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**Budget Materials - Budget  
Resolution**

NATIONAL GOVERNORS ASSOCIATION

# News Release



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## GOVERNORS OPPOSE HOUSE BUDGET COST-SHIFT—

*“A Serious Violation of the 1996 Welfare Agreement, Eroding the Federal-State Partnership and the Future of Welfare Reform”*

from Mickey Dbarro X 67060

Washington, D.C.— The nation’s governors declared the House budget resolution crafted today “hazardous to the federal-state partnership and the future of welfare reform in the states.” In a letter to House Speaker Newt Gingrich and Minority Leader Richard A. Gephardt, governors expressed strong opposition to \$10 billion and \$12 billion in cost shifts in welfare and Medicaid included in the House budget resolution.

“These cost-shifts and recent initiatives to reduce flexibility within the welfare block grant are a serious violation of the welfare agreement reached in 1996, eroding the federal-state partnership,” said Govs. Thomas R. Carper, Delaware; Lawton Chiles, Florida; Frank O’Bannon, Indiana; John Engler, Michigan; Bob Miller, Nevada; Tom Ridge, Pennsylvania; David M. Beasley, South Carolina; and Tommy G. Thompson, Wisconsin. “Governors have transformed welfare, lifting millions to independence and self-sufficiency. The appropriate response to this success isn’t to trip up state efforts.”

The House budget resolution would cut \$10 billion from the “income security” funding category that includes Temporary Assistance to Needy Families (TANF) welfare funding. Although the legislative language does not specify that cuts would be made to welfare, it is tacitly understood that states would suffer a cut in welfare funding as a result of this ambiguous language.

“Less than two years ago, Governors worked closely with Congress and the administration to reach a historic welfare reform agreement. That agreement resulted in the creation of the TANF block grant, which helped to balance the federal budget by establishing a fixed amount of federal welfare spending over a five-year period,” said the governors. “In exchange, states were given an assurance of guaranteed funding in each of the five years and new flexibility to administer their public assistance programs. The proposed budget resolution is a breach of that agreement and is not keeping the federal government’s part of the deal.”

The cuts would come at a time when many states are struggling to help the hardest-to-serve populations move from welfare to work. These challenges will require reliable funding to give citizens the support and tools they need to become self-sufficient. In addition, many states are preparing for future economic downturns by creating rainy-day funds to be used in the days of economic downturn or hardship in the future.

“The nation’s Governors are disheartened by a pattern of reductions in funding and flexibility in other welfare-related programs. Congress is again proposing cuts in Social Services Block Grants—a highly valuable and flexible block grant used for a broad range of programs such as child care, child and adult protective services, and services for the elderly and disabled,” said the governors. “States are also facing administrative cuts in food stamps, paired with reduced flexibility in the TANF block grant. These programs are crucial to states’ continued success of welfare reform in the future. As more individuals leave the welfare caseloads, other assistance programs are key in moving these people from welfare to work as well as to prevent them from moving back into welfare.”

Governors also strongly oppose efforts to take an additional \$12 billion out of the Medicaid program over the next five years. Medicaid has already made an enormous contribution to budgetary savings through controlled program growth rates. In the late 1980s and early 1990s, Medicaid spending grew at an annual average of more than 20 percent. Since 1995, Medicaid growth has been in the range of 5 percent. These reductions in growth rates were made possible through state reforms designed to reduce costs while maintaining quality. These savings, combined with the far-reaching reforms enacted last year through the Balanced Budget Act, have already reduced actual and projected Medicaid spending by more than \$100 billion by 2002. Governors warned that Medicaid should not be subject to further cuts, instead the reforms enacted last year should be given time to take effect.

"We urge you in the strongest terms possible to uphold the historic welfare agreement reached in 1996 and reject any cuts in TANF or Medicaid as part of the budget negotiations," said the governors. "We hope you and your colleagues will consider the negative consequences of reducing the federal contribution to these programs."

—END—

## The House Republican Budget: A Step Backward June 4, 1998

**President Clinton's successful economic plan has restored fiscal discipline to Washington while investing more in our people.** In 1993, President Clinton inherited a budget deficit of \$290 billion; thanks to two landmark budget packages, this year President Clinton will deliver a budget in surplus for the first time since 1969. The President's 1999 budget advances the successful strategy of fiscal discipline, coupled with strategic investments in education, health, and the environment.

**The House Republican budget repeats the failed strategies of 1995 and the 1980's -- promising cuts that are unfair and unrealistic.** Once again, the House Republicans in their May 12th detailed document proposed to eliminate major parts of the Medicaid guarantee, for example. Faced with fierce bipartisan opposition to the detailed cuts, House Republicans decided to hide all specifics and rely on vague and unrealistic cuts of the same magnitude. Noting this return to "Stockman-like tactics" when budgets assumed unrealistic unspecified savings that never materialized, the New York Times said the House GOP budget "fails the basic integrity test, and the House should vote it down, demanding instead a budget that is real, not rigged." [NYT, 6/1/98.]

**The House Republican budget resolution opens the door to using part of the surplus for tax cuts before comprehensive bipartisan Social Security strengthening legislation is adopted.** President Clinton is determined to reserve all surpluses to save Social Security first.

### **THE HOUSE REPUBLICAN BUDGET:**

- **Includes \$125 billion in cuts** over five years radically departing from the bipartisan balanced budget agreement of last year and posing a threat to Medicare, Medicaid, education, Unemployment Insurance benefits, veterans benefits, law enforcement, and environmental protection.
- **Deep cuts in Medicaid or Children's Health** -- Last year's balanced budget agreement reduced Medicaid per capita growth to below that of the private sector. This additional \$12 billion proposed cut unnecessarily reduces health benefits for poor families, seniors and people with disabilities too deeply and threatens the critical children's health expansion.
- **Medicare remains at risk** -- The Committee budget included a \$10 billion cut in Medicare that has been heavily criticized on a bipartisan basis. To deflect criticism, the Republicans adjusted non-binding budget function totals to make it appear that Medicare would be spared. Not so. The House Republican budget still includes an instruction for the Ways and Means Committee to save \$13 billion over five years. A possible target is Medicare that, after Social Security, is the largest program under the Committee's jurisdiction.
- **New and misguided targets for cuts** -- Other targets for savings to come from the Ways and Means Committee are Unemployment Insurance, child care and temporary aid to mothers and children on welfare, the block grant created by welfare reform in 1996.
- **Would mean a 14% cut in 2003 in the portion of the budget that funds critical programs in education, health, environmental protection, and law enforcement** -- The House Republican budget advertises \$46 billion in nondefense discretionary cuts below the bipartisan balanced budget agreement. Incorporating the new transportation bill pushes this cut up to \$70 billion. Compared to the President's budget, this implies a 14% cut in 2003 in outlays. If this were done across the board, this would:
  - **Deny Head Start to 85,000 children** in 2003, including **40,000 children in Early Head Start.**
  - **Deny Pell grants to 140,000 low-income students** in 2003. Existing grants would be slashed by \$300 each.

- **Deny support to 400 school districts for Safe and Drug-free Schools in 2003.**
- **Undermine food safety** by slashing by up to 1,000 meat and poultry inspectors in 2003. This budget would also create major delays in the drive to modernize the federal inspection system, including upgraded lab testing for harmful pathogens in the food supply.
- **Threaten public health** by reducing funding for the Centers for Disease Control by more than \$340 million in 2003, cutting childhood immunization funding and reducing funds for breast and cervical cancer screening.
- **Deny assistance to low-income students.** In 2003, more than **one million students** in our poorest communities would be denied services from Title 1 educational programs.
- **Eliminate training initiatives** for at least 178,000 dislocated workers in 2003.
- **Hamper efforts to protect the environment**, by slashing funds by 14 percent in 2003 for initiatives to combat climate change, designed to reduce greenhouse gas emissions, cut energy usage, and save consumers' money. It also jeopardizes the safety of drinking water and food supply by cutting funds meant to clean up factory farm pollution.
- **Delay environmental cleanup**, jeopardizing public health by halting funding for the clean up of some Superfund sites.
- **Additional cuts in veterans programs --** Within the highway bill, the Congress has already passed the veterans savings that were assumed in the House Republican budget. Their budget, however, still instructs the Veterans Affairs Committee to come up with \$10 billion in savings. **This \$10 billion in cuts in Veterans benefit programs would be cut beyond what is already in the highway bill.**
- **Completely ignores the need for comprehensive tobacco legislation.** By failing to facilitate tobacco legislation, as the Senate budget resolution does, the House Republican puts procedural roadblocks in the way of this critical bipartisan legislation.
- **A \$24 billion black hole --** The Republicans are advertising \$101 billion in cuts. However, since they refuse to incorporate the transportation bill into their budget, as well as the agricultural research bill, an additional \$24 billion in cuts would be required.

### **House Democrats are offering a superior alternative, that:**

- ✓ **Protects the surplus** consistent with the President's strategy of saving Social Security first.
- ✓ **Rejects Republican cuts** in Medicare, Medicaid, education and the environment.
- ✓ **Includes critical Presidential initiatives** including a major effort to reduce class size by hiring new elementary school teachers, allowing **Medicare buy-in for 62 year olds**, an investment in making **child care** more affordable for working families, **food stamps** benefits for **legal immigrants**, and **children's health**.
- ✓ Like the President's budget, includes a **fully paid for tax cut** to spur school construction and make child care more affordable for working families.
- ✓ **Invests in key priorities.** Over five years, compared to the misguided Republican budget, the Democratic alternative invests (all outlays, discretionary spending):
  - **\$6.9 billion more in education.**
  - **\$7.5 billion more in the environmental protection function.**
  - **\$5.8 billion more in law enforcement.**
- ✓ **Facilitates comprehensive tobacco legislation** through the creation of a reserve fund.

Budget - budget resolution

THE WHITE HOUSE  
WASHINGTON

**NEC Principals Agenda**  
**Roosevelt Room, 6:30pm**  
**March 12, 1998**

**I. Updates**

- Budget Resolutions *Markup Tuesday - Domenici. May be moving to H. side*
- ISTEA *- all our main efforts → highways NIH*
- Supplemental *- tobacco revenue fund → Medicare*
- Asia Finance *- tax revenue fund - no limit (could incl. childcare tax)*
- Internet Privacy *- Sun of Senate - swap Code  
anxious Roth proposal for indiv accts (?)  
- Underhanded defense*

168 cc block grant  
sch. continue  
some share of NIH



about all ways  
of paying for  
most of our  
priorities

**II. H1-B - Skill Shortage**

**III. New Economy Conference**

**Republican Senate Budget**  
March 17, 1998

*Budget - budget resolution*

**Background:** Today, Senator Domenici is beginning to mark up the FY 1999 budget resolution. He is expected to release his mark this afternoon, following opening statements in the morning. Democrats on the Budget Committee are prepared to offer an alternative budget which includes all the President's key priorities. We need to highlight the areas in which the President's budget and the Democratic budget would represent a significant improvement over the Domenici mark.

**Q: What is your response to the Senate Republican budget?**

**A:** We have not seen the details of this budget, but some of the main elements are well known.

On the one hand, Senate Republicans are incorporating core elements of the President's economic program. It follows the President's challenge to put **saving Social Security first**, includes only targeted tax cuts, and maintains the fiscal discipline that has nearly eliminated the deficit.

However, we are concerned that their budget ignores key priorities: child care, research in health and science, and education initiatives such as reducing class size. **The Democratic budget would incorporate these critical priorities.** The GOP budget:

- A) **Short-Changes Families on Child Care.** Finding and paying for quality child care is a problem that confronts millions of American families. Unfortunately, the Republican budget seems to have short-changed American families that face mounting child care costs. The Democratic budget follows the President's lead by subsidizing child-care for lower-income working families.
- B) **Includes no Effort to Reduce Class-Size.** The Republican budget fails to address the important challenge of reducing the size of America's classrooms. The Democratic budget includes the President's initiatives to provide tax incentives to spur much-needed school construction and investments to higher 100,000 new teachers to reduce class-size.
- B) **Underfunds Research.** The Republican budget fails to meet the President's call for a renewed commitment to research.

**Q: Is the White House willing to accept Chairman Domenici's proposal to dedicate most of the tobacco proceeds to saving Medicare?**

**A:** The President believes it is critically important that we enact comprehensive tobacco legislation. This is not about money; it's about saving the lives of America's children. Keep in mind that every day we delay, 3000 American teenagers take up smoking and that, eventually, 1000 of them will die early. Following the President's lead, the Senate Republicans appear to be moving us one step forward toward enacting a comprehensive approach, and that's a good sign.

We will work extremely hard to secure passage of comprehensive tobacco legislation this year. If we can get that done, the President believes that proceeds from the tobacco legislation should focus on helping children. Our budget proposes using those proceeds to invest in research and efforts to stop teen smoking. We would also place a heavy emphasis on helping working families pay for child care and on reducing class size. We think that's a wise and fair use of the proceeds of the tobacco legislation.