

President Clinton's Reasons for Vetoing the Republican Budget:

82 Selected Issues

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(revised)

**President Clinton's
Reasons for Vetoing the
Republican Budget:**

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SUMMARY

The Republican budget makes extreme, unnecessary cuts in Medicare and Medicaid, education, and environmental protection to pay for excessive tax cuts, largely for the wealthiest in our society. President Clinton believes we must balance the budget in a way that is consistent with American values: honoring our commitment to our seniors, helping working families, providing a better life for our children.

Following are the most extreme elements of the Republican budget.

HEALTH CARE. The bill contains \$433 billion in Medicare and Medicaid cuts, four times the largest ever, forcing many rural and urban hospitals to close and reducing quality of care for all Americans.

MEDICARE. The Republican budget would turn Medicare into a second-class health care program, slowing annual per capita spend growth to 5.5%, compared to 7.1% for the private sector. It raises premiums by \$264 for an elderly couple in 1996 alone and nearly doubles premiums by 2002.

MEDICARE FOR POOR ELDERLY AND DISABLED. The bill eliminates the requirement that Medicaid pay premiums, deductibles, and copays for 5.4 million poor elderly and disabled people, disproportionately hurting older women.

MEDICAID. The bill limits annual per capita Medicaid growth to 1.6%, compared to 7.1% for the private sector, denying coverage for nearly 8 million people by 2002. Its block grant eliminates the national guarantee of defined, meaningful coverage for the sick, elderly, poor, pregnant women, blind, and disabled.

MEDICAID FOR CHILDREN AND ELDERLY. The bill could deny coverage to 3.8 million children; 330,000 elderly could be denied nursing home care.

NURSING HOMES. The bill would repeal key enforcement measures that protect nursing home residents -- 75% of whom are women -- from abuses and inadequate treatment.

MASSIVE TAX CUTS. The bill provides \$245 billion in tax cuts. The tax cuts explode to \$400 billion over ten years because key provisions are written to expand dramatically after seven years.

UNFAIR TAX BREAKS. The bill takes from the poor to give to the wealthy. According to the Treasury Department, families in the lowest 20% of income distribution as a group (and those with incomes under \$30,000, according to Joint Tax Committee), face a net tax increase. Nearly half of the tax cuts go to the top 12% -- those with incomes above \$100,000. The top 1% -- those with incomes over \$349,000 -- would receive an \$8,500 a year tax cut. Retroactive capital gains cuts provide a \$13 billion windfall to those who have already sold their assets.

TAX INCREASE ON WORKING FAMILIES. The repeal of the Earned Income Tax Credit hits 12.6 million working families (14.5 million children) with an average \$332 tax increase in 1996.

BREAKS FOR CORPORATIONS. The bill permits corporations to raid pension funds, risking pensions for millions of workers, and allows many profitable corporations to pay no income tax.

CHILDREN. The bill cuts benefits for disabled children and school lunch and other nutrition benefits.

EDUCATION. The bill provides a gift to special interests by denying direct college loan opportunities for 2.5 million students in 1,350 colleges and universities. It would lead to \$30 billion in education cuts over seven years, denying opportunities to millions of young Americans, including cuts in Head Start, Safe and Drug-Free Schools, basic and advanced skills for disadvantaged students, and Pell Grant scholarships. In addition, Goals 2000 reforms and the AmeriCorps community service program would be repealed.

ENVIRONMENT. The bill would open to oil drilling the rare, pristine Arctic National Wildlife Refuge, and its cuts would lead to massive reductions in enforcement of clean air and drinking water laws and dramatically slow down clean-up of toxic waste dumps.

COMBINED CUTS TO MEDICARE AND MEDICAID

1. MAGNITUDE OF \$433 BILLION MEDICARE AND MEDICAID CUTS:

The Republican budget cuts Medicare and Medicaid combined by \$433 billion over 7 years -- four times greater than anything ever enacted by *any* Republican or Democratic President -- to fund a tax cut for the wealthy. These cuts will deny health care coverage for nearly 8 million people by 2002, threaten urban and rural hospitals with closure, reduce the quality of care for everyone, and increase health care costs for the privately insured through cost shifting.

- ***\$433 Billion Combined Medicare and Medicaid Cuts Could Force Many Rural and Urban Hospitals to Close.***

- Hospitals will receive \$1,025 less per admission on average than they would under current law, a drop of roughly 13%.
- According to the American Hospital Association, nearly 700 hospitals *derive two-thirds or more* of their net patient revenues from Medicare and Medicaid. The combined Medicare and Medicaid cuts could force many of these nearly 700 vulnerable hospitals to close.
 - Over half of these vulnerable hospitals are rural, and 20% are in the inner city. Their closure will deny access to health care for many people in rural and urban communities across America.
 - With each hospital closure comes job lose, since hospitals are often one of the largest employers in rural communities.

- ***\$433 Billion Medicare and Medicaid Cuts Will Reduce the Quality of Care for Everyone.***

- The American Hospital Association, the Catholic Health Association, the National Association of Public Hospitals, and over 40 state hospital associations say: "the reductions in the conference report will jeopardize the ability of hospitals and health systems to deliver quality care, not just to those who rely on Medicare and Medicaid, but to all Americans."

- ***\$433 Billion Medicare and Medicaid Cuts Will Increase Health Care Costs for the Privately Insured By Cost Shifting Billions of Dollars.***

- A new analysis by Lewin-VHI for the National Leadership Coalition on Health Care concluded that the Medicare and Medicaid cuts in the reconciliation bill could lead doctors and hospitals to raise their fees on privately insured patients by *at least \$85 billion* over 7 years through cost-shifting. Cost shifting is the process by which health care providers charge privately insured people more in order to make up for losses from serving Medicare and Medicaid beneficiaries and the uninsured.
- \$67 billion of the \$85 billion in increased costs would be passed on to workers by employers in the form of lost wages and higher health care premiums. This cost shifting would effectively reduce wage increases for lower income workers by 10%.
- 60% of the shift would be concentrated on the middle class -- families with incomes between \$20,000 and \$75,000.

MEDICARE

2. CUTS MEDICARE WELL BELOW PRIVATE SECTOR RATES:

- *Their \$270 Billion Cut Will Turn Medicare Into a Second Class Health Care Program.*
- The Republican budget reduces Medicare spending growth per beneficiary far below projected private sector growth rate. Based on CBO data, private sector per capita health care spending is projected to increase 7.1% per year over the next 7 years, but the Republican budget reduces Medicare spending growth per beneficiary to 5.5%, on average.
- Federal Medicare spending per beneficiary would be \$1,700 less than under current law in 2002.

3. SLASHES FUNDING FOR POOR ELDERLY AND DISABLED MEDICARE BENEFICIARIES:

- Under current law, Medicaid pays all Medicare premiums, coinsurance, and deductibles for people below 100% of poverty (known as QMBs) and premiums for people with incomes between 100% and 120% of poverty.
- 5.4 million poor elderly and disabled people currently have their Medicare cost sharing covered by Medicaid. This assistance ensures that they can afford Medicare.
- *Does Not Set-Aside Any Funds For Their Copayments and Deductibles.* The Republican budget completely eliminates the requirement that states cover coinsurance and deductibles for poor elderly and disabled people, and does not set aside any money for this purpose.
 - More than 5 million elderly and disabled people would immediately lose their guarantee of assistance with copayments and deductibles.
- *Sets Aside Less Than Half Of What Is Needed For Their Premiums.* While Republicans claim to cover poor elderly and disabled peoples' premiums, they set-aside *less than half* of the money needed to cover their premiums by 2002.
 - 950,000 Could Lose Assistance With Their Premiums -- Just When Premiums Are Increased. HHS estimates that as many as 950,000 poor elderly and disabled people could lose funding for their Medicare premiums in 2002 -- at the same time that the Republican plan increases these premiums.
- *Could Force The Poor To Leave Fee-For-Service Plans.* Without assistance with premiums, copayments, and deductibles, poor Medicare beneficiaries may be forced to leave their fee-for-service plan and enroll in a managed care plan that does not require cost-sharing -- if one exists in their area.

4. ALLOWS DOCTORS TO OVERCHARGE:

- *Allows Doctors in new Medicare plans to "Balance Bill" or Charge Medicare Beneficiaries Above the Medicare Payment Rates.*
- Without protections from balance billing, beneficiaries in private fee-for-service plans or high deductible/Medical Savings Account plans would be subject to higher charges.
- The opportunity to balance bill in the new Medicare plans will give doctors incentives to leave the traditional Medicare fee-for-service program, forcing many patients to change their doctor or leave the traditional fee-for-service program.

5. INCREASES MEDICARE PREMIUMS:

- *Increases Medicare Premiums and Burdens Older and Disabled Americans -- Just to Pay for a Tax Cut for the Wealthy.*
- The Republican budget increases premiums from 25% of Part B program costs to 31.5%. In 1996 alone, this change will increase costs for elderly couples by \$264. These higher costs will place a large financial burden on Medicare beneficiaries -- three-quarters of whom have incomes below \$25,000 -- and will disproportionately burden older women.
- Since 1984, the Part B premium has been set so as to finance 25% of program costs.
- In an effort to protect beneficiaries from excessive increases in Medicare premiums, premiums were set at specific dollar amounts for 1991-1995, rather than at 25% of program costs. The 1995 premium was set at \$46.10 per month. As a result of the difficulties in estimating program costs far in advance, this premium actually financed 31.5% of 1995 program costs, even though Congress never intended to raise premiums above 25% of program costs.
- In OBRA '93, Congress returned to the traditional approach of setting premiums at 25% of program costs rather than writing fixed monthly premium dollar levels into the statute. Thus, OBRA '93 set premiums at 25% of program costs for 1996 through 1998. In 1996, 25% of program costs will amount to \$42.50 a month.
- The Republican budget would set premiums at 31.5% of program costs for the next seven years. President Clinton's plan maintains the current policy and permanently sets premiums at 25% of program costs.
- Among the 36 million Medicare recipients who will face higher premiums are 8.8 million veterans -- one-third of all veterans in the United States -- who will be forced to pay higher out-of-pocket costs for lower quality care.

6. CONSTRAINS SPENDING IN TRADITIONAL MEDICARE MORE THAN IN NEW PLANS:

- The Republican plan disadvantages the traditional Medicare fee-for-service program compared to the new MedicarePlus plans by initially constraining spending in the fee-for-service program far more than in the new plans.
- In 1996 alone, the Republican plan allows spending in the new plans to increase at an average per capita rate of 8.0% -- one third higher than the increase for traditional Medicare.
- This uneven treatment of MedicarePlus plans and traditional Medicare will harm quality and create incentives for doctors to leave traditional Medicare.

7. MEDICAL SAVINGS ACCOUNTS:

- The Republican Medicare plan allows beneficiaries to withdraw a set amount of money from the Medicare program to buy health insurance with a high deductible. Individuals may deposit any money left over after the purchase into a tax-preferred medical savings account (MSA).
- MSAs tend to attract only the healthiest individuals, who expect few medical expenses in the coming year and who typically cost the Medicare program little.
- To the extent that MSA vouchers are set at a level that exceeds the cost of these healthy beneficiaries under the current Medicare system, MSAs will increase spending on healthy beneficiaries.
- In fact, CBO estimates that MSAs will raise Medicare costs by nearly \$5 billion over 7 years. A Lewin-VHI study concluded that MSAs would cost the Medicare system \$15-\$20 billion over 7 years.
- Since the Republican plan caps Medicare spending, MSA costs would have to be offset by further cuts in services for the less healthy beneficiaries remaining in the traditional fee-for-service plans.

8. **LOCKS BENEFICIARIES INTO PLANS:**

- Under current law, beneficiaries are permitted to leave a managed care plan at any time, with termination effective as of the first of the first month following the request to leave.
- Under the Republican budget, beneficiaries who enroll in one of the new MedicarePlus plans, including managed care plans, provider-sponsored organizations, or a high-deductible medical savings account plan, would generally be locked into that plan for a year. In general, they could not leave the program except during the annual open enrollment period.
- The President's proposal retains current law and allows beneficiaries to leave at any time.

9. **INCREASES COSTS FOR BENEFICIARIES WITHOUT EXPANDING BENEFITS OR PREVENTION:**

- The Republican budget increases beneficiary costs while only adding one new benefit: coverage of oral nonsteroidal antiestrogen for the treatment of breast cancer.
- Currently, Medicare does not cover the array of preventive benefits now offered by many private plans, particularly managed care plans. These preventative benefits can both increase beneficiaries' health and reduce costs at the same time.
- President Clinton's proposal updates the Medicare benefit package to make it more comparable to private sector benefit packages, including:
 - ***Mammography.*** The President's proposal eliminates copayments for mammography services and provides annual screening mammograms to help detect breast cancer.
 - ***Certain Colorectal Screening.*** Early detection of cancers and other serious conditions can result in less costly treatment, enhanced quality of life, and, in some cases, a greater likelihood of cure. The President's proposal provides coverage for colorectal screening.
 - ***Preventive Injections.*** The President's proposal would increase payments for certain preventive injections provided in physician offices which will encourage providers to immunize beneficiaries.
 - ***Respite Benefit for Families of People with Alzheimer's.*** The President's plan creates a Medicare respite benefit for families of beneficiaries with Alzheimer's disease or other irreversible dementia, covering up to 32 hours of care per beneficiary per year, administered through home health agencies or other entities. Services could be provided in the home or in a day care setting.

MEDICAID

10. **MAGNITUDE OF \$163 BILLION MEDICAID CUTS:** Lowering average annual spending growth per recipient to 1.6% could cause millions to lose coverage.

- The Republican budget cuts federal support for Medicaid by an unprecedented \$163 billion -- over ten times anything ever enacted by *any* Republican or Democratic President.
- The Republican plan achieves these savings by capping overall spending. This means that spending growth per beneficiary would fall from the current 7.0 percent to 1.6 percent annually -- far below the rate of inflation.
- States cannot sustain coverage when federal funds are increasing at only 1.6 percent per beneficiary. States will be forced reduce benefits and/or provider payments and eliminate coverage for millions of people on Medicaid.

11. **MEDICAID CUTS COULD MORE THAN DOUBLE IF STATES REDUCE THEIR SPENDING:**

- *The \$163 billion reflects only the federal cuts.* Yet Medicaid is a federal-state plan, and if states only contribute the amounts that the federal government will match and provide no additional funding, the Center on Budget and Policy Priorities estimated the total reduction in federal and state Medicaid funds would *exceed \$400 billion over seven years*, compared with current law.
- Whatever the exact amount, given the other cuts in federal assistance to states, the total federal and state Medicaid cuts are likely to total far beyond \$163 billion.

12. **ENDS NATIONAL GUARANTEE OF COVERAGE:**

- The Republican plan repeals the Medicaid Program, replacing it with a "block grant."
- The Republican budget completely eliminates Medicaid's guarantee of defined, meaningful coverage for Americans who are sick, elderly, poor, blind or disabled in other ways.
- Because the block grant constrains spending growth per beneficiary to 1.6% per year, providing 28% less funding than under current law by 2002, states will be forced to significantly reduce Medicaid eligibility and benefits.
- Under current law, all states are required to cover a minimum set of services, including hospital, physician, and nursing home services. States have the option of covering an additional 31 services, including prescription drugs, hospice care, and personal care services.
- States could eliminate almost any benefit currently covered by Medicaid. The only required services would be immunizations and limited family planning.

13. NO GUARANTEE OF EVEN MINIMAL HEALTH CARE COVERAGE FOR POOR CHILDREN UNDER THE AGE OF 13, PREGNANT WOMEN, AND PEOPLE WITH DISABILITIES:

- While the proposal includes language calling for States to provide Medicaid services to poor children under 13, pregnant women, and people with disabilities, States could determine the level of benefits provided and define the eligible disabilities. Financially strapped States could satisfy this requirement with de minimis coverage, which could mean millions fewer people receiving a meaningful benefits package.
- The President believes it is wrong to change the laws in ways that could lead to less coverage for poor children, pregnant women, and people with disabilities.

14. DEEP CUTS PLUS ELIMINATION OF GUARANTEE COULD LEAD TO MILLIONS GETTING LESS COVERAGE OR NO COVERAGE:

With Federal Medicaid funding per beneficiary growing on average at one-fourth the rate of private health insurance spending per person, based on Congressional Budget Office data, states cannot continue to guarantee coverage.

- Of the 36 million Medicaid recipients, more than 18 million are children. Medicaid covers one out of every five children in the nation.
- Another 6 million of the current Medicaid recipients are disabled. Medicaid functions as the primary insurer for many people with disabilities, since private insurance is generally not affordable for people with pre-existing conditions.
- Sixty percent of all Medicaid beneficiaries are women.
- About 1/3 of all babies born in the United States are covered by Medicaid.
- Over 90 percent of children with AIDS are covered by Medicaid.

Loss of Medicaid Coverage Under Republican Plan:

- The reduction in Federal support under the Republican plan could force States to deny coverage for nearly 8 million Americans in 2002 alone, according to HHS estimates.

These nearly 8 million people include:

- 3.8 million children
- 1.3 million people with disabilities
- 850,000 elderly
- 330,000 nursing home residents -- 75% of them likely to be women
- 150,000 veterans

15. **WEAKENS QUALITY PROTECTIONS FOR NURSING HOME RESIDENTS AGAINST ABUSE AND NEGLIGENCE:**

- ***Current law:*** The landmark 1987 nursing home reform law, approved with bi-partisan support during the Reagan Administration, sought to address at times deplorable treatment in nursing homes, including unjustified physical restraints, and gross negligence in caring for nursing home residents, by establishing the Federal quality standards in place today. Prior to the OBRA '87 reforms, the Institute of Medicine reported that all States had some facilities with serious deficiencies in nursing home quality of care.
- ***Progress:*** Since the 1987 reforms were implemented, nursing home quality has improved dramatically. The use of physical restraints has declined 25%; dehydration has declined 50%; hospitalization rates have declined 31% (Research Triangle Institute; HCFA).
- ***Federal Enforcement and Key Protections Would be Repealed:*** The Republican bill takes away key federal protections and enforcement. While States may want to maintain these guarantees, inadequate resources could lead them to fail to set and enforce quality standards that protect elderly and disabled people in nursing homes.
 - Repeals federal enforcement of nursing home standards. States could turn over their survey and enforcement responsibilities to private accreditation organizations with no Federal review, thereby reducing accountability and increasing variations in quality and enforcement.
 - Nursing homes would no longer be required to optimize each resident's health and well-being. The bill repeals the current requirement that nursing homes provide services to "attain or maintain the highest practicable physical, mental, and psychosocial well being of each resident." Thus, residents could be denied skilled nursing and rehabilitative services necessary to improve their ability to function.
 - Residents would no longer be guaranteed the same comprehensive assessment of their health and functional status now required nationally.
 - Uniform data collection would not be required, making monitoring more difficult.
 - Federal training requirements for hands-on caregivers would be eliminated; each State could determine who would be trained and how.

16. NO ADEQUATE QUALITY OF CARE FOR MEDICAID MANAGED CARE PLANS:

- Unlike, the explicit protections in current law for residents of nursing homes and institutions caring for mentally retarded individuals, the current Federal Medicaid contracting rules for Medicaid managed care plans use proxy measures -- such as enrollment composition requirements (the "75/25 rule") -- that are vaguely, at best, related to quality of care for Medicaid beneficiaries who are enrolled in managed care systems.
- The Conference Agreement includes no quality of care standards for managed care systems -- even though 23% of all Medicaid enrollees received their health care through managed care programs in 1994, and an even greater proportion is enrolled in managed care in 1995.
 - States would not be required to establish or enforce quality standards for capitated managed care plans.
 - The Federal government would have no authority to enforce managed care access standards or quality requirements.
- The Administration's proposal would ensure quality of care for managed care enrollees and nursing home residents by replacing out-dated statutory rules with real quality of care protections for managed care enrollees -- quality improvement programs that have been field-tested in several states and were developed with extensive industry participation.

17. ELIMINATES QUALITY STANDARDS FOR FACILITIES THAT SERVE MENTALLY ILL AND MENTALLY RETARDED INDIVIDUALS:

- Federal law calls for explicit-outcome oriented quality of care protections for mentally ill and mentally retarded Medicaid beneficiaries who live in institutions.
- While the Republican Medicaid proposal maintains some federal protections for nursing homes, it *completely eliminates* the current statute that includes explicit, outcome-oriented quality of care protections for nursing home residents and mentally ill and mentally retarded beneficiaries who live in institutions.

18. WEAKENS PROTECTIONS AGAINST SPOUSAL IMPOVERISHMENT:

- The Republican budget undermines protections against spousal impoverishment that were signed into law by President Reagan in 1988. Since the law went into effect, it has protected about 450,000 spouses of nursing home residents. Most of these spouses are women.
- The Republican budget leaves it entirely up to States to determine which persons in institutions receive Medicaid assistance. Individuals could be denied coverage for long-term care services altogether. Spouses of individuals denied coverage would receive no protection from the "spousal impoverishment" provisions. Because the Republican budget repeals the guarantee of nursing home coverage, it also effectively eliminates the guarantee of protection from spousal impoverishment.
- The Republican budget also repeals the right of individuals to enforce spousal impoverishment protections in court when they believe they have been wrongfully denied, making the protections unenforceable.

19. ELIMINATES FINANCIAL PROTECTIONS -- PUTS MEDICAID BENEFICIARIES' HOMES AND FAMILY FARMS AT RISK:

- Under the Republican budget, the sick could be forced to sell their homes, family farm, car, and all their savings in order to qualify for Medicaid. The Republican proposal repeals all Federal laws protecting a minimum level of income and assets (such as the family home or farm) in determining Medicaid eligibility.
 - It allows States to count the value of one's home or family farm in determining Medicaid eligibility.
- People whom States define as no longer "poor enough" to qualify for medical assistance would be faced with paying all their medical costs themselves, or seeking help from relatives or charity.
- In the worst cases, families would have to mortgage or sell their homes to be able to pay for care, or elderly people needing long-term care would have no choice but to turn to their children for help.
- Nursing facilities could require additional payments from residents or their families in order to be admitted, or in order to continue living in the facility.
- The Republican Medicaid plan would remove all restrictions on how large a share of the costs of medical care States can require from eligible individuals, other than children and pregnant women.
- Cuts in the scope of the nursing home benefits could mean that families of poor patients will have to pay for services such as personal hygiene, laundry, or various therapies, that States now pay.

20. **REPEALS REQUIREMENT THAT ALL COMMUNITIES IN A STATE RECEIVE COMPARABLE BENEFITS AND HURTS URBAN AREAS:**

- The Republican Medicaid plan eliminates all requirements that comparable services be provided across the different geographic areas of a State. Thus, people in politically weak communities could receive fewer benefits than those in more powerful communities.
- Approximately 75% of Medicaid recipients live in cities. Assuming a proportional allocation of the \$163 billion in Republican cuts, Medicaid spending in urban areas will drop by \$122 billion.
- The Republican budget could deny Medicaid coverage to 6 million people living in urban areas, according to HHS, including:
 - Almost 3 million urban children
 - 975,000 urban people with disabilities
 - 650,000 urban elderly

21. **CUTS WILL HURT VETERANS:**

- More than 600,000 veterans currently depend on Medicaid for their health care.
- The Republican Medicaid cuts could deny 150,000 veterans Medicaid coverage in 2002 alone. Most could not afford private health insurance, leaving many veterans without any health care coverage at all.
- The Republican budget also doubles the copayment that veterans must pay for prescription drugs for non-service connected conditions.
- It also restricts the Secretary's ability to waive the copayment for veterans who cannot pay.

TAXES

22. THE SIZE OF THE TAX CUT, WHICH EXPLODES OUTSIDE THE BUDGET WINDOW, CANNOT BE JUSTIFIED:

- At a time when we are working to balance the budget, the "Contract" tax cuts are too costly, forcing excessive cuts in Medicare, Medicaid, education, technology, and the environment, as well as the Earned Income Tax Credit.
- Over 7 years, these tax cut provisions, including capital gains cuts, estate tax cuts, and Individual Retirement Account provisions, cost \$258 billion. Moreover, the cost of these tax provisions, particularly those for the most affluent, is designed to explode outside the 7-year budget window -- to more than \$400 billion over 10 years.

23. IT IS WRONG TO SINGLE OUT LOW AND MODERATE-INCOME WORKING FAMILIES EARNING UNDER \$30,000 A YEAR FOR A SPECIAL TAX INCREASE:

- The Republican budget raises income taxes on low and moderate income working families by \$31 billion through cuts to the Earned Income Tax Credit (EITC), a provision that President Ronald Reagan called "the best anti-poverty, the best pro-family, the best job creation measure to come out of the Congress."
- President Clinton expanded the EITC to move families from welfare to work and to help ensure that parents who work full-time do not have to raise their children in poverty.
 - Nearly half of all EITC recipients with children are female heads of households who choose to work rather than rely on welfare.
- Under the Republican plan, 12.6 million working Americans with 14.5 million children would lose, on average, \$332 of the EITC in 1996. Moreover, even after accounting for the fully phased-in Republican tax cuts, about 7.7 million families who earn under \$30,000 a year would face an average net tax increase in 1996 of \$318 per family under their plan.
- On average, families in the lowest 20% of the income distribution would face a net income tax *increase*, not a tax cut, under their plan.

24. TAX CUTS ARE TARGETED TOO HEAVILY TO BENEFIT THE WEALTHIEST TAXPAYERS, AND NOT ENOUGH ON HELPING MIDDLE CLASS FAMILIES:

- At a time when we are all working to balance the budget, any tax relief must be focused on middle income Americans.
- The Republican bill gives nearly half the tax benefits to the top 12% of families with incomes of \$100,000 or more. The highest income 1% of families, those with incomes over \$349,000, would receive an average annual tax break of almost \$8,500 per family.
- Their bill provides \$13 billion in retroactive capital gains relief, a huge windfall for past investments, with no conceivable economic purpose. This windfall cannot be justified in light of cuts on working families and the poor.
- Overall, Republicans provide capital gains tax cuts costing \$47 billion over 7 years and \$77 billion over 10 years, cuts that overwhelmingly benefit the wealthy. In fact, 75% of the benefit of the capital gains cuts go to the wealthiest 12% of households, who have incomes over \$100,000 a year.

25. SPECIAL INTEREST TAX LOOPHOLES:

- The American people elected this Congress and this President to balance the budget and move the country forward, not to provide special tax breaks for special interests.
- The Republican budget contains dozens of tax breaks for particular taxpayers and special interests, costing the rest of American taxpayers more than \$3 billion over 7 years. These special-interest provisions, both large and small, are designed to benefit, among others:
 - multinational corporations that stockpile assets overseas,
 - the airline industry,
 - certain coal companies,
 - real estate developers,
 - insurance companies,
 - certain convenience stores,
 - newspaper companies, and
 - certain pharmaceutical companies with operations in Puerto Rico.
- These special-interest favors for the well-connected are inappropriate, especially since this budget *increases* taxes for millions of working families. These special interest provisions have little or nothing to do with stimulating the economy or creating new jobs. Now is the time to *close* loopholes and special interest provisions, not open up new ones.

26. ALLOWS PROFITABLE CORPORATIONS TO PAY NO INCOME TAX, WHILE MILLIONS OF WORKERS PAY THEIR FAIR SHARE:

- This Administration is committed to simplifying the Alternative Minimum Tax (AMT), without compromising fairness. The Republican budget goes too far.
- Under the Republican budget, some profitable corporations would be able to pay little or no income tax, at a cost to the rest of America's taxpayers of \$15 billion over 7 years and \$18 billion over 10 years.
- The Republican proposal makes the tax code *more complex*, not less, and rewards investments that are seven years old.

27. A \$90,000 PER ESTATE TAX CUT CANNOT BE JUSTIFIED:

- We ought to help farmers and small businesses whose heirs want to continue running the family business, but we should not provide tax breaks to the wealthiest estates at high cost when we are trying to balance the budget.
- The Republican budget would give an average of \$90,000 in estate tax relief to the wealthiest 1% of decedents owing estate tax each year -- about 30,000 wealthy estates -- costing \$13 billion over 7 years and \$27 billion over 10 years.
- Only the wealthiest 1% of taxpayers who die pay any estate tax. An estate that could take full advantage of the proposed changes could save over \$1 million in taxes.
- Heirs who want to continue to run their family farm or small business should not be forced to liquidate in order to pay estate taxes, but the Republican budget goes way too far.

28. WEALTHY AMERICANS SHOULD NOT BE ABLE TO AVOID PAYING U.S. TAX ON THEIR GAINS BY RENOUNCING THEIR U.S. CITIZENSHIP:

- Wealthy Americans who seek to avoid their taxes by renouncing their citizenship should pay the same tax on income accrued while they were subject to U.S. tax laws that those who remain will pay.
- The Republican budget effectively leaves open a loophole for expatriates. Their provision would reward tax avoiders who are willing to wait 10 years before realizing gains; it rewards those who invest in foreign assets; and it makes enforcement very difficult.

29. MULTINATIONAL CORPORATIONS SHOULD NOT BE ABLE TO AVOID PAYING THEIR FAIR SHARE OF INCOME TAXES BY SHELTERING PASSIVE ASSETS IN OFFSHORE TAX HAVENS:

- This Administration put in place a new rule in 1993 to reduce the incentive for multinational companies to stockpile passive assets in excess of reasonable business needs, primarily to avoid taxes, not to invest, grow, and compete.
- The Republican bill repeals this provision, enhancing the incentive for these companies to move capital overseas and to keep their profits in passive assets there.

30. ALL AMERICANS WHO WORK HARD AND PLAY BY THE RULES OUGHT TO BE ABLE TO COUNT ON THEIR PENSIONS WHEN THEY RETIRE:

- The Republican budget gives employers the green light to raid their employees' pension funds.
 - During the 1980s, corporations removed more than \$20 billion from employee pension plans, often to fund corporate takeovers, until Congress effectively put an end to this. And just last year, we took further steps to improve pension funding and reduce taxpayer risk through the Administration's 1994 Retirement Protection Act.
 - Now, the Republican budget permits employers to transfer without any excise tax, pension assets in excess of 125% of a pension plan's "termination liability" to pay certain employee benefits. In effect, this would allow companies to use pension assets to free up other corporate funds for other purposes.
 - The Republican proposal would increase risk to pensioners and to the Pension Benefit Guaranty Corporation, and ultimately to America's taxpayers. A plan's financial condition can change rapidly as interest rates and markets fluctuate. Today's "overfunded" plan can become tomorrow's underfunded plan, and experience shows that the financial condition of plans can deteriorate significantly prior to termination.
 - It would permit corporations to use valuable tax benefits granted to help American workers accumulate retirement savings for nonpension, corporate purposes.
 - It would permit corporations to remove billions from the retirement system at a time when it is critical to increase national savings and retirement security.

- **The Republican budget would require federal employees to pay more for their retirement.**
 - It also requires agencies to pay more for employees covered by the Civil Service Retirement System (CSRS), diverting much-needed resources from important programs.

31. REPEALS TAX CREDITS THAT CREATE HOMES AND JOBS FOR WORKING FAMILIES AND REBUILD COMMUNITIES:

- This Administration made the low income housing tax credit permanent in 1993. Since its enactment in 1986, state housing agencies report that the credit has been used to construct or rehabilitate nearly 100,000 units of low income rental housing per year.
- The Republican budget terminates the low income housing tax credit at the end of 1997, a cut of \$3.5 billion over 7 years. Their budget also ends an incentive for community development that builds bridges between businesses and communities.
- The Republican budget also would repeal the tax credit that encourages economic activity in Puerto Rico. We must not ignore the real needs of our citizens in Puerto Rico, and any legislation must contain effective mechanisms to promote job creation in the Islands.

WELFARE REFORM

32. EXCESSIVE CUTS FOR DISABLED CHILDREN:

- The Republican budget cuts aid to most of the severely disabled children coming on the rolls by 25%, and slashes \$12 billion from disabled children's SSI benefits.
- The tightening of eligibility would apply to children currently receiving benefits as well as future applicants, so that 160,000 children currently in the program would lose eligibility within one year after enactment.
- The Republican bill creates an indefensible division between severely disabled children, making some of them eligible for only 75% of the federal benefit rate. Because of their responsibility for their children, the low-income parents of these children experience special costs and reduced employment opportunities.
- The Republican bill would take away SSI and food stamp benefits from *legal* immigrant children and adults who became severely disabled *after* entering the U.S.

33. PROVIDES TOO LITTLE CHILD CARE FOR REAL WELFARE REFORM THAT WOULD MOVE PEOPLE FROM WELFARE TO WORK:

- The Republican Budget does not provide the child care that is essential to move people from welfare to work.
- The bipartisan Senate welfare reform bill would have increased child care funding by \$1.7 billion from the CBO baseline over the next five years. By contrast, the Republican budget *cuts* that funding by \$1.4 billion, which means thousands of mothers will need to stay at home with their children on welfare instead of going to work.
- The Republican budget also weakens important bipartisan work provisions of welfare reform such as requiring states to maintain their stake in moving people from welfare to work, rewarding states for putting more people to work, requiring recipients to sign personal responsibility agreements, and providing a contingency fund for economic downturns.

34. UNDERMINES THE NATIONAL NUTRITIONAL SAFETY NET:

- The Republican budget excessively cuts food stamp benefits by about \$35 billion over 7 years, cutting benefits by 20% in 2002.
- Their optional food stamp block grant destroys our national nutritional safety net.
- Current law states that families with children that pay over 50% of their income for housing will receive food stamps in order to keep these families from having to choose between food and shelter. The Republican budget repeals this provision.
- The Republican bill would deny food stamp benefits to nearly 700,000 people, even those who are willing to work but cannot find a job.
- The Republican budget would also deny food stamp and SSI benefits to over 1 million *legal* immigrants. And it would severely limit Medicaid, AFDC, and scores of other important federal programs to *legal* immigrants.
- It also cuts child nutrition and the school lunch program by \$5 billion. In addition, it would force schools to act as an extension of the nation's immigration authorities by denying school lunches to many immigrant school children.

35. JEOPARDIZES IMMUNIZATIONS FOR CHILDREN:

- The Republican budget repeals the Vaccines for Children program, putting at risk at least \$1.5 billion over seven years that would otherwise provide vaccinations for children.

36. SLASHES CHILD PROTECTION BY 20%:

- The Republican budget cuts and block grants funding for child protection services and administration, including services that are needed to remove children from unsafe homes, place them in appropriate settings, and recruit and train foster parents and those wishing to adopt.
- HHS estimates that total spending in these programs is slashed by about 20%, or about \$4 billion over seven years.
- These cuts would occur at a time when GAO and others report that resources are already failing to keep pace with the need. Between 1983 and 1993, foster care caseloads mushroomed by two-thirds. Over 1,300 children die each year due to child abuse and neglect.
- Yet the Republican budget slashes and caps these programs, eliminating the ability of the programs to respond to increases in child abuse and neglect.

EDUCATION AND TRAINING AND WORKER PROTECTION

37. EDUCATION AND TRAINING SHOULD BE STRENGTHENED -- NOT CUT BY MORE THAN \$30 BILLION:

- While Republicans claim that they are balancing the budget to protect our children and grandchildren, their budget proposals make devastating cuts in education that would deny many children the tools needed to rise to their full stature as human beings. These cuts would halt years of progress preparing children for learning, raising educational goals and standards, and making student loans more affordable.
- Republicans propose to sell our nation's seedcorn. They cut education and training by more than \$30 billion over 7 years, denying millions of children and youths opportunities to succeed.

RECONCILIATION: THE MAIN EDUCATION ISSUE IN DISPUTE IN THE RECONCILIATION PACKAGE IS THEIR PROPOSAL TO NEARLY ELIMINATE THE DIRECT LOAN PROGRAM.

38. DIRECT LOANS: CHOICE AND COMPETITION MUST NOT BE ELIMINATED:

A. The Republican budget cuts off direct lending opportunities for 2.5 million students in 1,350 institutions in 1996 alone.

- Their budget effectively replaces the Direct Lending program with the more costly, inefficient guaranteed loan program by "capping" direct lending at 10% of total loan volume. 90% of all schools will be denied the opportunity to choose their student loan program.
- On November 15, 1995, over 450 College Presidents wrote the President, Speaker and Senate Majority Leader making clear that direct lending was very popular, that competition and choice were the best principle, and that arbitrary caps were counterproductive. The Presidents and Chancellors of colleges and universities currently using or planning to use the Direct Lending program wrote to oppose attempts to "arbitrarily limit the ability of schools to participate in direct lending."
- This year, 1,350 colleges and universities will offer direct loans, with an estimated loan volume of \$12 billion. With more than 2 million borrowers, direct loans now account for 35 to 40 percent of total student loan volume.
- The reason is straightforward: Under the direct loan program it is easier for students to repay their students loans, is simpler to borrow, and saves money.
- A recent survey by Education Daily found that more than 90 percent of participating colleges and universities rate the direct lending program as "excellent."

B. The Republican budget uses biased scoring of the Direct Lending program.

- Republicans claim that capping or eliminating Direct Lending will save taxpayer's money. But that conclusion is based on a scoring gimmick -- a special interest scoring rule imposed on the Congressional Budget Office by the Republicans.
- That biased rule requires CBO to include certain kinds of expenses when calculating the cost of Direct Lending but not when calculating the cost of ordinary guaranteed loans.
- Larry Lindsey, a member of the Federal Reserve, recently wrote that, "As long as it is necessary to provide a profit to induce lenders to guarantee students loans, direct lending will be cheaper."
- The Republican proposal puts the special interests -- the banks -- ahead of student interests. The Senate proposal to cap Direct Lending would increase loan volume under the guaranteed loan program by more than \$100 billion. That would ensure as much as \$6 billion in additional profits for banks, lenders, and others who hold guaranteed student loans.

39. INCOME CONTINGENT -- PAY AS YOU EARN -- OPTION SHOULD NOT BE WITHDRAWN FOR MILLIONS OF STUDENTS:

- The Republican budget also effectively eliminates one of the most promising features of the Direct Lending program, which gives students the option of adjusting their repayment to reflect their ability to pay. This change will make it more difficult for many students to take low-paying public service jobs or start a new business or take a year off to raise a child.

DISCRETIONARY EDUCATION AND TRAINING CUTS: THE REPUBLICAN BUDGET CUTS DISCRETIONARY EDUCATION AND TRAINING PROGRAMS BY \$26 BILLION OVER 7 YEARS.

- Nearly all Americans agree that investing in education is critical to our future economic prosperity.
- Despite this consensus, the caps on non-defense discretionary spending proposed by the Republicans would have a devastating impact on educational opportunities for children and students of all ages.
 - The massive cuts in education proposed in just the first year of the Republican budget plan constitute nothing less than a down payment on the elimination of effective Federal support for education.
 - The Republican plan is an attack on programs that will improve academic achievement, create safer school environments, improve the quality of our teachers, promote parental involvement, and provide innovative technology in our classrooms.
 - Moreover, the Republicans are proposing severe cuts in precisely those areas that parents, teachers, and business leaders agree are most important for making real improvement in our education system, such as improving basic skills, raising standards for all students, keeping schools safe and drug-free, raising the qualifications of teachers, and bringing technology into the classroom.

40. CUTS IN HEAD START WOULD LEAVE THOUSANDS OF CHILDREN WITHOUT A CHANCE:

- The Republican budget cuts \$135 million from Head Start in 1996 -- \$535 million below the President's request for 1996.
- Assuming Republican spending on Head Start remains frozen at 1996 levels, their proposal would deny comprehensive education, health, and social services, to 180,000 children by the year 2002.
- These cuts would fall particularly hard on our most vulnerable children. Most of the children participating in Head Start are only 3 and 4 years old. 95% of these children come from families below the poverty line and 13% have a diagnosed disability.
- These cuts are penny wise and pound foolish, for Head Start is a good investment in our nation's future. As the Council of Economic Advisors concluded, after reviewing the literature on Head Start, "Participants in Head Start-style programs are less likely to be held back in school and less likely to be classified as special-education students, and more likely to graduate from High School." [Council of Economic Advisors, "Educating America: An Investment in Our Future," September 1995)]

41. **ENDING GOALS 2000 WOULD CRIPPLE STATE AND LOCAL EFFORTS TO RAISE ACADEMIC STANDARDS:**

- The Republican budget eliminates Goals 2000, cutting off 9,000 schools currently using Federal funds to raise educational standards, just as States and communities have completed their planning and begun to implement comprehensive reforms based on their own high academic standards.
- The President's proposal increases funding for Goals 2000, aiming to help more than 8 million children in 17,000 schools meet higher educational standards.
- Goals 2000 has received widespread support because of its flexibility and its emphasis on high standards and accountability. The *Wall Street Journal* has reported that Goals 2000 is viewed "by many political analysts as the most flexible education plan ever produced by the Federal government." *Wall Street Journal*, 8/30/95.
- IBM Chairman Lou Gerstner, for example, says that "Goals 2000 is only a small portion of what we need. But it is a very critical portion because it is the fragile beginning of the establishment of a culture of measurement standards and accountability in this country. We must go beyond Goals 2000. But if we lose Goals 2000, it is an incredibly negative setback for the Nation."

42. **SLASHES FUNDS FOR BASIC AND ADVANCED SKILLS ASSISTANCE:**

- The Republican budget cuts more than \$1 billion and 1 million students from the Title I program that helps low-achieving poor children reach the same high standards expected of other students.
- More than 14,000 school districts and more than 50,000 schools rely on Title I funding to help improve their students' basic and advanced skills.
- The President has requested increased funding and greater targeting of those funds on communities with the highest concentrations of poor children, but the Republicans would both cut funding and reject greater targeting.

43. **SHARP REDUCTIONS IN SAFE AND DRUG-FREE SCHOOLS WOULD CRIPPLE EFFORTS TO REDUCE DRUG ABUSE, PREVENT VIOLENCE, AND IMPROVE DISCIPLINE IN AMERICA'S SCHOOLS:**

- The Republican budget cuts spending on Safe and Drug-Free Schools program by more than half in 1996, from \$466 million to just \$200 million, reducing services to up to 23 million school children.
- These funds currently support drug abuse and violence prevention activities for 39 million students in nearly all elementary and secondary schools.
- The Republican budget amounts to a surrender to the drugs and violence that plague so many of our communities, despite the fact that school safety and student abuse of drugs and alcohol are among the greatest concerns of parents and teachers.
- The President's budget rejects surrender and raises Safe and Drug-Free Schools funding to \$500 million.

44. **TEACHERS WOULD BE DENIED THE TRAINING THEY NEED TO HELP STUDENTS REACH HIGHER ACADEMIC STANDARDS:**

- The Republican budget cuts the Eisenhower Professional Development State Grant program by 80 percent, from \$251 million to just \$50 million in 1996
- For all practical purposes, this would end Federal support for State and local efforts to prepare educators to teach to high standards in the core academic subjects — a key to reaching the National Education Goals.
- The President's budget, by contrast, would nearly triple funding for the Eisenhower program to \$735 million, providing States and communities with substantial new resources for teacher training.

45. **EDUCATION TECHNOLOGY CUTS THREATEN TO LEAVE SCHOOLS, LIBRARIES, AND COMMUNITIES OFF THE "INFORMATION SUPERHIGHWAY":**

- The private sector will build, own, and operate the emerging National Information Infrastructure (NII). President Clinton has made clear, however, that he will not allow the emerging information superhighway to bypass middle-class Americans, to extend the gap between the well-off and the needy, or to let the United States become a nation of information "haves" and "have-nots."
- That is why he strongly opposes Republican plans to gut the National Telecommunications and Information Administration and its Telecommunications and Information Infrastructure Assistance Program (TIIAP). Cuts, like those proposed for TIIAP, would mean that hospitals, clinics, schools, libraries, local governments and non-profits may be excluded from the development of the advanced NII.

46. **CUTS TO THE PELL GRANT PROGRAM DENY DESERVING STUDENTS A COLLEGE EDUCATION:**

- Pell Grants are one of the bedrock Federal student aid programs, providing assistance to more than 3.7 million financially needy students.
- Republican proposals in 1996 cut \$450 million from Pell Grants, denying Pell grants to 380,000 deserving students in 1996
- Pell Grants remain a good investment for our country. A wealth of economic data show that college graduates earn more over their careers, making college education a good investment for individuals and the Nation. The Bureau of Labor Statistics estimates that between 1963 and 1992, improvements in education accounted for about 20 percent of the per-capita income growth over the period.

47. **ELIMINATES AMERICORPS -- PREVENTING STUDENTS FROM LEARNING RESPONSIBILITY THROUGH COMMUNITY SERVICE:**

- The Republican budget eliminates the Americorps national service program.
- Its elimination would deny nearly 50,000 young people the opportunity to serve their communities next year while earning money toward their college education.
- General David Jones, a former Chairman of the Joint Chiefs of Staffs captured the spirit of the National Service program best when he said: "AmeriCorps programs work. They show what we can accomplish when the government operates as a true partner of communities. Most important, they build partnerships by enacting an old truth that the men and women in our armed forces learn so well: to earn opportunity you must take responsibility for yourself and for others."
- In contrast to the Republican cuts, the President would increase funding for National Service by \$345 million next year, providing nearly 50,000 community service and college aid opportunities next year.

48. **ELIMINATES FUNDING FOR WOMEN'S EDUCATIONAL EQUITY ACT:**

- The Republican Budget eliminates the Women's Educational Equity program, denying schools funding for research and training programs designed to promote educational equity for women and girls.

49. **ELIMINATES THE SUMMER JOBS PROGRAM AND CUTS FUNDS THAT HELP YOUNG PEOPLE MOVE FROM SCHOOL TO WORK:**

- **The Republican budget eliminates the Summer Jobs program, denying about 600,000 disadvantaged young people meaningful summer work opportunities next year that would help prepare them to be active contributors to the workforce and the community.**
 - By eliminating the Summer Jobs program, Republicans will deny nearly 4 million disadvantaged youth summer job opportunities over 7 years.
 - Contrary to some claims, studies show that the Summer Jobs program does not displace private market employment but, rather, employs youth who would otherwise be unemployed and on the streets. [Jon Crane and David Ellwood, *The Summer Youth Employment Program: Private Job Supplement or Substitute*, Harvard University, March 1984.]
- **The Republican budget cuts funding for the School-to-Work initiative which helps states and local partners design systems that help young people make the transition from school to careers and lifelong learning.**
 - Linking academic skills to job skills and classroom teaching to worksite learning are essential to increasing worker productivity, raising wages, and maintaining American competitiveness in the new world economy.
 - These Republican cuts will require cuts in the grants to the 27 states already participating in the initiative, and prevent any additional states from joining.

50. **CUTS IN EMPLOYMENT AND TRAINING PROGRAMS WILL LEAVE WORKERS UNPREPARED FOR THE NEW ECONOMY:**

- The Republican budget cuts the President's request for employment and training programs by \$1.6 billion -- or 26% below the 1995 funding levels.
- The Republican budget reduces funding to help dislocated workers find new jobs by \$379 million -- or 31% -- compared to 1995 levels.
 - Republican cuts would deny 155,000 workers next year alone help obtaining the skills they need to adjust to the new economy and to corporate downsizing.
- These cuts don't make sense. Education and training programs, including those for experienced workers, have been shown to offer significant economic benefits. One recent study concluded that each year of education provided through a Pennsylvania program for older displaced workers increased earnings by roughly 7 percent. [Jacobson, LaLonde, and Sullivan, "The Returns to Classroom Training for Dislocated Workers," unpublished manuscript, September 1994; reported in Council of Economic Advisers, "Educating America: An Investment in Our Future," September 1995.]

- A major study of the Job Training Partnership Act's program that provides training to economically disadvantaged adults found that the program is cost-effective. Participation increased the earnings of adult males by 10% and the earnings of adult female participants by 15%. These earnings gains were one and a half times greater than the costs invested to produce them. [Bloom, *The National JTPA Study: "Impacts, Benefits, and Costs of Title II-A,"* Abt Associates, March 1994].

51. CUTS ENFORCEMENT OF WORKPLACE SAFETY LAWS AND JEOPARDIZES ENFORCEMENT OF THE FAMILY AND MEDICAL LEAVE ACT AND THE MINIMUM WAGE:

- **The Republican budget cuts funding for federal enforcement of workplace safety laws 33% below the 1995 level.**
 - This cut would slow the Occupational Safety and Health Administration's response to imminent dangers and workplace emergencies, and would curtail or eliminate many compliance assistance activities.
 - As a result of their 33% cut, an estimated 50,000 more workplace injuries and illnesses may occur that could have been prevented. [Labor Department estimate based on Wayne Gray and John Scholz, "Does Regulatory Enforcement Work," *Law and Society Review*, July 1993.]
 - For many employers, safe workplaces save dollars. High rates of injuries and illness impose millions of dollars of additional costs on businesses, in the form of higher workers' compensation payments, related medical costs, and employee turnover costs.
 - Since OSHA was created in 1970, the workplace fatality rate has dropped by over 50%, and injury and illness rates have declined in the industries in which OSHA has focused its enforcement efforts. The Republican cuts would reverse much of this progress.
 - An extraneous provision in the Republican budget would also block OSHA's efforts to identify and address work-related musculoskeletal disorders (MSDs or ergo). They would also allow thousands more work-related injuries and illnesses, cost employers billions more in unnecessary worker's compensation claims, and even preclude OSHA from gathering information about the problem.

- **The Republican budget cuts jeopardize American workers' newly won rights to family and medical leave.**
 - President Clinton signed the Family and Medical Leave Act to allow workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they themselves become too sick to work.
 - The Republican budget cuts by 12% funding for worker protection activities, including enforcement of the Family and Medical Leave Act.
 - Because of these Labor Department enforcement activities, a pregnant woman in Miami got her job and health benefits back after she had been illegally fired from her job and lost her health insurance for requesting a leave of absence to have her baby. Since enactment of this law, the Labor Department has responded to over 3,500 cases involving the Family and Medical Leave Act.
- **The Republican budget cuts jeopardize enforcement of the minimum wage by cutting enforcement of protections such as the minimum wage by 12%.**
- **Republican budget cuts undermine efforts to stop garment industry sweatshops.**
 - The Department of Labor in 1995 stepped up enforcement actions against sweatshops. These actions yielded \$2.2 million in backwages for 7,400 garment workers. By using the hot goods provision in the Fair Labor Standards Act, the Department has held manufacturers accountable for their contractors' labor law violations.
 - In August, the Secretary of Labor issued a national call for action against sweatshops in the garment industry, following the discovery of slave-like working conditions in a Southern California sweatshop.
 - The Republican budget's 12% cut in worker protection activities such as these will seriously impede efforts to end the exploitation of workers in sweatshops.

52. **PROHIBITS IMPLEMENTATION OF THE PRESIDENT'S EXECUTIVE ORDER ON STRIKER REPLACEMENT AND MAKES IT TOUGHER FOR WORKING PEOPLE TO BARGAIN COLLECTIVELY FOR HIGHER WAGES AND BETTER BENEFITS:**

- **The Republican budgets contains an extraneous provision that would prohibit implementation of the President's Executive Order that prohibits federal contracts with companies that permanently replace lawfully striking employees.**
 - The President's March 8, 1995 Executive Order allows the federal government to ensure a stable and dependable supplier base by prohibiting federal contracts with companies that use permanent replacement workers and by encouraging cooperative and productive labor-management relations. Research has found that strikes involving permanent replacements *last 7 times longer* than strikes that do not.
- **The Republican budget cuts the National Labor Relations Board by 30% in 1996 alone, crippling the NLRB's ability to guard against unfair labor practices by both employers and employees, and to protect the right of workers to organize.**
 - This 30% cut will destroy the orderly legal framework for resolving labor-management disputes, which has served the nation well for 60 years, and will severely undermine the rule of law that has governed the nation's labor relations.
 - This 30% cut would require the closure of *over half* of the NLRB's field offices, forcing employers and employees to wait months longer for resolution.
 - The Republican budget also includes extraneous provisions that would restrict the NLRB's authority to enforce the National Labor Relations Act -- a direct attack on the basic right of employees to organize unions.

ENVIRONMENT AND PUBLIC HEALTH

RECONCILIATION PROVISIONS:

53. OPENS THE ARCTIC REFUGE TO OIL DRILLING:

- The Arctic National Wildlife Refuge is a rare, pristine wilderness that the President supports protecting permanently, for the benefit of future generations.
- The Republican reconciliation bill would open the Arctic Refuge to drilling by the oil industry in hopes of generating \$1.3 billion in federal revenues.
- The \$1.3 billion estimate is overstated by several hundred million dollars due to oil price assumptions and other factors. It also assumes that the State of Alaska will not sue for 90 percent of the revenues (up from 50 percent in the bill) -- even though the Alaska statehood legislation gave them 90 percent.
- Exploration and development would disturb the area and create unacceptable risks of oil spills and pollution.

54. CONTINUES TO TURN OVER BILLIONS OF DOLLARS OF TAXPAYER-OWNED MINERALS FOR A PITTANCE, EVEN WHILE IT RAISES TAXES ON WORKING FAMILIES:

- The Reconciliation bill includes sham mining reform that provides for the sale of federal mineral rights at their "market value" -- defined as the value of the surface land, not the minerals. It's like selling Fort Knox for the price of the roof.
- The provision -- which sets a 5 percent royalty to be imposed after minerals are processed and after numerous deductions -- is so riddled with loopholes that the Congressional Budget Office estimates that it will produce less than \$1 million per year for the Treasury from all federal hard rock mines in the nation.
- This, together with the mining provision in Interior appropriations, provides for the continued giveaway of public treasures under a law signed by Ulysses S. Grant in 1872. Just this month, Interior Secretary Bruce Babbitt was forced to turn over nearly \$3 billion worth of copper and silver for less than \$2,000.

55. MANDATES TRANSFER OF WARD VALLEY (CA) SITE FOR A LOW-LEVEL RADIOACTIVE WASTE DUMP -- WITHOUT PUBLIC SAFEGUARDS:

- The Administration has engaged in negotiations with the State of California to transfer the Ward Valley site with conditions recommended by a distinguished panel of the National Academy of Scientists.
- The Republican proposal would bypass good science and mandate unconditional transfer.

56. FAILS TO TAKE ANY STEPS TO BUILD ON OUR EFFORTS TO PROTECT AND RESTORE THE FLORIDA EVERGLADES.

57. ENVIRONMENTAL BUDGET IS A CATCHALL FOR VARIOUS OBJECTIONABLE POLICIES, MANY HAVING NOTHING TO DO WITH BALANCING THE BUDGET:

- The Republican budget includes an uncompetitive approach for handing out national park concessions that would protect vendor monopolies, weaken safeguards against price gouging, and generally compromise efforts to bring pure competition to vendor services.
- Other provisions in the budget pander to special interests at taxpayer expense, including special loophole water deals for corporate agriculture and certain water districts, and changes to federal oil and gas royalty collection that invite evasion by making collection more difficult and costly.

APPROPRIATIONS (VA/HUD & INTERIOR):

The President and Vice President believe that the impact of deep Republican cuts in non-defense discretionary spending imposed by the caps in the Republican reconciliation bill would have a devastating effect on the environment and public health over seven years. In fact, the Republican multi-year budget resolution specifically called for cuts to clean and safe water infrastructure, land management, and national parks. Furthermore, additional special interest riders and policy provisions severely limit EPA's ability to set and enforce environmental standards, and DOI's and USFS's ability to manage lands in a sound manner. The Republican budget also cuts the President's environmental advisors, the Council on Environmental Quality, by more than 50%.

58. IRRESPONSIBLE ENFORCEMENT CUTS WOULD LEAD TO DIRTY WATER, UNHEALTHY AIR, AND UNSAFE LAND:

- Cutting fair and consistent enforcement would hurt families who depend on clean air and water, and hurt companies that obey the law. Enforcement cuts would help only those companies who continue to evade environmental laws and pollute irresponsibly.
- The Republican budget contains a 25% cut in EPA's enforcement budget from the President's request.
- According to the Philadelphia Inquirer, budget cuts have already forced EPA to cut back on hundreds of inspections at toxic waste sites and for industrial air pollution and drinking water supplies; the Republican budget would put even more people at risk. (11/28/95)

59. CUTS FUNDS BY 17% TO SET PUBLIC HEALTH STANDARDS FOR AIR POLLUTION, PESTICIDES, AND CLEAN AND SAFE WATER.

60. DRINKING WATER CUTS WOULD LEAD TO MORE CONTAMINATED WATER:

- Safe drinking water is the first line of defense for protecting public health. President Clinton believes that when Americans turn on their taps, there should be no doubt that the water is safe.
- The Republican budget cuts by 45 percent (\$225 million) the money that goes directly to States to protect communities' drinking water, compared to the President's budget. These funds are used by communities to upgrade facilities and better treat contaminants such as cryptosporidium, which in 1993 killed 100 people and sickened 400,000 others in Milwaukee.
- In the last two years, millions of residents of major U.S. cities, such as New York and Washington, DC, have been ordered to boil their drinking water.

61. CLEAN WATER CUTS WOULD BLOCK EFFORTS TO KEEP RAW SEWAGE AND OTHER POLLUTION OFF BEACHES AND OUT OF WATERWAYS:

- The Clean Water Act is a great American success story. Twenty-five years ago, the Cuyahoga River was so polluted it burned. Lake Erie was dead. Garbage floated in the Chesapeake Bay. Today, those waters are on the rebound.
- The Republican budget specifically cuts funds that go to States for waste water treatment -- making it difficult for States to comply with the Clean Water Act.
- The Republican budget cuts the President's request for waste water treatment support to the States by 30%. This money is used to construct and upgrade waste water treatment facilities that keep raw sewage from flowing into our rivers, lakes and streams.
- The Republican budget also contains a particularly objectionable rider that will prevent EPA from stopping the dumping of harmful fill into rivers and wetlands.

62. BUDGET CUTS WOULD STOP OR SLOW CLEANUP OF TOXIC WASTE DUMPS:

- Fifteen years after Love Canal, one in four Americans -- and *five million children* under the age of four -- still live within four miles of a Superfund toxic dump site.
- The Republican budget cuts the President's request for the Superfund toxic dump cleanup program by nearly 25 percent (\$382 million), needlessly exposing citizens living near these sites to dangerous chemicals.
- In addition, Republicans in Congress separately continue to change the Superfund law to relieve polluters -- including the company responsible for Love Canal -- of the responsibility to pay for the pollution they caused and shift that burden to the American people.

63. EXTRANEOUS POLICY PROVISIONS THREATEN OUR WATER, AIR AND LAND -- AND THE PUBLIC'S RIGHT TO KNOW:

- On August 8, President Clinton signed an executive order on pollution disclosure to protect peoples' access to information about toxic emissions in their communities. He had expanded the public's "right to know" once before. The law is the most cost-effective pollution reduction program we have.
- The Republican budget originally included 17 separate special interest riders -- including one blocking the public's right to know. The conference budget contains several back door ways to include previously attached riders.
- The conference report threatens the next phase of the Clinton Administration's effort to expand information available to communities -- information not currently reported to the public about dangerous chemicals. The bill may prevent EPA from moving forward.
- Efforts to prevent the reduction of toxic pollutants from hazardous waste facilities and block upgraded pollution control facilities have also been transferred to report language.
- Echoing two riders on the House budget proposal, the report language advises EPA to delay for nearly one year the Clinton Administration's combustion strategy, which would issue overall protections to reduce toxic pollutants from hazardous waste incinerators.

64. REDUCES ENVIRONMENTAL RESEARCH AND TECHNOLOGY:

- Environmental research and technology funding is cut by nearly \$1 billion or 20% from the President's request for FY 1996.
- The Republican cuts include a 92% reduction from the President's request for the Environmental Technology Initiative (ETI), which would thwart efforts to encourage the development of new technologies that reduce pollution and clean-up the environment while creating new jobs and economic growth. America cannot expect to be the world's leader in environmental technologies -- a market that is expected to boom to \$400 billion by 2000 -- if American industry does not make sufficient investments in this area today.
- The Republican budget also proposes to slash scores of other environmental research programs that provide objective information in forestry, agriculture, minerals management, global climate change, natural disasters, fisheries, weather forecasting, and other areas. This would stifle our efforts to better understand and cope with environmental change.

65. INTERIOR APPROPRIATIONS BILL JOINS WITH RECONCILIATION BILL TO CONTINUE MINING GIVEAWAY:

- The Republican budget for the Interior Department would allow the moratorium on new mining patents to be lifted prematurely.
- This, together with the mining provision in the reconciliation bill, provides for the continued giveaway of public treasures under a law signed by Ulysses S. Grant. Just this month, Interior Secretary Babbitt was forced to turn over almost \$3 billion worth of minerals to a foreign mining company for less than \$2,000.

66. WAIVES ENVIRONMENTAL LAWS AND OPENS TONGASS RAINFOREST TO CLEARCUTTING:

- The Republican budget proposes to dictate timber cutting levels in Alaska's Tongass National Forest beyond sustainable levels. It would waive environmental laws and expand clearcuts, through an extraneous policy provision in the Interior appropriations bill.
- The Republican proposal could hurt sport and commercial fishing interests in the area and the region's tourism industry, which has grown 40 percent in four years.
- According to tour operators, the visitor industry is more profitable and has a higher payroll by far than the timber industry, and increased logging will directly hurt their business. (New York Times 9/12/95)

67. BUDGET BLOCKS EFFORTS TO PROTECT PACIFIC NORTHWEST SALMON:

- For centuries, salmon have been among the most valued resources in the Pacific Northwest, as the Oregonian says, "a treasured part of our natural heritage." (11/12/95 editorial.)
- The Republican Interior appropriations bill includes a policy rider that would block efforts to protect salmon and ensure sustainable economic growth in the Columbia River Basin, by terminating comprehensive planning for the management of public lands in that area.

68. UNDERMINES THE CALIFORNIA DESERT -- THE NATION'S NEWEST NATIONAL PARK:

- Last year Congress passed, and the President signed, the California Desert Protection Act, the largest single designation of parks and wilderness areas ever in the lower 48 states.
- The new reserve protects broad desert vistas, rugged mountain ranges and unique archeological sites.
- The Republican budget provides just one dollar for the National Park Service to operate the new Mojave National Preserve.

69. WOULD COMPROMISE MANAGEMENT OF HEALTHY ANCIENT FORESTS:

- The Republican Interior appropriations bill includes a policy rider that would prohibit the Administration from using the most current and appropriate science to protect forests in the Pacific Northwest, a practice that could lead to expanded logging of healthy ancient forests.

70. SHORTSIGHTED BUDGET CUTS UNDERCUT EFFORTS TO HEAD OFF CHANGES TO THE EARTH'S WEATHER:

- Recently a panel representing 2,500 scientists from 100 nations confirmed that human activity is affecting the global climate. Earlier this year, scientists won a Nobel Prize for their work on ozone depletion.
- Climate change could bring an increase in heat waves, fires, and pest outbreaks, increase the number of heat-related deaths and illnesses, and expand the range of infectious diseases like malaria, yellow fever, and encephalitis.
- The Republican budget cuts by more than 40 percent programs designed to slow global warming through innovative, voluntary energy efficiency programs and to prevent depletion of the ozone layer.
- These programs reduce pollution, save money, and create jobs.

71. **CUTS ENERGY EFFICIENCY PROGRAMS, INCREASING ENERGY USE AND ENERGY COSTS:**

- The Republican budget cuts DOE energy conservation programs by almost 40 percent (\$187 million) from the President's request.
- Energy efficiency programs such as these save consumers money, create jobs, and reduce emissions that contribute to air pollution and climate change. The Department of Energy estimates that federal energy efficiency programs would save homeowners \$17 billion and businesses \$12.5 billion per year by the year 2005, and would create 57,000 jobs.
- In addition, the oil that could be saved by these programs is greater than the oil that can be recovered in the Arctic National Wildlife Refuge.

RESEARCH, TECHNOLOGY, AND INNOVATION

72. CUTS NON-DEFENSE R&D BY ONE-THIRD:

- The Republican budget plan would cut non-defense research and development (R&D) by *one-third* in real terms over the next seven years, from \$34 billion in FY 1995 to \$23 billion in FY 2002, according to independent analysis performed by the American Association for the Advancement of Science. This is an amount equivalent to eliminating all federal spending on university research.
- These cuts break with America's unwavering bipartisan commitment to U.S. leadership in science and technology, and threaten our economic future.
- The Institute for Electrical and Electronics Engineers describes the proposed Republican cuts to R&D as "short-sighted, disproportionate, detrimental to the profession, and potentially harmful to our economic and technological competitiveness."
- The Industrial Research Institute predicts that "proposed cuts clearly will have a long-range impact on industry's capacity to carry on technological innovation and compete globally in the next century."
- The Competitiveness Policy Council warns that "Current plans for eliminating the budget deficit may sacrifice the nation's ability to generate new technologies and develop new products and processes."
- These cuts could not come at a worse time. Japan will surpass the United States in total government dollars spent on non-defense R&D if the Republican cuts are implemented and the Japanese government implements its plans to double R&D by 2000.
- Indeed, since World War II, innovation has been responsible for as much as half of the nation's economic growth, generating new knowledge, creating new jobs, building new industries, and improving the quality of life for all Americans.
- Americans hold millions of jobs in industries that have grown as a result of wise public and private investment in R&D, including (as of 1992): Biotechnology (79,000 jobs), Computers (479,000 jobs), Communications (366,000 jobs), Software (450,000 jobs), Aerospace (895,000 jobs), Semiconductors (317,000 jobs).
- In 1992 average pay for workers in these and other high-technology industries was 60% higher than the average for all American workers.

73. **ELIMINATES PARTNERSHIPS WITH INDUSTRY THAT PROMOTE INVESTMENT IN HIGH-RISK RESEARCH WITH BROAD ECONOMIC POTENTIAL:**

- American competitiveness in the 21st century depends on our ability to continue to fund the development of high-risk, innovative technologies. Yet despite historical bipartisan support, Congress has proposed to eliminate the Advanced Technology Program (ATP), a merit-based, competitive, cost-shared industry-led partnership that is enabling the private sector to invest in high-risk technologies with broad-based future economic potential.
- Meanwhile, public and private investment in R&D -- in particular long-term R&D -- has been anemic for more than a decade, with industry's R&D investment growth rate negative for the past four years. This trend has made the ATP a small, but critical, part of the nation's R&D portfolio that must be maintained.
- By eliminating the Advanced Technology Program, Congress will force the government to renege on its commitment to fund up to 250 ATP projects involving 700 different small and large companies, universities, and other organizations in 36 states, who have committed nearly a billion dollars of their own money to these projects. Perhaps more importantly, without the ATP, American companies will find it even more difficult to invest in the breakthrough technologies upon which this nation's future depends.

FIGHTING CRIME AND EMPOWERING COMMUNITIES

74. ABOLISHES COMMITMENT TO PUTTING 100,000 NEW COPS ON THE STREET:

- The Republican plan calls for a block grant that would repeal the national commitment to funding 100,000 new police officers.
- President Clinton's Crime Bill is well on the way to placing 100,000 new police officers on the streets. The Republican plan would bring that program to a halt and not guarantee a single additional new officer on America's streets.

75. REDUCES THE EFFECTIVENESS OF THE VIOLENCE AGAINST WOMEN ACT:

- The Republican budget reduces funding for domestic violence prevention and intervention programs by \$22 million from the President's budget, including zeroing out grants for women's shelters and grants to reduce sexual abuse of runaway and homeless youth.

76. ABOLISHES NEW COMMUNITY DEVELOPMENT BANK PROGRAM TO LEVERAGE PRIVATE SECTOR INVESTMENT IN DISTRESSED COMMUNITIES:

- The Republican budget eliminates the Community Development Financial Institutions program which was created to bring credit and growth to distressed communities by promoting the formation and expansion of community development financial institutions.
- Community development financial institutions provide credit, capital, equity, and technical assistance to thousands of promising small businesses, economic development projects, and new homeowners in distressed communities in urban and rural America.
- The Treasury Department estimates that each dollar of federal money generates \$10 in new development activity, creating jobs and economic growth.

77. **SLASHES FUNDING TO DEMOLISH SEVERELY DISTRESSED HOUSING PROJECTS, JEOPARDIZES ENFORCEMENT OF FAIR HOUSING LAWS, AND MAKES IT MORE DIFFICULT TO USE SURPLUS FEDERAL PROPERTY TO HELP THE HOMELESS:**

- The Republican budget cuts nearly in half the President's request for funding to reform public housing and revitalize communities by demolishing the most severely distressed housing.
- The Republican budget transfers HUD's responsibilities for enforcing the Fair Housing Act to the Department of Justice, jeopardizing civil rights enforcement and needlessly wasting funds and time.
- The Republican budget repeals the McKinney Act requirement that organizations serving the homeless be given priority in acquiring surplus Federal property for use in providing shelter, job training, meals, medical care, and other support to the homeless.

FARMING / AGRICULTURE

78. THREATENS CONSERVATION BENEFITS ACHIEVED UNDER THE CONSERVATION RESERVE PROGRAM:

- The Conservation Reserve Program is designed to achieve long-term conservation benefits by authorizing long-term contracts with farmers to keep environmentally sensitive land out of production..
- The Republican budget would allow producers to withdraw from 10- to 15-year Conservation Reserve Program contracts -- which were entered into voluntarily -- by simply giving USDA 60-days notice.
- The main purpose of the CRP is to achieve long-term conservation benefits, This self-declared withdrawal process completely undermines that concept. It also invalidates the whole concept of a long-term contract between the public and the farmer.
- Currently, only the Secretary of Agriculture has the authority to grant such "early outs." He continues to use that authority judiciously to ensure that only those lands that truly belong in the CRP remain there. But a standing provision that allows contract holders to withdraw whenever they want and at no cost is bad public policy and should not become law.

79. **PREVENTS FARMERS FROM GRANTING PERMANENT EASEMENTS UNDER THE WETLANDS RESERVE PROGRAM:**

- The Republican budget would prevent permanent easements under the Wetlands Reserve Program.
- Right now this important -- and completely voluntary -- wetlands restoration program relies on 30-year or permanent easements. The response to the program from farmers has been overwhelming: for every acre USDA has agreed to fund, farmers have offered seven.
- Moreover, from the standpoint of protecting the interests of the American taxpayer, permanent easements offer the government the best value -- taxpayers only have to pay for wetlands protection once.
- The Republican budget would federally mandate the exclusive use of 15-year contracts or easements. This would require repeated renewals and additional costs to achieve permanent protection. The bill does not make sense -- either to farmers, who like the current program, or to taxpayers, who want the most for their money.
- The President also opposes the bill's prohibition on permanent easements and its exclusive reliance on 15-year easements for wetlands preservation. We believe that far sounder public policy would be to give farmers choices for protecting wetlands -- ranging from cost-share assistance to long-term and permanent easements.

80. **SHREDS THE FARM SAFETY NET BY CUTTING THE LINK BETWEEN COMMODITY PAYMENTS AND FARM CONDITIONS:**

- The Republican budget slashes the farm safety net. In contrast to the present system, which provides assistance to farmers only during periods of low prices, the Republican budget provides a fixed payment to producers during good years and bad -- and then eliminates this critical safety net for American farmers altogether.
- Fixed payments do not respond to changing market conditions. By cutting the link between farm payments and market prices, the Republican budget leads to undesirable results. Producers could receive windfall profits in good years when prices are high, while family farmers' incomes would not be protected when prices are low.
- Fixed payments can mean producers get unnecessarily large amounts of money when market prices -- and profits -- are very high. This invites public criticism of all farm programs when budgets are tight..



FAX COVER SHEET

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REMARKS: Blue Dog

HEALTH CARE FINANCING ADMINISTRATION
 200 Independence Ave., SW
 Room 341-H, Humphrey Building
 Washington, DC 20201

Ch. 10

Estimate of the Budgetary Effects of H.R. 2530, based on CBO December 1995 Baseline Assumptions

12-06-99 11:10 AM

Title VIII, Medicare

By fiscal year, in billions of dollars

CHANGE IN DIRECT SPENDING

	1996	1997	1998	1999	2000	2001	2002	Total
Subtitle A--Medicare Choice								
Medicare Choice /1	-0.9	-1.8	-2.5	-3.3	-4.4	-5.6	-7.5	-26.2
Demonstration project for MSAs /2	0.0	0.1	0.1	0.2	0.2	0.2	0.3	1.1
Subtotal, Subtitle A	-0.9	-1.7	-2.3	-3.2	-4.1	-5.6	-7.2	-25.0
Subtitle B--Regulatory Relief								
Physician self-referral	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Regulatory Relief	0.0	0.1	0.2	0.2	0.2	0.2	0.2	1.1
Antitrust Reform	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, Subtitle B	0.1	0.2	0.2	0.2	0.2	0.2	0.2	1.4
Subtitle C--Provider Payments								
Part 1 -- Freeze in Provider Payments /3	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.7
Part 2 -- Physicians								
Physician proposal: PPRC recommendations with \$36.40 CF in 1996, GDP growth target /4	-0.1	-0.5	-1.6	-2.9	-4.0	-5.2	-6.6	-20.6
Part 3 -- Hospitals								
Reduce PPS update, freeze '96 /5	-0.5	-1.1	-2.0	-3.1	-4.2	-5.4	-6.8	-23.1
NonPPS 1 yr freeze, MB-1 through FY02	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3	-1.1
Eliminate formula driven overpayments /6	-0.9	-1.2	-1.5	-2.0	-2.5	-3.3	-4.5	-15.9
PPS system for certain outpatient services /7	0.0	-0.2	-0.3	-0.3	-0.4	-0.4	-0.4	-1.9
Reduce inpatient capital payments by 10%	-0.7	-0.8	-0.9	-0.9	-1.0	-1.0	-1.0	-6.4
Moratorium of PPS exemption for LTC hospitals	-0.0	-0.0	-0.1	-0.1	-0.1	-0.2	-0.2	-0.8
Transfer policy	-0.6	-0.7	-0.7	-0.8	-0.8	-0.9	-1.0	-5.5
Part 4 -- Other Providers								
Revise payment methodology for home health /8	-0.1	-0.4	-0.6	-1.0	-1.7	-2.1	-2.5	-8.7
Limit home health coverage under Part A /9								
Freeze DME through 2002, 10% cut in oxygen 1998	-0.1	-0.1	-0.2	-0.3	-0.4	-0.6	-0.7	-2.5
Skilled nursing facilities	-0.1	-0.0	-1.0	-1.1	-1.2	-1.4	-1.5	-6.8
Freeze payments for clinical lab tests through 2002	-0.0	-0.1	-0.2	-0.4	-0.5	-0.7	-0.9	-2.9

Estimate of the Budgetary Effects of H.R. 2530, based on CBO December 1995 Baseline Assumptions

18-Dec-95 11:48 AM

Title VIII, Medicare

<i>By fiscal year, in billions of dollars</i>	1996	1997	1998	1999	2000	2001	2002	Total
Part 5 -- GME and Teaching Hospitals /10								
Offset for removal of DSH,IME,GME from USPCC	0.5	0.7	0.8	1.0	1.1	1.3	1.5	7.0
Reduce payment adjustments for MAE	-0.4	-0.5	-0.6	-0.7	-1.3	-1.6	-1.7	-6.8
Subtotal, Subtitle C	-3.2	-6.8	-8.3	-12.8	-17.4	-21.8	-26.6	-66.9
Subtitle D--Medicare Part B								
Freeze Part B Premium in 1996 and extend 25%	-1.1	0.2	1.2	0.7	-0.8	-2.2	-3.7	-5.7
Section 8303 -- Preventive Benefits (effective in CY 2001)								
(a) Mammograms	0.0	0.0	0.0	0.0	0.0	0.5	0.7	1.2
(b) Pelvic exams and pap smears	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2
(c) Colorectal cancer screening	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(d) Prostate cancer screening	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.3
(e) Diabetes	0.0	0.0	0.0	0.0	0.0	0.5	-0.1	0.4
Subtotal, Subtitle D	-1.1	0.2	1.2	0.7	-0.8	-1.0	-2.7	-3.6
Subtitle E--Fraud Reduction	0.4	-0.1	-0.4	-0.6	-0.6	-0.6	-0.6	-2.4
Subtitle F--Improving Access to Care								
Part 1--Assistance for Rural Providers								
EAC/RPC hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Establish rural emergency access care hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Classification of rural referral centers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Floor on area wage index	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase payments for services in HPSA's	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.5
Part 2--Medicare Subvention								
Payments for services in military facilities	0.4	0.5	0.5	0.6	0.6	0.7	0.8	4.2
Subtotal, Subtitle F	0.4	0.6	0.6	0.7	0.6	0.8	0.9	4.9

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Estimate of the Budgetary Effects of H.R. 2530, based on CBO December 1995 Baseline Assumptions

14-Dec-96 11:16 AM

Title VIII, Medicare

<i>By fiscal year, in billions of dollars</i>	1996	1997	1998	1999	2000	2001	2002	Total
Subtitle G—Other Provisions								
Extend/expand secondary payer requirements	0.0	0.0	0.0	-1.2	-1.4	-1.5	-1.7	-5.9
Repeal medicare & medical coverage data bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investigational medical devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Subtotal, Subtitle G	0.0	0.0	0.0	-1.2	-1.4	-1.5	-1.7	-5.7
Subtitle H—Monitoring Reform Goals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtitle I—Lock-Box Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtitle J—Clinical Laboratories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mandatory Medicare Outlays	-4.2	-6.6	-10.0	-16.1	-23.3	-29.4	-37.7	-127.3
Revenues								
Income-related reduction in Medicare subsidy	-0.9	-1.0	-2.1	-2.5	-3.0	-3.3	-3.5	-17.2
Exclude NHSC loan repayments from gross income	0.0	-1.1	-1.5	-1.5	-1.4	-1.4	-1.3	-8.2
Extension of HI tax to state and local workers	-0.9	-2.9	-3.8	-4.0	-4.4	-4.7	-4.8	-25.4
Total Revenues	-1.8	-5.0	-7.4	-8.0	-8.8	-9.4	-9.6	-50.8
Total Effect on Deficit	-6.2	-9.6	-13.0	-20.1	-27.7	-34.2	-42.8	-162.7

MEMORANDUM: Monthly Part B Premium (By calendar year)

Estimated premium under H.R. 2530	\$48.10	\$43.90	\$47.50	\$51.00	\$56.70	\$61.30	\$66.30
Estimated premium under current law	\$42.50	\$45.00	\$50.70	\$52.20	\$53.70	\$55.30	\$56.90

Estimate of the Budgetary Effects of H.R. 2530, based on CBO December 1995 Baseline Assumptions

18-Dec-97 11:18 AM

Title VIII, Medicare

By fiscal year, in billions of dollars

1996	1997	1998	1999	2000	2001	2002	Total
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FOOTNOTES:

- /1 Assumes the budget neutrality mechanism is revised to produce the specified national average per capita growth rates (6% in 1996-1998, 5.5% in 1999-2002). The mechanism described for 1996 is budget neutral; the mechanism specified for 1997 and subsequent years is not.
- /2 MSAs assumed to be limited to 25% of costs for unrestricted enrollment.
- /3 This estimate includes the provision's impact on spending for Hospice and Ambulatory Surgery Center services. The impacts on spending for other services are shown in the separate line items for those services.
- /4 The 1996 conversion factor would be \$36.40, the rate of growth of the expenditure target would be GDP, and the maximum reduction to the MEI would be 0.25%.
- /5 Includes provision for sole community hospitals.
- /6 The estimate for eliminating the formula driven overpayment assumes an effective date of Jan 1 1996.
- /7 This estimate reflects reducing payments for cost-based outpatient services by 5%; it is preliminary pending discussion with HCFA as to implementation and interaction with eliminating the formula driven overpayment. The estimate assumes an effective date of Jan 1 1997. Legislative language does not stipulate how the coinsurance for services will be handled; by eliminating the formula driven overpayment and reducing payments, the beneficiary share could approach 100% in the out years.
- /8 This estimate includes the estimate for home health overpayments in Sec. 8403
- /9 Sec. 8232 limits Home Health coverage under Part A for up to 150 visits; this reflects approximately 70% of payments. Under current law, 90% of Home Health benefits are covered under Part A
- /10 Appropriations to teaching trust fund not shown.

NOTES:

Details may not sum to totals because of rounding.
 These estimates assume an enactment date of November 15, 1995. These estimates should be used only for comparison purposes.
 These estimates do not incorporate changes in discretionary spending.

AARP File

Medicare: When is a cut not a cut?

By Horace B. Deets

During the campaign, both political parties have gone to great lengths in 30-second sound bites to assure the voters that they want to protect and save Medicare. In the process they have each claimed to be "reducing the growth" of Medicare while accusing their opponents of "cutting" Medicare.

So, when is a cut not really a cut? The answer is when you're doing the cutting. When the president proposed "reducing the rate of growth" in Medicare in his health-care reform proposal, Republicans characterized it as "massive cuts." When the Republican-controlled House of Representatives passed its Medicare Preservation Act of 1995 they said it "reduced the rate of growth" of the program. The president said it "cut" Medicare. It's time for both parties to stop playing these word games. Both proposals "cut" Medicare spending, and both "reduce the rate of growth" in the program.

It's time to end the political finger pointing. Public confidence is being lost. We and our members are much more interested in the effect any proposed changes will have on current and future beneficiaries, and that has been missing from the debate so far. We need a full and open debate on the Medicare issue. But the debate question should be about finding a solution and how that solution will affect beneficiaries and their families.

We must face the facts. The Part A (hospital insurance) trust fund is now predicted to come up short in 2001, a year earlier than was predicted just a year ago. We need to reform the program, and we need to address cost issues. This may require some shared sacrifice from patients and providers. But we find that people are willing to make shared sacrifices when they know what those sacrifices are, what their

Horace B. Deets is executive director of the American Association of Retired Persons.

consequences are, and when they are fair. For example, polls show that people support reducing the level of Medicare spending when a reduction is required to save the program. They do not support it when the purpose is for a tax cut or for reducing the deficit.

The problem is not that people do not understand the need to reform Medicare, it is that they are not given enough information to know what is being proposed, let alone the consequences of the choices they are being asked to make. To talk in sound bites about cutting the program without talking about what those cuts mean is frightening to older people. Medicare is their health-care plan. They depend on it. Our political leaders are very forthright about asking for our trust. Yet many of them seem to have forgotten that they must also trust the voters.

The president's health-care plan was devised by 500 people behind closed doors and was so complex that people couldn't understand it. The Republican plan was developed without enough hearings so people could grasp the issues at stake. The result was what we have now: each side demonizing the other without any real discussion on what the plans mean and whether people will still have access to affordable high-quality health care when they need it.

The time has come for a full and open public hearing on how these proposals will affect Medicare patients and their families. This is not an easy process. It requires a public education effort in proportion to the issues at stake. Will people pay higher premiums? Will their deductibles increase? Will their choice of doctors be limited? How much will out-of-pocket costs be increased?

Our members and their families also want answers to their questions about the future of Medicare: How will candidates keep Medicare from going bankrupt and protect benefits for current recipients? What changes would candidates make to keep Medicare healthy for future generations?

Once we get beyond the sound bites, we realize that each side does have a plan for dealing with Medicare. In exclusive interviews with President Clinton and Sen. Dole that ran in the October issue of the AARP Bulletin, each candidate supported the position of their party, conveyed during the budget talks earlier this year. In fact, the short-term budget savings plans offered by each side were rather close. They differed much more substantially over the future structure of the program, but the public heard very little about these differences.

Under current law, Medicare spending per beneficiary will grow from \$5,200 per year this year to \$8,100 in 2002. Congress has proposed "cutting" or "slowing the rate of growth" to \$7,000 a year and the administration to \$7,200. It seems to us that the two sides should be able to reach a solution on the short-term funding problem.

Where does AARP stand on the Medicare? We have been misrepresented by both sides. Let me set the record straight. Step one is a prompt, early-1997 bipartisan agreement to shore up the Medicare Trust Fund in the near term. And step two involves an extensive and deliberate discussion and debate about the future of the program that includes current and future beneficiaries.

Medicare is serious business and deserves serious discussion. A bipartisan solution is the only way to protect and preserve Medicare. Yet, given the way candidates have discussed Medicare, I wonder if any member of the next Congress will feel safe in doing what has to be done. We must not forget that, since it was passed in 1965, Medicare has been and continues to be a highly successful program.

AARP and its members want to be part of the solution to the real dilemma facing Medicare, not the dilemma over semantics. And while we have not endorsed either side's proposal, we stand ready to work with both sides to make sure Medicare is safe and secure for today's and future generations.

The Washington Times

WEDNESDAY, NOVEMBER 13, 1996 ★

October 31, 1996

NOTE TO: Kevin Donnellan
FROM: Chris J.
RE: Dole-Kemp Medicare Ad

I hate to bother you with this but it looks like the Dole-Kemp campaign is at it again. Have you seen the following ad? Apparently it is a very big buy.

Please call me. Thanks.

DK TV "Medicare Gains"

DKTVNC100

10/31/96

Dole: No American should question my commitment to Medicare. The AARP flatly stated that our plan will increase Medicare spending 7 percent a year, and they're right. But the president is playing politics with Medicare, trying to scare seniors to get votes. USA Today calls this false and misleading. The Washington Post called it a campaign based on distortion and fear. Medicare's too important to play political games. I won't do it. I'll save Medicare and strengthen it for America's seniors.



Bringing lifetimes of experience and leadership to serve all generations.

October 16, 1996

Mr. Haley Barbour, Chairman
Republican National Committee
310 First St., SE
Washington, D. C. 20003

Dear Mr. Chairman:

As the campaign heats up, a lot has been said about AARP's position on Medicare. Some have claimed our support for their plan. Others have cited AARP in defending their position on Medicare or in criticizing the position of those with whom they disagree.

We would remind both parties that AARP is nonpartisan. We do not support or oppose candidates or parties, nor do we have a PAC. We have called for a two-step approach to resolving Medicare's short and long term challenges: a prompt, bipartisan agreement to shore up the Medicare trust fund in the near term, and an extensive public debate and discussion about the future of the program that includes future as well as current beneficiaries over the next few years.

We have also called for an end to the political finger pointing over Medicare. A bipartisan solution is the only way to resolve these issues. Unfortunately, beginning with the debate over health care reform in 1993, through this year's campaign season, each side has employed the language of "cuts" at one time, and the language of "slowing the rate of growth" at another time to its advantage. Indeed, at times it looks like the two sides swapped scripts after the 1994 election. The fact of the matter is, both sides have proposed cuts which would slow the rate of growth.

The gridlock surrounding Medicare over the last two years has resulted in a rapid and serious deterioration in the solvency of the Medicare trust fund, from seven years, down to five—a trend we can expect to continue. Slowing Medicare's rate of growth is not the question, rather, the discussion must turn to what will be the costs and consequences to individuals, providers, and the rest of the health care system.

10/22/96 17:52

OCT 18 '96 12:12PM WASHINGTON BUREAU

002

02:45 Via Fax

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282 393 5431 CECI CONNELLY

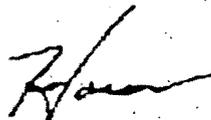
P. 3/3
Page 007

Mr. Haley Barbour
Page 2

In fact, all these claims and counterclaims fall to give the American people answers to the questions they have about the future of Medicare. Our members and their families want to know: "How will the candidates keep Medicare from going bankrupt and protect benefits for current recipients?" "What changes would candidates make to keep Medicare healthy for future generations?"

AARP has stated many times, that Medicare's rate of growth must be slowed. We will be watching this evening's debate as the candidates are questioned by their fellow citizens. We will be listening, as we expect the American people will, to what the candidates have to say about what they'll do—and less of what "the other guy" did. Please be assured, we stand ready to work with both parties, with the Administration and the Congress to address Medicare's short and long term challenges.

Sincerely,



Horace B. Doers

cc: Senator Christopher Dodd

President protects seniors

OPPOSING VIEW Clinton was right to veto the Republican plan. It was bad for seniors and for the program.

By Laura D'Andrea Tyson

In 1993, President Clinton acted responsibly to extend the life of the Medicare trust fund without a single Republican vote. In 1995 and 1996, the president continued to fight for a balanced budget that would extend the trust fund for a decade from now while protecting the integrity of Medicare.

The president also acted responsibly when he vetoed the \$270 billion Medicare reduction in the Sen. Bob Dole-Rep. Newt Gingrich budget — three times larger than any previous cut in history.

The Republican plan was bad policy for four reasons.

► The reductions arbitrarily capped Medicare spending per beneficiary to 20% below the projected growth of per-person private health insurance premiums. Medicare would have been forced to cut services per beneficiary, gradually undermining the program's status as a first-class health-care system. The combined impact of the Medicare and Medicaid cuts led the American Association of Retired Persons to urge a veto of the Dole-Gingrich plan last November.

► These excessive cuts threatened the 700 most vulnerable hospitals that are highly dependent on Medicare and Medicaid. The American Hospital Association wrote Dole last year stating that for hospitals, "reductions of that magnitude would result not in a reduction in the rate of

growth, but in a real cut" and ran earlier warnings that "needed hospitals in rural or inner-city communities would be forced to shut their doors, period." Nearly every state hospital association also jointly wrote that the Republican plan would "jeopardize the ability of hospitals and health systems to deliver quality care."

► The Dole-Gingrich plan proposed unnecessary structural changes that encourage the healthiest and wealthiest Medicare beneficiaries to exit the traditional program, leaving poorer and sicker beneficiaries in a riskier, costlier and ultimately less effective program.

► The Dole-Gingrich plan proposed increases in premiums that would have amounted to \$268 per couple this year and \$1,700 per couple by 2002. Elderly Americans would have been forced to pay more for less — a cut by anyone's definition.

Bob Dole is now proposing a \$550 billion campaign tax cut — twice as large as the Dole-Gingrich plan that necessitated a \$270 billion Medicare cut. If he were to pay for it the same way the Dole-Gingrich plan paid for its \$245 billion tax cut, the required cut to Medicare would top \$300 billion over six years. According to an August 1996 Congressional Budget Office analysis, cuts of this magnitude would be "draconian," would "lead to an actual reduction in hospital payments," and "overall quality of care in Medicare might be threatened."

It is responsible for this president — or any leader — to warn Americans about an economic plan that would risk that degree of harm to the Medicare program.

Laura D'Andrea Tyson is President Clinton's national economic adviser.

USA TODAY
MONDAY, OCTOBER 21, 1996

Voices: Do public opinion polls influence voters?

President Clinton has led Republican Bob Dole in public opinion polls in their contest that ends Nov. 5. But columnist William Safire on "Meet the Press" Sunday said neither the media nor the polls should consider the election over because a fourth of the voters remain undecided. USA TODAY asked readers if the polls affect their voting decisions.



Glen Richards, 28
Auditor
Atlanta, Ga.



Frank Libordi, 41
Teacher
Homell, N.Y.



Shelley Gibson, 34
Sales representative
Sales, Ohio



Jack Gordon, 75
Consultant
Seattle, Wash.



Lauren Hooten, 24
Student
Austin, Texas

Political polls tend to predict accurately the results of the election. When they show one candidate ahead of another, it might lead undecided voters to jump on the bandwagon and swing toward the leader. In that way, they could be harmful.

People have become cynical about these polls. Some of the pundits and people asked for their opinions clearly have a political agenda, and it undermines the democratic process. I think it will lower the number of people who actually vote, which is a shame.

I'm hoping people will take the time to vote, no matter what. But I have a feeling the polls will influence people if it's certain one candidate has a greater chance of winning. They might say, "He's going to win or lose anyway, so what's the point of voting?"

I fear the polls might put people to sleep because of the repetition by the media. People might think the election is over. But they might be irritated enough to get out and vote, maybe changing the outcome of the election.

Public opinion polls discourage voters from considering candidates outside the two-party system. Those supporting a third-party candidate might vote Democrat or Republican, assuming that it's the only way their votes would have an impact.

Clinton rhetoric masks scope of Medicare ills

OUR VIEW The president is demagoguing Medicare, misleading voters on what needs to be done to fix it.

More than 37 million elderly Americans depend on Medicare for their health care. More than 110 million workers pay thousands in taxes every year to support them.

But with two weeks to go until Election Day, neither Bill Clinton nor Bob Dole has done much to help either group understand the crisis the nearly broke Medicare system faces. Both say a bipartisan commission will be needed to overcome inevitable temptations to exploit the issue politically. But, meanwhile, the exploitation is well under way with Clinton well ahead in misleading Medicare charges.

His ads in Florida and other states with large elderly populations say: "Dole-Gingrich tried to cut \$270 billion."

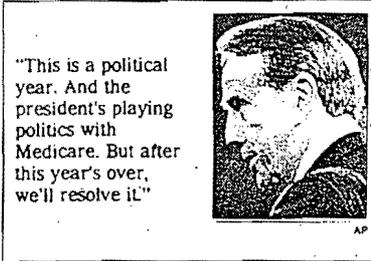
In last week's debate, Clinton said the American Hospital Association found the GOP's Medicare savings could have "closed 700 hospitals."

And he keeps saying his own package of \$124 billion in Medicare savings would maintain the hospital insurance trust fund, now on the road to insolvency in 2001, flush for the next decade.

Each claim is misleading in three ways: First, each is wrong factually.

As Dole has noted in two debates, the \$270 billion "cuts" in Medicare Clinton attacks were actually proposed cuts in rapidly increasing Medicare spending. Never enacted and since revised at reduced savings, that Dole-supported plan would have increased spending per recipient nearly 40%. That's much faster than the anticipated overall rate of inflation. And while health-care inflation has been greater, Clinton himself has pointed out that controlling it is vital to controlling government costs.

Meanwhile, the hospital association told the White House before Wednesday's debate that Clinton was misrepresenting its report about closings. It has said the GOP plan could lead to some inner-city and ru-



ral hospital closings — a serious concern — but not 700. It also says many hospitals would close under any Medicare reform.

That's the second problem with the Medicare campaign: It obscures similarities between the GOP and the administration.

Seniors under either party can expect:
 ▶ Higher premiums for Medicare's insurance for doctor bills. Clinton in his 1996 budget proposals sought to increase premiums from \$46 a month to \$83 in 2002. The GOP would have raised them to \$87 and even higher for wealthier retirees.

▶ More incentives for seniors to leave Medicare's traditional, expensive, fee-for-service system. The GOP would have expanded the program that's already lured 10% of the Medicare population into managed care that costs less and offers more. And it would have let seniors opt for medical savings accounts in which they could buy coverage for themselves and pocket the savings. The administration opposes medical savings accounts as a sop to the healthy and wealthy. But it also would encourage seniors to move into managed-care plans. Neither party would force anyone into managed care, even though that's what's happening in the private sector.

▶ Payment cuts. Almost 70% of the savings in the initial and current GOP plans would come from cuts in payments to doctors, hospitals and other health-care providers. The same goes for Clinton's unenacted proposals, but at a level about a third to half that of GOP measures.

Which brings up the third problem with Clinton's attack on the level of GOP cuts. It implies the problem is less severe than it is.

In August, the nonpartisan Congressional Budget Office found nearly twice the level of Medicare savings as proposed by Clinton will be needed just to keep the Medicare trust fund for hospitals solvent until 2004. And the former chief actuary for the agency that oversees the trust fund says savings of as much as \$300 billion over seven years are needed to make it sound. And then it will be sound only until the baby boom starts retiring.

So the public is left to believe the problem is easily fixed.

Ultimately, an independent commission may prove to be the only way to resolve the system's problems. But this year's political games make that job even tougher for the commission, the next Congress and the next president.

Rising costs

Net federal outlays for Medicare over the next few years (in billions):

1996	\$179
1997	198
1998	217
1999	237
2000	258
2001	281
2002	305

Source: Congressional Budget Office



"Medicare needs help now. I have proposed (a) budget which ... would save a lot of money through more managed care."

USA TODAY
MONDAY, OCTOBER 21, 1996

REPUBLICANS HAVE BEEN TRYING TO STATE THAT EITHER YOU OR THE VP HAVE MISUSED QUOTES ON AHA, CONCORD COALITION, AND AARP REGARDING THE DOLE-INGRICH MEDICARE CUTS. BUT, HERE ARE THE FACTS:

AARP:

- In June, 1995, AARP wrote: "[The] Congressional Budget Resolution Could Devastate Medicare Beneficiaries." Dole voted for this budget resolution which cut Medicare by \$270 billion -- same as the vetoed budget.
- In June, 1995, AARP wrote: "Spending cuts could limit access to providers. [M]any hospitals across the country -- particularly in rural areas -- would be forced to close."
- In November, 1995, AARP wrote that the Dole-Gingrich \$400 billion cuts from Medicare and Medicaid "[D]o not meet the fairness test."
- In November, 1995, AARP wrote that under the Dole-Gingrich budget, existing Medicare and Medicaid protections against the high cost of long-term care, "are now at risk"

AHA:

- In summer, 1995, the AHA ran newspaper advertisements saying "Medicare cuts in excess of \$250 billion would force rural and inner city hospitals to shut their doors, period."
- In November, 1995, AHA wrote: "Reductions of this magnitude represent a real cut in payments to hospitals, not simply a reduction in the rate of increase. Quality and availability of care will be adversely affected....Particularly hard hit will be communities with hospitals serving a large proportion of Medicare and Medicaid patients....Almost 700 of the most vulnerable hospitals derive two thirds or more of their net patient revenue from Medicare and Medicaid."

CONCORD:

- "This will not work. *It will blow a gigantic hole* in the budget and it will set us back rather than lead us forward." [Martha Phillips, ABC News, 8/4/96]
- "[The Dole plan's] proposed outlay cuts are politically if not mathematically impossible." [Concord Coalition, Facing Facts Alert #21, 8/16/96]
- "most public services to the young and poor will have to be defunded entirely." [Concord Coalition, Facing Facts Alert #21, 8/16/96]
- "The Dole people will maintain with straight faces from now until November that the necessary cuts will be anonymous, painless reductions that will not affect you or anyone you know." [Martha Philips, Executive Director, The Concord Coalition, *New York Times*, 8/20/96]
- "Can't we offset any revenue loss by cutting federal spending? Possibly, but not by following the Dole Plan's strategy, which promises to derive nearly all the needed savings from unspecified cuts in "discretionary" outlays." [Concord Coalition, Facing Facts Alert #21, 8/16/96]
- "Congress would have to slash this [domestic discretionary] spending while phasing in large tax cuts and while leaving the vast and still-growing senior-citizen entitlement edifice (in Dole's words) 'off the table.' It's hard to see how leaders like Dole and Jack Kemp...could square this circle." [Concord Coalition, Facing Facts Alert #21, 8/16/96]