REPUBLICAN BUDGET STILL THREATENS MEDICARE

May 15, 1996

"No, we don't get rid of it in round one because we don't think it's politically smart....
But we believe it's going to wither on the vine" -- Newt Gingrich, 10/24/95

REPUBLICANS STILL INSIST ON EXCESSIVE MEDICARE CUTS THAT WOULD MOVE MEDICARE TOWARD SECOND CLASS HEALTH CARE. The Republican budget reduces Medicare spending by $167 billion -- $51 billion or 44% more than CBO scored the President's balanced budget. They could use savings from cutting corporate subsidies and closing tax loopholes to reduce their Medicare cuts -- but instead they use these savings to fund capital gains and other tax cuts for the wealthy.

WHILE HOUSE REPUBLICANS HAVE FINALLY AGREED NOT TO RAISE MEDICARE PREMIUMS, THEY HAVE NOT LOWERED THEIR TOTAL CUTS. Rather than raising costs on beneficiaries directly they now do it indirectly through even deeper cuts in payments to the hospitals and home health providers that serve beneficiaries, jeopardizing quality and access to health services.

- **Extreme Cuts Threaten Viability of Many Hospitals.** Their $167 billion cut could mean hospitals get lower payments tomorrow than today -- even in nominal terms -- and will result in cost-shifting, undermine quality, and threaten the financial viability of many rural and urban hospitals. According to the American Hospital Association, nearly 700 hospitals derive *two-thirds or more* of net patient revenues from Medicare and Medicaid.

- **American Hospital Association and National Association of Children's Hospitals are "gravely concerned about the level of reductions proposed"** by Republicans in Medicare and Medicaid. [May 10, 1996 letter to Chairmen Roth, Archer, and Bliley from ten hospital associations.]

MORE THAN DOLLARS ARE AT STAKE -- THEIR DAMAGING STRUCTURAL CHANGES WOULD FORCE MEDICARE TO "WITHER ON THE VINE." The Republican budget still contains the damaging structural changes that President Clinton vetoed last year. These changes would segment the Medicare population, leaving the traditional program with fewer dollars and sicker beneficiaries.

- MEDICAL SAVINGS ACCOUNTS (MSAs). Republicans insist on the immediate adoption of untested changes to the Medicare program, such as MSAs, that appeal to the healthiest and wealthiest beneficiaries, leaving the sickest and most costly beneficiaries in a weakened fee-for-service program. CBO projects that MSAs will *increase* Medicare costs by more than $4 billion over seven years.

  New York Times: "A hallmark of the [Republican] Medicare legislation is the encouragement of private health plans....But many experts fear a balkanization of healthy and sick....If some experts worry that managed care plans would skim healthy recipients from the conventional Medicare program, many of the large plans are *concerned that the healthy would be skimmed from them by medical savings accounts.*" [11/18/95]

- OVER-CHARGING IN PRIVATE PLANS. Republican proposals permit physicians to charge beneficiaries extra -- through "balance billing" -- in private Medicare plans, increasing out-of-pocket costs for beneficiaries and slowly draining the fee-for-service system of both doctors and dollars.

- HARD SPENDING CAP. Republicans impose a hard cap on Medicare spending. If costs increase faster than projected, spending would no longer keep up -- leading to cuts exceeding $167 billion.

  Wall Street Journal: "Republicans also would apply a cap to these services. If health-care costs rose faster than the GOP budget allots, doctors, hospitals and other providers would have to absorb the losses. *That, in turn, could come back to bite the beneficiaries.*" [12/27/95]

PRESIDENT CLINTON'S BUDGET SHOWS THAT THEIR DEEP CUTS AND DAMAGING STRUCTURAL CHANGES ARE NOT NECESSARY TO BALANCE THE BUDGET AND GUARANTEE THE LIFE OF THE MEDICARE TRUST FUND FOR 10 YEARS.

REPUBLICANS STILL INSIST ON ENDING THE MEDICAID GUARANTEE BUT THE PRESIDENT'S BUDGET SHOWS ITS NOT NECESSARY TO BALANCE THE BUDGET

May 9, 1996

MEDICAID CUTS COULD STILL TOTAL $250 BILLION. While the Republicans cut Federal Medicaid spending by $72 billion, the total Medicaid cuts could still reach $250 billion over 7 years if States spend only the minimum required to receive their full block grant allocation. This is because all of the Republican proposals would reduce State matching requirements.

CUT BELOW THE GENERAL INFLATION RATE. The potential $250 billion Federal and State Medicaid cut would reduce spending growth per person below the general inflation rate.

MORE THAN DOLLARS ARE AT STAKE -- THEY ARE STILL INSISTING ON A BLOCK GRANT. *None of the Republican proposals so far contain the Governors' principle that funding must automatically adjust for changes in enrollment and must not be capped.* Republicans would leave States and the families they serve vulnerable to factors beyond their control.

MEDICAID GUARANTEE TO MEANINGFUL BENEFITS NO LONGER SECURE FOR MILLIONS OF CHILDREN, PEOPLE WITH DISABILITIES, AND OLDER AMERICANS. All the Republican Medicaid plans to date still undermine the guarantee to meaningful health benefits. With total cuts reaching up to $250 billion, States could be forced to deny health benefits to millions of children, people with disabilities, and older Americans, putting millions of middle class families at risk of paying for health care for their parents, children or family members with disabilities.

- **Children.** Deep total cuts in Medicaid would put severe financial pressure on States to reduce health benefits for many of the 18 million children who currently receive Medicaid. Indeed, one specific proposal would deny coverage for 2.5 million children aged 13-18 who have that guarantee under current law.

- **Older Americans and Their Families.** Deep total cuts in Medicaid could particularly put at risk optional Medicaid benefits critical to older Americans and people with disabilities -- including prescription drugs, home and community-based care, and assistive devices such as wheelchairs -- which would put additional financial burdens on family members caring for their parents and family members with disabilities.

- **People with Disabilities.** The Republican budget still jeopardizes the Medicaid guarantee for the over 6 million people with disabilities who currently receive Medicaid by allowing States to define who meets the disability criteria and exclude some of those now covered. Their excessive Medicaid cuts may force States to deny coverage entirely or cut back on benefits.

MIDDLE CLASS FAMILIES DEPEND ON THE MEDICAID GUARANTEE BEING SECURE. If States are forced to deny coverage or restrict benefits, millions of middle class families could have to choose between their parents' health care and their children's education.

REPEAL OF FEDERAL ENFORCEMENT OF NURSING HOME QUALITY STANDARDS. Republicans are apparently still insisting on repealing Federal enforcement of the nursing home quality standards that have dramatically improved the quality of nursing home care -- even though it is not necessary to balance the budget. The excessive Republican Medicaid cuts, combined with the mination of Federal enforcement of nursing home quality standards, may lead to inadequate and inconsistent enforcement of quality. Since these Federal standards and enforcement mechanisms were signed into law by President Reagan, there has been a 50% reduction in dehydration among nursing home residents, a 31% reduction in hospitalization rates, and a 25% reduction in the use of physical restraints.

HEALTH CARE

". . . [I]f our working families are going to succeed in the new economy, they must be able to buy health insurance policies that they do not lose when they change jobs or when someone in their family gets sick. . . . We have to do more to make health care available to every American. And Congress should start by passing the bipartisan bill sponsored by Senator Kennedy and Senator Kassebaum that would require insurance companies to stop dropping people when they switch jobs, and stop denying coverage for preexisting conditions."

President Clinton
January 23, 1996

Since taking office, President Clinton has fought hard for health care reform and he is dedicated to guaranteed health security for all Americans and to contained health care costs for families and businesses. About 40 million Americans have no health insurance and millions more are just one pink slip or illness away from losing it. In 1993, 84% of the uninsured were in working families and more than 55% lived in families headed by full-time workers. As many as 4 million people have been affected by "job lock" -- the inability to change jobs for fear of losing insurance -- and every year 18 million people change insurance when someone in their family changes jobs. America's families deserve better. The President will continue to work towards making health care available to all Americans, improving the quality of health care and strengthening Medicare and expanding coverage.

A RECORD OF ACCOMPLISHMENT:

- Without one Republican vote, enacted savings and structural changes that extended the life of the Medicare Hospital Insurance Trust Fund for an estimated three years.

- Fought to give all Americans quality health care and helped put the focus on rising health care costs -- last year, medical care inflation had the smallest increase in nearly two decades.

- Enacted the Family and Medical Leave Act and enabled workers to take up to 12 weeks of unpaid leave to care for a family member without fear of losing their jobs.

- Established a comprehensive Childhood Immunization Initiative to ensure vaccinations and healthy futures for all children. In 1995, 75% of two-year old children were fully immunized, an historic high.

- Proposed bold initiative to cut off children's access to tobacco products and to ban advertising directed at children.

- Put the Women, Infants and Children Program (WIC) on a full-funding path.

- Increased funding for breast cancer research by 65%.

- Launched the Medicare Mammography Campaign to educate older women about the importance of detecting breast cancer early and about Medicare coverage of mammography services.

- Made investment in AIDS programs a top priority, increasing funding for AIDS research, prevention and treatment by nearly 40%, including increasing funding for the Ryan White CARE Act by almost 112%.

- Revoked the Reagan/Bush restrictions on abortion counseling ("the gag rule"), abortions in military hospitals and the "Mexico City" policy.

- Launched "Operation Restore Trust" to combat health care fraud and abuse. This new initiative has already paid $42.3 million in restitutions, fines, settlements, and recovery of payments, a $10 return in recoveries for every dollar spent. Over 90% of this money is restored to the Medicare Trust Fund.

- Launched Medicare Choices demonstration project that will give beneficiaries in eight cities and five rural areas expanded choices among different types of managed care plans and test new ways to pay for managed care.

- Improved the quality of health care sevices provided to Medicare and Medicaid beneficiaries in managed care, through a number of initiatives including the establishment of the Foundation for Accountability (FAcct), the Medicare Managed Care Quality Improvement Program (MMCQIP), and the Medicare Health Plan Employer Data and Information (HEDIS) -- all of which are designed to improve health care quality.

- Worked with states to test innovative approaches to Medicaid benefits and services, while preserving coverage guarantees for pregnant women, children, people with disabilities and older Americans. Over 650,000 previously uninsured people have received health care coverage under Medicaid demonstrations in eight states. When all 12 projects are implemented, 2.2 million people are expected to receive health coverage.

- Developed a consumer information initiative to encourage Medicare and Medicaid beneficiaries to utilize preventive services, including mammograms and flu vaccines.

- Proposed a $1.3 billion increase in veterans' benefits -- of which $1 billion will be directed to the VA health system to provide treatment for 43,000 more veterans.

- Regulatory reform efforts across the Department of Health and Human Services will result in 1,725 pages eliminated from Department regulations, a 25% reduction.

THE CHALLENGES AHEAD:

As part of his balanced budget proposal, the President has introduced a number of proposals which would improve the health security of all Americans, strengthen and modernize the Medicare program, and protect the guarantee of health coverage for Medicaid recipients while providing for additional flexibility for States to administer the program. Included in his balance budget proposal are system-wide reforms that would:

- Allow people to keep their health insurance when they lose their job or change jobs or when a family member falls ill. (Similar provision in the Kassebaum-Kennedy health insurance reform legislation, which was endorsed by the President).

- Restrict insurance companies' ability to discriminate against people who get sick. (Similar provision in the Kassebaum-Kennedy health insurance reform legislation, which was endorsed by the President).

- Make it easier for small businesses to buy and maintain affordable health insurance for their workers, through the use of voluntary purchasing cooperatives. (Similar provision in the Kassebaum-Kennedy health insurance reform legislation, which was endorsed by the President).

- Level the playing field for the self-employed by increasing the self-employed tax deduction. (Similar provision in the Kassebaum-Kennedy health insurance reform legislation, which was endorsed by the President).

- Help workers who temporarily lose their jobs keep health insurance by making them eligible for premium subsidies to pay for private insurance coverage for up to six months. This proposal would provide coverage for 3.8 million Americans each year.

- Implement Medicare reform which strengthens the Medicare Trust Fund beyond the reforms enacted in the President's 1993 budget.

- Expand the range of health plans available to Medicare beneficiaries to include new managed care options, such as PSOs, HMOs with a point of service option, and PPOs, which will compete on the basis of cost and quality, and not by who can best attract the healthiest and wealthiest beneficiaries.

- Increase Medicare coverage of preventive services, by waiving cost-sharing for mammograms, offering annual mammogram exams, and increasing reimbursements for immunizations.

- Take the first steps to providing long-term care services by offering a new respite care benefit for families of beneficiaries with Alzheimer's disease.

- Expand aggressive policies to stamp out Medicare waste, fraud, and abuse.

- Provide unprecedented and new flexibility for States to administer the Medicaid program, while preserving the guarantee of meaningful health benefits for millions of people with disabilities, pregnant women, poor children, and older Americans in need of nursing home care.

- Eliminate the requirement that States must seek and be granted a Federal waiver to establish Medicaid managed care programs.

- Allow States to provide home and community-based services at State option, without Federal waivers.

Last Update: May 23, 1996

MEDICAID

"I vetoed the Republican budget plan that was sent to me by Congress . . . because [it included] the most massive cuts in Medicare and Medicaid in history, a tax increase on working people, and deep, deep cuts in education and the environment. . . . My seven year balanced budget plan reflects our values and protects our investments in the future. . . . At stake is far more than just numbers and abstract programs and proposals, and far more than the normal political debates in Washington. This debate is about people, the lives they lead, the hopes they have, the desires they have for a better life."

President Clinton
Radio Address
December 9, 1995

Overview. For 30 years, Medicaid has provided a guarantee to meaningful health benefits for millions of people with disabilities, pregnant women, poor children, and older Americans -- particularly those in need of nursing home care. President Clinton is committed to giving states flexibility to manage the program more efficiently, while retaining the Medicaid guarantee and refusing to go backwards on health care coverage for Americans.

Accomplishments.

- **Flexibility and Coverage Expansions.** The Clinton Administration has worked with states to test new and innovative approaches in Medicaid by granting waivers. These waivers have allowed states to extend Medicaid coverage to additional low-income and uninsured people. Since January 1993, comprehensive health care reform demonstration waivers have been approved for 12 states and eight have already been implemented.

- **Improving Quality in Managed Care.** As the number of Medicaid beneficiaries enrolled in managed care has increased, the Clinton Administration has been working closely with states, insurers, health care professionals and consumers to assure the quality of care provided in managed care plans. For example, Medicaid HEDIS (Health Plan Employer Data Information Set), which was released in February 1996, will help monitor and improve quality in managed care plans and educate Medicaid beneficiaries about plan performance.

- **Simplifying and Streamlining Medicaid.** As part of its regulatory reform efforts, the Department of Health and Human Services has simplified the process of obtaining Medicaid home and community-based waivers and changed duplicative nursing home regulation while maintaining strong Federal quality standards.

- **Cracking Down on Fraud and Abuse.** Last year, the President announced a two-year partnership of Federal and state agencies to prevent and detect health care fraud in specific industries. Operation Restore Trust targets five states which together account for about 40 percent of the nation's Medicare and Medicaid beneficiaries.

Statistical Backup.

- Over 650,000 people have received health care coverage under the Administration's Medicaid waivers. When all 12 are implemented, 2.2 million previously uninsured individuals are expected to receive health coverage.
- Regulatory reform efforts across the Department of Health and Human Services will result in an almost 25 percent reduction in total pages of Department regulations.
- In the last three years, anti-fraud and abuse efforts have saved almost $15 billion in Medicare and Medicaid costs. Operation Restore Trust alone has produced $42.3 million in recoveries. This is a return of $10 in recoveries for every $1 spent on the project.

Agenda.

- The President will not accept Republican proposals to end the Medicaid guarantee to meaningful health benefits for millions of people with disabilities, pregnant women, poor children and older Americans -- particularly those in need of nursing home care.
- Instead, he has put forward a balanced budget proposal that maintains the guarantee while giving states unprecedented flexibility to manage the program. Key elements of the President's Medicaid proposal are:
  - Maintains guarantee of coverage.
  - Constrains Federal spending through a per capita cap that protects states in times of economic downturns, inflation, or other situations that cause enrollment to grow.
  - Gives states flexibility by repealing the Boren Amendment (so that states can determine payment rates without interference) and allowing states to implement managed care without waivers.
  - Maintains federal nursing home quality standards and enforcement.
  - Retains financial protections for families, including protections against impoverishment for spouses of nursing home residents.

Contact: Jennifer Klein or Chris Jennings
Last Update: June 3, 1996

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MEDICARE

"...(W)e must have a common commitment to preserve the basic protections of Medicare and Medicaid. . . . In the past three years, we've saved $15 billion just by fighting health care fraud and abuse. We have all agreed to save much more. We have all agreed to stabilize the Medicare Trust Fund. But we must not abandon our fundamental obligations to the people who need Medicare and Medicaid. America cannot become stronger if they become weaker."

President Clinton
State of the Union Address
January 23, 1996

Overview. For over three decades, Medicare has provided basic health care benefits for millions of elderly and people with disabilities. A recent study has cited Medicare as one of the reasons why Americans who turn 80 are more likely to live longer than any other 80 year olds in the world. President Clinton is committed to strengthening and modernizing Medicare by incorporating the positive aspects of innovations in the private sector, while preserving the nation's commitment to this important program.

Accomplishments.

- **Cracking Down on Fraud and Abuse.** The President announced a new two-year partnership of Federal and state agencies to further prevent and detect fraud in the parts of the program that are expanding the most rapidly. "Operation Restore Trust" targets five states that account for 40 percent of the nation's Medicare and Medicaid beneficiaries.

- **Expanding Plan Choices for Beneficiaries.** Through its ongoing efforts to collaborate with the managed care industry and provide objective information to beneficiaries about plan choices under Medicare, the Clinton Administration has presided over unprecedented growth in voluntary enrollment in Medicare managed care plans. The recently launched demonstration "Medicare Choices" is just one example of this commitment to provide more managed care options to beneficiaries, particularly for beneficiaries in previously underserved rural areas.

- **Improving Quality.** As plan choices are increased, the President has been vigilant to ensure that quality is preserved and enhanced. The establishment of the Medicare HEDIS (the Health Plan Employer Data Information Set), the Foundation for Accountability, and the Medicare Managed Care Quality Improvement Project help ensure that managed care plans give beneficiaries standard, easy to understand information to judge plans' quality and performance.

- **Simplifying and Streamlining Medicare.** In the last year alone, the Clinton Administration has (1) changed the focus of regulations from measures of process to measures of outcomes, (2) eliminated the so-called "physician attestation" form,

which physicians were required to sign for each diagnosis or procedure certifying that they were providing accurate information, and (3) reduced excessive reporting requirements and streamlined inspections for excessively regulated clinical labs.

Statistical Backup.

- In the last three years, anti-fraud and abuse efforts have saved almost $15 billion in Medicare and Medicaid costs. Operation Restore Trust alone has produced $42.3 million in recoveries. This is a return of $10 in recoveries for every $1 spent on the program.

- As of February 1996, almost 4 million Medicare beneficiaries were enrolled in managed care plans. Since 1993, there has been a 67 percent increase in enrollment in these plans. In fact, in 1995, an average of 68,000 beneficiaries a month voluntarily enrolled in these plans.

- Regulatory reform efforts across the Department of Health and Human Services will result in an almost 25 percent reduction in total pages of Department regulations. Ending the "physician attestation" requirement alone will eliminate 11 million forms a year, saving almost 200,000 hours of physician time and decreasing hospital administrative costs by about $22,500 per hospital a year.

Agenda.

- The President will continue to fight Republican proposals to cut Medicare excessively, unnecessarily increase out-of-pocket costs for beneficiaries, and try untested plans that would segment the wealthy and healthy from other beneficiaries.

- Instead, the President has submitted a balanced budget proposal that would reduce program growth and strengthen the Medicare Trust Fund. His plan provides more plan choices and more preventive care. Key elements include:

  -- Saves $124 billion over seven years through specific and scored initiatives without any new beneficiary cuts. This would extend the life of the Medicare Trust Fund by over a decade from now.

  -- Provides more choices, including new Medicare preferred provider organizations (PPOs) and new provider sponsored organizations (PSOs).

  -- Provides new preventive benefits, including yearly mammograms without copayments, a new colorectal screening benefit, and a new diabetes maintenance program.

  -- Provides a downpayment on long-term care through the establishment of a new respite benefit for families of Medicare beneficiaries who have Alzheimer's disease.

-- Strengthens fraud and abuse prosecution with more penalties and other legal remedies, and reinvests Medicare savings to help finance additional investigations.

Contact: Chris Jennings or Jennifer Klein
Last Update: June 3, 1996

Back up on issue briefs.

CPI ANNUAL PERCENT INCREASES SINCE 1970
February 9, 1996

YEAR	YEAR TO YEAR AVERAGES ALL ITEMS	MEDICAL CARE	HOSPITAL ROOM	PHYSICIAN SERVICES	PRESCRIPTION DRUGS	DECEMBER TO DECEMBER ALL ITEMS	MEDICAL CARE	HOSPITAL ROOM	PHYSICIAN SERVICES	PRESCRIPTIO DRUGS
1970	5.7	6.6	12.9	7.5	1.7	5.6	7.4	14.2	8.2	0.0
1971	4.4	6.2	12.3	7.0	0.0	3.3	4.6	9.2	5.0	1.5
1972	3.2	3.3	6.4	3.0	-0.4	3.4	3.3	4.8	2.7	-1.1
1973	6.2	4.0	5.0	3.4	-0.2	8.7	5.3	5.9	3.9	0.0
1974	11.0	9.3	10.5	9.2	2.3	12.3	12.6	16.5	13.3	5.3
1975	9.1	12.0	17.1	12.1	6.2	6.9	9.8	14.7	11.7	5.6
1976	5.8	9.5	13.8	11.2	5.3	4.9	10.0	12.8	9.9	5.0
1977	6.5	9.6	11.5	9.3	6.1	6.7	8.9	10.9	9.0	7.1
1978	7.6	8.4	11.1	8.4	7.7	9.0	8.8	12.2	8.3	8.3
1979	11.3	9.2	11.3	9.1	7.8	13.3	10.1	11.1	9.3	7.4
1980	13.5	11.0	13.1	10.5	9.2	12.5	9.9	14.1	11.0	9.8
1981	10.3	10.7	14.9	11.0	11.4	8.9	12.5	16.9	11.7	12.6
1982	6.2	11.6	15.7	9.4	11.6	3.8	11.0	13.4	7.5	12.0
1983	3.2	8.8	11.3	7.8	11.0	3.8	6.4	9.3	7.5	9.7
1984	4.3	6.2	8.3	6.9	9.6	3.9	6.1	7.4	6.0	9.9
1985	3.6	6.3	5.9	5.9	9.5	3.8	6.8	4.8	6.9	8.2
1986	1.9	7.5	6.0	7.2	8.6	1.1	7.7	7.7	7.7	9.0
1987	3.6	6.6	7.2	7.3	8.0	4.4	5.8	6.6	6.3	8.0
1988	4.1	6.5	9.3	7.2	8.0	4.4	6.9	10.4	7.5	7.8
1989	4.8	7.7	10.3	7.4	8.7	4.6	8.5	11.0	7.2	9.5
1990	5.4	9.0	10.9	7.1	10.0	6.1	9.6	10.6	7.4	9.9
1991	4.2	8.7	9.4	6.0	9.9	3.1	7.9	8.4	5.5	9.4
1992	3.0	7.4	8.8	6.3	7.5	2.9	6.6	8.9	6.3	5.7
1993	3.0	5.9	8.5	5.6	3.9	2.7	5.4	7.5	5.1	3.3
1994	2.6	4.8	5.7	4.4	3.4	2.7	4.9	5.3	4.4	3.3
1995	2.8	4.5	5.0	4.5	1.9	2.5	3.9	4.7	4.4	2.0

4TH STORY of Level 1 printed in FULL format.

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February 26, 1996

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HEADLINE: WHY RISING PAY ISN'T COURTING INFLATION

BYLINE: BY JAMES C. COOPER & KATHLEEN MADIGAN

BODY:

Is inflation creeping back into the picture? Several recent developments make you wonder: surging gold prices, higher commodity prices, anecdotal evidence of shortages of skilled labor, and last year's increase in core inflation, which excludes energy and food. True, the rise was small, but it was the first in five years.

For the surest tips on price pressures, look to the labor market, since labor makes up some 70% of the cost of producing U.S. output. Although the latest data are a bit old (delayed by the prolonged government shutdown), the trends in wages and benefits, productivity, and unit labor costs support the view that consumer prices will grow by 3% or less in 1996 for the fifth year in a row.

At the same time, increased labor demand, especially for skilled workers, and past productivity gains mean that, after a decade of stagnation, real wages are growing. The gain in buying power will lift consumer spending, if at a modest pace. The bad news for consumers is that slower economic growth means that companies eager to maintain their profit surge of recent years will continue the ''rolling downsizings'' that have become a fixture in this economy. And lower-skilled workers will still struggle. THE LABOR DEPT.'S employment cost index is signaling that all is quiet in inflation's corner (chart). The fourth-quarter ECI for all compensation rose 0.9% from the third quarter, and for the year it was up only 2.9%, a record low. That growth rate was slightly below 1994's 3% increase, and it marked the sixth consecutive year of downtrend.

Last quarter's advance was pushed up by a 1.3% jump in benefits costs. That increase reflected payouts of bonuses, which are becoming a more widespread form of compensation, and a reversal of the recent downtrend in the pace of health-care costs. Still, health-care inflation is the lowest in more than two decades, and overall benefits were up only 2.8% for the year, also a record low. Straight pay in the form of wages and salaries rose only 0.7% last quarter, the same as in the two previous quarters, and it was up 2.9% for the year.

Of course, some occupations are garnering bigger raises than others. White-collar employees, particularly those in executive and managerial positions, did better than blue-collar employees last year. Although the Labor Dept. does not break out cost indexes for specific jobs, this split offers some evidence that higher-educated, better-skilled workers are in hot enough demand to command higher wages.

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This cost pressure has not escaped the attention of that bastion of inflation-fighting, the Federal Reserve. In the past two beige books, the Fed's roundup of regional economic activity, the central bank has noted the spot shortages of skilled workers and the effect on wages.

One result of this imbalance is that average wage growth is outpacing inflation. Using the Commerce Dept.'s new chain-weighted price index for consumer spending, real wages have been increasing steadily since 1993 (chart). The index is a better cost-of-living measure than the consumer price index because it is not based on a fixed basket of items but allows for changes in spending patterns. THE CLEAR UPTREND in real wages, along with profit growth that has gone from spectacular to still respectable, all within a period of low inflation, seem at odds with each other. Usually this far into an expansion, these trends begin to fight each other. Higher productivity growth is about the only explanation for this ongoing harmony.

That's why the Labor Dept.'s recent downward revision to productivity growth seems so counterintuitive. The new data on output per hour worked in the nonfarm sector, which currently run through the third quarter of last year and mainly incorporate the Commerce Dept.'s chain-weighted measure of national output, show productivity growth in this expansion of only 1.4% per year, vs. 2.2% for the old data. That's well below the average pace for recent expansions. More startling, productivity growth over the past two years, using the new numbers, drops to a mere 0.9%, from the 2.6% originally thought (chart, page 28).

The key implication here for the inflation outlook is that the annual pace of nonfarm unit labor costs, instead of rising 0.3% over the past year, as the old data showed, is now reported to have increased by 3%, and that 3% is a steady acceleration from a 1% annual growth rate a year earlier. In the old data, the pace of unit costs had been lounging generally below 1% for the past two years.

Unit labor cost, which is the cost of producing each unit of output, acts like a floor under prices. The new productivity numbers suggest that, despite still-modest growth in wages and benefits, there's more inflation potential in the labor markets than the old data implied. THE PROBLEM SEEMS TO EXIST more in the productivity data than it does in reality. The new chain-weighted output numbers will probably be shown to understate output growth when Commerce makes further revisions later this year, and even then, productivity in services remains extremely difficult to measure.

For example, one little-recognized statistic from the productivity revisions is that, during this expansion, productivity in the manufacturing sector, where output is easy to count, was actually revised slightly higher in the new data -- 3.5% per year, vs. 3.4%. But it was the factory sector that took the biggest hit in the downward revision to output. As a result of still-strong productivity growth, unit labor costs in manufacturing are actually falling.

One thing that the factory productivity data ignore, however, are the shifts in today's labor force. Hours worked in the factory sector are probably understated because the total does not include the thousands of temporary or contingent workers who are on the factory floor but not the factory payroll. Instead, these workers are considered employees of temporary-help agencies, which Labor classifies as a service industry.

Business Week, February 26, 1996

That and other measurement problems are reasons to question the implication that service-sector productivity during this upturn appears to have grown at an annual rate of little more than 0.6%. That result hardly seems believable, given the technology-driven substitution of capital for labor in various service-sector industries.

Technology can only go so far toward getting the product out, though. Businesses need knowledgeable workers to understand and run the sophisticated machinery appearing in offices and factories today. At this late stage of the expansion, companies will have to be willing to shell out more money for scarce, high-tech skills. But if the result is greater productivity, bigger paychecks will not automatically trigger higher inflation.

GRAPHIC: ILLUSTRATION: CHART: NO PRICE PRESSURES FROM WAGES OR BENEFITS ERIC HOFFMANN/BW ; ILLUSTRATION: CHART: REAL WAGES START GAINING GROUND ERIC HOFFMANN/BW ; ILLUSTRATION: CHART: THE NEW LOOK FOR PRODUCTIVITY GROWTH ERIC HOFFMANN/BW

LANGUAGE: ENGLISH

LOAD-DATE: February 22, 1996

1115 Demonstrations

There are 13 comprehensive 1115 demonstrations. 12 have been approved by the Clinton Administration. Of those approved by the Clinton Administration, 8 have been implemented, and 4 are pending implementation.

If all 12 waivers approved by the Clinton Administration were implemented, 2.2 million additional people would receive health coverage.

Approved by previous administration

1. Arizona = +430,000

Approved by Clinton Administration and Implemented

2. Delaware -- 7,425 additional people
3. Hawaii -- 47,217 additional people
4. Minnesota -- 68,000 additional people
5. Oklahoma -- Zero additional people
6 Oregon -- 119,700 additional people
7. Rhode Island -- 3500 additional people
8 . Tennessee -- 400,000 additional people
9. Vermont -- 26,500 additional people

Approved by Clinton Administration but not yet Implemented

10. Florida -- 1.08 million additional people
11. Kentucky -- Zero additional people
12. Massachusetts -- 434,000 additional people
13. Ohio -- Zero additional people

2.18 m people = 2.2

Jen, if you add in Arizona it would be 13 waivers and 2.6 million people (additional).

John

HEALTH CARE

- **Health care reform.** The President sent Congress a comprehensive health care reform proposal in November of 1993. The President's plan would have preserved what is right about our health care system -- that we have the highest quality of care, talented and dedicated health professionals, and some of the most advanced research institutions in the world. At the same time, the plan would have fixed what is wrong -- by controlling skyrocketing health costs, increasing the ability of Americans to choose their own doctor, and reducing bureaucracy and paperwork for patients, doctors and hospitals. And, most importantly, it would have rewarded hard-working families by extending coverage to millions of uninsured Americans and giving millions more the security of knowing that they would never again risk losing coverage.

  Over the next two years, the President will continue his fight for meaningful health care reform. He remains firmly committed to guaranteeing health insurance for every American and to containing health care costs for families, businesses and governments. He will work with Democrats and Republicans in Congress and take a step-by-step approach toward these goals. This year, we can address the unfairness in the insurance market, make coverage affordable for children and workers who lose their jobs, give self-employed workers the same tax treatment as other businesses, and help families provide long-term care for a sick parent or disabled child.

- **WIC.** The President has increased funding for WIC in each of his budgets. As a result, more than one million nutritionally-at-risk, low-income infants, children under the age of five, and pregnant, breast-feeding and postpartum women have been added to the program since fiscal year 1993.

- **Immunization.** The President has built a comprehensive vaccination delivery system by providing free vaccines to certain categories of needy children, improving the public immunization delivery infrastructure in States and local communities, and educating providers and parents about the importance of getting children the right vaccine doses at the right ages.

  Over the next two years, the Administration will continue to work to improve immunization rates. By 1996, at least 90 percent of two year olds in this country will be immunized with the initial and most critical doses. By 2000, a system will be in place to ensure that at least 90 percent of all two year olds receive the full series of vaccines.

- **HIV/AIDS.** The President has increased resources for research, prevention and treatment, focused national attention on the need for a comprehensive and coordinated strategy in the fight against HIV/AIDS, and provided opportunities for greater involvement of local governments and community-based organizations in responding to the epidemic.

- **Women's health.** The President has taken an unprecedented and comprehensive approach to improving the health of American women and ending the inequities in research, education and treatment for health and disease in women. This has included dramatic funding increases for research as well as prevention and education programs on breast cancer.

HIV/AIDS

Actions to Date

The President has attacked the HIV/AIDS epidemic by increasing resources for research, prevention and treatment, providing better national focus and leadership, and creating opportunities for greater involvement of local governments and community-based organizations. The Administration has:

- Increased Federal spending on HIV/AIDS programs by 30 percent.
- Increased funding for the Ryan White CARE Act by 81.9 percent, bringing that program to full funding.
- Provided the first Federal funding for AIDS-related mental health services.
- Revised Social Security eligibility criteria for people living with HIV/AIDS.
- Reorganized AIDS research at the National Institutes of Health and appointed renowned immunologist William Paul, MD, to head the NIH Office of AIDS Research.
- Funded research that shows that the use of AZT during pregnancy and childbirth will sharply reduce the risk of HIV infection of newborn infants.
- Required the inclusion of women in all NIH-sponsored clinical trials of HIV/AIDS drugs.
- Created a White House-level Office of National AIDS Policy to provide greater Federal focus.
- Created the National Task Force on AIDS Drug Development to identify and eliminate barriers to the development of drugs for HIV and HIV-related conditions.
- Launched the Prevention Marketing Initiative aimed at reducing HIV transmission among young adults (ages 18-25).
- Convened two national conferences on HIV in racial and ethnic communities.
- Established HIV/AIDS workplace education training for all Federal employees.

Background

"Most of us have preferred to believe that AIDS is not our problem, that it's a problem for a few particular or isolated groups in our society -- that it only affects gay men and IV drug users. But the truth is: it is everybody's problem. . . . It costs every one of us in ways that are financial and human and moral. . . . Today I want to say . . . that this nation must rally its will and strength to fight this killer. We can do it. We can win the battle. But we have to get to it. And we must deal with it all day, every day, with political leadership and community leadership, and not just at election time and not just at heartbreak time."

HIV/AIDS continues to devastate American society. Since the epidemic began in 1981, more than 400,000 Americans have been diagnosed with AIDS and nearly 250,000 have died. In 1994 alone, nearly 81,000 Americans were diagnosed with AIDS and more than 40,000 died as a result of HIV infection. While scientists, public health officials, and community-based organizations responded quickly to AIDS at the first signs of the epidemic, the Federal government's response was often disjointed and, at times, hostile. Two national commissions sharply criticized this early response and advocated a more coordinated, aggressive effort.

Racial and ethnic minorities, particularly women and children, have been particularly hard hit by HIV/AIDS. For example, black and hispanic women are 21 percent of our total population, yet they make up 74 percent of women reported with AIDS. And 84 percent of children diagnosed with AIDS are either black or hispanic.

Adolescent Americans are among the fastest growing population affected by HIV. In 1994, one in two new HIV infections occurred in people under the age of 25. One in four new infections occurred in people under the age of 20. In the last two years, AIDS has become the leading cause of death in Americans between the ages of 25 and 44, surpassing cancer, homicide, and accidental death.

The Initiatives

". . . I want to provide the leadership this country needs for a loud, clear, and consistent war on AIDS."

Resources

HIV/AIDS demands a multi-faceted response. Sufficient resources for scientists, public health professionals, community-based organizations, and others are a central component. The President identified AIDS spending as one of his top priority investments and has consistently provided funding increases for research, prevention, treatment, and direct services. Between fiscal year 1993 and fiscal year 1995, the President increased AIDS spending as follows:

Category	% Increase
HIV/AIDS Research	+25%
HIV/AIDS Prevention, Education	+18.7%
HIV/AIDS Services (Ryan White)	+81.9%

The Ryan White CARE Act was enacted in 1990 to enable states and metropolitan areas hard hit by the AIDS epidemic to provide direct services to people living with HIV/AIDS. But the program was funded at less than half of the levels authorized by Congress in the original legislation. This underfunding prevented thousands of people living with HIV/AIDS from receiving the services needed to maintain their health. The National Commission on AIDS urged full funding of the Ryan White CARE Act in its final report to the President.

In two years, the President fully funded the Ryan White CARE Act by increasing resources by 81.9 percent. In his fiscal 1996 budget, the President proposed a 14 percent increase in Ryan White CARE funding, bringing the three-year increase to 108 percent. The additional funding has allowed the Ryan White CARE Act to provide funding to an additional 17 cities and to provide services to more than 300,000 individuals living with HIV/AIDS. Those funds have also provided new services including drug assistance, services for women, children, and other special needs populations, and expanded rural services.

Over the next two years, the Administration will continue to fight for reauthorization of the Ryan White Care Act. In addition, the President will continue to fund research, prevention, education and services to work toward finding an effective vaccine and a cure for HIV/AIDS, reducing the number of new HIV infections, and assuring that all people with HIV have access to needed treatment.

Focus

In addition to new resources, the President has provided a sharper national focus on the HIV/AIDS epidemic. Following the recommendations of the National Commission on AIDS, the President established a White House Office of National AIDS Policy to advise him directly on the proper response to the epidemic. An Interdepartmental Task Force on AIDS will assure coordination of the Federal response.

In 1993, the President signed the NIH Revitalization Act, which created a permanent Office of AIDS Research (OAR) at the National Institutes of Health. Immunologist William Paul, MD, was recruited to head the new OAR and has quickly established a five-year plan for AIDS research centered on basic research. Recently, NIH-funded researchers reported that the use of AZT during pregnancy and childbirth can dramatically reduce the risk of HIV infection of an unborn child. This seminal research is the first step toward blocking the transmission of HIV.

In order to maintain national focus on the fight against HIV/AIDS, over the next two years, the White House Office of National AIDS Policy will develop and implement a

national plan on research, prevention, education and services for HIV/AIDS.

Community Involvement

The Centers for Disease Control and Prevention have fundamentally restructured HIV prevention programs to put more control in the hands of local government and community-based AIDS organizations. Rather than a top-down approach to prevention programming, CDC now uses a bottom-up method that tailors programs to local needs. Members of the AIDS community are also participating in a number of Federal advisory groups, helping to shape policies that affect their lives.

Case Study: Stephanie and Reyna

Stephanie is a 27-year-old woman living in California. During a routine prenatal care visit, she found out she is HIV-positive. Stephanie read about the results of NIH-sponsored research indicating that the use of AZT during pregnancy and childbirth would reduce the chance of her baby being born HIV-infected. Stephanie followed the guidelines set out by that research and her baby girl, Reyna, was born HIV-negative and remains healthy today. On December 1, 1994, Stephanie and Reyna visited with President Clinton to help commemorate World AIDS Day.

Case Study: "Debbie"

"Debbie" is a 27-year-old woman living with AIDS in a rural part of South Carolina. Until recently, few doctors in Debbie's hometown were willing to treat AIDS patients in part because so many were uninsured. With funding from the Ryan White CARE Act, the County Health Department opened the CHANGES clinic in Orangeburg, which operates six days a month with a rotating staff of five physicians and three nurses. The clinic's staff has taught Debbie's mother to care for her daughter at home. When Debbie is too sick to come to the clinic, the staff come to her home. Not only has the clinic prevented more costly hospitalizations, it provides Debbie and her mother peace of mind. Debbie's Mom calls the staff her "guardian angels."

WOMEN'S HEALTH

"[W]hen it comes to health care research and delivery, women can no longer be treated as second-class citizens."

Actions to Date

President Clinton has taken and unprecedented and comprehensive approach to improving the health of American women and ending the inequities that have plagued research, clinical practice and education about health and disease in women.

- The President's 1995 budget for the Public Health Service (PHS) included $1.9 billion for programs directly targeting women's health, an increase of $653 million since fiscal year 1993.

- Since President Clinton took office, federal funding for breast cancer research at the National Institutes of Health (NIH) has increased 65%, to $379 million in 1995 alone.

- To ensure the reliability of mammograms, the Food and Drug Administration has issued quality standards for every mammography facility.

- To combat physical and sexual violence against women, the President's crime bill established a National Domestic Violence Hotline, tripled federal funding for battered women's shelters, and authorized over $200 million for competitive grant programs to fund rape prevention and education programs.

- The President acted swiftly to protect the reproductive health of American women by repealing the "Gag Rule" that restricted abortion counseling at federally funded family planning clinics, revoking the import ban on RU-486, and reversing the ban on abortion services at military hospitals.

Background

"In medical research, women have been on the sidelines too long, [there has been] too little research into the causes and cure of breast cancer and osteoporosis. Heart disease is the number one killer of women, but until recently, all of the search for a cure was centered only on men. The simple fact is that we've paid too little attention to the unique problems of women. . . . We're trying to change all that in this administration."

Heart disease killed approximately 360,000 women and in 1992 was the leading cause of death in women. Breast cancer killed approximately 46,000 American women in 1993, and it is estimated that 1.5 million new cases will be diagnosed in the 1990s. That means that one in eight American women will develop breast cancer in her lifetime, up from one in 20 twenty years ago. And women's health is threatened not only by deadly diseases but also by an epidemic of physical and sexual assault; 20 to 30 percent of women's visits to emergency rooms are for treatment of injuries caused by domestic violence.

Not only is the incidence of acute and chronic illnesses greater among women, but women have poorer "health outcomes" than men. For example, the one-year post-heart attack survival rate is over one-half in men, but less than a third in women.

Historically, women's health concerns have not been addressed adequately by the nation's medical research institutions and in the delivery of health care services. Research on diseases that affect women has been underfunded, and women have been underrepresented in clinical research studies.

The Initiatives

"In the [first] three minutes . . . of this talk, another American woman will be diagnosed with breast cancer. If I speak for 12 minutes, another woman will die of it during the course of the remarks. And yet we know that one in every three American women does not receive the basic services, like mammograph[y], which can help to detect breast cancers and that the cost of not dealing with this amounts to about $6 billion a year to our country over and above the human heartbreak involved. Now that means that this is another one of those terrible American problems that is not only tearing the heart out of so many American families but also has left us again with no excuse for why we would spend so much money picking up the pieces of broken lives when we could spend a little bit of money trying to save them."

The Clinton Administration has worked to improve women's

health through a multi-faceted effort involving research, training, education, service delivery programs and collaborations with the private sector. To coordinate activities on women's health, the President appointed the first Deputy Assistant Secretary for Women's Health at the Department of Health and Human Services.

Illustrating the strength of the Administration's commitment to women's health, the Public Health Service's fiscal year 1995 budget for women's health was $1.9 billion, an increase of almost $174 million over 1994 levels and $653 million since 1993. Almost half of these funds support research at the NIH on breast, cervical and ovarian cancer, on pregnancy, contraception and reproductive health, on osteoporosis, on lupus, and on female-controlled chemical barriers to protect women against HIV and other sexually transmitted diseases. The Administration will continue to invest in these critical areas.

Breast Cancer

The Administration has launched an attack against this deadly disease on a variety of fronts. The 1995 budget included $379 million for breast cancer research at NIH; the Department of Defense has already distributed $240 million to fund 450 research and training grants and will award an additional $150 million allocated in the 1995 budget.

Early detection is a crucial weapon in the fight against breast cancer. The Administration has worked to improve the quality of breast cancer screening and to promote its use.

- The Food and Drug Administration (FDA) implemented quality standards for mammography facilities to ensure reliable mammograms. Working with the FDA, the Agency for Health Care Policy and Research (AHCPR) has developed and publicized guidelines on mammography to inform health care professionals and consumers about how to obtain a high quality mammogram.

- The PHS Office on Women's Health and the National Cancer Institute are facilitating collaborations among government, academia and industry to apply imaging technology (currently used by the defense, space and computer graphics industries) to the early detection of breast cancer.

- The Administration has continued to support the Center for Disease Control and Prevention's National Breast and Cervical Cancer Early Detection Program, through which CDC collaborates with States, the American Cancer Society and other organizations to provide greater access to screening and follow-up services, especially for low-income, elderly and minority women. With continued support, comprehensive early detection programs will reach women throughout the nation.

- First Lady Hillary Rodham Clinton has joined with the Health Care Financing Administration and the PHS Office on Women's Health to launch a campaign to educate Medicare recipients and health care professionals about the availability of mammography benefits under the program and about the importance of regular breast cancer screening for older women. The goal of this nationwide campaign is to increase significantly the number of older women using this lifesaving benefit.

In addition to this activity, the PHS Office on Women's Health is coordinating the National Action Plan on Breast Cancer, a framework for action to prevent, diagnose, treat and ultimately to eradicate breast cancer through activities in three major areas: health care delivery, research, and policy. The action plan, formulated during a national breast cancer conference convened by the Secretary of the Department of Health and Human Services seeks to meet its goals by drawing on resources in both the private and public sectors; it involves consumer, health care professional, scientific organizations and private industry as well as the federal government.

In the next two years, the action plan expects to implement projects including:

- A screening test for the newly discovered breast cancer gene, accompanied by appropriate counseling procedures.

- The availability of breast cancer prevention, early detection and treatment information on the "information superhighway."

- The creation of a national patient tissue bank for easier testing of the reaction of breast cancers to certain chemicals.

Ensuring Equity in Medical Research

An important effort underway to redress the gender inequity in medical research is the NIH Women's Health Initiative, the largest clinical research study ever conducted. This initiative is an exploration of the major causes of death, disability and frailty in post-menopausal women: heart disease, breast and colon cancer, and osteoporosis. The multi-year study is also investigating strategies to prevent disease and promote good health for older women; for example, researchers are examining the effects of diet and vitamin supplements and of hormone replacement therapy.

The Office on Research on Women's Health within NIH is working to assure that women's health issues become an integral part of research throughout the scientific community. During the next year, the Office intends to support research on: lung

cancer, urological disease, and auto-immune disease in women; reproductive health; occupational health hazards for women entering previously male-dominated jobs; mental and addictive disorders in women; and risk factors for disease in women of different racial, ethnic and socioeconomic groups. Over the next several years, the Office will focus its efforts on research on special health problems faced by women living in rural areas or in poverty.

Also over the next several years, NIH will be examining reproductive problems facing American women, such as endometriosis and uterine fibroids with the hope of finding better ways to prevent or treat these conditions so that fewer hysterectomies are necessary.

Minority Women

In 1993, the President signed the NIH Revitalization Act of 1993, requiring that women and minorities be included in all clinical research supported by NIH. Other efforts to address the health needs of minority women include the first National Minority Women's Conference cosponsored in 1994 by HHS, and several health education projects for women of color sponsored by the PHS Office on Women's Health. Upcoming efforts include an AHCPR project to evaluate ways to prevent low birth weight among minority and high-risk infants. In addition, the Administration and the Association of American Medical Colleges are developing a culturally appropriate women's health curriculum to be distributed to all medical schools. The new curriculum will present information that is currently omitted from medical school education.

Other Activities and Initiatives

- President Clinton has taken a number of important steps to protect women's reproductive health. In the first week of his Administration, he issued an Executive Order ending the prohibition on abortion counseling at family planning clinics. The President also reversed the ban on abortion services in military hospitals and lifted the import ban on RU-486 (a drug already available in France, the United Kingdom and Sweden that terminates pregnancy without surgery). Testing of RU-486 is now underway in this country.

- The Administration has mobilized to fight violence against women. The President's crime bill created a National Domestic Violence Hotline to provide information and assistance; tripled the federal funding for battered women's shelters to a total of $325 million over six years; and authorized $200 million for programs to fund rape prevention programs and to educate and train health care professionals.

In addition, the Centers for Disease Control and Prevention has embarked upon an initiative aimed at developing effective measures for reducing the threat that women face of physical and sexual assault at the hands of partners, acquaintances and strangers. The CDC will continue to work with States and public and private organizations to track violence against women, support education for providers and the public, and evaluate ways to prevent the violence.

- Concerns about environmental threats to women's health motivated the PHS Office on Women's Health to establish an interagency committee to evaluate and promote work on this issue. Over the next two years, agencies including the Department of Defense, the Department of Health and Human Services and the Environmental Protection Agency will foster initiatives to explore how pollutants at home, in the workplace and in the atmosphere damage women's health and to develop strategies to eliminate these environmental hazards.

- PHS has developed the "Put Prevention into Practice" program to improve the delivery of clinical preventive services including immunizations, Pap smears and other screening tests and counseling. The program provides health care professionals with a kit of materials to assist them in the performance of a broad range of preventive services for their patients as well as forms for patients and medical office staff to use to track needed preventive care.

- The Administration has developed a National Women's Resource Center to provide information about the prevention and treatment of substance abuse and mental illness.

Case Study: Georgia Ayres

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

Case Study: Dr. Laura Esserman

When Dr. Laura Esserman began clinical work with breast cancer patients at the University of California, she realized

that vaccine research she had previously conducted might be applied to the treatment of breast cancer. She hoped this would lead to safer, non-toxic treatments for breast cancer that could be used to treat the disease when it was first detected. The medical community found her ideas promising, and many scientists agreed to participate in her research. However, Dr. Esserman was unable to launch the project because, without preliminary data, she could not obtain a grant from traditional funding sources. She then found out about the *Innovative Development and Exploratory Awards* -- a part of the Clinton administration's breast cancer research program -- which awarded her two years of start-up funding. Her research is now underway and, while it is too soon to tell if it will lead to treatment breakthroughs, Dr. Esserman says that: *"Without the grant, I would never have gotten the opportunity to find out."*

Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

"I recommend that the WIC nutrition program be expanded so that every expectant mother who needs the help gets it."

Actions to Date

The Clinton Administration has provided strong and consistent support for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Program.

- President Clinton has increased funding for WIC in each of his budgets. As a result, more nutritionally-at-risk, low-income infants, children under the age of five, and pregnant, breast-feeding and postpartum women are being served than ever before. More than one million participants have been added to the program since fiscal year 1993 -- an 18.2 percent increase in participation. Approximately seven million women and children are expected to benefit in 1995.

- The legislation reauthorizing WIC for fiscal years 1995 through 1998 also provided funding to improve WIC's infrastructure by adding clinic space, staff and equipment.

Background

The WIC program began in 1972 to provide supplemental foods to low-income women and children. Today, the WIC Program continues to provide food packages in order to prevent nutrition-related health problems during pregnancy, infancy, and early childhood, and has two additional important missions. WIC also offers nutrition education and helps identify and refer women and children to other needed health and social services.

- **Supplemental foods.** WIC foods are intended to supplement a participant's diet. WIC foods include iron-fortified infant formula, iron-fortified cereal, vitamin C-rich fruit and vegetable juice, carrots, eggs, milk, cheese, canned tuna, peanut butter, and dried beans and peas. Seven different monthly food packages are available to participants, based on their age, category of eligibility and nutritional needs.

- **Nutrition education.** WIC nutrition education teaches WIC participants about the connection between proper nutrition and good health. WIC nutrition education also encourages women to breastfeed (unless it is medically contra-indicated) and informs them about the risks of tobacco, alcohol and other drug use.

- **Health care referrals.** During individual nutritional assessments of participants, WIC program staff can make referrals to other health and social services, including referrals of suspected users of controlled substances to counseling and treatment. Because so many WIC participants do not have health insurance or adequate access to medical care, these referrals may be their only source of ongoing health care services.

WIC is an essential investment in the health, development and nutritional well-being of the most vulnerable segments of our population. WIC participation is associated with a lower incidence of low birth weight and very low birth weight infants and with a lower incidence of infant mortality. WIC has also been instrumental in helping children enter school ready to learn.

And this investment produces savings. There is a direct link between participation in WIC and lower health care costs. Recent studies by the USDA have found that Medicaid-eligible, low-income women who

participate in WIC during pregnancy have healthier babies and lower Medicaid costs than Medicaid-eligible, low-income women who do not participate in WIC; every dollar spent on pregnant women in WIC saves between $1.77 and $3.13 in Medicaid costs from birth through the first 60 days after delivery.

The Initiative

> *" . . . Let us remember that there are certain fundamental national needs that should be addressed in every State, north and south, east and west -- immunization against childhood disease, school lunches in all our schools, Head Start, medical care and nutrition for pregnant women and infants. All these things are in the national interest."*

The President has shown his commitment to WIC by seeking increased funding in each year since taking office. Appropriations have increased by $610 million from fiscal year 1993 to fiscal year 1995. These increases will permit more than one million new participants to receive supplemental food, nutrition education and health care referrals. In fiscal year 1995, seven million needy women, infants and children are expected to be served.

[INSERT CHART]

At the same time, the Administration has worked to improve quality and increase efficiency in the program. For several years, the WIC Program has conducted a competitive bidding system for rebates on infant formula. To date, 70 WIC State agencies have infant formula rebate contracts in place with manufacturers. For fiscal year 1995, the projected savings are about $1 billion, which will support WIC benefits to 1.6 million participants. The National Performance Review cited these rebates as an example of a particularly effective cost containment measure.

Over the next two years, the Administration will remain vigilant to protect WIC from severe reductions in funding. In addition, the Administration will continue work on several projects.

- Through a strong partnership involving the Department of Agriculture, the Centers for Disease Control, private organizations, and State agencies, an intense endeavor is underway to increase immunization rates for children under the age of two. As a result of this increased

coordination, on-site immunizations are available at many WIC clinics, and WIC staff track and refer infants and children for needed immunizations. WIC will continue to work with other agencies to improve immunization rates.

- WIC clinics will begin to offer program applicants the ability to register to vote, consistent with the National Voter Registration Act. The "Motor Voter" law also makes voter registration available at Food Stamps, Aid for Families with Dependent Children, and Medicaid offices.

Case Studies

Case Study: Andy

"Andy" was born in the Gila River Indian community in Central Arizona. When his mother brought him for his two-month check-up, a WIC staff member noticed that he wasn't breathing normally and that his weight gain was below normal. The WIC staff member referred Andy first to the Special Needs Clinic and then to a hospital in Phoenix, where it was determined that Andy had cardiac problems. After treatment, WIC provided formula and food supplements, taught his mother how to prepare them and carefully monitored Andy's feeding and weight gain.

Case Study: Danny

When Danny's mother brought him to the WIC clinic, his father was unemployed and the family had not eaten in two weeks. Danny had had only water during that time. Danny was immediately certified for WIC and given vouchers for infant formula, infant cereal and juice. The WIC Director also referred the family to an emergency food assistance program and to the Food Stamp Program.

CHILDHOOD IMMUNIZATION

"To guarantee that our children's faith in us is justified, we must renew our commitment to protect them from deadly infectious diseases."

Actions to Date

The President has launched a comprehensive effort to give our children a healthy start in life by immunizing them against preventable disease. Under the Childhood Immunization Initiative, the Administration has:

- Provided states and local governments with additional funding to run immunization programs. Federal spending to support immunization infrastructure increased by 213 percent, from $45 million to $141 million.

- Started the Vaccines For Children Program. This program is designed to provide free vaccines to our nation's neediest children -- about 60% of all children. For the first time, eligible children across the country will be able to obtain critical immunizations when needed at their own doctor's office, instead of being referred to local clinics or missing their shots altogether.

- Helped individuals, clinics, states, and local governments create Immunization Information Systems to make sure that all children are properly immunized.

- Sought supportive partnerships with private organizations that can reach target populations and communities with an immunization message:

  - Gerber Products Company is designing an immunization message to appear on the back of baby cereal boxes;

  - Kiwanis International created a national public awareness campaign, including public service announcements, billboards, and posters; and

  - McDonalds has placed an immunization message in its tray liners.

- Helped thousands of health care providers improve their immunization procedures by broadcasting information via satellite to 16,000 participants in 44 states. Using this technology, the Centers for Disease Control and Prevention will have trained more providers within six weeks than it had been able to train in the last ten years.

- Simplified what parents and health care professionals need to know to ensure children are appropriately immunized, by working with leading health professionals to get them to agree on a single recommended immunization schedule.

Background

"It's a national tragedy that about one-third of America's two-year-olds are not adequately vaccinated against preventable disease."

Childhood vaccines prevent nine infectious diseases -- polio, measles, diphtheria, mumps, pertussis, rubella, tetanus, hepatitis-B, and Haemophilus influenzae type B (Hib) (responsible for meningitis). Children need 11 to 15 vaccine doses by the age of two, requiring about five visits to health care providers to complete 80 percent of the recommended vaccine doses. Too many of America's two-year-old children do not get the full range of vaccines and are not adequately protected against illnesses and possible death.

Vaccine costs have risen substantially in recent years, from about $28 for the full complement of vaccines in 1983 to about $270 in 1994. There are many reasons for the price increase: new vaccines are now recommended for all children, and the prices of some vaccines have gone up. These cost pressures have caused private providers to refer many parents to public health clinics where Federal or state supplied vaccines are free. Such referrals break the continuity of care for a child and cause opportunities for vaccination to be missed.

As costs have risen, the public clinic system has suffered because of the influx of children referred from the private sector. This erosion was a direct cause of a measles epidemic during 1989-1991. Although measles is preventable, failure to provide adequate support for immunization resulted in 55,000 cases of the disease, 11,000 hospitalizations, 44,000 hospital days, and 130 deaths. The epidemic cost an estimated $150 million in direct medical costs alone, not counting massive indirect costs stemming from lost time on the job, lost productivity, and lost wages.

Vaccines to prevent disease save money. For every dollar spent on measles/mumps/rubella vaccine, $21 is saved. About $29 is saved for every dollar spent on diphtheria/tetanus/pertussis vaccine.

Cases of disease need to be rapidly detected to identify under-immunized populations and to institute control efforts. Surveillance systems often have been inadequate to detect cases of disease quickly.

The Initiative

"The initiative is designed to increase immunization rates now, and build a system for sustaining these gains into the future.... This is not a single short-lived effort. It is a lasting change in both priorities and practice."

The President's Childhood Immunization Initiative is building a comprehensive immunization system that will marshall the public and private sectors, health care professionals, and volunteer organizations to increase vaccination levels. First, funds to states and local governments will allow them to improve and expand immunization efforts. Second, it will ensure that uninsured children can be immunized by their private physicians. Third, an enormous outreach effort will help providers and families recognize the importance of immunization and understand which vaccines are needed at what frequency.

A primary goal of the Initiative is to immunize at least 90 percent of two-year-olds in this country with the initial and most critical doses by 1996 and at least 90 percent of all two-year-olds with the full series of vaccines by 2000.

The Childhood Immunization Initiative will:

1. Improve the quality and quantity of vaccination services:

In 1993, the Federal government provided $129 million ($83 million in new Federal resources) to states and local health departments to improve and expand existing services based on plans they developed. These resources are used at the discretion of each area to meet local needs, such as longer immunization clinic hours and automating records. Such locally tailored delivery systems mean that parents can visit an immunization clinic at more convenient times and be assured of prompt, quality service. Automated record-keeping will create easy reminders for providers and parents that vaccinations are due.

2. Reduce vaccine costs for parents:

The Vaccines for Children program will reach more children with free vaccine than ever before, including many at their own doctor's offices. The program is targeted at 60 percent of our Nation's children, including the uninsured, those on Medicaid, Native American children, and children served by federally qualified health centers. States can buy vaccines at reduced Federal prices to provide universal access to vaccine for all children in their state. The Federal government will assist states by providing more than $200 million to purchase vaccines. As a result, cost will no longer be a barrier for our neediest children, and parents can obtain vaccinations for their children at the provider of their choice.

3. Increase community participation, education and partnerships:

A national outreach program has been launched with outreach coordinators throughout the country to promote awareness about the importance of vaccinating children and encourage health care providers to use every opportunity to vaccinate children in their care. At the state and local level, community and business groups, religious and service organizations, schools, and the media are participating in community-based networks to increase infant vaccination efforts. Immunization partners are encouraged to use National Infant Immunization Week (in late April each year) to focus attention on the vaccination needs of infants and young children.

4. Improve systems to monitor diseases and vaccinations:

A better system for monitoring vaccine-preventable diseases will help spot problems early and prevent cases from escalating into epidemics. The Centers for Disease Control is improving our system of pinpointing the populations that are not receiving the benefits of infant vaccination.

5. Improve vaccines and vaccine use:

The Initiative promotes applied research into new vaccines to reduce the number of shots children must receive and ensure safe and effective vaccines. By working with the Advisory Committee on Immunization Practices, the American Academy of Pediatrics, and the American Academy of Family Physicians, we were able to develop a single childhood immunization schedule. Better vaccines mean children are better protected from disease earlier in life. Although available vaccines are very safe and effective, the Centers for Disease Control and Prevention is working with states and selected providers to enhance systems to detect rare adverse events following vaccination.

Case Study: Kathleen

Kathleen, a single parent living in Santa Fe, New Mexico, was worried about juggling her work schedule to take her young son for vaccinations at the Santa Fe County Health Office. "I'm a single parent trying to raise a child alone, and it is not easy to get off work to take him for shots."

To her pleasant surprise, when she called to find out which day the clinic offered immunizations, she discovered that the Santa Fe County Health Office clinic was now offering immunizations five days a week and had extended the hours. In 1993, New Mexico, along with other states and some urban areas, received an increase in Federal funds to improve their vaccine delivery infrastructure. Santa Fe County chose to use some of the funds to increase the days it offered vaccinations to children. Nurse Manager Laurie Spiegel said, "We're trying to be more accessible and people are really responding. We know that both parents may work and it's difficult to get to the clinic. Extending the immunization hours also means we've decreased the waiting time at the clinic."

Kathleen was able to vaccinate her son as recommended and wasn't forced to miss work. "It's nice to see that people realize how difficult it can be to get to the clinic during a few fixed hours. I appreciate being able to go for services at more convenient hours. Finally, a consumer-friendly state service."

THE WHITE HOUSE

WASHINGTON

May 8, 1996

MEMORANDUM TO DISTRIBUTION

FROM: ANN WALKER

RE: Issue Briefs

cc: Don Baer

Attached are drafts of 18 issue briefs that have been developed for internal, as well as external, audiences. These briefs will serve to outline the Administration's positions and accomplishments in key issue areas. This information will be put on *all-in-one* for internal use and will go up on the *Internet* for the general public.

As we finalize these documents, we would appreciate your review and input -- particularly on those issues within your scope of responsibility. Please give us any edits you may have by COB Thursday. If we don't hear back from you by tomorrow, we will presume you have no changes. Thank you for your assistance.

Affirmative Action
AIDS
Children
Crime
Education
Empowerment Zones/Communities
Environment
Housing
Health Care
Illegal Drugs
Immigration
Political Reform
REGO
Reproductive Rights
Teen Pregnancy
Trade
Veterans Affairs
Welfare Reform

Distribution

Leon Panetta
Harold Ickes
Evelyn Lieberman
Maggie Williams
George Stephanopoulos
Rahm Emanuel
Bruce Reed
Melanne Verveer
Katie McGinty
Alexis Herman
Lorraine Voles
Carol Rasco
Kitty Higgins
Kathy Wallman

DRAFT

AFFIRMATIVE ACTION/EQUAL OPPORTUNITY

"Affirmative action has been good for America. That does not mean it has always been perfect. It does not mean it should go on forever. It should be retired when its job is done, and I am resolved that that day will come. But....the job is not done...."

President Bill Clinton
July 19, 1995

President Clinton believes there is still a need for affirmative action that is done right -- we need to mend it, not end it. As we approach the 21st century, President Clinton believes we must restore the American Dream to all Americans; find common ground amid our great diversity; and strengthen the American commitment to equal opportunity for all, special treatment for none.

A RECORD OF ACCOMPLISHMENT:

- **Done Right, Affirmative Action Works**: In 1995, President Clinton ordered a review of the federal government's affirmative action programs. That review concluded that affirmative action is still an effective tool to expand economic and educational opportunity:
  - The military's approach, ensuring it has a wide pool of qualified candidates for every promotion, has given us the world's most diverse and best qualified military leadership.
  - Education Department programs targeted at minorities do a lot of good with a small investment -- about 40 cents of every $1,000 in student aid.
  - The goals and timetables first instituted by President Nixon for large federal contractors have prevented discrimination and fostered fairness-- without quotas or mandated outcomes.
  - "Set-asides" have helped build up firms owned by minorities and women who were historically excluded from the "old boy" network. They have helped a new generation of entrepreneurs to flourish, fostering self-reliance and economic growth.

- **Presidential Directive to Ensure Affirmative Action**: On July 19, 1995, President Clinton directed all federal agencies to comply with the Supreme Court's decision in Adarand and to apply four standards to make sure that all affirmative action programs are fair:
  - No quotas.
  - No reverse discrimination.
  - No preferences for unqualified individuals.
  - No continuation of programs that have met their goals.
  - Any program that does not meet any of these four principles must be eliminated or changed.

- **Reform "Set-Asides"**: To address cases where "set-asides" have been misapplied, misused or even intentionally abused, President Clinton ordered his Administration to:
  - Crack down on "set-aside" fraud and abuse to make sure "set-asides" go to businesses that need them most. No permanent "set-asides" for any company.
  - Comply with the Supreme Court's Adarand decision. Limit set-asides to areas where serious discrimination remains.

- **Helping Distressed Communities**: President Clinton has directed Vice President Gore to develop new ways to use government contracting to help businesses locate in distressed areas and hire workers from those areas.

THE CHALLENGES AHEAD:

We must not become the first generation of Americans since the end of Reconstruction to narrow the reach of equal opportunity. We must continue the struggle toward equal opportunity for all and special treatment for none. America cannot afford to waste a single person as we confront new challenges. Affirmative action has closed many gaps in economic opportunity, but we still have a long way to go. The unemployment rate for African-Americans remains about twice that of whites. Women still make only 72% as much as men. The federal government received more than 90,000 complaints of employment discrimination based on race, ethnicity and gender in 1994 and hate crimes and violence are still ugly realities in the lives of many Americans.

That is why President Clinton will continue to work to ensure equal opportunity for all Americans and to prevent this issue from dividing us. There are those who would use this issue to divide us. They must not succeed. America will survive and prosper as a society only if we are confident and united. Today in America, 150 racial and ethnic groups co-exist in harmony -- an achievement unmatched in human history. President Clinton believes we have a responsibility to renew and strengthen the ideals that fostered that unity.

Last Update: May 8, 1996

HIV/AIDS DRAFT

"Our common goal must ultimately be a cure, a cure for all those who are living with HIV, and a vaccine to protect all the rest of us from the virus. A cure and a vaccine, that must be our first and top priority."

President Bill Clinton
December 6, 1995

In the 15 years since the discovery of HIV/AIDS in the U.S., more than 500,000 Americans have been diagnosed with AIDS and more than 300,000 men, women and children have died from this disease. AIDS is the leading cause of death among Americans ages 25 to 44. Today, as many as 1 million Americans are living with HIV and an estimated 100 Americans become infected every day. The federal government's early response to this epidemic was sharply criticized as insufficient. But President Clinton has committed the nation to a loud, clear, and consistent war on AIDS.

A RECORD OF ACCOMPLISHMENT:

- Created the Office of National AIDS Policy at the White House to coordinate and direct federal AIDS policy.
- Increased funding for AIDS research, prevention and care by 37% in three years and sought increases in FY 1997 that would raise funding by 43% over four years.
- Increased funding for the Ryan White CARE Act, which provides services to people living with AIDS, by 112%.
- Revised eligibility rules for Social Security disability benefits to make it easier for people with HIV/AIDS to qualify for support.
- Enacted legislation strengthening the Office of AIDS Research at the National Institutes of Health, providing a stronger focus for research planning and coordination.
- Accelerated AIDS drug approval. Approval of two new protease inhibitor drugs was accomplished in 72 and 41 days, respectively.
- Called the first-ever White House Conference on HIV and AIDS, hosting more than 300 experts, activists and caregivers at high-level discussions with Administration officials.
- Established the Presidential Advisory Council on HIV and AIDS to advise the government on issues related to the national response to the epidemic.
- Increased funding for direct housing assistance to people with AIDS by nearly 40%.

THE CHALLENGES AHEAD:

President Clinton continues to seek to improve the national response to HIV and AIDS. The Clinton Administration is working closely with business leaders, religious leaders, community organizations, the pharmaceutical industry and members of the affected community to increase such efforts by:

- Eliminating barriers to AIDS research and AIDS drug approval. Vice President Gore is leading an effort to increase cooperation between the federal government and the pharmaceutical industry on AIDS research and drug development.
- Challenging Congress to retain the federal guarantee of Medicaid coverage for people living with HIV and AIDS.
- Seeking additional funding for AIDS research, prevention and care.
- Strongly supporting the Office of AIDS Research at NIH to provide greater focus and direction for our national AIDS research effort.
- Establishing a national goal to reduce the number of new HIV infections each year "until there are none."
- Working to eliminate AIDS-related discrimination in the workplace, health care institutions, employment and housing.
- Collaborating with business leaders to increase workplace AIDS education to help reduce the stigma attached to HIV disease.
- Working with parents, schools, clergy and youth advocates to reduce the number of adolescents and young adults becoming infected with HIV.

Last Update: May 8, 1996

HOUSING DRAFT

"Over the past few years, I have emphasized three basic ideas - - community, opportunity and responsibility - - that I believe are at the heart of a more dynamic and prosperous America. The priorities of the Department of Housing and Urban Development, from making sure that hardworking Americans realize the dream of homeownership, to addressing the tragedy of homelessness, are outstanding examples of how our government can empower people and institutions."

President Bill Clinton
October 1993

Recognizing that our homes are central to our well-being, President Clinton has worked to increase housing opportunity for all Americans, make homes and communities safer and more secure and reinvent HUD to meet America's housing and community development needs.

A RECORD OF ACCOMPLISHMENT:

Transforming Public Housing: The Clinton Administration is implementing the most far-reaching changes in public housing in decades -- demolishing the worst developments, rewarding residents who work and cracking down on crime.

- **Replacing Worst Developments**: The Administration will tear down an unprecedented 30,000 units of the worst public housing and rebuild them with lower-density townhome-style developments which can serve as an anchor for neighborhood renewal. HUD has awarded $1.44 billion in grants to spur economic development and change the shape of 85 public housing developments nationwide.

- **Improving Management**: We are cracking down on bad management in public housing through takeovers of the most troubled public housing authorities in innovative partnerships with local and state officials.

- **Building Positive Incentives and Tougher Expectations in Public Housing**: The Clinton Administration is changing admission rules and rent calculations to reward working families. Making public housing a springboard to further opportunities and a safe place to live through:

  - **Campus For Learners** initiative to transform public housing developments into living and learning centers through linkages with education, technology, and job training;
  - Aggressive implementation of **"One Strike and You're Out"** policy that helps cities prevent drug dealers and violent offenders from terrorizing public housing residents in their homes by ensuring that people who engage in drugs and other criminal activity will face certain and swift eviction; and
  - **Operation Safe Home** under which Federal law enforcement agencies are working with local police departments and public housing residents and managers to increase the arrest and conviction of violent and drug-related suspects so public housing developments can be safer places to live. This initiative has resulted in the arrest of thousands of criminals, and confiscation of hundreds of assault weapons and $3 million worth of drugs.

Reinventing HUD: The Clinton Administration has proposed a dramatic restructuring of HUD to respond more fully to local needs and local efforts to help people improve their own lives. The Administration's proposals would: consolidate HUD's 60 programs into three flexible performance-based funds, giving mayors and governors the flexibility to develop local demand and supply-side housing and community investment strategies; continue the transformation of public housing and provide portable vouchers to residents of the worst developments; and turn HUD into a "right-side-up, community-first" agency by relocating and empowering local personnel.

Making the Dream of Homeownership a Reality for More Working and Middle Class Families: The Clinton Administration has helped increase the nation's homeownership rate to its highest level in 15 years. Last year's increase in homeownership was the fastest annual increase in 30 years.

- **National Homeownership Strategy**: Entered into an unprecedented partnership with more than 50 key public and private sector organizations to form a National Homeownership Strategy. Coupled with a stable economy and low interest rates, this initiative is aimed at increasing homeownership levels in America by 8 million households by the year 2000.

- **FHA Working for Homebuyers Better than Ever**: The Clinton Administration is revamping the Federal Housing Authority to better meet the needs of today's consumers -- through streamlining and consolidating, automating functions using the latest technologies, new innovative products, and strategic alliances with private and public partners. FHA service to low-income and minority home buyers is also stronger than ever providing home purchase loans for African-American and Hispanic homebuyers at more than twice the rate of conventional home purchase loan insurers, and the rate is increasing.

- **Fair Housing**: Working to reduce barriers to homeownership caused by unlawful discrimination. To date, HUD has signed 70 "Best Practices" agreements with key lenders that are resulting in more fair lending practices and expanded opportunities for fair housing.

Producing More Affordable Housing for All Americans: The Clinton Administration has provided the necessary flexibility and incentives to communities and businesses to encourage the development of more affordable housing and has improved assistance for those with acute housing needs.

- **Low-Income Housing Tax Credit**: President Clinton fulfilled his promise to permanently extend the Low-Income Housing Tax Credit (LIHTC), spurring the private development of low-income housing and helping to produce more than 120,000 homes per year.

- **Innovative Public-Private Pension Fund Initiative**: The Clinton Administration launched an innovative public-private partnership initiative to encourage pension funds to invest in the production and rehabilitation of affordable multifamily housing. These partnerships will create 3,500 units of affordable housing for working families and the elderly.

- **Improved HOME Program**: Through a streamlined and more effective HOME program, the Administration, working with states and units of local government, has significantly increased housing and rental assistance to families. In FY 1994 and 1995, the Administration provided approximately 127,000 families with housing assistance through the HOME program and over 19,000 families with HOME tenant-based rental assistance.

- **Assisting more poor households with acute housing needs**: The Administration continued to expand rental assistance for the record number of renter households who struggle to pay over 50 percent of very low incomes toward rent and utilities. This assistance can be a critical tool for states and localities in helping families transition from welfare to work.

- **Home Equity Conversion Mortgage (HECM)**: President Clinton strengthened and extended the Home Equity Conversion Mortgage, which allows seniors to use the equity in their homes to meet financial needs without having to sell their homes. The program has helped over 15,000 seniors -- a majority of whom are women living alone, and the numbers are increasing.

- **FHA Multifamily Portfolio Reengineering**: The Administration launched effort to address long-standing problems in the FHA-insured subsidized multifamily portfolio that provides housing to nearly 800,000 low-income households. HUD proposes a comprehensive strategy to restructure debt, give tenants more housing choices, and adjust rents to market, thereby reducing future subsidy costs and producing long-term savings.

- **Comprehensive and Coordinated Approach to Homeless Assistance**: The Clinton Administration has made homeless assistance a top priority, doubling funding since FY 1993 and requesting over $1 billion for FY 1997. In 1995, HUD awarded $900 million in federal homeless assistance funds throughout the United States. These grants support comprehensive local and state initiatives that move homeless people off the streets to self-sufficient lives in permanent housing.

THE CHALLENGES AHEAD:

- Continue efforts to expand homeownership for all Americans.

- Continue working to build affordable homes and revitalize neighborhoods.

- Continue aggressive efforts to transform public housing.

- Expand Campus of Learners initiative to build education and technology linkages in public housing.

- Continue to expand opportunities for choice through tenant-based assistance for residents of public and assisted housing.

Last Update: May 8, 1996

IMMIGRATION DRAFT

"We are a nation of immigrants. But we are also a nation of laws. It is wrong and ultimately self-defeating for a nation of immigrants to permit the kind of abuse of our immigration laws we have seen in recent years, and we must do more to stop it."

President Bill Clinton
January 24, 1995

President Clinton has made controlling illegal immigration a top priority of his Administration. The President's comprehensive and effective strategy to combat illegal immigration includes: strengthened border control, safeguarding the interests of legal workers through increased enforcement of employer sanctions and worksite standards, and removal of criminal and other illegal aliens.

While the Clinton Administration has worked hard to reduce illegal immigration, the Administration has also supported legal immigration policy that is pro-family, pro-work, and pro-naturalization. These core values must be protected as legal immigration reform is considered by Congress. In addition, the Administration will continue to protect those who fear persecution in their homeland. The President has indicated support for a moderate reduction in the overall level of legal immigration consistent with these principles.

For those eligible for citizenship, the Administration is implementing an unprecedented naturalization initiative -- Citizenship USA. The President believes that rewarding those who have "played by the rules" with United States citizenship strengthens our nation.

A RECORD OF ACCOMPLISHMENT:

Illegal Immigration

- **Strengthening Border Control**: The Clinton Administration is deploying more Border Patrol agents than any previous Administration. In FY 1996, the Clinton Administration will deploy an additional 1,000 new and reassigned agents and over 550 new inspectors at the southwest border. Overall, the Administration has increased the number of Border Patrol agents at the southwest border by 40% since 1993. For the first time, Border Patrol agents are being equipped with the high technology resources needed to do the job, including: sensors, night scopes, computers and encrypted radios. Strengthened anti-smuggling efforts have reduced the criminal transport and exploitation of smuggled aliens. In addition, the Clinton Administration's asylum reform is excluding fraudulent asylum applicants from entering the country, and as a result, asylum claims have dropped 57% since last year.

- **Protecting American Jobs**: Employment is the number one incentive for illegal immigration. The Clinton Administration is the first Administration to initiate effective enforcement of employer sanctions and worksite standards to reduce this magnet. In addition, President Clinton issued an Executive Order to keep federal contracts from going to businesses that knowingly hire illegal workers. The Administration is also piloting a computer work authorization verification system in Southern California and is creating more fraud-resistant immigration documents.

- **Removing Criminal and Deportable Aliens**: In 1995, the Clinton Administration removed a record number of criminal and other illegal aliens from this country -- 74% more removals than in FY 1990. Deportations will increase this year as we further streamline deportation procedures.

- **Assistance to the States**: The Clinton Administration is also the first Administration to: 1) implement a comprehensive strategy from the border to the workplace to control illegal immigration and curtail States' illegal immigration costs; and 2) obtain funding from Congress to reimburse States for a share of the costs of incarcerating criminal aliens, in addition to assisting with education and medical care costs.

- **Providing the Resources to do the Job**: The Clinton Administration has increased the INS budget by 72% since FY 1993. The Administration's total INS budget for FY 1996 is $2.6 billion.

Legal Immigration and Naturalization

- **Protecting Families and Workers**: The Administration has presented to Congress a plan that would lower the overall number of legal immigrants while preserving family reunification and strengthening protections for U.S. workers. The Administration's plan would reduce family reunification waiting lists in an equitable manner.

- **Making Citizenship a Reality for More**: More than 500,000 new citizens were sworn-in during FY 1995, an increase of 12% over 1994.

- **Cutting Red Tape**: The INS' naturalization initiative -- "Citizenship USA" -- responds to a surge this past year in citizenship applications. Over 1 million new applications were received in FY 1995, a 73% increase over 1994. FY 1996 applications are expected to be even higher. This year, INS is:

  - Increasing its staff to ensure quick processing of immigration applications;
  - Using new technology and testing the use of electronic filing of citizenship applications;
  - Streamlining procedures, including accepting mail applications at Service Centers for applicants in Los Angeles, Miami, New York and Chicago; and
  - Forging new and better partnerships with community organizations to provide better information to applicants. Los Angeles was the first site for this nationwide initiative. Other cities include: San Francisco, New York, Chicago, and Miami. These five cities account for more than 70% of the new citizenship applications.

THE CHALLENGES AHEAD:

President Clinton will continue to implement his comprehensive strategy to reduce illegal immigration, including:

- Continuing to build-up of border personnel and technology to curtail illegal crossings and smuggling.
- Vigorously enforcing the worksite and employer sanctions laws against employers who knowingly hire illegal aliens for business advantage.
- Deporting illegal immigrants who take jobs away from American workers.
- Testing effective, nondiscriminatory means of verifying the employment authorization of all new employees.
- Reforming and streamlining deportation procedures and seeking enhanced exclusion authority.
- Tripling deportation levels over 1992 levels.
- Seeking legislation to strengthen illegal immigration enforcement and reform legal immigration.

President Clinton will also continue to foster legal immigration and naturalization by:

- Seeking responsible legislation providing needed legal immigration reform.
- Expanding efforts to help legal immigrants become citizens, achieve and maintain self-sufficiency and to participate and contribute fully as members of our national community. The Administration's naturalization goals this year are to swear-in over 1 million new citizens and to clear the entire backlog of applications.
- Opposing welfare reform proposals that are unfair to legal immigrants and legislative efforts to nationalize California's Proposition 187.
- Fighting against discrimination that denies opportunities to legal immigrants.

Last Update: May 7, 1996

POLITICAL REFORM

DRAFT

"The fact is, organized interests have too much power in the halls of government. These influence groups too often promote their own interest at the expense of the public interest. Too often they operate in secret. Too often they have special privileges ordinary Americans don't even know exist....We have an historic opportunity to renew our democracy and strengthen our country. If we truly believe in a government that puts ordinary Americans ahead of the powerful and privileged, then we must act and act now."

President Bill Clinton
February 17, 1996

President Clinton is committed to curbing the influence of money in our political system. He supports the Senate Campaign Finance Reform Act, introduced by Senators McCain and Feingold, as it is the first real bipartisan campaign finance reform legislation in a generation. The McCain-Feingold bill would help fight public cynicism, help restore faith in the federal government, reaffirm that elections are won and lost in a competition of ideas, and reduce the cost of campaigning. The bill includes many of the campaign finance reform proposals that President Clinton championed in 1992, including:

- Adopting campaign spending limits
- Banning Political Action Committee (PAC) contributions to candidates
- Limiting the use of personal funds
- Ending the current soft money system by requiring disclosure of all soft money contributions
- Requiring broadcasters to provide free broadcast time and discounts to candidates who abide by voluntary spending limits.
- Prohibiting Congressional franked mailings in an election year

A RECORD OF ACCOMPLISHMENT:

Since entering office, President Clinton has aggressively pursued a far reaching agenda of political reform. The President is committed to reforming the way Washington works and ending business as usual. His accomplishments include:

- Made voting easier for more than 11 million Americans by creating more accessible voter registration locations by enacting the National Voter Registration Act ("Motor-Voter"). The Motor-Voter law has already created the greatest expansion in the voter registration rolls since the 19th century.

- Fought for and signed into law the Lobbying Disclosure Act. The Act is the first overhaul of lobbying rules in 50 years and requires lobbyists to disclose who they work for and eliminated loopholes that allowed lobbying organizations to avoid disclosure.

- Enacted the Congressional Accountability Act to ensure that the same laws apply to Congress as to the rest of America.

- Fought for and signed line-item veto legislation to change the way Washington works by cutting spending on wasteful special-interest projects.

- Eliminated the tax deductibility of the cost of lobbying expenses for corporations.

- Imposed the strictest Administration ethics guidelines ever, including a five-year ban on top officials lobbying their former agencies and a lifetime ban against lobbying for foreign governments.

THE CHALLENGES AHEAD:

Despite a strong record of political reform during his first term, President Clinton understands that to truly end business as usual and to empower voters, we must pass real campaign finance reform.

The President believes we have an historic opportunity to renew our democracy and help restore trust in our government. In the coming months he will aggressively push Congress to pass the first truly bipartisan campaign finance reform legislation in a generation -- the Campaign Finance Reform Act.

We need to finish the job of political reform. We need real campaign finance reform legislation now. The American people have waited long enough.

Last Update: May 8, 1996

DRAFT

REINVENTING GOVERNMENT

"Our country needs a government that is smaller and more responsive--that has lower cost but a higher quality of service--that moves more authority away from the federal government to states and localities, and to entrepreneurs in the private sector--that produces fewer regulations and more incentives--that has more common sense and seeks more common ground."

President Bill Clinton
October, 1995

Americans expect and deserve common sense government--a government that performs well, uses their tax dollars wisely, views them as valued customers, does not impose excessive burdens and makes a positive impact on their lives when it addresses such problems as crime and poverty and the challenges of employment and education. To answer the call, President Clinton and Vice President Gore are making government smaller, better managed and more efficient. They are, in fact, creating a government that works better and costs less.

A RECORD OF ACCOMPLISHMENT:

- **Smaller Government**: Already cut the federal workforce by almost 240,000 positions -- the civilian workforce is now at its lowest level in 30 years.

- **Government Costs Less**: $58 billion in savings proposed in 1993 are already locked in.

- **Less Intrusive Government**: Agencies are sending 16,000 pages of obsolete regulations to the scrap heap and reworking another 31,000 pages.
  - Reducing regulatory and administrative burdens on the public by $28 billion
  - Cut EPA paperwork requirements by 25%, saving industry some 20 million hours of labor per year.
  - The Department of Education eliminated over 70% of its regulations.
  - The Department of Housing and Urban Development is cutting 65% of its regulations.
  - The Department of Agriculture dropped 3 million pages of government forms that America's farmers filled out each year.
  - The Small Business Administration will have eliminated 50% of its regulations by the end of the year and will have revised the rest.
  - The Federal Aviation Administration cut its acquisition rules by 75% to get new safety equipment in use twice as fast.

- **Putting Customers First**: For the first time ever, over 200 government agencies have published customer service standards for serving the American people better.

- **Results Oriented: Eliminating, Consolidating, Privatizing Government**: Transforming agencies into flexible organizations that emphasize performance: measuring the results of programs, not just the amount of money spent on them.
  - Department of Energy -- $23.5 billion in savings.
  - Department of Transportation -- $17.9 billion in savings
  - NASA -- $8.7 billion in savings.
  - Department of the Interior -- $4 billion in savings.
  - Department of Agriculture -- $2.9 billion in savings.
  - National Science Foundation -- $1.6 billion in savings.
  - Department of the Treasury -- $1.4 billion in savings.
  - General Services Administration -- $1.4 billion in savings.
  - Small Business Administration -- $1.2 billion in savings.
  - Department of Commerce -- $1 billion in savings.
  - Social Security Administration -- $787 million.
  - Department of Housing and Urban Development -- $825 million in savings.
  - Department of Health and Human Services -- $671 million in savings
  - Department of Veteran's Affairs -- $209 million in savings.

- **Changing the Way Government Works**: Forming partnerships with America's businesses and with states and local governments, making them accountable for results and not telling them how to operate their programs or run their businesses.
  - Cut the Small Business Administration loan form from 1 inch thick to 1 page.
  - Enacted interstate banking deregulation and intrastate trucking deregulation.
  - Expanding the use of cost-benefit analysis and risk analysis in the development of regulations.
  - Dramatically simplifying bank regulations issued by the Comptroller of the Currency, and radically reducing the regulatory burden placed on exporters.

- **Unfunded Mandates**: On March 22, 1995, President Clinton signed legislation restricting Congress from passing on new mandates to state and local governments without paying for them.

- **Line-Item Veto**: This historic legislation, signed into law by President Clinton on April 9, 1996, significantly enhances the President's authority to eliminate wasteful spending by allowing the President to cancel wasteful special-interest projects and targeted tax breaks that benefit special interests. The line-item veto will allow the President to:
  - **End Business as Usual**: The line-item veto can help the President close the door on business as usual in Washington by ending breaks for special interests and cutting pet spending projects that sneak into the budget year after year.
  - **Protecting Public Resources**: With this line-item veto, the President will have a valuable new tool to ensure that our public resources are being put to the best possible uses.

THE CHALLENGES AHEAD:

President Clinton and Vice President Gore came into office committed to reinventing the federal government. Over the last three years, President Clinton has taken significant steps toward the creation of a government that not only is smaller, but is more effective in meeting the needs of the American people. His commitment to balance the budget requires that further changes take place, building on the reinvention successes of the last three years. These initiatives will provide significant benefits to Americans in either improved service or reduced costs:

- Create performance-based organizations with executives hired to get results; toss out restrictive government rules and make the executives personally accountable for delivering results.

- Dramatically improve customer service to give Americans the best service they've ever experienced with the government.

- Increase the use of regulatory partnerships with the private sector and abandon the old way of doing business; form alliances with management and labor that focus on results.

- Forge new relationships with communities by creating performance partnerships in which together we set goals, but the communities decide how best to meet them.

- Establish single points of contact for large communities so that their problems with the federal government can be solved more quickly.

Last Update: May 8, 1996

DRAFT

REPRODUCTIVE RIGHTS

"Unfortunately, in Washington today, pure political correctness and raw political power count a whole lot more than actually doing something to reduce the tragedies of teen pregnancy and the high number of abortions...I believe it is clear what the law of the land is. And I believe that abortion should be rare, but it should be legal and safe."

President Clinton
June 24, 1995

President Clinton believes that decisions about abortion should be between a woman, her doctor and her faith, and that abortions should be safe, legal and rare. That's why he has consistently protected women's health and safety, and the right of American women to make their own reproductive choices, while he has worked to reduce the number of unwanted pregnancies.

A RECORD OF ACCOMPLISHMENT:

- **Ended the Gag Rule**: The Bush Administration instituted a "Gag Rule" that prevented women using federally funded clinics from getting the information they needed to make informed choices about unwanted or health-threatening pregnancies. President Clinton reversed the "Gag Rule" in his first week in office.

- **Ensuring Clinic Safety**: Since 1992, five people have been murdered and seven others have been shot and wounded at family planning clinics. President Clinton signed the Freedom of Access to Clinic Entrances Act to fight violence and intimidation against women and their doctors, which is now being implemented by the Department of Justice.

- **Repealed the "Mexico City Policy"**: President Clinton reversed 12 years of attacks on reproductive choice for women around the world when he repealed the "Mexico City" policy that banned distribution of family planning funds to overseas organizations if they perform abortions or speak out about reproductive choice, even with private money.

- **Established Services for Victims of Rape or Incest**: President Clinton supported permitting Medicaid coverage for abortion services for poor women who are the victims of rape or incest, and those whose life is endangered. These services had been banned during the Reagan and Bush Administrations by the "Hyde Amendment" to the appropriations bill that funds Medicaid.

- **Ended the Ban on Fetal Tissue Research**: The Bush Administration banned federal funding of fetal tissue transplantation research. President Clinton reversed the ban on this research, which could lead to advances in women's health and in treatment of leukemia and Parkinson's Disease.

- **Judicial Appointments**: Appointed Two Supreme Court Justices who support the constitutional right to privacy.

- **Funding Family Planning**: To help women reduce the risk of unwanted pregnancies, the Clinton Administration has requested annual budget increases for the federal Family Planning Program. Among other reproductive health and education services, this program makes family planning information and contraception available to millions of women who might not otherwise get reproductive health care.

- **Preventing Teenage Pregnancy**: President Clinton has made teen pregnancy prevention a priority for this Administration. In order to continue to bring rates down, the Administration has pursued two fundamental goals: instilling a greater sense of personal responsibility in young people for the consequences of their behavior, while providing increased opportunities for education, jobs and their future so that they are more likely to make the right choices.

  Furthermore, President Clinton's challenge to the private sector to address the high rates of teen pregnancy has also prompted formation of a National Campaign to Reduce Teen Pregnancy. This effort aims to marshal private resources across the country to effectively reduce teen pregnancy rates by one third in 10 years.

- **Facilitating Adoption**: The Clinton Administration is working to encourage adoption, including adoption of children with special needs, and to reduce the amount of time children spend in foster care. President Clinton strongly supports the adoption tax credit in the Adoption Promotion and Stability Act of 1996. The tax credit is a step towards meeting the challenge of removing barriers to adoption by making it easier for middle class families for whom adoption may be prohibitively expensive.

  The President also strongly supported the Multi-Ethnic Placement Act to help increase the number of adoptions by prohibiting discrimination based on race or ethnicity, and the Administration remains committed to enforcing that law vigorously. Under this Administration, the number of children with special needs who have been adopted with Federal assistance has increased 60%.

- **Welfare Reform**: President Clinton has fought for welfare reform that promotes work and responsible parenting, but that does not cut people off welfare just because they're poor, young and unmarried. Instead of punishing young mothers by cutting them off welfare, we should require teenage mothers to live at home, stay in school and turn their lives around.

  In addition, the Clinton Administration is requiring teen mothers who drop out of school to return to school and sign personal responsibility contracts. States have been given immediate authority to provide bonuses to teenage mothers who graduate school and to reduce the checks of those who do not.

THE CHALLENGES AHEAD:

President Clinton will continue to protect women's health and the constitutional guarantee of a woman's right to choose. The Republican Congress has consistently proposed legislation that violates this guarantee, endangering women's health and safety and the Administration will continue to oppose these efforts.

The President vetoed legislation banning a certain abortion procedure because it only provided an exception to the ban on this procedure when a doctor can be certain that a woman's life is at risk. The President has made clear that although he does not support elective use of this procedure, he cannot abandon the women for whom it is the best hope for avoiding serious health consequences. President Clinton has said that he would support legislation with a limited exemption for such cases.

The Administration will further continue to work to reduce the numbers of unwanted pregnancies, to support domestic and international family planning, and to champion programs that breakdown barriers to adoption.

Last Update: May 8, 1996

DRAFT

TRADE

"When we have the opportunity to sell American products and services around the world, we know we can compete -- and that means new jobs and a rising standard of living, the core of the American Dream."

President Bill Clinton
December 9, 1994

President Clinton has sought to grow our economy by opening up more opportunities to sell Americans goods and services in foreign markets and create jobs for American workers. As a result, our nation has the highest growth of any major economy in the world over the last three years. The economy has created more than 8.5 million jobs -- 93% of which have been in the private sector. Approximately 62% of the 3.3 million new jobs created in 1994 alone were created by small companies. Unemployment is averaging 5.4%. The combination of unemployment plus inflation is the lowest in 27 years.

The President has stood up for American interests by implementing a new trade policy. He has opened new markets to U.S. exports to: create high-wage jobs in the United States; monitor our trade agreements to ensure our trading partners are living up to their obligations; and to enforce our trade laws.

A RECORD OF ACCOMPLISHMENT:

Stood Up for American Workers Against Unfair Competition: President Clinton stood up to the Japanese and opened markets for U.S. goods and services in the market of our second largest trading partner. The President opened the markets of our first and third largest trading partners -- Canada and Mexico -- by leading a bipartisan coalition in support of the North American Free Trade Agreement. He leveled the playing field for U.S. products around the world by concluding the Uruguay Round of the GATT, which puts in place tough new international rules of trade, and ensured that all our trading partners are living up to their obligations by establishing a permanent enforcement unit to monitor and enforce trade agreements.

- Total U.S. exports to Japan are up 35% since 1993, reaching a record $64 billion in 1995 and supporting over 800,000 American jobs. This represents a 20% increase in 1995 alone.

- Merchandise exports to Japan grew five times faster than our imports from Japan in 1995. As a result, the merchandise trade deficit with Japan declined for the first time in five years and to its lowest level since 1992. Half of the improvement in the trade deficit with Japan was a result of autos: for the first time in a decade, U.S. auto exports to Japan increased significantly while imports fell.