

The original documents are located in Box 26, folder “First Debate, 9/23/76: Issues - Social Programs/Quality of Life” of the Michael Raoul-Duval Papers at the Gerald R. Ford Presidential Library.

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THE WHITE HOUSE
WASHINGTON

September 16, 1976

TO: MIKE DUVAL
FROM: JIM CONNOR

Mike, would you like to take a look
at this, or would you prefer to
have Gergen see it?

encl.
material from Carla Hills





DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY

9/16/76

TO : Dr. James E. Connor

FROM: Carla A. Hills

If I were debating on the 23rd on domestic (housing and urban) issues, I would find the attached helpful.

Would you arrange for the President to see this?

Attachment





DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY

9/21/76

TO : Dr. James E. Connor
Secretary to the Cabinet

FROM: ~~Carla A. Hills~~

Attached is another question which may be of use to The President in the upcoming debate. The data in the answer make a very powerful argument that more Americans than ever own their own homes.

Make Sure

FYI



Q. Mr. President, there is increasing public concern about the ability of Americans, especially young Americans, to afford their own home. Is the "American dream" of homeownership dying, and what can you do about it?

A. The American dream of homeownership is not dying. In fact, more and more Americans own their homes each year. The data make this very clear:

Percent of Americans Who Own Their Own Homes

| | | | |
|--------------------|--------------------|--------------------|---------------------|
| <u>1950</u> 55% | <u>1960</u> 61% | <u>1970</u> 62% | <u>Today</u> 65% |
|--------------------|--------------------|--------------------|---------------------|

Percent of Young American Families (Under 35)
Who Own Their Own Homes

| | | | |
|--------------------|--------------------|--------------------|---------------------|
| <u>1950</u> 38% | <u>1960</u> 48% | <u>1970</u> 49% | <u>Today</u> 56% |
|--------------------|--------------------|--------------------|---------------------|

And first-time home buyers are becoming younger.

Percent of First-Time Home Buyers Under 35

| | | | |
|------------------------|--------------------|--------------------|---------------------|
| <u>1950</u> No Data | <u>1960</u> 49% | <u>1970</u> 54% | <u>Today</u> 62% |
|------------------------|--------------------|--------------------|---------------------|

PROBLEM

FORD PROGRAMS

CARTER PROPOSALS AS OF SEPTEMBER 15
(Statements to date are very sketchy)

HOUSING THE POOR --

9 million renter households pay more than 25% of income for housing
6 million poor households live in substandard housing
Reduction in quantity of "substandard" units from 35% in 1950 to under 10% in 1975

Rental Subsidy (\$8) -- pays difference between 25% of family income and fair market rental of a new or an existing modest unit.

Achievements by Sept. 30, 1976^{1/}
Fund reservations -- 400,000 units
Starts -- 20,000 units
Occupancy -- 80,000 units

Revised Homeownership Subsidy Program (\$235) government subsidizes to 5% mortgage for family earning less than 95% of median income -- 100,000 units planned for FY 1977

Direct federal loans for construction of elderly housing combined with rental subsidies (\$202/8) -- 25,000 units funded for FY 1976; 25,000 added units for FY 1977

Direct subsidies to support high levels of construction of low income housing

Expansion of elderly housing program (\$202)

ACHIEVING AN APPROPRIATE LEVEL OF HOUSING PRODUCTION --

To assist construction industry and reduce 17% unemployment in building trades

Total Housing Starts in August at an annual rate of 1.542 million (22% over 1 year ago and 35% below 1972, record year)

Single-family starts in August 76 at an annual rate of 1.195 million (22% over 1 year ago and 9% below 1972, record year)

Multifamily starts in August 76 at an annual rate of 284,000

(30% over 1 year ago and 69% below 1972, record year)

"Tandem plan" to stimulate production --

Single-family - \$15 billion in 1974-75 to purchase mortgages carrying lower than market interest rates (recently 7-1/2%) -- aided 500,000 homebuyers -- 7-1/2% mortgage, instead of market 9% mortgage saves \$9,500 over \$35,000 mortgage life or \$20 per month for family.^{2/}

Multifamily - \$5 billion (\$3 billion in January and \$2 billion in September, 1976) to purchase mortgages at 7-1/2%.

Construction for the poor -- \$8/235 -- will produce substantial numbers of units in both FY 76 and FY 77.

Expand housing construction to 2.5 million housing units per year

by providing steady source of credit at low-interest rates

by providing federal mortgage guarantees, and

by restoring federal construction subsidy program

ENCOURAGING MIDDLE-INCOME HOMEOWNERSHIP --

50% of households owned homes in 1950; 62% in 1960; 65% in 1975

25 million households owned homes in 1950; 50 million in 1975

Ratio of income/purchase price roughly 2.8 since 1954

Single-family mortgage interest rates increased from 5% in 1956 to 6% in 1966 to 9% in 1976

Tandem Plan for single-family (see above)

See Revised Homeownership Subsidy Program (\$235) above -- down payment lowered 9/17/76 to conform to ordinary FHA programs

FHA Insurance-Federal private mortgage and expands availability of mortgage credit to middle America; 255,000 guarantees FY 76

Graduated Payment Mortgage -- (announced by President on September 15, 1976) expands ownership for young families who anticipate increase in income (implemented in October).

Same as above

Interest and property tax deductions "would be among the things that I would like to do away with." (Boston, Mass.) Suggested that this should be in the context of a comprehensive tax reform.

REVITALIZING OUR CITIES AND THEIR NEIGHBORHOODS --

General Revenue Sharing -- \$6.4 billion FY 1976; \$1.6 billion FY 1977

Community Development Block Grant -- \$3.2 billion FY 76

Urban Reinvestment Task Force -- \$4.5 million, 46 cities

Urban Homesteading -- \$5 million, 23 cities^{3/}

Innovative Neighborhood Revitalization Projects -- \$4 million, 26 cities

Rental Subsidy in existing and rehabilitated housing (\$8) projected occupancy 75,000^{4/} by September 30, 1976

Rehabilitation Loans (\$312)

Supported public works "jobs" bill (\$3.95 billion)

Of late would expand General Revenue Sharing.

Encourage tax increment financing.

Joint public/private development mechanism.

Urban CCC

FOOTNOTES --

^{1/} Program was enacted barely two years ago. For comparison turnkey public housing starts two years after enacted in 1965 were only 4,800 and occupancy only 2,300.

^{2/} Only an estimated 18% of starts were incremental.

^{3/} Expanded 9/14/76 by \$6.5 million to fund additional neighborhoods in original 23 cities or 10 more cities.

^{4/} Administration opposed as a categorical program.

| | | |
|--|--|---|
| <p>ifference between 25% arket rental of a new ^{1/} 1976 0,000 units 20,000 units 30,000 units Program (\$235) mortgage for family lian income -- 1977 struction of elderly L subsidies (\$202/8) FY 1976; 25,000 added</p> | <p>Direct subsidies to support high levels of construction of low income housing Expansion of elderly housing program (\$202)</p> | <p>Housing Block Grant -- to respond better to differing local housing needs. to reduce federal role and enhance means of local officials to coordinate localities physical development needs. to replace current housing subsidy programs and link with Community Development Block Grant.</p> |
| <p>roduction -- in 1974-75 to purchase than market interest - aided 500,000 homebuyers ad of market 9% mortgage mortgage life or \$20 per 3 billion in January and 1976) to purchase mortgages \$8/235 -- will produce s in both FY 76 and FY 77.</p> | <p>Expand housing construction to 2.5 million housing starts per year by providing steady source of credit at low-interest rates, by providing federal mortgage guarantees, and by restoring federal construction subsidy programs.</p> | <p>Single-family -- not needed at this time -- higher level of production would cause abandonment of existing housing in our cities Multifamily -- released \$2 billion in September 1976 under "tandem plan" to purchase 7-1/2% mortgages</p> |
| <p>(see above) sidy Program (\$235) above -- s to conform to ordinary FHA mortgage and expands edit to middle America; (announced by President nds ownership for young crease in income (implemented</p> | <p>Same as above Interest and property tax deductions "would be among those that I would like to do away with." (Boston, Mass. 2/23/76) Suggested that this should be in the context of all-inclusive tax reform.</p> | <p>President announced on September 15 proposal to reduce FHA downpayment and increase FHA mortgage limit to \$60,000 (need legislation). See also Graduated Payment Mortgage in "Ford Programs" column.</p> |
| <p>4 billion FY 1976; \$1.6 billion TO rant -- \$3.2 billion FY 76 -- \$4.5 million, 46 cities on, 23 cities^{3/} lization Projects -- rehabilitated housing (\$8) y September 30, 1976</p> | <p>Supported public works "jobs" bill (\$3.95 billion). Of late would expand General Revenue Sharing. Encourage tax increment financing. Joint public/private development mechanism. Urban CCC</p> | <p>President's Committee for Urban Development and Neighborhood Revitalization <u>1/</u> Possible initiatives Preference for block grants, including possible Housing Block Grant. Brown-Griffin Countercyclical. Rehabilitation tax incentives to encourage full utilization of nation's existing housing and community resources. Proposal to expand Urban Homesteading to \$15 million per year.^{2/}</p> |
| <p>y two years ago. For comparison starts two years after enacted and occupancy only 2,300. starts were incremental. million to fund additional al 23 cities or 10 more cities. a categorical program.</p> | | <p><u>1/</u> Report due to the President October 1, 1976. <u>2/</u> See memorandum of September 13, 1976.</p> |



PROBLEM

FORD PROGRAMS

CARTER PROPROALS AS OF SEPTEMBER 15
(Statements to date are very sketchy)

HOUSING THE POOR --

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Achievements by Sept. 30, 1976^{1/}
Fund reservations -- 400,000 units
Starts -- 20,000 units
Occupancy -- 80,000 units
Revised Homeownership Subsidy Program (\$235) government subsidizes to 5% mortgage for family earning less than 95% of median income -- 100,000 units planned for FY 1977
Direct federal loans for construction of elderly housing combined with rental subsidies (\$202/8) -- 25,000 units funded for FY 1976

Direct subsidies to support high levels of construction of low income housing
Expansion of elderly housing program (\$202)

ACHIEVING AN APPROPRIATE LEVEL OF HOUSING PRODUCTION --

To assist construction industry and reduce 17% unemployment in building trades
Single-family starts in July 76 at an annual rate of 1.128 million (23% over 1 year ago and 14% below 1972, record year)
Multifamily starts in July 76 at an annual rate of 194,000 (10% below 1 year ago and 79% below 1972, record year)

"Tandem plan" to stimulate production --
Single-family - \$15 billion in 1974-75 to purchase mortgages carrying lower than market interest rates (recently 7-1/2%) -- aided 500,000 homebuyers -- 7-1/2% mortgage, instead of market 9% mortgage saves \$9,500 over \$35,000 mortgage life or \$20 per month for family.^{2/}
Multifamily - \$5 billion (\$3 billion in January and \$2 billion in September, 1976) to purchase mortgages at 7-1/2%.
See also programs that cause construction for the poor described above.

Expand housing construction to 2.5 million housing starts per year
by providing steady source of credit at low-interest rates,
by providing federal mortgage guarantees, and
by restoring federal construction subsidy programs.

ENCOURAGING MIDDLE-INCOME HOMEOWNERSHIP --

55% of households owned homes in 1950; 62% in 1960; 65% in 1975
25 million households owned homes in 1950; 50 million in 1975
Ratio of income/purchase price roughly 2.8 since 1954
Single-family mortgage interest rates increased from 5% in 1956 to 6% in 1966 to 9% in 1976

Tandem Plan for single-family (see above)
See Revised Homeownership Subsidy Program (\$235) above
FHA Insurance-Federal private mortgage and expands availability of mortgage credit to middle America; 255,000 guarantees FY 76
Graduated Payment Mortgage -- (announced by President on September 15, 1976) expands ownership for young families who anticipate increase in income (implemented in October).

Same as above
At one point suggested elimination of tax deductions for home mortgage interest payments, but later suggested he would give low and middle income families more than compensating (but unspecified) benefits.

REVITALIZING OUR CITIES AND THEIR NEIGHBORHOODS --

General Revenue Sharing -- \$6.4 billion FY 1976; \$1.6 billion TQ
Community Development Block Grant -- \$3.2 billion FY 76
Urban Reinvestment Task Force -- \$4.5 million, 46 cities
Urban Homesteading -- \$5 million, 23 cities^{3/}
Innovative Neighborhood Revitalization Projects -- \$4 million, 26 cities
Rental Subsidy in existing and rehabilitated housing (\$8) projected occupancy 75,000^{4/} by September 30, 1976
Rehabilitation Loans (\$312)

Supported public works "jobs" bill (\$3.95 billion).
Of late would expand General Revenue Sharing.
Encourage tax increment financing.
Joint public/private development mechanism.
Urban CCC

FOOTNOTES --

- 1/ Program was enacted barely two years ago. For comparison turnkey public housing starts two years after enacted in 1965 were only 4,800 and occupancy only 2,300.
- 2/ Only an estimated 18% of starts were incremental.
- 3/ Expanded 9/14/76 by \$6.5 million to fund additional neighborhoods in original 23 cities or 10 more cities.
- 4/ Administration opposed as a categorical program.

PROGRAMS

CARTER PROPOSALS AS OF SEPTEMBER 15
(Statements to date are very sketchy)

POSSIBLE FORD INITIATIVES

(\$8) -- pays difference between 25%
and fair market rental of a new
modest unit.

Direct subsidies to support high levels of construction
of low income housing

Housing Block Grant --

by Sept. 30, 1976 ^{1/}
Reservations -- 400,000 units
-- 20,000 units
-- 80,000 units

Expansion of elderly housing program (\$202)

to respond better to differing local housing needs.

Ownership Subsidy Program (\$235)
Subsidizes to 5% mortgage for family
with less than 95% of median income --
planned for FY 1977

to reduce federal role and enhance means of local
officials to coordinate localities physical
development needs.

Loans for construction of elderly
with rental subsidies (\$202/8)
funded for FY 1976

to replace current housing subsidy programs and link
with Community Development Block Grant.

to stimulate production --

Expand housing construction to 2.5 million housing starts
per year

Single-family -- not needed at this time -- higher level
of production would cause abandonment of existing housing
in our cities

\$15 billion in 1974-75 to purchase
mortgages carrying lower than market interest
(7-1/2%) -- aided 500,000 homebuyers
with 9% mortgage, instead of market 9% mortgage
with over \$35,000 mortgage life or \$20 per
month. ^{2/}

by providing steady source of credit at low-interest rates,

Multifamily -- released \$2 billion in September 1976 under
"tandem plan" to purchase 7-1/2% mortgages

\$5 billion (\$3 billion in January and
September, 1976) to purchase mortgages

by providing federal mortgage guarantees, and

by restoring federal construction subsidy programs.

that cause construction for the poor

Single-family (see above)

Same as above

President announced on September 15 proposal to reduce
FHA downpayment and increase FHA mortgage limit to
\$60,000 (need legislation).

Ownership Subsidy Program (\$235) above
General private mortgage and expands
mortgage credit to middle America;
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At one point suggested elimination of tax deductions for
home mortgage interest payments, but later suggested he
would give low and middle income families more than compensating
(but unspecified) benefits.

See also Graduated Payment Mortgage in "Ford Programs" column.

Mortgage -- (announced by President
in 1976) expands ownership for young
to anticipate increase in income (implemented

Financing -- \$6.4 billion FY 1976; \$1.6 billion TQ

Supported public works "jobs" bill (\$3.95 billion).

President's Committee for Urban Development
and Neighborhood Revitalization ^{1/}

Community Development Block Grant -- \$3.2 billion FY 76

Of late would expand General Revenue Sharing.

Possible initiatives

Task Force -- \$4.5 million, 46 cities
-- \$5 million, 23 cities ^{3/}

Encourage tax increment financing.

Preference for block grants, including possible
Housing Block Grant.

Neighborhood Revitalization Projects --
in cities

Joint public/private development mechanism.

Brown-Griffin Countercyclical.
Rehabilitation tax incentives to encourage full
utilization of nation's existing housing and
community resources.

Existing and rehabilitated housing (\$8)
to occupy 75,000 by September 30, 1976
with \$312 ^{4/}

Urban CCC

Proposal to expand Urban Homesteading to \$15 million per year. ^{2/}

enacted barely two years ago. For comparison
public housing starts two years after enacted
only 4,800 and occupancy only 2,300.

^{1/} Report due to the President October 1, 1976.

that 18% of starts were incremental.

^{2/} See memorandum of September 13, 1976.

in 1976 by \$6.5 million to fund additional
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Construction for the poor -- \$8/235 -- will produce substantial numbers of units in both FY 76 and FY 77.

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HOMEOWNERSHIP

President Ford aims to bring homeownership within the reach of the great majority of American families. This can be done through sticking to the administration's anti-inflationary economic policies, and through enactment of the cut in the personal income tax proposed by the President. Holding down inflation will cut mortgage interest rates by about three percent in the next two years, and slow the rise in construction costs. Cutting the income tax would put an additional \$200 annually in the pocket of the average American taxpayer, which he could use to help make a down payment on a home or pay mortgage interest.

Sound economic policies are the basic answer to a growth in homeownership. But the President has taken further steps to aid families setting out to own their own homes. The Ford administration has increased mortgage limits for single family homes by sums that range from \$10,000 to \$20,000, depending on the type of insurance program. In 1974, the President extended Government National Mortgage Insurance to conventional mortgages.

Under the administration's home ownership subsidy program, subsidies will be granted for 175,000 single family units. The Ford administration has provided \$11 billion for use in reducing interest rates on Federally insured home loans.

The President is now considering means for offering direct aid to homeowners in meeting mortgage costs. (MUST BE CLEARED WITH OMB)

Under no circumstances would President Ford approve elimination of the income tax credit for mortgage interest payments, as was proposed by Jimmy Carter in Boston on February 3, 1976.

ISSUE: Elementary and Secondary Education

I want to return the education of American children to their parents, to their teachers and to their communities.

We must guard against Federal control over our schools. The education of our children should be determined not in Washington, but in the community where they live and where their families pay taxes.

Every American school child is entitled to an education that matches his efforts, his ability and his hopes. We must assure Federal dollars toward this end while minimizing interference by the Federal government.

Teachers should not be spending their time filling out forms; they should be enlightening young and receptive minds.

I have therefore put forward a \$3.5 billion program to return authority to local schools and to provide continued Federal support for elementary and secondary education.

Our classrooms are for children to learn and not for bureaucrats to experiment in.

ISSUE: CRIME

Protecting the life and property of the citizen at home is the responsibility of all public officials but is primarily the job of local and State law enforcement authorities.

Americans have always found the very thought of a Federal police force repugnant and so do I. But there are proper ways in which we can help to ensure domestic tranquility as the Constitution charges us.

My recommendations on how to control violent crime were submitted to the Congress in 1975 with strong emphasis on protecting the innocent victims of crime.

To keep a convicted criminal from committing more crimes we must put him in prison so he cannot harm more law-abiding citizens. To be effective, this punishment must be swift and certain.

Too often criminals are not sent to prison after conviction but are allowed to return to the streets.

Some judges are reluctant to send convicted criminals to prison because of inadequate facilities. To alleviate this problem at the Federal level, my 1977 budget proposes the construction of four new Federal facilities.

To speed Federal justice, I propose an increase this year in U.S. Attorneys prosecuting Federal crimes and reinforcement of the number of U.S. Marshals.

Additional Federal judges are needed, as recommended by me and the Judicial Conference.

It is unrealistic and misleading to hold out the hope that the Federal Government can move in to every neighborhood and clean up crime. Under the Constitution, the greatest responsibility for curbing crime lies with State and local authorities. They are the frontline fighters in the war against crime.

There are definite ways in which the Federal Government can help them. I propose in that the Congress authorize almost \$7 billion over the next five years to assist State and local governments to protect the safety and property of all citizens.

As President I pledge the strict enforcement of Federal laws and -- by example, support, and leadership -- to help State and local authorities enforce their laws. Together we must protect the victims of crime and ensure domestic tranquility.

PROTECTION AGAINST CRIME

The federal role in the war against crime falls basically into three areas:

- Federal leadership through development of a model Federal system of justice
- Enactment and vigorous enforcement of laws dealing with criminal conduct in the Federal domain
- Financial and technical assistance to state and local law enforcement authorities



President Ford has taken the following major steps in carrying out these Federal responsibilities:

- Proposed enactment of a comprehensive Federal criminal code to replace the scattered set of overlapping and confusing laws now on the books
- Called for enactment of an anti-drug law, which would provide for mandatory sentencing of persons convicted of high-level trafficking in drugs, and enable judges to deny bail to drug-pushers with a record of past offenses.
- Proposed mandatory and automatic sentencing of criminals convicted of kidnapping, hijacking, or Federal crimes involving the use of a handgun.
- Set up a program for diversion of some first-offenders into rehabilitation programs before trial, in an effort to give young people who have committed a single offense a chance to keep their records clean.
- Called for enactment of a program to provide compensation to victims of Federal crimes who have suffered personal injuries.
- Requested a five year extension of the program through which the Federal government gives financial aid to state and local law enforcement agencies.
- Provided funds to major city law enforcement agencies for a "career criminal" program, through which habitual criminals charged with new crimes are identified and quickly prosecuted.
- Stepped up prosecution of "white collar" crime -- the law must be collar-blind as well as color-blind.

Social Programs/Goals Block

My personal goal is to expand the freedom of every citizen. I want every American to have a good job and be free of dependence. The number one cure for our social problems is a good job with a paycheck. Every American should feel physically secure, free from the horror of war and the threat of crime. Every American should have a home in a decent neighborhood with schools where our children can get a good education. Every American should have the best medical care at costs which will not wipe out our savings. Every American wants to work and relax in a clean, healthy environment. These are my goals for our social programs. Now let me show you how we get there.

It's logical that local people are best equipped to cope with local problems. Our policies are aimed at giving them more power to do this in the local areas where the action is. We don't need to create more agencies or hire more bureaucrats in Washington. We need to free the local people to solve their problems. For example, I propose reforming _____ programs into bloc grants to make your tax dollars work more efficiently where it counts; in your community, etc.



ISSUE: Recreation

If I might say, with our Bicentennial Celebration which was very meaningful, on the Fourth of July, we did find new meaning for the words freedom, equality and unity. Somehow, despite our difficulties and our differences -- perhaps because of them -- Americans recaptured the essential spirit and greatness that makes us a very special kind of people. We realized again what a wonderful thing it is just to be an American.

As I thought about the changes that have taken place in this great country -- not only in the last two years, but during the last two centuries -- I also thought about those things that must never change. Those unchanging things really make us Americans.

They are the things we must pass on to future generations. Some are intangible, invisible -- our deep religious and moral convictions, our bonds of family and community, our political values embodied in the Declaration of Independence and the Constitution.

But we have other common treasures that are material and visible, that can be damaged and destroyed by man. We must be equally committed to conserve and to cherish our incomparable natural heritage -- our wildlife, our air, our waters and our land, itself.

More than a century ago, we began to save our natural heritage for the enjoyment of future Americans, with the national park system, which Yellowstone is the oldest and the largest. This year alone, we expect 260 million Americans to visit and enjoy our 287 national parks that spread from the Virgin Islands to Maine to Alaska and to Hawaii.

I found myself saying can't we do something special, as our Bicentennial birthday present to future generations, a gift that will be gratefully remembered 100 years from now.

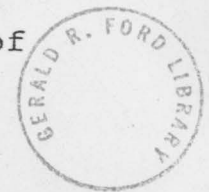
I, therefore, decided upon a ten-year national commitment to double America's heritage of national parks, recreation areas, wildlife sanctuaries, urban parks and historic sites.

I have proposed a Bicentennial Land Heritage Act, which calls for a pledge of \$1 billion 500 million during the next ten years. It will more than double our present acreage of land for national

IMPROVING THE QUALITY OF LIFE

file #21
1st debate

Q. What have you done to improve the quality of life in America?



A. When I walked into the Oval Office, this country was in a state of physical and mental pain:

- The economy was sick.
- Our national pride was completely affected.
- The people were furious and disgusted, because their faith in their leaders was gone.

Mr. Carter has very honestly and kindly attested to the change that has been brought about, and I thank him for it.

The first and most important quality of a President is leadership. The most important quality of leadership is judgment. It was my judgment that the American people should calmly assess the extent of the damage of what has always been a solid structure and begin to rebuild the damaged areas. There was no room for more hysteria, deception, or empty promises. Most of all, there was no need for fast answers and quick fixes.

I believe that there is no magic in the solution. Like everything else, it's simple, hard work. One step after another, over the last 25 months, we have made a successful journey:

- reducing infation;
- putting four million people back to work;

-- and giving the American citizen the knowledge that his government is solid, and honest.

Now that we have laid a solid foundation, the country during the next four years has an ideal opportunity to move ahead in many areas that have come to be associated with the quality of life. We can work toward a day:

-- When every American who wants a job can find one;

-- When every American who wants a home and is willing to work for it can afford good housing;

-- When every American who wants to enjoy the great American outdoors can have access to a national park; and,

-- When every American can count upon this nation being at peace.

These are my goals for the next four years.



Reichley 9/16
GERALD R. FORD LIBRARY

ISSUE: Elementary and Secondary Education

I want the education of American children to reflect the values and needs of the local community in which the children are growing up. Of course there is a national interest in education -- we need preparation for good citizenship, and training that fits the opportunities available in our economy. But I think that these determinations can be made to a great extent at the local level, rather than on the distant pinnacles of the education bureaucracy.

This means that we need more local control of education, and less bureaucratic interference with the role of the class room teacher.

To achieve this goal I have proposed a \$3.5 billion program to return authority to local schools while continuing federal aid to education.

Here are the highlights of my proposal:

- We will consolidate 24 federal grant programs for elementary and high school education into a single grant program -- leaving most decisions to local officials so that direction of education will be restored to local school boards and to the parents and taxpayers that elect them.
- Three-fourths of federal funds in the program will be used to educate handicapped and disadvantaged children.
- Vocational education will be targeted for special federal support -- we still are not doing enough to provide vocational training that fits young people for jobs actually available in American industry.
- States will be required to pass through federal funds to local school districts.

Non-public schools make an essential contribution to our nation's total education effort. My administration is now providing aid to students at non-public schools for such services as compensatory education in reading and mathematics, child nutrition programs, and training of children with learning disabilities -- all services that go directly to students rather than to institutions.

We are now seeking ways through the tax system to ease the financial burden on families who choose to send their children to non-public schools.

To deal with the busing problem, which has caused unnecessary confusion and disruption in some school districts, I have called on Congress to enact legislation which will limit the courts to using busing only where racial segregation of school children is the result of unlawful discrimination, and will limit the use of busing to the time that is needed to overcome unlawful discrimination. This legislation will also set up a multi-racial National Community and Education Committee to help any school community requesting assistance in solving its desegregation problem.

One of our basic needs in education at the present time is to take a hard look at the techniques and methods now being used by classroom teachers. We must find out why instruction in some of the fundamental subjects, such as reading and mathematics, is not producing the results we require. I have therefore asked Congress for a 28 percent increase in federal support for the National Institute of Education, to support intensified research on educational achievement and performance.

9/16/76

BIG GOVERNMENT QUESTION (OSHA, FEA, EPA)

The larger issue you are raising, Mr. Duval, is whether this Administration is serious about wanting to reduce the burden of Big Government in the United States. We are dead serious, and here's what we've done in 25 months:



-- We've cut back Federal paperwork and the forms that people fill out by over 10%.

-- We've reduced the size of the Federal bureaucracy by 11,000 employees and we've cut the size of the White House staff,

-- We've asked the Congress to cut the growth rate of Federal spending by 50%.

-- Most importantly, we've cut taxes. And if I'm elected, we're going to cut taxes again.

The only way to hold down the cost of living in the United States is to hold down the cost of government.

As to the specific agencies you questioned, let me say this:

-- The Environmental Protection Agency and the Occupational Health and Safety Administration were both created in the last Administration. The environment must be protected, and I intend to keep EPA in business. On the other hand, OSHA has issued far too many burdensome regulations in my opinion and I intend to rein it in; by contrast, my opponent wants to expand the powers of OSHA.

-- As to the Federal Energy Administration, it was created to solve a specific problem: the short-term energy crisis. We are solving that problem, and over the next four years, FEA is going to be phased out.

My policy is to phase out as many useless program and agencies as possible. Some will be replaced by new agencies as new problems arise. But the for the rest, let's save the money and give it back to the American taxpayer. That's why I want a \$10 billion tax cut for the American people.

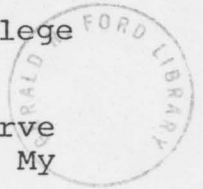
ISSUE: Welfare Reform

An essential virtue of the American character is helping those in need. Ours is a tradition of compassion for those who cannot help themselves. This tradition of assisting the needy, however, has spawned a gigantic and confusing bureaucracy with programs that invite abuse and are terribly wasteful.

There are plenty of improvements that can be made. Take Food Stamps for instance. I have suggested a major overhaul to end abuse and to remove many of the inequities such as college going children of the well to do receiving Food Stamps.

And in doing this we can give more to those who truly deserve the assistance and at the same time reduce overall costs. My proposal would have:

- increased benefits for nearly 1 out of every 4 recipients.
- set up a special deduction for senior citizens.
- eliminate the 17% of those receiving the benefits whose income is actually well above the poverty level.
- and saved the taxpayer more than \$1 billion.



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parks, recreation areas and wildlife sanctuaries; development of these new lands to make them accessible and enjoyable; improving facilities and increasing dedicated personnel at existing national parks; making available \$200 million for urban parks, bringing the benefits of nature to those who live in our cities; and accelerating the development of parklands and sanctuaries now delayed for lack of manpower and of money.

This national commitment means we may have to tighten our belts elsewhere a bit, but it is the soundest investment in the future of America that I can envision. We must act now to prevent the loss of treasures that can never be replaced for ourselves, our children and for future generations of Americans.

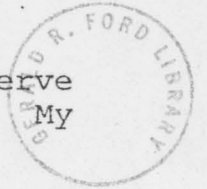
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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY

September 21, 1976

TO : Dr. James E. Connor
Secretary to the Cabinet

FROM: Carla A. Hills

Attached are two additional questions and answers which concern allegations recently made by Mr. Carter.

They may be useful to the President in preparing for the upcoming debate.

*make
FKI*



6. 8/21

- Q. Isn't the home ownership proposal you made at Ann Arbor, Michigan, similar to the bill you vetoed last year to provide subsidies for homeowners?

Background. Carter has charged the proposal offered by "Candidate" Ford is like the one vetoed earlier by "President" Ford. The lead editorial in the Sunday New York Times picked up the charge as follows:

The President's most specific proposal was for legislation to aid "every American family that wants to own a home and is willing to work and save for it." To that end, Mr. Ford called for subsidies that would substantially reduce the required down payments on homes. But as was the case with his earlier promise to expand the nation's public parkland, the new proposal by candidate Ford seemed to ignore President Ford's negative action in the very area in which he now promised positive movement. Specifically, the President last year vetoed a measure to reduce home-buyers' mortgage rates, subsequently giving his approval only after Congress came back with a less generous subsidy.

1. My homeownership proposal does not call for new subsidies. It lowers the FHA downpayment and permits graduated mortgage payments which would allow lower monthly payments in the early mortgage years when the earnings of homebuyers, particularly the young, are not as great as can be expected later. When statutory changes are obtained, these proposals should expand opportunities for home ownership.
2. The Emergency Housing bill which I vetoed in 1975 would have required taxpayers to subsidize mortgage interest payments above 6%.

3. That bill, which Mr. Carter now says I should have signed, was labeled "a turkey that won't fly" by Lud Ashley, the Democratic Congressman who subsequently was named by his colleagues as Chairman of the Housing Subcommittee of the House Committee on Banking, Currency and Housing. He voted to sustain the veto. That veto was also supported by the most distinguished member of the Subcommittee, Bob Stephens, from Mr. Carter's home State of Georgia, and it was supported by many other Democrats including Congressman Tom Rees of California, another member of the Housing Subcommittee.
4. If the bill which Mr. Carter now says I should have signed, had become law, families who bought a home prior to its enactment of that bill at a higher interest rate, say 9%, would now be subsidizing their neighbor's monthly payment even though their neighbor's income was identical or even higher.
5. What happened after that veto was sustained? Within 24 hours a new bill incorporating my suggestions for expanding the Ginnie Mae Tandem program was introduced and passed before the week was over. It had the added benefit of avoiding the certain delays inherent in developing and implementing new regulations, and adding yet another layer of bureaucracy.
6. What has happened since? The rate of inflation has been halved for which at least some credit must be given to vetoing that "turkey that wouldn't fly," and the rate of new home starts has risen dramatically.

Q. Carter, both in his Housing Issues Paper and in a prepared speech given in Brooklyn in early September, charged that more than 200 officials of HUD have been convicted for bribing or corruption. Is this true?

A. There have been a total of 57 convictions of HUD employees since HUD's formation ten years ago, and only one was for an infraction that occurred after August 9, 1974, the date I took office.

I am not happy with one conviction, and I have demanded integrity of our Federal employees.

I believe that the vast majority have responded with earnest hard work.

It is unfair to them to use false statistics and gross exaggerations.


THE WHITE HOUSE

WASHINGTON

September 21, 1976

MEMORANDUM FOR: MIKE DUVAL
FROM: ART QUERN
SUBJECT: Medicaid

Attached are background materials and Q & A's regarding Medicaid abuses. The materials include references to the record in Georgia which, if you have not seen, you may find helpful.



Attachments

cc: Jim Cavanaugh



HIGHLIGHT SUMMARY POINTS - PUBLIC DEBATE ON MEDICAID

- o The statutes establish Medicaid as a State administered program; the Federal role is one of financier and writer of guidelines prescribed by Federal statute. The fact that the roles were increasingly unclear and complicated was one reason the President recommended the Federal Assistance for Health Care Act last February which would have consolidated and clarified both responsibility and authority at the State level. The Congress ignored the proposal.

- o Some states (e.g. Michigan and Texas) have sound management of the program and do a good job in preventing or curbing fraud and abuse; other states (e.g. New York) have poor records. Almost all states have been calling for reform.
 - On behalf of the National Governors' Conference before a Subcommittee of the Senate Finance Committee, Governor Busbee of Georgia said: "...it is equally clear to me, after 18 months as Governor of Georgia, that the present Medicaid program is the most complex, confusing, duplicative and administratively wasteful system ever conceived by man -- one that will surely bankrupt the States and the Federal Treasury unless substantial reforms are undertaken, both at the State and Federal levels."

 - He also stated: "One of the first acts I took after being elected Governor and prior to taking the oath of office was to request....the resources necessary for an analysis of Medicaid provider payments in order to detect any potential program abuses. This initial analysis prompted subsequent audits by the Department of Human Resources in Georgia and revealed over \$183,000 in payments for invalid services. In addition, the Department's audit identified an even larger amount in inadequate services and expensive treatment in cases which could have been handled at significantly less cost to the State and to the Federal Government."

 - An HEW financed review by Elmer Fox and Company in 1973 revealed that more than \$4 million had been erroneously expended in 1972 and 1973 in the Georgia Medicaid program. An HEW disallowance of about \$1.5 million is still being contested by the State.



- o There is, indeed, fraud and abuse in the Medicaid program. There are no precise numbers available; estimates of fraud are in the 5 - 10% range (\$750 million to \$1.5 billion). In addition, Medicaid funds are spent for invalid services, overutilization of services and ineligible recipients. Estimates suggest that this waste could account for another 10 - 15% (\$1.5 to \$2.2 billion). The combined total would thus be 15 - 25% (\$2.2 to \$3.0 billion).
 - The Carter charge that \$4 to \$7 billion are lost to fraud, abuse and waste exceeds most of the estimates at a minimum and are up to 50% of the program at the upper end of the range. There is no valid study to confirm such charges. Such charges are clearly not helpful in correcting valid problems or maintaining public confidence in a program which is designed to and does assist low-income persons.
 - There are no specific figures for fraud, abuse and "waste" for Georgia. We do know that in the related AFDC welfare program, Georgia does not have a distinguished record in keeping eligibility errors to a minimum (also a State responsibility). Georgia's AFDC case error rate in AFDC has exceeded 30% since 1971.
- o The Executive Branch has long since recognized the Medicaid management problem and has taken positive steps, particularly since 1974, to correct it, consistent with Federal responsibilities.
 - Management systems to detect potential fraud, abuse and other wasteful expenditures have been made available, and the States have been urged to adopt them for several years. Ten States have done so, and 20 more are underway.
 - Starting in 1974, HEW has added manpower resources to oversee fraud and abuse control activities (from 1 to 145).
 - Recently, HEW centralized and strengthened its criminal investigation activities,
 - In March, the Secretary of HEW called public attention to a growing concern for fraud and abuse problems and initiated special review teams to work the States in ferreting out fraud and abuse. The first team started in Massachusetts in June, a second team is now working in Ohio, and a third team will begin in Georgia in October -- all at the request of the Governors.

-- With Federal assistance, States have increased their Medicaid investigations from 2,700 in FY75 to 7,200 in FY76. Convictions of providers are up from 15 to almost 50 in the period. More than 400 providers have been terminated or suspended from the program in 1976.

Q. Governor Carter has charged that \$4 to \$7 billion in Medicaid funds are lost annually to fraud, abuse and waste. Is that true and what are you doing about it?

A. The Governor has no basis for those numbers, and they are not right. \$7 billion would be half the total program. Even the severest critics do not estimate more than 15 - 25%. Such wild charges by the Governor do not help face up to a serious problem.

He should be clear to begin with that whatever mismanagement has occurred lies not only with the Federal Government but also with the States who are responsible for day-to-day management of the program.

In order to make better sense out of Medicaid and other Federally funded health programs, I proposed to consolidate those programs and vest full responsibility at the State level. The Congress failed to act.

In addition, my Administration has taken concrete steps within our proper role to prod and assist the States to attack fraud and abuse.

Q. What has the Federal Government done about fraud and abuse?

A. Developed management information systems to assist states in detecting potential fraud, abuse and other wasteful expenditures. Ten States have adopted these systems and 20% more are underway. These systems have 90% Federal funding.

Since 1974, increased HEW manpower devoted to overseeing fraud and abuse control activities from 1 position to 145 positions;

HEW centralized and strengthened its criminal investigation activities;

Secretary of HEW announced in March 1976 the invitation of special review teams to work with the States in ferreting out fraud and abuse;

With Federal assistance, States have increased their Medicaid investigations from 2,700 in FY75 to 7,200 in FY76. Convictions of providers are up from 15 to almost 50 in the period. More than 400 providers have been suspended or terminated from the program in 1976.

Q. How well have the States done in managing the Medicaid program?

A. Certainly there is a great deal of improvement that needs to take place in State management of the program. Some States (e.g. Michigan and Texas) have sound management while other States (e.g. New York) have poor records. Almost all States recognize the need to improve management and are calling for program reform.

The crucial point is that the States must manage the program. The Federal Government must provide the tools and the technical assistance to help the States, but unless States are willing to take the necessary steps to gain control of the program, there will not be improved management. For example, several years ago, HEW had a major initiative to lower erroneous payments in the AFDC program. This resulted in a reduction of errors on a nationwide basis. However, in the State of Georgia the error rate went from 30% in 1971 to 46% in 1974. Again, improved program management must take place at the State level where the responsibility for day-to-day administration rests. I firmly believe that the vast majority of the States are willing to take the necessary actions to improve the management of the Medicaid program.

Q. What can be done to control the "waste" in the Medicaid program which may be more costly than fraud and abuse?

A. There have been a number of initiatives by the Executive Branch to help the States in this area. There has been a rapid implementation of the Professional Standards Review Organizations (PSROs) to assure that medical services provided are actually required by Medicaid patients. Improved claims processing systems have been developed to ensure that appropriate controls of claims reimbursement are incorporated into the State payment process. In addition, a major effort is underway to recover the \$200-\$400 million per year currently expended for services to Medicaid eligibles who have other forms of health insurance.

State and local officials have recognized the need to improve the management of Medicaid and other social programs they administer. HEW and these officials are working together in a cooperative partnership to develop and implement improved management systems. It is through these cooperative efforts that major improvements will take place.

THE WHITE HOUSE

WASHINGTON

September 20, 1976



MEMORANDUM FOR: MIKE DUVAL
FROM: ART QUERN
SUBJECT: Briefing Material From HUD

Attached for your use are materials from Secretary Hills on:

1. Urban Policy
2. Housing
3. Redlining

She has asked that these be included in the President's briefing materials. They are generally longer and more detailed than what you have received so far but you may find them useful.

A handwritten signature, likely of Art Quern, is written in the center of the page.



HOUSING

ISSUES:

Cost of housing and impact on home ownership; failure to reach National Housing "goal" of 2.6 million starts a year; high interest rates; housing for the poor and the elderly; new construction versus use of existing housing stock and rehabilitation.

CARTER/DEMOCRATIC POSITION:

Carter has blamed high interest rates as a major obstacle to housing recovery, citing rise in interest rates since the Johnson Administration and drop in percentage of Americans owning their own homes. He proposes to build 2.5 million housing units per year using direct Federal subsidies and low-interest loans for low and middle income housing, "directing" mortgage money into private housing and prohibiting the practice of redlining by Federally-backed institutions. He has not spelled out specifics, saying only that he would rely on housing "experts" to run housing programs.

RESPONSE HIGHLIGHTS:

1. Inflation is greatest obstacle to housing recovery, and Democratic-led deficit spending is greatest obstacle to lower interest rates. Had it not been for successful vetoes (which Carter has criticized) interest rates would be trending still higher.
2. Keep proper perspectives . . . average home that sells for \$43,000 today is larger, and includes many more amenities than its counterpart 10, 15 or 20 years ago.
3. \$20 billion in "tandem" funds have been made available since the beginning of 1974 to stimulate housing construction, including the most recent release of \$2 billion this month, expected to stimulate about 80,000 units of multifamily starts. Sixty-five percent of American families own their own homes now, as compared to only 55 percent in 1950.
4. New Home Ownership acceleration program.
5. A housing recovery has been taking place with single-family starts at an annual rate of 1.2 million, only 9% below 1972, a record year.

6. While multifamily construction has been lagging behind, recent figures are encouraging, and this segment of homebuilding will be helped greatly by my recent release of \$2 billion for the Tandem program.
7. To push for 2.5 million starts and at the same time to say you care about housing rehabilitation is to try to have it both ways. It was, in part, overbuilding under the programs in the 1968 Democratic-sponsored Housing bill which later led to large scale abandonment and foreclosures in our cities. We need to focus more of our resources on rehabilitation and this Administration is doing just that.
8. In our efforts to make better housing for low income persons, we have, for the first time, undertaken a concerted effort to make existing housing available through rental subsidies under Section 8 of the 1974 Housing and Community Act. Since June, there have been sharp increases in both occupancy and fund reservations under the Section 8 Rental Subsidy Program.
9. To house the elderly this Administration has made available \$750 million for 2 fiscal years, under the Section 202 Elderly Housing Program, and these funds will make available more elderly housing units than were built during the entire 8 years of the previous Democratic administrations. Also, a substantial percentage of housing units under the Section 8 Low Income Housing Program are being utilized to house senior citizens.

BACKGROUND:

Issues: Low level of housing starts. Slow recovery for housing from recession. Not meeting nation's housing production goals. Lack of housing for poor.

Responses:

-- Housing starts have risen 22 percent in the last year. A healthy economy is the secret to a healthy homebuilding industry. Great strides have been made over the last two years to provide such a healthy economy.

-- Inflation is the greatest enemy of a healthy housing industry and a sustained level of housing production. Inflation causes home prices and mortgage interest rates to rise to the point that average income Americans cannot afford a home. The principal cause of inflation is a large budget deficit leading to increased Federal borrowing. When the government enters the capital market to borrow funds, it pushes up interest rates and crowds out smaller borrowers. Federal borrowing causes higher mortgage interest rates. We have resisted the big-spending, overly-ambitious programs foisted on the American taxpayers by the Democratic-controlled Congress that result in a large budget deficit.

-- When special stimulation has been necessary to increase housing production, we have used the most efficient and economical means possible, so as to avoid adding to the Federal budget deficit. For example, the use of the program initiated in the Emergency Housing Act of 1974 to permit the Federal Government to buy lower interest mortgages from lenders during times of tight money and high interest rates, and then sell the mortgages when mortgage funds are in ample supply so there is a minimal outlay of Federal funds. This law was extended only after I vetoed the far more expensive and less efficient proposal by the Democratic Congress that would have returned to massive Federal subsidies to induce people to buy houses.

Issues: High cost of housing. Fewer families can afford a new house. Average new house costs \$43,000.

Responses:

-- The principal reason for higher new home prices is inflation. My Administration's highest priority has been the fight against inflation.

-- House prices have not, however, risen any faster than incomes and today's houses are bigger and have more amenities (more bathrooms, two car garages, etc.) with larger lots. The cost of land has gone up as well, at least in part, because of local government regulations, including zoning restrictions, design constraints and added environmental requirements.

- Notwithstanding the higher home prices, 65 percent of American families presently own their own homes, compared to only 55 percent in 1950.
- The problem of rising home prices most seriously affects those young families that have never owned a home and, thus, do not have the equity to invest in a new one. To help them I have proposed a new program of homeownership assistance to assist moderate-income families who are buying their first home.

Issues: Not doing enough to help low income families get housing; Section 8 is not working; low number of Section 8 starts.

Responses:

It should be pointed out that in the United States today we are the best housed Nation in the history of world civilization. Nevertheless, it is true that some Americans still do not have adequate shelter.

Our policy is based on getting people housed in decent living quarters -- not just building houses for the sake of building houses.

We have subsidized new construction to provide decent housing for the poor, but only where locally determined needs show that new construction is, in fact, required.

It is no boon to the very poor who cannot pay the going rent for a decent home, to be asked to stand by for a few years while the Government builds a new housing project when so much existing housing is available. Indeed, we are finding that the tenants prefer to live in housing like their neighbors rather than in a Government erected project.

Accordingly, where existing housing is sound and available, we have concentrated on assisting those who could not otherwise afford to rent a decent home by making up the difference between what the lower income family could afford and the actual market rent. The subsidy payment decreases as the family's income increases.

Moreover, use of existing housing provides the owner with the means to maintain the property in decent, livable condition, and thereby helps to prevent abandonment that has blighted so many urban neighborhoods.



We should never subsidize waste in the name of progress. We should build structures only where building is necessary, but first use fully what we have, for surely we have learned that the resources of our nation are not unlimited.

The linchpin to the program is our free enterprise system: Once poor families can afford to pay a reasonable rent, the market should determine the need for new construction and spur the owners of deteriorating properties to bring them up to standard through rehabilitation. The market determines what is a fair rent for modest but decent housing.

Let's not forget that one of the most important features of the Housing Act of 1974, is that local markets determine how much new construction is built under Section 8 program. And local communities get to choose how much new construction should be built or how much existing housing should be used to house their disadvantaged citizens. Local officials make the choice -- not Washington bureaucrats.

In circumstances where new construction is the best means of housing lower income families, Section 8 of the 1974 Housing and Community Development Act can provide new as well as existing housing. While we have been criticized for the relatively low number of starts under the Section 8 Program, I must point out that it has been little more than one year since the first applications were received for Section 8 and the program began. Yet the latest figures show that it is working very well indeed. Most importantly, the Program has already helped provide decent housing to more than 80,000 of our needy citizens in both new and existing units. Starts under Section 8 are at 16,000 units. We have already met our ambitious goal for Fiscal Year 1976 by securing reservations of funds which represent plans to build under the Program, 400,000 units. But Congress has now rewarded that success by cutting my budget request for Fiscal Year 1977 for housing assistance so that we will not be able to again assist 400,000 units next year.

REDLINING

ISSUES:

What to do about "redlining", the practice whereby mortgage lenders refuse to make loans in certain areas or neighborhoods of cities; redlining contributes to urban and neighborhood deterioration; is redlining a serious problem, and, if so, would you favor legislation prohibiting it?

CARTER/DEMOCRATIC POSITION:

Carter is quoted as favoring legislation to "outlaw" redlining.

BACKGROUND/POSSIBLE RESPONSE:

There is definitely a problem of a lack of mortgage investment in many of our older urban neighborhoods; but it is not yet clear to what extent this situation is caused by the practice of "redlining". I am absolutely against lenders refusing to make mortgage loans in designated areas of communities solely on the basis of the characteristics of the neighborhood. Such a practice could amount to unlawful discrimination and the Justice Department has recently joined suit under the Civil Rights Act against an insurance company for refusing to provide insurance in certain neighborhoods because of the racial composition of the area.

However, one of the most difficult aspects of redlining is how little we know about the problem, its scope or its causes. Accordingly, last year I signed into law the "Home Mortgage Disclosure Act" which requires lenders to reveal where they make their mortgage loans. The information we are beginning to receive as a result of this law will help immeasurably in determining the extent of redlining and in determining the appropriate public responses to redlining where it exists.

Redlining is also one of the problems that is being investigated by the Cabinet-level Committee on Urban Development and Neighborhood Revitalization that I appointed. The Committee has already visited many of our large cities for a first hand look at the problem.

Another initiative in this area that I am especially proud of is the Urban Reinvestment Task Force set up in 1974. The Task Force is designed to forge a partnership between local government, community residents and mortgage lenders aimed at revitalizing declining city areas. The program has been so successful in its early demonstration phase that I have recently decided to expand it to a total of 55 cities across the Nation.

THE WHITE HOUSE
WASHINGTON
September 22, 1976



MEMORANDUM FOR: MIKE DUVAL
FROM: ART QUERN
SUBJECT: Housing Issues

Attached for your use are Q & A's dealing with the President's housing programs.

Attachment



ADMINISTRATION HOUSING PROGRAM

Q. What is your program to promote homeownership?

A. My program to enable families to own their own homes is to provide homebuyers affordable downpayments and sufficient mortgage credit repayable at reasonable and affordable interest rates. I intend to achieve this by:

- Holding down inflation by eliminating unnecessary Federal spending, reducing interest rates, cutting taxes and thus providing more private savings for home mortgages.
- Changing FHA regulations to reduce downpayments to 5% of the cost of houses ranging from \$25,000 to \$60,000. (Downpayments will remain at 3% for houses costing below \$25,000.)
- Accelerating implementation of a new Federal guaranty program to lower monthly payments in the early years of homeownership and gradually increase them as a family's income goes up.

FLM/9/17/76

ACCELERATED HOME OWNERSHIP PROGRAM

Q. Your new home ownership program relies heavily on FHA programs. What percent of the single family mortgages issued per year rely on FHA insured loans.

A. Approximately 7% in 1975.

Q. How can you expect a downpayment reduction program which only affects 7% of mortgages issued in one year to dramatically accelerate home ownership?

A. We believe that this program will facilitate home ownership for a greater number of Americans by reducing downpayments and by reducing monthly payments. This program will likely serve, moreover, as FHA programs have in the past, as an example for private mortgage lenders to follow, resulting in an industry-wide reduction of downpayment requirements over a period of time.

Q. There have been many complaints by homebuyers and builders that FHA programs involve too much red tape and endless delays. Won't this hinder your program?

- A. Currently nearly 90% of all single family FHA loan applications are processed in five days. The Secretary of HUD, moreover, has made it one of her main priorities to further improve FHA processing procedures.

FLM
9/20/76

Q. Isn't the home ownership proposal you made at Ann Arbor, Michigan, similar to the bill you vetoed last year to provide subsidies for homeowners?

Background. Carter has charged the proposal offered by "Candidate" Ford is like the one vetoed earlier by "President" Ford. The lead editorial in the Sunday New York Times picked up the charge as follows:

The President's most specific proposal was for legislation to aid "every American family that wants to own a home and is willing to work and save for it." To that end, Mr. Ford called for subsidies that would substantially reduce the required down payments on homes. But as was the case with his earlier promise to expand the nation's public parkland, the new proposal by candidate Ford seemed to ignore President Ford's negative action in the very area in which he now promised positive movement. Specifically, the President last year vetoed a measure to reduce home-buyers' mortgage rates, subsequently giving his approval only after Congress came back with a less generous subsidy.

1. My homeownership proposal does not call for new subsidies. It lowers the FHA downpayment and permits graduated mortgage payments which would allow lower monthly payments in the early mortgage years when the earnings of homebuyers, particularly the young, are not as great as can be expected later. When statutory changes are obtained, these proposals should expand opportunities for home ownership.
2. The Emergency Housing bill which I vetoed in 1975 would have required taxpayers to subsidize mortgage interest payments above 6%.



3. That bill, which Mr. Carter now says I should have signed, was labeled "a turkey that won't fly" by Lud Ashley, the Democratic Congressman who subsequently was named by his colleagues as Chairman of the Housing Subcommittee of the House Committee on Banking, Currency and Housing. He voted to sustain the veto. That veto was also supported by the most distinguished member of the Subcommittee, Bob Stephens, from Mr. Carter's home State of Georgia, and it was supported by many other Democrats including Congressman Tom Rees of California, another member of the Housing Subcommittee.
4. If the bill which Mr. Carter now says I should have signed, had become law, families who bought a home prior to its enactment of that bill at a higher interest rate, say 9%, would now be subsidizing their neighbor's montly payment even though their neighbor's income was identical or even higher.
5. What happened after that veto was sustained? Within 24 hours a new bill incorporating my suggestions for expanding the Ginnie Mae Tandem program was introduced and passed before the week was over. It had the added benefit of avoiding the certain delays inherent in developing and implementing new regulations, and adding yet another layer of bureaucracy.
6. What has happened since? The rate of inflation has been halved for which at least some credit must be given to vetoing that "turkey that wouldn't fly," and the rate of new home starts has risen dramatically.

Q. Carter, both in his Housing Issues Paper and in a prepared speech given in Brooklyn in early September, charged that more than 200 officials of HUD have been convicted for bribing or corruption. Is this true?

A. There have been a total of 57 convictions of HUD employees since HUD's formation ten years ago, and only one was for an infraction that occurred after August 9, 1974, the date I took office.

I am not happy with one conviction, and I have demanded integrity of our Federal employees.

I believe that the vast majority have responded with earnest hard work.

It is unfair to them to use false statistics and gross exaggerations.

Q. Mr. President, there is increasing public concern about the ability of Americans, especially young Americans, to afford their own home. Is the "American dream" of homeownership dying, and what can you do about it?

A. The American dream of homeownership is not dying. In fact, more and more Americans own their homes each year. The data make this very clear:

Percent of Americans Who Own Their Own Homes

| | | | |
|-------------|-------------|-------------|--------------|
| <u>1950</u> | <u>1960</u> | <u>1970</u> | <u>Today</u> |
| 55% | 61% | 62% | 65% |

Percent of Young American Families (Under 35)
Who Own Their Own Homes

| | | | |
|-------------|-------------|-------------|--------------|
| <u>1950</u> | <u>1960</u> | <u>1970</u> | <u>Today</u> |
| 38% | 48% | 49% | 56% |

And first-time home buyers are becoming younger.

Percent of First-Time Home Buyers Under 35

| | | | |
|-------------|-------------|-------------|--------------|
| <u>1950</u> | <u>1960</u> | <u>1970</u> | <u>Today</u> |
| No Data | 49% | 54% | 62% |

Reichley 9/16

ISSUE: CRIME

Control of local crime -- the kind that is likely to affect most directly the life of the average citizen -- has always been primarily a state and local responsibility in the United States. We neither need nor want a national police force.

There are, however, several ways in which the Federal government can provide positive leadership in the war against crime. The most important of these are:

- Development of a model Federal system of justice.
- Vigorous enforcement of laws dealing with crimes that fall within the Federal domain.
- Financial and technical assistance to state and local law enforcement authorities.

My administration has taken strong action in all of these areas.

To develop a model system of laws dealing with Federal crimes, we have:

- Proposed enactment of a comprehensive Federal criminal code to replace the scattered set of overlapping and confusing laws now on the books.
- Called for enactment of an anti-drug law, which would provide for certain and mandatory sentencing of persons convicted of high-level trafficking in drugs, and enable judges to deny bail to drug-pushers with records of past offenses.
- Proposed mandatory sentencing of criminals convicted of kidnapping, hijacking, or Federal crimes involving the use of a handgun.
- Called for enactment of a program to provide compensation to victims of Federal crimes who have suffered personal injuries.



To step up enforcement of Federal laws against crime, I have called for:

- More Federal judges to clear up the heavy backlog of cases in some districts.
- An increase in the number of U.S. Attorneys prosecuting Federal crimes, and an increase in the number of U.S. Marshals.
- Construction of four new Federal prisons -- many judges are reluctant to sentence convicted criminals to do time in prison because of the overcrowding and inadequacy of existing facilities.

To aid state and local law enforcement authorities, I have:

- Recommended that Congress authorize almost \$7 billion over the next five years to aid state and local agencies.
- Provided funds to major city law enforcement agencies for a "career criminal" program, through which habitual criminals charged with new crimes are identified and quickly prosecuted.

Of course, none of these steps will get at the roots of crime -- which are moral and economic, if not psychological. Perhaps the most important step that a national administration or a President can take against crime is to set a moral tone that stresses sound values of honesty, integrity, hard work, and personal honor. Beyond that, enactment of my entire "quality of life" program will relieve some of the underlying causes of crime. But we must face the fact that we have not yet found a way to eliminate crime completely. So we are going to need tough laws to deal with criminals, vigilant law enforcement authorities, properly maintained prisons. We will do what we can to cure the underlying causes of crime. But we must deal, here and now, with the threats posed by criminals to the safety and property of law-abiding citizens.

9/16/76

ISSUE: URBAN PROBLEMS

Most of the serious domestic problems that are now faced by the United States are found in magnified form in our major urban centers -- particularly in the big cities of the Northeast and the Middle-west. The entire nation has a special interest in the social and economic restoration of these cities, due to the importance of their commercial and industrial enterprises to the health of our overall economy. In addition, I, as President, have natural concern for communities that together include almost one-third of our total national population. Urban problems are no longer limited to the big cities alone. Middle-sized communities now have traffic-jams, deteriorating downtowns, pollution problems, and crime problems. Residents of suburbs, too, must deal with rising costs of education, lack of suitable housing, and drug problems.

To a great extent these problems must be solved by the people who live in these communities themselves. Under our federal system of government, the state and local governments are primarily responsible for coming to grips with local problems of crime, education, transportation, and so forth.

There are three advantages to this system:

- Placing responsibility at the state and local levels makes for more flexible and efficient response.
- Those who derive most of the benefits pay the largest share of the bills.
- The federal government is prevented from becoming so strong that it could threaten all of our freedoms.

There is, however, a federal responsibility to help deal with the problems of big cities and other urban centers. The cities of the Northeast and the Middle-west to some extent suffer from having been the first settled, and therefore now being burdened with aging housing, schools, hospitals, and commercial and industrial establishments. Just as the federal government helped with the winning of the West and the rebirth of the South, we now must contribute to the restoration of the cities. In addition, some of these problems have sources that go beyond city, state, or even regional boundaries, and must be dealt with on a national basis.



The first and most important way for the federal government to help the cities is to assure the growth of a strong national economy, which benefits cities and suburbs as well as rural areas. This has been the first objective of my administration.

In addition, the federal government can provide three kinds of help to the cities:

- Leadership in solution of national problems that particularly affect the cities.
- Sharing federal revenues with city and state governments.
- Helping state and local governments deal with urban problems in education, housing, transportation, health, and other problem areas.

My administration has been active in all these areas. I have, among other things:

- Called for five year reenactment of General Revenue Sharing, with \$6.6 billion provided for fiscal 1977 alone.
- Established the Housing and Community Development Program, which gives aid for housing and community projects directly to cities and suburban communities.
- Set up an administration task force to find the most effective ways for the federal government, working with local government and the private sector, to promote neighborhood revitalization.
- Called for a \$3.3 billion education program, which would give cities as well as other school districts freedom to put funds to the uses where they are most needed.
- Asked Congress for a five-year extension of federal aid to state and local law enforcement agencies, and for enactment of an anti-drug program that would provide new legal weapons against drug pushers.

These are only a few of the ways in which my administration is moving to help our cities help themselves.

9/17/76

WHERE CARTER IS WRONG

ABORTION

The flaw in Carter's position on abortion is that, while personally opposing abortion, he would take no action to stop it -- except to cut off Federal funds to pay for abortions for poor women. If abortion is wrong for the poor, should it not also be wrong for the rich and the middle class? The central question about abortion is whether the unborn child has any rights. If it has no rights, then of course, the mother should be free to do as she wishes (except, perhaps, for some rights of the father -- but surely the mother, other than the child, is the one most deeply affected.) If the unborn child does have rights, then these rights must be weighed against those of the mother and any others involved. Catholics would make the right to life of the unborn child absolute. Others would give priority to the rights of the mother in cases of danger to the mother's life, rape, etc. Just where the line is drawn is a very difficult moral question -- one which more properly should be determined through legislative action, expressing current moral consensus, than through judicial decision. But it is hard to see how Carter, if he agrees that the unborn child has any sort of rights, can be satisfied with the current legal situation. (Carter has weaved somewhat on the issue, but has not really contradicted himself -- except insofar as his repudiation of the abortion plank in the Democratic platform, which his aides tightly controlled, may be viewed as a contradiction.)

AGRICULTURE

Embargoes -- Carter has got himself caught in the contradiction of promising no embargoes, and then later admitting that he would use embargoes in case of severe domestic need. But we have done about the same.

Peanuts -- Carter benefits indirectly from the fact that peanuts are the last food crop under price supports. He has waffled on the issue.

BUSING

Carter's position on busing is not far from ours -- but he has proposed no means to implement it. As on abortion, Carter would view with regret, but take no corrective action.

I am not sufficiently familiar with Mondale's record on busing to know whether or not his title as "Mr. Busing" is deserved. Like many other Washington liberals who favor busing, he sends his children to private schools because the public schools "were just not delivering what we thought was a minimum, decent education for our children."

CITIES

Carter would direct revenue sharing only to cities, not to states -- undermining the states' role in coordinating action between cities and suburbs on regional problems. This is the argument, incidentally, that Carter used last fall when urging that federal aid for New York City go to the state, not directly to the city.

Carter favors "counter-cyclical" aid to cities -- viewed by many economists as an inflationary bog.

Carter would relieve the cities -- but not the states -- of paying part of the cost of welfare. In only seven states, including New York, do the cities now pay part of the cost of welfare. In these states, the remainder of the state's aid program to the cities has been premised on the fact that the cities pay for welfare. For the federal government to upset this arrangement now would distort the financial relationship between state and city governments in these states.

EDUCATION

Carter's proposal for a separate Department of Education seems to contradict his overall proposal for consolidation of government departments -- I would not make too much of this, though; it might be a good idea.

I think we are entitled to tie Carter to the NEA's demand that the federal government finance one-third the cost of education (in contrast with about one-tenth now), in light of NEA's endorsement of his candidacy. Does he agree with the NEA position, and if so where is the money coming from? I do not, however, think we should make NEA a target for our attack.

ENERGY

Carter's opposition to deregulation of oil prices in effect prolongs the danger of shortages.

Carter has been all over the block on oil company divestiture -- his position is considerably more moderate than that of the other liberal Democratic candidates, but he still seems to favor divestiture of the retail portion of the industry -- politically, the part most vulnerable for a breakup.

HEALTH

We should nail Carter with the Democratic platform's apparent endorsement of Kennedy-Corman national health insurance -- emphasizing the cost of at least \$70 billion in the first year. Carter tries to suggest that this is not quite what he has in mind, but his broad description sounds like Kennedy-Corman; if he favors something else, what is it? The argument that Kennedy-Corman would cost very little, because we are now paying almost that much in the private sector is of course patently false -- unless Carter is prepared to raise taxes by \$70 billion to soak up the funds that are now being used for doctors' bills.

The trouble with national health insurance is that it pays everybody's medical expenses, rich and poor alike, rather than targeting on areas of real need, as in the President's proposal for catastrophic health insurance.

On Medicaid reform -- Carter's record of administration of Medicaid in Georgia was abominable (see attached memo). Democrats in Congress are holding up the President's proposal that state medicaid programs be subjected to regular independent audit. Medicaid was passed in a Democratic administration, in a form that fosters corruption, which Democrats in Congress now refuse to change. Carter's recent emphasis on preventive health care is right. We must get out in front on this.

STATEMENT ON MEDICAID
FOR USE BY
ELLIOT RICHARDSON ET AL.
September 15, 1976

Jimmy Carter said yesterday that he plans to make the use of Federal Medicaid funds an issue in his coming debate with President Ford.

I am sure that the President will welcome discussion of this topic. In fact, I suspect that the President may raise it himself if Mr. Carter should somehow change his mind.

The facts are, of course, that Medicaid is a program operated and administered by the states, using Federal funds. Where the program is run badly, it is the responsibility of the state administration -- specifically of the Governor, and his Department of Human Resources, or whatever title the department dealing with health goes by in a given state.

Here is what Governor George Busbee, Jimmy Carter's successor as Governor of Georgia, has to say about the situation he found in the state's Medicaid program when he took office in 1975: "Medicaid abuses were eye-openers. During 18 years as a legislator, I have never encountered such duplicity."

Governor Busbee asked the Georgia legislature for one year to straighten out the "organizational nightmare" that Carter had left in the Department of Human Resources. "We made many substantive changes," Governor Busbee says, "but encountered so many problems with Medicaid that the job couldn't be finished."

Governor Busbee goes on to list in detail some of the abuses that the Carter administration had permitted to develop in the Medicaid program: "Nursing homes billing the state for a water ski boat. Trips to Hawaii. Purchases at a large Atlanta department store for which there was no accounting."

The dental program carried on under Medicaid was an area of particular abuse, according to Governor Busbee. "In one example," Busbee says, "the state was charged for three root canals and two caps for one patient. We discovered during an investigation that none of these services were performed." And then Governor Busbee draws the obvious conclusion: "I call that fraud."

No one has suggested that Jimmy Carter was personally involved in the corruption that existed in the Medicaid program in Georgia under his administration. But he was the man in charge. Through the laxity of his administration, these abuses were permitted to develop.

President Ford called last January for change in the current Federal law, passed under a Democratic administration, so that corruption of the kind found in the New York case or in Georgia under Carter can be permanently eliminated. The President's proposal would require that the states submit to a regularly conducted independent audit of their Medicaid expenditures.

Unfortunately, the Democratic Congress has so far failed to act on the President's proposal.

Perhaps it would be worthwhile if Carter would relate to his friends in Congress how corruption can develop in state administration of the Medicaid program, under current law. He can certainly speak with first-hand knowledge of the subject.

#

HOUSING

Carter appears to favor a form of credit allocation for housing -- one of the devices that allegedly has helped beat Italy to its economic knees. (The Vice President also favors a form of credit allocation in this area.)

LABOR

Carter has reversed himself on 14-B, which can probably be used effectively in the Right-to-Work states, but it should not be made a national issue. (I suggest, incidentally, that Dole get off his anti-union kick.)

Carter should be made to clarify his position on giving public employees, except firemen and policemen, the right to strike -- a very unpopular position now in many areas of the country. Does Carter favor establishing this right under federal law, as demanded by the NEA and AFSCME?

For some reason, Humphrey-Hawkins is not in the issue book. This, of course, is one of Carter's most vulnerable domestic issues. The worst thing about Humphrey-Hawkins is not its cost -- which is bad enough -- but that it would suck workers out of the private sector and onto the public payroll, driving up inflation and pulling down productivity. (see attached memo) I have not yet had a chance to analyze the new version of Humphrey-Hawkins that was reported out yesterday, but suspect that this problem, somewhat modified, is still in the bill.

By favoring revision of the Hatch Act to permit federal workers to enter politics, the Democratic platform, and therefore inferentially Carter, lays the basis for a massive national political machine.

STATEMENT FOR ELLIOT RICHARDSON
ON HUMPHREY-HAWKINS FOR DELIVERY IN ATLANTA
SEPTEMBER 9, 1976

The Democratic Platform, which Governor Carter has endorsed and embraced, includes proposals which, if enacted, would set off an inflationary cyclone in the United States. The combined cost of the items in the Democratic platform would be at least \$200 billion in the first year -- about half the total current Federal budget.

The Democratic platform, however, is worse than inflationary. It includes a proposal which, if it became law, would completely wreck the American economic system. I refer, of course, to the infamous Humphrey-Hawkins bill.

The Humphrey-Hawkins bill, which Governor Carter has specifically endorsed, by name, would be extremely costly -- about \$10 billion the first year it was in force. But cost is not its most dangerous feature. The truly devastating aspect of the Humphrey-Hawkins bill is that it would act as a gigantic economic suction machine, sucking workers out of the private sector and onto the public payroll.

This is how it would work: The bill promises a government job for everyone who wants one at the prevailing wage for government jobs in the area. As we all know, there are many kinds of jobs for which state and local governments -- not to mention the federal government -- now pay higher wages than the rate that prevails in private industry. So inevitably many workers would leave their jobs in private industry and go on to the government payroll.

Let me remind you of the chain reaction this will set off: Costs will rise for private companies as they try to compete with the inflated wages being paid by government. Production will slow down, leading to further shortages of supply. Prices in the marketplace will have to go up to pay for increased costs. Inflation will rage out of control, leading to a return of recession, creating more unemployment, which in turn will load even more workers onto the government payroll. Investment capital, the source of all productive jobs, will be completely unavailable. It is not too much to say that the Humphrey-Hawkins bill within a few years would totally bankrupt private industry in the United States, and leave us with the entire workforce on the public payroll.

But where would the funds come from to pay for these government jobs? Since the nation's productive capacity would have been destroyed, there would no longer be an economic surplus to pay for necessary government services, let alone for make-work jobs of the kind that Humphrey-Hawkins is designed to provide.

There is no more important single issue in this campaign than the Humphrey-Hawkins bill. If it were enacted, our entire economic system -- our entire social system -- would crumble. Humphrey-Hawkins threatens every worker who has a job -- every businessman who has invested in America's future -- every family that depends on a healthy and growing national economy.

Jimmy Carter is for Humphrey-Hawkins. He has promised not only to sign it into law, but to promote it through the Congress. President Ford is against Humphrey-Hawkins -- he has promised that it will never become law while he is President. Even the current Congress, heavily controlled by Democrats, has backed down on Humphrey-Hawkins in the face of President Ford's opposition. But if Carter were to become President, there is every likelihood that he would be able to push Humphrey-Hawkins through to enactment.

Even if there were no other issue dividing the candidates in this campaign, Jimmy Carter's advocacy of Humphrey-Hawkins provides reason enough for every thinking man and woman to cast a resounding ballot for the election of President Ford.

WELFARE

Carter simply has not addressed the complexities of the problem of welfare. The things he has said on the issue -- work requirement, etc. -- are popular, but he has not explained how the system he has in mind would work. Unfortunately, the subject is so complex that it can probably not be developed effectively within the confines of a TV debate. We should of course be against chisellers and for help to the genuinely needy -- but so will Carter.



SOCIAL PROGRAMS/GOALS BLOCK

These are my personal goals:

-- I want every American who wants one to have a good job with a paycheck -- this is the number one cure for our social problems.

-- Every American should feel physically secure, free from the horror of war and the threat of crime.

-- Every American should have a home in a decent neighborhood with schools where our children can get a good education.

-- Every American should have the best medical care at costs which will not wipe out our savings.

-- Every American wants to work and relax in a clean, healthy environment.

Let me give you an example of how to get them. Good schools require continued federal aid but less federal interference. The block grant approach I have proposed has not been acted on by Congress. Until it is, we'll have federal bureaucrats continuing to reach into local school districts, rather than letting parents and teachers run the schools. I believe my election will be seen as a mandate for Congress to act.



NIXON - FORD (PROGRAMS/POLICIES)

I am here to address six years of leadership -- my record as President during the past two years and what I will do, if elected, over the next four years.

I am accountable -- a responsibility I welcome -- for my record, my policies, my decisions. My predecessor's policies are not my responsibility.

When I became President, inflation was skyrocketing. Now it is cut in half.

When I became President, unemployment was increasing. The trend is now down (4,000,000 new jobs in 17 months) .

When I became President, people distrusted the White House. I restored trust and domestic tranquility.

When I became President, there was open conflict in the world. Now we are at peace.

For follow-up question:

After becoming President, I sat down to decide which programs and policies to keep, which to reject and which to change. For example:

- I chose to keep revenue sharing which I fought for as
Minority Leader of the House.
- I chose to reject the policy of using wage and price controls.
- I chose to change our health insurance policy.

- I chose to keep strong foreign and national defense policies and to fight off efforts to undermine both.
- And, I chose to fight inflation even in the face of an opposition Congress determined to go the other way.

INFLATION/VETOES

We've cut inflation in half -- and we're going to keep driving it down.

Everytime I veto spending bills out of the Congress, I do it in the name of every American worker who wants his earnings protected; every senior citizen on a fixed income; every housewife who does the grocery shopping; and every taxpayer who has had it with bloated government. And, everytime the Congress sends me a bill that endangers the people's pocketbook, I'm going to keep right on vetoing it.

It's the only way I know to cut inflation. And it has worked at the same time we've been creating 4,000,000 new jobs in this country in the last 17 months alone.

Many of these vetoes have been a clean and hard message to Congress which said:

- remember not a few but all of the taxpayers,
- forget the special interests who live off the federal treasury,
- don't settle for bills that are partly good but mostly bad.

Congress got the message now and then and sent back better bills which I then could sign into law.

All in all, my vetoes have saved the taxpayers over 9 billion dollars. I find it interesting that Senator Mondale, who my opponent says is compatible on all counts with him, voted to override every one of these tax-saving vetoes.



UNEMPLOYMENT

Let me say first, that in the last 17 months more new jobs have been created than in any similar period in the history of this country -- 4,000,000 new jobs in 17 months, and 500,000 in the last two months. And, if we stay on the same course, we'll keep making the same progress.

Furthermore, 2 years ago, millions of American workers were afraid they were about to lose their jobs. I don't think many feel that worry today. This economy is strong -- and I think the American people feel that that is true. They can remember how bleak things seemed two years ago. And we've done it, while cutting inflation in half.

No American President will ever be satisfied while there is one willing worker who can't find a decent job. But in pursuing jobs, no American President should make the mistake of backing spending programs which, through inflation, threaten the earnings of the 88 million Americans who are working.

Nor can a President allow the economic course he charts to be erratic by shifting emphasis from one policy to another. Candidates can live by the press release -- a new proposal for every problem every day. A President needs to set a stable course and pursue it, day in and day out. That may not be good politics, but it's what leadership is all about.

NIXON - FORD (WATERGATE/TRUST)

What I've tried to give our country is the kind of leadership they can count on in good times and bad -- one that stands up and speaks out for the people's rights, but a little less frantic and noisy, and a little steadier and quieter than in recent years. I believe it has helped us have solid and steady recovery these past two years, and I'm proud to be part of it.

The pardon is one example of this kind of healing leadership.

When I faced that decision, our country was in one of the most divided and rancorous periods in all our history. It was terribly important -- and urgent -- that we be brought together again.

I can remember very clearly -- better I am sure than anyone in this theatre -- (looking into the TV camera) and probably better than anyone watching on television -- the raw emotions of those days in August of 1974. There was distrust and anger and a vindictive spirit -- diverting us all from great issues and poisoning the political life of our country.

That recollection is still vivid with me, and because of it, if faced with the same circumstances, I would make the same decision again. I am certain in my mind that this decision contributed a great deal to the healing and recent progress of America, and equally certain that a long delay of that decision would have done very serious damage in many ways to the American people.

GOVERNMENT REORGANIZATION

You don't make the government work better just by moving its functions or agencies around. How a government agency is set up depends on what it has to do. Unless you change what it is doing, reorganization merely changes the letterhead on the stationery.

For example, I have been convinced for a long time that the government does a poor job of providing medical services through Medicaid and associated programs. That's why I proposed last January to reorganize the whole program, consolidating the money normally allocated to these various programs into one single payment allocated to individual states.

This would have improved the way medical services reach the individual and allowed a sharp tightening up of the management of these programs. It would have cut the bureaucracy and saved money.

The Congress, though, due to special interest pressures, ignored this and other major reorganizations.

To be honest about it, there's just no short cut to government efficiency. Simply reshuffling bureaucrats won't do it. We must change the existing laws.

GRAIN EMBARGO

I will directly answer the question, but first some perspective.

One thing about being President, you have to make decisions. You just can't straddle and wobble around in the Oval Office. Like President Truman said, "The buck stops here."

Sometimes your decision is unpopular -- not because it's wrong -- but because critics make a big issue out of one aspect of it. That's the case respecting my decision on the grain embargo, and I understand how some farmers feel about it. The way I see it, freedom for the farmer means freedom to look at circumstances of embargo. The outcome has been grow and sell. If he is asked to achieve full production, then the government is obliged not to interfere with his ability to sell what he produces.

Farmers, like other Americans, have the right to have a President they can trust. I recognize my obligation to them. I recognize their need for trust.

I foresee no circumstances in which I would impose an embargo on farm products.

While that answers for the future, your question raises circumstances of the past.

One can fairly argue that the embargo lasted too long, but it's important to look back and see why it was imposed at all. Had we not acted, the maritime unions, or the Congress, would very likely have done

something far worse to farmers. President Meany of the AFL-CIO and others were threatening to stop all shipments to the Soviets, including the 10 million tons already sold. Some 70 Members of Congress were moving to put all grain export sales under the control of a government board. Their bill was supported by Mr. Meany and other union leaders, and by Senator Mondale who called for strict export control licenses.

I rejected such action, having always fought against that kind of government control, and I will continue to do so. Instead, we negotiated a long-term grain trade agreement whereby trade with the Soviet Union will stay in private hands and our farmers will continue to produce for a market and not a government board.

This agreement has turned an off-and-on foreign buyer into a long-term stable purchaser.

The result is the circumstances that led to our problem in 1974 will not happen again because of the actions we have taken.

LEADERSHIP/TRUST

Real leadership is a lot more than just words. It is action. Making the tough decisions, sticking to your word and doing what's right even when it hurts are what leadership is really about. A President has got to listen to all the people, and they've just got to know he tells the truth.

The point is leadership, like trust, has to be proved -- not just claimed.

It is, for example, talking straight before election about what you will do after the election.

It's honestly being the same thing to all people, not trying to be everything to everyone.

It is not playing with words so that every audience hears what it wants to hear, but saying exactly what you mean -- and meaning what you say. To promise the sky one day, for example, and then promise a balanced budget the next day is a shell game, not leadership.

I believe I have held up to high leadership standards -- and, being so, have brought our Nation away from the distrust and pain of 1974. With the help and trust of the people, I intend to continue that kind of leadership on into our third century of freedom.

