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Lawmakers clash on Reagan's proposals



Ronald Reagan

'States will take full responsibility for aid to families with dependent children and food stamps.'

Salem — Gov. Vic Atiyeh said Wednesday he basically endorses President Reagan's plan to shift control over welfare and numerous other federal programs to the states.

But the Republican governor told a news conference he would not be very enthused about the idea if the states weren't completely freed at the same time from federal red tape in administering programs.

"Generally, that's the right direction to go," Atiyeh said of the president's Tuesday night speech. "If the concept is to turn over the programs free and clear, then I applaud it."

If Oregon were allowed to be more innovative, Atiyeh said, many programs would better serve people of the state. But he said he wouldn't be as happy if the federal government turned over responsibilities but not controls to the states.

Meanwhile, Democratic lawmakers criticized Reagan's proposals.

"The so-called dream of a New Federalism sounded less like a dream than a dodge," said Senate President Fred Heard, D-Klamath Falls.

"The president has wished on his campaign pledge to balance the federal budget," Heard said. "Now he's willing to accept a record-breaking deficit if he can gradually dump it on our state and local governments."

State Rep. Vera Katz, D-Portland, said she was concerned about the form of federal financial help to states.

Katz said if federal financial help

isn't adequate, "I don't know what our response is going to be. Are the people in the state of Oregon willing to pay for those programs?"

"The one concern that there is when you have that kind of freedom to run a program is the states' need to understand the responsibility they have to the clients they are there to serve.

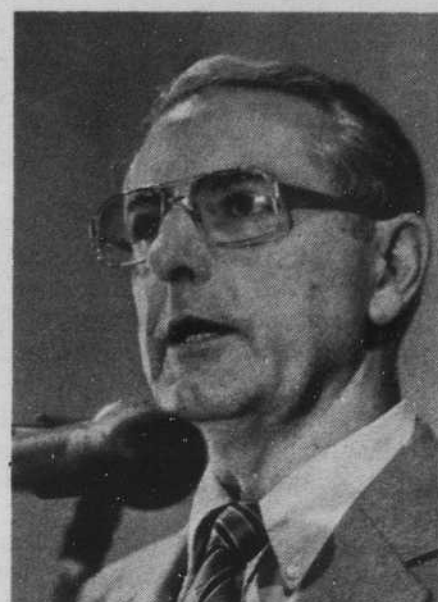
"You will have an uneven system nationwide on services for the group of people who need that kind of governmental assistance."

Leo Hegstrom, director of the state Department of Human Resources, estimated that Oregon would have to spend an additional \$474 million per biennium if the state took over complete responsibility for food stamp and welfare programs.

That would be partly offset, Hegstrom said, by a savings to the state of \$237 million per biennium if the federal government took over states' share of Medicaid costs.

"The bottom line is that unless there are substantial additional federal funds allocated to the states with this exchange of program responsibilities, it would not be economically feasible for the state to assume the responsibilities," Hegstrom said in a memo to Atiyeh.

Director Robert W. Smith of the state Executive Department said he could not assess what affect Reagan's proposals would have on the overall state budget because the president did not provide details.



Vic Atiyeh

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Local Democrats fear reborn 'state rights'

By Ron Hunt
Of the Emerald

To some Oregonians, Pres. Ronald Reagan's State of the Union message was "remarkable." To others it was questionable.

"Quite a remarkable speech," said Doug Green, vice chairer of the University's College Republicans. "We support it. It's a positive approach to the problems facing us."

Reagan's refusal to support tax increases is a good position, Green said. If there were no tax cuts, the government would find a way to spend the money anyway, he said. "I don't see how the tax cuts can do any harm," he added.

Others had questions about the President's approach.

"It is a very clever strategy in turning the clock back to the days of a great disparity

between the states," said State Rep. Margie Hendriksen, D-Eugene. Going back to "state's rights" is a radical change that will put states that do care about social services at a disadvantage, she said.

The reason the federal government became involved in so many social programs, Hendriksen said, is because many states were doing nothing: "A lot of people were very ill-fed."

Competition between the states will skyrocket, she said, as states seek to attract industry by lowering standards for air quality and other areas. "Only when you have national standards do you avoid competition between states."

Reagan's plan is "disastrous for Oregon," especially considering the state's depressed timber industry, Hendriksen said. Oregon would need to totally revise its tax

structure to survive "more strains on our state government," she added.

State Sen. Ed Fadeley, D-Eugene, criticized the President's acceptance of continued deficit spending. "Oregon would not have a special session if the federal budget was balanced," he said. Reagan blamed deficits on the recession but Reagan isn't doing anything to stop the deficits, Fadeley added.

Reagan's approach, said State Sen. Ted Kulongoski, D-Eugene, has "taken the federal deficit and transferred it to Oregon."

But since some programs are better handled by the states, "I can't unequivocally object." Details of Reagan's plan need to be seen, however, because Reagan is "very good with the words" but his implementation is often a problem, Kulongoski added.

Kulongoski objected to Reagan's idea of turning over the food stamps program to the states. "I worry about the black citizens of Alabama, Georgia, and Mississippi." The reason for federal involvement is "some states did not treat their citizens fairly," he added.

State Rep. Peg Jolin, D-Cottage Grove, said of Reagan's

State of the Union, "Overall it sounded good, but I have some deep, deep concerns about the type of local control." Application will be different than "sounding good," she said.

Other Eugene area legislators — and the chairer of University Democrats — were unavailable for comment.

Oregon's two U.S. senators did comment on Reagan's speech:

Sen. Mark Hatfield, a republican, said, "the president has proposed the most revolutionary shift of the government's power in half a century," but his success in achieving the program will ultimately hinge on an "economic rebirth" in the coming year.

"The looming spectre of increasing federal deficits and high interest rates simply cannot be ignored," Hatfield added. Personal tax cuts

should be postponed, he said, and a balanced budget must be achieved through "deep cuts in a bloated defense budget" and in entitlement programs.

Hatfield's press representative, Jack Robertson, said Hatfield agrees that the states could run some programs more efficiently, but only if the federal government gives adequate financial support. Hatfield is "not in favor of decentralizing the structure by bankrupting the state," Robertson said.

Sen. Bob Packwood, R-Oregon, took a similar stand: "I agree we can turn over many of the federal programs to the states as long as there is a dollar-for-dollar match." Oregon will run these programs well, he said, and be more sensitive to Oregonians' needs.

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Ted Kulongoski



Margie Hendriksen

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