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February 21, 1975

SUBJECT: FORD ADMINISTRATION TO CUT
WELFARE GRANTS TO THE STATES

According to the AP, the Ford Administration has cut family welfare grants to the States by \$97.2 million for the first quarter of this year.

Is the Administration going to cut welfare grants to the States?

GUIDANCE: Yes. This was a process that was set in motion at HEW over 18 months ago. The Administration is trying to prevent the use of Federal taxpayers funds going to people who are ineligible or overpaid. HEW's Social and Rehabilitation Service will be reviewing the cutbacks with each State.

How does the Federal Government know the amount of overpayments and ineligible people in each State?

GUIDANCE: A statistical sampling process is employed which has been validated by an independent polling organization.

JGC

MAY 12, 1975

SUBJECT:

ERRORS FOUND IN WELFARE PROGRAM

HEW has just released the findings from a nationwide analysis of welfare payments between January and June 1974. The survey showed that about 35% were either ineligible for welfare, were overpaid, or were underpaid. This compares with a 41% error rate the previous year. At least half of the erroneous payments are the fault of state and local officials running the program and about half of the errors can be blamed on the recipients.

Is the President concerned about the high number of errors found in welfare payments?

GUIDANCE: This is a firm indication of the work that HEW is doing to eliminate the abuses and errors in the current welfare program. It is the goal of HEW and the Administration to correct these abuses and errors, thus saving the individual taxpayer money, and putting the money where it is most needed.

JGC

September 15, 1975

SUBJECT: SECRETARY MATTHEWS ENDORSES
WELFARE REORGANIZATION

Secretary Matthews said yesterday that his department is discussing with the White House Domestic Council ways to replace most welfare programs by a single income maintenance system.

Is the White House prepared to replace the present welfare system, as advocated by Secretary Matthews?

GUIDANCE: Secretary Matthews, of course, has been actively looking at various alternatives to the present welfare system. He has available to him various studies which have been done in this area, including that done by Secretary Weinberger, shortly before he left. The Secretary has indicated to the Domestic Council that he would like to review some of his ideas and thoughts with them, and we expect that Secretary Matthews will be making some recommendations to the White House some time later this fall.

I would just point out that as Secretary Matthews has said, no final decisions have been made, and various alternatives are still being explored.

April 12, 1976

SUBJECT:

INCREASE IN WELFARE
PAYMENTS

Over the weekend the Department of HEW released statistics showing that governmnetal welfare programs increased by 21.4% last year over 1974, largely due to increases in AFDC (Aid to families with Dependent Children) payment increases. Last year \$24.8 billion was spent on AFDC, Medicaid and state and local relief programs, \$4.4 billion higher than 1974 expenditure.

What is the President's reaction to this incredible increase?

GUIDANCE: First, I think this demonstrates the need, as discussed in the President's FY77 budget, to restructure and reform the major income assistance programs. (Income maintenance message coming shortly.) HEW is working closely with States to eliminate errors and insure that eligible persons in the AFDC program receive accurate benefits.

Secondly, there has been, as you know, improvement in the unemployment situation since last year--as the President has stated, 2.6 million more people were employed this March than in March of 1975, and total employment is now 400,000 over the peak level reached before the recession.

ME

April 15, 1976

SUBJECT: WELFARE REFORM

What is the President's reaction to the welfare reform suggestions forwarded to him by the seven leading economists-- does he agree with their call for "fundamental" reform of the welfare system?

The President has on many occasions addressed the need for welfare reform, and his FY 77 budget takes some steps in that direction.

He appreciates the concern and amount of work these distinguished people have put into their recommendations, and he will be taking a careful look at their suggestions. This letter of recommendation will lend itself to the ongoing process of consideration of welfare reform alternatives.

ME

74
TO: RON NESSEN

FROM: JOHN G. CARLSON

According to this morning's Washington Post, the President asked Secty Weinberger to give him recommendations on how to reform the welfare system. Further, the President, on Weinberger's recommendation has ~~not~~ decided to with a 'guaranteed income - income supplement plan.

Has the President made any final decisions on welfare reform?

GUIDANCE: The President did ask Secretary Weinberger to give him a report and his recommendations on how to best reofrm the welfare system. Secretary Weinberger has submitted a report to the White House, and it is apparent a copy of that report has been in circulatédn in the media, and has been referred to by the Wash. Post, N.Y. Times. etc.

However, the President has not yet recieved the ~~X~~ Secretary's report, and no final decisions have been made.

After the President reviews the reoprt he will consult with other members of the Administration, and with members of Congress prior to making a final decisions.

WASHINGTON
THE WHITE HOUSE

- Q. What is the President's reaction to the welfare proposals by the National Governors' Conference?
- A. The President shares the concerns of the Governors regarding the current welfare system. The system is inequitable and often inefficient. Reform is needed. Reform which treats all Americans fairly and which recognizes that our resources are limited is a desire the President shares with the Governors.

He has directed his staff to examine the recommendations on welfare reform passed by the National Governors' Conference and to provide him with a report on the Governors' proposals.