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THE WHITE HOUSE

INFORMATION

WASHINGTON

February 23, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Secretary Mathews' Memorandum of
February 20 (Tab A)

I agree with Secretary Mathews that we continue to work with the National Governors' Conference on welfare reform and not meet with the four Governors who have requested a meeting with you independently of this process.

Secretary Mathews has met with the Human Resources Committee of the National Governors' Conference, chaired by Cecil Andrus (D-Idaho), and they seem to be making some progress on the issues and an agenda for work.

Governor Andrus has been most cooperative. As you know, he was present at the State of the States meeting with the Cabinet in December, and he will be chairing a special meeting on this subject as an extension of the Human Resources Committee meeting today.

Governor Andrus has invited the four Governors who requested a meeting with you (Governors Carey, Byrne, Shapp, and Lucey), as well as Governors Grasso, Dukakis, and Walker, to this afternoon's meeting. Members of the Domestic Council staff, HEW officials, and others will be present at that meeting, and we will provide you with a report.

Attachment



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

FEB 20 1976

RECEIVED
THE WHITE HOUSE
WASHINGTON

1976 FEB 20 PM 7 05

MEMORANDUM FOR THE PRESIDENT

I have met with the Human Resources Committee of the National Governors Conference, chaired by Cecil Andrus. We are exploring a more permanent forum for the Department and the Committee to discuss issues and have agreed on an agenda of work.

Governor Andrus was most supportive, publicly of your legislative program and of the Department's efforts.

A group of governors would like to meet with you outside the Committee to ask for total federalization of welfare. Governor Andrus prefers that this conversation proceed through regular channels.

Secretary

EMBARGOED FOR RELEASE
UNTIL 12:00 NOON (EST)
MONDAY, February 23, 1976

February 23, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

FINANCIAL ASSISTANCE FOR COMMUNITY SERVICES ACT

The President announced that he is today proposing the Financial Assistance for Community Services Act which will provide States with greater flexibility in delivering social services to low-income families and individuals and will eliminate undue Federal regulation and restrictions on providers.

BACKGROUND

The present social services program, Title XX of the Social Security Act, provides grants to the States on the basis of population for the delivery of a wide range of social services to individuals and families. These services include day care, family planning, foster care and homemaker services. Funds are provided on a Federal/State matching basis (75% Federal/25% State). Since its passage and implementation, Title XX has begun to increase latitude to States to use this program in meeting their service needs. Yet Federal administrative and reporting requirements continue to be extensive.

DESCRIPTION OF PROGRAM

This legislation will consolidate social service programs under Title XX and State and local training activities related to social services.

The main features of the Financial Assistance for Community Services Act are:

I. FUNDS

A total of \$2.5 billion will be distributed each year to the States as a block grant; Federal monies will continue to be allocated on the basis of population.

The requirement of State matching funds will be eliminated.

A hold harmless for State and local training monies is provided, so that no State will receive less than it received in FY 1976 for services and training, as a result of this legislation.

II. RECIPIENTS

Emphasis will be placed on providing services to low-income Americans; 75% of Federal funds will go to individuals with incomes below the poverty line or who receive Aid to Family with Dependent Children, Supplemental Security Income and

more

Medicaid. No Federal monies will go to families above 115% of State median income, except for information, referral and protective services.

III. SERVICE REQUIREMENTS

Most Federal requirements and prohibitions on the use of Federal funds will be eliminated.

The Title XX restrictions against the use of monies for health and institutional services will be eliminated. The restrictions on expenditures for services in prisons and for construction and purchase of land and buildings will be maintained.

Federal child day care standards will not be required but HEW will complete the study of the appropriateness of day care standards and recommend either a model law or standards for adoption by the States. States, however, will be required to have day care standards of their own, and an agency responsible for monitoring them.

Fees will not be mandated, nor will there be any bar to fee charging.

IV. SOCIAL SERVICES PLANNING

The social service planning process will be improved by strengthening the provisions for public review and comment on the annual State plan.

Administrative plan requirements will be retained, although with reduced Federal monitoring. These requirements include a fair hearing process, protection of information, a merit system of State design, and monitoring by States of their standards for child day care and institutions.

States will be required to assess the implementation of their services plan, to have an independent audit of expenditures, to monitor compliance with procedures in the administrative plan and to report publicly on the results of the assessment and audit.

For non-compliance with administrative plan provisions, a State would be subject to full fund cut-off, or to a penalty of up to 3% of funds, at the Secretary's option.

V. FEDERAL ROLE

The Federal Government will retain the role of assessing the overall operation of this program and of providing a clearing-house for the dissemination and exchange of information among the States on effective services.

more

A List of the Most Typical Title XX Services

Foster Care Services
 Protective Services for Children
 Protective Services for Adults
 Special Services for the Aged
 Adoption Services
 Information and Referral Service
 Health Related Services
 Child Day Care Services
 Homemaker and Home Health Aide Services
 Home Delivered/Congregate Meals
 Family Planning Services
 Counseling and Case Management Services
 Chore Services
 Transportation Services
 Employment and Training Service
 Special Services for Alcoholics and Drug Addicts
 Special Services for Developmentally Disabled
 Recreational Services

State Allocation Under the Social Services Block Grant

The following figures are the States' maximum services allotment for FY 1976 and will be substantially the allocation for FY 1977. There is an additional \$24,000,000 to be allocated among about 25 states above their allotment as a hold-harmless for social services training.

<u>State</u>	<u>Allocation</u> (\$ Millions)	<u>State</u>	<u>Allocation</u> (\$ Millions)
Alabama	\$ 42.25	Montana	\$ 8.50
Alaska	4.00	Nebraska	18.25
Arizona	24.50	Nevada	6.50
Arkansas	24.25	New Hampshire	9.50
California	245.50	New Jersey	87.75
Colorado	29.00	New Mexico	13.25
Connecticut	36.75	New York	217.50
Delaware	6.75	North Carolina	62.75
District of Columbia	9.00	North Dakota	7.50
Florida	91.50	Ohio	127.75
Georgia	57.00	Oklahoma	31.75
Hawaii	10.00	Oregon	26.50
Idaho	9.25	Pennsylvania	141.75
Illinois	133.75	Rhode Island	11.50
Indiana	63.25	South Carolina	32.50
Iowa	34.50	South Dakota	8.25
Kansas	27.25	Tennessee	49.25
Kentucky	39.75	Texas	140.50
Louisiana	44.75	Utah	13.75
Maine	12.25	Vermont	5.50
Maryland	48.50	Virginia	57.25
Massachusetts	69.25	Washington	40.75
Michigan	107.75	West Virginia	21.50
Minnesota	46.50	Wisconsin	54.50
Mississippi	27.25	Wyoming	4.25
Missouri	56.75		

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THE WHITE HOUSE

WASHINGTON

March 23, 1976

MEMORANDUM FOR: JIM CANNON
PAUL O'NEILL

FROM: ART QUERN

SUBJECT: Britain's "Social" Benefit Programs

I thought you would be interested in the attached excerpt from the ECONOMIST which lays out the current array of cash benefit programs which are available.

If anyone doubts the need to consolidate and eliminate categorical programs, he or she need only run down this list of 32 programs.

Attachment

cc: Allen Moore
Spencer Johnson



A-Z of cash benefits

Next month, yet another new benefit will be added to the social security inventory: child interim benefit. Intended for the only or eldest children of one-parent families (who, like all other first children, are not eligible for family allowances), interim benefit is the embryo of the government's new scheme for family support, conceived in answer to the Tories' tax-credit plans, whose

THE ECONOMIST
March 20-26, 1976

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THE WHITE HOUSE

WASHINGTON

March 2, 1976

MEMORANDUM FOR: JIM CANNON
PAUL O'NEILL

FROM: ART QUERN

SUBJECT: "Assets Tests" For Welfare Programs

In the President's meeting on Food Stamps with Senator Buckley and Congressman Michel, the subject came up of the variety of "assets tests" which are utilized in various means-tested income assistance programs.

The attached brief memo provides a general survey of the range of asset limits applied to some of the major programs.

Developed in part from OMB and HEW materials, it also includes a short section on "policy implications."

I would like to discuss the subject with you in terms of the level of detail which the President requires and any use we may wish to make of this or related information with regard to the Income Assistance Simplification Act.



Attachment

"ASSETS TESTS" IN FEDERAL PUBLIC ASSISTANCE PROGRAMS

The purpose of this paper is to provide a brief survey of the various "assets tests" used in determining eligibility for Federally funded benefit programs. The focus is on the major public assistance programs and the range of "assets tests" which are applied under each program.

BACKGROUND

In most means-tested public assistance programs, the value of a person's assets are taken into account during the eligibility determination process under the rationale that persons with any significant degree of wealth should not be eligible for income support programs.

At the same time, it is recognized that a requirement of complete divestiture of assets would run counter to the purposes of most social programs. Therefore, most public assistance programs prescribe limits on the extent to which persons may hold assets and still be eligible for program benefits.

BASIS FOR VARIOUS TESTS

Asset limits are either set by statute or by another authority to whom the statute delegates responsibility. Asset limits are established as follows for various assistance programs:

1. By Statute --
 - o SSI
 - o Food Stamps
 - o Veteran's Pensions
 - o Sec. 235 Homeownership Assistance
 - o Sec. 101 and Sec. 236 Rent Supplement Programs
2. By Statutory Delegation of Authority --
 - o AFDC (State authority)
 - o Medicaid (State authority for AFDC, medically needy, and some SSI recipients -- otherwise, SSI limits for SSI recipients)
 - o Low rent public housing (at option of local housing authority)

TYPES OF ASSETS

Asset limits or "assets tests" usually consist of a variety of specified categories within which dollar limits are imposed. The most common categories are the following:

- o Home
- o Household goods/personal effects
- o Automobiles
- o Life insurance (cash value)
- o Income producing property or equipment
- o Allowable reserve

COMPARISON OF VARIOUS TESTS

There is very little consistency among programs in how much value is permitted within each of these categories before a person becomes ineligible. The range is as follows:

1. Home. Most programs exclude all or a portion of the value of a home when determining need. The amount excluded, however, varies greatly, e.g. no more than \$1,000 equity in one state's AFDC program, \$25,000 market value in the SSI program (\$35,000 in Alaska and Hawaii), and no limit whatsoever for Food Stamps, Veteran's Pension, and some states' AFDC programs.
2. Household goods/personal effects. Most programs exclude the value of household goods and personal effects, although the SSI program imposes a limit of \$1,500 market value, and some states set a dollar limit in their AFDC programs.
3. Automobiles. Most programs exclude the value of an automobile, but with a variety of qualifications. SSI excludes only up to \$1,200 of the market value of a car unless the car is essential to employment or medical treatment. For AFDC, most states exclude all or part of the value of a car, sometimes with additional conditions. Veteran's Pension and Food Stamps rules impose no limit on the value of one car, and the Food Stamp program may permit more than one car depending on the number of wage earners in the family.

4. Life Insurance. The cash value of life insurance is usually excluded up to specified limits. SSI excludes up to \$1,500, states usually exclude for AFDC purposes from 0 to \$1,500, Veteran's programs exclude all V.A. issued insurance, and Food Stamps rules exclude life insurance entirely.
5. Income producing property/equipment. This exclusion originated from a desire to protect two types of enterprise -- farms and small family-owned businesses operated from a home. Both SSI and Food Stamps exclude asset value in this category without limit so long as the property produces reasonable work-related income essential to self-support. In AFDC, eleven states exclude all or part of asset value on a similar basis.
6. Allowable Reserve. This category is a dollar limit made up of two elements -- liquid assets (e.g. cash, savings accounts, stocks, bonds, etc.) and the amounts by which excluded assets exceed allowable limits (e.g. the \$800 by which a \$2,000 car exceeds the \$1,200 SSI limit). SSI imposes a limit on the allowable reserve of \$1,500 for an individual and \$2,250 for a couple. AFDC law permits a maximum of \$2,000 per recipient, but state limits vary from \$300 to \$3,000 per family, and may incorporate total automobile and insurance cash values. Food Stamps rules limit the reserve to \$1,500 per household or \$3,000 for households with a person over 60. The Veteran's Pension program leaves this matter to the discretion of an adjudicator who needs only to determine that the veteran or his survivors will deplete existing assets in their lifetime. The Section 235 Homeownership program limits reserves to one year's mortgage payments plus \$2,000 for persons up to age 62, \$25,000 if age 62 to 64, \$35,000 if 65 or over, and \$50,000 if over 62 and handicapped. Table I summarizes these factors for a variety of programs:

NOTES:

- (1) Veteran's Pensions are provided after an adjudicator determines that exclusive of home and personal effects, the person would deplete remaining assets in the course of his or her lifetime.
- (2) Section 235 incorporates all other assets in the allowable reserve and permits one year's mortgage payments plus \$2,000 (for persons up to 62), \$25,000 (for those 62-64), \$35,000 (over 65), and \$50,000 (over 62 and handicapped).
- (3) Medicaid law requires that the same rules be used as for AFDC and SSI for cash assistance recipients, except for states (15) using January, 1972, eligibility criteria for SSI. Medically needy rules must equal the highest level in a money payment program, but usually are higher in the 29 states with such programs.
- (4) The means tested child nutrition programs impose no assets test whatsoever.
- (5) The Sec. 101 and Sec. 236 rent supplement programs makes asset limitations optional to local housing authorities in some situations. Section 8 lower income housing assistance has no assets test.

POLICY IMPLICATIONS

This inconsistent pattern of assets tests may lend itself to a degree of modification, but there are two basic problems: 1. Some differences may be desirable in light of programmatic intent. 2. Any effort to tighten restrictions will likely foster preventive litigation.

On the first point, certain programs designed for the elderly may justify specific elderly exclusions which should not be granted in other programs. For example, the high asset exclusion in the Sec. 235 homeownership program would not be desirable in SSI, Food Stamps, etc.

With regard to court actions, HEW sought in July of 1975 to implement changes in the AFDC assets test by putting ceilings on state flexibility. States viewed this as an attack on their statutory rights and an effort to take people off the roles who would end up on general assistance (at 100% state expense). HEW has been enjoined from enforcing these new limits while the matter is in litigation.

Nonetheless, there is enough similarity of purpose in some of the programs that initial steps might be taken to design changes which could be presented as an example of how the Income Assistance Simplification Act authority might be used. A first logical attempt would be to link SSI and Food Stamps to the same test, in conjunction with consideration of the AFDC problem.

Before an active undertaking of this kind is begun, however, consideration should be given to whether another criterion for eligibility (e.g. income) presents a better first target for action under the proposed Income Assistance Simplification Act.

ASSETS LIMITS

PROGRAM							Medicaid(3) Child Nutrition(4) Low Rent Public Housing(5)
TYPE OF ASSET	SSI	AFDC	Food Stamps	Veteran's Pension	Sec. 235 Homeowner Assistance	Sec. 101&236 Rent Supplement (5)	
Home	\$25,000 (market value)	No limit (35 states) 2,500-25,000 (15 states)	No limit	No limit	N.A.	N.A.	
Household goods/ Personal effects	\$1,500	No limit (most states)	No limit	No limit	No limit	No limit	
Automobiles	\$1,200 one car	one car (usually) varying values	one car No limit	(1)	No limit	Included below	
Life Insurance (cash value)	\$1,500	Up to 1500 (30 states)	No limit	(1)	(2)	Included below	
Income property/ equipment	No limit	1,000 - no limit (11 states)	No limit	(1)	(2)	Included below	
Allowable Reserve	1,500 (Individual) 2,250 (Couple)	250-3,000 per family	1,500 (household) 3,000 (Elderly household)	(1)	\$2,000 - 50,000 (2)	2,000 (non-elderly) 5,000 (elderly)	

THE WHITE HOUSE

WASHINGTON

April 2, 1976

SIGNING OF THE OLDER AMERICANS PROCLAMATION

Monday, April 5, 1976

3:00 p.m. (15 minutes)

The Oval Office

From: Jim Cannon

Subj. aging
Jani

I. PURPOSE

To sign the Older Americans Proclamation designating May as Older Americans Month.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Each year a proclamation is issued designating May as Older Americans Month. This year the proclamation discusses the importance of employment and volunteer service for older citizens and for society and the Bicentennial Charter for Older Americans prepared by the Federal Council on Aging. The Charter is an update of the Charter for Senior Citizens developed by the 1961 White House Conference on Aging.

B. Participants: List attached at Tab A

C. Press Plan: Open Press Opportunity: to be announced

III. TALKING POINTS

1. It is especially fitting this year that we set aside a period of time to honor our older citizens. Their insight and experience, their wisdom and courage, has contributed beyond measure to the development of our 200-year-old nation.
2. We must make it possible for older Americans to continue their involvement in our national life. One of the best ways we can draw upon their strengths and skills is in the job and volunteer market. Too often older, and even middle-aged, Americans are the victims of myths and prejudices regarding their capabilities. Americans must repudiate these myths and prejudices, as we have repudiated others, and

assure older Americans the chance to prove that time has only enhanced their demonstrated abilities.

3. It is important that our Nation make every effort to recognize the worth and dignity of our older citizens. To this end, the Federal Council on Aging has prepared a Bicentennial Charter for Older Americans. This Charter sets forth principles to guide us in evaluating our nation's response to the problems facing older persons, and in appreciating their response to the problems now confronting our nation.
4. One of these principles is the right to an adequate standard of living in retirement. Let me reaffirm that older Americans have earned the right to live securely, comfortably and independently. As I have said before, the value of our Social Security system is beyond question. I will do all I can to ensure the integrity of the trust fund so that future generations of retirees may continue to rely on it.
5. With these thoughts and commitments in mind, I am happy today to sign this annual proclamation designating May as Older Americans Month. I urge all organizations concerned with employment and volunteer services to observe this month with ceremonies, activities and programs designed to increase opportunities for older persons. And I urge that such programs include public forums for discussion of the Bicentennial Charter for Older Americans.
6. I ask all Americans to join me in reflecting upon the achievements and the needs of our older citizens.

PARTICIPANTS

Government

Secretary F. David Mathews

Stanley Thomas
Assistant Secretary for
Human Development
Department of Health, Education
and Welfare

Dr. Arthur Flemming
Commissioner of Aging
Department of Health, Education
and Welfare

Victor Hruska
Director, Older Americans
Volunteer Programs
ACTION

John Martin
Federal Council on Aging

Cleo Tavani
Executive Director
Federal Council on Aging

Associations

John F. McClelland
President
National Association of
Retired Federal Employees

Nelson Cruikshank
President
National Council of Senior Citizens

William Hutton
Executive Director
National Council of Senior Citizens

Joseph C. Davis
Grey Panthers

Austin Kerby
Director of Economics
American Legion

Jack Ossofsky
Executive Director
National Council on the Aging

Mrs. Alice Van Landingham
President-Elect
American Association of Retired
Persons

Cy Brickfield
Counsel
American Association of Retired
Persons

Miss Harriet Miller
Executive Director
American Association of Retired
Persons

Mrs. Crettie Lee
National Center on Black Aged

Mrs. Mae B. Phillips
National Center on Black Aged

Fred Brummitt
Treasurer
National Retired Teachers
Association

Colonel Donald C. Foster
Executive Director
Retired Officers Association

Colonel Minter L. Wilson, Jr.
Director of Communications
Retired Officers Association

Arthur C. Clinkscates, III
Director
National Alliance for Senior Citizens

Others

Mr. and Mrs. James E. Mills
President Ford Committee

Z. D. Blackistone
Florist

OLDER AMERICANS MONTH, 1976

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Among our nation's most precious natural resources are the collective wisdom, experience, and productive ability of our senior citizens.

In recent years we have become more aware of the important contributions older Americans have made in the past and in the tremendous potential they hold for the future. We are increasing our efforts to ensure that they have the opportunity for security of income, maintenance of health and continued usefulness.

America's senior citizens have earned the gratitude and respect of our society, as well as our recognition of their worth and dignity. Their rights and obligations have been expressed in the Bicentennial Charter for Older Americans prepared by the Federal Council on Aging.

The job market and volunteer services provide some of the best opportunities to draw on the strengths and talents of older Americans. Unfortunately, older, and even middle-aged workers, are too often the victims of myth and prejudice regarding their capabilities. Our society needs the know-how, experience, judgment and eagerness these solid citizens bring to the job.

NOW, THEREFORE, I GERALD R. FORD, President of the United States of America, do hereby designate the month of May, 1976, as Older Americans Month.

I urge all private and public organizations that are related to the field of aging to observe this month by arranging public forums where the Bicentennial Charter for Older Americans will be discussed and recommendations developed for implementation.

I urge all organizations concerned with employment to observe this month with ceremonies, activities and programs designed to increase employment opportunities for older workers.

I urge all organizations engaged in the delivery of services to persons in need to observe this month by increased emphasis on efforts to recruit, train and place older volunteers.

And I urge all Americans to observe this month by focusing on the achievements of older persons and supporting programs to make the last days of life the best days for increasing numbers of our older Americans.

IN WITNESS WHEREOF, I have hereunto set my hand this
day of , in the year of our Lord
nineteen hundred seventy-six, and of the Independence of the
United States of America the two hundredth.

THE WHITE HOUSE
WASHINGTON

April 14, 1976

*Pres.
Cannon
Aging*

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM CANNON *JC*

Attached for your signature is a letter to Z. D. Blackistone the 105 year old florist and D.C. resident. Mr. Blackistone was invited to the signing ceremony of the Older Americans Proclamation, but unfortunately arrived late.

The text has been approved by Robert T. Hartmann (Smith).

I recommend that you sign the letter.

THE WHITE HOUSE

WASHINGTON

Dear Mr. Blackistone:

I was sorry that you were not present for the signing of the Older Americans Month proclamation on April 5. I had been looking forward to seeing you again.

Please accept this pen which I am enclosing as a token of my admiration for you and for all you have done for the city of Washington.

Sincerely,

Mr. Z. D. Blackistone
1407 H Street, NW.
Washington, D.C.

THE WHITE HOUSE

WASHINGTON

April 6, 1976

MEMORANDUM FOR: ROBERT T. HARTMANN
FROM: JIM CANNON
SUBJECT: DRAFT PRESIDENTIAL LETTER TO Z.D.
BLACKISTONE

Attached is a draft Presidential letter to Mr. Z. D. Blackistone, the 105 year old Florist in Washington. Since Mr. Blackistone was unable to be present at the ceremony for the Older Americans Month Proclamation, we thought it would be nice to send him a pen from the President.

I would appreciate it if you could send your comments and recommendations to Sarah Massengale, Room 220, Ext. 6776 by Thursday, April 8 at 3:00 p.m.

Thanks.

cc: Jim Cavanaugh

THE WHITE HOUSE

WASHINGTON

Dear Mr. Blackistone:

I was sorry that you were not present for the signing of the Older Americans Month proclamation on April 5. I had been looking forward to seeing you again.

Please accept this pen which I am enclosing as a token of my admiration for you and for all you have done for the city of Washington.

Sincerely,

GRF

Mr. Z. D. Blackistone
1407 H Street, N.W.
Washington, D.C.



THE WHITE HOUSE

WASHINGTON

April 14, 1976

MEMORANDUM FOR: JIM CANNON
FROM: SARAH MASSENGALE *Sarah*
SUBJECT: Presidential Letter to
Z.D. Blackistone

Attached for your signature is a memo to the President and a letter to Z.D. Blackistone the 105 year old florist and D.C. resident. Mr. Blackistone was invited to the signing ceremony of the Older Americans Proclamation, but unfortunately arrived late.

The text has been approved by Robert T. Hartmann (Smith).

I recommend that you sign the memo.

THE WHITE HOUSE
WASHINGTON

April 13, 1976

MEMORANDUM FOR: JIM CANNON
FROM: ALLEN MOORE *AM*
SUBJECT: Income Assistance Simplification Act

The package is close to completion. The bill, summary, transmittal letter, and fact sheet have been fully cleared. The message has been reviewed by all parties and now needs your reactions as well as final clearance from Hartmann's office. The tone of the message is the important factor. Response to it in general has been favorable.

With regard to timing, we lost several days last week waiting for O'Neill to line up Michel as a sponsor. We are still waiting for a response. In the meantime, O'Neill said to go ahead and look for other sponsors, but by Monday it was too late to line up anyone before Wednesday's recess. Therefore, Cavanaugh prefers to wait until after the recess to send up the entire package.

Attachments



April 5, 1976

Welfare Reform Act

FACT SHEET

INCOME ASSISTANCE SIMPLIFICATION ACT

The President is today proposing the Income Assistance Simplification Act which will provide a mechanism for simplifying, rationalizing, and making more understandable the major income assistance programs of the Federal Government.

BACKGROUND

The Federal Government currently operates or supports various programs intended to provide the necessities of life to individuals and families unable to provide for themselves. These programs, however, are difficult to coordinate for various reasons, including diverse statutory requirements, fragmented congressional committee jurisdictions, and multiple administering agencies, as well as the variety of ends they are supposed to serve.

The individual Federal income assistance programs were enacted and amended at different times over the course of the years to meet specific concerns and needs, often without sufficient regard to other programs with the same or similar general objectives. As a result, requirements and benefits of individual programs are often unrelated, or only superficially related, to those of the others. This has given rise to inequities in the treatment of people in similar circumstances, inconsistencies in eligibility requirements, and operating complexities. Moreover, Federal income assistance programs serve an overlapping population, often provide duplicative benefits, and sometimes have the effect of actually deterring people who are willing to work from seeking work.

DESCRIPTION OF PROPOSAL

This legislation sets forth a means by which modifications in Federal income assistance programs could be developed from a single, broad perspective that would accommodate

the objectives and requirements of individual programs while improving the relationship of each program to the income assistance system as a whole. The proposal is intended to permit management and structural reform; the authority in the bill is not intended to be used as a means of reducing budget outlays for income assistance benefits.

I. OBJECTIVES OF THE ACT

Under the proposed legislation, the President would examine specified national means-tested income assistance programs and could make modifications in their operation, in their statutory provisions, and in the organization of the agencies administering those programs, to promote the following fundamental objectives:

- Achievement of more equal treatment of recipients with identical needs.
- Focusing of resources on those in need.
- Assurance that the programs do not deter those able to work from engaging in productive employment.
- Simplification of administration and organization, and reduction in excessive reporting and procedural requirements, thereby reducing administrative costs.
- Achievement of a system that is understandable to the public.

II. PROGRAMS COVERED

The programs covered under the act are those major national means-tested income assistance programs of broad application:

- the program of Aid to Families with Dependent Children (AFDC),
- the Work Incentive Program (WIN),
- the Supplemental Security Income Program (SSI),

- the food stamp program, and
- public housing, section 8 rental assistance, section 236 housing assistance, and the urban and rural rent supplement programs.

Programs such as social security, unemployment insurance, and other benefits earned by the recipient and not subject to means tests would not be covered by the act.

III. EXAMPLES OF SHORTCOMINGS IN THE PRESENT INCOME ASSISTANCE PROGRAMS

- Less needy families on AFDC may receive greater total income than families of the working poor not on AFDC, since some of the AFDC recipients' earned income may be disregarded in determining eligibility because of child care and work-related expenses.
- One poor working family may be eligible for AFDC-Unemployed Fathers benefits while another may not, even though both have the same earned income, because of the requirement that an AFDC-UF father may not work more than 100 hours a month.
- The definition of "aged" varies from 65 in SSI to 62 in public housing programs to 60 in the food stamp program.
- The way SSI benefits are calculated varies depending on whether the SSI beneficiaries live alone, live with AFDC beneficiaries, live with persons of independent support, or with persons who are partially dependent for support.
- Individuals receiving benefits from several income assistance programs may be deterred from earning extra income because nearly all their earnings might be offset by reductions in their benefits.

IV. PROGRAM MODIFICATION AUTHORITY

Whenever the President finds that changes are needed to carry out any of the policies of the act, he would prepare an Income Assistance Program Modification

which could make changes in the eligibility requirements and benefits under any of the enumerated programs, in the administration of those programs, and in the organization of agencies operating those programs. Only existing agencies would be affected; no new agency could be created pursuant to a Modification.

Any modification to be made by the President would first be published in the Federal Register, and interested parties would be given thirty days to submit comments. The Modification would then be transmitted by the President to the Congress, and would take effect sixty days after transmittal, unless legislation to the contrary were enacted into law.

V. EFFECT ON OTHER LAWS AND PENDING LEGAL PROCEEDINGS

Affected statutes and regulations would continue in effect except to the extent changed by a Modification. Any provision of a Modification which becomes effective would supersede any inconsistent provision of law, and any regulation or other action affected by a Modification would be deemed to be modified to eliminate any inconsistency. No pending legal proceeding would abate by reason of a transfer of functions from one agency to another pursuant to a Modification.

VI. TERMINATION OF AUTHORITY

The President could transmit Modifications to the Congress prior to October 1, 1981. It is intended that during this period, the authority provided would be carefully assessed and possible changes in it studied.

DRAFT MESSAGE ON INCOME ASSISTANCE

I am today submitting to the Congress my proposed Income Assistance Simplification Act.

The purpose of this Act is to improve the effectiveness of our major income assistance programs. It would authorize Presidential action to modify these diverse programs so that they can be shaped into a more coherent effort by the Federal Government to assist persons in need. The Act addresses problems of overlapping responsibility, inconsistent objectives, and inefficient administration which plague these programs as they operate today.

It should be understood that I do not view this proposal as the complete answer to the many failings of our welfare "system," but I believe it is an important and necessary interim step toward correcting some of those failings.

The current array of welfare programs is the product of a long and proud tradition of helping the least fortunate among us. It is a tradition encompassing many sources of aid -- that from family, friends, churches, voluntary organizations, and increasingly from Federal, State and local governments. It includes assistance in many forms -- cash, food stamps, health care, day care for young children, hot meals for the elderly, and special equipment for the disabled.

As our nation's wealth has increased, the Federal Government has taken an ever increasing role in extending aid to

the needy. During the 1960's, a virtual flood of social legislation created new programs to provide assistance to the poor. Many of these programs were directed at solving a specific problem for a designated group of needy individuals. Unfortunately, as new programs came into being, very little consideration was given to how any one program blended with other programs already in operation.

Not surprisingly, the welfare "system" which resulted is a complex, disjointed mix of Federal, State and local programs and responsibilities.

These programs currently receive more than \$26 billion annually in Federal funds. They are inefficient and costly to administer. They collectively confuse the recipient, the caseworker, the program administrator, and the taxpayer. Worse yet, the inequities and inconsistencies sometimes have the undesirable effects of discouraging work and promoting a breakdown of the family unit.

The nature and extent of the problems with the welfare "system" are fairly well understood. The real difficulty lies in developing workable and acceptable solutions.

The entire welfare system has come increasingly under suspicion and attack by many Americans, particularly those who have worked so hard on their own to attain a degree of economic security. They may not begrudge the use of their tax dollars to help the truly unfortunate, but they have come to

view most recipients suspiciously, as likely chiselers or abusers of the system. This is a very disturbing trend. But, in plain fact, the programs are failing to achieve their purposes; they do not focus on those with greatest needs; and they can encourage abuse. Worst of all, they constitute an inadvertent assault on our traditional values of family, work, and individual responsibility.

It is now possible to show that in some situations welfare families can receive benefits from a combination of programs which total more than \$10,000, while persons elsewhere with identical need receive far less. In other situations, persons receiving welfare are discouraged from seeking work because they would lose in benefits nearly as much as they would take home in their paycheck. The fact that the system sometimes encourages families to separate, divorce, or dishonestly say that they have done so both demeans the individuals and works against the best long-range interests of us all.

It is no wonder that the welfare system is under attack. But our response must not be to punish the great majority of persons on welfare who are truly needy, who cannot work, or who are unable to earn enough to meet minimum needs. What we must do is to change the system. The question is how.

Some would argue that comprehensive and fundamental reform is the answer. Others view legislative changes to

existing programs as a more viable route. I see problems with both of these alternatives.

Several major welfare reform initiatives have been introduced without success in recent years by persons of varying political persuasions. Most proposed changes are attacked by one group arguing that benefits would be reduced or denied to current recipients, while simultaneously another group argues that the change would provide excessive benefits, or that its net cost is too high.

Another obstacle to programmatic reform is that fact that no single committee in either House of Congress has legislative jurisdiction broad enough to cover all the current income assistance programs.

Because of the shortcomings of both the comprehensive reform approach and the legislative amendment approach to improving the welfare system, I am proposing the Income Assistance Simplification Act. As I stated earlier, I do not view this proposal as the final word on welfare reform, but only as a beginning.

This Act would authorize the President to modify our major income assistance programs:

- The program of Aid to Families with Dependent Children (AFDC)
- The Work Incentive Program (WIN)
- The Supplemental Security Income Program (SSI)

- The Food Stamp Program
- The public housing, Section 8 rental assistance, and urban and rural rent supplement programs

The following objectives would be pursued under the Act:

- To focus resources on those with greatest need;
- To treat in an equitable fashion those individuals and families in similar circumstances;
- To assure that individuals able to work are not deterred from obtaining appropriate skills and engaging in productive employment;
- To make the programs less complex and more understandable to beneficiaries and to the public; and
- To improve efficiency and effectiveness by simplifying the operation and administration of the programs.

Under the proposed Act, the President would examine the operations, statutory provisions, and organizational structures of the programs included under the Act. Modifications consistent with the stated purposes could be made by the President in eligibility requirements, benefits, program administration, and the organization of administering agencies.

A proposed Modification would be published in the Federal Register for at least thirty days of public review and comment. Subsequently, appropriate changes based on comments received would be made and the Modification transmitted to the Congress. The Modification would become effective after sixty days unless legislation to the contrary were enacted into law.

It should be made clear that the authority in the proposed legislation could not be used to change the basic purposes of any of the covered programs. Nor is it the intent of this legislation to provide a vehicle for cutting back the budget for income assistance. Instead, as I have already stated, the fundamental purpose is to improve the equity, the effectiveness, and the results of an overly complex and too often ineffective system.

As we continue to seek the best means for improving the welfare system over the long term, I urge the Congress to give prompt, careful, and favorable consideration to the Income Assistance Simplification Act.

Honorable Nelson A. Rockefeller
President of the Senate
Washington, D. C. 20510

Dear Mr. President:

Enclosed for the consideration of the Congress is a draft bill "To provide greater efficiency and equity in the operation and administration of Federal and federally aided income assistance programs." This bill--the Income Assistance Simplification Act--would enable the President to make improvements in these programs, as explained in his message to the Congress of this date.

The basic objective of the enclosed bill is to provide a mechanism for simplifying, rationalizing, and making more understandable our major income assistance programs (for example, aid to families with dependent children, the work incentive program, supplemental security income, the food stamp program, and various housing programs). Accordingly, the bill sets forth a means by which modifications could be developed from a single, broad perspective that would accommodate the objectives and requirements of individual programs while improving the relationship of each program to the income assistance system as a whole. The proposal is intended to permit management and structural reform; the authority in the bill is not intended to be used as a means of reducing budget outlays for income assistance benefits.

The Federal Government currently operates or supports various programs intended to provide the necessities of life to individuals and families unable to provide for themselves. These programs, however, are difficult to coordinate for various reasons, including diverse statutory requirements, fragmented congressional committee jurisdictions, and multiple administering agencies, as well as the variety of ends they are supposed to serve.

The individual Federal income assistance programs were enacted and amended at different times over the course of the years to meet specific concerns and needs, often without sufficient regard to other programs with the same or similar general objectives. As a result, requirements



and benefits of individual programs are often unrelated, or only superficially related, to those of the others. This has given rise to inequities in the treatment of people in similar circumstances, inconsistencies in eligibility requirements, and operating complexities. Moreover, Federal income assistance programs serve an overlapping population, often provide duplicative benefits, and sometimes have the effect of actually deterring people who are willing to work from seeking work.

Under the proposed legislation, the President would examine specified national means-tested income assistance programs and could make modifications in their operation, in their statutory provisions, and in the organization of the agencies administering those programs, to promote the following fundamental objectives:

- Achievement of more equal treatment of recipients with identical needs.
- Focusing of resources on those most in need.
- Assurance that the programs do not deter those able to work from engaging in productive employment.
- Simplification of administration and organization, and reduction in excessive reporting and procedural requirements, thereby reducing administrative costs.
- Achievement of a system that is understandable to the public.

Any modification to be made by the President would first be published in the Federal Register, and interested parties would be given 30 days to submit comments. The modification would then be transmitted by the President to the Congress, and would take effect 60 days after transmittal, unless legislation to the contrary were enacted into law.

The enclosed "Income Assistance Simplification Act" embodies a new approach to reform of income assistance programs without fundamentally restructuring programs all at once or eliminating efforts to make specific improvements in individual programs. This approach provides a basis for new solutions to problems in this area by moving the current separate and conflicting income assistance programs toward a consistent system.

Each modification presented by the President would be considered within the context of overall income assistance policy and yet analyzed and dealt with on its individual

policy and yet analyzed and dealt with on its individual merits. The result will be a sounder, more rational and effective structure of income assistance for needy Americans.

The draft bill is described in greater detail in the enclosed summary. We urge its prompt and favorable consideration by the Congress.

Sincerely,

James T. Lynn
Director



SUMMARY OF THE INCOME ASSISTANCE SIMPLIFICATION ACT

The Act would authorize the President to modify statutory provisions, revise program operations, and adjust agencies' organizational arrangements in order to provide greater efficiency and equity in major Federal income assistance programs. The authority proposed in the Act is intended to permit management and structural reform; it is not intended to be used as a means of reducing budget outlays for income assistance benefits.

Programs covered by the Act

The programs covered under the Act are those major national means-tested income assistance programs of broad application:

- the program of Aid to Families with Dependent Children (AFDC),
- the Work Incentive Program (WIN),
- the Supplemental Security Income Program (SSI),
- the food stamp program, and
- public housing, section 8 rental assistance, section 236 housing assistance, and the urban and rural rent supplement programs.

Programs such as social security, unemployment insurance, and other benefits earned by the recipient and not subject to means tests would not be covered by the Act.

Purpose

Section 2 of the Act sets forth the policies to be carried out with respect to Federal income assistance programs, including ensuring that the operation of those programs is effective and equitable, that the relationships among those programs are rational and equitable, that resources are focused on the most needy, that those programs do not deter individuals who are able to work from engaging in productive employment, and that those programs are readily understandable and are administered and organized efficiently and effectively.



The section states that it is the purpose of the Act to provide for carrying out these policies consistent with the fundamental purposes of the affected income assistance programs, and declares that this purpose can be achieved effectively by proceeding under the Act.

It is not intended to use the authority under the Act to transform the essential character of any of the programs covered under the Act; that is, the resources of the AFDC program would continue to provide cash assistance only to low-income needy families with dependent children; the WIN program would continue to finance programs to help AFDC applicants and recipients obtain employment; the SSI program would provide cash assistance only to low-income needy elderly, disabled, or blind persons; the food stamp program would provide assistance to enable low-income needy individuals and families to have an opportunity to purchase nutritionally adequate food; and the specified housing programs would provide assistance to low-income needy individuals and families only to obtain adequate housing.

Income Assistance Program Modifications

Section 3(a) requires the President, from time to time, to examine the operations and statutory provisions for the programs covered under the Act, as well as the organizations of the agencies responsible for administering them, and to determine what changes in such operations, statutory provisions, and agency organizations are necessary to carry out any of the policies set forth in the Act.

Under section 3(b), whenever the President finds that changes are needed to carry out any of the policies of the Act, he would prepare an Income Assistance Program Modification which could make changes in the eligibility requirements and benefits under any of the enumerated programs, in the administration of those programs, and in the organization of agencies operating those programs. Only existing agencies would be affected; no new agency could be created pursuant to a Modification.

The Modification could be designed to correct such problems as: the use of inconsistent asset tests in determining eligibility of individuals and families for SSI, food stamps, and public housing; complexities in the treatment of resources of persons in a household who are not all eligible for benefits; a lessening of work incentives for a recipient of aid under two or more programs by an excessive reduction of benefits because of additional earned income; and differences among programs in definitions of "aged" and "households".



Section 3(c) provides that a Modification could not terminate any of the specified programs before their statutory termination dates, or extend such programs beyond their termination dates.

Section 3(d) provides that a Modification may, as the President considers necessary, provide for the transfer of records, property, personnel, unexpended balances of appropriations, and other funds that are affected by a Modification.

Effective Date and Publication of Modifications

Section 4 of the Act provides that any Modification prepared pursuant to the authority under the Act must be published in the Federal Register and public comment on it accepted for a period of at least 30 days after publication. It is intended that during this period there would be consultations with appropriate congressional committees and with officials of State and local governments on the changes being proposed.

After the close of the comment period, the Modification would be transmitted to the Congress by the President, while both Houses are in session, with appropriate changes based on the comments received. The Modification would have to be accompanied by a declaration that each change included in the Modification has been found by the President to be necessary to achieve a policy set forth in the Act.

A Modification prepared under the Act would become effective at the end of the first period of 60 calendar days of continuous session of the Congress after the date on which the Modification is transmitted to it, unless legislation to the contrary were enacted into law.

Effect on Other Laws and Pending Legal Proceedings

Section 5 provides that:

-- affected statutes and regulations will continue in effect except to the extent changed by a Modification.

-- any provision of a Modification which becomes effective will supersede any inconsistent provision of law, and any regulation or other action affected by a Modification will be deemed to be modified to eliminate any inconsistency.

-- no pending legal proceeding would abate by reason of a transfer of functions from one agency to another pursuant to a Modification.



Termination of Authority

Section 6 provides that the President may transmit Modifications to the Congress prior to October 1, 1981. It is intended that during this period, the authority provided would be carefully assessed and possible changes in it studied.



A BILL

To provide greater efficiency and equity in the operation and administration of Federal and federally aided income assistance programs.

Be it enacted by the Senate and House of Representatives
of the United States of America in Congress assembled,
That this Act may be cited as the "Income Assistance
Simplification Act".

PURPOSE

SEC. 2. (a) The Congress declares that it is the policy of the United States with respect to income assistance programs of the Federal Government --

(1) to ensure that the operation of those programs is effective and equitable,

(2) to make the relationships among those programs rational and equitable,

(3) to eliminate inconsistencies in those programs so that individuals and families in like circumstances may be treated similarly and equitably,

(4) to focus resources available for those programs on those persons who are most in need,

(5) to assure that those programs do not deter individuals who are able to work from obtaining appropriate skills and engaging in productive employment,

(6) to reduce the complexity of those programs so that they will be readily understandable to beneficiaries and the public, and



(7) to improve the administration of those programs and the organization of agencies responsible for their implementation so that they are carried out efficiently and effectively.

(b) It is the purpose of this Act to provide for the carrying out of the policies set forth in subsection (a), consistent with the fundamental purposes of the income assistance programs of the Federal Government. The Congress declares that this purpose can be achieved effectively by proceeding under this Act.

INCOME ASSISTANCE SIMPLIFICATION

SEC. 3 (a) The President shall from time to time examine the operation of, the provisions of law governing, and the organization of the agencies responsible for administering --

(1) the program of aid to families with dependent children authorized by Title IV-A of the Social Security Act,

(2) the work incentive program authorized by Title IV-C of the Social Security Act,

(3) the program of supplemental security income for the aged, blind, and disabled authorized by Title XVI of the Social Security Act,

(4) the food stamp program authorized by the Food Stamp Act of 1964,



(5) the housing programs authorized by the United States Housing Act of 1937,

(6) the program of rental and cooperative housing for lower income families authorized by section 236 of the National Housing Act,

(7) the program of financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, victims of a natural disaster, or occupants of substandard housing, authorized by section 101 of the Housing and Urban Development Act of 1965, and

(8) the program of rural rental assistance authorized by section 521(a)(2) of the Housing Act of 1949,

and shall determine what changes are necessary in the operation of such programs, the provisions of law governing such programs, or the organization of the agencies responsible for administering such programs, to carry out any of the policies set forth in section 2(a).

(b) Whenever the President, after examination, finds that such changes are necessary to carry out any of the policies set forth in section 2(a), he shall prepare an Income Assistance Program Modification specifying



the changes he finds are necessary. Except as provided in subsection (c), a Modification may --

(1) modify the eligibility requirements for a program enumerated in subsection (a),

(2) modify the benefits provided under a program enumerated in subsection (a), including the level of benefits or the determination of benefit amounts,

(3) modify the administration of a program enumerated in subsection (a), including the terms and conditions of participation by States and localities in that program, or

(4) modify the organization of agencies administering the programs enumerated in subsection (a), including transfer and consolidation of organizations and functions within and between such existing agencies.

(c) Notwithstanding the provisions of subsection (b), no Modification may --

(1) terminate a program enumerated in subsection (a) before the date it would have terminated if the Modification had not been made, or

(2) extend a program enumerated in subsection (a) beyond the date it would have terminated if the Modification had not been made.

(b) A Modification prepared by the President may, as he considers necessary --



(1) provide for the transfer or other disposition of records, property, and personnel affected by such Modification, and

(2) provide for the transfer of such unexpended balances of appropriations and of other funds available for use in connection with a program, organization, or function affected by such Modification.

EFFECTIVE DATE AND PUBLICATION OF MODIFICATIONS

SEC. 4. (a) Any Modification prepared pursuant to section 3 shall be published in the Federal Register and public comment on it accepted for a period of at least 30 days after publication. After the close of the comment period, the President shall transmit the Modification, with such changes as he determines appropriate on the basis of the comments received, to both Houses of Congress on the same day and to each House while it is in session. The Modification shall be accompanied by a declaration that, with respect to each change included in the Modification, he has found that the change is necessary to achieve a policy set forth in section 2(a).

(b) Except as provided in subsection (c), a Modification shall be effective at the end of the first period of 60 calendar days of continuous session of Congress



after the date on which the Modification is transmitted to it. For purposes of this subsection --

(1) continuity of session is broken only by an adjournment of Congress sine die, and

(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 60 day period.

(c) A provision of a Modification may, under provisions contained in the Modification, be effective at a time later than the date on which the Modification otherwise is effective.

(d) A Modification which is effective shall be printed in (1) the Statutes at Large in the same volume as the public laws, and (2) the Federal Register.

EFFECT ON OTHER LAWS AND
PENDING LEGAL PROCEEDINGS

SEC. 5. (a) A statute enacted, a regulation issued, or other official action taken in respect to an agency or function affected by a Modification under this Act before the effective date of the Modification has, except to the extent rescinded or modified by the Modification, the same effect as if the Modification had not been made.

(b) If any provision of a Modification which becomes effective under this Act is inconsistent with any provision of any statute enacted prior to the effective



date of the Modification, the provision of the Modification shall control to the extent that such Modification specifies the provision of the statute to be superseded.

(c) Any regulation issued or other action taken with respect to any matter affected by a Modification which becomes effective under this Act shall be deemed to be modified to the extent of any inconsistency thereof with the Modification but shall otherwise continue in effect.

(d) No legal proceeding involving any officer in his official capacity as an officer of any agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. Legal proceedings may be asserted by or against the United States or such official of the agency as may be appropriate and, in any litigation pending when this Act takes effect, the court may at any time, on its own motion or that of any party, enter any order which will give effect to the provisions of this section.

(e) If, before the date on which this Act takes effect, any agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such agency or officer is transferred to any other agency or official, then such suit shall be continued, with the successor agency or official, as



the case may be, substituted as if this Act had not been enacted.

TERMINATION OF AUTHORITY

SEC. 6. A Modification may take effect only if the Modification is transmitted to the Congress, pursuant to section 4, prior to October 1, 1981.



Eligibility

what benefits

Procedure.

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Name

Give the President
other authority to -

more helpful to them who
need it.

objectives

Eliminate ^{need it} than who don't

Save the taxpayers money

Encourage all who can wish to
do so

How it will work

Simplify the
procedure for white
~~paper~~ welfare is
given.




THE WHITE HOUSE

WASHINGTON

April 29, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON 

SUBJECT:

Response to Seven Economists
Urging Welfare Reform

The attached letter (TAB A) was sent to you by Al Rees (Provost of Princeton University) and six distinguished economists urging you to consider fundamental welfare reform. They do not have a detailed plan, but instead identify several principles which they believe should be incorporated into any reform initiatives.

Since the Domestic Council is already examining a number of alternatives for fundamental reform, I recommend that you sign the attached letter (TAB B) inviting this group (which also includes Herb Stein, James Tobin, Joseph Pechman, Robert Lampman, William Baumol, and Harold Watts) to come in and share their ideas and views with me and my staff.

*1976
John F. Johnson*
Princeton University

OFFICE OF THE PROVOST

3 NASSAU HALL

PRINCETON, NEW JERSEY 08540

April 8, 1976

President Gerald R. Ford
The White House
Washington, D. C. 20500

Dear Mr. President:

I am enclosing a letter to you from several prominent economists on the subject of welfare reform. I hope that you will find it helpful.

With best wishes,

Sincerely,



Albert Rees

AR/vs
Enclosure

Princeton University

OFFICE OF THE PROVOST

3 NASSAU HALL

PRINCETON, NEW JERSEY 08540

April 8, 1976

President Gerald R. Ford
The White House
Washington, D.C. 20500

Dear Mr. President:

We noted with great interest your remarks concerning reform of the nation's welfare system in your State of the Union message. We write to tell you of our deep concern about this question and to urge your support for certain fundamental principles of welfare reform.

Several of us have disagreed with one another on major public issues in the past and are sure that we will do so again in the future. However, we all agree that it is time for a comprehensive change in our system of income maintenance. A recent telegram to you from several Governors put it well. They stated that the present "patchwork of federal, state and local welfare programs...tolerates unacceptable variations among different parts of the country...[and] encourages family instability and disintegration. It does too little to help the working poor. It permits excessive levels of ineligibility and fraud. It is unworkable for the family in need and is fast becoming too costly for the taxpayer."

The Governors went on to say that "The welfare structure is also grossly inefficient. Its very complexity requires an army of bureaucrats to organize and run it.... The nation, and particularly state and local governments, cannot indefinitely bear excessive rates of growth in this sector. A program which meets the tests of equity, efficiency and prudence may well require an initial additional investment by the federal government but it offers the prospect of achieving stabilization of welfare costs over the long term."

Welfare reform directs federal outlays to those in need and puts a reliable floor under the incomes of the poor. Many other programs, current and proposed, are advocated as antipoverty measures but mainly benefit people who are not poor.

April 8, 1976

We do not have a detailed plan of reform to lay before you. However, we think that any specific reforms in the welfare system should embody certain basic principles. First, we urge the consolidation of such existing transfer programs as Aid to Families with Dependent Children, Supplemental Security Income, and Food Stamps into a single federally financed cash system. Such a system should provide a "floor" income for every American. Second, we recommend the equal treatment of intact and divided families in order to end the current system's tendency to divide family units. Third, it is important to incorporate a simple schedule of benefit reduction as income rises, with a "zero-point" of no benefits and no income taxation. Such a schedule should preserve incentives to work and give equitable levels of assistance to the working poor. Fourth, consideration should be given to vesting the responsibility for income maintenance in some agency other than HEW. For example, the IRS might be an appropriate agency.

Fundamental welfare reform has become imperative. This is an issue on which most Americans now seem to be in general agreement. We hope you and our nation's other leaders from both parties will turn this agreement into actual accomplishment.

We stand ready to assist in the design of specific measures to realize the changes we seek.

Sincerely yours,

William J. Baumol
Princeton University

Herbert Stein
University of Virginia

Robert J. Lampman
University of Wisconsin

James Tobin
Yale University

Joseph Pechman
The Brookings Institution

Harold W. Watts
University of Wisconsin

Albert Rees
Princeton University

Organizations are listed for identification only. Signatures are on file at Princeton University.

THE WHITE HOUSE
WASHINGTON

*Signed
5/2*

Dear Al:

First of all I want to express my appreciation to you and your colleagues for your offer of assistance in designing a welfare reform proposal. I feel certain that we share many of the same concerns about the current inequities and inconsistencies in our income assistance programs.

The Domestic Council is currently examining a broad range of possible initiatives for improving the existing system. They would be very interested in sitting down with your group in the near future to discuss your ideas and views.

I have asked Jim Cannon, Assistant to the President for Domestic Affairs, to call you directly to schedule a meeting with you and any of your colleagues who could attend.

With best wishes,

Sincerely,

Albert Rees, Provost
Princeton University
3 Nassau Hall
Princeton, New Jersey 08540

A predicted crisis struck the State Welfare Department today, with the rejection of a voucher for a Medicaid payment.

"We have run out of money in the Medicaid fund," explained Raymond F. McKenna, assistant state welfare director. "It is just what we said would happen. We are at this moment unable to pay Medicaid bills.

"The Democrat members of the Ohio Legislature are directly responsible for this crisis," McKenna said. "We and the Office of Budget and Management warned them last year that they were increasing welfare department expenses without providing the money to pay the bills.

"The Democrat legislators have been misleading the needy people of Ohio. They have raised false hopes for the poor and the elderly by mandating higher benefits without providing the funds to support them.

"Now we are running a record \$120 million short in the Medicaid budget for the biennium and we are clear out of Medicaid funds for this fiscal year. The Democrat legislators have created a financial mess that must be corrected now or it will get even worse.

"They have two choices: (1) Make cuts in programs such as the reductions we have proposed in Medicaid; or (2) Raise taxes to provide the extra funds needed."

McKenna said the Welfare Department faces four critical problems in which the "Democrat legislators have failed to give us the help we need." He listed these problems as:

* AID TO DEPENDENT CHILDREN (ADC)

"The Democrats raised grants for Aid to Dependent Children (ADC) by 25 percent. This created an increase in number of recipients. Under the new grants, a family of five on ADC gets \$296 a month plus food stamps and full Medicaid benefits. The total such a family gets is worth an average of \$586 a month or \$7,032 a year. This is equivalent to \$3.38 an hour in tax-free take home pay. We are facing the possibility of shortages in the ADC funds in the future, especially if federal sanctions are imposed, resulting in losses of federal funds to Ohio."

* MEDICAID

"The Democrats in the Legislature failed to provide medical funds to cover the increased number of ADC recipients resulting from the raise in ADC grants. We began warning the legislators about a shortage in Medicaid funds almost a year ago. We warned them repeatedly. Finally with no additional funds forthcoming from the Legislature, I had no choice but to propose cuts in the Medicaid program."

* NURSING HOMES

"The Democrat legislators raised the rate of payment to nursing homes without providing money to pay for the increases. They gave the nursing homes full cost reimbursement but didn't stop there. They provided an additional allowance of up to \$1.50 per patient per day as a profit allowance. Nor did they stop there. They provided additional allowances of either \$2.50 or \$3.50 or \$4.50 per patient per day to cover cost of equipment, property and interest on loans. After giving all these raises to nursing homes they added nothing to the budgeted funds for paying the nursing homes."

* ERROR RATES

"We have been fighting to correct other errors in welfare that the previous Democrat administration left us. ADC payment errors were running as high as 48 percent during the April-September, 1973, period. These included 13.5 percent ineligible, 27 percent overpayments, and 8.2 percent underpayments. The error rate was still at 30 percent when administrations changed in January, 1975. In less than a year we managed to cut this error rate down to approximately 20 percent. The most recent official adjusted rates from the U. S. Department of Health, Education, and Welfare show these rates as 8.6 percent ineligible, 10.5 percent overpayments, and 1.5 percent underpayments. It is an improvement but we are handicapped even in this effort because of the failure of the Democratically-controlled Legislature to provide us with adequate operating funds for necessary administrative staff. If the Democrats would work with us we could do better on error control and perhaps avoid the threat of federal sanctions which could take as much as \$18 million a year out of our ADC program."

Like the Weather: Continual Talk, but What to L

Welfare, Still No Cure-All

By ROBERT REINHOLD

WASHINGTON—Perhaps no social problem has

the Census study, half of welfare monies in 1972 went to families above the official poverty level while a third of families below it got no cash aid.

Aid to Families with Dependent Children is the

number of ass
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Mitchell I. Gir
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THE WHITE HOUSE

WASHINGTON

May 17, 1976

MEETING WITH VOLUNTEER AWARD WINNERS

Tuesday, May 18, 1976
2:30 p.m. (10 minutes)
The Rose Garden

From: Jim Cannon 

I. PURPOSE

To greet the eleven winners of the National Volunteer Awards for 1975.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: The National Awards is a nationwide program of volunteer recognition sponsored by the National Center for Voluntary Action (NCVA) and Germaine Monteil Cosmetiques Corporation. The program seeks to identify and focus national attention on outstanding and innovative volunteer efforts. The Awards highlight the annual celebration of National Volunteer Week, May 16-22.

The 1975 winners are in Washington to receive their awards. You will be meeting the eleven winners of the National Volunteer Awards. They will be accompanied by thirteen people being cited by the Germaine Monteil Cosmetiques Corporation for their volunteer activities.

In 1974 you presented the 1973 awards to the winners.

B. Participants: List attached at Tab A

C. Press Plan: Open photo opportunity. Can be announced.

III. TALKING POINTS

1. I am very happy to welcome you here today. May I offer my congratulations on being chosen to receive the 1975 awards for your volunteer activities.
2. The services of volunteers have provided new hope and comfort for the physical and spiritual needs of countless Americans: The poor, the handicapped, the aged, the young, the imprisoned, the homeless, and the helpless.

3. Today, more than ever, the work of volunteers is needed to reinforce the social welfare efforts of government at all levels. With demands for assistance rising daily, it is increasingly obvious that all such requests cannot be met by Federal, state or local governments alone. This makes your activities an especially critical part of the effort to meet the needs of the American people.
4. Cooperation between the public and private sectors is vital to the building of a more vigorous and humane society as we enter our third century. I hope that such cooperation will continue and flourish for the benefit of all our citizens.

PARTICIPANTS

Volunteer Award Winners

Mrs. Audrey Dernbach, Eau Claire, Wisconsin

Mr. Harry J. Gaynor, West Orange, New Jersey

Miss Debbie Klein, East Lansing, Michigan

Miss Heide Hatcher, East Lansing, Michigan

Miss Mary Carr, East Lansing, Michigan

Mr. Ruben Kaehler, Novato, California

Mr. John Novak, Novato, California

Mr. Thomas Murphy, Pittsburgh, Pennsylvania

Mr. Harry Ewalt, Pittsburgh, Pennsylvania

Dr. Jack Birge, Atlanta, Georgia

Miss Sandra Owen, Atlanta, Georgia

Governor and Mrs. George Romney

Mr. Jack Street, President, Germaine Monteil Corporation

Miss Ann Walsh, Vice President, Germaine Monteil Corporation

Citation Winners

Delores M. Crump, Nashville, Tennessee

Betty Froelich, New York, New York

Susan Godchaux, New Orleans, Louisiana

Evelyn LeVine, Shawnee Mission, Kansas

J'Ann Moon, Clearwater, Florida

Mary Alice O'Connor, Burbank, California

Barbara Oldenburg, Cleveland Heights, Ohio

Lillian Pasternak, Houston, Texas

Veda Ponikvar, Chisholm, Minnesota

Marcia Seawell, Englewood, Colorado

Mary Sue Schmidt, Biloxi, Mississippi

Merna Strohmaier, Milwaukee, Wisconsin

Pat Williamson, Montgomery, Alabama

Staff of the National Center for Voluntary Action

Elinor D. Talmadge

Anne King