THE WHITE HOUSE

WASHINGTON

November 3, 1995

MEMORANDUM FOR DISTRIBUTION

FROM: STEVE SILVERMAN

SUBJECT: PRESS CLIPS

Attached are press clips reflecting this week's efforts of the Cabinet and Sub-Cabinet to amplify the impact of Republican budget cuts. Also attached is this week's amplification memorandum describing Cabinet and Sub-Cabinet activity for this week and next.

Cabinet Budget Amplification and Planning
October 30-November 15, 1995

****WEEK IN REVIEW**** (October 30-November 5)

MONDAY OCTOBER 30:

TREAS:
- Sec. Rubin did regional interviews on EITC, Medicare, and debt limit. Regional papers including Cox, Knight Ridder, Gannett, and Hearst Papers. Stories in Dallas Morning News, Tacoma News Tribune, Boston Globe, and LA Times.
- Sec. Rubin also discussed medicare on WKXL Radio, Concord, NH.
- Sec. Rubin had lunch with Tim Russert of NBC.

DOI:
- Sec. Babbitt traveled to San Diego and Camp Pendleton, CA for budget-related events.

DOL:
- Sec. Reich had two radio interviews on the increasing wage gap in America--WCHB, an African American station in Detroit, and the nationally syndicated Aaron Harbor show.

DOT:
- Sec. Pena participated in the American Assn. of State Highway and Transportation Officials (AASHTO) Annual Meeting in Norfolk, VA and his speech was reported by the Richmond Times Dispatch.

HHS:
- HCFA Bruce Vladeck spoke on "The Future of Medicare" at the American Public Health Association in San Diego.
- Health Resources and Services Administrator Ciro V. Sumaya presented the keynote address to the Rural Health Section of the Association of American Medical Colleges' annual meeting in Washington, DC.
- Director of the Indian Health Service Michael Trujillo was interviewed by KPBS Radio in San Francisco about proposed budgget cuts at the Indian Health Service and the Bureau of Indian Affairs.
- Asst. Sec. Torres-Gil and Dep. Asst. Sec. Stone hit budget themes in an address to the National Conference on Women and Aging.
- Region Eight Director Margaret Cary interviewed with the Rocky Mountain News, Colorado, to discuss Republican health care budget cuts and the possible impact on the State's rural areas and underserved populations.
- Region Nine Director Grantland Johnson participated with other Regional Administrators in meetings with locally elected officials in Los Angeles to discuss the budget proposals.

HUD:
- Sec. Cisneros traveled to Paterson, NJ for a meeting with the Mayor; he will address the American Community Bankers; he also met with Housing Leaders.

VA:
- Sec. Brown participated in a conference call with CA media on the effect of Medicaid and Medicare cuts on veterans with Gene Sperling.
- Sec. Brown and Dep. Sec. Gober did a media roll out on the effect of Medicaid and Medicare cuts on veterans. They participated in radio and print interviews in CA, NY, DC, FL.

GSA: • Adm. Johnson highlighted the budget debate on WDEL Radio in Wilmington, DE.

TUESDAY OCTOBER 31:

TREAS: • Sec. Rubin interviewed with the New York Times on the budget.

DOI: • Sec. Babbitt traveled to Los Angeles and Santa Barbara, CA for budget-related events.

DOL:
- Sec. Reich joined the First Lady in an event to honor the American Business Collaboration.
- Sec. Reich had an interview with the nationally syndicated Countdown America radio program on minimum wage and budget.
- Asst. Sec. Dear traveled to San Diego, CA for a meeting with the American Public Health Association.

HUD: • Sec. Cisneros attended a press conference in Bethesda, MD.

VA:
- Sec. Brown participated in a conference call with Dep. Sec. Broadnax on the effect of Medicare and Medicaid cuts on veterans. They participated in print interviews in Upstate New York, as well as Washington DC and Florida.
- Asst. Sec. Jurado did a radio interview with WSLB-AM, Odgenburg, NY for the media roll out.

WEDNESDAY NOVEMBER 1:

TREAS: • Sec. Rubin met with members of the House group, "The Coalition" to discuss the debt limit, was interviewed by Wolf Blitzer on the debt limit, addressed a DSCC luncheon, and met with members of the Business Roundtable to discuss debt limit and budget.

DOI: • Sec. Babbitt traveled to Santa Cruz and San Jose, CA for budget-related events.

HHS: • HCFA Vladeck joined White House aide Chris Jennings for a briefing at the White House to release updated state-by-state impact charts on how the House and Senate Medicaid block grants would affect states.

SBA: • Reg. Adm. Paul spoke at the Tennessee State Procurement Conference in Nashville, TN.

THURSDAY NOVEMBER 2:

TREAS: • Sec. Rubin participated in a Black Entertainment Television interview.

DOI: • Sec. Babbitt traveled to Sacramento, CA for budget-related events.

DOL: • Sec. Reich was interviewed by Business Week magazine regarding the Republican attacks on the middle and working classes.

HUD:
- Sec. Cisneros addressed Partners for Livable Communities.
- Dep. Sec. Robinson traveled to Sarasota, FL to address the Florida Development

Association.

DOEd:
- Sec. Riley participated in a press conference on direct lending on Capitol Hill with a large number of regional media coverage.
- Dep. Sec. Kunin addressed more than 500 members of the National College Media Association where her remarks focused on student aid and direct lending.

SBA:
- Adm. Lader addressed the National Association of Small Business Investment Companies at their annual convention in Orlando, FL.
- Dep. Adm. Pulley visited the Caspar, WY district office and attends the opening of the Women's Demonstration Site in Helena, MT.
- Reg. Adm. Canales attended Regional Amplification Day in Los Angeles re: FY 1996 budget)

FRIDAY NOVEMBER 3:

COM:
- Sec. Brown traveled to California to address the Latin America Telecommunications conference in Santa Clara and met with local business executives in Fremont.
- Dep. Sec. Barram was in Louisville to address the Kentucky World Trade Conference where he discussed how dismantling the Dept. of Commerce would effect citizens of Kentucky.

USDA:
- Under Sec. Thompson addressed the National Rural Housing Coalition annual meeting in Washington, DC.

DOL:
- Sec. Reich interviewed with all three radio networks, NPR, *Washington Post, USA Today, Wall Street Journal, Associated Press,*Dow Jones TV, Reuters, CNBC Desktop, and CNBC.

HHS:
- Sec. Shalala addressed the Community Anti-Drug Coalitions of America (CADCA) national leadership forum in Washington, DC.

HUD:
- Sec. Cisneros discussed low-income rental assistance programs at a Section 8 Conference.

DOEd:
- Sec. Riley spoke at a press conference about direct lending.
- Sec. Riley and Dep. Sec. Kunin met with association presidents to discuss the budget and other issues.

EPA:
- Adm. Browner attended Project XL event with the President.

SUNDAY NOVEMBER 5:

TREAS:
- Sec. Rubin will attend a Cong. Maloney Event in NYC.

WEEK AHEAD (November 6-November 15)

MONDAY NOVEMBER 6:

DOI:
- Sec. Babbitt will travel to Greenwich Point, Connecticut and New York City for budget-related events on the Long Island Sound.
- National Park Service Director Roger Kennedy will attend an editorial board meeting with the Albuquerque Journal.

COM:
- Sec. Brown will travel to Portland, Maine to open an Export Assistance Center (EAC) and address the Chamber of Commerce.
- Under Sec. Good will deliver the keynote address at the Metrology for the Americas Symposium in Miami.

DOL:
- Sec. Reich will deliver a speech on the wage gap and the need to increase the minimum wage at the national conference sponsored by *Women Work! The National Network for Women's Employment.*

HHS:
- Dep. Sec. Broadnax will travel to Cuyahoga Community College in Cleveland, Ohio to join Congressman Stokes to discuss the effects of proposed Medicare and Medicaid cuts.

DOEd:
- Sec. Riley will travel to Austin,Texas for a school visit, meeting with university presidents, and a speech to mark the 30th Annivesary of the Higher Education Act.

SBA:
- Dep. Admin. Pulley will open the SBA's first One Stop Capital Shop in Boston, MA.

SSA:
- Commissioner Chater will travel to Detroit, MI to address the Biennial Convention of Sigma Theta Tau International.

TUESDAY NOVEMBER 7:

HUD:
- Acting Ass. Sec. Marchman will travel to Newark, NJ to participate in public housing budget event.

WEDNESDAY NOVEMBER 8:

TREAS:
- Sec. Rubin meets with House members of the "Mainstream Forum" and the Democratic Budget Group on the debt limit.
- Sec. Rubin will attend a CARE Dinner in NYC.

DOI:
- Director Kennedy will interview with St. Paul, MN Pioneer Press.

DOL:
- Sec. Reich will give a Jobs for America's Graduates Speech where his remarks will focus on the budget and the GI Bill for America's Workers. After the event, he will participate in a press conference with Speaker Newt Gingrich and Ohio Governor George Voinivich.

HUD:
- Sec. Cisneros will host a roundtable discussion with press from the Northeast/New England area to discuss the overall impact of the Congressional budget cuts on their region.

- Dep. Sec. Robinson will participate in the Mississippi Home Corporation, Affordable Housing and Development Conference in Jackson, MS.
- Acting Asst. Marchman will travel to Atlanta, GA to announce public housing development funds and discuss budget cuts.

SBA:
- Dep. Admin. Pulley will give a speech at the Kellogg Research Conference in Evanston, IL.

THURSDAY NOVEMBER 9:

TREAS:
- Sec. Rubin meets with House members of the Hispanic Caucus to discuss the debt limit, and interview with Black Entertainment Television on the budget and debt limit.

DOI:
- Sec. Babbitt will travel to Boston, MA to speak to the National Religious Partnership for the Environment.

DOL:
- Sec. Reich will host a roundtable discussion with Wall Street economists regarding the increasing wage gap in this country.

HHS:
- Dep. Sec. Broadnax will speak at Rutgers University and the Brookings Institution where he will stress common sense government reform and contrast our approach to the federal budget with the Republican approach.

HUD:
- Sec. Cisneros addresses the National Partners in Homeownership.
- Asst. Sec. Cuomo addresses the Women's Suburban Democratic Club.

DOEd:
- Sec. Riley will speak at a press conference for the National Education Goals Panel.

SBA:
- Reg. Adm. Paul will speak at the Kentucky Lenders Conference.

GSA:
- Adm. Johnson will address students at the Utah State College.
- Rocky Mountain Reg. Admin. Polly Baca will do radio commentary on KUVO's *Leading Voices*, addressing key budget issues.

SSA:
- Commissioner Chater will join Sec. Rubin in Washington, DC in an event celebrating the 20th anniversary of direct deposit.

FRIDAY NOVEMBER 10:

DOEd:
- Sec. Riley will travel to New York to meet with the Mayor and community leaders in Buffalo and to address the New York PTA and the Independent Education Consultants Association.

SBA:
- Admin. Lader participated in a roll out of the Defense Loan and Technical Assistance program with Sen. Feinstein in Los Angeles, CA.

SATURDAY NOVEMBER 11:

HUD:
- Sec. Cisneros will be in Buffalo, NY with Congressman John LaFalce.

SUNDAY NOVEMBER 12:

TREAS: • Sec. Rubin interviews on "This Week with David Brinkley".

MONDAY NOVEMBER 13:

HHS: • Dep. Sec. Broadnax will speak at the American Political Science Association meeting in Washington, DC.

GSA: • Adm. Johnson will speak at the University of Michigan.

TUESDAY NOVEMBER 14:

HUD: • Sec. Cisneros participates HUD Roundtable discussion with urban reporters on homelessness problem and budget cuts.

WEDNESDAY NOVEMBER 15:

HUD: • Sec. Cisneros will travel to Newark, NJ to address the New Jersey State Municipal leaders.

SBA: • Commissioner Chater will be in San Francisco, CA attending theh SSA's Management Association's Annual Meeting. The Commissioner will also address the Gerontological Society of America on various Social Security and Medicare issues in Los Angeles, CA.

6.

ST. LOUIS POST-DISPATCH, Oct. 24, 1995 p. 3
(BEST COPY AVAILABLE)

Children To Suffer Under GOP Plan, White House Says

WASHINGTON (AP) — White House chief of staff Leon Panetta charged Monday that young Americans would suffer everything from hunger and poor health to polluted air and dirty drinking water if the GOP spending plan became law.

The budget plan "basically takes the attitude that you have to harm children in order to save them." Panetta told reporters. "The bottom line — kids are getting screwed in these budgets."

He was especially critical of GOP proposals to reduce projected spending on nutrition programs like Women, Infant and Children. He said money for those programs saves in the long run, because it produces healthier children.

Senate Majority Leader Bob Dole, R-Kan., retorted that the newest charges were "just the latest in the Clinton administration's transparent campaign to scare Americans — one day it's seniors, the next day it's farmers, today it's children."

> **"One day it's seniors, the next day it's farmers, today it's children."**
>
> SEN. BOB DOLE, replying to claims

For weeks, the White House has scored the GOP's budget blueprint in the name of the elderly, sometimes in the name of the poor and rural residents. The White House opened the new front Monday by deploying Cabinet members and Hillary Rodham Clinton to argue that the GOP's budget plans would punish children.

Mrs. Clinton, visiting New York's Mount Sinai Medical Center, said the GOP plan to slow the growth of Medicare and Medicaid spending by $452 billion over seven years "would undermine the safety net, not just for the poor, but would touch the lives of every American."

Agriculture Secretary Dan Glickman, visiting a day-care center in Newark, N.J., said the health of inner-city children would suffer under GOP plans to overhaul federal feeding programs. "Nutrition has to remain a national priority," he said.

Missouri, Illinois Impact

In addition, the White House released a state-by-state analysis of the impact it said the Republicans' budget cuts would have on children. It used a worst-case scenario.

The White House said reductions in projected spending on the Head Start program for preschoolers would mean that 3,414 fewer Missouri children and 7,417 fewer in Illinois would be served in 2002.

Under the House welfare bill, as many as 16,810 disabled children in Missouri and 39,970 in Illinois would be denied Supplemental Security Income benefits, compared to the number expected to get the benefits under current law, the White House said. The parents of 288,000 children in Missouri and 607,000 in Illinois would have food-stamp benefits cut.

The Senate's reduction in the earned income tax credit would raise taxes by an average of $403 in 2002 on the parents of 439,000 children in Missouri and of 950,000 children in Illinois, the White House said.

Senate Panel Acts

The Senate Budget Committee voted 12-10 along party lines Monday to ratify the budget-balancing package, setting up a likely vote by the full Senate later this week. The House plans to vote on a similar bill Thursday.

In another show of GOP strength, the Senate voted 51-40 to reject a nonbinding measure urging elimination of tax cuts for people earning more than $250,000 a year, and using the saving to reduce planned cuts in the growth of Medicare.

18.

PITTSBURG (KAN) MORNING SUN, Oct. 25, 1995 p. 10
(Best Copy Available)

IS CONGRESS TRYING TO KILL DIRECT STUDENT LOANS?

RICHARD RILEY
U.S. Secretary of Education

Most of us would agree that a college education remains the surest path to success in America. We would also agree that when students and their families need financial help for college, loans and grants should be available without a lot of red tape, after graduation loan payments should not be so high as to disrupt the lives of young families just getting a start in the world. President Clinton thought so when he started the Direct Student Loan Program.

So why is Congress moving to destroy this new source of student loans? Does it really matter? Yes, if you or a family member hopes to go to college. Yes, if you're a taxpayer, determined to see your money spent in the right way, for the right purposes.

On campuses across the country, direct lending is replacing the old student loan program, that tortured maze of thousands of banks and dozens of guarantee agencies and other middlemen. Direct lending is simple. College student aid offices loans directly to students and expensive middlemen are eliminated.

Perhaps the most instructive way to understand the current battle over the Direct Student Loan Program is to look at who's for it and who's against it.

Who favors direct lending? Both Administration officials first proposed it. The Clinton Administration and a bipartisan majority in the Congress passed it. The 1,375 schools that are voluntarily participating uniformly report it's working well — quick and easy to administer. Many of the nation's leading universities — including Kansas schools such as Southwestern College, Kansas Wesleyan University, Hutchinson Community College, and Kansas University — have chosen direct lending. Students love it.

One called it "the best thing since microwaveable brownies." No more trips to the bank. No more standing in line. And they like the flexible repayment option that allows borrowers to make smaller monthly payments in the early years when income is likely to be low. It's also good for the budget. As Lawrence Lindsey, a member of the Federal Reserve Board, appointed by President Bush, has written, "As long as it is necessary to provide a profit to induce lenders to guarantee student loans, direct lending will be cheaper."

And who opposes direct lending? The status quo — the banks and various middlemen that make billions of dollars in profits, while assuming virtually no risk. Where else could you get an 8.5 percent guaranteed return on investment and be assured that if the loan defaults, the federal government will step in and prevent any loss?

It's the old adage, "Follow the money." The bankers are threatened and their lobbyists have made clear to members of Congress that they expect to be protected. They do not want competition from a new system that clearly works better.

Now their victory is in sight. They have convinced Congress to "cook the books" to make the old system appear cheaper. They are working to convince others to kill direct lending outright, or at least limit it to 20 percent of loan volume, thereby forcing hundreds of schools and thousands of students back into the old system. And when there is no competition, there will be no incentive to get serious about simplifying the system for students and families and saving money for taxpayers.

The assault on direct lending also is flagrantly partisan. The new majority in Congress appears determined to obliterate any achievement that is identified with President Clinton — even if that means, in this case, punishing students and families as they reach for the American dream.

One lawmaker who has resisted this partisan attack is Thomas Petri, a conservative Republican from Wisconsin. He recently said, "If at the end of this whole process we do kill off direct lending, President Clinton and others will tell the American people that the Congress under Republican control shut down a conservative reform eff[illegible] that was good for students and schools in order to keep the gra[illegible] flowing to powerful special interests. And that argument wil[illegible] resonate with the American peo[illegible] because it will be right."

Much has been written and sai[illegible] about a coming "train wreck" th[illegible] would shut down the federal government. It can be avoided — and when the American people s[illegible] firmly and resolutely, enough; Congress, do your job. Honor ou[illegible] commitments to children and families, to the elderly and ill, to education and health care. We ar[illegible] waiting and we are watching.

2B ★ The Cedar Rapids Gazette: Thurs., Oct. 26, 1995

Administration officials rip GOP budget plan in C.R.

By Dale Kueter
Gazette staff writer

Clinton administration representatives, unconvinced that the public is getting the word, brought their budget battle to Cedar Rapids on Wednesday.

They predicted horror stories — from children not getting health care to rural hospitals going out of business — under Republican budget plans.

"We're being hammered on," said Katie Steele, regional director of the Department of Human Services (DHS) in Kansas City, Mo. "These statistics may be boring, but I hope you are beginning to see the impact. These (GOP) cuts are astounding."

Indeed, statistics flooded the two-hour session at Beems Auditorium at the Public Library. About 100 people attended the meeting, chaired by Richard Running, representative of the Department of Labor in Kansas City and former state legislator from Cedar Rapids.

Republicans, who control both houses of Congress, want to balance the federal budget in seven years, and under a House-adopted proposal would cut taxes by $245 billion to boot.

"Everyone's goal is to balance the budget," Running said, adding that Clinton wants to do it in by 2004 instead of 2002. Running said major government trimming has already occurred. The Labor Department staff, he said, has been reduced from 24,000 in 1980 to 16,000.

The Democrats said the Republican proposals are real reductions from fiscal 1995 budget levels, not cuts in increases. Topping the list, by far, is the $270 billion decrease over seven years outlined by Republicans for Medicare.

Based on the GOP plan, Steele said Medicare spending in Iowa would be slashed by $1.7 billion from 1996 to 2002, with Linn County losing $87 million. That, she added, could cost each Iowa beneficiary about $180 more a year.

DHS, said Steele, while representing 25 percent of the budget would incur half the cuts. She said the Republican plan would eliminate the energy assistance program and Clinton's new children's vaccination program.

Another major feature of the Republican budget is to hand more federal dollars to states in block grants, leaving administration and spending decision[s] to local officials.

"I'm concerned with the bloc[k] grant approach," said Lore[n] Schmitz of Cedar Rapids. "Coming without federal guideline[s] will states carry out the intent[?] We don't want to go back to th[e] days of state institutions," h[e] said, referring to the care [of] handicapped.

One participant said Iowa ha[s] a good record of taking care [of] the needy, and that block grant[s] should not be a concern. Running disagreed. "I wouldn't [be] so quick to say that lost feder[al] money will be replaced by th[e] Iowa Legislature," he said.

Harrisonburg, Virginia

Area

Daily News-Record
Friday Oct. 27, 1995 21

Hard Times For The Elderly?

White House Official Sounds Warnings In Conference Here

By RICHARD PRIOR
News-Record Staff Writer

Americans of all ages, races and locales were urged Thursday to seek common ground to withstand proposed budget cuts, even as that ground shifts or shrinks under their feet.

"The impact (of proposed budget cuts) that will be felt in rural areas is going to be very intense," Robert Blancato, executive director of the White House Conference on Aging, said during a Post White House conference presented at the Park View Mennonite Church. "The worst statistic I've heard is that 25 per[cent] of rural hospitals in this country will close in the next seven years."

Blancato told participants in the conference agency's responsibility is to shape national aging policy for the next 10 years.

"Our problem is, everywhere I go in this country, people are saying we're more concerned about the next 10 days, or next 10 weeks," Blancato said. "Because what happens over the next 10 days, next 10 weeks, could very well influence aging policy for the next 10 years."

During his 45-minute keynote address, Blancato took exception to practically every "big-ticket item" — particularly those that affect the elderly — that went under the budget knife during Thursday's vote in the House of Representatives. ■ Social Security.

> *There are a disproportionate number of Medicare and Medicaid patients in rural areas and the reimbursement rates never seem to cover the complete cost of care.*
>
> Robert Blancato

■ Cuts in Medicare of $270 billion over the next seven years.

■ Cuts of $182 billion in Medicaid in the same period.

Particularly onerous, Blancato said, is that those cuts — declared necessary to eliminate the federal budget deficit by 2002 — are accompanied by "a tax cut for wealthy Americans that will cost approximately $240 billion."

Following Blancato's talk, his audience headed for workshops as part of the Post White House Conference program, one of 220 conferences to be held around the country between May 9 and the end of this year. The initial White House Conference on Aging, held May 2-5, was attended by 2,217 delegates from all 50 states. Delegates were chosen by their state's governors and each member of Congress.

Recommendations in the final report strongly opposed "arbitrary" cuts in Medicare and said responsibility for Medicaid should not be taken over by the states.

Delegates supported reauthorization of the Older Americans Act, additional funding for all forms of aging research, and preservation of a strong Social Security system "now and for the future."

"It seems that what is before the Congress today for a vote is not only thwarting the will of the people, but it's directly thwarting the will of these 2,217 bipartisan delegates who cast votes in favor of these resolutions," Blancato said.

Thursday's regional forum had a two-fold purpose, said Gregory R. Versen, associate professor in the Department of Social Work at James Madison University.

"It doesn't do a lot of good to pass a lot of resolutions at a national meeting and then just have them gather dust," he said. "This exercise is aimed at getting us involved in formulating resolutions to present to Congress, but also to coming up with specific ideas as to how these resolutions can be brought into reality ... to

See AGING, Page 22

News-Record Photo by Richard Prior

Robert Blancato, right, executive director of the White House Conference on Aging, listens to concerns expressed by Ann Hutchens of Waynesboro Thursday.

Aging

Continued from Page 21

address the problems faced by all generations."

Some of the topics addressed in the workshops included health and long-term care, economic security, housing support services and "promoting positive images of aging by sensitizing society to the value of older adults."

Many of the programs, and others dear to the hearts of seniors, will wither or evaporate if the budget bill passes in its present form, Blancato warned.

And in rural areas, he said, the changes will go from bad to "unconscionable."

According to Clinton administration estimates, Blancato said, up to 300,000 nursing home residents stand to lose their Medicaid coverage over the next seven years.

Problems that afflict the elderly in the nation's cities are magnified for their rural brethren, "the fastest-growing group of elderly people in this country," Blancato said.

Under existing Medicare and Medicaid rules, he said, rural hospitals are closing faster than those in urban areas.

"There are a disproportionate number of Medicare and Medicaid patients in rural areas," he said, "and the reimbursement rates never seem to cover the complete cost of care."

In addition, home and community-based services "have traditionally been less successful in rural areas," he said.

In whatever form the budget bill becomes law, people need to realize that the problem of fewer goods to go around is here to stay, Blancato said.

"If there are going to be fewer resources," he said, "we're going to have to find common ground between the different constituencies so we can make what we have go a little further."

25.

WICHITA EAGLE, Oct. 26, 1995 p. 10
(Best Copy Available)

Student loans under attack

By Michael Calabrese
Special to The Wichita Eagle

In all the dramatic budget news coming from Washington, it would be easy to miss the huge step backward Congress is about to take in the way it deals with student loans — to the detriment of students, parents, colleges and taxpayers.

Kansas schools were among the first to participate in the voluntary direct student lending program created in 1993. Direct lending has minimized the red tape and delays involved in processing loans from dozens of banks, each with their own forms and deadlines, and offers students more flexible repayment options. But now, Congress is under pressure from banks and "guarantee agencies" to cut colleges out of the loan program and force students, parents and administrators back into the traditional bank-lending program.

Banks and other lending institutions are pressuring Congress for no-risk loans, and students, their parents and even universities would be the losers.

Under the fledgling Federal Direct Student Loan program, the government issues college loans directly to students rather than subsidizing and guaranteeing loans made by banks. But precisely because the program also cuts "corporate welfare" for banks represented by associations that contribute millions in campaign contributions, the GOP majority in Congress is moving toward either eliminating the program entirely (as the House has proposed) or capping it at 20 percent of loan volume (the Senate proposal). Either way, scores of colleges and graduate schools are likely to be denied their present choice to participate.

When Congress created the federal student loan program in 1965, its goal was to encourage private lenders to loan money to students in need of funds to pay their tuition. But over the years, the traditional guaranteed student lending program has become "corporate welfare" in its truest sense. Most student loans are made by banks and other private lenders, administered by state or private "guarantee agencies," and insured against default by the federal government. The banks receive a healthy interest rate spread over what they pay depositors and also earn fees paid by the government — but unlike any other kind of loan, the banks face no risk of default.

No wonder lenders love this program — it's a risk-free transfer from taxpayers to private middlemen. When students default, the taxpayers cover 98 percent of the loss, including accrued interest. Government guarantees and other financial incentives have made 7,800 banks eager lenders, loaning more than $16 billion. Uncle Sam assures lenders a minimum rate of return, agrees to pay the interest for needy students while they are in school and during the grace period. The Department of Education estimates that student lending will cost the government $6.3 billion this fiscal year.

The program has also generated huge profits for secondary market companies — who buy the loans from the banks — and for the 46 public and private nonprofit guaranty agencies, which insure the loans for the government, oversee lender compliance with federal rules, assist lenders in default prevention and make the initial efforts to collect defaulted loans. These agencies, which are becoming increasingly privatized and involved in side deals profiting their officers, have also spent well more than $1 million lobbying Congress to preserve the old system. And for good reason. They earn some $500 million annually from student fees, taxpayer-funded administrative subsidies and insurance premiums paid by lenders.

Guarantee agencies also profit by rules allowing them to keep 27 percent of any part of a defaulted loan they can collect from borrowers — even if then the government has already fully reimbursed the bad debt. Indeed, flush with the enthusiasm to "privatize" federal assets, Senate Republicans have even proposed turning over to these quasi-independent agencies $1.8 billion in federal reserves that have built up over the years.

In 1993, the Clinton administration and others proposed replacing this costly and complex system — and its layers of profit-making middlemen — with a direct lending program. The goal was for least 60 percent of all student loans to be direct loans by the 1998-99 academic year. Currently, about 100 schools participate in the direct lending program and participation is scheduled to expand to 40 percent of colleges and universities this school year.

More...

26.

STUDENT LOANS UNDER ATTACK, continued...

However, the greatest benefit of the direct lending program is to save the federal government money and use the cost-savings to increase the amount of available student financial aid. In 1993, the federal government subsidized $19.2 billion in student loans. This year, direct loans are expected to provide $13.8 billion in student loans and federally guaranteed bank loans will provide $15.3 billion — a total of $29 billion in loans, demonstrating that direct lending makes more money available for students by passing on part of the cost-savings of limiting the private bureaucracy.

Citizens are fed up with corporate welfare. Yet, the banks and guarantee agencies have been able to convince many members of Congress that they need more taxpayer money. In fact, unless students, parents and taxpayers act fast and let Sens. Kassebaum and Dole know that they want the direct lending option preserved, the country will undoubtedly be stuck again with special interest welfare-as-usual in Washington.

Michael Calabrese is the director of Public Citizen's Congress Watch and former general counsel for the Congressional Joint Economic Committee.

WESTCHESTER WEEKLY

The New York Times

SUNDAY, OCTOBER 29, 1995

Section 13

[Fro]m left, Joe T. Nader, Irving Gurian, Dr. Elliott S. Palais and George J. Parish of the Central Committee of the War Veterans of Yonkers.

Veterans Fear Being Forgotten

By ELSA BRENNER

YONKERS

EVERY day, as sure as the sun rises, Joe T. Nader takes an aspirin to thin his blood, walks three miles in brisk military style and prays. "I pray that my health holds out," said Mr. Nader, a [illegible]-year-old retired Army lieutenant colonel. "And I pray that I don't get left behind. Sometimes I feel like all the doors are closing for me."

As chairman of Westchester's Veterans Advisory Board, Mr. Nader represents an aging population whose numbers are diminishing but whose needs continue to grow. "We're dying at the rate of thousands a year, or as the statisticians like to say, we're aging out," he said.

Mr. Nader, who fought in World War II and the Korean War, is a case in point. Most days he feels vigorous, far younger than his years, although he said more often lately he is aware of the advance of time. And faced with increased cuts in Medicare, he increasingly needs to turn to his veterans benefits. But medical care for him and many of the 50,000 other veterans who live in Westchester — 30,000 of them in this city alone — is often far away.

County-based veterans organizations, along with elected officials in the county, are pressing Congress for funds to open a veterans outpatient clinic here, one of 180 similar proposals nationally. They say that many veterans do not take advantage of their medical benefits because they live too far from veterans hospitals. Here in Yonkers, they have to travel to the Bronx Veterans Affairs Medical Center on East Kingsbridge Road or more than 30 miles north to Montrose for medical attention.

"Some veterans live so far from health care they

Continued on Page 6

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Veterans Fear Being Forgotten as Budget Cuts Threaten Care Units

Continued From Page 1

would rather not go, even if it means that their conditions deteriorate," said Frank C. Buxton, Deputy Director of the National Veterans Affairs and Rehabilitation Commission of the American Legion in Washington.

Dr. Elliott S. Palais, a Korean War veteran and a member of the Central Committee of the War Veterans Organization of Yonkers, said that those that do visit hospitals for outpatient care often find them "crowded, frightening and dehumanizing."

A Department of Veterans Affairs satellite clinic here and another being considered for White Plains could provide checkups, prescription refills, immunizations and other routine medical care, representatives of the veterans groups said recently. Also, they said the clinics could contract with private health-care providers to deliver primary care in a more cost-efficient manner than can large regional veterans hospitals.

"But try telling that to the Government," Mr. Nader said. "Do they ever listen?"

Arguments for satellite clinics notwithstanding, the proposal remains low on a list of Federal Government priorities. At the United States Senate Appropriations Committee last week, a committee aide said the Department of Veterans Affairs "was on the threshold of a reorganization" and some plans — like local outpatient clinics — may have to wait.

Veterans groups in Westchester, in conjunction with Congresswoman Nita Lowey's office, are also requesting $23.4 million for the construction of a 252-bed, state-run nursing home in Montrose, close to the Franklin Delano Roosevelt Veterans Affairs Hospital.

Under that proposal, the United States Department of Veterans Affairs would pay 65 percent of the construction cost, the state would pay 35 percent and the hospital would donate the land. The state would run the nursing home be responsible for its expenses.

The Montrose nursing home be the fifth state-run, long-term ical institution in New York. are 1.6 million veterans in the state, and almost half of them are 60 or older. If the project were approved this year, the nursing home be ready for admissions by 1999.

But the Senate aide said the future of that project, like the satellite health clinic, was uncertain. The Montrose nursing home is listed 19th of 71 on a priority list of Federal assistance requests for construction grants and may not make the first cut for 1996, she said.

While veterans groups point to their numbers to make their case — 27 million strong in the nation — the Senate aide also said that by 2010 those numbers are expected to decrease to 20 million. "As the numbers drop," she said, "our strategy has to reflect that."

But at City Hall here, Philip Nolan, chief of staff, accused "bureaucratic numbers crunchers in Washington" of unnecessarily snagging the veterans' plans, especially when his city was offering to donate clinic space so there would be few overhead costs. Under the proposal, the satellite clinic would be operated in conjunction with the Bronx V.A. Hospital, which would cover most of the operating expenses.

Linda Stalvey, a spokeswoman for the Department of Veterans Affairs, said that because of financial constraints nationally, any clinic would have to be budget neutral.

But more than dollars, the satellite clinics represent a policy about-face for the Department of Veterans Affairs, which has traditionally been hospital based. The department is now reorganizing to form 22 networks that would deliver health care through a combination of satellite clinics and hospitals.

The American Legion and other veterans groups have criticized the Veterans Administration for its reliance on large, overly centralized hospitals and inpatient care. And they say the department has also intentionally discouraged many veterans using their benefits.

"There's a bizarre maze of eligibility requirements that makes less and less sense," said Phil Budahn, another spokesman for the American Legion. "Now with the clinics, they are afraid of opening up the system to too many veterans."

Meanwhile, many veterans fear that they are fast becoming just another group of forgotten heroes — or perhaps, even worse, that they are being seen by lawmakers as just another group looking for a handout.

"There's a perception of us that was once held that is no longer shared by the younger generation," said Dr. Palais in Yonkers. "Clearly, there are fewer in Congress who are sympathetic to our needs."

'As the numbers drop, our strategy has to reflect that,' a Senate aide says.

He continued: "It appears that budget factors are taking precedence over human concerns. Increasingly, as we're beset by the illnesses of maturity, the Government is taking the pen and using it as a sword."

In addition to Dr. Palais and Mr. Nader, members of the Central Committee of the War Veterans Organization of Yonkers include George J. Parish, a Korean War veteran, and Irving Gurian, a World War II veteran. They represent 23 posts in Westchester, including the American Legion, the Veterans of Foreign Wars and the Disabled American Veterans.

The local concerns are being echoed by veterans groups nationally. "Maybe these men and women have not been altogether cast aside, but 40 years ago, there was a cadre of veterans on the Hill," said David W. Gorman, deputy national legislative director for the Disabled American Veterans in Washington, which has 1.2 million members.

He added, "Today, the fact that they set their lives aside to do their country's bidding seems dulled in the memories of those in power."

But the pressure of lobbying groups like the American Legion and the Disabled American Veterans appears to be having an effect, and several representatives conceded that there may be some reason for optimism.

James J. Farsetta, a regional director for the Department of Veterans Affairs in the New York City area, said that while budget constraints and reorganization plans had stymied many plans for the outpatient clinics this year, they could be open by the end of next year — "even if it means more vets seek out V.A. services."

Mr. Nader has not given up hope either. He said that in his appointed post on the county advisory board he will continue to push for the Montrose nursing home site.

"Lately, every time I visit a V.A. hospital or a nursing home, I see nothing but myself, especially as I get older," he said. "Someday I want to be able to go to a home and have buddies to talk to, so we can say, 'Hey, where did you fight? What battle were you in?' I don't want to end up somewhere all alone."

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VA says Medicaid cuts will hurt veterans

■ Report asserts that as many as 172,000 enrolled in the program could lose coverage under the GOP plan. A Republican congressman calls the conclusion 'bogus.'

By Jim Abrams
The Associated Press

WASHINGTON — Republican plans to slow the growth of Medicare and Medicaid spending could leave tens of thousands of veterans without access to health care, Veterans Affairs Secretary Jesse Brown said Monday.

The Republicans are balancing the budget on the backs of veterans, Brown said, "and that is shameful and it is not fair."

Rep. Tim Hutchinson, R-Ark., a member of the Veterans Affairs' Committee, disputed Brown's charges and said the conclusions of a report by the VA and Health and Human Services departments were "bogus."

Hutchinson and Brown appeared on Cable News Network.

The VA-HHS report said that as many as 172,000 of the 600,000 veterans now enrolled in Medicaid, the health care program for the poor and disabled, could lose their coverage under the GOP plan to trim Medicaid spending by $182 billion over seven years.

Of those, it said, 56,800 are severely disabled, not covered by Medicare, and ineligible for VA care based on service-connected injuries.

It added that more than 600,000 veterans may turn to the VA for health care because they won't be able to afford increased Medicare premiums and deductibles.

Brown said the VA is already facing the closure of approximately 41 of its 172 hospitals because of lower funding levels under the Republican plan to balance the budget in seven years. "Once they are locked out of the process under those programs, they cannot come to VA, because the VA door will be closed."

Hutchinson disagreed.

"The premises are wrong, the numbers are wrong and the conclusions are wrong," he said. "We are absolutely committed to caring for our veterans."

He said Americans "are going to react to these kinds of scare tactics with a collective shrug."

BUDGET CRISIS

'The premises are wrong, the numbers are wrong and the conclusions are wrong. We are absolutely committed to caring for our veterans.'

■

Tim Hutchinson,
Republican representative from Arkansas

Department of Veterans Affairs

NEWS CLIPPING TRANSMITTAL SHEET

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NEWS CLIP IDENTIFICATION
NEWSPAPER: The SUN
CITY AND STATE: San Bernardino, CA
DATE OF PUBLICATION: October 31, 1995
SPECIAL INTEREST FILE: Medicaid Cuts

SENDER IDENTIFICATION
NAME: Debra J. Dirkson
DATE: 11/1/95
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PAGE 1 OF 1

News Clipping Transmittal Sheet

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Vet officials fearful budget cuts may hurt VA programs

By Jon Ericson
Daily Globe staff writer

WORTHINGTON — Veterans benefits may not be in dire straits right now, but anticipated budget cuts may endanger the future of such programs.

Rep. David Minge's veterans liaison Randy Maluchnik and Minnesota State Veterans Homes Board Chairman Jim Main came to Luverne Monday night to discuss veterans nursing homes and benefits. Both representatives are veterans.

Flat spending on Veterans Affairs at the federal level in recent years has administrators of veterans programs scrambling to maintain services despite the pressures of inflation.

Members of Congress have proposed $7 billion in cuts by 2002. This year Veterans Affairs (VA) will absorb an $85 million dollar cut, but the reduction would be more than $500 million if a one-time restructuring infusion of $500 million had not been awarded.

The total budget for VA is about $37 billion.

"We know we need to balance the budget. What we're afraid of is certain groups are singled out," Maluchnik said in an interview Tuesday at the *Daily Globe*. "We don't want to balance the budget on their backs."

Maluchnik said VA and state administration of veterans services need to be looked at to prepare for decreasing budgets.

He said the VA needs to look at

Veterans —

~~please turn to page 2A~~

Veterans —

continued from page 1A

providing more outpatient care to keep up with a changing health care environment.

An idea for a pilot project which would contract out primary care for veterans nearly passed through Congress this year, but stalled as a result of efforts by one opposing representative.

Main said the pilot project, which would have started in a handful of states this year, would allow the VA to concentrate on the services it is intended to provide.

"In these times, looking to cut costs, what the VA is doing would fit right in," Main said.

"We could be functioning more effectively right now," Maluchnik said. "Now we're basically starting from scratch again."

Federal money pays for two-thirds of VA hospital building costs. Two projects in Minnesota are currently requesting funding. One is a new facility in Fergus Falls and the other is a major renovation for the Minneapolis facility.

The Fergus Falls project has gained its one-third of the project cost and simply awaits federal funding.

The Minneapolis project, a much more expensive proposition, also awaits funding.

"It's getting to the point where buildings are going to have to be closed if we don't get this money," Main said. "If the (Minneapolis) project doesn't get funded next year we're going to have problems keeping it open."

Main and Maluchnik said two problems arise with cutting VA spending.

One is Congress many times cuts the administrative budget. That means applications for benefits take months longer than before to be processed. The backlog of VA claims can create more widespread use of Medicaid and other assistance programs. Increased use of Medicaid passes health care costs on to states.

The VA is the third-largest employer in the federal government. About 26 million veterans and 44 million veterans' family members are served by the VA.

The Monday forum at the Minnesota Veterans Hospital in Luverne attracted 43 people.

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News Clipping Transmittal Sheet

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PAGE 1 OF 1

News Clip Identification	Sender Identification
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City & State: Detroit, Michigan	Facility: VA Regional Office
Date of Publication: October 9, 1995	Date: October 12, 1995
Special Interest:	Phone: (313) 226-4127
FILE:	Remarks:

MICHIGAN DATELINE

VA chief blasts proposed cuts

BATTLE CREEK — Veterans have paid their dues to the country and should be spared government budget cuts, says the U.S. Veterans Affairs secretary.

"Veterans are different because of the level of contribution and sacrifices they have made," Jesse Brown said Saturday.

Brown was in Battle Creek to give the city a check to help pay for housing for homeless veterans.

Brown, a veteran wounded in the Vietnam War, told about 125 people that some members of Congress want to close 42 VA hospitals and eliminate the jobs of 61,000 doctors and thousands of other employees.

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THE MIAMI HERALD
10/12/95

Children will suffer

IN GOP MEDICAID CUTS

GOP plan may end Medicaid access for 423,000 Florida children. This is unacceptable.

Pitted against the elderly for federal dollars, children have no chance, Donna Shalala, U.S. secretary of Health and Human Services, told The Herald's Editorial Board on Tuesday. Sadly, the record bears her out. Medicare doesn't cover children, and 70 percent of Florida's Medicaid dollars are spent on services for the elderly and disabled. Worse, the competition for dollars is intensifying as the Republican-controlled Congress shifts to block grants, cuts $182 billion from the Medicaid program, and strips Medicaid beneficiaries of their "entitlement" status.

For Florida's Medicaid program it's a triple whammy. Over the next seven years, the state stands to lose 30 percent of the federal dollars ($8.4 billion under the House's plan, $6.8 billion under the Senate's) that it would have collected under the current Medicaid program. Because Florida has a disproportionate share of the nation's elderly and of children living in poverty, its Medicaid costs have been growing at about 10 percent annually. That far exceeds proposed inflation allowances.

Some 23 percent of Florida's children depend on Medicaid. They're in families at or below the poverty level ($12,590 annual income for a family of three). Unless state legislators raise state taxes to offset the loss of federal dollars, 423,000 Florida children are likely to lose Medicaid coverage.

Jackson Memorial Hospital's pediatric units would lose an estimated $655 million; Miami Children's Hospital, $188 million. It then becomes questionable whether the state's four children's hospitals will be able to sustain pediatric graduate medical education and specialty care, says William McDonald, Miami Children's Hospital president and CEO. That's a hidden penalty that hits insured children as hard as Medicaid children.

If children are to be protected and to get a fair share of the Medicaid dollars available, some "strings" must attach to block grants. On a 17-3 vote, the Senate Finance Committee rightly attached an amendment by Sen. John Chafee, R-R.I., to guarantee continued Medicaid eligibility to the disabled, pregnant women, and children 12 or younger living in poverty. Two other good amendments, jointly sponsored by Sens. Orrin Hatch, R-Utah, and Carol Moseley-Braun, D-Ill., require states to develop plans for maintaining children's health programs.

The amendments don't make up for the staggering loss of dollars — a loss that the Democratic alternative would ameliorate by cutting $58 billion less over 10 years and providing larger inflation adjustments. But without such amendments, the health needs of children are sure to be pitted — state by state — in a most unfair competition.

Boston Globe 10/24/95

Impact of cuts in Mass. debated

GOP proposals affect Medicaid

By Richard A. Knox
GLOBE STAFF

As many as 114,000 Massachusetts children would lose Medicaid coverage, and the commonwealth would suffer a $4.2 billion seven-year loss in federal Medicaid funds, under Republican proposals pending before Congress, the White House said yesterday.

The proposed congressional cuts would cost thousands of disabled children the specialized therapy and equipment that allow them to live at home, the Clinton administration said. The cuts also would impose a 52 percent cut on Boston's infant mortality prevention program, Healthy Start.

The Weld administration countered that the White House estimates were "scare tactics" and "wildly overstated," but did not offer alternative figures.

The new estimates were part of a campaign launched yesterday by Clinton administration officials and an array of health care providers to emphasize the impact of Republican Medicaid cuts, especially on children.

Nine groups representing health care professionals and hospitals yesterday decried the proposed Medicaid cutbacks at a Washington press conference. The groups included the American College of Physicians, the American Academy of Pediatrics, the Catholic Health Association and the National Association of Children's Hospitals.

David Weiner, president of Children's Hospital in Boston, called the potential impact of proposed Medicaid cuts on Massach[illegible]etts "scary, for lots of reasons."

"For example, families with children who are disabled or have birth defects could never afford the kind of specialized care these kids need," Weiner said. About 15 percent of Medicaid recipients are disabled, he added, and many of them are children in low-income working families.

In a New York City speech, Hillary Rodham Clinton said that Medicaid, which covers nearly one in three American children, would be slashed by $182 billion nationally over the next seven years.

The proposed Medicaid cuts would increase by nearly 9 million the number of people without health care coverage, the White House said, quoting an analysis by the Urban Institute, a Washington-based think tank.

Massachusetts Medicaid covers more than 376,000 individuals under age 21. Although that population amounts to half of all Medicaid enrollees in the commonwealth, these individuals account for less than a quarter of all Medicaid expenditures.

David Ball, a spokesman for Massachusetts' Medicaid program, said the commonwealth would have "sufficient flexibility" under the House version of the Medicaid budget. "We have no plans to eliminate coverage for any Massachusetts children," Ball said.

Ball added that the White House estimates are based on a 10 percent annual growth in Medicaid expenditures – the current national rate – but the program has been growing at a rate of only 3 percent yearly in Massachusetts. "So the figures being used in this estimate are not accurate," he said.

Charleston Daily Mail FRIDAY, OCTOBER 20, 1995 7A

Cuts may affect infant mortality

■ Less federal money for Medicaid may reverse state's work

THE ASSOCIATED PRESS

The state Medicaid Crisis Panel began wrapping up its work as health officials expressed concern that federal cuts in the program could reverse progress the state has made reducing infant deaths.

MEDICAID MESS

The panel appointed by Gov. Gaston Caperton will recommend ways to cut $200 million out of the Medicaid program this year to balance the budget. It recommend long-term changes that should prepare the program to handle likely federal cuts.

Medicaid is a health care program for the poor and disabled. The federal government pays 75 percent of the cost and the state pays the rest.

At the insistence of Administration Secretary Chuck Polan, the Department of Health and Human Resources will prepare a priority list of money-saving measures it already is taking and those it thinks the state should take.

The list, with the amount each change would save, will be presented at the panel's meeting next Thursday.

The group will begin discussing its recommendations then, but will meet a final time on Oct. 29 to reach an agreement, said Chairman Tom Heywood.

Meanwhile, state health officials are worried that proposed federal Medicaid cuts could increase infant mortality.

With the help of Medicaid-funded programs, West Virginia's infant death rate decreased from 18.4 deaths per 1,000 births in 1975 to 6.2 deaths per 1,000 births in 1994, officials said. The national rate is 8.0 deaths per 1,000 births.

Diane Kopcial of the state maternal and child health office said that when Medicaid expanded in the 1980s the state:

■ Recruited physicians to care for Medicaid patients.

■ Built a referral system with hospitals in Charleston, Morgantown and Huntington.

■ Began the Right from the Start program to serve Medicaid-eligible women during their pregnancies and 60 days after they give birth. It also serves infants up to age 1. The program provides nutritional counseling, parenting education and transportation to medical appointments.

The Women, Infants and Children program also provides nutrition and health education, free food and breastfeeding information for women and children under 5.

Medicaid has greatly increased poor women's opportunities to get medical care, said Phil Edwards, the administrative assistant for the Bureau of Public Health's Division of Women's Services.

"By making them eligible, they'll go in for prenatal care earlier than they would otherwise," he said.

"Every dollar you spend on this side in prevention, you save four on other side where you don't have to treat an at-risk patient," Kopcial said.

HUD official says cuts bad news for city

■ Former Reading Mayor Karen A. Miller, now a Housing and Urban Development representative, says under a proposed House spending plan $388,000 would be slashed from the Reading Housing Authority budget.

From our news staff

A federal budget proposal to slash spending in the Department of Housing and Urban Development would put a serious crunch on Reading and other cities like it, a HUD official said Tuesday.

"When you start scaling back on the money available for modernization, for security, then it's going to affect not just all of the people that live in the housing authority but it's going to affect the people outside those housing authorities," said Karen A. Miller, the HUD secretary's representative in the Mid-Atlantic region.

Miller, who was mayor of Reading from 1981 to 1987, outlined the proposal during a stop at the *Reading Eagle* and *Reading Times*.

Her visit was part of a series of regional appearances to review effects of the potential cuts, which have been opposed by the Clinton administration.

Under the House plan, housing authorities nationwide would have to trim their operating subsidies by 14 percent, Miller said.

That would mean cutting $388,000 from the Reading Housing Authority budget and $51,000 from the Berks County Housing Authority, Miller said.

Additionally, capital improvement allocations would be chopped in half; funding for the homeless would dip by 60 percent; and grants to combat drugs in housing projects would be eliminated, Miller said.

Officials also would put a freeze on rental assistance certificates, or Section 8 grants, she said.

"Most of these cuts affect people who are in the most vulnerable areas of the population and struggling to stay in the middle class," said Miller.

The figures painted a grim picture for Reading and other old manufacturing cities already facing escalating taxes and plunging revenues.

Under the House plan, one of the government's major grant programs — Community Development Block Grants — would be spared the budget ax and remain at current levels.

Karen A. Miller
paints grim picture

THE SAN DIEGO UNION-TRIBUNE

Tuesday, October 24, 1995

It's GOP vs. kids, Clinton says

SCRIPPS HOWARD NEWS SERVICE
AND UNION-TRIBUNE

WASHINGTON — The White House is intensifying its campaign to try to convince Americans that Republican spending cuts will harm the nation's children.

Books put out by the White House yesterday argue that families earning less than $13,000 would lose $3,200 a year on average, largely because of plans to trim $130 billion from the growth of Medicaid, which pays the health-care costs for the poor.

As the GOP-controlled House and Senate prepare later this week to begin voting on slightly differing budgets, President Clinton, Hillary Rodham Clinton, Vice President Al Gore, Tipper Gore and most of the Cabinet members are fanning out across the nation.

Henry Cisneros, Housing and Urban Development secretary, was in San Diego yesterday exhorting parents to protest Republican-sponsored federal budget cuts.

"Today in Washington we are facing an attack," Cisneros told an audience of about 1,000 students and parents at Sherman Elementary.

"(Republicans in) Congress want to cut Head Start. They want to cut Drug Free Schools and Goals 2000," a program to strengthen school standards, he said.

"I'm here to say to parents that we must stand up and be heard," Cisneros said.

Cisneros and other Cabinet members insist GOP-proposed cuts unnecessarily hurt millions of American children.

"The Republican budget takes the view you have to harm children in order to save them," Leon Panetta, White House chief of staff, said yesterday.

The White House thinks its two best weapons against Republican budget cuts are to warn senior citizens about plans to cut $270 billion out of Medicare over seven years and that families with children would take a significant hit.

Panetta said Clinton will veto any Republican budget plan based on what Congress is doing now.

Republicans say that cuts in Medicare and Medicaid and welfare are necessary to save the Medicare trust fund from going bankrupt by 2002 and to balance the budget in seven years.

Clinton argues that Republicans are cutting programs for families mainly to pay for a $245 billion tax cut. He says balancing the budget and protecting Medicare are possible without a severe impact on children, although his budget too would cut many programs that affect families.

For example, he would cut 55,000 children off the supplemental Social Security program; House Republicans would cut 755,000 by the year 2002.

Page 7 QUEENS CHRONICLE, Thursday, October 26, 1995

Federal Gov't. Outlines Affect Of Budget Cuts For Queens Officials

by Elizabeth Lynch

Queens Borough Board members voted to oppose cuts proposed to the federal budget because of the dramatic affect they would have on the borough.

"It appears there is a disproportionate affect on New York, said member Betty Braton, of Community Board 10, who introduced the motion.

Council Michael Abel of Bayside, voted against the motion, saying he needed more information before he could make a decision.

Seven representatives from the federal government attended the October 24th meeting to outline the impact cuts proposed by the House and Senate would have on Queens. "The interaction of rapid changes on all levels of government, both regulatory and budget-wise are fundamentally changing services in our community," said Borough President Claire Shulman, in a press release issued before the meeting.

General Services Administration Regional Administrator Karen Adler said President Bill Clinton's budget moves toward balancing the federal budget, but at a slower pace than that proposed by Congress. It's a philosophy of where do we make the cuts and who has to sacrifice," she said.

Adler noted that there are 13 appropriations bills at various stages of approval that must be reconciled.

President Clinton's "position is that if those policy principles, those sacrifices, are not reconciled, he's going to have to veto those bills," Adler said.

Allison Green, regional director of the Department of Health and Human Services said every Queens Medicare patients could pay as much as $3,050 more a year for health care if the House proposal to cut $270 billion from the program is approved.

Green called the cuts "draconian" and noted that a 36 percent cut to Medicaid is proposed. "New York state is one of eight states where half of the $182 billion in Medicaid cuts will come from," Green said.

The Department of Labor also is slated for severe cuts. "1995 may be the last year for the summer youth program," said Hulbert James, of the DOL. He noted funding for other programs, like adult training would be cut by $17 million throughout the state, and more than $22 million would be cut from programs that would help retrain displaced city workers.

For the Environmental Protection Agency, the House and Senate have proposed cuts between 23 and 33 percent. Much of the money would be cuts from enforcement programs and the agency would be prohibited from establishing new standards and policies, said Jean Fox, the agency's representative. New York would lose $134.7 million to pay for wastewater project, low-interest loans for safe drinking water and for programs to fight polluted run-off.

New York is slated to lose $87 million that would impact on direct student loan programs, Safe and Drug-Free Schools and Title I programs. "Anyway you look at it the kids lose," said Patricia Parial, of the Department of Education, adding "The President is very clear: He won't support any cuts to education."

* * *

El Paso/Region B

Demos warn El Paso of proposed budget cuts

By Ken Flynn
Herald-Post senior reporter

El Paso stands to lose $43.6 million in public-housing funds alone as part of a Republican plan to cut federal spending and balance the budget, six Democratic federal officials from the Dallas-Fort Worth area said Tuesday in El Paso.

The Republican budget cuts are too deep and will hurt the elderly and the poor, said Steve Weatherford of the Department of Housing and Urban Development.

"President Clinton has proposed a balanced budget that would not gut important social programs," Weatherford said. "El Paso will lose funds for the homeless and for modernization of existing housing units and renovation of substandard units. An important housing project drug-elimination grant would also be dropped."

Others at the news conference at El Paso International Airport were Sally Cain, representative of the secretary of the Department of Education; Patricia Montoya, regional director of the Department of Health and Human Services; Jim Cantu, representative of the secretary of Labor; Jim Breedlove, regional administrator of the Small Business Administration; and John Pouland, regional administrator of the General Services Administration.

Pouland said the Republicans are proposing cuts of more than

SEE FUNDS / PAGE B-2

Funds / FROM PAGE B-1

$450 billion from health care between 1996 and 2002 — $270 billion from Medicare and $182 billion from Medicaid.

Weatherford said the president's proposed balanced budget would ensure that the Medicare Trust Fund remains solvent for at least another decade, and expend benefits and choice of plans without imposing any new Medicare beneficiary cost increase.

Montoya said she was concerned that the deep cuts in Medicare would hurt many rural hospitals in New Mexico and West Texas.

"Some rural hospitals in New Mexico will be forced to close," she said. She cited figures showing Medicare accounts for almost 40 percent of net patient revenue in the average rural hospital and as much as 80 percent in some rural hospitals.

Cain said El Paso will be hurt by proposed cuts in the Head Start program.

NEWS SUMMARY

U.S. Department of the Interior Office of Communications

Thursday, November 2, 1995

November 1, 1995 WEDNESDAY

SAN GABRIEL VALLEY TRIBUNE

Babbitt: Preserve funding

Future of Mojave park in limbo after budget cuts

By Frank C. Girardot
STAFF WRITER

SAN MARINO — It was Halloween and the Huntington Library was masquerading as the Mojave desert.

The library's sprawling cactus garden provided a perfect backdrop and facsimile Tuesday for Interior Secretary Bruce Babbitt, in town to campaign for continued congressional funding for California's Mojave National Preserve.

A congressional committee voted Tuesday to provide a single dollar in funding for the 1.5 million-acre preserve, which is located in southeastern California.

The preserve is the fourth largest park outside of Alaska and is twice the size of Yosemite National Park. The park rests south of Interstate 15, north of Interstate 40, east of Baker and west of the Nevada border.

President Clinton signed the Desert Protection Act in October 1994, which created the preserve in the heart of the Mojave Desert. With the change in congressional leadership from Democrat to Republican last November, the act is one of many now facing the budget ax.

Using a dollar to emphasize his point, Babbitt said President Clinton will veto the Interior Department funding bill pending in Congress unless a way is found to provide at least $2 million to keep the 1-year-old preserve up and running during

Please turn to MOJAVE / A8

INTERIOR SECRETARY Bruce Babbitt raises a dollar bill Tuesday to illustrate congressional funding for the Mojave National Preserve.

Staff photo by JOHN FONTES

MOJAVE

Babbitt decries lack of funding

Continued from A1

1996. "Not even George Washington could administer one-and-a-half million acres for one dollar," Babbitt said. "We've got to expose this process. We've got to expose this corruption of money that is leading to this effort to sell off our national parks.

"This isn't trick-or-treat," he said. "This is real scary stuff."

A news release was issued Tuesday from the office of Republican Rep. Jerry Lewis of Redlands, who represents the desert region.

"This region has been accessible for generations," the release stated. "Suddenly the National Park Service says to the public, 'You will not have access to this land.' Frankly, it's not acceptable to Mr. Lewis, and most importantly, it's not acceptable to the people that live and work there."

Management of the area will revert to the Bureau of Land Management.

Babbitt said he was convinced there was enough money in his department's budget to fund the preserve as a national park. He said he was willing to make across-the-board reductions to finance it.

THE WICHITA EAGLE Monday, October 30, 1995

Arctic under GOP attack

By Bruce Babbitt
Special to The Wichita Eagle

Three newly-powerful Republican members of Congress from Alaska are working furiously through the dead of night to carry out a project that would be rejected by the majority of U.S. citizens if they knew about it.

The new Congress did not campaign on this issue; it flies in the face of public opinion and a presidential veto; and yet the GOP's leaders are suddenly in a rush to carry out their top environmental priority in both the Senate and the House of Representatives: Hand over the public's last arctic wilderness refuge to exploitation by oil companies.

Americans need to understand the consequences of the GOP's proposed Arctic oil giveaway.

The coastal plain of the Arctic National Wildlife Refuge is the last protected fragment of Alaska's Arctic coastline, comprising a pristine, unique ecosystem where hundreds of plant and animal species live wild just beyond the looming shadow of the oil and gas drilling equipment that sprawls across the landscape 100 miles to the west at Prudhoe Bay.

Prudhoe Bay is, in many ways, an American success story. It has provided billions of barrels of oil for the American economy. The Clinton administration strongly supports domestic oil and gas production — in appropriate places — and in fact hundreds of miles of Alaska's Arctic Ocean shore is open to further exploration.

But the 10-mile strip of coastline in the Arctic National Wildlife Refuge is different. The giant Prudhoe Bay industrial complex doesn't fit there.

Studies have shown that opening this last protected area to oil and gas development would lead to serious threats to the native wildlife, including the Porcupine Caribou Herd, and the native peoples who depend on the herd to live and maintain their traditional lifestyle.

Oil and gas development would disrupt these pristine lands by covering them with an industrial spider web of pipelines, utility corridors, barracks and equipment sheds, roads and other facilities. Each stage of development would bring physical disturbances of the area, risks of oil spills and pollution, and long-term damage that would impair wildlife for decades or centuries.

In return for losing this last sanctuary of Arctic wildlife, Americans will receive ... what?

That's not very clear. To be sure, it's been made deliberately unclear and swathed in hyperbole. Alaska's congressional delegation, which has been leading the charge, promises billions upon billions of dollars in unspecified benefits for every man, woman and child in the nation.

At least that's the word from the Alaska Pipeline. But the reality is much closer to the tundra. And as the facts are nailed down, their promised "billions" begin to melt away like spring snow.

Republican leaders of the congressional budget committees have told their colleagues that drilling in the Refuge will bring in an estimated $1.3 billion in revenue. That, presumably, will allow any congressman, when eventually faced by angry electorate asking "Why did you sell our birthrights to brandish the King's X of "Deficit reduction — I did it for deficit reduction."

Of course, $1.3 billion represents only 0.3 of 1 percent of the budget deficit. But even that estimate is wildly exaggerated. For one thing, it assumes that oil prices will be more than $30 a barrel in the year 2000. What are the chances of that?

On top of that, new geological analysis shows there's probably less oil under the Arctic Refuge than what the Republicans are counting on to make their numbers work. Taken together, these factors could bring the total revenue down to a little more than half what the Alaska congressional delegation is promising.

Then there's the question of the state's cut. The state has already sued the federal government, saying it's entitled to 90 percent of the lease revenue; now they say they're willing to settle for only half. No doubt. But in Alaska itself, one of the Senate sponsors of drilling has told the press not to worry, that once the bill is safely passed the state can sue and get its 90 percent share.

Frankly, not even the oil companies need to drill in the Refuge. If they'll turn around and look west instead of east, they'll find they can drill undisturbed for 1,000 miles — all the way to Siberia. There are plenty of places to drill for oil without damaging "America's Serengeti."

Three things are clear: (1) the American people who own the Refuge don't stand to get much out of this deal; (2) the political leaders of Alaska and industrial leaders who financed their campaigns would reap the biggest, most disproportionate windfall in recent history; and (3) if they are prevented from working in the dark of night, kept from using Washington's Byzantine budget process to conceal their self-serving manipulations — if they're forced to come out in the daylight and explain themselves — it just won't happen. Americans just won't stand for it.

THE NEW MEXICAN Wednesday, November 1, 1995

Cuts could cost Colorado, New Mexico region 100 jobs

By KAREN PETERSON
The New Mexican

Bureau of Indian Affairs agencies in New Mexico and southern Colorado will lose about 100 jobs if budget cuts being debated in Congress become a reality, bureau officials said Tuesday.

But Don Whitener, assistant director of the bureau's Albuquerque area office, said just less than two-thirds of that number of people will lose their jobs. The bureau has found other slots for the rest, although many have had to take demotions, Whitener said.

Termination notices for employees have already been sent, and they will be off the job Dec. 6 unless the budget is changed by Congress or is vetoed by President Clinton.

"Many people who received notices that their positions had been abolished were able to retain a job, but it's probably not the job they want or the grade they want," Whitener said.

Whitener said the cuts have been made "across the spectrum of professions" and include police officers, foresters and scientists as well as clerical and administrative staff.

The cuts will have an effect on the bureau's ability to provide services for tribes, he said. BIA agencies help tribes with everything from road projects and police work to social services and contract review.

Cameron Martinez, acting director of the Northern Pueblos Agency, said he will lose six people and 12 positions if the cuts go through.

The agency serves the eight pueblos in the upper Rio Grande Valley.

"We're losing our lead criminal investigator, we're losing a supervisor in social services," Martinez said. "It's really going to hit services to tribes hard."

Two New Mexico tribes have gone to court, saying the cuts violate federal government obligations to tribes, but lost a bid to block the cuts until the case is resolved.

San Jose Mercury News • Local • Thursday, November 2, 1995

Interior secr etary issues jibe at GOP over wetlands policies

Water Act, on Wednes-
3 Babbitt's remarks
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ored by Rep. Bud Shus-

backed by farmers,
and industry, the bill
row the definition of wetlands and transfer most authority for water pollution control to the states.

Environmental groups have dubbed it "the dirty water act" and made its defeat a top priority. The Senate has yet to act, but President Clinton has threatened a veto.

Nelligan said 80 percent of wetlands in the Bay Area won't be lost if the bill becomes law. He said state laws still will protect most wetlands, and that nationally, only between 7 and 14 percent will be opened to development.

The issue has particular resonance in the Bay Area.

In the mid-1800s, tidal marshes stretched up to four miles wide around the entire San Francisco Bay. Today, however, about three-quarters have been destroyed by dumping, farming and development.

Wetlands provide habitat for ducks and other migratory birds. They also cleanse water, offer flood protection and provide shelter for juvenile fish.

Wednesday's appearance marked the last leg of a three-day tour through California for Babbitt. During his two-hour visit, Babbitt, the nation's top environmental official, also spent time with about 40 schoolchildren who were studying brine shrimp at the refuge.

"It's a joy to know there's a piece of land like this in the world still," said Marianne Chang, a fifth-grade teacher who brought her class from Schilling Elementary School in Newark.

The San Francisco Bay preserve contains 21,000 acres of marshlands, salt ponds and mudflats. It rings the South Bay waterfront, stretching from the east edge of the San Mateo Bridge near Newark, across Alviso and up to Redwood City. Administered by the U.S. Fish and Wildlife Service, it is the largest urban wildlife refuge in the nation. Four federally endangered species are found along its shores: the clapper rail, salt marsh harvest mouse, snowy plover and California least tern.

▶ENVIRONMENT

Babbitt blasts Mojave Preserve funding

SAN MARINO (AP) — Federal lawmakers are trying to fund California's year-old Mojave National Preserve out of existence with a token budget appropriation, Interior Secretary Bruce Babbitt said Tuesday.

"Not even George Washington could administer a million and a half acres for one dollar," Babbitt said as he waved a dollar bill at a news conference in the desert cactus section of the Huntington Botanical Gardens.

A congressional committee Tuesday reiterated that it would only provide one dollar of funding for the vast desert preserve, Babbitt said.

"They don't have enough courage to step up and sponsor legislation saying our objective is to abolish this preserve," he said. "... My friends, this isn't trick or treat. This is really scary stuff."

Rep. Jerry Lewis, R-Calif., defended the committee's decision, saying the National Park Service lacks a long-term management plan for the preserve.

According to a statement released by Lewis' office, negotiators have directed the park service to use up to $100,000 within its existing budget to complete such a plan.

The Bureau of Land Management will be given $599,999 to manage the desert lands as they were used prior to being made a national park in October 1994, the statement said.

"A plan will not be approved unless it fully addresses the legitimate concerns of local citizens, recognizes very real budgetary constraints, and resolves potential jurisdictional conflicts with state wildlife agencies and local governments which jeopardize wildlife recovery efforts in the region," Lewis said in the statement.

Babbitt said President Clinton will veto a bill without funding for the Mojave Preserve. He estimated that $2 million would be enough to fund the park for a year. The current request for the preserve is $2.7 million.

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THE WASHINGTON POST

THURSDAY, OCTOBER 19, 1995

Public Hospitals Vulnerable to Cuts

By Amy Goldstein
Washington Post Staff Writer

Public hospitals, medical sanctuaries for the poor and sick concentrated in the nation's largest cities, are singularly vulnerable to efforts in Congress to redefine Medicaid and Medicare.

Under proposed cuts in the government health insurance programs, D.C. General Hospital and other urban public hospitals stand to lose more of their income than other providers of health care and to see more of their insured patients siphoned into managed care plans, analysts and hospital officials say.

Such hospitals, which often have difficulty attracting American physicians, also risk losing much of their front-line medical work force. A provision in the Medicare plan being considered by the House would greatly reduce the amount of federal money paid to hospitals to help train residents who graduated from foreign medical schools.

And if Medicaid cuts translate into a greater number of people without health insurance, as analysts predict, public hospitals stand to inherit more patients who cannot pay their bills. At the same time, the federal government would reduce the special financial help it provides to hospitals that cater to patients who are especially poor and sick.

"These hospitals already are

See HOSPITALS, A10, Col. 1

Nation's Public Hospitals Could Feel Brunt of GOP's Proposed Medicare Changes

HOSPITALS, From A1

right on the edge," said Christine Capito Birch, executive director of the National Association of Public Hospitals. "Cuts of the kind Congress is considering would have a devastating impact on the hospitals and the people they serve."

Today, the House is expected to take the first step toward these sweeping changes by approving a Republican plan to transform Medicare, the federal insurance program for the elderly. Public hospitals are not the only constituency that would be affected by the effort to reform Medicare and Medicaid, the state-federal program for the poor and disabled.

Under bills passed this month by House and Senate committees, Medicaid would be cut by $182 billion by 2002, compared with what would be spent if the program were unchanged. The federal government would give each state a fixed grant, and would eliminate rules that guarantee certain patients and services are covered.

The House Medicare plan and a similar Senate measure would cut that program by $270 billion in the next seven years. Elderly patients would be encouraged to join private "managed care" plans that determine how much and what kind of care they receive.

But the effects on public hospitals would be particularly pronounced, because they rely most heavily on federal help. Medicaid and Medicare account for nearly three-quarters of income at public hospitals, but less than half at U.S. hospitals overall.

For many of these hospitals of last resort, the proposed cuts would worsen an already precarious financial situation. Public hospitals' operating margins are, on average, less than half as great as those at other hospitals. In several cities, including New York and Los Angeles, public hospital systems are on the brink of economic collapse.

In such a climate, D.C. General Hospital, the Washington area's only public hospital, provides a kind of worst-case scenario. If the changes being considered by Congress become law, "the unintended consequences would show up here first," said John A. Fairman, D.C. General's acting administrator.

Among those consequences would be the hospital's ability to hire young physicians such as Haris Alim.

As a medical student in his native New Delhi, Alim had "a dream and a passion" to get advanced training in the United States. He was visiting a friend in Washington the summer of 1993 when he learned of a vacancy for a resident at D.C. General, which has trouble recruiting graduates of U.S. medical schools.

Now chief resident in D.C. General's department of medicine, Alim, 30, has treated hundreds of patients with pneumonia, liver disease, hepatitis, AIDS and drug addictions. He is one of the hospital's 120 residents—young medical foot soldiers, three-fifths of them foreign-trained, who care for the large reservoir of District citizens who are sick and cannot afford to pay for medical help.

This symbiosis—educational opportunities for young foreign doctors, treatment for patients who cannot afford private physicians—could be threatened if the federal government cuts back on payments to subsidize the training of doctors who did not graduate from U.S. medical schools. D.C. General currently receives $1.2 million a year for the training of foreign doctors who work in the hospital. The Medicare reform bill being considered by the House would reduce such assistance for foreign medical graduates by 75 percent by 1998.

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The New York Times

NEW YORK, SATURDAY, OCTOBER 21, 1995

$1 beyond the greater New York metr

PUBLIC HOSPITALS FACING DEEP CUTS BY MEDICARE BILL

NEW YORK TO BE HIT HARD

Measure to Reduce Financing for Teaching Programs and for Services to the Poor

By ESTHER B. FEIN

The sweeping cuts in Medicare making their way through Congress would force major teaching and public hospitals around the nation to retrench drastically or face closure, and to slash doctor-training programs that are the backbone of medical care in many poor neighborhoods, according to health care experts.

The bitter debates over Medicare have focused on its role as the nation's health care system for the elderly. But the $178 billion program is also the largest subsidizer of medical training in the country, and helps hospitals serving poor and uninsured patients.

Nowhere will the effects be felt more than in New York City, where 15 percent of the nation's medical students train and where more medical care is provided to the poor than anywhere else.

If the Medicare overhaul becomes law, Bronx-Lebanon Hospital, in the South Bronx, for example, will lose financing for most of the salaries for about 63 percent of its medical residents, who provide the bulk of its patient care. New York City's 11 public hospitals will lose nearly $800 million over seven years if the bill becomes law.

In North Carolina, officials of Duke University, which has one of the nation's premier teaching hospitals, say they will lose 30 percent of the money they depend on for training doctors.

"What people need to understand is that these cuts reach beyond the Medicare population," said Kenneth E. Raske, president of the Greater New York Hospital Association, a trade organization. "There is no such thing in a hospital as a Medicare nurse or a Medicaid nurse or a Blue Cross/Blue Shield nurse. Hospitals combine different streams of revenue to pay for everything they do, and so cuts in Medicare payments affect everyone who comes through their doors."

Republicans say the entire Medicare program must sustain cuts in order to survive. And many experts say there is already less of a need for big hospitals as insurance companies and health maintenance organizations push for shorter hospital stays and more preventive care.

In New York, for instance, city officials contend that there are too many hospitals, many just blocks from each other. The administration of Mayor Rudolph W. Giuliani wants

Continued on Page 8, Column 1

Public Hospitals Would Face Medicare Cuts

Continued From Page 1

to close or shrink some of the hospitals in the city's vast public health care system.

Some experts also say that current programs overemphasize specialty training, when primary care is the way of the future.

Though Medicare was created to provide care for the elderly, it also provides hospitals with about $150,000 each year for every new doctor they train. In addition, the program pays premiums to hospitals serving disproportionately large numbers of the poor and uninsured.

Under the House legislation, hospitals will lose $8.6 billion in subsidies for medical education, and $7.1 billion for treating the indigent.

Republicans offer several reasons for the proposed changes in Medicare payments for the training of doctors. In a report on the Medicare bill this week, Republicans on the Senate Finance Committee said that

New York City, the medical teaching nexus of the nation, braces for a blow.

Medicare was paying more than its share of hospital costs for such training.

House Republicans said it was necessary to cut back payments for foreign medical graduates, which in New York City hospitals make up half of the medical residents, as part of a comprehensive effort to control Medicare costs. Moreover, they said, United States citizens should have priority over foreign medical graduates in the allocation of Medicare money.

Hospitals across the country are scrambling to patch the holes these provisions will bore in their budgets. "The margins are vanishing," said Dr. Ralph Snyderman, dean of the medical school at Duke.

If there is less money to hire residents, he said, full-time faculty will have to spend more time treating patients and less time doing clinical research and training new doctors. The ability of the hospital to provide a wide range of charity care will be jeopardized, he said.

"The real danger is that the infrastructure of the nation's academic health system will fall apart," said Dr. Snyderman. "People have to remember that the cost of medicine has to include the cost of education. These cuts will have a chilling effect on that."

Nowhere will these combined cuts hit harder than in New York City, a nexus of many of the nation's most prominent teaching hospitals and many of its poorest residents.

With more than two million uninsured people in New York City, the state ranks second in the nation in so-called disproportionate share payments designed to offset the expense of treating large numbers of poor patients. The House bill cuts those payments by 25 percent.

The state also ranks first in Medicare payments for doctor training, which the bill reduces in three ways.

It phases in a 27 percent cut in the indirect costs of training doctors, such as extra lab tests and the longer hours needed to make up for the slower pace of teaching.

The bill eliminates subsidies for doctors training in subspecialties, a major focus of many of the city's most elite and prestigious teaching hospitals. Hospitals currently receive half the cost of teaching these subspecialists, among them cardiologists, gastroenterologists and neurosurgeons. In New York City, this would affect about 1,800 of the roughly 13,000 resident slots.

The bill also vastly reduces payments for the salaries of foreign medical residents who are not United States citizens, refugees or aliens with permanent residency. About 25 percent of New York's medical residents fall into that category. Many hospitals in the city's poorest and most underserved neighborhoods are staffed largely by such doctors, who provide most of the front-line care at cheaper rates.

To compensate for some of these losses, the bill establishes a Graduate Medical Education and Teaching Hospitals Trust Fund. But the proposal does not specify how much money would be placed in the trust, where the money would come from or exactly how it would operate.

The plan also contains a so-called look-back provision, which means that if the Government does not meet its projected savings, it could retroactively reduce its reimbursement rates and assess hospitals.

"Personally, I am counting on a Presidential veto," said Stanley Brezenoff, president of Maimonides Medical Center in Brooklyn, which faces slashed payments for about half of its 411 residents and interns.

New York City hospitals, like others across the country, are already struggling to keep up with discounts demanded by managed care companies and are staggering from state cuts in their Medicaid reimbursements. Some local politicians and health officials warned that coming on top of those financial threats, the Medicare cuts would cause an economic and health care crisis in the city.

They warned that with more than $12 billion in Medicare and Medicaid cuts to city institutions anticipated under the legislation over the next seven years, more than 100,000 jobs would be lost, hospitals would close in communities where there are no others and services would be pared to such minimal levels that patient care would be imperiled.

Close to $80 billion is spent on health care in New York State each year. Medicare covers about $13 billion of those costs, with roughly $7.6

Medicare cuts could be felt by other patients as well.

billion paid to hospitals for reimbursement and doctor training, $3. billion paid to doctors and $900 million paid to nursing homes and home health care programs.

"What will happen is something between meltdown and chaos," said James R. Tallon, president of the United Hospital Fund, a philanthropic group. "The danger is there comes a point where patients will not be spared the impact. We're at that point."

At Jamaica Hospital Medical Center in Queens, 38 percent of the residents would no longer qualify for full salary payments from Medicare under the House bill because they are aliens, according to the hospital's president, David P. Rosen. Without that subsidy, hospital officials say they will not be able to employ these doctors.

But their worries about the Medicare changes do not end there. They fear that more prestigious hospitals that have also lost funding for some of their residents will lure away young doctors at Jamaica still subsidized by the Government.

"The most vulnerable safety net hospitals will be even more at risk," Mr. Rosen said.

Health officials said that 20 years of rate regulations that do not exist in many other states have left New York City's hospitals operating on the brink of insolvency.

"We may be forced to make changes without adequately thinking through the impact on communities," said Robert Gumbs, executive director of the Health Systems Agency of New York City, a not-for-profit group that tracks health planning information. "It's disastrous."

Congressional spending cuts blasted at town hall meeting

MAN. BULL.

JIM MILLER
San Joaquin News Service

10/20/95

Federal and local officials and other speakers on Wednesday blasted proposed Congressional spending cuts to federal programs that benefit thousands of San Joaquin County residents.

The criticisms touched on alleged hardship for almost every publicly-funded program in the county, ranging from education to housing and job training. Also affected would be small business loans and medical care for the elderly.

Congress currently is debating billions of dollars in cuts to several federal programs, with the goal of balancing the federal budget by 2003. Some funding would be replaced by lower lump-sum payments for the states to administer, but speakers said the monies will not come close to meeting the need.

"This (cuts) will not just affect poor people," said Art Agnos, regional head of the U.S. Department of Housing and Urban Development. "It affects our entire community because we have interconnected economies."

State Sen. Patrick Johnston, D-Stockton, and Stockton Mayor Joan Darrah sponsored the Stockton forum, which included a panel of federal officials and their local counterparts. Neither representatives of Rep. Richard Pombo, R-Tracy — who has endorsed the aggressive tact toward balancing the federal budget — nor other Republicans spoke during the hearing and did not seem to be present.

An overflow crowd filled the Stockton City Council chambers and the lobby outside. They applauded when Edison High School student Jahari Williams said Congress is targeting programs for young people to address a deficit that began decades ago.

"I came here just to observe and I'm looking on the agenda and everything affects me," she said.

Several parents, some tearful, spoke in support of the Head Start program at county schools. Head Start aims to help students coming from disadvantaged backgrounds. Locally, the program is slated for $400,000 in cuts.

Lodi Unified School District trustee David Worfolk said bilingual education, remedial reading and other programs in the 25,000-student district would be slashed by more than half if the federal cuts go through.

The Washington Post, 10/31/95

Veterans, AIDS Patients May Lose Benefits

2 Cabinet Secretaries Outline Consequences of Medicaid Changes

By Spencer Rich
Washington Post Staff Writer

Hundreds of thousands of veterans and people with AIDS could lose existing health benefits as a result of Medicaid changes approved by congressional Republicans, two Cabinet members and the AIDS Action Council said yesterday.

Department of Veterans Affairs Secretary Jesse Brown and Health and Human Services Secretary Donna E. Shalala said an analysis by the two departments found that "more than 600,000 veterans are enrolled in Medicaid," the federal-state health program for the poor, but only 100,000 of them receive any care from the VA.

"Under the House proposal to block-grant the Medicaid program" and reduce projected spending by $182 billion over the next seven years, Brown and Shalala said, "as many as 172,000 veterans could lose their Medicaid coverage by 2002," many of them severely disabled and ineligible for Medicare.

The reason is that not only does the House reconciliation bill allow less money for benefits than under existing law, but it also would repeal any individual guarantees to Medicaid and allow state governments wide discretion to determine eligibility, administration officials said.

The problems of these veterans are "some of the most costly, including AIDS and psychiatric care," Brown and Shalala said. Brown said the VA is threatened already with "devastating congressional budget cuts" and "will not be able to care for veterans pushed out of other health care programs." They added that because of proposed changes in Medicare, it is possible that 400,000 veterans on Medicare "may find it financially necessary to try to use VA health care."

Richard Fuller, an official of Paralyzed Veterans of America, said the scenario raised by the two secretaries is "serious."

Meanwhile, Mark Barnes, AIDS Action Council executive director, said House Medicaid changes could "devastate health care for the AIDS community" by reducing funds and allowing states to decide who will be covered. He said a large proportion of people with AIDS have no other health care or if they do, it is does not cover some of their most vital needs, such as anti-AIDS drugs. An

THE BUDGET BATTLE
WINNERS AND LOSERS

HHS official said yesterday that of nearly 200,000 people known to have AIDS, almost half are on Medicaid, including 90 percent of children with AIDS. Barnes said he believes these figures understate the number of AIDS patients on Medicaid.

Rep. Tim Hutchinson (R-Ark.), chairman of the health and hospitals subcommittee of the House Veterans Affairs Committee, disputed the Brown-Shalala charges.

"They're crying wolf one day after the other," he said. "They're assuming Medicaid and Medicare are somehow not going to handle veterans, but we are providing more money for Medicare, Medicaid and veterans' benefits than we are now spending. . . . I don't think there's going to be any forcing of veterans onto the VA for health care, but if there were, they'll be able to handle it because there's going to be a 25 percent reduction in the number of veterans in the next seven years."

A spokesman for the House Commerce Committee, which wrote the Medicaid provisions, said the potential difficulties facing veterans and AIDS patients are based on Medicaid grants to the states in the committee bill, but that ignores the addition of $12 billion nationwide for the program by the House. He said half of that would go to states identified by Brown as having the most veterans: California, Florida, New York and Washington. Moreover, the spokesman said, the House bill requires each state to set aside a fixed portion of its total Medicaid spending for the disabled.

Barnes said that with proper medication, a person with AIDS can live as long as five to 10 years in reasonable health, but without Medicaid, many can't afford the drugs they need.

David Tuzo, a 33-year-old New York transportation worker, said in an interview that after he contracted AIDS, "I became ill and weak" and had to stop work. He qualified for Social Security disability benefits and Medicare although he had not reached retirement age.

"But," he said, "I needed drugs which were not covered by Medicare," which offers no outpatient prescription drug benefit. And "with Social Security income of $704 a month, I couldn't afford $400 a month for the drugs" and sought help from Medicaid.

Under the Medicaid "block grant" provisions passed by the House, no individual would be guaranteed Medicaid benefits, and each state would make its own rules on eligibility.

The Senate reconciliation bill also offers no guarantees of coverage, with the exception of an amendment by Sen. John H. Chafee (R-R.I.) that would require states to cover all low-income pregnant women and children under 13 and people qualifying for welfare under the federal Supplemental Security Income program for the aged, blind and disabled.

But as Chafee stated on the Senate floor, the states would decide what the benefits would be for each category.

"The states could say, 'For this group there will be one aspirin a year' . . . but at least you have to cover everybody in the group," Chafee said.

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ST. LOUIS POST-DISPATCH
October 19, 1995

Don't Play Around with Social Security

Republican congressional leaders and, surprisingly, Sen. Daniel Patrick Moynihan, top Democrat on the Senate Finance Committee, think they have found an easy way to avoid a budget crunch this year: Arbitrarily reduce the cost-of-living increase for Social Security recipients.

Doing so would sharply cut Washington's spending obligations, making it easier to balance the budget in seven years, or 10. A one-point reduction would save $281 billion over seven years, more than offsetting the $245 billion Republican tax cut. But it is entirely the wrong way to go about reforming the cost-of-living adjustment.

Congressional leaders argue that inasmuch as everyone knows the Consumer Price Index overstates inflation — the basis for automatic cost-of-living adjustments for those on Social Security — why not do something about it now? The problem is that no one knows by how much the CPI overstates inflation. The possible range is between two-tenths of a percentage point to two full percentage points. Obviously, what the answer is matters a lot. Until it's been discovered, however, it is wrong to guess.

But that's what congressional leaders want to do. They propose to cut the Social Security cost-of-living increase by one percentage point below the CPI's reported rate of inflation. However, Social Security is not the only program tied to the inflation rate. Medicare reimbursements, the federal income tax exemption and congressional pay are just a few of the programs that are adjusted annually to offset inflation.

In support of the reduction, congressional leaders cite the preliminary report of a special panel of economists appointed last June by Congress to examine the accuracy of the CPI. The panel thinks a one percentage point overstatement is about right. But Michael Boskin, former chairman of the Council of Economic Advisers, who heads the panel, admits that that is a very preliminary estimate and that the panel hasn't had time for much research. A final report won't be ready until next June.

What's more, the Bureau of Labor Statistics thinks the probable overstatement is closer to one-half of one percentage point, and it should know. It wrote the index in the first place. It is also thoroughly nonpolitical, while the congressional panel is not. The issue should be left to the bureau.

The way the CPI is calculated is highly complex, and correcting it isn't simple. It will take time and, because so many people will be affected by changing it, the task must be approached carefully. It definitely should not be done by an impatient Congress that wants to guess at the revision to solve its short-term budget problems. The trust, as well as the income of 43 million Social Security recipients — and millions of others whose tax, welfare and other benefits depend on how the CPI is calculated — is at stake.

Department of Veterans Affairs

NEWS CLIPPING TRANSMITTAL SHEET

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OCTOBER 30, 1995 MONDAY AFTERNOON

Budget cuts threaten thousands of veterans

The bottom line for vets

Here's how veterans could be affected if Republican Medicaid and Medicare reform plans pass.

MEDICAID

- As many as 172,000 of the 600,000 veterans enrolled in the program could lose their coverage. Almost a third of them would not qualify for other government care.

MEDICARE

- More than 400,000 veterans may find it financially necessary to turn to VA health care. However, that option may not be available; the VA has its own money problems.

Medicaid and Medicare reforms are seen costing many their health benefits

By Jim Abrams
Associated Press

WASHINGTON — Tens of thousands of veterans could lose their Medicaid coverage and many more face the uncertain prospect of turning to the VA for health care if Republican Medicaid and Medicare reform plans become law, the administration says.

The Departments of Veterans Affairs and Health and Human Services, in a report released today, said as many as 172,000 of the 600,000 veterans enrolled in Medicaid could lose their coverage under the House plan to reduce spending levels by $182 billion through 2002.

Of those, 55,600 are severely disabled, under age 65, not covered by Medicare and do not have priority eligibility for VA care, the report said.

It also concluded that plans to increase premiums and deductibles for Medicare recipients could result in more than 400,000 veterans finding it financially necessary to turn to VA health care.

This is an option that is likely to be unavailable as VA programs face their own budget restraints under the GOP plan to balance the budget by 2002, the report said.

The VA already limits access to its health care network to those injured while on active duty and the indigent.

"VA will not be able to care for veterans pushed out of other health care programs if it also is suffering from devastating congressional budget cuts," VA Secretary Jesse Brown said.

"What this country must avoid is the possibility that men and women who defended this country will fall through the cracks between three shrinking programs," he said.

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Department of Veterans Affairs

NEWS CLIPPING TRANSMITTAL SHEET

PAGE 1 OF 1

TO:

CLIENT'S FAX NUMBER

NEWS CLIP IDENTIFICATION	SENDER IDENTIFICATION	
NEWSPAPER: the News-Review	NAME: James D. Bradley	DATE: 10-31-9
CITY AND STATE: Roseburg OR	NAME OF FACILITY: PAO Roseburg VAMC	
DATE OF PUBLICATION: 10-30-95	PHONE NUMBER: (503) 440-1272	
SPECIAL INTEREST FILE	REMARKS	

Veterans lose aid under GOP plan, VA says

From local and AP reports

WASHINGTON — Tens of thousands of veterans could lose their Medicaid coverage and many more face the uncertain prospect of turning to the VA for health care if Republican Medicaid and Medicare reform plans become law, the administration says.

Oregon may be better equipped than other states to deal with the fallout, but veterans here may still be in danger of falling through the cracks.

Susan Scheufele, executive director of Roseburg Health Enterprises Inc., said the state's ability to care for veterans without health care coverage depends on how much money goes into Oregon Health Plan budgets.

RHEI contracts with the state to provide health care to county residents under the Oregon Health Plan.

"It's conceivable some of these people could be picked up (by the plan)," Scheufele said. Still, cuts expected in national VA budgets will make it a tougher problem, she said.

The Departments of Veterans Affairs and Health and Human Services, in a report released today, said as many as 172,000 of the 600,000 veterans enrolled in Medicaid could lose their coverage under the House plan to reduce spending levels by $182 billion through 2002.

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"What this country must avoid i[...] possibility that men and women wh[...]fended this country will fall through the cracks between three shrinking programs," he said.

"My concern is, what's going to happen to these people?" said Scheufele of RHEI in Roseburg. "It looks like a cost cut but it isn't. It's a cost shift, she said.

Scheufele predicted the cost shifts would result in higher costs in areas such as emergency room care.

"Oregon is in a better place to deal wi[...] this because of the nature of our legislati[...] and the nature of the state system," she sai[...] "However, it's still not going to be easy."

NEWS SUMMARY

U.S. Department of the Interior Office of Communications

Friday, November 3, 1995

THURSDAY
NOVEMBER 2, 1995 San Jose Mercury News

Interior Secretary Bruce Babbitt makes an impassioned plea to save the San Francisco Bay wetlands.

RON BURDA — MERCURY NEWS

Interior secretary assails GOP over wetlands policies

BY PAUL ROGERS
Mercury News Staff Writer

Paddling a canoe through the pickleweed of Newark Slough, Secretary of the Interior Bruce Babbitt on Wednesday used the fragile marshlands of San Francisco Bay as a backdrop to blast Republican congressional leaders for attempting to "rip apart" landmark environmental laws in back-room deals with industrial polluters.

In a visit to the San Francisco Bay National Wildlife Refuge in Fremont, Babbitt said laws to limit water pollution and to protect wildlife have been under assault since the Republican takeover of Congress last year.

"The only thing that can trump the lobbyists' money is public opinion," he said.

In particular, efforts to re-

See BABBITT, Page 2B

Department of Veterans Affairs

NEWS CLIPPING TRANSMITTAL SHEET

PAGE of

TO:

RECIPIENT'S FAX NUMBER

NEWS CLIP IDENTIFICATION

NEWSPAPER: NORTHWEST ARKANSAS TIMES

CITY AND STATE: Fayetteville, ARKANSAS

DATE OF PUBLICATION: Friday, October 27, 1995

SPECIAL INTEREST FILE

SENDER IDENTIFICATION

NAME: Betty Broyles

DATE: 10/27/95

NAME OF FACILITY: VAMC, Fayetteville, ARK

PHONE NUMBER: (501) 444-5058

REMARKS

NEWS CLIP AREA (Clippings may be pasted horizontally or vertically. After pasting originals, please photocopy on lightest setting to remove dark areas around print. DO NOT REDUCE CLIPPINGS. Hand clipping overflow on additional Form 4783. Fax photocopy of mounted original newspaper clippings and forward originals to OPA in timely manner. Fax - Clips of current VA events, trends, controversial and important VA issues. Mail - All other clippings and photos.)

Hutchinson, Gober clash on health-care issues

By RITTA MARTIN
Times Staff Writer

Hershel Gober, deputy secretary of veterans' affairs, said Thursday that Republican budget cuts will result in thousands of veterans being denied health care over the next seven years — but an Arkansas Republican Congressman says such talk is merely scare tactics.

Arkansas U.S. Representative Tim Hutchinson (R-3rd District) said Gober, like so many other Democrats, is trying to scare people.

Gober said 172,000 veterans stand to be denied Medicaid assistance by 2002, but Hutchinson's office said that in fact, over the next seven years, the health benefits to veterans will increase by $563 million in 1995.

"It's frustrating, because veterans got off easy compared to a lot of other groups, despite the fact that the number of veterans is decreasing" said Hutchinson, who chairs a veterans' affairs subcommittee.

Gober contends there will be no increase in the veterans' affairs budget for the next seven years.

"We'll be operating on the same budget we have now for that time period," Gober said.

There are 27 million U.S. veterans, 6 million of whom are served by the Department of Veteran's Affairs.

Because of cuts being proposed to Medicaid and Medicare by the Republicans in Congress, Gober said 41,000 fewer American veterans will be served in 1996.

Gober agreed the number of living veterans injured while in the service is declining, but said the illnesses experienced by veterans are generally more severe than those suffered by non-veterans.

If Medicaid and Medicare benefits are cut, many of those veterans will not be served by private hospitals depending on those benefits for existence, Gober said. If funds to the veterans' affairs budget are cut, the Veterans' Administration hospital will have to turn them away, Gober said.

"Our fear is that vulnerable people are going to fall through the cracks," Gober said.

Hutchinson, however, said the veteran's affairs budget is not being cut, and will instead increase by $36.9 billion over seven years.

"This is real typical for those who owe their job to Bill Clinton to call up newspapers and TV stations and issue press releases to scare people," Hutchinson said.

Gober, a native of Monticello, served as an Arkansas veterans' affairs officer for several years.

He said that the cuts to the federal budget will benefit the rich, further burden the middle class and veterans and will deny the VA the opportunity to make health care facilities more accessible and better for veterans.

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ittsburgh Tribune-Review

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Thursday, Oct. 26, 1995

INSIDE
SECTION C
Word Sleuth
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URBAN PROBLEMS

HUD official questions budget cuts

Housing aide speaks at Duquesne U. forum

By Ethan Lott
TRIBUNE-REVIEW

As the GOP-controlled Congress looks for ways to balance the budget, a federal housing official says Republicans seem to think that this end justifies any means.

But Michael Stegman, assistant secretary for policy, development and research with the U.S. Department of Housing and Urban Development, is worried that sweeping cuts — likely to affect many people in urban areas — are too harsh and are coming too fast.

"You'd never be able to get away with this critique of these programs without the budget-balancing mania," Stegman said at a Duquesne University forum on proposed budget cuts. "The congressional approach is shortsighted. It cuts every program that benefits urban poor."

Stegman said these cuts — targeting programs such as Medicaid, Head Start, job training programs and public housing — will damage urban centers and strain areas already filled with tension.

"(HUD) Secretary (Henry) Cisneros is very concerned about the growing anger and frustration in our inner cities and the harshness of the debate," Stegman said. "The conditions are intensifying."

But Stegman said fear of urban problems simmering over is the wrong reason to keep these programs intact. "We need to act because it's in the country's best interest to act," he said, citing the importance of keeping urban areas vital.

Stegman gave some examples of how Pittsburgh would be affected in the first year of the Republicans' seven-year plan. Stegman said the cuts would:

- Deny 319 Pittsburgh children Head Start slots.
- Eliminate job training for 440 adults.
- Deny winter heating assistance to almost 48,000 low-income Pittsburghers.

And if these cuts go through, Stegman said the burden to provide vital services in metropolitan areas will trickle down to lower government, which will face the same budgetary struggles.

"Without the help of the federal government, the states are not going to be able to do it alone," Stegman said.

Warren L. Leeder photo

HUDDLE AT HILL HOUSE

Michael Stegman, an assistant secretary with the U.S. Department of Housing and Urban Development, addresses administrators and beneficiaries of the Community Outreach Partnership Center during his visit Wednesday to Hill House in Pittsburgh. The program is operated at Hill House and is partly funded by HUD.

MEMORANDUM FOR INTERESTED PARTIES

FR: THE OFFICE OF MEDIA AFFAIRS
RE: CLIP PACKET FROM RELEASE OF ANALYSIS OF REPUBLICAN BUDGET CUTS IMPACT ON CHILDREN
DA: OCTOBER 31, 1995

Attached is a clip packet from the release of state-by-state impact analysis, the Chief of Staff regional roundtable and the First Lady's event in New York City.

LEVEL 1 - 42 OF 68 STORIES

The Associated Press

October 23, 1995, Monday, AM cycle

SECTION: Washington Dateline

LENGTH: 765 words

HEADLINE: Democrats Criticize GOP Budget as Tough on Children

BYLINE: By JENNIFER DIXON, Associated Press Writer

DATELINE: WASHINGTON

BODY:

Focusing on children in an attack on the Republican budget, the Clinton administration said Monday that young Americans would suffer everything from hunger and poor health to polluted air and dirty drinking water if the spending plan became law.

The Republican budget plan "basically takes the attitude that you have to harm children in order to save them," Leon Panetta, White House chief of staff, told reporters. "The bottom line, kids are getting screwed in these budgets."

Senate Majority Leader Bob Dole, R-Kan., retorted that the newest charges were "just the latest in the Clinton administration's transparent campaign to scare Americans - one day it's seniors, the next day it's farmers, today it's children."

For weeks, the administration has scored the GOP's budget blueprint in the name of the elderly, less frequently in the name of the poor and rural residents.

The White House opened the new front Monday by deploying Cabinet members and the first lady to argue that the GOP's budget plans would punish children, especially the poor and disabled.

Congressional Republicans have proposed $ 245 billion in tax cuts and nearly a trillion dollars in spending reductions from programs such as Medicare, Medicaid, welfare, public housing and nutrition in its effort to balance the federal budget by 2002.

The Senate Budget Committee voted 12-10 along party lines Monday to ratify the budget-balancing package, setting up a likely vote by the full Senate later this week. The House plans to vote on a similar bill Thursday.

In another show of GOP strength, the Senate voted 51-40 to reject a

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non-binding measure urging elimination of tax cuts for people earning more than $ 250,000 a year, and using the savings to reduce planned cuts in the growth of Medicare.
White House budget director Alice Rivlin sent Senate leaders a letter Monday criticizing their measure's reduced spending on Medicare, Medicaid and other programs and vowing that President Clinton would veto the bill if the final version contains "the extreme spending cuts and huge tax cuts called for in the budget resolution."

Hillary Rodham Clinton, visiting New York's Mount Sinai Medical Center, said the GOP plan to slow the growth of Medicare and Medicaid spending by $ 452 billion over seven years "would undermine the safety net, not just for the poor, but would touch the lives of every American."

"We want to get our economic house in order," she said, "but not by undermining our most vulnerable younger and older people."

And Agriculture Secretary Dan Glickman, visiting toddlers eating macaroni and cheese at a day-care center in Newark, N.J., said the health of inner-city children would suffer under GOP plans to overhaul federal feeding programs. "Nutrition has to remain a national priority," he said.

Rep. Thomas Bliley, chairman of the Commerce Committee who wrote the GOP Medicaid plan, said it "provides more money to the states for infant care, and fewer federal bureaucrats to tell the states how to spend it."

"Before Mrs. Clinton criticizes our proposal, she ought to check her husband's record," Bliley, R-Va., added, noting that when Clinton was governor of Arkansas he spoke out against federal Medicaid mandates.

Dole said the GOP's plan is the only one that frees children from the "crushing burden of debt," while other Republicans accused the Democrats of trying to scuttle a balanced budget with a campaign of fear, deception and distorted numbers.

"The American people are looking to the Republican Congress for leadership to balance the budget, reform welfare, protect Medicare from bankruptcy and cut taxes for American families. We're going to deliver that leadership, with or without help from the White House," Dole said in a statement.

With representatives of small businesses, home builders and the Christian Coalition at his side, Sen. William V. Roth Jr., R-Del., chairman of the Senate Finance Committee, said the GOP tax cuts would largely benefit middle-income families.

"Today, American families pay over 40 percent of their income in taxes and Republicans want to change that," Roth said, adding that the GOP tax-cut plan includes a $ 500 per-child credit, relief from the marriage penalty, an adoption tax credit, and a $ 500 credit for student loans.

Panetta said the president would veto budget-balancing bills moving through the House and Senate. The White House is willing to negotiate with Republicans but only if they back away from the proposed reductions in Medicare, Medicaid and education, and target tax cuts to the middle class.

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LEVEL 1 - 7 OF 68 STORIES

The Associated Press

October 24, 1995, Tuesday, PM cycle

SECTION: Washington Dateline

LENGTH: 575 words

HEADLINE: Democrats Score GOP Budget As Tough on Children

BYLINE: By JENNIFER DIXON, Associated Press Writer

DATELINE: WASHINGTON

BODY:

Shifting the focus of its fight against the Republican budget plan, the White House says America's children would pay the price of spending cuts with dirtier air and water, more hunger and poorer health.

For weeks, the administration has scored the GOP's budget blueprint in the name of the elderly, less frequently in the name of the poor and rural residents.

Republican congressional leaders, noting President Clinton seemed to open the door to balancing the budget in seven years as they want to do, today challenged him to submit his own plan to reach that goal. Senate Majority Leader Bob Dole, R-Kan., said he was prepared to offer a Clinton blueprint on the floor if Democrats, who generally oppose the tight time frame, were unwilling to do so.

On Monday, the White House rolled out Cabinet secretaries and first lady Hillary Rodham Clinton to suggest the GOP's push to balance the federal budget by 2002 punishes children, especially the poor and disabled.

Agriculture Secretary Dan Glickman visited toddlers eating macaroni and cheese at a day-care center in Newark, N.J., and said the health of inner-city children would suffer under GOP plans to overhaul federal feeding programs.

And Mrs. Clinton used a visit to New York's Mount Sinai Medical Center to criticize the GOP's effort to slow the growth of Medicare and Medicaid spending by $ 452 billion over the next seven years.

"We want to get our economic house in order, but not by undermining our most vulnerable younger and older people," she said.

Leon Panetta, White House chief of staff, meanwhile, released two reports illustrating the impact of proposed spending reductions in nine areas - from health care and housing to the environment - on children in the states and nationwide.

Panetta said the Republican budget "basically takes the attitude that you have to harm children in order to save them."

The shift in focus to children represents the opening of a new front in the administration's fight with congressional Republicans, who have proposed $ 245 billion in tax cuts and nearly a trillion dollars in spending reductions from programs such as Medicare, Medicaid, welfare, public housing and nutrition.

Answering back, Senate Majority Leader Bob Dole, R-Kan., said the charges are "just the latest in the Clinton administration's transparent campaign to scare Americans - one day it's seniors, the next day it's farmers, today it's children."

Dole said the GOP's plan is the only one that frees children from the "crushing burden of debt." Other Republicans accused the Democrats of trying to scuttle a balanced budget with a campaign of fear, deception and distorted numbers.

"The American people are looking to the Republican Congress for leadership to balance the budget, reform welfare, protect Medicare from bankruptcy and cut taxes for American families. We're going to deliver that leadership, with or without help from the White House," Dole said.

Panetta said the president would veto budget-balancing bills moving through the House and Senate. The White House, however, is willing to negotiate with Republicans if they back away from the proposed reductions in Medicare, Medicaid and education, and target tax cuts to the middle class.

The budget-balancing package was approved Monday 12-10 by the Senate Budget Committee and sent to the floor, where a vote was likely later this week. The House plans to vote on a similar bill Thursday.

LANGUAGE: ENGLISH

LOAD-DATE: October 24, 1995

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LEVEL 1 - 4 OF 68 STORIES

AP Online

October 24, 1995; Tuesday 01:41 Eastern Time

SECTION: Washington - general news

LENGTH: 720 words

HEADLINE: White House Invokes Children

DATELINE: WASHINGTON

BODY:

Shifting the focus of its fight against the Republican budget plan, the White House says America's children would pay the price of spending cuts with dirtier air and water, more hunger and poorer health.

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LANGUAGE: ENGLISH

LOAD-DATE: October 24, 1995

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LEVEL 1 - 60 OF 68 STORIES

October 23, 1995, Monday, BC cycle

SECTION: Washington News

LENGTH: 570 words

HEADLINE: White House blasts GOP over kids

DATELINE: WASHINGTON, Oct. 23

BODY:

In another blast at Republican spending plans, the White House issued a comprehensive report Monday showing how ''kids are getting screwed in these budgets,'' said chief of staff Leon Panetta. Panetta said proposed Republican budgets would cut Medicaid coverage for 4.4 million children, cut nutrition aid for 14 million children, and deny assistance to more than 16,000 homeless children. ''The bottom line is that kids are getting screwed in these budgets,'' Panetta told a White House briefing. President Clinton also joined Monday in general denunciations of Republican budget priorities. He told cheering delegates at the annual AFL-CIO labor union convention in New York that his budget alternative ''protects instead of hurts'' the elderly, disabled and children, and vowed to veto GOP plans that are not ''consistent with our values and our objectives.'' The White House report came on the same day the Senate Budget Committee approved a measure that cuts about $500 billion from Medicare, Medicaid and welfare as part of the seven-year Republican plan to balance the federal budget and cut taxes by $245 billion. The House already has given initial approval to Medicare and welfare reform, as well as the Republican tax cuts. Those three items, plus Medicaid reform and dozens of other provisions, will be wrapped into a budget reconciliation package that hits the House floor Thursday. The Republican-led Congress is working on its spending plans for fiscal 1996 more than three weeks after the fiscal year began. Congress has enacted a six-week temporary funding measure that has kept the government running, but GOP leaders have threatened to let the government shut down if Clinton carries out his threat to veto their budget plans once lawmakers complete their work. In its report, the White House compiled both state-by-state and nationwide calculations of the effects of Republican budget cuts that would affect children, from education and day care to medical care, housing and environmental protection. It said the proposed GOP cuts would, by 2002: --Eliminate Medicaid coverage for as many as 4.4 million children; --Cut nutrition assistance for 14 million children; --Eliminate home energy assistance for about 6 million children; --Deny 180,000 children access to the Head Start educational program; --Deny as many as 755,000 disabled children federal Supplemental Security Income cash benefits; --Deny housing assistance to the families of more than 16,000 homeless children; and --Deny 404,000 children child care assistance. Panetta declined to predict how or when the budget stalemate would be resolved. ''It's difficult to see that right now because the Republicans have basically taken their blood oath,'' he said. But he reiterated his belief that Republicans could accept Democratic priorities if they could be convinced to declare political victory on areas of mutual agreement, such as the general need to balance the budget, strengthen the financial health of the

Medicare program, and grant some tax relief. The Clinton administration has suggested balancing the budget within nine or 10 years, rather than the GOP-proposed seven-year timetable, has advocated smaller cuts in Medicare and other social programs, along with smaller cuts in taxes, especially those affecting wealthier taxpayers.

LANGUAGE: ENGLISH

LOAD-DATE: October 24, 1995

LEVEL 1 - 50 OF 68 STORIES

The New York Times

October 23, 1995, Monday, Late Edition - Final

SECTION: Section A; Page 16; Column 1; National Desk

LENGTH: 1174 words

HEADLINE: Parties Shift Budget Debate to How Proposals Affect Children

BYLINE: By KEITH BRADSHER

DATELINE: WASHINGTON, Oct. 22

BODY:

After weeks of attacking the Republican budget in the name of the elderly, the Democrats are shifting tactics and arguing that the country's children will suffer unduly if all the spending cuts become law. Not to be outdone, the Republicans are countering that their programs would benefit the young in the long run.

But in this argument, many economists side with the Democrats.

Speaker Newt Gingrich gave a preview of the Republican position in a speech on Thursday night, saying a vote to curb Medicare spending would halt the rise in the national debt, saving today's children from paying unbearable taxes in the future.

But legislating for posterity by reducing the deficit and thereby reducing future taxes mostly helps children who grow up to become jobholders and taxpayers.

Many economists do say that reducing the deficit now could lead to faster economic growth and, eventually, more jobs and a higher overall standard of living for today's children. But most of these economists also say the specific spending cuts in the Republican plans would fall very heavily on poor and lower-middle-class children today, leaving them less able to hold jobs in the years ahead. These poor and lower-middle-class children are the net losers even when the effects of higher long-term growth and more jobs are included.

The Democrats will promote their children-first arguments in a campaign that is to begin with a visit by Hillary Rodham Clinton to a children's hospital in New York on Monday morning. That same day the White House will release an economic analysis of the effect of the Republican budget proposals on children. Throughout the week Cabinet officials will fan out across the country giving speeches portraying Republicans as politicians willing to steal children's school lunches and ignore their medical needs.

One Administration official said the theme will be, "You can balance the budget for children without balancing the budget on the backs of the children."

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Republicans are not waiting for the Democratic assault. Mr. Gingrich has scheduled a visit on Monday to the Boys Town orphanage in Nebraska, which he praised last year as a model of private charity replacing Government in caring for the poor.

The Republicans' planned cuts affecting low-income families with children would be substantial. At a time when a quarter of the nation's children live in poverty, the Republicans propose to cut projected spending on welfare, including the Aid to Families With Dependent Children program, turning that program into block grants to state governments. House Republicans are also calling for spending freezes or cuts for programs that maintain minimum health and nutrition standards for children and provide preschool education for young children in poor families.

The White House recently calculated that the poorest fifth of American families with children would lose an average of $1,521 a year in income and $1,662 a year in health benefits under Republican plans. These are families with an average annual income of $13,325.

To present themselves as defenders of children, Republicans have emphasized their $500-a-child tax credit. "It is real," said Senator Frank H. Murkowski, Republican of Alaska. "It will help families with children and be very, very meaningful."

But the tax credit would do little to help children in low-income households. Families that have no Federal income tax liability after other exemptions and deductions would not be eligible for refunds.

For example, a family of four with both parents working and both children in child care programs would not qualify for the credit if it earned less than $24,000 in 1996. The Center on Budget and Policy Priorities, a liberal Washington research group with a reputation for accurate statistics, has calculated that 23.7 million children, or 34 percent of the nation's children, live in families too poor to qualify for the credit. Another 7.1 million children, or 10 percent, would qualify only for a partial credit.

The real winners from the Republican tax and budget plans are likely to be affluent children, who receive relatively little direct Federal spending but will have to pay much of the taxes for the national debt that today's adults leave behind. According to Congressional Budget Office figures, Federal budget deficits would total $1.35 trillion more over the next decade under President Clinton's plan to balance the budget in 10 years than they would under the Republican plan to balance it over 7 years.

Braking growth in the debt will hold down net interest payments on the debt, which have already risen to 15.3 percent of the Federal budget from 8.9 percent in 1980.

"It does seem pretty clear that those who will gain over the longer term will be those who would be paying the taxes," said Alan J. Auerbach, a professor of economics and law at the University of California at Berkeley.

Economists differ sharply about whether the proposed spending cuts would foster or impede economic growth by the time today's children are adults.

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Clinton Administration officials make the case that the Republicans are eliminating so many educational and training programs that they will hurt future growth, and the Administration plans to distribute a list of academic articles on Monday supporting that position.

"Those programs have a very high rate of return to the society and therefore are justified against other forms of investment," said Martin N. Baily, a member of President Clinton's Council of Economic Advisers.

But most economists take the view that cutting the budget deficit will in general help future economic growth and children, by leaving money to be invested productively in the private sector instead of collecting it as taxes. "There would be a net benefit over the lifetime of young people, but not necessarily to everybody," said Robert D. Reischauer, the former director of the Congressional Budget Office. "What you're looking at is a situation in which, disproportionately, children in low-income homes would be contributing to the deficit reduction effort."

While paying few of the costs of deficit reduction, affluent children would benefit at least as much as poor children from a bigger economy. To the extent that poor children are less educated or even less nourished during their formative years, they will prove less able to compete for good jobs with the children of affluent families.

Advocates for children condemn that possibility as unacceptable, and some question the view of budget experts that the economy will grow more with the Republican budget plans. "It's very anti-family, anti-young family," said James D. Weill, the general counsel of the Children's Defense Fund, a liberal group in Washington. "If you cut the deficit by trashing the programs that you need to have children that are healthy and well nourished, the offsetting effects on the economy will hurt growth and in the long run hurt efforts to control Government spending and deficits."

LANGUAGE: ENGLISH

LOAD-DATE: October 23, 1995

LEVEL 1 - 51 OF 68 STORIES

The New York Times

October 23, 1995, Monday, Late Edition - Final

SECTION: Section A; Page 15; Column 5; Editorial Desk

LENGTH: 717 words

HEADLINE: In America;
Kiss and Cut

BYLINE: By BOB HERBERT

BODY:

Hillary Rodham Clinton will be in New York today to talk about the impact that budget cuts, as currently proposed, would have on the lives of American children. Politicians will kiss babies almost as quickly as they will take money. But if you want to see what they really think about young people, take a look at the fine print in their budget proposals.

Mrs. Clinton has been campaigning against the most extreme aspects of Republican budget-cutting efforts. According to the White House, the G.O.P. plan to balance the budget would, among other things, eliminate Medicaid coverage for as many as 4.4 million children by 2002, deny Social Security benefits to some 755,000 disabled children, eliminate summer job opportunities for 4 million young people, cut nutrition assistance to 14 million children, reduce child abuse protection by nearly 20 percent and deny assistance to more than 16,000 homeless children.

"Let's not fool ourselves," Mrs. Clinton said in a recent speech. "National policies, whether they are about education, health care, work, welfare or anything else, are mirrored every day in the lives and experiences of our children."

During her stop today at Babies and Children's Hospital at Columbia-Presbyterian Medical Center, Mrs. Clinton is expected to focus on Medicaid, the health care safety net that is about to be taken apart, coldly and deliberately, with no serious regard for the consequences. This is happening, said Mrs. Clinton, "with very little discussion and no real dialogue."

There is no doubt that many children will suffer grievously if this effort is successful.

Dr. Irwin Redlener, president of the Children's Health Fund, which delivers desperately needed services to youngsters in urban and rural communities, is appalled by what is happening.

"The fact that there are proposals on the table now that will further undermine the health care safety net for children is really incredible," he said. "It suggests the possibility of some terrible consequences for society in the future, because what it really means is that there will be children who will suffer from disabilities, physical and mental, that will haunt them for the rest of their lives.

"It is incredibly stupid and short-sighted to take down Medicaid in this way."

In her speech, delivered a few weeks ago at the National Press Club in Washington, Mrs. Clinton noted that Medicaid was the primary source of health coverage for nearly one-quarter of all children in the United States and one-third of all children under 3. "More than half of these children live in families with working parents," she said, "parents who are not receiving welfare checks."

Nine out of every 10 children infected with the AIDS virus rely on Medicaid for health coverage.

Public policy that jeopardizes the health care of so many children belies the platitudes about caring for children that are uttered so promiscuously by politicians of every persuasion. Such a policy is a map that shows us clearly where our values are not. They are not on the side of kids.

"It is really unfathomable that we are going in this direction," Dr. Redlener said. "I see kids literally every day with asthma that has not been treated, asthma so bad that they can't function. I see kids with ear infections that have led to hearing loss to the extent that they are not functioning in school. We can solve these problems, but we're not doing it.

"The kids that will fare the worst, of course, are the kids who are already disenfranchised -- the poor, minorities. The kids at risk are going to bear the brunt of all this."

The poor will be hammered the hardest, but the budget cuts being drafted so assiduously and short-sightedly will have a negative effect on all kids. The White House estimates that 23 million students would be denied services as a result of proposed cuts to the Safe and Drug-Free School program. The Americorps national-service program, a wonderful exercise in true American values, would shut down completely. There are endless examples.

When the budget-cutters smile in your face and tell you how much they love your children, ask to see that ugly and arcane region known as the fine print. You'll need a guide and a strong stomach. What they do to children there is not to be believed.

LANGUAGE: ENGLISH

LOAD-DATE: October 23, 1995

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Daily News (New York)

October 24, 1995, Tuesday

SECTION: News; Pg. 6

LENGTH: 379 words

HEADLINE: HILLARY HITS GOP 'ASSAULT' ON KIDS

BYLINE: By MARK MOONEY and JOE NICHOLSON

BODY:

First Lady Hillary Rodham Clinton launched a fiery campaign against proposed Republican health and welfare cuts here yesterday, calling them "an assault on every child's future."

"The Republican budget cuts are cruel and unconscionable children are the biggest losers," Clinton said at Columbia-Presbyterian Medical Center. The cuts will hit New York kids particularly hard, carving into nutrition, adoption and pre-natal services, according to a study she distributed.

Republican leaders ripped the First Lady, saying she was distorting figures.

"It's very disheartening to see that Mrs. Clinton has adopted her husband's campaign methods of attack and distortion rather than joining the debate and offering real solutions," said Rep. Susan Molinari (R-S.I.).

Senate Majority Leader Bob Dole (R-Kan.) called the attack "the latest in the Clinton administration's transparent campaign to scare Americans one day it's seniors, the next day it's farmers, today it's children."

The Republican plan would reduce Medicare by $ 270 billion and slash Medicaid by $ 182 billion over seven years.

The Greater New York Hospital Association has estimated the plan would cost the city $ 12 billion and 140,000 jobs.

The First Lady's document, "Impact of the Republican Budget Cuts on Children," says that over the next seven years in New York the proposed cuts would eliminate Medicaid coverage for as many as 498,406 children, nutrition assistance for 957,000 children and summer jobs for 282,555 youths.

The study also projected a 52% reduction in the federal Infant Mortality Project, which provides pre-natal services, an $ 883 million cut in foster care and adoption services, and denial of benefits to as many as 65,000 disabled children.

Molinari disputed Clinton's estimate that 65,000 disabled children would lose benefits.

"It's just not true," she said. "Our Welfare Reform Act requires that all children receiving benefits are indeed disabled."

In a slight break with fellow Republicans, Mayor Giuliani said he told President Clinton last night the city needs more time to absorb the cuts. "This is unfair and inequitable for the city, and the President agreed with that. He's working very hard to adjust that," Giuliani said.

LOAD-DATE: October 24, 1995

LEVEL 1 - 12 OF 68 STORIES

Daily News (New York)

October 24, 1995, Tuesday

SECTION: News; Pg. 6

LENGTH: 785 words

HEADLINE: NOT ASHAMED TO FIGHT

BYLINE: BY JIM DWYER

BODY:
'POLITICS?" said Linda Wray, standing in the lobby of Columbia-Presbyterian Medical Center. She smiled impishly. "I practically live here. Who has time for politics?"

She made time yesterday 3 minutes and 30 seconds in which she stood up for every last grain of decency in the country. She spoke in a hospital where Hillary Rodham Clinton was visiting.

Wray is the mother of two daughters, one in college and one in a wheelchair and, often, a hospital bed.

The girl in the wheelchair is named Lisa. She is 16 and has had 50 operations. She smiles and talks and was listening intently to her mother and to Clinton speak about medical care yesterday.

The operations that have kept Lisa alive were paid for by the people of the United States through the federal and state governments.

The Congress now has decided that taking care of kids like Lisa is not such a big deal and that the country, with its honor at stake, can do less or nothing.

To this moment rose Linda Wray, speaking in public about Medicaid in the life of her family.

"On the night she was born, the doctors said she wouldn't live," Linda said. "She has spent half her life in the hospital, and most of her life in a wheelchair. Lisa is also profoundly deaf, but reads lips and signs. Lisa's been treated by almost every service imaginable neurosurgery, urology, orthopedics, infectious diseases, pediatric surgery, pulmonology, cardiology, neurology, behavioral pediatrics and plastic surgery.

"She's been treated for almost every problem imaginable hydrocephalus, brain-stem compression, bladder infections, spinal cord cysts, osteomyelitis, scoliosis, tachycardia and seizures."

Linda spoke almost wryly, without self-pity, of this snowball of crisis in her family's life. Her husband left after Lisa was born. The Wrays have figured out ways to deal with medical disasters. But she can't face what's coming from

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the federal government.

The Republican Congress does not have much use for poor people and, under the cover of sending a message to an out-of-control health bureaucracy, proposes that we skimp on the care of Lisa and other kids facing catastrophic illness. The Gingrich House of Representatives and the Dole Senate have voted to cut Medicaid and turn health care for the poor into a free-for-all brawl in 50 states.

Linda Wray, who is one semester of night school short of her nursing degree, who has lived a thousand nights in hospitals with a critically ill child, now knows what it is to be afraid.

"Talk of Medicaid cuts scares me to death," said Linda. "Without the Medicaid Lisa now receives, I would not be able to pursue my studies studies that will soon allow me to care for other children. . . . We need Medicaid so Lisa can be home with us. We need Medicaid so that we can carry on with our lives."

Hillary Rodham Clinton sat listening to Linda Wray, and then got up and made a speech off the top of her head, and suddenly the idea that government can be compassionate seemed less radical and more like pure, decent sense.

The fashion among the hard-headed is to scoff at the Clintons as products of a marketing committee who believe in nothing. Yet on the very first morning of the Clinton administration, Hillary Rodham Clinton flew to New York on the Delta shuttle and visited a school in Washington Heights. It was a First Lady touchy-feely event, with little of substance and more of sweet gestures to kids. But it was a decent one, all the same, to show up in a poor neighborhood on her first day at work.

Back in Washington Heights yesterday, she declared again where she stood.

"We should not do to the most vulnerable children among us what we would not do to our own," she said. "The Republican budget cuts are cruel and unconscionable."

She happens to be correct. For children under the age of 3, Medicaid pays for the health care of one kid in three. It provides the medical care for nine out of 10 children with HIV infection.

"We need to remember that there, but for the grace of God, goes our child, our parent, our spouse," said the First Lady.

Linda Wray lives on welfare a single mother who would have lost her benefits under the radical welfare bill passed by the House. "Why not just dig a hole and drop us in?" suggested Wray.

Bill Clinton has even talked about signing a version of this legislation, although that would be hard to square with his wife's words yesterday.

The Republican idea is that the New Deal is dead, and gone with it Franklin D. Roosevelt's argument that all we had to fear was fear itself.

The Gingrich Congress brings us a fresh motto: The only thing to be ashamed

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of is shame itself.

GRAPHIC: KEITH TORRIE DAILY NEWS TOGETHER: Linda Wray (right) smiles at her daughter Lisa, 16, who has endured 50 operations in her short life as she has been besieged by severe health problems. Linda Wray says GOP-planned health cuts would endanger Lisa and others like her.

LOAD-DATE: October 24, 1995

LEVEL 1 - 22 OF 68 STORIES

Los Angeles Times

October 24, 1995, Tuesday, Home Edition

SECTION: Part A; Page 14; National Desk

LENGTH: 1475 words

HEADLINE: BOTH PARTIES FACE DIVISIONS IN BUDGET FIGHT;
CONGRESS: DEMOCRATS AND GOP HAVE TO RESOLVE THEIR CONFLICTS BEFORE THEY CAN EXPECT TO NEGOTIATE A DEAL WITH EACH OTHER.

BYLINE: By JANET HOOK and JONATHAN PETERSON, TIMES STAFF WRITERS

DATELINE: WASHINGTON

BODY:

White House Chief of Staff Leon E. Panetta Monday charged that millions of children would be harmed by Republican budget proposals, and released a state-by-state analysis seeking to show how young people would be affected by restrictions in health care, nutrition and other areas.

Republicans are saying, "you have to harm children in order to save them," Panetta contended, whereas the White House maintains that "we should continue to invest in children for our future."

House Speaker Newt Gingrich (R-Ga.), meanwhile, traveled to Boys Town in Nebraska to underscore his contention that private charity can do more for children than government. Boys Town, he said, shows that even with "remarkably few resources," people can "achieve great things if they love each other enough."

But the escalating war of words between the White House and Republican leaders Monday obscured an entirely different set of conflicts that stand in the way of a spending deal: Republicans are confronting fierce, intraparty divisions that must be bridged before the goal of a sweeping budget deal with the White House even can be considered.

These realities are taking on extra meaning this week as the House and Senate consider major spending and tax-cut bills that were designed to put a GOP imprint on a transformation of federal policy.

On Monday, the Senate Budget Committee passed a voluminous bill aimed at balancing the budget over seven years by slashing $664 billion from projected spending. In coming days, however, the legislation -- known as a reconciliation bill -- will be the object of internecine struggles over health care, agriculture and other issues.

"Compromises are going to be difficult," said Carol Cox Wait, president of the Committee for a Responsible Federal Budget. "But they are as difficult within the Republican Party as they are between the White House and

Republicans."

Squabbling GOP factions may force Republican leaders to ease proposed cuts in education, agriculture and other programs to assure passage of the measure. That will set the stage for another intraparty brawl as negotiators try to resolve the thorny differences between the versions of the budget bill passed by the Senate and by the more conservative House.

Already, Republicans who disagree over abortion, environmental regulation and other social issues have stalled several of the 13 annual appropriations bills needed to finance most of the government.

"There are some good old-fashioned family discussions going on," said Rep. Jim Nussle (R-Iowa) of the GOP's internal divisions. "But they haven't spilled out into the neighborhood."

President Clinton faces painful divisions within his own party. Many Democrats remain furious with his recent statements suggesting that the tax increase that some of them risked their seats to give him in the 1993 budget deal was a mistake. Although some are unhappy with the White House, their irritation is not likely to affect the outcome of the budget debate because they do not have enough votes to prevent passage of the budget.

Yet the Administration also has scored points in the drawn-out budget fight by arguing that proposed restrictions on Medicare are too harsh. On Monday, White House officials sought to expand the strategy by mounting a campaign maintaining that GOP budget cuts take an unfair toll on children.

First Lady Hillary Rodham Clinton visited babies at a New York hospital and Panetta distributed the White House analysis of how children would be affected by GOP proposals for health care, immunization, taxes, summer jobs, nutrition and other programs.

The report said, for example, that the Republican proposals would eliminate Medicaid coverage for 4.4 million low-income children nationally in 2002, and 469,104 children in California alone.

Such programs "are investments that pay off in the future, that save money in the future," Panetta said.

The new White House push prompted a swift GOP response, as Republicans argued that their policy prescriptions would prove far more helpful to needy kids: 'What's hurting children today is the welfare system that is trapping them in poverty and forcing them into schools that don't teach them anything and permitting an environment of drugs and crime to destroy their young lives," said Tony Blankley, spokesman for Gingrich.

Many analysts said that the current atmosphere of brinkmanship is largely for the benefit of the purists in each party, who will jump all over their leaders if they are seen as compromising too easily. Most budget experts expect the initial round of budget and appropriations bills to be vetoed, after which both sides would reposition themselves for negotiations.

"Both sides realize they have to go through some initial chest beating and

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bravado," said Robert Reischauer, a budget expert who is a senior fellow at the Brookings Institution. "Once we've gone through this first state where each side has followed the script with care, then it will be time to compromise."

Amid the partisan fireworks in recent days there have been some small signals of where the two sides may be willing to give. Clinton reversed field last week and said that he might be willing to accept Republicans' seven-year time line for balancing the budget. And some House Republicans have indicated that they would be willing to compromise on the amount of savings wrung from Medicare.

Both sides have agreed that there should be a tax cut but differ on how much and who should benefit.

Still, even as the public is deafened by the high-volume argument between the White House and Republicans in Congress, GOP leaders are working sotto voce to bring their troops in line behind key budget measures.

The far-reaching budget reconciliation bill, which includes GOP proposals to curb Medicare and Medicaid growth and spending on farm programs, student loans, welfare and a host of other federal programs, moved another step closer to enactment Monday when it was approved on a party line vote of 12 to 10 by the Senate Budget Committee.

"The time is now to stop the credit card of the U.S. government and to say to all Americans it is time to balance the budget," said Senate Budget Committee Chairman Pete V. Domenici (R-N.M.). "This is an exercise in declaring once and for all that it's not just what we want to give our citizens, it's what we can afford."

The Senate is expected to take up the budget reconciliation bill -- so called because it is designed to reconcile spending and taxes to the targets set in the Republicans' seven-year budget balancing plan -- on Wednesday and pass it by Friday.

As a result, Senate GOP leaders face the challenge of ensuring 51 Republican votes to pass it; with 54 Republicans in the Senate, they can afford to lose only three Republicans.

A group of about a half dozen Republican moderates have begun meeting to seek changes that would ease cuts in Medicaid growth, education and tax credits for the working poor. But any changes the leadership makes to appease party moderates risk alienating more conservative Republicans.

The House is expected to take up its version of the bill Thursday. The biggest threat to House passage of the bill is a dispute among Republicans over proposals to revamp and scale back federal subsidies to farmers. Fighting the proposals are Republicans from areas that grow cotton and rice and that have small dairy farms -- areas of agriculture that critics say would be disadvantaged by the farm overhaul.

In readying that measure for House debate, Republican leaders have quietly decided to drop a tax provision -- included in the GOP's "contract with America" -- that would have allowed the elderly to keep more of their Social Security benefits when they earn other income.

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A spokesman for the House Ways and Means Committee said the provision had been dropped because it faced procedural hurdles in the Senate.

Sen. John McCain (R-Ariz.) said he would try to force a vote on the provision, but it would take a 60-vote majority to pass it.

Once the budget bill is passed by each chamber, it may be weeks before the House and Senate resolve the many differences between the two measures. Farm programs may be among the thorniest, if the House manages to win approval of its radical overhaul; the Senate has approved far more modest cost-saving changes.

The conference likely will reopen divisions between the moderate and conservative wings of the party over how deeply to cut taxes and for whom.

The Senate would impose stricter eligibility limits on the proposed $500-per-child tax credit for families than would the House and many conservatives wish there were no income restrictions at all.

The Senate bill also would make a much bigger cut in tax subsidies provided for the working poor through the earned income tax credit.

LANGUAGE: ENGLISH

LOAD-DATE: October 25, 1995

LEVEL 1 - 30 OF 68 STORIES

Sacramento Bee

October 24, 1995, METRO FINAL

SECTION: MAIN NEWS; Pg. A4

LENGTH: 854 words

HEADLINE: REPUBLICAN CUTS WOULD HURT KIDS, WHITE HOUSE SAYS

BYLINE: Michael Doyle, Bee Washington Bureau

DATELINE: WASHINGTON

BODY:

The Clinton administration on Monday painted congressional Republicans as anti-children in the latest twist of pre-budget maneuvering for advantage.

"The bottom line is the kids are getting screwed in their budgets, and we won't let that happen," White House Chief of Staff Leon Panetta said.

In advance of a key House vote Thursday, administration officials ticked off how children in states like California would fare under the GOP's proposed budget cuts. Their analysis is grim, if disputed.

The White House study contends that the current Republican plan to balance the budget by 2002 would:

* Eliminate Medicaid coverage for as many as 469,104 California children in seven years.

* Deny Head Start schooling for 17,233 Californians.

* Eliminate cash assistance for 13,250 children in California born to unmarried mothers under age 18.

All 50 states get the same analytical treatment in a report issued on the same day that first lady Hillary Rodham Clinton visited babies at New York City's Children's Hospital, and about a dozen Cabinet secretaries fanned out nationwide to talk about children's issues.

But Republicans weren't buying the numbers.

"California will take care of all the children that need to be taken care of," said Janice Ploeger, spokeswoman for the California Health and Welfare Agency. "We'll take the cuts, if we can redesign the programs."

Ploeger said state officials now are doing their own analysis of what the Republican budget plan might mean. Because the GOP premise is to distribute block grants back to the states, she said, the White House can't really know how the state-designed programs will work or how many children will be covered.

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Some cuts are more certain. For instance, the administration says 1,064 school districts in California now use Safe and Drug Free School grants that Republicans hope to eliminate. More than 4,800 California teenagers use a federal summer-jobs program targeted for elimination.

For their study, White House officials assumed the more Draconian aspects of either the House or Senate budget bills would take effect. That isn't always realistic, as Panetta indirectly acknowledged.

But, Panetta said, "Neither the House nor Senate version of (budget balancing) is acceptable. That proposal is going to be dead on arrival at the White House, and the president is going to veto it."

The expected House and Senate votes to cut nearly $ 900 billion in federal spending, followed by the promised presidential veto, are likely to resemble sumo wrestlers' grunting and ritualized posturing before a match. The real budget cuts will be agreed upon after the veto.

"Clinton is under the idea that the more money he can spend, then the problem will go away," said Rep. George Radanovich, R-Fresno, who sits on the House Budget Committee. "We're going to have to find other ways to solve these problems."

Radanovich cited church and charitable groups as among those that should be picking up any slack left from government cutbacks.

LANGUAGE: ENGLISH

LOAD-DATE: October 25, 1995

LEVEL 1 - 10 OF 68 STORIES

Chicago Tribune

October 24, 1995 Tuesday, NORTH SPORTS FINAL EDITION

SECTION: NEWS; Pg. 10; ZONE: N

LENGTH: 583 words

HEADLINE: PANETTA: NO DEALS OVER GOP BUDGET;
AIDE SAYS CLINTON WON'T BACK OFF ON VETO THREAT

BYLINE: By Steve Daley, Washington Bureau.

DATELINE: WASHINGTON

BODY:

White House chief of staff Leon Panetta on Monday defended President Clinton against suggestions that the president would back away from his threats to veto Republican budget plans.

With the GOP-controlled Congress scheduled to vote this week on a seven-year budget and deficit-reduction package, Clinton has said he would veto Republican attempts to scale back Medicare, Medicaid and the earned income tax credit, as well as the GOP's proposed $245 billion tax-cut plan.

But with the budget showdown looming, Clinton's allies continued to fend off the perception that the president is eager to cut a deal. That view was enhanced last week when Clinton appeared to retreat from his own 1993 budget.

The president delighted Republicans and enraged many fellow Democrats when he told a group of business executives in Houston that the tax increases in his 1993 budget were excessive.

That budget passed the House and Senate by a single vote and, most Democrats agree, cost several incumbent lawmakers their jobs in the 1994 election.

Despite Democratic talk on Capitol Hill of betrayal, Panetta insisted the president would remain steadfast in his opposition to GOP budget plans, even facing Republican threats to push the government into a shutdown next month.

"I would ask the public and I would ask the Congress to judge this president by his actions," Panetta said. "And . . . it's pretty clear from his actions what he'll do."

Panetta cited Clinton's confrontations with the National Rifle Association over the assault weapons ban, and with a variety of special interests in his fights over health-care reform, the North American Free Trade Agreement and affirmative action.

Panetta's defense came as the administration released a gloomy, state-by-state report on the prospective impact of the GOP budget on American children.

The report contends that the proposed $182 billion cut in Medicaid, the federal-state program that offers health insurance to the poor and disabled, would cost Illinois $6.1 billion in federal payments over seven years.

The Department of Health and Human Services reports that 21 percent of the children in Illinois-one in five-rely on Medicaid for basic health care.

Republicans contend that states and municipalities are better suited to administer health-care services to the poor and disabled, and, under the GOP plan, would do that through a series of block grants.

Throughout the budget debate, the administration strategy has been to focus public attention on the various aspects of the GOP initiative, talking about increased costs and reduced services in Medicare, or the effect of the GOP budget on education, rural hospitals, the environment and, this week, children.

"Budgets are about the future," said Panetta, who served as chairman of the House Budget Committee during his days as a California lawmaker.

"And the Republican view is that you have to hurt children in order to save them."

Asked about the path of negotiations between the White House and Congress, Panetta said he expects the Republicans to pass their budget bills and then reconcile them in a joint House-Senate conference.

"There is no indication they are moving toward us," he said. "It's difficult to see that (negotiations) right now because the Republicans have taken a blood oath to pass their budget."

Republicans in the House and Senate expect to pass their respective $894 billion tax-and-budget plans by week's end.

LANGUAGE: ENGLISH

LOAD-DATE: October 24, 1995

LEVEL 1 - 1 OF 1 STORY

Chicago Sun-Times

October 25, 1995, WEDNESDAY, Late Sports Final Edition

SECTION: NWS; Pg. 35

LENGTH: 439 words

HEADLINE: Hospitals Serving Children, Poor Face Cuts in U.S. Funding

BYLINE: BY LYNN SWEET

BODY:

WASHINGTON -- Caught in the sweeping overhaul of Medicare and Medicaid winding through Congress this week are cuts in funds that are crucial to Chicago hospitals training doctors, specializing in children and serving the poor, hospital officials say.

"If the amounts they are talking about actually come to pass, we will be looking at losing the cutting edge of medical care, research and education," said Susan E. Phillips, vice president for government and public affairs for the University of Chicago Hospitals in Hyde Park.

Although Republicans will have enough votes to pass their Medicare and Medicaid revamps, the bills face a veto by President Clinton. Negotiations between the congressional Republicans and the Democratic White House will shape the final versions of the overhaul.

Medicare, the subsidized insurance program for the elderly and some disabled people, also helps bankroll hospitals' cost of training doctors. Under House and Senate Medicare overhauls, money to reimburse hospitals for training residents would be reduced.

Chicago Hospitals that serve children and the poorest of the poor rely greatly on extra payments they receive for handling a disproportionate number of children and low-income patients.

Congress wants to repeal the disproportionate-share program, which provides $ 10 million a year to Children's Memorial Hospital in Lincoln Park and $ 4.5 million to LaRabida Children's Hospital and Research Center, 65th Street and Lake Michigan.

The State of Illinois could replace some of the money, but Gov. Edgar and legislative leaders have not signaled how these institutions would be treated under the state-run Medicaid systems Congress is creating for the low-income uninsured and disabled.

In Chicago Tuesday, representatives of LaRabida, Children's and Wyler Children's Hospital -- the University of Chicago's children's facility -- said

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the changes could result in less medical care for sick children. U.S. Representatives Dick Durbin (D-Springfield) and Rep. Bobby Rush (D-Chicago) and Vermont's Democratic Gov. Howard Dean also called for less-stringent legislation.

Phillips said the U. of C. could lose $ 22.3 million a year to pay for physician training and $ 20.4 million in disproportionate-share payments.

Other medical teaching institutions, Northwestern and the University of Illinois for example, report similar fears.

"One strategy would be to recruit fewer non-U.S. citizens, but we are already trying to do this as much as we can, said Dr. William Troyer, director of external relations for the University of Illinois at Chicago Medical Center.

LANGUAGE: English

LN-ACC-NO: HOSP25101995

LOAD-DATE: October 25, 1995

LEVEL 1 - 20 OF 68 STORIES

The Houston Chronicle

October 24, 1995, Tuesday, 3 STAR Edition

SECTION: a; Pg. 2

LENGTH: 359 words

HEADLINE: Veto is threatened in battle with GOP;
Budget cuts called harmful to children

BYLINE: RACHEL L. JONES; Knight-Ridder Tribune News

DATELINE: WASHINGTON

BODY:

WASHINGTON - The Clinton administration turned to a new front in its budget battle with the Republican Congress on Monday, threatening to veto legislation that it said would hurt America's children.

""The bottom line is that kids are getting screwed in these budgets, and we won't let that happen,''White House Chief of Staff Leon Panetta said at a news briefing.

Punctuating this latest salvo in a fight that promises to get nastier, Panetta released a state-by-state analysis of the Republican budget's effect on children.

The Democratic study said the Republican legislative plan would eliminate Medicaid coverage for as many as 4.4 million children, deny as many as 755,000 disabled children Supplemental Security Income cash benefits by 2002, and lock 180,000 children out of the Head Start program for preschool children.

Some independent economists agreed with the Democrats' negative assessment of the budget plan's effect on children.

Republicans and Democrats are already feuding over proposed changes to Medicaid and Medicare programs, whose growth would be trimmed by nearly half a trillion dollars over seven years.

Republicans say both programs will go bankrupt if cuts are not made, while Democrats say the move would devastate the poor and the elderly.

Now, administration officials have escalated the war by accusing Republicans of cruelty to children by proposing cuts in education, health care and nutrition programs.

""The Republican budget basically takes the attitude that you have to harm children to help them,'' Panetta said.

Panetta said the major difference between Republican budget proposals and the Clinton plan lies in one area: investment.

For example, Department of Health and Human Services statistics have shown that for every dollar spent on the WIC program, $ 4 are saved down the line in health costs.

Panetta conceded that the Republican goal of balancing the budget is important for children, to relieve them of the burden of huge debt.

""But investing in our children is equally important,'' he said.

""You don't have to sacrifice one goal to achieve the other.

GRAPHIC: Mug: Leon Panetta

LANGUAGE: ENGLISH

LOAD-DATE: October 25, 1995

LEVEL 1 - 2 OF 2 STORIES

Pittsburgh Post-Gazette

October 24, 1995, Tuesday, SOONER EDITION

SECTION: NATIONAL, Pg. A1

LENGTH: 629 words

HEADLINE: Democrats: GOP cuts jeopardize children

BYLINE: Pat Griffith, Post-Gazette Washington Bureau

DATELINE: WASHINGTON

BODY:

The White House yesterday stepped up its assault on the massive Republican budget and tax-cut package Congress will consider this week, charging it jeopardizes millions of children through cuts in health, education and welfare programs.

The new attacks came as the Senate prepares to take up a complex ''reconciliation'' bill tomorrow that would balance the federal budget in seven years and provide a $ 245 billion tax cut. The House is scheduled to act on its version of the plan on Thursday.

Yesterday, White House Chief of Staff Leon Panetta said President Clinton will follow through on his vow to veto the budget package that includes measures to reduce Medicare spending by $ 270 billion, turn Medicaid and welfare programs over to states in block grants, revamp tax policy to help businesses and provide a $ 500-per-child tax credit, and dramatically reduce federal authority to enforce environmental regulations.

That would likely force a budget summit between the White House and Republican leaders in Congress to hammer out a plan that both sides can accept. Clinton has said he will accept the GOP seven-year time frame for balancing the budget, provided it does not cut as much from Medicare and Medicaid, limits tax cuts to low- and middle-income families and provides more money for education.

Asked about a potential compromise, Panetta said, ''We've seen no indication they are prepared to move toward us.''

Panetta released the administration's state-by-state analysis of the potential impact of the changes in federal funding levels on children and low-income families.

He said the figures present ''a pretty clear choice between the Republican budget, which basically takes the attitude that you have to harm children in order to save them, as opposed to the president's budget (that would) invest in our children'' by targeting more spending for education, childhood immunizations and school nutrition programs and limiting tax cuts to low- and middle-income families.

For example, the report says the GOP plan to save $ 182 billion in projected Medicaid costs by turning the program over to states in block grants would eliminate coverage for as many as 114,892 children in Pennsylvania and 4.4 million children nationwide in 2002. This estimate assumes the state does not offset reductions in the current level of federal support.

It says Pennsylvania will get $ 3.1 million less in Medicaid funding than projected under the current program in the next seven years.

''Even if Pennsylvania could absorb half of the cuts by reducing services and provider payments, it would still have to eliminate coverage for 234,844 people, including 114,892 children in 2002,'' it says.

Gene Sperling, deputy assistant to the president for economic policy, said the figures were developed by administration analysts from a study by the Urban Institute.

The report cites Pittsburgh's Health Start program to combat infant mortality, vaccination programs and care for disabled children as other programs affected by budget cutbacks.

Among other impacts projected for the state, the report said 719,000 children live in low-income working families that will be affected by proposed reductions in the Earned Income Tax Credit, and 551,000 could be affected by reductions in food stamp benefits for families.

Cuts in the Safe and Drug Free Schools program, Title 1 funding for disadvantaged students, a slower growth rate for Head Start and elimination of the AmeriCorps National Service program and summer jobs program were other areas affecting Pennsylvania children mentioned in the report.

It said changes and cutbacks in clean air and clean water laws and hazardous waste cleanup would adversely affect the health of children.

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The Boston Globe

October 24, 1995, Tuesday, City Edition

SECTION: METRO/REGION; Pg. 28

LENGTH: 481 words

HEADLINE: Impact of cuts in Mass. debated;
GOP proposals affect Medicaid

BYLINE: By Richard A. Knox, Globe Staff

BODY:

As many as 114,000 Massachusetts children would lose Medicaid coverage, and the commonwealth would suffer a $ 4.2 billion seven- year loss in federal Medicaid funds, under Republican proposals pending before Congress, the White House said yesterday.

The proposed congressional cuts would cost thousands of disabled children the specialized therapy and equipment that allow them to live at home, the Clinton administration said. The cuts also would impose a 52 percent cut on Boston's infant mortality prevention program, Healthy Start.

The Weld administration countered that the White House estimates were "scare tactics" and "wildly overstated," but did not offer alternative figures.

The new estimates were part of a campaign launched yesterday by Clinton administration officials and an array of health care providers to emphasize the impact of Republican Medicaid cuts, especially on children.

Nine groups representing health care professionals and hospitals yesterday decried the proposed Medicaid cutbacks at a Washington press conference. The groups included the American College of Physicians, the American Academy of Pediatrics, the Catholic Health Association and the National Association of Children's Hospitals.

David Weiner, president of Children's Hospital in Boston, called the potential impact of proposed Medicaid cuts on Massachusetts "scary, for lots of reasons."

"For example, families with children who are disabled or have birth defects could never afford the kind of specialized care these kids need," Weiner said. About 15 percent of Medicaid recipients are disabled, he added, and many of them are children in low-income working families.

In a New York City speech, Hillary Rodham Clinton said that Medicaid, which covers nearly one in three American children, would be slashed by $ 182 billion nationally over the next seven years.

The proposed Medicaid cuts would increase by nearly 9 million the number of people without health care coverage, the White House said, quoting an analysis by the Urban Institute, a Washington-based think tank.

Massachusetts Medicaid covers more than 376,000 individuals under age 21. Although that population amounts to half of all Medicaid enrollees in the commonwealth, these individuals account for less than a quarter of all Medicaid expenditures.

David Ball, a spokesman for Massachusetts' Medicaid program, said the commonwealth would have "sufficient flexibility" under the House version of the Medicaid budget. "We have no plans to eliminate coverage for any Massachusetts children," Ball said.

Ball added that the White House estimates are based on a 10 percent annual growth in Medicaid expenditures - the current national rate - but the program has been growing at a rate of only 3 percent yearly in Massachusetts. "So the figures being used in this estimate are not accurate," he said.

LANGUAGE: ENGLISH

LOAD-DATE: October 25, 1995

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The Detroit News

October 24, 1995, Tuesday

SECTION: NationWorld;

LENGTH: 290 words

HEADLINE: Deficit-cutting bill heads to full Senate;
Panetta blasts plan

BYLINE: Detroit News wire services

DATELINE: WASHINGTON

BODY:

WASHINGTON -- The Senate Budget Committee approved a sweeping budget bill Monday to eliminate the deficit by the year 2002, setting the stage for the full Senate to take up the massive measure Wednesday.

The bill would make more than three-quarters of the reductions necessary to achieve a balanced budget by 2002 and a $ 245-billion tax cut.

It would eliminate federal guarantees of welfare for children and permit restrictions on medical aid for the elderly and disabled, giving those responsibilities to states.

Most agricultural subsidies would be phased out and student loans would be restricted, and their prices increased.

The Senate will begin 20 hours of debate -- probably early Wednesday -- and a vote is expected Friday or Monday. The full House is expected to take up its version of the measure Thursday and vote the same day.

The Clinton administration quickly attacked the plan, saying young Americans would suffer.

The Republican budget plan "basically takes the attitude that you have to harm children in order to save them," said Leon Panetta, White House chief of staff. "The bottom line, kids are getting screwed in these budgets."

Addressing an AFL-CIO meeting in New York on Monday night, President Clinton declared: "I will use the tools at my command. If it takes a veto, you'll have it."

Senate Majority Leader Bob Dole, R-Kan., said Panetta's charges were "just the latest in the Clinton administration's transparent campaign to scare Americans -- one day it's seniors, the next day it's farmers, today it's children."

Budget Committee Chairman Pete Domenici, R-N.M., said he expected both houses to finish their separate versions by month's end to approve a compromise by Thanksgiving.

LOAD-DATE: October 24, 1995

The Atlanta Journal and Constitution

October 24, 1995, Tuesday, CONSTITUTION EDITION

SECTION: EDITORIAL, Pg. 11A, Tom Teepen

LENGTH: 524 words

HEADLINE: Class war and the GOP

BYLINE: Tom Teepen

BODY:

It was a cheap political stunt, and about time, too.'

Religious leaders distributed plates of stones to members of Congress, acting out the biblical query, "Is there anyone among you who, if your child asks for bread, will give a stone?"

James M. Dunn of the Baptist Joint Committee and other clerics were answering, "You bet: this Congress."

They are right, too. In the name of budget-balancing, this Congress - Republican with the wraps off - is squeezing school lunches, the crucial WIC nutrition program (for Women, Infants and Children) and food stamps.

It is all part of broad political assault in which high-minded claims of fiscal prudence are silken cover for the low business of sticking it to society's neediest and least powerful.

The little bit of political theater staged by the divines won't prevail, of course. Only votes count. But it was useful in a couple of ways.

For one, it was a reminder that, despite the righter-than-thou Christian Coalition, not all faiths or all faithful are in cahoots with reactionary politics.

And the event served to highlight the hilarity of the claim by the GOP right that any who oppose its social agenda are practicing "class warfare."

Class warfare is afoot all right, but it is being waged top down, the haves against the have-nots. Social Darwinism finally has an army, and it marches to a cadence that goes something like this: The just shall be rewarded. I've got this great BMW. Therefore, I am just.

That political mantra is chanted as spiritual armor against the few in the field still whining about fairness and other airy abstractions and fretting about the widening gap between rich and poor.

The point is nowhere more clear than in the roughly concurrent drives in Congress to 1) give the well-off big tax breaks and 2) raise the taxes of the working poor.

The U.S. Treasury figures that the pending GOP tax cuts will give the top 12 percent of families - those taking in more than $ 100,000 - a cut of about $ 4,000 per year. The creme de la creme - the 1 percent making more than $ 350,000 per year - will get an average break of $ 19,000.

To help pay for that, Congress is hacking at the earned income tax credit, which in effect boosts the incomes of the working poor, a strong anti-poverty and anti-welfare program.

Until this year the credit had enjoyed hardy bipartisan support, but now some 13 million low-income families will be hit for an additional $ 43 billion. About one-fifth will be cut off altogether.

Take from the poor, give to the rich. Robin Hood has switched sides.

Meanwhile, the welfare cowboys of the West are still indulged in federally subsidized grazing and giveaway mining rights. Huge agribusinesses still pocket subsidies meant for struggling family farms. Profitable industries still cruise through tax loopholes and still loll around on cushy special interest tax breaks.

And the Pentagon has had more money lavished on it than it dared to ask for.

The hungry? Let them fly Stealth bombers.

Tom Teepen is national correspondent for Cox Newspapers. His column appears Tuesdays and Sundays.

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The Plain Dealer

October 24, 1995 Tuesday, FINAL / ALL

SECTION: NATIONAL; Pg. 4A

LENGTH: 585 words

HEADLINE: WHITE HOUSE MOBILIZES OVER GOP CUTS

BYLINE: By TOM DIEMER; PLAIN DEALER BUREAU

DATELINE: WASHINGTON

BODY:

The White House said yesterday that looming Republican budget cuts will have a cruel effect on the nation's children, shrinking an array of medical, nutritional and educational benefits.

To demonstrate, White House Chief of Staff Leon Panetta crunched numbers for each state, showing reductions or slowdowns in growth of payments for Medicaid, food stamps, Head Start and other programs.

In New York, Hillary Rodham Clinton, visiting Mount Sinai Medical Center, said the GOP plan to slow the growth of Medicare and Medicaid spending by $452 billion over seven years "would undermine the safety net, not just for the poor, but would touch the lives of every American."

"We want to get our economic house in order," she said, "but not by undermining our most vulnerable younger and older people."

The Clinton administration knows it cannot defeat the Republican budget bill, called a reconciliation bill, that goes to the Senate floor today and to the House tomorrow. Rather, Panetta is setting the stage for the "end game" - tough negotiations likely to come in the aftermath of a promised White House veto.

"The Republicans have taken a blood oath," Panetta said of the determination to enact a spending package that will move the country to a balanced budget by 2002.

He insisted that Clinton also wants a balanced budget but believes it should be achieved without a tax cut benefiting the well-to-do - and without huge reductions in social programs.

"You don't have to sacrifice one goal to reach the other," he said. "We don't have to harm our kids in order to save them."

Panetta issued a report which maintained that families in the bottom 20 percent in income would lose $3,200 in benefits annually when Republican cuts are fully realized.

But Sen. Michael DeWine, Ohio Republican, said the status quo in the face of a soaring debt was not acceptable. "If we don't do anything," he said, "all of these children's programs will be gone by the year 2007 because the entire budget will go to entitlements [guaranteed benefits] and interest on the national debt."

For the sake of its argument, the new White House study, compiled from government and private foundation sources, assumed the highest cuts in the respective Senate and House versions of the impending budget.

In Ohio, more than 158,000 children could lose Medicaid coverage by year 2002, 606,000 children could be denied some food stamp benefits, and federal aid to the Healthy Start prenatal care program in Cleveland could be cut by more than 50 percent next year, according to the report.

Panetta, in answer to a question, agreed that these were "nightmare" or worst-case scenarios.

The report, for instance, says Republican cuts in low income heating assistance would force "some families to choose between heating their homes and feeding their children." And cuts in water treatment would allow "sewage to flow into waters where children in Ohio live and play."

Before any of that happens, Republicans will have to overcome a near-certain presidential veto, or make peace with the White House and craft a grand compromise.

"We see no indication they are prepared to move toward us ... on fundamental differences," Panetta said.

But that is clearly what he hopes will happen, even if the government is forced to operate on temporary budgets into the holiday season.

DeWine said Republicans "should be very careful as we go through this major change that we protect children and in particular protect at-risk youth."

LANGUAGE: ENGLISH

LOAD-DATE: October 25, 1995

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St. Louis Post-Dispatch

October 25, 1995, Wednesday, FIVE STAR LIFT Edition

SECTION: NEWS; Pg. 1A

LENGTH: 1063 words

HEADLINE: REPUBLICANS PLEDGE TO AVOID TAX INCREASE

BYLINE: Tim Poor Post-Dispatch Washington Bureau This article includes information from The Associated Press.

DATELINE: WASHINGTON

BODY:

Stung by criticism that their proposed tax changes would raise taxes on half of American families, Republican leaders said Tuesday that they would revise the measure when they meet to settle differences between Senate and House budget bills.

Referring to studies showing that the average family earning less than $ 30,000 annually would pay more taxes under the Republican plan, House Speaker Newt Gingrich said, "We think in conference we can absolutely make sure that does not happen."

The Senate and House are each scheduled to vote this week on massive budget "reconciliation" bills that include tax cuts and reductions in projected spending on Medicare and Medicaid. Then, both sides will meet to work out differences before voting on a final version.

While each house has proposed cutting taxes - the House by more than $ 300 billion, the Senate by $ 245 billion - each also wants to reduce projected spending on the earned income tax credit, which benefits families who earn less than $ 30,000. That's about half of the taxpaying families in the country.

The credit is based on income. Poorer families get a larger credit, which leads to a refund from the Treasury.

The tax proposals would limit the credit to taxpayers with children, lower the maximum income for eligible families, and include income that is not now counted in determining eligibility, such as annuities and pensions. The House would reduce the credit by $ 23 billion, the Senate by $ 43 billion.

The result, say Democrats, is that 80 million families - 7 out of 10 - would see their taxes increase or stay the same, despite other changes intended to help families. These include a $ 500-per-child tax credit and cuts in the taxes on the sale of assets such as property or stocks.

House Democratic Whip David Bonior called the proposals "the biggest transfer of wealth in the history of America."

House Majority Leader Richard Gephardt, D-Mo., said the Republicans' budget would make worse the already stagnant incomes of the middle class. In Missouri, 1.5 million of the state's 2.3 million taxpayers earn less than $ 30,000 per year, according to Gephardt's staff.

The tax proposals have made some Republicans uneasy as well.

"I'm not entirely comfortable with retreating from tax relief for anybody who is working poor," said Rep. James Talent, R-Mo. But he said he would vote for the House version because it would increase the incentive for people to work.

"There are some lower-income taxpayers who have been enjoying a tax benefit, who would lose the benefit. It's not an easy thing to do, but I can go along with it because it's basically reform," he said.

Talent is proposing that the House measure be revised to allow some parents with two or more children who would not benefit from the $ 500 per child credit to retain the earned-income tax credit.

Unlike the earned income tax credit, the proposed $ 500 credit per child is not refundable.

Talent said he would oppose the Senate proposal, which he said would cut off too many working families.

Some Republicans, like Sen. Christopher S. Bond, R-Mo., don't consider the measure a tax increase. He contends that most of the families affected don't earn enough to pay taxes and so wind up getting a check, thanks to the earned income tax credit.

"It is a welfare or a transfer payment," Bond said of the tax credit, adding that it will continue to increase for families with children, though not as much as under current law. "It's not a tax increase when you don't give people as much of a credit," he said.

That view was disputed earlier in the week by White House chief of staff Leon Panetta.

"You talk to any Republican on any other tax credit and say you're going to take it away and I will bet you money they will call that a tax increase," Panetta said.

"The reality is when you take away these tax credits, it means these families are going to have to pay more in taxes," he said.

The White House released a state-by-state analysis of the impact it said the Republicans' budget cuts would have on children based on figures taken from the most extreme of the House and Senate proposals.

For example, the White House said reductions in projected spending on the Head Start program for pre-schoolers would mean that 3,414 fewer Missouri children and 7,417 fewer in Illinois will be served in 2002.

Republican leaders maintained that their balanced budget would have a beneficial long-term impact on children by reducing the debt that future generations will have to pay and by reducing interest rates in the short term.
"We are so unused to talking about what a balanced budget means in human terms," Gingrich said Tuesday. "You actually get a balanced budget dividend which is the equivalent of a tax cut.

"For a couple that buys an average price house on a 30-year mortgage . . . a 2 percentage point difference on an average house is a $ 37,000 savings in lower interest rates and lower mortgage payments, so it's literally the equivalent of a tax cut, except it is an interest rate cut."

Democrats weren't buying it.

Rep. Richard J. Durbin, D-Ill., said the reduction in the tax credit for low-income workers "really tells the story of what has happened to the GOP. This was a plan (former President Ronald) Reagan praised as a way to end welfare and encourage people to work. Now we have a new wave of Republicans who want to get rid of it." Other Issues

On other parts of the budget bill, Republican congressional leaders juggled competing demands Tuesday. Rural House members are unhappy with cuts proposed for farm programs, while moderate senators are demanding more money for education.

Republican lawmakers in both houses also vied for larger helpings of the Medicaid pie for their states.

Sen. Olympia Snowe, R-Maine, said she and about a half-dozen others want additional funds for student loans and Medicaid, the health care program for the poor.

The Agriculture Committee deadlocked on a plan by its chairman, Rep. Pat Roberts of Kansas, to meet a $ 13.4 billion savings target by overhauling the current system. Growers would get a fixed but declining payment to ease the switch to free-market agriculture. The old system of dairy price regulation also would end. Many farm state lawmakers, however, favor retaining the current system at lower cost.

GRAPHIC: GRAPHIC; Graphic Chart by Knight-Ridder Tribune - Budget Bills - Highlights of the House and Senate budget bills that reduce the federal deficit. All savings are in seven-year figures. MEDICARE Both: Slow growth, partly by cutting payments to doctors, hospitals; require seniors to pay high premiums; make well-off elderly pay more for benefits Senate: Raise the Part B deductible Savings: $ 270 billion MEDICAID House: End federal coverage for poor and disabled who now meet criteria and let states determine who qualifies Senate: Keep some quarantees for pregant women, children and disabled. Both: Abolish federal nursing home standards Savings: $ 182 billion WELFARE Both: Give states more control over welfare rules House: No federal funds could be used to provide welfare benefits to unwed teen-age mothers or for children born to welfare recipients Senate: Would give states the option of denying those benefits House savings: $ 102 billion Senate savings: $ 66 billion TAX CREDIT FOR POOR Both: Restrict eligibility for the earned-income tax credit, which goes to low-income workers House savings: $ 23 billion Senate savings: $ 43 billion FARM PROGRAMS

Both: Reduce spending on subsidies for farmers but differ on the details House savings: $ 13 billion Senate savings: $ 14 billion STUDENT LOANS Both: Revamp student loan program but differ on the details; many students would face higher interest payments House savings: $ 10 billion Senate savings: $ 11 billion TAXES Both: Provide tax credits for many familes with children, reduce tax rate on capital gains, expand individual retirement accounts. The budget plan allows $ 245 billion tax cuts over seven years. (Source: Knight-Ridder Washington Bureau, Congressional Quarterly)

LANGUAGE: English

LOAD-DATE: October 25, 1995

LEVEL 1 - 2 OF 68 STORIES

Sun-Sentinel (Fort Lauderdale)

October 25, 1995, Wednesday, FINAL EDITION

SECTION: LOCAL, Pg. 1A

LENGTH: 273 words

HEADLINE: CHILD ADVOCATE BLASTS GOP;
FLORIDA LOBBYIST SAYS BUDGET DRIVE COULD COST NEEDY KIDS MOST

BYLINE: LINDA KLEINDIENST; Tallahassee Bureau Chief

DATELINE: TALLAHASSEE

BODY:

Florida's most vulnerable children the poor, sick, disabled and abused - could become the biggest losers in a Republican-led drive to balance the federal budget, a leading child advocate charged on Tuesday.

Jack Levine, director of Florida's Center for Children and Youth, lashed out at GOP leaders as they prepare to debate budget cuts in Congress this week, saying children's programs will be among the hardest hit.

"Budgets cannot be balanced with 2-pound babies, child-care waiting lists and criminal youth," said Levine, whose non-profit group lobbies local, state and national leaders.

Without significant new dollars to meet the needs of Florida's exploding population, Levine said, the state would also face cutbacks in school lunch programs and foster-care subsidies.

Florida has the fastest-growing 18-and-younger population among the nation's 20 largest states - a group of 3.6 million that should grow by another million in 15 years, according to state demographic projections. And one of every five youths lives in poverty.

Among Florida's potential losses, according to the Center for Children and Youth: -- $ 10 billion in Medicaid funds by 2002 - eliminating coverage for more than 394,000 children. Medicaid pays for immunizations, regular check-ups, intensive care in emergencies and a host of services for the disabled. -- $ 46.9 million in the Title I program by next year. The Florida program to give disadvantaged youths a boost in school would drop 35,600 youths. -- 26,608 summer youth jobs by next year. -- $ 134 million in child-care funds over seven years, cutting help for 18,360 children.

LOAD-DATE: October 25, 1995

LEVEL 1 - 14 OF 68 STORIES

The San Francisco Chronicle

OCTOBER 24, 1995, TUESDAY, FINAL EDITION

SECTION: NEWS; Pg. A15

LENGTH: 512 words

HEADLINE: Clinton Won't Try to Sway GOP on Budget
But Panetta warns again about a veto

BYLINE: Carolyn Lochhead, Chronicle Washington Bureau

DATELINE: Washington

BODY:

White House chief of staff Leon Panetta acknowledged yesterday that President Clinton will not attempt to influence the GOP budget before it reaches his desk, allowing both sides to score their ideological points before serious negotiations begin.

Panetta repeated his warning that Clinton will veto the GOP budget, but then he laid the scenario under which a compromise could be reached after the administration and Congress have drawn their respective lines in the sand.

''Both sides have to be able to say they've gotten a victory,'' Panetta said. Republicans, he said, want to be able to say they have balanced the budget, saved Medicare, cut taxes and reformed welfare.

And President Clinton ''has to say he got a balanced budget but protected Medicare and Medicaid'' along with other domestic spending programs and ''investments,'' while giving a tax cut ''targeted to the middle class.''

Panetta spoke to regional reporters in the Roosevelt Room as part of a coordinated administrationwide attack on the GOP budget, claiming that it will hurt children.

Hillary Rodham Clinton was visiting babies in a New York hospital yesterday, and Vice President Al Gore and his wife, Tipper, along with members of the president's cabinet, were out campaigning around the country on the same theme.

The administration also issued state-by- state ''impact on children'' reports that compared the most stringent elements of the House and Senate bills intended to balance the budget by 2002 with projected spending levels if no changes are made.

The reports derived figures from projected growth rates in a host of programs marked by Republicans for spending cuts, from Medicaid, the health care program for the poor, to the Superfund program for hazardous-waste cleanup.

Panetta argued that children in California would be exposed to hazardous waste, lose access to health care, be denied food, pay more rent, lose protection from drug dealers, go without housing and be exposed to bad weather.

Although neither party has control over the weather, the White House maintained that because House Republicans would eliminate residential weatherization assistance, 1,972 children would be denied ''protection from bad weather conditions'' in California.

Panetta said the Clinton and GOP budgets present ''two very different paths'' and that the GOP budget would ''diminish the dream of a better life for our children rather than improve it.''

Panetta added that although a balanced budget is important in reducing the debt burden on future generations, ''investing in our children is equally important'' through government programs such as housing, health care and education. He maintained that such programs save money in the long run ''by investing in kids up front.'' Republicans, he contended, want to ''harm children in order to save them.''

Panetta also defended the effort to focus the effect of various program cuts on children, even environmental programs concerning air and water pollution that affect everyone.

GRAPHIC: PHOTO

LANGUAGE: ENGLISH

LOAD-DATE: October 24, 1995

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LEVEL 1 - 32 OF 68 STORIES

States News Service

October 24, 1995, Tuesday

LENGTH: 614 words

HEADLINE: SIMON SAYS DEMOCRATS HAVE FAILED TO SHOW FISCAL DISCIPLINE

BYLINE: By Anne Hazard, States News Service

DATELINE: WASHINGTON

BODY:

Hardest hit in Illinois under the GOP plan to balance the budget would be children who depend on Medicaid for health care, retiring Democratic Sen. Paul Simon said Tuesday.

"There are just going to be thousands of kids who need medical help who aren't going to get it," if the GOP prevails, Simon said. The Republican plan, which calls for slashing $187 billion from Medicaid over seven years, is slated for debate this week.

Illinois' senior senator also said he is working with Republicans on an amendment that would shore up direct student lending and reduce a $10.8 billion cut called for by the GOP plan in the student loan program.

In a news conference, Simon also said he believed retired Gen. Colin Powell would be the strongest Republican seeking the presidency, if the former chairman of the joint chiefs chose to do so.

Simon's decision to retire and not seek reelection in 1996 would have been much more difficult, though probably would not have changed, had he waited longer than last November to make an announcement, Simon said.

Eight other senators, seven of them Democrats, have since decided that they too will retire after 1996. The Senate breakdown currently is 53 Republicans and 46 Democrats. Sen. Robert Packwood, R-Ore., resigned Oct. 1.

"I do feel a loyalty to my party," Simon said. "I also feel a concern about the shape of our nation, where we're going. I don't like the trend."

Simon, a proponent of a constitutional balanced budget amendment, acknowledged it would be impossible to balance the budget without pain. But he characterized even the plan that could emerge after a presidential veto and a subsequent compromise as "a step backward in justice and opportunity for poor people."

Clinton tried to reform health care with a plan that would have increased costs in the short term and provided universal coverage. He failed, after an all-out lobbying war last year by opponents of his effort.

In contrast, the Republicans are proposing massive reductions in health care programs in which the government plays a key role, including $457 billion in cuts in Medicare and Medicaid. Democrats argue the GOP reforms will hurt the poor and elderly, but Republicans do not appear to have taken the public relations beating that Clinton did.

"Republicans have done a better job of disciplining their troops" than Democrats in the political battle to win, Simon said.

Democrats also are hindered by an image of willingness to spend more than the federal government can afford. "Democrats have failed to show fiscal discipline," Simon said. But he added, "Republicans have failed to show compassion."

Robert Reischauer, former director of the Congressional Budget Office, said Republicans have skillfully placed most of the reduction on providers, such as hospitals, doctors and insurers. Providers have been complacent, he said, believing that despite the cuts, they can take advantage of opportunities in the GOP plan to offer private insurance in the place of Medicare and earn higher fees.

Simon's amendment would continue to allow direct loans to make up 40 percent of the government's student lending program. Direct loans are the least costly, he said. The GOP plan would cut direct lending to 20 percent. Some 80 percent of all loans would be indirect, where banks and guaranty agencies would be middlemen and would profit.

"This is one where it is the public interest over and against the greed of special interests," Simon said.

Even if his student loan amendment is successful, he still will oppose the GOP budget plan, Simon said.

"It just hurts the people who are suffering in our society too much," he said.

LANGUAGE: ENGLISH

LOAD-DATE: October 24, 1995

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LEVEL 1 - 2 OF 2 STORIES

The Buffalo News

October 24, 1995, Tuesday, CITY EDITION

SECTION: NEWS, Pg. 13A

LENGTH: 681 words

HEADLINE: PANETTA SAYS GOP PLAN WILL HARM CHILDREN

BYLINE: DOUGLAS TURNER; News Washington Bureau Chief

DATELINE: WASHINGTON

BODY:

The White House Monday said the Republican congressional budget would cut nutrition aid to nearly a million children in New York State and said another 500,000 young New Yorkers would lose health care now provided by Medicaid.

White House chief of staff Leon Panetta said the impact of the GOP's budget on children's programs is the chief reason President Clinton will veto the plan.

That veto, he predicted, will set the stage for serious budget negotiations that will probably continue well into December.

There is a format for potential agreement, he said, between the GOP and the White House, but the Republicans "apparently think their budget is written in blood."

Panetta said, "The bottom line is that kids get screwed in this budget," warning that first lady Hillary Rodham Clinton, Vice President Gore and Cabinet members plan appearances to carry this message across the country.

Indeed, Mrs. Clinton appeared in New York Monday to castigate Republicans' plans for cutting Medicare and Medicaid.

At a news conference in Mount Sinai Medical Center in upper Manhattan, Mrs. Clinton said, "Every one of us as an American has made it possible for . . . this hospital to care for people who could not afford to care for themselves, through Medicaid and Medicare.

"We will not have the quality of care, the accessibility and the affordability of health care if the proposed cuts are permitted to be law," she said.

Ten Democratic congressmen from New York echoed Mrs. Clinton's sentiments in condemning the cuts of $ 270 billion in Medicare and $ 187 billion in Medicaid, adding that the Republicans were using the cuts to support tax breaks for the rich.

However, Senate Majority Leader Bob Dole, R-Kan., said Panetta's latest charges were "just the latest in the Clinton administration's transparent campaign to scare Americans -- one day it's seniors, the next day it's farmers, today it's children."

Panetta said Treasury Secretary Robert Rubin will send a letter to House Speaker Newt Gingrich, R-Ga., asking for a temporary increase in the nation's debt ceiling.

"What we're going to be asking the Congress to do is to try to move ahead, pass the debt ceiling, in the very least give us a temporary debt ceiling extension, but for God's sakes don't put us in a position where we have to raise questions about our ability to meet our bills," Panetta said.

Gingrich has threatened to let the country go into default on its domestic and international debts in order to drive home GOP demands that the federal budget be balanced by 2002. Borrowing by the government will reach the legal limit sometime after Nov. 5.

The government's cash could be exhausted by Nov. 6, Rubin said Monday. He declined to say whether Social Security checks due to be mailed Nov. 3 would be delayed if there is no action before then on lifting the debt limit.

Panetta said there isn't enough time for the two sides to agree on a spending plan by that deadline. There is plenty both sides could take credit for -- welfare and entitlement reform, deficit reduction and a tax cut -- but more modest than Gingrich is insisting on.

Republicans, Panetta said, "have taken a blood oath" on their budget. He said there will be a settlement, but not before December.

Other New York State effects of the GOP plan, according to Panetta, include:

A cut of 40,385 summer youth jobs next year.

Denial of Supplemental Security Income cash benefits to 65,000 disabled children.

A 52 percent reduction in funding for a project to lower infant mortality.

Denial of child-care assistance to 24,000 children by 2002.

Reduced funding for foster care and adoption services by $ 882.5 million over seven years.

Cuts in aid for 216,000 children in New York "simply because their paternity has not been established when the House welfare bill is fully implemented in 2005."

Elimination of home energy assistance for 1,236,000 children in New York.

The White House said these estimates were prepared by various federal agencies with the help of private organizations.

GRAPHIC: Associated Press; Hillary Rodham Clinton visits with Jeanette Cole, 10, while she receives an echocardiogram Monday in a New York City hospital.