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Governor Ronald Reagan today announced the following bills have been signed:

AB 81 - Duffy Chapter 70	Requires the Department of Mental Hygiene to participate with the City of Porterville in the construction of interceptor sewer facilities for Porterville State Hospital and provides for the state to expend from any available funds 20 percent of the construction bid or \$60,000 whichever is less for such purposes.
AB 151 - Lancaster Chapter 68	Authorizes the Director of General Services, with the approval of the Department of Mental Hygiene and the State Public Works Board, to convey approximately 6.8 acres of land at Pacific State Hospital to the City of Pomona for use as a fire station.
AB 249 - Warren Chapter 71	Makes nonsubstantive amendments to the Food and Agricultural, Public Resources, and Water Codes.
AB 455 - Lanterman Chapter 73	Revises the requirements regarding advertisements, brochures, and manuals for 1974 or later model year gasoline-powered motor vehicles which contain any reference to the vehicle's horsepower.
AB 562 - Warren Chapter 74	Clarifies legislative intent that allowances for a specified dropout prevention program based upon a furlough plan be made from the State School Fund.
SB 207 - Schrade Chapter 72	Exempts from property taxation the possessory interest which a nonprofit zoological society has in publicly owned land while operating a zoo or horticultural display.
SB 251 - Nejedly Chapter 69	Makes technical amendments to legislation enacted in 1972 which increased the membership of retirement boards in counties included under the County Employees' Retirement Law of 1937.

#

Walthall

Governor Ronald Reagan today announced the appointments of three Superior Court and two Municipal Court judges in Los Angeles.

Named to the Superior Court Bench were Municipal Court Judges Thomas T. Johnson of Pacific Palisades, Albert D. Matthews of Compton and Robert H. London of Encino.

Johnson, a 50 year old Democrat, was appointed to his Municipal Court post in 1971 by Governor Reagan. He succeeds Superior Court Judge Edward Brand, who has retired. A native of Louisville, Kentucky, he received a degree in mechanical engineering in 1946 and his law degree in 1949, both from the University of Louisville. He has practiced law in Los Angeles since 1959. He and his wife Marianne have two minor children.

Matthew, 50, who was appointed Municipal Court judge of the Compton Judicial District in 1968 by Governor Reagan, is a Republican. He succeeds Superior Court Judge Joseph Call, who has retired. Matthews received his undergraduate training and law degree from Howard University in Washington, D.C. He graduated from the University's law school in 1954 with honors. He and his wife Mildred have a daughter, age nine.

London, 40, who declines to state his political affiliation, was appointed to the Municipal Court bench in Los Angeles Judicial District in Van Nuys by Governor Reagan in 1971. He succeeds Superior Court Judge Charles Stratton, who has retired. London, who was born in Brookings, South Dakota, is an honor graduate of the University of California at Los Angeles with a B.A. Degree in political science. He received his law degree from the University of Southern California in 1958, graduating in the top 15 percent of his class. He and his wife Ruthe have two children.

The three new Superior Court judges will receive an annual salary of \$36,393.

Named to the Municipal Court bench in the Los Angeles Judicial District were Brian D. Crahan, chief deputy city attorney for Los Angeles, and Lawrence C. Waddington, assistant attorney general and former deputy district attorney of Los Angeles County, who lives in Santa Monica.

Crahan, 38 year old Republican, is a native of Los Angeles. He succeeds Judge Johnson. He is a 1957 graduate of Pomona College and received his law degree from UCLA in 1961. He has been a member of the City Attorney's office since 1961. He and his wife Michele have a minor daughter.

Waddington, 42, a Republican, succeeds Judge London. He is a 1953 graduate of Colorado College, Colorado Springs, Colorado, and received his law degree in 1956 from UCLA. He was a deputy district attorney of Los Angeles County from 1958-70. He and his wife Jennie have four minor children.

Crahan and Waddington will receive \$33,481 yearly salaries.

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Walthall

Governor Ronald Reagan today announced the appointment of Ernest L. Casares, a San Diego dentist, to the Board of Dental Examiners in the Department of Consumer Affairs.

Dr. Casares, a 56-year-old Republican, fills the vacancy created by the resignation of Dr. Philip H. Pope of San Bernardino.

A graduate of San Diego State College in 1939, Dr. Casares received his dental degree in 1943 from the University of Southern California.

In addition to his private practice in San Diego, Dr. Casares is an instructor in operative dentistry at USC. He is a former president of the San Diego County Dental Society, former chairman of the San Diego Children's Dental Health Center, and former president of the San Diego chapter of the Academy of General Dentistry.

Dr. Casares and his wife Wilma have two children.

Board members receive \$28 a day per diem when on official duty.

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Address:

Ernest L. Casares, D.D.S.
3702 Park Boulevard
San Diego, California 92103

Walthall

Governor Ronald Reagan today announced the appointment of James L. Dumas of Chowchilla to the board of directors of the 21a District Agricultural Association, sponsor of the Madera District Fair.

Governor Reagan also announced the reappointments to four-year terms of Eugene R. Trombley of Novato and Stanley W. McDonald of Petaluma as members of the 4th District Agricultural Association, sponsor of the Sonoma-Marin District Fair.

Dumas, a 56-year-old Republican, fills the vacancy created by the resignation of Joe D. Law of Chowchilla. His term will expire January 15, 1974. A native of Judsonia, Arkansas, he attended Harding College in Searcy, Arkansas, and Arkansas State Teachers College, Conway, Arkansas. Former rice farmer, he is a Chowchilla businessman.

Trombley, 66, has been a member of the 4th District board since 1969. A Novato businessman, Trombley is a Republican. He is a member of the Marin County Planning Commission, and a former chairman of the Marin County Airport Commission.

McDonald, 52-year-old Republican, has served the board since 1971. The assistant vice president of the Bank of Marin, McDonald is a member of the Wilson School Board of Governors, the Petaluma Chamber of Commerce, and is a director of the 4-H Dairy Heifer Placement Program.

Board members are paid their necessary expenses.

#####

Addresses:

Jim Dumas
373 Circle Drive
Chowchilla 93610

Eugene R. Trombley
1631 Ignacio Boulevard
Novato 94947

Stanley W. McDonald
1000 Chileno Valley Drive
Petaluma 94952

Walthall

OFFICE OF GOVERNOR FRED REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-1-73

MEMO TO THE PRESS

#299

GOVERNOR'S SCHEDULE
June 4, 1973
through
June 10, 1973

Monday, June 4
through
Wednesday, June 6

National Governors' Conference, Lake Tahoe,
Nevada.

Overnight - Sacramento

Thursday, June 7

No public appointments scheduled.

Overnight - Los Angeles

Friday, June 8

Noon

Goodwill Industries Luncheon, Biltmore Bowl,
Biltmore Hotel, Los Angeles. Speech.

Overnight - Los

Saturday, June 9

4:00 p.m.

Mount St. Mary's College Commencement,
Mount St. Mary's College, Los Angeles.

Overnight - Los Angeles

Sunday, June 10

No appointments scheduled.

Overnight - Los Angeles

#####

Gray

Governor Ronald Reagan today announced he has vetoed the following bill:

AB 368 - Brown

Would generally prohibit school districts from administering tests, or using individual scores from tests, which measure or attempt to measure the scholastic aptitude of pupils.

REASON FOR VETO:

"I would be sympathetic to legislation aimed at eliminating possibilities for misinterpretation of the meaning of aptitude test scores. This should be done by requiring that administration and interpretation of tests---group or individual---be done by or under the close supervision of appropriately qualified persons. Qualified persons do not make final judgments regarding a child's ability on one test alone. They are aware of the margin of error for any specific test. They know the degree of appropriateness of a specific test for use with individuals of varying backgrounds.

"The language of AB 368 kills aptitude testing rather than preventing its misuse. It provides that, 'No school district may administer in connection with the statewide testing program, or otherwise, any group standardized test, or any other test, which measures or attempts to measure the scholastic aptitude of a pupil to any pupil or group of pupils in the district.' This restriction is too broad and removes from local school boards the right to utilize a valuable testing procedure.

"I note that AB 368 accepts aptitude tests as part of psychological evaluation. They are accepted for placement in postsecondary education and to determine scholarship eligibility. Tests useful for these purposes are too valuable---whether used in a group or individual setting---to eliminate.

"Accordingly, I am returning the bill unsigned."

Governor Reagan today also announced he has signed the following bill:

SB 112 - Rodda
Chapter 76

Prohibits experimentation on live vertebrate animals in the state's public elementary and high schools.

Upon signing the bill the governor made the following statement:

"It is with some uneasiness that I sign SB 112. I was surprised to find only one letter of opposition from educators in the State of California---only one letter in a state with 1100 school districts and 221 accredited postsecondary institutions. I was surprised because of the possible loss of valuable laboratory experience for students who will go on to study biology and medical and veterinary science in college. If educational damage should result, I will propose corrective legislation.

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Walthall

GOVERNOR REAGAN'S

PROPOSED CALIFORNIA STATE CONSTITUTIONAL AMENDMENT
FOR REVENUE CONTROL AND TAX REDUCTION

SUMMARY OF PROVISIONS

1. Will provide a rebate of up to 20 percent on state income taxes paid during calendar 1974 (This rebate will derive from the one-time current state surplus which is estimated to total from \$800-850 million at the end of fiscal 1972-73. The surplus was made possible by major reforms in California's welfare and Medi-Cal programs, and an upturn in the state's economy.)
2. Will provide a 7 1/2 percent ongoing state income tax cut beginning Jan. 1, 1974 and thereafter.
3. Will constitutionally limit and gradually reduce the percentage of total personal income in California which the state can take in taxes during the next 15 years. The state now takes approximately 8.75 percent of California's total personal income in taxes and fees. The limit will gradually reduce, by one tenth of one percent per year, the percentage of total personal income which the state can take from the people, until it reaches about 7.15 percent in 1989.
4. The tax revenue limitation will provide adequate safeguards to assure that the state can cope with emergencies, natural disasters and recessions should they occur in the years ahead.

To meet such unanticipated emergency situations, the legislature will be authorized to create an emergency fund of up to two-tenths of one percent of the total personal income of the state. In the event of such an emergency, as declared by the governor, the emergency fund may be appropriated to meet such needs, and in the event the emergency fund proves insufficient, the tax surplus fund may be utilized, or a special tax may be imposed by the legislature and the governor for a period not to exceed two years. Continuation of that tax, beyond the period of up to two years must be authorized by a majority vote of the people, at a statewide election.

5. The proposed constitutional amendment will prevent the state from shifting costs to local government for state mandated programs. It requires that "no new programs or increase in the level of service under an existing program shall be mandated to local entities or to school districts by the state until an appropriation has been made to pay to the local entities or school districts the cost of the mandated program or service."
6. The proposal also requires that "if the legislature enacts a specific property tax relief measure funded by state tax revenues or if, by order of any court, the costs of the program are transferred from local entities or school districts to the state, the state tax revenue limit may be increased, provided the maximum property tax rates of affected local entities, or the then existing tax rate of affected school districts, are commensurately decreased."

7. The proposal sets the "maximum property tax rates of each local entity" at those rates "levied for fiscal year 1971-72 or for fiscal 1972-73, whichever is higher."
8. The proposal will enable the legislature to alter the state's tax structure as it may see fit in the years ahead so long as the overall tax structure remains below the revenue limit in any given year.
9. The proposal will abolish the state income tax in the future for any family earning less than \$8000 per year (adjusted gross income) and for any individual with an adjusted gross income of less than \$4000 per year.
10. Governor Reagan's proposal will provide a cumulative tax savings to the people of California of \$118 billion during the next 15 years, even though the limit will enable California's state budget to triple during the same period of time.
11. The proposal will provide an estimated \$41.5 billion to pay for new programs not now in existence during the next 15 years -- above and beyond meeting the fiscal requirements of current programs, including allowance for inflation and growth during the same period.
12. Without the tax revenue limit, it is estimated that the state budget will quintuple by 1989, reaching \$47 billion in that year. With the limit in effect, the budget will be held to \$27 billion in 1989.
13. Projections based on past experience show that the state will increase its share of state revenues from the current 8.75 percent up to 12.25 percent of California's total personal income in 1989, if a limit is not written into the state constitution by the people. On the other hand, the tax revenue limit proposed by Governor Reagan will enable the percentage to decrease to 7.15 percent in 1989.
14. Governor Reagan proposed the Constitutional Amendment to the California legislature several months ago. But, the legislative leadership has made it clear that it will not permit the amendment to go to a vote of the people. (The legislature in California can place state constitutional amendments on the ballot for a vote of the people by a two thirds vote of each house). For this reason, an effort to place the proposal before a vote of the people by means of the initiative process is now underway. Petitions are now being circulated throughout California. Some 520,000 valid signatures are required. If the needed signatures are gathered and filed a special statewide election will be called by the governor so the people can decide the issue for themselves later this year.

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-6-73

RELEASE: Immediate

#301

Acting Governor Ed Reinecke today announced that the following bills have been signed:

AB 520 - Warren
Chapter 77

Makes nonsubstantive amendments to the Business and Professions, Financial, Insurance, Labor, Unemployment Insurance, and Welfare and Institutions Codes.

AB 561 - Warren
Chapter 78

Makes nonsubstantive amendments to the Public Utilities, Revenue and Taxation, and Vehicle Codes.

#

Walthall

As a result of the heavy smog conditions in Los Angeles, Orange, San Bernardino and Riverside Counties, Governor Ronald Reagan today issued the following statement:

"Because of the climatic temperature inversion that has persisted in the Los Angeles Air Basin for the past three days, with no immediate change in sight, serious air pollution levels have been reached which require cooperation of all citizens in the area to avoid a more extreme situation.

"Therefore, I am urging all citizens and agencies in the area to restrict their use of motor vehicles from all but the most pressing and necessary demands.

"I have also directed all state agencies to minimize to the greatest extent possible the use of state cars in Los Angeles, Orange, San Bernardino, and Riverside Counties while the present condition exists.

"I am also urging all citizens in the area to curtail their outside burning activities.

"I cannot overemphasize the need for areawide cooperation in helping to abate this hazard before it becomes crucial."

Governor Reagan also noted the state Air Resources Board and the Office of Emergency Services, along with the Federal Environmental Protection Agency and local air pollution control districts are closely monitoring smog conditions in the air basin and taking all available actions to reduce the danger.

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Walthall

Governor Ronald Reagan today announced the appointment of Arbuckle farmer Willard E. Stetson to the 44th District Agricultural Association board of directors. The association operates the Colusa County Fair.

Stetson, 60, a Republican, replaces Stanley Atran, whose term has expired. He is a retired Colusa County Supervisor and now serves as fire commissioner for the Arbuckle College City Fire District. He is also a member of the board of directors of the Colusa County Chamber of Commerce. He is married and has one grown daughter.

Board members serve four year terms and receive necessary expenses.

#

Address:

Willard E. Stetson
R.F.D. Box 104
Arbuckle, California

Garcia

Governor Ronald Reagan today announced the reappointments of John J. Manassero of Sutter Creek and Harold E. Colburn of Plymouth, and the appointment of Janice T. Howard of Plymouth to the 26th District Agricultural Association board of directors. The association operates the Amador County Fair.

Both Manassero and Colburn have served on the board since May 2, 1949. Their current terms will expire January 15, 1977. Mrs. Howard will fill the unexpired term of Lucian Vaira, of Drytown, who resigned. The term extends to January 15, 1975.

Manassero, 64, a Democrat, is a native of Sutter Creek and is a former member of the advisory board of Bank of America. He operates a local insurance business.

Colburn, 65, a Democrat, has served as board president for many years. He owns and operates drug stores in Plymouth and Ione.

Mrs. Howard, who has been associated with the fair since the age of 15, is active in cattle ranching. She is a Democrat.

Board members receive necessary expenses.

#

Addresses:

John J. Manassero
Post Office Box 575
Sutter Creek, California 95685

Janice T. Howard
Route 1, Box 18
Plymouth, California 95669

Harold E. Colburn
Box 126
Plymouth, California 95669

garcia

Governor Ronald Reagan today announced the reappointments of Gene C. Harris, of Richvale, and G.W. (Jock) Roney, of Chico, to the 3rd District Agricultural Association Board of Directors. The association operates the Silver Dollar Fair in Butte County.

Harris, 44, a Republican, has served on the board since March 3, 1969. He is manager of the family firm of Harris & Harris which operates some 2,500 acres, much of it in rice, in the Richvale area. He is a director of the California Farm Bureau and the Richvale Flying Farmers.

Roney, 77, a Democrat, has served on the board since September 3, 1958. He is a retired farmer.

Board members serve four year terms and receive necessary expenses.

#

Gene C. Harris
Post Office Box 273
Richvale, California 95974

G. W. (Jock) Roney
Route 1, Box 464
Chico, California 95926

Garcia

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-7-73

RELEASE: Immediate

#306

Governor Ronald Reagan today announced the appointments of Edwin R. McCauley of Salinas, and Loren W. Enoch of Oakland to the Commission on Peace Officer Standards and Training. The appointments require Senate confirmation.

McCauley, 55, a Democrat, is Monterey County Administrative officer. He replaces Fred J. Morey, Jr., of Del Mar, whose term expired. A 1941 graduate of the University of Southern California, he is married and has three children. His appointment will expire September 18, 1975.

Enoch, a 53-year-old Republican, replaces Earl R. Strathman, of Hayward, who resigned. His term will expire September 18, 1973. A graduate of the University of Southern California, he is presently Alameda County administrative officer. From 1961 to 1972, he was Ventura County executive officer. He is married and has two sons.

Commission members receive necessary expenses.

#####

Edwin R. McCauley
1014 Crespi Way
Salinas, California

Loren W. Enoch
5727 Balboa Drive
Oakland, California

Garcia

Governor Ronald Reagan today announced appointments to the nine-member Speech Pathology and Audiology Examining Committee, which was created during the 1972 legislative session.

The bill, SB 796, introduced by Senator James E. Whetmore (R-Buena Park) provides for the licensing of speech pathologists and audiologists by the committee, and places it under the jurisdiction of the Board of Medical Examiners.

Named to the committee were:

Katharine G. Butler, Ph.D., director of the Speech and Hearing Center and professor of speech pathology and audiology, California State University at San Jose;

A. Chris Hagen, Ph.D., chief, Communication Disorders Service, Division of Neurological Sciences, Rancho Los Amigos Hospital, at Downey;

Esther L. Herbert, supervisor, Speech and Hearing Special Education Division, Los Angeles Unified School District;

Richard M. Flower, Ph.D., professor of speech and audiology and vice chairman, Department of Otolaryngology, University of California, San Francisco.

Donald A. Belt, director, audiology and speech pathology, Sunnyvale Medical Clinic;

Henry D. Schmitz, Ph.D., director of audiology, Redlands Medical Clinic;

Mansfield F. W. Smith, M.D., associate clinical professor, Stanford University Medical Center, and associate chief, Division of Otolaryngology, Santa Clara Valley Medical Center, San Jose.

Jacquelyn W. Green, teacher, Spanish Department, San Francisco City College;

Charles K. Paskerian, Jr., president, Flexi-Pac, Inc., Santa Ana.

The law provides that committee members shall, by lot, classify themselves so the terms of three members expire Jun 1, 1974; three members, June 1, 1975, and the remaining three members' terms expire June 1, 1976. Thereafter, all appointees will receive four year terms. No member, however, may serve more than two consecutive terms.

Members receive \$28 a day per diem and their necessary expenses.

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Walthall

Butler, 21400 Arrowhead Lane, Cupertino 95014; Hagen, 548 Mondo Drive, La Habra 90631; Herbert, 8001 Vicksburg Ave., Los Angeles 90045; Flower, 34 Seventh Avenue, San Francisco 94118; Belt, 186 Alameda de Las Pulgas, Atherton 94025; Schmitz, 1630 Henrietta, Redlands 92373; Smith, 20021 Bella Vista Ave., Saratoga; Green, 984 Flying Fish, Foster City 94404; Paskerian, 2422 North Fairmont, Santa Ana 92706.

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-8-73

RELEASE: Immediate

#308

Governor Ronald Reagan today called a special election for
September 4, 1973 to fill the 14th Assembly District seat of the late
Assemblyman Robert W. Crown of Alameda.

Crown died of injuries suffered May 20 when struck by an
automobile while jogging in Alameda.

The primary election will be held August 7. The September 4
election will be held if no candidate receives more than 50 percent of
the primary vote.

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Walthall

Governor Ronald Reagan today filled two vacancies on the
California Regional Water Quality Control Board.

Appointed to four-year terms were, John C. Mabee of San Diego,
named to the Board's San Diego Region; and, Peter M. Tripp of Oakland,
who was appointed to the Board's San Francisco Bay Region. Both are
Republicans.

Mabee, 51, fills the vacancy created by the resignation of
Cornelius J. Johnson of San Marcos. A former part owner of the San Diego
Chargers professional football team, Mabee is a member of the San Diego
County Environmental Advisory Board. He is the founder and president
of the Big Bear Markets.

Tripp, 62, replaces Anthony R. Turturici of San Jose. Turturici
has resigned. The senior member of the Oakland Board of Port
Commissioners, Tripp has served three terms as Commission president.
He is the owner of the Peter Tripp Insurance Agency.

He is a former vice mayor and member of the Oakland City Council.

Board members receive their necessary expenses when on official
business.

#

Addresses:

John C. Mabee
4545 Yerba Santa Drive
San Diego 92115

Peter M. Tripp
5878 Moraga Avenue
Oakland 94611

Walthall

Governor Ronald Reagan today announced the appointment of Mrs. Daniel F. (Elizabeth) Deedy of Ross as a member of the Board of Governors of California Community Colleges, and reappointed two members.

Reappointed to four-year terms were King E. Durkee of San Diego, and William A. Dillard of Brawley. They are Republicans.

All three appointments require two-thirds consent of the state Senate.

Mrs. Deedy is a former member and four term president of the Marin Junior College District. She replaces Herbert T. Stroschein, D.D.S., of Santa Ana. Stroschein resigned and his term has expired.

She served five years and was twice elected president of the board of the Mill Valley Elementary School District, and twice elected chairman of the junior college section and statewide chairman of the Junior College Trustees of the California School Boards Association.

Mrs. Deedy, a Republican, is a graduate of Queens College, Charlotte, North Carolina, and received her Masters Degree in psychology from the University of Pennsylvania in Philadelphia. She was assistant to the dean of women and director of residents at the University of Pennsylvania from 1936-40.

Durkee, 54, director of education for the Copley Press, was first appointed to the Board by Governor Reagan July 14, 1970. He has served as executive editor, managing editor and executive news editor of the San Diego Union. He also has been active in the American Newspaper Publishers Association, the Graduate Department of Journalism at the University of California at Los Angeles, the Pacific Forum, the Bayside Settlement House, Sigma Delta Chi, the Association for Education in Journalism and the San Diego Symphony. He has also been a journalism instructor at San Diego State College and the University of Utah.

Dillard, 53, an Imperial County farmer, is a past president of the Board of Trustees of the Brawley School District, and was a three-term president of the Imperial County School Boards Association. He was first appointed to the Board in 1968 by Governor Reagan.

Board members receive their necessary expenses.

#

Addresses:

Walthall

King E. Durkee
2435 Soderblum Avenue
San Diego 92122

Elizabeth M. Deedy
One Garden Road
Ross 94957

William A. Dillard
480 South Rio Vista
Brawley, California

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-8-73

RELEASE. Immediate

#311

Governor Ronald Reagan today announced the following bills have been signed:

AB 89 - Bagley
Chapter 75

Continues the increase from \$80 to \$120 per month after June 1, 1973, in the maximum amount payable for each child under foster care programs. The bill also eliminates the requirement that counties be reimbursed on a quarterly basis in arrears on certain increases in aid grants made by the 1972 legislature.

AB 413 - Lewis
Chapter 79

Specifies that a candidate for a nonpartisan office at a primary election who receives a majority vote is elected, and that where two or more candidates are to be elected to a nonpartisan office and a greater number of candidates receive a majority than the number to be elected, those candidates shall be elected who secure the highest votes of those receiving such majority, and equal in number to the number to be elected. The bill restores language formerly found in Article II, Section 2-3/4 of the Constitution. That section was repealed by Proposition 7.

AB 915 - MacDonald
Chapter 80

Provides that the children's treatment center at Camarillo State Hospital shall be known as the Norbert I. Rieger Children's Treatment Center.

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Walthall

GOVERNOR'S SCHEDULE

June 11, 1973

through

June 17, 1973

Monday, June 11

No public appointments scheduled

Overnight - Sacramento

Tuesday, June 12

Noon CSEA Institute on Government, Woodlake Inn.
Remarks.

4:30 p.m. Presentation by Sacramento Chapter, Sons of the
American Revolution, of flags in honor of Flag Day,
governor's office.

Overnight - Sacramento

Wednesday, June 13

Noon Contra Cost Taxpayers' Association Luncheon,
Boundary Oak Restaurant, Walnut Creek. Speech.

7:00 p.m. JFK High School Graduation, Tak Fudenna Stadium,
Fremont. Speech.

Overnight - Sacramento

Thursday, June 14

Noon Flag Day Ceremony, West Steps of Capitol, sponsored
by the Sacramento United Committee for Flag Day.

Overnight - San Francisco

Friday, June 15

a.m. Meeting of the University of California Board of
Regents, University Extension Center, San Francisco.

6:00 p.m. Reopening of the old San Francisco Mint, 5th and
Mission Streets, with Mrs. Mary Brooks, Director
of the United States Mint.

Overnight - Los Angeles

Saturday, June 16

No public appointments scheduled

Overnight - Los Angeles

Sunday, June 17

No public appointments scheduled

Overnight - Los Angeles

#####

Governor Ronald Reagan today released the text of a recent letter to Assemblyman Robert G. Beverly pertaining to reapportionment:

"Since it is my understanding that you, Assemblyman Murphy, and others among the Republicans in the Assembly, wish to have a more specific indication of my views on AB 164, as it has been represented, I have prepared a list of districts which seem to be most contrived and in which compactness and community of interest are lost.

"I know you have stated that incumbency is a valid consideration. It is true that incumbency cannot help but be considered when those affected set the lines. But while that is true, it is also true that the people whom we all serve should have consideration. To utterly destroy community interest to gain partisan advantages in even one district is wrong, obviously.

"I had hoped that a suitable compromise between incumbency and community considerations might be reached. Thus far, at least 18 districts in AB 164 remain outside that formula. They are as follows:

1. 2nd A.D. - a long finger reaches up the coast to include Eureka
2. 9th A.D. - takes parts of 3 counties.
3. 18th A.D. and 19th A.D. - these districts are contrived for no valid reason and are a gross example of unnecessary gerrymandering.
4. 23rd A.D. - Reaching from the borders of Orange County, through San Bernardino County, through Kern County to San Luis Obispo and Santa Barbara Counties.
5. 26th A.D. and 27th A.D. - a long appendage reaches southeast along the major highway of the area.
6. 29th A.D. - runs through 5 counties from Taft to San Jose.
7. 33rd A.D. - this district includes mountain and valley areas which result in an odd configuration.
8. The map for Los Angeles is so incongruous as to make it difficult to comment on individual districts. However, the 49th A.D. will serve as an example. The district loops around the 50th A.D. with only a narrow corridor linking the major sections of the district.
9. 58th A.D. - runs from Oceanside to Garden Grove.
10. 61st A.D. - runs from Playa del Rey to Hollywood.
11. 67th A.D. - runs from Anaheim to Lake Elsinore and the San Diego County line.
12. 69th A.D. - possibly the worst example of deliberate gerrymandering in political history, having a distorting effect on surrounding districts.
13. 76th, 78th, 79th, and 80th A.D.s - these San Diego County districts are all examples of the art of gerrymander and cannot be justified on rational grounds. The City of La Mesa with less than 40,000 population has been divided among the above four districts.

"If it is possible to resolve the district problems outlined above, I believe the chances of court approval of legislative reapportionment would be improved. As you continue your negotiations with the majority party in the Assembly, you and all other Republican members have my assurance that I will stand with you to prevent the gross and indefensible gerrymander of Assembly districts. We are joined in this stand by our party, by the cities, counties, and communities affected, by newspapers and broadcasting stations throughout California, and by the public."

Governor Ronald Reagan today announced he has lifted the restriction on use of state cars which he ordered last week in Los Angeles, Orange, Riverside and San Bernardino Counties because of severe smog conditions.

"Although high pollution readings in Riverside and San Bernardino Counties have passed," Governor Reagan said, "there is a long, hot summer ahead. I urge all citizens in the South Coast Air Basin to think of their neighbors throughout the area and avoid making unnecessary automobile trips.

"During last week's alert, smog levels remained below the danger point in Los Angeles and Orange Counties. However, the heavy concentration of motor vehicles in those counties contributed to the problem in Riverside and San Bernardino.

"There is no question that the voluntary reduction of unnecessary automobile trips during severe smog conditions can help the entire four county area."

#

Walthall

Governor Ronald Reagan today announced the following bills have been signed:

AB 190 - Papan Chapter 87	Prohibits any person, except law enforcement personnel when on duty, operating any motor vehicle from wearing any headset covering, or any earplugs in, both ears.
AB 323 - Townsend Chapter 88	Prohibits rental of any vehicle, rather than small trailers or trailer coaches, for 30 days or less unless all equipment required by the Vehicle Code has been provided or offered to the lessee for his use.
AB 399 - Gonsalves Chapter 89	Prohibits any person from operating any privately owned armored car, rather than any armored car, unless a license to operate such car has first been obtained from the Commissioner of the California Highway Patrol
AB 716 - Powers Chapter 90	Corrects an erroneous cross-reference in a Public Utilities Code provision relating to highway carriers.
SB 114 - Berryhill Chapter 81	Corrects an erroneous cross-reference in a Health and Safety Code provision relating to community facilities.
SB 244 - Walsh Chapter 82	Limits the application of decreased speed limits for trucks on downgrades to vehicles having a manufacturer's gross vehicle weight rating in excess of 10,000 pounds
SB 280 - Grunsky Chapter 83	Authorizes cities, counties and districts to provide, in contracts for public projects, penalty clauses for late completion and also bonus clauses for early completion.
SB 318 - Dills Chapter 84	Permits certain garbage disposal districts with multiyear contracts, under specified conditions, to levy a property tax rate in excess of the base maximum permissible rate.
SB 329 - Way Chapter 85	Authorizes the Director of Food and Agriculture to permit for one year, by regulation, an alternative sampling procedure, and maturity and quality standards for canning tomatoes.
SB 478 - Marks Chapter 86	Removes the provision that unemployment disability compensation benefits may be reduced by payments received under the maritime doctrine of maintenance and cure, and that payments received under the maritime doctrine of maintenance and cure can be used in computing wages for the purposes of qualifying for unemployment.

#####

Walthall

Governor Ronald Reagan today said a Senate Committee's failure to act on his constitutional amendment to limit and reduce taxes at a committee meeting this afternoon "makes a mockery of the constitutional process which provides that the people should be able to decide for themselves at the ballot box major issues affecting their future."

He termed the failure "a deliberate affront to the people of California who, themselves, wrote the provision into the Constitution.

"To deny Californians the opportunity to vote on this program amounts to a total distrust of the people and completely vindicates our efforts to assure that the decision will be made through the ^{petition} initiative/process."

Five of the nine votes on the committee were required to send the constitutional amendment to the Senate Finance Committee. The four Republican members of the committee voted to pass the measure out, "for which they should be highly commended," he said. "One Democratic member at least had the courage to vote no," he added. The four remaining Democrats on the committee either failed to show up or chose to abstain.

"Despite the fact that the legislature placed eleven constitutional amendments on the statewide ballot last year so the people could vote on them, this key committee has consciously and deliberately sabotaged the right of the people to decide this important issue. Is it any wonder then that many of our citizens have lost faith in the legislature's ability to deal effectively with the people's business?

"Such abdication of responsibility is not only shamefully arrogant, it is a blatant abuse of power based on the assumption that a handful of legislators knows better than the people themselves what is good for California.

I recognize that some of the members of this committee were merely acting on orders from the legislative leadership of the majority party in denying the people the right to vote on the issue. But, it is this ^{very} kind of irresponsible partisanship which has made tax relief so difficult to achieve," he said.

Governor Reagan noted that there is still time to qualify the citizen initiative for a special statewide election this fall.

He urged citizens to get behind the initiative so that they can have the opportunity to limit and reduce the proportion of their earnings which the state can take in taxes in the years ahead.

He said thousands of Californians will be seeking signatures at shopping centers throughout the state this weekend in an effort to place the issue before the people at a special election November 6.

Tax Red. & Revenue Control Program

letter

The attached *letter* has been received by Governor Reagan from Roger A. Freeman of the Hoover Institution on War, Revolution and Peace at Stanford.

Freeman, a distinguished tax expert and senior fellow at the Hoover Institution since 1962, is the author of numerous books and articles in the field of public finance. His latest book, "Tax Loopholes," has just been published.

Other books include: "Federal Aid to Education--Boon or Bane?;" "School Needs in the Decade Ahead;" "Taxes for Schools;" "Crisis in College Finance?;" and "Socialism and Private Enterprise in Equatorial Asia."

Previously he served as a special assistant to the governor of Washington (1950-55); White House assistant to President Eisenhower (1955-56); was fiscal advisor to the government of Bolivia (1957); served as vice president of the Institute of Social Science Research in Washington (1957-60); was research director of the Institute of Studies in Federalism, Claremont Men's College, California (1960-62).

He served as a special assistant to President Nixon while on leave from the Hoover Institution from 1967-70; was co-chairman of the state and local government advisory committee of the U.S. Bureau of the Census, 1952-56; served as a consultant in school finance, White House Conference on Education, 1955; and was research advisor to the education committee of the U.S. Commission on Intergovernmental Relations, 1954-55.

He served as chairman of the committee on finance and public education for the National Tax Foundation from 1957-60 and was on the association's executive committee from 1961-64; and was a member of the advisory board of the Tax Institute of America from 1955-61.

He is a member of the American Economic Association and the American Society of Public Administration.

In 1959 he was the recipient of the distinguished research award of the Governmental Research Association and was the winner of the George Washington Honor Medal Award of Freedoms Foundation at Valley Forge in 1967.

He also served as an advisor to Governor Reagan's tax reduction task force late last year and early this year.

He has known A. Alan Post professionally since 1950.

Also attached is an analysis by Wesley H. Hillendahl, vice president, director of business research, Bank of Hawaii, which stresses the percentage of the people's income which is being consumed by government spending in the United States.

HOOVER INSTITUTION

ON WAR, REVOLUTION AND PEACE

Stanford, California 94305 • (415) 321-2300



June 8, 1973

Dear Governor:

In reviewing the release of May 2 of the Governor's Task Force on Tax Reduction, commenting on the Legislative Analyst's criticism of your tax reduction plan, I am amazed, dismayed, and somewhat saddened by the nature of the Analyst's criticism. Having known Alan Post for well over twenty years and having always had the highest regard for his professional knowledge and judgment, I am at a loss to understand what caused him to compile such unjustified, carping, far-fetched, factually inaccurate and often incorrect statements.

To be sure, Mr. Post's statement that taxes and government expenditures would now be lower had an initiative such as you now propose been adopted in 1966 is probably correct. To control the magnitude of taxing and spending and its growth tendency is, after all, the purpose of the action. But the claim that this would mean "increases in local property and sales taxes" and "eliminate all of the existing direct property tax relief program" is purely imaginary.

Many of the Analyst's statements in his release of April 30 strike me as lacking merit. Some of them must be called nitpicking because they concern minor and unimportant items. For example, the criticism in pt. #1 to pt. #3 of the inclusion of such insignificant items in revenues as admissions to university football games. The fact is that the U.S. Bureau of the Census includes all of the ten listed items as revenues in its annual report on Government Finances in . . . and has used those definitions and concepts now consistently for over twenty years. There is not a very clear line of distinction between taxes and revenues in general usage; for example, the Bureau of the Census treats receipts from employment taxes (unemployment and social security taxes) as "insurance trust revenues" (and not as taxes) while many other fiscal analysts classify those receipts as taxes (which legally they are). Census treats employee retirement contributions in the same manner as social security contributions (i.e., as trust fund contributions). Mr. Post does not object to social security contributions being treated as taxes, but for some reason would exclude employee contributions. (I can see no difference between the two; they both are imposed by law and serve the same purpose.)

These are really technical details which are of little interest or significance to the public. The essential fact is that all of the amounts included in the Governor's computation are governmental revenues and ought to be considered when measuring the size of government.

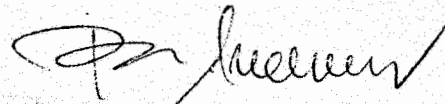
Nor does the Analyst's objection to the use of Personal Income rather than Net National Product have much validity. In the end only people pay taxes -- or contribute similar "revenues" to government -- not legal abstractions or properties as such -- and it is perfectly all right to use Personal Income as a measuring stick -- which does not deprive anyone else from using some other measure, provided that it is available (which Net National Product on a state-by-state basis is not). In its annual report Governmental Finances in . . . the U.S. Bureau of the Census relates state and local government revenues and expenditures to personal income.

Moreover, what counts in the end is not whether total governmental revenues or expenditures now equal 44% of Personal Income (or any other concept such as National Income or Net National Product which are computed only on a national basis) or 43% or 42% but the fact that this is a very high share of the income produced by the people and that it has been increasing sharply, particularly at state and local levels.

The U.S. Bureau of the Census shows all governmental revenues (federal-state-local) nationally to equal 41.1% of personal income. It also shows state and local government general revenues in California to be 20.9% of personal income, compared with a national average of 18.1%. (The Bureau does not compute combined federal-state-local revenues for each state.) This suggests that -- following the Census Bureau's methods -- federal, state and local government revenues in California equal at least 44% of personal income.

On the whole, the comments which the Governor's Task Force prepared in response to the Legislative Analyst's criticism appear to me to be well-reasoned, justified and correct. I hope that Mr. Post will take them to heart and give in the future more careful and objective professional consideration to the facts before issuing such ill-tempered and slanted statements as he did in this case.

Sincerely yours,



Roger A. Freeman

BIG GOVERNMENT'S DESTRUCTION OF THE AMERICAN ECONOMY

— THE CONSEQUENCES AND THE CHOICES

By Wesley H. Hillendahl
Vice President, Director of Business Research
Bank of Hawaii

A CRITICAL ASSESSMENT OF THE
IMPACT OF BURGEONING GOVERNMENT

The issues of higher prices, higher taxes, and spiraling government spending are on every thoughtful person's mind. It is generally understood in a vague way that the problems of inflation, expanding credit demands and high interest rates are related to big government. Yet the notion is prevalent, from welfare recipients to educators to high level businessmen, that somehow funds from Washington are free for the asking — no strings attached — and each is obliged to compete for funds which otherwise will be granted elsewhere.

One may properly ask, just how critical are the levels of taxation and government spending today? Can government overhead reach the point where it endangers economic stability? Further, did the urgency in the President's recent message to the people of the United States reflect a concern about a resurgence of inflation as a consequence of increased government spending, or did it reflect a deeper concern related to a more profound issue: namely, the survival of the United States economy?

For many decades the combined spending by local, state and federal governments has been creeping up as a share of the income of the private economy. In fact, the trend has been in effect for such a long time that it is largely taken for granted.

Our purpose here is to attempt first to establish a relationship between the size of governments in the United States and the requirement for accelerating inflation, more or less sustained high interest rates, and chronic problems in the credit markets; second, to employ this relationship as a basis for evaluating the future consequences if government continues to take an increasing share of private sector revenues.

GOVERNMENT CAN ONLY SPEND THAT WHICH IT FIRST TAKES
FROM PEOPLE

In this analysis, personal income is used as a basic measure of the private sector of the economy. The concept of personal income is useful because all taxes and sources of government income are ultimately paid by people out of personal income. For example, all corporate taxes must become part of the purchase price of consumer products. Taxes on intermediate products which are consumed by companies must in turn be included in the price of the final product or service for which the consumer ultimately pays. Also, all direct services and products provided by government-owned activities are ultimately paid out of personal income. So all government revenues must ultimately be paid by people.

In passing we note that government spending is con-

ventionally related to Gross National Product (GNP). However, this ratio tends to mask the growth of government because GNP includes government spending as one of its components and therefore is not useful in this analysis.

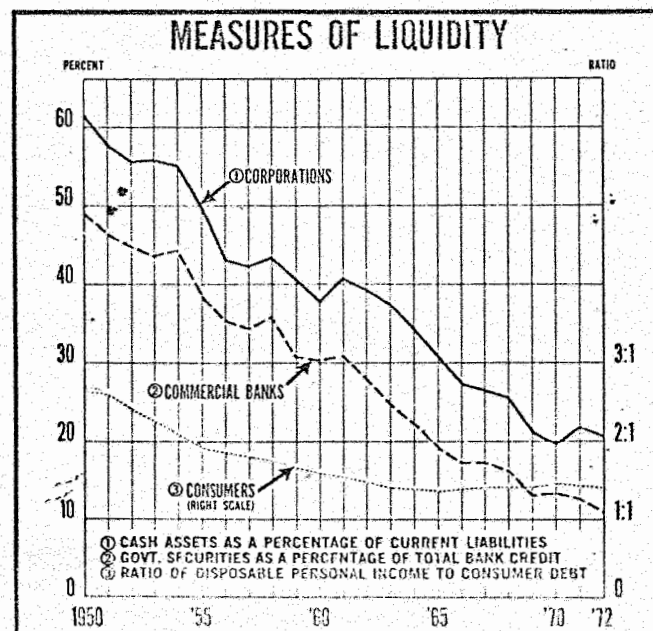
TREND OF EXPANDING COST OF GOVERNMENT

Following the great depression when combined government spending¹ rose to between 20 and 23 percent of personal income, World War II briefly required a level of government spending amounting to more than 62 percent of personal income, accompanied by acute inflation of prices. By 1947, government spending returned to about 23 percent. Subsequently, over the years government spending has gradually taken an increasing share of personal income. Spending reached 35.8 percent in 1960, and 41.8 percent in 1970. Presently, government absorbs 43.5 percent of personal income, twice the share 40 years ago.

1950-1960: A REFERENCE PERIOD

Adjustments of the highly inflationary World War II period having been accomplished, business became relatively stable and profitable during the decade between 1950 and 1960. Being one of the relatively more stable periods of this century, this period was selected as a basis for comparison with subsequent periods. It was characterized as follows: new capital for consumer and business investment was adequate, interest rates were reasonable. As an example, yields of AAA bonds were in the 3 to 4 percent range. During this period,

FIGURE 1



¹ Government spending as used here includes the sum of all levels of government including federal, state and local.

the money supply M_2 (defined by money in circulation, and demand and savings deposits on banks) expanded at about $3\frac{1}{2}$ to 4 percent annually. This constitutes a noninflationary growth of the money supply, as it paced the growth in real personal income.

(It appears that the growth of real personal income in the United States has averaged about 4 percent for well over a century.) However, the deterioration of liquidity (retained cash) in the economy, including business, financial institutions, and individuals, indicated trouble ahead. (See Figure 1.) While liquidity may have been somewhat excessive during 1950 as a result of savings accumulated during the war, liquidity was clearly deteriorating by 1960. This warning signal reflected in part the fact that government spending was becoming a larger share of the total economy and that government was draining off liquidity through taxation. The burden of the federal, state and local governments rose from about 28 percent to about 35 percent of personal income during that decade.

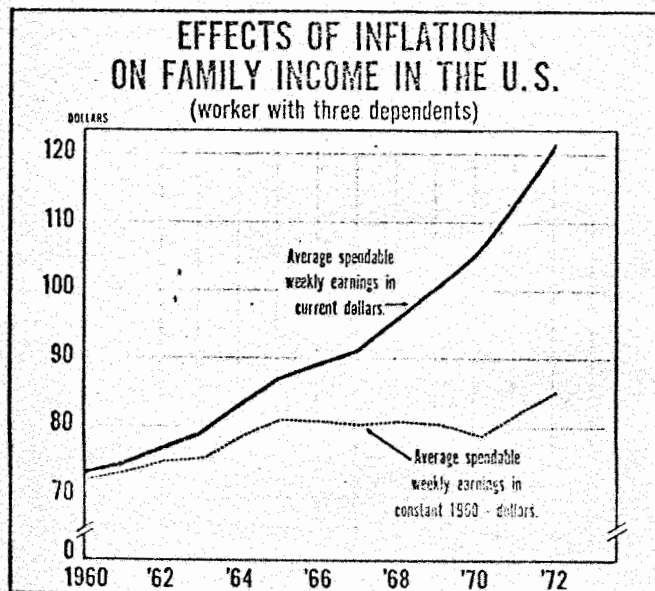
1960-1965: MILDLY INFLATIONARY

Then during the first half of the 1960 decade, inflation began to creep up. Capital remained generally adequate, but as inflation crept up, interest rates also began to rise in anticipation of additional inflation. For example, AAA bond yields rose to between 4 and 5 percent as compared to the previous 3 to 4 percent level. The burden of government by 1965 had risen to about 37 percent of personal income and the money supply, M_2 , was being expanded at about 6 percent annually. The liquidity picture continued to deteriorate. The government burden having continued to increase, necessary credit expansion was becoming increasingly inflationary.

1965: A CRITICAL YEAR

During the second half of the 1960 decade, inflation of the money supply (M_2) picked up additional steam.

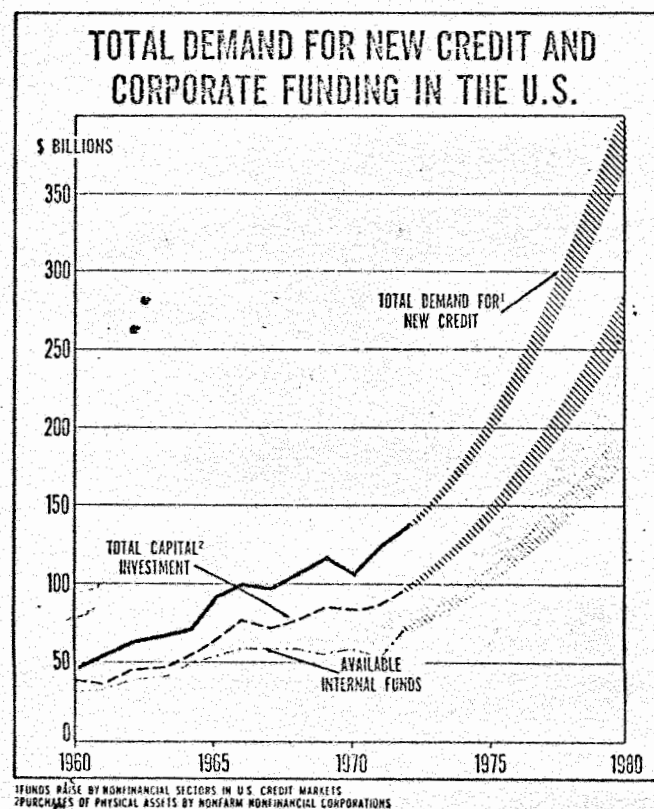
FIGURE 2



Because the relationship between the rate of expansion of the money supply, and wages and prices is well established, it followed that increases in the levels of both wages and prices, also began to accelerate. However, because prices paced the rise in income, the vast increase in average family incomes between 1965 and 1970 produced no increase in real income. (See Figure 2.) The expansion of money reached a peak of over 10 percent, and as an illustration of climbing interest rates, bond yields soared from the previous 4 to 5 percent level to well over 8 percent.

Apparently a critical point had been reached in 1965. The internal liquidity generated by individuals and business was no longer adequate to supply the credit requirements of the nation. While this condition had been imposed temporarily during wars and previous periods of tight money, it now extended continuously even through periods of monetary ease. By 1970, the burden of the government reached 42 percent of personal income. Over the years, government spending at all levels nationally had been expanding at a rate of about 11 percent per year as compared to personal income which was increasing at a little over 8 percent. The gap between personal income and government overhead continued to close and the consequent loss of liquidity in the system forced more and more people into the credit markets. In Figure 3, the hatched area between the lines of the demand for new capital by industry and the availability of internal capital through cash flow, illustrates the extent of the credit shortage which began in 1965. This shortage provided the foundation for the high interest rates which have been in effect ever since.

FIGURE 3

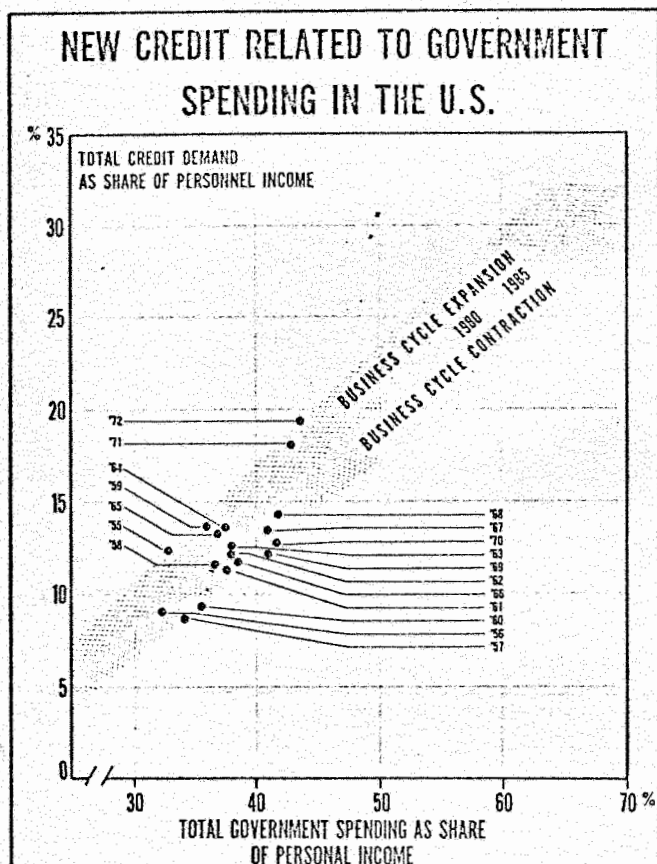


FUNDS RAISE BY NONFINANCIAL SECTORS IN U.S. CREDIT MARKETS
PURCHASES OF PHYSICAL ASSETS BY NONFARM NONFINANCIAL CORPORATIONS

required to support \$1,000 of person income may reach \$200, depending on the phase of the business cycle.³

The basic relationship between credit expansion and government burden shown in Figure 5 appears to be the underlying cause of the inflationary monetary conditions which historically has been associated with big government.

FIGURE 5



This relationship also accounts for an apparent paradox which exists during periods of accelerating inflation — the faster the money supply is expanded the less money is available to conduct private business.

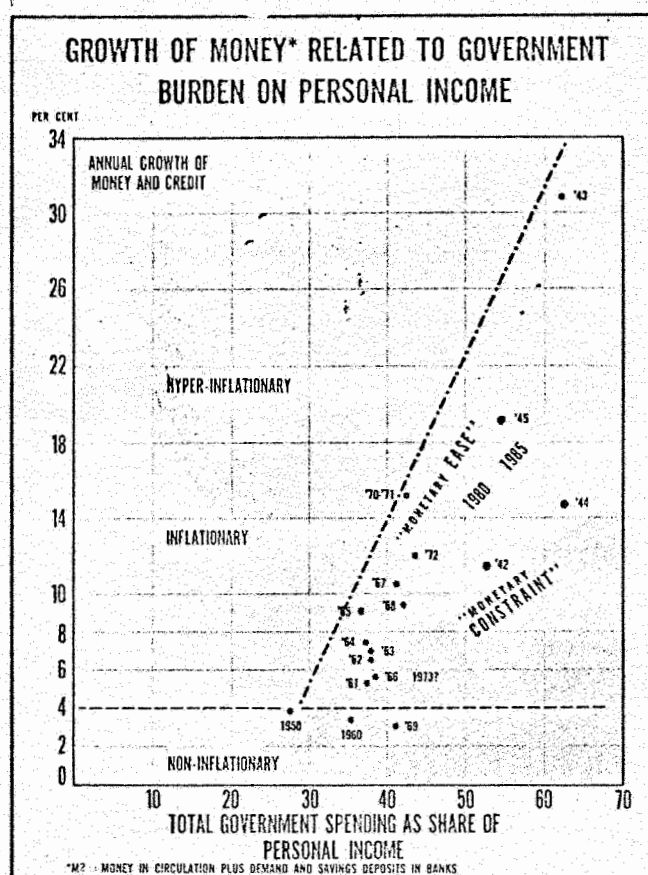
CREDIT EXPANSION GENERATES MONETARY INFLATION

The basic relationship is that as government grows beyond the point where it absorbs more than about 20 percent to 25 percent of personal income, the growth of the nation's money supply must be accelerated to inflationary rates. (See Figure 6.) Then, as the size of government goes from 40 percent to 50 percent or more of personal income, the rate of expansion of money must become hyperinflationary to accommodate the spiraling credit requirements of the economy.

This is not to say that turbulence in the credit markets and inflation cannot be engineered at any time, either by the monetary authorities under a central banking system, e.g., Germany after World War II, or by large financial interests in a less centralized system, e.g., finan-

³ As Figure 5 shows, credit requirements are somewhat greater in proportion to personal income during business cycle expansion than during business cycle contractions, and therefore must be expressed as a range.

FIGURE 6



cial panics in the United States around the turn of the century. The point is, that once government grows to a certain point with relation to the size of private economy, inflation is unavoidably necessary and must proceed at an accelerating rate as government continues to grow.

In the present environment, what was considered a highly expansionary rate before 1965, is now becoming restrictive, showing that the liquidity shortage is becoming more acute. A higher rate of credit expansion is becoming necessary to maintain the economy. A critical transition occurred in 1965 from a relatively noninflationary environment to one in which accelerating credit expansion is necessary to offset the drain of the total government overhead on the private economy. Nationally, credit requirements have doubled over the last decade as a consequence of diminishing liquidity, and may be expected to accelerate in the future. (See Figure 3.)

MONETARY INFLATION CAUSES WAGES AND PRICES TO RISE

Rapid expansion of credit and the accompanying monetary expansion must always result in comparably rapid increases in wages and prices. The close correlation between inflating a nation's money supply and increases in prices is demonstrated by the following statistics:⁴

⁴ Fifteen year compound growth rates compiled by Beryl Spinkel, Economist for Harris Trust and Savings Bank, presented to the Canadian Standing Senate Committee on National Finance, Ottawa, Canada, June 10, 1971.

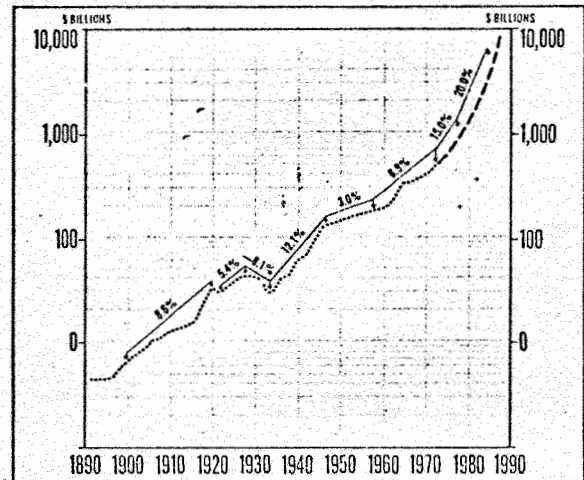
	Money Supply/Real Gross National Production (Percent)	Consumer Price Index (Percent)
Brazil	35.3	37.9
Chile	29.0	27.6
Colombia	11.2	10.4
Peru	7.7	9.0
Mexico	3.8	3.6
Japan	4.9	4.3
France	4.8	4.9
Canada	2.2	2.2

A high rate of increase in prices always accompanies a high rate of monetary inflation. Only when the rate of monetary expansion is held in check are prices stable. Hence, only by alleviating those conditions which require high rates of monetary expansion can a stable price structure be restored in the United States.

THE OUTLOOK

Extending the trends of the last several decades into the future, we may expect that by about 1978, government burden will pass through the point representing 50 percent of personal income and to 60 percent and above before 1990 as shown at right:

A CENTURY OF GROWTH IN UNITED STATES MONEY SUPPLY



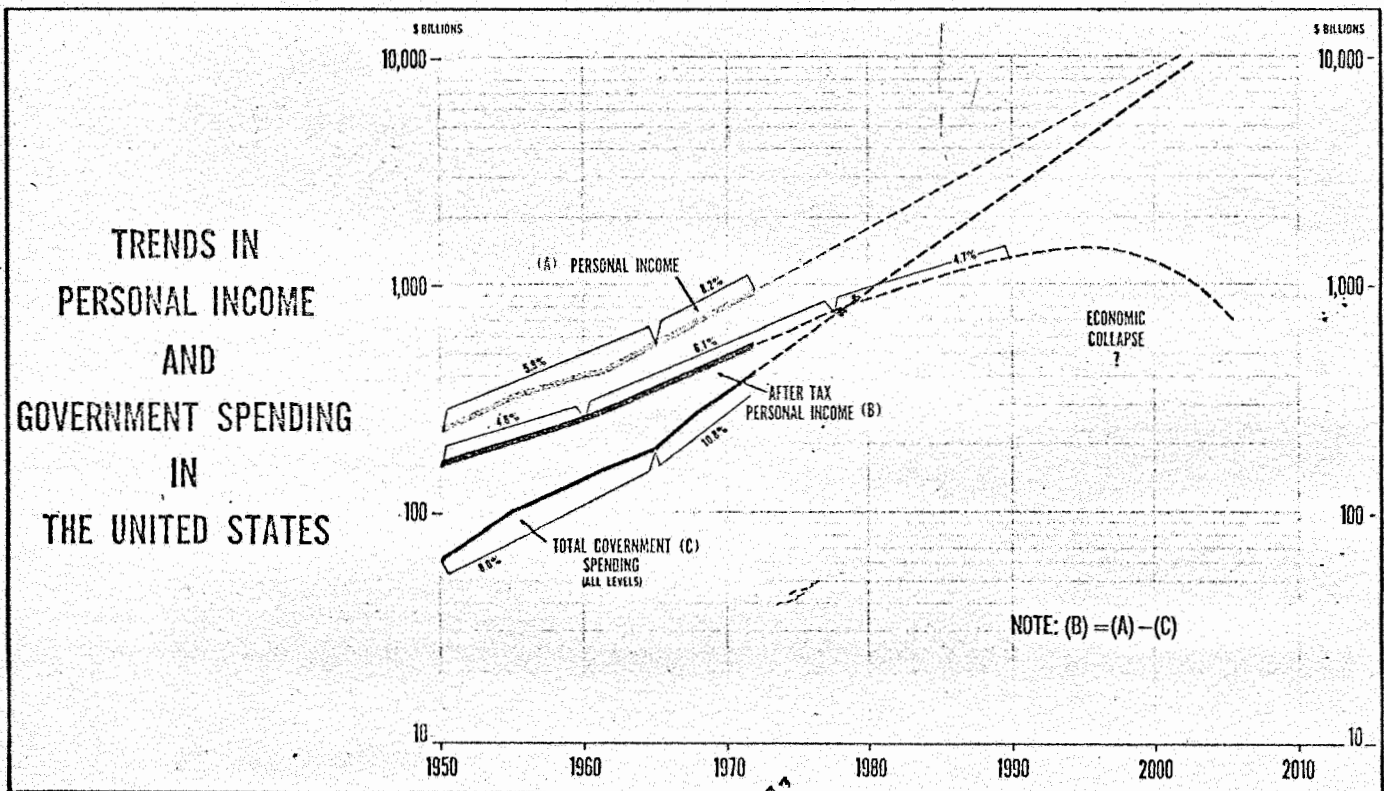
GOVERNMENT SPENDING RELATED TO PERSONAL INCOME IN THE UNITED STATES

Year	Total Personal Income (\$ Billion)	Total Government Spending ¹ (\$ Billion)	Ratio: Government Spending/ Personal Income (Percent)
1975	1,185	554	47
1980	1,758	925	53
1985	2,607	1,545	59
1990	3,866	2,600	67

¹ Combined total of federal, state, and local governments.
Projected on the basis of 1973 dollars and present growth trends.

FIGURE 8

TRENDS IN PERSONAL INCOME AND GOVERNMENT SPENDING IN THE UNITED STATES



As to precedent for probable consequences, we may compare the period of World War II during which government spending rose through 50 percent of personal income to a maximum of 63 percent in 1943 and 1944. The money supply doubled over the 5-year period between 1941 and 1946, and by one-third in 1943 alone to accommodate war time credit requirements. (See Figure 7.) Average wage and price levels after the war were proportionately about twice prewar levels in response to war time inflation of credit.

Consequently, as government expands and liquidity continues to decline in the future, the rate of growth of money must be accelerated. By 1980, an annual increase of some 15 percent would be necessary to accommodate the needs of the economy for credit. By 1985, an annual increase in the money supply of 20 percent or more is likely. And that's hyperinflation! Should the growth of government continue to outpace the private economy, the share of personal income that is left over after the government burden, will begin to level out. Finally, unless the expansion of government is stopped, before the turn of the century residual personal income will plummet. It should be unnecessary to observe that this means the entire United States economy would collapse. (See Figure 8.)

One might be inclined to feel that the economic collapse could be avoided by the government as it is reported to have done during the Great Depression by deficit spending. However, the role of government during the Depression is a moot question, some believing that monetary and fiscal manipulation induced the Depression in the first place and then aggravated its effects rather than improving conditions.⁵ It must also be remembered that government represented less than 20 percent of personal income before the depression, whereas in the future government will be much larger. Furthermore, even today the market is offering increasing resistance to the outpouring of government issues, and abroad the flood has disrupted the entire international monetary structure. Today, excessive government spending is, of itself, the problem and economic dislocations will only be aggravated by more spending.

Emphasizing this point, we wrote a year ago⁶ "The Keynesian concept of spending our way out of recessions via federal deficits while acting as lady bountiful to the nations of the world in the long run has proved to be destructively inflationary and unworkable. Henry Kaufman of Salomon Brothers recently wrote that . . . 'Compromises with inflation are detrimental to real economic expansion. High rates of inflation ultimately set in motion deflationary forces rather than economic stimulants. Consequently the distorting influence of inflation should by now have debunded the myth that a moderate rate of inflation does not interfere with real economic expansion and therefore is tolerable. Substan-

tial real economic growth can best be attained in a non-inflationary setting.' It is clear that constraints in government spending, both domestically and abroad, is the only course that will contain inflation, and provide for real economic growth and a sound monetary system both domestically and internationally."

The extension of present trends offers quantitative evidence in support of this statement. The present size of government is demonstrably excessive. In answer to the question posed initially, the economy is in fact in danger of being toppled within the foreseeable future by further increasing the size of government.

WHITHER INFLATION?

There is a tendency to treat inflation as if it were a threat rather than an actuality. In this regard the words "renewed threat" are frequently employed such as the consequence today of the economy approaching full capacity. The record tells another story. Since 1900 the money stock has been increased about 81 times, at an average annual increase of 6.6 percent before 1930, and 7.5 percent from 1933 to the present. On a per capita basis, the monetary stock is \$2,555 compared to \$87 in 1900, for an increase of 29 times, as shown below:

MONEY STOCK RELATED TO POPULATION IN THE UNITED STATES

	Money ¹ Stock M ₂ (\$ Billion)	Population ² (Million)	Per Capita Money Stock (Amount) (Ratio to 1900)	
1900	6.6	75.9	\$ 87	1.0
1910	13.6	91.9	148	1.7
1920	34.2	105.7	323	3.7
1930	44.8	122.7	365	4.2
1940	54.2	132.6	409	4.7
1950	152.9	152.3	1,000	11.5
1960	214.6	180.7	1,188	13.6
1970	425.2	204.9	2,075	23.9
1972 (P)	525.1	208.6	2,517	28.9
1973 - March EST:	534	209	2,555	29.4
1975	750	214	3,506	40
1980	1,700	224	7,585	87
1985	4,500	236	19,000	218

¹ Defined as M₂, money in circulation, plus bank demand and time deposits net of Certificates of Deposits.

² Population projected by Bureau of the Census at present average fertility rate of 2.1 births per woman.

NOTE: Money stock projected after 1973 on the basis of a relationship of credit requirements shown in Figure 6.

Translated into price comparisons, the popular "Big Mac" hamburger which is priced at 65 cents today would have sold for 8 cents in 1900. A \$50,000 house today would have sold for \$6,000 or less in 1900. Projecting the money supply to 1985 on the basis of expected credit demands (as related in Figures 5 and 6), the corresponding price would be more than \$2.00 for the "Big Mac." The price of the house would be \$150,000 to \$200,000, or more. Incredible? Yes, but not really! Not only has the country experienced periods of comparable inflation, but underlying conditions for such out-

⁵ Murray N. Rothbard, *America's Great Depression*, D. Van Nostrand Co., 1963.

⁶ Bank of Hawaii's *Monthly Review*, for March-April, 1972.

of-control developments have taken place in the making for more than 40 years.

THE HAWAIIAN PROBLEM

The Hawaiian economy exhibits trends which are similar to the national economy except that the rate of growth in the total state and local budgets coupled with federal taxes that are generated by the economy of Hawaii has been about 14 percent annually since the mid-1960's as compared with a growth in personal income of a little over 10 percent annually. These two trend lines are likewise converging. An extension of the trends of the past eight years will result in the government taking 50 percent of personal income in Hawaii by about 1980. After that, net personal income will gradually stop increasing, and unless government spending is curtailed the Hawaiian economy will also collapse in the 1990's.

This means the problem of excess government in Hawaii is similar to that of the United States as a whole, but the problem in Hawaii should be easier to bring under control as compared to the momentum of the massive bureaucratic machinery in Washington.

INTERNATIONAL OVERTONES

Not only is this problem urgent domestically but it also has international overtones. Never before has the United States been challenged internationally in world markets to the degree that it is today by the European Economic Community (EEC) or Common Market.⁷ The international issue presently centers on competition between the inflated paper dollar and a string of common market currencies tied to the German Deutmark. The mark is pegged to the SDR which in turn is defined as 1/35 ounce of gold bullion. Since West Germany has overtaken the United States in world trade, it appears possible for the German mark to supercede the U.S. dollar as the basis for much of world trade unless the value of the dollar is stabilized.

RATIONAL ALTERNATIVES

With these sobering prospects in mind, it seems only reasonable that the overall role of government should be reexamined toward the objective of developing guidelines to limit its size. To implement a program to contain excessive governmental overspending is not easy; the American taxpayer has allowed and even encouraged the condition to become increasingly more acute. If the trend is to be turned around, there must be a genuine desire and steadfastness on the part of the public to do so at this time.⁸

⁷ See Bank of Hawaii *Monthly Review*, January, 1973 p 4.

⁸ The moral overtones to inflation and paternalistic government cannot be stressed too strongly. Whether the period is Greece, Rome, Spain after the Inquisition, revolutionary France of the 1790's, or the present, the moral issue is the same: "When in the conquest of power and for political ends a government deliberately engineers inflation, all the monetary evils occur as before, and then to these you add such consequences as: first, that as the government expands explosively the people will lose control of it; secondly, as the people receive millions of checks from the automatic printing machines in the United States Treasury they learn to become dependent on government for

A first step in this direction would be a reduction in the rate of growth of combined federal, state and local government spending in proportion to the growth of personal income. Having stabilized this relationship, long range targets should be established to gradually bring total government spending successively to 35 percent of personal income, then to 30 percent and finally to 25 percent of personal income as an upper limit. The goal is to achieve a viable inflation free economy.

An immediate prohibition must be placed on any further tax increases at the national, state and local levels. More taxes will simply fan the fires of inflation and economic instability. Business, labor and the consumer are constantly cajoled to live within their means; a comparable hard line position with respect to government must be adopted at once.

In working toward a limit on the size of government, it will be necessary to establish rigid priorities for those projects and programs which are conducive to broadening the productive base of the private economy. Emphasis should be placed on improving productivity and profitability of the nation's workers and industries. Excluded from the list would be programs which artificially stimulate consumer spending and programs which dissipate the nation's resources.

A timetable of specific objectives should be adopted, providing for short, medium and long term goals in achieving an overall and complete reduction in the size, funding and power of the government over the economy and the individual consumer/taxpayer.

Among the many possible considerations demanding attention are:

1. A review of operating budget requests to trim excesses. Manpower requests, except in absolutely essential public services, e.g. public protection, should be frozen. Present positions should be allowed to elapse by natural attrition. In Hawaii, for example, additional studies, experimental programs and new projects should not be authorized. Public pyramids of prestige, such as the proposed University of Hawaii law and medical schools, should be postponed indefinitely inasmuch as the growth of these professions in Hawaii has accommodated fewer than 100 each of newly licensed attorneys and doctors annually from all sources for the last five years. The proposed second University of Hawaii campus on Oahu is not needed since the Manoa campus alone awards diplomas to more individuals annually than the total absorbed into the business and professional work aid and comfort;" (Who is willing to say no to federal aid to education, revenue sharing, model cities, food stamps; medicare, medicaid, subsidies for housing, transportation, etc., etc.?) "thirdly, people are first enticed by the benefits and then obliged by authority to exchange freedom for status;" (the strings attached to federal aid) "and finally, the revelry of public money, which for a while seems to cost nobody anything, brings to pass a state of moral obliquity throughout society.

The monetary debate is relatively unimportant. The moral debacle is cancerous and possibly incurable." Source: Garrett, Garet, *The People's Pottage*, The Caxton Printers, Ltd., Caldwell, Idaho 1965, pp. 101-102. Original copyright 1953.

force who require degrees.¹ Other "pork barrel" capital construction projects, likewise, should be eliminated. In the future, capital projects should be financed with a minimum of 50 percent cash to place CIP budgeting on more of a pay as you go basis.

2. Repeal the Employment Act of 1946. Unless the concept underlying the Employment Act of 1946 (repealed (with its present interpretation in the full employment budget) is abandoned, the burden on the private sector will expand to the point where a reasonable level of unemployment is impossible and the resultant expanding deficits will only accelerate inflation and assure ultimate economic collapse.

3. Roll back governmental regulatory and control functions over private enterprises. A by-product of government control has been an increase in nonproductive overhead. Over the last 20 years professionals such as tax specialists, accountants and attorneys needed to cope with the red tape have doubled their share of the work force. In Hawaii, milk prices have gone up, not down, under controls. Rent controls maintain already high prices and discourage upkeep of existing buildings and incentive to build new units and will eventually result in acute housing shortages; Cf. New York City, Sweden, France, et al. Utility rates nationwide have increased while service and ability to meet future demands have decreased under regulation. The air and surface transportation industries have been ravaged by Federal agencies and Public Utility Commissions. Current moves to convert even more consumer items, e.g. gasoline, housing, food, land, to "public utilities" must be stopped at the outset before more acute shortages develop.

As a prime example of price fixing, the arbitrary \$35 per ounce price of gold coupled with the prohibition of private ownership and restrictions on production of gold, has caused an acute world wide shortage of exchange reserves and the destruction of the international monetary system.

4. Divest government of activities that should be operated with private capital. Governmental inefficiency in its management functions is most pronounced when it becomes involved directly in business enterprises. Any future solution to the entire problem of spending requires that gradually, but surely the government divest itself of all income producing enterprises from parking lots to electric power production, that should be under profit making, tax paying private operation. Many profitable self supporting private operations have been removed from the tax rolls thus shifting the total operating burden to "the people" as a result of government's assuming responsibility to operate the enterprises — sometimes in direct competition with private business — on a tax free basis.

5. Stem the growing assault on private property development. Restrictive zoning laws, originally designed for orderly development of property have been used to

attempt social programming and have instead produced social disruption within the community.

6. Repeal collective bargaining laws which permit public employees to strike and to hold the taxpayers as economic hostages. Likewise, any additional labor legislation that allows compulsory unionization and/or special tax privileges to political pressure groups should be abandoned. All sectors of the economy should be equal before the law. Rather than abrogate the process of collective bargaining, as is being advocated in some quarters, monopolistic labor unions should either be subject to the same type of anti-merger and anti-monopoly laws under which business operates, or both labor laws and anti-trust laws should be overhauled. The massive economic deprivation of citizens by the blackades of monopolistic unions must be eliminated.

7. Target incremental tax reductions and remove regressive and punitive tax assessments from those that contribute the most to economic development through investment and greater productivity. A flat tax rate, applicable to all who must pay taxes, is the surest way to drive home the point that the burden of taxation is a deprivation of the economic freedom of all individuals.

8. Eliminate the need for burgeoning welfare roles by checking inflation. Meanwhile, the cushion against failure became excessive when it became possible to derive more income by being on the welfare roles than from being a productive worker. Consequently, in Hawaii, the welfare burden has been increasing at a compounded rate of 22 percent annually. At this rate, by 1980, welfare payments in Hawaii will equal the total operating budget for the state only ten years earlier. This rate of growth obviously cannot be sustained.

9. Review the role and functions of the central banking system with regard to monetizing federal deficits and economic manipulation. A halt must be brought to the growth of the federal debt which now stands at about \$450 billion.

10. Bring the far flung Federal foreign aid program into reasonable limits. President Nixon reported the Federal Government has given \$200 billion in foreign aid since World War II. These programs have been a major factor in the accumulation abroad of short term credits against gold, and have had a serious impact on the nation's debt.

11. Finally, move toward a realistic readjustment of the value of reserve gold to reflect the realities of international trade. Return of dollar convertibility to gold is essential to restore the confidence of our trading neighbors, and to provide a brake against out-of-control spending by politicians. The sovereignty of the dollar in world trade is threatened by the creation of a European Common Market currency. The international trade competition of the Common Market using a gold backed currency, cannot be met effectively with an impoverished paper dollar.

¹ See "Manpower Directions to 1975," Department of Labor and Industrial Relations.

satisfied that appropriate corrective action has been taken and that there will no longer be any failure to comply. Until he is satisfied, the Secretary shall make no further payments of such amounts.

§ 51.4 Extension of time.

When by these regulations (other than those specified in subpart F of this part) an act is required within a specified time, the Secretary may grant a request for an extension of time if in his judgment it is necessary and appropriate. Requests for extensions of time shall set forth the facts and circumstances supporting the need for more time and the amount of additional time requested.

§ 51.5 Transfer of funds to secondary recipients.

The prohibition and restrictions on the use of entitlement funds set forth in subpart D of this part apply to a recipient government's entitlement funds which are transferred by it to another governmental unit or private organization. A violation of subpart D of this part by a secondary recipient shall constitute a violation by the recipient government and the applicable penalty shall be imposed on the recipient government.

Subpart B—Reports and Written Communications

§ 51.10 Reports to the Secretary; Assurances.

(a) *Reports for review and evaluation.* The Secretary may require each recipient government receiving entitlement funds to submit such annual and interim reports (other than those required by § 51.11) as may be necessary to provide a basis for evaluation and review of compliance with and effectiveness of the provisions of the Act and regulations of this part.

(b) *Requisite assurances for receipt of entitlement funds.* Each Governor of a State or chief executive officer of a unit of local government, in order to qualify for entitlement funds, must file a statement of assurances when requested by the Secretary, on a form to be provided, that such government will abide by certain specific requirements of the Act and the prohibitions and restrictions of Subparts D and E of this part, with respect to the use of entitlement funds. The Secretary will afford each Governor the opportunity for review and comment to the Secretary on the adequacy of the assurances by units of local government in his State.

§ 51.11 Report on Planned Use and Actual Use of Funds.

(a) *Planned use report.* Each recipient government which expects to receive funds under the Act shall submit to the Secretary a report, on a form to be provided, of the specific amounts and purposes for which it plans to spend the funds which it expects to receive for an entitlement period. The planned use reports for the third and fourth entitlement periods (the 6-month period beginning January 1, 1973 and ending June 30, 1973, and the fiscal year beginning July 1,

1973 and ending June 30, 1974) shall be filed with the Secretary on a date he shall determine. Thereafter, each planned use report shall be filed prior to the beginning of an entitlement period as defined in § 51.2(f).

(b) *Actual use report; status of trust fund.* Each recipient government which receives funds pursuant to the Act shall submit to the Secretary an annual report, on a form to be provided, of the amounts and purposes for which such funds have been spent or otherwise transferred from the trust fund (as defined in § 51.40(a)) during the reporting period. Such report also shall state any interest earned on entitlement funds during the period and the balance of the trust fund as of the date of the report's submission. Such reports shall show the status of the trust fund as of June 30 and shall be filed with the Secretary on or before September 1 of each calendar year. All such funds must be used, obligated, or appropriated within the time period specified in § 51.40(b).

§ 51.12 Certifications.

The Secretary shall require a certification by the Governor, or the chief executive officer of the unit of local government, that no entitlement funds have been used in violation of the prohibition contained in § 51.30 against the use of entitlement funds for the purpose of obtaining matching Federal funds. In the case of a unit of local government the Secretary shall require a certification by the chief executive officer that entitlement funds received by it have been used only for priority expenditures as prescribed by § 51.31. The certifications required by this section shall be in such form as the Secretary may prescribe.

§ 51.13 Publication and publicity of reports; public inspection.

(a) *Publication of required reports.* Each recipient government must publish in a newspaper a copy of each report required to be filed under § 51.11 (a) and (b) prior to the time such report is filed with the Secretary. Such publication shall be made in one or more newspapers which are published within the State and have general circulation within the geographic area of the recipient government involved. In the case of a recipient government located in a metropolitan area which adjoins and extends beyond the boundary of the State, the recipient government may satisfy the requirement of this section by publishing its reports in a metropolitan newspaper of general circulation even though such newspaper may be located in the adjoining State from the recipient government.

(b) *Publicity.*—Each recipient government, at the same time as required for publication of reports under paragraph (a) of this section, shall advise the news media, including minority and bilingual news media, within its geographic area of the publication of its reports made pursuant to paragraph (a) of this section, and shall provide copies of such reports to the news media on request.

(c) *Public inspection.*—Each recipient

government shall make available for public inspection a copy of each of the reports required under § 51.11(a) and (b) and information as necessary to support the information and data submitted on each of those reports. Such detailed information shall be available for public inspection at a specified location during normal business hours. The Secretary may prescribe additional guidelines concerning the form and content of such information.

§ 51.14 Reports to the Bureau of the Census.

It shall be the obligation of each recipient government to comply promptly with requests by the Bureau of the Census (or by the Secretary) for data and information relevant to the determination of entitlement allocations. Failure of any recipient government to so comply may place in jeopardy the prompt receipt by it of entitlement funds.

Subpart C—Computation and Adjustment of Entitlement

§ 51.20 Data.

(a) *In general.* The data used in determination of allocations and adjustments thereto payable under this part will be the latest and most complete data supplied by the Bureau of the Census or such other sources of data as in the judgment of the Secretary will provide for equitable allocations.

(b) *Computation and payment of entitlements.* (1) Allocations will not be made to any unit of local government if the available data is so inadequate as to frustrate the purpose of the Act. Such units of local government will receive an entitlement and payment when current and sufficient data become available as necessary to permit an equitable allocation.

(2) Payment to units of local government for which the Secretary has not received an address confirmation will be delayed until proper information is available to the Secretary.

(3) Where the Secretary determines that the data provided by the Bureau of the Census or the Department of Commerce are not current enough, or are not comprehensive enough, or are otherwise inadequate to provide for equitable allocations he may use other data, including estimates. The Secretary's determination shall be final and such other additional data and estimates as are used, including the sources, shall be publicized by notice in the FEDERAL REGISTER.

(c) *Special rule for 6 month entitlement periods.* For entitlement periods which encompass only one-half of a year, the adjusted taxes and intergovernmental transfers of any unit of local government for that half-year will be estimated to be one-half of the annual amounts.

(d) *Units of local government located in more than one county area.* In cases where a unit of local government is located in more than one county, each part of such unit is treated for allocation purposes as a separate unit of government, and the adjusted taxes, and intergovern-

Governor Ronald Reagan today announced that the following bills have been signed:

- AB 627 - L.Greene Chapter 96 Requires, unless exempted by the State Allocation Board each school district applying, after July 1, 1973, for state aid for the rehabilitation or replacement of structurally inadequate school facilities to either, (1) submit a long-range master plan justifying the application, or (2) certify that replacement facilities will be located on an existing site containing a school building, or (3) certify that the applicant district maintains only one school.
- AB 383 - MacDonald Chapter 95 Permits a county superintendent of schools to contract with a school district or another county superintendent to provide education for physically handicapped pupils residing anywhere within the county, rather than only for those physically handicapped pupils residing in school districts having an average daily attendance of less than 8,000.
- SB 37 - Dills Chapter 91 Permits all persons, rather than males, who were assigned to identification and communication duties on August 4, 1972, to elect to be local safety members if their employing contracting agency so elects.
- SB 101 - Rodda Chapter 92 Eliminates authorization for the office of the California Educational Facilities Authority to be maintained in any city other than Sacramento.
- SB 363 - Grunsky Chapter 93 Increases the maximum tax rate in any zone created for flood control purposes within the San Benito County Water Conservation and Flood Control District from 25¢ to 40¢ per \$100 of assessed valuation of land and improvements if the voters of the zone approve such an increase at a special election called by the board of directors.
- SB 467 - Collier Chapter 94 Appropriates \$7.5 million in augmentation of the Emergency Fund of the Budget Act of 1972.

#

Walthall

Governor Ronald Reagan today announced the reappointment of Richard G. Murray of Carmel as a member of the State Board of Landscape Architects.

Murray, 39 year old Republican, has been a member of the board since 1970. His new term will expire June 1, 1977.

A landscape architect, Murray is president of the state board. He is also a past director and former vice president of the Northern California Chapter of the American Society of Landscape Architects, and was on the organization's committee of Professional Registration Boards of Landscape Architects.

Board members receive \$28 per diem when on official business.

Address:

Post Office Box 5816
Carmel, California 93921

Walthall

Governor Ronald Reagan today announced the reappointment of Mrs. Lee Richmond of Corona and Mrs. Marie E. Haff of Burlingame as members of the Collection Agency Advisory Board in the Department of Consumer Affairs.

Both were named to four year terms.

Mrs. Richmond, a Republican, has been a member of the board since July, 1971. A former finance company secretary, she is a widow with two children.

Mrs. Haff, a Republican, is secretary-treasurer of the Associated Credit Bureaus of California, and has been manager of the Credit Bureau of San Mateo and Burlingame since 1954. She was first appointed to the board in April of this year.

Board members receive \$28 per diem and their necessary expenses when on official business.

#

Mrs. Lee Richmond
Post Office Box 133
Corona, California 92118

Mrs. Marie E. Haff
708 Burlingame Avenue
Burlingame, California 94010

Walthall

Governor Ronald Reagan today announced the reappointment of Mrs. Nancy C. Keating of Culver City as a member of the Physical Therapy Examining Committee in the Department of Consumer Affairs.

Mrs. Keating, a Republican, has been a member of the committee since 1970. Her new term will expire June 1, 1977.

She is the chief physical therapist at the California Hospital Medical Center in Los Angeles.

Mrs. Keating is a 1949 graduate of the University of California at Los Angeles, and received her certificate of physical therapy from the city's Childrens Hospital.

She is a member of the American Physical Therapy Association and the state council of the California chapters of the APTA.

Committee members receive \$28 per diem when on official business.

#

Appointee's address:

5800 Green Valley Circle, Apt. 217
Culver City, California 90230

Walthall

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary 95814
916-445-4571 6-15-73

RELEASE: Immediate

#322

Governor Ronald Reagan today announced the reappointment to a four year term of John A. Vibert of Laguna Beach as a member of the Cemetery Board in the Department of Consumer Affairs.

The appointment requires confirmation by the state Senate.

Vibert, a 57 year old Republican, is president and general manager of Pacific View Memorial Park in Newport Beach. He has been a member of the Board since July, 1968.

A graduate of Stanford University, Vibert is a director and past president of the Interment Association of California and served as program chairman of the organization for two years. He is a past president of the Newport Harbor Chamber of Commerce.

Board members receive \$28 per diem when on official business.

#

Address:

1611 Emerald Bay
Laguna Beach, California 92651

Walthall

Governor Ronald Reagan today announced the appointment to a four-year term of Gregory Sells of Fresno as a member of the Vocational Rehabilitation Appeals Board.

The appointment requires confirmation by the state Senate.

Sells, 36, an Independent, is the manager of the Rehabilitation Counseling Department of the Leon S. Peters Rehabilitation Center in Fresno. He is a graduate of the Kansas State Teachers College at Emporia with a B.S. Degree in psychology, and holds a Masters Degree in rehabilitation counseling from the University of Arizona. He replaces Carolyn L. Vash, Ph.D., of Altadena, who has resigned.

He is the treasurer of the California Association of the Physically Handicapped, and a member of the Advisory Board of Fresno City College.

Board members receive their actual and necessary expenses when on official business.

#

Address:

Gregory Sells
4040 East Dakota Street
Apt. 3
Fresno, California 93726

Walthall

Governor Ronald Reagan today announced the reappointment to four-year terms of Raymond K. Liner of Bakersfield and Eugene R. Scheffer of Carmel as members of the Structural Pest Control Board in the Department of Consumer Affairs.

They were first appointed to the board May 18, 1970.

Liner, a 50 year old Democrat, is president of Liner Pest Control in Bakersfield. He is a member and former president of the Pest Control Operators of California, Inc.

Scheffer, 56, a Republican, is a partner in the Ailing House Pest Control Company in Carmel. He is a graduate of Iowa State University at Ames, Iowa, and is a director of the Northern California Pest Control Association.

Board members receive \$28 per diem when on official business.

#

Appointees' addresses:

Raymond K. Liner
120 Western Drive
Bakersfield 93309

Eugene R. Scheffer
P.O. Box 2618
Carmel, California 93921

Walthall

GOVERNOR'S SCHEDULE

June 18, 1973

through

June 24, 1973

Monday, June 18

11:00 a.m.

Welcoming remarks, U.S. Conference of Mayors,
St. Francis Hotel, San Francisco

Overnight - Sacramento

Tuesday, June 19

No public appointments scheduled

Overnight - Sacramento

Wednesday, June 20

2:00 p.m.

Presentation to Governor Reagan of plaque expressing
appreciation for Perris Dam, by a Riverside County
Civic group. Governor's office.

2:15 p.m.

Photo with governor to publicize Old Sacramento
Days, 4th of July. Governor's office.

Overnight - Sacramento

Thursday, June 21

10:30 a.m.

Boys' State Inaugural Ceremony, California State
University at Sacramento. Remarks.

6:00 p.m.

Reception for Paul Bannai, Republican candidate in
the 67th Assembly District, Hacienda Hotel,
Los Angeles.

Overnight - Los Angeles

Friday, June 22

3:00 p.m.

American Legion Convention, Convention Center,
Anaheim. Remarks.

8:00 p.m.

Meeting of the Pacific Palisades Community Council,
Palisades Women's Club, Pacific Palisades. Remarks.

Overnight - Los Angeles

Saturday, June 23

No public appointments scheduled

Overnight - Los Angeles

Sunday, June 24

No public appointments scheduled

Overnight - Los Angeles

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Gray

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-19-73

RELEASE: Immediate

#326

Governor Ronald Reagan today announced the reappointments of Sacramento attorney George A. Jouganatos and Elk Grove sheep rancher Howard P. Wackman, II, to the 52nd District Agricultural Association.

Jouganatos, 47, is in private law practice in Sacramento. He has served on the board since August 19, 1971. He is a member of the Sacramento, State and American bar associations. He is also a member of the California and American Trial Lawyers Associations.

Wackman, 35, has served on the board since March 5, 1969. He raises sheep and seed clover on his 1,400 acre farm in Elk Grove. He is former president of the Sacramento County Farm Bureau and is a former national chairman of the American Farm Bureau Federations' young farmers and ranchers section.

Both men are Republicans and will serve four year terms. They will receive necessary expenses.

#

Addresses:

George A. Jouganatos
5721 Carlson Drive
Sacramento, California 95819

Howard P. Wackman, II
Route 1, Box 1547
Elk Grove, California 95624

Garcia

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-19-73

RELEASE: Immediate

#327

Governor Ronald Reagan today announced the reappointment of Robert S. Nichols, D.P.M., of Vallejo to the Podiatry Examining Committee in the Department of Consumer Affairs. He has served on the committee since March 4, 1970.

Dr. Nichols, 51, has practiced podiatry in Vallejo since 1954. He is past president of the California Podiatry Association and has served on the Board of Trustees of the California College of Podiatric Medicine.

He is married and the father of two children. He is a Republican. He will serve a four year term and receive \$28 per diem.

#####

Address:

600 Marin Street

Vallejo, California 94590

Garcia

Governor Ronald Reagan today announced the reappointments to four-year terms of Herbert C. Templeman, D.O., of Port Hueneme, L. Arthur Moore, D.O., of Bakersfield, and King H. Harger, D.O., of Valley Center to the Board of Osteopathic Examiners in the Department of Consumer Affairs.

Dr. Templeman, 50-year-old Republican, has been a member of the board since 1965. A graduate of the College of Osteopathic Physicians and Surgeons in Los Angeles, he is a member of the Osteopathic Physicians and Surgeons of California, the Ventura County Heart Association, the Hueneme Elementary School Board, and a past president and member of the Oxnard Community Hospital Board.

Dr. Moore, 63, is a 1940 graduate of the College of Osteopathic Physicians and Surgeons in Los Angeles and has practiced in Bakersfield for 28 years. A Republican, he has been a member of the board since 1969.

Dr. Harger, 63, has been a member of the board since 1968. A Republican, he is a graduate of the College of Physicians and Surgeons in Los Angeles. He is a member of the Osteopathic Physicians and Surgeons of California and the California State Grange.

Board members receive \$28 per diem when on official business.

#

Appointees' addresses:

Herbert C. Templeman, D.O.
811 E. Myrna Drive
Port Hueneme 93041

L. Arthur Moore, D.O.
428 - 17th Street
Bakersfield 93301

King H. Harger, D.O.
P.O. Box 722
Valley Center 92082

Walthall

Governor Ronald Reagan today announced the reappointments of Louis J. Tosio, Jr., of Crescent City, and Palmer Westbrook of Smith River, to the 41st District Agricultural Association Board of Directors. The association operates the Del Norte County Fair.

Tosio, a 50-year-old Democrat, has served on the board since May 17, 1965. He is the owner of a supermarket and resort. He is married and the father of three children.

Westbrook, 58, a Republican, has served on the board since June 18, 1962. He is president of the Easter Lilies, Incorporated, and a director of the Pacific Bulb Growers Association. He is also past president of the Del Norte Farm Bureau. He is married and has four children.

Board members serve four-year terms and receive necessary expenses.

#

Appointees' addresses:

Louis J. Tosio, Jr.
P.O. Box 201
Crescent City 95531

Palmer Westbrook
P.O. Box 456
Smith River 95567

Garcia

Governor Ronald Reagan today announced the reappointments of Herbert W. Chandler and Oscar W. Graeser, both of Woodland, to the 40th District Agricultural Association Board of Directors. The association operates the Yolo County Fair.

Chandler, 51, a Republican, is the Yolo County Agricultural Commissioner and has served on the board since June 24, 1968. He is a former president of the Sacramento Valley Agricultural Commissioners' Association; is a past president and director of the Yolo County Federal Credit Union; is secretary of the California Association of Weights and Measures Officials and vice president of the United Community Fund.

Graeser, a 62-year-old Democrat, is a Woodland area real estate developer. He has served on the board for 32 years.

Board members serve four-year terms and receive necessary expenses.

#

Appointees' addresses:

Herbert W. Chandler
18 West Marshall
Woodland 95695

Oscar W. Graeser
55 Pershing Avenue
Woodland 95695

Garcia

Governor Ronald Reagan today announced the reappointments of pharmacists and businessmen David H. Garfield of San Diego and Kenneth G. Gonsalves, of Healdsburg, to the State Board of Pharmacy. Both have served on the board since May 18, 1970.

Garfield, 62, is a graduate of the University of Washington and Southwestern University. He is president of Clairemont Pharmacies and is affiliated with Clairemont Rental Properties. He is a member of the board of directors of Union Bank and a past president of the Boys Club of San Diego and the San Diego Mental Health Association. He is married and has two daughters.

Gonsalves, 52, is a 1948 graduate of the University of California College of Pharmacy. He has interests in pharmacies in Healdsburg, Santa Rosa, Sebastopol and Ukiah. He is active in numerous state and national pharmaceutical associations. He is married and has one daughter.

Both men have been appointed to four-year terms and will receive \$28 per diem. They are Republicans.

#

Appointees' addresses:

David H. Garfield
1722 Colgate Circle
La Jolla 92037

Kenneth G. Gonsalves
1224 North Fitch Mountain Road
Healdsburg 95448

Garcia

Governor Ronald Reagan today announced the reappointments of Dr. Ian Campbell, Ph.D., of San Francisco, and Joe M. Crosby of Pasadena, to the state Board of Registration for Geologists and Geophysicists. They have both served on the board since April 16, 1969.

Dr. Campbell, 72, a Democrat, is a retired Chief of the California Division of Mines and Geology. He is president of the California Academy of Sciences in San Francisco and is a recipient of the Public Service Award from the American Association of Petroleum Geologists.

Crosby, 62, a Republican, will represent the general public on the board. He is president and general manager of the California Liquid Fertilizer Company in Pasadena. He was an officer and pilot in the U.S. Army Air Corps during World War II. He is married and has two grown sons.

Board members serve four-year terms and receive \$28 per diem and expenses.

#

Appointees' addresses:

Ian Campbell, Ph.D.
1333 Jones Street, Apt. 906
San Francisco 94109

Joe M. Crosby
1524 Via Del Rey
South Pasadena, California

Garcia

Governor Ronald Reagan today announced the reappointment to a four-year term of R. Scott Jackson, D.V.M., of Chino, to the Board of Examiners in Veterinary Medicine in the Department of Consumer Affairs.

Dr. Jackson, a 59-year-old political Independent, is a graduate of Howard Payne College, Brownwood, Texas, and received his veterinarian degree from Colorado State University at Fort Collins.

He is vice president of the Board of Examiners and a member of the Continuing Education Committee of the California Veterinary Medicine Association.

Dr. Jackson is a former associate professor of veterinary medicine at Colorado State University and was a research assistant in internal parasites of animals with the U.S. Department of Agriculture at Logan, Utah.

Board members receive \$28 per diem when on official business.

#

Appointee's address:

R. Scott Jackson, D.V.M.
J. K. Houssels
14909 Archibald Avenue
Chino 91710

Governor Ronald Reagan today announced the reappointments of Northridge businessman D. Gordon Meighan and Carmel attorney Eben Whittlesey to the state Board of Guide Dogs for the Blind.

Meighan, 45, a partner in the Home Food Service Company, has served on the board since May 20, 1971. A veteran of ten years active duty in the U.S. Navy with an underwater demolition team, he is a recipient of two Purple Hearts, the Presidential Unit Citation and five combat stars. He has been active in dog obedience training programs since 1952. He is married and has three children.

Whittlesey, 60, is a graduate of Williams College and earned his law degree at Stanford University. A member of the board since November 26, 1970, he will be a blind representative on the board. Whittlesey, who is blind, was a member of the Carmel City Council from 1960 to 1972 and was Mayor from 1962 to 1964. He is married and the father of one daughter.

Both men are Republicans and will serve four-year terms. Board members receive \$28 per diem.

#

Appointees' addresses:

D. Gordon Meighan
9301 Lasaine Avenue
Northridge 91324

Eben Whittlesey
P.O. Box 196
Carmel 93921

Garcia

Governor Ronald Reagan today announced the reappointments of Los Angeles architects Cliff L. Burgess and Howard H. Morgridge to the state Board of Architectural Examiners.

Burgess, 52, who operates the building design firm of Cliff Burgess and Associates, has served on the board since June 24, 1968. He is a member and former president of the Los Angeles chapter of the American Institute of Building Design. He represents building designers on the board.

Morgridge, 54, a partner in the architectural firm of Powell, Morgridge, Richards and Coghlan, has served on the board since January 4, 1971. A graduate of the University of Southern California, he will represent the AIA on the board. A Fellow in the American Institute of Architects, he has won honor awards for his work on Santa Monica City College, Corona Del Mar Elementary School and the Chancel Church Guild of American Oneonta Congregational Church.

Both men are Republicans and will serve four-year terms. Board members receive \$28 per diem.

#

Appointees' addresses:

Cliff L. Burgess
11920 Mayfield
Los Angeles 90049

Howard H. Morgridge
1 Bay Island
Balboa, California

Garcia

Governor Ronald Reagan today announced the reappointment to four-year terms of Jack O. Pence, O.D., of Arroyo Grande, and Bernhardt N. Thal, O.D., of Berkeley to the state Board of Optometry in the Department of Consumer Affairs.

Pence, 55, is a Republican. He has served on the board since February of 1970. He is a 1942 graduate of the University of California at Berkeley; member of the California Optometric Association, American Optometric Association, and a Fellow of the American Academy of Optometry. He is also a former president of the Tri-Counties Optometric Society.

Thal, a 55-year-old Democrat, has been a member of the board since November, 1970. He is a graduate of Colorado State University at Fort Collins, and received his degree in optometry in 1948 from the University of California at Berkeley.

The founder of California Vision Services, he is a member of the California Optometric Association and the American Optometric Association.

Board members receive \$28 per diem when on official business.

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Appointees' addresses:

Jack O. Pence, O.D.
134 E. Branch Street
Arroyo Grande 93420

Bernhardt N. Thal, O.D.
150 Lawson Road
Kensington 94707

Walthall

Governor Ronald Reagan today nominated Los Angeles Superior Court Judge L. Thaxton Hanson to the Second District Court of Appeal to replace Justice William P. Clark, Jr., who was elevated to the state Supreme Court.

Judge Hanson, 52, a Republican, was appointed to the Superior Court bench on August 3, 1968, by Governor Reagan. A native of Joliet, Illinois, he earned his undergraduate degree in engineering at the University of Illinois in 1947. His college education was interrupted four years by service with the U.S. Army in World War II. As a 23-year-old captain in the Cavalry (mechanized), he saw combat action in Europe.

He earned his J.D. degree in 1950 from the University of Michigan law school in Ann Arbor. He again served on active duty with the Army during the Korean War and in 1954 joined the Los Angeles law firm of McBain & Morgan.

He joined the law firm of Schell & Delamer in 1959 and was a senior partner when he was appointed a Superior Court judge in 1968. He is a graduate of the California College of Trial Judges, U.C. Berkeley, and the National College of State Trial Judges, University of Nevada.

Justice Hanson, whose father was a lawyer, is married to the former Evelynne Rasmussen. He is active in numerous professional, civic and fraternal organizations and was a founder and former chairman of the San Fernando Valley Business and Professional Association.

As an associate justice of the Court of Appeal, he will receive an annual salary of \$43,672.

#

Garcia

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-19-73

MEMO TO THE PRESS

Mrs. Ronald Reagan will show the State of California display case to former POWs Master Sergeant James Gough, USAF, and Captain Thomas Hanton, USAF, on Wednesday (6/20) at 10:45 a.m. in the capitol corridor. The case has bracelets and photos of returning California POWs and is another welcome home gesture by the State of California to all ex-POWs.

Press coverage is invited.

#

Garcia

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-20-73

MEMO TO THE PRESS

Governor Reagan will hold a press conference in Room 1190, in
the state Capitol, on Thursday, June 28, at 10:30 a.m.

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Walthall

4/2 2nd
10/8
It is clear that the so-called analysis of Governor Reagan's revenue control and tax reduction program by Assembly Speaker Moretti's top lieutenant, Mr. Hauck, is politically motivated and was designed to reflect the personal views of the assembly speaker.

As such, it is nothing more than a self-serving effort to gain publicity for Mr. Moretti's own prejudices against the governor's proposal

Any person seriously wishing to analyze Governor Reagan's proposed constitutional amendment cannot fail to understand the basic purpose of the document, prepared by the speaker's own staff: to confuse the people with spurious allegations and statistics and divert attention from the heart of the principal issue facing the people---shall the uncontrolled growth of government be allowed to continue at the expense of the taxpayers?

Governor Reagan's answer is No; Speaker Moretti says Yes.

There is no reason to assume that the increasing take by government from the taxpayers' earnings which has occurred in the past will change in the future unless a limit is established in the constitution to control future runaway government spending.

A good example is the fact that there are now nearly a billion dollars in additional spending proposals before the legislature which would literally eat up any return of the current state surplus to the taxpayers. And, these bills presumably would fund programs on an ongoing basis out of a one-time surplus which will not be available in the future. Where will the money come from to continue these proposed spending programs when such a surplus is not available in the coming years?

Out of the taxpayers' pockets, of course!

Mr. Hauck's analysis is based upon two fallacious assumptions:

--California's economy has no more growth potential, and

--left to its own devices, somehow state government will become less greedy in the future for the people's money.

There is no historical evidence to support either assumption. In fact all the historical evidence contradicts both assumptions.

The projections of the governor as to the savings to a family of four, which will accrue from his proposed tax limitation program, are based on the hard facts of history.

Mr. Hauck's so-called analysis obviously was prepared hastily and for the sole purpose of confusing the people about the real issues addressed by the governor's proposal. The Hauck document again shows Speaker Moretti's failure to come to grips with the basic elements of the revenue control and tax reduction program. On the other hand, literally months were spent by the governor's tax reduction task force, many leading economists and the governor's cabinet and staff, in both researching and formulating the proposed constitutional amendment.

If Mr. Moretti is really sincere in his promise not to increase taxes in the next five years, he should be the first in line to vote for the tax limitation initiative November 6.

Attached is an immediate response to the five summary allegations in Mr. Hauck's 17-page analysis, as well as a report to the governor from his task force on tax reduction which cites examples of tax savings to a number of model California families, which will occur during the next 15 years if Governor Reagan's tax limitation proposal is approved by the people later this year.

(Governor Reagan has seen and approved this press office statement),

#

Gray

Here are Mr. Hauck's five summary allegations and the governor's office responses to them:

(1) ALLEGATION: The expenditure limitation plan does not guarantee that the net state-local tax burden of the typical family will be reduced. In fact, because of possible increases in tuition and local sales and property tax increases, the net state-local tax burden of the typical family may increase.

(1) RESPONSE: The mechanics of the governor's revenue control and tax reduction program require that state tax rates be reduced by 20 percent over a 15-year period. The program has built-in guarantees against future property tax increases and against state government forcing increased costs on local entities. Educational costs in California cannot possibly continue to increase at historic rates in view of decreasing school populations. The legislative analyst has, in fact, so admitted this in his analysis of the governor's program.

The University of California and the state university system are finding they must actively recruit new students in order to maintain their quotas. Mr. Hauck's prediction of increased tuition therefore assumes that the state will support publicly financed higher educational facilities that are too big for the number of students it can draw. Thus, the charge that the program does not guarantee a decrease in the tax burden on the typical family is preposterous.

(2) ALLEGATION: To receive \$804 in state tax savings in the first four years of the plan as claimed by the governor, the "average family" would have to earn annually \$35,000. Such a family ranks in the top 4 percent family income bracket according to the 1970 Census.

(2) RESPONSE: Mr. Hauck has neglected to count many of the taxes which affect an average family in California and which are controlled by the governor's program. He has also attempted to obfuscate what an average family is by defining what he considers to be a typical family. We analyzed 24 "typical" families using average income vs. median income, differences in children's ages, and differences in other pertinent family circumstances, such as home ownership and ownership of items producing capital gains. The average family income in California is presently slightly in excess of \$15,000, whereas the median income is around \$12,000. A family of four with an average income of \$15,000 and two children ten years old which owns a home with a value of \$20,000 and has no capital gains will realize a cumulative savings of \$24,019 over the 15-year period of the program. If we consider a family with a median income, again with two children ten years old and home worth \$20,000, the cumulative savings would be \$18,551 during the same period.

There is, therefore, no basis for this assertion that an "average family" would have to earn annually \$35,000 to realize the savings claimed by the governor.

(3) ALLEGATION: The 1970 Census indicates that the typical California family earns about \$13,000. This family will receive about \$140 in state tax savings over the first four years of the plan. This is one-sixth the amount claimed by the governor.

(3) RESPONSE: Mr. Hauck's estimate of tax savings totally disregards both the history of California's economic and government growth and the wording of the constitutional amendment itself since the amendment will require either tax rate reductions or direct refunds to California's taxpayers.

Either through tax reductions or tax refunds, the average California family will realize a \$72 savings in the first year, \$152 savings in the second year, \$240 savings in the third year and \$340 in the fourth year.

With the limitation in effect, excess revenues could be used to further decrease sales taxes, reduce gasoline taxes, decrease the cost of business licenses, further decrease state income taxes or any combination of these and other taxes. Furthermore, if the legislature does not choose to reduce taxes, the excess revenues must be refunded directly to the taxpayers.

Therefore, his later statement that "tax savings resulting from state expenditure limitation in the first year will derive solely from the permanent 7½ percent income tax credit" is absurd.

(4) ALLEGATION: Projecting personal income and state revenues fifteen years into the future is highly speculative. When more realistic near-future projections are used, the tax savings claim of the governor bears no relation to fact. Therefore, the \$17,000 tax savings claim appears to be grossly exaggerated and a misrepresentation of economic and fiscal realities.

(4) RESPONSE: Mr. Hauck and the Assembly Speaker do not appear to believe that the State of California will continue to prosper. They therefore purposely disregard the historic growth of California in favor of pessimistic projections of California's economic growth over the next 15 years. To the extent that the inordinate growth of California government in itself has slowed California's economic growth as most economists believe, the revenue control and tax reduction program should, if anything, result in greater economic potential in the future, in which case the governor's \$17,000 tax savings claim for a family of four is conservative.

(5) ALLEGATION: The typical family will lose 22 percent of any state tax savings to the federal government in the form of higher federal income taxes. Between 30 percent and 40 percent of the total of any state tax savings will be lost to the federal government.

(5) RESPONSE: Mr. Hauck apparently assumes that all reductions in state taxes resulting from the governor's program will be reductions to the income tax, which obviously will not be the case, and he further assumes that California's "typical" family itemizes its deductions, which is purely a subjective assumption.

Further, Mr. Hauck is projecting higher federal taxes presumably on the basis that higher taxes are inevitable. One of the dramatic effects of the governor's revenue control and tax reduction program, if passed by the people next fall, will be to put all government officials--federal, state and local--on notice that the people want, need and are demanding a lower tax burden.

#

Memorandum

To : Governor Ronald Reagan

Date : June 1, 1973

Subject:

From : Governor's Task Force on Tax Reduction

Opponents of your Revenue Control and Tax Reduction Plan have criticized the program for crediting cumulative savings to an average California family of four of \$17,756 for the 15 year duration of the program. The data that produced this result are in Figure 6, Table 6 and applicable footnotes in the Blue Book on the program. As stated there, the savings are based upon four per capita shares of the difference in tax burden with and without the Tax Reduction Amendment.

In order to verify the accuracy and appropriateness of Table 6 in the Blue Book, we have analyzed several "average families" as to income, children's ages, home ownership, and presence or absence of capital gains income. The attached chart presents the cumulative savings under the tax program for 24 such families.

The median family income in California is, by latest estimate of the Department of Finance, \$11,450. However, in our earlier computations we used the \$11,000 figure. There is a considerable difference between median income and average income. The average family income in California this year, again as estimated by the Department of Finance, is \$14,859. Neither the median income nor the average income figures include distribution of capital gains

attributable to Californians, nor do these income figures consider the capital accumulation normally adhering to a homeowner as he makes his mortgage payments. To determine average capital gains we divided total capital gains attributable to Californians by the number of California families. As you can see from the attached chart, the figure is small (\$559 per family) and, therefore, relatively insignificant in computations of savings with the tax amendment. We attributed \$2,000 per year to each family owning a home. This could be considered either the rental value or the average capital cumulation amount for a home with a present resale value of \$20,000.

In looking at the impact of the Tax Reduction Amendment on any family over a 15 year period, the age of the children is a critical factor in determining both total family income and cumulative savings under the amendment. In our analysis we have assumed two children and, as indicated on the chart, have varied their ages from 5 to 10 to 15 to show the difference in impact dependent upon age. We have assumed that when a child reaches the age of 21 he will add $\frac{1}{2}$ of either an average or median family income to the income of that family.

The following six cases highlight the range of effects of the Tax Reduction Amendment based upon our income analyses:

- A. (#11 on attached chart) Average income, 2 children aged 10, renter, no capital gains = \$21,177 cumulative savings.
- B. (#3 on attached chart) Average income, 2 children aged 15, homeowner, capital gains (\$559) = \$28,445 cumulative savings.
- C. (#10 on attached chart) Average income, 2 children aged 5, renter, no capital gains = \$12,576 cumulative savings.

- D. (#23 on attached chart) Median income, 2 children aged 10, renter, no capital gains = \$15,600 cumulative savings.
- E. (#15 on attached chart) Median income, 2 children aged 15, homeowner, capital gains (\$559) = \$22,145 cumulative savings.
- F. (#22 on attached chart) Median income, 2 children aged 5, renter, no capital gains = \$9,061 cumulative savings.

In our opinion the "average average" family is represented on the attached chart by either #5 (\$24,019 savings based upon average income) or #17 (\$18,551 cumulative savings based upon median income). In any event, this analysis clearly indicates the validity of the original data in the Blue Book and the accuracy of our contentions as to actual savings to California families if the Tax Reduction Amendment is enacted.

PROJECTED TAX SAVINGS UNDER
GOVERNOR REAGAN'S REVENUE CONTROL & TAX REDUCTION PROGRAM
FOR 24 "TYPICAL" CALIFORNIA FAMILIES

<u>No.</u>	<u>Income</u>	<u>Average Age of 2 Children</u>	<u>Home Owner</u>	<u>Capital Gains (\$599)</u>	<u>Cumulative Tax Savings</u>	<u>No.</u>
1	*Average Income	5	Yes	Yes	\$ 14,742	1
2	Average Income	10	Yes	Yes	24,828	2
3	Average Income	15	Yes	Yes	28,445	3
4	Average Income	5	Yes	No	14,256	4
5	Average Income	10	Yes	No	24,019	5
6	Average Income	15	Yes	No	27,518	6
7	Average Income	5	No	Yes	13,092	7
8	Average Income	10	No	Yes	22,020	8
9	Average Income	15	No	Yes	25,229	9
10	Average Income	5	No	No	12,576	10
11	Average Income	10	No	No	21,177	11
12	Average Income	15	No	No	24,263	12
13	**Median Income	5	Yes	Yes	11,582	13
14	Median Income	10	Yes	Yes	19,437	14
15	Median Income	15	Yes	Yes	22,145	15
16	Median Income	5	Yes	No	10,833	16
17	Median Income	10	Yes	No	18,551	17
18	Median Income	15	Yes	No	21,252	18
19	Median Income	5	No	Yes	9,780	19
20	Median Income	10	No	Yes	16,471	20
21	Median Income	15	No	Yes	18,868	21
22	Median Income	5	No	No	9,061	22
23	Median Income	10	No	No	15,600	23
24	Median Income	15	No	No	17,884	24

*\$14,859

**\$11,000

Governor Ronald Reagan has proposed that the State of California spend the expected \$107,362,918 in general revenue sharing funds allocated for the first six months of 1973 on the following item:

To be transferred from the State Revenue Sharing Trust Fund to the General Fund for transfer to the State School Fund for expenditure in 1973-74 for local schools.

A detailed account of the State of California's planned use of revenue sharing funds will appear in the Los Angeles Times and San Francisco Chronicle on June 20, 1973. Records documenting the plan are open to public inspection at the California State Department of Finance in Sacramento. Publication of such a plan, in addition to a subsequent actual use of funds report, is required by the State and Local Fiscal Assistance Act of 1972, which authorize revenue sharing.

General revenue sharing is a \$30.2 billion, five-year program which returns a portion of federal taxes to state and local governments. The unique feature of the program is that it allows state and local officials to decide how their jurisdiction's funds are to be spent within broad federal guidelines.

This press release is required by U.S. Treasury regulation P 51.13(b) as a requirement for compliance with the federal revenue sharing act of 1972.

The information in the release is not new, and has been publicly discussed by the governor in the past. It ties in with the budget, and SB 238 (Lagomarsino) which is the governor's bill dealing with the \$850 million surplus.

A xerox of the Treasury regulation is also attached which indicates distribution of this release to news media, "including minority and bilingual news media."

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OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-21-73

RELEASE: Immediate

#340

Governor Ronald Reagan today announced the appointment of Mrs. John (Betty) Emery of Fullerton as a member of the California Advisory Board to the Bureau of Employment Agencies in the Department of Consumer Affairs.

Governor Reagan also announced the reappointment to the Board of Robert W. Stuart of San Rafael. Both terms are for four years.

A resident of Fullerton for 25 years, Mrs. Emery is a graduate of the Argubright School of Business, Battle Creek, Michigan, and attended the University of California at Berkeley majoring in business and marketing.

She is the former owner of a dry cleaning and laundry firm in Fullerton. She is a former president of the Hermosa Drive P.T.A., co-founder of the Hermosa Community Library, and a member of the Ways and Means Committee of the Children's Hospital of Orange County.

Mrs. Emery, a Republican, replaces Charles M. Canning of Maywood. His term has expired.

Stuart, 50, a political independent, is retired. He is a former assistant director of security for a department store chain in northern California.

Board members receive \$28 per diem when on official business.

#

Addresses:

Robert W. Stuart
891 Las Ovejas Avenue
San Rafael, California 94903

Betty C. Emery
2812 Sunny Wood Drive
Fullerton, California

Walthall

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-21-73

RELEASE: Immediate

#341

Governor Ronald Reagan today announced the appointment of Escondido Councilwoman Lorraine H. Boyce (Mrs. William D. Boyce) to replace Salvadore R. Flores, Ph.D., of Chula Vista, to the Child Development Program Advisory Committee. Dr. Flores resigned.

Mrs. Boyce, a Republican, is a graduate of the University of Southern California School of Nursing and is also a certified teacher in adult education. She is married to a surgeon and they have six adult children, four natural and two adopted.

She is a member of the Child Development Advisory Committee for Escondido Elementary School District and is an instructor-trainer in water safety and child and maternal care classes for the American Red Cross. She is an active leader in the First Congregational Church of Escondido and also is a member of numerous civic and service organizations.

Committee members serve at the pleasure of the governor and receive necessary expenses.

#

Address:

106 South Grape Street
Escondido, California

Garcia

Governor Ronald Reagan today announced the following bills have been signed:

- AB 147 - Burke Makes changes in the law relating to legal services
Chapter 105 provided to county committees on school district reorganization.
- AB 274 - Murphy Sets the fee for a permit to operate a temporary trailer
Chapter 98 park at \$25, with no additional fee for the lots. The bill also authorizes the appropriate enforcement agency to determine the fees for construction, mechanical and electrical installations in temporary trailer parks, for each project, the determination to be based on the cost of administration and enforcement, including the cost of determining the amount of fees to be charged.
- AB 463 -Hayden Amends the Vocational Nursing Practice Act by providing
Chapter 106 for renewal of licenses every two years in accordance with licensees' birth dates rather than requiring renewal of all licenses on July 31 of each even-numbered year.
- AB 479 - Wood Permits exclusion of part-time employees of public
Chapter 107 agencies, other than school districts, from the federal social security system and requires member contributions to be paid for prior service included under the federal system.
- AB 675 - Dixon Reduces from more than five years to more than three years
Chapter 108 the length of time a coroner must retain the official file for each deceased person before photocopying the contents of the file.
- AB 880 - Thurman Validates the sale of certain surplus school sites by
Chapter 109 the Ripon Unified School District.
- SB 161-Nejedly Amends the County Employees' Retirement Law of 1937 to
Chapter 99 restrict application of a single rate of contribution established by the county retirement board to persons becoming members after the rate is made operative in the county.
- SB 248 - Mills Authorizes the Director of Finance to enter into an agree-
Chapter 97 ment with the State Race Track Leasing Commission and the 22nd District Agricultural Association to advance moneys, as a loan, for the construction of improvements at Del Mar Race Track. The bill appropriates \$1,300,000 for the construction of such improvements.
- SB 282 -Alquist Permits the Superintendent of Public Instruction to exempt
Chapter 100 a limited number of school districts from kindergarten class size and reporting requirements.
- SB 303 -Grunsky Establishes specified criteria to be considered by the
Chapter 101 court in determining reasonable compensation and necessary expenses to be paid court-appointed counsel.
- SB 320-Lagomarsino Requires the Board of Administration of the Public
Chapter 110 Employees' Retirement System upon request of any public agency, other than school districts, after an affirmative, secret vote of the majority of employees affected, to execute a modification excluding coverage of part-time positions under social security.
- SB 348 -Rodda Authorizes the Superintendent of Public Instruction to
Chapter 102 increase from one to not more than five, the number of school district pilot programs to determine the feasibility of extending greater flexibility to students in outside class experience.
- SB 441 - Rodda Appropriates \$110,000 from the General Fund to the
Chapter 103 Department of Parks and Recreation for purposes of archaeological exploration of the proposed site of the new Governor's mansion. The bill further provides that human skeletal remains found by the archaeological exploration shall be reburied in a proper location but not under presently planned future structures.
- SB 471 - Alquist Appropriates \$300,000 to the Department of Justice to
Chapter 104 settle the claim of David Anderson against the State of California.

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-21-73

RELEASE: Immediate

#343

Governor Ronald Reagan today hailed the U.S. Supreme Court's
decision on obscenity and hard-core pornography.

In a statement, he said:

"This decision is one of the most important rulings to be made by the U.S. Supreme Court in recent years. And, while it is long overdue, I am extremely gratified and pleased that a majority of the court has concurred in the absolute necessity of helping local communities to rid themselves of the corrupting influence of hard-core pornography.

"While we have not yet had an opportunity to study the decision in detail, it appears that the ruling will grant the states and local communities the authority they have been seeking to move against obscenity and hard-core pornography. The realistic guidelines which have now been established by the court will return to the local communities the right to establish their own standards for determining whether such material is obscene, and will enable courts and juries to deal with the problem without being subjected to the vague and confusing constitutional interpretations of recent years.

"In effect, local communities themselves, and their courts, may now determine whether such material has serious literary and artistic value or whether it amounts to sheer filth as is most often the case.

"We can only hope and pray that this decision will go a long way toward reversing the trend toward permissiveness in America. For, as the majority of the justices must have recognized, the lessons of history clearly show that any free, civilized society which does not impose upon itself reasonable restraints in this area will not long endure.

"Pornography is a disease which can only corrupt the moral fiber, strength, stability and vitality of a free people. Fortunately, the court appears to have returned to the communities of our nation the tools they need to halt the spread of this disease."

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Gray

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-21-73

RELEASE: Immediate

#344

Governor Ronald Reagan today signed legislation (SB 441-Rodda)
appropriating \$110,000 for the archaeological exploration of the
proposed site of the new governor's mansion in Carmichael and to
provide for the reburial of any skeletal remains found on the property.

"I am happy to sign this measure," Governor Reagan said, "because
it provides money not only for the exploration of the site but for
the landscaping of a suitable area to rebury any human skeletal remains
found. This will include proper marking of graves and, I believe, will
uphold the dignity of the Indians who may be buried there."

The area is designated in a University of California Archaeological
Survey as the site of a prehistoric Indian village.

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Walthall

GOVERNOR'S SCHEDULE

June 25, 1973

through

July 1, 1973

Monday, June 25

10:30 a.m.

Transportation Symposium, Sheraton Universal Hotel,
Los Angeles. Remarks.

Overnight - Sacramento

Tuesday, June 26

No public appointments scheduled

Overnight - Sacramento

Wednesday, June 27

7:30 p.m.

Fundraising dinner for Doug Carter, Republican
candidate in the 12th Assembly District, Civic
Auditorium, Stockton. Brief remarks.

Overnight - Sacramento

Thursday, June 28

10:30 a.m.

PRESS CONFERENCE

Overnight - Sacramento

Friday, June 29

9:30 a.m.

Brief appearance at the State Convention of the
California State Aerie and the California State
Auxiliary, Fraternal Order of Eagles, Sacramento
Memorial Auditorium. Brief remarks.

Overnight - Sacramento

Saturday, June 30

No public appointments scheduled

Overnight - Sacramento

Sunday, July 1

No public appointments scheduled

Overnight - Sacramento

#

Gray

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-26-73

MEMO TO THE PRESS

Governor Reagan will announce what action he will take on reapportionment legislation now awaiting his signature or veto, ^{June} ~~July~~ 27, at 10 a.m. in the governor's council room.

We are asking that questions from newsmen be limited to the subject of reapportionment/^{tomorrow} (immediately following the governor's reapportionment announcement), because the governor has scheduled a general news conference for the Capitol Press Corps on Thursday, ~~June~~ 28, at 10:30 a.m. in Room 1190.

June

#

Gray

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-26-73

MEMO TO THE PRESS

C-O-R-R-E-C-T-I-O-N - Memo to the Press dated today:

Action on reapportionment legislation by the
governor will occur June 27 (not July 27). The
general news conference is June 28 (not July 28).

Sorry!

#

Gray

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-26-73

RELEASE: Immediate

#346

County registrars around the state have now filed a sufficient number of certificated, valid signatures with the Office of Secretary of State Edmund G. Brown Jr. to qualify Governor Reagan's revenue control and tax reduction initiative constitutional amendment for a special statewide election November 6, the governor's office announced today.

By midafternoon today the county registrars had filed a total of 523,954 valid signatures with the Secretary of State and an additional 42,572 signatures were expected to be filed with Brown's office by late in the afternoon. This would bring the total filing of certificated signatures thus far by the county registrars to 566,526.

Governor Reagan will call a special statewide election for November 6, to allow Californians to vote on the initiative constitutional amendment, as soon as the Secretary of State confirms that the plan has qualified. That confirmation is expected today or tomorrow. 520,806 valid signatures were required.

The governor issued the following statement when he learned that the 523,954 signatures had been filed with the Secretary of State's office:

"I am very pleased and proud that our revenue control and tax reduction initiative has now qualified for the statewide ballot. The public acceptance and response has been magnificent, as has been the diligence of thousands of volunteers all over California.

"The bipartisan citizens' committee, Californians for Lower Taxes, broke all records for speed in qualifying this initiative. Never before has a proposal been actually certified and qualified even before the initial mandatory filing date.

"It is a proud moment for all Californians--especially those who accepted the challenge and responded with such speed and determination. And, I think it reflects their deep concern about the increasing tax burden being imposed on them by government.

"The polling booth is the place where such decisions belong. The people themselves should decide whether the growth of government is to be slowed to a reasonable pace or whether runaway government spending is to continue to take an ever larger share of their earnings in taxes in the years ahead. So that the people can make this decision I am calling a special election, the first statewide special election in recent history, for next November 6."

Governor Ronald Reagan today issued a special statewide election proclamation which officially places his revenue control and tax reduction initiative Constitutional amendment on the November 6 ballot.

Here is the text of the proclamation:

"I, RONALD REAGAN, Governor of the State of California, pursuant to Sections 2601 and 3508 of the Elections Code, and Section 22 (c) of Article IV of the California Constitution, hereby proclaim and order that a special statewide election be held on the sixth day of November, 1973, to submit to the qualified voters of the State of California the following initiative measure:

"TAX AND EXPENDITURE LIMITATIONS. Initiative Constitutional Amendment. Limits state expenditures; restricts use of defined surplus revenue to tax reductions, refunds, or emergencies. Eliminates personal income tax for lower income persons; reduces others' 1973 or 1974 tax up to 20 percent, from surplus, and subsequent year rates 7½ percent. Requires two-thirds legislative vote for new or changed state taxes. Limits local property tax rates except school districts'. Requires state funding of new programs mandated to local governments. Provides for tax and expenditure limit adjustments when functions transferred. Contains special indebtedness obligation provisions. Allows local tax rate and expenditure limit increases upon voter approval. If the proposed initiative is adopted undefined additional financing from state sources in the approximate amount of Five Hundred Sixty Eight Thousand dollars (\$568,000) on a one-time basis and Two Hundred Thirty Six Thousand dollars (\$236,000) annually thereafter will be required for state administrative costs.

"And I do hereby offer a reward of one hundred dollars (\$100) for the arrest and conviction of any person who violates any of the provisions of Division 15 of the Elections Code; the rewards to be paid until the total amount hereafter expended for the purpose reaches the sum of ten thousand dollars (\$10,000).

"IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 26th day of June, 1973."

Governor of California

#

Gray

*Harmon
Zemovich*

Governor Ronald Reagan today said he is vetoing SB 195, the
legislation which lumps Assembly, Senate and Congressional Reapportion-
ment plans together in one bill. In announcing his veto the governor
said:

"The real purpose of reapportionment should be to assure the people of proper representation based on community of interest. I realize that reapportionment is a difficult and complex matter and that probably no plan can ever be devised satisfactory to all our people in every area. I realize too the legitimate claim of incumbents who have won election, to a measure of consideration when district lines are drawn.

"The three bills submitted to me a year and a half ago did not meet the beforementioned criteria and were vetoed by me on December 30, 1971. At that time I submitted to the legislature a list of suggestions for making those reapportionment plans acceptable. A number of legislators expressed agreement with my vetoes and with the proposed changes.

"Changes were made in the Senate plan and had it been sent to my desk as a separate piece of legislation I would have signed it. Though somewhat less than perfect, it did represent a sincere, bipartisan effort to achieve fair reapportionment. Unfortunately, the Assembly, Senate and Congressional plans were lumped into one bill, SB 195, giving me only the choice of signing all or none.

"Today, therefore, I am sending a veto message to the legislature. This message makes it plain that while I could have signed the Senate plan, the proposed redistricting of the Assembly is in such violation of the basic principle of reapportionment I have no choice but to veto the entire bill.

"Here are some of the examples which can only be described as outright gerrymanders:

2nd Assembly District

A long finger reaches up the coast more than 200 miles, all the way from Santa Rosa to Eureka. Apparently one consideration was to include the campus community of Humboldt State College.
18th and 19th Assembly Districts

These districts are contrived for no valid reason and are a gross example of gerrymandering. You will notice that the 19th Assembly District is tied together by a narrow strand of sand,

29th Assembly District

This district stretches through five separate counties all the way from Taft until it slivers into San Jose. The mileage alone--200 miles--between the extreme ends of this district obviate any community of interest.

33rd Assembly District

This district includes both mountain and valley areas and results in an extremely odd configuration almost totally surrounding Fresno, with a strange, thin sliver stretching north from near Madera almost up to Turlock.

14th Assembly District

This district stretches from Orange and Riverside counties on the south near Corona, up to Barstow and the desert on the east, and all the way across to the Santa Barbara and San Luis Obispo county lines on the west.

49th Assembly District

The 49th Assembly District loops around the 50th with only a narrow corridor linking the major sections of the district.

54th Assembly District

This district stretches from Los Angeles and South Pasadena on the west in an odd configuration all the way to the Covina-Glendora area on the east.

76th, 78th, 79th and 80th Assembly Districts

These San Diego county districts are all examples of the art of gerrymander and simply cannot be justified on any rational grounds. You will note that the city of La Mesa, with a population of less than 40,000, has been intersected and divided among all four districts. You will wish to give special attention, I'm sure, to the 80th District lines which have been drawn to surround the 76th and, which cut through the heart of La Mesa in a narrow corridor up into another area which is completely surrounded by the 78th and 76th.

69th Assembly District

This is possibly the worst example of deliberate gerrymandering in the history of California, if not the history of the United States. It is the so-called Corey-dor which was drawn with only one purpose in mind: to insure continued incumbency.

Governor Ronald Reagan today vetoed SB 195, legislation which lumps assembly, senate, and congressional reapportionment plans together in one bill.

Here is the text of the governor's veto message to the legislature:

"I am returning without my signature Senate Bill No. 195 of the 1973 regular session entitled 'An Act to Repeal and Add Chapter 1 (Commencing with Section 300000), Chapter 2 (Commencing with Section 30100), and Chapter 3 (Commencing with Section 30200) of Division 16 of the Elections Code, relating to Reapportionment.'

"The legitimate goals of reapportionment should be to achieve fair and equal representation in the legislature and in congress for all the people of California and to improve the capacity of our legislators to represent their constituents. So called 'gerrymandering' based on political or racial considerations is inconsistent with those goals. Instead of allowing such motives to distort the districting process, I believe the legislature should adhere consistently to such criteria as relative equality of population, compactness, preservation of local boundaries and communities of interest, and other factors which would result in districts which preserve and enhance the quality of legislative representation.

"My vetoes of the redistricting plans in December, 1971, were based on lack of regard for these principles. Because the proposed Congressional and Assembly districting measures contain no substantial improvements over the 1971 proposals (indeed, many districts are even less defensible), I am once again impelled, in the interests of equal and effective representation, to veto the legislature's attempts at reapportionment.

"The Senate districts set forth in Senate Bill 195, however, have been improved since 1971. They are not subject in the same degree to the criticisms of the Congressional and Assembly districts and, if I had received a separate bill proposing establishment of these Senate districts, I would have signed it because of the Senate's honest effort during recent months to improve the districts. This effort was an enlightened one in that it utilized population variations permitted in the recent Virginia decision to reach its goal. On the contrary, the Assembly district portions of the bill took no cognizance of this decision.

DISCUSSION OF "CRITERIA" FOR REDISTRICTING

"The principle that the legislature should be guided by standards or criteria in reapportioning itself and the State's Congressional districts has a long history. Article IV, Section 6 of the California Constitution, adopted in 1926, provided in part as follows:

'...Such districts shall be composed of contiguous territory, and assembly districts shall be as nearly equal in population as may be....In the formation of assembly districts no county, or city and county, shall be divided, unless it contains sufficient population within itself to form two or more districts,nor shall a part of any county, or of any city and county, be united with any other county, or city and county, in forming any assembly or senatorial district.'

Article IV, Section 27 of the California Constitution contains similar provisions for Congressional districts.

"During the mid-1960's, the United States Supreme Court adopted the rule that the paramount consideration which should govern State Legislatures in redistricting themselves was the achievement of population equality between districts. Now, in the case of Mahan v. Howell, 410 U.S. 315, 1973, the United States Supreme Court has relaxed this cold mathematical rule where state legislative, as distinguished from congressional, districting is concerned. Specifically, it held that the Virginia Legislature, in drawing a redistricting plan for the lower house which respected the boundaries of local governmental subdivisions, was permitted greater flexibility in population deviation between the districts. Other decisions of the United States Supreme Court have struck down racial gerrymanders.

"The California Legislature has set forth in Government Code Section 25001 the criteria which should be followed in reapportioning county supervisorial districts. That section provides that the boards may consider, in addition to equality of population, the following:

'.....(a) topography, (b) geography, (c) cohesiveness, contiguity, integrity, and compactness of territory, and (d) community of interest of the districts.'

"With the recent Mahan decision further confirming the language of the California Constitution and of my veto messages of January, 1972, I wish to reemphasize criteria which should be considered as a basis for a fair and equal redistricting. These are as follows:

- "1. Districts should be as nearly equal in population as possible.
- "2. Districts should be as compact as possible and provide easy accessibility between different areas in the districts.
- "3. Districts should be composed of contiguous territory.
- "4. District lines should follow existing county and city boundaries where possible.

"5. Districts should be composed of communities which share common historical, geographical, topographic, cultural, and other interests.

"6. District lines should be drawn solely with regard to the above criteria and without regard to race or ethnic background. District boundaries should not attempt to exclude or include particular ethnic or racial minorities in one constituency to dilute the voting strength of such minorities, and when such minorities exist in large communities, those communities should not be carved up among several districts in order to protect incumbents of another race or ethnic background.

"These principles improve citizen access and identification with their elected representatives, facilitate communications of representatives with their constituents, and reduce the costs of campaigns. Moreover, these criteria preclude meandering lines which reach out in order to attach portions of other communities which may be many miles away and separated from the heart of the district by mountain ranges or large expanses of unpopulated territory. In summary, such criteria, consistently applied, will produce districts which are fair to all Californians and which enhance rather than impair the representative process.

EXAMPLES OF FAILURE OF PLANS CONTAINED IN S.B. 195 TO MEET CRITERIA.

LACK OF EQUALITY OF POPULATION

"Despite some minor changes in the lines in some of the districts in the Congressional plan, presumably to achieve greater equality than the Assembly Bill 16 plan, 22 of the districts are unchanged by S.B. 195, and several of these still deviate from the equality of population a good-faith effort could easily have achieved. Indeed, the difference between the smallest unchanged district and the largest exceeds 3,000 persons.

Even some of the altered districts are still deficient in this respect. In the case of the 21st district, territory was added even though the district was already overpopulated. In another instance, several counties were combined to form three districts (the 1st, 5th and 6th districts), but the combined populations of these counties are more than 2,000 short of the number of persons required for three full district. Such deviations from equality diminish equal representation for the citizens in overpopulated districts.

LACK OF COMPACTNESS AND DIFFICULTY OF ACCESS

Examples of flagrant disregard for the interests of compactness and ease of access are legion.

"/Congressional

District 17 begins at Hillsborough in the central part of San Mateo County and runs a long and narrow corridor deep into Santa Clara County, through the city of San Jose, to the hills on the far side. Congressional district 36, located in Kern and Kings Counties, is notable for its long, thin arm which reaches through sparsely populated and unpopulated stretches of San Luis Obispo and Santa Barbara counties to attach the population around the campus of the University of California at Santa Barbara. Congressional District 42, based in central San Diego County and including parts of the City of San Diego, runs in an irregular pattern north to pick up part of the community of Newport Beach in Orange County, 80 miles away. Congressional District 43, a district based in Riverside and Imperial Counties, unnecessarily includes citizens from distant coastal areas near the City of San Diego, and part of the City itself. Finally, Congressional Districts 28 and 37 in Los Angeles both include grotesque appendages and meandering lines which cannot have resulted from any acceptable rationale.

"The changes which SB 195 made in the 1971 AB 16 plan failed to improve a single one of these deficiencies. Indeed, changes to the 17th, 28th, and 37th districts make them even less compact and more absurd than they were in the 1972 versions.

"In the Assembly Plan, Assembly District 2 runs a long corridor up the California coast, passing up nearer population along the way. Assembly District 29 extends all the way from the community of Taft in Kern County to the City of San Jose in Santa Clara County, truly a remarkable feat of cartography. Assembly District 23 runs from the San Luis Obispo-Kern County line to the western San Bernardino County communities of Upland and Ontario. Assembly District 69, which has probably elicited more adverse public comment than any other district, runs in narrow, irregular corridors along the borders of Orange and Los Angeles Counties. San Diego County Assembly districts 76, 78, 79, and 80 wander through the county in jigsaw fashion, dividing the urban areas of the county in an irrational manner which is bound to confuse the electorate.

"I cannot in good conscience conclude that these districts are fair in any way to the citizens placed at their extreme ends, for such configurations of districts as found in these plans are a mockery of good government and cannot fail to impair the responsiveness and effectiveness of representation accorded to the citizens of the state.

"UNNECESSARY DIVISION OF CITIES, COUNTIES AND COMMUNITIES OF INTEREST"

"My comments in my veto message of AB 12, 1971 Extraordinary Session, apply with at least equal vigor to these plans also: as in that plan, another major flaw in these plans 'is the blatant failure to pay due respect to the needs and interests of the different communities and the political divisions in the state. The districts provided for... cut across county and city lines, fragment other established political divisions of the state, and violate the identity of innumerable communities. Again, the sole purpose seems to have been to achieve partisan gains.'

"Numerous examples of divisions of local political subdivisions could be cited. Congressional District 17 divides almost every city it touches (revisions in this district since the AB 16 plan of 1972 have resulted in the division of yet another city). Congressional Districts 23 and 34 wind tortuously through Los Angeles and Orange Counties, crossing city boundaries with utter abandon and creating districts composed of widely separated fragments of cities and communities of interest. Congressional District 38 substantially divides 6 of the 7 largest cities within its borders including Riverside, San Bernardino, and Pomona.

"Assembly District 9 reaches into the central parts of Sacramento, Stockton and even the tiny community of Woodland. Assembly District 27 runs a long and narrow appendage in grotesque fashion down El Camino Real, dividing the cities of Burlingame, San Mateo, Belmont, San Carlos and Redwood City. Assembly districts in the eastern part of Los Angeles County seemingly pay no attention at all to community lines as they wander in random fashion throughout this area. Assembly District 69, of course, notorious for its absurd, contorted corridors, is also notable for its division of virtually every community it touches, since few incorporated communities are small enough to fit within such narrow confines.

"Again, I cannot say in good conscience that these plans pay due regard for the value of preserving our communities intact within the representative structure or provide the citizens within these communities and immediately surrounding areas with the fair and equitable representation to which they are entitled. Accordingly, I cannot sign the bill and it is returned herewith."

Governor Ronald Reagan today announced the appointment of Robert J. De Monte as director of the Office of Planning and Research effective July 1, 1973.

De Monte, 30, is presently director of the Department of Housing and Community Development, and is a former chief deputy director of the Department of General Services.

In his new position, he will supervise the staffs of the Office of Planning and Research, and also of the Council on Intergovernmental Relations and the Office of Intergovernmental Management. This reorganization results from changes in the 1973-74 budget.

His new office provides planning assistance and liaison with local government, and serves as the planning and research staff to the governor's cabinet.

He succeeds John Tooker who has been appointed legislative assistant to the governor.

De Monte, a Republican, is a 1964 graduate of California State College at Hayward with a B.S. Degree in accounting. He has also done graduate work in business administration at Golden State College in San Francisco.

A native of Oakland, De Monte and his wife have one child. They make their home at 2607 Morley Way in Sacramento. He will receive an annual salary of \$27,800.

#

Walthall

Governor Ronald Reagan today announced the appointment of Mrs. Marvin (Phyllis R.) Smith, Jr., of Encino as a member of the California Hospital Commission.

Mrs. Smith fills the vacancy created by the resignation of Allen J. Manzano of Sacramento.

A Republican, Mrs. Smith is a graduate of the University of California at Los Angeles and has done graduate work in education at the University of Southern California.

She is a member of the board of directors of the Valley Presbyterian Hospital, Los Angeles Council of National Voluntary Health Agencies and the Welfare Planning Council of the San Fernando Valley. Mrs. Smith is also a member of the California State Health Planning Council.

Hospital Commission members receive \$100 a day and their necessary expenses when the Commission meets on official business.

#

Walthall

Governor Ronald Reagan today announced the following bills have been signed:

- AB 244-MacDonald Chapter 116 Eliminates a duplicate Education Code provision relating to classified school employees.
- AB 670-Lancaster Chapter 117 Requires the undersheriff, rather than the assistant sheriff, to assume the duties of sheriff when the office of sheriff is vacant. The bill requires the assistant sheriff to assume the duties of sheriff when both the offices of sheriff and undersheriff are vacant.
- SB 52 -Gregorio Chapter 111 Provides that proficiency standards established by the Department of Education for school districts to measure eligibility of individuals for exemption from compulsory continuation education may be declared operative by the department prior to the current statutory date of September 1, 1975.
- SB 376 - Biddle Chapter 113 Authorizes the Beaumont Irrigation District to change its name to the Beaumont Water District.
- SB 507 - Way Chapter 112 Permits bonding requirements for county agricultural commissioners, county librarians, and county road commissioners to be satisfied by a master bond covering more than one county officer, employee, or agent.
- SB 778 - Collier Chapter 114 Transfers duties relating to the state accounting systems from the Department of General Services to the Department of Finance.
- SB 906 - Coombs Chapter 115 Amends the Contractors License Law by granting exemptions from registration as home improvement salesmen to (a) sales persons whose sales are all made pursuant to prior negotiations between the parties at a business establishment at a fixed location where goods or services are offered or exhibited for sale and (b) sales persons whose sales are all made pursuant to negotiations between the parties initiated by the prospective buyer at or to such a business establishment

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Walthall

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-29-73

RELEASE Immediate

#353

Governor Ronald Reagan today announced the appointment of Robert M. Takasugi of Montebello as judge of the Municipal Court of the East Los Angeles Judicial District.

Takasugi, a 43-year-old Democrat, will succeed Judge Myer B. Marion of Montebello on his retirement July 10.

The senior partner in a Los Angeles law firm, Takasugi has been in general practice since 1960.

He is a 1953 graduate of the University of California at Los Angeles and earned his law degree in 1959 at the University of Southern California.

A member of various law associations, Takasugi is a member of the Japanese-American Citizens' League, Bella Vista Optimist Club of Montebello, Selective Service Appeals Board, Board of Governors of the East Los Angeles State Service Center, and a member of the Advisory Council to the Los Angeles County district attorney. He is also a hearing examiner for the Los Angeles City Police Commission.

Takasugi and his wife Dorothy are the parents of two minor children. He will receive an annual salary of \$33,481.

#

Walthall

Governor Ronald Reagan today announced the appointment of Jerry W. Green, director of the state Department of Health Care Services, as chairman of the California Health Care Commission.

Green, 39, fills the vacancy created by the resignation of Dwight M. Geduldig, new director of the state Department of Human Resources Development. Green succeeded Geduldig as director of Health Care Services. He will serve as director until July 1, when Health Care Services becomes part of the new Department of Health.

Green is 1959 graduate of Sacramento State University, and is a former chief deputy director of Health Care Services and the state Department of Public Health. He has also served as an auditor with the Local Allocation Division in the Department of Finance.

Commission members receive their necessary travel expenses.

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Appointee's address:

Jerry W. Green
981 Sand Bar Circle
Carmichael, California

Walthall

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-29-73

RELEASE: Immediate

#355

Governor Ronald Reagan today announced the appointment of Paul F. Lawrence, deputy assistant commissioner of the Office of Regional Office Coordination of the United States Office of Education as an assistant to his education advisor, Dr. Alex C. Sherriffs.

Lawrence, 61, will serve on loan from the U. S. Office of Education.

A resident of Sacramento, he will serve as liaison between the education section of the Governor's office and the U. S. Department of Health, Education and Welfare.

Lawrence is a 1935 graduate of Newark State Teachers College, Newark, New Jersey, with a B.S. Degree in elementary education. He earned his Masters (1946) and Doctorate (1947) degrees from Stanford University.

He was teaching assistant in the Stanford University Department of Education and is a former associate professor of education at Howard University in Washington, D.C. In addition, he has been a visiting professor of education at Virginia State College, Petersburg; Hampton Institute, Hampton, Virginia; and, West Virginia State College at Institute, West Virginia. He joined federal service in 1955.

Lawrence and his wife Vivian have two adult children.

#

Walthall

Governor Ronald Reagan today announced the reappointments of Sonora businessmen Baci Frecceri and Walter C. Sundborg to the 29th District Agricultural Association Board of Directors. The association operates the Mother Lode Fair.

Frecceri, 52, has served on the board since February 21, 1969. He is a sales representative for the California State Automobile Association.

Sundborg, 62, has served on the board since February 23, 1965. He is associated with the Koalin Corporation in Sutter Creek.

Both men are Republicans. Board members serve four-year terms and receive necessary expenses.

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Appointees' addresses:

Baci Frecceri
Route 6, Box 886
Peaceful Valley
Sonora 95370

Walter C. Sundborg
Rt. 1, Box 1
Shell Road
Sonora 95370

Garcia

OFFICE OF GOVERNOR : RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-29-73

RELEASE Immediate

#357

Governor Ronald Reagan today announced the appointment of Henry H. Stone to replace John C. Weaver on the 40th District Agricultural Association board of directors. Both men are from Woodland. The association operates the Yolo County Fair.

Stone, a 42-year-old Republican, will fill the unexpired term of Weaver, who resigned. The term expires January 15, 1975. Stone, a former cattle rancher in San Joaquin County, is manager of the Woodland Farm Credit Associations. He is married and is the father of three children.

Board members receive necessary expenses.

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Appointee's address:

Henry H. Stone
804 Wendell Place
Woodland, California 95695

Garcia

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-29-73

RELEASE: Immediate
#358

Governor Ronald Reagan today announced the appointment of Mrs. Kenneth C. (Ruth M.) Smith, of South Lake Tahoe, to the Lahontan Regional Water Quality Control Board. She replaces Laurel W. Ames, also of South Lake Tahoe, who resigned. The term expires on September 18, 1974.

Mrs. Smith, a Republican, is married to Dr. Kenneth C. Smith, who is Mayor of South Lake Tahoe. She is a native Californian and attended the University of California, Berkeley, for three years. She is the mother of four children.

Board members receive necessary expenses.

#

Mrs. Ruth M. Smith
743 Lakeview Avenue
Post Office Box 3075
South Lake Tahoe, California 95705

Garcia

Governor Ronald Reagan today issued the following statement:

"For several months the legislature has had before it a proposal for the return to the people of the one-time surplus that has accumulated over the last two fiscal years. For several months the majority leadership has been sitting on this matter with no attempt to reconcile differing viewpoints.

"During these several months and in these past several days, I have asked that they at least settle the matter of delaying the scheduled sales tax increase until January 1. Now, only hours away from that increase going into effect and obviously taking advantage of the lack of any more time, they want to attach to the delay in the increase matters which have no urgency time-wise and which should have been debated in the normal legislative process during these past months. It is a kind of irresponsible fun and games we have become used to at this season of the year---it is not a proper exercise of the legislative process.

"The sales tax will be increased day after tomorrow unless the legislature acts before then. No one can be hurt and the people can only be helped by delaying the increase six months until January 1. All the other matters now being attached as a price for this deferral can be discussed and negotiated in the months to come. There is no time urgency to plans for returning the balance of the surplus to the people."

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Gray

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 6-29-73

RELEASE: Immediate

#360

Governor Ronald Reagan today accused Assembly Speaker Bob Moretti of singlehandedly sabotaging and killing legislation to delay a scheduled one-cent increase in the sales tax and return up to 35 percent of this year's state income tax to the people.

Moretti's decision to deny both houses of the legislature an opportunity to vote on the governor's generous sales tax delay and income tax rebate proposal left the conference committee on which Moretti serves one vote short of the four votes required.

The Assembly Speaker's decision was made in the face of assurances from three of the four members of the conference committee that they would place the plan before the legislature tonight.

The governor's proposal would have provided persons with an adjusted gross income of \$15,000 or less a 35 percent income tax rebate on this year's state income tax.

Persons with an adjusted gross income of between \$15,000 and \$20,000 would have had a 30 percent income tax rebate; those with an income of \$20 to \$25 thousand would receive a 25 percent income tax rebate; and higher income earners--those with an annual adjusted gross income of \$25,000 or more--would have received a 20 percent rebate on their 1973 state income tax. This would have been in addition to the six month, deferral of the one-cent sales tax increase scheduled to go into effect Saturday night at midnight.

As a result of the Assembly Speaker's decision, the governor said he had no choice but to veto a phoney bill offered by Senator Walter Stiern which did not represent any compromise at all.

The governor said:

"Speaker Moretti's refusal to give the legislature even an opportunity to vote on the compromise measure I have proposed shows very clearly that he has severely misused his power as Assembly Speaker again.

"His action indicates his utter contempt for not only the legislative process but for the people of California themselves who, because of his duplicity and tardiness in the entire matter of returning the surplus, will be faced with a sales tax increase of one cent on Sunday.

"He has attempted to avoid any blame for this by proposing a thoroughly phoney so-called compromise which he knew could not become law. He has known for months that I simply could not sign the kind of legislation he proposed.

"The real reason he decided not to let the legislature vote on our proposal is because he does not want to return the state's current one-time surplus to the people at all, even though it is an overcharge and should be returned.

"But despite his refusal to do this, I intend to continue to propose ways to give back the surplus to all of the people.

"If, on November 6, the voters pass our initiative to reduce taxes, including a 20 percent rebate of this year's income tax and a 7½ percent ongoing income tax cut starting next year, I will continue to propose additional measures to return the remainder of the surplus to the taxpayers.

"Finally, I want to put every Californian on notice that on Sunday when the state's sales tax goes up one cent on the dollar, they should remember that it was one man, Assemblyman Bob Moretti, who made that increase necessary. I have personally tried every means at my disposal as governor to keep that from happening in the spirit of compromise over these last six months. Yet, at the very last moment, Mr. Moretti has seen fit to dash all our hopes for a reasonable agreement.

"The sales tax increase now rests squarely and solely on Assembly Speaker Bob Moretti's shoulders," the governor said.

#

Governor Ronald Reagan today announced that the following bills have been signed:

- AB 346 - Mobley
Chapter 127 Exempts nectarines shipped out of state for processing from the packing and marking requirements of the Food and Agricultural Code otherwise required for nectarines shipped as fresh fruit. The fruit shipped under this exemption must meet the basic quality requirements established for nectarines and may only be shipped under a permit issued by the county agricultural commissioners. The bill also authorizes establishment of a charge to cover the cost of issuing the permit.
- AB 423 - Bagley
Chapter 122 Provides that the provisions transferring boards relating to the healing arts from the Department of Consumer Affairs to the Department of Health, operative July 1, 1973, shall not become operative until July 1, 1977.
- AB 432 - Seeley
Chapter 123 Extends from January 1, to June 30, 1973, the date by which documents relating to certain boundary changes in a school district must be filed with government agencies for assessment and tax purposes during the 1973-74 fiscal year.
- AB 893 - MacDonald
Chapter 128 Provides for a maximum authorized property tax rate in zone 1 of the Ventura County Flood Control District of 38 cents per \$100 of assessed valuation until July 1, 1975, at which time such maximum rate reverts to 20 cents.
- AB 897 - Arnett
Chapter 124 Updates existing laws to provide for a general validation of apportionments that had become final under the State Building Aid Law prior to January 1, 1974.
- AB 2533 - Briggs
Chapter 125 Increases, for the purpose of specified policies of group life insurance, the age limit for covered dependent children from 20 years through 22 years of age in certain circumstances.
- SB 180 - Marler
Chapter 118 Includes within the definition of "common trade or business," for purposes of group workmen's compensation insurance policies, specified operations in logging, sawmills, and related wood products operations and manufacturing operations.
- SB 316 - Song
Chapter 119 Allows proceedings to incorporate an area to be started by a petition of 25 percent of the registered voters of such area rather than by landowners only.
- SB 451 - Gregorio
Chapter 126 Specifies that, notwithstanding any other provisions of law, cities in San Mateo County incorporated after April 1, 1971, but before May 31, 1971, shall not be subject to specified planning provisions until June 30, 1974.
- SB 594 - Marler
Chapter 120 Extends the date for adoption of the conservation element and the open space element of city and county general plans from June 30, 1973, to December 31, 1973. It also requires that zoning be consistent with the general plans by January 1, 1974. It would provide further that beginning on January 1, 1974, no mandatory element of a general plan may be amended more than three times per year, that hearings on zoning changes to bring the zoning into conformity with changes in general plans could not be held within two weeks of the change in the general plan, and that a zoning ordinance must be amended within a reasonable time after it becomes inconsistent with a general plan by reason of a change in the general plan.
- SB 1351 - Lagomarsino
Chapter 121 Continues the existence of the Commission for Economic Development until January 1, 1976.

Budget The following items have been blue-pencilled by Governor Reagan:

- Item 17 For support of Supreme Court of California, Courts of Appeal, Judicial Council of California and Commission on Judicial Qualifications. I reduce this item from \$11,033,249 to \$10,627,872.
I am approving this item as originally submitted as well as \$504,666 of the \$910,043 added by the Legislature. The balance of \$405,377 is disapproved pending a report by a special task force which I am appointing to study the appellate court workload.
- Item 47 For support of contribution to counties for providing legal assistance to indigents. I reduce this item from \$2,428,955 to \$775,000.

I am eliminating the augmentation provided by the legislature in view of the enactment of Chapter 1406/72 which provides that the state shall reimburse local governments for added costs resulting from state mandated new programs or increases in the level of existing programs. This new law will greatly assist local governments as will federal revenue sharing. Accordingly, the budget level of support which has been the appropriated level for many years is considered to be adequate.
- Item 57 For support of Board of Equalization. I reduce this item from \$28,486,525 to \$28,376,621 by reducing paragraph (a) Personal Services from \$30,753,156 to \$30,653,243 and paragraph (b) Operating Expenses and Equipment from \$7,138,607 to \$7,128,616.

I am eliminating from this item \$109,904 which was added to increase the board's intercounty equalization program. There remains in this item sufficient funds for the Board to meet its responsibilities in this area.
- Item 60 For support of Secretary of State. I reduce this item from \$2,635,784 to \$2,526,817 by reducing paragraph (a) Personal Services from \$1,707,115 to \$1,609,610 and paragraph (b) Operating Expenses and Equipment from \$650,767 to \$639,305.

I am reducing this item to a level of expenditure that provides for an augmentation of 9.4 positions to the Secretary of State's original budget in the Corporate Filing and Uniform Commercial Code Divisions. Coupled with the 5 proposed new positions in the original budget, this represents a 21 percent increase in the staff of these two divisions. This amount will enable the department to meet its responsibilities.
- Item 70 For support of Public Utilities Commission. I reduce this item from \$7,652,847 to \$7,622,847 by reducing paragraph (b) Operating Expenses and Equipment from \$2,466,908 to \$2,436,908.

I am eliminating the funds added for Consulting Services for BART.

The commission has assured me that the budget contains sufficient funds to provide an adequate review of BART safety operations without augmentation.
- Item 86 For support of Augmentation for Salary Increase---Increase in Statutory Salaries. I reduce this item from \$92,121,000 to \$92,083,000 by reducing the proposed salary increase specified therein for state officers whose salaries are specified by statute and whose compensation is paid from the General Fund, from 15.9 percent to 12.5 percent.

The increase of 15.9 percent was originally suggested to the legislature by the administration to keep the two-year increase in statutory salaries level with increases granted the vast majority of state employees. The administration later revised its request to 12.5 percent, approximately the average level of increases for state employees for the coming year. The request to reduce the salary increase for statutory officers was received by the legislature too late to act upon and I am accordingly reducing this item to 12.5 percent which I consider to be adequate.

- Item 87 For support of Augmentations for Salary Increase---Increase in Statutory Salaries. I reduce this item from \$58,575,000 to \$58,564,000 by reducing the proposed salary increase specified therein for state officers whose salaries are specified by statute and whose compensation is paid from special funds, from 15.9 percent to 12.5 percent.
- The increase of 15.9 percent was originally suggested to the legislature by the administration to keep the two-year increases in statutory salaries level with increases granted the vast majority of state employees. The administration later revised its request to 12.5 percent, approximately the average level of increases for state employees for the coming year. The request to reduce the salary increase for statutory officers was received by the legislature too late to act upon and I am accordingly reducing this item to 12.5 percent which I consider to be adequate.
- Item 88 For support of Augmentations for Salary Increase---Increase in Statutory Salaries. I reduce this item from \$32,844,000 to \$32,831,000 by reducing the proposed salary increase specified therein for state officers whose salaries are specified by statute and whose compensation is paid from non-governmental cost funds, from 15.9 percent to 12.5 percent.
- The increase of 15.9 percent was originally suggested to the legislature by the administration to keep the two-year increases in statutory salaries level with increases granted the vast majority of state employees. The administration later revised its request to 12.5 percent, approximately the average level of increases for state employees for the coming year. The request to reduce the salary increase for statutory officers was received by the legislature too late to act upon and I am accordingly reducing this item to 12.5 percent which I consider to be adequate.
- Item 92 For Claim of the Secretary of the State Board of Control. I reduce this item from \$133,388 to \$123,388.
- The claim of Computer Mailing, Inc. and Tsuruda and Reed in the amount of \$10,000 is currently before the courts and I do not believe it advisable to include the claim in the Budget Act at this time.
- Item 118.1 For support of Department of Consumer Affairs, Division of Consumer Services. I eliminate this item.
- I am eliminating this General Fund support item because the Division of Consumer Services serves the Special Fund constituent boards, bureaus and commissions of the Department and should be supported by special fund assessments rather than the General Fund.
- Item 122 For support of Bureau of Automotive Repair, Department of Consumer Affairs. I reduce this item from \$2,634,502 to \$2,424,139 by reducing paragraph (a) Personal Services from \$1,182,765 to \$972,402.
- I am reducing this item to the level originally submitted since there are sufficient funds budgeted to handle the projected workload and meet the important program needs of the Bureau.
- Item 154.1 For support of the Uninsured Employers Fund. I eliminate this item.
- I am eliminating this augmentation from the General Fund for transfer to the Uninsured Employers Fund. Legislation which set up the latter fund was signed with the anticipation that the Uninsured Employers Fund would be self-supporting. It was never expected to be a burden on the General Fund and I am asking the department to seek legislation which will make possible the original concept of a wholly self-supporting activity.

- Item 194 For support of Tahoe Regional Planning Agency. I reduce this item from \$100,000 to \$50,000.

I am reducing this item to the amount proposed in the budget I submitted in January which I believe will be adequate for the state to meet its own commitment to supplement the support of the planning agency.

- Item 195.5 For support of the California Coastal Zone Conservation Commission and Regional Coastal Zone Conservation Commission. I eliminate this item.

I am eliminating this item because I believe the continuing appropriation made from the Bagley Conservation Fund by Proposition 20 is sufficient to meet the needs of the Commission during the 1973-74 fiscal year. It will be appropriate to review the total operational program of the Commission at the time the 1974 budget is reviewed.

- Item 197 For support of the Environmental Protection Program, Resources Agency and Business and Transportation Agency. I reduce this item from \$2,092,820 to \$1,712,820.

I am eliminating the \$30,000 for the Joice Island walkway, \$250,000 for Conservation Education, and \$100,000 for a study of help as unnecessary augmentations of programs that already are adequately provided for in the budget. With respect to the proposed \$250,000 augmentation for Conservation Education, I believe it is premature, since the administrators of the Program and the Department of Education are now negotiating toward a coordinated funding of conservation education efforts by the Department and the Program. I expect to propose such coordinated funding on behalf of the Program in my budget message next year.

- Item 197.8 To Department of Education for School District Environmental Land Acquisition. I eliminate this item.

I have eliminated this item because there already are sufficient funds for this purpose in Item 197 of this Budget Act.

- Item 214 For support of State Lands Division, State Lands Commission, Department of Conservation. I reduce this item from \$2,468,177 to \$2,374,600 by reducing paragraph (a) Personal Services from \$2,964,753 to \$2,874,970 and paragraph (b) Operating Expenses and Equipment from \$650,852 to \$647,058.

I am reducing this item because most of the inventory of state lands which this amount provides for is being accomplished without the need for an augmentation, and funds for the remaining work should be available in the budget of the state department which will receive the services. I am, however, still allowing a total augmentation of \$817,000 to the original budget I submitted.

- Item 215 For support of Department of Fish and Game. I reduce this item from \$22,188,029 to \$21,514,121 by reducing paragraph (a) Personal Services from \$14,845,307 to \$14,486,624 and paragraph (b) Operating Expenses and Equipment from \$8,034,162 to \$7,923,062, paragraph (d) Minor capital outlay from \$372,600 to \$307,600, paragraph (e) Pittman-Robertson program from \$2,711,200 to \$2,643,100, paragraph (f) Dingell-Johnson program from \$916,500 to \$909,500, paragraph (h) Anadromous Fish Act program from \$697,300 to \$456,600 and paragraph (m) Federal reimbursements from \$3,311,675 to \$3,135,000.

I am reducing this item because there are insufficient funds in the Fish and Game Preservation Fund to fully finance the department's approved programs together with these additions. We requested the legislature to make this reduction on March 1, 1973, a request which was not acted upon. I am now reducing the item to maintain the financial integrity of the fund.

Item 227 For support of Department of Parks and Recreation. I reduce this item from \$24,520,537 to \$24,470,537 by reducing paragraph (b) Operating Expenses and Equipment from \$8,420,205 to \$8,370,205.

I am eliminating the funds provided to employ an outside consultant for an independent review of acquisition practices. These practices already are well defined and have been subject to review to such an extent that any further expenditure of funds for such a purpose would be nonproductive.

Item 227.2 For support of Department of Parks and Recreation for feasibility study of a park site at Baldwin Hills Dam. I eliminate this item.

I am eliminating this item because additional staff resources have been provided to adequately meet the needs of the department. The additional staff will enable the department to develop the necessary feasibility studies.

Item 237.5 For support of Child Development Programs and Child Care Services, Office of Educational Liaison, Health and Welfare Agency. I eliminate this item.

The federal funds available and allocated for child development programs and child care services are sufficient to allow for planned expansion of these programs.

- Item 243 I eliminate the subschedule set forth under Schedule (a). The subschedule infringes upon my constitutional and statutory authority to organize, reorganize, classify and arrange the functions of officers and employees of a state agency under Section 3 of Article III and Section 6 of Article V of the State Constitution and Section 11152 of the Government Code; as such, the subschedule constitutes a subject of legislation outside the scope of the Budget Act.
- In addition, the subschedule infringes upon my constitutional authority to eliminate or reduce specific budget items, impairs the state's ability to utilize available federal funds, would severely limit current programs and would make compliance with federal law impossible.
- For these and other reasons, I eliminate the subschedule as invalid language and surplusage.
- Item 251 For support of Board of Medical Examiners. I reduce this item from \$2,246,190 to \$2,096,190.
- I am reducing this item for Mexican medical student scholarships by \$150,000. Because Mexican student enrollment is not as great as was previously expected, the legislature's budget augmentation will not be needed.
- Item 262.2 For support of Department of Health - Citizens' Advisory Council. I eliminate this item.
- The Citizens' Advisory Council provides advice and assistance to the Director of Health. The Department of Health can provide staff as needed to support the work of the council. Therefore I am eliminating the item.
- Item 264 For transfer of the Health Care Deposit Fund to provide for Medical Assistance Program expenditure. I reduce this item from \$621,728,766 to \$603,184,575.
- I have reduced the funds for caseload expenditures by \$18,544,191 in accordance with the revised estimates of the Department of Health, as reported to the legislature in May of this year.
- Item 270.5 For support of Human Resources Development, Migrant Day Care. I eliminate this item.
- The federal funds already available and allocated for Migrant Day Care programs are sufficient to allow for the continuation of this service and there is no need for any additional General Fund monies. Therefore, I am eliminating the item.
- Item 277 For support of Department of Social Welfare - Unmet Shelter Needs. I reduce this item from \$1,500,000 to \$750,000.
- I have reduced this item by \$750,000 because the pending implementation of federal legislation (RS 1) makes this expenditure unnecessary. The remaining \$750,000 will adequately fund the program until it is taken over by the federal government on January 1, 1974.
- Item 278 For support of Department of Social Welfare - Homemakers' Services. I reduce this item from \$16,863,125 to \$13,868,200.
- I have reduced the funds for caseload expenditures by \$2,994,925 in accordance with the revised estimates of the Department of Social Welfare as reported to the legislature in May of this year.
- Item 281 For support of Department of Corrections. I reduce this item from \$135,699,642 to \$134,721,317.
- I am eliminating a \$250,000 augmentation for the Inmate Welfare Fund because the current method of providing recreational equipment and supplies is both adequate and satisfactory.
- In addition, I am reducing the item by another \$728,325 for inmate release funds because an increase in the minimum release funds, from \$68 to \$200, will still be permitted for each inmate who leaves prison.

- Item 281.1 For support of Department of Corrections. I reduce this item from \$500,000 to \$100,000.

I am reducing the augmentation for contracting with private agencies to provide correctional services to inmates by \$400,000 until present programs may be identified and evaluated for their effectiveness. The amount of \$100,000 is adequate to seek and evaluate new programs to assist inmates.

- Item 281.2 For support of Department of Corrections. I eliminate this item.

The Department of Corrections currently operates four community correctional centers which are supported by state funds. A fifth center was recently opened under a federal grant for research and evaluation. Additional centers should not be established until results of the federal study are known. Therefore, I am eliminating this augmentation of \$600,000.

- Item 281.3 For support of Department of Corrections. I eliminate this item.

I am eliminating the augmentation of \$300,000 for employment of additional correctional counselors pending evaluation of the usage of correctional program supervisors recently introduced to institutions.

- Item 285.1 For support of Department of the Youth Authority. I reduce this item from \$300,000 to \$100,000.

I am reducing the augmentation for contracting with private agencies for correctional services to wards and parolees by \$200,000 until programs may be identified and evaluated for effectiveness. This remaining \$100,000 augmentation, plus currently available funds, is adequate to seek and evaluate new programs to assist wards and parolees.

- Item 285.2 For support of Department of the Youth Authority. I eliminate this item.

The Department is presently operating several structured residential programs. There is no clearly demonstrated need for additional funds. Therefore, I am eliminating this \$400,000 item.

- Item 285.3 For support of Department of the Youth Authority. I eliminate this item.

I am eliminating this augmentation of \$500,000 because there is insufficient data available to support the contention that reduced caseloads for parole officers contribute significantly to public safety. Until such research has been completed, existing parole agent caseloads should be maintained.

- Item 297 For support of Department of Education. I reduce this item from \$7,682,263 to \$7,655,263 by reducing paragraph (a) Personal Services from \$18,164,124 to \$18,146,124 and paragraph (b) Operating Expenses and Equipment from \$11,172,181 to \$11,163,181.

I have eliminated the school nurse consultant and related expenses. There is no evidence that increased consultation or technical assistance from the state is needed.

- Item 297.1 For augmentation of Department of Education, Superintendent of Public Instruction and State Board of Education. I reduce this item from \$2,101,559 to \$1,500,000 by reducing paragraph (a) Personal Services from \$1,398,450 to \$1,000,000, and paragraph (b) Operating Expenses and Equipment from \$700,792 to \$497,683.

The intention of this augmentation was to replace federal funding under ESEA Title V. There are many worthwhile programs, such as evaluation of year-round schools, state-wide testing and Mexican-American liaison funded through this money, and I am approving sufficient funds to be sure that all the highest priority services will not be discontinued if federal funds are withdrawn. However, I have reduced the total by \$601,559 because I do not believe the state can assume every program which will no longer be federally funded. I believe the department must eliminate programs of lowest priority and strive for greater economy.

- Item 302 For support of Division of Libraries, Department of Education and Board of Library Examiners. I reduce this item from \$2,294,760 to \$2,097,198 by reducing paragraph (a) Personal Services from \$2,240,073 to \$2,127,091 and paragraph (b) Operating Expenses and Equipment from \$6,869,657 to \$6,785,077.

The workload of the interlibrary loan, handicapped unit, does not justify the augmented amount in this item. However, four additional positions are needed to perform necessary services. Therefore, I am reducing this item only by the amount of the excess augmentation.

- Item 307 Compensatory education, special teacher employment programs, demonstration programs in reading and mathematics and professional development and program improvement, Department of Education. I reduce this item from \$11,138,000 to \$10,818,000.

I have eliminated funding for the Research and Teacher Education Projects at the University of California, Los Angeles. My agreement to continue funding of this project in 1972-73 did not anticipate that the project would be continued in 1973-74.

I also have eliminated the \$220,000 augmentation for an Urban-Bilingual Professional Development Center project. Sufficient funding and flexibility were included in the Department's support budget submitted to the legislature in January to allow the department to fund this project on a priority basis.

- Item 308.1 For the support of Chapter 638, Statutes of 1972, Department of Education. I reduce this item from \$515,000 to \$355,000.

I have included sufficient funding in this item for the continuation of this project through 1973-74, at which time a final evaluation will be completed and the project will be discontinued as a state-funded program.

Funds remaining in the item provide for:

- a. Continuation of the 50 classes which are now being evaluated.
- b. Evaluation, including a formal interim report in January 1974 and a final report in June 1974.
- c. Continuation of 20 classes which are not now being evaluated.

- Item 308.2 For pilot cooperative improvement and dropout prevention programs. I eliminate this item.

This appears to be a program more properly funded in the Department of Youth Authority. I therefore have asked the Department to begin negotiations for the pilot project from their support budget.

- Item 309.5 For Children's Centers Programs, Department of Education. I reduce this item from \$23,113,233 to \$5,828,550 by eliminating paragraph (a) Children's Centers (\$6,750,000) and paragraph (c) campus children's centers (\$2,025,000), and reducing paragraph (b) Preschool education from \$14,338,233 to \$5,828,550.

The federal funds available and allocated for child development programs are sufficient to allow for the planned expansion in the children's center programs and there is no need for General Fund contingency funding.

New federal regulations are likely to cause large funding reductions in the Preschool Education Program. It is not my intention for the state to automatically assume financial responsibility for previously federally funded programs without a thorough review.

Funds which remain in this item, together with state funds in Item 309(c), will allow the Preschool Education Program to continue for six months while this administration studies the program and develops stronger regulations through the legislative process.

- Item 310 For assistance to public libraries, Division of Libraries, Department of Education. I reduce this item from \$1,355,000 to \$1,000,000.

I cannot support the full augmentation suggested by the legislature, but I am leaving \$200,000 in this item over and above the amount originally proposed in my budget submitted in January. As proposed by the Legislative Analyst, I believe that a revised allocation system could provide for more effective use of the taxpayers' money.

- Item 316 For support of University of California. I reduce this item from \$399,365,749 to \$397,890,749.

I reduce this item for the following reasons:

Price Increase - \$350,000

I am approving an augmentation of \$1,650,000 for this purpose.

Extended Opportunity Program - \$1,000,000

The University has a successful Educational Opportunity Program. Existing resources are sufficient to finance over eight percent of its undergraduate enrollment in the program which, I believe, is sufficient.

Residencies for Primary Care - \$125,000

The University originally intended to admit 104 additional residencies for the 1973-74 year. However, they have currently enrolled 78 and it does not appear that this number will substantially increase by September. I am therefore proportionately reducing this item.

- Item 316.4 For support of University of California instructional programs in health sciences affected by Federal budget reductions. I reduce this item from \$1,834,000 to \$1,031,000.

I have accepted that part of the augmentation suggested by the legislature which would fund the two highest priorities in this item, \$820,000 for programs in the field of public health and \$211,000 for the program in family practice medicine at Sonoma and the special program to train nurse practitioners at UCLA. In addition, the University has over \$470,000 in carryover funds from the current year available for funding of these items. The remaining lower priority items which I have deleted may be funded from the University's support budget if they are deemed of higher priority than other currently supported activities.

Item 316.5 For replacement of Federal Fund Reductions, University of California. I reduce this item from \$1,098,000 to \$600,000 by reducing paragraph (a) Bankhead-Jones Funds from \$166,000 to \$91,000, paragraph (b) Hatch Act and McIntire-Stennis Act Funds from \$404,000 to \$228,000, paragraph (c) Smith-Lever Act Funds from \$146,000 to \$81,000 and paragraph (d) Sea Grant College Program from \$182,000 to \$ 0.

I am reducing this item by \$498,000 because I believe there will be sufficient funds to maintain the 1972-73 University-wide student-faculty ratio in those programs receiving funding from a through c above and to finance the operation of the research ship. The administration is supporting legislation, already introduced, which would provide substantial money for sea grants. If passed, a portion of this money would be available to the University.

Item 316.12 For research in mosquito control, University of California. I eliminate this item.

The budget as originally submitted contained \$300,000 for mosquito research. In addition I am approving another \$100,000 for this purpose in Item 316. I believe this will provide ample funds for this purpose.

Item 323 For support of Trustees of the California State University and Colleges and the California State University and Colleges. I reduce this item from \$407,156,252 to \$405,647,372 by reducing paragraph (a) Personal Services from \$402,254,625 to \$402,206,052 and paragraph (b) Operating Expenses and Equipment from \$89,842,549 to \$88,382,242.

I am reducing this item for the following reasons:

Replacement Equipment \$1,000,000

Funds to accomplish replacement of equipment can be made available by the trustees without approval of the Department of Finance from excess salary savings, as provided in Section 28.7 (a) of the Budget Act.

Educational Opportunity Programs 428,880

Of the \$1,408,880 legislative augmentation to the program, I am approving \$980,000 in the budget. This will provide \$580,000 in grants for 2,416 third and fourth-year students and \$400,000 in grants and related staffing needs to increase the number of lower division students covered to 4,220 (fulltime equivalent) students.

Planning Funds for Year-Round Operation 50,000

Substantial amounts have been spent in previous years on planning for year-round operations at California State University, San Francisco. With the decline in the level of enrollment growth in the California State University and College System, these additional planning funds are not needed.

San Diego Educational Television 30,000

Sufficient funds already are provided in the budget to cover operations for instructional programs on the campus. The funding for this station will be reviewed thoroughly during 1973-74 with the goal of developing reasonable funding formulas which can be put into use beginning in 1974-75.

Item 327 For support of Board of Governors, California Community Colleges. I reduce this item from \$1,137,299 to \$1,087,839 by reducing paragraph (a) Personal Services from \$1,587,596 to \$1,541,095 and paragraph (b) Operating Expenses and Equipment from \$543,570 to \$540,611.

I am reducing this item which would have added an architect and a specialist to the staff of the Chancellor's Office. Such capabilities already exist in that organization and can be utilized to meet system-wide facility planning objectives.

- Item 328 For Community College extended opportunity programs, Board of Governors of the California Community Colleges. I reduce this item from \$7,360,000 to \$6,170,500.

The legislature's proposed funding for this program would have increased community college EOP funds by more than 50 percent over the current year. At present, the community colleges expend 52 percent of these funds for administration and counseling. A large number of economically deprived high school graduates--minority and other--have, despite their handicaps, achieved at a normal or better than normal level in their high schools. These students would need only ordinary support services in the community colleges and are too often overlooked when selecting for EOP grants. Many of the economically disadvantaged are unable to continue their education. I am thinking of these students when I accept \$1,056,000 of the suggested augmentation. I want to make the strongest plea that these dollars be used solely for grants and for the achieving minority and poor students.

- Item 331.1 For support of Department of General Services for working drawings, state building, San Jose. I eliminate this item.

Information provided by the Department of General Services indicates that a state-constructed building in San Jose cannot be economically justified at this time.

- Item 337 I delete from Item 337 the words "or less". Fire, safety, and public health needs cannot be forecast to the exact penny. A maximum limitation is acceptable; an identical minimum is artificial and unworkable. The executive department is best able to determine those minimum needs. I believe that any language which mandates such spending is unreasonable and lacks constitutional authority.

- Item 360 For capital outlay, University of California. I reduce this item from \$12,970,000 to \$12,922,000 by eliminating paragraph (30) Working drawings for College No. 8 Academic Unit, Santa Cruz Campus (\$48,000).

I am eliminating this item because the proper size of the campus at the University of California, Santa Cruz, is still under study. Until the future size of this campus and the pattern of total enrollments in the universities is clarified, I believe it is premature to commence an additional college on this campus.

- Item 361 For capital outlay, Trustees of the California State University and Colleges. I reduce this item from \$26,922,000 to \$23,967,000 by eliminating paragraph (49) State College, Bakersfield, Construct Science building II (\$2,955,000).

I am eliminating this project because it is not of sufficiently high priority in the building program as specified by the Trustees of the California State University and Colleges.

- Section 32.5 For support of public assistance programs, Department of Social Welfare. I reduce this section from \$680,332,600 to \$664,286,700.

I have reduced the estimates for caseload expenditures by \$16,045,900 in accordance with the revised estimates of the Department of Social Welfare as reported to the legislature in May of this year.

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Governor Ronald Reagan today issued the following statement:

*on signing
budget*

"Well, here we are again, on the late, late show.

"I was hoping that, for once, I might be able to sign a budget around the constitutional deadline -- which for the legislature was June 15, but the legislature was late again.

"In reporting on the budget I am about to sign there has been a great deal of comment about that being the biggest in the state's history. Actually, only one-third of it is required to run state government. The remainder is what the state merely collects and turns back to local government and the public schools.

"But the principal reason this budget is so large is because approximately \$1 billion of it does not represent an increase in government spending but a transfer of cost from local government to the state. This billion dollars is being returned directly to the people in the form of property tax relief -- relief which millions of California homeowners already are seeing reflected in their property tax bills. Only several years ago, the cynics were saying such tax relief would never become a reality.

"This budget reflects the greatest one-year increase in state support for local schools ever achieved by any state in any year. The critics also said that could never happen, but it has.

"In fact, nearly one-half of our general fund budget for the coming year is devoted to the support of education in California.

"You'll be interested to know that state support for local schools is up 31 percent over last year and has increased 50 percent over the last three years.

"Under this budget, state funding for assistance to economically disadvantaged students at the California State University and Colleges will more than triple (254%) what it was only three years ago.

"The budget also sets aside more than \$85 million to beef up our growing state park system, an increasing source of pride to all Californians.

"Now, I know my mentioning these things must seem somewhat out of character for me, but be assured -- I have not forgotten to bring my big blue pencil and, let there be no mistake, I am going to use it in vetoing some \$80 million out of the budget.

"Nearly one-half of that is in welfare and Medi-Cal expenditures-- money which is not needed because of the vastly reduced welfare caseload in California. In fact, because of this administration's successful efforts to drastically overhaul and reform welfare, there are now 318,000 fewer persons drawing welfare in the state than when we began implementing the reforms in March of 1971. Yet the truly needy on welfare are receiving considerably higher grants to meet their needs than ever before.

"There are many other specific items in this budget which might be mentioned but time does not permit.

"I would, however, like to put the budget in a broader and very serious perspective. If you think \$9.4 billion is large, I invite you to look down the road just 15 years when the state's budget will be five times this big. But even worse, the state will have increased its tax take from the average California wage earner's dollar by 40 percent.

"Our projections show that this will indeed happen unless something is done soon to halt this trend.

"The people of California will have just such an opportunity this November at the ballot box -- to assure that the trend toward bigger and more expensive government is reversed and the tax burden they bear is actually reduced, by order of the Supreme law of our state, the California Constitution.

"No amount of realistic cut-squeeze-and-trim can do it. I know because we've made that a hallmark of this administration. The tremendous special interest pressures on the legislature to spend more and more of the people's money have convinced me that even the most frugal administration cannot halt the trend toward a heavier and higher tax burden without the mandatory restraint of a tax limit.

"The size of this and future state budgets should put every citizen on notice that unless they vote to limit and control government's appetite for the people's earnings -- by constitutional decree -- it is only a matter of time before government will be taking most of their wages in taxes, if our free economic system doesn't collapse first.

"These are sobering thoughts. But, they are surely true."

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Gray

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Governor Ronald Reagan today made the following statement pertaining to the veto of SB 425:

"Last winter, when the dimensions of our tax surplus became apparent, I proposed that we simply give the money back as nearly as possible to those who paid it in. This could best be done by a six-month delay of the scheduled sales tax increase, and a 20 percent across-the-board income tax rebate. The remainder should be spent on parks and beaches and to restore the Capitol building."

"Although the democrat leaders said they did not favor returning the surplus taxes to those who paid, Assemblyman Bagley introduced such a bill in the Assembly, and Senator Lagomarsino introduced a similar bill in the Senate.

"Stating to us that his pending plans would require that we keep the excess income taxes and begin collecting an un-needed sales tax on July 1, the Assembly Speaker killed the Bagley bill almost immediately. It was then apparent that Senator Lagomarsino's bill to delay the sales tax and return the excess income taxes would meet the same fate at the hands of the Speaker.

"Therefore, we included the 20 percent rebate in our tax initiative for next fall, and put the parks and Capitol money in the upcoming 1973-74 budget. But there was nothing we could do about the sales tax delay without a specific bill, which the Speaker had already said he would not give us, and had confirmed this fact by killing the Bagley bill. Still showing his constant opposition, he recently in effect killed the Lagomarsino bill after it had passed the Senate by having it amended, over the author's objections, to prevent the rebate from going to those who paid it.

"Despite all I could do publicly and privately to get him to let through a bill which would delay the sales tax increase, he remained adamant. A third attempt to delay the un-needed tax was then made by Senator Dills. The Speaker killed that, too, by refusing to let it be fair, though Senator Dills was willing to do so.

"Finally, on the last day, loudly professing to favor a sales tax delay which he alone had prevented, the Speaker allowed a deferral bill to pass. However, fearful that it might actually become law, and he would thus be deprived of all that excess spending power, he without

any hearings or analysis, attached to the bill, a grossly unfair and unequitable provision to distribute the excess income taxes to those who hadn't paid them. By thus bypassing all the legislative processes he professes to revere (presumably because such a proposal could not have survived public hearings), he effectively killed, for the fourth time in as many months, a sales tax delay. I cannot sign this bill because in his haste to present something he could pretend was a legitimate compromise attempt the bill is out of balance by \$50 million.

"Throughout that last day, I made every attempt possible to get the majority leadership of both houses to give me a simple, six-month sales tax delay bill. I even offered a fair and substantially more generous income tax rebate proposal which I promised would be in writing and fully aired in time for 1973 tax returns.

"Responsible leaders of both parties, in both houses, agreed with me, and in the final hour of the session, reconvened the conference committee on SB 90 so that a simple amendment delaying the sales tax increase could be passed. They accepted my promise that the income tax rebate problem would be dealt with later this year in a fair, responsible, timely and open manner. Three members of the conference committee voted to delay the sales tax increase: two senators and one assemblyman. One more assemblyman was needed. The Speaker was a member of that conference and was that vote. He refused. Thus, for the fifth and last time, he personally killed the sales tax increase delay measure, just as he had vowed for many months he would do.

"The Speaker's original purpose of imposing the un-needed sales tax prevailed. He knew that a fair bill, or a simple delay bill, would be signed immediately, and he would be deprived of all that extra spending power.

"He has confirmed beyond doubt that much needed tax relief can only be achieved by the taxpayers themselves.

"Therefore I must return this bill unsigned."

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