



# Congressman Harold Ford Reports

January, 2004



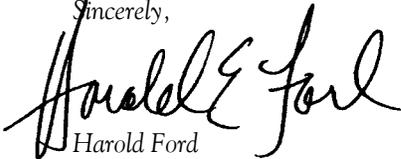
Dear Friend:

Over the last few weeks, we took the opportunity to spend time with family, attend religious services, ring in a new year, and count our many blessings. Foremost in our thoughts and prayers are the members of our armed forces deployed overseas, many of whom could not see their families during the holidays. In Iraq, Afghanistan and throughout the globe, these men and women are making deep sacrifices and facing grave dangers. We will do all we can to ensure they receive the support they need to get the job done for our country.

As we begin a new year, I wanted to take the opportunity in this newsletter to take stock of our work in the House of Representatives and set new goals to help make our nation more safe, secure and prosperous. Although we can lay claim to many accomplishments, the country still faces many challenges including the ongoing threat of global terror, an overstretched military, a transitioning economy, schools in need of improvement, growing deficits and an increasing number of Americans without health care. All of these issues will require the attention of policy makers in 2004.

As always, I welcome your views and feedback.

Sincerely,

  
Harold Ford  
Member of Congress

## New Year Brings Transition to New Medicare Drug Benefit

In December, the Medicare Prescription Drug and Modernization Act (H.R. 1) was signed into law. I did not support H.R. 1 because it is unclear that seniors will get a better deal on drug prices because the bill prohibits Medicare from negotiating with drug companies for lower drug prices. It will not strengthen Medicare, nor will it responsibly address the need for prescription drug coverage.

In fact, this legislation will drastically change the way health care is delivered to 40 million senior citizens and disabled Americans.

Beginning this year, low-income beneficiaries will receive a drug discount card providing \$600 in annual assistance, a fraction of many senior's yearly drug costs. In 2006, seniors will have access to a prescription drug benefit under a private plan. But they will be faced with an extraordinarily confusing benefit structure consisting of premiums, deductibles and gaps in coverage. Seniors would pay a \$250 annual deductible and an average monthly premium of \$35. For the first \$2,250 in drug costs, the government will pay 75% of the benefit and 95% of the benefit when costs reach \$3,600. It is not clear that private insurers will

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## 2004: Looking Ahead

At a time when the nation is facing an unprecedented set of global, social and economic challenges, the old arguments between less government versus more government, left versus right, or rich versus poor offer little in the way of helpful solutions for most Americans.

In fact, preventing another 9/11, improving our schools, helping more Americans build wealth and acquire assets, creating a climate for business growth, retraining workers displaced by the global economy or saving a cash strapped hospital are not Democratic or Republican challenges. They are American challenges. These problems require our leaders to be willing to use government as a force for good when appropriate or reform government when it impedes progress. With that in mind, I hope to work toward solutions on a number of fronts in 2004.

### National Security:

The capture of Saddam Hussein was a triumph for our military and the Iraqi people. We should not kid ourselves; the world is safer now that he is behind bars, but we face ongoing threats from al-Qaida and Osama Bin Laden. Saddam's capture gives us the opportunity to leverage this moment to involve more nations in the hard task of stabilizing Iraq. International cooperation is critical because it lends more legitimacy to the rebuilding effort in the eyes of the entire world, especially Arab nations. The more we involve other nations, the more likely it is that we will have partners as we confront potential threats from North Korea, address challenges on the African continent and work with other nations to improve on existing and upcoming trade agreements.

We recently learned that in the first six months of 2004, more than 40% of U.S. Army forces will not be ready to fight as the result of deployments in Iraq and elsewhere. The Pentagon reports that re-enlistments of reserve forces have declined 7% below what they will need to meet force requirements in 2004.

Next session, Congress should take steps to increase the size of the military – especially our active duty forces. One way to do this would be to increase benefits and pay for active duty and reservists with the goal of retaining current service men and women and attracting future recruits. This will ensure that America is prepared to meet potential national security challenges elsewhere around the globe.

### Building wealth:

Finding new ways to help more Americans have an ownership stake in our country will be one of my top priorities in 2004.

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Ford led the effort to increase funding for the AmeriCorps initiative. Catherine Schuhmacher of the Exchange Club and Mike Warr of Porter Leath Children's Center attended a press conference with Ford to rally support for the volunteer program.

## 2004: Looking Ahead

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To help families reach the next level of financial success, we need to give Americans more tools to build assets. Almost half of all children in America grow up in households with zero or negative net assets, meaning that their parents owe at least as much as they own.

The time has come for a national strategy to close the asset gap and give every child an ownership stake in this country's future. In the tradition of the G.I. Bill of Rights, which helped World War II veterans go to college and purchase homes, and the Homestead Act, which allowed thousands of farmers to own their land, Congress should act on a bold initiative to introduce more middle and lower-income Americans to the financial markets.

America should reaffirm the basic social contract upon which our nation was founded: if you work and save and play by the rules, you should get some help – not to spend and consume – but to help buy a home, go to college, start a business, or save for retirement. This is the kind of hand-up that will move and keep people out of poverty.

This year, I will offer a number of proposals to create a real ownership society in America. They include:

**American Stakeholder Accounts** – For every child born in the U.S. – approximately 4 million a year – an account will be established with \$500. All other deposits will be incentive-based to reward academic achievement, community service and eventually work. At age 18, withdrawals would be restricted to post-secondary education and training, owning a first home, a small business or a roll-over into a retirement savings account.

**Expand Individual Development Accounts (IDA)** – these accounts are tax-free personal savings accounts that can be used for postsecondary education, startup businesses, homebuying, or retirement savings. The President has proposed what he calls "Lifetime Savings Accounts" (LSAs). We should ensure that low- and middle-income families are able to participate by providing a refundable tax credit. Institutions that offer IDAs usually accompany them with financial literacy programs to build skills as well as assets.

**Broaden Existing Wealth Building Programs** – The federal government already has programs that help families save and buy homes. But these programs are tax deductions, which total more than \$300 billion per year, only reach those with the tax liability to claim a substantial deduction. These programs should be broadened to reach more of the 50 percent of Americans who do not have a retirement savings account, and the 32 percent who do not own homes.

### Education:

As the Memphis City School System implements new accountability standards under the federal No Child Left Behind law, Congress and the administration must make good on its promise to fully fund the new law. Legislation to suspend the law's regulations until the program is fully funded will be one of my top priorities in 2004.

This year, Congress will reauthorize the Higher Education Act. Post-secondary institutions and students in the 9th District rely on the assistance provided under this important law. Congress will work to ensure this law continues to increase access to post-secondary education.

## New Medicare Drug Benefit

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participate in the new system. In fact, under a similar program known as Medicare+Choice, insurance companies were not willing to offer plans because they did not want to assume the risk of insuring people who are less healthy and more dependent on prescription drugs.

The new law has a number of other problems that must be addressed including a provision that would enable private insurers to compete with Medicare in 2010 and inadequate measures to hold down the costs of medicines for beneficiaries. Finally, states like Tennessee whose drug costs comprise a huge portion of the TennCare program would see little relief under this plan.

Congress must fix this new law before it is fully implemented in 2006 and to that end, I will work with my colleagues to explore a number of policy solutions on behalf of our nation's seniors.



**In a recent trip to Iraq, Israel and Kuwait with Sen. John McCain, Ford met with the Coalition Provisional Authority, foreign leaders and American service men. He had the opportunity to visit with Tennesseans deployed in Iraq.**

## New East Memphis Office Opens

As a result of congressional redistricting, the 9th District has added more than 120,000 new constituents. To better serve this significantly expanded district, we have opened a new office in East Memphis. You may still contact or visit the downtown office for assistance. Feel free to visit or call me or my staff at any of our offices.

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