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CBPP FAX

April 11, 1994

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CENTER ON BUDGET AND POLICY PRIORITIES

TO: George Stephanopoulos
Maggie Williams
Carol Rasco
Gene Sperling
Melanne Verveer

FROM: Bob Greenstein

DATE: April 9, 1994

RE: Possible WIC Event/Photo Op for the President or Hillary Clinton

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This year — 1994 — marks the 20th Anniversary of the WIC program. Since WIC is a key Clinton investment initiative — and perhaps the only major Clinton human services initiative related to children that has not been scaled back somewhat since the original Clinton budget was issued in 1993 — it seems a natural to do something linking one or both Clintons with WIC and its 20th Anniversary

A media event could highlight the President's work on behalf of a valuable and popular program that works. It could help convey the message that the Clinton investments are well chosen, and when the President proposes investing in a particular area, he isn't simply promoting more old-fashioned spending and indiscriminately throwing the investment label on it.

Mounting some type of media event would have a second benefit, as well. We expect some pressure in the Appropriations Committees to reduce the President's budget request for WIC so that some reductions he has proposed in other areas can be discarded without breaching the caps. A WIC event involving the President might help on this score, particularly if it were to occur before late May when the appropriators are likely to begin making their decisions.

There are a number of possibilities for an event. One of the Clintons could visit a local WIC program that began operation twenty years ago, in 1974. We now have a list of all local agencies that are in their 20th year of operation. A visit to a WIC clinic could probably be packaged with another trip that the President or the First Lady otherwise was taking. Alternatively, some WIC clinics hitting their 20-year point this year are located close to Washington. (We also have the month in 1974 that each of these local clinics opened its doors, but I don't think it is necessary for us to hit the 20th anniversary of a clinic on the precise month.)

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Robert Greenstein, Executive Director

More ambitious possibilities involve some sort of White House event, such as an event involving a few families that have benefitted from WIC (like last year's EITC event) or a WIC "birthday party" on the White House lawn that involves members of Congress, selected state and local WIC officials, and some WIC families and children.

One item of note is that Mothers Day is May 8 this year. One possibility would be to hold an event or photo op close to Mothers Day.

In addition to generating good media for the President and the program, an event may have another modest, but not insignificant benefit for the President. Word of it will be spread widely through the WIC network nationally, which includes 9,000 local clinics and tens of thousands of staff. This group would appreciate the President's (or First Lady's) involvement. In fact, I'd suggest that any such event include some brief tribute from the President or First Lady to the thousands of health professionals and other staff who have helped make WIC one of the most successful government programs. We'd see to it that any such comments were reproduced and circulated to clinics across the country.

A press packet could be assembled early and quickly. We'd be happy to help with that. The packet could contain information about the research findings showing WIC's impact, as well as state-by-state data. As you know, the findings are remarkable — probably the strongest findings for any social program. A GAO review of the research concluded in 1992 that WIC reduces the incidence of low birthweight by 25 percent, reduces very low birthweight by 44 percent, and results in savings of about $3.50 for every dollar invested in WIC for pregnant women. Subsequent studies also document reductions in infant mortality as a result of WIC.

The event could probably include a leading corporate CEO, if you'd like. In 1991, five corporate leaders testified before Congress on behalf of WIC and called for full funding in five years. The President's budget recommendation for full funding of WIC by the end of FY 1996 essentially follows their call, and I'd imagine that one or more of them could be enlisted for an event. They include: Bob Allen (AT&T); James Renier (Honeywell); John Clendenin (Bellsouth); Bob Winters (Prudential); and Bill Woodside (former Primerica CEO and now the board chair of Sky Chefs). None of their companies sell products to WIC or gain financially from it.

I should note that we and three other organizations — Bread for the World, the Food Research and Action Center, and the National Association of WIC Directors — are planning a Congressional reception May 5 to celebrate WIC's 20th anniversary and honor some in Congress who have helped. The reception does not involve any plans for media coverage. Another possibility, either in lieu of or in addition to those described above, would be for the First Lady or the President to speak briefly at the reception.

The other three organizations join me in expressing our interest in working with you and our willingness to assist in any way that might prove useful. The three organizations are committed to helping keep WIC on track to reach the President's full funding goal and to spotlighting the President's pivotal role in this effort.

THE DILEMMA POSED BY THE WIC PROVISION

What to do with the WIC provision of the health care bill poses a serious dilemma. There are clear political risks with sending up a BEA amendment at this time. There are also significant problems with making the WIC increase an increase in discretionary spending that is subject to the caps.

In fact, making the WIC provision fully subject to the discretionary caps turns the provision into one that damages the WIC program and the President's goal of bringing WIC to full funding in the near future. It makes the provision worse than no provision at all. As a result, it would likely cause serious problems for Senator Jeffords.

The provision would become damaging rather than helpful for the following reason:

- Under the provision, about $400 million a year is released for WIC from a special fund if appropriations bills provide regular WIC appropriations of at least $3.564 billion (the Administration's FY 1995 budget request for WIC) plus inflation for years after FY 1995. The combination of regular appropriations and money from the special fund would bring WIC to the full funding level.

- In designing this provision, the idea was that the $400 million a year from the special fund would not count against the caps. The section-by-section analysis of the health care bill specifically says that these funds "are to be financed from pay-as-you-go savings."

- If, however, this $400 million a year *does* count against the caps, the appropriations committees confront a thorny problem. Suppose that in a given year the committees believe the caps are so tight that the committees can't bring WIC to the full funding level, but can come close (say, to within $100 million or $150 million of the full funding level). The WIC provision of the health care bill would *preclude the appropriations committees from making such a choice.* Once they appropriated an amount $400 million below the full funding level, the other $400 million would automatically be released from the special fund and count against the caps. The only way the committees could avoid being charged with this full amount against the caps would be for them to provide a WIC appropriation that fell below the full funding level *by more than $400 million.*

- In other words, if the money from the special fund counts against the caps, the effect can be to induce the appropriations committees to appropriate less for WIC than they otherwise would provide.

A Possible Remedy

I am told by Senate staff that CBO's General Counsel has suggested a possible way out of this dilemma. The General Counsel has suggested that the WIC provision could be modified in the following way. If the appropriations committees appropriate at least $3.564 billion (plus inflation) for WIC, the money would be released for WIC from the special fund; this part of the provision would remain unchanged. But an additional sentence would be added stating that if the appropriations act did *not* provide the requisite amount for WIC, the funds in the special fund would still be released — but would go into the food stamp program.

The CBO General Counsel has noted that since these funds would be released in either case — and since their release and expenditure would not be contingent upon appropriations action — the resulting outlays would be considered "mandatory" rather than "discretionary." Hence, these outlays would not count against the cap. And, since overall food stamp costs are determined by the number of eligible households that apply and not by funding availability, entitlement costs would not be raised one dollar if these funds were released for the food stamp program. The food stamp program would simply use less funds from its regular appropriation.

If the CBO General Counsel is right, this approach would seem to solve a number of problems. As noted, the WIC money from the special fund would not count against the caps. In addition, the appropriations committees would have strong incentives to appropriate the designated amounts for WIC so that the special fund money was used for WIC and the program was brought to full funding levels. Finally, since the provision would achieve its goals, Senator Jeffords should be pleased by it. There would, of course, be some questions about how and when to secure the insertion of this change into the health care legislation.

file WIC

9/28/'93

- - Full funding of WIC (means capped mandatory spending at best estimate of level necessary to provide services for all eligibles who wish to participate).

- - Funding is capped at projected full funding level based on CBO estimates of likely participation rates under current eligibility rules.

- - Phased in over 4 years from effective date of Health Security Act.

fa WIC / health care (6)

SUBTITLE F - SPECIAL FUND FOR WIC PROGRAM
(H.R. 3600 and S. 1757 p. 1274)

Section 8501. Additional Funding for Special Supplemental Food Program for Women, Infants and Children (WIC). This section establishes a special fund, in addition to regular appropriations otherwise available for WIC, to help ensure that the WIC program reaches full funding status at the end of FY 1996 and then remains at full funding levels. The President's budget submitted earlier this year set forth a path to full funding that included an appropriations level of $3.564 billion in FY 1995. This section provides that if in years after FY 1995, discretionary appropriations are provided equal to the $3.564 billion level adjusted for inflation, additional amounts from the special fund will be made available to provide the remaining amounts estimated to be needed for full funding.

This section appropriates for the WIC program the amounts necessary for the Secretary of the Treasury to credit to a special fund of the Treasury the following amounts: $254,000,000 for fiscal year 1996, $407,000,000 for fiscal year 1997, $384,000,000 for fiscal year 1998, $398,000,000 for fiscal year 1999 and $411,000,000 for fiscal year 2000. These funds, which are to be financed from "pay as you go" savings, are available only for the WIC program, exclusive of activities authorized under Section 17(m) of the Child Nutrition Act of 1966, and must be paid to the Secretary of Agriculture for that purpose. For each fiscal year, the amount credited to the fund is available only if discretionary appropriations for that year (that is, funds appropriated exclusive of amounts provided for the special fund) provide new budget authority for WIC of no less than $3,660,000,000 for fiscal year 1996, $3,759,000,000 for fiscal year 1997, $3,861,000,000 for fiscal year 1998, $3,996,000,000 for fiscal year 1999, and $4,136,000,000 for fiscal year 2000. The sum of these discretionary spending levels and the amounts from the special fund equals the amounts estimated to be needed for full funding of WIC.

In short, the Secretary of the Treasury is required to place specified amounts in a special fund each year and to pay these amounts to the Secretary of Agriculture for use in WIC, and Congress is authorized to provide the necessary appropriations for the Secretary of the Treasury to fulfill this requirement. These funds are available for use in WIC in a fiscal year only if regular discretionary appropriations for WIC in that year at least equal the levels specified in this section.

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