NACo National Association of Counties

December 20, 1995

The Honorable Thomas A. Daschle
Minority Leader, U.S. Senate
S-221 Capitol Building
Washington, D.C. 20510

Dear Senator Daschle:

As you continue negotiations on the federal budget, the National Association of Counties (NACo) wishes to reiterate its strong opposition to the block granting of Medicaid and the loss of a federal guarantee to benefits. Counties would be saddled with significant cost shifts as a result of capping the federal contribution to Medicaid. As an alternative to controlling costs, NACo supports an adequately funded per capita cap which maintains eligibility for currently covered populations. This approach, accompanied by additional local flexibility, will allow counties to respond to changes in their economies and demographics.

Under a block grant, we do not believe that states will find enough budgetary efficiencies without reducing eligibility. The flexibility given states in the operation of the proposed restructuring will trickle down to counties in the form of flexibility to raise property taxes, cut other necessary services or further reduce staff. In many states, counties are required to serve individuals with no private or public health insurance. The cuts to the program will have the effect of increasing the costs of that state mandate.

Individuals will continue to have health needs, regardless of the payor source. That is why we have always supported the intergovernmental nature of the Medicaid program and the assurance that there is some minimum level of coverage guaranteed to eligible individuals, regardless of the state in which they reside. We hope you will continue to support this fundamental guarantee and commitment to eligible Americans.

If you have any questions about our position, please call Tom Joseph, Deputy Legislative Director at 202/942-4230.

Sincerely,

Larry E. Naake

Larry E. Naake
Executive Director

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National League of Cities
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December 4, 1995

Dear Senator:

We are writing to provide you with a copy of the federal deficit reduction statement and principles the leaders of the nation's cities and towns adopted at our Congress of Cities in Phoenix, Arizona this past week. We reiterate our offer and commitment to work with you and the key leaders in Congress to achieve a fair and balanced budget without shutting the government down again. Our statement reconfirms our commitments and urges prompt action on a fair and balanced federal budget. It incorporates our views about the key steps to achieve a meaningful deficit reduction package. And it sends a message that we support no sides, but rather stand firmly on our principles.

Our membership -- Republicans, Democrats, and non-partisan leaders from big and small cities from every corner of the nation -- believes we are at a critical window of opportunity to change the way government serves the American people and invests in the future of the nation. We are prepared to undertake a nationwide campaign to educate citizens and local media about the importance of immediate and equitable action.

We are not prepared to be bystanders any longer, but rather constructive partners in making the tough choices that define leadership. We think the time of blame and gridlock is over. We stand ready, at any time, to meet and work with you to get the country back on course.

Sincerely,

Gregory S. Lashutka
President
Mayor
Columbus, Ohio

Carolyn Long Banks
Immediate Past President
Councilwoman-at-Large,
Atlanta, Georgia

R=97%

NLC Statement on Deficit Reduction

NATIONAL LEAGUE OF CITIES

We, as leaders of the nation's cities, urge prompt action by the President and members of Congress on a non-partisan basis to stop borrowing from our children and begin investing in their future. We urge a commitment to swift action on a fair and balanced budget that calls on all Americans to make a shared sacrifice.

We cannot afford delay. Putting off resolution of these issues until next year's election is irresponsible. It will increase the debt. It will further defer action on the much graver deficit issues which neither side has been willing to address. It will continue to erode Americans' trust in governance.

The time for posturing and name calling must come to an end. The time for shutting down government is over. A continued inability to address the national debt will impact interest rates for all cities, businesses, and citizens. It is time to act. We are ready to work with the President and Congressional leaders to put together a balanced budget plan with every item on the table and to ask every American to make a fair contribution.

We say to the President, as well as the leaders in Congress: congratulations for your courage, conviction, and endurance to confront the federal deficits and to take on federal entitlement spending. You have changed the nature of the debate and put tough choices on the table.

But it is time for the real work to begin. At this point, it would be all too easy for Congress and the administration to draw lines in the sand and waste the progress they have made. Just as we at the local level put politics aside year in and year out to achieve balanced budgets in our cities and towns without shutting down services, we call on our national leaders to follow suit.

There can be no sacred cows. There can be no equity if only half the federal budget is subject to deficit reduction. It is inequitable for the federal government to ask those with the least, including the elderly at risk, to pay a disproportionately high share to balance years of federal deficits. It is inequitable to provide new tax breaks until there is a clearly defined achievement, to which all Americans contribute, to reduce the deficit and national debt.

We are the stewards of the future of our communities. Therefore, we bear a high responsibility to ensure that every child has an opportunity to succeed and has a future unburdened of today's debts.

Representing every leader in every city and town, we demand a commitment at the federal level to forge a common purpose with us to achieve a fair and balanced budget in which every American will have a stake and in which thenation's leaders will cast aside personal egos and politics in favor of the future of our nation.

To ensure enactment of a balanced plan, we support these principles:

- There must be a shared sacrifice by the American people to achieve fair and balanced deficit elimination, and all parts of the federal budget must be on the table;
- There must be a reasonable transition period for states and local governments to prepare for any significant shifts of liability and responsibility from the federal to state and local levels of government.
- There can be no tax cuts or new tax expenditures unless and until legislation to achieve a balanced federal budget has been enacted and implemented.
- All sides must use one set of fiscal and economic projections—those prepared by the Congressional Budget Office (CBO).
- The computation of the Consumer Price Index must be revised to more accurately reflect inflation.
- There must be a joint federal-state-local agreement on means to reduce the cost to all of our taxpayers for health, welfare, and nutritional needs of indigent children and families to achieve real savings instead of simply shifting burdens to other levels of government and threatening their future.
- A needs assessment component should be created and applied to all non-means-tested federal entitlement programs so that we are assured of shared sacrifice based upon ability to pay.

Adopted by the National League of Cities Board of Directors – November 29, 1995 – Phoenix, Ar na

The Dallas Morning News
Saturday, December 2, 1995

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EDITORIALS

THE CITIES' REVOLT

Congress should hear concerns of local leaders

Budget gridlock paralyzes Washington, but local leaders around the country have some helpful advice. The National League of Cities, during its annual convention in Phoenix, issued a tough but reasonable guide for federal deficit reduction. The league's ideas parallel deficit strategies advanced on these pages. In fact, the league statement probably reflects average Americans' thoughts better than the napalm-laced rhetoric of congressional leaders.

Among the league's principles:

- Shared sacrifice — all parts of the federal budget must be on the table.
- A reasonable transition period — states and local governments will have to prepare for any significant shifts of liability and responsibility.
- No tax cuts or new spending until the federal government enacts and implements legislation to balance the budget.
- All sides of the budget process must use the Congressional Budget Office fiscal and economic projections.
- No cost-shifting. Federal, state and local governments must agree on a way to reduce the costs of providing basic health, welfare and nutritional needs of indigent children and families without simply passing costs from one level of government to another.
- Means testing must apply to federal entitlements.

Not incidentally, these ideas were approved by members of nonpartisan, local governments. At a news conference to discuss the federal deficit, the league's outgoing president, a black Democratic council member from Atlanta, stood side by side with the league's incoming president, the white Republican mayor of Columbus, Ohio. The league's principles could allow Congress and the White House to avoid hyper-partisan histrionics and engage in good-faith budget negotiations.

Congress has two compelling reasons to listen to the league, one philosophical and the other pragmatic.

First, reformist members of Congress say they want to hand power back to local governments. The league's members — mayors, council members, aldermen, city staffers — say they're willing to accept the responsibilities. But they want to be consulted.

"We are ready to be partners in crafting a solution," said league president Carolyn Long Banks, "we are unwilling to be bystanders."

Second, cities are where the votes are. Large and small, urban core and outlying suburb, cities are where late-20th-century Americans live. If members of Congress — or the president — want to be re-elected, they better pay attention to what cities have to say.

Sunday, December 3, 1995

EDITORIALS

THE ARIZONA REPUBLIC

BALANCING THE BUDGET

Cities know the truth hurts

THE National League of Cities has resolved to tell Washington the truth, which is no small task when Washington hasn't shown any capacity for dealing with the grave truths leaping from behind the nation's growing debt and budget deficit.

Elected local leaders plan to impress upon Washington the importance of balancing the budget and suggest the most efficacious ways of doing that. The agenda is simple enough: Put every spending category on the table, don't promise tax cuts unless deficit reduction is assured and don't shift the costs of federal programs onto cities.

The league's position is refreshing. It knows that balancing the budget cannot occur if substantial spending, including entitlements, defense and cost of living adjustments are excluded from the equations.

And it knows that serious attempts to balance the budget will require shared pain. It will hurt everyone, including local governments who have come to rely on federal dollars for services such as transportation and low-income housing. But the pain should be spread fairly and equitably. No one, the league believes, should experience great gains or great burdens in the process.

Cities and towns also know that balancing the budget can be done. They are required to do it every year, undertaking the responsibility of making choices that best serve their communities within available resources.

That's why the disgust with the federal government's budget impasse was so perceptible during its four-day convention in Phoenix. "No city shuts down because of tough annual budget choices," league President Carolyn Long Banks said during a convention address. "No city official spends more time finger-pointing than figuring out how to serve the citizens we represent."

This is more of the truth that the 4,000 members of the league are expected to tell their representatives in Washington. And that's not all.

"Unless we can put our nation's finances in order, everything else is at risk," the league president said. "A government that is going broke from borrowing and is unwilling to make tough choices can also become a government of buck-passing and unfunded mandates. If we want our nation to take control of its destiny, and if we want to maintain the solvency and local autonomy of our communities, we must break the deadly spiral of deficits and debt."

Spoken like a true Republican. But Carolyn Long Banks is a Democrat, proving that the need to address the budget deficit crosses party lines to a common ground and common sense.

Washington needs to grasp hold of common sense as it tries to tie up loose budget strings. It also needs to acquire the habit of considering how its actions will affect the folks back home. Listening to them is a good beginning.

In the National League of Cities lies the voices of experience in balancing budgets and in making tough choices that hit close to home to citizens.

NATIONAL CONFERENCE OF STATE LEGISLATURES

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December 18, 1995

Ken Rynne
Senate Democratic Policy Committee
619 Hart Senate Office Building
Washington, DC 20510

Dear Ken:

Thank you for getting Senator Bob Graham for our recent Assembly on Federal Issues. I thought he did a good job of laying out the reasons for supporting a per capita approach to Medicaid. Now it is time for the next step. I believe we are willing to work with you and the other side of the aisle in perfecting either Senator Graham's proposal or one that mixes the best of what has already been put on the table and other options that might exist. I realize that the governors made an attempt to do just that last Thursday and Friday, but do not seem to have achieved consensus. Ultimately, we could end up in the same place if given a similar opportunity. Nonetheless, I suggest reaching out to Joy Johnson Wilson (202/624-8689) immediately to see if she can mount a bipartisan effort on our part to come up with a critique of the Graham plan and others in the hopes of fashioning some sort of consensus piece. I am out of the office for the remainder of the year, although I have two trips before Christmas to states to try and explain the mayhem of Washington, DC. I will be available by pager (800-745-7247; access pin 1178; your number plus pound sign) or leave a voice mail message. Have a superb holiday--well, at least get a holiday of some sorts!

Thanks again for your efforts to get Senator Graham before us. Now, could you work on Steny Hoyer for us for the Leader-to-Leader Meeting?

Sincerely,

Michael

Michael Bird
Federal Affairs Counsel, NCSL

RMB/mt