

Poor and Elderly Cut

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Programs for Poor and Elderly Will Be the Hardest Hit by Cuts

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WASHINGTON, Feb. 3—Federal programs that serve the poor and elderly—community health and mental health centers, Medicaid, food stamps, welfare, child nutrition programs, Federal pensions and income plans—are the object of cuts in the 1976 fiscal budget, which seeks to hold down Federal spending, especially in social programs.

More than half of the \$17-billion in proposed reductions are in health or income programs for the poor, reduced Federal matching money, or cuts in cost-of-living increases for pension programs.

In a departure from recent practice, the budget contained no listing of expenditures targeted for persons in poverty. In addition, some proposed cutbacks compared expenditures for 1971 and 1976, a period over which most expenditures increased, rather than from 1975 to 1976, a period over which spending will be reduced.

Most of the cuts in programs for the poor are based on the assumption that the states will pick up a larger share of the cost of programs that are jointly financed by the Federal and state and local governments. This is an assumption that Federal officials say they have not confirmed with the state governments involved.

Cutting Rate of Increase

The cutbacks are part of an Administration campaign to reduce the rate of increase in government spending, which Administration economists estimate will take over the American economy by the year 2000 unless something is done.

"In the past 25 years, this country has been more compassionate toward those in need than at any other time in the history of this country or any other country," Roy L. Ash, director of the Office of Management and Budget, has said. "It is a question of how well off they should be."

The Administration proposed to reduce its share of funding of social service programs like welfare from 75 per cent to 63 per cent in the fiscal year 1976, and to 50 per cent in 1977.

It asked that the Federal matching contribution to Medicaid be cut from 50 per cent to 40 per cent in the 13 states with the highest per capita income. This would include New York. Medicare recipients would be asked to pay a larger share of the costs of hospital treatment and physicians' services.

The budget also seeks to eliminate Federal payments for dental services under Medicaid. Funds would be reduced for programs such as venereal disease control, immunization, rodent control and the neighborhood health centers that were part of the war-on-poverty program.

The Administration seeks to hold down cost-of-living increases for childhood nutrition programs in the Department of Agriculture, food stamps, and a host of income and retirement programs such as Social Security, coal miners' benefits, supplementary security income for the nation's disabled, civil service and railroad workers.

Most of these proposed cuts would come out of the budget of the Department of Health, Education and Welfare, which would receive a total increase of 8 per cent, raising it to \$118-billion in the fiscal year 1976. But the department's budget, which includes most of the nation's social programs, has been reduced from 35.1 per cent of the Federal budget in 1975 to 33.9 per cent for the fiscal year that begins July 1.

An 8 per cent increase in the spending funds would probably represent a decrease in spending power, as the rate of inflation for next year is expected to exceed 11 per cent, according to Administration estimates.

Sees Better Fiscal Position

Caspar W. Weinberger, Secretary of Health, Education and Welfare, said of his department's budget:

"This request of the state and local governments for increased participation reflects their relatively better fiscal position compared with the large Federal deficit rather than any dissatisfaction with the programs themselves."

But the premise of his statement—that the states are in better fiscal position—was challenged by the Coalition for Health Funding, a Washington-based association representing 45 health groups. It criticized the health budget for what it termed shifting "support for these programs to states at a time when inflation has drastically reduced their ability to maintain even such essential services as police and fire protection."

Of the \$17-billion proposed cuts, \$12.3-billion would require legislation to go into effect, the remainder would come from recession of funds, deferral of funds to a later time, or unannounced administrative actions.