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2/13/75

THE WHITE HOUSE
WASHINGTON

The President read this in
its entirety and commented,

"Very Good" —

Cavanaugh + Jones have
been notified the approval

— 101

dy

THE WHITE HOUSE

ACTION

WASHINGTON

February 13, 1975

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM CAVANAUGH *JC*

SUBJECT:

Statement by the President
on Food Stamp Legislation

Attached for your approval is the statement on food stamps that we discussed this morning. It has been reviewed and approved by Paul O'Neill and Paul Theis.

RECOMMENDATION

I recommend that you approve the statement so that it can be issued immediately.

APPROVE

DISAPPROVE

TD for President

STATEMENT BY THE PRESIDENT

I am announcing today that I will allow to become law without my signature H.R. 1589 which prohibits for a full year basic reforms of the food stamp program through administrative action. The Congress passed this bill by large majorities in both Houses to block reforms which I consider reasonable and necessary.

In the first full year of its existence, this program cost \$14 million. The costs have grown to \$3.7 billion in 13 years. This action by the Congress to prohibit administrative reform will add over \$650 million to the costs of the program next year. Without the basic reforms I have requested, spending for this program could reach \$8 billion by 1980.

The reform which I proposed would have required people who receive food stamps to share with taxpayers the cost of recent real increases in benefits by spending on the average, 16% of their total income for food before becoming eligible for free stamps.

The proposed increase in the purchase price of food stamps was greatly exaggerated by those who opposed this reform. Percentage increases were cited and allowable deductions for medical, excess housing, child care and work expenses were not counted as a part of income; neither were other Federal benefits such as public housing and free food stamps.

In fact, the maximum reduction in free food stamps in the most heavily affected households would have been \$15 a month.

In short, this reform would have saved the taxpayers \$650 million each year.

When I first addressed the Congress as President, I said I wanted a good marriage between the executive and legislative branches. I believe I have made an honest effort to live up to this pledge.

In any good marriage, neither side gets its way all the time. However, each has the duty not to reject constructive proposals without offering some alternatives to achieve the common goal. In this case, that goal is the public interest in limiting spending to the amounts absolutely necessary to restore and assure active economic growth, to continue assistance to the needy and to provide for the defense of the country.

On the program reform which this bill prohibits, we disagree. However, I will implement the clear will of the Congress while working to develop legislative recommendations to improve the program. In a major test of my efforts to offer constructive reforms and reasonable savings, I am disappointed that the

Congress has not only rejected this plan but has failed to advance a constructive proposal of its own.

The Congress and the President share the responsibility of finding ways to limit the spending of taxpayers' money to levels no greater than necessary to meet our needs. So far, most of the major proposals for restraining spending for domestic programs have been initiated by the Executive branch.

If this Congress simply rejects these proposals without coming forward with good and timely alternatives, an unthinkable deficit will result and there will be no mistaking where the responsibility lies.