

NLWJC - Kagan

DPC - Box 003 - Folder 001

Budget Materials [5]

Welfare Reform
(outlay savings in billions of dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	5-Year Savings	10-Year Savings
Immigrants	--	2.3	2.2	2.1	1.6	1.8	1.8	1.8	1.7	1.7	1.9	9.9	18.9
Food Stamps	--	2.7	2.6	2.5	2.0	2.0	2.0	2.0	2.0	1.9	2.0	11.8	21.6
Welfare to Work	--	0.4	0.5	0.5	0.5	0.36	0.56	0.36	0.46	0.47	0.47	2.5	5.7
Welfare reform, net	--	3.5	3.4	3.4	2.5	2.4	2.4	2.3	2.3	2.3	2.3	15.0	26.5
		3.1	3.3		2.3			2.4	2.4	2.4	2.5	14.4	

(Numbers may not add due to rounding)

Description

Immigrants

- **Current recipients and new applicants.** Restore SSI and Medicaid benefits for all legal immigrant adults who are currently receiving SSI and Medicaid who became disabled after entering the U.S. Provide access to SSI and Medicaid to all legal immigrants who became disabled after entering the U.S. and who are not currently receiving benefits if the immigrant entered before their sponsor was required to sign a legally binding affidavit of support (May, 1997).
- **New entrants.** Retain SSI and Medicaid for new entrants who become disabled after entering the U.S. New entrants who apply for disability benefits and have legally binding affidavits of support from their sponsors would have the income of their sponsor deemed to them.
- **Children.** Restore SSI for approximately 6,000 legal immigrant children currently receiving SSI. Provide access to SSI and Medicaid for legal immigrant children who are not currently receiving benefits and do not have legally binding affidavits of support. New entrant children who have legally binding affidavits of support would have the income of their sponsors deemed for SSI and Medicaid.
- **Refugees and asylees.** Lengthen the exemption for refugees and asylees from the first 5 years in the country to 7 years for SSI and Medicaid.

Poultier materials

Food Stamps

- Retain "3 in 36" time limit but redirect \$470 million ^{190,000} in existing Food Stamp Employment and Training Program funds and add ^{by 2002} \$375 million in new funding to create an additional 120,000 work slots monthly for individuals subject to the time limits (includes the cost of providing on-going benefits to individuals fulfilling the work requirements)

The total cost of Permit States to exempt ¹⁵ percent of the individuals who would lose benefits because of the time limit, enabling States to exempt ~~40,000~~ ^{40,000} individuals who want to work but are unable to find a job within the three-month time limit.
or nearly 70,000

Welfare to Work

- Add ^{\$2.0} ~~\$1.6~~ billion to TANF, allocated to States through a formula and targeted within a State to areas with poverty and unemployment rates at least 20 percent higher than the State average. A share of funds would go to cities with large poverty populations commensurate with the share of long-term welfare recipients in those cities. Eligible activities include job retention services; job retention or creation vouchers; and private sector wage subsidies for new jobs lasting 9 months.
- [Include tax incentives to create job opportunities for long-term welfare recipients. The new credit would give employers a 50% credit on the first \$10,000 a year of wages for up to 2 years. Also expand the existing WOTC to able-bodied childless adults ages 18-50 who face work and time limit requirements.]

May 1, 1997

Cabinet Mtg - involving a deal

CPI - assumption change by Cong of .3 - no legislative

34 b for imitations

15 b for with reform

equal imms - everyone in new

having over new exchpts
Food & stamps -
No 18-80s

but # (1-1.5b) for add'l welfare (not)

general 1590 warmer (in addition to others)

WTWk - 2.5b.

Kids Health - 16-17b - unclear whether do ^{Medicaid +} block ^{and prop}
Env.

Tax cut - 85 net 135 gross

P's deduction + credit for est. (35b)

30m from
aviation tax

Cap Gains

↳ credit may come down a bit

Inheritance

(overly)
but make less
than 35b.

P's level for facilities & renewals

BUDGET ROLLOUT: A Strategic Plan for the Day of the Budget Agreement

The purpose of this document is to spell out our budget rollout strategy and the key tasks that must be completed in the hours and days following the completion of a budget agreement. A detailed action plan containing a more precise set of activities will follow.

STRATEGIC GOALS

- ✓ **Show How We Won.** Stress how the deal meets the President's priorities: a balanced budget that protects education, environment, Medicare, Medicaid and helps move people from welfare to work.
- ✓ **Establish Deal's Credibility.** Obtain bipartisan validation for the agreement
- ✓ **Conduct Any Damage Control.** Reach out to traditional Democratic and progressive constituencies, such as labor, seniors, and minority groups; bring Congressional Democrats into the fold

PRE-AGREEMENT ACTIVITIES

Make Decision on POTUS Announcement

- Format Options:
1. POTUS alone
 2. POTUS and VPOTUS
 3. POTUS, VPOTUS, and bipartisan leadership
 4. POTUS, VPOTUS, and Democratic leadership
 5. POTUS, VPOTUS, and budget team

- Site Options:
1. Rose Garden statement
 2. Short Oval Office address (must ensure nets would carry)
 3. Briefing Room with budget team afterwards
 4. East Room with full press conference

Brief POTUS and VPOTUS on Game-Plan

Devise and Implement Morning Show Strategy for Day of the Agreement

ACTIVITIES/CALLS FOR DAY OF BUDGET AGREEMENT

PRINCIPAL DE-BRIEF

Huddle top administration talkers and de-brief on final deal, with participants to include: Bowles, McCurry, Sperling, Raines, Rubin, Hilley, Shalala, Emanuel, Summers, Yellen, Mathews, Podesta, Sosnik, Baer, Lewis

BUDGET TEAM (Bowles; Rubin; Raines; Sperling; Hilley; Summers; Yellen; Lew)

First Level Activities/Calls To Shape First Stories on the Overall Deal

- ⇒ Wires and CNN -- reach wires and 24-hour news stations to shape initial stories
 - Rahm Emanuel calls John King of Associated Press, Wolf Blitzer at CNN
 - Gene Sperling calls Terry Hunt of Associated Press
 - Summers calls Brian Williams at MSNBC, Gene Gibbons of Reuters
 - Press books surrogates (Raines, Bowles, others) on MSNBC, CNN, FOX

- ⇒ Networks -- hit each level to shape first night's stories and morning chat
 - VPOTUS calls anchors: Tom Brokaw, Peter Jennings, Dan Rather, Frank Sesno and/or Bernard Shaw
 - Bowles and Raines call correspondents: David Bloom, Rita Braver, John Donovan, and Claire Shipman
 - Rubin calls network pundits: Tim Russert, Cokie Roberts, Bob Schieffer
 - Hilley calls Hill correspondents: Lisa Myers, John Cochran
 - Yellen calls CNBC, FOX, and CNNfn.

- ⇒ Calls to Other Reporters
 - Emanuel calls White House political reporters: John Harris (Post), Alison Mitchell (NY Times), and Mike Frisby (WSJ)
 - Sperling calls budget reporters: Dick Stevenson (NY Times), Clay Chandler (Post), Jackie Calmes (WSJ), Bill Nichols (USA Today), and Janet Hook (LA Times)
 - Hilley calls congressional budget reporters: Eric Pianin (Post); Christopher Georges (WSJ), David Rogers (WSJ), Adam Clymer (NY Times)

⇒ Call Our Outside Talkers -- Ann Lewis coordinates calls to key outside talkers; fax them our talking points

- Emanuel calls Stephanopolous

⇒ Make Political Calls -- Sosnik coordinates; fax them talking points

First Level Activities/Calls To Establish Deal's Credibility

⇒ Call Key Validators

- POTUS or VPOTUS calls Panetta
- Raines calls Bob Reischauer; Tim Penny
- Summers calls Henry Aaron; Charlie Schultz
- Rubin calls Alan Greenspan; Pete Peterson
- POTUS/Bowles calls Sam Nunn; Warren Rudman
- Sperling calls Bob Greenstein
- Lew calls Martha Phillips, Carol Cox, Van Ooms, Rudy Penner

⇒ Call Economist Validators

- Yellen calls key economists: Roach; Levy; Sinai

Second Level Activities/Calls for Later in the Day

⇒ Big Foot Reporters -- shape opinion leader stories

- Summers calls Johnny Apple (NY Times), David Broder (Washington Post), and Al Hunt (WSJ)
- Sperling calls Alan Murray (WSJ) and Susan Page (USA Today)
- Lew calls Ron Brownstein and Jack Nelson (LA Times) and Mark Memmott (USA Today).

⇒ Editorial Boards -- ensure first editorials at opinion-leader papers are solid.

- Sperling calls Weinstein (NY Times) and Peter Milius (Washington Post)
- Yellen calls editorial boards at LA Times and USA Today

⇒ White House Beat Reporters -- background on deal; handle tough Q & A

- POTUS statement in briefing room

- Rubin, Raines, Hilley, and Sperling brief White House reporters
- ⇒ Calls to Pundits -- Don Baer coordinates
- Ann Lewis, Mike McCurry, Rahm Emanuel, Sylvia Mathews, John Podesta, and others make calls.
- ⇒ Reach Weekend Pundits -- shape weekend chat shows
- Push weekend shows for full treatment and offer top talkers (VPOTUS, Bowles)
 - Bowles, Rubin, Sperling and Raines hold Roosevelt Room briefing
 - McCurry and Baer to coordinate
 - Participants would include major columnists and that week's participants on weekend shows.
 - NEC gets paper on agreement to weekend show producers/anchors
- ⇒ Reach Magazine Writers and Columnists
- Summers calls Washington editors of weeklies: Michael Duffy (Time), Jim Fallows (US News), Evan Thomas (Newsweek), and Owen Ullman (Business Week -- note Wednesday morning deadline)
 - Summers calls Gerry Seib (Wall Street Journal)
 - McCurry and others brief White House magazine reporters
 - Lew calls Matt Miller (US News), Joe Klein (New Yorker) and Frank Rich (NY Times)
 - Yellen calls Robert Samuelson (Newsweek), Peter Passell (Times), Jonathan Alter (Newsweek) and Bob Herbert (New York Times)
 - Emanuel calls E.J. Dionne (Post) and Maureen Dowd (NY Times)
- ⇒ Radio
- Raines calls Mara Liasson with National Public Radio
 - McCurry does radio network roundtable
- ⇒ Call Additional Outside Talkers -- Ann Lewis coordinates
- Former Administration: Tyson; Bentsen; Cisneros; Reich
 - Romer; From; and others
- ⇒ Satellite Feeds -- McHugh begins to set up satellite interviews for budget team into targeted markets for next two days

CABINET ROLLOUT (Higgins; Silverman; McHugh)

First Level Activities/Calls

- Cabinet Affairs faxes talking points and Q&A on agreement to all Cabinet members and subcabinet
- Cabinet Affairs sets up two conference calls:
 - Conference call ASAP with all Cabinet members and Chiefs of Staff
 - Conference call later in the day with agency communications directors
- Lew, Baer, Higgins brief Cabinet members and Chiefs of Staff on budget agreement on first conference call
- Silverman and McHugh compile list of key media markets (to be assigned to the Cabinet on conference call with agency communications directors later in the day)

Second Level Activities/Calls

- Haas, Lewis, McHugh, Silverman brief agency communications directors on budget message, markets, and rollout strategy on second conference call
- Cabinet members make initial press calls to radio/dailies in targeted markets

GOVERNORS AND MAYORS (Hale)

First Level Activities/Calls

- Hale first calls Gov. Romer and Mayor Archer; sets up Sperling to brief them
- Organize additional conference call for five key governors and ten key mayors
- Provide specific one-pager to governors and mayors on major issues, including Medicaid per capita cap
- Sperling and Lew brief governors and mayors on budget agreement

CONSTITUENCIES: Labor, Minority and Ethnic

First Level Activities/Calls

- ⇨ Call Major Labor Leaders -- Podesta to coordinate calls regarding overall budget agreement; paper faxed to appropriate labor leaders

⇒ Other Calls

- VP/Bowles calls Jesse Jackson
- Herman calls Kweisi Mfume
- Echaveste/Pena call Univision News, Hispanic dailies, Dallas Morning News, Houston Chronicle, and other media outlets regarding progress on legal immigrants

Second Level Activities/Calls

- Podesta coordinates additional labor calls
- Echaveste/Pena call other media outlets regarding progress on legal immigrants ✓

HEALTH CARE TEAM (Shalala; Jennings; Min; Vladeck; Lambrew)

First Level Activities/Calls

- ⇒ Call Key Health Reporters -- regarding Medicare, Medicaid, structural reforms, Social Security, and children's health
- Pear (Jennings)
 - Chen (Vladeck)
 - Hasson (Jennings)
- ⇒ Call Major Health Care Groups
- AARP (Bowles)
 - AHA (Shalala)
 - AMA (Shalala; Min)
- ⇒ Call Key Electeds and Constituency Leaders
- Call Gov. Chiles and Gov. Dean

Second Level Activities/Calls

- ⇒ Call Additional Health Care Groups
- APPWP (Jennings)
 - CHA (Min)

- American College of Physicians (Jennings)
 - National Council on Aging (Jennings)
- ⇒ Call additional health reporters
- ⇒ Other team members and OPL begin to set up briefings for next two days with health care groups, women's groups, and constituency leaders

EDUCATION TEAM (Riley; Smith; Cohen; Shireman)

First Level Activities/Calls

- ⇒ Call Education Leaders -- on higher education tax cuts, Pell Grants, and EI-Sec
- Gov. Miller
 - Barry Munitz (Smith)
 - Stan Ikenberry (Riley)
 - Ed Elmendorf (Smith)
 - Ed Kealy (Riley)
 - David Pierce (Riley)
 - David Warren (Riley)
- ⇒ Call Key Education Reporters
- Robert Greene, AP (Smith)
 - Richard Whitmire, Gannett (Smith)
 - Paul Nyhan, Bloomberg (Smith)

Second Level Activities/Calls

- ⇒ Call Additional Education Leaders
- Stewart (Smith)
 - Ambach (Smith)
 - Pierce (Riley)
- ⇒ Call Additional Education Reporters
- Feldmann and Walters, Christian Science Monitor (Smith, Shireman)
 - Applebome, NY Times (Smith, Shireman)
 - Kronholz, WSJ (Smith, Shireman)

- Sanchez, W Post (Smith, Shireman)
- Innerst, W Times (Smith, Shireman)
- Henry, USA Today (Smith, Shireman)
- Colvin and Shogren, LA Times (Smith, Shireman)

⇒ Other team members and OPL begin to set up briefings for next two days with education groups

WELFARE TEAM (Reed; Apfel; Shalala)

First Level Activities/Calls

⇒ Call Key Leaders -- in urban, immigrant, and welfare communities

- Hugh Price (Reed) ✓
- Patricia Ireland (Shalala)
- Cecilia Munoz (Shalala)
- Sharon Daly (Shalala)

⇒ Call Key Reporters

- DeParle at NY Times (Reed) ✓
- Constable at W Post (Reed) ✓
- Milbank at WSJ (Shalala)
- Ellis at LA Times (Apfel)
- Wolf at USA Today (Shalala)

Second Level Activities/Calls

⇒ Call Other Key Leaders -- in urban, immigrant, and welfare communities

- Bernstein (Shalala)
- Daly (Shalala)
- Aviv (Shalala)

ACTIVITIES/CALLS FOR TWO DAYS POST-AGREEMENT

BUDGET TEAM

- ⇒ Next Day's Morning Shows
 - VPOTUS and Bowles on network morning shows
 - Sperling, Raines, and Rubin on morning radio-talk shows

- ⇒ Satellite Feeds -- Team conducts satellite interviews into targeted markets (Bowles; Rubin; Raines; Sperling)

CABINET ROLLOUT

- Cabinet members implement budget rollout strategy, hitting targeted markets by traveling or conducting press calls

GOVERNORS AND MAYORS

- Intergovernmental sets up conference call with remaining Democratic governors and additional mayors
- Sperling, Lew brief governors and mayors on budget agreement

CONSTITUENCIES: Labor, Minority and Ethnic

- Meetings at Labor Department with labor groups regarding budget agreement
- Hold briefings with minority and ethnic leaders regarding overall budget agreement

HEALTH CARE TEAM

- Team holds briefings for health groups, women's groups, and constituency leaders
- Team conducts conference calls with regional health care groups

EDUCATION TEAM

- ⇒ Call News Magazines

- Wingert, Newsweek (Riley)
 - Blackman, Time (Riley)
 - Toch, US News (Riley)
 - Katz, CQ (Smith)
 - Stanfield, National Journal (Shireman)
- ⇒ Team holds briefings for education groups
- ⇒ Riley conducts conference call/press conference with college newspapers

WELFARE TEAM

- Hold briefings for leaders in urban, immigrant, and welfare communities

President Clinton Delivers the First Balanced Budget in A Generation Historic Agreement Promotes the Country's Priorities

President Clinton has achieved a balanced budget agreement that includes critical investments in education, health care, and the environment while strengthening and modernizing Medicare and Medicaid — just as he promised last year. We have cut the deficit 63% — from \$290 billion in 1992 to \$107 billion last year. This historic achievement will finish the job, giving the American people the first balanced budget in a generation, while meeting the President's goals.

GOAL: To ensure that every 8 year-old can read, every 12 year-old can log on to the Internet, and every 18 year-old can go to college.

- ✓ Largest Pell Grant increase in two decades — 4 million students will receive a grant of up to \$3,000, an increase of \$300 in the maximum grant.
- ✓ \$35 billion of tax cuts targeted to higher education to make college more affordable for America's families.
- ✓ An America Reads initiative to mobilize a million tutors to help three million children learn to read by the end of the third grade.
- ✓ Expansion of Head Start — to achieve goal of one million kids in 2002.
- ✓ Doubles funding to help schools integrate innovative technology into the curriculum.

GOAL: Expand health coverage for as many as 5 million uncovered children.

- ✓ Medicaid improvements and added Medicaid investments.
- ✓ A new capped mandatory grant program that provides additional dollars to supplement states efforts to cover uninsured children in working families.

GOAL: Secure and strengthen Medicare and Medicaid

- ✓ Extends the solvency of Medicare Trust Fund to at least 2007 through long overdue structural reforms.
- ✓ Expands coverage of critical preventive treatments of diseases such as diabetes and breast cancer.
- ✓ Preserves the federal Medicaid guarantee of coverage to our nation's most vulnerable people.

GOAL: Strengthen environmental protection and enforcement

- ✓ Accelerates Superfund cleanups by almost 500 sites by the year 2000.
- ✓ Expands the Brownfield Redevelopment Initiative to help communities cleanup and redevelop contaminated areas.
- ✓ Boosts environmental enforcement to protect public health from environmental threats.

GOAL: Move people from welfare to work and treat legal immigrants fairly

- ✓ A Welfare-to-Work tax credit to help long-term welfare recipients to get jobs.
- ✓ Restores disability and health benefits for legal immigrants.
- ✓ Restores Medicaid coverage for poor legal immigrant children.
- ✓ Preserves food stamp benefits for people willing to work.
- ✓ Provides States and cities with additional resources to move disadvantaged recipients into jobs.

GOAL: Cut taxes for America's hard working families

- ✓ A Child Tax Credit to make it easier for families to raise their kids.
- ✓ \$35 billion of tax cuts targeted to higher education to make college more affordable
- ✓ A Welfare-to-Work tax credit to help long-term welfare recipients get jobs.
- ✓ Establishes additional Empowerment Zones and Enterprise Communities.

Fact Sheet on the Budget Agreement
May 2, 1997

- Budget balances by 2002 -- for the first time since 1969

New initiatives

- Agreement provides \$34 billion over 5 years for new initiatives, including:
 - Full funding (\$16 to \$17 billion over 5 years) to provide health insurance for as many as 5 million children
 - Restoring medical and disability benefits to legal immigrants

Discretionary spending

- Non-defense discretionary outlays are within 1 percent of the President's FY 1998 Budget request over 5 years -- protecting education, the environment, international and other priorities
- Defense spending meets President's FY 1998 Budget request (on budget authority)

Entitlement savings

- Medicare savings of \$115 billion over 5 years and long overdue structural reforms, extending the life of the Trust Fund until at least 2007
 - Modernizes Medicare by providing new incentives for managed care and new preventive care benefits (such as for diabetes and breast cancer)
 - Gradually phases in, over time, cost of home health care into Part B premium
 - Expands Medicare low-income protections to 150 percent of poverty threshold
- Reduces Medicaid spending through reductions in DSH payments and increased state flexibility, while maintaining the Federal guarantee. Per capita cap eliminated.

Education

- Largest increase in education spending in 30 years
- \$35 billion for education tax cuts, including the Hope Scholarship and the \$10,000 tax deduction

- Increases maximum Pell grant award to \$3,000
- Fully funds the President's America Reads initiative

Environment

- Meets the President's commitments in priority areas, including Superfund and brownfields
- Invests in National Parks and Federal land management

Tax cuts

- \$85 billion in net tax cuts, including \$135 billion in gross tax cuts and \$50 billion from revenue raisers and extensions of expiring tax provisions (\$30 billion of which is the extension of the airline ticket tax)
- A majority of the \$135 billion in tax cuts is directed towards middle-income tax relief.

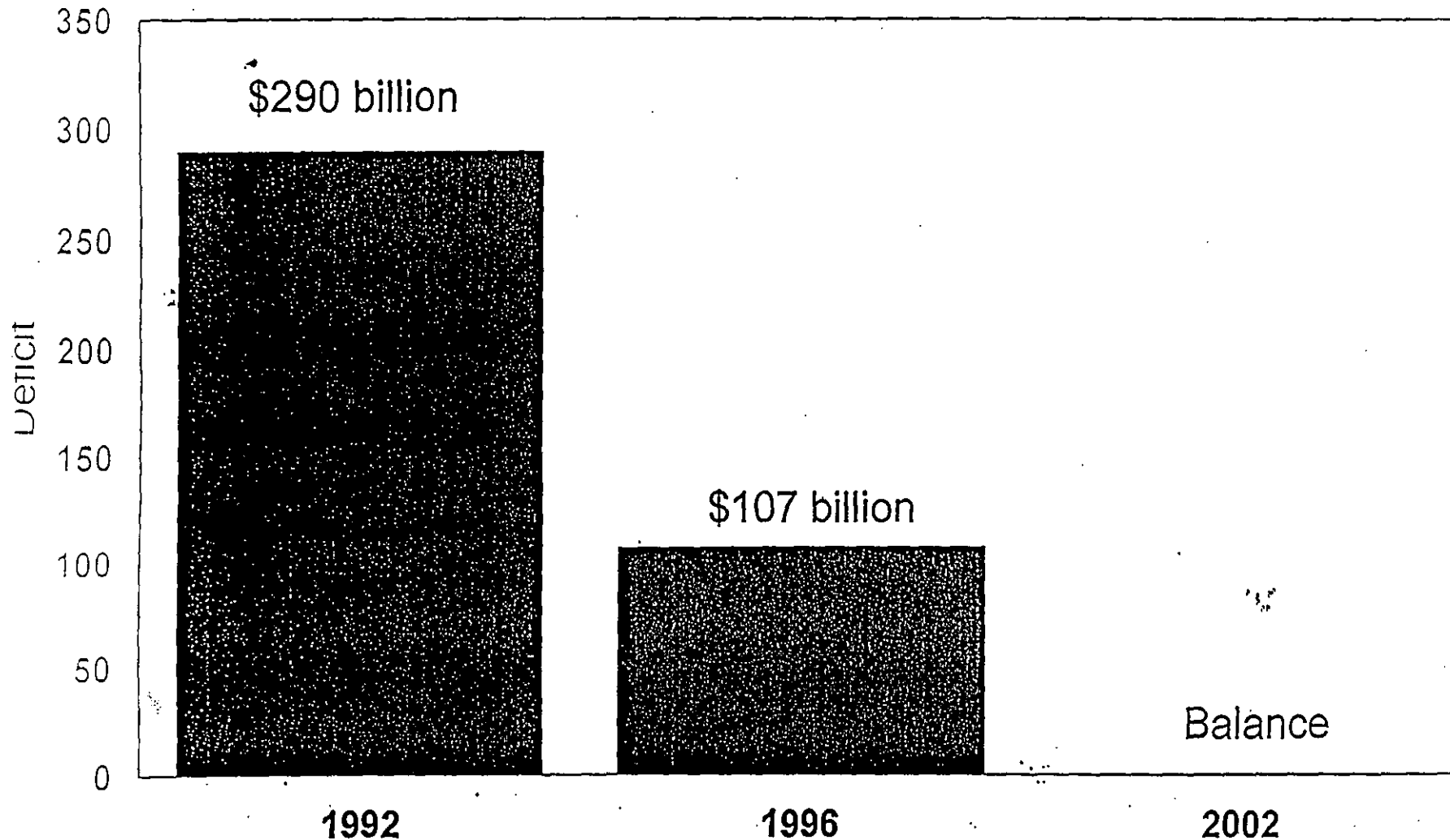
COLAs

- Congress will incorporate the impact of expected ongoing improvements at the BLS

Welfare reform

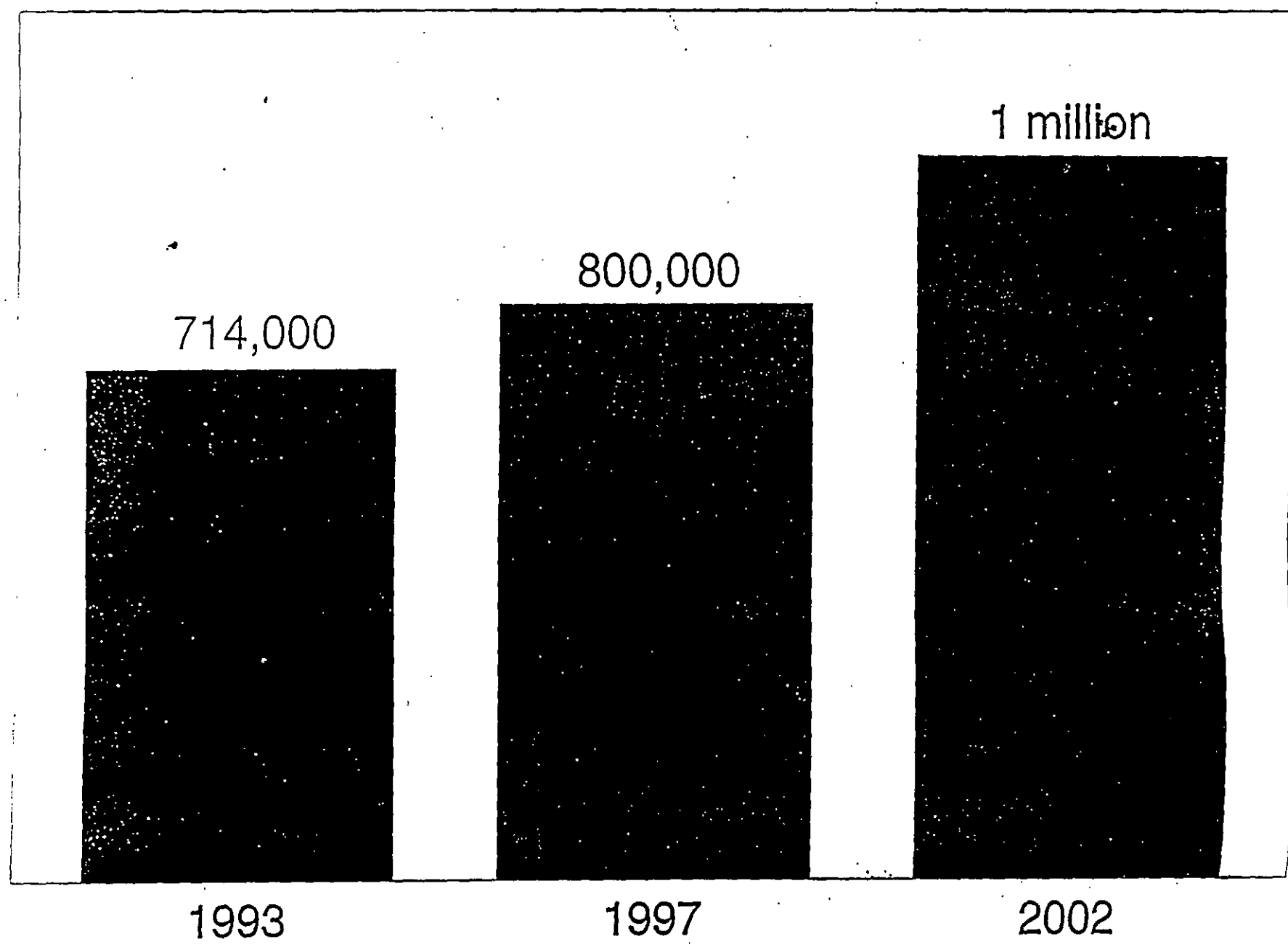
- A welfare-to-work tax credit to help long-term welfare recipients get jobs
- New flexibility for states to provide benefits for poor families

President Clinton Finishes The Job: First Balanced Budget in a Generation

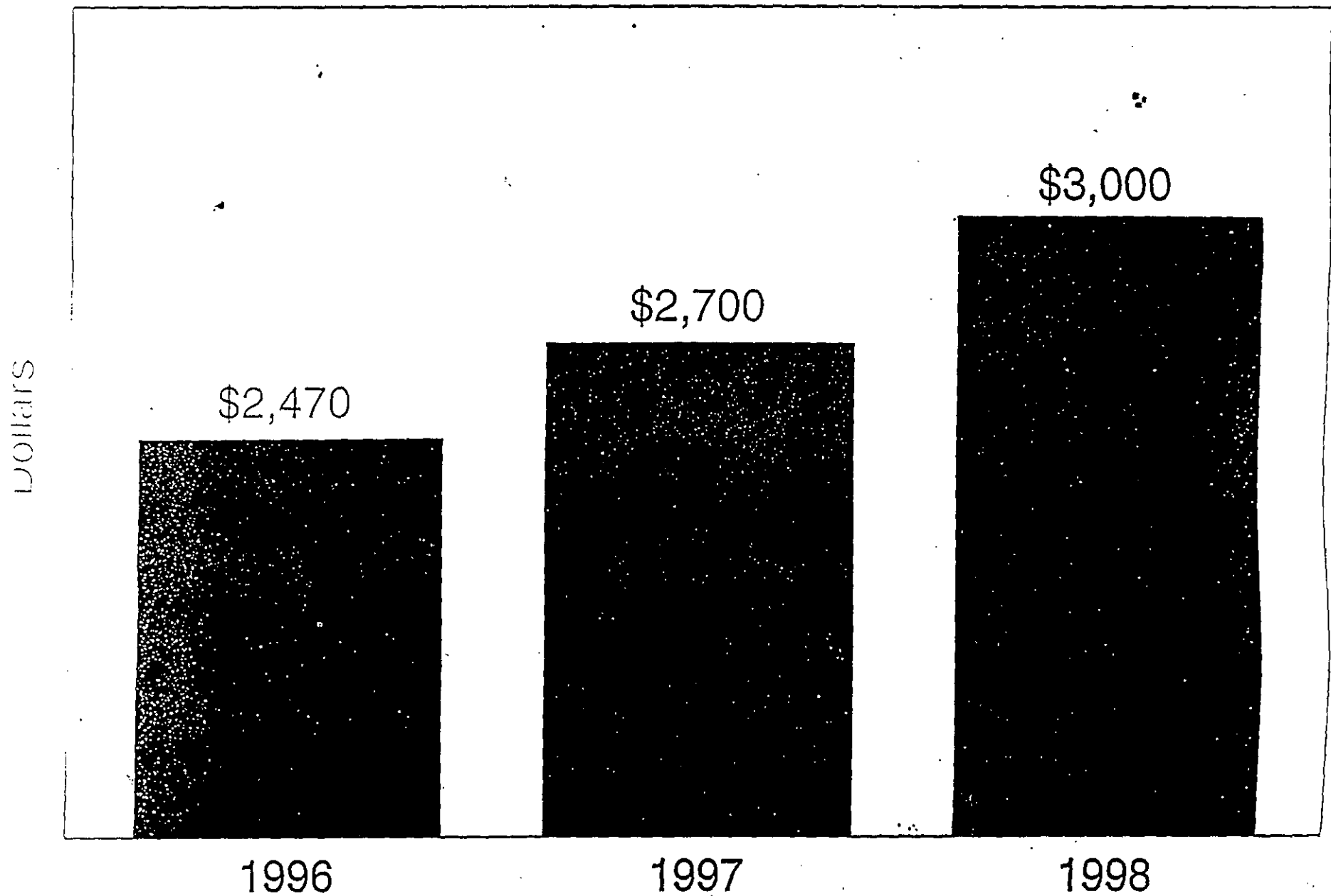


Presidential Priority Increase Head Start Enrollment

Number of children enrolled



Residential Priority Increase Maximum Pell Grant



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May 2, 1997

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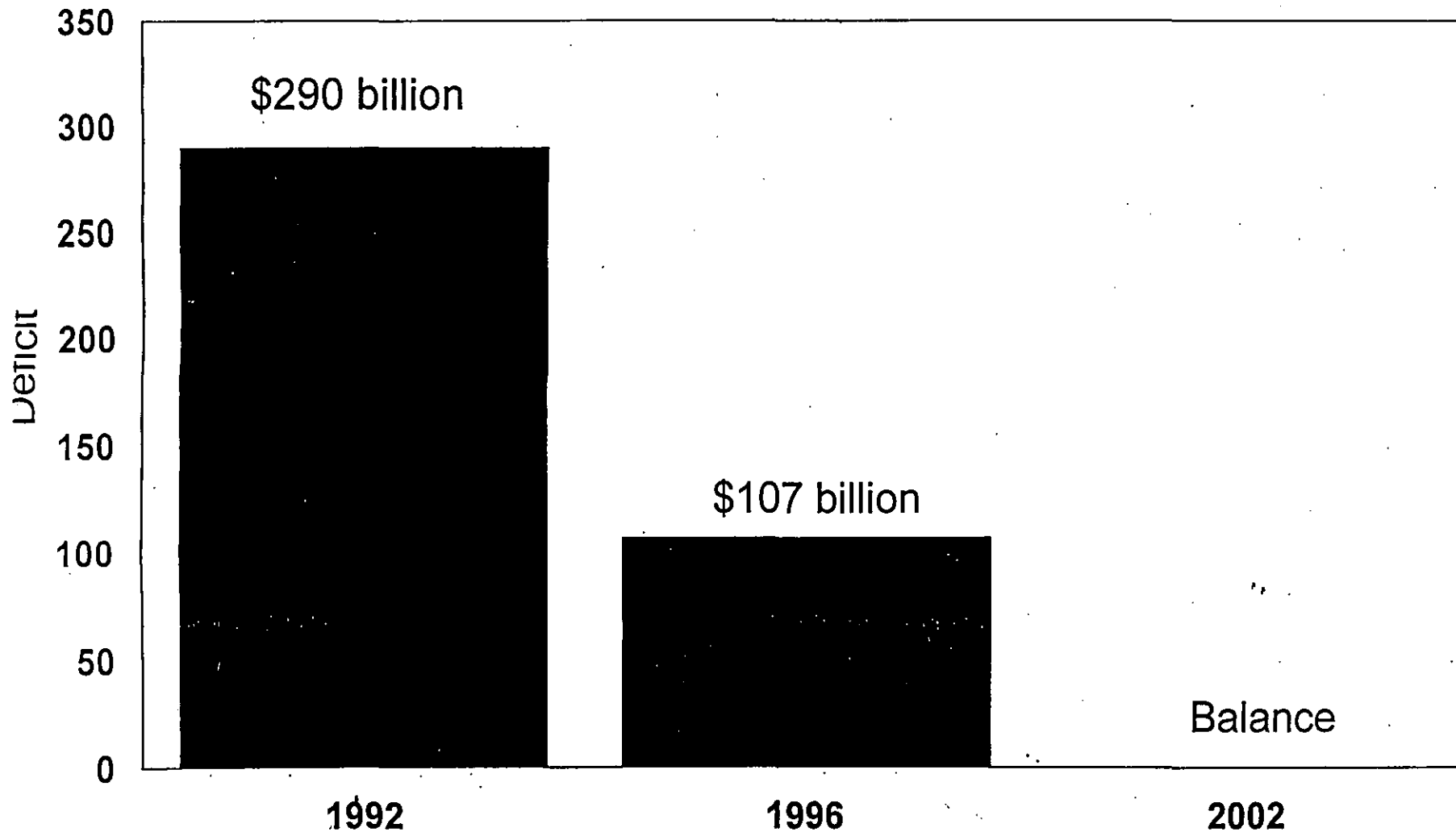
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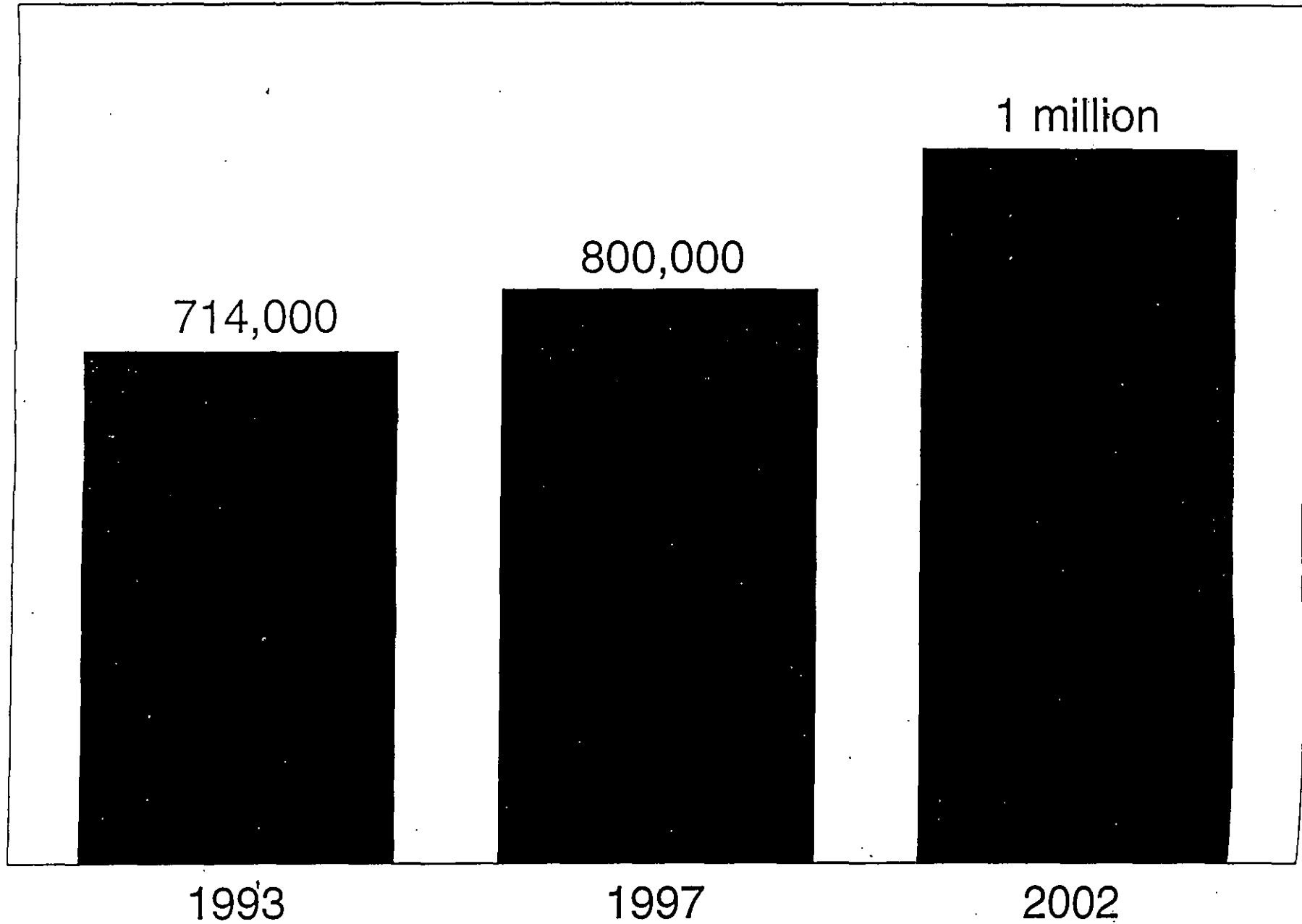
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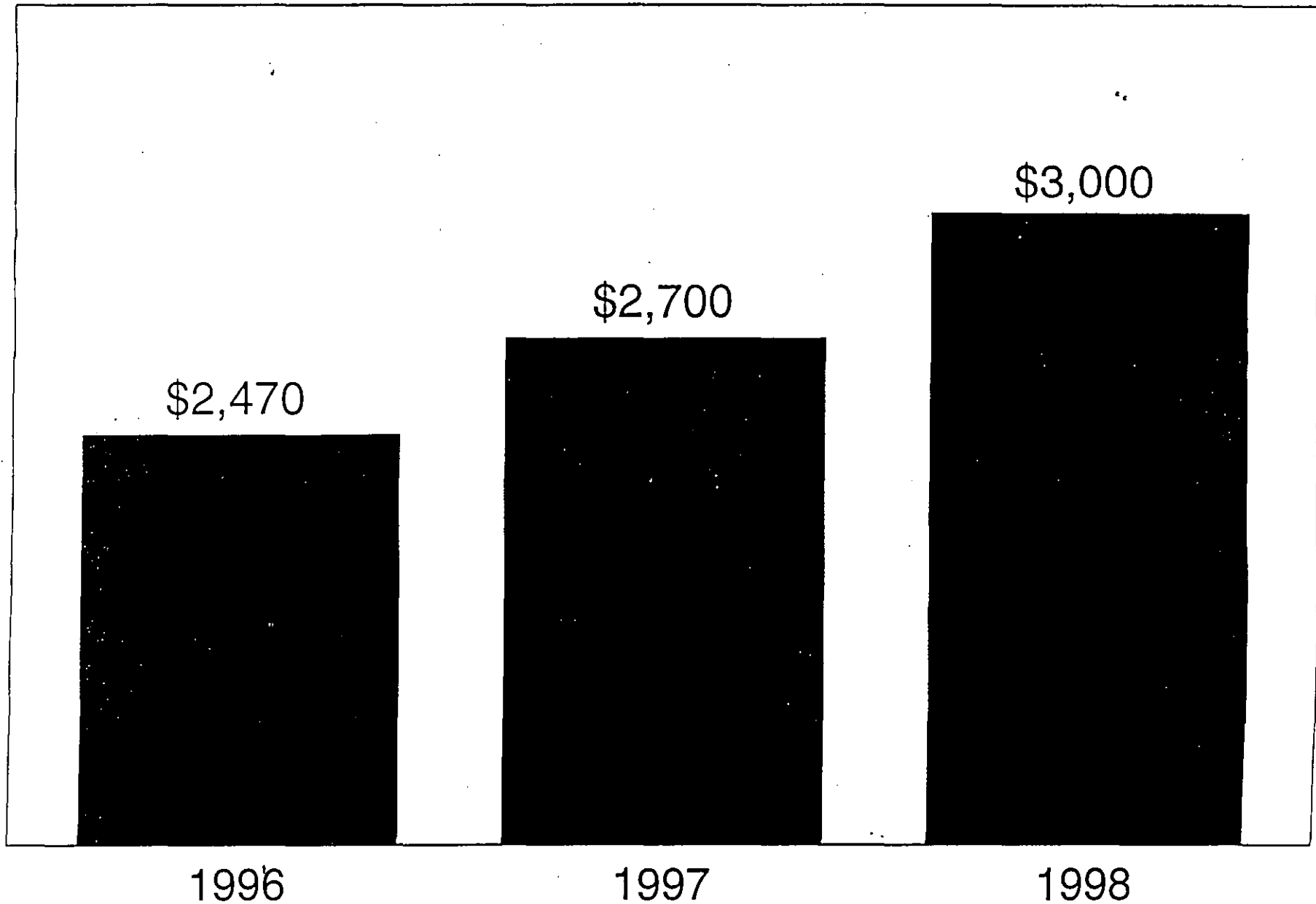
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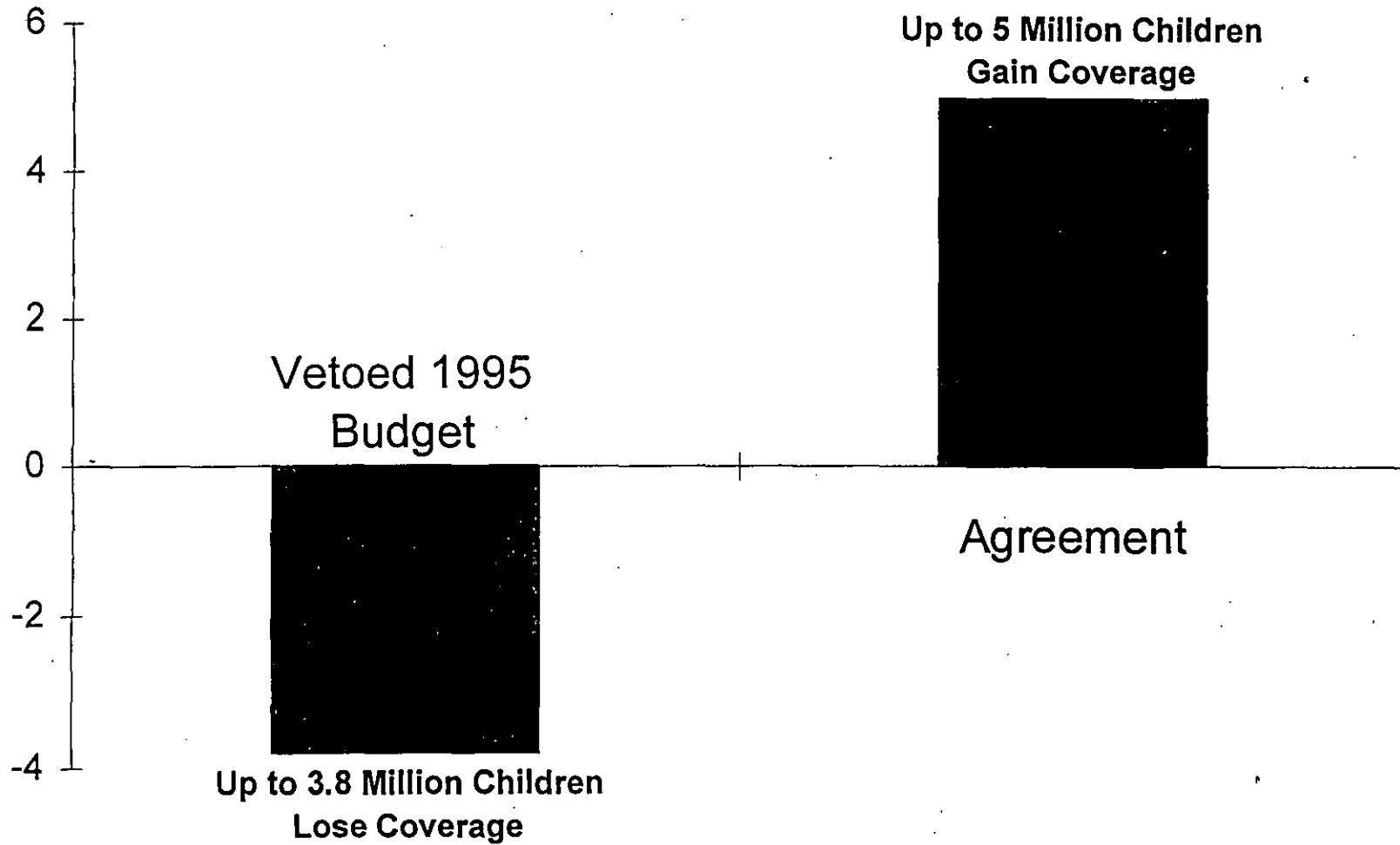
Presidential Priority Increase Head Start Enrollment



Presidential Priority Increase Maximum Pell Grant



Improvement in Children's Health Coverage



DHHS estimates of November 1995 Vetoed Balanced Budget Act's Medicaid Block Grant effects & the President's 1997 Children's Health Initiative

BUDGET ROLLOUT:
*An Action Plan for the 24
to 48 Hours Following a
Budget Agreement*

**KEY CALLS TO BE MADE ON THE DAY THAT A
BUDGET DEAL IS REACHED**

VICE-PRESIDENT

<i>Call Made By</i>	<i>Call To</i>	<i>Emphasis</i>
VPOTUS (his call)/otherwise EB/JP	John Sweeney AFL-CIO 637-5231	Check-in/Heads-Up
VPOTUS (his call)/otherwise EB/JP	Horace Deets AARP 434-2277	Check-in/Heads-Up

**BUDGET TEAM: BOWLES, HILLEY RUBIN, RAINES,
SPERLING, SUMMERS, YELLEN**

Press

<i>Call Made By</i>	<i>Call to</i>	<i>Emphasis</i>
Gene Sperling John Hilley Mike McCurry	AP (Al Fram; 776-9490), Reuters (Arshad Mohammed; 898-8324) , UPI (Ken Bazinet; 898- 8100)	Shape Early Wire Stories
VPOTUS Bob Rubin Erskine Bowles	Network Anchors (Brokaw, Jennings, Rather)	Shape First Evening News Story

Erskine Bowles Bob Rubin Frank Raines Gene Sperling	Network Bureau Pundits Russert; (885-4764, Roberts (222-7700); , Schieffer; (457-4481), Sesno;(898-7540)	Shape Initial Spin
Erskine Bowles Bob Rubin Frank Raines	WH Correspondents (Blitzer (638-5234), Braver (457-4444), Bloom, Donovan)	Shape Early Stories
Bob Rubin	Apple, <u>NY Times</u>	Overall Importance
Frank Raines or Gene Sperling	Broder, <u>Washington Post</u> 334-7444	Overall Importance
Frank Raines or Gene Sperling	Hunt, <u>WSJ</u> 862-9211	Overall
Gene Sperling	Murray, <u>WSJ</u> 862-9232	Overall
Larry Summers	Brownstein, <u>LA Times</u> 861-9232	Entitlements; Overall
Erskine Bowles John Hilley Bob Rubin Frank Raines Gene Sperling Larry Summers Janet Yellen	Lehrer News Hour, "Larry King Live," CNN, CNBC, MSNBC, "Fox Morning News"	Overall

VALIDATION PHONE CALLS

<i>Call Made By</i>	<i>Call to</i>	<i>Emphasis</i>
Frank Raines	Bob Reischauer 797-6056	Entitlements/CPI/Disc Realistic
Gene Sperling or Larry Summers or Janet Yellen	Henry Aaron 797-6128	Entitlements/Health/Over all
Bob Rubin	Alan Greenspan 452-3201	Entitlement, CPI
Janet Yellen or Larry Summers	Alice Rivlin 452-3271	Entitlement/Overall
Erskine Bowles or Frank Raines or Gene Sperling	Sam Nunn, Warren Rudman (467-6222)	Entitlement Reform
Frank Raines Gene Sperling	Carol Cox	Entitlements
Frank Raines Gene Sperling	Martha Phillips 467-6222	Entitlements
Larry Summers	Charlie Scultz 797-6295	Overall
Gene Sperling	Bob Greenstein 408-1080	Medicaid/FStamps/Child ren

Overall Deal: We Won

<i>Call Made By</i>	<i>Call To</i>	<i>Emphasis</i>
Gene Sperling	George Stephanopolous (212) 854-6099	Ed/Child Health
Rahm Emanuel or Gene Sperling	James Carville 543-1196	President/Avg Person won
Gene Sperling	Bob Reich (617)736-3839	President Strategy Worked
S. Mathews	Henry Cisneros (310) 348-3600	Immigrants/Urban
Bruce Reed	Al From	President Strategy Worked

**HEALTH CARE TEAM: SHALALA, JENNINGS, MIN,
VLADECK, LAMBREW**

<i>Call Made By</i>	<i>Call to</i>	<i>Emphasis</i>
VPOTUS (his call)/otherwise Erskine Bowles Donna Shalala	AARP	Medicaid/Social Security/ children's health/Medicare -- savings and structural reforms
Donna Shalala Bruce Vladeck	AHA	Medicare -- minimize criticism
Donna Shalala Nancy Ann Min	AMA	Medicare
Donna Shalala	National Committee to Preserve Social Security and Medicare	Medicare, Medicaid, Social Security

Chris Jennings	Uwe Reinhardt (609) 258-4781	Medicare reforms
Chris Jennings Bruce Vladeck	Stuart Altman (617) 736-3803	Medicare reforms, specifically structural reforms
Bruce Vladeck or Nancy-Ann Min	Marilyn Moon 857-8691	Medicare
Jeanne Lambrew	Judy Feder 690-7858	Medicare/Medicaid per capita cap/children's health

Health Care Reporters

<i>Call Made By</i>	<i>Call to</i>	<i>Emphasis</i>
Donna Shalala Chris Jennings	<u>NY Times</u> , Robert Pear 862-0344	M/M/children's health
Melissa Skofield Bruce Vladek	<u>Post</u> , Ed Chen	M/M/children's health
Chris Jennings	Laurie McGinely	M/M/children's health
Melissa Skofield	<u>Post</u> , Judy Havemann	M/M/children's health
Chris Jennings	<u>USA Today</u> , Judy Hasson (703) 276-6430	M/M/children's health

Health Care: Elected Officials

<i>Call Made By</i>	<i>Call To</i>	<i>Emphasis</i>
Donna Shalala or Chris Jennings or Nancy-Ann Min	Gov. Lawton Chiles	Medicaid/per capita cap/flexibility
Donna Shalala or Chris Jennings or Nancy Ann-Min	Gov. Howard Dean (802) 828-3333	Medicaid per capita cap and flexibility
Chris Jennings or Nancy-Ann Min	Gov. Zell Miller	Higher ed tax/Medicaid/per capita cap/flexibility
Chris Jennings	Gov. Romer	Medicaid -- per capita cap and flexibility
Nancy Ann-Min	Mayor Archer	
Nancy Ann-Min	Mayor Lanier	
Nancy Ann-Min	Mayor Daley	
Nancy Ann-Min	Mayor Schmoke	

EDUCATION TEAM: RILEY, BRUCE REED, MIKE SMITH

<i>Call Made By</i>	<i>Call to</i>	<i>Emphasis</i>
Dick Riley or Mike Smith	Barry Munitz	Higher ed: tax & Pell Grants
Dick Riley or Mike Smith	Stan Ikenberry 939-9310	Higher ed
Dick Riley or Mike Smith	Ed Elmendorf 293-7070	Higher ed

Dick Riley Mike Smith	Donald Stewart (college bd)	Higher ed
Dick Riley Mike Smith	Gordon Ambach	El-Sec
Mike Smith Bob Shireman	Erica Adelsheimer	Higher ed: students
Mike Smith Bob Shireman	Ivan Frishberg	Higher ed: students
Dick Riley Mike Smith	Ed Kealy	All education (esp. discret.)
Dick Riley Mike Smith	David Pierce	Community colleges
Dick Riley Mike Smith	David Warren	Private colleges
Dick Riley Mike Smith	Arnold Fege	El-Sec (PTA)
Shireman/Cohen	Terry Hartle 939-9355	Higher ed
Moore/Shireman/Cohen	Henry Ponder	Black colleges (NAFEO)

WELFARE TEAM: REED, SHALALA, APFEL

<i>Call Made By</i>	<i>Call To</i>	<i>Emphasis</i>
Erskine Bowles or Alexis Herman or Bob Rubin	Jesse Jackson	Welfare/Overall

Erskine Bowles Alexis Herman Bob Rubin	Kweisi Mfume	Welfare/Overall
Donna Shalala	Patricia Ireland	Overall welfare
Gene Sperling or Bruce Reed or Donna Shalala	Hugh Price, Urban League (212) 310- 9000	Welfare-to-work
Gene Sperling	Bob Greenstein 408-1080	Overall welfare, food stamps
Donna Shalala	Cecilia Munoz, La Raza	Immigrants
Donna Shalala	Josh Bernstein, National Immigration Law Center	Immigrants
Donna Shalala	Sharon Daly, Catholic Charities	Overall welfare, immigrants
Donna Shalala	Marty Ford, ARC	Disabled children
Donna Shalala/HHS SSA	National Assoc. of Public Hospitals	Immigrants/Medicaid
Donna Shalala/HHS	American Hospital Assoc.	Immigrants/Medicaid

DRAFT

**PRESIDENT CLINTON
DELIVERS THE FIRST
BALANCED BUDGET IN A
GENERATION**

*THIS HISTORIC AGREEMENT
PROMOTES THE COUNTRY'S
PRIORITIES*

MAY 2, 1997

TABLE OF CONTENTS

- One-Pager Overview of Budget Agreement
 - ☞ Chart on President's record on deficit reduction
- Expanding Educational Opportunity
 - ☞ Chart on increased Head Start enrollment
 - ☞ Chart on increased maximum Pell Grant
- Expanding Health Coverage for Children
 - ☞ Chart on coverage of up to 5 million children
- Stronger Environmental Enforcement and Protection
- Modernizing and Strengthening Medicare and Medicaid
- Protecting the Nation's Most Vulnerable People

President Clinton Delivers the First Balanced Budget in A Generation

Historic Agreement Promotes the Country's Priorities

May 2, 1997

President Clinton has achieved a balanced budget agreement that includes critical investments in education, health care, and the environment while strengthening and modernizing Medicare and Medicaid – just as he promised last year. We have cut the deficit 63% – from \$290 billion in 1992 to \$107 billion last year. This historic achievement will finish the job, giving the American people the first balanced budget in a generation, while meeting the President's goals.

GOAL: To ensure that every 8 year-old can read, every 12 year-old can log on to the Internet, and every 18 year-old can go to college.

- ✓ Largest Pell Grant Increase in Two Decades -- 4 million students will receive a grant of up to \$3,000, an increase of \$300 in the maximum grant.
- ✓ Tax cuts targeted to higher education to make college more affordable for America's families.
- ✓ An America Reads initiative to mobilize a million tutors to help three million children learn to read by the end of the third grade
- ✓ Expansion of Head Start -- to achieve goal of one million kids in 2002.
- ✓ Doubles funding to help schools integrate innovative technology into the curriculum.

GOAL: Expand health coverage for as many as 5 million uncovered children.

- ✓ Medicaid improvements and added Medicaid investments.
- ✓ A new capped mandatory grant program that provides additional dollars to supplement states efforts to cover uninsured children in working families.

GOAL: Secure and strengthen Medicare and Medicaid

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- ✓ Expands coverage of critical preventive treatments of diseases such as diabetes and breast cancer.
- ✓ Preserves the federal Medicaid guarantee of coverage to our nation's most vulnerable people.

GOAL: Strengthen environmental protection and enforcement

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- ✓ Expands the Brownfield Redevelopment Initiative to help communities cleanup and redevelop contaminated areas.
- ✓ Boosts environmental enforcement to protect public health from environmental threats.

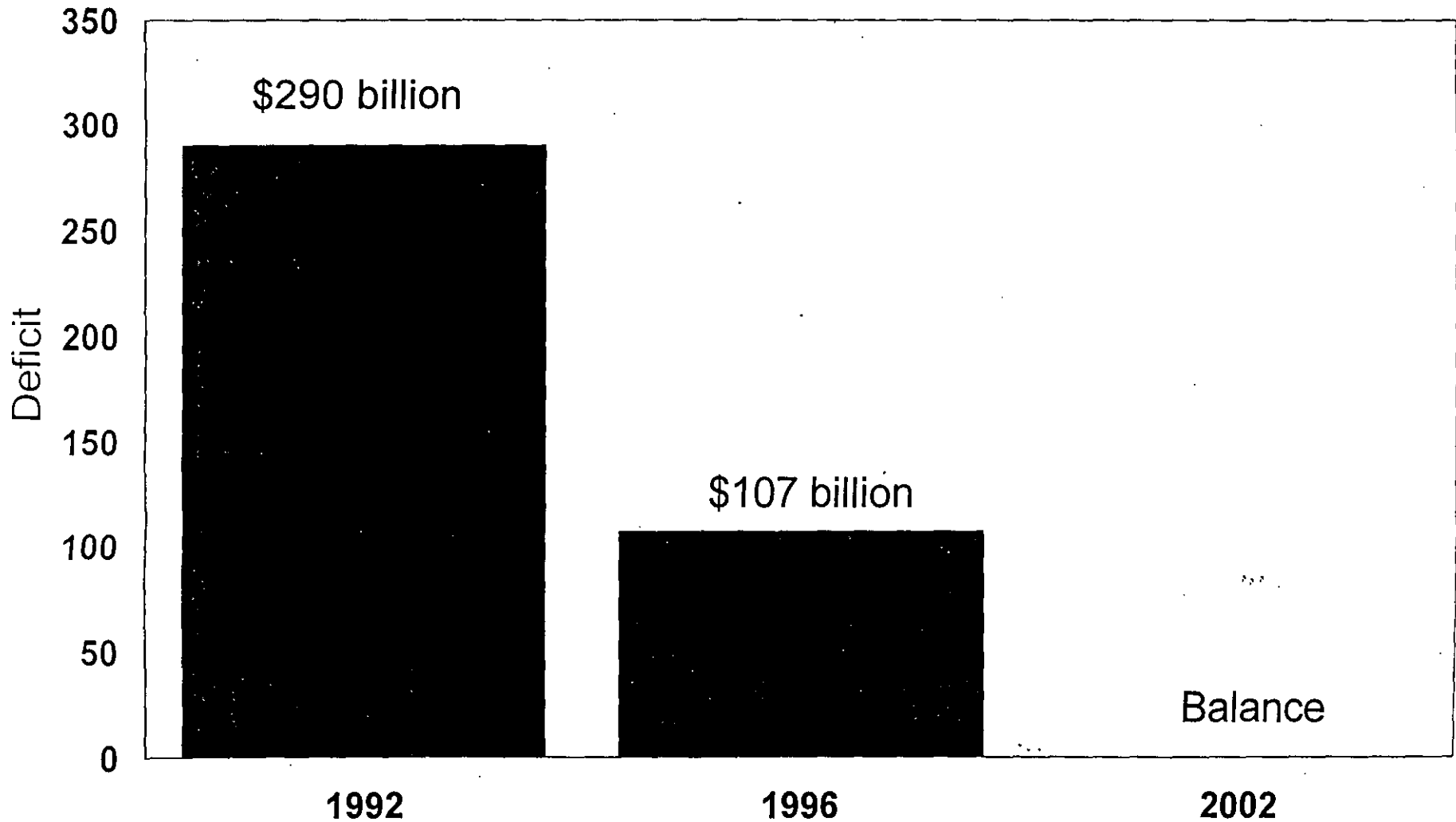
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- ✓ Preserves food stamp benefits for people willing to work.
- ✓ Provides States and cities with additional resources to move disadvantaged recipients into jobs.

GOAL: Cuts taxes for America's hard working families

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- ✓ Tax cuts targeted to higher education to make college more affordable for America's families.
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- ✓ Establishes additional Empowerment Zones and Enterprise Communities.

President Clinton Finishes The Job: First Balanced Budget in a Generation



President Worked to Expand Educational Opportunity for All

The President would not accept any balanced budget agreement that does not expand educational opportunities in America.

THE 1995 REPUBLICAN BUDGET, UNFORTUNATELY, WOULD HAVE CLOSED COLLEGE DOORS TO MANY AMERICANS. IT WOULD HAVE:

- ✂ **Frozen Pell Grant funding** -- because of increasing college enrollment, the Congress would have been forced to reduce the size of the grants -- while tuitions still increase -- in order to stay within the budget.
- ✂ **Increased the cost of student loans**, and cut off streamlined direct loan options to 2.5 million students in the first year alone.

INSTEAD, TO OPEN THE DOORS OF COLLEGE, THIS BUDGET INCLUDES:

- **Pell Grant Expansion.** Includes the largest increase in two decades -- a funding boost of 25%. The maximum award will reach \$3,000, an increase of \$300. In the 1998 budget alone, an additional 348,000 students will receive grants: 130,000 young people from moderate-income families, and 218,000 low income students over the age of 24.
- **Tax cuts for higher education.** To help make college affordable for all American families.
- **Work-Study.** Will continue to expand the availability of work-study jobs, including an increasing number of community service positions, moving closer to the President's commitment to 1 million work-study jobs by the year 2000.

EXPAND ACCESS TO HEAD START AND EARLY HEAD START

- **A Commitment to Enrolling 1 million children in Head Start in 2002.** The President has long been committed to making Head Start, and now Early Start, available to more children. The agreement adopts that goal, accepting the President's proposal for increases from 1998 to 2002.

THE 1995 REPUBLICAN BUDGET WOULD REQUIRE A CUT OF 150,000 CHILDREN FROM HEAD START BY 2002.

- **Over the past 4 years, the President, working with allies in Congress, has secured a 43% increase in funds for Head Start.** The program will serve 800,000 in 1997, and the 1998 budget will bring in 86,000 more children.

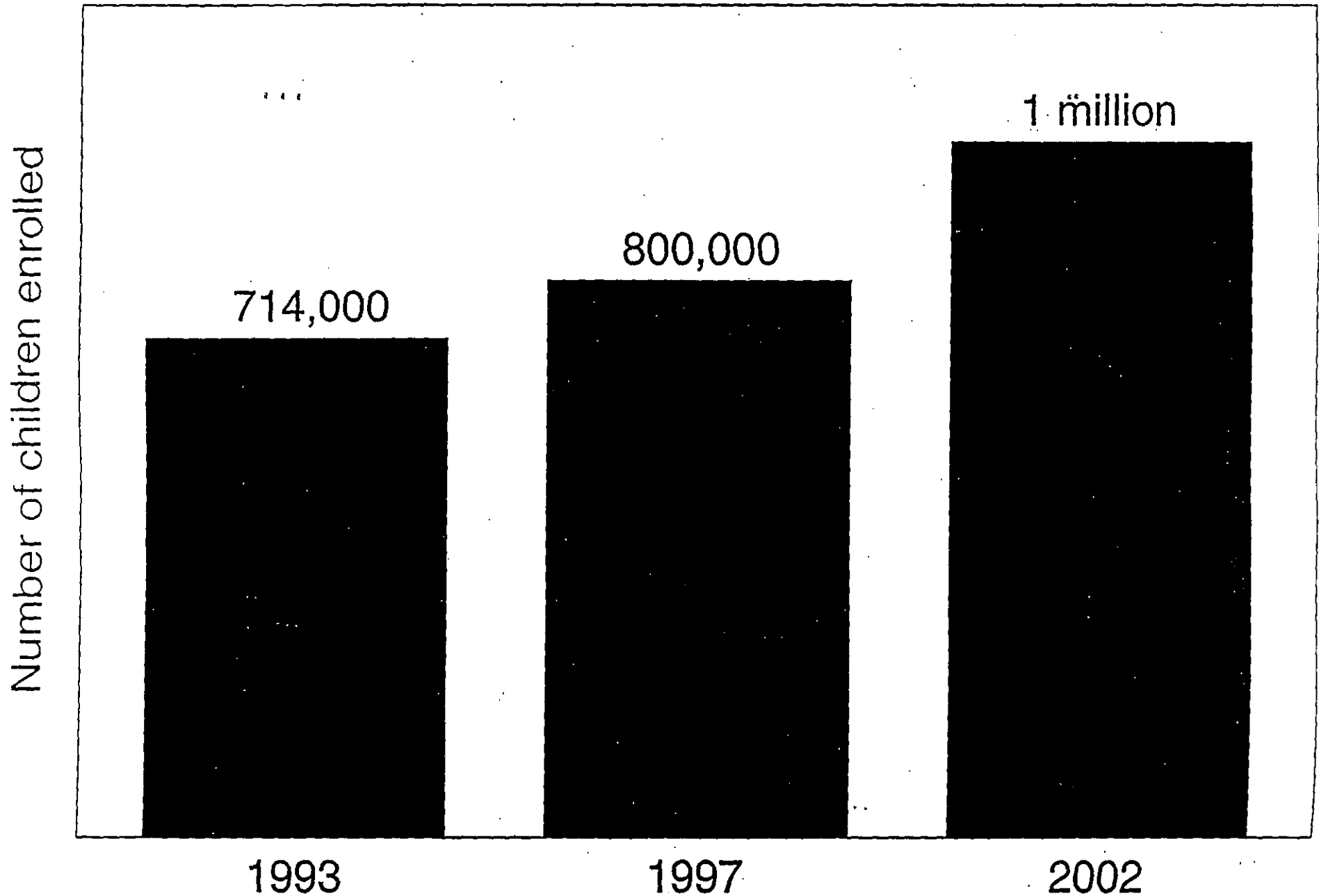
America Reads Challenge

- **The President has launched the America Reads Challenge to ensure that all kids read well and independently by the end of the third grade.** This commitment includes:
 - ✓ **America's Reading Corps.** Will provide individualized after-school and summer help for over three million children in grades K-3. Federal aid would be used to help communities recruit and train over 1 million tutors.
 - ✓ **Parents as First Teachers.** Because research shows that the first three years of life are so important to development, a grant fund will expand successful programs that provide parents help and information in teaching their children to read.

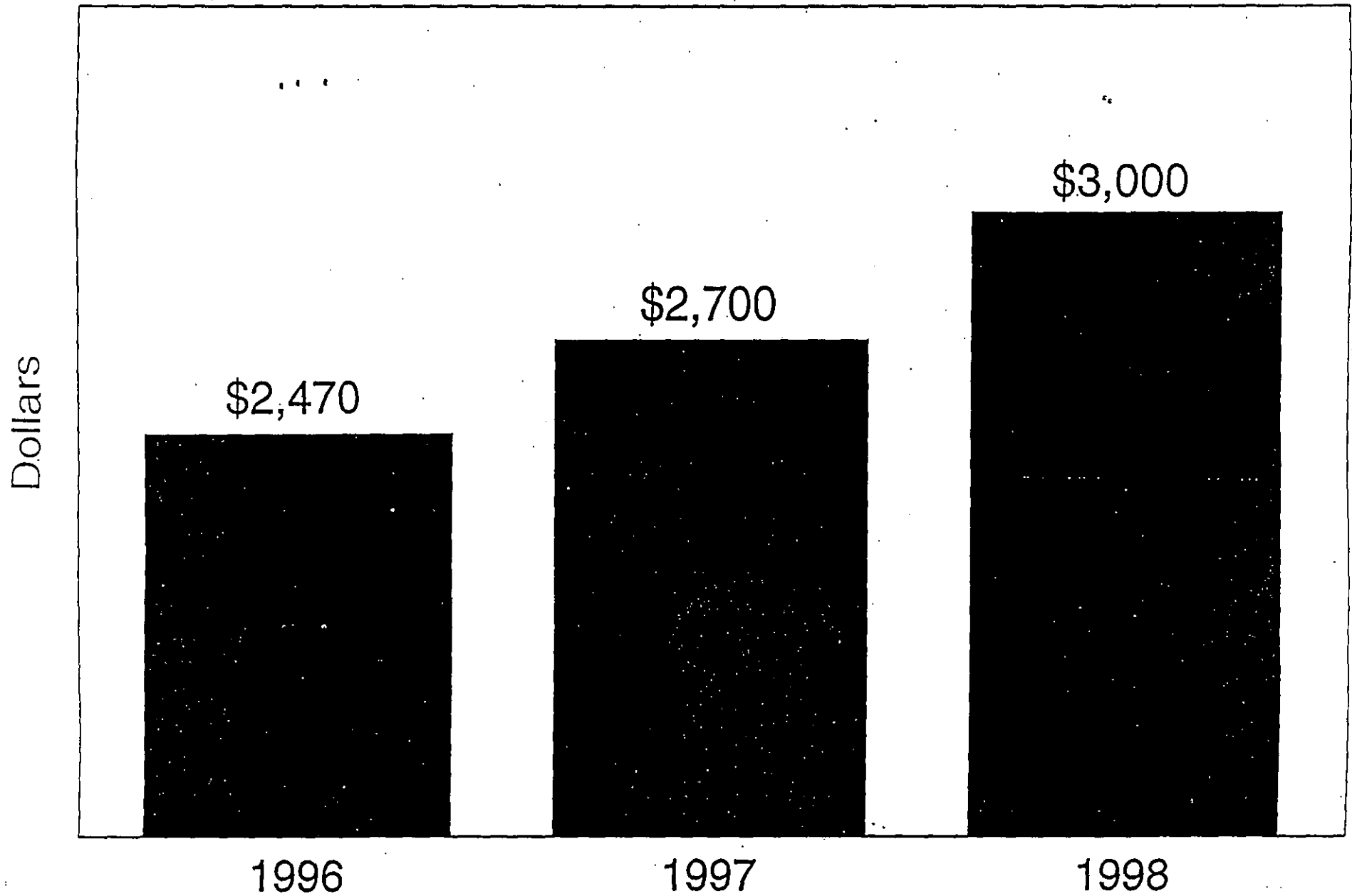
Promote Educational Improvement and High Standards

- **Technology Literacy.** Doubles funding to help ensure that computers are in every classroom, every classroom is connected to the Internet, all teachers are trained, and that high quality software and on-line resources are available to help schools integrate technology into the curriculum so that students can become technologically literate.
- **Goals 2000.** A 26% increase will help 4000 additional schools move toward higher academic standards for all students.
- **Charter Schools.** \$100 million -- about double the 1997 level -- to support planning and start-up costs for 1100 schools that increase student and family choice among public schools.
- **Bilingual Education.** \$199 million for Bilingual Education in FY 1998, a 27% increase over 1997, to help improve the quality of instruction for limited-English proficient children, teaching them English and preparing them to meet the same challenging academic standards as all other students.
- **Immigrant Education.** A 50% increase for Immigrant Education, to help States with large concentrations of recent immigrants to offset the financial impact of immigrant students on school systems.
- **Title I.** \$8.1 billion -- a 5% increase -- to help low-income children meet challenging academic standards, and to hold schools accountable for progress toward those standards.
- **Safe & Drug-Free Schools.** A 12% increase to help 97% of school districts implement anti-drug and anti-violence programs.

Presidential Priority Increase Head Start Enrollment



Presidential Priority Increase Maximum Pell Grant



THE PRESIDENT WORKED TO EXPAND COVERAGE FOR CHILDREN

**TEN MILLION AMERICAN CHILDREN TODAY
LACK HEALTH CARE COVERAGE.**

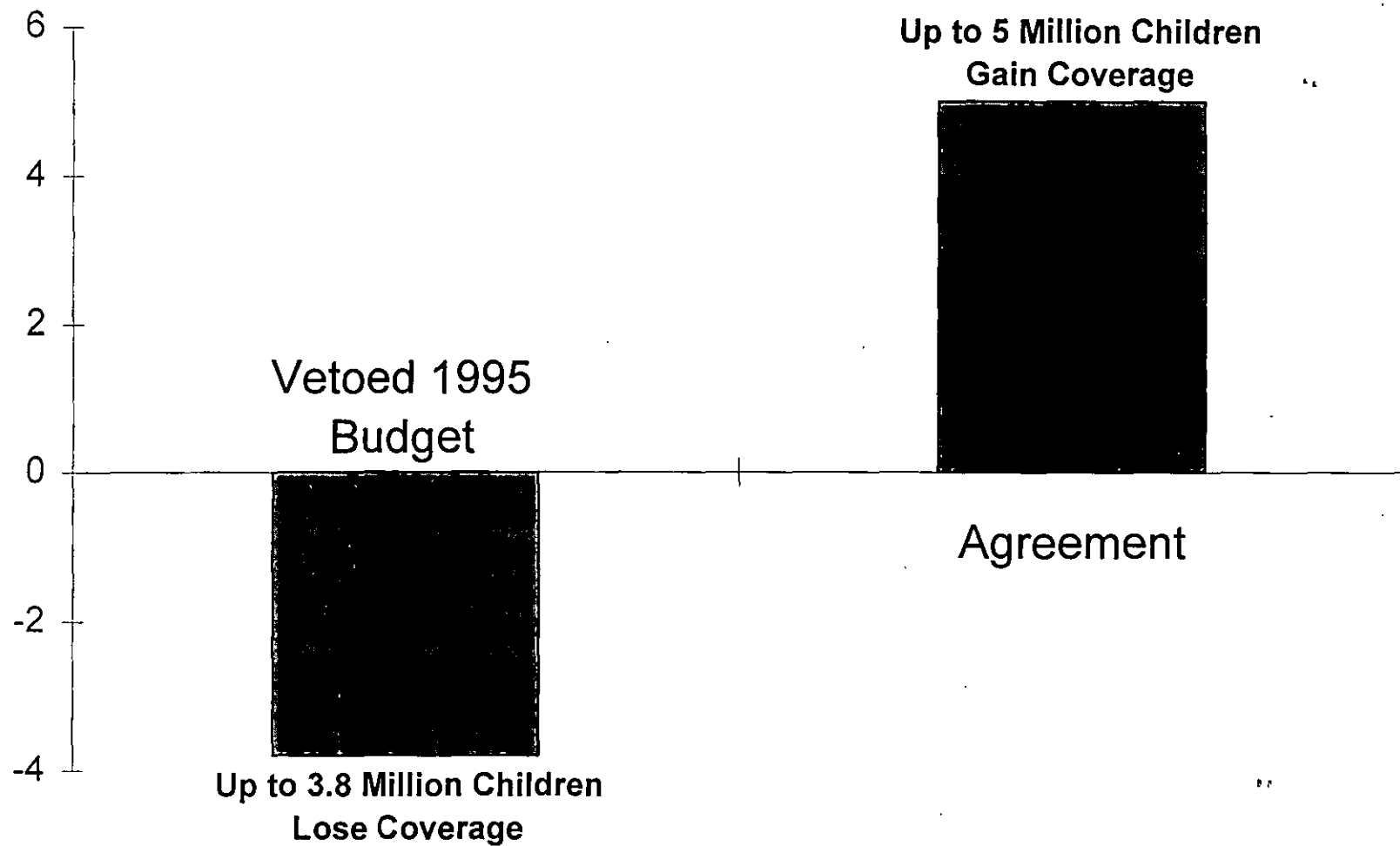
THE 1995 REPUBLICAN BUDGET WOULD HAVE MADE THE PROBLEM WORSE. IT WOULD HAVE:

- ✂ **Created Block Grant that would have increased the number of uninsured children.** The 1995 Republican budget even failed the “do no harm” in the areas of children’s health. That budget eliminated the guarantee of a meaningful Medicaid package for poor children and attempted to replace Medicaid with an insufficiently funded block grant program.
- ✂ **Would have forced states to decrease the number of insured children by as many as 3.8 million due to a lack of sufficient funds, according to a study by the Department of Health and Human Services.**
- ✂ **Eliminated the Medicaid phase-in for children between the ages of 13 and 18.**

**THE PRESIDENT'S CHILDREN'S HEALTH INITIATIVE EXPANDS
HEALTH CARE COVERAGE FOR MILLIONS OF CHILDREN.**

- *THE PRESIDENT FOUGHT TO ENSURE THAT ANY BALANCED BUDGET AGREEMENT EXPANDS CHILDREN'S HEALTH COVERAGE. HIS CHILDREN'S HEALTH INITIATIVE PROVIDES HEALTH COVERAGE FOR AS MANY AS FIVE MILLION ADDITIONAL CHILDREN BY:*
 - ✓ **Improving Medicaid and Adding Medicaid Investments.** The budget agreement works to enroll many of the 3 million children who are eligible but not enrolled for Medicaid, to expand coverage to children who are above the current income eligibility standards, to provide additional coverage to children and legal immigrants.
 - ✓ **A New Capped Mandatory Grant Program That Provides Additional Dollars to Supplement States Efforts** to cover uninsured children in working families.

Improvement in Children's Health Coverage



DHHS estimates of November 1995 Vetoed Balanced Budget Act's Medicaid Block Grant effects & the President's 1997 Children's Health Initiative

President Clinton Worked for Stronger Environmental Enforcement and Protection

PRESIDENT CLINTON WOULD NOT ACCEPT ANY BUDGET THAT DOES NOT INCREASE ENVIRONMENTAL PROTECTION

THE 1995 REPUBLICAN BUDGET WOULD HAVE MOVED THE COUNTRY BACKWARD IN OUR QUEST FOR A CLEANER ENVIRONMENT:

- ✗ **Took Environmental Cop off the Beat.** It would have cut the enforcement of environmental laws by a quarter and let polluters off the hook.
- ✗ **Slowed toxic waste cleanups.** It slashed funding -- 25 percent in the first year -- for toxic waste cleanup efforts. In all the Republican Budget would have cut EPA's budget by 22 percent.

President Clinton is working to move the country forward toward a cleaner environment

ACCELERATE TOXIC WASTE CLEANUPS

- **Double the Pace of Superfund Cleanups.** In contrast to earlier Republican efforts to slow cleanups down, the President has achieved a near doubling of the pace of Superfund cleanups. The budget provides for:
 - ✓ **The cleanup of 500 additional sites** by the end of the year 2000 so millions of Americans can enter the next century in healthier neighborhoods.
 - ✓ **A \$650 million increase over 1997 for Superfund**, bringing total funding to \$2.1 billion in 1998.

EXPAND BROWNFIELDS REDEVELOPMENT INITIATIVE

- **Tax Incentives for Distressed Areas.** The President's Brownfields Initiative helps communities cleanup and redevelop contaminated areas with grants and targeted tax incentives, creating jobs and protecting public health.
 - ✓ **Funding is boosted \$75 million in 1998** to provide grants to communities for site assessment and development planning and to leverage state, local, and private funds to foster redevelopment.

IMPROVE AMERICANS' RIGHT TO KNOW ABOUT TOXICS

- **Expanding Community Right-to-Know.** The agreement includes \$49 million to expand the information people get about toxic threats to their families and communities.

MORE AGGRESSIVE CRIMINAL ENFORCEMENT OF POLLUTERS

- **Stepped-Up Enforcement.** President Clinton is committed to more aggressive enforcement efforts against polluters. The budget agreement provides:
 - ✓ **Increased funding** to train state and local officials who work at the local level to enforce environmental laws.
 - ✓ **A 9 percent increase** to the account which funds EPA enforcement.

BETTER PROTECTION OF NATIONAL PARKS

- **Helping Preserve our National Heritage.** The agreement provides a 6 percent (\$66m) increase for national park operations to help improve park facilities and further protect our natural treasures. The agreement also includes:
 - ✓ **An 8 percent increase (\$14m) for wildlife refuge operations**
 - ✓ **A 163 percent increase (\$205m) for Everglades restoration**
 - ✓ **Funding for the new Grand Staircase-Escalante National Monument** which comprises more than one and a half million acres encompassing hundreds of millions of years of geological and cultural history.

PROMOTE ENERGY EFFICIENCY AND RENEWABLE ENERGY

- The agreement contains \$688 million for energy efficiency and \$330 million for solar and renewable energy, increases of 25 percent and 22 percent, respectively, over 1997.

President Worked to Modernize and Strengthen Medicare and Medicaid

THE PRESIDENT REJECTED THE 1995 REPUBLICAN BUDGET IN LARGE PART BECAUSE OF DEEP CUTS IN MEDICARE AND MEDICAID.

THE 1995 REPUBLICAN BUDGET CONTAINED DANGEROUS MEDICARE STRUCTURAL REFORMS THAT WOULD HAVE UNDERMINED THE PROGRAM AND IMPOSED PREMIUMS AND BURDENS THAT WOULD HAVE HURT OLDER AND DISABLED AMERICANS. IT WOULD HAVE:

- ✂ **Increased premiums from 25% of Part B program costs to 31.5%. These higher costs would have placed a large financial burden on Medicare beneficiaries -- three-quarters of whom have incomes below \$25,000. In 1996 alone, this would have increased costs per elderly couple by \$268.**
- ✂ **Eliminated balance billing protections, allowing doctors in the new private fee-for-service plan options to overcharge above Medicare's approved amount leaving the elderly vulnerable to higher costs and giving doctors in the fee-for-service program an incentive to switch to private health care plans, reducing access for beneficiaries in the traditional plan.**
- ✂ **Encouraged "Cherry Picking" that would have harmed beneficiaries and damaged the Medicare program. The Republican proposals would have introduced nationwide health plan options, such as medical savings accounts and risky "association" plans, that would have led to risk selection, thereby increasing the costs of what would be a sicker and weaker traditional Medicare program.**
- ✂ **Included only \$100 million in investments in preventive benefits.**
- ✂ **Repealed the Medicaid program and replaced it with a block grant. The plan would have eliminated the Federal guarantee Medicaid provides to poor families. In 2002 alone, 8 million people could have lost their health coverage, because of inadequate funding. In addition, as many as 330,000 people could have been denied nursing home coverage.**
- ✂ **Eliminated the guarantee of Medicaid coverage of Medicare deductibles, copayments, and premiums for older Americans and people with disabilities near or below the poverty line known as "Qualified Medicare Beneficiaries (QMBs)". They set aside less than half the money needed to cover premiums for QMBs and set aside no funding for deductibles or copayments. More than 5 million elderly and disabled poor Americans would have lost their guarantee that Medicaid covers Medicare cost-sharing.**

TO MODERNIZE THE MEDICARE PROGRAM AND BRING IT INTO THE 21ST CENTURY, THIS BUDGET:

- ✓ **Extends the life of the Medicare Trust Fund at least a decade.**
- ✓ **Makes positive structural reforms.** The President's budget contains a series of structural reforms which modernize the program, bringing in line with the private sector and preparing it for the baby boom generation. It:
 - ☞ ***Increases the number of health plan options*** -- including Preferred Provider Organizations and Provider Sponsored Organizations -- available to seniors and people with disabilities.
 - ☞ ***Improves Medicare managed care payment methodology and informed beneficiary choice.*** The President's budget addresses geographic disparities in payments; removes graduate medical education and disproportionate share hospital payments from managed care rates; and adjusts managed care rates for overpayments due to favorable selection.
 - ☞ ***Guarantees that beneficiaries can enroll in Medigap plans annually without being subject to preexisting condition exclusions,*** enabling beneficiaries to enroll in managed care without fearing that they would not be able to re-enroll in traditional Medicare.
 - ☞ ***Builds on the successful hospital prospective payment system model,*** implementing prospective payment systems for skilled nursing home facilities, home health, and hospital outpatient departments.
 - ☞ ***Adopts successful approaches to purchasing other types of services,*** including: competitive pricing for durable medical equipment; laboratories; other items and supplies; expanded "centers of excellence"; and increased flexibility from program rules in negotiating rates.
- ✓ **Expands preventive benefits.** This budget agreement:
 - ☞ ***Waives cost-sharing for mammography services and provides annual screening mammograms*** for beneficiaries age 40 and older to help detect breast cancer;
 - ☞ ***Establishes a diabetes self-management benefit;***
 - ☞ ***Covers colorectal screening*** (early detection of cancer can result in less costly treatment, enhanced quality of life, and, in some cases, greater likelihood of cure);
 - ☞ ***Increases reimbursement rates for certain immunizations*** to protect seniors from pneumonia, influenza, and hepatitis.

President Clinton Fought to Protect The Most Vulnerable People

Several provisions in last year's welfare reform bill had nothing to do with the goals of welfare reform. The President said so at the time and promised to work to correct these provisions. He fought to ensure that any agreement protects the most vulnerable in our society.

THE PRESIDENT FOUGHT TO BETTER PROTECT:

CHILDREN

- ✓ **Keeping the Guarantee to Medicaid.** Preserves the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it.
- ✓ **Medicaid for Legal Immigrant Children.** For nondisabled immigrant children arriving after the welfare bill date of enactment, sponsor deeming will be applied for purposes of Medicaid eligibility--the income and resources of the sponsor will be counted as the immigrant child's in making the eligibility determination.

LEGAL IMMIGRANTS WITH DISABILITIES

- ✓ **Current Recipients.** Restores both SSI and Medicaid benefits for immigrants now receiving assistance who became disabled after entry, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left to an uncertain fate.
- ✓ **Current Resident Nonrecipients.** Does not change the rules retroactively. Immigrants who were in the country prior to the date of enactment of the welfare bill (August 22, 1996), are not now receiving benefits and subsequently become disabled will also be fully eligible for SSI and Medicaid benefits.
- ✓ **New Entrants.** Restores SSI and Medicaid benefits for those entering after the date of enactment who become disabled, with the proviso that sponsor deeming will be applied with respect to both programs.
- ✓ **Children.** Provides SSI (and Medicaid) benefits for disabled legal immigrant children who arrived before the welfare bill date of enactment. For disabled children arriving after that date, sponsor deeming will be applied with respect to both SSI and Medicaid eligibility.

Refugees and Asylees. Extends the SSI and Medicaid eligibility period for refugees and asylees from 5 years after entry (the limit in the welfare bill) to 7 years, in order to give these residents more time to naturalize.

PEOPLE WHO WANT TO WORK BUT CAN'T FIND A JOB

- ✓ **Childless adults.** Last year's welfare reform bill harshly restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they are working. This move ignored the fact that finding a job often takes time. The budget agreement adds \$375 million to the Food Stamp program, and redirects \$470 million in existing program funds, to create 120,000 new work slots for food stamp recipients subject to the "3 in 36" time limit.
- ✓ **Allows States to exempt up to 20 percent of the food stamp recipients who would otherwise be denied benefits as a result of the "3 in 36" limit.** These two provisions would preserve food stamps for a total of 160,000 persons who want to work but have not, through no fault of their own, yet succeeded in finding employment.
- ✓ **Expand the Work Opportunity Tax Credit.** Expands the existing work opportunity tax credit (WOTC) to include, as one of the eligible populations, individuals subject to the "3 in 36" limit.

FINISH THE JOB OF WELFARE REFORM

- ✓ **Additional resources for areas of particular need.** Adds \$1.6 billion to the Temporary Assistance for Needy Families (TANF) block grant, to be targeted to high-poverty, high-unemployment areas. A share of the additional dollars will go directly to cities with large poverty populations. These resources will give States and cities the help they need to place welfare recipients living in the most disadvantaged areas into lasting jobs.

These funds could be used for wage subsidies to private employers, transportation and other post-employment supportive services essential for job retention, and other effective job creation and placement strategies.

- ✓ **Extra incentive for employers.** Most welfare recipients want to work. The agreement establishes an enhanced welfare-to-work tax credit, to provide private employers with an incentive to give recipients a chance.

The welfare-to-work tax credit in the budget agreement would allow employers to claim a credit of up to 50 percent of the first \$10,000 in wages paid during a year to a worker who had been on welfare for a prolonged period of time. The credit is available for up to two years per worker, giving employers an incentive to not just hire, but make efforts to retain long-term welfare recipients.

President Clinton Delivers the First Balanced Budget in A Generation Historic Agreement Promotes the Country's Priorities

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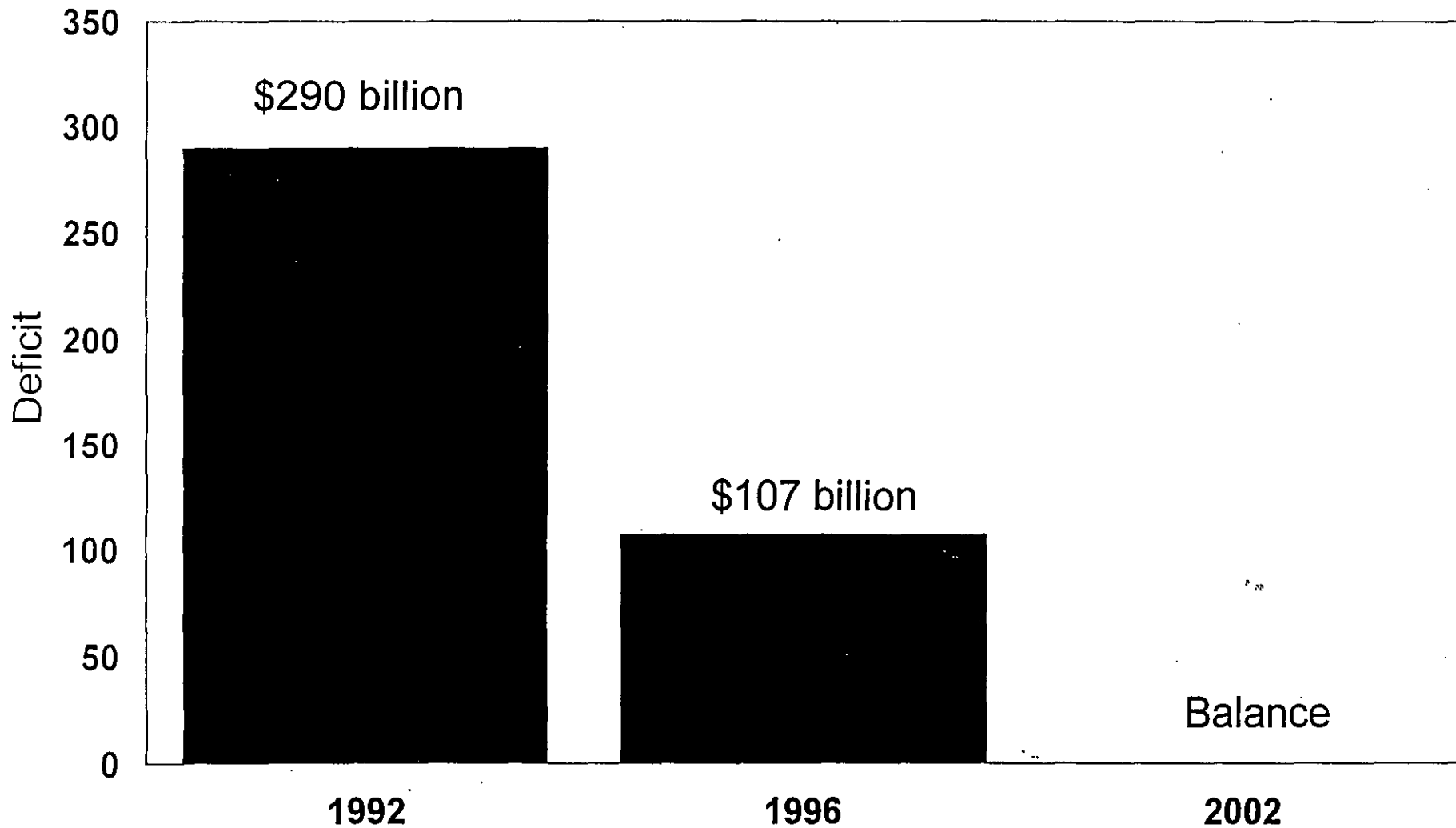
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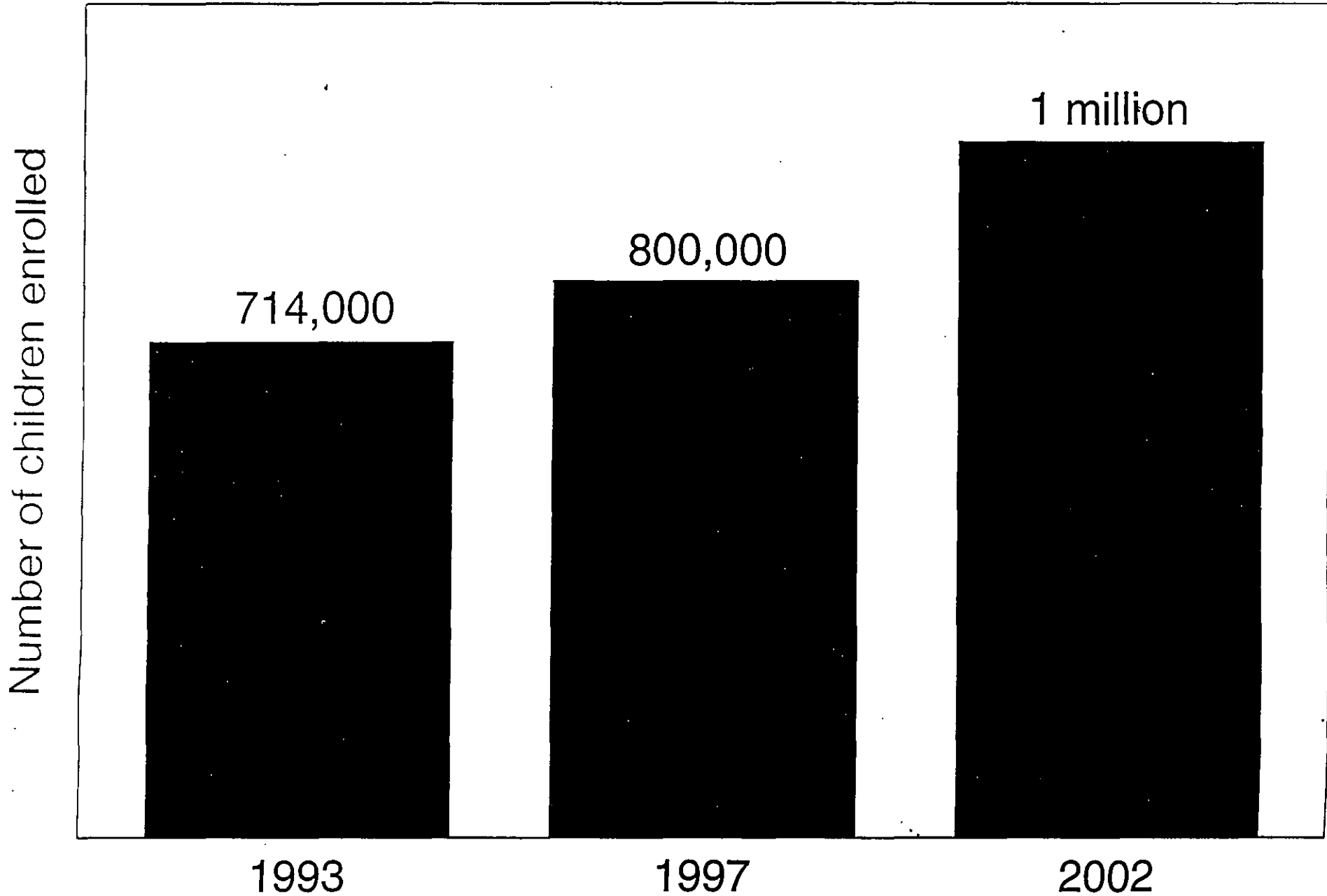
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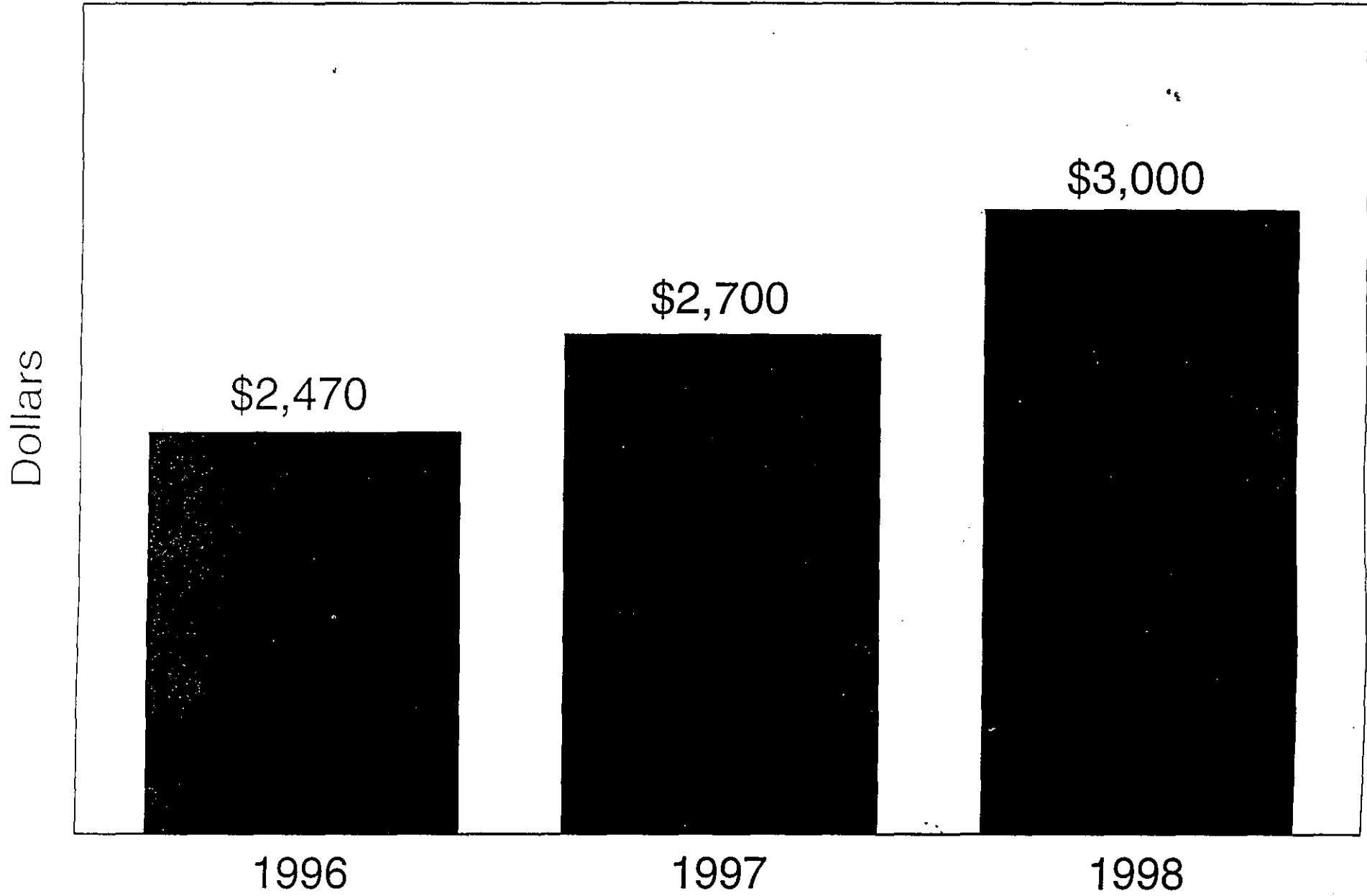
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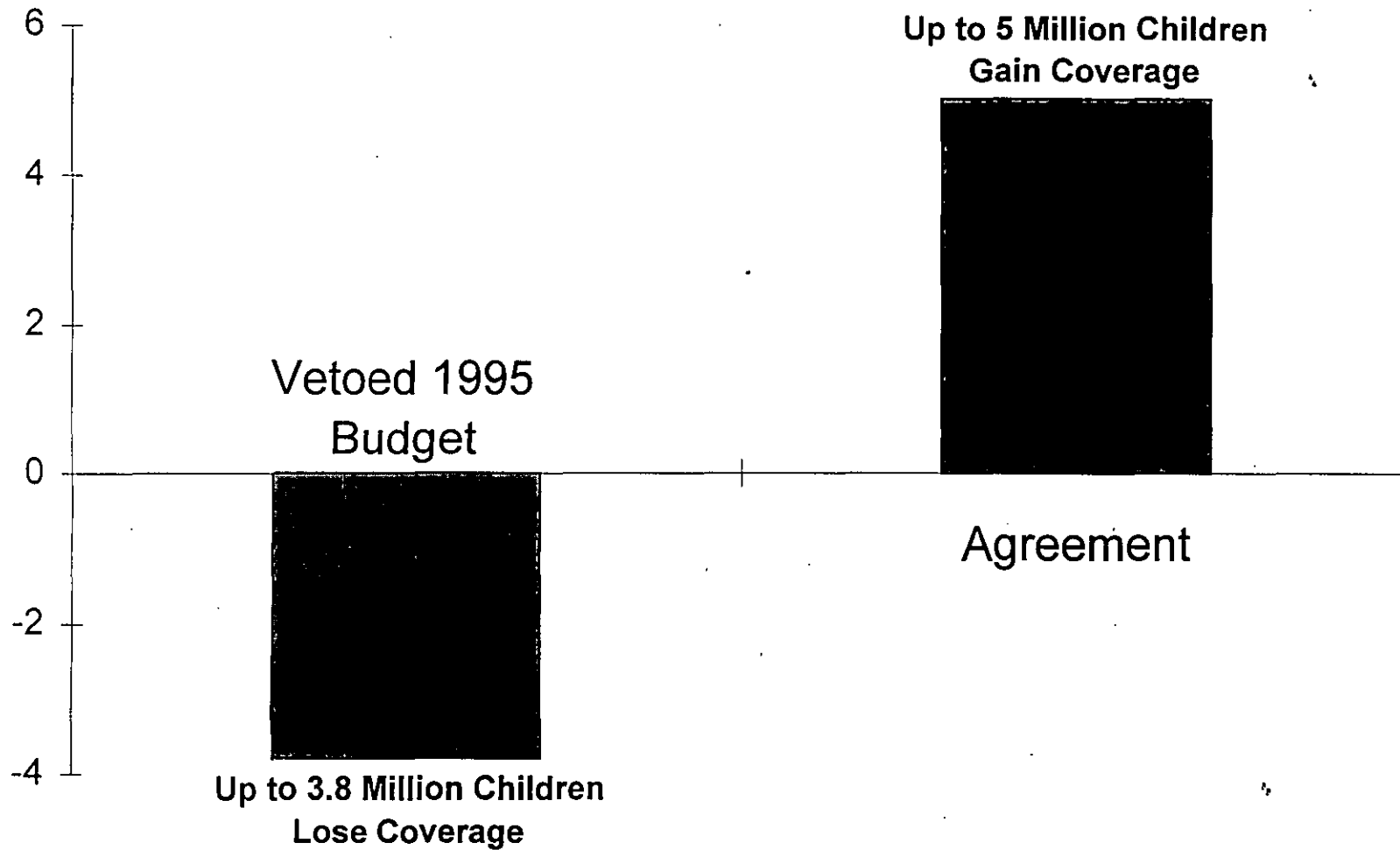
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File-Budget materials

DETERMINED TO BE AN ADMINISTRATIVE MARKING

INITIALS: JGR DATE: 5/21/10
2009-1006-1P

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

April 4, 1997

cc: Rahm/B.../Blind

MEMORANDUM TO THE PRESIDENT

From: Gene Sperling

Subject: On Children: A Big Statement

*lots discuss
w/ theme of summit
for - exempt?
RG*

This is the memo I have always wanted to write to you. It may be more from the heart than from the mind, but I like to think it is from both.

I need to stress that this is not an NEC memo and the ideas here have not been vetted or gone through a process. I have discussed this memo only with Erskine, and he told me he thought I should simply send it to you as a personal memo.

I. AIM FOR A MAJOR STATEMENT: Confront the moral gap between our ideal of opportunity and the desperate conditions for the poorest of poor children.

You have an opportunity to make a compelling statement to the American people. Not just a swift tactical move on the budget, or one that impresses opinion leaders with your leadership, but the type of statement that Presidents are long remembered for.

There are no perfect recipes for a great statement. Yet, one recipe is when a President makes the nation come face to face with a moral gap between its timeless ideals and the harsh realities of a particular moment in history that contradicts those ideals.

Certainly racial discrimination is one of those harsh realities. Both Kennedy and Johnson are remembered for the moments where they used their platforms as President to force the nation to directly confront its contradictions between racial discrimination and our belief in the equality of all people. At this moment in time, the deepest contradiction in our national character is between our belief in equal economic opportunity based on individual hard work and merit, and the deplorable conditions of children in the poorest urban centers (and rural as well) of our nation. The American value is certainly one of equal opportunity and not of equal results. While we maintain a decent safety net so that people do not starve, we rightly allow and even encourage significant differences of wealth and fortune because we believe in giving people the opportunity to fail or succeed based on their hard work and individual merit. The stain on this ideal that creates the gap between our ideal and our reality, is the incredibly poor opportunities of the poorest of our urban (and often rural) children.

For the children born into the most hopeless crime-ridden areas -- where there is a lack of jobs, and health care and quality education -- the promise of opportunity is a false one.

Many people in our society have addressed this issue. But surely neither Nixon nor Ford nor Carter nor Reagan nor Bush ever used the Presidency to directly force the nation to grapple with this fundamental gap in our values. You have addressed this in a myriad of ways, from the EITC to our efforts to provide universal health care.

But I believe the step that will stir the conscience of the nation, and be remembered as such -- is a direct speech to the American people that solely focused on our belief that every American child should have a fair chance to make it; that the realities of our poorest urban centers now make that promise unreal for millions, and that you are willing to tell the nation that we have a moral imperative to direct our national will and our national resources to perfect the nation -- no matter how difficult the choices.

II. THE OUTLINE OF THE STATEMENT:

You should deliver a nationally televised address to the nation on the moral imperative for us to commit ourselves to making the American ideal true for even the poorest of poor children, while announcing a full-scale effort to move us there. This should be largely a tough challenge to parents, businesses, churches, government officials on their role.

But what will make it real and lasting, is to at the same time lay out politically bold steps to take us there.

1. A Pro-Children's Budget: State that our first obligation is to take care of our children: the way to do that is to balance the budget with a pro-children's budget. Pro-children because it saves for their future, but pro-children because it invests in them and in repairing this breach in our values. We can save more for our children's tomorrows, while taking bold steps to save a current generation of children today.

2. First Job is to Balance the Budget and Take Bold Action on Children:

To take care of our children we must focus on the four stages.

Stage 1: 0-5: Early learning, positive love, nutrition, health care, child support, two parents, and pre-school are the ingredients for allowing each child to enter school ready to learn.

Stage 2: Elementary Schools: Safety in the neighborhood; tough standards, individual tutoring and mentoring, access to education technology

Stage 3: 12-17: Hope and high expectations: Pell grants awarded to poor children in 6th grade. One million mentors; community schools that are open and give teens a safe place to learn after school hours. Safe school and youth anti-violence initiatives.

Stage 4: True College Opportunity: Dramatic increase in Pell Grants: strong college opportunity agenda.

3. First Step is to therefore pass a balanced budget that makes dramatic steps to help children. We can then vote for tax cuts later if that helps us reach the first goal.

4. Say clearly that this nations budget priorities go too much to people who don't need them, and too little to the poorest children. Particularly, we need to look at whether too much is going to elderly Americans who don't need it and too little to poor children who desperately need our help.

5. Make Clear that the Tough Choices to Make this Statement are Real -- But Make CLEAR THAT IT IS CONDITIONAL ON AT LEAST HALF THE FUNDS GOING TO CHILDREN AND HALF TO DEFICIT REDUCTION.

- **High Income Premium and Premiums on Home Health Shift over \$30,000 to raise \$12 billion:** As mentioned before, this could be dedicated to health care for poor children, and directly shows the commitment to more generational equity.

- **A .3-.5 CPI adjustment in the Cost-of-Living.** A unilateral endorsement of .3 would be significant and seen as a strong step toward getting to a balanced budget. A bolder move -- likely to secure opinion leader approval -- would be .5 with adjustments for poor Social Security Recipients. The problem is that it may be too much for Democrats and they could revolt, even though a guarantee of it not paying for tax cuts could help.

- **Tobacco Tax targeted for children.** Although it will lead to incredible manipulation that we are "taxing the world," the tax itself is good children's policy and it could be a great fight for us. The demagoguery we will receive should not be underestimated, but it is courage and good policy, and raises significant funds for both deficit reduction and children's health care.

Any two of these items together, would be seen as strong. All three would be bold.

6. With these savings we can balance the budget; Make structural progress on Social Security; and have the funds to:

- Give health care to over 5 million poor children
- New funding for childcare and pre-school/Head Start
- New nationwide initiative on 0-3
- Funding for America Reads/Mentoring/Educational Technology
- New Community Schools Initiative
- Even Greater Increase in Pell Grants

II. OUTCOME?

Risks: This would be a major political roll of the dice. Senior groups and labor might launch a campaign against the COLA adjustment. Labor will show how much we are reducing wages for the working poor; senior groups may do advertisements about seniors losing thousands of dollars over their retirement. Some Republicans will claim that all of the savings are needed to balance the budget under CBO and that we shouldn't be spending any new money. Some commentators will say that this was a move to keep Powell from getting leadership on children, and some editorial pages will still say that you have not made the hard choices on Social Security and Medicare yet. The biggest risk is that Democrats feel that we have made it too easy for Republicans to come up with funds to get out of their box of how to do a budget proposal that pays for tax cuts. They will admire your words, but may say that you have allowed Republicans huge funds they can pocket and that save them.

Yet, if you put the new savings in the context of paying for key children's initiatives, then the it is an offer conditional on Republicans accepting his priorities and Democrats will see these moves as tightly linked to accomplishing their key priorities and therefore harder to resist.

Rewards: While the risks are great, so are the rewards. This statement would give the second term of the Clinton Presidency a clear and concise moral foundation that makes clear that the good we are trying to do is far larger than any of the hits other are trying to impose on us. All of our proposals -- from education to safe streets to deficit reduction to tobacco to television violence -- will now be wrapped into a clear and understandable theme of giving all of our children a chance. We will have stepped up to the plate for the elite media who want to see middle-class entitlements shaved -- but we will step up not as "Eisenhower Republicans" or Bond Market Democrats, but as progressive reformers out to use government to help every child simply have an even break. For millions of Clinton supporters and even millions of Clinton doubters, the clear moral statement for children will win their hearts.

When all of the pain is put in the context of paying for this progressive agenda for children, the hits from our side will be more muted. Because half of the savings -- and a growing amount as time goes by -- goes to deficit reduction, Republicans and deficit hawks will find it harder to criticize the overall move as "big spending." Key senior groups might be able to be somewhat muted if we make clear that we would never go above .5.

While your initial speech must be on the poorest children to show clear moral leadership and the lack of any pandering, our initiatives around the nation could still maintain the great quality of disproportionately helping the poorest children while also appealing to the broad middle class. And if we fail; it turns out to be poor politics, then we did so in the best of causes and it will be remembered as such.

Q&A FOR BUDGET RELATED ISSUES

LONG-TERM ENTITLEMENTS:

Q: Can we admit now, that we have a terrible problem with our long-term entitlements and that the only way we are going to solve it is to cut benefits or raise taxes or both, and that we need leadership to say so?

Q: Isn't it true if you want to have a big agenda; real reform, real dollars freed for education and welfare to work, you are going to have to cut long-term entitlements and make the CPI more accurate?

Q: If long-term entitlements are such important issues, why didn't you go before the nation during the Inaugural and will you discuss them in the State of the Union?

THREE POINT STRUCTURE:

1) Record: 63% cut; lowest of any major economy in the world; political courage: cost us in 1994 but good for the nation

2) Completely Committed to Historic Opportunity to Get Real bipartisan balanced budget deal in 2002: Focus on immediate goal. Walk before you run. I will stress need for long-term, but best first thing we can do for the long-term is to get a balanced budget deal now.

3) Show leadership on long-term entitlements by creating the conditions for bipartisan process that will actually get something done and not just do speeches. Will take great strategic leadership. I will do that.

- I believe that the first step must be to get historic agreement, but is committed to working on the second step as well: to pull the nation together in a bipartisan process -- not with preordained answers, but with an open mind and a willingness to work together.

GUARANTEE BUDGET IS SOUND:

Q: Can you assure us that we will get a CBO balanced budget, with no triggers, backloading, accounting shifts or other gimmicks: a real undisputed balanced budget?

A: I'm not going to reveal the details of my plan today -- you will see what our budget plan will entail on February 6th -- but here is what I will tell you today:

Best Predictor of future behavior is your record: If you want to know if my plans are real, whether they will work, then look at our record. We've cut the deficit 63%; lower than projected every year; lowest of any major economy in the world: huge political risk that hurt us in 1994 but paid off for the American economy.

Our Plan will be real, tough and credible:

- 1) balance in 2002;
- 2) extend the life of the Medicare trust fund to 2007;
- 3) protect our values and priorities;

[If on backloading, remind them that our deficit reduction efforts have been front-loaded: we have done 63% of the work in the first 4 years]

Follow-ups on Budget:

Follow on Triggers:

Q: Will you present a CBO budget or will it be an OMB budget with triggers:

A: REPEAT ESSENTIAL ANSWERS ABOVE -- stand by record

I'm saying that we will present a solid, strong budget that is balanced based on sound assumptions that have proved accurate four years in a row

[If CBO shows differences, we will show the precise steps we will take to ensure that the budget is balanced under either set of assumptions.]

Second follow-up:

Q: So you are saying that you will again resort to the type of triggers that most budget experts do not find credible?

A: I'm saying that we will present a solid, strong budget that is balanced based on sound assumptions that have proved accurate four years in a row

If CBO shows differences, we will show the precise steps we will take to ensure that the budget is balanced under either set of assumptions.]

Q: If your budget is so credible, why does it go up in the next year FY1997?

- **First, my Administration holds a candle to no one on bringing the deficit down year after year. Our Administration is the only Administration since before the Civil War to cut the deficit or improve our fiscal situation four years in a row in one single term.**
- **Second, every year since I have been in office, the deficit has gone down more than projected and growth has been higher than projected.**
- **Finally, while it is true that everyone's budget -- Democrats and Republicans, OMB and CBO -- see the budget going up one year for technical reasons -- our budget will show it going down smoothly to zero after that.**

[Technical reasons include that in FY1997 we will mail out one more month of veterans and SSI checks than in most normal years, and some lower receipts than expected from S&L loan sales]

ECONOMIC GROWTH

Q: Is 2.5% growth good enough? Can we grow faster?

A:

- I believe we can grow faster, if we take the steps we need to invest in the productivity and potential of our people -- that means we need to continue to cut the deficit to lower interest rates and spur long-term investment -- to continue to invest in education throughout their lives, which makes our workers more productive. But for budgetary purposes, we have consistently adopted conservative forecasts. These forecasts are used to project Federal revenues and outlays, and for such purposes we like to err on the side of being conservative.

CPI:

Q: Everyone agrees that the CPI is overstated. The issue is who is going to show leadership. Why don't you just state what we all know which is that the CPI is overstated, and that it must be fixed to balance the budget and help Social Security and other benefits?

A:

- First, I am deeply committed to the cost of living adjustment, because I does not want to see people's standard of living eroded.
- Second, we are committed to getting the most accurate cost-of-living measure.
- Third, we want to make sure that whatever is done, it reflects the best broadbased agreement possible among the technical experts -- and is not done for political or budget expediency.

Follow-up on CPI:

Q: But everyone agrees that there is significant overstatement. Why shouldn't you show some leadership and say that it is overstated and needs to be cut?

A: Repeat Essential of three above:

You are right that many economists feel that it is overstated, but there is real disagreement about how much and what is the right way to fix it. So it makes sense to give people time to study all of the recommendations, and to start to see if there is a way a broadbased agreement can be reached among non-political, technical experts on the cost of living.

ENTITLEMENT COMMISSION

Q: Are you going to appoint an entitlement commission?

- I have said that we need bipartisan processes for both long-term Medicare reform and long-term Social Security reform. The exact structure, timing and process of appointments are all important details that I would have to discuss with my team and would only propose after close consultation with both sides on the Hill. However, we should not let this issue interfere with the short-term need for a bipartisan process to reform Medicare and extend the life of the Trust Fund.

MEDICARE:

Q: Some have charged that you demagogued the issue of Medicare during the campaign. Now are you going to show the necessary leadership to save the program?

- A:**
- We have always presented sound, prudent plans to reform and protect Medicare. Last year, our plan was scored at \$116 billion in savings. I disagreed with the Republican plan that included \$270 billion in excessive cuts and when I feared their tax cut of 15% could lead to even higher cuts in Medicare.
 - Now, the Republican's plan has come down -- \$158 billion over 6 years -- so I'm looking forward to working in good faith with both Congressional Democrats and Republicans to enact reforms which will extend the Trust Fund to 2007.
 - Our current plan is a serious and real plan. It's a plan that is good health care policy, demonstrates our commitment to real reform, and meets Republicans halfway.
 - * Our present plan meets four key principles:
 - 1.) Protects our belief in Medicare as a program that protects our values, and one that does not have excessive cuts that hurt hospitals, put undue burdens on beneficiaries or weaken the core integrity of the program.
 - 2.) Extends the life of the Medicare Trust Fund to a decade from now.

3.) Modernizes the program by offering new private plan choices, market-oriented reforms, and investing in new prevention benefits for beneficiaries.

4.) Hard, solid number of Medicare savings that will contribute to deficit reduction and will be tough, but sound and beyond dispute. It will be part of a balanced budget plan that will reach balance in 2002.

Q: Follow: How come your Medicare cuts are so much deeper this year, only months after you criticized the Republicans for proposing deep cuts? Have you flip-flopped on this issue?

- A:**
- No. Our additional savings come from a range of policy changes, but the most notable increase in savings comes from managed care and home health care. Recent evidence reveals that we can achieve more savings in these areas without undermining the quality of services.
 - We believe the latest Medicare proposal is sound policy and moves towards a compromise, meeting the Republicans halfway.
 - It also reflects the same principles that I have always advocated for Medicare. We have consistently supported a plan that would modernize the program, protect beneficiaries, and extend the life of the Trust Fund.

Q: Your Medicare proposal has drawn criticism from both Republicans and Democrats. Some Republicans say that it does not go far enough in addressing Medicare's long-term problems while some Democrats have complained that your plan will disproportionately hurt HMO's. How do you respond?

- A:**
- Our current plan is a serious and real plan. It is good health care policy, demonstrates our commitment to real reform, and meets the most recent Republican plan halfway.
 - Most of the responses have been encouraging. Several key Republicans, including John Kasich and Bill Archer, have praised our effort as a "tremendous move." [USA Today, 1/24/97] They have also said that it is a plan that "brightens the prospects of getting a budget agreement." [Washington Post, 1/22] So I'm very encouraged and I look forward to working in good faith with both Congressional Democrats and Republicans and extending the Trust Fund to 2007.

- Every credible study has confirmed that we are significantly overpaying Medicare managed care (CBO analysis, PPRC study, Mathematica Research Study). In fact, these experts claim that we overcompensate managed care far beyond what our proposal suggests.
- Moreover, our proposal does not even implement this reform until 2000, giving managed care plans more than enough time to prepare for this change. On a national basis, the Medicare Trust Fund is losing money in Medicare managed care beneficiaries. As more beneficiaries choose to enroll in managed care plans, we will continue to lose money. Clearly, the Medicare program cannot sustain this loss.

Q. While some reports say that we are overcompensating Medicare managed care in particular areas of the county, there are also concerns about insufficient reimbursement to managed care. How do you respond to this criticism?

- A.
- I will be proposing to have a “floor” payment rate to rural parts of the country that will represent an increase in what they are now receiving. My Administration is working on a policy to reduce the disparity between high payment and low payment areas. I look forward to working closely with the Congress on this important issue.

Q: You have included a home health care transfer gimmick in the budget? How can you possibly defend it?

- A:
- Let's be clear: our \$138 billion number does not include home health care transfer. The \$138 billion is the net reduction from the baseline that adds to deficit reduction.
 - The policy you mentioned was in our budget last year, and it was in the House Republican budget in 1995 that every Republican in the House voted for, and was policy prior to the 1980s.
 - Our overall policy to shift 100 home health visits to not make our Medicare hospital trust fund responsible for it makes sense: it protects the Medicare Trust Fund till 2007 while not putting harmful cuts on hospitals that would hurt quality or put excessive burdens on beneficiaries -- while balancing the budget in 2002.

Background

Originally designed as a post-acute care benefit for beneficiaries who had been hospitalized, home health has increasingly become a chronic care benefit, not linked to hospitalization. My proposal restores the original split of home health care benefits so that the first 100 home health visits following a 3-day hospitalization would be reimbursed by Part A and all other visits -- including those not following hospitalization -- would be reimbursed by Part B.

Q: Follow: If home health transfer is not a gimmick then why don't you include it as part of the Part B premium?

A:

- I have always been concerned about out-of-pocket costs for Medicare beneficiaries. Older Americans spend, on average, 20 percent of their income on health care and three-fourths have incomes lower than \$25,000. We have to be careful that as we reform the Medicare program, we do not place undue burden on low-income seniors.

Q: Will you tell seniors -- at least high income seniors -- that we can't be giving them this huge subsidy while we are passing debt on to our children?

A:

- Our plan includes sound and prudent savings to strengthen the Trust Fund, increase choices and competition, and extends the life of the Trust Fund to 2007.
- I am encouraged by Chairman Archer's and Chairman Kasich's comments on our Medicare reform plan and I look forward to working in good faith with both Congressional Democrats and Republicans to protect Medicare.
- I am not philosophically against asking the highest income seniors to pay a little more -- in fact, in 1993, we asked high-income seniors to pay more for their Part A benefits; so I'm willing to make those tough choices. But we have also found that we can present a strong and credible budget without having to start opening the door to premium increases on Medicare recipients.

Q: Follow Up: But it's been reported that you are moving towards accepting a means-tested premium increase.

A:

- I would have to carefully evaluate any proposal to increase premiums on Medicare beneficiaries. It's important to remember that older Americans, on average, spend on average one-fifth of their income on health care. I want to make sure we don't place any undue burdens on seniors.

CHILDREN'S HEALTH COVERAGE:

Q: What is your views of the Daschle and Kennedy plans to cover uninsured children. Do you support these efforts and will they be in our budget?

- A:**
- After health care bill did not pass, I stated that we realized we as a nation, we had to move in a more careful, bipartisan step-by-step fashion to get more Americans covered.
 - Covering more children is a crucial step, because there are nearly 10 million children without health care, and I applaud Senator Daschle and Kennedy for addressing this issue -- and I applaud Republicans like Senator Chaffee who have also kept up the interest in covering more people.
 - I can't go into the details of our budget, but I can tell you there will be steps in there to cover more children. It won't be the exact same methods proposed by some of the others you have mentioned, but I hope we will be able to work with both Democratic and Republican leaders to help more children get health care coverage in a sound and sensible way.

MEDICAID:

Q: Per capita cap? Some liberal groups and governors are upset?

A: Can't go into details right now, but our Medicaid budget will meet the following four principles:

- 1) Protect the individual guarantee -- critical for families with some one with disability included; nursing homes, poorest children.
- 2) Constrain long-term budget constraint: must have some safeguards against entitlements exploding in outyears.
- 3) Reach out to cover more children who are eligible for Medicaid
- 4) Give states flexibility, while protecting quality.

Q: Follow: How can you sign on to additional Medicaid cuts when CBO has projected that the Medicaid baseline will fall below what you and the Republicans proposed last year?

- A:**
- That is precisely the reason why our proposed savings for this year are far below the savings last year's Medicaid proposal.
 - Even though the baseline is projected to fall this year, however, we must take precautions to ensure that the Medicaid program does not begin to grow again at an unreasonable rate, as it did in the 1980s. Our per capita cap policy will provide adequate safeguards for future years, and will protect taxpayers as well as the Federal treasury.

TAXES/CAPITAL GAINS

Q: Are you willing to forgo a tax cut to get balanced budget plan?

- A:**
- We achieved huge deficit reduction in 1993 and still gave tax cut to 15 million hard-pressed working families.
 - I believe strongly that we can reach balance and give these targeted tax cuts for hard working families to help them raise their children, pay for college and save for their futures, and I am committed to getting that done while balancing the budget. [Such tax cuts are giving a bit of a dividend to average working families from the progress made on the deficit so far.]

Q: Are you now considering a capital gains tax cut as a way of getting your education tax cuts or to get the Republicans to agree to a balanced budget?

- A:**
- **Nothing New: Have Proposed Targeted Capital Gains Tax Cut:** I said nothing new on capital gains. I am, of course, as I said, not philosophically opposed to all capital gains because I have passed a small business expansion capital gains tax cut in 1993, and currently am proposing a \$500,000 capital gains exemption for sales of primary residences.
 - **Nothing New: Restated Opposition to Expensive Proposals that Not Contribute to Economic Growth:** I have strongly opposed in the past proposals that I felt were poor tax policy, because as I mentioned they did not contribute to economic growth or very expensive retroactivity.

- **I Stand by My Priorities: Understands Republicans Have Their Priorities and Both Sides Must Be Flexible Enough to Listen to the Other:** I believe that my budget is the right one with the right priorities and that the right tax cut package is one that focuses on targeted middle class tax cuts and includes a \$500,000 capital gains exemption for homeowners. I understand that the Republicans have their priorities and that if we get to the negotiating table, obviously both sides will have to have the flexibility to at least listen to the priorities of the other.
- I have stated with all tax ideas that **"we have to know how is it going to be paid for and what are we going to without."** In other words, for any proposal we have to look at how valuable it is to the nation, how it will be paid and what priorities will have to be sacrificed to pay for something. I have proposed what think is best for the country. I want them to propose and then we will have to work it out.

Q: Follow up: But didn't you specifically say that you were flexible to consider an across the board capital gains tax cut?

- My message is that we have proposed what I thinks is best for the country, and I want Republicans to do the same. Something that is not in my budget, I may strongly oppose being included in a final deal -- others I might be willing to consider in the context of negotiations. I am simply saying that both sides have to be flexible, and not draw too many lines in the sand if we are going to have fruitful negotiations.

Q: Will a capital gains tax cut be part of a deal?

- A:**
- We believe in our targeted tax cuts, and that is what we will be fighting for.
 - That does include a capital gains tax cut for homeowners that says the first \$500,000 of capital gain from sale of a primary residence will not be taxed.
 - In 1993, I passed small business capital gains tax cut for new investment held for 5 years or more.
 - But we believe in our tax cuts and we have no plans to support anything else.

BALANCED BUDGET AMENDMENT:

Q: Isn't the Democratic alternative of excluding Social Security in a balanced budget amendment inconsistent with the fact that you include Social Security in showing your balanced budget calculations?

A: [Summary] I believe this is an historic moment to just balance the budget; We don't need to change the constitution, give people an excuse to not make tough votes later, risk exacerbating a recession, and put power to make cuts and budget choices in the hands of judges. We need to balanced the budget now and what we need is the will -- not changes to our Constitution.

- Unified budget was \$290 billion in FY1992, and all agree that getting to zero by 2002 would be a historic accomplishment, and it is right to measure getting to balance in that way.
- But I can certainly understand while those who care about Social Security would be concerned that if you had a constitutional amendment that mandated exact balance each and every year regardless of circumstances, situations could arise where judges could impound Social Security checks, reduce benefits to comply with this constitutional mandate, and that there could be some dangers to Social Security in the outyears and that people would want to provide protections against that.

SOCIAL SECURITY

Q: In the wake of the Social Security Advisory Report, you have neither ruled in nor ruled out the privatization recommendations. Where do you stand on the issue of allowing workers to invest privately in the market a portion of their contributions?

- A:**
- First and foremost, Social Security ought to be addressed within a bipartisan process -- as in 1983. This process should be allowed to study a range of options, but we will not support implementing ideas that change Social Security without careful study and review.
 - There are some concerns that would have to be addressed and fully analyzed, particularly in the volatility of equities, before one made any such decision, and the overriding concern is to make sure that we have a protected and safe Social Security system well into the future.

EDUCATION TAX CUTS/HOPE SCHOLARSHIP

Q: You made your education tax proposals one of the centerpieces of the election. But many Republicans have expressed strong concerns about their effects. Aren't you concerned that one of the major elements of your agenda may not pass?

- A:**
- No. In fact, my idea of higher education tax cuts has received substantial support from both Republicans as well as Democrats. And I'm very confident that these proposals will pass the Congress because they are good for America. They will increase enrollment, expand college access, and make college more affordable. But I want to work with members on both sides of the aisle to ensure that our tax proposals are structured in the best possible way.
 - It's also important to remember that over the past 15 years, the cost of tuition at public colleges has increased from 9% of the typical family's income to 14%. Government is not going to tell schools they must lower their costs or never raise their tuitions again. But what we can do is provide middle-class families with a \$1,500 tax cut to help make sure that cost is not a barrier to 14 years of education, and a \$10,000 deduction for higher education and training so all Americans will have the tools necessary to compete in the 21st century.

Q. Won't the Hope Scholarship lead to tuition increases hurting the poorest kids?

- I want to send the message that two years of college should be as automatic as 11th or 12th grade today.
- Our overall package -- the \$1500 tax cut for college tuition, the \$10,000 tax deduction for higher education and training, our increases in direct lending and national service and the largest increase in Pell Grants in two decades -- are all important in making college more affordable and promoting a national ethic of volunteerism and community.
- Someone always argues that these tax cuts will have a negative impact and with colleges competing more and more with each other, they will take advantage of these cuts. In fact, with the average community college being "free," states will be under enormous pressure to keep tuition costs down. States will face competition to keep costs of four-year colleges down -- or face losing students to competing colleges.

SELECTED CLINTON ADMINISTRATION DISCRETIONARY INVESTMENTS

INITIATIVE	FY93-FY97 INVESTMENT	IMPACT	FY98 BUDGET
EDUCATION AND TRAINING: The President's FY98 Budget increases funding 33% for major education and training discretionary programs compared to FY93, providing \$51 billion for all FY98 education & training.			
<i>Goals 2000</i>	Created Goals 2000 to support state-developed academic standards and school reform, supporting reform at 1,000 schools in 1994.	Goals 2000 is now supporting school reforms in all 50 states.	Increases funding 26% in FY98 to \$620 million, supporting standards-based reform at 16,000 public schools across the 50 states.
<i>Technology Literacy Challenge</i>	Created and funded in FY97 at \$200 million to ensure all children technologically literate.	Funds plans to wire schools, train teachers, and for computers and educational technology.	More than doubles funding in FY98 and provides \$2 billion over 5 years. Provides \$500 million for the TLC and a related grant program in FY98.
<i>Pell Grants</i>	Increased the maximum Pell Grant 17%, from \$2,300 in FY93 to \$2,700 in FY97, increasing college opportunities for low-income students.	3.8 million low-income students currently receive Pell Grants of up to \$2,700.	Increases the grant from \$2,700 to \$3,000 in FY98 -- the largest increase in two decades. Provides \$1.7 billion more aid in FY98 than FY97, making 130,000 more families eligible.

<i>Dislocated Worker Assistance</i>	Doubled funding for dislocated workers, from \$651 million in FY93 to \$1,286 million in FY97. Will assist 580,000 workers this year.	Provides 274,000 more workers in FY97 with job training and search services to help them find jobs more quickly.	Increases funding to \$1,350 million to serve 605,200 dislocated workers in FY98, double then number in FY93.
EARLY CHILDHOOD DEVELOPMENT AND HEALTH:			
<i>Head Start</i>	Increased funding 43% from \$2.8 billion in FY93 to \$4.0 billion in FY97. Created the Early Head Start program in 1994 to support zero-3 year olds and their families.	Serves 800,000 low-income 3- and 4-year olds, including thousands of 0-3 year-olds and their families this year.	Provides a \$324 million increase in FY98, serving 122,100 more children than in FY93 while continuing to increase program quality and the 0-3 program, and on track to serve 1 million children in 2002.
<i>WIC Supplemental Nutrition Program</i>	Increased funding nearly \$1 billion or 34% to \$3.83 billion in FY97. WIC provides nutrition packages, nutrition education and health referrals to low-income pregnant women, infants, and children.	Expanded participation 25% since 1993, and 30% with the requested supplemental, from 5.7 to 7.4 million women, infants, and children.	Increases funding to \$4.1 billion to achieve the President's goal of full participation by the end of FY98. Research shows that WIC prenatal services save Medicaid much more by reducing health care costs in the first 60 days after birth.

<p><i>Ryan White AIDS Treatment</i></p>	<p>Increased funding 158%, to \$996 million in FY97. Provides grants to states and to 49 hard-hit cities, double the number in FY93.</p>	<p>This program may be partly responsible for the 30% decline in AIDS deaths in NYC in 1996.</p>	<p>Provides a 221% increase for State AIDS Drug Assistance since 1996 to expand access to effective new medications to those who could not otherwise afford them.</p>
<p><i>National Institutes of Health</i></p>	<p>Increased funding 23%, to \$12.7 billion in FY97. NIH now supports 32,000 grants in more than 1,700 universities, medical schools, and other research institutions.</p>	<p>Research has contributed to major advances in treating people with HIV and in medications for Alzheimer's disease.</p>	<p>Increases funding by \$337 million to maintain NIH's leadership in medical research.</p>
<p>INITIATIVE</p>	<p>FY93-97 INVESTMENT</p>	<p>IMPACT</p>	<p>FY98 BUDGET</p>
<p>ENVIRONMENT:</p>			
<p><i>Superfund</i></p>	<p>Reformed the program and reduced funding 12% while cleaning up 260 toxic waste sites in the last 4 years.</p>	<p>Cleaned up more sites in the last 4 years than in the previous 12 years.</p>	<p>Increases funding 50% from FY97 to \$2 billion to clean up an additional 500 sites by the year 2000 -- 2/3 of all listed sites.</p>
<p><i>Environmenta l Enforcement</i></p>	<p>Increased funding 12% to \$3.1 billion for EPA operations and enforcement.</p>	<p>Cut chemical plant toxic air emissions 90%and enforced</p>	

<i>National Parks</i>	Increased funding 17% to \$1.2 billion. 10% increase in the number of parks.	Maintaining parks for 275 million annual visitors.	Increase funding 6% to increase maintenance and keep up with increasing visitorship.
COMMUNITY:			
<i>AmeriCorps National Service</i>	Created the AmeriCorps in 1993 to enable young people to earn money for college while serving their communities.	Enabled 70,000 young people to earn money for college through services in 3 years.	Funds 35,000 participants and increases funding 31% to provide tutor coordinators for the President's America Reads Challenge.
<i>Community Development Institutions</i>	Created the Community Development Financial Institutions Fund to expand access to credit and capital to distressed communities.	Awarded \$37 million in financial and technical assistance to 32 CDFIs in 1996.	Increases funding 150% to \$125 million in FY98, and invests \$1 billion over the next 5 years.
<i>Ezs/ECs</i>	Created the first federal Empowerment Zones and Enterprise Communities in 1994, providing assistance to distressed urban and rural communities.	Designated 105 EZs/ECs, providing \$2.5 billion in tax incentives & \$1 billion in funding over 5 years.	Proposes to double the number of EZ/ECs with a second round of designations, and tax incentives to spur the clean up and development of "brownfield" industrial sites.
CRIME:			
<i>Community Policing: COPS</i>	Created COPS program in 1994 Crime Bill to put 100,000 more community police on the streets.	Will have funded 64,000 police by the end of FY97.	Proposes funding for an additional 17,000 officers, on track to fund 100,000 by the year 2000.

<i>Federal Prisons</i>	Increased funding 62% to \$1.4 billion in FY97 to open new federal prisons.	Reduced overcrowding while prison population expanded 38%.	Continues to increase funding for new federal prisons and to continue to reduce overcrowding.
<i>INS Border Patrols</i>	More than doubled funding to \$729 million in FY97.	6,859 border patrol agents -- 2,894 more.	Funds 7,359 agents -- 85% more than in FY93.
TECHNOLOGY:			
<i>Advanced Technology Program</i>	Increased funding 231% to \$157 million in FY97 to develop new technologies with the private sector.	Funds development of high risk technologies with large potential public benefits.	\$50 million increase to support 84 new projects with 200 new participants.
<i>Manufacturing Extension</i>	Increased funding 428%, expanding from 7 to 78 extension centers.	Providing technical expertise to small manufacturers.	Increases funding an additional 36% in FY98 to help more small manufacturers increase sales and jobs.
<i>NII and Next Generation Internet</i>	<i>Created the National Information Infrastructure program in 1994, funded at \$22 million in FY97.</i>	<i>NII supports innovative telecom demonstration projects.</i>	<i>Increases NII and proposes \$100 million for the next generation Internet: 100-1,000 faster than today's Internet.</i>