

3 STATES DEPLORE HEALTH FUND CUTS

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New York, Connecticut and Jersey Fear End of Many Federally Aided Projects NYTimes

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WASHINGTON, Jan. 21—Officials of New York, New Jersey and Connecticut declared today that President Ford's budget proposals would cost their states and cities millions of dollars in health funds, and predicted that this would compel the elimination of many hitherto federally funded programs in education, social services and health.

The President also made a mass transit proposal that would cost New York City \$35 million in operating subsidies and lead to a 5 cent increase in the subway fare, according to city officials and members of the city's Congressional delegation.

The states would lose health funds, state and city officials said, because of the \$10 billion limitation on Medicaid and a package of health programs that would be distributed according to a new formula in which a state's per capita income was a major factor.

New York State, which has a large, rich population as well as a large population of poor people, ranks sixth in the nation in per capita income. New Jersey ranks fourth and Connecticut, second.

Any disbursement of funds with per capita income as a major factor would thus be detrimental to these states in the long run, although the President has proposed that no state receive less in the coming fiscal year than it received last year. The other factors in the formula would be the poverty population and tax effort.

Mrs. Abzug Displeased

"We'll probably lose about \$300 to \$500 million," said Representative Bella S. Abzug, Democrat of Manhattan. "This again is a question of the President's not meeting the needs of the American people in New York or elsewhere, but trying to out-Reagan Reagan."

Robert J. Morgado, New York State's Director of Operations, said that "we believe that we stand to lose millions in Federal funds under the proposed formula."

"We would lose a significant amount of our Federal assistance," he added. "A tradeoff of more flexibility at the cost of dollars is not necessarily a fair trade."

Officials in New York City and the three states predicted that President Ford's proposal to replace 59 grant programs in health, education and social services with block grants would mean the elimination and curtailment of many federally funded programs that had been retained because they had been heavily supported by Fe-

and let New York take care of their health problems."

Marilyn Berry, director of New Jersey's office in Washington, who is one of the Governor's leading advisors on Federal programs, said that President Ford's proposed consolidation of health, education and social service programs would be "a fiscal disaster" for her state.

Miss Berry noted that Medicaid costs had risen 22 percent a year, and that the state had already eliminated all optional medical services, leading to a lawsuit against the state by the New Jersey Hospital Association.

"From here on out, we will be forced to incur the increased costs in our Medicaid program," Miss Berry said. "We just don't have the resources to do that."

Miss Berry noted that the Federal Government provided 70 percent of New Jersey's health budget and 50 percent of the funds for the venereal disease program.

"The VD program is strong in New Jersey," she said, "but as the pressures grow, I don't know what we're going to do."

Similarly, programs for maternal and child health, immunization and comprehensive health planning will be jeopardized, she said.

The President's mass transit proposal would limit to 50 percent the amount of special grant funds that could be used for operating subsidies. There is no limit now, and all of the \$71 million goes for operating subsidies. The proposal would remove \$35 million.

"That's going to be fought," Mrs. Abzug said. "He's going to succeed."

Representative Edward Koch, Manhattan Democrat, who is an author of the prefer legislation, said that "I wish that the Transportation Secretary used the mass transit facilities, or better still, that all had Government-financed limousines."

President Ford's proposed budget give New York, New Jersey and Connecticut a total of \$52.6 million in harbor and reclamation projects under President Ford's proposed budget.

New York State would receive \$25.8 million, including

\$2.3 million to build anchorages in New York Harbor. In addition, \$790,000 is earmarked for the collection and removal of harbor drift.

The new budget would appropriate \$1.8 million to build a Fire Island inlet, and \$1.2 million for an East Rockaway inlet to Rockaway Inlet and Jamaica Bay.

The budget also allots \$530,000 to demolish the Federal Pavilion in Flushing Meadow, where it was built in 1964 for the New York World's Fair.

New Jersey would receive \$13.9 million under the proposed budget. This would include \$1.78 million to build a flood-control project in Elizabeth, \$7 million to operate and maintain Delaware River navigation facilities and \$1.1 million to operate and maintain of Newark Bay.

Connecticut would receive \$12.9 million. This would include \$1.6 million for flood control in Danbury, \$9 million for control of the Park River and \$100,000 for a hurricane barrier in Stamford.

Comparative figures for previous years were not available.

deral funds. Thus, despite worsening fiscal crises, the elimination of those programs would not save localities much money, since the Federal Government paid 50 to 80 percent and sometimes 100 percent of the costs.

Under the President's proposal, the state would get Federal funds to use as they saw fit. "A lot of times you could justify not cutting back a program because you would lose Federal funds," said Paul Gibson, New York City Deputy Mayor for Planning. "This would no longer be the case."

Kenneth Axelson, New York City Deputy Mayor for Finances, said that "if we were given greater freedom in the use of our funds, our system of priorities would have a greater impact on our decisions."

Layoffs a Problem

Jay Tepper, Connecticut Commissioner of Finance and Control, said that "if layoffs were going to occur, we were not going to lay off people funded 90 percent by the Federal Government; we would not go after those with high reimbursement levels, because you'd have to lay off so many more people to have a substantial saving of state tax dollars."

A New York State official, who declined to be named, said that "basically, the consolidation is going to be very detrimental."

"New York gives conscientiously to health manpower, medical schools, venereal disease programs, a wide range of health programs," the official said. "Other states do not,

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