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Budget & State of the Union [1996] [1]

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Clinton Administration Accomplishments -
Quick List [3 copies]

[6]

CLINTON ADMINISTRATION
ACCOMPLISHMENTS - QUICK LIST

ECONOMY

7.7 million new jobs in 34 months
Lowest unemployment in almost 5 years
Largest deficit-cutting plan in history -- more than \$1. trillion over seven years
Cut spending by \$255 billion over 5 years
New tax cuts for 90% of small businesses
1994 real GDP growth was highest in a decade

EDUCATION

Increased Head Start funding by \$760 million
Enacted Student Loan Reform Act
Signed National Service Act
Passed Goals 2000: Educate America Act
Implemented School-to-Work Act
Signed Elementary & Secondary Schools Act

CRIME

Enacted the Brady Bill
Signed \$30 billion Crime Bill w/ Assault Weapons Ban, 100,000 New Cops, 3 Strikes-You're Out
Signed Safe and Drug-Free Schools Act
Ordered "Zero Tolerance" gun policy in schools

HEALTH CARE

Passed the Family and Medical Leave Act
Signed a Child Immunization Plan
Revoked Reagan/Bush restrictions on abortion
Increased funding for breast cancer research 65%

FREE TRADE

Signed NAFTA into law
Signed GATT into law
Secured Asia-Pacific free trade commitment
Agreed to negotiate Free Trade Area of Americas
Opened 15 Japanese markets to more US goods
Opened Japan's automotive market to U.S.

POLITICAL REFORM

Signed Congressional Accountability Act
Signed the Motor-Voter
Signed Lobbyist Disclosure Act of 1995
Imposed strictest ethics guidelines in history

COMMUNITY & ECON DEVELOPMENT

Created 9 Empowerment Zones &
95 Enterprise Communities
Signed Community Development Bank Bill
Reformed Community Reinvestment Act
Enacted Interstate Banking Bill
Defense Reinvestment & Conversion Initiative

FAMILIES & CHILDREN

Expanded EITC, tax relief for 15 million families
Granted 35 state welfare reform waivers
Passed Family Support & Preservation program
Collected record \$10 billion in child support in '94
Signed Social Security Independent Agencies Act

REINVENTING GOVERNMENT

On track to cut Federal Workforce by 272,000
\$58 billion saved, additional \$116 billion projected
Enacted govt.-wide Customer Service Standards
Abolishing 16,000 pages of obsolete regulations
Most diverse cabinet and admin. in history
Reformed Pension Benefit Guarantee Corp.

ENVIRONMENT

Expanded Comm.-Rt.-to-Know about toxic releases
Standards to cut pollution from plants, incinerators
Developed consensus solutions for Northwest
Forests, Florida Everglades, California Water
Exec. orders to ensure green federal government
"Common Sense" reforms for cleaner protection

FOREIGN POLICY/NAT'L SECURITY

Trilateral accord on denuclearization in FSU
Russian missiles no longer aimed at US
Established NATO Partnership for Peace
Strong commitment to military readiness
Denuclearization agreement w/ North Korea
Restored democracy in Haiti
Reversed Iraqi threat to Kuwait
Lead effort to broker Bosnian peace agreement
Supported S. Africa's transition to democracy
Helped achieve Israel/Jordan peace agreement
Helped Israel/Palestinians fulfill historic accord
Contributed to cease-fire in Northern Ireland

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1996 State of the Union Summary Cards
[2 copies]

PRESIDENT CLINTON'S **STATE OF THE UNION ADDRESS:**

An Age of Possibility

January 23, 1996

The President said:

- * The State of the Union is strong.
- * We live in an age of possibility.
- * But, there are many challenges: to strengthen the family, increase educational opportunities, achieve economic security, reduce crime, safeguard our environment, maintain our leadership in the world and renew our democracy.
- * The key to meeting those challenges is working together in the spirit of our American community.

America Has Made Progress:

- * **Deficit Reduction:** Cut the deficit for three years in a row for the first time since Harry Truman was President - the largest three-year reduction in history.
- * **New Jobs:** 7.8 million new jobs have been created in the last three years.
- * **Unemployment and inflation:** At their lowest combined level in 27 years.
- * **Less Crime:** The crime rate is declining, and 44,000 fugitives and felons have been blocked from buying handguns because of the Brady Bill.
- * **Children and Education.** More of our students are going to college and fewer students are dropping out of high school.
- * **Peace.** From Haiti to Northern Ireland, from the Middle East to Bosnia, America is leading the world towards peace and freedom.
- * **Stronger Communities:** Teen pregnancies, poverty and welfare rolls are all down.
- * **A Better Environment.** We have lowered air pollution for 50 million Americans, cut tons of pesticides from our water and food, and increased private-public partnerships to clean our environment

We have more to do:

(over)

President Clinton Challenges America:

Balancing the budget. *We've now reached common ground on enough savings to balance the budget while protecting Medicare, Medicaid, education and the environment. Let's finish the job now, and move on to meeting our challenges together:*

Challenge to families to stay together

- * All of us -- families, businesses, schools and the media -- must take responsibility to give our children the chance to pursue their dreams.

Challenge on educational opportunities

- * Higher standards and school choice
- * Education technology initiative
- * Expand access to college

Challenge on economic security

- * Access to lifelong learning
- * Secure Americans' pensions
- * Increase access to health care

Challenge on crime and drugs

- * Community policing
- * Assault on gangs and drug use

Challenge on the environment

- * Incentives for business to do their part
- * Community right-to-know

Challenge on world leadership

- * Ratify Start II Treaty
- * Conclude Comprehensive Test Ban Treaty
- * Ratify Chemical Weapons Convention
- * Pass Anti-Terrorism Bill

Challenge on government and democracy

- * Continue to make government work better for less money
- * Real political reform, renewed citizenship

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This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

1996 Budget Talking Pts.

Divider Title: _____

THE WHITE HOUSE

WASHINGTON

Fact Sheet:

The President's Most Recent Offer to Balance the Budget

January 18, 1996

- In the last negotiating session with congressional leaders, the President made an offer that balances the budget in seven years; protects Medicare, Medicaid, education, and the environment; and provides for a modest tax cut for middle-income Americans.
- The President believes Congress should reach agreement with him on enough spending cuts to balance the budget, and set aside the significant policy differences for debate during the next campaign.
 - In their negotiations, the President and congressional leaders have agreed to over \$700 billion in savings -- enough to not only balance the budget, but provide a modest tax cut for middle-income Americans.
 - The Republican tax cut, however, is too large; paying for it would require much deeper, and unwise, cuts in Medicare, Medicaid, discretionary spending, welfare programs, and the Earned Income Tax Credit.
- Specifically, the President's offer:
 - balances the budget in 7 years with a responsible deficit path.
 - is a fair, balanced approach to cutting spending, with about \$300 billion from discretionary programs and \$300 billion from mandatory programs.
 - protects Medicare.

The offer rejects Republican proposals to radically change Medicare through the use of Medical Savings Accounts and balanced billing. The President expands choice for senior citizens, but without undercutting the traditional Medicare system for others. He achieves savings by cracking down on fraud. And he does not raise premiums on beneficiaries.

-- protects Medicaid.

The offer rejects Republican proposals to convert Medicaid into a block grant, with no guarantee of coverage. The President retains the guarantee for those Americans who now depend on it, including senior citizens in nursing homes, the poor (including children), and the disabled. He maintains an adequate federal payment to states to ensure that covered populations get adequate care.

-- does not raise taxes on working families.

The offer rejects Republican proposals that would raise taxes on working families by cutting deeply into the Earned Income Tax Credit.

-- reforms welfare the right way.

The offer rejects Republican proposals to punish poor children and others. Instead, it offers incentives for work by providing adequate funding for training and child care, and it retains the guarantee of coverage under Aid to Families with Dependent Children.

-- trims corporate subsidies.

The offer cuts back on unwarranted subsidies that go to special interests, rather than the public at large.

-- makes room for a modest tax cut for middle-income Americans.

The offer provides tax incentives to help middle-income Americans raise their children, pay for postsecondary education, and save for the future. It also provides incentives for small business.

Clinton Balanced Budget With Tax Cut
January 18, 1996

Medicare	124
Medicaid	59
Discretionary	297
Welfare	41
EITC	5
Other Mandatory	67
BLS Adjustment	19
Corporate Loophole Subsidies	46
Tax Compliance	10
Misc. Revenues	9
Net Interest	63
Gross Deficit Savings	740
Tax Cut	-130
Trigger Savings	29
Net Savings With Tax Cut	639
Deficit in Year 2002	+4 Surplus

** All number are in billions of dollars over 7 years.

Clinton Balanced Budget With Tax Cut

Title I: Consensus Balanced Budget Plan

	<u>7 Year Savings</u>	<u>2002</u>
Non-Defense Discretionary	297	98
Medicare	124	38
Medicaid	59	19
EITC	5	1
Poverty	41	8
Other Mandatory	67	26
CPI	19	6
IRS Compliance	10	2
Interest Savings	73	28
TOTAL	695	226

Title II: Choice of Two Tax Cut Proposals

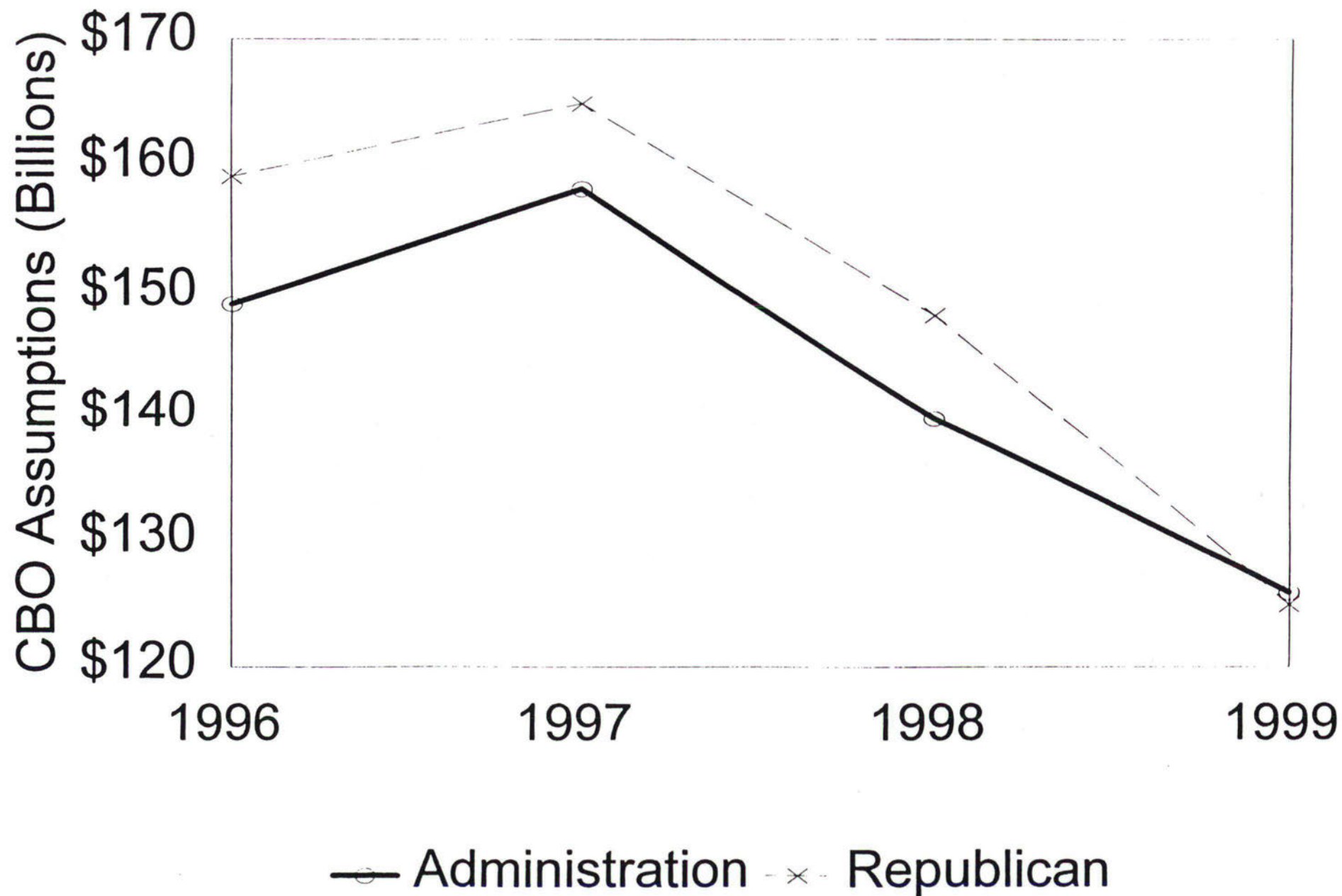
	<u>Clinton Tax Cut</u>	<u>Republican Tax Plan</u>
Gross Tax Cut -- [w/o trigger]	-130	-245
Gross Tax Cut -- [CBO w/trigger]	-101	-203
Corporate Subsidies	46	26
Misc. Revenues	9	2
Extra Cuts To Pay For Tax Cut		
Medicare	0	44
Medicaid	0	26
Discretionary	0	151
Welfare	0	19
EITC	0	10
Deficit in 2002	+4 Surplus	

Common Ground Balanced Budget Savings

January 18, 1996

	<u>Democrats</u> <u>Latest Offer</u>	<u>Republicans</u> <u>Latest Offer</u>	<u>Minimum Agreed To</u> <u>By Both Sides</u>
Medicare	124	168	124
Medicaid	59	85	59
Corporate Subsidies And Tax Compliance	56	26	26
Discretionary	297	349	297
Welfare	41	60	41
EITC	5	15	5
Other Mandatory	67	69	67
BLS Adjustment	19	19	19
Net Interest	73	73	73
TOTAL DEFICIT REDUCTION			711

Administration and Republican Deficits



Deficit Tracks of Administration and Republican Plans
January 18, 1996

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
CBO Baseline	173.4	183.1	184.6	197.2	205.7	212.9	230.5
Clinton Balanced Budget With Tax Cut	149.2	158.1	139.7	125.9	103.6	56.6	-3.8
Republican Balanced Budget	159.1	164.8	148.2	125.0	102.0	60.2	-1.2

BUDGET



BUDGET OF THE UNITED STATES GOVERNMENT

Fiscal Year 1997

THE BUDGET DOCUMENTS

Budget of the United States Government, Fiscal Year 1997 contains a summary of the President's budget proposals.

The following additional budget documents should be available the week of March 18, 1996.

Budget of the United States Government, Fiscal Year 1997—Supplement contains the Budget Message of the President and information on the President's FY 1997 budget proposals.

Analytical Perspectives, Budget of the United States Government, Fiscal Year 1997 contains analyses that are designed to highlight specified subject areas or provide other significant presentations of budget data that place the budget in perspective.

It includes economic and accounting analyses; information on Federal receipts and collections; analyses of Federal spending; detailed information on Federal borrowing and debt; the Budget Enforcement Act preview report; current services estimates; and other technical presentations. It also includes information on the budget system and concepts and a listing of the Federal programs by agency and account.

Historical Tables, Budget of the United States Government, Fiscal Year 1997 provides data on budget receipts, outlays, surpluses or deficits, Federal debt, and Federal employment covering an extended time period—in most cases beginning in fiscal year 1940 or earlier and ending in fiscal year 2002. These are much longer time periods than those covered by similar tables in other budget documents. As much as possible, the data in this volume and all other historical data in the budget documents have been made consistent with the concepts and presentation used in the 1997 Budget, so the data series are comparable over time.

Budget of the United States Government, Fiscal Year 1997—Appendix contains detailed information on the various appropriations and funds that constitute the budget designed primarily for the use of the Appropriations Committee. The Appendix contains more detailed financial information on individual programs and appropriation accounts than any of the other budget documents. It includes for each agency: the proposed text of appropriation language, budget schedules for each account, new legislative proposals, explanations of the work to be performed and the funds needed, and proposed general provisions applicable to the appropriations of entire agencies or group of agencies. Supplemental and rescission proposals for the current year are presented separately. Information is also provided on certain activities whose outlays are not part of the budget totals.

A Citizen's Guide to the Federal Budget, Budget of the United States Government, Fiscal Year 1997 is an Office of Management and Budget publication that provides general information about the Budget and the budget process for the general public.

Budget System and Concepts, Fiscal Year 1997 contains an explanation of the system and concepts used to formulate the President's budget proposal.

AUTOMATED SOURCES OF BUDGET INFORMATION

The information contained in these documents is available in electronic format from the following sources:

- The budget documents are available on CD-ROM from STAT-USA and the Government Printing Office. For more information, see the order form at the back of this document.
- The budget documents can be accessed using a computer modem as well as on the Internet through the U.S. Department of Commerce's STAT-USA information service. There is no charge for use of this service when used to obtain budget information.

BBS Access: Set your computer communications software parameters to 8-bit words, no parity, and 1 stop-bit, then use your computer to contact STAT-USA's Economic Bulletin Board (EBB) at one of the following modem numbers:

2400 bps (202) 482-3870

9600 bps (202) 482-2584

14400 bps (202) 482-2167

When connecting to the EBB, use the word GUEST as your login userid. At the EBB's main information menu, select the [P]residential option for a list of budget documents that are available for online viewing or downloading to your computer.

Internet Access: Budget documents are available through STAT-USA's Internet service using the file transfer protocol (ftp), gopher, and the World Wide Web (WWW) at the following addresses:

STAT-USA ftp address [ftp.doc.gov/pub/BudgetFY97](ftp://ftp.doc.gov/pub/BudgetFY97)

STAT-USA gopher address [gopher.doc.gov/BudgetFY97](gopher://gopher.doc.gov/BudgetFY97)

STAT-USA WWW URL <http://www.doc.gov/BudgetFY97/index.html>

For more information on access to STAT-USA information services, call (202) 482-1986.

- Copies of the database used to generate the budget numbers may be purchased from the U.S. Department of Commerce, National Technical Information Service, Springfield, VA 22161, telephone (703) 487-4650. Refer to stock number PB95-502340.

GENERAL NOTES

1. All years referred to are fiscal years, unless otherwise noted.
2. Detail in this document may not add to the totals due to rounding.

THE WHITE HOUSE

WASHINGTON

February 5, 1996

To the Congress of the United States:

In accordance with 31 U.S.C. § 1105(a), I am transmitting my 1997 Budget to Congress.

This budget provides a thematic overview of my priorities as we continue to discuss how to balance the budget over the next seven years. It also includes the Administration's new economic assumptions.

Because of the uncertainty over 1996 appropriations as well as possible changes in mandatory programs and tax policy, the Office of Management and Budget was not able to provide, by today, all of the material normally contained in the President's budget submission. I anticipate transmitting that material to Congress the week of March 18, 1996.

William J. Clinton

TABLE OF CONTENTS

	Page
AN AGE OF POSSIBILITY	1
AMERICA AND THE WORLD	5
A STRONGER NATION AT HOME	
Strengthening Medicare	8
Strengthening Medicaid and Expanding Health Coverage	9
Reforming Welfare	10
Making Work Pay	11
Meeting America's Challenges	12
Providing Tax Relief	13
Closing Corporate Loopholes and Other Tax Measures	14
SUMMARY TABLES	15

AN AGE OF POSSIBILITY

The President's 1997 Budget achieves two basic objectives:

- It reaches balance in seven years, making real cuts in entitlements and discretionary spending while providing modest tax relief; and
- It maintains our commitments to economic growth and to protecting the most vulnerable Americans, including senior citizens, working families, and children.

The budget strengthens Medicare and Medicaid; invests in education and training, the environment, science and technology, and other priorities; reforms the welfare system; provides for a strong defense; and provides tax relief to help families raise their children, send their children to college, and save for the future.

Reaching Balance

The budget reflects the President's most recent proposal in his budget negotiations with the bipartisan congressional leadership. Because it reaches balance in 2002 by basically using the economic and technical assumptions of the Congressional Budget Office (CBO), it fulfills a goal that the President shares with Congress. Using the economic and technical assumptions of the Office of Management and Budget, this budget projects a surplus of \$40 billion in 2002.

The President believes that Congress should quickly enact the savings that he and congressional leaders have in common in their budget proposals—savings that are sufficient not only to balance the budget in seven years, but to provide a modest tax cut. As the President said in his State of the Union address, we should make permanent deficits a part of yesterday's legacy.

To reach balance, this budget saves \$596 billion over seven years by reforming Federal entitlement programs, cutting deeply in discretionary spending, and limiting corporate subsidies. It saves \$124 billion in Medicare, \$59 billion in Medicaid, \$40 billion in welfare

programs, \$56 billion in other mandatory programs, \$297 billion in discretionary spending, and \$59 billion in corporate subsidies and other revenue provisions.

The budget also includes a mechanism, known as a "trigger," to ensure that the budget reaches balance under either CBO or OMB assumptions. Under this trigger, most of the tax cuts end after 2000 if the deficit is not at least \$20 billion below CBO's initial estimate for that year. If, on the other hand, the deficit is at least \$20 billion below estimates, then (1) the tax cuts remain in place, and (2) the amount that exceeds \$20 billion is applied, first, to reduce the discretionary spending cuts and, then, to a larger tax cut and more deficit reduction.

Spurring Economic Growth

From the start, the President's economic program has emphasized one primary concern—to raise the standard of living for average Americans now and in the future. His budget policy has played a central role.

By cutting the deficit nearly in half in the last three years, we have reduced Federal borrowing, making more funds available in the private markets so that businesses can invest, grow more productive, expand, and create jobs. We also have shifted resources to education and training, science and technology, and other priorities, not only to make businesses more competitive but to give Americans the skills they need to compete in the new economy.

Like the President's previous budgets, this budget maintains his investments in education and training, science and technology, environmental protection, law enforcement, and other key priorities. These include the Head Start program for disadvantaged children; the Safe and Drug-Free Schools and Communities program to create safe learning environments; Goals 2000, which helps States and school systems extend high academic standards, better teaching, and better learning to all stu-

dents; AmeriCorps, through which 25,000 Americans a year serve their communities and earn money for college; lower cost student loans with greatly increased flexibility for repayment; Pell grant scholarships for needy students; and Skill Grants (or job training vouchers) for dislocated workers and low-income adults.

The budget also protects environmental enforcement through the Environmental Protection Agency's operating program; programs to protect national parks and other sensitive resources; and basic and applied research and technology development. It funds the Community Oriented Policing Services (COPS) initiative to put 100,000 more police on the street by 2000; more border patrols to prevent illegal immigration and more inspections to prevent the hiring of illegal immigrants; and the Community Development Financial Institutions fund to spur growth and create jobs in communities that have been left behind.

In addition, the budget includes funds to launch the important initiatives that the President outlined in his State of the Union address. In education, the budget funds an educational technology initiative to connect every classroom to the information superhighway by 2000; expanded work-study to help one million students work their way through college by 2000; a \$1,000 merit scholarship for the top five percent of graduates in every high school; and charter schools to let parents, teachers, and communities create public schools to meet their own children's needs.

For workers, the budget funds an initiative, which the White House Conference on Small Business recommended, to make it easier for small businesses and farmers to establish their own pension plans. For the environment, it funds tax incentives to encourage companies to clean up abandoned, contaminated industrial properties in distressed areas. And for law enforcement, it provides funds with which the FBI and other law enforcement agencies will launch a war on juvenile crime and gangs that involve juveniles.

A Period of Change

The Nation has entered a period of profound change—from an economy based on traditional manufacturing to one based on information—the most profound change since the transformation from agriculture to manufacturing a century ago. It is a period of great opportunity and great uncertainty, a period that demands new thinking and new responses.

In this age of possibility, the United States must continue to provide leadership across the globe and cooperate in the community of nations, not retreat from it. At home, the public and private sectors must work together; we cannot rely on just one or the other. Americans of all generations must come together in the interests of all.

For this new era, we need the right kind of Government and the right kind of policies. We need a Government that creates opportunity, not bureaucracy, one that works with State and local governments, businesses, and religious, charitable, and civic associations. We need policies that grow the middle class and shrink the underclass. And we need to invest in our future, both by balancing the budget and by finding additional resources for education and training, the environment, science and technology, and other priorities.

Government should not do for individuals what they can do for themselves. We must ask more of ourselves, expect more of one another, and meet the challenges that confront us together. We must strive to enable all of our people to make the most of their lives with stronger families, more educational opportunity, economic security, safer streets, a cleaner environment, and a safer world.

The Record to Date

Three years into this Administration, the Nation is stronger and moving in the right direction. The economy continues to grow, with the lowest combined rates of unemployment and inflation in nearly three decades. We have created nearly eight million new jobs—over seven million of them in the private sector, and a million of those in basic industries like construction and auto-

AMERICA AND THE WORLD

The President's budget provides the resources to sustain the leadership role of the United States in the struggle for freedom and peace throughout the world.

While some voices call for a U.S. retreat into isolationism, we have chosen to engage. Our diplomatic leadership continues to be critical to keeping the peace and defending our interests in major regions of the world.

We have stimulated and led the peace process in the Middle East, helping achieve peace between Israel and Jordan and an interim agreement between Israel and the Palestinians and fostering continuing discussions between Israel and Syria. In Eurasia, we have strengthened our relationship with Russia and the other New Independent States and worked to secure free markets and democracy in that critical region. In Europe, we have crafted a comprehensive peace agreement among the warring factions in Bosnia and led a cooperative NATO effort to enforce that agreement. We also lent critical support to efforts to achieve a settlement of the long-running conflict in Northern Ireland. In Asia, we negotiated an agreement with North Korea that halted, and will eliminate, its nuclear weapons program and created an international coalition to carry out that agreement. Throughout the globe, we lead in the struggle to strengthen democracy and free markets, with singular successes in central Europe, Asia, Latin America, and South Africa.

Not only does our leadership secure our interests and promote our values, it is a key ingredient in dealing with the new threats of the post-Cold War era. Leading the global effort for arms reductions and nonproliferation continues to be an integral element of our diplomacy and national security strategy. Our efforts support a broad range of programs to reduce the threat of nuclear and chemical weapons. We are making our children's future safer by reducing existing arsenals and ensuring that rogue states and terrorist groups do not acquire these terrible weapons or

the materials and technologies needed to make them.

Other threats know no national borders; America must lead in confronting such problems as ethnic and national conflicts which threaten regional stability; terrorism, international crime, and drug trafficking, which directly threaten our free and open society; and large-scale environmental degradation.

More than ever, our domestic and foreign economic interests are closely intertwined, and mutually reinforcing. Economic and trade issues are increasingly at the forefront of our diplomacy. We need a strong economy to sustain our military forces and diplomatic strategy. And we must be global leaders in trade and investment if we are to open foreign markets and create the high-wage jobs that will raise the living standards of our people.

With regard to trade, we have created new markets across the world for our exports, which have reached an all-time high. Along with securing legislation to implement the General Agreement on Tariffs and Trade and the North American Free Trade Agreement, we have completed over 80 other trade agreements.

Our defense capability is the bulwark which sustains and supports our diplomacy. This budget continues our critical support for the world's strongest and most ready military force—a force designed to fight successfully two nearly simultaneous regional conflicts. Our weapons are state-of-the-art, and our military is the best equipped, best trained, and best prepared in the world.

When necessary, we have sent the men and women of our military into action. Only when U.S. forces were about to land could our negotiators convince the unwelcome dictators to leave Haiti; we then reinstalled the democratically-elected leader and, in the process, stemmed the large-scale migration from Haiti to our borders. We worked with NATO forces to bring a cease-fire to Bosnia.

With Iraq once again threatening Kuwait, we moved quickly to send additional forces to the region. And we saved hundreds of thousands of lives by employing our military forces in humanitarian efforts in Rwanda.

America cannot be everywhere, nor can we do everything. But where our interests and values are sufficiently at stake and

our action can make a difference, the United States must act. In this age of possibility, it is clear that this Nation must continue to lead; our leadership has not only helped to bring peace to long-warring nations, but it also builds on a half-century of security and prosperity that Americans continue to enjoy.

A STRONGER NATION AT HOME

This budget reaches balance in seven years in the right way—by cutting wasteful spending while upholding our commitments to senior citizens, to children, to working families, and to the needy.

It achieves a balanced budget in 2002, a goal to which the President is committed, by basically using the economic and technical assumptions of the Congressional Budget Office; and it achieves a surplus of \$40 billion under economic and technical assumptions of the Office of Management and Budget. But it also protects our fundamental values as Americans.

The President and congressional leaders have worked hard to find agreement on a plan to balance the budget over seven years. While they have not finished the job, the President believes strongly that their negotiations have been productive and have brought the two sides closer together. He is committed to doing whatever he can to complete the task.

In their talks, the President and the leaders have outlined a variety of proposals. The minimum amounts of savings which the plans have in common in the major budget categories (e.g., \$124 billion in Medicare, \$297 billion in discretionary spending) add to some \$700 billion—enough to balance the budget and also provide a modest tax cut.

To be sure, significant policy differences remain in the negotiations—over the size and distribution of a tax cut; whether Medicaid continues to guarantee health coverage to senior citizens, the poor, and people with disabilities; and so on. But the President believes the Administration and Congress

should balance the budget now, setting aside the remaining policy differences for another day. He has proposed that the two sides quickly enact the savings that they have in common and give the American people a balanced budget.

The President's budget saves \$596 billion over seven years. Among its major elements, the budget:

- saves \$124 billion in Medicare, strengthening and improving the program and guaranteeing the solvency of the Part A trust fund for over a decade;
- saves \$59 billion in Medicaid, reforming the program but continuing the guarantee of meaningful health and long-term care coverage for the most vulnerable Americans;
- saves \$40 billion through real welfare reform, moving recipients to work while protecting children;
- saves \$297 billion in discretionary spending, cutting wasteful and lower priority spending but investing in education and training, the environment, science and technology, law enforcement, and other priorities that will raise living standards and improve the quality of American life;
- cuts taxes by \$99 billion, providing tax relief to tens of millions of middle-income Americans and to small businesses; and
- saves \$59 billion by ending corporate subsidies and other tax loopholes.

These major elements of the President's budget are described in more detail below.

STRENGTHENING MEDICARE

The President's Medicare plan strengthens and improves the program, reducing spending by a net \$124 billion over seven years and guaranteeing the solvency of the trust fund for more than a decade. Specific reforms give seniors more choices among private health plans, make Medicare more efficient and responsive to beneficiary needs, attack fraud and abuse through programs praised by law enforcement officials, cut the growth rate of provider payments, and hold the Part B Premium at 25 percent of program costs.

Provider Payment Reforms and Program Savings

- **Hospitals.** The budget reduces the annual inflation increase or "update" for hospitals and payments for capital; reforms payments for Disproportionate Share Hospitals; and reforms the payment method for outpatient departments while protecting beneficiaries from increasing charges for those services.
- **Managed Care.** The budget reforms payments by using reasonable rate-of-growth limits on updates for managed care payments and reducing the current geographic variation in payments.
- **Physicians.** The budget reforms physician payments by paying a single update for all physicians and replaces current "volume performance standards" with a sustainable growth rate.
- **Home Health Care/Skilled Nursing Facilities.** The budget implements a series of interim payment reforms before the establishment of separate prospective payment systems for home health care and skilled nursing facilities.
- **Fraud and Abuse.** The budget introduces aggressive and comprehensive policies to stamp out Medicare waste, fraud, and abuse, and extends and enhances Medicare secondary payor policy to ensure that Medicare pays only when it should.
- **Other Providers.** The budget freezes or reduces payments for durable medical

equipment and ambulatory surgical centers.

- **Beneficiaries.** The budget continues, but does not increase, the requirement that beneficiaries pay 25 percent of Part B costs.

Provisions to Improve Rural Health Care

The President's plan enhances access to, and the quality of, health care in rural areas. To do so, it extends the Rural Referral Center program, directs Medicare reimbursement for nurse practitioners and physician assistants, improves the Sole Community Hospital program, and expands the Rural Primary Care Hospital program.

Program Improvements That Expand Choices and Add Preventive Benefits

The President's plan transforms the traditional fee-for-service program from a bill-paying insurance program into a responsive health plan by giving Medicare the authority to adopt many of the purchasing and quality techniques pioneered by private sector payors.

The budget also expands and improves Medicare managed care by:

- ensuring beneficiary protections while increasing the types of plans—including Preferred Provider Options (PPOs) and Provider Service Networks (PSNs)—available to seniors; and
- instituting a coordinated annual open enrollment process—similar to that used by the Federal Employees Health Benefits Plan (FEHBP)—during which beneficiaries use comparative information to choose among managed care and supplemental insurance options.

In addition, the budget expands coverage of preventive benefits to include annual mammograms and the elimination of mammography coinsurance, colorectal cancer screening, and increased payments for flu shots. Finally, the budget introduces a respite care benefit to provide some relief for families caring for relatives with Alzheimer's disease.

STRENGTHENING MEDICAID AND EXPANDING HEALTH COVERAGE

The President's plan for Medicaid reforms the program but preserves the guarantee of health and long-term coverage for the most vulnerable Americans. It saves \$59 billion over seven years responsibly, by limiting spending on a per-person basis (a "per capita cap") and reducing Disproportionate Share Hospital payments and retargeting them to hospitals that serve large numbers of Medicaid and uninsured patients.

The plan provides special payments for States to transition into the new system, and to meet the most pressing needs. It also gives States unprecedented flexibility to administer their programs more efficiently. Finally, this plan retains current nursing home quality standards and continues to protect the spouses of nursing home residents from impoverishment.

Program Savings

- **Per capita cap.** Under the budget, a per capita cap limits Federal spending growth per person while retaining current eligibility and benefit guidelines. This approach guarantees that the elderly, people with disabilities, and pregnant women and children who depend on Medicaid will remain eligible for health benefits while it cuts the rate of increase in spending to a level that States and the Federal Government can support. In contrast to a block grant, the Administration's plan protects States facing population growth or economic downturns.
- **Disproportionate Share Hospital Payments (DSH).** The budget reduces DSH payments and retargets them to hospitals that serve a large proportion of Medicaid and uninsured patients, including children's and public hospitals. It provides special payments for Federally Qualified Health Centers, Rural Health Clinics, and States with large numbers of undocumented immigrants.

Provisions to Increase State Flexibility

The budget includes a number of policies to give States more flexibility in managing their Medicaid programs, such as:

- **Boren amendment.** The plan repeals the so-called "Boren amendment," eliminating Federal provider payment requirements for hospitals and nursing homes.
- **Managed care.** The plan allows States to enroll beneficiaries in managed care without Federal waivers.
- **Home- and community-based care.** The plan allows States to move populations who need long-term care from nursing homes to home- and community-based settings, without having to seek Federal waivers.
- **Coverage expansions without waivers.** The plan enables States, without waivers, to expand coverage to any person whose income is less than 150 percent of the poverty line.

Protections for Low-income Seniors and Native Americans

The President's plan retains the policy of helping low-income seniors through the shared Federal-State responsibility for their Medicare premiums, copayments, and deductibles. It also retains payment protections for Medicaid-eligible Native Americans treated in Indian Health Service facilities. These protections are not subject to the per capita cap.

Reforms to Make Health Coverage More Accessible and Affordable

In his State of the Union address, the President challenged Congress to enact insurance reforms that would enable more Americans to maintain health insurance coverage when they change jobs, and stop insurance companies from denying coverage for pre-existing conditions. This budget requires that plans make coverage available to all groups

of businesses, regardless of the health status of any group members. Insurers would have to provide an open enrollment period of at least 30 days for all new employees (whether or not they were previously insured), and insurers could not individually underwrite new enrollees—i.e., their premiums would have to match other enrollees' with similar demographic characteristics.

To increase affordability, the President's insurance reforms phase out the use of claims experience, duration of coverage, and health status in determining rates for small businesses. To put the self-employed on a more equal footing with other businesses, the reforms gradually raise the self-employed tax deduction from 30 to 50 percent. And to help give small businesses the purchasing clout that larger businesses have, the budget

gives technical assistance and \$25 million a year in grants with which States can set up voluntary purchasing cooperatives.

Health Insurance for the Temporarily Unemployed

The budget gives individuals who lose their health insurance when they lose their jobs premium subsidies to pay for private insurance coverage for up to six months. States would receive funding to design and administer the program, which would provide coverage for about 3.8 million Americans a year. During the four-year period for which this program is authorized, a Commission would study and provide recommendations to the Administration and Congress as to making it permanent.

REFORMING WELFARE

For too long the welfare system has undermined the values of work and family, not strengthened them. The Administration has made steady progress in reforming welfare. In 1993, the President's economic plan gave tax cuts to 15 million working families through the Earned Income Tax Credit, which rewards work over welfare. The Federal Government collected a record \$10 billion in child support in 1994. The Administration has given 35 States the freedom to experiment with welfare initiatives to move people from welfare to work and protect children.

The President is determined to keep working with Congress to enact a bipartisan welfare reform bill that moves people from welfare to work and protects children. The President's plan repeals the existing system, replacing it with one that requires work and provides child care so people can leave welfare for work. It saves \$40 billion over seven years while promoting sweeping work-based reform and protecting children.

Time-Limited Employment Assistance and Child Protection

Everyone who can work should go to work, and no one who can work should be able to stay on welfare forever. The budget repeals Aid to Families with Dependent Children (AFDC) and replaces it with a new, time-limited, conditional entitlement in return for work. Within two years, parents must go to work or lose their benefits, and after five years, benefits end. The budget gives States new flexibility to design their own approach to welfare reform. At the same time, the plan provides vouchers for children whose parents reach the time limit, and protects States in the event of economic downturn or population growth.

The budget authorizes \$3.8 billion above current law for child care to move recipients from welfare to work, and to help the working poor. It also includes an \$800 million performance bonus fund to reward States that move people from welfare to work. It has tough new child support enforcement measures and a new Work First program to make welfare a transitional work-based system. And it preserves the national commitment to foster

care and adoption assistance programs, preserving States' ability to respond to growing caseloads.

Supplemental Security Income (SSI) For Disabled Children and Others

The budget tightens eligibility standards for childhood disability benefits; retains full cash benefits for all eligible children; tightens eligibility for children now on the rolls, but provides that children found ineligible would not lose benefits until January 1998; trims cash benefits of children in families with relatively higher incomes; eliminates eligibility for SSI on the basis of drug addiction or alcoholism; adds resources for more continuing disability reviews; and provides new tools to collect SSI overpayments.

Food Stamps and Child Nutrition

The budget maintains the national nutrition safety net for the Food Stamp and Child Nutrition programs, enabling them to respond to the changing circumstances of families and children they serve.

Under the budget, the Food Stamp program continues to index basic benefits to inflation; all energy assistance counts as income; a work requirement makes adults aged 18 to 50 with no dependents ineligible for Food Stamps after six months of each year unless they work 20 hours a week or participate

in workfare or training (although eligibility continues if a State fails to supply a training or workfare slot); and new integrity measures crack down on fraudulent Food Stamp trafficking and reduce program waste.

The budget better targets food subsidies for Family Day Care Homes, and makes other minor changes in Child Nutrition programs.

Title XX

The President's plan cuts the Social Services Block Grant by 10 percent, beginning in 1996.

Benefits for Legal Immigrants

The budget tightens sponsorship and eligibility rules for SSI, Food Stamps, and AFDC for non-citizens, forcing sponsors to bear greater responsibility for those they encourage to come to the United States. It counts (or "deems") sponsors' income in determining whether immigrants are eligible for benefits—until immigrants become citizens.

It also preserves eligibility for Medicaid; maintains the exemption for the disabled and the very elderly from deeming; and establishes a uniform definition of eligibility across the AFDC, Food Stamps, SSI, and Medicaid programs.

MAKING WORK PAY

Reward should follow responsibility. Those who play by the rules—who work hard, especially to support a family—should see the benefit of their efforts. With wages at the low end of the income scale often lagging, and with the task of parenting only getting harder, the budget provides support to make that hard work pay.

The Earned Income Tax Credit (EITC)

The budget ensures that low- and moderate-income taxpayers are rewarded for work and helped in meeting their family responsibilities through the EITC. The budget protects the EITC's dramatic expansion of 1993 that helped reward work for over 15 million

families and households. Consistent with the Administration's multi-faceted efforts to improve compliance, the budget saves \$5 billion by improving both the targeting of the EITC and compliance while continuing to ensure that eligible and deserving workers can claim and receive the EITC.

The Minimum Wage

In terms of purchasing power, the minimum wage is near a 40-year low. It is well below the minimum needed for a full-time, full-year worker to support a family. The best economic evidence suggests that a moderate increase in the minimum wage would improve the standard of living of millions

of workers at little or no economic cost. The President proposes to increase the mini-

mum wage from \$4.25 to \$5.15 per hour, in two equal steps.

MEETING AMERICA'S CHALLENGES

The budget cuts discretionary spending by \$297 billion over seven years, while investing in education and training; the environment; science and technology; law enforcement; and other priorities to help raise living standards and the quality of life for average Americans.

While shifting available resources to high-priority investments, the budget also makes choices among non-investment programs. It limits cuts in the most important of those non-investments by eliminating others and applying recommendations of the National Performance Review on cutting red tape and bureaucracy.

Nothing is more important to future living standards than education and training. The workers of today and tomorrow will need the best education and skills they can get to acquire high-wage jobs in the new global economy. The budget funds a broad agenda of life-long learning by investing in Head Start for disadvantaged children; the Safe and Drug-Free Schools and Communities program to create safe learning environments; Goals 2000 to help States and school systems extend high academic standards, better teaching, and better learning to all students; AmeriCorps to help young Americans serve their communities and earn money for college; expanded college scholarships to cover more recipients and increase the maximum grants; and, finally, expanded School-to-Work opportunities and improved job training for dislocated workers and low-income adults. It also funds an educational technology initiative to make children technologically literate and connect every classroom to the information superhighway by 2000; expanded work-study to help one million students work their way through college by 2000; a \$1,000 merit scholarship for the top five percent of graduates in every high school; and charter schools to let parents, teachers, and communities create public schools to meet their own children's needs.

The budget protects the environment and public health, placing a priority on environmental enforcement and increasing funds for the Environmental Protection Agency's operating program—the backbone of our efforts to protect the environment. It continues the President's commitment to protect the national parks and forests, wildlife refuges, other public lands, sensitive ecosystems (such as the Northwest Forests and South Florida Everglades), and marine sanctuaries. The budget funds Superfund to protect residents near toxic waste sites, and gives States more flexibility to ensure water quality by consolidating the Clean Water and Safe Drinking Water revolving funds. In addition, the budget supports the Agriculture Department's Water 2000 initiative to bring clean water to rural areas. It also promotes energy efficiency in Government-owned and operated buildings and in privately-owned buildings through voluntary partnerships, and promotes the use of alternative energy sources. It provides funds to address a wide range of research and international environmental challenges, including global climate change, ozone depletion, and commitments under the North American Free Trade Agreement. It also funds tax incentives to encourage companies to clean up "brownfields"—abandoned, contaminated industrial properties in distressed areas.

The budget also invests in science and technology, through a balanced mix of basic research, applied research, and technology development, including through cooperative projects with private industry and universities. It adds funds for biomedical and behavioral research at the National Institutes of Health, for basic research and education at the National Science Foundation, for basic research at NASA (including Mission to Planet Earth) and other agencies, and for such important initiatives as the Advanced Technology Program and the Technology Reinvestment Project.

Finally, the budget continues the President's aggressive efforts to combat crime, which have helped to dramatically reduce violent crime in major cities. The budget fully funds the President's Community Oriented Policing Services (COPS) initiative, adding 23,000 more police in local communities across the country, bringing the total additional police under COPS to 100,000 by 2000. Also, it funds the Violent Crime Reduction Trust Fund

that, among other things, will expand support for State and local crime-fighting activities and prisons. It provides funds with which the FBI and other law enforcement agencies will launch a war on juvenile crime and gangs that involve juveniles. And it funds more border patrols to prevent illegal immigration and more inspections to prevent the hiring of illegal immigrants.

PROVIDING TAX RELIEF

The President's plan targets tax relief to middle-income Americans through his Middle Class Bill of Rights, which he originally proposed in last year's budget. This new plan also includes estate tax relief for small businesses and family farms, expanded expensing for small businesses, pension simplification, and the "brownfields" initiative cited in the previous section.

Middle Class Bill of Rights

The President again proposes the three features of his Middle Class Bill of Rights, and enhances the proposed child credit.

(1) The budget phases in a \$500 tax credit for dependent children. The full credit is available for families with incomes of under \$60,000, and the credit is phased out at incomes of \$75,000. The taxpayer will first calculate the effect of the child credit (and all other credits) and then calculate the EITC; this makes the EITC more valuable to moderate-income working families with children.

(2) The budget phases in a \$10,000 tax deduction for education and training expenses, including college tuition.

(3) The budget expands Individual Retirement Accounts (IRAs), such as by doubling over time the income limits for tax-deductible IRAs and allowing families to make tax-free withdrawals for a range of educational, housing, and medical needs.

Small Business Estate Tax Relief Act of 1996

To address the liquidity problems that may arise upon the death of a farmer or small business owner, the budget increases the amount of property eligible for a favorable four percent interest rate on deferred estate tax from \$1,000,000 to \$2,500,000. It also extends the eligibility for deferral to additional entities, and it extends the five-year interest-free deferral period and four percent interest rate provision to certain entities that cannot now take advantage of them.

Small Business Expensing

As the President advocated in 1993, and as Congress has now agreed by including it in the Balanced Budget Act, the budget increases the amount of tangible depreciable property that small businesses can expense each year from \$17,500 to \$25,000. (The increase will be phased in by annual increments.)

Pension Simplification

Building on bipartisan efforts in Congress, the President proposes to simplify rules (and expand coverage) for pension plans sponsored by businesses of all sizes, nonprofit organizations, and State and local governments, as well as for multiemployer plans. The budget includes a new, simple retirement savings plan (the National Employee Savings Trust or the NEST) for small businesses that combines the most attractive features of the

IRA and the 401(k) plan, minimizes administrative and compliance costs, and eliminates

the need for employer involvement with the Government.

CLOSING CORPORATE LOOPHOLES AND OTHER TAX MEASURES

The budget saves \$59 billion by cutting corporate tax subsidies, closing loopholes, and improving tax compliance. It includes provisions that the President proposed in December and others.

For example, the budget prevents corporations from achieving tax arbitrage by deducting interest on borrowings against life insurance policies on their employees or where the corporation owns tax-exempt obligations; addresses recent developments in tax-motivated financial products; curtails manipulation of the tax accounting rules; and tightens

existing rules that are designed to prevent tax avoidance through expatriation and the use of foreign trusts.

The Administration continues to support revenue neutral initiatives to promote sensible and equitable administration of the tax laws. These include tax simplification initiatives and technical corrections.

In addition, the Administration supports, and wants to work with Congress to provide, revenue neutral extension of various tax provisions that have expired.

SUMMARY TABLES

The Congressional Budget Office has not estimated all of the proposals in the President's budget. Therefore, the following tables that use CBO December economic and technical assumptions include: (1) CBO estimates of proposals where available and (2) OMB estimates based on CBO's December baseline where specific CBO estimates are not available.

The remaining tables use OMB's July technical assumptions because OMB and the agencies have not completed their revisions. The budget documents to be released in March will contain estimates using the economic assumptions contained in this budget and updated technical assumptions.

Table 1. The President's Budget Proposals Under CBO Assumptions

(Uses CBO December economic and technical assumptions, in billions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7 Year
Baseline deficit ¹	172.8	180.7	179.9	192.2	199.9	204.3	221.1	1,350.8
Savings:								
Discretionary	-12.5	-10.4	-18.6	-34.5	-50.9	-73.9	-96.6	-297.4
Mandatory:								
Medicare	-2.6	-5.7	-9.1	-16.6	-22.9	-27.3	-40.1	-124.2
Medicaid	-*	-2.0	-3.1	-8.2	-10.3	-16.0	-19.4	-59.0
Welfare reform	-*	-4.9	-6.0	-6.4	-6.9	-7.1	-8.4	-39.8
EITC ²	-*	-0.7	-0.8	-0.8	-0.8	-0.9	-0.9	-5.0
Other mandatory	-4.4	-1.9	-1.5	-3.6	-5.4	-8.1	-26.0	-51.0
Total, mandatory	-7.0	-15.3	-20.6	-35.6	-46.3	-59.4	-94.9	-279.0
Tax cuts	3.3	14.2	16.1	18.5	24.8	19.5	2.1	98.5
Corporate loopholes and other	-1.7	-7.1	-8.7	-9.5	-10.2	-10.4	-11.9	-59.4
Total, policy proposals	-18.0	-18.5	-31.9	-61.2	-82.5	-124.2	-201.2	-537.4
Debt service	-0.5	-1.6	-3.0	-5.5	-9.2	-14.7	-23.6	-58.1
Total savings	-18.5	-20.1	-34.9	-66.7	-91.7	-138.9	-224.8	-595.5
Deficit/surplus	154.4	160.6	145.0	125.5	108.1	65.4	-3.7	755.3

* Less than \$50 million.

¹ OMB has adjusted CBO's December baseline to remove the directed scorekeeping of student loan administrative costs and to reflect the pending Supreme Court review of a lower court decision on accounting for "goodwill".

² Includes EITC revenues.

Table 2. The President's Budget Proposals Under OMB Assumptions—Excluding Effects of "Fiscal Dividend"

(Uses OMB July economic and technical assumptions, in billions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7 Year
Baseline deficit	185.4	196.8	194.5	202.2	208.4	206.5	215.5	1,409.3
Adjustments:								
BLS adjustments		—*	—1.0	—3.4	—6.4	—9.5	—13.6	—33.8
Fiscal bonus	—1.6	—8.6	—17.5	—26.7	—36.4	—46.8	—56.0	—193.6
Subtotal, adjustments	—1.6	—8.6	—18.5	—30.0	—42.7	—56.2	—69.6	—227.4
December base	183.8	188.1	176.0	172.2	165.6	150.2	145.9	1,181.9
Savings:								
Discretionary	—12.5	—10.4	—18.3	—35.3	—52.8	—77.1	—100.5	—306.9
Mandatory:								
Medicare ¹	—2.6	—5.7	—9.1	—16.6	—22.9	—27.3	—40.1	—124.2
Medicaid ¹		—2.0	—3.1	—8.2	—10.3	—16.0	—19.4	—59.0
Welfare reform	—0.3	—5.1	—5.7	—6.1	—6.8	—7.1	—8.5	—39.5
EITC ²	—0.0	—0.9	—1.1	—1.1	—1.0	—1.0	—1.0	—6.1
Other mandatory	—6.8	—0.8	—4.8	—5.1	—7.3	—11.8	—30.5	—67.1
Total, mandatory	—9.6	—14.5	—23.8	—37.1	—48.4	—63.2	—99.4	—295.9
Tax cuts	4.6	13.5	14.5	17.7	22.8	14.8	0.8	88.6
Corporate loopholes and other	—1.9	—6.3	—7.7	—9.1	—9.8	—10.1	—11.7	—56.6
Total, policy proposals	—19.5	—17.7	—35.3	—63.7	—88.2	—135.6	—210.8	—570.9
Debt service	—0.6	—1.7	—3.2	—5.9	—10.0	—16.2	—25.3	—62.7
Total savings	—20.1	—19.4	—38.5	—69.6	—98.2	—151.8	—236.1	—633.6
Deficit/surplus	163.7	168.8	137.5	102.6	67.5	—1.5	—90.3	548.3
MEMORANDUM:								
Deficit/surplus with February economic assumptions ³	152.0	148.7	113.3	80.0	50.8	—9.9	—91.6	443.3

* Less than \$50 million.

¹ Administration estimates have not been completed for Medicaid and Medicare proposals; therefore, these estimates use CBO December economic and technical assumptions.² Includes EITC revenues.³ Includes preliminary estimate based on the Administration's February economic assumptions and July technical assumptions.

Table 3. Application of the "Fiscal Dividend" to the President's Budget Proposals

(In billions of dollars)

	1996	1997	1998	1999	2000	2001	2002
Deficit or surplus assuming tax cuts expire on December 31, 2000:							
CBO December economics	-154.4	-160.6	-145.0	-125.5	-108.1	-65.4	3.7
OMB February economics	-152.0	-148.7	-113.3	-80.0	-50.8	9.9	91.6
Difference	2.4	11.9	31.8	45.4	57.3	75.3	87.9
Trigger impact on OMB estimates:							
Step 1—Continue tax cut					(20.0)	-9.3	-23.7
Step 2—Increase discretionary spending					(20.0)	-20.0	-20.0
Step 3:		Not applicable					
Further discretionary increases					(5.8)	-5.8	-5.8
Reserved for additional tax cuts					(5.8)	(-5.8)	(-5.8)
Reserved for deficit reduction ..					(5.8)	0.0	0.0
Debt service						-0.8	-2.7
Total trigger					(57.3)	-35.9	-52.1
OMB February deficit or surplus ...	-152.0	-148.7	-113.3	-80.0	-50.8	-26.0	39.5

Table 4. The President's Budget Proposals Under OMB Assumptions—Including Effects of "Fiscal Dividend"

(Uses OMB July economic and technical assumptions, in billions of dollars)

	1996	1997	1998	999	2000	2001	2002	7 Year
Baseline deficit	185.4	196.8	194.5	202.2	208.4	206.5	215.5	1,409.3
Adjustments:								
BLS adjustments		—*	—1.0	—3.4	—6.4	—9.5	—13.6	—33.8
Fiscal bonus	—1.6	—8.6	—17.5	—26.7	—36.4	—46.8	—56.0	—193.6
Subtotal, adjustments	—1.6	—8.6	—18.5	—30.0	—42.7	—56.2	—69.6	—227.4
December base	183.8	188.1	176.0	172.2	165.6	150.2	145.9	1,181.9
Savings:								
Discretionary	—12.5	—10.4	—18.3	—35.3	—52.8	—51.3	—74.7	—255.3
Mandatory:								
Medicare ¹	—2.6	—5.7	—9.1	—16.6	—22.9	—27.3	—40.1	—124.2
Medicaid ¹		—2.0	—3.1	—8.2	—10.3	—16.0	—19.4	—59.0
Welfare reform	—0.3	—5.1	—5.7	—6.1	—6.8	—7.1	—8.5	—39.5
EITC ²	—0.0	—0.9	—1.1	—1.1	—1.0	—1.0	—1.0	—6.1
Other mandatory	—6.8	—0.8	—4.8	—5.1	—7.3	—11.8	—30.5	—67.1
Total, mandatory	—9.6	—14.5	—23.8	—37.1	—48.4	—63.2	—99.4	—295.9
Tax cuts	4.6	13.5	14.5	17.7	22.8	24.1	24.5	121.6
Corporate loopholes and other ..	—1.9	—6.3	—7.7	—9.1	—9.8	—10.1	—11.7	—56.6
Total, policy proposals	—19.5	—17.7	—35.3	—63.7	—88.2	—100.5	—161.4	—486.3
Debt service	—0.6	—1.7	—3.2	—5.9	—10.0	—15.4	—22.6	—59.3
Total savings	—20.1	—19.4	—38.5	—69.6	—98.2	—115.9	—184.0	—545.5
Effect of February economic as-								
sumptions	—11.7	—20.1	—24.3	—22.6	—16.6	—8.4	—1.4	—105.0
Deficit/surplus with February eco-								
nomic assumptions ³	152.0	148.7	113.3	80.0	50.8	26.0	—39.5	531.3

* Less than \$50 million.

¹ Administration estimates have not been completed for Medicaid and Medicare proposals; therefore, these estimates use CBO December economic and technical assumptions.

² Includes EITC revenues.

³ Includes preliminary estimate based on the Administration's February economic assumptions and July technical assumptions.

Table 5. The President's Budget Under CBO Assumptions

(Uses CBO December economic and technical assumptions, in billions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7 Year
Outlays:								
Discretionary	539.0	543.5	537.4	537.6	537.9	531.9	527.4	3,754.8
Mandatory:								
Medicare	173.9	189.2	203.9	216.7	231.9	250.9	263.5	1,529.9
Medicaid	97.2	105.2	115.0	121.5	132.2	140.8	153.2	865.1
Other	522.1	554.3	585.7	617.1	649.0	671.5	688.5	4,288.2
Subtotal, mandatory	793.2	848.7	904.6	955.2	1,013.0	1,063.2	1,105.2	6,683.2
Net interest	243.0	247.4	249.3	248.9	246.1	246.3	246.3	1,727.3
Total outlays	1,575.1	1,639.6	1,691.3	1,741.8	1,797.0	1,841.4	1,878.9	12,165.2
Revenues	1,420.8	1,479.0	1,546.3	1,616.3	1,688.9	1,776.0	1,882.6	11,409.9
Deficit/surplus	-154.4	-160.6	-145.0	-125.5	-108.1	-65.4	3.7	-755.3

Table 6. The President's Budget Under OMB Assumptions—Excluding Effects of "Fiscal Dividend"

(Uses OMB July economic and technical assumptions, in billions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7 Year
Outlays:								
Discretionary	539.0	543.5	537.4	537.6	537.9	531.9	527.4	3,754.8
Mandatory:								
Medicare	174.2	188.5	202.7	213.1	228.2	247.3	259.9	1,513.8
Medicaid	96.1	102.5	111.3	116.3	126.1	132.8	143.0	828.1
Other	524.8	561.3	586.1	612.9	642.9	659.3	673.6	4,260.9
Subtotal, mandatory	795.0	852.4	900.1	942.3	997.2	1,039.4	1,076.5	6,602.9
Net interest	244.6	249.3	252.2	255.1	254.4	251.0	242.9	1,749.4
Total outlays	1,578.6	1,645.2	1,689.7	1,735.0	1,789.5	1,822.4	1,846.8	12,107.1
Revenues	1,414.9	1,476.4	1,552.2	1,632.4	1,722.0	1,823.9	1,937.0	11,558.8
Deficit/surplus	-163.7	-168.8	-137.5	-102.6	-67.5	1.5	90.3	-548.3

Table 7. COMPARISON OF ECONOMIC ASSUMPTIONS

(Calendar years)

	1995	1996	1997	1998	1999	2000	2001	2001
Nominal GDP ¹ :								
Level, billions of dollars:								
1996 Mid-Session Review	7,091	7,470	7,879	8,310	8,765	9,245	9,745	10,268
CBO December baseline	7,079	7,418	7,788	8,173	8,577	9,002	9,447	9,915
1997 budget	7,078	7,428	7,805	8,203	8,623	9,058	9,523	10,005
Percent change, fourth quarter over fourth quarter:								
1996 Mid-Session Review	4.7	5.5	5.5	5.5	5.5	5.5	5.4	5.4
CBO December baseline	4.3	5.0	5.0	4.9	5.0	5.0	4.9	5.0
1997 budget	4.2	5.1	5.1	5.1	5.1	5.1	5.1	5.1
CPI-U, percent change, fourth quarter over fourth quarter:								
1996 Mid-Session Review	3.2	3.2	3.2	3.2	3.1	3.1	3.1	3.1
CBO December baseline	2.9	3.2	3.1	2.9	2.9	2.9	2.9	3.0
CBO December adjusted ²	2.9	3.2	2.9	2.8	2.8	2.8	2.8	2.9
1997 budget	2.8	2.9	2.9	2.8	2.8	2.8	2.8	2.8
Unemployment rate, percent:								
1996 Mid-Session Review	5.8	5.9	5.8	5.8	5.8	5.8	5.8	5.8
CBO December baseline	5.6	5.9	6.0	6.0	6.0	6.0	6.0	6.0
1997 budget	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Interest rates, percent:								
91-day Treasury bills:								
1996 Mid-Session Review	5.7	5.4	5.2	5.0	4.8	4.6	4.6	4.4
CBO December baseline	5.5	5.3	5.0	4.7	4.2	3.9	3.9	3.9
1997 budget	5.5	4.9	4.5	4.3	4.2	4.0	4.0	4.0
10-year Treasury notes:								
1996 Mid-Session Review	6.6	6.5	6.6	6.4	6.2	6.0	5.8	5.6
CBO December baseline	6.6	5.8	5.6	5.5	5.5	5.5	5.5	5.5
1997 budget	6.6	5.6	5.3	5.0	5.0	5.0	5.0	5.0

¹ Assumptions do not reflect NIPA revisions announced on January 19, 1996.² Reflects assumption that January 1997 correction for formula bias will reduce CPI growth by 0.3 percentage points per year, as incorporated in CBO scoring of the Administration's January 6, 1996, offer.

BALANCED BUDGET HIGHLIGHTS

- Balances The Budget In 7 Years Under Congressional Budget Office Scoring
- Achieves Over \$600 Billion Of Deficit Reduction
- Cuts Taxes For Families With Children, Provides Deductions For Higher Education, And Increases Savings Through IRAs.
- Extends The Solvency Of The Medicare Part A Trust Fund Through 2011.
- Protects Medicare And Medicaid Recipients
- No Cuts In Student Loans; Funds Key Investments In Education, The Environment, And Science And Technology
- Contains Zero Special Interest Giveaways, Spenders, And Outyear Deficit Busters
- Triggers Accelerated Deficit Reduction; Tax Cuts; And Investments In Education, And Other Priorities As CBO Deficit Targets Are Exceeded

THE INVESTMENT DIVIDEND

- Triggers Dividends If Economic Performance Exceeds CBO Expectations
- CBO/OMB Baseline Differences Total \$194 Billion Between 1996 and 2002
- Dividend Allocation:
 - 1/3 For Additional Deficit Reduction
 - 1/3 For Additional Tax Cuts
 - 1/3 For Additional Investments
- Allocation Of Dividend Results In:
 - Total Tax Cuts - \$147 Billion
 - Investments - \$23 Billion Above A Freeze
 - Surplus - \$29 Billion In 2002

BALANCED BUDGET PROPOSAL

(\$ billions)	1996	1997	1998	1999	2000	2001	2002	7-YEAR
CBO DECEMBER BASELINE	172	182	183	195	204	211	228	—
Take full BLS adjustment	0	0	-2	-2	-3	-5	-6	-17
REVISED BASELINE	172	182	181	193	201	206	223	—
DISCRETIONARY	-12	-7	-14	-30	-47	-75	-110	-295
MANDATORY								
Medicare	-0	-3	-6	-12	-19	-26	-35	-102
Medicaid	0	-0	-2	-7	-10	-13	-19	-52
Farm programs	0	0	0	0	0	0	0	0
FCC spectrum auction	-0	-2	-3	-4	-3	-3	-7	-21
Welfare (outlays and revenues)	-1	-5	-6	-7	-8	-8	-9	-43
ETTC	-0	-0	-0	-0	-0	-0	-0	-2
Student loans	0	0	0	0	0	0	0	0
Veterans programs	-0	-0	-0	-1	-1	-1	-1	-6
Federal retirement/Postal benefits	-1	-2	-3	-3	-3	-3	-4	-19
Banking and housing	-4	0	-0	0	0	0	-1	-4
Other mandatory	-1	-1	-1	-1	-1	-1	-2	-9
Total, mandatory	-8	-13	-22	-36	-46	-56	-78	-259
Tax Cuts	3	13	14	16	22	17	2	87
Corporate Loopholes and other	-2	-6	-7	-9	-10	-12	-14	-60
Total Policy Changes	-19	-13	-31	-60	-85	-131	-205	-544
Net interest	-0	-2	-3	-5	-9	-15	-24	-57
TOTAL CHANGES	-20	-15	-34	-65	-93	-146	-229	-607
PLAN DEFICITS	153	167	149	130	110	65	-1	—

Distribution of Possible Investment Dividend

CBO/OMB baseline differences	-12	-6	7	24	38	61	82	19
Assume 1/3 for deficit reduction	-4	-2	2	8	13	20	27	6
Assume 1/3 for tax cuts 1/	0	0	0	0	13	20	27	6
Assume 1/3 for discretionary 1/	0	0	0	0	13	20	27	6
Adjusted Deficits with Dividend	157	169	147	122	98	45	-28	—
Adjusted Tax Cuts with Dividend	3	13	14	16	34	38	29	1
Adjusted Discretionary with Dividend	-12	-7	-14	-30	-34	-55	-83	-2
Comparison to BA freeze	-4	2	-3	2	14	17	1	—
Comparison to Republican Offer	6	23	25	26	34	35	26	1

1/ Effective only in last 3 years.

OTHER MANDATORY CHANGES IN BALANCED BUDGET PROPOSAL

\$ in billions)	1996	1997	1998	1999	2000	2001	2002	7-YEAR
Veterans programs:								
Health Care Per Diems and Copays	0.000	0.000	0.000	-0.058	-0.062	-0.065	-0.070	-0.255
Medical Care cost recovery	0.000	0.000	0.000	-0.190	-0.198	-0.206	-0.215	-0.809
Verify income for pension purposes	0.000	0.000	0.000	-0.010	-0.020	-0.030	-0.040	-0.100
Verify income for medical care	0.000	0.000	0.000	-0.004	-0.008	-0.012	-0.016	-0.040
Pension limitation - nursing home vets	0.000	0.000	0.000	-0.194	-0.236	-0.169	-0.212	-0.811
Fees on original loans	0.000	0.000	0.000	-0.074	-0.076	-0.078	-0.080	-0.308
Fees on later loans	0.000	0.000	0.000	-0.024	-0.025	-0.025	-0.025	-0.099
Resale losses	0.000	0.000	0.000	-0.004	-0.004	-0.004	-0.004	-0.016
Enhanced loan asset sale authority	-0.005	-0.005	-0.005	-0.005	-0.005	-0.005	-0.005	-0.035
Overturn Supreme Court Gardner decision	-0.088	-0.210	-0.328	-0.451	-0.504	-0.426	-0.457	-2.464
With holding payments and benefits	-0.090	0.000	0.000	0.000	0.000	0.000	0.000	-0.090
Reduce COLA for MGIB benefits	-0.007	-0.025	-0.044	-0.061	-0.080	-0.099	-0.118	-0.434
Round-down compensation COLA	0.002	-0.015	-0.046	-0.081	-0.122	-0.139	-0.186	-0.587
Total, veteran programs	-0.188	-0.255	-0.423	-1.156	-1.340	-1.258	-1.428	-6.848
Federal retirement:								
Extend COLA delay for Civilian retirement	0.000	-0.309	-0.323	-0.326	-0.329	-0.342	-0.356	-1.985
Raise agency pension contributions	-0.497	-0.641	-0.615	-0.587	-0.532	-0.510	-0.486	-3.868
Revise congressional retirement benefits	-(*)	-(*)	-0.001	-0.001	-0.002	-0.002	-0.003	-0.009
Employee contributions (revenues)	-0.198	-0.393	-0.529	-0.570	-0.582	-0.607	-0.634	-3.513
Add prefunded health benefits	0.000	-0.850	-1.700	-1.700	-1.800	-1.800	-2.000	-9.850
USPS Transitional Appropriation	0.000	-0.009	-0.037	-0.037	-0.036	-0.036	-0.036	-0.191
Total, retirement	-0.695	-2.202	-3.205	-3.221	-3.281	-3.297	-3.515	-19.416
Banking and Housing:								
Deposit insurance funds (BIF/SAIF)	-4.100	0.500	0.500	0.900	0.800	0.800	0.200	-0.400
Rent adjustments for operating costs	-0.018	-0.066	-0.126	-0.177	-0.210	-0.229	-0.249	-1.075
FHA single-family assignment	-0.119	-0.216	-0.234	-0.268	-0.308	-0.317	-0.317	-1.779
1% cut in housing rent adjustments	-0.042	-0.170	-0.216	-0.211	-0.198	-0.182	-0.170	-1.189
Total, banking and housing	-4.279	0.048	-0.076	0.244	0.084	0.072	-0.536	-4.443
ASSET SALES AND FEES:								
Asset sales:								
U.S. Enrichment Corporation	-1.300	0.000	-0.021	-0.054	-0.055	-0.046	-0.047	-1.523
Elk Hills	0.000	0.000	0.000	0.000	0.000	0.000	-1.100	-1.100
Sale of DOE assets	-0.020	-0.015	-0.015	-0.015	-0.015	-0.015	-0.015	-0.110
Sale of Weeks Island Oil	-0.100	-0.188	-0.182	0.000	0.000	0.000	0.000	-0.470
Sale of Helium Reserve	0.000	-0.003	-0.008	-0.009	-0.009	-0.009	-0.009	-0.047
OCS deepwater royalty relief	0.000	0.000	0.000	0.000	0.000	-0.020	-0.020	-0.040
Sale of Governors Island NY	0.000	0.000	0.000	-0.500	0.000	0.000	0.000	-0.500
Sale of Union Station Air Rights	0.000	-0.040	0.000	0.000	0.000	0.000	0.000	-0.040
Subtotal, asset sales	-1.420	-0.246	-0.226	-0.578	-0.079	-0.090	-1.191	-3.830
Fees and other:								
NRC charges	0.000	0.000	0.000	-0.330	-0.330	-0.330	-0.330	-1.320
U.S. Enrichment Corporation	0.306	0.084	0.064	0.036	-0.255	-0.080	0.030	0.185
Lease of excess SPRO capacity	0.000	0.000	-0.024	-0.037	-0.064	-0.059	-0.071	-0.255
Elk Hills - lost receipts	0.000	0.000	0.000	0.000	0.000	0.000	0.094	0.094
Hetch Hetchy fees	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.007
Bonneville Power Administration	0.000	0.000	-0.016	-0.014	-0.012	-0.026	-0.026	-0.094

OTHER MANDATORY CHANGES IN BALANCED BUDGET PROPOSAL

(\$ in billions)	1996	1997	1998	1999	2000	2001	2002	7-YEAR
OCS	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Park fees	-0.007	-0.013	-0.014	-0.011	-0.014	-0.010	-0.014	-0.083
National Defense Stockpile sales	-0.021	-0.079	-0.079	-0.079	-0.080	-0.155	-0.156	-0.649
Vessel Tonnage Duties	0.000	0.000	0.000	-0.049	-0.049	-0.049	-0.049	-0.196
FEMA charges	-0.012	-0.012	-0.012	-0.012	-0.012	-0.012	-0.012	-0.084
Denial unemployment insurance to individuals who voluntarily leave military service	-0.235	-0.270	-0.265	-0.270	-0.275	-0.285	-0.295	-1.895
Extend patent and trademark fees	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>-0.119</u>	<u>-0.119</u>	<u>-0.119</u>	<u>-0.119</u>	<u>-0.476</u>
Subtotal, fees	0.030	-0.291	-0.347	-0.886	-1.211	-1.126	-0.949	-4.780
Total, asset sales and fees	-1.390	-0.537	-0.573	-1.464	-1.290	-1.216	-2.140	-8.610

MEDICARE

This proposal implements reforms that strengthen and improve Medicare, reducing its rate of growth by \$102 billion (net) over seven years and guaranteeing the solvency of the trust fund for more than a decade. Specific reforms provide seniors with more choices of private health plans, improve Medicare's fee-for-service program by making it more efficient and responsive to beneficiary needs, tackle fraud and abuse through programs applauded by law enforcement officials, reduce the rate of growth of provider payments, and extend the 25% Part B premium.

Highlights of Provider Payment Reforms and Program Savings

- **Hospitals (\$40 B).** Reduces inflation update for hospitals and payments for capital and indirect medical education; reforms payments for graduate medical education.
- **Managed Care (\$22 B).** Reforms payments by using reasonable rate of growth limits on updates for managed care payments, removing payments made for disproportionate share and medical education and reducing current geographic variation in payments.
- **Physicians (\$15 B).** Reforms physician payments by collapsing the current three conversion factors into a single update for all physicians; replaces current "volume performance standards" with a "sustainable growth rate."
- **Home Health Care (\$9 B)/Skilled Nursing Facilities (\$7 B).** Implements a series of interim payment reforms before the establishment of separate prospective payment systems for home health care and skilled nursing facilities.
- **Fraud and Abuse (\$7 B).** Introduces aggressive and comprehensive policies to stamp out Medicare waste, fraud, and abuse and extends and enhances Medicare secondary payor policy.
- **Other Providers (\$5 B).** Freezes or reduces payments for durable medical equipment and ambulatory surgical centers.
- **Beneficiaries (\$7 B).** Requires beneficiaries to pay 25% of Part B costs.

Provisions to Improve Rural Health Care

This proposal implements a variety of measures to enhance access to and quality of health care in rural areas. These include an extension of Rural Referral Center program, direct Medicare reimbursement for nurse practitioners and physician assistants, improvements to the Sole Community Hospital program, and an expansion of the Rural Primary Care Hospital program.

Program Improvements and Preventive Benefits (+\$11 B)

A series of reforms transform the fee-for-service program from a bill-paying insurance program into a responsive health plan by giving Medicare the authority to adopt the same types of purchasing and quality techniques pioneered by private sector payers. The proposal also expands and improves Medicare managed care by (1) ensuring beneficiary protections while increasing the types of plans (including PPOs and PSNs) available to seniors and (2) instituting a coordinated annual open enrollment process during which beneficiaries use comparative information to choose among managed care and supplemental insurance options. A preventive benefits demonstration program provides respite care for Alzheimer's patients, annual mammograms and elimination of mammography co-insurance, and colorectal cancer screening.

MEDICAID

This proposal would reform the Medicaid program rather than repeal it, guaranteeing health and long-term care coverage for all Medicaid recipients. It achieves \$51.7 billion in savings in a responsible manner by limiting spending on a per person basis (a "per capita cap") and reducing and retargeting Medicaid Disproportionate Share Hospital (DSH) payments to hospitals that serve large numbers of Medicaid and uninsured patients. The plan provides special payments for Federally Qualified Health Centers and States that have large numbers of undocumented immigrants, and gives States additional flexibility to allow them to more efficiently administer their Medicaid programs. Finally, this plan would retain current nursing home quality standards as well as spousal impoverishment protections and provisions that protect the financial resources of adult children whose parents are in nursing homes.

Savings Proposals

- **Per Capita Cap (\$22.2B).** A per capita cap would limit the amount of Federal spending per eligible person while retaining current eligibility and benefit guidelines. This approach guarantees that the elderly, disabled, and pregnant women and children meeting certain criteria will continue to be eligible for health benefits while reducing the rate of increase in Medicaid spending to a level that is sustainable for States and the Federal government.
- **Disproportionate Share Hospital Payments (\$29.5B).** Disproportionate Share Hospital (DSH) payments would be reduced and retargeted to specific institutions, including public hospitals, children's hospitals, Federally Qualified Health Centers and Rural Health Clinics. An additional fund is created for States with large numbers of undocumented immigrants.

Provisions to Increase State Flexibility

- **Boren Amendment.** This plan repeals the Boren Amendment, eliminating provider payment requirements that are imposed on States.
- **Managed Care.** This plan would allow States to move toward managed care and other types of cost-effective arrangements without Federal waivers.
- **Home and Community Based Care.** States would be allowed to move populations needing long-term care from nursing homes to home and community based care without having to seek Federal waivers.

Protections for Low-Income Seniors and Native Americans

Retains current policy of assisting low-income seniors by assuming responsibility for their Medicare premiums, copayments, and deductibles and retains current payment protections for Medicaid-eligible Native Americans treated in Indian Health Service facilities.

WELFARE REFORM SAVINGS

Daschle
(Potus endorsed
plan);

The plan will move welfare recipients to work while protecting children saving about \$45.7 billion over 7 years. The plan essentially follows the House Democratic Coalition plan with some modifications.

SSI/Disabled Children: New eligibility standards for childhood disability benefits would begin as soon as possible for new applicants. For children currently receiving SSI, a one year transition period would be granted with disability reviews beginning in 1997 to be completed by 1998. Full cash benefits for all eligible children would be retained. *Grandfather kids*

Child Care: A total of \$11.8 billion is included for child care, which is \$3 billion above baseline (\$8.8 billion) for child care assistance for those welfare recipients required to work, transitioning from welfare to work, and the working poor. This is in addition to the \$1 billion per year in discretionary funding authorized under the Child Care Development Block Grant. Existing child care programs would be consolidated into the Child Care Development Block Grant.

move to for child care

Nutrition programs: Cuts in food stamps would be about \$20.6 billion and cuts in child nutrition programs would be \$3.3 billion for a total of \$23.9 billion in savings. There would be no block grants under the Food Stamp program. There would be no food stamp overall cap. There would be no child nutrition block grants, but child nutrition spending would be reduced by about 6% in 2002. There would be tighter targeting of food subsidies for Family Day Care Homes and meal reimbursement rates would be rounded down to the nearest cent for child nutrition programs.

OK; San 3.4

Noncitizens: About \$5 billion would be saved by deeming sponsor income until citizenship. *Immig - deeming;*

Title XX (Social Services Block Grant): Cuts \$1.9 billion. *OK*

Cash Assistance: AFDC would be terminated and replaced by a new conditional entitlement of limited duration. There would be a 5 year maximum time limit with a state option for vouchers at the end of that period to assist children.

Daschle Coal. proposal

EITC: Improved compliance and inclusion of capital gains income in determining the credit would save about \$2 billion. *OK / DC*

Dependent Care Tax Credit: As under the ^{House} Coalition plan, the DCTC would be made refundable and phased out between \$60,000 and \$80,000 of AGI.

take out on

we never endorsed

ESTIMATED REVENUE EFFECTS OF "MIDDLE CLASS BILL OF RIGHTS TAX RELIEF ACT OF 1996"

Fiscal Years 1996-2005

[Millions of Dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	1996-00	1996-02
I. MIDDLE-CLASS BILL OF RIGHTS										
1. Credit for families with young children.....	1/1/96	-1,451	-7,228	-7,081	-7,763	-11,096	-9,073	---	-34,619	-43,692
2. Deduction for higher education expenses.....	1/1/96	-1,736	-5,010	-5,996	-6,679	-6,995	-4,532	---	-26,416	-30,948
3. Provisions relating to individual retirement plans.....	1/1/96	235	-445	-964	-1,674	-3,443	-3,630	-2,034	-6,290	-11,954
4. Increase the self-employed health insurance deduction (35% in 1996 and 1997; 40% in 1998; 45% in 1999; 50% in 2000; and 30% thereafter).....	tyba 12/31/95	-29	-91	-137	-267	-422	-358	---	-945	-1,303
II. LIMITATIONS ON CORPORATE WELFARE AND OTHER REVENUE PROVISIONS										
1. Revision of tax rules on expatriation.....	2/6/95	18	29	46	65	86	102	109	244	455
2. Gain recognition for certain extraordinary dividends (Seagrams).....	da 5/3/95	-56	-100	-71	-33	13	69	104	-247	-74
3. Registration of certain confidential corporate tax shelters.....	aiolRSg	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[2]	[2]
4. Disallow interest deduction for corporate-owned life insurance policy loans (BBA).....	lpoaa 10/13/95	220	579	883	1,369	1,749	1,856	1,895	4,800	8,551
5. Phase out preferential tax deferral for certain large farm corporations required to use accrual accounting.....	[4]	26	37	38	39	40	41	42	179	261
6. Reformulate Puerto Rico and possessions tax credit (section 936).....	tyba 12/31/96	---	56	175	308	455	616	718	994	2,328
7. Further restrict like-kind exchanges involving foreign property.....	eoaa 12/31/95	2	5	8	11	13	15	17	39	71
8. Eliminate interest allocation exception for certain nonfinancial corporations (BBA).....	tyba 12/31/95	41	93	107	123	141	163	187	505	855
9. Repeal section 1374 for large corporations (\$5 million fair market value).....	12/7/95	21	42	44	47	49	51	54	203	308
10. Modification of loss carry-back and carry-forward rules; restrict to 1-year carry-back.....	NOLtyba 12/31/99	---	---	---	---	-165	1,360	1,695	-165	2,890
11. Require recognition of gain for certain transactions.....	---	100	100	100	100	100	100	100	500	700
12. Extend pro rata disallowance of tax-exempt interest expense to all corporations.....	[5]	24	43	49	56	64	70	73	238	381
13. Reduce dividends received deduction to 50%.....	dpa 1/31/96	241	383	402	422	443	465	488	1,891	2,844
14. Modify holding period for dividends received deduction [6].....	dpa 1/31/96	6	14	16	17	18	19	20	71	109

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	1996-00	1996-02
15. Treat certain preferred stock as "boot".....	12/7/95	80	147	150	154	160	104	33	692	829
16. Deny interest deduction on certain debt instruments.....	dia 12/7/95	25	76	136	212	262	288	303	711	1,302
17. Interaction with 50% DRD proposal.....	dia 12/7/95	1	3	5	8	11	12	12	28	52
17. Defer original issue discount deduction on convertible debt.....	dia 12/7/95	5	17	36	53	64	78	90	175	343
18. Modification of rules relating to foreign trusts having one or more United States beneficiaries.....	2/6/95	93	162	171	180	188	197	206	794	1,197
19. Expand subpart F provisions regarding income from notional principal contracts and stock lending transactions.....	tyba 12/31/95	11	15	10	10	11	12	12	57	80
20. Treat foreign taxes on oil and gas extracted income as royalties (with treaty override).....	1/1/96	800	2,000	2,200	2,400	2,600	2,800	3,000	10,000	15,800
21. Repeal section 911.....	tyba 12/31/95	300	1,300	1,400	1,500	1,600	1,700	1,800	6,100	9,600
22. Require thrifts to account for bad debts in the same manner as banks.....	tyba 12/31/95	63	95	216	280	277	272	260	931	1,462
23. Reform depreciation under the income forecast method.....	ppisa 9/13/95	18	83	29	13	14	16	19	157	192
24. Repeal lower of cost or market method.....	tyba 12/31/98	---	---	---	55	306	330	336	361	1,027
25. Repeal advance refunds of diesel fuel tax for diesel cars and light trucks (BBA).....	1/1/96	8	19	19	19	19	19	19	84	122
26. Increase penalties for failure to file correct information returns.....	rda 90 daDOE	12	20	21	22	23	24	25	97	147
27. Modify basis adjustment rules under section 1033.....	icoa 9/13/95	2	4	7	11	16	23	31	40	94
28. Intermediate sanctions.....	9/14/95 & 1/1/96	4	4	4	5	5	5	6	22	33
29. Extend Superfund AMT permanently.....	1/1/96	351	612	633	647	672	700	729	2,915	4,345
30. Extend Oil Spill Liability Trust Fund tax through 9/30/02.....	1/1/96	---	---	---	---	---	63	65	---	128
31. Extend 0.2% FUTA surtax through 2002 (under current law; scheduled to expire 12/31/98).....	---	---	---	---	877	1,199	1,218	1,237	2,076	4,531
32. Provide that rollover of gain on sale of a principal residence cannot be elected unless the replacement property purchased is located within the United States (limit to resident aliens who terminate residence within 2 years) (BBA).....	sea 12/31/95	[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]
33. Repeal exemption for withholding on gambling winnings from bingo and keno where proceeds exceed \$5,000 (BBA).....	1/1/96	20	6	6	6	6	7	7	44	58
34. Repeal 15-day tax-free vacation home rental.....	tyba 12/31/95	11	22	23	23	24	26	27	103	155
35. EIC compliance and self-employment taxes.....	tyba 12/31/95	13	252	261	265	272	276	282	1,062	1,619
36. Modify definition of disqualified investment income test.....	tyba 12/31/95	11	111	122	132	143	156	171	519	846

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	1996-00	1996-02
37. Modify dependent care credit.....	1/1/97	---	128	377	433	493	544	622	1,431	2,597
NET TOTAL.....		-507	-6,414	-6,552	-6,551	-10,582	-3,793	12,763	-30,604	-21,638

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column: aolRSg = after issuance of Internal Revenue Service guideline
 da = distributions after
 dia = debt issued after
 DOE = date of enactment
 dpa = dividends paid after
 eoa = exchanges on or after
 icoa = involuntary conversions occurring after
 ipoaa = interest paid or accrued after
 NOLgryba = NOLs generated taxable years beginning after
 ppisa = property placed in service after
 rda 90 daDOE = returns due after 90 days after date of enactment
 sea = sales and exchanges after
 tyba = taxable years beginning after

- [1] Gain of less than \$5 million.
- [2] Gain of less than \$25 million.
- [3] Gain of less than \$30 million.
- [4] No new suspense accounts could be established in taxable years ending after 9/13/95. The income in existing suspense accounts would be recognized in equal installments over a 20-years period beginning with the first taxable year beginning after 9/13/95.
- [5] Effective for taxable years beginning after 12/31/95 with respect to obligations acquired after 12/7/95.
- [6] Includes interaction with 50% DRD provision.
- [7] Gain of less than \$500,000.



CONGRESSIONAL BUDGET OFFICE
U.S. CONGRESS
WASHINGTON, D.C. 20515

June E. O'Neill
Director

January 6, 1996

Honorable Newt Gingrich
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

The Congressional Budget Office (CBO) has prepared a preliminary analysis of the President's budgetary submission of this date. The analysis is based on draft legislative language or on other descriptive material provided by staff. It employs CBO's updated economic and technical estimating assumptions, which incorporate the economic effects of balancing the federal budget by 2002 and are described in the CBO memorandum "Economic and Budget Outlook: December 1995 Update." The analysis also assumes, as specified by staff, that the projected adjustment to reduce the formula bias in the consumer price index (CPI) will reduce the rate of growth of the CPI by 0.3 percentage points a year, which is the upper end of the range estimated by the Bureau of Labor Statistics. CBO's December baseline assumes a reduction near the middle of the range.

Under these assumptions, the proposal would result in deficits of \$153 billion in 1996 and \$167 billion in 1997 and a surplus of \$1 billion in 2002. Compared to the CBO baseline, the proposal would reduce the deficit by \$220 billion over the next five years and by \$583 billion over the 1996-2002 period. Table 1 summarizes the proposed policy changes. Table 2 shows the estimated savings from the changes in direct spending and revenues that would result from enactment of each title of the proposal.

Sincerely,

Paul Van de Water
for June E. O'Neill

Attachments

TABLE 1. DEMOCRATIC PLAN CHANGES FROM CBO'S DECEMBER BASELINE
(By fiscal year, in billions of dollars)

	1996	1997	1998	1999	2000	2001	2002	Total 1996-2002
CBO December Baseline Deficit ^a	172	182	183	195	204	211	228	*
Baseline Adjustments ^b	0	0	-2	-2	-3	-6	-6	-19
Adjusted December Baseline	172	182	181	193	201	205	222	*
Democratic Plan Policies								
Outlays								
Discretionary ^c								
Freeze ^d	-8	-9	-11	-32	-49	-66	-84	-258
Savings relative to freeze	-4	-2	-3	-2	-2	-9	-26	-37
Subtotal	-12	-7	-14	-30	-47	-75	-110	-295
Mandatory								
Medicare	e	-3	-6	-12	-19	-26	-35	-102
Medicaid	0	e	-2	-7	-10	-13	-19	-52
Other	-7	-9	-12	-15	-15	-15	-22	-95
Subtotal	-7	-12	-21	-34	-45	-54	-76	-249
Net Interest	e	-2	-3	-5	-9	-14	-23	-56
Total Outlays	-20	-21	-37	-69	-100	-143	-209	-599
Revenues ^f	e	6	6	6	10	3	-14	17
Total Policies	-20	-15	-32	-63	-90	-140	-223	-583
Democratic Plan Deficit	153	167	149	130	110	65	-1	*

SOURCES: Congressional Budget Office; Joint Committee on Taxation.

NOTES: * = not applicable.

Numbers may not add to totals because of rounding.

- Projections assume that discretionary spending is equal to the spending limits that are in effect through 1998 and will increase with inflation after 1998.
- The Democratic plan assumes that the anticipated change in the consumer price index (CPI) methodology used by the Bureau of Labor Statistics (BLS) will reduce the rate of growth of the CPI by 0.3 percentage points a year, which is the upper end of the range estimated by the BLS. CBO's December baseline assumes a reduction near the middle of the range.
- Discretionary savings specified by staff.
- Savings from freezing 1996-2002 appropriations at the nominal level appropriated for 1995.
- Less than \$500 million.
- Revenue increases are shown with a negative sign because they decrease the deficit. Includes Earned Income Credit outlays.

TABLE 2. SAVINGS FROM POLICY CHANGES IN THE DEMOCRATIC PLAN BASED ON CBO'S DECEMBER BASELINE ASSUMPTIONS, BY TITLE (By fiscal year, in billions of dollars)

Title	1996	1997	1998	1999	2000	2001	2002	Total, 1996-2002
I--Banking and Housing Outlays	-4.3	a	-0.1	0.2	0.1	0.1	-0.5	-4.4
II--Spectrum Allocation Outlays	-0.2	-1.8	-2.7	-3.6	-3.1	-2.7	-7.4	-21.3
III--Medicaid Outlays	0	-0.4	-2.4	-6.7	-10.3	-13.2	-18.6	-51.7
IV--Medicare Outlays	a	-2.7	-6.1	-12.3	-19.1	-26.0	-35.4	-101.5
V--Welfare Reform Outlays	-0.9	-4.8	-5.8	-6.3	-6.9	-6.9	-7.6	-39.1
Revenues ^b	-0.1	-0.3	-0.6	-0.7	-0.8	-0.8	-0.9	-4.2
Deficit	-1.0	-5.1	-6.4	-7.0	-7.6	-7.7	-8.5	-43.3
VI--Federal Retirement Outlays	-0.5	-1.8	-2.7	-2.7	-2.7	-2.7	-2.9	-15.9
Revenues ^b	-0.2	-0.4	-0.5	-0.6	-0.6	-0.6	-0.6	-3.5
Deficit	-0.7	-2.2	-3.2	-3.2	-3.3	-3.3	-3.5	-19.4
VII--Veterans Provisions Outlays	-0.2	-0.3	-0.4	-1.2	-1.3	-1.3	-1.4	-6.1
VIII--Asset Sales, User Fees, and other Mandatory Provisions Outlays	-1.3	-0.5	-0.6	-1.5	-1.3	-1.3	-2.2	-8.7
IX--Revenues Revenues ^{b, c}	0.5	6.5	6.9	7.0	11.1	4.3	-12.1	24.2
X--Budget Enforcement Outlays	0	0	0	0	0	0	0	0
Total Outlays	-7.3	-12.3	-20.7	-33.9	-44.6	-53.8	-76.0	-248.7
Revenues ^{b, c}	0.2	5.8	5.8	5.8	9.7	2.9	-13.7	16.5
Deficit	-7.1	-6.5	-14.9	-28.2	-34.9	-50.9	-89.7	-232.2

SOURCES: Congressional Budget Office; Joint Committee on Taxation.

a. Less than \$50 million.

b. Revenue increases are shown with a negative sign because they reduce the deficit.

c. Includes Earned Income Credit outlays.

FACTS ON REPUBLICAN "HISTORY OF BALANCED BUDGET PLANS"

January 9, 1996

The Republican paper on movement during the negotiations is unfortunately flawed and inaccurate. While there is no question that the President's position has led the Republicans to move off some of their most extreme positions, the fact is that the movement by both sides in the negotiations has been comparable. x

1. **10 Years To Seven Years:** While the Administration initially called for a balanced budget on a 10 year time path, the President agreed in November to seek a balanced budget in seven years. This was a serious good faith movement that was not mentioned.
2. **OMB To CBO Scoring:** Even though OMB has a better track record over the last three years than CBO and is closer to the private sector Blue Chip Forecast, the Administration agreed to score by CBO numbers in an effort to seek agreement. This was a serious good faith movement that was not mentioned.
3. **Republicans Exaggerate Their Movement In The Negotiations Process By At Least \$109 Billion:** While it is true that the Administration has helped back the Republicans off their Contract tax cut, the more relevant movement in terms of the negotiations is their movement from their \$245 tax cut in the Conference Report. Therefore, their movement on taxes is not \$177 but rather \$68 billion ($\$245 - \$177 = \$68$). Therefore, their movement is \$109 billion less than they claimed.
4. **Administration Has Moved More On Spending Cuts Than The Republicans [See Attached Chart].** In addition to being willing to move on seven years and CBO scoring, the Administration has made more good faith efforts to work with the Republicans than the Republican document reports.

Discretionary Spending: The Administration's discretionary cuts in its June balanced budget plan was scored by CBO at \$138 billion in savings. The Daschle plan is at \$295 billion under CBO. This represents a \$157 billion movement -- not a \$36 billion movement as the Republican document claims.

Other Mandatory: The Administration was scored as having \$6 billion in new spending on non-health care/welfare entitlements in the June Budget. The current Daschle plan has \$60 billion in savings. This represents a \$66 billion movement that the Republican document fails to mention.

Tax Cuts: The Administration has the same middle class tax cut as it has always had. The only difference is that if the economy does not perform better than CBO projects, the tax cut is triggered off in the final two years. Even if this is counted as movement away from the Republicans, the movement is from \$116 billion to \$87 billion -- a \$29 billion movement at most, not \$64 billion. Furthermore, the Republican sheet counts the movement to find savings in compliance, closing corporate loopholes and cutting corporate subsidies as movement away from their plan. Yet, Chairman Kasich has at times called for \$50 billion in "corporate welfare" cuts. The savings in this area in the current Daschle plan could just as well be counted as movement toward more deficit reduction to meet their CBO, seven-year framework.

Administration Has Moved More On Spending Cuts Than Republicans

	<i>Republicans</i>			<i>President</i>		
	Initial	Latest	Movement	Initial	Latest	Movement
Medicare	226	168	58	97	102	5
Medicaid	133	85	48	38	52	14
Discretionary	409	349	60	138	295	157
Welfare	63.5	60	3.5	38	43	5
Other Mandatory	49	69	20	-6	60	66
TOTAL MOVEMENT			\$189.5			\$247.0

** All numbers are in billions of dollars over 7 years.

CONGRESS MUST PASS A CLEAN DEBT LIMIT INCREASE

January 26, 1996

- **If Congress does not raise the debt limit, on February 29th or March 1st we will not be able to meet all our financial obligations. On March 1 we will not be able to make \$30 billion of Social Security and other payments.**
 - Congress has known for some time that we face renewed pressure on the debt limit on February 15. Absent a debt limit increase by that time, Secretary Rubin will be forced to take the three remaining actions available to him to avoid default. These actions raise \$19.3 billion and will stave off default until February 29 or March 1.
- **Following these actions, NO legal, prudent, and practical tools are left to prevent default absent congressional action.**
 - Secretary Rubin and the President are unwilling to undermine confidence in our nation here and abroad by selling the nation's gold or to impose enormous hardship on tens of millions of American taxpayers by delaying the tax refunds to which they are entitled. The cupboard is bare. No options remain.
- **If Congress fails to act before the end February, we will be unable to make timely payments of Social Security and other benefits, and there will be a steady erosion of our cash and credit pensions, sending the United States into default for the first time in our history.**
- **As we learned during the government shutdown, we should separate essential functions of government from the debate over how best to balance the budget.**
- **Congress should not jeopardize our credit worthiness, or put at risk Social Security or their payments on which millions of Americans depend, as a bargaining chip to get their way on the balanced budget.**
 - **Instead, we should work together to pass a straightforward debt limit increase NOW, that will take the debt limit out of the political debate and ensure our credit worthiness for the next year.**
- **As the President and Secretary Rubin have said from the very beginning, the nation's credit worthiness is critical to all of us.**
- **We are confident that Congress will enact a straightforward debt limit increase. And we are prepared to work to this end.**

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

05-Feb-1996 09:08am

TO: (See Below)

FROM: Jason S. Goldberg
National Economic Council

SUBJECT: TEXT VERSION -- BUDGET TALKING POINTS 2/5/96

PRESIDENT CLINTON SUBMITS FY 1997 BALANCED BUDGET
Balances the Budget in 7 Years While Protecting Medicare, Medicaid,
Education, And The Environment, And Maintaining Tax Fairness
February 5, 1996

President Clinton's Budget Is The First Genuine Balanced Budget Submitted By A
President In 17 Years That Reaches Balance Based On Congressional Budget
Office Numbers.

- o President Clinton's Balanced Budget Is Historic. The Savings Are Real. It Reflects America's Values. It Provides Tax Relief For Working Families.
- o President Clinton's Balanced Budget Is Good For America. While protecting Medicare, Medicaid, Education, and the Environment, and providing tax relief for working families, it would help lower interest rates, create jobs, and invest in our future, while continuing the strong economic growth our country has enjoyed under President Clinton.

President Clinton's Balanced Budget Includes New Initiatives To Help Meet America's Challenges As We Move Towards The New Century.

- o Health Insurance Reforms. Require insurers to cover people who have lost insurance because they change or lose their jobs. Help 3.8 million unemployed workers each year purchase health insurance. Limit the ability of insurance companies to deny coverage based on pre-existing condition. Help small businesses buy insurance at cheaper rates.
- o Education Technology Initiative. Help local efforts to increase Educational Technology -- putting more computers in classrooms, connecting classrooms to the internet, creating better educational software to help children learn, and providing training to help teachers teach new technologies.

- o \$10,000 College Tuition Tax Deduction. Allow families to deduct up to \$10,000 a year for the cost of tuition and training. More than 16.5 million students could benefit.
- o \$1,000 College Merit Scholarships For Top 5% of High School Students. Scholarships rewarding excellence and achievement to help more students afford a college education.
- o Brownfields Common Sense Environmental Cleanups. Tax incentives to businesses that redevelop brownfields in distressed communities over a shorter period of time. This will spur the private sector to create jobs, return land to productive use, and clean up the environment.

President Clinton Urges Republicans To Keep Working With Him So We Can Pass A Balanced Budget. No More Blackmail. We Have The Savings In Common. Let's Get It Done.

- o Pass Common Savings Now. Both sides have now agreed on more than enough cuts in common to balance the budget in 7 years and still provide a modest middle-class tax cut, to maintain our obligations to our parents and our children and to the future through Medicare and Medicaid and through our investments in education, and to protect the environment.
- o Congress Must Pass A Longterm Straightforward Debt Extension Now. Congress must take action to secure a long-term, straightforward debt extension so that we can get on with balancing the budget without the threat of default hanging over our head.

Distribution:

TO: pauline M. Abernathy
 TO: John C. Angell
 TO: Kenneth S. Apfel
 TO: Donald A. Baer
 TO: Jeremy D. Benami
 TO: Jill M. Blickstein
 TO: Erskine Bowles
 TO: Emily Bromberg
 TO: Susan Brophy
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 TO: Gabrielle M. Bushman
 TO: Laura Capps
 TO: Kathleen (Kate) Carr
 TO: Barbara C. Chow
 TO: William Curry
 TO: Paul A. Deegan
 TO: Paul R. Dimond
 TO: Chris Dorval
 TO: DONALD K. DUNN

EXECUTIVE OFFICE OF THE PRESIDENT

31-Jan-1996 06:36pm

TO: (See Below)

FROM: Angus S. King
Office of the Chief of Staff

SUBJECT: Tomorrow's Talking Points on Family

AMERICA'S CHALLENGE IN AN AGE OF POSSIBILITY:
CHERISH OUR CHILDREN AND STRENGTHEN OUR FAMILIES
February 1, 1996

A Prayer for American Families. Today, in a follow-up to the challenge on American families he presented in his State of the Union address last week, President Clinton will address the National Prayer Breakfast. He will discuss the value of strong families for our children, our communities and for America. He will emphasize that all of us, not just as parents, but in our other roles -- our media, our schools, our teachers, our communities, our churches and synagogues, our businesses, our governments -- have a responsibility to help our children make the most of their lives and realize our American dream.

" Our first challenge is to cherish our children and strengthen America's families. Family is the foundation of American life. If we have stronger families, we will have a stronger America"

-President Clinton, State of the Union Address,
January 23, 1996

We are moving forward.

- * The poverty rate, food stamps, welfare rolls and teen pregnancies are all down.
- * A dozen prominent Americans have announced they are ready to answer the President's call to join together in a national campaign against teen pregnancy.
- * That organization will support grass-roots community efforts that have already begun to take hold across the country.

We still have challenges.

- * Television violence. Have the media create CDs and shows they would have their own children and grandchildren enjoy. Challenge the broadcast industry to identify programming in ways that help parents to protect their children.
- * V-chip. A part of the important telecommunications bill now pending in the Congress, the V-Chip would allow parents to screen out programs they believe are inappropriate for their children.
- * Tobacco. Tell the cigarette companies to market their

products to adults, if they wish, but draw the line on children.

- * Welfare reform. The President has called for a bipartisan bill that will really move people from welfare to work and do the right thing by our children.
- * End domestic violence, and encourage American men and women in families to give greater respect to one another.
- * Fathers care for children. It is the most basic human duty of every American to do that job to the best of his ability. A check will not substitute for a parent's love and guidance.
- * Child support enforcement. We're doing more than ever to make sure you pay your child support, and we're going to do more.

We live in an age of possibility, but also a time of challenge and change. We must face those challenges together. The President believes our new, smaller government must work in an old-fashioned American way, together with all our citizens through state and local governments, in the workplace, and in religious, charitable and civic associations. Our goal must be to enable all our people to make the most of their own lives -- with stronger families, more educational opportunity, economic security, safer streets, and a cleaner environment in a safer world.

Distribution:

TO: Adam R. Kreisel
TO: John O. Sutton
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TO: Daniel Taberski
TO: Julie E. Demeo
TO: Dena B. Weinstein
TO: Lorraine A. Voles
TO: Rica F. Rodman
TO: Stephen B. Silverman
TO: Joshua Silverman

LEADERSHIP*FAMILY*OPPORTUNITY*RESPONSIBILITY*COMMON GROUND
President Clinton's Vision for America

* **Leadership:** Presidential leadership that makes a difference

Standing up for America: Fighting to open overseas markets to American goods; standing up for American values overseas; leadership for peace.

Doing what's right -- not because it is easy, but because it should be done: President Clinton took on the NRA to win the ban on assault weapons; he took on the tobacco companies to make it harder to hook kids on smoking.

* **Families: Working to preserve and strengthen families**

President Clinton is working to give parents the tools they need: From the Family and Medical Leave Act to the v-chip in television sets -- he is fighting to be sure our families will have clean drinking water and clear air and to preserve the heritage of our national parks.

The President is determined to make our schools and communities safe: More police on the streets, fewer guns, safer schools and a commitment to ending violence against women.

* **Opportunity and Responsibility:**

President Clinton believes the American Dream is for every family and every child: His economic policies emphasize jobs, education and trade: creating more high wage, private sector jobs and -- because education is the key to higher income -- making computer literacy and college education available to every student.

Opportunity must be accompanied by responsibility: President Clinton believes that as Americans, we must take responsibility for ourselves, our families and our communities. Our national policies should reward responsibility; that's why it is wrong to raise taxes on working families (EITC).

* **Common Ground:**

There may be no more important test of leadership than President Clinton's commitment to **common ground**: leadership and action based on our highest values. By finding common ground, we can get beyond divisive rhetoric and take real action on the issues that are before us.

At a time when too many politicians use language that divides, President Clinton is working to find the **common ground**. He reminds us that we are all in this together -- and together, we have the strength and the wisdom to do what is right.

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**PRESIDENT CLINTON'S FIRST PRIORITY:
A BALANCED BUDGET THAT PROTECTS AMERICAN VALUES**

January 17, 1996

Determined to balance the budget in a way that protects America's values. As the President looks to the future and prepares the State of the Union, his first priority is to give the American people a 7-year balanced budget that upholds our values by protecting Medicare, Medicaid, education, and the environment, while giving working Americans a modest tax cut.

Certified by Congressional economists. The Congressional Budget Office has certified, and Republicans agree, that the President's plan will eliminate the deficit and balance the budget in seven years.

Could agree on a balanced budget tomorrow. The President has pointed the way to common ground. With his plan, Democrats and Republicans have already agreed on enough cuts to balance the budget in seven years and give working Americans a modest tax cut.

So what's the problem? *Republicans don't like the President's plan because they want to cut Medicare, Medicaid, education, and the environment even more than is necessary to balance the budget.*

Two reasons:

- 1) **They don't believe we have a responsibility to look out for senior citizens, educate our children, and protect our environment.** The President's plan balances the budget without walking away from our basic values.
- 2) **They need to find money to pay for an irresponsible tax cut.** The President's plan balances the budget, protects our values, and gives working Americans a modest tax cut

The Republican Leadership Has Taken A Positive Step In Announcing That They Will No Longer Hold The Nation's Creditworthiness Hostage To The Budget Debate. The President is pleased that Republican leaders have now pledged to act responsibly and move quickly to pass a clean Debt Limit bill.

Now, Republicans Should Take The Next Step And End The Budget Blackmail Games. Republicans should drop their idea of "targeted appropriations" -- shutting down some parts of the government and funding select others. Republicans should completely abandon their failed strategy of holding the American people hostage to deep cuts in Medicare, Medicaid, Education, and the Environment.

*Updated from yesterday, with
Debt Limit ≠ "Targeted Appropriations"
Points.*

Looking forward. The President's first priority is to balance the budget in a way that is consistent with our values. Balancing the budget is the first of many of America's challenges as we move into the future.

State of the Union. The President will address America's challenges that we must all face together as we move into a new century when he delivers the State of the Union, next Tuesday, January 23, 1996.

Great promise. We live in a moment of great promise for America. If we confront the challenges ahead as we have confronted challenges past, nothing will stop America.

PRESIDENT CLINTON HAS A BALANCED BUDGET THAT PROTECTS AMERICA'S VALUES

January 10, 1996

- **President Clinton Has A Common Ground 7-Year Balanced Budget That Protects Medicare, Medicaid, Education, And The Environment.**
- **The Congressional Budget Office Certifies And Republicans Agree That President Clinton's Plan Balances The Budget In 7 Years.**
- **The Only Remaining Disagreement Is That Republicans Insist On Excessive Medicare, Medicaid, Education, And Environmental Cuts -- Beyond What Is Needed To Balance The Budget And Give A Middle Class Tax Cut -- For Two Reasons:**
 - 1) **They do not support the values behind these commitments;**
 - 2) **They want an excessive tax cut.**

**PRESIDENT CLINTON'S FIRST PRIORITY:
A BALANCED BUDGET THAT PROTECTS AMERICAN VALUES**

January 15, 1996

Determined to balance the budget. As the President looks to the future and prepares the State of the Union, his first priority is to give the American people a seven-year balanced budget that upholds our values.

President's plan upholds our values. The President's plan honors our commitments to our elderly, to our children, to our families, and to our environment. It balances the budget in seven years, gives working Americans a modest tax cut -- and protects Medicare, Medicaid, education, and the environment.

Certified by Congressional economists. The Congressional Budget Office has certified, and Republicans agree, that the President's plan will eliminate the deficit and balance the budget in seven years. (See attached letter.)

Could agree on a balanced budget tomorrow. The President has pointed the way to common ground. With his plan, Democrats and Republicans have already agreed on enough cuts to balance the budget in seven years and give working Americans a modest tax cut.

So what's the problem? *Republicans don't like the President's plan because they want to cut Medicare, Medicaid, education, and the environment even more than is necessary to balance the budget.*

Two reasons:

- 1) **They don't believe we have a responsibility to look out for senior citizens, educate our children, and protect our environment.** The President's plan balances the budget without walking away from our basic values.
- 2) **They need to find money to pay for an irresponsible tax cut.** The President's plan balances the budget, protects our values, and gives working Americans a modest tax cut

Looking forward. Balancing the budget in a way that is consistent with our values is the first of many challenges America must face as we move into the future.

State of the Union. The President will challenge the American people to face the future together, when he delivers the State of the Union, next Tuesday, January 23, 1996.

Great promise. We live in a moment of great promise for America. If we confront the challenges ahead as we have confronted challenges past, nothing will stop America.

**PRESIDENT CLINTON IS FIGHTING FOR A BALANCED BUDGET
THAT PROTECTS AMERICA'S VALUES**

January 10, 1996

**President Clinton Has Put Forth A 7 Year Balanced Budget That Is Certified By CBO
And Protects America's Values:**

- Balance the Budget to lift the burden of debt off our children.
- Protect Medicaid and Medicare to honor our duty to our elderly, people with disabilities, and children.
- Invest in Education and Training, to honor our duty to our children and families.
- Protect the Environment and Public Health, so our children grow up in a clean and safe world.
- Reward Work by not raising taxes on working families.
- Provide Tax Relief for Middle Class Families.

The only remaining dispute is that Republicans still insist on excessive cuts in Medicare, Medicaid, Education, and the Environment, beyond what is needed to balance the budget.

- Now that the President has provided a 7-year balanced budget certified by CBO that makes room for a modest tax cut, the only issue that divides the two parties is how much more must the Republicans cut Medicare, Medicaid, Education and the Environment in order to fund a larger tax cut?

Republicans are insisting on these excessive Medicare, Medicaid, Education, and Environmental cuts -- beyond what is needed to balance the budget and give a middle class tax cut -- for two reasons:

- 1) They do not believe in the values these programs represent and
- 2) They need to fund an excessive tax cut for the well-off.

REPUBLICANS DO NOT VALUE THESE VITAL COMMITMENTS:

- **Medicaid:** They want to eliminate the guarantee of quality nursing home care and meaningful health care benefits for older Americans, individuals with disabilities, pregnant women, and poor children -- even though it is not necessary to balance the budget.
- **Medicare:** They want to charge 37 million Medicare recipients higher premiums and change the system so that it benefits the healthiest and wealthiest while allowing the traditional Medicare program to wither on the vine -- even though it is not necessary to balance the budget.
- **Education:** They call for cuts in aid for smaller classrooms, Head Start, basic skills, and higher standards, while ending the Direct Student Loan program -- even though it is not necessary to balance the budget.
- **Environment:** They continually put the special interests over the environment and take the environmental cop off the beat -- even though it is not necessary to balance the budget.

Republicans are insisting on these harmful and excessive cuts in Medicare, Medicaid, Education, and the Environment -- as well as *tax increases* on working poor families -- because they insist on a large tax cut that benefits the most well-off Americans.

President Clinton's 7 Year Balanced Budget Upholds Our Values:

- Balance the Budget to lift the burden of debt off our children.
- Protect Medicaid and Medicare to honor our duty to our elderly, people with disabilities, and children.
- Invest in Education and Training, to honor our duty to our children and families.
- Protect the Environment and Public Health, so our children grow up in a clean and safe world.
- Reward Work by not raising taxes on working families.
- Provide Tax Relief for Middle Class Families.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

10-Jan-1996 11:40am

TO: (See Below)

FROM: Jason S. Goldberg
National Economic Council

SUBJECT: TEXT VERSION Budget Talking Points 1/10/96

PRESIDENT CLINTON HAS A BALANCED BUDGET
THAT PROTECTS AMERICA'S VALUES
January 10, 1996

President Clinton Has A Common Ground 7-Year
Balanced Budget That Protects Medicare, Medicaid,
Education, And The Environment.

2. The Congressional Budget Office Certifies And
Republicans Agree That President Clinton's Plan
Balances The Budget In 7 Years.
3. The Only Remaining Disagreement Is That
Republicans Insist On Excessive Medicare,
Medicaid, Education, And Environmental Cuts --
Beyond What Is Needed To Balance The Budget
And Give A Middle Class Tax Cut -- For Two
Reasons:
 - a) They do not support the values behind
these commitments;
 - b) They want an excessive tax cut.

President Clinton's 7 Year Balanced Budget Upholds Our Values:

- o Balance the Budget to lift the burden of debt off our
children.
- o Protect Medicaid and Medicare to honor our duty to our
elderly, people with disabilities, and children.
- o Invest in Education and Training, to honor our duty to our
children and families.

- o Protect the Environment and Public Health, so our children grow up in a clean and safe world.
- o Reward Work by not raising taxes on working families.
- o Provide Tax Relief for Middle Class Families.

PRESIDENT CLINTON IS FIGHTING FOR A BALANCED BUDGET
THAT PROTECTS AMERICA'S VALUES
January 10, 1996

President Clinton Has Put Forth A 7 Year Balanced Budget That Is Certified By CBO And Protects America's Values:

- o Balance the Budget to lift the burden of debt off our children.
- o Protect Medicaid and Medicare to honor our duty to our elderly, people with disabilities, and children.
- o Invest in Education and Training, to honor our duty to our children and families.
- o Protect the Environment and Public Health, so our children grow up in a clean and safe world.
- o Reward Work by not raising taxes on working families.
- o Provide Tax Relief for Middle Class Families.

The only remaining dispute is that Republicans still insist on excessive cuts in Medicare, Medicaid, Education, and the Environment, beyond what is needed to balance the budget.

- o Now that the President has provided a 7-year balanced budget certified by CBO that makes room for a modest tax cut, the only issue that divides the two parties is how much more must the Republicans cut Medicare, Medicaid, Education and the Environment in order to fund a larger tax cut?

Republicans are insisting on these excessive Medicare, Medicaid, Education, and Environmental cuts -- beyond what is needed to balance the budget and give a middle class tax cut -- for two reasons:

- 1) They do not believe in the values these programs represent and
- 2) They need to fund an excessive tax cut for the well-off.

Republicans Do Not Value These Vital Commitments:

Medicaid: They want to eliminate the guarantee of quality nursing home care and meaningful health care benefits for older Americans, individuals with disabilities, pregnant women, and poor children -- even though it is not necessary to balance the budget.

Medicare: They want to charge 37 million Medicare recipients higher premiums and change the system so that it benefits the healthiest and wealthiest while allowing the traditional Medicare program to wither on the vine -- even though it is not necessary to balance the budget.

Education: They call for cuts in aid for smaller classrooms, Head Start, basic skills, and higher standards, while ending the Direct Student Loan program -- even though it is not necessary to balance the budget.

Environment: They continually put the special interests over the environment and take the environmental cop off the beat -- even though it is not necessary to balance the budget.

Republicans are insisting on these harmful and excessive cuts in Medicare, Medicaid, Education, and the Environment -- as well as tax increases on working poor families -- because they insist on a large tax cut that benefits the most well-off Americans.

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Date: 01/10/96 Time: 08:45

CClinton Vetoes Welfare Overhaul Bill, Pledges to Work on New

WASHINGTON (AP) Asserting that the Republican welfare overhaul bill would do little to move people from welfare to work, President Clinton vetoed the measure but pledged to work with Congress on a version more acceptable to him.

He had promised to veto the final Republican plan to overhaul the nation's primary welfare programs and end the federal guarantee of aid to the poor, although he had given tacit support to a similar version that passed the Senate with 87 votes. He said in his veto message Tuesday night that he was determined to work with Congress "to enact real, bipartisan welfare reform."

The veto was Clinton's 12th, and Congress was unlikely to override it. The final welfare bill, a melding of earlier House and Senate versions, cleared both chambers in December by margins smaller than the two-thirds majorities needed to override a veto. Only one of Clinton's previous 11 vetoes has been overridden.

Clinton charged that the bill was designed to meet an arbitrary budget target rather than to achieve serious welfare reform. He said it would make structural changes and budget cuts that would fall hardest on children and undermine states' ability to move people from welfare to work.

He said he wanted a welfare plan motivated by the urgency of reform rather than by a "budget plan that is contrary to America's values."

"The current welfare system is broken and must be replaced, for the sake of the taxpayers who pay for it and the people who are helped by it," he said. But the legislation was "burdened with deep budget cuts and structural changes that fall short of real reform."

Objecting specifically to cuts in foster care and adoption assistance, help for disabled children and legal immigrants, food stamps and the school lunch program, Clinton said the final legislation should reduce the magnitude of the cuts and the structural changes that had "little connection to the central goal of work-based reform."

A centerpiece of the House GOP's "Contract With America," the rewrite of the nation's 60-year-old federal welfare system would have replaced federal guarantees to the Aid to Families with Dependent Children program with block grants that could be used by the states to fashion their own welfare plans.

It also would have capped the total amount of federal funding for welfare, with savings estimated at \$58 billion over the next seven years.

Republicans saw the bill as restoring the work ethic and binding families closer together, but Democrats said it would take away too much at the expense of children.

Clinton said Congress needed to improve work and child care provisions in the bill and that the final welfare legislation should:

- Provide sufficient child care to enable recipients to leave welfare for work.

- Reward states for placing people in jobs.

- Restore the guarantee of health coverage for poor families.

- Require states to maintain their stake in moving people from welfare to work.

- Protect states and families in the event of economic downturn and population growth.

He also said Congress should abandon efforts to gut the earned income tax credit, which he called a ``powerful work incentive.''

APNP-01-10-96 0845EST

**PRESIDENT CLINTON STANDS FIRM:
ANY BALANCED BUDGET AGREEMENT MUST PROTECT MEDICARE,
MEDICAID, EDUCATION, THE ENVIRONMENT, AND TAX FAIRNESS**

December 13, 1995

"[W]e have to balance the budget in the way that reflects our most fundamental values--increasing opportunity; asking all to assume responsibility; strengthening our families and the economy; recognizing the duty we owe to each other, to our parents, our children and those who need and deserve our help...If necessary, I'll veto deep cuts in health care for children again and again. I'll do it because they are not necessary to balance the budget."

*President Clinton
December 8, 1995*

As negotiations continue, President Clinton remains firm in his insistence that any balanced budget agreement must protect America's values:

- Balancing the Budget to lift the burden of debt off our children.
- Honoring our Commitment to America's Elderly, the Disabled, and Children, helping them live with the health and economic security they deserve.
- Investing in Education and Training, so America's families can thrive in the new economy.
- Protecting the Environment and Public Health, so our children grow up in a clean and safe world.
- Rewarding Work over welfare and providing tax relief for middle class families.

President Clinton's 7-year balanced budget protects America's values and meets the goals of the Continuing Resolution agreement. In putting forth his plan to balance the budget in seven years while protecting America's priorities, President Clinton satisfied both stipulations of the Continuing Resolution agreement: (1) balance the budget in seven years; (2) while protecting Medicare, Medicaid, education, and the environment, and adopting tax policies to help working families and stimulate economic growth.

Now, that the President has shown that you can balance the budget in seven years using conservative economic assumptions while protecting these fundamental priorities, the onus is on the Republicans to explain why they insist on an extreme budget that disregards America's priorities and values.

Questions the Republicans Must Answer for the American People

- o Why do they want to deny 1.3 million disabled people the Medicaid guarantee of meaningful health benefits when it is not necessary in order to balance the budget in seven years?
- o Why do they want to raise Medicare premiums above current policy when it is not necessary in order to balance the budget in seven years?
- o Why do they want to deny 180,000 pre-school children a Head Start when it is not necessary in order to balance the budget in seven years?
- o Why do they want to single out 12.6 million families with incomes less than \$30,000 for tax increases when it is not necessary in order to balance the budget in seven years?
- o Why do they want to cut anti-pollution enforcement by 25 percent when it is not necessary in order to balance the budget in seven years?

**PRESIDENT CLINTON'S 7 YEAR BALANCED BUDGET VS.
THE REPUBLICAN 7 YEAR BUDGET**

**ANALYSIS OF KEY PRIORITIES
December 8, 1995**

ISSUE	REPUBLICAN 7 YEAR BALANCED BUDGET	PRESIDENT CLINTON'S 7 YEAR BALANCED BUDGET
BALANCING THE BUDGET	• Method Of Balancing The Budget. Balances the budget in 7 years with deep cuts in Medicare and Medicaid (4 times greater than any health cuts in history), deep cuts in education, a rollback in environmental protection, and a tax increase on working families.	• Method of Balancing the Budget. Balances the budget in 7 years while protecting Medicare, Medicaid, education, and the environment, and targeting tax relief to the middle class -- without any new tax increase on working families. <i>In each of the priority areas, the President's investments are the same as in his June balanced budget.</i>

ISSUE	REPUBLICAN 7 YEAR BALANCED BUDGET	PRESIDENT CLINTON'S 7 YEAR BALANCED BUDGET
MEDICARE	• Size of Cuts. Cuts Medicare by an unprecedented \$270 billion, more than twice the President's cuts, and three times greater than any previous cuts in history. Cuts spending per person more than 20% below the private sector growth rate. • Premiums. Raises premiums to 31.5% of program costs -- hiking premiums by \$264 for an elderly couple in 1996 alone. • Spending Per Person. Medicare beneficiaries will pay more and get less. In 2002, couples will pay \$286 more per year than under the President's budget while spending per couple will be \$1,600 less. • Traditional Fee-For-Service Plans. Undermines traditional Medicare by initially cutting spending in the fee-for-service program far more than in the new plan options. Gives doctors additional incentives to leave the program by allowing them to overcharge in the new plan options. • Choice. Offers new options such as Medical Savings Accounts that will undermine the traditional Medicare fee-for-service program by drawing the healthiest beneficiaries away. • Beneficiary Costs. Allows doctors in the new plan options to overcharge by repealing "Balance Billing" protections. • Lock-in. Generally, locks beneficiaries into new plans for a year -- even if they are dissatisfied and want to change back. • Fraud and Abuse. Reduces penalties for defrauding Medicare and puts obstacles in the way of enforcing fraud and abuse laws.	• Size of Cuts. Cuts Medicare by \$124 billion over the next seven years, less than half of the Republican cuts, while ensuring the fiscal integrity of the Trust Fund through 2011. • Premiums. Maintains premiums at the current policy level of 25% of program costs. • Spending Per Person. Spending per person keeps pace with the private sector while adding new preventive benefits, respite care for families of people with Alzheimer's, and annual mammograms. • Traditional Fee-For-Service Plans. Protects the traditional fee-for-service program by providing sufficient funds and not allowing doctors to overcharge in the new plan options. • Choice. Expands choice without undermining the traditional Medicare fee-for-service program and without forcing any beneficiaries to change their doctor. • Beneficiary Costs. Extends current protections against extra charges to the new plan options. • Lock-in. Retains current law and allows beneficiaries to leave a plan at any time. • Fraud and Abuse. Provides additional tools and resources to crack down on fraud and abuse in the Medicare program.

ISSUE	REPUBLICAN 7 YEAR BALANCED BUDGET	PRESIDENT CLINTON'S 7 YEAR BALANCED BUDGET
MEDICAID	• Guarantee. Replaces Medicaid guarantee with a deeply underfunded "block grant" which will deny meaningful health benefits for older Americans needing nursing home care, pregnant women, individuals with disabilities, and poor children and their families. • Coverage. Could deny coverage for nearly 8 million people in 2002 alone, including: - 3.8 million children - 1.3 million disabled persons - 850,000 elderly - 330,000 nursing home residents - 150,000 veterans • Size of Cuts. Cuts \$163 billion by limiting annual per capita growth to 1.6% -- 70% less than the private sector (7.1%). • States. Block grant will leave states vulnerable to economic downturns. Total state and federal Medicaid cuts could more than double if states do not spend more than required to receive their full block grant. • Nursing Homes. Denies nursing home coverage for as many as 330,000 persons in 2002 -- 75% of whom are likely to be women. Repeals enforcement measures that protect nursing home residents from abuses and inadequate treatment. • Homes and Family Farms. Could force the sick to sell their homes and family farms to qualify for Medicaid. • Poor Elderly and Disabled. Eliminates guarantee that ensures that 5.4 million elderly and disabled people can afford Medicare physician services. • Spousal Impoverishment. Weakens spousal impoverishment protections.	• Guarantee. Retains Medicaid guarantee of meaningful health benefits for older Americans needing nursing home care, pregnant women, individuals with disabilities, and low-income children and their families. • Coverage. Ensures Medicaid health benefits for each of the 36 million people currently receiving coverage. • Size of Cuts. Cuts Medicaid \$54 billion -- one third as much as Republicans -- while ensuring through a per capita cap that no current Medicaid recipient is denied coverage in the future. • States. Maintains 30-year federal partnership with the states, protecting states during economic downturns and increasing state flexibility. • Nursing Homes. Maintains current guarantee of nursing home coverage. Maintains current nursing home protections. • Homes and Family Farms. Maintains law that protects beneficiaries from having to sell their homes and family farms to qualify for the program. • Poor Elderly and Disabled. Retains current guarantee of assistance for poor elderly and disabled Medicare beneficiaries. • Spousal Impoverishment. Maintains current spousal impoverishment protections.

ISSUE	REPUBLICAN 7 YEAR BALANCED BUDGET	PRESIDENT CLINTON'S 7 YEAR BALANCED BUDGET
EDUCATION AND TRAINING	• Overall Education and Training. <i>Cuts</i> education and training by \$31 billion over 7 years to pay for a huge tax cut for the wealthy -- \$66 billion less than President Clinton's proposal over 7 years. • Student Loans. Provides a gift to special interests by cutting off Direct Lending student loan opportunities for 2.5 million students in 1,350 colleges and universities in 1996. • Head Start. Cuts \$135 million from Head Start in 1996, denying comprehensive education and health services to 180,000 children by 2002. • Pell Grants. Denies Pell Grants to 380,000 deserving students. • Safe and Drug-Free Schools. Cuts the program by more than half, from \$466 million to just \$200 million, reducing services to up to 23 million students who are currently benefitting from services that keep drugs and violence away from children, their schools, and their communities. • Basic and Advanced Skills For Needy Children. Reduces Title I funding by \$1.1 billion, denying learning opportunities for 1.1 million children next year. • Goals 2000 Efforts To Raise Academic Standards. Eliminates the Goals 2000 program, cutting off 9,000 schools from using federal funds to help raise educational standards.	• Overall Education and Training. Builds on our nation's commitment to education by <i>increasing</i> investments in education and training by more than \$35 billion over 7 years to help Americans succeed in the new economy. • Student Loans. Protects the Direct Lending student loan program, giving colleges the opportunity to choose the loan program that best fits their needs. Ensures students can use new "pay-as-you-earn" option. • Head Start. Increases Head Start funding, extending comprehensive education and health services to 50,000 more children by 2002. • Pell Grants. Provides assistance to 800,000 more students by 2002, while increasing the maximum award from \$2,340 in 1995, to \$2,620 in 1996, to \$3,128 in 2002. • Safe and Drug-Free Schools. Increases funding to \$500 million, providing funds for safer, less violent, and more drug free schools and communities. • Basic and Advanced Skills for Needy Children. Increases funding for Title I, strengthening this program that helps more than 7 million children master basic and advanced skills. • Goals 2000 Efforts to Raise Academic Standards. Increases funding for Goals 2000; aims to help more than 8 million children in 17,000 schools meet higher educational standards.

ISSUE	REPUBLICAN 7 YEAR BALANCED BUDGET	PRESIDENT CLINTON'S 7 YEAR BALANCED BUDGET
EDUCATION AND TRAINING (cont.)	• AmeriCorps. Eliminates the AmeriCorps National Service program, denying nearly 50,000 young people the opportunity to serve their communities while earning money toward college education next year. • Summer Jobs. Eliminates the Summer Jobs program, denying nearly 4 million disadvantaged youths summer job opportunities over 7 years. • Dislocated Workers. Cuts training for dislocated workers 31%, denying assistance to 155,000 workers in 1996 alone. • Women's Educational Equity Act. Eliminates programs that promotes educational equity for women and girls through such activities as teacher training and curriculum development. • School-to-Work Program. Prevents 15-20 states from developing programs to help young people gain the training and advanced skills they need, whether or not they plan to go to college.	• AmeriCorps. Increases funding for National Service by \$345 million next year, providing nearly 50,000 community service and college aid opportunities next year. • Summer Jobs. Funds approximately 600,000 job opportunities for young people next year. • Dislocated Workers. Rejects all proposed cuts in programs that help workers who lose their jobs get the skills they need to succeed in the new economy. • Women's Educational Equity Act. Maintains funding for programs that promote educational equity for women and girls. • School-to-Work Program. Requests \$200 million additional funding so that more states can help students move from school to work.

ISSUE	REPUBLICAN 7 YEAR BALANCED BUDGET	PRESIDENT CLINTON'S 7 YEAR BALANCED BUDGET
ENVIRONMENT	• Enforcement. Cuts EPA enforcement by 25% from the President's request, rolling back important public health protections and placing Americans at risk from hazardous pollutants. It protects polluters at the expense of working families. • Setting Public Health and Environmental Standards. Cuts funds to set environmental and public health standards for air pollution, pesticides, and clean and safe water. • Safe Drinking Water and Clean Water Funds. Cuts 45% from the President's request funds that go to states and communities to protect drinking water and cuts by 30% funds that help states keep raw sewage off beaches and out of waterways. • Toxic Waste Clean-up. Cuts funding of toxic waste site clean-up 25% from the President's request, restricting and slowing Administration efforts to make clean-ups faster, fairer, and more efficient. • Climate Change. Cuts funds to prevent the unhealthy heating of the earth's atmosphere. • Environmental Technology. Cuts by 92% funds for the President's Environmental Technology Initiative. • Natural Resources. Provides natural resource give-aways to special interests, including opening the rare, pristine Arctic National Wildlife Refuge to oil drilling.	• Enforcement. Strengthens enforcement of laws that protect the health of all Americans and our nation's air, water, land, and food. • Setting Public Health and Environmental Standards. Ensures continued improvements in the safety of air, drinking water, and the water in which we swim and fish. • Safe Drinking Water and Clean Water Funds. Consolidates the clean water and safe drinking water funds that go directly to states and communities to provide the resources and flexibility to address local waste water treatment and drinking water problems. • Toxic Waste Clean-up. Ensures funding for toxic waste clean-ups, to help the 1 in 4 Americans who live within four miles of a toxic dump site. • Climate Change. Provides funds to address the air pollution that causes global climate change. • Environmental Technology. Provides funds for the development of new cleaner and cheaper technologies for pollution clean-up. • Natural Resources. Increases funding for national parks and protects public lands, including the Arctic National Wildlife Refuge.

ISSUE	REPUBLICAN 7 YEAR BALANCED BUDGET	PRESIDENT CLINTON'S 7 YEAR BALANCED BUDGET
TAXES	• Size of Tax Cut. Provides \$245 billion in tax cuts, targeted at the wealthiest Americans. Their tax cuts explode outside the seven year window to \$400 billion by 2005. • Working Families Tax Credit. Raises taxes on millions of working Americans. Repeal of the Earned Income Tax Credit hits 12.6 million working families (14.5 million children) with an average \$332 tax increase in 1996. And 7.7 families who earn under \$30,000 a year would face a net income tax increase of \$318 in 1996. • Taxes on Working Families. According to the Treasury Department, families in the lowest 20% of the income distribution as a group (and those with incomes under \$30,000, according to the Joint Tax Committee), face a net tax increase. • Distribution of Taxes. Nearly half of the tax cuts go to the top 12% -- those with incomes above \$100,000. The top 1% -- those with incomes over \$349,000 -- would receive an \$8,500 a year tax cut. • Estate Tax: Provides the wealthiest 1% with an average of \$90,000 in estate tax relief each year. • Pensions. Permits corporations to raid pension funds, risking pensions for millions of workers. • Special Interest Loopholes. Contains dozens of special interest tax breaks costing taxpayers more than \$3 billion. Also allows many profitable corporations to pay no income tax by weakening the corporate alternative minimum tax.	• Size of Tax Cut. Cuts taxes by a net of \$98 billion to help middle class families raise their children, pay for an education and save for the future while closing loopholes and improving compliance. • Working Families Tax Credit. Continues expansion of the Earned Income Tax Credit [EITC] -- providing tax relief for working Americans and incentives for low income families to move from welfare to work. • Taxes on Working Families. No tax increases for working families. • Distribution of Taxes. All tax cuts are targeted to working families. • Estate Tax: No change from current law. • Pensions. Maintains current laws restricting corporations from raiding their employees' pensions. • Special Interest Loopholes. No special tax breaks for special interests. Also maintains current laws that ensure that profitable corporations cannot avoid income taxes.

**PRESIDENT'S 7-YEAR BALANCED BUDGET PROTECTS AMERICA'S VALUES
NOW REPUBLICANS MUST SHOW WHY THEY NEEDED TO CUT THESE PRIORITIES**

1. Yesterday, using the pen that was used to sign Medicare into law, President Clinton vetoed the GOP budget.
2. Today, President Clinton is putting forward a plan to balance the budget within seven years, while protecting his priorities. The President will be presenting a plan that eliminates the deficit by 2002. At the same time, this plan protects the priorities articulated by the President:
 - Medicare -- It secures the Medicare Trust Fund into the future (until 2011), without imposing new costs on beneficiaries.
 - Medicaid -- It preserves the guarantee of quality health care for poor children, pregnant women, and older and disabled Americans.
 - Education and the Environment -- Increases investment in education, and protects the environment.
 - Tax relief for working families -- It gives working families a tax cut, targeted to education and child-rearing. And it does not increase taxes on working families.

In each of these priority areas, this budget proposal is the same as the President's June balanced budget proposal.

By proposing this 7-year balanced budget plan, the President has demonstrated leadership on finding common ground on the balanced budget. He has shown you don't need to violate our values and hurt our people in order to balance the budget in 7 years.

3. Now the Republicans must explain why they want to gut these priority programs when it is not necessary to balance the budget in 7 years. They must explain . . .
 - why it is necessary to cut Medicare by \$270 billion, \$146 billion more than is needed to secure its solvency;
 - why they want to end Medicaid's guarantee of coverage for millions of elderly poor, pregnant women, and disabled children, and why repealing federal enforcement of nursing home quality standards is necessary to balance the budget;
 - why it is necessary to deeply cut education funding, denying college scholarships to 380,000 deserving students, effectively ending the Direct Student Loan program, and denying Head Start preschool to 180,000 in 2002; and
 - why it is necessary to raise taxes on working people, nearly 8 million of whom will pay more in taxes than they would get in tax relief under the Republican plan.

President Clinton's Reasons for Vetoing the Republican Budget:

82 Selected Issues

December 6, 1995

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

82 Selected Issues

I. SUMMARY

II. COMBINED CUTS TO MEDICARE AND MEDICAID

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

III. MEDICARE

2. CUTS MEDICARE WELL BELOW PRIVATE SECTOR RATES
3. SLASHES FUNDING FOR POOR ELDERLY AND DISABLED MEDICARE BENEFICIARIES
4. ALLOWS DOCTORS TO OVERCHARGE
5. INCREASES MEDICARE PREMIUMS
6. CONSTRAINS SPENDING IN TRADITIONAL MEDICARE MORE THAN IN NEW PLANS
7. MEDICAL SAVINGS ACCOUNTS
8. LOCKS BENEFICIARIES INTO PLANS
9. INCREASES COSTS FOR BENEFICIARIES WITHOUT EXPANDING BENEFITS OR PREVENTION
10. MAGNITUDE OF \$163 BILLION CUTS
11. MEDICAID CUTS COULD DOUBLE IF STATES REDUCE THEIR SPENDING
12. ENDS NATIONAL GUARANTEE OF COVERAGE
13. NO GUARANTEE OF EVEN MINIMAL HEALTH CARE COVERAGE FOR POOR CHILDREN UNDER THE AGE OF 13, PREGNANT WOMEN, AND PEOPLE WITH DISABILITIES
14. DEEP CUTS PLUS ELIMINATION OF GUARANTEE COULD LEAD TO MILLION GETTING LESS COVERAGE OR NO COVERAGE

15. WEAKENS QUALITY PROTECTIONS FOR NURSING HOMES AGAINST ABUSE AND NEGLIGENCE
16. NO ADEQUATE QUALITY OF CARE FOR MEDICAID MANAGED CARE PLANS
17. ELIMINATES QUALITY STANDARDS FOR FACILITIES THAT SERVE MENTALLY ILL AND MENTALLY RETARDED INDIVIDUALS
18. WEAKENS PROTECTIONS AGAINST SPOUSAL IMPOVERISHMENT
19. ELIMINATES FINANCIAL PROTECTIONS -- PUTS MEDICAID BENEFICIARIES' HOMES AND FAMILY FARMS AT RISK
20. REPEALS REQUIREMENT THAT ALL COMMUNITIES IN A STATE RECEIVE COMPARABLE BENEFITS
21. HURTS URBAN AREAS

IV. TAXES

22. THE SIZE OF THE TAX CUT, WHICH EXPLODES OUTSIDE THE BUDGET WINDOW, CANNOT BE JUSTIFIED
23. IT IS WRONG TO SINGLE OUT LOW AND MODERATE INCOME WORKING FAMILIES EARNING UNDER \$30,000 A YEAR FOR A SPECIAL TAX INCREASE.
24. TAX CUTS ARE TARGETED TOO HEAVILY TO BENEFIT THE WEALTHIEST TAXPAYERS, AND NOT ENOUGH ON HELPING MIDDLE CLASS FAMILIES.
25. SPECIAL INTEREST TAX LOOPHOLES.
26. ALL PROFITABLE CORPORATIONS SHOULD PAY AT LEAST SOME INCOME TAX, BUT UNDER THE REPUBLICAN ALTERNATIVE MINIMUM TAX PROVISION, SOME PROFITABLE CORPORATIONS WOULD PAY NO INCOME TAX, WHILE MILLIONS OF WORKERS PAY THEIR FAIR SHARE.
27. A \$90,000 PER ESTATE TAX CUT CANNOT BE JUSTIFIED.
28. WEALTHY AMERICANS SHOULD NOT BE ABLE TO AVOID PAYING U.S. TAX ON THEIR GAINS BY RENOUNCING THEIR U.S. CITIZENSHIP.
29. MULTINATIONAL CORPORATIONS SHOULD NOT BE ABLE TO AVOID PAYING THEIR FAIR SHARE OF INCOME TAXES BY SHELTERING PASSIVE ASSETS IN OFFSHORE TAX HAVENS.
30. ALL AMERICANS WHO WORK HARD AND PLAY BY THE RULES OUGHT TO BE ABLE TO COUNT ON THEIR PENSIONS WHEN THEY RETIRE.

31. WE OUGHT TO BE HELPING LOW-INCOME WORKING FAMILIES RAISE THEIR CHILDREN IN AFFORDABLE HOUSING AND REBUILD THEIR COMMUNITIES.

V.

WELFARE

32. EXCESSIVE CUTS FOR DISABLED CHILDREN
33. TOO LITTLE CHILD CARE FOR REAL WELFARE REFORM THAT WOULD MOVE PEOPLE FROM WELFARE TO WORK
34. EXCESSIVE CUTS IN NUTRITION ASSISTANCE FOR 14 MILLION CHILDREN IN 2002
35. REPUBLICAN PROPOSAL JEOPARDIZES IMMUNIZATIONS FOR CHILDREN:
36. SLASHES CHILD PROTECTION BY 20%

VI.

EDUCATION AND TRAINING

37. EDUCATION AND TRAINING FUNDING SHOULD BE STRENGTHENED, NOT CUT BY \$30 BILLION
38. DIRECT LOANS: CHOICE AND COMPETITION MUST NOT BE ELIMINATED
39. INCOME CONTINGENT -- PAY AS YOU EARN -- OPTION SHOULD NOT BE WITHDRAWN FOR MILLIONS OF STUDENTS
40. UNBIASED SCORING OF SAVINGS
41. EDUCATION -- DISCRETIONARY CUTS
42. CUTS IN HEAD START WOULD LEAVE THOUSANDS OF CHILDREN WITHOUT A CHANCE
43. ENDING GOALS 2000 WOULD CRIPPLE STATE AND LOCAL EFFORTS TO RAISE ACADEMIC STANDARDS
44. SLASHING FUNDS FOR BASIC AND ADVANCED SKILLS HITS THOSE STUDENTS WHO NEED HELP THE MOST
45. SHARP REDUCTIONS IN SAFE AND DRUG-FREE SCHOOLS WOULD CRIPPLE EFFORTS TO REDUCE DRUG ABUSE, PREVENT VIOLENCE, AND IMPROVE DISCIPLINE IN AMERICA'S SCHOOLS
46. TEACHERS WOULD BE DENIED THE TRAINING THEY NEED TO HELP STUDENTS REACH HIGHER ACADEMIC STANDARDS

- 47. EDUCATION TECHNOLOGY CUTS THREATEN TO LEAVE SCHOOLS, LIBRARIES, AND COMMUNITIES OFF THE "INFORMATION SUPERHIGHWAY"
- 48. CUTS TO THE PELL GRANT PROGRAM DENY DESERVING STUDENTS A COLLEGE EDUCATION
- 49. ELIMINATES AMERICORPS -- PREVENTING STUDENTS FROM LEARNING RESPONSIBILITY THROUGH COMMUNITY SERVICE:
- 50. **ELIMINATES FUNDING FOR WOMEN'S EDUCATIONAL EQUITY ACT.**
- 51. ELIMINATION OF THE SUMMER JOBS PROGRAM WILL HURT DISADVANTAGED YOUTHS:
- 52. CUTS IN EMPLOYMENT AND TRAINING PROGRAMS LEAVE WORKERS UNPREPARED FOR THE NEW ECONOMY:

VII. ENVIRONMENT AND PUBLIC HEALTH

- 53. OPENS THE ARCTIC REFUGE TO OIL DRILLING:
- 54. CONTINUES TO TURN OVER BILLIONS OF DOLLARS OF TAXPAYER-OWNED MINERALS FOR A PITTANCE, EVEN WHILE IT RAISES TAXES ON WORKING FAMILIES:
- 55. MANDATES TRANSFER OF WARD VALLEY (CA) SITE FOR A LOW-LEVEL RADIOACTIVE WASTE DUMP -- WITHOUT PUBLIC SAFEGUARDS.
- 56. FAILS TO TAKE ANY STEPS TO BUILD ON OUR EFFORTS TO PROTECT AND RESTORE THE FLORIDA EVERGLADES.
- 57. ENVIRONMENTAL BUDGET IS A CATCHALL FOR VARIOUS OBJECTIONABLE POLICIES, MANY HAVING NOTHING TO DO WITH BALANCING THE BUDGET.
- 58. IRRESPONSIBLE ENFORCEMENT CUTS WOULD LEAD TO DIRTY WATER, UNHEALTHY AIR AND UNSAFE LAND:
- 59. CUTS FUNDS BY 17 PERCENT TO SET PUBLIC HEALTH STANDARDS FOR AIR POLLUTION, PESTICIDES, AND CLEAN AND SAFE WATER.
- 60. DRINKING WATER CUTS WOULD LEAD TO MORE CONTAMINATED WATER:
- 61. CLEAN WATER CUTS WOULD BLOCK EFFORTS TO KEEP RAW SEWAGE AND OTHER POLLUTION OFF BEACHES AND OUT OF WATERWAYS:
- 62. BUDGET CUTS WOULD STOP OR SLOW CLEANUP OF TOXIC WASTE DUMPS:

- 63. EXTRANEOUS POLICY PROVISIONS THREATEN OUR WATER, AIR AND LAND -- AND THE PUBLIC'S RIGHT TO KNOW:
- 64. REDUCES ENVIRONMENTAL RESEARCH AND TECHNOLOGY:
- 65. INTERIOR APPROPRIATIONS BILL JOINS WITH RECONCILIATION BILL TO CONTINUE MINING GIVEAWAY.
- 66. WAIVES ENVIRONMENTAL LAWS AND OPENS TONGASS RAINFOREST TO CLEARCUTTING:
- 67. BUDGET BLOCKS EFFORTS TO PROTECT PACIFIC NORTHWEST SALMON:
- 68. UNDERMINES THE CALIFORNIA DESERT -- THE NATION'S NEWEST NATIONAL PARK:
- 69. WOULD COMPROMISE MANAGEMENT OF HEALTHY ANCIENT FORESTS:
- 70. SHORTSIGHTED BUDGET CUTS UNDERCUT EFFORTS TO HEAD OFF CHANGES TO THE EARTH'S WEATHER:
- 71. BUDGET CUTS ENERGY EFFICIENCY, WILL CAUSE ENERGY USE AND ENERGY COSTS RISE:

VIII. RESEARCH, TECHNOLOGY, AND INNOVATION

- 72. CUTS NON-DEFENSE R&D BY ONE-THIRD:
- 73. ELIMINATES PARTNERSHIPS WITH INDUSTRY THAT PROMOTE INVESTMENT IN HIGH-RISK RESEARCH WITH BROAD ECONOMIC POTENTIAL:

IX. FIGHTING CRIME AND EMPOWERING COMMUNITIES

- 74. ABOLISHES COMMITMENT TO 100,000 NEW COPS ON STREET:
- 75. REDUCES THE EFFECTIVENESS OF THE VIOLENCE AGAINST WOMEN ACT
- 76. ABOLISHES NEW COMMUNITY DEVELOPMENT BANKS PROPOSAL TO LEVERAGE MORE PRIVATE SECTOR INVESTMENT IN DISTRESSED COMMUNITIES:
- 77. SLASHES FUNDING TO DEMOLISH THE MOST SEVERELY DISTRESSED HOUSING PROJECTS.

X. FARMING / AGRICULTURE

- 78. THREATENS CONSERVATION BENEFITS ACHIEVED UNDER THE CONSERVATION RESERVE PROGRAM
- 79. PREVENTS FARMERS FROM GRANTING PERMANENT EASEMENTS UNDER THE WETLANDS RESERVE PROGRAM
- 80. SHREDS THE FARM SAFETY NET BY CUTTING THE LINK BETWEEN COMMODITY PAYMENTS AND FARM CONDITIONS
- 81. CROP INSURANCE
- 82. CUTS THE EXPORT ENHANCEMENT PROGRAM

SUMMARY

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

Following are the most extreme elements of the Republican budget.

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

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

✓ **MEDICARE FOR POOR ELDERLY AND DISABLED.** The bill eliminates the requirement that Medicaid pay premiums, deductibles, and copays for 5.4 million poor elderly and disabled.

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

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

NURSING HOMES. The bill would repeal key enforcement measures that protect nursing home residents from abuses and inadequate treatment.

MASSIVE TAX CUTS. The bill provides \$258 billion in tax cuts, exploding to over \$400 billion over ten years because key provisions are written to expand dramatically after seven years.

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

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

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

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

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

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

COMBINED CUTS TO MEDICARE AND MEDICAID

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

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

- ***\$433 Billion Combined Medicare and Medicaid Cuts Could Force Many Rural and Urban Hospitals to Close.***
 - Hospitals will receive \$1,025 less per admission on average than they would under current law, a drop of roughly 13%.
 - According to the American Hospital Association, nearly 700 hospitals *derive two-thirds or more* of their net patient revenues from Medicare and Medicaid. The combined Medicare and Medicaid cuts could force many of these nearly 700 vulnerable hospitals to close.
 - Over half of these vulnerable hospitals are rural, and 20% are in the inner city. Their closure will deny access to health care for many people in rural and urban communities across America.
 - With each hospital closure comes job loss, since hospitals are often one of the largest employers in rural communities.
- * • ***\$433 Billion Medicare and Medicaid Cuts Will Reduce the Quality of Care for Everyone.***
 - The American Hospital Association, the Catholic Health Association, the National Association of Public Hospitals, and over 40 state hospital associations say: "the reductions in the conference report will jeopardize the ability of hospitals and health systems to deliver quality care, not just to those who rely on Medicare and Medicaid, but to all Americans."

- ***\$433 Billion Medicare and Medicaid Cuts Will Increase Health Care Costs for the Privately Insured By Cost Shifting Billions of Dollars.***
- A new analysis by Lewin-VHI for the National Leadership Coalition on Health Care concluded that the Medicare and Medicaid cuts in the reconciliation bill could lead doctors and hospitals to raise their fees on privately insured patients by *at least \$85 billion* over 7 years through cost-shifting. Cost shifting is the process by which health care providers charge privately insured people more in order to make up for losses from serving Medicare and Medicaid beneficiaries and the uninsured.
- \$67 billion of the \$85 billion in increased costs would be passed on to workers by employers in the form of lost wages and higher health care premiums. This cost shifting would effectively reduce wage increases for lower income workers by 10%.
- 60% of the shift would be concentrated on the middle class -- families with incomes between \$20,000 and \$75,000.

MEDICARE

2. CUTS MEDICARE WELL BELOW PRIVATE SECTOR RATES:

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

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

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

4. ALLOWS DOCTORS TO OVERCHARGE:

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

5. INCREASES MEDICARE PREMIUMS:

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

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

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

7. MEDICAL SAVINGS ACCOUNTS:

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

8. LOCKS BENEFICIARIES INTO PLANS:

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

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

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

MEDICAID

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

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

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

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

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

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

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

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

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

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

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

*** Loss of Medicaid Coverage Under Republican Plan**

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

*** These nearly 8 million people include:**

- 3.8 million children who could be denied coverage
- 1.3 million people with disabilities who could be denied coverage
- 850,000 elderly who could be denied coverage
- 330,000 nursing home residents -- over 70% of them likely to be women.
- 150,000 veterans could be denied coverage.

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

- ***Current law:*** The landmark nursing home reform law of OBRA '87, approved with bipartisan support during the Reagan Administration, sought to address at times deplorable treatment in nursing homes, including unjustified physical restraints, and gross negligence in caring for nursing home residents, by establishing the Federal quality standards in place today. Prior to the OBRA '87 reforms, the Institute of Medicine reported that all States had some facilities with serious deficiencies in nursing home quality of care.
- ***Progress:*** Since OBRA 1987 reforms were implemented, nursing home quality has improved dramatically. The use of physical restraints has declined 25%; dehydration has declined 50%; hospitalization rates have declined 31%. (Research Triangle Institute; HCFA).
- ***Federal Enforcement and Protections Would be Repealed:*** The Republican bill takes away key OBRA87 protections and enforcement. In addition, states would no longer be required to optimize individual residents' health and well-being. While states may want to maintain these guarantees, inadequate resources could lead them to fail to set and enforce quality standards that protect elderly and disabled people in nursing homes.
 - States could turn over their survey and enforcement responsibilities to private accreditation organizations with no Federal review, thereby reducing accountability and increasing variations in quality and enforcement.
 - Nursing homes would no longer be required to optimize individual residents' health and well-being. The bill repeals the current requirement that nursing homes provide services to "attain or maintain the highest practicable physical, mental, and psychosocial well being of each resident." Thus, residents could be denied skilled nursing and rehabilitative services necessary to improve their ability to function.
 - Residents would no longer be guaranteed the same comprehensive assessment of their health and functional status now required nationally.
 - Uniform data collection would not be required, making monitoring more difficult.
 - Federal training requirements for hands-on caregivers would be eliminated; each State could determine who would be trained and how.

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

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

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

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

18. WEAKENS PROTECTIONS AGAINST SPOUSAL IMPOVERISHMENT:

- *The Republican budget undermines protections against spousal impoverishment that were signed into law by President Reagan in 1987.*
- The Republican budget leaves it entirely up to States to determine which persons in institutions receive Medicaid assistance. Individuals could be denied coverage for long-term care services altogether. Spouses of individuals denied coverage would receive no protection from the "spousal impoverishment" provisions. Because the Republican budget repeals the guarantee of nursing home coverage, it also effectively eliminates the guarantee of protection from spousal impoverishment.
- The Republican budget also repeals the right of individuals to enforce spousal impoverishment protections in court when they believe they have been wrongfully denied, making the protections unenforceable.

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

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

20. REPEALS REQUIREMENT THAT ALL COMMUNITIES IN A STATE RECEIVE COMPARABLE BENEFITS:

- The Republican Medicaid plan eliminates all requirements that comparable services be provided across the different geographic areas of a State. Thus, people in politically weak communities could receive fewer benefits than those in more powerful communities.

21. HURTS URBAN AREAS:

- Approximately 75% of Medicaid recipients live in cities. Assuming a proportional allocation of the \$163 billion in Republican cuts, Medicaid spending in urban areas will drop by \$122 billion.
- * • The Republican budget will deny Medicaid coverage to 6 million people living in urban areas, according to HHS, including:
 - Almost 3 million urban children
 - 975,000 urban people with disabilities
 - 650,000 urban elderly

TAXES

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

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

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

- The Republican budget raises income taxes on low and moderate income working families by \$30.8 billion through cuts to the Earned Income Tax Credit (EITC), a provision that President Ronald Reagan called "the best anti-poverty, the best pro-family, the best job creation measure to come out of the Congress."
- President Clinton expanded the EITC to move families from welfare to work and to help ensure that parents who work full-time do not have to raise their children in poverty.
- Under the Republican plan, 12.6 million working Americans with 14.5 million children would lose, on average, \$332 of the EITC in 1996. Moreover, even after accounting for the fully phased-in Republican tax cuts, about 7.7 million families who earn under \$30,000 a year would face an average net tax increase in 1996 of \$318 per family under their plan.
- On average, families in the lowest 20% of income distribution would face a net income tax increase, not a tax cut, under their plan.

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

- At a time when we are all working to balance the budget, any tax relief must be focused on middle income Americans.
- Our plan targets 85% of the benefits to families earning under \$100,000 a year.
- The Republican bill gives nearly half the tax benefits to the top 12% of families with incomes of \$100,000 or more. The highest income 1% of families, those with incomes over \$349,000, would receive an average tax break of almost \$8,500 per family.
- Their bill provides \$13 billion in retroactive capital gains relief, a huge windfall for past investments, with no conceivable economic purpose. This windfall cannot be justified in light of cuts on working families and the poor..
- Overall, they provide capital gains tax cuts costing \$47 billion over 7 years and \$77 billion over 10 years, cuts that overwhelmingly benefit the wealthy. In fact, 75% of the benefit of the capital gains cuts go to the wealthiest 12% of households earning over \$100,000 a year.

25. SPECIAL INTEREST TAX LOOPHOLES.

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

26. ALL PROFITABLE CORPORATIONS SHOULD PAY AT LEAST SOME INCOME TAX, BUT UNDER THE REPUBLICAN ALTERNATIVE MINIMUM TAX PROVISION, SOME PROFITABLE CORPORATIONS WOULD PAY NO INCOME TAX, WHILE MILLIONS OF WORKERS PAY THEIR FAIR SHARE.

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

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

- We ought to help farmers and small businesses whose heirs want to continue running the family business, but we should not provide tax breaks to the wealthiest estates at high cost when we are trying to balance the budget.
- Their provision would give an average of \$90,000 in estate tax relief to the wealthiest one percent of decedents who owe estate tax each year -- about 30,000 wealthy estates -- costing \$13 billion over 7 years and \$27 billion over 10 years.
- Only the wealthiest one percent of taxpayers who die each year pay any estate tax. An estate that could take full advantage of proposed changes could save over \$1 million in taxes, with some estates cutting their bill by over 75%.
- We believe that heirs who want to continue to run their family farm or small business should not be forced to liquidate in order to pay estate taxes, but this bill goes too far.

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

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

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

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

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

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

* 31. **WE OUGHT TO BE HELPING LOW-INCOME WORKING FAMILIES RAISE THEIR CHILDREN IN AFFORDABLE HOUSING AND REBUILD THEIR COMMUNITIES.**

- This Administration made the low income housing tax credit permanent in 1993. Since its enactment in 1986, state housing agencies report that the credit has been used to construct or rehabilitate nearly 100,000 units of low income rental housing per year.
- The Republican budget terminates the low income housing tax credit at the end of 1997, a cut of \$3.5 billion over 7 years. Their budget also ends an incentive for community development that builds bridges between businesses and communities.

WELFARE REFORM

32. EXCESSIVE CUTS FOR DISABLED CHILDREN:

- The Republican budget cuts aid to severely disabled children by 25%, slashing \$12 billion from disabled children's SSI benefits.
- The tightening of eligibility would apply to children currently receiving benefits, so that 160,000 children currently in the program would lose eligibility one year after enactment.
- The Republican provision make an illogical division between severely disabled children, making some of them eligible for only 75% of the federal benefit rate. The low income parents of all of these children experience special costs and reduced employment opportunities because of their responsibility for these children.

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

- ~~The Republican Budget does not provide the child care that is essential to move people from welfare to work.~~
- The bipartisan Senate welfare reform bill would have increased childcare funding from \$3 billion over the next five years. The Republican budget cuts that funding by \$1 billion, which will mean thousands of mothers will stay at home and on welfare instead of going to work.
- The Republican budget also weakens important bipartisan work provisions of welfare reform such as requiring states to maintain their stake in moving people from welfare to work, rewarding states for putting more people to work, requiring recipients to sign personal responsibility agreements, and providing a contingency fund for economic downturns.

34. EXCESSIVE CUTS IN NUTRITION ASSISTANCE FOR 14 MILLION CHILDREN IN 2002:

- The Republican budget cuts foods stamp benefits by about \$35 billion over seven years. And it cuts child nutrition and the school lunch program by \$5 billion. Everyone of the 14 million children now receiving food stamps would receive considerably less under the Congressional proposals.
- Current law states that families with children that pay over 50% of their income for housing will receive food stamps in order to keep these families from having to choose between food and shelter. The Republican Budget repeals this provision.

35. REPUBLICAN PROPOSAL JEOPARDIZES IMMUNIZATIONS FOR CHILDREN:

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

36. SLASHES CHILD PROTECTION BY 20%:

- The Republican budget slashes child protection, including funding for foster care, adoption, and investigations of reports of child abuse and neglect. HHS estimates that total spending is slashed by about 20%, or about \$4 billion over seven years. These cuts would occur at a time when GAO and others report that resources are already failing to keep pace with the need. Between 1983 and 1993, foster care caseloads mushroomed by two-thirds. Over 1,300 children die each year due to child abuse and neglect. Yet the Republican budget slashes and caps these programs, eliminating the guarantee of child protection services. *

EDUCATION AND TRAINING

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

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

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

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

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

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

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

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

40. **UNBIASED SCORING OF SAVINGS:**

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

41. EDUCATION — DISCRETIONARY CUTS

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

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

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

43. ENDING GOALS 2000 WOULD CRIPPLE STATE AND LOCAL EFFORTS TO RAISE ACADEMIC STANDARDS

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

44. SLASHING FUNDS FOR BASIC AND ADVANCED SKILLS HITS THOSE STUDENTS WHO NEED HELP THE MOST

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

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

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

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

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

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

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

✓ 48. **CUTS TO THE PELL GRANT PROGRAM DENY DESERVING STUDENTS A COLLEGE EDUCATION**

- Pell Grants are one of the bedrock Federal student aid programs, providing assistance to more than 3.7 million financially needy students.
- Republican proposals in 1996 have cuts \$450 million from Pell Grants. By 2002, these cuts would deny Pell Grants to 380,000 deserving students.
- Pell Grants remain a good investment for our country. A wealth of economic data show that college graduates earn more over their careers, making college education a good investment for individuals and the Nation. The Bureau of Labor Statistics estimates that between 1963 and 1992, improvements in education accounted for about 20 percent of the per-capita income growth over the period.

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

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

50. **ELIMINATES FUNDING FOR WOMEN'S EDUCATIONAL EQUITY ACT.**

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

51. **ELIMINATION OF THE SUMMER JOBS PROGRAM WILL HURT
DISADVANTAGED YOUTHS:**

- Republican proposals to eliminate the Summer jobs program would deny 600,000 disadvantaged young people meaningful work opportunities that prepares them to be active contributors to the workforce and the community.
- By eliminating the Summer Jobs program, Republicans deny nearly 4 million disadvantaged youth summer job opportunities by 2002, compared to the President's request.
- Contrary to some claims, studies show that the Summer Job program does not displace private market employment but, rather, employs youth who would otherwise be unemployed and on the streets. [Jon Crane and David Ellwood, The Summer Youth Employment Program: Private Job Supplement or Substitute, Harvard University, March 1984]

52. CUTS IN EMPLOYMENT AND TRAINING PROGRAMS LEAVE WORKERS UNPREPARED FOR THE NEW ECONOMY:

- The Republican budget proposed to cut employment and training programs by \$1.6 billion -- or 26% below the 1995 funding levels.
- The Republican budget reduces funding to help dislocated workers find new jobs by \$379 million -- or 31% -- compared to 1995 levels.
- For the dislocated workers program alone, Republican cuts would deny 155,000 workers help obtaining the skills they need to adjust to the new economy and to corporate downsizing.
- These cuts don't make sense. Education and training programs, including those for experienced workers, have been shown to offer significant economic benefits. One recent study concluded that each year of education provided through a Pennsylvania program for older displaced workers increased earnings by roughly 7 percent. [Jacobson, LaLonde, and Sullivan, "The Returns to Classroom Training for Dislocated Workers," unpublished manuscript, September 1994; reported in Council of Economic Advisers, "Educating America: An Investment in Our Future," September 1995]}
- Another recent study of the Job Training Partnership Act, a federal program that provides training to economically disadvantaged individuals, found that participation increased the earnings of adult males by 10% and the earnings of adult female participants by 15%. These earnings gains were one and a half times greater than the costs invested to produce them. [Bloom, The National JTPA Study: "Impacts, Benefits, and Costs of Title II-A," Abt Associates, March 1994].

ENVIRONMENT AND PUBLIC HEALTH

RECONCILIATION PROVISIONS:

53. OPENS THE ARCTIC REFUGE TO OIL DRILLING:

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

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

- The Reconciliation bill includes sham mining reform that provides for the sale of federal mineral rights at their "market value" -- defined as the value of the surface land, not the minerals. It's like selling Fort Knox for the price of the roof.
- The provision -- which sets a 5 percent royalty to be imposed after minerals are processed and after numerous deductions -- is so riddled with loopholes that the Congressional Budget Office estimates that it will produce less than \$1 million per year for the Treasury for all federal hard rock mines in the nation.
- This, together with the mining provision in Interior appropriations, provides for the continued giveaway of public treasures under a law signed by Ulysses S. Grant in 1872. Just last Friday, Interior Secretary Bruce Babbitt was forced to turn over nearly \$3 billion worth of copper and silver for less than \$2000.

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

- The Administration has engaged in negotiations with the state of California to transfer the site with conditions recommended by a distinguished panel of the National Academy of Scientists. This provision would bypass good science and mandate unconditional transfer.

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

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

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

APPROPRIATIONS (VA/HUD & INTERIOR):

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

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

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

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

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

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

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

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

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

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

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

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

64. REDUCES ENVIRONMENTAL RESEARCH AND TECHNOLOGY:

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

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

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

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

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

67. **BUDGET BLOCKS EFFORTS TO PROTECT PACIFIC NORTHWEST SALMON:**

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

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

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

69. **WOULD COMPROMISE MANAGEMENT OF HEALTHY ANCIENT FORESTS:**

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

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

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

71. **BUDGET CUTS ENERGY EFFICIENCY, WILL CAUSE ENERGY USE AND ENERGY COSTS RISE:**

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

RESEARCH, TECHNOLOGY, AND INNOVATION

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

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

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

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

FIGHTING CRIME AND EMPOWERING COMMUNITIES

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

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

75. REDUCES THE EFFECTIVENESS OF THE VIOLENCE AGAINST WOMEN ACT

- Slashes \$72 million from the domestic violence prevention and intervention programs in police stations, courthouses and homeless shelters reducing the effectiveness of the Violence Against Women Act.
- The Republicans Budget proposes \$50 million less than the President for law enforcement and prosecution programs that fund domestic violence prevention programs in police stations and courthouses.
- The Republican budget also eliminates programs that attempt to reduce the sexual abuse of youth.

76. ABOLISHES NEW COMMUNITY DEVELOPMENT BANKS PROPOSAL TO LEVERAGE MORE PRIVATE SECTOR INVESTMENT IN DISTRESSED COMMUNITIES:

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

77. SLASHES FUNDING TO DEMOLISH THE MOST SEVERELY DISTRESSED HOUSING PROJECTS.

- The Republican budget cuts nearly in half the President's request for funding to reform public housing and revitalize communities by demolishing the most severely distressed housing.

FARMING / AGRICULTURE

78. THREATENS CONSERVATION BENEFITS ACHIEVED UNDER THE CONSERVATION RESERVE PROGRAM

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

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

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

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

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

81. CROP INSURANCE

- Last year's crop insurance reform produced a program that is cost-effective and reliable for both producers and taxpayers. The reform linked insurance benefits to farm program participation in order to insure maximum producer participation.
- Now, Congress wants to disrupt this program by eliminating the link between farm program benefits and insurance. If this happens, farmers who do not see the advantage of signing up for crop insurance will be financially vulnerable when disaster strikes.
- This will undoubtedly lead to producers asking Congress and taxpayers for crop disaster assistance money. It is bad public policy to ask taxpayers to pay for two programs designed for crop losses -- the crop insurance program and disaster assistance.

82. CUTS THE EXPORT ENHANCEMENT PROGRAM

- The bill cuts funding for the Export Enhancement Program (EEP) to levels well below those agreed to with our trading partners.
- EEP is designed to counteract the unfair pricing practices of trading competitors.
- EEP funding in FY 1996 is set at just \$350 million, \$633 million less than the level permitted under the Uruguay Round Agreement in 1994. Should our producers need the EEP in future years, lack of funding could hinder U.S. farm export efforts.

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Budget and Women

Divider Title: _____

IMPACT OF THE REPUBLICAN BUDGET ON WOMEN

On Women's Health and Safety:

Cuts Medicare by an unprecedented \$203 billion. Women comprise over 20 million, or 57%, of the 37 million Medicare recipients. Nearly 5 million, or 23%, of women aged 65 or older depend solely on Medicare to help with their medical bills.

Increases costs for Medicare beneficiaries, by increasing premiums and allowing doctors to overcharge patients. These cost increases will be particularly difficult for older women, who have a median income of only \$8,600 a year.

Ends the guarantee of meaningful coverage under Medicaid, and replaces it with a block grant, cutting \$117 billion by 2002. 60% of all Medicaid beneficiaries are women. Today, Medicaid covers prenatal care, check ups for children, long-term care and other vital services. Under the block grant, states could eliminate any benefits except immunization and restricted family planning.

Jeopardizes long-term care at home and in nursing homes. The Republican budget takes

away Medicaid's guarantee of nursing home coverage. **Over 75% of nursing home residents are women.**

- This does not include those who will be denied home and community-based services, an optional service that is currently covered in all states. Under the Republican budget, as states try to manage their Medicaid programs with fewer dollars, these services are more likely to be cut. **Older women living alone are the major users of paid home care services, and women are the primary care-givers for families cannot afford or want to forestall costly institutional care.**
- **Repeals federal enforcement of nursing home standards** that protect quality of care in nursing homes and institutions caring for people with mental retardation. Since 1987 when reforms establishing these standards were implemented, nursing home quality has improved dramatically: the use of physical restraints has declined 25%; dehydration has declined 50%; hospitalization rates have declined 31%.
- **Undermines protections against spousal impoverishment** by repealing the guarantee of nursing home coverage, as well as the right of individuals to enforce spousal impoverishment protections in federal court when they believe they have been

wrongfully denied, making the protections unenforceable. **Most spouses protected by enforcement are women.**

Threatens women's health and safety, by attacking comprehensive family planning services and systematically chipping away at constitutionally guaranteed rights of women to make their own reproductive choices.

Reduces the effectiveness of the Violence Against Women Act. The House Republican plan provides \$22 million less than the President for domestic violence prevention and intervention programs, including zeroing out grants for women's shelters and grants to reduce sexual abuse of runaway and homeless youth.

On Economic Security and Jobs:

Raises income taxes on low and moderate income working families by \$30 billion through cuts to the Earned Income Tax Credit. **Nearly half of all EITC recipients with children are female heads of households who choose to work rather than rely on welfare.**

Cuts funding for enforcement of worker protections that so many women depend on, like Family and Medical Leave and the minimum wage, by 12%.

Provides too little child care for real welfare reform that would move people from welfare to work, meaning that thousands of women will need to stay at home with their children and on welfare instead of going to work.

Eliminates the Low Income Home Energy Assistance Program, which helps low-income families with their home heating and cooling bills. No assistance may leave millions of families with an impossible choice between staying warm in the winter and having enough money to buy food. **Approximately 70% of families who receive LIHEAP assistance are female-headed households.**

Undermines the national nutritional safety net. The Republican budget excessively cutting food stamp benefits by about \$35 billion over 7 years, cutting benefits by 20% in 2002.

On Education and Training:

Slashes employment and training programs by \$1.6 billion overall. Specifically, it cuts

funding to help dislocated workers find new jobs by \$379 million, denying 155,000 dislocated workers assistance. Current law allows states to provide services to displaced homemakers as part of the dislocated workers program. **With less money, states will be less likely to include displaced homemakers in employment and training programs.**

Cuts Safe and Drug Free Schools by 60%, reducing for up to 23 million students services that keep drugs and violence away from children, their schools, and their communities; **including violence prevention programs in schools that combat sexual harassment.**

Eliminates Women's Educational Equity Act Program, denying schools funding for research and training programs designed to promote education equity for women and girls.

On Public Health and The Environment:

Funds enforcement of public health and environmental safeguards 25% below the President, crippling efforts to enforce laws against polluters by taking the cop off the environmental beat.

Leaves Americans exposed to hazardous waste. The Republican budget slashes toxic waste

cleanup. These cuts threaten efforts to protect the health of our nation's families, including pregnant women, living near the nation's worst hazardous waste sites.

Rolls back protection of drinking water, our first line of defense in protecting public health, by cutting funds to cities and towns for drinking water treatment facilities by 45% compared to the President's budget for 1996. This removes funds needed to ensure that local drinking water has been treated to eliminate contaminants that endanger our communities.

12/20/95

IMPACT OF THE REPUBLICAN BUDGET ON WOMEN

Impact on Economic and Job Security

"My plan to balance the budget... will help raise average living standards by cutting unnecessary spending while investing in education and training, targeting tax relief to middle income Americans, and taking incremental but serious steps toward health care reform... Though I am determined to ...balance the budget, I cannot accept legislation that will threaten the living standards of American families." President Clinton, June 28, 1995

The Republican Plan:

Proposes a \$245 billion tax cut primarily for the wealthy. President Clinton proposes a tax cut to help middle-income families raise their children, save for the future, and pay for post-secondary education.

The Senate proposal reduces the Earned Income Tax Credit, raising taxes for as many as 17 million EITC recipients and over 23 million children. President Clinton continues the expansion of tax relief for working families, including 16 million families with 27 million children. Total tax relief amounts to \$24 billion in 1996 and \$32 billion in 2002.

Cuts funding for enforcement of worker protections that so many women depend on, like Family and Medical Leave and the minimum wage, from \$101 to \$89 million. In his FY 1996 proposal, President Clinton raises funding from \$101 million to \$117 million.

Impact on the Fight Against Domestic Violence

"...The Violence Against Women Act is...a part of the genius of the crime bill because of its commitment to raise to national prominence an issue that had never, ever been there before; and because it combines tough sanctions against abusers with assistance to police and to prosecutors and to shelters." President Clinton, October 2, 1995

House Republicans proposed \$50 million less funding than the President for law enforcement and prosecution programs combatting violence against women, threatening full enforcement of the Violence Against Women Act that will be felt in courthouses and police stations in both urban and rural areas throughout the country. President Clinton increases funding from \$25 million to \$175 million.

House Republicans proposed \$24.4 million less than the President for domestic violence prevention programs and victims services, eliminating programs aiming to reduce sexual abuse of our youth and providing less funding for battered women's shelters. In his FY 1996 budget, the President increases funding from \$1 million to \$61.9 million for rape and domestic violence prevention, domestic violence education, battered women's shelters, and a domestic violence hotline.

HOW THE CONGRESSIONAL BUDGET WILL AFFECT WOMEN

Medicare: The congressional Republican Medicare proposal will increase health care costs for senior women.

- Women are 57 percent of Medicare beneficiaries, thus any cuts in Medicare will disproportionately affect women.
- Two-thirds (65 percent) of Medicare beneficiaries with incomes below the poverty line are women. Any additional costs in Medicare could threaten the health care of these already vulnerable women.

Medicaid: The congressional proposed changes in the Medicaid program will jeopardize health care for low-income women and lead to an increase in the uninsured.

- Women are over 69 percent of Medicaid beneficiaries between the ages of 18 and 64.
- Medicaid cuts will decrease women's access to critical preventive services such as prenatal care, Pap smears, and mammograms.
- Seventy-five percent of nursing home residents are women and half of all nursing home costs are now paid by Medicaid, thus cuts in this program will have a devastating impact on women.
- The budget proposal includes a permanent ban on using Medicaid funds to pay for abortions, except in cases of rape or incest, or to save the life of the woman. This ban is dangerous because it will deprive low-income women of access to critical reproductive services that are available to most other women.

Welfare Reform: The welfare reform provisions in the budget proposal eliminates the safety net for women and children.

- Ninety-seven percent of the 14.1 million people receiving Aid to Families with Dependent Children (AFDC) are women (29 percent) and children (68 percent).
- The congressional welfare bills eliminate AFDC and mandate that welfare recipients work, but do not include the education, job training, or child care necessary for women to permanently leave welfare for work.
- A recent study shows that congressional welfare reform proposals would overload the capacity of the economy to sustain decent jobs, driving down wages by 12 percent for individuals earning less than \$7.19 per hour, a \$36 billion wage cut for these 31 million workers.
- The safety net is particularly important to domestic violence victims because violence can result in homelessness and poverty for women and families. Guaranteed government assistance can be an essential tool for anyone leaving a violent relationship who seeks to avoid homelessness and destitution for themselves and their children.

Earned Income Tax Credit: The Republican congressional budget cuts the Earned Income Tax Credit (EITC) by \$32 billion over the next seven years. These cuts will disproportionately affect women.

- Women file nearly 75 percent of all EITC claims either as single heads of families or as half of a married couple.

- Sixteen percent of all American households are headed by women. Almost half of all families headed by women are poor, in part because women earn on average 70 percent of what men earn.
- Women who have left welfare and can now support their families will be hurt by the cuts in the EITC, which helps them pay for food, clothing, transportation, and shelter, and keeps them from going back on welfare.

Violence Against Women: The cuts in legal services and violence against women programs will restrict legal aid for victims of sexual abuse.

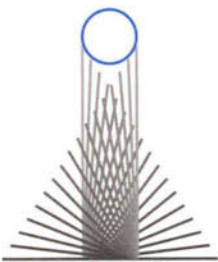
- Funding for the Legal Services Corporation was cut from \$415 million in 1995 to \$278 million in the current budget proposal. This program provides essential services to poor women and their families who need lawyers, including helping them with orders of protection, divorce and child custody proceedings, and housing.
- Judicial education, a component of the Violence Against Women Act, is drastically underfunded in the Commerce, Justice, State conference report. These funds are used to educate the state and federal judiciary to be more responsive to the needs of battered women and victims of sexual assault.

Education and Job Training: The drastic cuts in education in the House-passed Labor/HHS/Education appropriations bill will harm programs aimed at helping the educational and training needs of women and girls.

- Cuts to job training programs jeopardize women's and girls' access to training and non-traditional fields that are key to high skill and high wage jobs. This training means greater earning power for women--as much as 30% more--than for women in traditionally female jobs.
- The bill includes drastic cuts in the Eisenhower Professional Development program. Funds from this program can be used to train teachers how to meet the educational needs of girls.
- The elimination of the Women's Educational Equity Act abolishes the only educational program created specifically to promote educational equity for women and girls.
- The 57 percent cut in the Safe and Drug-Free Schools Program will hamper violence prevention programs in schools, including those that combat sexual harassment.
- Cuts in the School-to-Work Opportunities Act, designed to help non-college-bound students gain practical skills to prepare for the workplace, will particularly affect female students who need exposure high-skill, high-wage career options that are not traditional for women.
- The bill eliminates funding for Title IV of the Civil Rights Act, which provides assistance to schools in complying with civil rights laws, such as Title IX (the statute that prohibits sex discrimination in education).

AAUW, 12/19/95

Contacts: Nancy Zirkin, Director of Government Relations, Cindy Brown, Senior Legislative Associate, 202/785-7793



BUDGET and WELFARE CUTS TARGET WOMEN and CHILDREN

NOW LEGAL DEFENSE

AND EDUCATION FUND

120 MARYLAND AVENUE, N.E., WASHINGTON, D.C. 20002 (202) 544-4470 FAX (202) 546-8605

58 % of MEDICARE recipients are WOMEN

\$ 270 Billion ✂

This vital health care program serves 36.3 million seniors and people with disabilities. \$70 billion of the cuts would come from seniors paying higher premiums and deductibles. These cuts, coupled with the billions in Medicaid cuts, will likely force hospitals to close.

85 % of MEDICAID recipients are WOMEN and CHILDREN

\$ 163.4 Billion ✂

This safety net program provides health care for the poorest Americans, including a quarter of our nation's children. Millions of children, elderly, and people with disabilities will lose coverage. States will be unable to provide health services for home care patients and nursing home residents. 75% of nursing home residents are women.

97 % of AFDC recipients are WOMEN AND CHILDREN

\$ 82 Billion ✂

FROM WELFARE PROGRAMS, including AFDC

AFDC is a cash assistance program serving almost 15 million people. Typically, the total income (vouchers and cash) of a mother and two children receiving AFDC and food stamps is \$661 a month -- only 2/3 of the poverty line! Women head over 85% of the 10.5 million single-parent families and almost half of families headed by single mothers are poor, partly because women earn 70% of men's earnings. Only families with children qualify for AFDC -- and 2/3 of all AFDC recipients are children. The cuts could eliminate assistance for as many as 3.3 million children if the states adopt draconian paternity-establishment provisions. In addition, up to 70,000 children could be denied AFDC simply because they were born to unmarried mothers under 18 if states choose to implement this provision. The cuts eliminate the JOBS program, which provides education, training and work programs for parents receiving AFDC. 90% of people in the JOBS program are women. The welfare conference agreement eliminates the provision that would have exempted battered women from the work requirement if their safety would be jeopardized.

75 % of Earned Income Tax Credit recipients are WOMEN

\$ 32.5 Billion ✂

The EITC helps low-income working moms pay for food, clothing, transportation, and shelter, and keeps them from going back on welfare. This reduction increases taxes on millions of low- and moderate-income working families -- primarily families with children.

85 % of FOOD STAMP recipients are WOMEN and CHILDREN

\$ 33 Billion ✂

This program provides impoverished children and working poor women and families with vouchers for buying food. Food Stamps ensure that 26 million vulnerable Americans won't go hungry. This cut denies benefits to tens of thousands of legal immigrants and disabled children.

68 % of SSI funds go to WOMEN and CHILDREN

\$ 20.2 Billion ✂

Almost 2/3 of disabled children currently eligible for Supplemental Security Income would be denied or receive reduced benefits along with 300,000 low-income children.

56 % of STUDENT LOANS go to WOMEN

\$ 4.9 Billion ✂

Poor and middle class families rely most heavily on these loans.

100 % of CHILD NUTRITION funds go to WOMEN and KIDS

\$ 5.2 Billion ✂

Programs affected include: school breakfast and lunch; Women, Infants, Children (WIC); and meals for child care and summer programs.

84 % of PUBLIC HOUSING funds go to WOMEN and KIDS

\$ 3 Billion ✂

The median annual income of these families is only \$6,800.

75 % of ENERGY ASSISTANCE goes to WOMEN and KIDS

\$ 1.3 Billion ✂

This program helps 5 to 6 million low-income families with home heating and cooling bills.

39 % of HOMELESS ASSISTANCE goes to WOMEN and KIDS

\$44 Million ✂

This drastic 40% cut will deny assistance to more than 16,000 homeless children. Almost half of the women in homeless shelters are fleeing domestic violence. Women head almost 60% of the families that now pay over 50% of their income in rent; funding for these families is being eliminated.

50 %+ of Urban Public Transport riders are WOMEN and KIDS \$310 Million ✂

This 47% cut in operating assistance likely means increased fares and decreased services for poor women who depend on public transportation.

50 %+ of LEGAL SERVICES are used by WOMEN

\$137 Million ✂

This program provides essential legal services to poor women and their families to help them escape domestic violence, avoid eviction, and collect subsistence benefits. Over 71% of the legal needs of the poor are currently unmet.

100 % of HEAD START funds help CHILDREN

\$137 Million ✂

This cut denies this crucial program to 180,000 children nationwide.

100 % of VIOLENCE AGAINST WOMEN funds help WOMEN \$ 22 Million ✂

This Labor/HHS cut reduces Violence Against Women Act funding for shelters and sexual assault programs, where funds are so desperately needed to help women and children be safe.

100 % of Women's Educational Equity Act helps GIRLS and WOMEN

\$ 4 Million ✂

Pending legislation eliminates this program that helps schools implement non-discriminatory practices and curricula.

Compiled and produced by Kate O'Malley, Cecelia Prewett, Bronwen Macro, and Pat Reuss, NOW LDEF/ WDC

(202) 544-4470

(further information regarding sources available upon request). Nov. 21, 1995 (#2)

WOMEN AND FEDERAL SPENDING -- LET'S COMPARE

THE CLINTON ADMINISTRATION THE REPUBLICAN CONGRESS

— ECONOMIC SECURITY —

More than 60% of married women with children younger than six are in the labor force.

- Tax break for the middle class.
- Increases Earned Income Tax Credit (EITC) by a third — providing up to \$1400 to over 20 million working families with earnings of up to \$28,500 per year.
- Tax break to the wealthiest Americans.
- Raises taxes by an average of \$239 annually for over 14 million working Americans and 20 million children.

— CHILDREN AND EDUCATIONAL OPPORTUNITIES —

2,699 infants are born into poverty every day in the United States.

College graduates earn on average \$32,629, while high school graduates make only \$18,737 annually.

- Protects Head Start by adding 50,000 children by 2002 and increasing funding by \$400 million.
- Insures commitment to children's nutrition in school.
- Protects Pell Grants by helping 200,000 more students next year with a maximum reward of \$2,620 and assisting 800,000 more students by 2002.
- Increases National Service funding by \$345 million next year reaching nearly 50,000 community service and college aid opportunities.
- Insures a safer learning environment for 39 million children with \$500 million per year.
- Eliminates up to 230,000 children by 2002 and provides \$500 million less than the President's request.
- Abolishes children's entitlement to school lunch.
- Sets maximum Pell Grant award at \$2,440 and eliminates eligibility for 360,000 students.
- Eliminates 50,000 AmeriCorps opportunities next year and more than 4 million other service opportunities over 7 years.
- Slashes funding by 60% — at a time when drug use among students rose 50% between 1992 and 1994 — depriving over 23 million students of services next year.

— HEALTH —

Over 20 million women rely on Medicare for their healthcare services.

- Reforms Medicare financing to cut spending by \$124 billion without any new costs for beneficiaries.
- Insures the trust fund solvency through at least 2006.
- Eliminates co-payment for mammograms for senior women.
- Cuts \$270 billion from Medicare over the next seven years, while giving a \$245 billion tax cut to the wealthiest Americans.
- Increases average out-of-pocket expenses by \$2,825 (\$5,650 per couple) over a seven year period.
- Forces recipients — 75% of whom have incomes under \$25,000 — to pay significantly more for their fee-for-service plan and to guarantee their choice of doctor.

Women comprise over 69% of all Medicaid beneficiaries between the ages of 18 and 64.

About 2/3rds of the dollars spent on Medicaid are for services for elderly and disabled Americans.

- Reduces costs by \$54 billion between now and 2002 — without increasing out-of-pocket expenses.
- Promotes efficiency and gives states more flexibility while protecting coverage.
- Reforms system to target Federal payments to states for hospitals that serve a high proportion of low-income people.
- Cuts \$182 billion from Medicaid by 2002.
- Up to 8.8 million children and elderly and disabled persons could lose their insurance coverage in the year 2002 alone.
- Forces working families with a parent or spouse who need long-term care to face nursing home bills averaging \$38,000 a year.

— CRIME & VIOLENCE AGAINST WOMEN —

In a typical year, over 4.5 million American women 12 years and older are raped, robbed or assaulted, or are a victim of a threatened or attempted violent crime. Almost 3/4ths of these attacks are committed by someone the victim knows.

- Strengthens the Violence Against Women Act (VAWA) — the first comprehensive federal effort to fight violence against women and protect the rights of victims.
- Protects neighborhoods with 100,000 more police.
- Cuts VAWA funding by nearly \$50 million — threatening the full enforcement of the Act and reducing the number of shelters, police and prosecutors.
- Abolishes this program for 100,000 more cops.

IMPACT OF THE REPUBLICAN BUDGET ON WOMEN

Impact on Economic and Job Security

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Access to Quality Health Care

The President's budget plan reflects America's values. It secures the Medicare Trust Fund, while strengthening--not gutting--our Medicare program. It calls for reasonable, moderate reforms in Medicaid, while keeping our guarantee to children and older and disabled Americans.

The Republican Plan:

Cuts \$270 billion from Medicare over 7 years, doubling deductibles, raising premiums and raising the eligibility age on the Senate side. In his balanced budget proposal, President Clinton reforms Medicare financing to cut spending by \$124 billion to extend the solvency of the Trust Fund for ten more years without any new costs for beneficiaries. President Clinton also expands benefits by eliminating the co-payment for mammograms for older women, and providing respite care for families of people with Alzheimer's. The Republican proposals do not cover either of these.

Cuts over \$180 billion from Medicaid by 2002--cutting funding for states by 30% in 2002. Up to 8.8 million children, older Americans and people with disabilities could lose their insurance coverage in 2002 alone. President Clinton reduces Medicaid costs by \$54 billion by 2002 and maintains coverage by proposing a per person cap rather than a block grant.

The House repeals important protections including nursing home reforms that protect quality of care in nursing homes and institutions caring for people with mental retardation, and protections against spousal impoverishment by allowing spouses of nursing home residents receiving Medicaid to retain enough monthly income and assets to avoid destitution.

Jeopardizes long term care -- may force states to eliminate coverage for approximately 330,000 people who need home care and 350,000 nursing home residents -- making families choose between long-term care for parents and children who may need it, or between nursing home care for their parents and an education for their children. President Clinton proposes grants for states for home and community based services for older and disabled Americans.

Impact on Education and Training

Education is the key to the future of America. In his balanced budget proposal, President Clinton increases funding for education, training and aid to students and families by \$40 billion while balancing the budget. The Republican proposals cut current levels of funding for education and training by \$36 billion.

The Republican Plan:

The House proposal eliminates Goals 2000, destroying the nation's most important bipartisan school reform initiative. President Clinton proposes to increase funding to \$750 million, enabling local communities and states to improve their schools and raise standards of achievement for more than 8 million children in 17,000 schools next year.

Cuts School-to-Work funding to \$190 million. *Clinton increases funding by \$400 million, so states can implement plans to raise student skills and build a more competitive work place.*

The House Bill eliminates the Direct Lending program. *Part of his Student Loan Reform Act, President Clinton's Direct Lending program, is already saving taxpayers \$6.8 billion, lowering interest rates for students, making loans simpler and faster and allowing flexible repayment plans.*

Eliminates Women's Educational Equity Act Program. *The President proposes maintaining \$4 million funding, supporting projects that promote education equity for women and girls through research and training.*

Cuts funding for Safe and Drug-Free Schools and Communities to \$200 million, depriving over 23 million students of services that keep crime, violence and drugs out of schools. *The President's proposal provides \$500 million per year, serving 39 million children in 14,575 out of 15,000 school districts.*

Funds Head Start at \$500 million less than the President's request, denying service to over 45,000 children. *President Clinton proposes that FY 1996 funding be increased by \$400 million and that 32,000 new slots be added for children in 1996.*

Takes Away The Right To Choose

The President has consistently protected the right of American women to make their own reproductive choices, while working to reduce the number of unwanted pregnancies. House Republican proposals use the budget to reverse each step in this direction.

House Republican Plan:

Allows states to deny Medicaid funding for victims of rape and incest. *The Department of Health and Human Services implemented a Congressionally ordered change to Medicaid to include abortion services for poor women who are the victims of rape, incest, or whose lives are in danger.*

Restores the ban on privately funded abortion services at military hospitals. *President Clinton reversed this ban, assuring military families comprehensive family planning services.*

Restores Mexico City Policy, denying all funding for overseas family planning organizations that perform abortions or attempt to influence government policy on abortion. *The President repealed Mexico City Policy when he came into office.*

Restores the ban on federal funding of human embryo research, jeopardizing advances in health areas affecting women and treatment of diseases such as leukemia and Parkinson's. *President Clinton issued an executive order when he came into office repealing this ban.*

Effectively ends the Family Planning Program, jeopardizing provision of family planning services to millions of women. *President Clinton proposed increased funding for grants under the Family Planning Program in FY 1996 budget.*

October 24, 1995

FAX TO BETSY MYERS

FAX Number — 456-7311

of Pages:

Hi Betsy --

For the briefing on budget issues affecting women and children today at the White House, I asked my staff to pull together some data. Please take a look at the attached for integrating in future publications. As always, we would be pleased to help in any way we can.

See you soon,



Judith E. Heumann

Below are some bullets on the impact of budget cuts on women and children with disabilities.

* 41 % of young women with disabilities are parents versus 28% of all young women. 25% of young women with disabilities dropped out of school because of pregnancy. 15% of young women with disabilities are single mothers, most of who would not be high school graduates. There is a large population of young woman who are unmarried, disabled, and mothers. For these women, cuts in AFDC, medicaid, and other programs will have a very cruel and disasterous impact.

* 50% of families of children with disabilities received some form of subsistence, e.g., 22% - medical; 24% - food stamps; 14% - SSI; 12% - AFDC, 11% - other public assistance, etc.

* 68% of families of children with disabilities have family annual incomes under \$25,000, 39% of all families have incomes under this level. In fact, 35% of families of children with disabilities have income under \$12,000. The overall cuts in the "safety net" will have a disproportionate effect on families of children with disabilities as well as on young women with disabilities with disabilities most who are poor.

* 23% of Young women with disabilities who are working earn greater than \$6 per hour while 44% of young men are earning over that rate. Only 40% of young women with disabilities are employed while 64% of the young men are.

* 29% of young women participate in post-secondary education and training programs. At a time when we are hoping to increase the access for young women and men to post-secondary education programs, cuts to postsecondary education will make it all the more difficult. We know that the surest way to increase income and independence for young women and men with disabilities is to increase postsecondary education participation.

Women at Risk

COP Budget Cuts A Serious Threat

BY HEDY RATNER

Women have a heavy stake in the current battle between Congress and the White House. The proposed congressional budget cuts have a disproportionately devastating impact on women and children.

Congress sought to raise monthly Medicare premiums and President Clinton held firm against it. While that is only one of the major issues, women should understand its importance because statistics show that:

- More than 54 percent of all Medicare beneficiaries (more than 20 million) are women.

- Sixty-five percent of Medicare beneficiaries who are impoverished women.

- More than 83 percent of all female Medicare beneficiaries have incomes of less than \$25,000 annually.

While it's true that Clinton is fighting Congress to drop its annual increase in Medicare payments, women should not applaud the action too vigorously. Medicare cuts are only one small piece of the Republican plan. If their proposals are enacted into law, the safety net for women and children will be effectively eliminated through cuts in housing, student financial aid, education, job training and the Earned Income Tax Credit. Economically vulnerable women and families will be destitute without such federal support programs.

An astounding array of Republican-pushed cuts would harm women and children. Here are a few that remain at impasse:

- The Republican plan would cut Medicaid and turn the program over to the states, jeopardizing health care for 36 million Americans, most of them women, children and seniors. In addition to physician and hospital services, Medicaid currently covers critical preventive services such as prenatal care, Pap smears, mammograms and family planning.

- House Republicans propose \$50 million less in funding than the president for law enforcement and prosecution programs to combat crimes against women. This comes despite a horrific rise in violence against women across the country. The Violence Against Women Act, which the Republicans would gut, combines tough sanctions against abusers with assistance to police, prosecutors and shelters.

- This Congress wants \$24 million less than the president for domestic violence prevention programs and victim services, including funding for battered women's shelters. The president has proposed a modest increase in domestic violence funding.

- The Senate proposes cuts in funding for enforcement of worker protections that so many women depend on, including the Family and Medical Leave Act. Clinton opposes the cuts.

- The congressional leadership would eliminate the Women's

Educational Equity Act Program. The president proposes maintaining the \$4 million annual funding for the program, which supports projects that promote educational equity for women and girls through research and training.

Republicans also have taken on the battle over reproductive rights with renewed vigor. Most women understand this is a minefield of misunderstanding, misconception and disagreement. Clinton agrees and has consistently supported the right of American women to make their own reproductive choices while working to reduce the numbers of unwanted pregnancies. House Republicans, meanwhile, are using the budget process to reverse each step in that direction.

The House Republican plan:

- Allows states to deny Medicaid funding of abortions for victims of rape and incest.

- Restores the ban, except in the case of rape and incest, on privately funded abortion services at military hospitals.

- Bans federal funding of human embryo research, against the recommendations of the National Institutes of Health. Such a move would jeopardize advances in health areas affecting women and treatment of such diseases as leukemia and Parkinson's.

Federal budget battles are always complex and confusing. The Republicans would have us believe that this is gridlock, when in fact it is the president standing firm against bills that would adversely affect women and children. Issues that affect women affect us all.

Hedy Ratner is a member of the National Women's Business Council and a delegate to the White House Conference on Small Business.



Hedy Ratner

*"Never before have American women had so many options
-- or been asked to make such difficult choices.
It's time not only to make women full partners in government,
but to make government work for women."*

-- William Jefferson Clinton and Albert Gore, Putting People First

In the first two years of the Clinton Administration alone, the President and his Administration made an unprecedented commitment to empowering women through greater economic security, more workplace flexibility, and more emphasis on children and families and on women's health and safety. They invested in the economic and personal security of women through the President's economic plan and education reforms, the Family and Medical Leave Law, the Earned Income Tax Credit, the Brady Law, and the Violent Crime Control and Law Enforcement Act. They advanced women's rights through a series of executive and legislative actions that allow women the freedom to make their own reproductive decisions and to do so safely, with accurate information and without obstruction. They put women's health concerns at the top of the public health agenda by initiating a comprehensive approach to women's health designed to end the inequities that have plagued research, clinical practice and health care education. Finally, the President and his Administration changed the face of governing by giving women a greater voice in all branches of the federal government, including Cabinet-level posts never before held by women.

THE RIGHTS OF WOMEN

"Their response was overwhelming. There was a sense of electricity and excitement on the floor. Dozens of delegates came over and said, 'Welcome back to humanity; welcome back to the world.'"

-- Undersecretary of State Timothy E. Wirth, describing the first United Nations meeting at which he discussed the Clinton Administration's population strategy, as quoted in the Los Angeles Times, Sept. 14, 1994.

The Clinton Administration has protected the right of American women to make their own reproductive choices, assisted women in exercising their right to vote and acted in the global arena to improve the lives of women.

Protecting the Reproductive Health of American Women- President Clinton repealed the "Gag Rule" that restricted abortion counseling at federally funded family planning clinics, revoked the import ban on RU-486, reversed the ban on abortion services at military hospitals, repealed the Mexico City policy that banned funding to international organizations that promote comprehensive family planning, and signed the Freedom of Access to Clinic Entrances Act. The Administration implemented a change to the Hyde Amendment obligating states to pay for abortions for poor women whose pregnancies result from rape or incest.

Increasing Access to the Ballot Box- President Clinton signed the National Voter Registration Act, enfranchising women who are on welfare, homebound, or simply unable to build in extra time between work and family by allowing them to register to vote through the mail, at motor vehicle registries and at other government offices.

Promoting the Empowerment of Women Throughout the World- The United States' delegation to the International Conference on Population and Development in Cairo forged a partnership with more than 150 nations around a platform of action that promotes gender equality, reproductive health, and universally recognized human rights that apply to reproduction and recognizes the importance of addressing the threat posed to women's health by unsafe abortions.

WOMEN APPOINTEES

"I attended a number of meetings in the White House under previous administrations. I remember my first meeting in the Roosevelt Room of the White House. . . . I remember sitting at the table with other Governors, with the President, with members of his Cabinet and there was another woman, sitting against the wall, a staff person, and we . . . kind of winked at one another, as one does on these occasions, and our secret language was, 'Hey, I'm glad you're there, and let's both pretend this is perfectly normal for both of us.' . . . I went back to the Roosevelt Room not too long ago, a couple of times, and I couldn't get over it. Everything was different. Half the group was composed of women . . . and I thought, how can I ever have thought that this was such a masculine space and that I did not belong there?"

-- Deputy Secretary of Education Madeleine M. Kunin on Women's Equality Day, Aug. 26, 1993.

President Clinton pledged to appoint an Administration that "looked like America." As the *Baltimore Sun* noted in an editorial, he has delivered on that promise "more fully than even he could have predicted. No Administration has ever produced such diversity."

Appointing Women to Important Administration Positions -

- 42 percent of President Clinton's appointees were women—by far the highest percentage of any Administration in history.
- The President appointed women to Cabinet-level posts never before occupied by women, including Attorney General Janet Reno, former Council of Economic Advisors Chair (now Assistant to the President for Economic Policy) Laura D'Andrea Tyson, OMB Director Alice Rivlin and Secretary of Energy Hazel O'Leary.
- In addition, the President appointed women to other positions traditionally held by men. Female scientists holding top-level government research and science policy positions include the Chief Scientist at the National Aeronautics and Space Administration and at the Department of Commerce, Deputy Director at the National Science Foundation, Director of the Office of Energy Research at the Department of Energy, and Director for Defense Research and Engineering at the Department of Defense.

Promoting Excellence and Diversity in the Federal Judiciary-

- The President nominated 45 women out of a total of 141 nominees to the federal bench. 59% of all of the President's judicial nominees are women and minorities.
- Because of President Clinton's appointments, as of July 1 of last year, one of every four active federal judges was a woman or a racial minority.
- The proportion of the Clinton Administration's judicial nominees who received the American Bar Association's highest rating exceeded that of the past three administrations.

EXPANDING OPPORTUNITIES

After her morning in class studying English, algebra, and physics, Sylvia rides the bus to Deaconess Hospital. There, under the watchful eye of a hospital technician, she takes bone and tissue samples of patients, slices them into razor-thin strips, attaches them to slides, and checks the numerical coding to be sure each slide matches the right patient.

Like 120 other students from three Boston high schools, Sylvia is preparing for high-demand technical occupations in Boston's health care industry. In each year of the program, participants study a specially designed hospital-based curriculum that offers everything from introductory health care courses to clinical rotations at one of the seven participating hospitals. These work-learning experiences let students explore a range of health care occupations and opportunities.

The President strongly believes that the role of government is to give people the tools they need to reach their potential. The President has acted on this belief by expanding economic, professional and educational opportunities for women.

Making Work Pay- The President's economic plan is helping women in low-wage jobs provide for their families and stay off welfare through the increased Earned Income Tax Credit. For working mothers with minimum wage jobs, the increased EITC is the equivalent of up to a 40% pay raise.

Providing a Helping Hand to Women-Owned Businesses - Women business owners are starting businesses at twice the rate of their male counterparts. The Clinton Administration has been a friend to these entrepreneurial women. The Small Business Administration has established a women's mentoring program and made more business loans to women. And the Clinton Administration's Interagency Committee on Women's Business Enterprise is working with women business leaders to create a public/private partnership that will foster the growth and development of women-owned businesses.

Listening to Working Women - The Women's Bureau of the Department of Labor surveyed over a quarter of a million working women to learn more about their experiences in the workplace. At the President's direction, the Department of Labor and the Women's Bureau are working to address the concerns raised by the survey participants -- better pay and benefits, help balancing work and family, and getting the recognition in the workplace that they deserve.

Preparing Women and Girls for High-Skill, High-Wage Jobs - One of the national education goals established in the landmark Goals 2000: Educate America Act is to increase the number of women and minorities who complete degrees in math, science and engineering. And the President's School-to-Work Opportunities Act is assisting women and girls in developing the hands-on skills they need to compete for rewarding jobs in fields traditionally dominated by men.

Increasing Access to Higher Education - The Income Contingent Loan Repayment program will allow participants who have received a student loan to make repayments based on their income. This allows people to take lower-paying jobs, or to leave their jobs—for example, to raise a family—without the penalty of loan default.

Dramatically Expanding Opportunities for Women in the Military - Under the Clinton Administration, women soldiers now have access to 259,000 previously male-only positions.

INCREASING SAFETY AND SECURITY

"If children aren't safe in their homes, if college women aren't safe in their dorms, if mothers can't raise their children in safety, then the American Dream will never be real for them, no matter what we do in economic policy, no matter how strong we are in standing against the forces that would seek to undermine our values beyond our borders. This is key to everything else we want to do."

-- President Clinton at a Violence Against Women Act event, March 21, 1995.

In a typical year, 2.5 million American women ages 12 years and older are raped, robbed or assaulted or are the victim of a threatened or attempted violent crime. Two-thirds of these attacks are committed by someone the victim knows. Enacted thanks to President Clinton's leadership, the Brady Handgun Violence Prevention Act and the Violent Crime Control and Law Enforcement Act of 1994 will make American women safer.

Combating Gun Violence - The President's "Crime Bill" banned military-style assault weapons. And the Brady Law is working to keep handguns out of the reach of those who would use them criminally -- including men under restraining orders for stalking, harassment or other forms of domestic threats or intimidation.

Fighting Violence Against Women - The Violence Against Women Act (VAWA), part of the President's Crime Bill, takes a comprehensive approach to combating domestic violence and other violence against women.

- VAWA will improve the responses of police, prosecutors and judges to these crimes, enhance lighting at bus stops and other dark public places, force sex offenders to pay restitution to their victims and triple funding for battered women's shelters. And under the Act, the authority of a "stay away" order obtained against an abuser will no longer stop at the state line.
- On March 21, 1995, the President announced the appointment of Bonnie Campbell as Director of a special Violence Against Women Office at the Department of Justice. The President also announced \$26 million in STOP Grants to states to bolster their law enforcement, prosecution and victims services to better address violence against women.

Extending Civil Rights Protections to Victims of Gender Motivated Violence - Under VAWA, victims of gender motivated felonies have a Federal civil rights remedy for the first time.

Encouraging Women to Speak Out - VAWA extends "rape shield" protections to all criminal and civil cases involving alleged sexual misconduct, thereby barring embarrassing and irrelevant inquiries into a victim's sexual history. And the Crime Bill allows victims of federal sex crimes to speak at the sentencing of their assailants.

IMPROVING WOMEN'S HEALTH

When First Lady Hillary Rodham Clinton met recently with 250 elderly South Florida women at the Joseph Myerhoff Senior Center, Georgia Ayres, a 66 year old member of the National Council of Negro Women, participated with her in a panel discussion. Mrs. Clinton told the audience that the risks of getting breast cancer increase with age and that Medicare covers regular mammography screening that could save their lives. The group also talked about the mammography procedure itself and the reasons for the reluctance of some women to get mammograms. After Mrs. Clinton's visit, Ms. Ayres told the Fort Lauderdale Sun-Sentinel, "I've never had a mammogram. I've been afraid to because I watched my daughter-in-law die of breast cancer. But now after this talk, I will go and make an appointment to have a mammogram."

The Clinton Administration has made an unprecedented commitment to improving the health of American women and ending inequities in medical research and treatment.

Fighting Breast Cancer - Breast cancer is a growing threat to American women -- the lifetime risk of developing breast cancer has risen from 1 in 20 to 1 in 8 in just thirty years. The President has made the fight against breast cancer a national priority and brought us closer to eliminating this threat.

- The President has dramatically increased funding for breast cancer research -- by 65% at NIH alone.
- Right now, early detection through mammography is the best weapon we have against breast cancer. To make sure that mammograms are reliable, the FDA has put in place quality standards for mammography facilities. And the First Lady has joined with the Department of Health and Human Services to increase the rate of mammography use among older women.
- To make better screening methods available to women, the Public Health Service Office on Women's Health and the National Cancer Institute have initiated an exploration into applying imaging technology used by the defense, space, and computer graphics industries to the early detection of breast cancer.

Promoting Fairness in Medical Research - In the past, clinical researchers studying killer diseases like heart disease and cancer concentrated mainly on men. This Administration is ending this inequity -- to help America's women lead healthier lives and be treated more effectively when they do get sick.

- The largest clinical study ever conducted -- an NIH study of diseases affecting older women -- is now underway.
- And the President is making sure that women will no longer be left out of other important medical research. He signed legislation requiring that women and minorities be include in all clinical research supported by NIH.

Combatting AIDS - AIDS is increasing at a faster rate among women than men. The Administration is combatting AIDS in women by increasing the number of women participating in AIDS research. And the Administration is supporting research into women-controlled barrier methods that will help women protect themselves from getting infected.

Taking a Comprehensive Approach - Other Administration women's health initiatives include researching how to prevent unnecessary hysterectomies, developing a culturally sensitive medical school curriculum about women's health and establishing the first Department-level position -- Deputy Assistant Secretary for Women's Health -- dedicated solely to improving women's health.

SUPPORTING WOMEN AND THEIR FAMILIES

"I will never forget what the Family and Medical Leave Act meant to just one father I met early one Sunday morning in the White House. . . . [H]e had his wife and his three children there, one of them in a wheelchair. I came up, and after we had our picture taken and had a little visit, I was walking off and that man grabbed me by the arm and he said, 'Mr. President, let me tell you something. My little girl here is desperately ill. She's probably not going to make it. But because of the Family Leave law, I was able to take time off to spend with her -- the most important time I ever spent in my life -- without losing my job and hurting the rest of my family. It means more to me than I will ever be able to say.'"

-- President Clinton, State of the Union address, January 25, 1994.

The President and his Administration are supporting women and their families in times of need and encouraging values that make families strong.

Supporting Families in Times of Crisis - Family crises can strike any family at any time. President Clinton signed the Family and Medical Leave Act, allowing workers to take up to 12 weeks of unpaid leave to care for an infant or ailing loved one without losing their jobs. Now American workers are no longer forced to choose between their jobs and their families at times of crisis.

Improving Child Support Collections - Some families -- usually headed by women -- are plunged into economic crisis and poverty when the absent parent fails to pay child support. The President is working to get single parents and their children the support they need. On February 27, 1995, the President signed an executive order to make the federal government a model employer in the area of child support enforcement. And the President's child support plan, introduced as part of last year's welfare reform legislation, would double federal child support collections by the year 2000.

Fighting Teen Pregnancy - To confront this national epidemic, the President has called for a National Campaign Against Teen Pregnancy, asking leaders in all areas of national life to join in promoting individual responsibility and economic opportunity for America's young people. And the President's welfare reform plan, introduced last year, provided funding for community-based initiatives to end teen pregnancy, as well as a National Clearinghouse to provide communities with information on successful strategies.

Helping Disadvantaged Preschoolers Achieve - Based on the recommendations of a bipartisan committee, the President and Health and Human Services Secretary Shalala implemented quality improvements in HeadStart that moved this popular program for disadvantaged preschoolers into the 21st century. The Administration also initiated the creation of a new program to serve disadvantaged infants and toddlers aged zero to three.

Preventing Childhood Disease - President Clinton sponsored and signed the comprehensive Childhood Immunization Initiative, ensuring that children, regardless of family income, will be vaccinated against disease. The Initiative is creating partnerships among the federal government and state and local governments, health care professionals, and voluntary organizations to work towards the goal of vaccinating at least 90 percent of all two-year olds with the full series of required vaccines by the year 2000.

1

Providing Healthy Meals for Infants, Children and Postpartum Women - President Clinton has increased funding for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in each of his budgets. In 1995, approximately seven million women and children would benefit from this program.

Strengthening At-Risk Families - The President's Family Preservation and Support Act is a billion-dollar program that provides an array of supportive services to children and families designed to help strengthen them and prevent child abuse and neglect.

Increasing Parental Involvement - The National Family Involvement Partnership for Learning encourages efforts to help families take a more active role in their children's learning.

IMPACT OF THE REPUBLICAN BUDGET ON WOMEN

On Women's Health and Safety:

Cuts Medicare by an unprecedented \$203 billion. Women comprise over 20 million, or 57%, of the 37 million Medicare recipients. Nearly 5 million, or 23%, of women aged 65 or older depend solely on Medicare to help with their medical bills.

Increases costs for Medicare beneficiaries, by increasing premiums and allowing doctors to overcharge patients. These cost increases will be particularly difficult for older women, who have a median income of only \$8,600 a year.

Ends the guarantee of meaningful coverage under Medicaid, and replaces it with a block grant, cutting \$117 billion by 2002. 60% of all Medicaid beneficiaries are women. Today, Medicaid covers prenatal care, check ups for children, long-term care and other vital services. Under the block grant, states could eliminate any benefits except immunization and restricted family planning.

Jeopardizes long-term care at home and in nursing homes. The Republican budget takes away Medicaid's guarantee of nursing home coverage. Over 75% of nursing home residents are women.

- This does not include those who will be denied home and community-based services, an optional service that is currently covered in all states. Under the Republican budget, as states try to manage their Medicaid programs with fewer dollars, these services are more likely to be cut. **Older women living alone are the major users of paid home care services, and women are the primary care-givers for families cannot afford or want to forestall costly institutional care.**
- **Repeals federal enforcement of nursing home standards** that protect quality of care in nursing homes and institutions caring for people with mental retardation. Since 1987 when reforms establishing these standards were implemented, nursing home quality has improved dramatically: the use of physical restraints has declined 25%; dehydration has declined 50%; hospitalization rates have declined 31%.
- **Undermines protections against spousal impoverishment** by repealing the guarantee of nursing home coverage, as well as the right of individuals to enforce spousal impoverishment protections in federal court when they believe they have been wrongfully denied, making the protections unenforceable. **Most spouses protected by enforcement are women.**

Threatens women's health and safety, by attacking comprehensive family planning services and systematically chipping away at constitutionally guaranteed rights of women to make their own reproductive choices.

Reduces the effectiveness of the Violence Against Women Act. The House Republican plan provides \$22 million less than the President for domestic violence prevention and intervention programs, including zeroing out grants for women's shelters and grants to reduce sexual abuse of runaway and homeless youth.

On Economic Security and Jobs:

Raises income taxes on low and moderate income working families by \$30 billion through cuts to the Earned Income Tax Credit. **Nearly half of all EITC recipients with children are female heads of households who choose to work rather than rely on welfare.**

Cuts funding for enforcement of worker protections that so many women depend on, like Family and Medical Leave and the minimum wage, by 12%.

Provides too little child care for real welfare reform that would move people from welfare to work, meaning that thousands of women will need to stay at home with their children and on welfare instead of going to work.

Eliminates the Low Income Home Energy Assistance Program, which helps low-income families with their home heating and cooling bills. No assistance may leave millions of families with an impossible choice between staying warm in the winter and having enough money to buy food. **Approximately 70% of families who receive LIHEAP assistance are female-headed households.**

Undermines the national nutritional safety net. The Republican budget excessively cutting food stamp benefits by about \$35 billion over 7 years, cutting benefits by 20% in 2002.

On Education and Training:

Slashes employment and training programs by \$1.6 billion overall. Specifically, it cuts funding to help dislocated workers find new jobs by \$379 million, denying 155,000 dislocated workers assistance. Current law allows states to provide services to displaced homemakers as part of the dislocated workers program. **With less money, states will be less likely to include displaced homemakers in employment and training programs.**

Cuts Safe and Drug Free Schools by 60%, reducing for up to 23 million students services that keep drugs and violence away from children, their schools, and their communities; **including violence prevention programs in schools that combat sexual harassment.**

Eliminates Women's Educational Equity Act Program, denying schools funding for research and training programs designed to promote education equity for women and girls.

On Public Health and The Environment:

Funds enforcement of public health and environmental safeguards 25% below the President, crippling efforts to enforce laws against polluters by taking the cop off the environmental beat.

Leaves Americans exposed to hazardous waste. The Republican budget slashes toxic waste cleanup. These cuts threaten efforts to protect the health of our nation's families, including pregnant women, living near the nation's worst hazardous waste sites.

Rolls back protection of drinking water, our first line of defense in protecting public health, by cutting funds to cities and towns for drinking water treatment facilities by 45% compared to the President's budget for 1996. This removes funds needed to ensure that local drinking water has been treated to eliminate contaminants that endanger our communities.

CLINTON ADMINISTRATION ACCOMPLISHMENTS ON BEHALF OF WOMEN

"Never before have American women had so many options -- or been asked to make such difficult choices. It's time not only to make women full partners in government, but to make government work for women." -- President Clinton

EXPANDING OPPORTUNITIES

- Expanding **Small Business Opportunities** -- The Small Business Administration has established a women's mentoring program and made more business loans to women. Since 1992, the number of women-owned businesses in this country has **increased by 1.7 million**.
- Creating **Armed Forces Career Opportunities** -- **259,000** previously male-only positions are now open to women soldiers.
- Broadening **Academic, Science, and Health Opportunities** -- **School-to-Work Opportunities Act** helps women and girls develop the skills they need to compete for high-wage, high-skill jobs in fields traditionally dominated by men.

SUPPORTING WOMEN AND FAMILIES

- Expanded **Earned Income Tax Credit** -- For working mothers with minimum wage jobs, the increased EITC is the equivalent of **up to a 40 percent raise**.
- Signed **Family and Medical Leave Act** -- allows workers to take up to **12 weeks of unpaid leave** to care for an infant or loved one without losing their jobs.
- Collected a **record \$10 billion** in **child support** through **enforcement** -- an **11% increase** over the previous year.

FIGHTING VIOLENCE AGAINST WOMEN

- Signed **Violence Against Women Act** -- among other provisions, triples funding for battered women's shelters and established a special **Violence Against Women Office** at the Department of Justice.
- **"STOP Grants"** -- Announced **\$26 million** in "STOP Grants" to states to bolster their law enforcement, prosecution and victims services to better address violence against women.
- Signed **Clinic Access Law** -- protects women seeking abortions and health care workers from anti-abortion demonstrators.

IMPROVING WOMEN'S HEALTH

- Increased funding **65%** for **breast cancer** research.
- Revoked the Reagan/Bush restrictions on **abortion** counseling, abortions in military hospitals, "Mexico City" policy and RU-486 imports. *Comm. Research Oct./1995*

CLINTON ADMINISTRATION ACCOMPLISHMENTS ON BEHALF OF WOMEN

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SUPPORTING WOMEN AND FAMILIES

- Expanded **Earned Income Tax Credit** -- For working mothers with minimum wage jobs, the increased EITC is the equivalent of **up to a 40 percent raise**.
- Signed **Family and Medical Leave Act** -- allows workers to take up to **12 weeks of unpaid leave** to care for an infant or loved one without losing their jobs.
- Collected a record **\$10 billion** in **child support** through **enforcement** -- an **11% increase** over the previous year.

FIGHTING VIOLENCE AGAINST WOMEN

- Signed **Violence Against Women Act** -- among other provisions, triples funding for battered women's shelters and established a special **Violence Against Women Office** at the Department of Justice.
- Announced **\$26 million** in "**STOP Grants**" to states to bolster their law enforcement, prosecution and victims services to better address violence against women.
- Signed **Clinic Access Law** -- protects women seeking abortions and health care workers from anti-abortion demonstrators.

IMPROVING WOMEN'S HEALTH

- Increased funding **65%** for **breast cancer** research.
- Revoked the Reagan/Bush restrictions on **abortion** counseling, abortions in military hospitals, "Mexico City" policy and RU-486 imports. *October/1995*



Title IX

Title IX, enacted in 1972 as part of the Education Amendments to the Civil Rights Act of 1964, is the major statute prohibiting sex discrimination in education. It states:

No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving federal financial assistance.

AAUW strongly supports Title IX and opposes any effort that would weaken its effectiveness in ensuring equal educational opportunity for all.

Regulations for Title IX were promulgated in 1975 and prohibit discrimination in:

- admissions (applies narrowly to vocational, professional, graduate, and public coeducational undergraduate institutions);
- housing and facilities;
- courses and other educational activities;
- career guidance and counseling services;
- student financial aid;
- student health and insurance benefits;
- scholastic, intercollegiate, club, or intramural athletics; and
- based on marital or parental status.

Military schools, religious schools, fraternities, and sororities are generally exempt from the provisions of Title IX.

The regulations require recipients of federal education aid to evaluate current policies and practices to ensure their compliance with Title IX; to adopt and publish grievance procedures and a policy against sex discrimination; and to appoint at least one employee to coordinate efforts to comply with Title IX.

In 1984, the Supreme Court ruled in *Grove City College v. Bell* that institutions could continue to receive federal funding even if non-federally funded programs within those institutions discriminated on the basis of sex, race, age, national origin, or disability. In 1988, with passage of the Civil Rights Restoration Act, Congress effectively reversed *Grove City* and restored uniform protection under Title IX and three other civil rights statutes weakened by that decision. With the strong support of AAUW and countless other civil rights and education organizations, the Act clarified congressional intent that Title IX prohibits discrimination throughout an entire institution if any part of it receives federal funding.

Title IX and Sexual Harassment

In 1981, the Department of Education's Office for Civil Rights (OCR) issued a memo stating that sexual harassment is prohibited under the provisions of Title IX. Covered institutions must have a procedure in place that provides for equitable resolution of complaints of sexual harassment, which may be the same procedure set up for general Title IX complaints.

Title IX prohibits sexual harassment by any employee or agent of the school. OCR has not yet issued guidance on coverage of harassment between students, and the courts are currently examining this question. The OCR memo clearly covers *quid pro quo* harassment, which involves demands for sexual favors in exchange for some benefit, such as a higher grade. In 1992, the district court judge in *Patricia H. v. Berkeley Unified School District* ruled that "hostile environment" harassment, which refers to patterns of behavior that create an intimidating, hostile, or offensive environment, is also illegal under Title IX.

Title IX and Single-Sex Education

Courses and other educational activities must be coed, with exceptions for sex education classes and physical education classes that involve bodily contact. Student grouping based on ability (for physical education) or vocal range (for choruses) that result in separation or predominant separation by sex are allowed.

Title IX regulations also allow for single-sex activities for affirmative or remedial action -- that is, activities designed to overcome the effects of past discrimination or conditions which resulted in limited participation in an education program by a particular sex. In 1989, in the *City of Richmond v. J.A. Croson Co.*, the Supreme Court set forth narrow circumstances under which affirmative action is allowed under the Constitution, limiting it to cases in which it is justified by and narrowly tailored to remedy specific effects of past discrimination. The courts have not yet applied *Croson* to educational settings.

Title IX and Athletics

Title IX's regulations require institutions to provide equitable athletic opportunities for students of both sexes in three separate areas: athletic scholarships, treatment of athletes, and participation. To evaluate equality in participation, OCR considers three factors: 1) whether male and female students are participating in athletics in numbers roughly proportional to their enrollment at the institution; 2) whether the institution has a history of expanding opportunities for the underrepresented sex; and 3) whether an institution's athletics offerings fully meets the interests and abilities of the underrepresented sex. If an institution meets any one of these "tests," OCR considers it to be in compliance with Title IX in the area of participation.

In determining compliance in the area of treatment, factors such as facilities, equipment, game and practice schedules, travel allowances, coaching, tutoring, housing, and publicity are considered. Equal funding for women's and men's programs is not required, but funding disparities may violate Title IX if they have limited equality of opportunity. All court challenges and efforts within Congress to weaken Title IX's athletics provisions to date have failed.

FACTS ABOUT WELFARE REFORM



The American Association of University Women (AAUW) is dedicated to true welfare reform that breaks the cycle of poverty and promotes self-sufficiency. AAUW believes that women who have dependent children and who are living below the poverty line can achieve self-sufficiency if they receive minimum public assistance and sufficient support services while preparing for a job in the private sector. According to the 1990 census, one in eight women in the United States is poor. Although Aid to Families with Dependent Children (AFDC) payments to welfare recipients vary from state to state, in no state do AFDC benefits raise a family above poverty. If food stamp benefits are included, then only two states bring families just above the poverty threshold. AAUW believes that only with job training and education, child support enforcement, and adequate child care can women move from welfare to economic independence.

1. Welfare reform must provide women with adequate job training and education opportunities to prepare them to leave welfare for jobs in the private sector.

- *Education and training programs are essential to improving the employability and earnings of welfare recipients to move them permanently off welfare.* The current poverty level for a family of three, the average AFDC family, is \$12,300. If an AFDC mother takes a minimum wage job she would only earn \$8,840, still far below the poverty level. However, if she receives training she could work as a nurse's aide and earn an average of \$14,100 a year. Further, if she receives non-traditional training and works as an auto mechanic she would receive an average annual income of \$26,600, raising her family out of poverty.
- *Basic education is an essential component in preparing welfare recipients for jobs that will keep them off welfare permanently.* One half of the participants in the Riverside, California GAIN program completed basic education programs before looking for a job. As a result of improved education skills, the Riverside GAIN program has placed more welfare recipients in jobs than any other welfare-to-work program.
- *Women who earn bachelor's degrees are less likely to remain on welfare after graduation.* In a study of women who attained a college degree while on public assistance, researchers found that an average of 81 percent of the women had been employed since graduation.

2. Welfare reform proposals must not contain any child exclusion provisions.

These policies punish women and children for their poverty. Further, child exclusion proposals are based on false assumptions about the characteristics and behavior of welfare recipients.

- *Child exclusion policies will harm needy children.* If child exclusion policies were instituted today, five to six million children would lose the safety net which gives them food, clothing, and housing.
- *Contrary to myth, AFDC recipients do not have larger than average families.* The average family receiving AFDC consists of a mother and two children.

- *The notion that women on AFDC have additional children to receive the average benefit increase of approximately \$65 is unsubstantiated.* If this were true there would be a correlation between births and states with higher AFDC benefits. However, states with higher than average AFDC benefits (i.e., MA, MN, NH, ND, and VT) have lower birth rates. On the other hand, states with low AFDC payments such as AZ, AR, MS, NV, and NM have the highest birth rates among women ages 18-19.
- *Contrary to the belief that there is an epidemic of teen pregnancy in the U.S., teen pregnancy rates are dropping.* In 1970 one out of six mothers was a teenager; in 1990 only one out of eight mothers was a teenager.
- *It is a misconception that most welfare recipients are very young teen mothers.* Of 4.3 million welfare households, only 8.1 percent are headed by teen mothers, and of those teens, more than half are 19 (52 percent) and only 1.2 percent are minors (under 18).

3. Welfare reform must strengthen the current child support enforcement system. The majority of the 10 million custodial mothers caring for children under 18 do not receive child support.

- *The enforcement gap - the difference between potential child support and actual child support collected - has been estimated at \$34 billion.* This figure reflects failure to collect in full the child support awarded, inadequate child support awards, and lack of court-ordered child support.
- *Fathers' non-compliance with support orders is widespread.* A recent study estimates that in 1990, \$7-8 billion in child support owed was not collected.
- *Many women caring for children never even obtain court orders to receive child support.* In 1989, only 37 percent of poor custodial mothers had court orders to receive child support.

4. Welfare reform must ensure that safe, affordable, quality child care is available to families receiving benefits and who are participating in education and job training programs.

- *Only a small fraction of the eligible population receives child care.* In 1992, approximately two-thirds of families receiving AFDC had a preschool child under age six. In that same year, less than six percent of the AFDC caseload received child care subsidies.
- *Lack of child care is often cited by poor single mothers not currently in the labor force as one of the reasons they are not looking for work.* Child care problems kept 42 percent of AFDC recipients in Illinois from working full-time and 39 percent of recipients from starting a school program.
- *Increased access to child care will help women move from welfare to work.* A recent General Accounting Office report predicted that a 100 percent child care subsidy could result in as much as a 158 percent increase in poor mothers' average probability of working. It estimated that the number of low-income mothers who would be working if they did not have to pay anything for child care could rise from 29 to 74 out of every 100.

WELFARE REFORM



AAUW has always seen educational access as inextricably linked to economic security. AAUW has a long-standing history of concern for low-income women and children. During the birth of social welfare programs, the 1935-1937 AAUW Legislative Program included support for provisions in the social security program for aid to dependent children, to children with disabilities, and to child welfare services. AAUW's early involvement in welfare reform was rooted in concerns for fatherless or destitute children and support for mothers' pension programs. AAUW's policy statements since that time have continued to reflect its commitment to women's and children's economic welfare. AAUW's Legislative Program for 1973-1975 confirmed AAUW's support for legislation that provides "economic security with support for welfare reform, income maintenance programs, pension rights and supportive social services."

AAUW is dedicated to true welfare reform that breaks the cycle of poverty and promotes self-sufficiency. AAUW believes that women with dependent children living below the poverty line are entitled to minimum public assistance while preparing for a job in the private sector. AAUW has adopted the following criteria to evaluate welfare reform proposals introduced in the 104th Congress.

- **Welfare reform must provide women with adequate education and job training opportunities to prepare them for jobs in the private sector.** AAUW believes that any discussion of welfare reform must include an emphasis on education as a means to improving the employability of welfare recipients. Educational opportunities should include high school or equivalent education, higher education, vocational education, basic and remedial education to achieve a basic literacy level, and education for individuals with limited English proficiency. In addition to education, AAUW believes that job training programs should prepare women for jobs available in their communities that pay a living wage, an income that includes the costs of housing, child care, adult dependent care, food, transportation, health care and work-related expenses. Further, AAUW advocates that job training should also include training in nontraditional occupations for women.
- **Welfare reform proposals must not contain any child exclusion provisions.** AAUW believes that women must retain control over their reproductive lives and not be punished for having children. AAUW opposes any child exclusion provision that would deny additional benefits to welfare mothers if they have children while receiving public

assistance. In addition, AAUW opposes any provision that would punish a teen mother, such as denying benefits or placing the child in an orphanage or foster home solely because the mother is young and poor. Further, AAUW opposes any effort to reinstate the gag rule or prohibit family planning counseling services. Instead of child exclusion policies, welfare reform must include efforts to reduce the number of unwanted pregnancies through information and access to reproductive health education and services. AAUW supports efforts to reduce unwanted teen pregnancy that include programs to enhance all teens' life options, reinforce motivation, delay sexual activity, and provide access to information, contraception and services.

- **Welfare reform must strengthen the current child support enforcement system and provide a minimum child support payment.** AAUW believes that both parents have a responsibility to provide for a child. Currently, \$34 billion in child support payments are uncollected each year. To address this problem, AAUW supports a centralized child support system that would simplify tracking, monitoring, and distribution, especially across state lines. AAUW also supports the development of uniform guidelines for child support awards that would account for a change in income and family structure. Further, awards must be adjusted regularly to include a cost of living increase. In addition to strengthening the enforcement system, AAUW supports demonstration projects on child support assurance, a guaranteed minimum payment to provide for children when the non-custodial parent cannot or will not pay.
- **Welfare reform must ensure that safe, affordable, quality child care is available to families receiving benefits and who are participating in education and job training programs.** AAUW believes child care should be provided to women receiving Aid to Families with Dependent Children (AFDC) to promote self-sufficiency and assist in the transition from welfare to work. Parents' child care concerns must be met before they can effectively participate in the work force. Unfortunately, many low-income families do not have access to child care because it is too costly or simply not available. AAUW supports financial assistance to help women receiving welfare meet their child care needs. Further, AAUW supports on-site child care centers located at education and job training centers. To ensure quality child care for all women, AAUW supports uniform child care standards for federal child care programs.

Women and Girls in Vocational Education



Developing the skills and abilities of all America's students is fundamental to the productivity and success of America's workforce. Since 1984, the federal government has contributed greatly to the strength of this country's workforce by fostering the expansion of opportunities for women and girls in vocational education. Since that time, a percentage of each state's funding allocation under the Carl Perkins Vocational Education Act has gone to programs to eliminate sex bias and stereotyping in vocational education and to help single parents, single pregnant women, and displaced homemakers gain marketable skills.

The American Association of University Women supports these designated funds because they guarantee that states take steps to encourage women and girls to pursue higher-wage, higher-skill jobs that are traditionally the domain of men. They also give states the means to help more women become self-sufficient through child care, referrals to further education and job training, counseling, basic skills training, and job retention services. Finally, AAUW supports the Perkins-funded state-level coordinator and strong accountability measures to assess the effectiveness of these programs for women and girls.

Encouraging women and girls to pursue non-traditional jobs must be a conscious goal of vocational education if we are to increase the earning power of women.

- *Vocational education course-taking and majors are still highly sex-segregated, more so than postsecondary academic majors.* In 1992, male students comprised 72 percent of enrollees in trade and industry courses (engineering, transportation, mechanics, construction), but only 30 percent of those in health and 24 percent in occupational home economics (cooking, child care). While technical course enrollments were almost even in 1992, only 28 percent of those majoring in technical education were female.
- *Traditional coursework leads to low-wage jobs for these young women.* Sales and administrative support jobs, in which over half of young women straight out of high school worked in recent years, paid an average weekly wage of \$338, compared with \$448 per week for trade and industry jobs. Cosmetology, an almost exclusively female course of study, pays \$247 per week; car repair, \$717 per week.
- *For women and men, occupation, not education, is the most important variable affecting earnings, according to a brief from the National Center for Research in Vocational Education.* In 1992, only 6.6 percent of all working women were employed in non-traditional occupations, yet women in these jobs earn 20 to 30 percent more than women in traditional occupations.

Child care and other support services that enable women to benefit from vocational education are a sound investment in future workers.

- *The most important factor in reducing the likelihood that displaced homemakers and single mothers will live in poverty is increased education. 65 percent of displaced homemakers with only some high school are poor or near poor; this figure drops to 50 percent for displaced homemakers with a high school diploma, and to 29 percent for those with a college degree.*
- *Teen mothers are more likely to finish high school and postpone subsequent pregnancies when they are enrolled in school during pregnancy and after childbirth.*

The Perkins funds designated for sex equity and displaced homemakers have been essential to moving women into higher paying occupations and to enabling women to access vocational education.

- *Before the designated funds were in place, states and localities spent only 0.2 percent of their vocational funding on specialized programming for women and girls.*
- *According to the National Assessment of Vocational Education, female students' proportional enrollment increased for trade, industry, and technical courses and decreased for occupational home economics and business support courses between 1982 and 1992.*
- *At the time of enrollment, 81 percent of Florida's 1992-93 displaced homemaker program participants earned less than \$10,000 per year. After completing the program, 71 percent were employed, earning an average income of \$20,700 per year.*
- *In Pennsylvania, participants enrolled in the displaced homemaker programs terminated or reduced their need for public assistance, resulting in savings to the state of \$1,966,524 per year.*

The sex equity and displaced homemaker provisions strike an appropriate balance between national interest and state control.

- *Spending on sex equity and displaced homemaker services has been targeted by Congress, but states control where the grants are spent according to state and local priorities and needs.*
- *The Perkins sex equity administrators are federally-funded but state-appointed. Expertise in equity issues combined with an understanding of each state's student population make them an essential resource for educators and schools.*

Vocational Education



The American Association of University Women supports a strong system of public education that promotes equity, diversity, and economic self-sufficiency for women and girls. AAUW believes that high quality vocational education programs must integrate academic learning with practical career preparation, and expose all students to a full range of career choices. AAUW advocates conscious measures -- from the classroom and guidance office to the state education department -- to expand options for women and girls and prepare them to compete in the future workforce. Girls' and women's career goals must not be shaped by persistent sex stereotyping, but rather by their own interests, aspirations, and abilities.

AAUW firmly supports measures to make vocational education and career preparation available to all women. For many women who are supporting families and who have been out of the workforce, vocational education is out of reach. Recruitment and retention services, counseling, support services such as child care and transportation, and follow-up activities to keep women employed are all necessary if women are to gain skills necessary to obtain employment and become economically self-sufficient.

AAUW supports preserving the sex equity and single parent funding designations in the Carl D. Perkins Vocational Education Act, or any vocational education block grant. Since their enactment in 1984, these funding designations have been instrumental in eliminating gender bias in vocational education and promoting self-sufficiency for single parents and displaced homemakers. These provisions strike an appropriate balance between state control and national interest, and currently include:

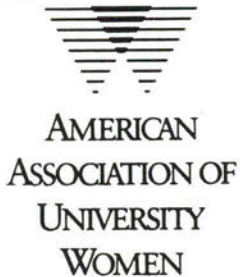
- Three percent of state Perkins funds to eliminate sex-bias and stereotyping. Designated funds are allocated to localities on a competitive basis, and are most commonly used for recruitment and counseling in non-traditional occupations.
- Seven percent of state Perkins funds to help single parents, displaced homemakers, and single pregnant women gain marketable skills. Funds are allocated to localities on a competitive basis, and are commonly used for general recruitment, job counseling, basic and life skills, job search preparation, and support services.
- \$60,000 for each state to hire a sex equity administrator to administer and evaluate the above grants and participate in state decision-making as needed.

AAUW supports strong accountability measures to assess the effectiveness of vocational and job training programs. Data on outcomes should be broken down by sex, race or ethnicity, socioeconomic status, disability, and limited English proficiency status to provide a complete picture of how different populations are being served by federally-supported programs.

Educators and education policy makers at the local, state, and national levels have a responsibility to ensure vocational education opportunities for women and girls. Encouraging and training women and girls in nontraditional fields will upgrade their earning power, promote stability and enhanced lifestyles for families, and reduce the costs of welfare and child health care.

Program & Policy Department
February 1995

REPRODUCTIVE RIGHTS



The American Association of University Women supports the right of every woman to safe and comprehensive reproductive health care. AAUW believes that decisions concerning reproductive health care are personal ones, and that the right to make informed decisions should be available to all women.

"AAUW advocates choice in the determination of one's reproductive life" is the statement in the 1993-95 Public Policy Program. Affirmed by large majorities of AAUW members at every convention since 1977, this position reaffirms AAUW's strong commitment to the right of privacy and the rights of individuals. AAUW has had a commitment to reproductive health care for over seventy years:

- In 1920, the Association served on the U.S. Public Health Service Advisory Council of the Division of Venereal Diseases, dealing with effects on women of a campaign to control venereal diseases.
- In 1935, the Association Legislative Program advocated legalization of the dispensing of contraceptive information by physicians.
- In 1970, Hawaii AAUW launched a successful drive to repeal the state's restrictive abortion laws, stimulating AAUW's involvement in other states.
- In 1971, the Association convention adopted a resolution calling on members in all fifty states to work for repeal of restrictive abortion laws, so that abortion would be legal for those who wish it after medical consultation.
- In 1971, AAUW joined an *amicus curiae* (friend of the court) brief in the U.S. Supreme Court case of *Roe v. Wade* that led to the 1973 decision legalizing abortion.
- In 1989, AAUW initiated the AAUW Campaign for Choice (CFC) in response to the U.S. Supreme Court decision in *Webster v. Reproductive Health Services*. Through the Campaign, AAUW took a lead nationwide in fighting for reproductive rights for all women.
- In 1992, AAUW launched a second AAUW CFC in response to the Court's decision in *Planned Parenthood of Southeastern Pennsylvania v. Casey*. AAUW continues to serve as a leader in the national fight to preserve women's reproductive freedom.
- In 1993-94, AAUW joined the campaign for comprehensive health care reform, and fought to ensure that the bills considered included coverage for the full range of reproductive health services.

Choice, or self-determination, is the foundation of all civil rights. Among a woman's most basic rights is the freedom to make informed choices concerning her reproductive health within the dictates of her religious and moral beliefs. Her economic status should not restrict her ability to make that choice. Without reproductive freedom, educational and economic equity are impossible.

AAUW believes that enhanced pregnancy prevention programs will make abortion less necessary. The Association is greatly concerned about attacks on family planning and restrictions on access to abortion. Both undermine a woman's right to decide when and whether to bear children. Until threats to reproductive freedom end, AAUW's advocacy of women's right to safe, accessible and comprehensive reproductive health care will remain an integral part of its efforts to gain equity and justice for women.

Program and Policy Department
January 1995

DEVELOPMENT OF THE AAUW PUBLIC POLICY PROGRAM



The adoption of the Association's biennial Public Policy Program at each national convention is the culmination of a lengthy development process involving many AAUW members. The Public Policy Program guides the work of the national staff and establishes the federal action priorities on which AAUW members across the nation will focus their advocacy efforts.

The process of developing each new Public Policy Program begins more than a year before each national convention with the Every Member Survey. Branches are urged to discuss the survey at a branch meeting and to send a branch response. State boards are urged to do the same. And individual members are encouraged to complete the survey published in AAUW Outlook in the early spring of even-numbered years.

In combination with other ongoing feedback mechanisms such as biennial branch and state reports, Leader-on-Loan consultations, Association committee liaison calls with state leaders, and member correspondence and AAUW Helpline calls, the Every Member Survey results guide the Association Program Development Committee's (APDC) work on program focus and the Association Public Policy Committee's (APPC) development of the biennial Public Policy Program. In the fall of even-numbered years the APPC meets to develop a proposed Public Policy Program, which is reviewed and amended/endorsed by the Board of Directors before publication in AAUW Outlook several months before convention. This gives states and branches ample time to discuss the proposed Public Policy Program before their delegates attend the national convention to debate and vote on it. In the time between Board approval and convention, the committee sends the proposed program to state public policy chairs and encourages discussion of the program with state boards and at the state's spring meeting.

The APPC conducts several convention briefing sessions on the proposed program before floor debate begins, so that convention delegates may ask questions, understand AAUW's legislative history and principles, suggest changes or amendments to the proposed program and work with the APPC ahead of the debate to draft motions for any proposed amendments. By the time debate and adoption of the Public Policy Program by convention delegates comes to the floor, delegates have had time to participate in briefings, discuss informally, and ready themselves for that important business. The strength of AAUW's public policy program is that it originates and ends with the membership.

In addition to establishing policy to guide the Association's public policy efforts for the next biennium, the members' participation in the convention debate on the public policy program is an important leadership training exercise. An AAUW member who attempts to add, delete, or amend something to or from the program, or speaks forcefully to support or oppose a provision of the program on the convention floor learns several critical skills empowering her to do likewise with any policy-making body in her community. At every step along the way, AAUW members are encouraged to participate in the process of developing their Public Policy Program.

Program and Policy Department
February 1993

DEVELOPMENT OF THE PUBLIC POLICY PROGRAM

