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THE WHITE HOUSE  
WASHINGTON

July 6, 1976

MEMORANDUM FOR: JIM CANNON  
FROM: JIM CAVANAUGH  
SUBJECT: Carter's View on Welfare Reform

Steve McConahey indicated you had some interest in Carter's views on the Governors' resolution on welfare reform. Carter was asked about this at a press conference this morning, and rather than comment on the Governors' resolution, he used the tactic of saying that he wanted to explain his position. He is in favor of standardized benefits, regional variations of payments, the need for relief from the burden of welfare by local governments, but he said he was not advocating a federal take-over of welfare.



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THE WHITE HOUSE  
WASHINGTON

July 8

JMC:

*Ford Stamps*  
pending with Agriculture & HEW

w/ Massengale  
log # 1435



*Call Sarah ✓*  
*7/23/76*  
w/ Kilberg  
Buchen will respond



THE WHITE HOUSE  
WASHINGTON

June 14, 1976

MEMORANDUM FOR:

JIM CANNON

THROUGH:

PHIL BUCHEN *P.*

FROM:

JIM CONNOR *JEC*

The attached note was given to Dorothy Downton by the President with the request that it be given to you to prepare a response to Mrs Judd.

For your information this was given to the President by Mrs. Ford at the suggestion of Mrs. Buchen. .

I am sending this memorandum to you thru Mr. Buchen's office in case they might possibly have something to add to the story.

Please prepare the requested response to Mrs. Judd.

cc: Dick Cheney

THE PRESIDENT HAS BEEN

May 30, 1976

Dear Bunny:

Can you somehow get this message to Jerry or his campaign advisors?

I do understand that they are trying to channel the campaign into selected and most important issues. However, I believe there are two very dangerous attacks on his policies that must be answered - affirmatively.

These are the issues of day care centers and food stamps. Both affect large numbers of low income people who, in November, could defeat the Republican nominee.

On day care, I am enclosing an article in the GR Press on the Day Care issue. In addition, I know too that all women's groups concerned with making it possible for women to hold jobs are working to get more day care centers.

I don't know too much about the subject but I think I agree with Jerry that the standards are unnecessarily high and that administration should be in the hands of the states.

On standards, I recall reading somewhere that they require one adult for each infant. Any mother knows she can care for more than one child baby at a time. I do believe, however, that reasonable standards are necessary to upgrade the lower quality centers.

On state rather than federal administration, I see no reason why they can't be put on the same basis as welfare: that is, run by the state with grants from the Federal Government which call for certain standards and can be withdrawn if such standards are violated.

For example, this past year Michigan has been found by the Federal government to have been shockingly remiss in the upholding of Federal standards. As a result, the state and local governments got busy. Hal Sawyer has a record as a county prosecutor of bringing about the elimination of a great number of cheaters. Local government can do this best - with the threat of loss of funds over it.

Nor do I know much about food stamps - except for one requirement which puzzles me; that is, that for a person to remain eligible for food stamps he must use a certain minimum amount. I have read that not all people need the minimum amount and to comply buy snack and cokes etc which they don't need.

Yet here is an immense lobby being organized - including the State Government of Michigan - opposing Jerry's policy for food stamp reform. Some presentation of detail facts it seems to me is necessary to prevent a landslide against Jerry in the elections.





**Jan Blaich**

*Grand Rapids Press*  
*5/28/78*

## Day Care Needed By Breadwinning Women

Issues surrounding the day care bill recently vetoed by President Ford are rapidly resurfacing, and with good reason. Critical considerations of adequate care for pre-school children are inexorably tied to the whole issue of working mothers.

from 61 per cent since 1957) has the most serious implications for those families in which women are the primary wage earner.

But husband-wife family patterns have changed, too. The New York Times reported a few days ago that

it's available.

The day care bill sponsored by Sen. Walter Mondale, and subsequently vetoed by President Ford addressed not just the issue of sufficient numbers of facilities, but a concern for the quality of the programs.

MRS. SIEGEL W. JUDD  
747 SAN JOSE DRIVE S. E.  
GRAND RAPIDS, MICHIGAN 49506

June 19, 1976

Mr. Philip Buchen  
The White House  
Washington D.C.

Attention: Shirley

Dear Shirley,

You called me yesterday with reference to my letter to the President of May 30 in which I indicated that I was enclosing a clipping from the Grand Rapids Press concerning day care centers. But I had failed to enclose it.

Today I went through the papers in the Public Library and duplicated this copy of it - dated May 28, p. 13 A.

The article is written by a woman who lives in East Grand Rapids and writes regularly for the G.R. Press on various issues of local interest.

Since rereading the clipping I have talked with others about the day care problem here. Perhaps Grand Rapids is unique but there is a great deal of very competent volunteer effort going on in this field.

For instance there is a group called the Child Coordinating Committee which concerns itself with all aspects of child problems. I am told that the need for more day care centers and for better quality centers is their biggest objective.

There is also a group called SCAN working to alleviate the growing problem of child abuse. Trained women volunteers actually go into the homes of women so burdened with too many small children that in frustration they turn to child abuse. One of the chief ways to help these women - and thus save their children - is to put the preschool children in a day care center for a few hours a day. This enables the mother to turn to some other activity for a small part of her day, thus to curb her frustrations and abuse of her children.

These groups work closely with the County Social Service and United Fund agencies. But what is most needed to make these programs work is funds for day care centers.

It appears to me that the experience here indicates the value of local responsibility and action. No doubt, however, Federal funds should be accompanied with reasonable standards to be sure they are spent properly.

Sorry to cause you so much trouble.

*Dorothy R. Judd*  
(Mrs. Siegel W. Judd)





1976 SEP 22 PM 4 32

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

MEMORANDUM FOR THE HONORABLE JAMES CAVANAUGH  
THE WHITE HOUSE

You asked for any input we might have on the welfare reform subject in connection with the forthcoming debate. Enclosed is a brief statement that may be useful.

Majorie Lynch  
Under Secretary

Enclosure



## WELFARE POLICY

Like most Americans, I wish we had no need for welfare. I would like to see an America where all its citizens could secure for themselves a decent standard of living. I believe this can best be achieved by a growing economy not racked by inflation. We have to get our economic house in order so we can provide jobs for all Americans. I also recognize that while one strives for that goal, there are many Americans who, despite all their efforts, are in need of income support. I believe the Federal government has the ultimate responsibility to see that that need is met while it helps them to be able to help themselves.

Before discussing the problems with our current system, a word should be made on its behalf and particularly on behalf of the improvements made over the last eight years.

1. The welfare explosion in the 1960s in AFDC has slowed down and is now under better control, partly through improved management, much of it State initiated, but much of it also due to Federal prodding and sharing of information.

2. Despite the sensationalist press, the Supplemental Security Income has established a national minimum benefit for the aged, blind, and disabled on welfare and we continue to improve the management of that essential program.

3. When welfare costs increased during the recent recession, this produced some difficult fiscal problems, but it also showed that the programs were doing their job by meeting that increased need.

Despite the expenditure of billions of dollars, however, we still have many problems with the present system. The chief problem is not one of more resources. The most important problem is that we just don't do a good job with the resources we have.

Many families in need receive inadequate assistance either because they are not in one of the eligible categories for cash assistance or because they live in a State with low benefit levels. I believe we can and must do better for these citizens.

But, at the same time, we must recognize that many recipients receive too much assistance. One reason is the existence of overlapping programs. I believe we should reduce this overlap and therefore prevent one family from getting \$10,000 from welfare while another gets barely enough to live on. Another reason for the inequitable distribution of benefits is the confusing, discretionary, and often inappropriate set of rules and procedures by which we determine a family's benefit. I believe a more objective and simplified approach would be cheaper, more accurate, and better received by both recipients and taxpayers.

Finally, there is the serious problem that the current set of statutes practically invite fraud, abuse, and error. In fact, the program rules are so complex that it is often difficult to tell fraud from error. I have consistently pressed Congress to tighten up our existing programs. I believe we can simplify the welfare programs and provide realistic and effective safeguards using modern techniques of audit and fraud investigation. As custodians of the taxpayer's money, we can do no less.

The present system too often contains the wrong kind of incentives. Government should be promoting strong family ties, not providing incentives to split them up. Government should be doing all it can to encourage recipients to find a job, not taxing all their increased earnings away in reduced benefits.

Finally, the thing that has struck me most about the welfare system in my years in the House and as President is the lack of overall policy, and especially of fiscal control. Partly, this is a result of the large number of programs each with their own Congressional committee and constituent groups.

Partly, it is a reflection of the inability of the current system to uniformly cushion sudden income losses. Witness the unprecedented explosion in unemployment insurance outlays. This program was never intended to provide long-term income maintenance, but that's what it does. As a result, we have spent too much money -- much of it on persons not in great need -- and consequently have seriously harmed the public image of this valuable program.

How do we deal with such situations? A piecemeal approach doesn't seem to work; that is exactly how we got where we are today. I want to search for better and fairer ways to provide assistance to those who need it. Not to do so will only end up costing us more money in the long run.

What we don't need is a large-scale guaranteed public jobs program which will empty the Federal treasury and seriously weaken the private sector. Our American economy is strong and our ability to help the less fortunate is great because of the high productivity of our private sector. That must continue to be the foundation of our strength in the future. A strong economy with training and rehabilitation for those who need it is the best way to assure continuing and productive employment.

What we also don't need is an increase in the Federal share in AFDC and Medicaid as the Democrats have proposed. I believe this would be a foolish and expensive response to a far more complex problem. These programs need more substantive reform; to put more money into them without addressing the basic improvements necessary would be the wrong way to spend scarce Federal dollars.

To sum up, I believe that we need a welfare system that

- is fair to the taxpayer and fair to the recipient
- provides strong work incentives for those able to help themselves
- is as simple as possible; we should replace the chaotic rules and overlapping programs we now have
- provides a level of support which reflects the compassionate spirit of the American people toward those who cannot help themselves
- provides Federal aid on an equitable basis nationwide.



THE WHITE HOUSE  
WASHINGTON

~~245~~  
~~243~~

Spence

~~245-763~~

245-343

Anything here for

JMC? Could you  
get a copy of  
the press release  
on child support enforcement?



**HEW****NEWS***Spence*  
*Heff*  
*TH***U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE**

FOR RELEASE IN A.M. PAPERS  
Saturday, October 23, 1976

Social and Rehabilitation Service  
KELSO--(202)--245-0620  
PITTMAN--(202)--245-0347

HEW-H21

HEW reported today that the new nationwide Federal-State Child Support Enforcement Program got off to a successful start with collections the first year exceeding original expectations that the program would break even.

More than \$280 million in child support collections on behalf of welfare families were reported by the States for the 11 months ending June 30, HEW said. Total expenditures in the program, of which the Federal Government pays 75 percent, amounted to about \$134 million in FY '76.

States estimate that child support collections in Fiscal Year 1977 will be in excess of \$400 million.

The Child Support Enforcement Program, which was established August 1, 1975, is directed by Robert Fulton, who also is the Administrator of HEW's Social and Rehabilitation Service. Louis Hays is the Deputy Director of the program.

In announcing the first-year results, Mr. Fulton noted that "the hard work of thousands of State and county workers and law enforcement officials has demonstrated that child support enforcement is cost effective and a sound management practice."

He predicted that the cost of running the program would decrease markedly in proportion to the collections in future years.

(more)



"Even more important, "Mr. Fulton said," the Child Support Enforcement Program benefits thousands of families and children through the establishment of paternity and the receipt of child support as an alternative to public assistance."

During the fourth quarter of FY '76 (April 1 to June 30)--the most recent period for which data are available--the 10 States reporting the heaviest collections were Michigan, Ohio, New Jersey, Pennsylvania, Massachusetts, Washington, California, Minnesota, Maryland, and Illinois. Their combined returns showed an annual collection rate of close to \$200 million.

Mr. Fulton pointed out that prior to the launching of the Child Support Enforcement Program many States were making little or no effort to collect child support on behalf of recipients of Aid to Families with Dependent Children (AFDC)--the Nation's major cash assistance welfare program.

"By August 1, 1975, the effective date of the legislation establishing the program, "he said," most States had made substantial progress to begin operating the program. The results of these efforts are now being seen throughout the country."

Citing the need for the program, Mr. Fulton said that a great many parents--most of them mothers and many of them on welfare--are attempting to raise their children without any financial support from the other parent who is absent from the home. He added that this non-contributing, absent parent has become an increasingly serious problem in this country, and the problem exists in about 2.8 million families receiving AFDC.

It is estimated that about half of the absent parents of AFDC children could provide support for their children, and that their failure to do so costs more than \$1 billion a year in welfare payments.

# # #

Note to Correspondents: Attached are tables showing State child support collections and expenditures.



CHILD SUPPORT ENFORCEMENT  
Federal Share of AFDC Collections, by State and Quarter, FY 1976  
(\$000)

		1st Quarter Federal Share	2nd Quarter Federal Share	3rd Quarter Federal Share	4th Quarter Federal Share	Total FY 1976	
	TOTALS	10,609.0	15,278.0	17,999.7	20,258.8	64,145.5	
1	Alabama	*	*	.3	4.4	4.7	
2	Alaska	-0-	-0-	-0-	-0-		
3	Arizona	-0-	-0-	-0-	*		
4	Arkansas	-0-	-0-	1.0	1.6	2.6	
5	California	-0-	709.8	719.1	539.7	1,968.6	
6	Colorado	12.9	61.6	235.2	216.1	525.8	
7	Connecticut	578.1	902.1	948.3	994.2	3,422.7	
8	Delaware	13.9	64.2	82.6	103.7	264.4	
9	District of Columbia	44.3	43.9	41.0	43.2	172.4	
10	Florida	-0-	33.4	39.2	103.9	176.5	
11	Georgia	209.5	11.6	-0-	181.2	402.3	
12	Hawaii	-0-	-0-	1.3	10.7	12.0	
13	Idaho	*	166.8	179.2	187.7	533.7	
14	Illinois	138.8	293.4	541.2	928.0	1,901.4	
15	Indiana	X	X	X	X	X	
16	Iowa	478.1	712.4	736.6	654.2	2,581.3	
17	Kansas	87.0	228.2	287.4	284.4	887.0	
18	Kentucky	*	4.3	29.0	45.8	79.1	
19	Louisiana	62.0	130.8	132.4	84.7	409.9	
20	Maine	-0-	39.8	196.2	290.7	526.7	
21	Maryland	-0-	-0-	-0-	971.7	971.7	
22	Massachusetts	1,284.1	2,642.1	2,240.8	1,997.5	8,164.5	
23	Michigan	4,425.1	3,421.1	4,022.6	2,915.7	14,784.5	
24	Minnesota	69.6	63.0	620.0	770.3	1,522.9	
25	Mississippi	X	X	X	X	X	
26	Missouri	X	X	X	X	X	
27	Montana	-0-	-0-	3.1	85.1	88.2	
28	Nebraska	.4	3.6	6.2	7.8	18.0	
29	Nevada	X	X	X	X	X	
30	New Hampshire	**	**	224.4	91.0	315.4	
31	New Jersey	184.0	853.4	831.0	1,028.2	2,896.6	
32	New Mexico	*	74.5	90.8	90.8	256.1	
33	New York	*	218.0	377.5	*	595.5	
34	North Carolina	*	*	6.6	25.5	32.1	
35	North Dakota	**	**	94.1	87.5	181.6	
36	Ohio	1,346.7	*	989.2	1,191.1	3,527.0	
37	Oklahoma	48.7	56.5	74.2	111.2	290.6	
38	Oregon	*	*	55.1	381.7	436.8	
39	Pennsylvania	-0-	1,803.9	967.6	1,811.8	4,583.3	
40	Rhode Island	151.2	344.9	350.7	401.7	1,248.5	
41	South Carolina	-0-	-0-	-0-	-0-	-0-	
42	South Dakota	26.9	35.6	46.6	92.8	201.9	
43	Tennessee	16.6	26.7	26.9	14.4	84.6	
44	Texas	252.5	285.7	425.4	416.4	1,380.0	
45	Utah	281.6	238.3	73.3	377.6	970.8	
46	Vermont	*	110.3	131.4	143.5	385.2	
47	Virginia	89.8	282.8	291.6	343.9	1,008.1	
48	Washington	807.2	1,323.4	1,478.1	1,649.7	5,258.4	
49	West Virginia	-0-	-0-	-0-	-0-	-0-	
50	Wisconsin	-0-	82.6	387.9	534.9	1,005.4	
51	Wyoming	-0-	9.3	14.6	42.8	66.7	
52	American Samoa	***	***	***	***	***	
53	Guam	*	*	*	*	*	
54	Puerto Rico	*	*	*	*	*	
55	Trust Territory	***	***	***	***	***	
56	Virgin Islands	*	*	*	*	*	

\*No data submitted by State. \*\*\*No program XState under waiver through 6/30/76.  
\*\*Collections made in first and second quarter reported in third quarter.



CHILD SUPPORT ENFORCEMENT  
Total AFDC Collections, by State and Quarter, FY 1976.  
(\$000)

	1st Quarter Total Collections	2nd Quarter Total Collections	3rd Quarter Total Collections	4th Quarter Total Collections	Total FY 1976
<b>TOTALS</b>	<b>23,057.1</b>	<b>45,911.9</b>	<b>59,826.7</b>	<b>63,029.5</b>	<b>192,825.2*</b>
1 Alabama	-0-	-0-	.8	12.0	12.8
2 Alaska	-0-	-0-	-0-	-0-	-0-
3 Arizona	1.8	3.5	3.4	6.5	9.9
4 Arkansas	-0-	-0-	3.4	6.5	9.9
5 California	-0-	4,024.5	4,011.2	2,961.6	**10,997.3
6 Colorado	55.4	258.7	960.5	512.8	1,787.4
7 Connecticut	1,156.2	1,804.2	1,896.8	1,988.4	6,845.6
8 Delaware	37.7	167.1	210.9	260.8	676.5
9 District of Columbia	120.9	114.7	106.7	112.2	454.5
10 Florida	***	86.9	124.0	391.2	602.1
11 Georgia	515.2	646.0	568.3	541.2	2,270.7
12 Hawaii	-0-	-0-	3.0	25.6	28.6
13 Idaho	***	311.8	332.1	348.3	992.2
14 Illinois	277.7	745.1	1,271.4	2,071.3	4,365.5
15 Indiana	X	X	X	X	X
16 Iowa	945.5	1,464.3	1,520.4	1,677.8	5,608.0
17 Kansas	175.4	507.2	644.0	718.6	2,045.2
18 Kentucky	***	7.5	51.6	87.9	147.0
19 Louisiana	141.7	260.1	292.1	214.7	908.6
20 Maine	-0-	91.3	349.4	520.7	961.4
21 Maryland	20.8	1,325.0	1,930.1	2,673.8	5,949.7
22 Massachusetts	2,568.2	5,284.2	4,481.6	3,995.0	16,329.0
23 Michigan	9,090.4	13,025.0	15,699.0	15,824.7	53,639.1
24 Minnesota	-0-	255.2	2,339.0	2,416.2	5,010.4
25 Mississippi	X	X	X	X	X
26 Missouri	X	X	X	X	X
27 Montana	-0-	-0-	7.5	169.7	177.2
28 Nebraska	1.9	16.8	28.4	32.4	79.5
29 Nevada	X	X	X	X	X
30 New Hampshire	-0-	**	444.7	200.3	645.0
31 New Jersey	894.3	4,114.3	3,951.6	4,930.6	13,890.8
32 New Mexico	***	117.3	174.8	175.1	467.2
33 New York	232.1	1,293.4	1,837.7	3,363.2	3,363.2
34 North Carolina	***	***	21.4	84.4	105.8
35 North Dakota	-0-	-0-	216.1	181.6	397.7
36 Ohio	3,404.9	***	4,145.3	5,099.7	12,649.9
37 Oklahoma	80.6	112.3	141.4	211.3	545.6
38 Oregon	***	***	121.8	825.5	947.3
39 Pennsylvania	-0-	3,733.5	4,073.3	4,857.0	12,663.8
40 Rhode Island	267.4	611.5	622.8	712.5	2,214.2
41 South Carolina	-0-	-0-	-0-	-0-	-0-
42 South Dakota	42.0	70.3	86.5	197.3	396.1
43 Tennessee	22.5	36.2	36.5	27.0	122.2
44 Texas	406.8	843.6	1,132.2	1,420.6	3,803.2
45 Utah	402.0	403.3	176.9	620.9	1,603.1
46 Vermont	***	192.5	220.0	252.5	665.0
47 Virginia	452.1	860.3	1,095.1	1,286.6	3,694.1
48 Washington	1,741.9	2,825.1	3,168.9	3,498.0	11,233.9
49 West Virginia	-0-	-0-	-0-	-0-	-0-
50 Wisconsin	-0-	277.9	1,293.0	1,795.9	3,366.8
51 Wyoming	1.7	21.3	31.1	98.0	142.1
52 American Samoa	*****	*****	*****	*****	*****
53 Guam	-0-	-0-	-0-	1.3	1.3
54 Puerto Rico	***	***	***	***	***
55 Trust Territory	*****	*****	*****	*****	*****
56 Virgin Islands	***	***	***	***	***

\* Available data indicate that about \$50 million in additional child support payments went directly to families to reduce amounts of assistance payments rather than to State agencies and, thus, were not reported. /\*\* California indicates an additional \$40 million in unreported AFDC child support collections in FY 76. /\*\*\*No data submitted by State. /\*\*\*\* Collections made in 1st and 2nd quarter reported in 3rd quarter. /\*\*\*\*\*No program. /X State under waiver through 6/30/76.

CHILD SUPPORT ENFORCEMENT  
Federal Share of Expenditures for State and Local Administration  
by State and Quarter, FY 1976  
(\$000)

		1st. Quarter	2nd. Quarter	3rd. Quarter	4th. Quarter	Total FY 1976
	TOTALS	13,010.5	23,693.3	25,345.5	33,953.1	96,002.4
1	Alabama	34.8	120.4	201.8	255.0	612.0
2	Alaska	.3	.2	8.0	43.1	51.6
3	Arizona	*	32.1	29.0	120.9	182.0
4	Arkansas	10.3	30.2	30.8	47.4	118.7
5	California	5,233.4	7,992.1	7,998.2	10,240.0	31,463.7
6	Colorado	30.9	93.1	283.8	556.7	969.5
7	Connecticut	*	76.4	64.1	219.3	359.8
8	Delaware	24.6	70.9	105.2	133.5	334.2
9	District of Columbia	98.7	89.6	83.6	99.7	371.6
10	Florida	261.3	249.2	381.5	368.3	1,260.3
11	Georgia	82.9	110.3	144.5	168.4	506.1
12	Hawaii	4.5	26.3	87.9	189.3	308.0
13	Idaho	63.4	81.7	74.5	81.0	300.6
14	Illinois	332.0	517.5	-0-	591.2	1,440.7
15	Indiana	X	X	X	36.4	36.4
16	Iowa	91.0	137.3	180.3	266.5	675.1
17	Kansas	10.0	38.1	53.4	119.3	220.8
18	Kentucky	*	76.9	82.3	95.3	254.5
19	Louisiana	272.5	365.1	659.3	1,000.6	2,297.5
20	Maine	30.7	61.7	86.2	131.8	310.4
21	Maryland	40.6	171.2	199.9	337.0	748.7
22	Massachusetts	550.7	530.6	539.3	538.9	2,159.5
23	Michigan	978.9	1,136.2	1,189.5	2,057.9	5,362.5
24	Minnesota	558.3	774.8	1,023.5	1,091.7	3,448.3
25	Mississippi	21.4	30.4	33.1	42.8	127.7
26	Missouri	11.8	36.7	36.0	70.4	154.9
27	Montana	23.6	75.3	49.8	55.4	204.1
28	Nebraska	15.7	31.7	64.5	99.2	211.1
29	Nevada	X	X	X	2.5	2.5
30	New Hampshire	-0-	19.1	19.6	33.3	72.0
31	New Jersey	1,456.0	1,457.0	1,457.0	2,331.2	6,701.2
32	New Mexico	6.6	11.8	106.1	153.4	277.9
33	New York	88.1	4,710.6	5,257.4	5,633.9	15,690.0
34	North Carolina	16.6	134.4	297.2	383.6	831.8
35	North Dakota	2.0	7.4	20.2	31.8	61.4
36	Ohio	319.1	600.2	704.7	839.8	2,463.8
37	Oklahoma	105.9	136.9	165.1	258.8	666.7
38	Oregon	249.8	472.1	757.7	1,207.4	2,687.0
39	Pennsylvania	331.8	409.7	426.2	435.1	1,602.8
40	Rhode Island	94.1	115.3	116.0	134.6	460.0
41	South Carolina	4.0	18.0	24.5	53.0	99.5
42	South Dakota	22.6	67.5	167.2	160.3	417.6
43	Tennessee	15.5	19.6	18.4	26.6	80.1
44	Texas	286.6	805.7	857.3	1,194.5	3,144.1
45	Utah	80.6	168.9	198.1	284.5	732.1
46	Vermont	*	68.1	70.9	89.6	228.6
47	Virginia	29.6	133.1	184.0	471.8	818.5
48	Washington	469.9	603.4	654.3	773.7	2,501.3
49	West Virginia	11.8	18.0	105.1	155.4	290.3
50	Wisconsin	630.7	747.8	32.7	92.2	1,503.4
51	Wyoming	6.9	12.7	10.8	15.9	46.3
52	American Samoa	**	**	**	**	**
53	Guam	*	*	*	*	*
54	Puerto Rico	*	*	*	133.2	133.2
55	Trust Territory	**	**	**	**	**
56	Virgin Islands	*	*	*	*	*

X State under waiver until 30 June 76.  
\* Information incomplete/not received.

\*\*No Program.



Total Expenditures for State and Local Administration,  
by State and Quarter,  
FY 1976 (\$000)

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total FY 1976
	<b>TOTALS</b>	<b>20,472.4</b>	<b>31,873.5</b>	<b>35,342.9</b>	<b>46,040.1</b>	<b>133,728.9</b>
1	Alabama	46.4	160.5	269.0	340.0	815.9
2	Alaska	.4	.3	10.6	57.4	68.7
3	Arizona	*	42.8	38.7	161.3	242.3
4	Arkansas	13.7	40.3	41.0	63.2	158.2
5	California	6,977.9	10,656.1	10,664.3	14,527.4	42,825.7
6	Colorado	41.3	124.2	385.1	742.2	1,292.8
7	Connecticut	*	101.8	85.5	292.4	479.7
8	Delaware	18.7	94.5	255.9	177.9	547.0
9	District of Columbia	131.5	119.5	111.5	132.9	495.4
10	Florida	348.4	332.2	508.7	491.0	1,680.3
11	Georgia	110.5	147.1	192.7	224.5	674.8
12	Hawaii	6.0	20.0	117.2	252.4	395.6
13	Idaho	84.5	108.9	99.3	107.9	400.6
14	Illinois	442.6	690.0	841.9	788.2	2,762.7
15	Indiana	X	X	X	48.5	48.5
16	Iowa	121.3	183.1	240.5	355.4	900.3
17	Kansas	13.4	50.8	71.2	159.3	294.7
18	Kentucky	*	102.5	109.8	127.1	339.4
19	Louisiana	316.6	486.8	879.0	1,334.1	3,016.5
20	Maine	40.9	82.2	114.9	175.7	413.7
21	Maryland	54.2	228.3	266.6	449.3	998.4
22	Massachusetts	734.3	707.5	719.0	718.3	2,879.1
23	Michigan	1,305.2	1,514.9	1,586.1	2,743.8	7,150.0
24	Minnesota	744.4	1,033.0	1,364.7	1,452.0	4,594.1
25	Mississippi	42.9	60.7	66.1	85.6	255.3
26	Missouri	23.7	73.4	72.0	140.7	309.8
27	Montana	28.4	100.4	66.4	73.8	269.0
28	Nebraska	20.9	42.3	86.0	132.3	281.5
29	Nevada	*	*	*	4.6	4.6
30	New Hampshire	-0-	25.5	26.1	44.4	96.0
31	New Jersey	1,394.6	2,179.9	2,338.3	3,103.3	9,021.1
32	New Mexico	8.8	15.8	141.5	204.5	370.6
33	New York	4,178.8	6,280.9	7,009.8	7,511.9	24,981.4
34	North Carolina	22.1	179.3	396.2	511.4	1,109.0
35	North Dakota	2.7	9.9	27.0	42.4	82.0
36	Ohio	425.5	800.2	942.3	1,119.8	3,287.8
37	Oklahoma	50.4	182.6	220.2	345.1	798.3
38	Oregon	333.0	629.4	1,010.3	1,609.8	3,582.5
39	Pennsylvania	442.4	546.3	568.2	580.1	2,137.0
40	Rhode Island	130.8	153.7	154.7	179.5	618.7
41	South Carolina	5.4	23.9	32.6	70.7	132.6
42	South Dakota	30.1	90.1	223.0	213.8	557.0
43	Tennessee	20.7	26.1	24.6	35.4	106.8
44	Texas	141.0	1,074.3	1,143.1	1,592.7	3,951.1
45	Utah	33.6	225.2	398.5	379.4	1,036.7
46	Vermont	*	90.8	94.5	119.5	304.8
47	Virginia	39.4	177.5	245.3	629.1	1,091.3
48	Washington	679.3	804.6	872.5	1,031.6	3,388.0
49	West Virginia	15.7	24.0	140.2	207.4	387.3
50	Wisconsin	840.9	997.1	43.6	122.9	2,004.5
51	Wyoming	9.1	16.9	14.5	21.2	61.7
52	American Samoa	X	X	X	X	X
53	Guam	*	*	*	*	*
54	Puerto Rico	*	*	*	*	*
55	Trust Territory	X	X	X	X	X
56	Virgin Islands	*	15.4	12.2	*	27.6

X No Program.

\* Required forms were not submitted by the States.

\*\* State included prior quarter adjustments with the current quarter.





THE UNDER SECRETARY OF HEALTH, EDUCATION, AND WELFARE

WASHINGTON, D.C. 20201

OCT 20 1976

1976 OCT 21 PM 3 50

MEMORANDUM FOR THE HONORABLE JAMES CANNON

SUBJECT: Prospective Report

In accordance with your request, the following information is hereby submitted.

Potential Policy Matters

It will be announced on October 21 that Ms. Carolyn Betts is to be appointed as Commissioner of the Public Services Administration, a part of the Social and Rehabilitation Service.

Major Announcements

A press release will be issued announcing the new nationwide Federal - State Child Support Enforcement Program is off to a successful start. It will be announced that collections during the first year exceeded original expectations that the program would break even. ✓

A press release will be issued October 21 announcing that 29 States are planning or operating performance - based education programs (PBE) in their elementary or secondary schools according to a recent survey conducted by the National Center for Education Statistics.

Major Regulations

The Department will publish in the Federal Register proposed revisions in the regulations governing contract health care services for Federally recognized American Indians and Alaska natives.

Major Speeches

Secretary Mathews will speak at Texas Tech University in Lubbock, Texas on October 26 at the inauguration of Mr. Cecil Mackey.



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Page 2 - The Honorable James Cannon

On October 27 Secretary Mathews will speak before the Town Hall of California and at a University of Southern California Conference on Human Services.

On October 29 Under Secretary Lynch will speak at the University of Osteopathic Medicine in Athens, Ohio.

Attached at Tab A is a listing of the Secretary's and Under Secretary's speaking engagements.

Critical State Issues

An update of critical State issues is included at Tab B.

  
Under Secretary

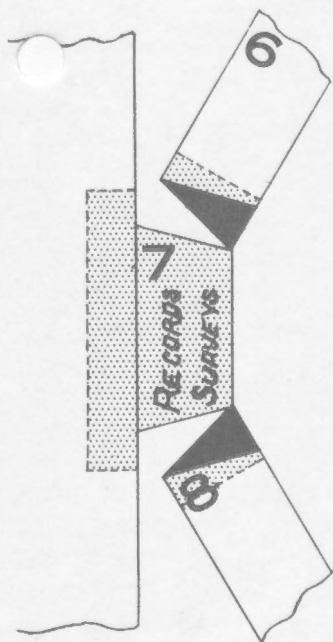
cc: James H. Cavanaugh  
David Lissy

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tab, add further  
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desired, and cover  
it with scotch  
tape.

Cut off and discard  
all tabs except the  
one covered by tape.



SECRETARY MATHEWS' SPEECH ACCEPTANCES

<u>DATE/TIME</u>	<u>EVENT</u>	<u>LOCATION</u>
10/13, 11 a.m.	Dedication of a Meals for the Elderly Site	Grove Hill, Ala.
10/13, 7 p.m.	Alabama-Tombigbee Rivers Regional Planning and Development Commission Annual Meeting	Selma, Ala.
10/14, 4 p.m.	National Conference - Hypertension in the Work Setting	Washington, D. C. Wash. Hilton
10/18, 11:15 a.m.	North Carolina State University Inauguration of Dr. Joab Thomas	Raleigh, N. C.
10/18, p.m.	Association of Governing Boards of Universities and Colleges Conference	St. Louis, Mo.
10/26, 2:30 p.m.	Texas Tech University, Inauguration of Cecil Mackey	Lubbock, Tx.
10/27, a.m.	University of Southern California Conference on Human Services	Los Angeles, Calif.
10/27, noon	Town Hall of California	Los Angeles, Calif.
11/16, 10 a.m.	Council of Presidents of the National Association of State Universities and Land Grant Colleges	Washington, D. C.
11/29, noon	March of Dimes Civic Conference	Birmingham, Ala.
11/29, 5 p.m.	Dedication of Georgia Heart Clinic, Inc., West Georgia Medical Center	LaGrange, Ga.



# UNDER SECRETARY'S SPEAKING ENGAGEMENTS

DATE	ORGANIZATION	PLACE	TIME	ATTENDANCE
Oct. 5	Blue Shield	Chicago, Ill.	9:00 a.m.	450
Oct. 28	Air War College	Ft. Myer's Officer's Club - D. C.	7:30	38 +
Oct. 29	Uni. of Osteopathic Medicine	Athens, Ohio	3:30 p.m.	300
Nov. 8	Federal Women's Week	Naval Air Station	luncheon	325
Nov. 9	" " PROGRAM-SSA, BALTO., MD.	Officer's Club	9:00 A.M.	400-500
Nov. 18	Am. Society of Allied Health Professions	San Francisco	11:00 a.m.	500
Nov. 18	PRSA	San Francisco	12:00 N	40 to 60
Nov. 19	County Supervisors Association	San Diego	late am or Noon	1200
Jan. 18, '77	Am. Academy of Medical Administrators	San Juan, Puerto Rico	9:00 a.m.	125 +

Distribution:  
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Shana Gordon  
White House (Libby Goltra)  
Immediate Office  
Press Office (Melba)



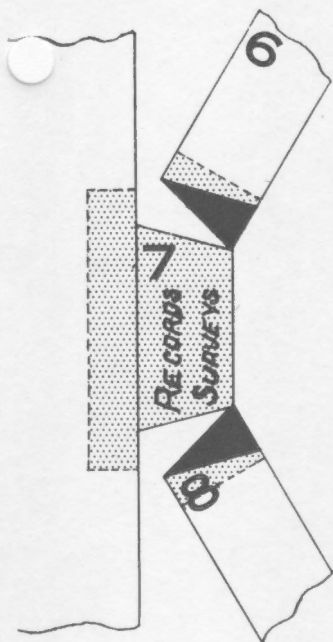


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tape.

Cut off and discard  
all tabs except the  
one covered by tape.



STATE: Alabama

DATE: October 14, 1976

ISSUE:

Statutes in Conflict with Federal Requirements

BACKGROUND:

SRS and BSSI Regional staff met with the Alabama Medicaid agency on October 1, 1976, to discuss alternative methods to implement three recently enacted Alabama statutes that conflict with federal requirements governing Titles XVI and XIX of the Social Security Act. The Alabama Attorney General has ordered the State Agency to implement these statutes despite the known conflict with federal law and regulations.

ACTION TAKEN OR PENDING:

Regional SRS Office has forwarded a complete analysis of this situation to the SRS Administrator and the Commissioner of the Medical Services Administration for their study and recommendations.



STATE: Colorado

DATE: October 12, 1976

ISSUE:

Affirmative Action Plan at Colorado State University

BACKGROUND:

OCR has conducted an on-site review of the AAP submitted by Colorado State University. The review revealed that a major revision of the University's monitoring system will be required.

ACTION TAKEN OR PENDING:

OCR will be working with the University in this area.



STATE: Georgia

DATE: October 15, 1976

ISSUE:

Deaths Following Administration of Flu Vaccine

BACKGROUND:

The Center for Disease Control telephoned the morning of October 12 to inform the Regional Office that three elderly persons had died shortly after receiving swine flu inoculations in Allegheny County, Pennsylvania. Subsequent similar deaths in other states, as reported by the news media have caused much concern across the Region. As of October 14, seven elderly persons in Region IV have died shortly after having received the vaccine, a figure which falls within the normal "expected" limits in the eight states. An editorial found in the October 15 Atlanta Constitution expresses trust in findings of CDC and FDA and points to President Ford's taking the inoculation on Thursday as showing the way for restart of the program in several states. (Copy of editorial attached). A story in the Constitution the same date (10/15) reports that participation in the program is off about two-thirds over the State of Georgia, despite CDC's efforts at reassurance. Several mass clinics in the Atlanta area have been geared to handle as many as 5,000 persons a day, but only 99 came to the Civic Center clinic on Wednesday. (See attached copy of clipping.)

ACTION TAKEN OR PENDING:

CDC launched an immediate investigation which, to this point, has shown no evidence which connects the deaths with the swine flu vaccine. CDC Director, Dr. David Sencer, held a press conference in which he expressed the belief that the deaths are coincidental, but assured that the Center would not "sit back and assume that".





# THE ATLANTA CONSTITUTION

*For 108 Years the South's Standard Newspaper*

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*James M. Cox, Chairman 1950-1957—James M. Cox Jr., Chairman 1957-1974*

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JACK TARVER  
Publisher



HAL GULLIVER  
Editor

\*\*\*\*\*

PAGE 4-A. FRIDAY, OCTOBER 15, 1976

## Swine Flu

"There is no evidence that any of these deaths were caused by the vaccine." That's the word from the nation's Center for Disease Control (CDC), based in Atlanta.

"I strongly believe that it's necessary

concern by many others—taking the shots because of more than 30 elderly persons dying in recent days after taking swine flu inoculations. Several states had suspended their vaccine programs.

# Flu Shot Participation Off Despite CDC Efforts

By JAY LAWRENCE

Participation by Georgians in the swine flu vaccination program was off about two-thirds Thursday despite efforts by program directors in Atlanta to quell rising fears.

On the national level, Presi-

ported that participation was down two-thirds from earlier projections by health directors.

In Fulton County, program director Jim Mulrooney said several mass clinics have been geared to handle as

all 60 states Wednesday afternoon telling them that CDC saw no reason to curtail the program.

"We're not twisting anybody's arms, although some of the states that are still going on have asked us to," Mullar

that "from the people I talked to yesterday afternoon and this morning," he would estimate that fewer than a third of the people expected were getting shots.

He said, "All we can go on is (that) CDC has checked out

STATE: Illinois

DATE: October 14, 1976

ISSUE:

See October 7, 1976 report for complete background

A severe back-up of Medicaid patients in hospitals has occurred because 550 nursing homes in the State have refused to accept Medicaid patients in a dispute over reimbursement rates.

BACKGROUND:

The Care Action Committee, an arm of the Illinois Association of Health Care Facilities (IAHCF), which represents the State's nursing homes, made the claim even though the Illinois Department of Public Aid (IDPA) states that it is experiencing no problems in placing Medicaid patients in nursing homes. IAHCF has charged that IDPA is putting nursing homes out of business by only reimbursing them \$17.12 per patient per day for treating Medicaid patients, when the actual figure should be closer to \$25 per patient per day. IAHCF said that the State has only increased its reimbursement 5.5 percent since 1973 while the cost of living has gone up 21 percent.

ACTION TAKEN OR PENDING:

The regional office of HEW continues to watch development closely and will offer its assistance if the situation requires it.



STATE: Illinois

DATE: October 14, 1976

ISSUE:

(See July 15 report for complete background.)

The Illinois Department of Public Aid (DPA) has requested that Social and Rehabilitation Services (SRS) delay any approval of a new IDPA hospital Medicaid reimbursement formula until February 1977 in order to allow the next Governor time to review the proposal before its implementation.

BACKGROUND:

Last October IDPA froze Medicaid reimbursement rates for hospitals at 1975 levels and was cited by SRS for not paying reasonable rates as called for in the approved State plan. IDPA has now put together a new reimbursement formula that would pay hospitals on a prospective basis. Hospitals and IDPA would meet a year in advance of billing and agree on what the hospital would charge for Medicaid patients. The State would then pay that amount with the hospitals absorbing anything above it when the actual billing occurs. The Illinois Hospital Association has protested and has said that hospitals should be reimbursed on a hospital-by-hospital basis rather than on the basis of bed-size and geographic location as the new State reimbursement formula calls for.

ACTION TAKEN OR PENDING:

The proposed IDPA reimbursement formula is currently under review by both regional and Washington offices of SRS



STATE: Illinois

DATE: October 14, 1976

ISSUE:

The Cook County State's Attorney's Office filed suit to block the State of Illinois from giving more than \$30,000 to a newly designated Health Systems Agency for Cook-DuPage Counties, Suburban Cook-DuPage Health Systems Agency.

BACKGROUND:

The State's Attorney's office said they were taking the action to keep the Combined Counties Agency from receiving the money until a ruling is made on another suit in Federal court on whether the area to be served is valid. Another suit by the State's Attorney's office is still pending, which would block HEW from distributing \$800,000 in Federal funds to the agency. The Cook County Board has opposed the agency because it contends the health needs of suburban Cook County, which is more populous and diverse than DuPage, would be ill-served by the combination.

ACTION TAKEN OR PENDING:

A date has not been set for the filing of the second law suit.



STATE: Illinois

DATE: October 14, 1976

ISSUE:

The State of Illinois has stopped swine flu inoculations until the Center for Disease Control (CDC) completes its investigation into the deaths of six persons in other States who died after receiving the shots. The City of Chicago, however, will continue giving the shots.

BACKGROUND:

Following the announcement of the deaths of six persons after they were immunized against swine flu, the State of Illinois has suspended giving the shots until a more definite diagnosis of the deaths has been completed. Dr. Joyce Lashof, Director of the Illinois Department of Public Health, made the announcement and said it was a "precautionary measure." Dr. Murray Brown, Chicago Health Commissioner, said the immunization program would continue because no relationship has been shown between the shots and the deaths.

ACTION TAKEN OR PENDING:

Approximately 130,000 persons have received the shots in Chicago so far. Dr. Lashof said she hoped to resume the inoculations soon.





STATE: Indiana

DATE: October 14, 1976

ISSUE:

The State of Indiana and the city of Indianapolis are going ahead with their swine flu program despite reports of deaths of persons following inoculations with the vaccine in other States.

BACKGROUND:

Both the State and the City felt that the deaths were unrelated to the vaccine and have decided to continue their swine flu inoculation program.

ACTION TAKEN OR PENDING:

The swine flu program is continuing in both the State and the city of Indianapolis.



STATE: Michigan

DATE: October 14, 1976

ISSUE:

The State of Michigan has suspended swine flu shots because of public concern following the deaths of three persons in the State who died after they received the shots, and because of the deaths of six other persons outside of the State who also died after they had received the inoculations.

BACKGROUND:

State health officials decided to temporarily stop the program following the deaths of three persons in the State who died after receiving swine flu shots.

ACTION TAKEN OR PENDING:

The State will re-evaluate the situation on Friday, October 15 before deciding what to do next.





STATE: Minnesota

DATE: October 14, 1976

ISSUE:

The State of Minnesota is going ahead with their swine flue program despite reports of deaths of persons following innocations with the vaccine in other States.

BACKGROUND:

The State feels that the deaths were unrelated to the vaccine and have decided to continue their swine flu innocation program.

ACTION TAKEN OR PENDING:

The swine flu program is continuing in the State.



STATE: New York

DATE: October 14, 1976

ISSUE:

The barrage of criticism of the Medicaid program in N.Y. State is continuing, charging ineffective performance by Federal, State and local governments and lack of effective action against abusers.

BACKGROUND:

See earlier issue papers.

ACTION TAKEN OR PENDING:

Governor Carey's office has announced a program to curb abusers in Medicaid mills. The program, which is expected to save \$50 million throughout the next year will impose stricter controls on reimbursement to providers and create a State-wide data exchange, enabling local officials and District Attorneys to share information.

The program calls for:

The Department of Health to review contracts under which New York City and 14 upstate counties receive reimbursement for monitoring. If local monitoring is inadequate, the responsibility will be shifted to Albany.

Payments to be suspended and the facilities to be closed, pending an indepth medical review, when questionable patterns of care are identified. The Department of Health will make surprise visits and investigators will pose as patients.

Providers, in certain mills, to be required to submit written proof that treatment was necessary.

Providers to state when services were rendered (this will help identify mills.)

The foregoing steps do not require legislation.

A joint task force has been established between DSS; DOH, and the Department of Education (responsible for licensing physicians) to coordinate efforts throughout the State.



STATE: New York

DATE: October 13, 1976

ISSUE:

Regional Response to Adverse Reactions to Swine Flu Vaccine

BACKGROUND:

On October 11, 1976, three elderly people who had received flu vaccination at a public clinic in Pittsburgh, Pennsylvania died within hours of receiving the vaccine. All three had histories of heart or lung trouble. The vaccine administered to these individuals was manufactured by Parke-Davis under Lot No. 913339A. The same lot number vaccine was also shipped to New York City, New York State and New Jersey State projects. CDC informed the Regional Office of the incident in Pittsburgh and requested information on the number of doses of the vaccine that had already been distributed and administered in each project area.

ACTION TAKEN OR PENDING:

The Regional Office contacted all three project areas and obtained the following data:

In Ontario, Yates and Putnam Counties of New York State a total of 3,000 doses were administered. In addition, New York State had distributed a total of 113,800 of the vaccine to its five Health Regions. Although no unusual adverse reactions to the vaccine have been reported in New York State, the Commissioner of Health had decided to hold the use of the Lot. No. 913339A vaccine for a few days.

New York City Health Department has distributed approximately 100,00 doses of the vaccine in question and has administered a sizable number. No reports of unusual adverse reactions have been reported in New York City and the City Health Department officials have decided to go ahead and use the vaccine in question.

New Jersey State Health Department distributed 90,000 doses of the vaccine and has administered 500 doses. No unusual adverse reactions have been reported. State Health Department officials have decided to use the vaccine in question.



STATE: North Carolina

DATE: October 14, 1976

ISSUE:

Conversion of Title XIX (Medicaid) Contract

BACKGROUND:

The State entered into a contract with Health Application Systems (HAS) for Title XIX benefits effective July 1, 1976, and extending through June 30, 1977. The contract was a prepaid insurance, "at risk" type for all Title XIX services except drugs. Effective July 1, 1976, the entire contract was converted to a fiscal agent arrangement, and payment for ICF and SNF services was made payable on an allowable cost basis retroactive to July 1, 1975. The basis for the conversion was a mutual mistake of fact made by both parties. (See Critical Issues reports of June 23, July 22, July 30, and August 26.)

ACTION TAKEN OR PENDING:

The amendment accomplishing the conversion was approved by the Regional Office on October 5, 1976, and given retroactive effect based on an exception to 45 CFR, Section 249.82 granted by HEW Central Office to the Regional Office. The conversion eliminated a "cap" on Medicaid costs and an unbudgeted increase in program costs during FY 1977 is anticipated as a result of removal of the "cap" and conversion to a fiscal agent contract.

SRS anticipates that North Carolina's fiscal crisis has been resolved by the above changes in program administration.



STATE: Ohio

DATE: October 14, 1976

ISSUE:

The State of Ohio is going ahead with their swine flu program despite reports of deaths of persons following inoculations with the vaccine in other States.

BACKGROUND:

The State feels that the deaths were unrelated to the vaccine and have decided to continue their swine flu inoculation program.

ACTION TAKEN OR PENDING:

The swine flu program is continuing in the State.





STATE: Oregon

DATE: October 14, 1976

ISSUE:

Continued Support to the Chicano-Indian Study Center of Oregon

BACKGROUND:

In 1973, HEW conveyed the former Air Force property at Camp Adair to the Chicano-Indian Study Center of Oregon (CISCO). Believing in the need for a separate, specialized study center for Chicanos and Indians, regional HEW officials worked diligently to develop federal funding support for CISCO. Support from the Oregon Congressional delegation for CISCO has always been visible.

Several problems have surfaced since CISCO began and have culminated in the need to make major decisions regarding continued HEW support. Included among the problems are the following:

- (1) CISCO has not fully satisfied any of the conditions specified in the original deed.
- (2) The number of clients served by CISCO has never been large enough to warrant the level of federal support given and requested.
- (3) State support has diminished to the point where the Department of Human Resources does not plan to provide further resources to CISCO.
- (4) An HEW audit of seven CISCO programs which received federal funding during the period of May 1972 through March 1976 recommended that \$26,072 of unallowable costs be refunded to the federal government.

ACTION TAKEN OR PENDING:

The Regional Director and members of his staff met with members of the CISCO Board of Directors recently to discuss the critical situation at CISCO. There was agreement on three-phase course of action which essentially requires that CISCO prove why federal support should continue. The final target date of the agreement is January 10, 1977, at which time HEW will decide whether to (1) revert title to the Adair property to the federal government and (2) terminate funding support for CISCO's programs.



STATE: South Dakota

DATE: October 7, 1976

ISSUE:

South Dakota Concerns over Section 504 (Discrimination Against the Handicapped)

BACKGROUND:

South Dakota Governor Richard Kneip has written the Secretary expressing concern over Section 504. While the Governor has several concerns, one of the most significant is the fact that the state operates seven public institutions of higher education. The Governor maintains that it would cost the state \$6-7 million to bring these institutions into compliance with Section 504. He further states that at a time when South Dakota is experiencing the worst drought since 1932, it is "not feasible to devote this amount of money for the accommodation of fewer than 100 handicapped individuals" who could attend these institutions. The figure is based on estimates by the State Department of Social Services.

ACTION TAKEN OR PENDING:

None by the Regional Office at this point.



STATE: South Dakota

DATE: October 9, 1976

ISSUE:

Continuation of Nursing Program on the Rosebud Indian Reservation

BACKGROUND:

Stanley Red Bird, Chairman of the Board of Trustees, Sinte Gleska College, Rosebud, South Dakota, has written to Senator James Abourezk (D-SD) asking that the Senator intervene with HEW for funds to continue the Nursing Program on the Reservation. An issue is an unfunded application submitted by the University of South Dakota which is a renewal application as opposed to a continuation. Renewals are considered as new applications, not continuations. At the present time, only continuations are being funded by the Division of Nursing because of a lack of funds. Mr. Red Bird feels that renewals should be treated as continuations.

ACTION TAKEN OR PENDING:

A request is in to the headquarters Division of Nursing in the Public Health Service for approval to continue to spend unexpended funds in October and November.



STATE: Washington

DATE: October 14, 1976

ISSUE:

Class Action Suit Against Washington State over Denial of Medicaid Applications

BACKGROUND:

The Seattle Legal Services Center has filed a class action suit against the Washington State Department of Social and Health Services (DSHS), charging that DSHS has denied at least 500 applications per month from eligible Medicaid recipients who seek hospital care. The complaint asks that DSHS be enjoined from using lack of money as an excuse for denying requested services. DSHS has been denying medical care to some applicants based on the premise that the medical service requested "exceeds program funding at this time."

The complaint also charges that the DSHS policy is inconsistent with federal statutes which control Medicaid expenditures. The federal regulations allow limits based on medical necessity (utilization control) but do not allow arbitrary denial based on the diagnosis, type or condition of illness.

ACTION TAKEN OR PENDING:

Regional Social and Rehabilitation Service and Office of General Counsel staff are reviewing the complaint to determine whether federal compliance issues are involved.



STATE: Wisconsin

DATE: October 14, 1976

ISSUE:

The State of Wisconsin has stopped swine flu inoculations until the Center for Disease Control (CDC) completes its investigation into the deaths of six persons in other States who died after receiving the shots.

BACKGROUND:

Following the announcement of the deaths of six persons after they were immunized against swine flu, the State of Wisconsin has suspended giving the shots until a more definite diagnosis of the deaths has been completed.





CC-Parsons  
EMBASSY OF THE UNITED STATES OF AMERICA

LONDON 53

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October 12, 1976

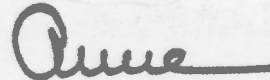
Mr. James M. Cannon  
Assistant to the President  
for Domestic Affairs  
The White House  
Washington, D. C. 20500

Dear Jim:

Many thanks for your letter of September 16th.  
It was my privilege to open the European Regional  
Narcotics Conference by welcoming the delegates  
at the American Embassy. I share the President's  
great concern about the evils of drug abuse and  
his belief that only through international control  
can the problem be reduced in the United States  
as well as elsewhere in the world.

With warmest regards,

Sincerely,



Anne Armstrong  
Ambassador

