sure there are some of these substitutes or potential substitutes that at the moment would be relied upon in the place of DDT and we don't have the information we should have on them. They might turn out to be potentially more harmful than DDT, so it is one of those subjects that requires a lot more light and a little less heat.

Q Change the subject?

A All right.

Q If tax reform is not passed in this session, will you call a special session on that?

A Actually I haven't -- I haven't made up my mind on that. The truth of the matter is we are going to do everything we can to push it in this session. I have the agreement of our Republican leadership that they are joining me in this, and I haven't given up on trying to get it through the legislature. I recognize, of course, the time element that's involved, but I have to also look at this fact that the tax program as we recommended it would not become a fact or be implemented until and unless the people next June on a ballot pass the constitutional amendments. Therefore, the time element as to whether to have a special session or to go to work again in January is not that important because it would not mean a delay in the actual implementing of the tax program. But I'm going to -- I still would like to see it buttoned up and passed by this session.

Q Governor, what is your assessment of the chances of that happening?

A I've often wished I could read those hundred and 20 minds upstairs. I don't know. I'm an eternal optimist. I'm going to keep trying, as I say I have the agreement of the leadership, they too are going to be pushing.

SQUIRE: Governor, there is a gentleman from Detroit who wants to ask you a very short question on the -- your position on the grape strike, way in the rear.

Q Governor, would you explain your support of federal legislation to assure bargaining rights for farmworkers and yet your opposition to the state legislation that would assure the same thing?

A It isn't really -- and I'm sorry that there is this feeling of opposition to state. We had legislation and have it pending in Washington on this, and it is a matter again of the competitive position of our own agriculture economy. Right now we are the only state that's implemented 9 of the 10 -- practicing 9 of the 10 criteria laid down a few years ago by the labor department and it has put us at a competitive disadvantage because we are undergoing expenses and have added to the production cost over and above other states competitive farm states that have not -- are not practicing these same procedures. And it seems to me that it would be far better in the labor market and in this competitive farm market if we had national legislation in that field. If that's not to be and we can't get it, then we will proceed here at the state level. But we had that legislation moving, we had a request for support from Washington and we announced our support of that legislation. We'd all be better off -- right now we are the highest paying state in the whole farm economy of all the 50 states, and to -- to pass some legislation here and let the other 49 states still go with an added advantage, we'd rather see it national.

Q We have _____ by your office over the week-end, made reference to "the futility of negotiating with someone making non-negotiable demands." Do you know of one party or the other in the farm worker's dispute who have made such demands?

A As I understand it, I'm trying to recall now what we were commenting on specifically. I think this had to do with some of the demands that were made to the 10 or 11 farmers down in the Coachella Valley who were trying to negotiate with them and I think -- wasn't that an actual quote of their own remarks and the lawyer, Mr. Kaplan,

representing them, who said that there just -- it was: apparent that there was no way to negotiate.

Q Well, this release is quoting you, sir, you are saying the person who made that comment was originally -- was from the farm workers union?

A I'm saying that I think that these words were also used -- no, not from the farm workers union, this was made by the lawyer representing the growers who said that they just -- they in good faith were the ones who invited negotiations and found they couldn't negotiate. Mr. Kaplan made a very strong statement.

Q I see. Governor, back on the salary for teachers, the *(holiday pay)* school districts say that they are contractually obligated to pay that money.

A I know.

Q Regardless of anything.

A I know.

Q Are you saying, as I understand, that it is possible then that the state won't help them come up with that money?

A No, as I -- I made it perfectly plain that they are entitled to this money. There is no intention on the part of the state to deny them that money. Now I don't know in all of the requests that are being made under that whether they might also be adding in some money simply that they are not entitled to and that they didn't pay out and the chance to get some. Whatever they are entitled to there is no intention to deprive them of it and we will find out how we can get it to them.

Q Governor, Senator Murphy yesterday spoke of the revenue sharing concept, moving along in Washington, and he spoke of some of the problems to be resolved. For instance, how the money goes to the cities and counties, pass through the state and go directly whatever. Has your administration arrived at a policy decision that is taken back in conversations in Washington about how California would participate in revenue sharing? Would you prefer money to filter through the state government down to the counties and cities?

A Well, we have asked for a block grant concept and we have also at the suggestion of the administration in Washington, we are calling a meeting of mayors in the near future to sit down and treat

with our mutual problems. I believe that -- from the federal level it does have to come by way of the state. I think this is a far more orderly process than to have all your cities getting into competition one with the other which has been the case under some of the poverty programs in the past. But it also means, I think, that the state has got to be equally just and fair in its distribution of this money and passing it on.

Q Governor, in this meeting on mayors, that's a meeting of the governor ~~and~~ ^{and} mayors or what or whom?

A This would be a meeting, for example, of our own state, of our own mayors and county officials and our people to coordinate our efforts and to have the same kind of liaison with local government that we have always espoused, but that also would match the kind of new liaison and working arrangement we are setting up with the federal government.

Q Will that happen before the Governor's Conference, do you think? The end of August? The end of August and first couple days in September is the Governor's Conference.

A That is the Western Governor's Conference?

Q National Governor's Conference in Colorado Springs.

A Wait, I got all three of them. Over Labor Day is the National Governor's Conference.

VOICE: Our conference will be later than that.

A Our conference is in the fall.

Q Another subject, this involves legislation, Governor, but I think of your own program this morning the Senate adopted over Senator Way's opposition Democratic amendments that would allow your re-organization plans to be treated piecemeal by the legislature rather than having it just adopted or rejected. Do you feel that it is important that you have the authority to reorganize your own branch of government as it were, and what your position on these Democratic amendments --

A This is why we asked for re-organization. Yes, I do think the Executive Branch should have the right to re-organize.

Q Governor, as a result of this Vallejo police and fireman's strike, are you now prepared to face the possibility of similar strikes in other cities?

A Oh, I think that possibility exists, yes. I don't think there is any question about it. Again I have to reiterate I cannot

believe in the right of employees, particularly in the areas of public safety, in their right to strike. At the same time I must say I think that every echelon of government has a responsibility to make sure that they have adequate machinery for treating with their employees, making sure that requests as well as complaints and suggestions can be heard and acted upon, and yet I cannot agree to public employees striking because government unlike a private employer cannot go out of business. Government has to continue to provide the services and the protection that the people have asked for and therefore unlike a manufacturer you can't close the plant and wait till you settle the dispute.

Q The complaint was made during the course of the strike that the Forestry Service people and others you sent in were in effect strike breakers.

A They could say that if they want to, but on the other hand the Constitution makes it very plain about the necessity to offer protection to the people and I don't see how you can ever at any time allow a community of any size to be sitting without protection, of police, protection and of fire protection. So we provided the people for that. Again, as I say, this fits my theory, I'm sorry it had to -- that it happened. I could hope that it won't happen again. I don't believe in the right of public employees to strike. I do believe in the responsibility of government to provide the best machinery they can for resolving the management and employee problems.

Q Change of subject, Governor. Do you feel the incident regarding Senator Ted Kennedy has possible political implications?

A Well, if I believe what you fellows are writing and what you are showing on the -- I'm hearing on the news, I'm sure that anything of this kind in the life of anyone in public life has a bearing, but I imagine that that would be -- you wouldn't be able to comment on that until the results of all of the hearings that will be held and the trial and so forth to know.

Q On another subject, Governor. Regarding the two-year old campaign by the citizens group to build a governor's mansion, they have just raised sufficient funds for the site and they have proposed that they turn the site over to the state government and let the state government build a house and the furnishings that would cost about a million dollars. What is your view of that proposal?

A Well, they didn't propose it. They had a request from some members of the legislature and incidentally some Democratic members of the legislature who asked them and who expressed the belief that this was just pretty ridiculous in this state to have the thing that we had a short time ago with regard to landlords and whether we are going to be ejected or not from the house we were living in, and I don't know what their course of action is or how they are going to do it or what they are going to do, but they proposed at the time, they asked if this committee would be willing to join in a kind of joint venture by presenting the land and the plans, whatever else they had, and the legislature then pass an appropriation to carry on from there and it just seemed to me a kind of compromise answer to those people who from the very beginning said they thought it should be done by the state and not by a -- by citizens voluntarily and it is my understanding that the committee expressed their willingness to do this, to contribute the land and the plans and so forth, if they followed through. Now, I don't know the status of it yet, nothing that I can see has been introduced on this matter.

Q Would you approve such an appropriation if it is sent to you by the legislature?

A I'd approve it only if I could look at the bank and see if we had that much money coming in. I would not cancel out something in the budget to do that. But I think it is something that's been long overdo. The legislature first voted to have a Governor's residence in this state, I think it was in 1932. And so far nothing has happened.

Q Governor, Senator Teale is saying it is false economy for you to have cut from the budget 7 and one-half million dollars item for Cal-Expo in repayment of the loan. Would you react to this and what do you feel you should do about this?

A I don't think it is false economy at all. The whole reason for it was the other way around. We have a -- a committee of the Executive Board of Cal-Expo that is out in the field now with regard to getting cooperation from the private sector on the taking over of Cal-Expo and the hope would be that this 7 and a half million dollars would be a part of the concession price if private enterprise can be found to take over. So that's why it was held out.

Q You are hoping to sell it then within the next budget period?

A Well, whatever the arrangement is, sell, lease or whatever, that one of the part of the price would be the paying of the 7 and a half million dollars.

Q Governor, is this private enterprise that's so interested in taking over Cal-Expo -- we hear it all the time, but never any names, do you know people personally who are interested in buying Cal-Expo?

A No, I was saying here, I understand there have been some inquiries, but this committee of the Executive Board is out trying to find and establish a relationship or a contact.

Q Governor, this is a Sacramento Committee or a state committee?

A This would be the -- well, this is the Cal-Expo Executive Board and they have appointed a committee of their own members, they are all executive board members.

Q Isn't there a local committee doing the same thing, Sacramento committee?

A Now, that -- is there?

ED MEESE: Just a finding committee of the Executive Committee.

A That's the only one I know of.

Q Governor, are you relieved that apparently the Greyhound racing bill won't get to your desk?

(Laughter)

A Well, how do I answer this one without having you all run for the phones or not? I've never been sold on the value to the state of that and maybe I'm prejudiced because I love horses. I don't know.

SQUIRE: Any more questions?

A I had a dream the other night I was riding in a Steeplechase only I was riding a dog instead of a horse.

Q Any more questions?

A I bet on a few, but I'd never ridden one.

Q Governor Reagan, yesterday Senator Murphy said that he was definitely running and would be proud to run on the same ticket with you. Is this indicative that you made a definite decision for 1970?

A No, no, it is -- I guess the rules and the time are different for incumbent Senators than they are for incumbent Governors. I made no commitment or statement I was appreciate of his plan and I could say this, if I were a candidate I would be very proud of running on the ticket with Senator Murphy. I think he's been a fine Senator, I think he's been great for California and I hope he's a Senator for a long time to come.

Q A quick question. There is some movement to declare that Moon Landing Day as a national holiday, continuing holiday. Would you be in favor of this?

A Offhand, I'd have to say that -- I don't think -- you know, we have all gotten a little blase about the fellows, they make it look so easy, and yet when you stop to think of what's actually happened, of man setting foot out there on that body out in space, it is a historical moment and it well should be preserved before time just takes it out of our minds.

Q Governor, yesterday you said that you couldn't endorse Senator Murphy in the primary because you don't want to take a stand in the primary. Didn't you endorse Mr. Wood in the primary when he was running for the Assembly down there?

A No, Bill, I was asked about that down there at the time and explained to the local press the difference between that situation and the other special elections where I did not participate. In that one the party and the County Republican organization, they did get together and while a couple entered that campaign, an actual party decision was made at the local level that he was the endorsed candidate and technically, as you know, the runoffs in -- or the preliminaries, not runoff in special elections, does not come under the laws regarding primaries and so they could do that. The very few votes that the other candidates got, I think, shows that the party had spoken on behalf of the party majority and that's why I felt free to campaign in that one, where I had not done it in the others, where there had been no such party decision and where there were legitimate candidates, all of them backed by various elements of the party.

SQUIRE: Thank you, Governor.

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7/28

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD JULY 28, 1969

Reported by

Beverly Toms, CSR

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PAUL BECK: If I may have your attention, the Governor will have an opening statement and you'll have copies of that and then I would request that you confine your questions to the subject for this press conference.

SQUIRE: Paul, we won't get a chance at the Governor again this week.

PAUL BECK: I'd like to keep it at that, Squire.

GOVERNOR REAGAN: Maybe this will -- maybe you won't want to change the subject, Squire, on this. You've outnumbered me for so long I brought my gang.

(Laughter)

GOVERNOR REAGAN: The cabinet is here and Lieutenant Governor Reinecke, Cap Weinberger, Ken Hall is representing Earl Coke who happens to be out of the city, but this is for the purpose of your questioning, you can direct them to any one of us on this after the statement.

(Whereupon the Governor read Statement Release No. 432.)

GOVERNOR REAGAN: That's the end of the statement. As I say, these gentlemen are here for any of your questions. All of us will attempt to answer them as best we can.

Q Governor, if this doesn't violate the ground rules of this press conference, before you came in here we had some Democratic legislators who were complaining about cuts in the mental health budget at Napa, and I wonder if you feel on the basis of your earlier budget cutting whether any of the economies that you've made or any that might be made as a result of this plan here have cut too deeply in this area of mental hygiene?

A Not at all, and I think I know the case that must have had them disturbed and it is disturbing to us. It is a case that

obviously was not brought about by any curtailment or cut in personnel. We are increasing our staffing and I think you'll find that in almost every institution there is now a higher ratio of help to patients than there was when we took over and before there were any reductions. But we have reduced the hospital population from around 25,000 when we came here to around 15,000 now through our stimulation of the local health care centers, and they are investigating and have investigated already this one particular tragic case and Spence Williams is here to answer any questions that you may have additional questions on it, but I think he'll confirm that this in no way can be laid to any curtailment.

Q Governor Reagan --

Q Governor, you said that there's not going to be an across-the-board cut, however apparently from your statement you are asking each department to operate with less funds in the next year than they are operating in this year. Is there any specific amount less that they are going to have to work with?

A No, we are talk -- not talking amounts and we know that some departments have been doing a tremendous job; the fact that we have few if any more employees now than we had when we started shows that some departments have held the line very well. We will give this figure, and then as I say they will come back with the priority list themselves as to what are the most essential programs. This in effect causes them to review their own programs.

Q In other words, the figures will -- I mean the amount less will vary from department to department as --

CAP WEINBERGER: Yes, it is even conceivable, Tom, that some departments may have more than they have.

Q That is what I was trying to get at.

CAP WEINBERGER: Because the initial allocation is what you are referring to up here on page 2.

Q Yes.

CAP WEINBERGER: And then the supplemental list that the Governor mentioned can be submitted later so it can be a flexible --

Q You are not trying at this time to have a 10 per cent cut like you did last time?

A GOVERNOR REAGAN: Not the across-the-board. That's what we mean the difference here, allowing the department heads, now

that we have program budgeting, -- there wasn't much we could do when we came, when there wasn't program budgeting. Now a department head is going to start with a fixed amount of money and on program budgeting he will establish the priorities.

Q I'd like to finish this Napa thing.

A This case can't be laid in any way to any curtailment.

Q They had figures, I think, from the Director of the Hospital, the doctor there, the number of patients in the Children's Ward was 183, the same number that was in there in 1967, but the number of staff members had been cut from 121 to 100, and Assemblyman Ryan said he went there and he checked with you afterwards, and that the problem was one of not enough people in the wards.

A I'm going to let Spence handle that, although we do know that particular hospital they themselves allowed in that one particular department, Children's Department, an over-admission of patients that is not -- where's Spence?

SPENCER WILLIAMS: Yes, that there were never any cuts in the Children's Unit at the hospital. There has been some over-admissions in extension of the bed capacity in that unit, which would tend to reduce the relative ratio of patients to staff, but there was never any cuts in that particular operation. Sometimes due to illness or vacation the people on board did not equate to the authorized positions. This becomes the responsibility of the superintendent of the hospital to bring persons from other areas to take care of critical problems, but there never were any cuts in that particular unit and as you probably know, this year's budget provided for 19 additional positions that was approved by the legislature and the governor in June.

Q Have you checked into accuracy as to this mother's claim as to what happened to her son in the hospital?

SPENCER WILLIAMS: Yes.

Q What were your findings?

SPENCER WILLIAMS: Well, as soon as the incident came to the attention of the hospital, the Sheriff's office was brought in. They made a complete investigation. They have statements by some that would contradict the statements of the youth involved. But we have sent a team down there also to look at the particular layout of these units of the design -- they were built about 10 years ago, did

not lend themselves to the type of supervision that was required, so it may be we will go over above the hundred per cent staffing standards in these units established by the California Commission. There is no question that these events took place. I would -- do not believe that there was a gang attack as indicated in one press. Unfortunately the situation occurred, the youngster had been there for a couple of years, had a prior history of involvement and difficulties of this nature.

GOVERNOR REAGAN: And Spence, you can confirm or deny this, I'd like to caution all of you at times, obviously when you start a reform program of the kind that we started a couple of years ago with this emphasis on treatment at the local health care centers, you are going to find people in the establishment who disagree and who want the status quo maintained and the result has been that sometimes they have been a little careless in the answering of questions as to giving all the facts. For example, we have had instances in which they have allowed a shortage of staff to be accepted by some of you of the communication media as the result of economies and have failed to tell you that the temporary situation was the staff positions were available and they hadn't been able in their recruiting to fill those positions, but they didn't add that on and say that their shortage of staff was due to an inability to fill the jobs.

SPENCER WILLIAMS: Yes, that's correct. A lot of things would be directed at perhaps alleged underfinancing. For instance, no hospital seats on the johns in the hospital for retarded. Well, they designed them that way because of the particular problem of the patients, so you go in and no wooden seats on the john, and people say, My God -- excuse the expression -- but not enough funds. The answer is they designed them this way for the patient. A lot of things are related to these problems which are not connected to it.

Q Governor, on the bottom of page one, here, where you are talking about second goal, to hold the employment level below the level of employment when you took over in '67 --

A GOVERNOR REAGAN: That's right.

Q Can you be more specific in percentages or numbers at all at this time?

A No, no, I can't. When you -- you remember or realize

that of course down through the years the growth of state populations has been used as an excuse for the increase in the number of employees, which for several years was averaging more than 5,000 a year, if you analyze that statement and we did, yes, we have right now an authorized expansion of the Highway Patrol, but as you add millions and millions of highway and freeway obviously you need more men to patrol it, but it does not follow that you have to increase all of your -- your staffing capacity in state government just because there are more people living in the state. Now, a year ago we were considerably under the employment level that we found when we came here. Now, we are not that way, we are a few more -- in this year or so, some of that is due to expansion of the Highway Patrol and some other things, but we believe in the evidence of departments that have reduced successfully in the number of employees and at the same time improved efficiency, we believe that we are on sound ground in saying at the end of four years we see no reason why over-all we should have more employees than we presently have.

Q Governor, will the implementation of this program involve the layoff of any state employees?

A There might -- this might possibly be true, but the emphasis is going to be on the manner in which it's been handled so far, which is by attrition, the not replacing. Of course, you recognize that sometimes not all -- well, the employees do not retire or leave service on a proportionate basis and so there has to be some equalizing here and there. But there very possibly can be some, but those will always be held to a minimum. We have had very few layoffs compared to the reduction we have made by attrition.

Q Governor, the state budget has been going up about 500 million dollars a year for the last few years, which would bring it up to 6.7 billion next year. What is your specific goal as far as a figure is concerned with this program, what do you hope that the next year's state budget would be as far as the money figure is concerned?

A I'd rather not commit on that, we are going to do our utmost, what we are talking here, but I don't want to get hung up on trying to guess at a figure and then having someone have me spend all next year here in the press conference asking why we did or didn't stick with that figure. You just gave a figure here on the

increase of state government. This again is something that we hope for the cooperation of the federal government, as I mentioned it in here, in regard to the inflationary battle. If we had exactly the same budget that we found when we came here, we'd find that we were up a half a billion dollars just on the matter of inflation to continue exactly as we were.

Q Governor, are you going to apply this to your own office, are you going to apply it to the legislators?

A Well, you'll have to ask the legislature about the one. As to my own office, I see there have been some figures bandied about, certain printed circles about my office and the truth of the matter is one year we reduced the cost of my office by 3 per cent. It is only up a little over 3 per cent this year, over what it was when we came. Where the confusion lies and I'm sorry that some people don't dig a little deeper to find out, is under the program budget we are now assessing against the Governor's office certain expenses that my predecessor parceled out and assessed against other departments. For example, the cost of air travel, certain borrowings of help, rent, our office now -- the governor's office now pays to General Services a rent for its quarters and this was not previously applied. But you'll find virtually no increase in my office since we have been here.

Q Governor, haven't you followed the practice of your predecessor in borrowing people from other departments and still carrying them on the payroll of other departments?

A We have some borrowings, yes, and I guess this has been completely traditional and historic.

Q They don't show on your budget though?

A They ~~they~~ are not -- we haven't borrowed to the extent of the borrowing before. We have filled all our own allotted 91 positions. We have not increased the number.

Q Governor, in arriving at the figures for each department or agency, you indicate that the sum in each case will be below the amount now being received by these departments and agencies. How are you going to arrive at a figure in each case?

A Well, would someone else like to answer that question back here?

CAP WEINBERGER: Yes, we are going to add what we believe inflation and population increase would cause to the '69-70 budget that's just been enacted and then deduct a figure from that that we believe will enable the department to keep operating without any restriction in the provision of essential services and let the department tell us which are the programs which it feels cannot be operated within that and ask for supplementals if they wish to do so. The department itself then would be in the position of making its own determination with respect to certain programs that they are now doing that they would feel could be dropped. The decision, as the Governor said, will be in the hands of the departments and the ^{section} agency / to a very substantial extent, the people who are -- particularly the department directors who are actually the operating field managers.

Q What's that percentage reduction going to be at that --

A (CAP) It is hard to give a flat figure because in many cases it will vary, but it will be a figure which we believe will enable the department to carry on its work. In the case of some of the agencies, a lump sum figure will be given to the agencies and agency section and they can allocate from that to the various departments under them amounts that they feel can enable the work necessary to be done to be done, and then the department directors can come back and either drop some of the programs they are doing or make requests for supplemental appropriations, which will be reviewed very carefully, of course.

Q Will it be as high as 10 per cent in some cases?

A (CAP) I think it probably is safer not to try to give any specific figure because then the impression would be given that this was an over-all flat thing and what we are trying to do is be as flexible as possible on it.

Q Do you envision any services being dropped at all?

A (CAP) I think some programs will definitely be dropped and that's one of the advantages of program budgeting. Before you just had to look at it, how much a particular department cost. But program budgeting you know how much a program cost and you can weigh the advantages of continuing that program against the advantages of stopping it and seeing if the service is either necessary or can be provided by someone else.

Q What type of programs --

GOVERNOR REAGAN: He's more evasive than I am.

(Laughter)

Q Are you saying that the sum you are going to allocate to each department and agency is below the sum it is now receiving, so wouldn't that mean that the next year's budget would be less than 6.2 million?

A GOVERNOR REAGAN: No, because it then has to come on review based on the priority list as to -- this does not automatically mean that everything is dropped that they put on a lower priority. Then comes the review, as I said, the department heads, the agency section, to find out then whether we have to adjust on the basis of those, whether some can be curtailed, whether some can be eliminated.

Q Isn't this then mostly a psychological means of putting them on the defensive?

A No, no, this is a practical means of finding out from the people doing the job where they put the priorities. When we came here and first started, were handed a budget that had already been prepared a year before we even arrived, not just the one we were operating on, but the budget that had been in preparation for our first year when we were here, and with no program budget this was a little difficult -- more than a little difficult for us to sit there and try to pick here and there and find where we could make extensive reductions. That's why the first year or so most of our reductions simply were in the area of wherever we could hack away at administrative overhead and useless fat. But in any of these questions, and some of them I recommend to you turn to some of the gentlemen behind me here, let them have a chance, and Gordon Luce's agency from the building of highways and freeways, for example, here, the spending is dictated not by appropriation so much as by how much money comes in from the gasoline tax, and then it must all be used, as you know, in the motor vehicle department. But the significant savings there is not in a reduction in spending but in an increase in useful items bought with the money. This year that we are now in there will be some 200 million dollars more in freeway and highway projects that will be built and were built last year and yet no increase in the gas tax rate, but simply because in his department they have managed to get rid of a lot of administrative overhead and

red tape, and put those dollars -- take them out of paper and red tape and put them into concrete and steel in the highway.

Q Governor, why have you waited until now to implement this?

A To do this method?

Q Uh-huh.

A Well, it isn't a case of waiting. As I say, we have had a constant assault on expenditures and on savings, but now for the first time we have put into effect a program budget where we can really do this.

Q Governor, are you in a position to say that if such economies are effected and everything that a possibility of a cost of living increase would be greater than the average of five per cent for the remaining state employees?

A I don't know whether I understand the question.

Q Well, the average cost of living for employees, state employees, has been about five per cent. If you effect some of these economies, could they anticipate the increase of the five per cent on cost of living?

A I wouldn't think so and we are very hopeful that with the new administration in Washington we are going to reduce that annual runaway inflation of the last few years. But you are talking about whether these reductions in any way effect salary scales as to reducing someone's salary, no, they don't.

Q I'm talking about the cost of living increase that they anticipate every year.

A Well, this is based -- this is based on the actual cost of living and will have to remain, of course.

Q Governor, judging from the letters which come out of the State Printing Plant, there is substantial fear over there that the cutbacks might reach farther over there than some other departments. Can you tell us what your intentions are regarding the printing plant?

A Well, whose department -- Ken?

KEN HALL: The current reductions announced over the week-end in the State Printing Plant, which we understand will be approximately 52 people, are the result of a reduction in legislative printing with the close of the legislature, the conclusion of the book printing and agency printing not remaining at a level that was earlier anticipated. They are not directly related to anything that

is being announced today or any over'all economy drive of the administration. We would not expect that there would be any greater cuts in the State Printing Plant than in any other department or program, but the State Printing Plant will be evaluated just as any other department or any other phase of state service will be evaluated.

Q Are there any plans to take any services away from the printing plant and perhaps give them to private industry or to some other branch of government or some other office of government?

A KEN HALL: There ~~is~~^{are} no plans currently, although as with all other departments we will be constantly reviewing the state printing plant for all economies and efficiencies.

Q Are there any -- any of seniority people be laid off, will it be a cut at the bottom?

A (HALL) We will cut from the lowest seniority going upward with as small of a reduction in personnel as possible, commensurate with the work load of the department.

Q Governor, do you plan to run for re-election next year?

, (Laughter)

PAUL BECK: Can we keep it on the subject.

A GOVERNOR REAGAN: That is one we don't answer fellows.

Q Governor Reagan, can you give us an indication as to where layoffs might come if they are necessary under the implementation of this program?

A Let me turn around, you see this is the purpose of having all these gentlemen here. Now why ask the monkey when you can ask the organ grinder. Does anyone have any speculation as to where, if layoffs -- I doubt if anyone could, could they?

MR. LIVERMORE: Governor, I can answer obliquely in speaking for Resources which, as you know, only is two cents in the General Fund dollar.

(Laughter)

GOVERNOR REAGAN: And which he consistely reminds us.

MR. LIVERMORE: We have already been operating with 600 less people than when we came aboard and those reductions have been made possible basically by the Division of Water Resources and Conservation, with a small increase in the other departments, so that speaking for my department heads we're with you a thousand per cent and we are going to operate in this fashion and we don't expect

any major layoffs because we have already done them.

Q Governor, do you expect to be supervising this program in 1973?

A Well, now, there's a more subtle way of putting your question. The answer is still the same.

PAUL BECK: I still think it is the wrong question.

Q Governor, as I understand, under this new system the departments will get a dollar allocation and they will come in with a list of programs that fit under this heading and then they will come in with a -- then there will be a discussion of the supplementary programs to add to it, is that correct, is that the way it is going to work?

CAP WEINBERGER: That is substantially correct, except there is no requirement that they submit a supplemental.

Q The point I'm getting at, the whole thing will be settled then after they come in, presumably, later on and sit down and iron it out. What's the difference between that and coming in to you now with a bunch of programs and sitting down in the first place and ironing --

A (CAP) Primarily because of the allocation of the dollars which will enable them to determine the priority of the many things that they are doing, which among those many things have the highest priority and should be continued and can they be continued for less dollars and so on. This is primarily the difference of the approach.

Q But if they were allowed to come back anyway for the final hearing, wouldn't it be the same thing as before?

CAP WEINBERGER: We would again want to have it reviewed but I think that there would certainly be no question about that, the supplemental requests will have to be reviewed very carefully because it would be supplemental requests that would push the total budget higher than anybody would like to see it go.

GOVERNOR REAGAN: Someone mentioned psychology just a moment ago, and it is true, there has to be a certain element of this. It is kind of an application of Parkinson's law. I think government has gotten in trouble in the past, has grown to where its grown because government has a tendency to sit and everyone send in an itemized list for all the expenses of all of their programs and departments and they are all essential according to them, there is

nothing we can do without, and they send them in and then you total them up and if necessary add up to more than your revenue that's coming in the answer is supposed to be that you are supposed to go out and dig up some more revenue, and I think government could be run much the same as we all run our own budgets, you know how much revenue you've got and the spending has got to come within the revenue.

Q Governor, I don't think you answered the question before as to whether this is going to apply to the governor's office.

A Well, it will apply to the governor's office, yes, because I was commenting because someone has seemed to jump the gun or has me or my office out there with great extravagance and frankly I just wanted a little credit for the fact that my office has been a little more than honest than the governor's office has been in the past in that we are now charging everything up against the office and not burying it out there against someone else's department.

Q Over the week-end you announced an expansion of your press section. Isn't that going in the opposite direction?

PAUL BECK: That's filling a vacancy.

A Filling a vacancy. We have a turnover, too, I'm hard to work for.

(Laughter)

Q Governor, do you or any of your cabinet members have any idea at this time the type of program you visualize as possibly being eliminated under this? There's been some discussion about it?

A I wouldn't want to speculate on that, no. This is -- we are going to leave it to the department heads to tell us first of all the priority. Well, I want to see what their list is. We might be surprised.

Q Would you forecast that under this plan that the state budget would grow less than the inflation grows in the forthcoming fiscal year? Do you think you'll be able to achieve that?

A That's the goal; that's the aim.

Q Do you think you'll make that goal?

A You are trying to extract a promise. Let me wait -- let's wait till we see what comes in.

Q Governor, who's going to make the decision whether by a supplemental request or whether a department or agency hasn't cut back far enough?

A Well --

CAP WEINBERGER: It is the Governor's budget cut.

GOVERNOR REAGAN: I was going to kind of weasel out of that and say that first I think these gentlemen behind me with their department heads are going to have the first go at it, but it will wind up back in my office, and I'll have to make the final answer based on all of the recommendations I hear.

Q Governor, is there any anticipation under this program budgeting that of changing the law of the Constitution where the legislature or the Governor's office would have control over the budget of the University of California?

A No one has contemplated that, but higher education will be subject to this whole same approach that we have now. At least we still have control of the appropriated amount.

Q Governor, do you think this program will become a plank in the Republican platform in 1970?

A Well, now I know you are all -- you are all going to refuse to believe this, but this decision was not based on anything to do with campaigns or politics at all. It was based on my continued screaming that we have got to do more in reducing the cost of government. I think it is the priority. It is the ^{my} priority interest of the people and I think that we are still unable now by contrast to do as much perhaps as should be done in some very important areas because of money that is being used on less essential services. And we think in this way we are going to be able to get at more -- what the people use. You've heard in ^{my} speeches tell it, we just -- it is that raising my own eggs, I just think the state should go out of the business of buying eggs for the people at 73 cents apiece.

Q Would you classify this as one of your projects unfinished?

A Yes. Yes, certainly. We still have several hundred more of the task force recommendations to implement. Some of the same stories that implied that we hadn't done anything or that extravagance was running rampant ignored the fact or even cast aspersions on that particular program that we -- they were much ado about nothing. This is not true. We have implemented better than 800 of them for considerable hundreds of millions of dollars savings a year.

Q Governor, do you think you can make significant savings without legislation because so much of the money now is going to mandate programs such as Medicare, welfare, highways and so forth. Do you really think it is an area where you can make significant cuts in the budget?

A Well, it depends on what you call significant, but there is no question about the help we need from legislation and we shall ask for that legislation wherever it is necessary.

SQUIRE: Thank you, Governor.

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PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD AUGUST 5, 1969

Reported by

Beverly Toms, CSR

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

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GOVERNOR REAGAN: Hi. No, no opening statement.

Q Governor, when do you plan to sign the bill about BCDC or do you plan to sign it?

A Well, I haven't had any chance to see it as yet, but I don't think there is anything wrong, it is a strong bill that we asked for for the preservation of the bay, so I assume that there will be no problem.

Q Would that be this week?

PAUL BECK: I expect it will be this week.

A I imagine, yes.

PAUL BECK: We don't have a definite time yet.

Q How about the divorce bill, do you see anything wrong with that, Governor?

A Well, again I can't tell you, they are coming down so fast I can't tell you the schedule, when they bring them in for the signing and usually the analysis of the bills comes in previous to those that are going to be signed, that so far these haven't come in. As I said before, I certainly had no objection to the general principle embodied in that bill, but I haven't seen the analysis yet.

Q Governor, what about the Unruh conflict of interest bill, any attitude toward that at this point?

A Well, there again, that actually we -- there is an analysis being drawn up, I know, on that one because I inquired about it getting so much attention in the press and that analysis hasn't come into me as yet, but I'm looking forward to it.

Q Governor, is there any doubt about that divorce bill, didn't you support that originally?

A What?

Q Didn't you support the idea for a new divorce bill?

A Well, there was a misunderstanding to the -- Squire, about the idea that I had said to the authors of the bill, go ahead and made a promise of signing it. There was a discussion in which I agreed that the principles that they were talking about I would be certainly in sympathy with.

Q Governor, what are your feelings towards signing the bill on California's primary?

A Well, from what I've been able to learn so far I haven't seen anything yet that indicates that there -- there is any difference, but again I'm not going to comment until I see it over -- any difference over the bill that I refused to sign last year.

Q Governor, the bill is basically the same as it was last year. Is there any -- do you have any ideas at all on any people approach you on why you should sign the bill, Senator Alquist, for example?

A No.

Q Has he talked to you at all?

A No, no one has approached me at all.

Q How about the legislative pay increase, Governor. Do you have any ideas about that?

A Well, again the same story goes for that one -- that one, too.

(Laughter)

Q What story is that?

A Well, that they haven't -- I haven't gotten any of the analyses or anything, reports on those bills as yet.

Q Governor, what about the bill being sent to you to permit localities to regulate topless entertainment?

(Laughter)

A Well, in principle, you know, I -- philosophically, I have always agreed on local control and that's about as good a place as any to begin.

(Laughter)

Q Governor, Assemblyman Dunlap of Napa says that ~~the order~~ increase the staff at Napa State Hospital is a mere smoke screen. What is your reaction to these charges and do you believe that enough

has been done?

A I believe that as much as can be done has been done. The staffing in both the hospitals for the mentally ill and the mentally retarded is at the highest level it's ever been in the memory of man in this state. We embarked on a five-year program a year ago to come up to the California 100 per cent staffing. We are 15 per cent below that level. Two years ago we were 25 per cent below. We are moving as fast as we can. This, coupled with the declining rate of population in the hospitals in both of those institutions is proceeding. I think this recent fuss that has been raised added to the constant campaign or the recurring campaign over the last couple of years, is something that is so reprehensible that anyone that has a part in it should be more than ashamed of themselves. It is one thing to want to take a crack at someone politically and I think I've proven I can take the heat, but when they use as a gimmick for getting at someone these patients, particularly the youngsters and their parents who already are living with the tragedy of this in their lives, and their families, there is no excuse for this.

Now, most of the story that has been going on -- all this story, as a matter of fact, is such a deliberate distortion that I -- I can't put into words my contempt for the people that are responsible for this. The situation at Napa was a situation in which authorization had gone forward for an increase in the staffs. We have tried to keep the staffs in the children's ward in all of the hospitals a hundred per cent of the standard and the shortage is in the -- in the rest among the older patients. At Napa there are about 40 vacancies unfilled. Now, this hardly can be laid to any economy on anyone's part or any movement to reduce staff. There has always been a difficulty in recruiting. There's always an up and a down with the recruiting of staff because staff of this kind, psychiatric technicians come into training classes and so you build up as you lose -- you build up your vacancy rate and there are about 40 vacancies. They were authorized before this last incident occurred to add to this because they themselves had taken on patients they did not need to take on over and above their ability or their capacity among young people. Now, this was done by taking into the hospital not patients -- not the mentally disturbed, but taking behavioral problem patients that were put there by the Sonoma Courts, the juvenile

authorities and they did not have to accept them. The superintendent at Napa does not have to take anyone over and beyond his capacity. He had a bed capacity of 167. He was up above 180, and he was ordered to stop this and he was also authorized for 19 more positions. Obviously those positions had not been filled. This was part of his 40 vacancy. And the regrettable incident is not exactly as it has been portrayed. It is not the result of any economies and again I go back to this fact at Napa as well as at the other hospitals, they have the highest ratio of staff that they have had and it is far higher than two and a half years ago when this administration started. Now, the staff ratio has undergone a change. Many of the things that are still being charged are complete falsehoods. All of this information is available to anyone of you who wants to sit down and dig into the facts behind it. The idea that because the gone of the patients is changing, that the better patients who used to help out in the wards are now going back out into the local health care centers and that therefore it requires a higher staff ratio, this is all factored in. They have never been factored, those patients who can help, but -- have never been a part of the staffing standard. So, this thing is factored in recognizing that the staff ratio was based not alone on numbers of patients, but on the actual amount of care that the condition of the patient will require. And as I say, we started two years ago with moving up in this California standards. Unfortunately at the local level it is kind of hard to get some of the staffs to -- to change from their old habits and the old policy of -- of a staff ratio. They don't understand the entire new policy, but it is there and I'm sure that anyone of any intelligence can understand it if he talks to the professionals who are in charge. The total population in our mental hospitals is around 16,000 and our mentally retarded hospitals it is about 12,000. Now, this is the situation.

Q Aren't those behavioral problems, aren't they mentally ill, too, Governor, and what would be done with them if they weren't admitted?

A No, they are not, they are not actually mentally ill, and there are other ways of taking care of these behavioral problems. But again, as I say, the superintendent has the authority to refuse that. Let me ask if Dr. Lowry can suggest some of the other means --

he's here, if he can suggest some of the other means and facilities for the treatment of those court cases.

DR. LOWRY: I have been instructed to come up front.

GOVERNOR REAGAN: Oh, all right. This is Dr. Lowry.

DR. LOWRY: Thank you, Governor. The patients that were in the Napa hospital come there -- came there in two different ways. One, they're voluntary patients admitted by their parents and secondly, there are patients sent there by the juvenile courts, and the courts send them there for observation, 90 day observation period. The latter patients are by and large severe behavioral disorders. They are what are called acting out patients, or hostile, destructive, anti-social and the directive to the hospital with regard to this situation is that there should be very careful screening so that the patients that are admitted to the hospital for the mentally ill children are in that category and that the children's unit does not in effect become a juvenile detention hall. And there are other methods through the youth authority and through local facilities to evaluate for the courts these youngsters who are in trouble with the courts. We have a similar situation at Camarillo only there 25 per cent of their patients are from the juvenile courts and the balance are voluntary patients, usually childhood schizophrenics. So that's the primary difference, Governor.

Q Do you agree, though, that most of them from the juvenile courts are not mentally ill?

DR. LOWRY: I don't agree or disagree. They are sent there for observations and some of them may turn out to be mentally ill. But the screening process should do a better job of limiting the admissions to those who appear to be more likely to be mentally ill, and there are other ways of handling the juvenile delinquent who is anti-social in his behavior. That's not the role of the hospital.

Q Doctor, as I understand it, or from the Governor's previous answer, he said that the bed capacity was 160 and some and yet the administrator in Napa had admitted 180 and some, and was -- he was told to stop. Now, what happens to those 20 patients, had he not admitted them, where would they have gone?

DR. LOWRY: Well, let's talk about where the 20 -- actually the rated bed capacity is 167, and on June 30th when we had a meeting

and we found out that the population was 180 plus a few that were on short leave, I can't tell you how many were on leave, it was at that time on June 30th that we authorized the additional positions, got an agreement from them they would not permit their population to go above 180, and now we have said reduce it down to 167. Now, of those that were there, two of them that were involved in a fracas over there have gone back to the juvenile courts so that takes care of two, and others will be leaving the hospital, and they will be admitting on more restricted basis and when they get 167 then they will have to be selective about who comes in. We are not pushing out the patients that are there. They are going to be moving out as they complete their observations and as they recover and go home.

Q Where do you send patients when you have 167 patients at Napa and you still have a need for more facilities, such as the juvenile courts are sending patients into the hospital?

DR. LOWRY: Right, juvenile courts have at their option the ability to employ private psychiatrists to evaluate the individuals to see whether he's mentally ill or he can be held in a juvenile facility. They have other -- what we have recommended is that the courts make greater use of the local mental health programs because these are local problems and the last place they should go, the place of last resort should be to leave their community and come to the state hospital. Thank you.

GOVERNOR REAGAN: Thank you.

Q Governor, who's behind, in your opinion, this -- what you call the reprehensible campaign to discredit you on this issue?

A Oh, I don't know -- I don't know who's behind it or anything else. It seems to be a fair target, but what I'm critical of is -- it's always been a fair target, I should say, and in institutions of this kind, to go along with the mythology of the terrible wards behind closed doors that no one ever sees, the terrible abuse that goes on in the institutions and so forth. But what I'm critical of is in this day and age of modern communication media that the first time a shout is raised by anyone, goes verbatim with the charges that are made and does not dig deeper and go into finding out the factual evidence behind the charges to see whether it is borne out or not. And the facts are available. Anyone is able to give them at any time. But I would site to you that ever since the change in the mental

health program which has proven to be a great success, which has improved mental health treatment in California immeasurably, has put us in a better position than we have ever been in the history of the program in this state. Ever since then there has been a constant cry any time any complaint is voiced by -- about an individual patient or anything else that it is automatically the result of false economies in the mental health program. This has also been applied to mental retardation and again, as I have before, I will call to your attention that the mentally retarded hospitals were never a part of the changed program or the economies that went into effect, the so-called economies in the mental health hospitals two and a half years ago.

Q Governor, don't you think possibly that your own out, squeeze, and trim policy, which you hit hard on since you've been Governor, makes it easier for people to believe that when there is an incident of this kind at one of the institutions it is because of cutbacks?

A Mr. Rodda, it might be easier to believe, but it might be harder to believe that some of the communication media which could find out the truth easily would do so. For example, I have in my possession a letter from the mother of a child at Sonoma State which she wrote as a letter to the editor of Sacramento Bee, which they did not print, but which was subsequently printed in the paper at the institution, Sonoma institution, which is a letter expressing her gratitude for the extremely fine care, loving and tender care that her son is receiving there, and all that has been done for him and all that she has found that she approves of in that entire institution on her visits there. And it just seems to me a shame that witnesses of that kind, even when they are ready to volunteer the information, can't get it before the people. The people are only given apparently one side. Now, you know that I have stood and given you many times here when this has come up before, facts and figures about this situation about the staffing, and about our goals, and about the gains in the treatment of the mentally ill here in California. And yet it seems strange that one disgruntled person can raise a cry, an outcry or one unfortunate incident can promote a great editorial barrage again about the destruction of the system for the mentally ill in California, when the truth of the matter is that out in the rest of the country, in the other 49 states, most of

them are very envious and send observers here repeatedly -- they are envious of our ability to handle this program and consider it one of the great examples of a public mental health program in the entire nation.

Q Can we change the subject, Governor?

A Might as well because I get kind of red around the collar on this one.

Q Governor, going back a minute, I don't think you were quite responsive to the question. The question was, your own economy, your own emphasis on economy and economy and economy, doesn't that make it easier for the public to believe that when there is an instance that maybe it is because of understaffing rather than -- I'm not quarreling with the facts at all.

A I just have to say I think it makes it easier -- it makes them more susceptible to those who want to portray our economies here in state government as leading to shortages of services. But I don't believe that any of our economies have ever been aimed at -- or to come -- have been -- to come about at the expense of human beings who are not meeting the problems of the state. Now, the truth is in the field of the mentally ill we try to explain over and over again that it was never intended to be an economy program, that ^{it} was intended to be a stimulation of the development of the local mental health care centers, so as to reduce the hospital warehousing of these people and the -- increase the rehabilitation of them and it has worked. We have right now at Sonoma in mentally retarded -- rehabilitation alone has reduced it to the lowest population again that we have known in years or as far as anyone knows since back in the very beginning of the institution. And it is still going down. And again, as I say, how can you call it economies in mental health when we have the biggest budget that we have ever had for mental health, but with a majority of it being directed toward the local mental health care center, the 90 per cent financing of the county centers in order to speed the progress of a program that was adopted long before I came here, aimed at getting the people rehabilitated back into a natural environment, and out of the hospitals. And it has worked. Five years ago there were 25,000 people in the mental hospitals of California. Today there are 16,000. It will be less by the end of the year.

Q Governor, just for the record, we printed one of your own letters about Skipper the other day, I just wanted to -- the record to show that.

A Yes, I know, it was in praise of one of your columnists.
(Laughter)

A I'm not tempted to write that kind very often.

Q Governor, on another subject, are you giving any consideration of calling a special session later this year on tax reform?

A Let me just say that the -- that the thought is still in my mind. I haven't written it off. There is the problem that -- that the time element is not increased or improved any by doing it ahead of the regular session. As I said before, I think what happened to tax reform is that when you take the deadline away from the legislature they -- they don't feel moved to act and the fact is that tax reform would be implemented just as quickly if it was passed in the next January session as it would be if it had been passed in this session. There is no way to speed that up.

Q But to get on the ballot, the June ballot as Secretary of State says, it has to be out of the legislature by March 1, in order for printing problems and other technicalities.

A Well, that is one of the things that -- that is one of the things that has the idea of a special session still in the back of my mind.

Q You are not ruling it out then, Governor?

A No.

Q Governor, wouldn't you have the same cast of characters, though, to work with?

(Laughter)

A Well, you know, I might put them on suspension, that's what they used to do to us in the studio when we wouldn't read the script. No, -- yes, we will have the same cast of characters, but I think there is a majority up there that wants tax reform. I think that getting down here toward the tail end of the session revealed once again that what's really needed in the legislature is a little different approach timewise. There is no question but their pace in the first few months of the legislative session is somewhat different from that of the last few months. They go out spending not too much

time on the hard problems. I think also there is a fact that some legislators on both sides in tax reform, a program as revolutionary as this, they know that the figures are based on statewide averages -- I think some of them wanted more time to find out what are the figures for their particular district, where would they fit into this average -- averaging picture, and you can't blame them for that.

Q Governor, both leaders of the respective houses are planning joint interim studies and hearings and -- with the bill the first day of the session and to take it up in February conceivably if agreements were made to meet the deadline. Have you had any indication from the leaders this is the plan and do you agree with it?

A I don't know how far the plan progressed, but I had talked to the legislative leadership on the Republican side about this when it became apparent we were running out of time, and we have discussed this very thing.

Q Governor Reagan, what hope do you see for your tax rebate bill being passed this session and what are your plans if it does not pass?

A Well, we won't spend the money, I'll guarantee you that, but we -- I'm confident -- reasonably confident it is going to pass. There have been some changes that were a little disappointing to me, but I'm going to continue to believe that it will be passed.

Q What changes are you not in agreement with?

A Well, I had envisioned no ceiling. I felt that the bill should go through with a straight 10 per cent across the board to the people that had paid it in. It should go back proportionately to those same people and in proportionate amounts.

Q Governor, with the lack of support by both parties of your tax reform proposals, are you optimistic that any eventual tax reform plan will even resemble the proposals you've set forth?

A Oh, very much so. I think they are going to find our proposals pretty hard to counter or to argue against. We have been a long time on this. We have had two task forces. It isn't true that we simply threw away the findings of the task forces. you'll find that much of the basic principle involved in the Fluornoy Commission, for example, is in our tax reform program. But we had to get down to the actual implementing. For example, the Fluornoy

Commission advocated a statewide property tax on commercial property for equalizing of school payments. That is the basic principle of ours. They envisioned using the income and sales taxes broadening both to get the money for the 50 per cent property tax reduction. This is exactly our policy. We chose a little different method of applying that in both the sales and income. They wanted one way of getting it without increasing the rates from the income tax and they wanted to broaden the base of the sales tax, without increasing the rates. We found that to do so put penalties on some of the very people we were trying to help, such as the farmers. For example, the tax -- sales tax on containers and crates and so forth at the same time you were trying to reduce the tax on the farmer you were laying the heaviest part of that right back on him, it made much more sense to broaden it by increasing the rate for everyone than to broaden just the things that were covered. And I think when they begin to find out on our figures that many of their arguments will go away.

Q Governor -- O. K., including Assemblyman Bagley?

A What? Especially Assemblyman Bagley. I intend to sit down with him like a brother.

Q Speaking --

Q Big brother?

(Laughter)

Q Governor, for the third successive year your merit plan for judges has been defeated in the legislature. Are you going to try again next year or are you giving up on it?

A I don't know that I'll have to try again next year. I have a feeling that -- that we may see the bar association put this on the ballot for the people to decide.

Q Would you support such an initiative?

A Yes, I would. I still believe in the plan. As a matter of fact, I have to believe in it. I think we have had the finest level of appointments to judgeships that we have ever had in this state and we have had them by using voluntarily a plan exactly like the one we are trying to have passed, the judicial merit plan.

Q Will you then leave it to the initiative and not commit the bill next year?

A As I say, I just don't think it will be an issue because

I have a feeling that if it isn't, then I'll have to review what I want to do. I've been disappointed the legislature did not see fit to pass it.

Q Governor, by and large have you been satisfied with this entire legislative session to end, presumably, the end of this week, maybe next week?

A Well, they have come on great in the fourth quarter, but I wish the first half they'd have picked up a little better and they had a better offense. No, there are things I'm disappointed in. I would like to have had the tax reform program buttoned up. I would have liked to have the one we were just talking about passed. When you get down in this phase, this big crunch at the end of the year at the end of the session, to try and pass things, this is where you have to be so on guard it is very nervewracking. This is when you get mass mistakes like AB 272 which was passed a couple of years back and we found rushed through in the closing minutes of the legislature and took a look at it and discovered they had made a \$150 million dollar mistake. These things happen when -- there is plenty of time up in front of the legislature to get some of these things worked out, discussed.

SQUIRE: Any more questions? Thank you, Governor.

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9/16

PRESS CONFERENCE OF GOVERNOR RONALD REAGAN

HELD SEPTEMBER 16, 1969

Reported by

Karoline Klotz

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

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The Governor read statement #539.

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Q Do you have any projects like the state water project that will be excluded from cuts?

A No projects totally excluded, no.

Q So the state water project and closed contracts will also be included?

A All construction is in this package.

Q How did you reach the figure of two hundred million, and if you are not going to announce any of the projects that are going to be cut, how do you know what it is? Do you have projects that you are just not mentioning what they are right now or what?

A That is with the council on Washington on this. The Federal Government has not been specific on its plan and this is how much if it was necessary to fully implement, what we could do in this state. They total a little more than two hundred million dollars. It involves the highway program and it involves the water prggram, but as I said before, until the Federal Government is more specific--also we would have to know whether we would be duplicating in some particular areas, where we are going to be in effect.

Q Governor, the other day at the host breakfast you said in the effects of your speech that there is nothing more important than cutting government costs. Now is that really your top priority? Aren't there other priorities that could be equally important?

A If this is the only thing that we consider as an

important function of government--now, I think if you look at it properly, what we mean is--your taxpayers are strained, I think, to the maximum limit. You have no, or very little leeway left in the event of any kind of emergency or emergency need of government, to go to the taxpayer for more money. You have a budget that is up to the maximum amount of revenue and therefore, if we are to make sure that we can meet the problems of education, welfare, of mental health, of all of the important functions that government must meet for the people, I think that it becomes the most important thing to get ourselves on a sound fiscal financial basis so that we are prepared--that we would not be cut short in the event of any kind of emergency, and that is the context in which I meant. That right now this is the highest priority so that we do have some leeway and we are not in the position of an individual who is living right up to his maximum income, has no money in the bank and is in no position if an accident should happen, or his house got burned down, or any other emergency, he is in no position to meet that emergency or tide himself over for a period. For example, what would happen in the event of a situation that most of us have known in our lifetimes in which a depression or a recession could vastly reduce the amount of revenues, because our revenues are based on income and sales tax, particularly a cutback in employment or the ability of people to buy would find us seriously strapped and so I meant it in that context. I did not mean it as the one journalist wrote that this, I thought, was the only function of government. Because if that was the only function of government, then we ought to go out of business.

Q Governor, would it be safe to assume that once the actual figures and actual project cutbacks are known, that a majority of the cutbacks will come in highway spending? Is that safe to say? Close to a majority?

A I'm really not fishing for an answer, I am trying to recall the figures as they totalled up. I would think that that would be a major portion of being the majority portion of the two hundred million dollars. Obviously, the two biggest constructions in our state are the water program and the highways, so those two would be larger than let's say cutbacks in capital construction on campus.

Q Will this mean then that the water project as it affects southern California will be delayed? Will the water delivery be delayed?

A No. We have to keep in mind it is a pretty vast project, that we have contractual agents that have deadlines that must be met, and obviously, we cannot violate those arrangements with the water users who have been pledged and contracted and who are praying on the basis of promise.

Q You referred to these as deferrals, have you at that point, an anticipation as to when the deferrals are picked up, that will be in addition to the budget in that year or because of economies in other parts of the state that will enable them to pick them up?

A Well, this would effect a budget that has already been planned, but you have to recognize also that the manner in which this construction is done, it doesn't mean as of that moment. You have this much money and before the money is spent, there is a period--if these were all implemented, this would be spread over a period of time.

Q How would we expect to pay for them in the future if they are being delivered now? By increase in taxes or something, or savings on other state operations?

A Oh, no. In the area of some, this is out of bond money that just would not be spent and would be held in others. That would come out of--for example, on the highway program, this would simply mean the surplus that would be held. So they are delivering always, you are not cancelling. Although, let me point out that we have been very successful in actually cancelling capitol construction items simply by proving there is no need. For example, the ten-story building here in Sacramento sometime ago. Well, there have been smaller items than that since that have been cancelled, because as we have reduced the need of office space, we have been able to cancel the actual building in the plans and on the planning table.

Q Deferrals between now and the end of this calendar year or now and the end of this fiscal year?

A I would have to say fiscal year. No, not the calendar year as it--now, let's make sure the questions and answers are jiving here. If we are talking completion, we are not talking items that would be completed before the end of the calendar year.

Q Contracts awarded between now and the end of this calendar year?

A Yes, yes, that is right.

Q Could you clarify the statement in which you said that bids which have now been received but have no contracts right now, are you talking about the entire 78 million dollars that Secretary Luce outlined the other day in highway bids--I believe 78 million dollars in projects which had bids but no contract?

A Well, I am going to look at some of the departments involved, because what developed with area where contractors had committed their resources in the expectation of this and we didn't feel it was morally right now to go back and literally leave them unemployed. These were the bids--all bids that have been opened will be awarded.

Q Governor, the state water project has had to borrow a hundred million dollars to continue operating through the winter. What is being planned to finance that project after January?

A Bill, do you want to answer that one?

BILL GIANELLI: Well, the hundred million passed the first of the year and discussions with the State Treasurer, Director of Finance and Controller, they anticipate notes and possibly further borrowing but our plan is that this will take us for several months.

GOVERNOR: In the meantime we are hoping that in June we will have this on the ballot and the people will vote. That will enable us to get back into the bond.

Q Have you been getting any bids on your bonds? Isn't it true that because of the legal questions involved there that the financial firms don't want to bid on those anticipation notes?

A BILL GIANELLI: The State Treasurer and the Director of Finance have been negotiating with the banks within the five per cent sales. This has not been possible to date.

GOVERNOR: I think part of it was effected by the discovery that

we could borrow from within our own funds and so this--and even the banks thought we should rely on this first, but I don't think there was a flat refusal once it was discovered--

Q How are you going to pay back that hundred million if the proposition in June does not pass?

A Well now you have got a problem that makes us wonder how do you run the state from here on if that doesn't pass. I think that this is going to present a whole new problem because if it doesn't pass and you could not sell the bonds without its passage--although that is not sure either, we are hoping that all of this anticipation area battle is going to make the bond market better by doing something about the current interest rates. This is all that has happened to us. Interest rates are such now on bonds that our rate of interest is not a good buy for the person who could put his money someplace else. If that situation could not change and the people should refuse to allow us the flexibility we need in selling bonds, then I think you would just have to face that. Everything we have in the nature of capitol construction by bond financing has come to a standstill and the people of California would then have to face some other means of--either face--

Q Governor, do you have any ruling that that is a legal borrowing since it is based on the presumption that the people are going to approve a proposition?

A It has been ruled justifiable, yes.

Q Do you feel/^{it is}because of the financial difficulties of the state?

A I can't really believe that it is because I think it is too vital to the people of the state and I could not foresee the people of this state allowing that to grind to a halt.

Q You still feel that it is better to return the money to the taxpayers instead of, for example, to help finance the state water project?

A Yes, because here again we could have our cake and eat it to. As I explained one day earlier in here, we can lend that money to keep the water program going and still have it for the tax rebate. The money is on hand, the money is already as the

result of money that has been paid in and it is money to be paid out. We will allow people to deduct on the money they pay in next year by that amount so we have it for lending. I don't believe that a program of that kind over that long a range, that the decision was made by the people that it would be paid for, but over the years by way of bonding. I don't believe that it would be proper to suddenly dump it on one group of taxpayers, the burden for paying for it, I think it should be continued to be paid for.

Q On the two hundred million capital outlay, is that two hundred million that was budgeted this fiscal year that is going to be delivered to the next fiscal year?

A Yes, if it is all that has been implemented.

Q On unemployment--there are some theories that unemployment is necessary along with a cooling off of the economy to help bring down inflation.

Q We will watch very carefully. Obviously, we have to protect the people and we have employment problems a little different than our sister states. Normally, California, as you know, suffers a higher unemployment rate than most states, that is why I meant that our projects have been picked in such a way that they can be all implemented or watch the economy and keep the council that has been meeting with our task forces so that we can crank back in to keep us from suddenly having our own private recession in California.

Q If the voters approve increasing the inter-ceiling on bonds, wouldn't that offset some counter inflationary devices that are being put in effect now?

A Well--

Q Well, people bidding for the same money, some private investors might be willing to pay more interest because the state is going after the same money and paying higher interest rates.

A Well, I don't know. On the other hand what choice do we have. We get back to my private theme which I think, until the federal government ends deficit spending, reduces its budget-- and I think part of it is going to depend also on a solution to the Vietnam problem, we have a simple war economy and a heavy peace economy too, and we have never had those without inflation.

I think this is the busiest area. In the meantime we all help. I don't see any choice other than cutting.

Q Will we have a pay-as-you-go choice?

A How much more leeway do we have? This again is one of the reasons why I think it is vital that this state put itself in a position where we have a little more leeway, now resources of the people themselves because I think we are at the limit. We are at the borrowing limit, we are at the tax sales limit second to only one other state in the combined local and state taxes, and I think we have to get back on a sounder, more economical basis.

Q Governor, do you agree with Speaker Monagan and Senator Way? More or less agree that it is a waste of money and time and rather futile?

A Yes. When I was signing some of those 1700 bills, you might have even gotten a vote out of me on some of the rest of the session. No, I don't think it was worked out as it was planned and that the legislators can find one. It seemed like a good idea at the time. I favored it when it was first proposed but it hasn't worked out.

Q Governor, have you had much static on cutting back the school lunch money? Has the mail been heavy on that?

A Not that I--I don't know of any. None has been brought to my attention on it.

Q On that subject, you said in your message that you fully endorsed the goal of providing more meals for more youngsters. Why, then, wasn't a special session called to correct the deficiency in the bill simply to have better legislation. Kids are hungry right now, they are not going to be hungry next year.

A Well, because we appropriated some of the answers that weren't solved with this and some of the answers we needed to know. It was a badly constructed--and it wouldn't accomplish its end for one thing. I could give it one--it was based on a dollar for dollar matching of what was spent. The Department of Education had not come up with any regulations as yet or any programs for how the money was to be used. We think that when

that is done--and that is why we left some money in to find out the answers and I don't think that we would have to call a special session if we would accomplish these other things first and then take that problem.

Q The head of the state school lunch says that right now they are only serving 83 thousand students that cannot afford their own lunch and estimates at least a half million who can't afford any price for lunch. Has the administrator got any type of an answer to that?

A Well, the answer I just gave you--to find out the answer to this other because this bill would not resolve that problem.

Q You said the other day ^{that} ~~the~~ trouble on California campuses was expected but you were not specific. Can you be a little more elaborate as to why you feel that way? What reports have you got? What information do you have which you haven't made public?

A Well, your own communications media has carried many stories of continued planning and by the same dissidents that caused the trouble in the past, and I think we simply have to be prepared for this. I hope that there are administrators on the campuses who have learned something from the past experiences and who will be more ready to meet with it in the future. I wish there was the same evidence of planning on their part that there was on the part of the dissidents. I haven't seen it as yet, but until they do, you are going to have this kind of trouble.

Q I got the impression from your statement some kind of intelligence has been gathered by the government. Are you saying you don't have any such reports?

A Oh no, I am not saying that at all. I am pointing out that again, the press has carried the efforts of the same group of people that were called the "People's Park" group now are planning a rent strike in Berkeley as a means of causing trouble. It is this kind of planning--it isn't all cloak and dagger and secret. Much of this, if you want to set out and find it, it is the same kind of information that administrators on the colleges are getting about the activities of these groups, and we simply get these reports so that we will be prepared and know what to expect.

I am not seeking to project something by challenging that it is going to happen at all, but those people still are here--there has been no announcement of a change of heart on their part.

Q You mentioned advanced planning in the situation that has threatened rent strike. For example, what kind of advanced planning by the administration do you ~~think~~ will prevent it?

A Well, I couldn't say. They could do something there. What I have in mind about advanced planning is the type of thing that Father Hesburg did at Notre Dame--the laying out of what will constitute grounds of suspension, dismissal or expulsion or whatever, and making it plain that such punishment will be given out to those who create disturbances. I have always believed on too many campuses, there is due process in advance of the crime. Due process following the incident is established that the individual is guilty or innocent, but to warn in advance and say the following conduct will constitute grounds for suspension, dismissal or whatever. I think this is vital and I think the students themselves are entitled to know. Father Hesburg at Notre Dame received nationwide attention for doing exactly that and apparently, it worked. But he spelled it out. Any student doing this--he even put a time limit on the display of the identification--fifteen minutes was long enough. I think the students should know what the rules are, what they can or cannot do.

Q Are you personally aware of problems of high rent in the area, personally?

A No, I have never investigated that.

Q Would you be willing to intervene if there was a problem with high rents, abusive landlords, would you be willing as Governor of California?

A Well, I demand the right to see my lawyer. Here again you enter into the jurisdictional field of where do the state's rights end and whether this is a problem with the local community.

Q When did you first become aware of the gist of the Look article on Alioto?

A That would be hard to say. I know that along about the time that the talk became general and there were column references. I had nothing but word of mouth of someone that such an article was to appear and beyond that I had no more knowledge than anyone else as to whether it was or what tone it was going to take.

Q Is that then a matter of weeks, months?

A I would say weeks.

Q Did Mr. Beck tell you that he had talked to Mr. Brisson four or five months ago?

A There would have been no reason ~~too~~. For one thing, I don't know who the writers were.

Q Do you feel that the press secretary acted responsibly in disseminating the articles to those that they did?

A You gentlemen know the practice of the press corps here and you know that nothing unusual was done at all. But let's just make one statement about this whole subject. Yesterday they gave their depositions, and they cleared once and for all and removed any suspicion or any idea that in any way we did something to further this story or to participate in it. Now from the very beginning I tried to avoid any comment about the Mayor and his troubles, and I would have continued to avoid it if he himself, for whatever reasons, were prompting him, had not tried to involve us and cloud this issue by trying to suggest some kind of participation on our part in this. Now it has been made and if you have any questions, you can ask Paul Beck or Ed Gray about those. It has been made perfectly clear that the Mayor's attempt was based on false assumptions and false accusations and I am going to say he has a problem with Look magazine, probably with a few readers in his own community of Look magazine and he can settle his own problem, and I am going to make no further comment about his troubles.

Q Governor, why couldn't either Mr. Gray or Mr. Beck have told the questioners last week the same thing that they told the lawyers. Wouldn't that have settled ~~it~~ it?

A Why don't you ask them.

PAUL BECK: I am available after the press conference.

Q Governor, you are now not commenting. Do you find it believable?

A What?

Q Do you find the article believable?

A No comment.

Q Was it interesting reading?

A Yes. As I was sitting out there 30,000 feet above the Pacific Ocean, but then I have always been a sucker for looking at pictures.

Q Do you have an answer to the charges, not his own charges about the press secretaries, but an answer to the article?

A No. I had time for the five pages of the article. I haven't time for 68 pages of the reply.

Q Do you plan to read it?

A Well, I don't have a copy. If he wants to give it to me for bedtime reading.

Q Governor, is the state going to pay the legal expenses for taking depositions and stuff?

A The answer is no.

Q Governor, although it has been asked before since Mayor Alioto are you willing to state since you have both regarded with assets?

A Well, I will comply with the law in conflict of interests and I know that by the time that is necessary, if it becomes necessary, that we will have a better law on the conflict of interests instead of that one I had to sign a short time ago.

Q Does that mean you are seeking reelection?

A If it becomes necessary.

Q What part of the article, leaving the Alioto part out there, indicated there was an active Mafia group in the Bay area, if not in the state, and are you going to have the Attorney General's Office investigate?

A In light of the reports we have had that the ~~active~~ Mafia isn't really very active in California at all. We have tried to

keep track on this subject of organized crime--to keep abreast of this anyplace in the world for that matter, but particularly where for a long time we sort of basked in the feeling that we didn't have such a problem, and yes, I want to know more about it. There have been hints in recent months--in fact some coming from the Attorney General's office that there were signs that this was something to look at in California, and I do want to know about it.

Q Had the Attorney General mentioned any political figures to you?

A No.

Q On your veto Governor, could you elaborate on your vetoing of child care day centers that utilized ten to twenty million and didn't cost the state anything.

A I believe that we already have a substantial program about the six million dollars increased to that program.

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