The original documents are located in Box 3, folder "Domestic Council - Study of Federal Social Programs" of the Richard B. Cheney Files at the Gerald R. Ford Presidential Library.

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THE WHITE HOUSE

WASHINGTON

April 18, 1975

MEMORANDUM FOR:

JERRY JONES

FROM:

DICK CHENEY

SUBJECT:

Domestic Council Study: Federal Social Programs

Jerry, attached is a Domestic Council proposal on Federal Social Programs for a series of hearings around the country. It is a good idea and has received tentative approval.

Before implementing, I want you to take a crack at it in terms of making judgments about which cities these hearings should be held in and also about the issues. Should we hold a taxpayer hearing?

The location of the cities obviously is crucial from the long-range standpoint and you should look at it in that perspective and talk to others about it and get back to me with recommendations.

Attachment



THE WHITE HOUSE

WASHINGTON

April 17, 1975

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

Domestic Council Study: Federal Social Programs

In response to your suggestion at our meeting on March 6 on the need to develop options for positive action to improve Federal social programs, I recommend that the Domestic Council undertake a combined study of:

- Alternatives for the replacement of current Federal programs of all income assistance, including food stamps, AFDC, SSI, and the new 10% "earned income credit."
- 2. Alternatives for health financing and delivery.
- 3. Practical approaches to the consolidation of existing categorical grant programs into block grants. (Tab A - List of existing grants)
- 4. Proposals for the allocation of functions and fiscal responsibilities of the three levels of government Federal, state and local.

OBJECTIVES

- 1. Conduct Administrative hearings to bring about greater public understanding of the realities and trends of present social programs.
- 2. Develop a broad base of support within the Congress, State and local governments, opinion leaders, the media, and the public for the concept that --
 - Major revisions in the financing and delivery of social services are necessary and possible, and

- b. The Ford Administration has a comprehensive, realistic and humanitarian approach to the development of these revisions.
- 3. Develop options for the President to establish a set of positive administrative and legislative initiatives the Administration could propose to improve, coordinate and rationalize all Federal programs of income assistance and related social programs.

ORGANIZATION

1. A Domestic Council review group would be formed for this project, including:

The Vice President
The Secretary of th

The Secretary of the Treasury

The Secretary of Agriculture

The Secretary of Labor

The Secretary of HEW

The Secretary of HUD

The Director of OMB

The Chairman, Council of Economic Advisors
The Executive Director, Economic Policy Board

- 2. A study director for this review group would be named.
- 3. Staff work would be done by staff of the Domestic Council, personnel temporarily detailed from agencies, and outside consultants as appropriate.
- 4. Extensive consultation would be undertaken before and during the Administrative hearings with Members of Congress and representatives of state and local governments; and local elected officials would be encouraged to attend each hearing.

TIMETABLE

1. In April, you might want to make a major public address calling for this broad and important initiative. (Draft Outline - Tab B)

TIMETABLE (continued)

- The Review Group would meet immediately after your address to plan the hearings.
- 3. The public hearings suggested by Jim Lynn might be conducted throughout the country between May and September (List of Proposed Cities Tab C). Rural areas could also be included.
- 4. A report to Congress could be made in October.
- 5. By December 1, 1975, a package of recommendations could be formulated.
- 6. By January 1, the appropriate legislation could be prepared.
- 7. The complete program could be announced as part of your 1976 State of the Union Message.

FINANCING

- 1. So far as possible the studies would be funded through the agencies involved.
- The study director could be funded by the Domestic Council, and outside consultants funded through departments and agencies.

RECOMMENDATION

The Vice President, Secretaries Butz and Weinberger, Phil Buchen, Max Friedersdorf, Alan Greenspan, Jim Lynn, Jack Marsh, Bill Seidman and Paul Theis have reviewed this package and recommend approval.

DECISION

Approve

___Disapprove



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OUTLINE FOR A PRESIDENTIAL ADDRESS ON FEDERAL ASSISTANCE

1. The President's Philosophy and Record:

- a. Government should provide public assistance to all in need, but no government money should be given to those not in need.
- b. The President voted twice for the Family Assistance Plan, and stated in his 1974 State of the Union address that he hoped Congress would pass a Health Assistance Plan that year.
- c. Existing Federal programs do not meet the needs of the poor, and are costly and wasteful.

2. Where We Are Now on Federal Assistance Programs.

a. Food Stamps

- 1) Number of persons eligible.
- 2) Number of persons reveiving food stamps.
- 3) Number and cost of ineligibles receiving stamps.
- 4) Dramatic examples of abuse of Food Stamps.

b. Aid for Dependent Children.

- 1) Number of persons eligible
- 2) Number of persons on AFDC
- 3) Number and cost of ineligibles.
- 4) Dramatic examples of abuse of AFDC

c. Health Costs.

- Number of persons being assisted, and cost.
- 2) Numbers of persons in need of better health care.
- 3) Dramatic examples of abuses.

d. Other Programs for the Poor.

- 1) Numbers of persons on assistance.
- 2) Dramatic examples of abuses.
- 3) Number and complexity of programs, e.g., 21 Congressional committees and subcommittees review HEW's present public assistance programs.



e. Social Security

- 1) Numbers on Social Security and costs.
- 2) Fiscal character of the Social Security system.

f. Assistance through Categorical Grants

- 1) Number and variety of grants.
- 2) Costs to the Federal government of administering grants; costs to states and local governments for getting grants.
- 3) Dramatic examples of abuses.

3. Where we are Headed under Existing Laws.

- a. Projections on Food Stamps -- numbers to be covered and costs.
- b. Projections on AFDC -- numbers to be covered and costs.
- c. Projections on Health assistance -- numbers to be covered and costs.
- d. Projections on other programs -- numbers to be covered and costs.
- e. Projections on Social Security.
- f. Projections on Categorical Grants -- trends in programs and costs.

g. Overall Projections.

- 1) What percent of people will be on public assistance five years and ten years from now.
- 2) What percent of GNP will go for public assistance.
- 3) What part of America will be productive and what part unproductive.



Need for Reform.

- a. Previous efforts at "welfare reform" have been piecemeal.
- b. Call for a review, government wide, of all Federal, state and local programs and forms of direct and indirect public assistance.
- c. The President is directing the Domestic Council to hold public hearings throughout the country to get the facts about how present programs are working and not working, and to get the broadest range of ideas for making public assistance more meaningful and effective for those in need, and less costly to the taxpayers who support public assistance.
- d. The size of the deficit makes it impossible to propose any new assistance programs, but out of this year's hearings will come a report to the Congress in October, and in January a set of proposals for government-wide reforms in assistance.
- e. The President is concerned about the dollars being spent, but he is even more concerned about the people -- those who must bear the burden of having to be assisted and those who bear the burden of assisting them.
- f. The President is confident that the Executive and the Congress, working together, can solve this problem.



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PROPOSED LIST OF CITIES IN WHICH HEARINGS MIGHT BE HELD ON SOCIAL PROGRAMS

- 1. PHILADELPHIA (Fifth most costly city in Aid for Dependent Children, fifth most costly in Medicaid. Home city of Representative Bill Green; home state of Herman Schneebeli, both on Ways and Means).
- 2. NEW YORK CITY (Most costly for AFDC, most costly for Medicaid. Home city for the only Black member of Ways and Means, Charles Rangel. Home state for Barber Conable and Otis Pike, also on Ways and Means).
- 3. NEWARK (Sixth most costly for AFDC ninth most costly for Medicaid. Home state of Henry Helstoski, Democratic member of Ways and Means).
- 4. HARTFORD (Largest city in Connecticut. Home state of Senator Ribicoff, member of Senate Finance and only ex-Secretary of HEW in Congress).
- 5. BOSTON (Eighth most costly city in AFDC, sixth most costly for Medicaid. Home state of James Burke, third ranking Democrat on Ways and Means).
- 6. DETROIT (Fourth most costly for AFDC, fourth most costly for Medicaid. Home state of Representative Guy Vander Jagt, ranking Republican on Ways and Means from Michigan, and Richard Vander Veen, ranking Democrat on Ways and Means from Michigan. Home state of Senator Robert Griffin, Minority Whip).
- 7. CLEVELAND (Seventh most costly for AFDC, seventh most costly for Medicaid. Home county of Charles Vanik, sixth ranking Democrat on Ways and Means. Home state of Representative Donald Clancy, fourth ranking Republican on Ways and Means).
- 8. CHICAGO (Second most costly for AFDC, third most costly for Medicaid. Home city of Dan Rostenkowski, fourth ranking Democrat on Ways and Means. Home county of Representative Philip Crane, eighth ranking Republican on Ways and Means).

- 9. MILWAUKEE (Home state of Senator Gaylord Nelson sixth ranking Democrat on Senate Finance and William Steiger, seventh ranking Republican on Ways and Means).
- 10. MINNEAPOLIS-ST. PAUL (Home state of Senator Walter Mondale, seventh ranking member on Senate Finance; home city of Representative Joseph Karth, ranking Minnesota Democrat on Ways and Means; and home area of Representative Bill Frenzel, nonth ranking Republican on Ways and Means).
- 11. OMAHA (Home state of Senator Carl Curtis, ranking Republican on Senate Finance).
- 12. SEATTLE (Largest city in the Northwestern United States. Home state of Representative Tom Foley, Chairman of House Agriculture, which handles food stamps).
- 13. SAN FRANCISCO (The major city of Northern California. Home city of Representative Phil Burton, and home area of Representative Pete Stark, Democratic member of Ways and Means).
- 14. LOS ANGELES (Third most costly for AFDC, second most costly for Medicaid. Home city for Representative James Corman, ninth ranking Democrat on Ways and Means).
- 15. DALLAS (A leading city in the home state of Representative Omar Burleson and Representative Bill Archer, ranking Democrat and Republican on Ways and Means from Texas, and home state of Senator Lloyd Bentsen, Democratic member of Senate Finance).
- 16. NEW ORLEANS (Home state of Senator Russell Long and Representative Joe Waggonner).
- 17. ATLANTA (Home state of Senator Herman Talmadge, second ranking Democrat on Senate Finance, and Chairman of the Senate Agriculture Committee; home state of Representative Phil Landrum, fifth ranking Democrat on Ways and Means).

- 18. NASHVILLE (Home city of Representative Richard Fulton, seventh ranking Democrat on Ways & Means, and Chairman of the Subcommittee on Public Assistance; home state of Representative John Duncan, third ranking Republican on Ways & Means, and home state of Senator Bill Brock, member of Senate Finance.)
- 19. CHARLESTON, West Virginia, (Home state of Senator Robert Byrd.)
- 20. BALTIMORE (Ninth most costly in AFDC, tenth most costly in Medicaid.)

