

ADDITIONAL MEDICARE TALKING POINTS

ADDING TO ALREADY HIGH COSTS FOR OLDER AMERICANS

- **Over \$40 Billion in Cost-Shifting:** Assuming the other half of the Republicans' cuts go to providers, hospitals, physicians, and other providers would be targeted with a \$135 billion cut over seven years. In 2002 alone a \$35 billion cut in provider payments would be needed. Even if only one-third of Medicare providers cuts overall are shifted onto other payers (an assumption consistent with a 1993 CBO analysis), businesses and families would be forced to pay a hidden tax of \$40 billion in increased premiums for health care costs between now and 2002.
- **Rural and Inner City Hospitals At Risk:** Cuts of this magnitude, combine with the growing uncompensated care burden (which would be further exacerbated by Medicaid cuts and increases in the number of uninsured), would place rural and inner-city providers in jeopardy because they have limited or no ability to shift costs to other payers. As a result quality and access to needed health care would be threatened.

MAJOR BURDEN ON RURAL AMERICA

- Reducing Medicare cuts would disproportionately harm rural hospitals.
 - Nearly 10 million Medicare beneficiaries (25% of the total) live in rural America where there is often only a single hospital in their county. These rural hospitals tend to be small and serve large numbers of Medicare patients.
 - Significant cuts in Medicare revenues have the potential to cause a good number of these hospitals, which are already in financial distress, to close or to turn to local taxpayers to increase what are already substantial local subsidies.
 - Rural residents are more likely than urban residents to be uninsured, so offsetting the effects of Medicare cuts by shifting costs to private payers is more difficult for small rural hospitals.
 - Rural hospitals are often the largest employer in their communities; closing these hospitals will result in job loss and physicians leaving their communities.

UNDERMINES ACADEMIC HEALTH CENTERS

- Large reductions in Medicare payments would have a devastating impact on academic health centers.
 - These research and training facilities are providing the bulk of medical advances in the United States. Deep Medicare cuts, combined with private sector cost cutting efforts that either undercompensate or don't compensate these institutions, will undermine our position as the world leader in developing new and more effective health care treatments and technology.

THE URBAN SAFETY NET

- Large reductions in Medicare payments could also have devastating effects on a number of urban safety net hospitals.
 - Urban safety net hospitals are already bearing a disproportionate share of the nation's growing burden of uncompensated care.

THE REALITY OF MEDICARE GROWTH

- Despite the current rhetoric, Medicare expenditure growth is comparable to the growth in private health insurance.
 - Under Administration estimates, Medicare spending per person is projected to grow over the next five years at about the same rate as private health insurance spending; under CBO estimates, spending per person is projected to grow only about one percentage point faster than private health insurance.
 - So, unless Medicare can control costs substantially better than the private sector, beneficiaries and providers would be forced to shoulder the burden of the huge cuts being proposed by Republicans.

Budget Notes

August 7, 1995

CONGRESSIONAL MAJORITY'S EXCESSIVE TAX CUTS FORCE MEDICARE BENEFICIARIES AND THEIR FAMILIES TO PICK UP THE TAB

We Should Not Place Extreme Financial Burdens on Older Americans Just to Finance Tax Cuts for the Wealthiest Americans. The Republican budget cuts Medicare by \$270 billion -- \$71 billion in the year 2002 alone. The cuts shift costs to seniors who already spend 21 percent of their income out-of-pocket on health care. Since 75 percent of these beneficiaries have incomes below \$25,000, it is hard to see how they can afford to pay more. The fact is that if the Congressional majority wasn't insisting on their \$245 billion in tax cuts for wealthy Americans, they wouldn't have to impose these burdens on middle class Americans.

Their Cuts Are Real for Seniors: Republicans will call their proposal an increase, not a cut, since spending will be higher in 2002 than it is today. But, that's like saying a 3 percent raise is sufficient to keep up with 5 percent inflation. Clearly, seniors will not be able to afford the same benefits they get today.

BUT Many of Their Cuts Have Nothing To-Do With The Trust Fund. For example, the Part B premium, deductible, and copayment increases produce savings but are not dedicated to the Part A Trust Fund. If they are not being used for the Trust Fund, what are they being used for? Tax Cuts?

\$\$\$ Billions Added to Older Americans' Already High Costs:

- Every beneficiary choosing to stay in the fee-for-service plan would pay at least \$2,825 more in premiums and copayments over 7 years; couples would pay at least \$5,650.
- The average Medicare recipient of skilled nursing home services will pay at least \$1,400 more. The average beneficiary receiving home health care services will pay at least \$1,700 more in 2002.

Half A Million Beneficiaries Effectively Thrown Into Poverty: The out-of-pocket increases would effectively push at least 500,000 elderly into poverty by 2002.

Vouchers Aren't Choice, They're Financial Coercion: Beneficiaries who wish to keep their fee-for-service plan and a guarantee of their choice of doctor will have to pay significantly more. Even those beneficiaries who go into managed care will have their current benefits threatened. This is because the Republicans' overly tight growth rates will, over time, diminish the value of the voucher and the type of coverage it can purchase. The Republicans choice for seniors: choose to pay more or choose to get less.

To preserve Medicare For Our Grandchildren, President Clinton Believes We Have To Strengthen The Medicare Trust Fund. Real reform means fixing the Trust Fund, without putting beneficiaries in a fix.

President Clinton's Balanced Budget Will Strengthen Medicare Without Burdening Beneficiaries.

- Reduce Medicare spending by \$124 billion -- less than half the Republican cuts;
- Extend the solvency of the Medicare Trust Fund at least through 2006; This fact has been confirmed by the Chief Actuary of the Health Care Financing Administration (HCFA).
- Make **no** new cuts targeted at beneficiaries; and
- Accompany reductions in Medicare spending with: 1) new prevention and long-term care benefits; 2) more plan choices for beneficiaries; 3) aggressive pursuit of fraud and abuse; 4) insurance reform; and 5) important new insurance affordability protections for small businesses and working families.

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HEALTH CARE TALKING POINTS FOR SECRETARY'S LABOR DAY SPEECH

The need for comprehensive reform of our nation's health care system is as pressing as ever, and the Administration remains firmly committed to making the health care system work for working Americans. Too many Americans work hard yet face the threat of losing their health insurance when they get sick or lose their jobs - just the times when they can least afford to lose it.

President Clinton's health reform plan takes the first serious steps to improve the health security of working Americans and help small businesses get and maintain health insurance for their employees, expanding coverage and reducing costs for average Americans. It also protects Medicare trust fund solvency through at least 2005, without new burdens for beneficiaries.

In contrast, the Republican Budget Resolution Conference Agreement would cut \$270 billion from the Medicare program over the next seven years in order to finance tax cuts for the well off. This cut would increase beneficiaries' out-of-pocket costs by tens of billions of dollars, effectively forcing 500,000 elderly into poverty by 2002. Republican proposals that promise choice through Medicare "vouchers" would actually undermine certain Medicare protections, including a guarantee on the types of benefits covered.

The President's proposal for Medicare would reduce Medicare spending by \$124 billion - less than half the Republican cuts - while at the same time expanding long-term care benefits for beneficiaries.

While the Republican plan to address the serious problems of this nation's health care system calls for unprecedented spending cuts regardless of the consequences for average Americans, President Clinton's plan improves the health system itself to make it fairer for working Americans and their families. The President's proposal includes: (1) reductions in Medicare spending while at the same time expanding benefits and choices for beneficiaries; (2) important new insurance affordability protections for the temporarily unemployed and small businesses; (3) insurance reform; (4) aggressive pursuit of fraud and abuse; and (5) expanded consumer protections.

People who work hard, play by the rules, and through no fault of their own lose their jobs should not face the additional financial hardship of losing their health insurance. Working families should not have to face financial ruin if one of their members becomes sick at a time when they are most vulnerable.

- ▶ The president's plan provides premium subsidies to enable workers, who might otherwise be unable to afford to do so, to purchase basic health insurance coverage while they are collecting unemployment.
- ▶ These subsidies will be available for up to six months which will allow the vast majority of

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workers eligible for the program to be covered until they are able to find a new job.

- ▶ The program will be structured to provide as much flexibility as possible to enable each State to operate it in a manner that best fulfills the needs of its workers.
- ▶ We will structure the program to build on current coverage continuation requirements by enabling most workers to continue to remain enrolled in the same health insurance plan - and continue to use the same doctors as a result.

We must ensure that American workers can keep their health coverage if they change jobs and that Americans and their families will not lose coverage if they get sick.

- * Recent surveys indicate that up to 30% of workers feel locked into their current jobs because they fear losing their health insurance. Job lock is a serious impediment to workforce mobility at a time when the economy needs a more flexible workforce.
 - ▶ Under the President's plan, insurers will no longer be able to deny coverage to Americans with preexisting medical conditions.
 - ▶ Health plans will have to renew coverage regardless of the health status of a worker or that of his or her family member.

We must help small businesses get and maintain affordable health insurance for their employees. Small employers face significant variations in the rates they can be charged based on health status or the claims experience of their employees even between similar plans, resulting in substantial premium fluctuations.

- * Under the Administration's proposal, insurers will be required to offer coverage to small employers and their workers, regardless of health status.
- * Insurers will no longer be able to increase premiums on the basis of claims' history as they do now.
- * The Administration's plan would let small employers buy the health plans that Federal employees can buy through the Federal Employee Health Benefits Program if they lack access to a group option through voluntary state pools.
- * The President's plan would create a fairer system for self-employed Americans who have health insurance.
 - ▶ Self-employed people will be able to deduct 50 percent of the cost of their health insurance premiums, rather than 25 percent as under current law.

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Consumers need reliable information on which to base their health care decisions and must be able to protect the benefits they are entitled to.

- ▶ **Insurers will be required to give consumers information on the benefits and limitations of their health plans**
 - ▶ **This information will include the identity, location, and availability of participating providers; a summary of procedures used to control utilization of services; and how well the plan meets quality standards.**
- ▶ **Insurers will be required to provide more expedient notice of benefit claims denial and enhanced internal grievance and appeals procedures.**

Budget Notes

Wednesday, August 2, 1995

PRESIDENT CLINTON VOWS TO FIGHT SPECIAL INTERESTS, DEFEND ENVIRONMENT AND PUBLIC HEALTH

"On this so-called environmental bill, my message to the American people should be very, very clear: Don't worry. We'll make common-sense reforms. But the minute this polluter's protection act hits my desk, I will veto it."

President Clinton
Tuesday, August 1, 1995

Yesterday, President Clinton vowed to veto a bill that protects polluters and guts environmental and health protections. The House had rejected these extreme anti-environment provisions last week, but special interests went to work and the Republican leadership rallied just enough support for the bill Monday night.

Victory for Lobbyists. Monday night, in a remarkable exercise of special interest power, the House voted to gut environmental and public health protections. It was a stealth attack on our environment in the guise of a budget bill.

Threatens Environment and Public Health. This bill would effectively end federal enforcement of the Clean Water Act and the Clean Air Act, President Bush's proudest legislative achievement. The GOP bill:

- ▶ Allows poisons in our drinking water, raw sewage on our beaches, oil refineries to pollute,
- ▶ Limits a community's right to know what chemicals are toxic which are released in their neighborhoods.
- ▶ Would be bad for our children, our health and our environment.

Washington Special Interests Politics. This vote is Washington special interest politics at its most effective and its worst. Even before the 17 special interest provisions were added, the bill dramatically undercut environmental protection by cutting environmental enforcement in half.

Should Protect Environment and Economy. We do not need to damage the environment to balance the budget. The President's budget demonstrates that, and the President has promised to would use his power as President to help people, not polluters. He believes we can protect the environment and grow the economy.

Meanwhile, Congress Takes Care of Itself. While Congress has been taking care of the special interests, it's also taking care of itself. While Congress is behind schedule on virtually every budget bill, one bill is right on schedule -- the bill that funds the Congress, its staff, and its operations.

Congress Should Take Care of the People's Business. Congress should take care of the people's business before it takes care of itself. President Clinton will not sign the bill that funds Congress and its staff before it finishes work on the rest of the budget. The President believes that, in Washington, we would do well to subordinate the special interests to the broader public interest. That is not happening now, but we can still get things back on track.

Budget Notes

Thursday, August 3, 1995

PRESIDENT SAYS EDUCATION KEY TO FUTURE, WILL STOP EFFORTS TO GUT EDUCATION INVESTMENTS

President Champions Education while GOP Prepares to Gut Important Programs: Today, Education Secretary Riley presents the President with a report on the State of Education in America. that report underlines what we know: America must invest in education, not cut away at our children's future. But Congress is voting on a Labor/HHS/Education Appropriations bill now that slashes education to pay for a huge tax cut for the wealthy. It's a big step in the wrong direction.

Investing in Education. The President's balanced budget plan builds on America's commitment to education and protects working families. It increases investments in education -- **\$41 billion over the next seven years** -- to help Americans succeed in the new economy.

GOP Cuts Education to Pay for Tax Cuts for the Wealthy. Republicans are cutting education by **\$36 billion**, including:

- ▶ **Raising the Cost of Student Loans.** Republicans pay for their tax cuts by eliminating the grace period on student loans. It will cost students and parents \$9.6 billion.
- ▶ **Killing AmeriCorps.** Deny almost 50,000 students a chance to serve their country and pay for their education;
- ▶ **Eliminating Goals 2000.** This effort to kill higher standards for schools earned a rebuke from the Washington Post's David Broder, who called it "one of the dumbest things Congress could do."
- ▶ **Cutting Back on Head Start.** Denying 50,000 children a chance to participate in **Head Start** in 1996.
- ▶ **Undermining the War on Drugs.** Cutting 23 million students from **Safe and Drug-Free Schools** in 1996.
- ▶ **Cutting Direct Lending.** Eliminating the President's program to make student loans more affordable and saves taxpayers and students billions of dollars.

The Clinton Education Record -- Building for a Better Future. The President is committed to giving all Americans a chance to build a better future for themselves and their children -- through education and training. In the past two years, he has had some great successes:

- ▶ **Expanded Head Start**
- ▶ **Higher Standards for Our Schools -- Goals 2000**
- ▶ **National Service**
- ▶ **Cheaper Student Loans**
- ▶ **School to Work**
- ▶ **High Technology**
- ▶ **Improving Elementary and Secondary Education**

Budget Notes

Tuesday, August 1, 1995

- I. **1995 Deficit Forecast Down By Over \$30 Billion.** The OMB Mid-Session Review, released yesterday, forecasts a FY95 deficit of \$160 billion. That's a \$33 billion reduction from the estimate in the President's FY96 budget of February. The reduction shows that the President's 1993 Economic Plan continues to bring the deficit down faster than anticipated.

A \$160 billion deficit represents a 45% cut from the FY92 budget of \$290 billion and a 47% cut from the \$302 billion deficit that was projected before the President's plan was enacted.

OMB now projects a surplus of \$7 billion in 2004 under the President's plan, compared to a \$9 billion deficit projected in June. The fact is, our 1995 deficit is coming in lower than even we anticipated. This shows that our estimates have always been prudent. Lower deficits today mean lower debt, lower interest costs, and lower deficits tomorrow. Our economic assumptions remain more conservative than the *Blue Chip* forecasters; if you plugged in the *Blue Chip* forecasts, you would get even lower deficits. It also makes clear that there is no need for drastic cuts in Medicare, education and the environment to achieve a balanced budget.

- II. **GOP Cuts Seriously Undermine The Nation's Battle Against Crime and Drug Abuse.** Today, the President addresses the Fraternal Order of Police convention via satellite. His remarks will include a critique of the GOP budget priorities. By racing to balance the budget in 7 years, the Republicans would cut the following effective crime stopping programs:

► **Community Oriented Policing Services (COPS): ELIMINATED.**

Last week, the House approved FY96 appropriations for the Departments of Commerce, Justice, and State, eliminating the COPS program. The COPS program was the centerpiece of the 1994 Crime Bill, which passed with bipartisan support, and will put 100,000 more police officers on America's streets.

This program is already working to fight crime in communities across the country, but the GOP Bill would replace it with a general law enforcement block grant program -- a blank check to state and local governments -- that would not guarantee a single additional new officer. This is unacceptable.

► **Office of National Drug Control Policy: ELIMINATED**

Elimination of all funding for this office, created by President Bush, would severely curtail the President's ability to sustain a coordinated effort among some fifty Federal agencies involved in drug control, including enforcement, interdiction, eradication, education, treatment, and prevention. Just when this coordinated effort is showing sustained results, Republicans propose we revert back to the days when the nation did not have a coordinated drug-control strategy.

► **Safe and Drug Free School: CUT BY 60%.**

President Clinton's Balanced Budget funds at \$500 million per year, providing safer, more drug-free learning environments for 39 million children in over 14,000 school districts.

GOP Cuts Reduce funding to \$200 million, a 60 percent cut from the President's request, depriving over 23 million students of services next year.

► **International Anti-Drug Cooperation Programs: CUT BY 50%.**

An extreme cut that could prevent the continued arrests of the world's top drug kingpins.

President Outlines Agenda for America's Families
Friday, July 28, 1995

Today, President Clinton addresses the American Federation of Teachers, where he will outline ten points that form our real family values agenda:

1. Caring for elderly parents
 2. Family and Medical Leave
 3. Health insurance Reform
 4. Child support enforcement
 5. Prevention of teen pregnancy
 6. Drug abuse prevention
 7. Prevention of teen smoking
 8. Handgun and assault rifle control
 9. Raising the minimum wage
 10. Education
-
1. Caring for Elderly Parents. 30 years ago, we decided to protect our elderly against the costs of illness with Medicare. Before Medicare, half of the nation's elderly lacked insurance. Now, 97 percent have insurance, but that new security is at risk. Congress wants to cut \$270 billion from Medicare, which could mean thousands of dollars in new out-of-pocket costs for our seniors. The President is committed to reforming Medicare, but he will fight these efforts to ruin it.
 2. Family and Medical Leave. The first bill the President signed into law was the Family and Medical Leave Act, which allows people to care for their loved ones without losing their jobs. He will fight efforts by Congress to cut funds that make Family and Medical Leave work.
 3. Health Insurance Reform. The President has proposed health insurance reforms that respond to the real needs of America's families:
 - o Portable health insurance -- insurance should follow people as they move from one job to another.
 - o Coverage should not be tied to preexisting conditions.
 - o Establish voluntary purchasing pools to allow small businesses and self-employed people to buy insurance on the same terms as big business.
 - o Make sure that if a parent loses a job, the family keeps its coverage -- even if

the parent is unemployed for an extended period of time.

4. Child Support Enforcement. President Clinton believes that anyone who brings a child into this world must take responsibility for it. That is why his Administration has worked so hard to enforce child support collection. The President's welfare reform plan has five provisions to ensure the toughest possible enforcement:

- o Employer reporting of new hires to catch deadbeat dads who move from job to job;
- o Uniform interstate child support laws;
- o Computerized statewide collection;
- o Efforts to identify the father;
- o Tough new penalties like revoking licenses.

Earlier this year, the President signed an Executive Order to make it easier to find federal employees who do not meet their obligations to their children.

5. Prevention of Teen Pregnancy. The President's welfare plan includes measures to motivate young people to make responsible life choices:
 - o Teen mothers on welfare will be required to live at home with their parents, stay in school, identify the father, and work after a limited period of time.
 - o Tough new child support laws so that teen fathers will know they have to provide child support for the next 18 years.
 - o States will have the flexibility to try innovative ways to encourage responsible behavior, such as rewarding teen recipients who make progress in school and sanctioning those who drop out.
 - o School-based teen pregnancy prevention programs in high-risk areas.
 - o A national teen pregnancy clearinghouse to disseminate information on model programs.
6. Drug Abuse Prevention. The President has expanded efforts to fight the war on drugs, and this year's budget for that fight is the largest in history. He will fight the effort in Congress to cut funds for the war on drugs, and for Safe and Drug Free Schools. Our children need a constant drum-beat reminding them that drugs are not safe.

7. Prevention of Teen Smoking. Too many of America's children have access to one of the worst killers in the country -- ordinary tobacco products. Underage smoking is wrong, bad for kids, and illegal. We must do more to stop it.
8. Handgun and Assault Rifle Control. The President is doing everything in his power to stop the violence that affects too many of our families:
 - o He stood up and fought for the assault weapons ban;
 - o Signed the Brady Bill into law;
 - o Is putting 100,000 more cops on the street.
9. Rasing the Minimum Wage. Raising the minimum wage rewards hard work and gives parents the money they need to raise healthy children who become productive adults. The minimum wage is at its lowest level in 40 years. The President thinks it's time to change that.
10. Education. Education is the key to our success in the global economy. It is the fault-line dividing those who make it from those who don not. That is why the President has fought to improve our nation's education system:
 - o Expanded Head Start;
 - o Signed GOALS 2000 into law;
 - o Created the School-to-Work initiative;
 - o Created cheaper, more accessible student loans.
 - o Created the national service program.The President is committed to fighting those who want to roll the back the progress we have made on education -- slashing education investments to pay for tax cuts for the wealthy.

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

30-Jul-1995 09:36pm

TO: (See Below)

FROM: Jason S. Goldberg
 Office of Cabinet Affairs

SUBJECT: Budget Notes 7/31

Budget Notes

Monday, July 31, 1995

Republican Cuts Push 500,000
Medicare Beneficiaries Into Poverty

For 30 years, Medicare has meant financial security and health security for older Americans. Since 1965, Medicare has effectively lifted millions of older Americans out of poverty. Prior to Medicare, less than 50 % of the elderly had health insurance. Today, thanks to Medicare nearly 100 percent of older Americans have coverage.

To preserve Medicare for our grandchildren, President Clinton believes we have to strengthen the Medicare Trust Fund, which holds the money we all pay in to cover hospital, nursing home and home health bills. President Clinton believes that real reform is about making a situation better, not worse. Real reform means fixing the Trust Fund, without putting beneficiaries in a fix.

President Clinton's balanced budget will strengthen Medicare. His plan will:

Extend the solvency of the Medicare Trust Fund at least through 2005;

Make no new cuts targeted at beneficiaries; and

Expand benefits for seniors, including free mammograms and respite care for families of people with Alzheimer's disease.

The Republican plan would severely burden the elderly, and reverse the 30 year tradition of Medicare lifting seniors out of poverty:

In 2002, 500,000 Medicare beneficiaries would effectively be put into poverty by the increases in out-of-pocket costs for health care. This number could be even larger if Medicaid is turned into a block grant. Many states would no longer be able to afford to cover the poor elderly

unless they chose to raise property or sales taxes, or cut other critical state spending. [According to an HHS study released on July 29, 1995]

These cuts in Medicare and Medicaid are 4 times more than the largest cuts ever enacted.

In order to stay in fee-for-service plans, where they can choose their doctor, seniors would be forced to either pay more or get less:

The average Medicare recipient of skilled nursing home services will pay at least \$1,400 more.

The average beneficiary receiving home health care services will pay at least \$1,7000 more in 2002.

Every beneficiary choosing to stay in the fee-for-service plan would pay at least \$2,825 more in premiums and copayments over 7 years; couples would pay at least \$5,650. Couples would pay at least \$1,250 more in 2002 alone.

Or, seniors could get a voucher that is too small. Each year private health care costs would increase 40 percent more than the voucher's value. Seniors will have to pay more to make up the difference--or be forced into care they don't want.

The increases in out-of-pocket costs to seniors are needed to pay for a tax cut for the well-off, not to balance the budget or shore up the Medicare Trust Fund. Republicans could drop all of their new costs for beneficiaries and balance the budget if they would just accept the President's tax cut for the middle class, rather than their huge tax cuts for those who need it least.

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Budget Notes

Thursday, July 27, 1995

I. REPUBLICANS FEELING HEAT OVER APPROPRIATIONS BILLS -- TOUGH VOTES AHEAD. *Congress Daily* reports that "House Republican leaders are facing an open revolt by GOP moderates over legislative provisions and spending priorities in the FY96 VA-HUD and Labor-HHS appropriations bills."

Rep. Marge Roukema (R-NJ) said a "growing revolution" is developing against the Labor-HHS bill.

Meanwhile, Rep. Sherwood Boehlert (R-NY) said that the VA-HUD bill "is in serious trouble." [*Congress Daily*, July 25, 1995]

The Hill reports that House GOP women are concerned about the anti-choice provisions of some House appropriations bills. Rep. Nancy Johnson (R-CT) said, "I think there is a lot of concern on both sides that we need more time to think this through....Forcing Members to vote on employees' health benefits is not what anyone campaigned on." [*The Hill*, July 26, 1995]

II. PRESIDENT CLINTON SIGNS RESCISSION BILL TO CUT \$16 BILLION IN UNNECESSARY SPENDING:

Today, President Clinton signs the rescission bill to cut more than \$16 billion of unnecessary spending from this year's budget. These spending cuts are a down payment on our pledge to balance the budget and proof positive that the President and Congress can work together to produce good legislation.

Common Ground on Balancing the Budget. President Clinton and the leadership of Congress share a commitment to balancing the budget. This budget cutting builds on the President's 1993 plan that reduces the deficit by over \$1 trillion dollars over the next seven years. We have differences about priorities -- the President is committed to investing in education and job training, health care for the elderly, the environment and public safety, and in keeping our families strong and making work pay; the GOP would rather just race to cut the budget in 7 years, no matter what the cost. But the important fact is that, for the first time in a generation, the President and Congress are together committed to putting our fiscal house in order.

Working Together to Find Common Ground. President Clinton vetoed the original rescission bill because it cut spending the wrong way, by targeting education and training, environmental protection, and other key national priorities. He then worked with Republicans and Democrats to produce a better bill that cuts \$16 billion in spending while protecting our key investments in education and training, the environment, and other priorities.

The President's Budget Plan Builds on Common Ground. The President wants to balance the budget by following on the model of the rescissions bill -- building on commitments we share, protecting working families by:

- Increasing investments in education and lifelong learning -- \$41 billion over the next seven years -- to help Americans succeed in the new economy;
- Strengthening Medicare for older Americans and expanding health care coverage;
- Preserving the budgets we need to enforce environmental and health safeguards;
- Rewarding work over welfare by defending expansion of the Earned Income Tax Credit President Clinton enacted in 1993;
- Boosting innovation to make sure American businesses and workers can be competitive.

dpc talking points

Publication: TP-xx-Social Services

July 20, 1995

Medicare's 30th Anniversary

GOP Tells Seniors to Pay More/Get Less

- ① On the 30th Anniversary of Medicare, remember that Medicare is a Democratic priority. Democrats always have taken the lead in protecting seniors and strengthening Medicare. The historical record is clear: If it had been up to Republicans, Medicare never would have been enacted.
- ② Republicans want to break the 30-year contract with seniors in order to pay for tax breaks for the rich.
- ③ Republicans are keeping their secret plan to cut Medicare under wraps, but from the details we have it is clear that the consequences of the GOP plan are: Seniors pay more/get less.



Democratic Policy Committee
United States Senate
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Tom Daschle, Chairman
Harry Reid, Co-Chairman

1 On the 30th Anniversary of Medicare, remember Medicare is a Democratic priority. Democrats always have taken the lead in protecting seniors and strengthening Medicare. The historical record is clear: If it had been up to Republicans, Medicare never would have been enacted.

July 30 marks the thirtieth anniversary of the signing of Medicare into law by President Lyndon B. Johnson. The bill was signed in Independence, Missouri, home of former President Harry Truman, whose campaign for national health care reform was the impetus for Medicare.

For 30 years Medicare has enabled Americans to receive quality health care through their retirement years without risking their financial security— a successful program of which Democrats can be proud.

The historical record is clear: Medicare is a Democratic priority.

President Truman offered several proposals to Congress.

President John Kennedy made health care for seniors an issue in his 1960 campaign and saw his plan defeated in Congress. Over and over again, Democrats attempted to pass Medicare legislation. Over and over again, Republicans voted overwhelmingly against it.

Only after Democrats called the 1964 election a "mandate" for Medicare, and triumphed at the polls, did the Democratic vision of Medicare become a reality.

Even then, the majority of Republicans voted against it. They called it socialism and said we did not need it.

Today, Medicare is once again under Republican attack. They are making the same arguments they made in the 1960s, when they sought to defeat it.

- *Back then Republican Senator Gorton Allott called it a "foot in the door" for socialized medicine.*
- *House Majority Leader Richard Armey says he "deeply resents the fact that when I am 65, I must enroll in Medicare." He calls it part of government that teaches dependence, and says it is a program "I would have no part of in a free world."*

**2 Republicans want to break the 30-year contract with seniors
in order to pay for tax breaks for the rich.**

Republicans threaten Medicare by proposing unprecedented cuts in order to provide tax breaks for the rich.

Republicans want to cut \$270 billion from Medicare so that the wealthiest Americans can get thousands on tax breaks. Seniors will pay more—and nothing will be done to protect Medicare for the future.

Republicans are using concerns about the solvency of the Medicare Trust Fund as a smokescreen to get the money they need for tax breaks for the wealthy. From the beginning, Republicans fought this program tooth and nail. Democrats fought for seniors and for Medicare.

Democrats have always taken the lead in protecting seniors and Medicare.

- During this year's budget debate, Democrats tried to put money back in Medicare by eliminating the GOP tax breaks for the rich. Republicans voted in lockstep to defeat this effort.*
- In 1993, Democrats took steps to strengthen the Medicare trust fund—without a single Republican vote.*

In 1995, Democrats will continue to protect Medicare and fight for its solvency.

③ Republicans are keeping their secret plan to cut Medicare under wraps, but from the details we have it is clear that the consequences of the GOP plan are: Seniors pay more/get less.

The Republicans have tried to keep their secret plan to cut \$270 billion from Medicare under wraps. But leaked documents show that their proposal relies on a "voucher system." Without a doubt, the secret GOP plan will mean seniors pay more/get less.

Seniors will have to pay more in premiums, co-payments and deductibles—an extra \$1000 per year or more.

Under the "secret" Republican plan:

- *seniors who wish to keep their family doctor instead of joining an HMO will have to pay more;*
- *seniors who are forced for financial reasons to choose an HMO will have their current benefits threatened—they will get less; and,*
- *Republicans want to cap Medicare at a rate far below private sector health care costs.*

That's not choice; that's financial coercion!

While the wealthiest Americans are receiving tax breaks under the GOP plan, seniors on fixed incomes will be paying an extra \$1,000 or more a year by 2002 for their health care.

The GOP plan is unfair to seniors and Democrats will continue to fight to ensure that seniors have access to quality and affordable health care.

Republicans say people should ask Democrats the following questions. We're glad they asked!

Republican Question #1: *If Republicans increase Medicare spending from \$4,800 today to \$6,700 in 2002, where's the cut?*

If seniors are going to pay more but get less, that's a cut. According to the GOP secret plan:

- *the annual deductible would increase each year;*
- *the average senior receiving home health care services would pay \$1,020 more;*
- *the average senior recipient of skilled nursing home services would pay about \$1,000 more; and,*
- *the average senior choosing to stay with their current plan (and doctor) would pay at least \$400 more in part B premiums.*

If Republicans are not cutting Medicare, then why will their plan require senior citizens on fixed incomes to pay more—by increasing premiums, co-payments and deductibles?

How can they argue that they are not making drastic cuts?

Our Question to Republicans:
How are you going to reach \$270 billion in cuts?

Republican Question #2: *Do Democrats accept the warning of the Medicare Trustees and three Clinton cabinet members that Medicare is going to be bankrupt in seven years?*

Yes, and that is why Democrats are asking Republicans to sit down and solve this problem outside of the budget debate. In the past, when action was needed to strengthen the trust fund, Democrats always took the lead. Most recently, in 1993, Democrats extended the solvency of the trust fund—without a single Republican vote.

Democrats are committed to finding a long-term solution to ensure that Medicare will be there for future generations. Republicans are cutting Medicare in order to pay for their tax cuts for the wealthy—that's not reforming Medicare!

Our Question to Republicans:

If you accept the warning, are you willing to abandon your plan to give the top one percent of America's wealthiest a huge tax break and put the money back into Medicare's future?

Republican Question #3: *What is the Democratic Plan to save Medicare?*

Democrats always have taken the lead in protecting seniors and strengthening the Medicare Trust Fund. The real question is what is the Republican agenda for Medicare?

The GOP plan does not address the long-term solvency of the program.

- *Their unprecedented cuts in Medicare are used to fund the tax cuts for the rich—not a single dollar is reinvested in Medicare to help it remain solvent in the long-term.*
- *Their plan does not address the problem Medicare will face in 2010 when the baby boomers begin to retire.*

It's hard to believe that Republicans—who fought against enacting Medicare and continue to try to privatize it—are concerned about Medicare when they are cutting it to pay for tax breaks for the rich. We should be saving the trust fund, not creating a slush fund.

Can Americans Trust Republicans to Protect Medicare?

Before the election last year, Republicans promised they would not make massive cuts in Medicare:

Majority Leader Bob Dole said, "President Clinton and Vice President Gore are resorting to scare tactics... falsely accusing Republicans of secret plans to cut...Medicare benefits..." Washington Post, 11/6/94

Haley Barbour, RNC Chair, said, "[T]he outrage, as far as I'm concerned is the Democrats' big lie campaign that the Contract with America...would require huge...Medicare cuts. It would not." CNN's Late Edition, 11/6/94.

In 1995, they passed a budget which cuts Medicare by an unprecedented \$270 billion in order to pay for tax breaks for the rich.

In 1995, Republican House Majority Leader Armey says that Medicare is "a program I would have no part of in a free world." *Chicago Tribune*, 7/11/95

Our Question to Republicans:
*What are the details of the secret
GOP plan and why won't they share them
with the American people?*

Common Ground on Protecting Health Care for Seniors
Tuesday, July 25, 1995

Americans Have Long Shared A Belief That Health Care For Older Americans Must Be Protected. In 1965, Congress expressed that consensus by creating the Medicare and Medicaid programs. Because of their success, nearly all older Americans now enjoy health care coverage and the freedom and security that come with it.

Bipartisan Support for Medicare and Medicaid in 1965. Nearly half of all Republican members of Congress voted to approve the Social Security Act amendments establishing Medicare and Medicaid in 1965: 65 of 138 GOP Members of the House and 13 of 27 Senators. Said Rep. Paul Fino (R-NY), "This bill--the Social Security Act of 1965--is more than a milestone: it is a landmark in the field of welfare and enlightened social security legislation.... The Social Security Act of 1965 will give our citizens over 65 some measure of the economic security they deserve." (4/7/65)

Common Ground Has Held For 30 Years. Through seven Presidents -- 5 Republicans and 2 Democrats -- and 30 different budgets, there has never been a budget that proposes massive Medicare cuts -- extreme medicare cuts -- simply to finance tax cuts for the well off.

Common Ground on Responsibility. While some have sought drastic cuts in Medicare, the common ground has now held for three decades. Older Americans should contribute their fair share, however:

- o Benefits should be maintained and improved, not cut;
- o Out-of-pocket costs should be tightly controlled, not dramatically increased; and
- o Medicare as a whole should not be used to finance tax cuts or other luxuries.
- o Medicare trust fund should be strengthened, not gutted.
- o Older Americans should not be burdened with harmful out-of-pocket increases.

President Clinton Has Held Firm On America's Common Ground. President Clinton's health care proposals will strengthen Medicare and maintain security for seniors. His plan will:

- o Extend the solvency of the Medicare Trust Fund at least through 2005;
- o Make no new cuts targeted at beneficiaries; and
- o Expand benefits for seniors, including free mammograms and respite care for families of people with Alzheimer's disease.

Republicans Have Abandoned The Common Ground -- With Unprecedented And Unnecessary Increases In Out-of-Pocket Costs For Seniors. The Republican proposal would:

- o Cut Medicare and Medicaid by four times more than the largest prior cuts ever;
- o Increase premiums, copayments and deductibles for seniors--with the rise in out-of-pocket costs totalling \$5,650 per couple over the next seven years.
- o Not provide real choice, but instead force seniors to pay more, get less, or both. Under the GOP plan, in order to keep their own doctor, seniors would have to pay \$1,650 more in premiums. The average home health care recipient would have to pay \$1,700 more for needed care. Or, they could get a voucher that is too small. Each year private health care costs would increase 30 percent more than the voucher's value. Seniors will have to pay more to make up the difference--or be forced into care they don't want.

The increases in out-of-pocket costs to seniors are needed to pay for a tax cut for the well-off, not to balance the budget or shore up the Medicare Trust Fund. Republicans could drop all of their new costs for beneficiaries and balance the budget if they would just accept the President's tax cut for the middle class, rather than their tax cuts for the well-off.

Talking Points:

FY 1996 Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill

July 25, 1995

(updated)

- The bill is nearly \$2.9 billion below the President's request.

- The bill would eliminate the Community Oriented Policing Services (COPS) program, which would provide grants to localities to hire new police and eventually put 100,000 new officers on the street.

-- To date, COPS has authorized funding for over 20,000 new officers.

-- Police chiefs and sheriffs around the nation have praised the program as customer-oriented, non-bureaucratic, and visionary.

- The bill would cut funding for the Violent Crime Reduction Trust Fund by \$24 million below the Administration's request.

-- The bill does not set aside funds for important "smart" crime fighting initiatives such as Drug Courts, the President's Crime Prevention Council, violence against women countermeasures, the Presidential Summit on Crime, and other crime control programs.

- The Administration strongly opposes the bill's proposal to end funding for the Advanced Technology Program, a productive industry-government partnership that provides an effective mechanism to augment economic growth through highly-leveraged, industry-led research and development.

- The bill would cut funding for the Census Bureau and Bureau of Economic Analysis (BEA) by \$94 million below the Administration's request and \$17 million below the 1995 enacted level.

-- BEA would have to reduce regional data on state and local per capita income and gross state product estimates used for allocating over \$100 billion in federal funds.

- The bill would cut funding for the National Oceanic and Atmospheric Administration (NOAA) by \$354 million, 10 percent below the 1995 enacted level and 17 percent below the Administration's request.

-- Fisheries management and enforcement would be cut by 27 percent below the Administration's request -- costing jobs in the fishing industry and impeding NOAA's ability to provide for Pacific salmon recovery.

-- NOAA research would be cut by 24 percent, including major cuts in climate research and forecasting programs and the elimination of the Global Learning and Observations to Benefit the Environment program.

-- The cuts would slow modernization of the National Weather Service and jeopardize satellite continuity and improvements in weather forecasts.

- The bill does not fund the new \$175 million Maritime Security Program, a Presidential initiative critical to national security and economic security.

-- That could eliminate over two-thirds of the U.S.-flag dry cargo international merchant fleet by the year 2000 and cost over 5,000 seafaring jobs.

- The bill would severely damage the Administration's ability to pursue foreign policy objectives through key U.S. public diplomacy programs.

-- From the Administration's request, it would cut funding for USIA operations by 11 percent, international broadcasting by over 14 percent, and Educational and Cultural Exchange programs by 24 percent.

- The bill would cut funding for the State Department's Capital Investment Fund in half.

-- This would deprive the State Department of much-needed funds to invest in modern information technology that will enable the department, through increased efficiencies, to meet the challenges posed by tight resource levels.

- The bill would cut funding for the Equal Opportunity Employment Commission (EEOC) by \$35 million, or 13 percent, below the Administration's request.

-- This would prevent EEOC from addressing a backlog of 100,000 unresolved complaints and jeopardize ongoing management efforts to streamline case processing.

- The bill would cut funding for the Legal Services Corporation (LSC) by a third below the 1995 enacted level, causing a more than one-third cut in civil legal services to the poor, particularly those in rural areas and areas with programs that get a large portion of their funding from the LSC.

Budget Notes

Wednesday, July 25, 1995

COMMON GROUND FOR AMERICA'S COMMUNITIES

While Americans May Differ on Affirmative Action, We Agree on the Need for Affirmative Efforts to Empower Communities. As he said in his speech last week, President Clinton supports both affirmative action and an affirmative economic agenda to create more opportunity for those who take responsibility for work and families. Leading Republicans have also recognized the need for a positive agenda:

Jack Kemp: "I think race is a legitimate factor to take into consideration.... It's putting the cart before the horse... to throw out all affirmative action without any idea of what is going to replace it." [*Washington Post*, July 22, 1995]

Newt Gingrich: "I don't think the Republican Party should use affirmative action as a wedge issue.... We should focus more of our energy on how we design a helping hand ...we have an absolute obligation to reach out a helping hand on a one-by-one basis to people who are trying to rise." [*New York Times*, July 26, 1995]

Today, President Clinton Challenges Speaker Gingrich To Join Him on Common Ground for America's Communities. With the release of his urban report, he offers an open hand and a blueprint for bipartisan cooperation-- to plot a third way beyond the old approach of big government and the new rage of no government. The President's approach creates a new common ground based on four principles:

- Linking Families to Work.
- Leveraging Private Investment.
- Taking the Lead from Communities.
- Demanding Personal Responsibility.

The President is Calling for a New Effort to Aid Distressed Communities. In order to achieve the shared goal of economic empowerment for distressed areas, the President proposes to give government contracts to businesses that locate in poor communities and create jobs for the people who live in them.

The President Has Already Pursued A Range of Policies that Reflect These Values:

- Empowerment Zones and Enterprise Communities: Communities have united to plan their own renewal. The President's policies offer the tools to achieve it.
- Increasing Access to Capital. A national network of community development financial institutions will provide billions of dollars in thousands of home and business loans in distressed areas. Reform of the Community Reinvestment Act will put performance over paperwork in ensuring that banks fulfill their responsibility to reinvest in the communities they serve.
- A Working Family Tax Cut. The President increased the Earned Income Tax Credit that provides a tax break averaging \$1,400 to over 21 million working families.
- Lifelong Learning. The President has invested in education to expand economic opportunity for all Americans, expanding successes like Head Start and Title One while developing new initiatives like Goals 2000, School-to-Work Opportunities, National Service, and direct student loans.

By Contrast, Republicans Are Pursuing a Cruel Policy of Abandoning Our Cities.

Republican policies will punish families who are taking responsibility and reduce opportunity for all urban residents.

- Raising Taxes on Working Families. Republicans propose a \$21 billion increase in taxes on 14 million working poor families.
- Reducing Access to Capital. The Republican budget would eliminate the Community Development Financial Institutions initiative, and their legislative proposals would gut the Community Reinvestment Act.
- Disinvesting in Lifetime Learning. Republicans cut education investments by \$36 billion, and cut central and proven efforts, including Head Start (50,000 children cut next year) , Title One (1 million children cut), Goals 2000 (eliminated), national service (eliminated), student loans (cut \$10 billion), School-to-Work (repealed), and job training (cut 30%).
- Penalizing Poor Children--But Weak on Work. Republicans propose over \$100 billion in welfare cuts. Rather than empower families to move from welfare to work, they would slash the child care, health care, and school lunches that working families need.
- Raising Rents on the Poorest Urban Residents and Increasing Homelessness. Republicans would raise rents paid by 600,000 poor urban residents by an average of \$500 per year--using the savings to finance a tax cut largely for the well-off. They would cut assistance to the homeless by 50 percent and provide no new assistance for incremental housing vouchers for the first time in 30 years. At a time when low-income housing continues to be in short supply, these cuts would increase the number of American families living on the street.

Budget Notes

Monday, July 24, 1995

A BALANCED BUDGET BUILT ON SHARED VALUES

A Tradition of Common Ground. For decades, Americans have shared certain common values. We believe in helping people make the most of their lives and in moving the country forward. To make that possible, we shared commitments to:

- Investing wisely in education and training;
- Protecting the environment and public health;
- Keeping our families strong and making work pay;
- Helping America's seniors live in health, not sickness;

These shared commitments go beyond partisan politics. They are America's common ground.

Common Ground on Balancing the Budget. Now, congressional Republicans and President Clinton share a commitment to balancing the budget. This budget cutting builds on the President's success in bringing down the deficit by over \$1 trillion dollars over the next seven years. We have differences about timing -- the President thinks the budget should be brought to balance in 10 years, while the GOP would do it in seven -- but the important fact is that, for the first time in a generation, the President and Congress are together committed to putting our fiscal house in order.

The President's Budget Plan Builds on Common Ground. The President has a plan to balance the budget that builds on commitments that we have all shared in the past. His budget protects working families by:

- Increasing investments in education and lifelong learning by \$41 billion over the next seven years to help Americans succeed in the new economy;
- Strengthening Medicare for America's seniors and expanding health care coverage;
- Preserving our ability to safeguard the environment and public health;
- Protecting working families who work hard and raise their children well;
- Boosting innovation to make sure American businesses and workers can be even more competitive in the global marketplace.

Republicans Have Abandoned that Common Ground. They are pushing an extreme agenda that cuts education, health care for seniors and undermines our shared commitments. For example, they have proposed:

- Cutting education by \$36 billion eliminating **AmeriCorps** and **Goals 2000**; cutting 50,000 children from **Head Start** in 1996 and 23 million students from **Safe and Drug-Free Schools** in 1996.
- Requiring seniors to pay as much as **\$5600 more per couple** in higher out-of-pocket costs by 2002 and leave **millions of children without insurance**.
- **Raising taxes on up to 14 million poor families** by hundreds of dollars each, while targeting a huge tax cut largely at the well-off.

Budget Working Group

Routing Slip

DATE: 7/21/95

SUBJECT: Republicans on Community Development Block Grants

<u>Name</u>	<u>Room</u>	<u>Name</u>	<u>Room</u>
John Angell	178	Joseph Minarik	244
Michael Barr	TREAS	Nancy-Ann Min	262
Jeremy Ben-Ami	218	Julia Moffett	169
Erskine Bowles	1/WW	Tom O'Donnell	2/WW
Emily Bromberg	106	Jack Quinn	272
Susan Brophy	2/WW	Bruce Reed	216
Don Baer	196	Alice Rivlin	252
Alan Cohen	TREAS	Jake Siewert	169
Barbara Chow	107/EW	Stephen Silverman	160
Bill Curry	469	Greg Simon	288
Paul Dimond	225	Doug Sosnik	G/WW
David Dreyer	TREAS	Gene Sperling	2/WW
Rahm Emanuel	1/WW	George Stephanopoulos	1/WW
Martha Foley	178	Todd Stern	G/WW
Jason Goldberg	160	Leslie Thornton	EDUC
Robert Gordon	223	Barry Toiv	178
Mary Ellen Glynn	G/WW	Laura Tyson	2/WW
Larry Haas	253	Loretta Ucelli	EPA
Karen Hancox	G/WW	Michael Waldman	214
Kitty Higgins	160	Anne Walley	184
Harold Ickes	1/WW	Marilyn Yager	116
Chris Jennings	212		
Jennifer Klein	2/WW		
David Lane	231		
Jack Lew	243		
Mark Mazur	318		
Gaynor McCown	217		
Lorrie McHugh	G/WW		

FAX to Treasury: 622-0073
FAX to Education: 401-2098
FAX to EPA: 260-0279

REPUBLICANS ON COMMUNITY DEVELOPMENT BLOCK GRANTS

DAN BURTON: "Rep. Dan Burton, who announced the award Thursday, said he will not support any major reductions in the federal community development block grant program in the 1991 federal budget. 'I am a strong supporter of the CDBG program. This is a program that gives maximum flexibility to local officials to use the grants where they are needed most,' said Burton in a prepared statement." [States News Service, 2/1/90]

PHIL GRAMM: "During votes yesterday, the Senate defeated 63-35 an amendment from Sen. Phil Gramm that had the potential to kill the housing bill. It would have changed the formula under which Community Development Block Grants are distributed to states. Under current law, the \$3 billion for programs ranging from new senior centers to town road upgrades is distributed to the states based on need. Need is determined by such factors as poverty levels and the age of housing in a given community. Under the Gramm amendment, distribution would have been based on population.

"What I am trying to do here is come up with a formula that makes sense," said Mr. Gramm, Texas Republican, who said since high-population states pay most of the federal government's bills, they should receive most of the benefits." [Washington Times, 6/28/90]

JIM JEFFORDS: "Some of the affected programs include: community development block grants (an 11 percent reduction in spending); weatherization (eliminated completely); low income energy assistance (37 percent reduction); employment services (eliminated).

"I don't agree with many of his choices," said Sen. James Jeffords, R- Vt., adding that Bush's proposals will get a "necessary debate" from Congress. [Gannett News Service, 2/4/91]

BILL ALTHAUS: "This is taking money away from the level of government closest to the people and moving it back to another level of bureaucracy," said Mayor William Althaus, of York, Penn., a Republican who said Bush "has not been adequately advised" on this matter.

"Althaus, who called the Bush plan 'anti-federalism,' said U.S. mayors have been spending block grant funds efficiently for 18 years and can continue to do so. But he also said the mayors would oppose the turnover concept even if the block grants were not included." [States News Service, 2/8/91]

The Senate Appropriations Committee approved an additional \$1.45B to the House's \$882M aid and loan package, for youth summer job-training and increased Head Start and education funding. The funds were proposed by Sens. Kennedy (D-MA) and Hatch (R-UT). *[Wall Street Journal, 5/20/92]*

Increased funding levels would be used to expand the program to allow more children to benefit from the services that Head Start offers. In addition to serving more children, efforts have been made to address quality concerns. Increased funding would go to improve salaries, staff training, hiring additional staff, transportation, and facilities improvement. *[Sen. Hatch, Congressional Record, Senate, 9/18/90]*

This head start expansion will increase the range of choices available to low-income families in meeting the needs of their children. The additional 4-year-olds who have an opportunity to participate in the program will benefit from a jump start in life, which will have significant rewards in terms of their later success in school. *[Sen. Dole, Congressional Record, Senate, 3/15/89]*

I share your enthusiasm for Head Start -- I visited many Head Start schools -- centers in Kansas, and I -- I am pleased that we have increased funding significantly over the years. *[Sen. Kassebaum, confirmation hearing of HHS Secretary Nominee, 1/15/93]*

I rise today to introduce legislation setting forth... additional funding for the successful Head Start and Follow-Through programs... The Head Start Program, with its proven effectiveness, should be expanded... *[Sen. Kassebaum, Congressional Record, Senate, 5/21/92]*

...the enduring success of Head Start over 25 years is the strongest possible lesson in how to provide a comprehensive coordinated program for children and families. Little did people realize 25 years ago that this particular program would have the success it has had... [there is] mounting evidence that early intervention programs such as Head Start save money in the long run [and help] to change public sentiment and produce a societal commitment to more collaborative efforts. *[Sen. Kassebaum, Congressional Record, Senate, 9/18/90]*

...the great value of the Head Start Program is well known. *[Sen. Kassebaum, Congressional Record, Senate, 6/14/90]*

I believe the needs of the lowest income can be better and more economically addressed through Head Start expansion and welfare reform. *[Sen. Kassebaum, Congressional Record, Senate, 3/3/89]*

Budget Notes

Friday, July 21, 1995

- I. GOP IN WASHINGTON SWIPES AT EDUCATION AND TRAINING -- FAMILIES AND CHILDREN IN THE STATES Lose Out:** The Administration today will release figures detailing the impact of extreme House Republican budget cuts on education and training programs on a state-by-state basis. The President yesterday vowed to veto the Labor/HHS Appropriations bill if passed in its present form.

Secretaries Riley and Reich will participate in conference calls with regional reporters. Several Governors will also issue press statements on their states' education numbers. Members of Congress will also use the numbers in appearances and statements in their districts over the weekend and on the floor on Monday, July 24, 1995.

- II. LINE ITEM VETO -- REPUBLICAN ENTHUSIASM FOR A CONTRACT PLEDGE SEEMS TO HAVE DISAPPEARED:** A recent *Washington Times* article quoted Speaker Gingrich as saying that "we won't get to [it] this year." David Rosenbaum, reporting in yesterday's *New York Times*, told us why. They don't want to give the line-item veto to a Democratic President. Senator John McCain, the Senate's leading proponent: "There are some who do not want to see this authority in the hands of this President, at least not until we have finished the appropriations bills." Rep. Gerald Solomon, a leading House proponent: "I'm not [less enthusiastic]. I want it as a matter of principle. But there are some who are." And, in a similar *AP* article yesterday, House Appropriations chairman Bob Livingston: "We may not want to give it to this President right at the outset, but let's give it to him eventually."

III. APPROPRIATIONS UPDATE:

Rescissions: Senators have reached an apparent agreement to permit a final vote on the Rescissions Bill. The vote could take place today.

Thursday, July 20, 1995

The House considered but did not complete the Agriculture appropriations bill.

The House Appropriations Committee worked on the Labor-HHS-Education appropriations bill but did not complete it. Among the amendments approved was the termination of Title XX family planning assistance. Amendments to improve the bill were defeated.

The Senate considered the Legislative Branch appropriations bill.

Friday, July 21, 1995

The House is expected to complete consideration of the USDA Approp. bill and take up the DOT bill.

The House Appropriations Committee is expected to complete the Labor-HHS-Education bill and take up the Defense appropriations bill.

The Senate is expected to take up the Military Construction appropriations bill and, if necessary, complete the Legislative Branch bill.

THE WHITE HOUSE

WASHINGTON

July 20, 1995

MEMORANDUM FOR RAHM EMANUEL

BRUCE REED

GENE SPERLING

FROM: Paul Weinstein

SUBJECT; Quotes from Republicans on Line-Item Veto

Attached please find a list of recent quotes from key Republicans on the line-item veto. The quotes from Gingrich and Dole clearly indicate that they strongly favored giving President Clinton line-item veto authority.

CONGRESSIONAL OPINIONS ON THE PRESIDENTIAL LINE ITEM VETO

GINGRICH

Newt Gingrich supports the line item veto for President Clinton. In response to the question, "wouldn't [the line-item veto] lower our budget and help the deficit?", Gingrich responded:

"The answer is, yes, it would. And I support it. And I'm hoping we're going to be in conference this summer. And the line-item vetoes aim specifically at appropriations bills. And he's already indicated that's how he'd use it. And I hope we're going to be able to get it passed and to him this summer so he can actually use it. I strongly favor it. I think 43 of the governors have it. I think you had it when you were governor of Arkansas.

And I think -- now, it's not going to be by itself a panacea, but it's going to cut a couple of billion dollars a year of pork out, maybe as much as \$10 billion if we -- under certain circumstances.

And I supported it when we had Ronald Reagan and George Bush. And just as the other night, frankly, we tried to repeal the War Powers Act to give the President back the right -- the legitimate power of the Commander in Chief, I think that any President ought to have the line-item veto. And I support President Clinton getting it." [President Clinton/Speaker Gingrich joint appearance, 6/11/95]

In February, Gingrich wanted the line-item veto "quickly." "[The] line item veto I hope will get to the President fairly quickly. The President I hope will cut some pork out and that will be an indirect benefit." [Federal News Service, 2/22/95]

ARMEY

Dick Armey says he wants the line item veto for "every President." Earlier this year, House Republican Leader Dick Armey said, "We have wanted the line-item veto for years ... and we've wanted it for every President." [The Hotline, 2/3/95]

GRAMM

Gramm said Clinton's interest in the line-item veto is new. Last November, Gramm said that he supports giving the President the line-item veto but said that he doubts Clinton's sincerity in seeking such authority. "Forgive me for being a little cynical, but when we were trying to do it in the last two years, we never heard a peep out of the President." [LA Times, 11/22/94]

KASICH

Kasich criticized Clinton for not supporting Kasich's line-item vet bill in 1994. In 1994, In 1994, Rep. John Kasich criticized President Clinton for not supporting his line-item veto bill. Kasich: "The President went eyeball to eyeball with change, and he blinked." [Phoenix Republic, 2/15/94]

MCCAIN

McCain says there can be no answer to the deficit without the line-item veto

In 1993, Senator John McCain (R-AZ) said that the line item veto "is not the whole answer" to the deficit problem but added, "There can be no answer without the line item veto." [UPI, 3/10/93]

BOB DOLE ON THE LINE ITEM VETO

APRIL 30, 1993:

Q: Are you in favor of giving a line item veto to the president?

"Yes. *I was when we had a Republican president, and I'm still in favor of the line item veto, but the thing that passed in the House is sort of symbolic, it doesn't really mean anything. I want a real line item veto, and it can apply to tax expenditures as well.*" [Reuter Transcript Report, 4/30/93 (emphasis added)]

FEBRUARY 17, 1993:

"Line item veto, in my view, ought to have strong bipartisan support. It does have strong, fairly strong bipartisan support now. President Clinton really wants to do this. He can get it done....."

"I remember Senator Byrd saying you Republicans will rue the day you ever thought about a line item veto if we have a Democrat in the White House. Well, I don't think that's the case. If the president, *whether he or she be a Democrat or Republican*, could put a little more leverage on Congress, if Bob Dole put something into a bill that you can't justify, he can take it out, and I'll have to go back to Congress to justify it. That's not a big hurdle.

"So my view is we ought to have the line item veto. We ought to have the balanced budget amendment. These are basic ways to deal with the deficit, and we need the discipline." [Reuter Transcript Report, 2/17/93 (emphasis added)]

MARCH 12, 1993:

"Dole, who also voted in favor of the failed amendment [to the Motor Voter bill that would have allowed a line item veto], *said he would be willing to trust President Clinton to act in a non-partisan way* when he used a line-item veto. 'You're not going to balance the budget,' Dole said. 'But you're going to save \$ 3 billion or \$ 4 billion a year....'" [Daily Report For Executives, 3/12/93 (emphasis added)]

JANUARY 16, 1995:

ROSS PEROT: All right, sir. And then two that are very near and dear to the hearts of the American people are the line item veto and the balanced budget amendment.

Sen. Dole: "Line item veto - President Clinton supports it. *We hope to do that very soon in the Senate.* It takes us a little longer in the Senate because we have different rules. It simply says that if Bob Dole sticks something in a bill that shouldn't be there, the president of the United States, *whether he or she be a Republican or a Democrat*, can just take that out and sign the rest of the bill. *Makes a lot of sense.* It gives the president a little more leverage. Some people, so-called appropriators, in Congress don't like it, but the American people like it. *That's going to be a priority in the Senate and in the House and it has bipartisan support.*" [Larry King Live, 1/16/95 (emphasis added)]

TO DPC Staff

INVESTING IN EDUCATION AND TRAINING VS. CUTTING EDUCATION AND TRAINING: PRESIDENT'S FY 1996 REQUEST VS. REPUBLICAN FY 1996 EXPECTED ACTION

7/12/95

	PRESIDENT CLINTON'S 10-YEAR BUDGET	REPUBLICAN CUTS
Goals 2000: Help States and schools raise academic standards and student achievement	Increase to \$750 million in FY 1996, supporting improvements for over 8 million children in 16,000 schools. By FY 2002, funding would increase to \$896 million, supporting improvements for over 44 million children in 85,000 schools.	Eliminate all funding for education reform.
Education for disadvantaged students: Help low-income students achieve high standards	Increased by \$573 million over the last 2 years; increase by \$302 million in 1996, serving as many as 300,000 more children in 1996 alone, and providing increases in the future.	Reduce funding by \$1.1 billion in FY 1996, cutting 1.1 million children from the program in FY 1996 alone. A freeze at this level would, by 2002, cut an additional 600,000 children from the program.
Safe and Drug-Free Schools and Communities	Fund at \$500 million per year, providing safer, more drug-free learning environments for 39 million children in 14,000 school districts.	Reduce funding to \$200 million, a 60% cut from the President's request. This would deprive over 23 million students of services next year.
Head Start: Comprehensive services for pre-school youth & toddlers to increase school readiness	Increase FY 1996 funding by \$400 million and add 32,000 new Head Start slots for children in 1996, and a total of 50,000 new slots by 2002.	Cuts funding by \$135 million from FY 1995 level. 45,000-50,000 children would be cut off current Head Start in 1996 to maintain program quality. Freezing funding at the reduced level would cut off up to 230,000 children below the President's proposed level for 2002.
Child Care & Development Block Grant: Child care assistance for working poor families	Increase funding by \$100 million in FY 1996. States could use these funds to serve 70,000-80,000 more children of working poor families.	Provides no added funding in FY 1996. 70,000-80,000 fewer children in working-poor families could be served than under the President's proposal.
Summer Jobs for disadvantaged young people	Funding for about 615,000 jobs for disadvantaged young people in the summer of 1996.	Program eliminated beginning in 1996, wiping out job opportunities for some 4.3 million disadvantaged youth over the next 7 years.
Job Training for dislocated workers, low-income adults	Put Skill Grants directly into the hands of disadvantaged and dislocated workers, with 800,000 Skill Grant recipients in 1996. Increase 1995 funding by 40% to \$3.1 B.	Cuts funding by 50% below the President's request, and 25% below 1995.
AmeriCorps: College Aid for National Service	Expand by \$242 M to provide nearly 50,000 opportunities for community service and college aid, and 580,000 youth (K-12) other service opportunities.	Eliminated. Over 4.3 million service opportunities for youth in their communities abolished over 7 years.
ALL EDUCATION AND TRAINING (Budget Function 500)	INCREASE EDUCATION, TRAINING AND AID TO STUDENTS BY \$40 BILLION IN DISCRETIONARY OUTLAYS OVER 7 YEARS	THE BUDGET RESOLUTION CUTS OUTLAYS FOR EDUCATION AND TRAINING BY \$36 BILLION INCLUDING \$10 BILLION IN LOAN BENEFITS TO STUDENTS

Budget Notes

Thursday, July 20, 1995

I. THE REPUBLICAN MEDICARE CHOICE: You can choose to pay more or you can choose to get less. HCFA Administrator Bruce Vladeck testifies today before the House Ways and Means Committee strongly criticizing Republican Medicare voucher proposals. He will testify that:

- The Republican Medicare cuts will constrain spending at levels substantially below the private sector.
- Medicare beneficiaries will pay more to stay in a plan that allows them to choose their own doctor.

He will also contrast the Republican approach with the Presidents' "right way," which balances the budget and strengthens the Medicare Trust Fund while still protecting beneficiaries from any new cost increases.

Laura Tyson and Secretary Shalala will make press calls to the *Washington Post*, *Wall Street Journal*, *New York Times*, *L.A. Times*, *USA Today*, and the *AP* to follow up on the testimony.

Democratic Senators will hold a press conference criticizing the GOP proposal for Medicare vouchers and for using Medicare cuts to pay for tax cuts for the wealthy.

II. GOP SWIPES AT EDUCATION AND TRAINING: The House Approp. Com. is expected to consider the 1996 approp. bill for Labor, HHS, and Education. OMB yesterday informed the Committee that the President will veto the legislation if sent to him in current form. Key elements of the subcommittee proposal:

- **GOALS 2000:** Eliminate all funding for education reform.
- **Safe and Drug-Free Schools and Communities:** Deprive over 23 million students of services next year.
- **Head Start:** Cut off 45,000 to 50,000 children in 1996 alone.
- **Summer Jobs** for young people: Eliminated. Job opportunities for 4.3 million youth cut over the next 7 years.
- **Job Training:** Cut funding by 50 percent below the President's request
- **Title I:** Deny help reaching higher academic standards to over 1 million disadvantaged students.

III. APPROPRIATIONS UPDATE:

Wednesday, July 19, 1995

The House Appropriations Committee approved the FY 1996 appropriations bill for the Commerce, Justice, and State. The bill would make it impossible to fulfill the commitment made by the President and the Congress to put 100,000 new law enforcement officers on the nation's streets.

The House approved the 1996 Treasury-Postal appropriations bill. An amendment by Rep. Hoyer to remove the bill's restrictions on abortion services in the Federal Employee Health Benefits Plan was defeated by 188-235.

Thursday, July 21, 1995

The House floor is expected to complete consideration of USDA and DOT FY 1996 appropriations.
The House Approp. Com. is expected to consider the FY 1996 Defense appropriations bill.

Talking Points:

FY 1996 Department of the Interior and Related Agencies Appropriations Bill

July 19, 1995

- The bill cuts 1996 funding for the Interior Department by almost \$850 million, 13 percent below the Administration's request.
- The bill would cut funding for the National Biological Service to \$113 million, 35 percent below the Administration's request, and eliminate the Bureau of Mines, hampering the ability of land management agencies to make resource decisions on an objective scientific basis.
- The bill would cut funding for natural resource protection and land management operations in the National Park Service, Bureau of Land Management, and the Fish and Wildlife Service by \$174 million, or 7 percent, below the Administration's request.
- The bill would prevent responsible administration of the Endangered Species Act by cutting funding for Endangered Species Act prelisting and recovery activities which help keep species off the endangered or threatened species list so local communities are not negatively affected by the Act.
- The bill would eliminate the Education Department's Office of Indian Education and cut by 12 percent the Administration's funding request for critical education, law enforcement, health and safety and other services on Indian reservations.
- The bill rejects the Administration's \$106 million increase in funding for Indian Health Services (IHS) to support staffing at new health facilities and allow expansions in women's and elderly health, child abuse, and urban Indian health care.
 - Instead, the bill would require the IHS and tribal health care programs to absorb \$90 million in expected increases for current program activities.
- The Administration strongly opposes the bill's 40 percent overall cut in Energy Conservation programs.
 - The 50 percent cut in the State Grants program would mean that 50,000 to 60,000 low-income homes would not be weatherized and numerous state energy initiatives would not be funded through Energy Department block grants.
 - Cuts averaging 37 percent in Energy Conservation research and development would make meeting climate change and

greenhouse gas reduction goals more difficult and impair the ability of the building and industrial sectors to become more energy efficient.

- The bill would eliminate the longstanding moratoria on oil and gas leasing and drilling on certain lands of the Outer Continental Shelf, endangering the environment and the economies of California, Florida, the Pacific Northwest, Alaska, and other coastal states.

- The bill would eliminate funding for the Stewardship Incentives Program and would cause a subsequent \$27 million loss of leveraged funding from private landowners and states.

- This loss of funding would curtail the implementation of stewardship practices, such as reforestation and timber stand improvements, on thousands of acres of non-industrial private forestlands.

- The Administration opposes the bill's proposed lifting of the moratorium on patenting mining claims on federal lands, which would lead to the privatization of valuable federally-owned mineral deposits with only minimal returns for taxpayers.

- The bill would make drastic cuts in funding for the arts and humanities and museum services, undercutting the Administration's commitment to preserving American artistic and cultural heritage and expression.

- The bill would cut funding for the National Endowment for the Arts by \$73 million below the Administration's request, to a level 40 percent below 1995.

- The bill would cut funding for the National Endowment for the Humanities by \$83 million below the Administration's request, to a level 42 percent below 1995.

- The Administration objects to bill language that would prohibit the funding of AmeriCorps national service projects.

- AmeriCorps members have already begun to make contributions to improving the environment.

- For instance, at the Everglades-South Florida project, 110 AmeriCorps members have worked on 55 individual projects at four National Parks and six Fish and Wildlife units;

- 30 of 40 planned water monitoring stations have been installed, calibrated, and placed in operation, saving \$250,000 annually.

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INVESTING IN EDUCATION AND TRAINING
VS. CUTTING EDUCATION AND TRAINING:
PRESIDENT'S 1996 REQUEST VS.
REPUBLICAN 1996 EXPECTED ACTION

PRESIDENT CLINTON'S 10-YEAR BUDGET VS
REPUBLICAN CUTS

GOAL 2000

CLINTON BALANCED BUDGET PLAN:

states and schools raise
academic standards
and student achievement

Increase to \$750 million in 1996, supporting improvements for over 8
million children in
16,000 schools. By 2002, funding would increase to \$896 million,
supporting improvements for over 44 million children in
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GOP CUTS

Eliminate all funding for education reform.

EDUCATION FOR DISADVANTAGED STUDENTS

CLINTON BALANCED BUDGET PLAN:

Education for disadvantaged students: Help low-
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Increased by \$573 million over the last 2 years; increase by \$302
million in 1996, serving up to 300,000 more children that
year alone, and providing increases in the future.

GOP CUTS:

Reduce funding by \$1.1 billion in 1996, cutting 1.1 million children
from the program that year. A freeze at this level would, by 2002, cut
another 600,000 children from the program.

SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES

CLINTON BALANCED BUDGET PLAN:

Fund at \$500 million per year, providing safer, more drug-free learning environments for 39 million children in over 14,000 school districts.

GOP CUTS:

Reduce funding to \$200 million, a 60 percent cut from the President's request, depriving over 23 million students of services next year.

HEAD START:

CLINTON BALANCED BUDGET PLAN:

Increase 1996 funding by \$400 million and add 32,000 new Head Start slots for children in 1996 -- and 50,000 new slots by 2002.

GOP CUTS:

Cuts funding by \$135 million from 1995 level, cutting 45,000-50,000 children off Head Start in 1996 to maintain program quality. Freezing funding at the reduced level would cut off up to 230,000 children below the President's proposed level for 2002.

Summer Jobs for
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CLINTON BALANCED BUDGET PLAN:

Funding for about 615,000 jobs for disadvantaged young people in the summer of 1996.

GOP CUTS:

Program eliminated beginning in 1996, wiping out job opportunities for some 4.3 million disadvantaged youth over the next 7 years.

Job Training for
dislocated workers,
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CLINTON BALANCED BUDGET PLAN:

Put Skill Grants directly into hands of
disadvantaged and dislocated workers, with
800,000 recipients in 1996. Increase 1995
funding by 40 percent, to \$3.1 billion.

GOP CUTS:

Cuts funding by 50 percent below the
President's request, and 25 percent
below 1995.

AmeriCorps: College
Aid for National Service
(in VA/HUD appropriations bill)

CLINTON BALANCED BUDGET PLAN:

Expand by \$242 million to provide nearly
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and college aid, and 580,000 youth (K-12)
other service opportunities.

GOP CUTS:

Eliminated. Over 4.3 million service
opportunities for youth in their
communities abolished over 7 years.

ALL EDUCATION AND
TRAINING
(Budget Function 500)

CLINTON BALANCED BUDGET PLAN:

INCREASE EDUCATION, TRAINING AND AID
TO STUDENTS BY \$40 BILLION IN
DISCRETIONARY OUTLAYS OVER 7 YEARS

GOP CUTS:

THE BUDGET RESOLUTION CUTS
OUTLAYS FOR EDUCATION AND
TRAINING BY \$36 BILLION
INCLUDING \$10 BILLION IN LOAN
BENEFITS TO STUDENTS

Budget Notes

Tuesday, July 18, 1995

GOP PROPOSAL OFFERS FALSE CHOICES FOR OLDER AMERICANS: In yesterday's *New York Times*, Robert Pear outlined the highlights of a GOP Medicare working document revealing how the GOP plans to cut \$270 billion in Medicare. While the previously secret plan will claim more choices through vouchers and Medical Savings Accounts, the article makes clear that the GOP plan calls for, "numerous options that would increase costs for Medicare beneficiaries who stay in the standard program" with higher premiums, deductibles and co-payments. (approx. 90% of all current beneficiaries are in standard fee for service plans).

This follows comments by House Majority Leader Dick Armey that Medicare is "a program I would have no part of in a free world." He added that he "deeply resents the fact that when I'm 65 I must enroll in Medicare." [Chicago Tribune, July 11, 1995]

Today, Principal HHS Dep. Asst. Sec. Judy Feder, testifying before the House Commerce Committee, will sharply criticize Medicare vouchers. The theme of her testimony will be that the Republicans are not offering real choice. Instead, they propose financial coercion by -- as the *New York Times* reported -- making the current program far more expensive for current recipients.

The Republican Medicare Choice:

You can choose to pay more -- OR --
You can choose to get less.

Feder will also provide preliminary projections of how much more beneficiaries will have to pay under the GOP plan in order to ensure that they can keep their doctor or stay in their plan. Complete talking points will be distributed [Jennings/Klein].

APPROPRIATIONS UPDATE

Monday, July 17, 1995

- The House considered the FY 1996 Interior appropriations bill (but did not finish).

Tuesday, July 18, 1995

- The House is expected to consider the FY 1996 Treasury-Postal appropriations bill. This legislation would eliminate funding for the Council of Economic Advisors, and it contains provisions designed to restrict Federal employees and their dependents from choosing a health plan that includes coverage for abortion service.
- (The House is expected to complete consideration of the FY 1996 Interior approp. bill.)
- The House Approp. Com. is expected to take up the FY 1996 VA-HUD appropriations bill. As approved by the VA-HUD Subcommittee, the bill would eliminate funding for AmeriCorps; cut funding for HUD programs for the homeless in half; and sharply reduce EPA funding, cutting enforcement programs by 1/2 and staffing by 1/3.
- The Senate Approp. Com. is expected to approve its 602-(b) allocations for FY1996.

A BALANCED BUDGET FOR WORKING FAMILIES: FOUR FUNDAMENTAL DIFFERENCES IN THE PRESIDENT'S BUDGET

THE PRESIDENT HAS PRESENTED A FRAMEWORK THAT CAN UNITE AMERICANS. While some oppose balancing the budget and Republicans are pursuing an extreme agenda, the President has a **balanced budget for working families** that will raise standards of living and empower people to be the winners, not the victims, of economic change. Both his plan and the GOP plan have serious spending cuts and reach balance, but there are fundamental differences: the President's plan invests more, not less, in education and training; his protects Medicare beneficiaries while taking steps toward health care reform; and his targets tax cuts only to working families, not to the most well-off. Now, it is time for an open, civil debate. The President will not allow Republicans to use the threat of a trainwreck--shutting down the government--to force extreme cuts in Medicare and education to pay for tax cuts for the well-off.

1. INVESTING IN EDUCATION AND TRAINING VERSUS GUTTING EDUCATION AND TRAINING. For Americans to win in the new economy, we must cut the budget deficit *and* the education deficit. The President would increase investment in education by \$40 billion over 7 years--from Head Start to college opportunity. Republicans cut education by \$36 billion.

The President will have no choice but to veto appropriations bills now moving through the House which cut education to finance tax cuts for the wealthy. Cuts include:

- Eliminating AmeriCorps--50,000 opportunities for national service in 1996.
- Eliminating Goals 2000--supporting higher standards in 16,000 schools in 1996.
- Cutting 50,000 children from Head Start in 1996.
- Cutting 23 million students from Safe and Drug-Free Schools in 1996.

2. PROTECTING MEDICARE BENEFICIARIES IN THE CONTEXT OF HEALTH CARE REFORM VERSUS \$5600 IN BENEFICIARY CUTS PER COUPLE TO FINANCE TAX CUTS FOR THE WEALTHY: While both the President's and the Republican plan takes steps to secure the Medicare Trust Fund until 2005, there are deep differences between the two.

- The Republicans cut over twice as much from Medicare.
- Their Medicare proposal will require seniors to pay as much as **\$5600 more per couple** in higher out-of-pocket costs by 2002. The President has **zero** beneficiary cuts.
- Their massive Medicaid cuts will leave **millions of children without insurance**. The President has a per capita cap that achieves limited savings the right way.
- While Republicans have no health care reform, the President is taking key steps toward reform: expanding benefits for mammograms and Alzheimer's respite care; reforming insurance markets to protect individuals changing jobs and stop discrimination for pre-existing conditions; and offering 6 months of coverage for those who lose their jobs.

Republicans would not need one penny in Medicare beneficiary cuts if they accepted the President's targeted middle-class tax cut, rather than their tax cuts for the well-off.

3. ENSURING TAX FAIRNESS FOR WORKING FAMILIES, VERSUS HUGE TAX CUTS FOR THE WEALTHY AND TAX HIKES FOR THE WORKING POOR: The President supports a targeted tax cut to help working families invest in themselves and their education, including a tax deduction for education expenses. Republicans are proposing a huge tax cut largely targeted at the well-off--possibly including a tax loophole to allow some profitable corporations to pay zero taxes. And, they want to raise taxes on up to 14 million poor families by hundreds of dollars each--rolling back the President's Earned Income Tax Cut expansion.

4. BUDGET THAT PROTECTS WORKING FAMILIES: The President believes we must balance the budget in a way that protects the economy--by reaching balance gradually over 10 years, not arbitrarily in 7 years. A top national forecaster (WEFA) found that their plan would slow growth and raise interest rates by a third to over 8.5%, while still not getting to balance until 2004. We can't take risks with working families. The President has a prudent 10 year path.