

GOVERNOR'S LETTER

1. LOW INCOME SUBSIDY

- * STATES WANT ALL LOW INCOME INDIVIDUALS COMBINED, INCLUDING MEDICAID ELIGIBLES
- * WE PUT A LIMIT ON HOW QUICKLY THEY CAN BUY MEDICAID RECIPIENTS INTO PRIVATE INSURANCE. OPEN TO COMPROMISE
- * DO NOT WANT DSH TERMINATED
 - * WE AGREE -- WE REDUCE IT ONLY BY 25%
 - * ADMINISTRATION AND MOYNIHAN ZERO OUT DSH
- * UNDOCUMENTED WORKERS
 - * STATES WANT FEDERAL RESPONSIBILITY
 - * CURRENT PLANS LIMIT SUBSIDY TO LEGALS

2. MEDICAID CAP

- * STATES OPPOSE. OPEN TO COMPROMISE
- * THEY WANT MORE FREEDOM TO REDUCE COSTS; i.e. REMOVE MANDATES
- * ADMINISTRATION AND MOYNIHAN DO NOT HAVE CAP -- THEY ONLY REQUIRE STATES TO PAY MAINTENANCE OF EFFORT (WHAT THEY USED TO PAY PLUS AN INFLATION FACTOR.)

3. ERISA

- * THEY WANT PRE-EMPTION SO THEY CAN DO ALL-PAYOR PROGRAMS
- * WE MAINTAIN AS IS
- * MOYNIHAN PRE-EMPTS MOST OF ERISA
- * STRONG OPPOSITION BY MULTI-STATE EMPLOYERS

4. STATE EXPERIMENTATION

- * LINKED TO ERISA -- THEY WANT TO BE ABLE TO TEST OUT NEW SYSTEMS -- INCLUDING SINGLE PAYER
- * WE ARE SILENT ON STATE EXPERIMENTATION

5. PURCHASING CO-OPS

- * THEY WANT FULL FLEXIBILITY TO DESIGN AND RUN THESE PROGRAMS.
- * WE AGREE -- WE LEAVE IT ENTIRELY UP TO THE STATES
- * ADMINISTRATION VERY PRESCRIPTIVE -- REGULATORY HEALTH ALLIANCES

6. HEALTH BOARD

- * THEY OPPOSE STRONG REGULATORY ROLE FOR FEDERAL BOARD
THEY WANT TO RETAIN ROLE FOR STATES
- * WE HAVE NO HEALTH BOARD, AND GENERALLY PROVIDE
"GUIDELINES" TO THE STATES LEAVING DECISIONS UP
TO THEM
- * ADMINISTRATION PLACES STRONG CONTROL IN NATIONAL HEALTH
BOARD

7. HEALTH PLANS

- * GOVERNORS SEEK STRONG STATE ROLE
- * WE GENERALLY AGREE, GIVE STATES GUIDELINES TO FOLLOW

8. INSURANCE REFORMS AND COMMUNITY RATING

- * THEY GENERALLY SUPPORT FEDERAL REFORMS WITH SOME
FLEXIBILITY FOR STATES TO EXCEED FEDERAL STANDARDS.
THEY SPECIFICALLY WANT TO LEAVE IT TO THE STATES TO
DESIGNATE THE GEOGRAPHIC AREAS. WE AGREE

9. HOME AND COMMUNITY BASED CARE

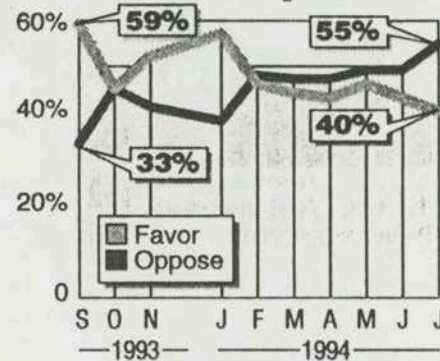
- * THEY SUPPORT THE CLINTON EFFORTS TO EXPAND HOME AND
COMMUNITY BASED CARE
- * WE SUPPORT EXPANDED HOME -- AND COMMUNITY BASED CARE
UNDER MEDICAID
- * WE DO NOT SUPPORT A NEW UNFUNDED ENTITLEMENT

HEALTH REFORM

Health plan support: New low for president

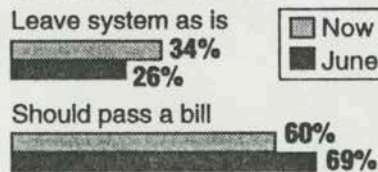
Majority oppose Clinton plan

For the first time, a majority oppose President Clinton's health-care reform plan, a USA TODAY/CNN/Gallup Poll shows. Support for and opposition to the plan:



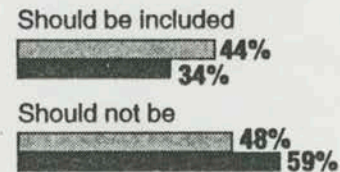
Support drops

Fewer of those polled say Congress should pass a bill reforming health care than in a June poll. The shift:



Abortion coverage

Shift in support for including abortion in federally guaranteed medical benefits:



Source: USA TODAY/CNN/Gallup nationwide telephone poll of 1,001 adults conducted July 15-17. Margin of error: ± 3 percentage points.

USA TODAY

USA Today (July 19, 1994)

SENATE REPUBLICAN LEADER BOB DOLE
REMARKS PREPARED FOR DELIVERY
NATIONAL GOVERNORS ASSOCIATION
JULY 19, 1994

YOU ARE MEETING THIS WEEK IN THE CITY THAT WAS HOME TO MANY OF AMERICA'S EARLY LEADERS. AND WHEN THESE FOUNDING FATHERS PUT TOGETHER OUR CONSTITUTION, THEY UNDERSTOOD THE FACT THAT STATE AND LOCAL GOVERNMENTS WERE OFTEN IN A MUCH BETTER POSITION TO UNDERSTAND AND RESPOND TO THE NEEDS OF THE PEOPLE.

UNFORTUNATELY, THE RELATIONSHIP BETWEEN FEDERAL AND STATE GOVERNMENT HAS ALMOST TURNED INTO A ONE WAY STREET -- WITH WASHINGTON, D.C. DICTATING WHAT YOU CAN AND CANNOT DO, AND FORCING YOU TO PICK UP THE TAB FOR AN ENDLESS STRING OF UNFUNDED MANDATES.

THE COSTS OF THOSE MANDATES ARE DEVASTATING FINANCIALLY, AND DEVASTATING IN TERMS OF BLOCKING YOUR ABILITY TO DEVELOP INNOVATIVE PROGRAMS AND SOLUTIONS.

AND IF THERE'S ONE THING THAT CONGRESS COULD DO TO RESTORE BALANCE TO THE FEDERAL-STATE RELATIONSHIP, IT WOULD BE TO PASS S993 -- THE KEMPTHORNE-GLENN BILL, WHICH IS NOW AWAITING ACTION ON THE SENATE FLOOR.

THE LEGISLATION WAS COMPROMISED IN COMMITTEE, BUT IT IS STILL A BIG STEP IN THE RIGHT DIRECTION.

SENATOR MITCHELL SAID HERE ON SUNDAY THE CHANCES OF HIS BRINGING THIS BILL UP DEPENDED UPON WHETHER OR NOT REPUBLICANS "BEHAVED PROPERLY" IN OTHER DEBATES.

I RESPECT SENATOR MITCHELL, BUT TO USE A TERM HE SOON MAY BE FAMILIAR WITH, THERE IS NO NEED TO KEEP S. 993 WAITING IN "THE ON DECK CIRCLE." THE BILL HAS OVERWHELMING SUPPORT, AND IT COULD BE PASSED VERY QUICKLY -- TOMORROW, FOR INSTANCE.

THE FEDERAL-STATE RELATIONSHIP IS ALSO AT THE CORE OF THE ONGOING DEBATES OVER HEALTH CARE, WELFARE REFORM, AND CRIME. AND LET ME TOUCH UPON THOSE ISSUES NOW.

HEALTH CARE

I BEGIN WITH HEALTH CARE -- AND NOTE THE ABSENCE OF GOVERNOR EDGAR. AS YOU KNOW, JIM UNDERWENT EMERGENCY QUADRUPLE BYPASS SURGERY A WEEK AND A HALF AGO. I SPOKE WITH JIM LAST WEEK, AND HE IS WELL ON THE WAY TO RECOVERY.

JIM LEARNED FIRST HAND WHAT GOVERNOR CASEY ALSO LEARNED NOT LONG AGO -- AND THAT'S THE FACT THAT AMERICA'S HEALTH CARE SYSTEM

IS THE BEST IN THE WORLD -- PERFORMING NEAR MIRACLES EVERY DAY.

AND WHEN WE BEGAN THIS DEBATE ON A BI-PARTISAN BASIS, DEMOCRATS AND REPUBLICANS ALIKE SHARED THE SAME GOAL: DOING ALL WE COULD TO ENSURE THAT EVERY AMERICAN HAD ACCESS TO THAT HEALTH CARE SYSTEM.

THAT WAS THE PRESIDENT'S GOAL. THAT WAS MY GOAL. AND I KNOW IT WAS YOUR GOAL, AS WELL.

BUT, IN REACHING THIS GOAL, IT WAS ALSO IMPORTANT TO KEEP SOME THINGS IN MIND.

THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE THE COMPLETE TAKEOVER OF ONE-SEVENTH OF THE ECONOMY BY THE FEDERAL GOVERNMENT AND A NEW BURDEN ON MIDDLE CLASS AMERICANS.

THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE THE LOSS OF MILLIONS OF JOBS.

THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE BANKRUPTING THE STATES OR BANKRUPTING OUR CHILDREN BY SIMPLY TACKING ON UNTOLD BILLIONS TO THE NATIONAL DEBT.

AND THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE THE DESTRUCTION OF THE BEST HEALTH CARE DELIVERY SYSTEM IN THE WORLD.

WE ARE NOW IN THE FINAL STAGES OF THE HEALTH CARE DEBATE. IT WAS A DEBATE THAT BEGAN IN A BI-PARTISAN MANNER, AND DESPITE THE RECENT RATCHETING UP OF RHETORIC BY THE WHITE HOUSE AND THE DEMOCRAT NATIONAL COMMITTEE, THE SEEDS OF A BI-PARTISAN PLAN STILL EXIST IF THE ADMINISTRATION COMES OUR WAY.

MANY OF THESE SEEDS CAN BE FOUND IN THE "CALL TO ACTION" WHICH YOU RELEASED THIS PAST JANUARY -- MUCH OF WHICH IS CONTAINED IN THE PROPOSAL PUT FORWARD BY SENATOR PACKWOOD AND MYSELF.

INSURANCE REFORMS DEALING WITH ISSUES LIKE PORTABILITY AND PRE-EXISTING CONDITIONS; STATE DESIGNED AND RUN PURCHASING COOPERATIVES; A CORE BENEFIT PACKAGE AND SUBSIDIES FOR LOW INCOME AMERICANS; MEDICAL MALPRACTICE AND LIABILITY REFORMS; RELIEF FROM ANTI-TRUST STATUTES; ADMINISTRATIVE SIMPLIFICATIONS: ALL OF THESE WERE CONTAINED IN YOUR "CALL TO ACTION", ALL HELP THE SO-CALLED "MIDDLE CLASS", AND ALL CAN BE FOUND IN THE DOLE-PACKWOOD PROPOSAL.

IN OUR BUSINESS WE NEVER SAY THAT SOMEONE IS AGAINST US. EITHER THEY'RE FOR US OR THEY'RE UNDECIDED. AND, I HAVE NOTED THAT THERE IS ONE KEY ISSUE IN THE DOLE-PACKWOOD PROPOSAL ON WHICH THE GOVERNORS ARE "UNDECIDED."

THAT, OF COURSE, IS THE CAP ON MEDICAID. OVER THE PAST FEW WEEKS, WE HAVE BEEN IN CLOSE CONTACT WITH THE NGA STAFF IN

WASHINGTON ON THIS MATTER, AND YOU CAN BE SURE THAT WE UNDERSTAND YOUR CONCERNS ABOUT BEING LEFT HOLDING THE BAG, AND BELIEVE WE CAN WORK TOGETHER TO SETTLE OUR DIFFERENCES.

ONE IDEA WE ARE FLESHING OUT IS TO GIVE STATES THE OPTION OF BUYING IN ALL AFDC AND NON-CASH RECIPIENTS INTO THE PRIVATE SECTOR PROGRAM, SO THAT THE LARGE MAJORITY OF LOW INCOME INDIVIDUALS -- WHETHER THEY ARE THE WORKING POOR OR THE NON-WORKING POOR -- ARE TREATED THE SAME WAY.

AS YOU, YOURSELVES, HAVE SUGGESTED, TO THE GREATEST EXTENT POSSIBLE, THE LOW INCOME POPULATION SHOULD RECEIVE ITS HEALTH CARE THROUGH THE SAME DELIVERY MECHANISM AS THE REST OF THE POPULATION. ADDITIONALLY, THE PROPOSED MEDICAID CAP COULD WELL BE REPLACED WITH SOME VARIATION OF A MAINTENANCE OF EFFORT THAT MAKES SURE IT'S IN YOUR INTEREST AND IN OURS TO NEGOTIATE THE MOST REASONABLE RATES WITH THE INSURANCE PLANS FOR THESE LOW INCOME INDIVIDUALS.

AGAIN, OUR DOOR, AS ALWAYS, IS OPEN TO YOU. I AM ANXIOUS TO CONTINUE OUR DISCUSSIONS.

I NEED NOT REMIND YOU THAT THE ADMINISTRATION'S BILL IS ALSO FAR FROM PERFECT IN REGARDS TO MEDICAID. THE ADMINISTRATION AND THE FINANCE COMMITTEE PROPOSAL WOULD PHASE OUT THE MEDICAID DISPROPORTIONATE SHARE PAYMENTS -- SOMETHING WE ARE VERY MUCH OPPOSED TO.

SO, WHERE DO WE GO FROM HERE?

WELL, THE FIRST THING TO DO IS TO GET BACK TO THE ISSUES THAT MATTER. NOTWITHSTANDING WHAT YOU READ IN THE MEDIA THIS ISSUE IS NOT ABOUT BILL CLINTON VERSUS BOB DOLE. OR THE DEMOCRATS VERSUS THE REPUBLICANS, OR THE POOR VERSUS THE MIDDLE CLASS. HEALTH CARE IS TOO IMPORTANT TO BE TURNED INTO CLASS WARFARE OR A POLITICAL BATTLE OF PERSONALITIES.

BUS TRIPS, TELEVISION COMMERCIALS, AND ORGANIZED ATTACKS ON PIZZA HUT OR OTHERS WHO DARE SPEAK OUT AGAINST THE ADMINISTRATION BILL DO NOT HELP THE PROCESS ONE BIT. WE NEED TO MOVE PAST THE RHETORIC AND TOWARD REALITY. IT'S TIME FOR A SECOND OPINION.

THE AMERICAN PEOPLE HAVE HEARD THE DEBATE, THEY'VE COME TO TOWN MEETINGS IN RECORD NUMBERS, THEY'VE CALLED TALK SHOWS, AND WRITTEN LETTERS.

AND WHAT THEY'RE SAYING IS THIS: OUR HEALTH CARE SYSTEM ISN'T PERFECT, BUT IS THE BEST IN THE WORLD. YES, IT'S IN NEED OF REPAIR, BUT NOT IN NEED OF A COMPLETE AND TOTAL OVERHAUL -- AND MOST DEFINITELY NOT IN NEED OF A COMPLETE AND TOTAL TAKEOVER BY THE FEDERAL GOVERNMENT.

AND, IF GIVEN THE CHOICE BETWEEN GETTING IT DONE RIGHT, AND GETTING IT DONE FAST, I KNOW WHAT THE AMERICAN PEOPLE WOULD

CHOOSE. SO, LET'S STOP SETTING ARTIFICIAL DEADLINES. THE TRUTH IS WE HAVE NO COST ESTIMATES YET AVAILABLE ON WHAT COULD BE THE SINGLE LARGEST ENTITLEMENT PROGRAM CREATED IN HISTORY. NOR ANY LEGISLATIVE LANGUAGE CONTAINING ALL THE DETAILS THAT COULD MAKE OR BREAK THE PROPOSAL.

REMEMBER THAT NO ONE WILL GET EVERYTHING THEY WANT. BUT REAL HEALTH CARE REFORM IS STILL POSSIBLE.

LET ME QUOTE FROM A STORY IN THE WALL STREET JOURNAL ON JULY 8 THAT SHOULD BE REQUIRED READING IN THE WHITE HOUSE AND ON CAPITOL HILL. IT CONCERNED HEALTH CARE REFORM IN MINNESOTA. IT SAYS:

"LAST YEAR, MINNESOTA HELD ITSELF UP AS A STATE THAT COULD TEACH THE REST OF THE U.S. HOW TO OVERHAUL THE HEALTH CARE SYSTEM IN A HURRY. THIS YEAR, REFORM-MINDED STATES SUCH AS MINNESOTA HAVE A NEW MESSAGE: DON'T TRY TO FIX EVERYTHING AT ONCE." AND THE STATE HEALTH COMMISSIONER SAID, "OUR BUZZWORD THIS YEAR IS SEQUENTIAL REFORM. DOING THINGS ONE STEP AT A TIME. I HOPE THAT AT THE FEDERAL LEVEL, PEOPLE WILL DO THE SAME."

WELFARE REFORM

WELFARE REFORM IS ANOTHER ISSUE WHERE THE FEDERAL GOVERNMENT NEEDS TO LISTEN TO YOU MORE AND MANDATE LESS. WHILE WE BEGIN THE LONG PROCESS OF PUTTING TOGETHER LEGISLATION, THE MOST IMPORTANT THING WE CAN DO IS GET OUT OF YOUR WAY.

I KNOW THAT GOVERNOR ENGLER ASKED SENATOR MITCHELL ABOUT LANGUAGE IN THE AGRICULTURE APPROPRIATIONS BILL THAT BARS STATES FROM RECEIVING NEW USDA APPROVED WAIVERS TO CONVERT FOOD STAMPS TO CASH BENEFITS OR WAGE SUBSIDES.

AS MANY OF YOU KNOW, THERE IS A MCCAIN-KERRY AMENDMENT THAT WOULD STRIKE THIS LANGUAGE -- THAT MAY WELL BE DEBATED ON THE SENATE FLOOR TODAY. I BELIEVE THIS IS ANOTHER EXAMPLE WHERE STATE FLEXIBILITY AND INNOVATION SHOULD BE ENCOURAGED, AND I AM PROUD TO SUPPORT THIS AMENDMENT.

CRIME

LAST NOVEMBER, THE SENATE PASSED A BIPARTISAN CRIME BILL. YET TODAY, NEARLY 8 MONTHS LATER, WE HAVE NOTHING TO SHOW FOR OUR EFFORTS.

ONE OF THE STICKING POINTS IS THE SO-CALLED RACIAL JUSTICE ACT, WHICH IS PART OF A LONG TRADITION IN CONGRESS OF GIVING BAD LEGISLATION A GREAT-SOUNDING NAME.

ALTHOUGH MORE THAN 30 STATE ATTORNEYS GENERAL -- DEMOCRATS AND REPUBLICANS -- HAVE URGED CONGRESS TO DROP THE ACT, FEARING THAT IT WOULD SOUND THE DEATH KNELL FOR THEIR STATE DEATH PENALTY LAWS, PRESIDENT CLINTON AND ATTORNEY GENERAL RENO HAVE, SO FAR,

REMAIN OFFICIALLY NEUTRAL. PRESIDENT CLINTON COULD HELP BREAK THE CONFERENCE LOG-JAM IF, LATER TODAY, HE PUBLICLY -- AND UNEQUIVOCALLY -- DENOUNCED THE RACIAL JUSTICE ACT FOR WHAT IT REALLY IS: A BACK-DOOR EFFORT TO GUT OUR NATION'S DEATH PENALTY LAWS.

IT ALSO APPEARS THE CRIME CONFEREES ARE TRYING TO RESURRECT LAST YEAR'S DEFEATED STIMULUS PACKAGE, DISGUIISING A HODGEPODGE OF BIG DOLLAR SPENDING PROGRAMS UNDER THE GUISE OF ANTICRIME LEGISLATION. BY MY COUNT, THERE ARE MORE THAN 15 SEPARATE SO-CALLED "PREVENTION" PROGRAMS TOTTALLING BILLIONS AND BILLIONS OF DOLLARS.

WHILE SOME PREVENTION MAY MAKE SENSE, IT IS THE PRISON CELL -- RATHER THAN THE PORK BARREL -- THAT IS THE MOST EFFECTIVE DETERRENT TO VIOLENT CRIME. AND THAT'S WHERE THE FEDERAL GOVERNMENT CAN AND SHOULD MAKE A REAL DIFFERENCE -- BY PROVIDING YOU, THE STATES, WITH THE RESOURCES TO ENSURE THAT VIOLENT CRIMINALS ARE KEPT BEHIND BARS WHERE THEY BELONG.

IF I HAD MY WAY, THE CRIME BILL WOULD DO JUST THAT -- PROVIDING AT LEAST \$13 BILLION DIRECTLY TO THE STATES FOR PRISON CONSTRUCTION AND OPERATION.

AS YOU ALL KNOW, THE FEDERAL GOVERNMENT CAN BE MORE OF A HINDRANCE THAN A HELP TO YOUR OWN EFFORTS IN THE WAR ON CRIME.

FOR EXAMPLE, GOVERNOR FIFE SYMINGTON TRIED TO GET PORNOGRAPHY OUT OF THE ARIZONA PRISON SYSTEM, ONLY TO BE OVERRULED BY A FEDERAL JUDGE. IN OTHER STATES, FEDERAL JUDGES HAVE DECIDED THAT PRISONERS LACKING ACCESS TO TELEVISIONS AND BASKETBALL COURTS SUFFER "CRUEL AND UNUSUAL PUNISHMENT." FEDERAL "PRISON CAP" ORDERS HAVE LED TO THE EARLY RELEASE OF VIOLENT, VICIOUS CRIMINALS.

AND AS GOVERNORS WILSON, WELD, AND BAYH POINTED OUT ON THE DAVID BRINKLEY SHOW SUNDAY, FEDERAL JUDGES HAVE TOO OFTEN ACTED AS LEGISLATORS, CREATING THE "EXCLUSIONARY RULE" AND ESTABLISHING AN ELABORATE SYSTEM OF CRIMINAL APPEALS, ALL IN THE NAME OF "HABEAS CORPUS." THE RESULT: MORE DELAYS. MORE EXPENSE. MORE FRUSTRATION. AND AN AMERICAN PUBLIC THAT QUESTIONS WHETHER OUR SYSTEM OF JUSTICE IS ON THE SIDE OF THE LAW-ABIDING... OR THE CRIMINAL.

SO, WHETHER IT'S CRIME, OR WELFARE REFORM, OR HEALTH CARE REFORM, IT'S CRITICAL FOR THE FEDERAL GOVERNMENT TO REMEMBER TO "DO NO HARM."

LET ME CONGRATULATE YOU ON YOUR CONFERENCE. YOUR MESSAGE IS BEING HEARD LOUD AND CLEAR IN CONGRESS. I LOOK FORWARD TO CONTINUING TO WORK WITH YOU ENSURING THAT FEDERALISM IS ALIVE AND WELL.

###

TUESDAY, JULY 19

6:00 a.m. <i>Main Entrance Sheraton Boston Hotel</i>	Optional Run/Walk Along the Charles River, Led By Boston-Area Celebrities <i>Open to all attendees</i>
7:00 a.m.-1:30 p.m. <i>Room 302 Third Level</i>	News Media Registration
8:00 a.m.-12:30 p.m. <i>Ballroom Hallway Third Level</i>	General Registration
7:30 a.m.-9:00 a.m.	Regional Governors' Association Meetings (See page 20 for details.)
9:15 a.m.-12:00 noon <i>Ballrooms B and C Third Level</i>	CLOSING PLENARY SESSION Governor Carroll A. Campbell Jr., South Carolina, Chairman <ul style="list-style-type: none"> ■ Remarks Senator Bob Dole, Kansas, Republican Leader, United States Senate ■ Chairman's Remarks ■ Recognition of Departing Governors ■ Consideration of Proposed Policy ■ Remarks from the President <i>Guest:</i> Bill Clinton, President of the United States ■ Report of the Nominating Committee/Election of Officers ■ Recognition of Departing Chairman ■ Remarks of the 1994-95 Chair
12:15 p.m.-12:45 p.m. <i>Room 306 Third Level</i>	Closing News Conference
12:45 p.m.-1:30 p.m. <i>Room 304 Third Level</i>	1994-95 Executive Committee and Standing Committee Chairs

JUL 14 '94 10:56AM NGA 202 624 5825

P.13/14

1994 NGA Annual Meeting
July 16-19, 1994
Boston, Massachusetts

Governors Registered to Attend

<u>GOVERNOR</u>	<u>STATE</u>
Governor Jim Folsom	Alabama
Governor Jim Guy Tucker	Arkansas
Governor Roy Romer	Colorado
Governor Lowell P. Weicker Jr.	Connecticut
Governor Tom Carper	Delaware
Governor Lawton Chiles	Florida
Governor John Waihee	Hawaii
Governor Evan Bayh	Indiana
Governor Terry Branstad	Iowa
Governor Joan Finney	Kansas
Governor Brereton C. Jones	Kentucky
Governor John R. McKernan	Maine
Governor William Donald Schaefer	Maryland
Governor William F. Weld	Massachusetts
Governor John Engler	Michigan
Governor Arne H. Carlson	Minnesota
Governor Mel Carnahan	Missouri
Governor Marc Racicot	Montana
Governor E. Benjamin Nelson	Nebraska
Governor Bob Miller	Nevada
Governor Stephen Merrill	New Hampshire
Governor Christine Todd Whitman	New Jersey
Governor Bruce King	New Mexico
Governor James B. Hunt Jr.	North Carolina
Governor Edward T. Schafer	North Dakota
Governor George V. Voinovich	Ohio
Governor David Walters	Oklahoma
Governor Barbara Roberts	Oregon
Governor Robert P. Casey	Pennsylvania
Governor Pedro Rosselló	Puerto Rico
Governor Bruce Sundlun	Rhode Island
Governor Carroll A. Campbell Jr.	South Carolina
Governor Walter D. Miller	South Dakota
Governor Ned Ray McWherter	Tennessee
Governor Mike Leavitt	Utah
Governor Howard Dean	Vermont
Governor Alexander Farrelly	Virgin Islands
Governor George Allen	Virginia
Governor Mike Lowry	Washington
Governor Gaston Caperton	West Virginia
Governor Tommy G. Thompson	Wisconsin
Governor Mike Sullivan	Wyoming

HEALTH CARE



July 13, 1994

The Honorable Robert Dole
Republican Leader, U.S. Senate
141 Senate Hart Office Building
Washington, DC 20510-1601

Dear Senator Dole:

As the full Senate begins consideration of health legislation, we would like to take the opportunity to provide you with the perspective of the nation's Governors on national health care reform. There are few issues that are more important to Governors than reform of the nation's health care system. Governors support a comprehensive reform approach that achieves universal access and that has a federal framework with considerable state flexibility. We believe that in several important areas, for example insurance reform, movement toward national uniformity is essential for a national system. However, we also strongly believe that there must be meaningful state flexibility in the development of systems that ultimately affect service delivery.

The following are some of the areas within the health reform debate where we have specific views. Attached are our NGA policies on health reform.

Low Income Subsidy Programs for Acute Care Services

We support the trend in many of the Congressional proposals to move away from the arbitrary categorical distinctions that characterize the acute care Medicaid program toward a new acute care low income subsidy program. Subsidies should be based on an income and possibly a simplified assets standard. If there is a defined benefits package for the non-subsidized population, we believe that those who are subsidized should have an individual entitlement to the same benefits package. (Our policy calls for a benefits package that is like one that could be found at an efficiently operated health maintenance organization and that includes primary and preventive care services.) Regarding benefits beyond a national core package -- the "supplementary" or "wrap around" benefits -- states should provide them through a capped entitlement to the states, i.e. there is no individual entitlement to services, and state and federal spending could be limited. States should also have the option to provide these benefits as an individual entitlement to some part of the subsidized population. (Attached is a more detailed description of our alternatives to the current acute care Medicaid program.)

The state contribution to this new program should be related to the state's share of current Medicaid spending on services that are included in a core benefits package not including funds from the Medicaid Disproportionate Share Hospital (DSH) program. We understand that if a broad-based low income subsidy program is established, there will be less of a need for a DSH program; however, we strongly urge you to resist eliminating the DSH program completely. Even under universal coverage, there will be some, most notably undocumented immigrants, who will remain without health coverage and are likely to have little or no resources to pay for their care.

The Kennedy proposal would use state and local spending on health care other than Medicaid to help fund a federal proposal. We know that states and local government will continue to need these funds to pay for health care that is not part of any federal program. Therefore, we continue to oppose that aspect of the proposal. Regarding undocumented immigrants, we believe that since immigration policy is federally defined and federally enforced, the federal government must assume the full cost of care for undocumented immigrants.

Finally, in the Senate Finance proposal, states are given the responsibility for determining eligibility for the new subsidy program. The proposal also holds states accountable for quality control errors in the administration of the subsidies. We are very concerned about this aspect of the proposal. By virtue of its size, this program will have significant implementation problems in the early years. Quality control sanctions could bankrupt states. We strongly urge you not to consider sanctions until the program has matured and become stable. Even then, if those sanctions are imposed, there must be latitude in error rates before sanctions are imposed.

Medicaid Cap

In several bills, a cap has been proposed on federal spending for acute care services under the Medicaid program. Governors could not be more united in their opposition to this proposal. A cap on the federal share of Medicaid spending would assure that states bear a disproportionate share of a program that was intended as a state and federal partnership. This action imposes a significant unfunded mandate on states and could result in state budget crises. Rather than imposing a cap, Congress should give serious consideration to redefining as optional, some of the mandatory services in the program that are above and beyond a core benefits package, give states more latitude to establish managed care programs, and eliminate reimbursement strategies for certain providers (e.g. the Boren Amendment) that guarantee payment rates and that subsidize inefficiencies in their service delivery. Congressional actions in these areas offer a more rational approach to cost control than arbitrarily capping the federal share of the program in the absence of any changes in authorizing legislation.

Employee Retirement Income Security Act (ERISA)

One of the greatest barriers to state health reform efforts is ERISA. ERISA preempts all self-funded health plans from state regulations and subjects those plans only to federal authority. As a result of judicial interpretation of the ERISA statutes, states are prohibited from testing and implementing a broad range of reforms because they cannot be made applicable to self insured plans. It is well known that states cannot establish universal coverage systems or even all-payor rate setting systems without ERISA changes. However, the barriers that ERISA poses to states are much more pervasive. Without ERISA reform states cannot carry out such basic reforms as requiring portability of insurance coverage. Even many administrative simplifications are beyond

reach because of ERISA. If states are to remain laboratories of innovation and serve as incubators for federal policy, states must have ERISA flexibility. We call upon Congress to modify ERISA to give states flexibility to move ahead with their reform efforts.

We recognize that ERISA flexibility is a sensitive issue to multi-state employers and believe that such flexibility could take several forms. The statute could be modified directly to permit states to adopt nationally recognized standards and have those standards apply to self funded plans as well. This might be most appropriate for some insurance reforms, data reporting systems and general administrative simplifications. Since all states would be able to adopt the same standard, the problem for multi-state employers would be significantly reduced.. In addition, the statute could be modified to allow waiver authority. Under the waiver authority, states would be permitted exemptions to the ERISA preemption if they met certain statutorily defined criteria. This authority might be most appropriate for reforms that changed financing or tried to establish broad-based cost control systems.

State Experimentation

Congress must include in any health reform legislation an opportunity for states to experiment. These experiments must go beyond service delivery to financing and cost control. States should have the ability to test innovative approaches that might incorporate Medicare in integrated managed care networks, test social HMOs, all-payor rate setting systems or even single-payor systems. The breadth of the authority should not be limited as long as the innovation is designed to protect or expand quality and access to care. In the early 1960's, Congress included such authority in the Social Security Act. Similar authority must be included in health care reform.

Purchasing Cooperatives

One of the most important areas where Governors believe that states should have both jurisdiction and service delivery flexibility is in the establishment and administration of purchasing cooperatives or alliances. We support the principle that purchasing cooperatives should be available, although, we do not have a consensus on whether membership in cooperatives should be voluntary or mandatory. However, because these cooperatives must be sensitive to the local environments in which they operate, states must have significant flexibility in drawing boundaries and governance. Specifically, states must be able to decide whether cooperatives function as private non-profits or as state-based entities. We must have the authority to determine the cooperative boundaries. While there has been some federal resistance to subdividing metropolitan statistical areas, waiver authority for their subdivision could be established if a case can be made for its efficacy and with the assurance that states meet anti-discriminatory requirements. States must have the ability to establish inter-state compacts for metropolitan areas that cross state lines, and must have the latitude to determine incentives for health plans to assure access in medically underserved areas. Finally, states should have the latitude to determine whether multiple competing cooperatives are justifiable in a given market area.

Health Board/Federal Oversight

In some of the proposals before Congress, a national health board has been established to oversee this national reform. We are concerned that any board or other federal oversight entity has so much authority that little is left for states to do other than implement federal regulations. In other

bills, authority is vested in the states with federal oversight. We believe the latter will lead to a more effective health care system.

Health Plans

We recommend a similar state/federal approach to health plans. The federal government should only have responsibility for setting broad parameters for certification of health plans. The states should have responsibility for setting solvency criteria, audit standards, and for the actual plan certification against federal standards. We do support strong federal uniformity in data systems, data reporting, and claims processing -- administrative simplifications that will make the entire health care system run more smoothly.

Insurance Reforms and Community Rating Areas

Governors support federally defined insurance reforms that include some flexibility for states that exceed federal standards. Federal reforms that we support include guaranteed issue, portability, and a modified community rating system. While we have no position on the minimum population to be included in the community pool, Congress must assure that the minimum is not set so large as to adversely affect rural states and especially large rural states. Several proposals include geographic location as one of the factors in the modified community rating. States must have responsibilities for determining regional boundaries for the community rating areas.

As Congress has noted, there is a concordance between the geographic boundaries of community rating areas and the boundaries of purchasing cooperatives. Because of this concordance, states must have concomitant flexibility in both areas to assure the efficiency of service delivery.

Home- and Community-Based Long Term Care

We support state-based federal proposals that expand home- and community-based long term care, and specifically support the structure included in President Clinton's Health Security Act. Providing health care in the least restrictive environment for those who have chronic needs makes good policy sense. However, our support is not unconditional. A new program must have state-based delivery systems and meaningful state administration of the program without undue regulatory oversight by the federal government. The federal government should identify a broad range of optional services that could be provided under the program, but there should be no set of services which an individual is required to receive beyond an assessment and a plan of care. The program cannot be offered as an individual entitlement, and both state and federal financial exposure should be limited. As an incentive to establish this new program, we strongly support enhanced federal financial participation beyond what is currently offered in Medicaid. Finally, while we understand the concern that beneficiaries should not be moved from Medicaid to the new program to secure a better match, establishing a maintenance of effort for Medicaid home- and community-based care would essentially change what is currently an optional Medicaid program for states into a mandate.

July 13, 1994

Page 5.

This document is from the collections at the Dole Archives, University of Kansas
<http://dolearchives.ku.edu>

These are some of our greatest concerns with health care reform. While the list is not exhaustive, we believe that it reflects the views of the Association. Thank you for considering the concerns of states as you begin your deliberations process. We are available to answer any questions that you might have.

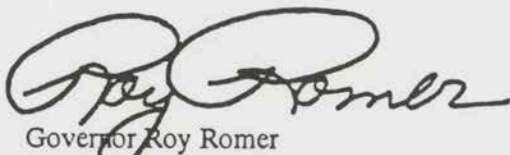
Sincerely,



Governor Carroll A. Campbell, Jr.
Chairman



Governor Howard Dean, MD
Vice-Chairman



Governor Roy Romer
Co-Chairman, Health Care Leadership Team



Governor Tommy G. Thompson
Co-Chairman, Health Care Leadership Team

attachment

cc: Members of the U.S. Senate

NATIONAL GOVERNORS' ASSOCIATION

Working Paper

NATIONAL HEALTH CARE REFORM:
ALTERNATIVES FOR THE LOW-INCOME POPULATION

BACKGROUND

In 1993 and 1994, Governors adopted policy positions in support of comprehensive health care reform that includes universal access and comprehensive cost containment. Most of these policies provide broad direction on various components of health reform. Among those components, Governors have a significant interest in how health care reform will affect people who have low incomes because states currently spend about \$70 billion through their Medicaid programs to provide health care to this portion of the population. Governors support a major modification to Medicaid, the nation's health care program for the poor. In the sections that follow, this paper will provide additional details of how the nation's health care system might be restructured for people with low incomes. This paper does not amend existing Governors' policy. Rather it is a paper that expands and is consistent with policy statements previously adopted by Governors.

PART 1: LOW-INCOME SUBSIDY PROGRAM FOR ACUTE CARE SERVICES

The following outlines a program that replaces the acute care portion of Medicaid with a new program for low-income individuals. In developing this new program, Governors have approached the issue of providing health care services to people with low incomes based upon three key principles:

- Eligibility for federal subsidies should not be linked to eligibility for other programs such as Aid to Families with Dependent Children (AFDC) or Supplemental Security Income (SSI).
- The nation's priority should be to ensure access to a core package of benefits for all Americans, before providing additional benefits to a small subset of the population.
- To the greatest extent possible, and based upon budgetary and health care delivery system limitations, the low income population should receive its health care through the same delivery mechanism as the rest of the population.

In general, this new program:

- eliminates the various categorical distinctions of the current Medicaid program,
- has eligibility based on income and states may establish an assets standard,
- assumes the same federally-determined benefits package for all Americans irrespective of whether the individual receives subsidies or not,
- assumes that states will share in the cost of the program, and

- assumes that the federal government pays 100 percent of the costs of care to undocumented immigrants.

Eligibility

- Eligibility will be established at income levels at a high enough percentage of poverty to assure that the working poor get access to subsidized health care coverage. (This proposal stipulates no specific poverty levels since the size of the program is directly related to the size of the benefits package and the overall financing of the system.)
- At state option, an assets test may implemented.

Benefits

Core Benefits: The program assumes a nationally defined benefits package that is comparable to a benefits package offered at an efficient and cost effective health maintenance organization. The cornerstone of this package is the availability of primary and preventive care.

Supplementary Benefits: These are additional benefits beyond the core package for which low income persons may not have sufficient income to purchase. These benefits may be available for individuals receiving subsidies.

For reference, these benefits may be defined as the ones currently offered through the Medicaid program that are not a part of a core package. Included among these benefits may be:

- Benefits not associated with any chronic or permanent functional impairment but may be necessary for a productive life (e.g. eye glasses and hearing aids).
- Assistive services that enable a person to get access to appropriate health care (e.g. case management and medical transportation).
- Specialized benefits that are associated with care for chronic or permanent functional impairment but that are separate from a broader array of community-based and/or institutional long-term care services (e.g. specialized services for persons with mental illness or persons receiving community-based treatment for substance abuse -- Medicaid optional rehabilitation and clinic services).

Entitlements

- There is a federally guaranteed individual entitlement to a subsidy for core benefits. The subsidy is income-based.
- There is no federally guaranteed individual entitlement to supplementary benefits, unless the state elects to offer one or more of these benefits as an individual entitlement. In conjunction with states, Congress will 1) define the range of supplementary benefits that could be offered and 2) set access and quality parameters. The states would be responsible for determining which benefits would be available in the state, and which low income people may get access to those benefits. This aspect of the program will operate as a capped entitlement to the state, unless the state chooses to provide one or more of these benefits as an individual entitlement.

- If a state elects to identify some or all supplementary benefits as an individual entitlement, the state will be obligated to fund the services through a matching strategy like the one currently used in the Medicaid program. States that elect this option must establish an income threshold for the individual entitlement. If electing the individual entitlement, states must provide services to anyone who is eligible and requires care. However, states may limit the individual entitlement to children below 18 years old and/or pregnant women.

Individual Cost Sharing

Core Benefits

- Premiums are fully subsidized up to some level of poverty with sliding scale subsidies above that amount.
- With the exception of certain primary and preventive care, nominal beneficiary cost sharing is required for adults. With the exception below, there are no cost sharing requirements (either copayments or deductibles) for children below age 18.
- Cost sharing is required for all adults and children for the inappropriate use of emergency rooms, specialists, or out-of-network care.
- While the Governors take no position on an employer mandate, if Congress adopts such a program and if an individual or family meets the eligibility requirements of this program, the federal subsidies will be adjusted by the required contribution of the employer.

Supplementary Benefits

- States will determine cost sharing requirements for supplementary benefits.

State/Federal Program Cost Sharing

The Governors believe that state contributions to the financing of this program should approximate state contributions under Medicaid. In addition, they recognize that a new low income program should reduce the incidence of uncompensated care and that the Medicaid Disproportionate Share Hospital (DSH) program may be proportionally reduced. However, they do not believe that individual state contributions to the DSH program should be included in a state's maintenance-of-effort. Moreover, the states' maintenance-of-effort should not reflect state-funded health care programs nor should it include any Medicaid expenditures incurred by states for undocumented immigrants. Finally, because of the mission of state government, Governors do not believe that states should be subject to the large employer assessments that have been included in several Congressional proposals to help finance national health care reform.

Core Benefits States will make contributions to the cost of the program through a maintenance-of-effort requirement that should be related to a states' expenditures for covered services under Medicaid. NGA is continuing to seek a maintenance-of-effort strategy that will treat states equitably.

Supplementary Benefits - Capped State Entitlement. Financing of this program will operate like the state/federal financing of the JOBS program. Under this approach, the federal government determines the amount of federal funds available to each state each year. Using a matching

strategy, each state may draw down federal financial support for services under this program up to the federally pre-determined allotment. Once the federal allotment is expended, states are under no obligation to continue offering supplemental services. At the end of each federal fiscal year, states who have reached their federal allotment may apply for the remaining federal funds, if any.

Supplementary Benefits - Individual Entitlement. As previously described, states may elect to offer all or some supplemental benefits as an individual entitlement. For those benefits, states will be expected to pay for those services using a Medicaid-type matching arrangement for which neither the state nor the federal government have a cap on spending. In addition, since the state has elected to provide some of the supplemental benefits through an individual entitlement, the state's allotment under the capped entitlement may be proportionally reduced.

Administration States will assume responsibilities for administration of this new program consistent with their administrative responsibilities under the current Medicaid program. States will share in the costs of program administration using the current Medicaid matching formulas for administrative and automation activities.

Service Delivery System

The Governors support the elimination of our current multi-tiered health care system. As part of national health care reform, they support, to the greatest extent practicable, the integration of the publicly subsidized population into the same health care delivery system for core benefits as those who are not publicly subsidized.

- Publicly subsidized beneficiaries must receive their care through approved health plans.
- As a condition for doing business in the state, all approved health plans must take all comers.
- Using federal guidelines, the state will
 - Establish modified community rating requirements that will be applicable to some or all of its citizens. (There is some belief that individuals employed in large businesses may be excluded from the community rate.)
 - Publicly subsidized individuals and families (excluding Medicare beneficiaries) must be included in the community upon which the community rate is based.
 - If it can be demonstrated that the inclusion of the publicly subsidized population will have a dramatic effect on the community rate, then risk adjustment should be considered.
- To the greatest extent practicable, publicly subsidized beneficiaries may select their care from among plans certified by the state. However, subsidies will be no greater than the average cost of a plan in a geographic area.
- Publicly subsidized beneficiaries may be eligible for supplementary benefits. These benefits will be coordinated either through an approved health plan or the state. States may choose, if funds allow, to establish separate per-capita payments to approved health plans for supplementary benefits.
- States may establish separate requirements for the provision of care to persons with disabilities, chronic conditions, or for treatment of substance abuse.

- States may establish special requirements to assure that approved health plans can provide specialized care or require contracting by approved health plans with specialized providers to assure that the care is available.

Related Issues

- To the maximum extent possible, federal policy must encourage the use of health care networks for the delivery of care. Moreover, to the greatest extent possible, beneficiaries must have a choice among cost efficient plans.
- There must be broad federal parameters for states to establish quality and consumer protection safeguards.
- The federal government will establish broad accessibility parameters for plans enrolling low income persons to encourage, but not require, the integration of established community providers into the plans' provider network. This could be accomplished by the state through required contractual arrangements between the plan and the established community providers.
- Governors support federal strategies that will limit anti-competitive behavior on the part of providers.
- Any health care reform strategy must include waiver authority so that states may continue to test alternative and innovative delivery systems.
- The Governors would oppose any strategy that limits federal Medicaid spending that does not include the same limitations for state spending.

SSI Population

Under current law, SSI beneficiaries are entitled to participate in the Medicaid program. In addition to their participation in Medicaid, about 40 percent also participate in Medicare. For this population, Medicaid serves as a wrap-around program for Medicare as well as providing additional benefits that are otherwise excluded from the Medicare benefits package.

This population raises some unique issues. The dual Medicaid-Medicare eligibility of nearly half of SSI beneficiaries results in significant administrative complexity for both states and the federal government and confusion for beneficiaries. SSI beneficiaries have a unique set of health care needs, and their utilization patterns for acute care services differ greatly from individuals without chronic illnesses. Finally, the distinctions between acute and long term care are blurred.

The acute care needs of SSI beneficiaries may be addressed in different ways. For example, Medicare could be expanded so that the acute care needs of SSI and state SSP beneficiaries could be met. The Medicare benefits package would need to be expanded for this population to include those services currently available under Medicaid but not under Medicare. States would make a maintenance of effort payment to help defray the costs of care. Another option might be to have the SSI and SSP beneficiaries receive their core acute care benefits in the same community rated system as other subsidized individuals. A separate capitation rate might be used to minimize the cost shift that could result from paying only a community rate. Alternatively, a combined acute and chronic care system could be established based upon Medicare, Medicaid, or other delivery

system options. Governors continue to examine these and other possibilities for providing the needed continuum of care in a cost-effective manner for SSI beneficiaries.

PART 2: HEALTH CARE FOR QUALIFIED MEDICARE BENEFICIARIES AND RELATED GROUPS

- Under current law, certain Medicare beneficiaries (Qualified Medicare Beneficiaries - QMBs - and related groups) are also eligible for coverage of some or all of their out-of-pocket Medicare costs through the Medicaid program. States have the same federal financial participation requirements for the Medicaid related costs for these groups as they do for any other Medicaid beneficiary.
 - QMBs (and related groups) would no longer receive their out-of-pocket costs covered through the Medicaid program. Medicare would be expanded to include this population.
 - States would be required to make a maintenance-of-effort payment that is related to current state expenditures for this population.
-

Michael
for file / final

EC-7. HEALTH CARE REFORM: A CALL TO ACTION

7.1 Preamble

The nation's Governors are committed to comprehensive health reform that calls for a federal framework with significant state flexibility, and they will work with Congress and the administration to develop such a system. At the same time, however, the growing demand for affordable quality health care, coupled with the immediate budgetary pressures caused by the Medicaid program, requires immediate action. Virtually every Governor has some health reform initiative in progress. These include comprehensive state-based reform initiatives, programs that assist small businesses in securing affordable health insurance, programs that expand health care coverage to a greater number of uninsured poor, and programs that implement managed care networks for Medicaid beneficiaries. None of these state initiatives are incompatible with national reform; instead, they continue to build a strong policy foundation for reform at the federal level.

7.2 Federal Barriers to State Health Care Reform

As states have moved ahead, their success has been limited by barriers resulting from current federal statutes. The nation's Governors call upon the administration and Congress to immediately remove those federal barriers.

7.2.1 Medicaid. By far, Medicaid represents the largest health care expenditure for states. On average, only spending for elementary and secondary education constitutes a larger portion of state budgets. Governors believe that *irrespective of any national* health reform strategy, Medicaid costs must be brought under control. Should Congress move to limit or cap the federal contribution to Medicaid, a move the Governors adamantly oppose, the Governors believe these changes and other relief will become even more urgent. The Governors recommend the following changes that will contribute to controlling those costs.

7.2.1.1 Managed Care Waivers. There is a national trend in health care service delivery toward systems of care. These systems or networks have been shown to provide cost-efficient care while ensuring that the patient has a reliable place from which to seek primary care and to which specialty care can be directed. Although the private sector is moving aggressively toward these networks, the Medicaid program continues to require states, in virtually all cases, to apply for a waiver from fee-for-service care in order to enroll Medicaid beneficiaries in such networks. And while the Bush and Clinton administrations have taken significant steps toward simplifying the application and renewal process, states still must apply for renewals every two years. Moreover, states have been unable to sustain networks where there is a predominance of Medicaid beneficiaries because, under current law, states are permitted only one nonrenewable three-year waiver to have beneficiaries served in a health maintenance organization (HMO) where more than 75 percent of the enrollees in the HMO are Medicaid beneficiaries. This requirement should be repealed.

- The reimbursement rate is sufficient to cover at least 80 percent of the allowable costs of all facilities in the class in the state in the aggregate, or is sufficient to cover the allowable costs of 50 percent of all facilities in the class in the state.
- The reimbursement rate is equal to a benchmark rate plus inflation no less than the rate of inflation for the overall economy according to a general index (national or state), such as the consumer price index (CPI) or the gross domestic product (GDP-IPD). The benchmark rate would be the approved rate as of the date of enactment of the statute or the current rate approved by the Health Care Financing Administration (HCFA). This standard is satisfied by a rate methodology currently in effect and approved by HCFA that contains a provision for inflation adjustments.

The Governors also believe that the procedural requirements in the current Boren Amendment must be streamlined. Finally, the Governors support strategies that would reduce or eliminate the costs of prolonged and costly litigation.

7.2.2 Employee Retirement Income Security Act. Although the Governors are extremely sensitive to the concerns of large multistate employers, the fact remains that one of the greatest barriers to state reform initiatives is the Employee Retirement Income Security Act (ERISA). ERISA preempts all self-insured health plans from state regulations and subjects those plans only to federal authority. As a result of judicial interpretations of ERISA, states are prohibited from:

- establishing minimum guaranteed benefits packages for all employers;
- developing standard data collection systems applicable to all state health plans;
- developing uniform administrative processes, including standardized claim forms;
- establishing all payer rate-setting systems;
- establishing a statewide employer mandate;
- imposing premium taxes on self-insured plans; and
- imposing provider taxes where the tax is interpreted as a form of discrimination on self-insured plans.

7.2.2.1 ERISA Flexibility. Governors call on the administration and Congress to modify the ERISA statute to give states the flexibility they need to move ahead on health reform. This may be done either by establishing the flexibility directly in statute or through the establishment of waiver authority. The flexibility could include a requirement that the state demonstrate broad-based support for the change, such as by passage of state legislation. States must be assured, however, that the flexibility is stable and not time limited.

7.3 A Call to Action

The nation's Governors call upon President Clinton and Congress to pass health care legislation this year that includes, at a minimum, the following.

7.3.1 Insurance Reform. The Governors support minimum federal standards that result in portability of coverage; guaranteed renewability of policies; limitations on both medical underwriting and preexisting conditions exclusions; and modified community rating that limits the variation in rates that different individuals and groups are charged.

7.3.2 State-Organized Purchasing Cooperatives. Through purchasing cooperatives, affordable insurance products will be made available. States and the federal government must work together to ensure that states have flexibility in establishing and operating these cooperatives.

7.3.3 Core Benefits and Access. In order to ensure portability of coverage, Governors believe that there must be a core benefits package that is comparable to those that are now provided by the most efficient and cost-effective health maintenance organizations. The cornerstone of this package must be primary and preventive care. All employers must make the core benefits package available to those employees who wish to purchase it. Although Governors do not agree on whether employers should be required to pay for any portion of the premium, Governors agree that coverage should be available.

MEDICARE AND MEDICAID SAVINGS IN MAJOR BILLS

BILL	MEDICARE SAVINGS (\$billions)	MEDICAID SAVINGS (\$billions)	TOTAL (\$billions)
CLINTON	103	149	252
MOYNIHAN/ FINANCE	58	DSA/50 72	130
KENNEDY/ LABOR	*	*	*
BREAUX/ DURENBERGER	54	656	710
WAYS AND MEANS	117	400	517
DOLE/ PACKWOOD	62	21 cap 43	105

- * The Senate Committee on Labor and Human Resources does not have jurisdiction over Medicare and Medicaid. However, the Senate Labor and Human Resources Committee included in its bill, a "sense of the Committee" provision stating that the bill should be financed through the same savings and revenues that were included in the Health Security Act (Clinton).

SOURCES

1. The Clinton and Breaux/Durenberger estimates are official CBO estimates.
2. Estimates for all other bills are based on preliminary CBO estimates or based on staff discussions with CBO.

MEDICARE AND MEDICAID SAVINGS IN DOLE/PACKWOOD BILL

MEDICARE SAVINGS PROVISIONS

	<u>SAVINGS</u> (\$ billions)
<u>Hospitals:</u>	
1. Reduce annual updates	6
2. Reduce payments for capital	6
3. Reduce special payments to teaching hospitals	3
4. Reduce special payments for hospitals with high number of uninsured patients	9
5. Change payment system for hospital outpatient departments	10
<u>Doctors:</u>	
6. Reduced fee update for 1995	3
7. Change formula for future updates	20
<u>Other:</u>	
8. Miscellaneous extensions of savings provisions from 1993 budget bill	5
9. TOTAL MEDICARE	\$ 62

MEDICAID

10. Reduce payments to hospitals with high number of uninsured patients	12
11. Limit annual growth in Medicaid	31
12. TOTAL MEDICAID	\$ 43
13. TOTAL MEDICARE AND MEDICAID SAVINGS	\$ 105



Republican
National
Committee

CONFIDENTIAL

Haley Barbour
Chairman

July 14, 1994

MEMORANDUM FOR REPUBLICAN GOVERNORS

FROM: HALEY BARBOUR

RE: HEALTH CARE LEGISLATION

President Clinton's July 12 letter to governors about health care indicates the Democrats will try to overturn the NGA's bipartisan resolution on health care reform. I expect them to push for adoption of a new NGA policy inconsistent with the bipartisan February call to action, which I understand passed unanimously in February.

It is obvious the Democrat Congressional leadership is pursuing a partisan strategy. They intend to cram the Clintons' proposal to create a government-run health care system down the country's throat. And as West Virginia Senator Jay Rockefeller said in April, they intend to do it "regardless of the views of the American people."

The Clintons' use of the term "universal coverage" masks the reality of their proposal for an employer mandate that will result in a gigantic payroll tax of up to 12% on employers and 3.9% on employees. This payroll tax will hurt the economy and cost jobs. Indeed, estimates of job loss range from 600,000 up to 3.7 million. Even the Chairman of Clinton's own Council of Economic Advisers admits the employer mandate is a job-killer, and CEA's own estimates last year anticipated job losses of 600,000 to 1 million.

I am sure it is not lost on you that President Clinton, who has appointed a Commission on Entitlements because of their deleterious effect on the budget, is now proposing to create the granddaddy of all entitlements and couple it to a government-run health care system.

Who will pay for all this? The middle class will pay. They will not only be hit by this payroll tax (which will clobber small businesses and their employees, the epitome of the middle class); they will also see a reduction in the quality of care they receive and in the choices they have as health care consumers.

MEMORANDUM FOR REPUBLICAN GOVERNORS

Page 2

The Clintons' government-run health care system would attempt to control costs through spending limits, global budgets, premium caps and price controls. Government price fixing has failed since the time of Hammurabi, and the imposition of spending limits through global budgets or any other device inevitably will lead to rationing and a diminution of the quality of care. You yourself understand the failures of the federal government's attempts at cost control in health care, for too often the result is a cost shift to your states and to the health care consumers in your states and their insurers.

As usual President Clinton in his letter talks about the cost of "doing nothing", when he knows full well no one is in favor of doing nothing. He matter-of-factly claims "the middle class would remain at risk each day of losing health insurance" and "22 million more would have coverage so tenuous that they could literally be a pink slip or a doctor's note away from disaster." As you know every health care plan offered in Congress would give Americans the health security that comes from knowing they will not lose their health insurance if they lose or change their jobs, get sick or move. Since the NGA's own bipartisan proposal would provide for portability, guaranteed renewal, etc., you personally know these scare tactics are fraudulent and will fall on their face.

Since it is clear the Democrats' plan is to push for a partisan solution and ignore the facts, I am writing to urge you to stand firm for a bipartisan solution to the problems facing our health care system. The comprehensive package of specific reforms advocated by NGA earlier this year is very similar to reforms contained not only in the Dole-Packwood Senate Republican consensus bill and the House Republican proposal sponsored by Congressman Bob Michel, but they also are consistent with those in the bipartisan Rowland-Bilirakis bill. It is co-sponsored by 35 Democrats and 35 Republicans, yet Congressman Roy Rowland, its principal author, has predicted the Democrat leadership will not even allow the House to vote on it. Why not? Because they know it would pass with bipartisan support.

A comprehensive package of specific reforms that includes those reforms that have bipartisan support can pass Congress this year. That is the health care reform people want, and that is the health care reform the National Governors' Association has advocated in the past. Your continued support for this kind of health care reform is the best way to show President Clinton and the Democrat leadership they cannot cram a partisan bill down the country's throat and that they should allow the coalescence of a bipartisan majority around a "specific reforms" bill.

UNFUNDED MANDATES

DIRK KEMPTHORNE
IDAHO

United States Senate

WASHINGTON, DC 20510-1204

The Kempthorne/Glenn Bill "The Federal Mandate Accountability and Reform Act of 1994".

Fact Sheet:

1) Current Federal Law:

There is presently no law limiting the ability of the federal government to impose unfunded mandates on state, local, and tribal governments. Congress can pass on to state, local or tribal governments any mandates, regardless of the cost or impact on those governments, without consultation with local government or a specific vote on the mandate.

2) The Problem:

State and local government officials across America voice bitter complaints about being forced to comply with unfunded federal mandates. They say these unilaterally imposed mandates are inefficient, ill-conceived, costly, and often force communities to reprioritize budget decisions from local needs to federal edicts. Unfunded federal mandates are nothing more than hidden federal taxes which are collected by local officials under "one size fits all" legislation that is drafted by Congress.

These mandates have been established without the valuable input and expertise of local elected officials. Many studies have been conducted recently that quantify the extent of the fiscal impact of these unfunded federal mandates. These independent studies consistently show that federal mandates annually consume about 12% of local governments budgets.

The Solution: Why the Kempthorne/Glenn Bill Should Be Enacted.

The Senate Government Affairs Committee has unanimously approved legislation written by Senator Dirk Kempthorne (R-Idaho) and Senator John Glenn (D-Ohio) that restores accountability and responsibility at the federal level. For too long Congress has been allowed to operate in a vacuum as to the impact of the legislation they pass. Under S.993 this will come to a halt.

There is strong bipartisan support for this unfunded mandates legislation both within the Senate and in city halls' and county court houses' across America. There are currently 57 Republican and Democrat Senate co-sponsors to S.993. **The bill has been enthusiastically endorsed by the National Governor's Conference, the National League of Cities, the U.S. Conference of Mayors, the National Conference of State Legislatures, and the Council of State Governments.**

S.993 establishes several procedures that will force Congress to consider the fiscal costs of the mandates and require recorded votes to override points of order if the mandate costs are to be passed onto local governments without federal funding.

Under the bill the U.S. Senate cannot consider legislation that is not bill accompanied by a Congressional Budget Office (CBO) estimate of the mandate cost. In addition, Senate committees must include in the bill an authorization to cover the amount of the mandate and specifically identify the source of funds. That source of funds can be either a reduction in authorization of existing appropriations, a reduction in direct spending, or an increase in receipts. No longer will Congress be allowed to pass "feel good" legislation without paying for it.

The bill requires Federal agencies to solicit and consider input from state and local officials on the subject of mandates, thus ending the status quo of a lack of Federal consultation.

S.993 breaks unprecedented new ground in bringing the **private sector** within the umbrella of protection provided by the bill. Under Kempthorne/Glenn, the CBO must analyze the direct costs to the private sector of any bill or joint resolution with an estimated cost to the private sector over \$200 million. No more will Congress be able to plead ignorance of the cost on the private sector of Federal private sector mandates. **The U.S. Chamber of Commerce has endorsed S.993 and made its passage their number two legislative priority behind health care.**

S.993 will re-establish the partnership between the federal and local government that was envisioned by our founding fathers in the drafting of the 10th amendment to the Constitution. S.993 is a significant step toward accomplishing this goal by ensuring that local elected officials are consulted in the cost analysis process and by placing the responsibility for identification of funding on the mandate making committee prior to coming to the Senate floor. Never before has Congress been held to this high level of accountability.

3) How The Kempthorne/Glenn Bill Works:

Each year the CBO, shall contact the various committees of Congress and the Administration and determine if legislation is anticipated which will impose any new mandates on state, local or tribal governments. **CBO is required to solicit and consider information and comments from elected State, local and tribal officials in conducting this study.**

When a bill is considered by a committee, the committee must submit the bill to the CBO for analysis. The CBO will analyze the bill to determine if there are any mandates in the bill. To complete that analysis the CBO must again consult with state, local or tribal governments. The CBO will determine if the bill has mandates above the \$50 million threshold (including implementing regulatory costs). In doing this the CBO will estimate the total amount of direct costs that state, local or tribal governments must spend above what they are already spending.

The committee must include in the bill an authorization to cover the entire cost of the mandate and identify the source of funds to be used to pay for the authorization. That source of funds can be either a reduction in authorization of existing appropriations, a reduction in direct spending or an increase in receipts.

If the CBO study has not been completed, or the authorization of funds or the source of funds is not included in the legislation then the bill may not come to the Senate floor for consideration. Only if the legislation containing mandates gets a majority of the Senate to go on record to agree to proceed without these safeguards can the legislation or resolution go forward. The Kempthorne legislation will address conference report changes in mandates.

The bill includes a limited number of exemptions including bills or resolutions which enforce Constitutional rights or enforce rights prohibiting discrimination on the basis of race, religion, gender, national origin or disability.

4) Conclusion:

The provision of the Kempthorne/Glenn Bill combine unprecedented unfunded mandate relief, coupled with private sector protections and regulatory relief. It has the support of the Administration, a broad bi-partisan legislative coalition and was designed under the direction and with the cooperation of national local government organizations.

IMMIGRATION

IMMIGRATION--July 18, 1994

Reimbursement. The governors of Florida, California, and Arizona have sued the federal government seeking reimbursement for the cost of providing services to illegal aliens. (Governors Chiles, Wilson and Symington recently testified before the Senate Appropriations Committee urging full federal reimbursement.) The governors argue that patrolling the borders is a federal responsibility and that the states should not be stuck with the tab for the federal government's failure to control illegal immigration.

If asked, you may want to say that:

- * illegal aliens who are convicted of felonies in state courts should be housed in federal prisons (the National Governors Association endorsed this proposal at their winter meeting).
- * we may need to consider ways to address the "birthright citizenship issue." (I wouldn't be too specific. Governor Wilson has proposed a constitutional amendment stating that the child of a person who is residing in the United States illegally is not automatically a U.S. citizen. Senator Simpson had considered trying to eliminate "birthright citizenship" through a statutory provision, but ultimately decided that the issue was too controversial to include in his immigration bill.)

There are a number of pending legislative proposals that don't go as far as the governors would like, but nonetheless do provide some federal relief for states with large illegal immigrant populations.

1. The Republican alternative crime conference report provides \$2 billion in additional funding for the "Byrne" state and local law enforcement grants. The Republican alternative also makes Byrne funding more flexible by allowing these grants to be used to help states incarcerate criminal aliens.

2. The Senate-passed crime bill increases penalties for alien smuggling and streamlines the deportation procedures for illegal aliens who have committed violent felonies.

3. The Simpson-Dole immigration bill proposes a two-year pilot program to study the feasibility of using closed military bases to detain illegal aliens.

4. The Republican crime bill (introduced last August) authorized funding for 1,000 additional Border Patrol agents.

5. You have written to INS Commissioner Doris Meissner urging her to consider establishing a civilian Border Patrol reserve program, which would allow volunteers to perform non-law

enforcement support functions. These functions might include performing search and rescue, serving in non-critical office positions, and language interpretation services. If civilian volunteers were permitted to perform these duties, which are now performed by Border Patrol agents themselves, more resources could be dedicated to actual border enforcement.

Hearings. Senator Simpson has asked Senator Kennedy to schedule comprehensive immigration reform hearings for August. If Kennedy resists the hearings, Simpson will start offering floor amendments.

Governor Wilson's Testimony. In his recent testimony before the Senate Appropriations Committee, Governor Wilson pointed out that California spends more than \$3 billion for services for illegal immigrants and their families, an amount totalling more than 10% of the California' General Fund budget. Wilson proposes that the Border Patrol add to its ranks by tapping those who have been recently discharged from the military. This is similar to your troops-to-cops program, which proposes to retrain discharged military as police officers.

SENATOR BOB DOLE
IMMIGRATION REFORM
MARCH 2, 1994

MR. PRESIDENT, I AM PLEASED TO JOIN TODAY WITH MY DISTINGUISHED COLLEAGUE, SENATOR SIMPSON, IN INTRODUCING THE COMPREHENSIVE IMMIGRATION AND ASYLUM REFORM ACT.

SCOPE OF THE PROBLEM

MR. PRESIDENT, DURING THE PAST DECADE, NEARLY 9 MILLION PEOPLE HAVE IMMIGRATED LEGALLY INTO OUR COUNTRY--A POPULATION GREATER THAN MOST STATES. UNFORTUNATELY, MILLIONS MORE HAVE CHOSEN TO ENTER THE UNITED STATES ILLEGALLY, WITHOUT OUR CONSENT. THE IMMIGRATION AND NATURALIZATION SERVICE, FOR EXAMPLE, ESTIMATES THAT MORE THAN 3,000 PEOPLE ATTEMPT TO ILLEGALLY CROSS THE CALIFORNIA-MEXICO BORDER EACH NIGHT. NEARLY 60 PERCENT OF THEM SUCCEED. IN 1986, THE APPREHENSION OF ILLEGAL UNDOCUMENTED ALIENS REACHED AN ALL-TIME HIGH OF 1.8 MILLION. AND IN 1992, THE NUMBER OF APPREHENSIONS WAS STILL STAGGERING--MORE THAN 1 MILLION.

OF COURSE, ILLEGAL IMMIGRATION HAS A DISPROPORTIONATE IMPACT ON CERTAIN AREAS OF THE COUNTRY. IN CALIFORNIA, FOR EXAMPLE, THERE ARE AN ESTIMATED 1.3 MILLION ILLEGAL ALIENS, AND MORE THAN HALF OF THESE ILLEGALS LIVE IN A SINGLE COUNTY--THE COUNTY OF LOS ANGELES. NOT SURPRISINGLY, A STAGGERING 10 PERCENT OF THE 1992 BUDGET OF LOS ANGELES COUNTY WAS SPENT ON PROVIDING SERVICES TO ILLEGAL ALIENS. THE GOVERNOR OF FLORIDA, ANOTHER STATE HEAVILY IMPACTED BY IMMIGRATION, HAS EVEN THREATENED TO SUE THE FEDERAL GOVERNMENT FOR REIMBURSEMENT OF THE COST OF PROVIDING SERVICES TO IMMIGRANTS, BOTH LEGAL AND ILLEGAL.

TODAY'S BILL WON'T SOLVE THESE CRITICAL PROBLEMS OVERNIGHT. BUT, IF ENACTED, IT WOULD REPRESENT A GOOD FIRST STEP IN THE RIGHT DIRECTION. THE BOTTOM LINE IS SIMPLY THIS: IF WE WANT TO GET A HANDLE ON THE ILLEGAL-IMMIGRATION PROBLEM, WE NEED A NATIONAL IMMIGRATION POLICY.

SUMMARY OF THE BILL

MR. PRESIDENT, SOME OF THE HIGHLIGHTS OF THE BILL INCLUDE THE FOLLOWING:

- * INCREASED PENALTIES FOR ALIEN SMUGGLING, INCLUDING THE DEATH PENALTY FOR A SMUGGLER WHOSE ACTIONS RESULT IN THE DEATH OF AN INNOCENT VICTIM;
- * STREAMLINED DEPORTATION PROCEDURES THAT WILL ALLOW FEDERAL TRIAL COURTS TO ISSUE AN ORDER OF DEPORTATION DURING THE SENTENCING PHASE OF THE CRIMINAL TRIAL OF AN ALIEN CONVICTED OF AN "AGGRAVATED FELONY";
- * REFORM OF THE ASYLUM PROCESS, MAKING IT EASIER TO EXCLUDE

ALIENS WHO PRESENT FRAUDULENT IMMIGRATION DOCUMENTS, AND INCREASED PENALTIES FOR THE MISUSE OF THESE DOCUMENTS;

- * A TWO-YEAR PILOT PROGRAM STUDYING THE FEASIBILITY OF USING CLOSED MILITARY BASES TO DETAIN ILLEGAL ALIENS; AND
- * ANOTHER PILOT PROGRAM TO EXAMINE WAYS TO REMOVE ILLEGAL AND CRIMINAL ALIENS TO THE INTERIOR OF THEIR COUNTRY OF ORIGIN, RATHER RIGHT ACROSS THE BORDER.

THE BILL ALSO REQUIRES THE ATTORNEY GENERAL, IN CONSULTATION WITH THE SECRETARY OF HEALTH AND HUMAN SERVICES, TO DEVELOP AND IMPLEMENT A "COUNTERFEIT-RESISTANT" SYSTEM TO VERIFY WORK ELIGIBILITY AND ELIGIBILITY FOR FEDERALLY-FUNDED BENEFITS. THE BILL CONTAINS SPECIFIC LANGUAGE PROHIBITING THIS "SYSTEM" FROM EVER DEVELOPING INTO A SO-CALLED NATIONAL I.D CARD. ON A RELATED ISSUE, THE BILL MAKES ILLEGAL ALIENS INELIGIBLE FOR ALL FEDERAL BENEFITS EXCEPT EMERGENCY MEDICAL ASSISTANCE, SHORT-TERM DISASTER RELIEF, AND CERTAIN CHILD NUTRITION AND IMMUNIZATION PROGRAMS.

IN ADDITION, THE BILL ADDRESSES THE ISSUE OF LEGAL IMMIGRATION, PROPOSING TO REDUCE THE ANNUAL LEVEL OF LEGAL IMMIGRATION FROM 675,000 TO 500,000 FOR EACH OF THE NEXT FIVE YEARS, UNTIL THE YEAR 1999. ANNUAL LEGAL IMMIGRATION OF 500,000 IS APPROXIMATELY EQUAL TO THE LEVEL OF ANNUAL LEGAL IMMIGRATION THAT EXISTED PRIOR TO THE PASSAGE OF THE IMMIGRATION ACT OF 1990.

CONCLUSION

MR. PRESIDENT, OVER THE YEARS, I HAVE RECEIVED MANY REQUESTS FOR HELP FROM PEOPLE WHO WANT TO COME TO AMERICA. BUT I HAVE NEVER--NOT ONCE--RECEIVED A REQUEST FROM ANYONE SEEKING HELP IN GETTING A TICKET OUT. EVERYONE WANTS TO COME AMERICA. FEW EVER WANT TO LEAVE.

WHILE AMERICA REMAINS THE LAND OF OPPORTUNITY, IT IS NOT THE LAND OF UNLIMITED OPPORTUNITY FOR UNLIMITED NUMBERS OF IMMIGRANTS, BOTH LEGAL AND ILLEGAL. IF THE AMERICA OF THE 21ST CENTURY IS TO PROSPER--AND YES, TO GROW--SHE MUST BE AN AMERICA THAT DETERMINES HER OWN DESTINY BY CONTROLLING HER OWN BORDERS. TODAY'S LEGISLATION IS AN ATTEMPT TO HELP THIS PROCESS ALONG.

FINALLY, MR. PRESIDENT, I WANT TO THANK MY COLLEAGUE, SENATOR SIMPSON, FOR HIS HARD WORK AND FOR ALL THE TIME HE HAS PERSONALLY DEVOTED TO MAKING SOME SENSE OUT OF OUR NATION'S IMMIGRATION POLICY. IN MANY WAYS, THIS TASK HAS BEEN A THANKLESS ONE, BUT SENATOR SIMPSON HAS CARRIED THE BALL ON IMMIGRATION WITHOUT COMPLAINT AND WITH CONSIDERABLE SKILL.

###



GOVERNOR PETE WILSON

Testimony by Governor Pete Wilson
to the Senate Appropriations Committee on
the crisis of illegal immigration

Wednesday, June 22, 1994

(as prepared)

Good morning. I'd like to thank this committee and Chairman Byrd, in particular, for holding this hearing and showing leadership on an important issue -- the crisis of illegal immigration.

I applaud you for taking the time to learn about and help find realistic solutions to this crisis.

No state is immune from the crisis of illegal immigration, but certainly no state feels the effect of the federal government's failure to control the border more than California.

California is home to more than half of the nation's illegal immigrants.

In Los Angeles alone, illegal immigrants and their children total a million people. That's enough people to fill a city one-and-a-half times the size of Washington, D.C.

And the cost of providing these individuals government services -- services mandated by federal law but financed by state taxpayers -- is exploding.

Let me give you an idea of the magnitude of the problem and how it is growing, as illustrated on these charts:

*** Just since 1988, the costs of providing medical care to illegal immigrants in California has grown 18-fold.

*** The number of illegal immigrant felons behind bars in California has tripled during that same period and could now fill 8 state prisons to design capacity.

*** And next year, our schools will have to spend \$1.7 billion providing education to people who are in our country illegally.

STATE OF CALIFORNIA • WASHINGTON OFFICE OF THE GOVERNOR • 184 HALL OF THE STATES
444 NORTH CAPITOL STREET, N.W., WASHINGTON, D.C. 20001 • (202) 624-5270

- 2 -

Everyone agrees that these are costs that by fairness and by law should be paid by the federal government. After all, the Constitution makes it clear that immigration is strictly a federal responsibility. As President Clinton himself has said, these costs are the result of a "failure of federal policy."

So, the question isn't whether or not this is a federal responsibility. There's no dispute there. The only questions is: When will the federal government accept its responsibility and act to solve this crisis?

Let me tell you why it's imperative that we see action this year.

California spends more than \$3 billion for services for illegal immigrants and their families. That's nearly 10 percent of our state's General Fund budget or almost \$400 a year for a family of four.

And the cost of paying to these bills is now forcing us to cut services for California's legal residents. Just this year, we'll be forced to:

*** End dental services for 800,000 welfare mothers and elderly poor;

*** Reduce drug treatment and outreach for 3,200 drug-exposed pregnant women; and,

*** Reduce funding increases for California's 29 public universities.

In fact, our system has become so twisted that we now have illegal immigrants being guaranteed services by federal mandate that our poor legal residents can't afford themselves and that our state can't afford to provide them because of the federally imposed state spending on illegal immigrants.

Consider this scenario: Two women are pregnant in California. Let's say they're both of Hispanic descent and both are poor. They both need maternity care but can't afford it on their own.

One woman will get care. One will not.

The one who gets care is an illegal immigrant. She can't legally work in our country, but by federal law she's guaranteed maternity care.

The woman who doesn't get care is the legal resident. She's working at a low-wage job, but is too poor to purchase her own health care coverage. And California can't afford to provide her

- 3 -

that care. On February 1, we were forced to cap enrollment in our innovative program that provides maternity care for California's working poor legal residents, known as Access for Infants and Mothers, or AIM, because of the costs we bear for illegal immigrants.

So an individual who is in our country illegally will get the care, but a legal resident -- in equal need -- will not.

That's not just bitter irony; it is terribly, intolerably unfair. But it's what happens when the federal government forces us to pay for services to illegal immigrants that we can't afford to provide to our own legal residents.

That's why we must have reform this year: To avoid deeper cuts and further hardship and unfairness to needy legal residents.

To prevent that hardship, the federal government must do two things: It must secure our borders, and it must pay the bill for illegal immigration.

I know that paying these bills won't be easy. But the alternative is making the hard-pressed states pay for what is an exclusively federal responsibility. And I assure you, we get no discount in providing these services from budgets that are a tiny fraction of the trillion and a half dollar federal budget.

Because of the hardships we've faced, Californians have already made far deeper spending cuts than the federal government will ever have to make.

Consider this: In the past three years, federal spending has grown by nearly 10 percent, while California's General Fund budget has been reduced by more than 10 percent.

As difficult as it is for the Administration and Congress to find the funds to make full reimbursement to the states, it will be far tougher -- and impose greater hardship on the people of California -- if you don't.

Full reimbursement will also underscore the importance of effective border control. And preventing people from entering the country in the first place is far more cost-effective and more humane than what's happening today.

It's impossible not to sympathize with their effort to seek a better life. I admire their gumption. But while they intend no harm, their numbers threaten jobs for legal residents, and -- because of their impact on state budgets -- they threaten the quality and availability of state services to needy legal residents.

- 4 -

Our immigration crisis demands action, and it demands it this year.

In your invitation to testify at this hearing, Senator Byrd, you asked for specific proposals for border control. This is what I would propose:

First, to help finance additional Border Patrol agents, we should enact Senator Feinstein's border crossing fee. This plan enjoys bipartisan support; it can be enacted quickly; and, it will provide substantial additional resources -- \$300 million a year --for border enforcement.

Second, we should encourage the Border Patrol to take advantage of the skills offered by military personnel looking for new careers because of defense down-sizing. With their military experience, these men and women can be trained for the Border Patrol in half the time of a typical recruit. And there are thousands of these individuals looking for work in California.

Finally, if the current training facilities are inadequate to train the personnel as quickly as they're needed, we must find new facilities.

INS Commissioner Doris Meissner's plan has her sending just 40 new Border Patrol agents a month to the San Diego sector. At that rate, it will be years before we have a fully staffed Border Patrol.

Half of all the illegal immigrants entering the country come through that 15-mile stretch of the border from the Pacific Ocean to Otay Mesa. And yet, there are more law enforcement personnel guarding this building we're in than there are on that border.

With existing resources, the border patrol faces Mission Impossible. It's the equivalent of having one cop walk a beat 4 times the size of New York City's Central Park.

So to help the federal government train and deploy Border Patrol agents more quickly, today I'm sending a letter to Commissioner Meissner and President Clinton offering a state facility in California as a second Border Patrol training facility.

The bottom line is, it's time to regain control of our nation's borders and restore integrity and fairness to our nation's immigration laws.

Some members of Congress might agree that illegal immigration is a serious problem in Los Angeles, Phoenix, or Miami, but ask why their constituents in Minneapolis, or Muncie, or Montgomery should share the costs of illegal immigration.

- 5 -

The most obvious answer is because it's the right thing to do as a matter of fairness and as a matter of public policy. But it's also true that your constituents are already sharing the costs.

They pay for it when their tax dollars are spent to keep illegal immigrants in federal prison, or spent on Medicaid for illegals, or spent to finance welfare payments for the citizen children of illegal immigrants.

And although the problem is most acute in our states, the problem is growing across the country. That is why our brother and sister governors voted unanimously to adopt as the policy of the National Governors' Association that full federal reimbursement be paid the states for as long as we are forced to bear the burden of illegal immigration.

Other members of Congress may say "It's wrong to spend any tax dollars -- state or federal -- to subsidize illegal immigration. We should instead be turning off the magnetic lure of guaranteed benefits that today reward people who break the law and successfully evade the border patrol." That is, in fact, my own view. But until a majority in Congress can make that the law, then there must be full federal reimbursement.

The only way to solve the problem is to face up to the problem. Confront it squarely now, or the problem will only grow rapidly worse and become more difficult to solve next year. If it has not yet spilled into your state, it soon will. And already, your constituents are paying far more each year as federal taxpayers for federal failure to secure the border than it would cost us to fix it.

So, I ask for your support in fixing the problem. Washington must secure the border without further excuse or delay, and either by repeal of mandated services or full reimbursement for their cost prevent further hardship and unfairness to state taxpayers and needy legal residents.

The time has come to end illegal immigration as we know it.

Thank you very much.

#

#

#

Thursday, February 3, 1994

THE CHRISTIAN SCIENCE MONITOR

3

Big States Want US to Pay Costs Of Illegal Aliens

Governors ask Clinton to pick up tab for services because border patrol is federal duty

By John Dillin

Staff writer of The Christian Science Monitor

WASHINGTON

AMERICA'S largest states, led by California and Florida, are up in arms over the soaring costs of illegal immigration.

Stung by billion-dollar welfare expenses for illegal residents, big-state governors are demanding that Washington start picking up the tab. Governors argue that it is Washington's job to protect the borders; and if Washington fails, Washington should pay all the costs.

The four most populous states — California, New York, Texas, and Florida — this week brought their case to the White House. They were joined by officials from other key states, including Illinois, New Jersey, and Arizona.

The governors' plight is politically explosive for both President Clinton and the governors:

■ Washington requires states to provide free medical, educational, welfare, and other programs for undocumented immigrants.

■ Governors and legislatures are forced to cut back programs for American citizens and legal residents to pay for the programs for illegal aliens.

"That's just an intolerable situation," says Gov. Pete Wilson (R) of California. "It has reached the point where it is actually causing us to deny services to legal residents."

Gov. Jim Edgar (R) of Illinois says if Washington won't pay the bills, at least it can remove the federal mandates that require the states to provide all these free services.

Governor Wilson says the costs have gone wild. For example, in just four years, California's price tag for free medical care to indigent illegal aliens has risen 18-fold to more than \$800 million.

"We simply cannot ignore the increasing costs," Wilson told the Monitor.

Wilson's sentiments here are bipartisan. Gov. Lawton Chiles (D) of Florida has threatened to sue the federal government to recoup the costs of immigration. Gov. Mario Cuomo (D) of New York indicates that he may join Florida in that suit.



WALK TO THE US: Illegal aliens come from Mexico along US Interstate 5 in San Ysidro, Calif., near San Diego, having found that they are hard to catch along this route. The state has 1 million illegal aliens.

Governor Chiles says: "There are illegal aliens in Florida as a result of federal policy, or an absence of federal policy. And we're saying the federal government should pick up the bill."

So far, Congress and the White House have refused, though governors say this week they were offered a sympathetic ear by White House officials. They also won some promises to strengthen border enforcement.

Meanwhile, the costs of illegal immigration in the

hands of local residents in areas of high immigration. California alone has an estimated 1 million illegal residents.

Even some states far from the border, such as Illinois, find their costs expanding for services to illegal immigrants.

In Illinois, such services currently cost \$177 million a year. An aide to Governor Edgar says that includes \$48 million for medical care, \$77 million for education (K-12), and well over \$40 million for prisons to house crimi-

nal aliens.

Edgar says most illegal migrants in Illinois come from Mexico and other nations in Latin America, although there are also some from Eastern Europe. Migration from Mexico — legal and illegal — has given Chicago the second largest Hispanic population in the US.

Not every state shares these deep concerns about undocumented migration. In Wyoming, for example, Gov. Michael Sullivan (D) says the issue hasn't made much of an impact, though he understands and sympathizes with the plight of California and Florida.

Even some governors without a severe problem are already speaking out, however. George Allen, the newly elected Republican governor in Virginia, says that protecting the border is clearly a federal responsibility.

Governor Allen says: "California and [other] states along our southern border are just getting the heck knocked out of their budgets."

One major ingredient in the problem, Allen suggests, is that "if someone comes in illegally and gives birth to a child in this country, that child is [automatically] an American citizen, and therefore entitled to all the educational, welfare, medical, and all those benefits. I think the Congress needs to [change] that because that's a federal requirement..."

To lighten the load on state budgets, the governors voted at their winter meeting here this week to request that Washington take custody of undocumented aliens who are convicted of felonies in state courts. The cost of imprisoning criminal alien grown dramatically.

OPINION USA

Who will pay for all these immigrants?

Florida governor says his state, others are tired of doling out billions for immigrants. Washington must get tough or pick up bills.

Florida boasts a rich immigrant heritage that includes Spanish explorers, British soldiers, Greek sponge divers, and Cuban and Haitian refugees — among many others.

In recent years, people from all over the world have come to our state in record numbers — making us one of the fastest-growing states in the United States. In fact, our population of foreign-born residents has tripled in the past two decades — from 540,000 to 1.7 million.



By Lawton Chiles, governor of Florida.

With these new arrivals comes a need for essential state services, such as schools, medical care and, in some cases, law enforcement and jails.

But providing these services is a difficult task given the sheer number of immigrants in our state.

The U.S. Census Bureau reports that 7.3% of Florida's population — almost 1 million of our residents — are foreign-

born non-citizens. Nearly every day, the population is swelled by the arrival of even more undocumented aliens.

Even though immigration policy is set by the federal government, Florida tax dollars have been and are being used to meet the needs of our large immigrant populations.

Very simply, federal bills are being charged to Florida's account — and we've had enough. It's time the federal government lived up to its responsibility to these immigrants — and to Florida's taxpayers.

We must have a firm commitment from the administration and the Congress to help offset some of the costs that result from their immigration policies.

For example:

► In 1993 alone, the Florida Department of Education and the school districts spent more than \$512 million to service 131,000 students in the Limited English Proficiency program.

► Our state's human services agency spent more than \$27 million to provide non-citizens with food stamps, Aid to Families With Dependent Children and public health services.

► The Department of Correc-

Immigrant population swells

In 1991, 141,068 immigrants obtained legal status in Florida — many under the 1986 Immigration Reform and Control Act — which made undocumented immigrants eligible for citizenship. A look at some 1991 immigrants to the state and their country of origin.

Country of birth	Number gaining legal status
Mexico	42,928
Haiti	30,375
Cuba	8,517
Dominican Republic	2,190
El Salvador	2,064
Vietnam	1,623

Source:
Immigration and
Naturalization Service

By Sam Ward, USA TODAY

tions spent \$44 million to incarcerate criminal aliens, including those who arrived as part of the Mariel boatlift.

► Jackson Memorial Hospital in Miami reports that 16% of all patient visits were accounted for by undocumented aliens. Their bills totaled \$312 million — but more than \$240 million of that was unpaid. The community and the hospital were forced to "eat" that expense.

In total, Florida's state and local governments spend in excess of \$2 billion every year to provide these services.

Recently, I and my fellow governors from California, Illinois, New York, Texas, Arizona and New Jersey formed a working group with the administration on state and local governments. We met with Attor-

ney General Janet Reno, Health and Human Services Secretary Donna Shalala, Education Secretary Richard Riley and Management and Budget Director Leon Panetta. In that meeting, we reached agreement on the following points, which are the basis for my recommendations:

► The federal government must enforce our immigration laws better than it does today.

► The federal government must take full responsibility for the costs we now incur as a result of illegal immigration and refugee policy. This includes establishing mechanisms to identify undocumented aliens and fully reimbursing state and local governments for the costs of providing health care, education and other services.

► The federal government must do a better job of identifying criminal aliens through a nationwide fingerprint system in conjunction with the National Criminal Information System.

Further, the federal government must take full responsibility for incarcerating these people — either in a federal prison or through full reimbursement to the states.

► The federal government and the U.S. Congress must provide adequate funding for immigrant and refugee assistance programs so that the level of funding is commensurate with the number of aliens who enter the United States annually.

► The federal government must have a mass immigration emergency plan in place that includes adequate authorities and resources to respond to any future mass migration into the United States.

Finally, the president should appoint a White House adviser on immigration who will be responsible for overseeing and advising him on all issues affecting the foreign, domestic and budgetary matters that influence U.S. immigration and refugee policy.

Florida has opened its arms to people seeking better lives. It's time that our federal government opened its eyes to the problems caused by unrealistic and unenforceable immigration policies.

FOOD STAMPS

July 18, 1994

MEMORANDUM FOR SENATOR DOLE

FROM: Nelson Rockefeller
SUBJECT: Food Stamp Cash Out

The NGA Executive Committee is expected to vote favorably this afternoon, Monday, on the attached resolution on waiver flexibility. The resolution supports the McCain amendment to strike language from the Agriculture Appropriation bill that bars states from receiving new approved waivers that allow states to convert Food Stamps either to cash benefits or to wage subsidies. The full NGA Association is expected to vote favorably on the resolution Tuesday.

Senator McCain's amendment, which you are a co-sponsor of, is expected to go to the floor tomorrow, Tuesday, at about 10am-11am.

As you know, the Brown-Dole Welfare Reform Act of 1994 contains a provision that allows Food Stamps to be converted into wage subsidies.

Attachments

DRAFT

STATE EXPERIMENTATION UNDER NATIONAL HEALTH CARE AND WELFARE REFORM (Resolution*)

THROUGHOUT OUR DISCUSSIONS ON HEALTH CARE AND WELFARE REFORM, THE GOVERNORS HAVE EMPHASIZED THE IMPORTANCE OF FLEXIBILITY AND CONTINUED INNOVATION. THERE IS NO ONE-SIZE-FITS-ALL SOLUTION TO THESE ISSUES, AND STATES MUST HAVE THE FLEXIBILITY TO DEVELOP PROGRAMS AND SERVICES THAT WILL ADDRESS THE UNIQUE CHARACTERISTICS OF THE POPULATIONS AND ECONOMIC CONDITIONS WITHIN OUR INDIVIDUAL STATES.

MANY OF THE IDEAS INCORPORATED INTO THE VARIOUS HEALTH CARE AND WELFARE REFORM PROPOSALS BUILD ON LESSONS LEARNED IN STATE REFORM INITIATIVES. THE GOVERNORS BELIEVE THAT SUCH STATE EXPERIMENTATION WILL CONTINUE TO BE CRITICAL TO NATIONAL PROGRESS ON THESE ISSUES. STATES HAVE INVESTED CONSIDERABLE TIME AND EFFORT IN THE DEVELOPMENT OF EXPERIMENTS TO TEST A VARIETY OF REFORM INITIATIVES, INCLUDING MANY APPROVED BY THE ADMINISTRATION. THE GOVERNORS HAVE LONG-STANDING POLICY IN SUPPORT OF NATIONAL FRAMEWORKS FOR HEALTH CARE AND WELFARE REFORM. IN THIS CONTEXT, THE GOVERNORS FEEL STRONGLY ABOUT THE FOLLOWING PRINCIPLES.

- STATES MUST BE ABLE TO COMPLETE THEIR CURRENTLY APPROVED WAIVERS.
- STATES MUST BE PERMITTED TO APPLY FOR AND RECEIVE ADDITIONAL WAIVERS PRIOR TO AND DURING ANY TRANSITION PERIOD THAT HEALTH CARE OR WELFARE REFORM MAY INCLUDE. THESE WAIVERS WILL ENABLE STATES TO CONTINUE DEVELOPING EFFECTIVE MODELS FOR DELIVERING HEALTH AND WELFARE SERVICES.
- THERE MUST BE A WAIVER PROCESS INCLUDED IN THE FINAL STRUCTURE OF THE REFORMED HEALTH AND WELFARE SYSTEMS SO THAT STATES CAN PURSUE RESEARCH PROJECTS AND EXPERIMENTATION THAT IS CONSISTENT WITH THE GOALS OF THOSE REFORMED SYSTEMS.

Congress is currently considering a proposal that would violate these principles by barring certain food stamp waivers for one year. The Governors believe this provision is antithetical to recent congressional and administration proposals to increase state flexibility to reform welfare, empower recipients by increasing their personal responsibility and control, and create jobs for recipients through

wage subsidies. Furthermore, we strongly object to such a significant shift in federal ~~policy~~ policy being adopted without congressional debate or discussion and in the context of a large appropriations bill. This issue should be addressed as part of a comprehensive debate on welfare reform.

We are also very concerned about the precedent that would be set by Congress acting to preempt state demonstration initiatives that already must undergo a rigorous screening process in the executive branch in order to be approved. We call on Congress to defeat this proposal and support continued state flexibility and executive branch discretion in this area.

* Based upon Policies HR-5, "A Conceptual Framework for National Welfare Reform" and EC-7, "Health Care Reform: A Call to Action."

Time limited (effective July 1994-July 1995).



July 6, 1994

The Honorable Robert J. Dole
Minority Leader
United States Senate
S-230 Capitol Building
Washington, D.C. 20510

Dear Senator Dole:

We are writing to ask for your support for a floor amendment to strike a little noticed provision of the fiscal 1995 Agriculture Appropriations bill that would bar states from pursuing important innovations in welfare reform. This provision would prohibit for one year federal waivers to allow states to convert food stamp benefits to cash payments or to wage subsidies. Currently seven states have waivers pending and a number of other states are preparing waiver requests in this area.

The Governors believe this provision is antithetical to recent Congressional and administration proposals that would increase state flexibility to reform welfare, empower recipients by increasing their personal responsibility and control, and create jobs for recipients through wage subsidies. Furthermore, we strongly object to such a significant shift in federal policy being adopted without Congressional debate or discussion and in the context of a large appropriations bill. This issue should be addressed as part of a comprehensive debate on welfare reform.

We are also very concerned about the precedent that would be set by Congress stepping in to preempt state demonstration initiatives that already must undergo a rigorous screening process in the executive branch in order to be approved. Supporting the amendment to strike the provision from this bill would not mean that states would have carte blanche in this area. Rather it would simply mean that the administration would continue to have the discretion to approve waiver requests that it deemed worthwhile and to deny other requests. The existing provision would strip that discretionary authority from the administration.

July 6, 1994

Page 2

Again, we ask for your support for continued state flexibility and executive branch discretion in this area. Please support the amendment to strike the food stamp "cash out" provision when the appropriations bill comes to the Senate floor.

Sincerely,



Governor Carroll A. Campbell, Jr.
Chair
National Governors' Association



Governor Howard Dean
Vice-Chair
National Governors' Association



Governor John Engler
Co-Chair
Welfare Reform Leadership Team



Governor Tom Carper
Co-Chair
Welfare Reform Leadership Team

United States Senate

WASHINGTON, DC 20510

July 15, 1994

Dear Colleague,

Yesterday, you should have received a "Dear Colleague" regarding an amendment to eliminate a provision of H.R. 4554, the Agriculture Appropriations bill, which would bar states from receiving new waivers to convert Food Stamps to either cash benefits or wage subsidies. This letter is meant to inform you that this amendment is a bipartisan effort. We are concerned that this provision would stifle state initiatives to reform welfare so it should be deleted from the Appropriations bill.

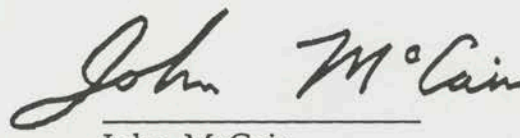
As you know, many states are developing their own proposals to reform welfare. Twenty states are currently pursuing or are interested in pursuing waivers from the Food Stamp program in an effort to develop creative ways to reduce dependency on welfare. These state initiatives have much to teach us about how the welfare system can be modified to encourage independence and personal responsibility. Our amendment would allow USDA to continue to have the discretion to approve waiver requests that it deems worthwhile and to deny other requests.

We hope you will join us by supporting our amendment to ensure that the Secretary of Agriculture can continue to allow states the flexibility to make the welfare system work more efficiently and cost-effectively.

If you would like to cosponsor our amendment or get more information, please let us know or contact our staff, Nancy Hammer (Kerrey 4-4019) or John Raidt (McCain 4-2235).

Sincerely,


J. Robert Kerrey


John McCain


Hank Brown


Robert Dole

Dave Durenberger


J. James Exon


Herb Kohl

July 18, 1994

MEMORANDUM FOR SENATOR DOLE

FROM: Nelson Rockefeller

SUBJECT: Welfare Update for NGA

Attached are two documents for your review.

Please note that the Ways and Means Committee is expected to hold welfare hearings on July 26, 27, and 28. Mark up is expected soon there after.

Attachments

WELFARE REFORM MAJOR PROVISIONS -- LEGISLATIVE COMPARISON 7-18-94

WORK REQUIREMENTS

***House Republicans:** JOBS program expanded to include transition component (job search, educational training, etc.) and subsidized work component. Reduces current exemptions to half of current law. If recipients are job ready they go directly into employment or work program. At least 700,000 able-bodied recipients must be in work program within 4 years.

***Brown/Dole:** JOBS program expanded to include transition component (job search, employment voucher program, educational training, etc.) and subsidized work component. If recipients are job ready they go directly into employment or work program. To subsidize real job wages, recipients can get a voucher equal to the amount of their combined AFDC and Food Stamp benefits to trade for a job paying twice that amount. On monthly basis, AFDC recipients employer will be paid full amount of voucher for first 6 months of employment then 50% of the amount for next 6 months.

***Clinton:** Allows two years before welfare recipient is required to work. Most work will be in Government programs. Recipients will not be able to get EITC. And work requirements only applies to adults born after 1971, which exempts 80% of AFDC adults.

TIME LIMITS

***House Republicans:** Two year limit on AFDC transition benefit for adults - state option for shorter period. After three years states have option to terminate subsidized work program, which kicks in after two years of AFDC transition benefit.

***Brown/Dole:** Two year limit on AFDC transition benefit for adults - state option to reduce transition benefit to one year and the work program to one year, thus, Two Years and Off.

***Clinton:** Two year limit only on AFDC transition benefits for adults born after 1971. This applies to less than 20% of AFDC adult caseload. If recipients can't find work after two years, they are eligible for unending federally subsidized work. For certain recipients, exemptions are given to allow them to stay on longer than 2 years.

REDUCING WELFARE SPENDING - ELIMINATING UNFUNDED MANDATES

***House Republicans:** (5 year figures in billions.)

New Spending \$11.6 *** Savings \$31.1 *** Net Savings \$19.5

***Brown/Dole:** Bill paid for by cuts in existing AFDC program and will have a net saving of over \$11 billion in first 5 years.

***Clinton:** (5 year figures in billions.)

New spending \$9.3 *** Savings \$9.3 *** Net Savings \$0

The Administration primarily pays for their bill by cuts outside of the welfare system; i.e., extend expiring Superfund tax for a 5 year federal savings of \$1.6 billion.

WAIVERS / STATE FLEXIBILITY

***House Republicans:** Expands state flexibility in programs that currently have waivers by stream lining the waiver process; places no restrictions on the number of state waivers.

***Brown/Dole:** Same as House Republicans. Provides states with flexibility to pursue various proposals without going through federal waiver process.

OUT OF WEDLOCK BIRTHS / PARENTAL RESPONSIBILITY

***House Republicans:** Eliminate AFDC cash benefits for children born to unwed mothers under age 18 (unless states pass a law exempting themselves from this requirement).

***Brown/Dole:** States have option of denying AFDC cash benefits to unwed minor mothers. States can deny AFDC benefits for additional children conceived while the mother is on welfare.

***Clinton:** States will be allowed to limit additional benefits for children conceived by women on welfare.

ALIENS

***House Republicans:** Ends welfare for legal aliens except refugees in 1996, thereby saving \$21.7 billion over 5 years.

***Brown/Dole:** Illegal aliens are not eligible for welfare benefits (except emergency medical). For legal aliens, their sponsors' income is counted for determining welfare eligibility until the alien becomes a naturalized U.S. citizen. Legal aliens can only receive welfare benefits for 12 months.

***Clinton:** The Administration bill requires sponsors of legal aliens to assume more responsibility for their support, thereby saving only \$3.7 billion over 5 years and continuing welfare payments for at least a million aliens.

NOTE: ADDITIONAL REPUBLICAN LEGISLATION -- source CRS IB93034.
S. 2134 (Faircloth)

AFDC, food stamp, housing. Prohibits this aid for children of unwed mothers under age 21, bans AFDC for new baby to AFDC mother, bars non-citizens from 58 programs. Other provisions. House companion almost identical. H.R.4473/H.R.4566 (Talent).

S. 1891 (Kassebaum)

AFDC, food stamps, Medicaid. Provides for Federal assumption of Medicaid in exchange for State takeover of AFDC, Food Stamps, and WIC.

Source: 1.) Congressional Research Service
2.) House Republican memo dated June 30, 1994.

BROWN-DOLE

EXECUTIVE SUMMARY SENATE GOP WELFARE REFORM BILL

Work Requirements

* Job Search - required for AFDC applicants while application is pending.

* Work Program - "job ready" individuals are immediately required to participate in the Work Program for 35 hours a week (or 30 hours plus 3 hours of job search). Work Program includes new voucher program, and existing Community Work Experience Program (CWEP) and work supplementation programs under the JOBS program.

- Voucher Program - Establishes a program for AFDC recipients to get a voucher for the amount of their AFDC and food stamp benefits to use in finding a job. When the AFDC recipient finds a job paying twice the amount of the combined AFDC and food stamp benefits, they give the voucher to the employer. The AFDC recipient will then no longer receive cash welfare benefits. On a monthly basis, the AFDC recipient's employer will be paid the full amount of the voucher for the first 6 months of employment and then 50% of the amount of the voucher for the subsequent 6 months.

- CWEP and Work Supplementation Programs

- Repeals restriction that AFDC recipient must be placed in a new job, rather than filling an existing vacancy.

- Removes hour limitations on AFDC recipients' participation in CWEP and work supplementation programs.

- AFDC-UP - At least one parent in a two-parent AFDC-Unemployed Parent family must participate in the Work Program. States have the option of requiring the other parent to participate in the Work Program or Transition-to-Work Program.

- Child Support Delinquency - Unemployed non-custodial parents who are delinquent in child support and whose children are on welfare are required to pay court-ordered support or to participate in the welfare Work Program.

- Penalty - Able-bodied adults who refuse to work are denied cash benefits until they go to work.

2 of 3

* Transition-to-Work Program - welfare recipients who do not have the education or skills to work must participate in remedial education and/or job skills and training for 20 hours per week.

- As soon as a recipient is determined to be job-ready, a welfare recipient must be transferred into the Work Program. Participation in the Transition-to-Work program is limited to a maximum of 2 years for any recipient.

* Two Years and Off - States have option of limiting AFDC cash benefits to 2 years for able-bodied adults.

Illegitimacy/Parental Responsibility

* Unwed minor mothers are required to live with their parents or guardians, or in a supervised group home, to be eligible for AFDC benefits.

* States have option of denying AFDC cash benefits to unwed minor mothers.

* States can deny AFDC benefits for additional children conceived while the mother is on welfare.

* Upon applying for Medicaid for pre-natal care, women are required to be told they will not be eligible for AFDC benefits until they identify the father and fully assist in getting the child's paternity established.

* Strengthen interstate enforcement of child support:

- Require states to have uniform wage withholding systems for child support obligations.

- Expand interstate computer network for location of absent parents.

* Require unemployed noncustodial parents who are delinquent in child support to work off the debt in welfare Work Program.

State Flexibility

* Establish inter-agency waiver coordination board and standardize and streamline waiver application process.

- "One-stop" application for states to waiver of federal welfare requirements.

2 of 3

- Federal government is given 90 day time limit for approval/denial of waiver applications. If waiver is not denied within 90 days, it is deemed approved. The federal government is bound to the reasons given for denial of original application in any subsequent waiver application.

* States have the option to:

- reduce Transition-to-Work program to a maximum of one year and the Work Program to one year (Two Years and Off)
- limit AFDC cash benefits for unwed minor mothers or for additional children conceived while the mother is on welfare
- provide rewards or sanctions for childhood immunizations and school attendance
- require parenting or money management classes
- exempt children's education fund savings accounts from AFDC asset limits

Limitations on Eligibility

* **Aliens** - Illegal aliens are not eligible for welfare benefits (except emergency medical). For legal aliens, their sponsors' income is counted for determining welfare eligibility until the alien becomes a naturalized U.S. citizen. Legal aliens who receive 12 months of welfare benefits are required to be reported for possible deportation as "public charges."

* **Drug and Alcohol Addiction** - Addicted AFDC applicants and recipients are required to participate in addiction treatment and are subject to random and unannounced drug tests for continued eligibility.

* **Not Guilty By Reason of Insanity** - Institutionalized persons who have pled "not guilty by reason of insanity" are not eligible for Social Security benefits.

1/31/94

3 of 3

July 15, 1994

MEMORANDUM FOR SENATOR DOLE

FROM: Nelson Rockefeller *N.A.R.*

SUBJECT: Welfare Reform Update

Senate Finance Committee held a hearing on Wednesday, July 13. Secretary Shalala, the only witness, discussed the Clinton Welfare bill which was introduced June 21.

The following Members attended: all the Democrats except Senator Reigle; and the following Republicans were there -- Packwood, Roth (only for 5 minutes), Durenberger, and Grassley.

The highlight was Senator Moynihan and Mitchell expressing their hope welfare reform would pass this year.

Ways and Means held a hearing Thursday July 15. Only Secretary Shalala testified. The highlights were as follows: Representative Ford asked, "Where in the administration's bill do you create meaningful wages?" Represented Pickle raised question about the financing of the Clinton plan (see attached description). Secretary Shalala specified that the administration wants the entire bill to move forward and not allow, for example, child-support enforcement or paternity establishment to be voted on separately.

Briefing material on welfare is attached for your review.

- Seven "one pagers" prepared by a joint Senate, House and Governor Republican staff working group that was convened by Sheila and myself. The working group decided not to release these documents to the press. The seven topics are:

- 1.) Clinton and Welfare Reform
- 2.) Real Work Requirements
- 3.) Time Limits
- 4.) Reducing Welfare Spending - Eliminating Unfunded mandates
- 5.) Waivers / State Flexibility
- 6.) Illegitimacy
- 7.) Aliens

- Clinton plan financing summary

- Clinton plan summary

- Senator Dole press statement

CLINTON AND WELFARE REFORM

Doesn't end welfare as we know it

Gives welfare beneficiaries 2 years of benefits before any work requirement is imposed.

Doesn't impose real time limits. After two years of welfare checks recipients would trade welfare check for government subsidized paycheck. If paycheck isn't sufficient, the family can continue to get welfare payments in form of "earnings supplement."

Time limits and work requirements apply to less than 20% of adults on welfare.

Five years after passage, over half the estimated 5.5 million adults on welfare would be receiving welfare with no work requirement. (WP 6/11)

By 2004, a quarter of welfare mothers still would be immune to the requirement of having to find a job within two years of going on the welfare rolls. (WP 6/11)

Does little to address welfare fraud or to strengthen anti-fraud programs and makes more complex an already overly complex program.

Doesn't sever link between out-of-wedlock births and welfare

Keystone of Clinton proposal is more spending: a new \$300 million grant program for teen pregnancy prevention programs in schools and communities.

Only copies what Republicans have been proposing for years: require teen moms to live at home, stay in school, and don't increase welfare checks for more children.

Doesn't control welfare spending

Spends more on welfare by \$9 billion, not less.

Imposes one-size-fits-all reforms.

Administration has granted many states waivers to implement state designed welfare reforms, some of which are quite successful and much more aggressive than in Clinton's proposal. Clinton's proposal doesn't assume these waivers will continue and imposes new one-size-fits-all federal requirements on all the states.

REAL WORK REQUIREMENTS

THE CLINTON PLAN DOES NOT END WELFARE AS WE KNOW IT. IT DOES NOT IMPOSE REAL WORK REQUIREMENTS ON WELFARE RECIPIENTS.

Republican Principles

Welfare reform should emphasize private sector jobs as the key to leaving welfare and getting out of poverty, not publicly sponsored, make-work jobs which will lead to more cost, more bureaucracy and more dependency on the government. At least 700,000 able-bodied welfare recipients must be in work programs within 4 years.

Criticism of Clinton Plan

Establishes a new program called "WORK" of government subsidized employment.

WORK (in a government subsidized job) is only required after two years on AFDC.

Note: Under the current AFDC program called JOBS, in the first 2 years, work is not required but is allowed. However, currently under JOBS only 3.5% of population is in work activities as opposed to education/training.

If earnings from such WORK assignment don't equal welfare benefits, family will still get a welfare check in the form of an "earnings supplement."

- Under Clinton's proposal, work is only absolutely after 2 years of benefits. If earnings in "WORK" program are not sufficient, the family will get an "earnings supplement", i.e. welfare check, to make up the difference.

In the first year, over 80% of AFDC adult population is exempt from work requirements.

- Work requirements apply only to persons born after 1971, but who have reached age 18.

Allows work assignments to be in private sector, but does nothing particular to encourage private sector participation.

The government, not the employers, would establish sick leave and vacation time for government subsidized employees.

TIME LIMITS

THE CLINTON PLAN DOES NOT END WELFARE AS WE KNOW IT. IT DOES NOT IMPOSE REAL TIME LIMITS ON RECEIPT OF WELFARE BENEFITS.

Republican Principles

Cash assistance to families with children should be time-limited. Cash benefits should be terminated if at any time a welfare client refuses a private sector job.

Government's help should be tied to personal responsibility and should not be unending. When a recipient does not take appropriate responsibility, they should be penalized and their benefits end.

Time limits on welfare benefits must be real limits, not replacing one type of welfare check with another.

Criticism of Clinton Plan

Clinton's plan puts a 2 year limit on cash AFDC benefits for adults. It does not time limit non-cash (housing) or other welfare benefits (food stamps).

- When someone has reached their 2 year limit under Clinton's plan, they won't get their welfare check but will be put in a federally subsidized work program, which can last indefinitely.

Two year time limit applies to less than 20% of AFDC adult caseload.

- Time limit only applies to persons born after 1971.
- States can extend time limit for up to a total of 4 years for 10% of population.

**REDUCING WELFARE SPENDING
ELIMINATING UNFUNDED MANDATES**

THE CLINTON PLAN DOES NOT END WELFARE AS WE KNOW IT. IT DOES NOTHING TO HALT THE GROWTH OF WELFARE SPENDING.

Republican Principles

Real welfare reform means spending less money not more money. Government spending on welfare must be reduced by increasing self-sufficiency, but in a way that we reduce overall welfare costs and do not simply impose additional costs on (shift costs to) states and local governments.

Criticism of the Clinton Plan

The total cost of welfare spending since President Johnson's "war on poverty" in 1965 is \$5 trillion and growing.

- Federal, state, and local spending for low-income programs in 1994 will reach nearly \$300 billion. These programs include medical, housing, food, energy, education, and social service benefits.
- Federal expenditures in 1994 for these programs -- including medicaid, the largest means tested program -- will be \$180 billion. Federal expenditures, excluding medicaid, will be nearly \$100 billion in 1994.
- Federal expenditures for AFDC, food stamps, the EITC, and SSI in 1994 will total \$78 billion in 1994.
- Polls show that working taxpayers think \$0.42 out of every dollar spent by the federal government is wasted. When asked where the federal government should cut spending, taxpayers put welfare at the top of list every time.

The Clinton plan simply aggravates this problem by increasing welfare spending by \$9.3 billion.

WAIVERS / STATE FLEXIBILITY

THE CLINTON PLAN DOES NOT END WELFARE AS WE KNOW IT. IT DOES NOT LET THE STATES DO IT EITHER.

Republican Principles:

Under any new welfare reform program, states should be encouraged and permitted to aggressively pursue state-based reform and innovative demonstrations. Current experiments designed to test a variety of reform initiatives must be allowed to continue.

National reform must give states flexibility in administering programs that meet the varying needs of their citizens, not those of the federal bureaucracy.

Welfare programs directed at similar goals (e.g. nutrition, training) must be streamlined and money and authority given to states to conduct the programs.

Criticism of Clinton Plan:

The President's proposal could put the brakes on more aggressive reforms already in progress:

More than 20 states have received waivers to restructure their welfare systems and put welfare clients to work - these would be in jeopardy if the President's proposal passes;

Many more are in the pipeline and there are no assurances that they will be favorably received;

More than 20 states are considering reforms that would impose time-limited welfare - many of these proposals are much stricter than the President's and cover a larger percentage of the welfare caseload;

The National Governors Association has produced a 50 page document detailing hundreds of reform initiatives already underway in the states.

The President's proposal imposes a new, mandatory, one-size-fits-all program on the states:

Targets an arbitrary population group that leaves out 80% of the caseload;

Imposes highly prescriptive administrative provisions that may or may not track existing procedures and policies already in place for that 80% of the caseload;

With respect to in-state child support enforcement, arbitrarily requires states to re-write their laws.

ILLEGITIMACY

THE CLINTON PLAN DOES NOT END WELFARE AS WE KNOW IT. IT DOES NOT SEVER THE LINK BETWEEN OUT-OF-WEDLOCK BIRTHS AND WELFARE.

Republican Principles

Welfare is a major cause of illegitimacy. The federal policy of granting entitlements to welfare benefits presents young girls with the following deal:

Have an illegitimate baby, and taxpayers will guarantee you cash, food stamps, and medical care, plus a host of other benefits. As long as you stay single and don't work, we'll continue giving you this package of benefits worth a minimum of \$12,000 per year (\$3,000 more than a full-time job at minimum wage).

Real reform must remove programmatic rewards for illegitimacy/out-of-wedlock births and encourage appropriate family formation and responsibility.

Criticism of Clinton Plan:

Given the incentives offered by federal welfare policy, it follows that the single most effective attack on illegitimacy is to reduce or eliminate welfare benefits for young mothers with illegitimate children.

- **Clinton has refused to adopt this policy.** This is the single greatest weakness of the bill -- and assures that, regardless of the bill's other provisions, the nation will not be able to end welfare as we know it. Illegitimacy is the motor that drives welfare growth.

Congressional Republicans are nearly unanimous in their support for ending welfare benefits for young unwed mothers. We also, however, frankly acknowledge that Republicans disagree about how far we should go in this direction.

- Some want to eliminate cash welfare from the Aid to Families with Dependent Children program for illegitimate children born to mothers under age 18.

- Others want to go even further and eliminate cash welfare, food stamps, and housing for illegitimate children born to mothers under 26 years of age.

But we all agree that Congress must stall the motor driving welfare growth.

ALIENS

THE CLINTON PLAN DOES NOT END WELFARE AS WE KNOW IT. IT DOES NOT SOLVE THE PROBLEM OF WELFARE AND NON-CITIZENS.

Republican Principles

Welfare should not be a magnet to attract aliens to the United States.

Non-citizens must not become burdens on taxpayers and sponsors of immigrants must be held financially responsible for their commitment.

The flow of illegal immigrants must be stopped.

Criticism of Clinton Plan:

Many non-citizens will continue to receive full benefits under the Clinton proposal.

- The provisions alleged to cut benefits to non-citizens are insufficient. A majority of those who have federal benefits restricted will become charges to state and local governments.

Sponsors of immigrants are only held responsible for a limited time, and even then there is no mechanism for enforcement of their commitment.

- The provisions alleged to hold sponsors responsible for their commitment to support non-citizens are insufficient.

There are not provisions to stop the costly problem of illegal immigration.

- In California alone, 40% of Medicaid births are to illegal immigrants. These children, who are citizens, qualify for welfare benefits which cost taxpayers hundreds of millions of dollars annually.

CLINTON PLAN

WELFARE REFORM FINANCING

Five-Year Federal Savings
(in billions)

Entitlement Reforms

Limit Emergency Assistance	\$ 1.6
Tighten Rules for Non-Citizens:	
Increased Sponsor Responsibility	2.8
Establish Similar Alien Eligibility Criteria	0.9
Review Benefits for Drug Addicts and Alcoholics	0.8
Income Test Meal Reimbursements	0.5
Target Farm Subsidies	0.5

Extend Expiring Provisions

Maintain Food Stamp Fraud Recoveries	0.1
Extend Fees for Passenger Processing	0.0
Extend Railroad Safety User Fees	0.2
Extend Expiring Superfund Tax	1.6

EITC Enforcement Measures

Deny EITC to Non-Resident Aliens	0.1
Require Income Reporting for Defense Personnel	0.2

TOTAL	9.3
--------------	------------

CLINTON PLAN SUMMARY

WELFARE REFORM: WORK

Under the President's reform plan, welfare will be about a paycheck, not a welfare check. To reinforce and reward work, our approach is based on a simple compact. Each recipient will be required to develop a personal employability plan designed to move her into the workforce as quickly as possible. Support, job training, and child care will be provided to help people move from dependence to independence. But time limits will ensure that anyone who can work, must work--in the private sector if possible, in a temporary subsidized job if necessary. Reform will make welfare a transitional system leading to work.

The combination of work opportunities, the Earned Income Tax Credit, health care reform, child care, and improved child support will make the lives of millions of women and children demonstrably better.

Making Welfare a Transition to Work: Building on the JOBS Program

Created by the Family Support Act of 1988 and championed by then-Governor Clinton, the JOBS program offers education, training, and job placement services--but to few families. Our proposal would expand and improve the current program to include:

- **A personal employability plan.** From the very first day, the new system will focus on making young mothers self-sufficient. Working with a caseworker, each woman will develop an employability plan identifying the education, training, and job placement services needed to move into the workforce. Because 70 percent of welfare recipients already leave the rolls within 24 months, and many applicants are job-ready, most plans will aim for employment well within two years.

- **A two-year time limit.** Time limits will restrict most AFDC recipients to a lifetime maximum of 24 months of cash assistance.

- **Job search first.** Participants who are job-ready will immediately be oriented to the workplace. Anyone offered a job will be required to take it.

- **Integration with mainstream education and training programs.** JOBS will be linked with job training programs offered under the Jobs Training Partnership Act, the new School-to-Work initiative, Pell Grants, and other mainstream programs.

- **Tough sanctions.** Parents who refuse to stay in school, look for work, or attend job training programs will be sanctioned, generally by losing their share of the AFDC grant.

- **Limited exemptions and deferrals.** Our plan will reduce existing exemptions and ensure that from day one, even those who can't work must meet certain expectations. Mothers with disabilities and those caring for disabled children will initially be exempt from the two-year time limit, but will be required to develop employability plans that lead to work. Another exemption allowed under current JOBS rules will be significantly narrowed: mothers of infants will receive only short-term deferrals (12 months for the first child, three months for the second). At state discretion, a very limited number of young mothers completing education programs may receive appropriate extensions.

- **Let states reward work.** Currently, AFDC recipients who work lose benefits dollar-for-dollar, and are penalized for saving money. Our proposal allows states to reinforce work by setting higher earned income and child support disregards. We also help fund demonstration projects to support saving and self-employment.

1 of 5

- **Additional federal funding.** To ease state fiscal constraints and ensure that JOBS really works, our proposal raises the federal match rate and provides additional funding. The federal JOBS match will increase further in states with high unemployment.

The WORK Program: Work Not Welfare After Two Years

The WORK program will enable those without jobs after two years to support their families through subsidized employment. The WORK program emphasizes:

- **Work, not "workfare."** Unlike traditional "workfare," recipients will only be paid for hours worked. Most jobs would pay the minimum wage for between 15 and 35 hours of work per week.
- **Flexible, community-based initiatives.** State governments can design programs appropriate to the local labor market: temporarily placing recipients in subsidized private sector jobs, in public sector positions, or with community organizations.
- **A Transitional Program.** To move people into unsubsidized private sector jobs as quickly as possible, participants will be required to go through extensive job search before entering the WORK program, and after each WORK assignment. No WORK assignment will last more than 12 months. Participants in subsidized jobs will not receive the EITC. Anyone who turns down a private sector job will be removed from the rolls, as will people who repeatedly refuse to make good faith efforts to obtain available jobs.

Supporting Working Families: The EITC, Health Reform, Child Care

To reinforce this central message about the value of work, bold new incentives will make work pay and encourage AFDC recipients to leave welfare.

- **The Earned Income Tax Credit (EITC).** The expanded EITC will lift millions of workers out of poverty. Already enacted by Congress, the EITC will effectively make any minimum wage job pay \$6.00 an hour for a typical family with two children. States will be able to work with the Treasury Department to issue the EITC on a monthly basis.
- **Health care reform.** Universal health care will allow people to leave welfare without worrying about coverage for their families.
- **Child care.** To further encourage young mothers to work, our plan will guarantee child care during education, training, and work programs, and for one year after participants leave welfare for private sector employment. Increased funding for other federal child care programs will bolster more working families just above the poverty line and help them stay off welfare in the first place. Our plan also improves child care quality and ensures parental choice.

2 of 5

CLINTON

WELFARE REFORM: RESPONSIBILITY

Our current welfare system often seems at odds with core American values, especially responsibility. Overlapping and uncoordinated programs seem almost to invite waste and abuse. Non-custodial parents frequently provide little or no economic or social support to their children. And the culture of welfare offices often seems to reinforce dependence rather than independence. The President's welfare plan reinforces American values, while recognizing the government's role in helping those who are willing to help themselves.

Our proposal includes several provisions aimed at creating a new culture of mutual responsibility. We will provide recipients with services and work opportunities, but implement tough, new requirements in return. These include provisions to promote parental responsibility, ensuring that both parents contribute to their children's well-being. The plan also includes incentives directly tied to the performance of the welfare office; extensive efforts to detect and prevent welfare fraud; sanctions to prevent gaming of the welfare system; and a broad array of incentives that the states can use to encourage responsible behavior.

Parental Responsibility

The Administration's plan recognizes that both parents must support their children, and establishes the toughest child support enforcement program ever proposed. In 1990, absent fathers paid only \$14 billion in child support. But if child support orders reflecting current ability to pay were established and enforced, single mothers and their children would have received \$48 billion: money for school, clothing, food, utilities, and child care. As part of a plan to reduce and prevent welfare dependency, our plan provides for:

- **Universal paternity establishment.** Hospitals will be required to establish paternity at birth, and each applicant will be required to name and help find her child's father before receiving benefits.
- **Regular awards updating.** Child support payments will increase as fathers' incomes rise.
- **New penalties for those who refuse to pay.** Wage-withholding and suspension of professional, occupational, and drivers' licenses will enforce compliance.
- **A national child support clearinghouse.** Three registries—containing child support awards, new hires, and locating information—will catch parents who try to evade their responsibilities by fleeing across state lines. Centralized state registries will track support payments automatically.
- **State initiatives and demonstration programs.** States will be able to make young parents who fail to meet their obligations work off the child support they owe. Demonstration grants for parenting and access programs—providing mediation, counseling, education, and visitation enforcement—will foster non-custodial parents' ongoing involvement in their children's lives. And child support assurance demonstrations will let interested states give families a measure of economic security even if child support is not collected immediately.
- **State options to encourage responsibility.** States can choose to lift the special eligibility requirements for two-parent families in order to encourage parents to stay together. States will also be allowed to limit additional benefits for children conceived by women on welfare.

3 of 5

Accountability for Taxpayers

To eliminate fraud and ensure that every dollar is used productively, welfare reform will coordinate programs, automate files, and monitor recipients. New fraud control measures include:

- **State tracking systems to help reduce fraud.** States will be required to verify the income, identity, alien status, and Social Security numbers of new applicants and assign national identification numbers.
- **A national public assistance clearinghouse.** Using identification numbers, the clearinghouse will follow people whenever and wherever they use welfare, monitoring compliance with time limits and work. A national "new hire" registry will monitor earnings to check AFDC and EITC eligibility, and identify non-custodial parents who switch jobs or cross state lines to avoid paying child support.
- **Tough sanctions.** Anyone who refuses to follow the rules will face tough new sanctions, and anyone who turns down a job offer will be dropped from the rolls. Cheating the system will be promptly detected and swiftly punished.

Performance, Not Process

The Administration's plan demands greater responsibility of the welfare office itself. Unfortunately, the current system too often focuses on simply sending out welfare checks. Instead, the welfare office must become a place that is fundamentally about helping people earn paychecks as quickly as possible. Our plan offers several provisions to help agencies reduce paperwork and focus on results:

- **Program coordination and simplification.** Conforming AFDC and Food Stamp regulations and simplifying both programs' administrative requirements will reduce paperwork.
- **Electronic Benefits Transfer (EBT).** Under a separate plan developed by Vice President Gore, states will be encouraged to move away from welfare checks and food stamp coupons toward Electronic Benefits Transfer, which provides benefits through a tamper-proof ATM card. EBT systems will reduce welfare and food stamp fraud, and lead to substantial savings in administrative costs.
- **Improved incentives.** Funding incentives and penalties will be directly linked to the performance of states and caseworkers in service provision, job placement, and child support collection.

4 of 5

CLINTON

WELFARE REFORM: REACHING THE NEXT GENERATION

Preventing teen pregnancy and out-of-wedlock births is a critical part of welfare reform. Each year, 200,000 teenagers aged 17 and younger have children. Their children are more likely to have serious health problems—and they are much more likely to be poor. Almost 80 percent of the children born to unmarried teenage parents who dropped out of high school now live in poverty. By contrast, only eight percent of the children born to married high school graduates aged 20 or older are poor. Welfare reform will send a clear and unambiguous message to adolescents: you should not become a parent until you are able to provide for and nurture your child. Every young person will know that welfare has changed forever.

Preventing Teen Pregnancy

To prevent welfare dependency in the first place, teenagers must get the message that staying in school, postponing pregnancy, and preparing to work are the right things to do. Our prevention approach includes:

- **A national campaign against teen pregnancy.** Emphasizing the importance of delayed sexual activity and responsible parenting, the campaign will bring together local schools, communities, families, and churches.
- **A national clearinghouse on teen pregnancy prevention.** The clearinghouse will provide communities and schools with curricula, models, materials, training, and technical assistance relating to teen pregnancy prevention programs.
- **Mobilization grants and comprehensive demonstrations.** Roughly 1000 middle and high schools in disadvantaged areas will receive grants to develop innovative, ongoing teen pregnancy prevention programs targeted to young men and women. Broader initiatives will seek to change the circumstances in which young people live and the ways that they see themselves, addressing health, education, safety, and economic opportunity.

Phasing in Young People First

Initial resources are targeted to women born after December 31, 1971. Phasing in the new system will direct limited resources to young, single mothers with the most at risk; send a strong message to teenagers that welfare as we know it has ended; most effectively change the culture of the welfare office to focus on work; and allow states to develop effective service capacity.

A Clear Message for Teen Parents

Today, minor parents receiving welfare can form independent households; often drop out of high school; and in many respects, are treated as if they were adults. Our plan changes the incentives of welfare to show teenagers that having children is an immense responsibility rather than an easy route to independence.

- **Supports and sanctions.** The two-year limit will not begin until teens reach age 18, but from the very first day, teen parents receiving benefits will be required to stay in school and move toward work. Unmarried minor mothers will be required to identify their child's father and live at home or with a responsible adult, while teen fathers will be held responsible for child support and may be required to work off what they owe. At the same time, caseworkers will offer encouragement and support; assist with living situations; and help teens access services such as parenting classes and child care. Selected older welfare mothers will serve as mentors to at-risk school-age parents. States will also be allowed to use monetary incentives to keep teen parents in school.

5 of 5

Bob Dole



NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
Tuesday, June 14, 1994

Contact: Clarkson Hine
(202) 224-5358

WELFARE REFORM

Seventeen months have gone by since President Clinton took office, and this administration has not yet begun to "end welfare as we know it." Republicans have introduced comprehensive welfare reform bills. By not offering any legislation, and by avoiding the tough calls, President Clinton is still behind the curve on this important issue. We're still looking for the President's specifics, we're still waiting for the President's bill.

While we are pleased that President Clinton has taken a first step, we have real differences with his approach.

Republicans believe welfare should be transitional support towards private sector jobs, not unending government-sponsored make-work.

Cash welfare assistance should be time-limited -- that means states should have the authority to say to able-bodied recipients, "two years and you're off."

In our view, welfare reform means reducing costs by increasing the self-sufficiency of those in need.

States must have the flexibility they need to administer programs that serve their citizens best, not a one-size-fits-all approach from Washington.

And, we feel very strongly that real reform should not reward out-of-wedlock births, and that welfare should not be a magnet to attract aliens to the United States.

Regrettably, the Clinton plan does not begin to "end welfare as we know it." The Clinton plan gives welfare recipients two years of benefits before any work requirement is imposed, and imposes time limits and work requirements on only about 20% of recipients. Under the Clinton plan, after two years of welfare checks, recipients could be indefinitely supported by a government-subsidized paycheck. That's not the kind of reform most Americans have in mind.

###

CRIME

Crime--July 15, 1994

Since April, there has been only one meeting of the crime conferees. Conference negotiations should resume next week, upon the conclusion of the Breyer confirmation hearings. It seems that the crime bill has fallen victim to a "Democrat filibuster" or "crime conference gridlock."

1. **Racial Justice.** On Meet the Press, Leon Panetta indicated that Don Edwards is floating a compromise proposal limiting the application of the Racial Justice Act to federal capital cases, a small portion of all death penalty cases.

Last June, you joined more than 20 other Senate Republicans in signing a letter to Senator Hatch stating that "any bill which attempts to change the [Racial Justice Act] by limiting its application only to federal death penalty cases, or which makes the measure prospective, is...unacceptable. This 'compromise approach' would still establish a dangerous legal precedent and would seriously undermine our system of criminal justice."

The Association of State Attorneys General and the National District Attorneys Association are also on record as opposing the Racial Justice Act, even if it applies only to federal capital cases. Allowing federal capital defendants to challenge their sentences simply by proffering "statistical evidence" unrelated to the specific facts of their own cases would be the camel's nose under the tent.

Panetta claims the Administration is reviewing the Edwards proposal and checking to see whether it would solve the filibuster problem. Of course, Panetta hasn't checked with any Republicans.

The New York Times ran an editorial last week, "The Silent White House," criticizing President Clinton for not publicly supporting the Racial Justice Act.

Chances are the Racial Justice provisions will be dropped from the conference report.

2. **Social Spending.** We need to direct more public attention to the \$7.3 billion (perhaps more) that the Democrats intend to spend on a minimum of 15 separate "prevention" programs. In exchange for dropping the Racial Justice provisions, the Congressional Black Caucus may demand more in prevention.

Some of these "60s-style, Great Society" programs include:

a. **Local Partnership Act.** Provides \$2 billion in revenue sharing grants to cities for education, drug treatment, and job training programs to "prevent crime." Imposes no requirements on how the money is to be spent.

b. **Youth Employment and Skills Crime Prevention.** Provides \$900 million for job training, apprenticeships, and occupational skills training for youth in high crime, high unemployment areas. Adults as old as age 25 qualify as "youths."

c. **Model Intensive Grant Program.** Provides \$900 million to be distributed by the Attorney General to fund up to 15 model programs for crime prevention in high crime areas. Money can be used for drug treatment, public transportation, and the restoration of decaying public facilities.

d. **Midnight Sports.** Provides \$40 million to establish youth sports leagues in high crime areas.

e. **Ounce of Prevention.** Provides up to \$1.1 billion for an "Ounce of Prevention Council" to coordinate the new prevention programs created in the crime bill (in other words: a program to coordinate programs). The Council would be chaired by the Attorney General.

A more detailed description of the prevention programs is attached.

3. **Assault Weapons Ban.** Republican staff on the Judiciary Committee inform me that Rep. Brooks is making a serious effort to drop the assault-weapons ban.

Alternative Republican Conference Report. Republicans have proposed a \$28 billion alternative conference report.

Some of the highlights of the Republican alternative include:

- \$13 billion for prisons (50% of the funding is conditioned on states adopting truth-in-sentencing)
- more than \$7 billion for new police hires, including a troops-to-cops program
- tough mandatory minimum penalties for those who use a gun in the commission of a crime
- an enforceable federal death penalty
- violence against women provisions, including more than \$1 billion in state grants for sexual assault and domestic violence programs

The Republican alternative is theoretically paid-for through a) the workforce reductions proposed by the National Performance Review (\$22 billion over five years), and b) cutting administrative overhead in the executive branch by 5%.

SOCIAL SPENDING IN THE DEMOCRAT CRIME BILL

According to a draft crime bill conference report circulated by the Democrat leadership, the Democrats propose to spend an estimated \$7.3 billion on social spending and so-called prevention programs. (This figure excludes money provided in both the Republican and the Democrat proposals to fund the bipartisan Violence Against Women Act.) The other side of the aisle pays insufficient attention to funding for prisons and law enforcement. Indeed, it appears that they are prepared to waste literally billions of dollars of scarce resources for social spending rather than provide that particular money to the states for prison construction or for federal, state, or local law enforcement agencies. Democrats intend to engage in a spending stampede in the name of addressing the "root causes" of crime.

Most of the current talk surrounding the need to address the root causes of crime seems to be an attempt to put a new face on the President's failed economic stimulus bill. Instead of addressing the real root causes of crime -- declining moral values and the erosion of the family -- the Democrats' proposed crime bill wastes billions of dollars on 1960s-style, Great Society social spending boondoggles.

Attached is a list of some of the prevention programs Democrats have proposed be included in the final crime bill. Most of these programs were in the House-passed version of the crime bill. Even if one were to find some of these programs worthy, funding for these measures should come from existing social agency budgets rather than being diverted from the scarce violent crime fighting resources available in the crime bill.

① ● Local Partnership Act (\$2 Billion): Provides \$2 billion in revenue sharing grants to localities for education, drug abuse treatment, and job training programs "to prevent crime". This program has a complicated (17 page) formula which essentially favors cities with high tax rates, low income, and high unemployment. There are no requirements on how the recipients will spend the money. However, the program does require minority-contract set-asides and union contracting.

② ● Youth Employment and Skills Crime Prevention (\$900 Million): The Democrats would spend \$900 million (up from \$525 million in the House-passed bill,) on grants for job training, apprenticeships, "occupational skills," and job experience targeted at youth in high crime, high unemployment areas. Adults as old as 25 qualify as "youths." It is a discretionary grant program limited to 20 separate projects. The Administration has whole-heartedly endorsed this program and has worked to increase the authorization level from the original \$525 million level. However, according to the GAO, the federal government already spends nearly \$25 billion annually on job training programs, with at least 48 separate programs targeted at disadvantaged youth.

3 ● Model Intensive Grant Programs (\$900 Million): The Democrats would spend \$900 million on grants to be distributed by the Attorney General to fund up to 15 model programs for crime prevention in chronic high intensive crime areas. The criteria for the program are very general, allowing recipients to spend money on anything, so long as the applicant for the funds remembers to try to link the use of the funds to crime control no matter how tenuous the link. This includes spending on "deterioration or lack of public facilities," and inadequate public facilities such as public transportation, as well as drug treatment. While these funds may also be spent on police services, there is no assurance that any funds will be spent on such services.

4 ● Drug Treatment in Federal Prisons (\$125 Million): Democrats propose spending an initial \$125 million on an open-ended, expensive program eventually requiring that the Bureau of Prisons provide drug treatment on demand to all federal prisoners with a substance abuse problem. They would provide incentives for prisoners to participate, including segregation from the general prison population and early release from prison (up to one year). Ironically, this program would reward prisoners with drug problems. These incentives are available to all prisoners, including violent prisoners.

5 ● Drug Courts (\$1.4 Billion): The Democrats propose spending \$1.4 billion on grants to states for so-called "drug courts" programs. These programs are a non-punitive approach to drug crime which divert offenders into drug testing, treatment, alternative punishments, and "aftercare." Participation in the programs is not limited to first-time, non-violent offenders.

6 ● Residential Substance Abuse Treatment (\$300 Million): The Democrats would also spend an additional \$300 million on grants to states for prison drug treatment programs. Participating inmates would be segregated from the general inmate population. Preferences in distributing the grants would be given to states that provide a wide range of "aftercare" social services to participating inmates.

7 ● National Community Economic Partnership: Provides lines of credit through the Department of Health and Human Services to non-profit "community development corporations" for distressed communities.

8 ● Ounce of Prevention (up to \$1.1 Billion): The Democrats would create an "Ounce of Prevention Council" to administer and coordinate some of the new prevention grants created by the crime bill. The Council would be composed of various Cabinet members and chaired by the Attorney General. In reality, the Council is given \$1.1 billion of its own to "coordinate" and spend on recreation programs, mentoring programs, job placement programs,

and "out-reach" for at-risk families. But notwithstanding its nominal coordination responsibilities, the Council is given no authority to enforce its coordination role.

9 ● Midnight Sports (\$40 Million): The Democrats would spend \$40 million on a grant program to establish youth sports leagues targeted in areas with high incidence of drug use, juvenile crime, AIDS, teen pregnancy, youth unemployment, and school dropout. The money need not be spent exclusively on sports, however, and may include job training, sex education, and drug treatment classes.

10 ● Assistance for Delinquent and At-Risk Youth (\$40 Million): This program spends \$40 million on grants for residential services for youth who have dropped out of school or who are in trouble with the law. Programs are required to include services designed to "increase the self esteem" of these truant or criminal youth, improve their "life skills," and assist such youth "in making healthy and responsible choices."

11 ● Police Recruitment (\$24 Million): This measure spends \$24 million on grants to private, community organizations to recruit and retain local police officers. Grant recipients must work with "counselors, and similar personnel," provide "counseling to [police] applicants who may encounter problems with the application process," with an emphasis on under-served areas and recruiting minorities. Of course, police departments already recruit for new officers.

12 ● Hope in Youth (\$20 Million): This proposal spends \$20 million in Health and Human Services Department grants for the establishment of "advisory organizations" to provide a multi-issue forum for public policy discussion.

13 ● Community-Based Justice Grants for Prosecutors (\$80 Million): This social spending program, which might be better named the "Prosecutor-Social Worker Alliance Program," is scored by the Democrats as aid to prosecutors. The Democrats would spend \$80 million on grants to prosecutors for diversion and "individualized sanctions" programs for violent young offenders. The proposed program would require social workers' involvement and participating prosecutors would be required to "focus on the offender, not simply the specific offense, and impose individualized sanctions" such as "conflict resolution, treatment, counselling and recreation programs" for individuals, ages 7 [to] 22, who have committed crimes of violence, weapons offenses, drug distribution, hate crimes, and civil rights violations"

14 ● Child Safety (Supervised Visitation) Grants (\$30 Million): The Democrats would authorize the Department of Health and Human Services to spend \$30 million in scarce crime fighting resources

for grants for supervised visitation centers, where non-custodial parents from families with a history of domestic abuse could visit their children in a supervised setting.

15 ● Family Unity Demonstration Project (\$40 Million): The Democrats would spend \$40 million for "demonstration projects" to house children under six years of age with their primary caregiver parent while that parent is in prison. Essentially, it sets up halfway-houses as alternatives to jails, which would keep inmates together with their children and provide these inmates with numerous social services, such as classes in parenting skills and household management, during incarceration.

**THE REPUBLICAN ALTERNATIVE
CRIME BILL
CONFERENCE REPORT
June 30, 1994**

AUTHORIZATIONS/FUNDING:

- The Republican proposal is a deficit neutral \$28.24 billion, 5 year plan. The Democrat's anticipated proposal is a \$30.2 billion, 6 year plan (full funding takes until the year 2000) which proposes \$13 billion in deficit spending.
- The Republican alternative provides more money up front than the likely Democrat formula. The proposed Republican bill, by cutting administrative overhead in the executive branch by 5% in fiscal years 1995 and 1996, will produce an extra \$1.2 billion a year over what the Senate-passed trust fund provides for fiscal years 1995 and 1996. As a result, the Republican trust fund provides \$3.53 billion this coming fiscal year alone. Republicans believe that Congress must take steps to get urgently needed crime fighting money to the states immediately, rather than promising to disburse most of the money several years from now.
- The Republican bill also sets priorities for spending by requiring that prisons, police grants, federal law enforcement, rural crime initiatives, and violence against women measures be fully funded before other programs. The Republican proposal also limits the appropriations total for all "such sums" provisions to \$250 million per year. Finally, it insures that, to the extent the trust fund is fully funded, all programs will be funded by extending crime bill authorizations throughout the life of the trust fund.

PRISONS AND PRISONERS \$13 BILLION:

- The prisons provision provides \$13 billion for the construction and operation of state prisons. This provision, by funding the construction of as many as 433,000 new prison cells, will help alleviate the over-crowding plaguing our state prison systems which results in the release back into society of criminals who

ought to be incarcerated. This provision will make it easier to incarcerate violent criminals for longer periods. It also takes into account the fact that if President Clinton delivers on his promise of 100,000 new police officers, there must be prison cells awaiting the violent criminals they catch.

● **Prison Grants/Truth-In-Sentencing:** The \$13 billion is distributed to states over the first four years of the trust fund for prison grants. Of that amount, 50% is conditioned on a state's reform of its criminal justice systems: the adoption of truth-in-sentencing, wherein state prisoners serve at least 85 percent of their sentences; reform of bail laws; increased victims' rights; and enactment of three-time loser laws. The remaining 50% of the funding is made available to states which make good faith efforts to increase sentences and time served for violent offenders.

● **Prison Reforms:** The bill also has other tough-on-prisoner provisions. It contains a provision which will ensure that only federal prisoners deserving of reductions in their sentences for good behavior in prison receive such "good time" credit. The bill also denies Pell grants to prisoners. It clarifies the judicial remedies for prison overcrowding which will help close the revolving prison door and ensure that prisoners are not put back on the streets for lack of cell space. The bill also addresses the explosion of prisoner litigation by establishing stricter requirements for exhaustion of administrative remedies.

STATE AND LOCAL LAW ENFORCEMENT \$9.4 BILLION:

● **Community Policing:** The bill provides nearly \$7.4 billion in grants to state and local government to hire additional police. The measure requires that all of the money be spent on police hiring. The Republican bill cuts the Senate bill's dollar amount for community policing because it wasted too much money on administrative expenses and discretionary spending. The \$7.4 billion figure matches DOJ estimates of the amounts needed to fund 100,000 police. The bill also insures that each state receives its fair share by requiring that funds be allotted to states based on a formula similar to a proven, existing law enforcement grant formula (the Byrne grant formula).

I-2
Amendment

● **Troops to Cops:** Under the community policing program, special emphasis will be given to the hiring of former members of the Armed Forces as police officers. Particular attention will be given to areas hardest hit by military downsizing.

● **State and Local Formula Grants:** The bill provides \$2 billion in additional funding for the Byrne state and local law enforcement grants. To date, the Byrne program has helped establish over 950 task forces and drug units. The Republican bill also improves the flexibility of Byrne by allowing these grants to be used for the construction and operation of facilities to incarcerate undocumented criminal aliens, a growing problem for many states.

DEATH PENALTY:

● The bill provides the death penalty for over 50 specific federal offenses where death is an appropriate punishment. The bill also creates procedures for the imposition of the death penalty in federal cases to ensure that this ultimate penalty may be imposed when the crime merits it, and that when imposed, it is carried out.

● The bill authorizes the death penalty for major drug traffickers even where a death does not occur as part of the offense -- a provision which has been opposed by the Clinton Administration. The bill also authorizes the death penalty in limited cases involving drug dealers, who, in acting with reckless disregard for human life, cause the death of others.

● The bill authorizes the death penalty for murders committed with a firearm which traveled in interstate commerce. This will augment state prosecutorial authority in appropriate cases, allowing federal prosecutors to seek a federal death sentence for firearms murders. Federal prosecutors will therefore be able to play a greater role in the punishment of violent offenders.

● Provides protection against discrimination in the imposition of the death penalty without resorting to statistical subterfuge which has the purpose of eliminating the death penalty.

GANGS AND YOUTH VIOLENCE:

- The Republican proposal also beefs up federal anti-gang efforts. The bill contains the Senate passed Dole-Hatch-Brown gang provision which makes it a federal offense to engage in gang-related crime and subjects gang members to tough mandatory minimum penalties. For example, gang members who recruit others into criminal gangs or engage in criminal conduct shall be subject to a mandatory minimum penalty of 5 years imprisonment. If a gang offense involved attempted murder, the perpetrator faces a mandatory minimum 20 years imprisonment; and, if there is a murder, the gang member faces a possible death sentence.
- The Republican bill also contains the Senate passed Moseley-Braun/Hatch violent juveniles provision. It provides that violent juveniles, 13 years of age or older, who commit federal murders or who use firearms in certain federal crimes of violence must be prosecuted as adults.
- The anti-gang measure also provides \$100 million over 5 years for additional federal prosecutors who will be assigned to fight gang violence.

SENTENCING:

- The Republican measure also enhances mandatory sentences for certain violent offenses.
- The bill provides that if during the commission of a violent crime or drug trafficking offense the offender knowingly possesses a firearm, there is a mandatory minimum sentence of 10 years. If the weapon is fired with the intent to injure another person, a mandatory sentence of 20 years would be imposed; and if the weapon is equipped with a silencer, the minimum sentence is 30 years. For second offenses, the respective mandatory minimum sentences are 20 years, 30 years, and life imprisonment. Third or subsequent offenses carry automatic mandatory life imprisonment, and the mandatory minimum sentences may not be reduced. The bill also includes a provision imposing a mandatory life sentence for persons convicted of a third violent felony. Yet, unlike the

Democrat proposal, the Republican three-time loser provision will affect thousands of violent criminals a year.

DRUG CONTROL AND RURAL CRIME:

- The Republican bill contains Senate-passed enhanced mandatory minimum penalties for involving children with drugs. If a drug dealer sells drugs to children or employs children, the Republican bill requires the imposition of a ten year mandatory minimum sentence. If he or she is convicted a second time, the person shall be sentenced to mandatory life imprisonment.
- While the bill necessarily enhances sentences for violent offenders and drug peddlers who sell to children, it also provides federal judges a limited degree of sentencing flexibility for a very small class of nonviolent offenses involving first-time offenders.
- In addition, the Republican bill also enhances rural drug enforcement. In an effort to bring greater assistance to rural areas, current state and local law enforcement grants programs are amended to authorize an additional \$250 million in grants for rural states over five years. It also authorizes an additional \$100 million over 5 years to hire additional DEA agents for drug investigations and directs the Attorney General to establish Rural Crime and Drug Enforcement Task Forces in every federal judicial district that includes significant rural areas.

TERRORISM:

- The Republican crime bill also addresses the threat of terrorism. It enhances the penalties for terrorism by authorizing the death penalty for the murder of a U.S. national outside the United States, and by directing the U.S. Sentencing Commission to provide enhanced penalties for any felony involving or promoting international terrorism. Additionally, providing material support to terrorists would be punishable by up to ten years in prison.
- The Republican bill also enacts penalties, required under U.S. treaty obligations, for terrorist acts committed at international airports, and enacts similar penalties for terrorist acts committed

against ships and maritime platforms.

● Additionally, the Republican bill contains the Terrorist Alien Removal Act which will insure that the United States can expeditiously deport alien terrorists without disclosing to them and their criminal partners our national security secrets. It allows a special corps of judges to conduct ex parte, in camera hearings to examine sensitive evidence surrounding alleged terrorists.

VIOLENCE AGAINST WOMEN \$1.45 Billion:

● The bill provides substantial grants to states to improve their response to sexual assault and domestic violence. In addition, the VAWA makes it a federal offense to cross state lines with the intent to commit violence against a spouse or to violate the terms of a protection order (interstate stalking).

● The Republican proposal also includes a provision proposed by Senator Dole which amends the Federal Rules of Evidence to allow the introduction into evidence, in criminal sexual assault and child abuse cases, evidence of the defendant's prior commission of other sexual assault and child abuse offenses.

Dole
amend-
ment

YOUTH PREVENTION \$1.12 Billion:

The Republican bill provides adequate additional funding for realistic prevention programs which target at-risk youth. The bill also creates a Coordination of Prevention Council which requires that all of the prevention programs funded in the bill be coordinated and distributed fairly among the states. In contrast, the anticipated Democrat proposal spends several billions of dollars on 1960s style, Great Society programs. The Republican bill provides \$1.12 billion for the following programs:

Dole
amendment

- Juvenile Gangs (\$100 million)
- Safe Schools (\$300 million)
- Community Schools and Olympic Centers (\$525 million)
- Child Protection (\$120 million)
- Rural Domestic Violence and Child Abuse Prevention (\$30 million)
- Boys and Girls Clubs (\$36 million).

**REPUBLICAN CRIME BILL
CONFERENCE REPORT
ALTERNATIVE**

PRISONS

Prison Grants \$13 Billion

PRISONS SUBTOTAL \$13 BILLION

LAW ENFORCEMENT

State & Local

Community Policing	\$7.4 Billion
Family Support	\$25 Million
Rural Crime	\$255 Million
Technical Assistance	\$150 Million
DNA	\$30 Million
Byrne Grants & Allen Incarceration	\$2 Billion

STATE AND LOCAL SUBTOTAL \$9.86 BILLION

Federal

Courts	\$300 Million
DOJ (Crim. Div., INS)	\$600 Million
FBI	\$250 Million
DEA	\$100 Million
U.S. Prosecutors	\$150 Million
Gang Prosecution	\$101 Million
DNA Identification	\$27 Million
Telemarketing Fraud	\$23.5 Million
Criminal allens	\$12 Million

FEDERAL SUBTOTAL \$1.56 BILLION

PRISONS & LAW ENFORCEMENT TOTAL \$24.42 BILLION

YOUTH PREVENTION

Juvenile Gangs	\$100 Million
Safe Schools	\$300 Million
Community Schools	\$525 Million
Child Protection	\$120 Million
Rural Child Abuse	\$30 Million
Boys and Girls Clubs	\$36 Million

YOUTH PREVENTION SUBTOTAL	<u>\$1.12 Billion</u>
----------------------------------	------------------------------

TRIAD Program	<u>\$6 Million</u>
----------------------	---------------------------

VIOLENCE AGAINST WOMEN

Senate Bill	\$1.45 Billion
Anti-stalker	\$6 Million

V.A.W.A SUBTOTAL	<u>\$1.45 Billion</u>
-------------------------	------------------------------

OTHER (\$1.25 Billion allotted for "SUCH SUMS")

Border Patrol
INS Improvements
Motor Vehicle Theft

MISC. SUBTOTAL	<u>\$1.25 Billion</u>
-----------------------	------------------------------

GRAND TOTAL	<u>\$28.24 BILLION</u>
--------------------	-------------------------------

SENATOR BOB DOLE
RACIAL JUSTICE ACT
MAY 5, 1994

MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

MR. PRESIDENT, LAST MONTH, DURING ITS DELIBERATIONS ON THE CRIME BILL, THE HOUSE OF REPRESENTATIVES TOOK A BIG STEP BACKWARD IN THE WAR AGAINST CRIME BY VOTING TO SUPPORT SOMETHING DECEPTIVELY CALLED THE RACIAL JUSTICE ACT. THE RACIAL JUSTICE ACT BECAME TITLE IX OF THE HOUSE-PASSED CRIME BILL.

Senator-
A
technical
explanation
of the
Racial
Justice
Act.

UNDER TITLE IX, A CONVICTED MURDERER SENTENCED TO DEATH CAN CHALLENGE THE CAPITAL SENTENCE BY OFFERING EVIDENCE THAT "AT THE TIME THE DEATH SENTENCE WAS IMPOSED, RACE WAS A STATISTICALLY SIGNIFICANT FACTOR IN DECISIONS TO SEEK OR TO IMPOSE THE SENTENCE OF DEATH IN THE JURISDICTION IN QUESTION." THIS INCLUDES "EVIDENCE THAT DEATH SENTENCES WERE BEING IMPOSED SIGNIFICANTLY MORE FREQUENTLY...UPON PERSONS OF ONE RACE THAN UPON PERSONS OF ANOTHER RACE."

THE PRACTICAL EFFECT OF ALL THIS IS TO PROHIBIT THE DEATH PENALTY UNLESS IT IS CARRIED OUT STRICTLY "BY-THE-NUMBERS," ACCORDING TO RIGID DEATH-PENALTY QUOTAS. UNDER THE RACIAL JUSTICE ACT, ALL A DEATH ROW INMATE MUST DO IS SHOW THAT THERE IS A STATISTICAL DISPARITY BASED ON HIS OR HER OWN RACE OR THE RACE OF VICTIM, REGARDLESS OF THE SPECIFIC FACTS OF THE SPECIFIC CASE. ONCE THE PRESUMPTION OF RACIAL DISCRIMINATION IS RAISED THROUGH STATISTICS, THE GOVERNMENT MUST REBUT THE PRESUMPTION THAT RACE WAS A FACTOR IN SENTENCING BY A PREPONDERANCE OF THE EVIDENCE. THE BOTTOM LINE IS THAT THE GOVERNMENT WOULD THEN HAVE THE BURDEN OF PROVING A NEGATIVE--THAT RACIAL FACTORS HAD NOTHING TO DO WITH THE CAPITAL SENTENCE.

AMAZINGLY, THE RACIAL JUSTICE ACT WOULD APPLY RETROACTIVELY--POTENTIALLY FREEING SOME 3,800 MURDERERS NOW ON DEATH ROW. WHILE ALL 3,800 MAY NOT SUCCEED IN VOIDING THEIR SENTENCES, COMPILING THE INFORMATION FROM THESE CASES WILL TAKE MANY HOURS AND COST THE STATES MILLIONS OF DOLLARS.

MR. PRESIDENT, THE RACIAL JUSTICE ACT IS PART OF A LONG TRADITION HERE IN CONGRESS WHERE BAD LEGISLATION IS GIVEN A GREAT-SOUNDING NAME. IN SOME BUSINESSES, THIS IS CALLED FALSE ADVERTISING. THE BOTTOM LINE IS THAT THE RACIAL JUSTICE ACT WON'T DO MUCH TO ADVANCE THE CAUSE OF CIVIL RIGHTS, BUT IT WILL DO A GREAT DEAL TO CLOG THE COURTS AND MAKE THE DEATH PENALTY VIRTUALLY UNENFORCEABLE IN EVERY JURISDICTION WHERE IT IS CURRENTLY CARRIED OUT.

THE RACIAL JUSTICE ACT MOCKS OUR SYSTEM OF "INDIVIDUALIZED JUSTICE" BY ALLOWING CAPITAL DEFENDANTS TO CHALLENGE THEIR SENTENCES USING STATISTICS ALONE--IF THE NUMBERS DON'T KNOW ADD UP, THEN THE SENTENCE SHOULD BE OVERTURNED. THE SUPREME COURT OF

THE UNITED STATES HAS PROPERLY REJECTED THIS FUZZY-HEADED RELIANCE ON STATISTICS. AND THE SENATE, TO ITS CREDIT, HAS VOTED THUMBS-DOWN ON THE RACIAL JUSTICE ACT ON EVERY OCCASION WE HAVE CONSIDERED IT.

NOT SURPRISINGLY, PROMINENT LAW ENFORCEMENT AGENCIES LIKE THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL, THE NATIONAL DISTRICT ATTORNEYS ASSOCIATION, AND THE NATIONAL TROOPERS COALITION HAVE ALL PUBLICLY OPPOSED THE RACIAL JUSTICE ACT.

AS THE SENATE-HOUSE CRIME CONFERENCE SOON BEGINS ITS WORK, IT'S CRITICAL THAT THE SENATE SEND A CLEAR MESSAGE THAT THE RACIAL JUSTICE ACT IS UNACCEPTABLE AND SHOULD BE REJECTED BY THE THE SENATE AND HOUSE CONFEREES.

###

Bob Dole



NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
Tuesday, July 12, 1994

Contact: Clarkson Hine
(202) 224-5358

CRIME CONFERENCE REPORT

DOLE URGES CONFEREES TO ABANDON SO-CALLED RACIAL JUSTICE ACT;
PROMOTES GOALS OF ADEQUATE PRISON FUNDING AND TRUTH-IN-SENTENCING

An American is murdered every 21 minutes, raped every 5 minutes, robbed every 46 seconds, assaulted every 29 seconds.

Each day, 14 Americans are murdered, 48 are raped, 578 are robbed--all by criminals who were arrested, convicted, sent to prison, and somehow released to our streets, the beneficiaries of liberal parole and probation policies.

Congress Stalled on So-Called Racial Justice Act

Despite all this carnage, Congress continues to dawdle, failing to pass a crime bill because of differences over the so-called Racial Justice Act.

Unbelievably, neither President Clinton nor his Attorney General, Janet Reno, has taken a position on the Act. Both are officially "neutral," even though the National Association of Attorneys General, the National Association of District Attorneys, the National Troopers Coalition and other prominent law enforcement groups claim that the Act would sound the death-knell for the death penalty in America. If you support the death penalty, you can't support the Racial Justice Act. The two are mutually exclusive.

Conferees Attempt to Resurrect Defeated Stimulus Package

Another critical issue facing the crime conferees is the issue of funding. Will the crime bill strike the right balance? Will it devote enough resources to incarceration? Or will it opt for the "root causes" approach, pouring billions and billions of dollars into soft-on-crime, 60's-style, "great society" programs?

It appears the crime conferees are trying to resurrect last year's defeated stimulus package, disguising a hodgepodge of big-dollar spending programs under the guise of anticrime legislation--\$2 billion for something called the Local Partnership Act, whose funding formula happens to favor cities with high tax rates; \$40 million for a "midnight sports" program; \$900 million for a model intensive grant program; more than \$500 million for a youth employment and skills program; and more than \$1 billion for something called the Ounce of Prevention Council, which is supposed to "coordinate" all the other spending on job-placement, recreation, and "outreach programs." In other words: a program to coordinate programs.

"Drug Courts" Provide Non-Punitive Approach to Crimes

On top of all this, add another \$1.4 billion for "drug courts," which are supposed to provide a non-punitive approach to dealing with drug-related crimes. Instead of a prison cell, offenders are offered testing, treatment, alternative punishments, and "aftercare." Unfortunately, participation in the drug court program is not limited to first-time, non-violent offenders. Repeat and violent juvenile offenders are welcome.

Incarceration Most Effective Crime-Stopper

Whatever the merits of these so-called "prevention" programs, the bottom line is that incarceration is the most effective crime-stopper: a violent criminal, kept behind bars, can't harm a single law-abiding citizen. Not one. And that's why the primary focus of any crime bill should be, and must be, locking up the violent criminals and making sure they stay behind bars through truth-in-sentencing. A 15-year sentence should mean just that--15 years, not five or ten years.

If truth-in-sentencing were a reality, Polly Klaas, Robert Jordan, and Launice Smith -- the 4-year-old gunned down in a Washington playground last year -- would probably still be alive today. All were murdered by thugs with prior criminal records,

(more)

GOVERNORS LETTER

1. Low Income Subsidy

- They want all low income combined including medicaid eligibles.

(We allow -- don't require -- put limit on how quickly they can buy into private insurance.) Open to compromise.

- Suggest capped entitlement for supplementary benefits not included in basic package.
- Do not want DSH terminated.
 - We agree -- reduce only 25 percent.
 - Administration and Moynihan zero out DSH.
- Undocumented workers
 - They want Federal responsibility.
 - Every plan limits subsidy to legals.

2. Medicaid Cap

- They oppose, we include -- open to compromise.
- They want more freedom to reduce costs; i.e., remove mandates -- o.k. to us.
- Administration and Moynihan do not have cap -- they only require states to pay maintenance of effort.

3. ERISA

- They want pre-emption so they can do all payer programs.
- We maintain as is.
- Moynihan pre-empts most of ERISA.

4. State Experimentation

- Linked to ERISA -- they want to be able to test out new systems -- including single payer.
- We are silent on state experimentation.

5. Purchasing Co-Ops

- They want full flexibility to design and run these programs.
- We agree -- we leave it entirely up to the states.
- Administration very perspective -- regulatory health alliances.

6. Health Board

- They oppose strong regulatory role for Federal Board -- they want to retain role for states.
- We have no Health Board, and generally provide "guidelines" to the states leaving decisions up to them.
- Administration places strong control in National Health Board.

7. Health Plans

- Again they seek strong state role.
- We generally agree, giving states guidelines to follow.

8. Insurance Reforms and Community Rating

- They generally support Federal reforms with some flexibility for states to exceed Federal standards. They specifically want to leave it to the states to designate the geographic areas -- we agree.

9. Home and Community Based Care

- They support the Clinton efforts to expand home and community based care.

- We support expanded home -- and community -- based care under Medicaid.
- We do not support a new unfunded entitlement.

SENATOR BOB DOLE
REMARKS PREPARED FOR DELIVERY
NATIONAL GOVERNORS CONFERENCE

YOU ARE MEETING THIS WEEK IN THE CITY THAT WAS HOME TO MANY OF AMERICA'S EARLY LEADERS. AND WHEN THESE FOUNDING FATHERS PUT TOGETHER OUR CONSTITUTION, THEY UNDERSTOOD THE FACT THAT STATE AND LOCAL GOVERNMENTS WERE OFTEN IN A MUCH BETTER POSITION TO UNDERSTAND AND RESPOND TO THE NEEDS OF THE PEOPLE.

UNFORTUNATELY, OVER THE PAST FEW YEARS, THE RELATIONSHIP BETWEEN FEDERAL AND STATE GOVERNMENT HAS TURNED INTO A ONE WAY STREET--WITH WASHINGTON, D.C. DICTATING WHAT YOU CAN AND CANNOT DO, AND FORCING YOU TO PICK UP THE TAB FOR AN ENDLESS STRING OF UNFUNDED MANDATES.

THE COSTS OF THOSE MANDATES ARE DEVASTATING, FINANCIALLY, AND DEVASTATING IN TERMS OF BLOCKING YOUR ABILITY TO DEVELOP INNOVATIVE PROGRAMS AND SOLUTIONS.

AND IF THERE'S ONE THING THAT CONGRESS COULD DO TO RESTORE BALANCE TO THE FEDERAL-STATE RELATIONSHIP, IT WOULD BE TO PASS S993--THE KEMPTHORNE-GLENN BILL, WHICH IS NOW AWAITING ACTION ON THE SENATE FLOOR.

UNFORTUNATELY, THE LEGISLATION WAS DILUTED IN COMMITTEE, BUT IT IS STILL A HELPFUL STEP IN THE RIGHT DIRECTION.

I KNOW WHEN SENATOR MITCHELL WAS HERE ON SUNDAY, HE SAID THE CHANCES OF HIS BRINGING THIS BILL UP DEPENDED UPON WHETHER OR NOT REPUBLICANS "BEHAVED PROPERLY" DURING OTHER DEBATES.

I HAVE GREAT RESPECT FOR SENATOR MITCHELL, BUT TO USE A TERM HE SOON MAY BE FAMILIAR WITH, THERE IS NO NEED TO KEEP S. 993 WAITING IN "THE ON DECK CIRCLE." THE BILL HAS OVERWHELMING SUPPORT, AND IT COULD AND SHOULD BE PASSED VERY QUICKLY--TOMORROW, FOR INSTANCE, WITHOUT IMPEDING ACTION ON ANY OTHER ISSUE.

THE FEDERAL-STATE RELATIONSHIP IS ALSO AT THE CORE OF THE ONGOING DEBATES OVER HEALTH CARE, WELFARE REFORM, AND CRIME. AND LET ME TOUCH UPON THOSE ISSUES NOW.

HEALTH CARE

I BEGIN WITH HEALTH CARE--AND I WANT TO NOTE THE ABSENCE THIS WEEK OF GOVERNOR EDGAR OF ILLINOIS. AS YOU KNOW, JIM UNDERWENT EMERGENCY QUADRUPLE BYPASS SURGERY A WEEK AND A HALF AGO. I SPOKE WITH JIM LAST WEEK, AND HE IS WELL ON THE WAY TO A FULL RECOVERY.

JIM LEARNED FIRST HAND WHAT GOVERNOR CASEY ALSO LEARNED NOT LONG AGO--AND THAT'S THE FACT THAT AMERICA'S HEALTH CARE SYSTEM IS THE BEST IN THE WORLD--PERFORMING MIRACLES EVERY DAY.

AND WHEN WE BEGAN THIS DEBATE ON A BI-PARTISAN BASIS, DEMOCRATS AND REPUBLICANS ALIKE SHARED THE SAME GOAL: DOING ALL WE COULD TO ENSURE THAT EVERY AMERICAN HAD ACCESS TO THAT HEALTH CARE SYSTEM.

THAT'S THE PRESIDENT'S GOAL. THAT'S MY GOAL. AND I KNOW IT'S YOUR GOAL, AS WELL.

BUT IN REACHING THIS GOAL, I BELIEVE IT'S ALSO IMPORTANT TO KEEP SOME THINGS IN MIND:

THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE THE COMPLETE TAKEOVER BY THE FEDERAL GOVERNMENT OF ONE SEVENTH OF OUR NATIONAL ECONOMY.

THE PRICE OF HEALTH CARE REFORM SHOULD BE NOT BE THE LOSS OF MILLIONS OF JOBS.

THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE BANKRUPTING THE STATES WITH ONE MORE GIGANTIC UNFUNDED MANDATE, OR BANKRUPTING OUR CHILDREN BY SIMPLY TACKING ON UNTOLD BILLIONS TO THE NATIONAL DEBT.

AND THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE THE DESTRUCTION OF THE BEST HEALTH CARE DELIVERY SYSTEM IN THE WORLD.

WE ARE NOW APPROACHING THE FINISH LINE IN THE HEALTH CARE DEBATE. IT WAS A DEBATE THAT BEGAN IN A BI-PARTISAN MANNER, AND DESPITE THE RECENT RATCHETING UP OF RHETORIC BY THE WHITE HOUSE AND THE DEMOCRAT NATIONAL COMMITTEE, THE SEEDS OF A BI-PARTISAN PLAN STILL EXIST.

MANY OF THESE SEEDS CAN BE FOUND IN THE "CALL TO ACTION," WHICH YOU RELEASED THIS PAST JANUARY--MUCH OF WHICH IS CONTAINED IN THE PROPOSAL INTRODUCED BY SENATOR PACKWOOD AND MYSELF.

INSURANCE REFORMS DEALING WITH ISSUES LIKE PORTABILITY AND PRE-EXISTING CONDITIONS; STATE DESIGNED AND RUN PURCHASING COOPERATIVES; A CORE BENEFIT PACKAGE AND SUBSIDIES FOR LOW INCOME

(MORE)

AMERICANS; MEDICAL MALPRACTICE AND LIABILITY REFORMS; RELIEF FROM ANTI-TRUST STATUTES; ADMINISTRATIVE SIMPLIFICATIONS: ALL OF THESE WERE CONTAINED IN YOUR CALL TO ACTION, ALL HELP THE SO-CALLED "MIDDLE CLASS," AND ALL CAN BE FOUND IN THE DOLE-PACKWOOD BILL.

I'VE LEARNED IN OUR BUSINESS TO NEVER SAY THAT SOMEONE AGAINST YOU. EITHER THEY'RE FOR YOU, OR THEY'RE UNDECIDED. AND I HAVE NOTED THAT THERE IS ONE KEY ISSUE IN THE DOLE-PACKWOOD BILL ON WHICH THE GOVERNORS ARE "UNDECIDED."

THAT, OF COURSE, IS THE CAP ON MEDICAID. OVER THE PAST FEW WEEKS, WE HAVE BEEN IN CLOSE CONTACT WITH THE NGA STAFF IN WASHINGTON ON THIS MATTER, AND YOU CAN BE SURE THAT WE UNDERSTAND YOUR CONCERNS ABOUT BEING LEFT HOLDING THE BAG, AND BELIEVE WE CAN WORK TOGETHER TO SETTLE OUR DIFFERENCES.

ONE IDEA WE ARE FLESHING OUT IS TO GIVE STATES THE OPTION OF BUYING IN ALL AFDC AND NON-CASH RECIPIENTS INTO THE PRIVATE SECTOR PROGRAM.

AGAIN, MY DOOR, AS ALWAYS, IS OPEN TO YOU. DISCUSSIONS CONTINUE. STAY TUNED.

I ALSO WANT TO REMIND YOU THAT THE ADMINISTRATION'S BILL IS ALSO FAR FROM PERFECT IN REGARDS TO MEDICAID. THE ADMINISTRATION AND THE FINANCE COMMITTEE PROPOSAL WOULD PHASE OUT THE MEDICAID DISPROPORTIONATE SHARE PAYMENTS--SOMETHING I AM VERY MUCH OPPOSED TO.

SO, WHERE DO WE GO FROM HERE?

WELL THE FIRST THING TO DO IS TO GET BACK TO THE ISSUES THAT MATTER. NOTWITHSTANDING WHAT YOU READ IN THE MEDIA THIS ISSUE IS NOT ABOUT BILL CLINTON VRS. BOB DOLE, OR THE DEMOCRATS VRS. THE REPUBLICANS. HEALTH CARE IS TOO IMPORTANT TO BE TURNED INTO A BATTLE OF PERSONALITIES.

BUS TRIPS, TELEVISION COMMERCIALS, AND ORGANIZED ATTACKS ON PIZZA HUT OR OTHERS WHO DARE SPEAK OUT AGAINST THE ADMINISTRATION BILL DO NOT HELP THE PROCESS ONE BIT. WE NEED TO MOVE PAST THE RHETORIC AND TOWARD REALITY.

THE REALITY IS THAT WE HAVE LEARNED A GREAT DEAL IN THE PAST YEAR AND A HALF.

THE AMERICAN PEOPLE HAVE HEARD THE DEBATE, THEY'VE COME TO TOWN MEETINGS IN RECORD NUMBERS, THEY'VE CALLED IN TO TALK SHOWS, AND THEY'VE WRITTEN LETTERS.

AND WHAT THEY'RE SAYING IS THIS: OUR HEALTH CARE SYSTEM ISN'T PERFECT, BUT IT IS THE BEST IN THE WORLD. YES, IT'S IN NEED OF REPAIR, BUT NOT IN NEED OF A COMPLETE AND TOTAL OVERHAUL--AND MOST DEFINITELY NOT IN NEED OF A COMPLETE AND TOTAL TAKEOVER BY THE FEDERAL GOVERNMENT.

AND IF GIVEN THE CHOICE BETWEEN GETTING IT DONE RIGHT, AND GETTING IT DONE FAST, I KNOW WHAT THE AMERICAN PEOPLE WOULD CHOOSE. SO, LET'S NOT SET ARTIFICIAL DEADLINES.

AS WE NEAR THE FINISH LINE, LET US REMEMBER THAT NO ONE OF US--NOT BOB DOLE, NOT BILL CLINTON, NOT THE NATION'S GOVERNORS--WILL GET EVERYTHING THEY WANT. BUT WE CAN STILL ACHIEVE REAL AND LASTING HEALTH CARE REFORM.

LET ME CONCLUDE THIS PORTION BY QUOTING FROM A STORY IN THE WALL STREET JOURNAL ON JULY 8 THAT SHOULD BE REQUIRED READING IN THE WHITE HOUSE AND ON CAPITOL HILL. IT CONCERNED HEALTH CARE REFORM IN MINNESOTA. AND IT SAYS:

"LAST YEAR, MINNESOTA HELD ITSELF UP AS A STATE THAT COULD TEACH THE REST OF THE U.S. HOW TO OVERHAUL THE HEALTH-CARE SYSTEM IN A HURRY. THIS YEAR, REFORM-MINDED STATES SUCH AS MINNESOTA HAVE A NEW MESSAGE: DON'T TRY TO FIX EVERYTHING AT ONCE." AND THE STATE HEALTH COMMISSIONER SAID, "OUR BUZZWORD THIS YEAR IS SEQUENTIAL REFORM. DOING THINGS ONE STEP AT A TIME. I HOPE THAT AT THE FEDERAL LEVEL, PEOPLE WILL DO THE SAME."

WELFARE REFORM

WELFARE REFORM IS ANOTHER ISSUE WHERE FEDERAL GOVERNMENT NEEDS TO LISTEN TO YOU MORE AND MANDATE LESS. WHILE WE BEGIN THE LONG PROCESS OF PUTTING TOGETHER LEGISLATION, THE MOST IMPORTANT THING WE CAN DO IS GET OUT OF YOUR WAY.

I KNOW THAT GOVERNOR ENGLER ASKED SENATOR MITCHELL ABOUT THE MCCAIN-KERREY AMENDMENT TO THE AGRICULTURE APPROPRIATIONS BILL, WHICH IS BEING DEBATED ON THE SENATE FLOOR TODAY.

AS YOU KNOW, THIS AMENDMENT WOULD STRIKE LANGUAGE BARRING STATES FROM RECEIVING NEW HHS-APPROVED WAIVERS TO CONVERT FOOD STAMPS TO CASH BENEFITS OR WAGE SUBSIDIES. I BELIEVE THIS IS ANOTHER EXAMPLE WHERE STATE FLEXIBILITY AND INNOVATION SHOULD BE ENCOURAGED, AND I WAS PROUD TO SIGN A LETTER SUPPORTING THIS AMENDMENT.

(MORE)

CRIME

LAST NOVEMBER, THE SENATE PASSED A BIPARTISAN CRIME BILL. YET TODAY, NEARLY 8 MONTHS LATER, WE HAVE NOTHING TO SHOW FOR OUR EFFORTS.

ONE OF THE STICKING POINTS IS THE SO-CALLED RACIAL JUSTICE ACT, WHICH IS PART OF A LONG TRADITION IN CONGRESS OF GIVING BAD-LEGISLATION A GREAT-SOUNDING NAME.

ALTHOUGH MORE THAN 30 STATE ATTORNEYS GENERAL--DEMOCRATS AND REPUBLICANS--HAVE URGED CONGRESS TO DROP THE ACT, FEARING THAT IT WOULD SOUND THE DEATH KNELL FOR THEIR STATE DEATH PENALTY LAWS, PRESIDENT CLINTON AND ATTORNEY GENERAL RENO HAVE, SO FAR, REMAINED OFFICIALLY NEUTRAL. PRESIDENT CLINTON COULD HELP BREAK THE CONFERENCE LOG-JAM IF, LATER TODAY, HE PUBLICLY--AND UNEQUIVOCALLY--DENOUNCED THE RACIAL JUSTICE ACT FOR WHAT IT REALLY IS: A BACK-DOOR EFFORT TO GUT OUR NATION'S DEATH PENALTY LAWS.

IT ALSO APPEARS THE CRIME CONFEREES ARE TRYING TO RESURRECT LAST YEAR'S DEFEATED STIMULUS PACKAGE, DISGUIISING A HODGEPODGE OF BIG DOLLAR SPENDING PROGRAMS UNDER THE GUISE OF ANTICRIME LEGISLATION. BY MY COUNT, THERE ARE MORE THAN 15 SEPARATE SO-CALLED "PREVENTION" PROGRAMS TOTTALLING BILLIONS AND BILLIONS OF DOLLARS.

I BELIEVE THAT PRISON CELLS--RATHER THAN THE PORK BARREL--ARE A MORE EFFECTIVE DETERRENT TO VIOLENT CRIME. AND THAT'S WHERE THE FEDERAL GOVERNMENT CAN AND SHOULD MAKE A REAL DIFFERENCE--BY PROVIDING YOU, THE STATES, WITH THE RESOURCES TO ENSURE THAT VIOLENT CRIMINALS ARE KEPT BEHIND BARS WHERE THEY BELONG.

AND IF I HAD MY WAY, THE CRIME BILL WOULD PROVIDE AT LEAST \$13 BILLION DIRECTLY TO THE STATES FOR PRISON CONSTRUCTION AND OPERATION. AS YOU ALL KNOW, THE WAR ON CRIME IS ANOTHER AREA WHERE THE FEDERAL GOVERNMENT HAS BECOME MORE OF A HINDRANCE THAN A HELP.

FOR EXAMPLE, GOVERNOR FIFE SYMINGTON TRIED TO GET PORNOGRAPHY OUT OF THE ARIZONA PRISON SYSTEM, ONLY TO BE OVERRULED BY A FEDERAL JUDGE. IN OTHER STATES, FEDERAL JUDGES HAVE DECIDED THAT PRISONERS LACKING ACCESS TO TELEVISIONS AND BASKETBALL COURTS SUFFER "CRUEL AND UNUSUAL PUNISHMENT." FEDERAL "PRISON CAP" ORDERS HAVE LED TO THE EARLY RELEASE OF VIOLENT, VICIOUS CRIMINALS.

AND AS GOVERNORS WILSON, WELD, AND BAYH POINTED OUT ON THE DAVID BRINKLEY SHOW THIS PAST SUNDAY, FEDERAL JUDGES HAVE TOO OFTEN ACTED AS LEGISLATORS, CREATING THE "EXCLUSIONARY RULE" AND ESTABLISHING AN ELABORATE SYSTEM OF CRIMINAL APPEALS, ALL IN THE NAME OF "HABEAS CORPUS." THE RESULT: MORE DELAYS. MORE EXPENSE. MORE FRUSTRATION. AND AN AMERICAN PUBLIC THAT QUESTIONS WHETHER OUR SYSTEM OF JUSTICE IS ON THE SIDE OF THE LAW-ABIDING...OR THE CRIMINAL.

LET ME CONGRATULATE YOU ON YOUR CONFERENCE. YOUR MESSAGE IS BEING HEARD LOUD AND CLEAR IN CONGRESS. I LOOK FORWARD TO CONTINUING TO WORK WITH YOU ENSURING THAT FEDERALISM IS ALIVE AND WELL.

###

The Republican Governors Association chairman, Maine's John McKernan, echoed that view and said the Dole plan was more in line with the NGA's bipartisan policy ``as long as he fixes the caps on Medicaid.''

The Democrats and allies took a much dimmer view of Dole's plan, and their eagerness to criticize it left the distinct impression they were worried it could become a serious proposal.

In their resolution, the Democratic governors said it would ``shift enormous new costs onto the states' taxpayers,' ' and Bayh labeled it ``a calamity.''

Two Clinton allies in the health care fight, the American Federation of State, County and Municipal Employees and Citizen Action, released a study that concluded the Dole plan would cost states ``an astounding \$115 billion' ' from 1996 through 2003.

BC-HEALTH-DOLE

DOLE DEFENDS REPUBLICAN HEALTH REFORM PLAN

WASHINGTON, July 17 (Reuter) - Senate Republican Leader Bob Dole Sunday defended his health care reform proposal against criticism that it would cut too much from the Medicaid programme for the poor.

Dole said in a television interview that the Republican health reform plan, which he put together with Senator Bob Packwood of Oregon, cuts less out of Medicaid and Medicare than President Clinton's plan.

"The bottom line is who cuts the most out of Medicaid," Dole said in an interview on CBS' "Face the Nation" news show. "Ours is very small, \$43 billion over five years, the president's is \$149 billion."

The plan, supported by 40 of the 44 Senate Republicans, seeks to broaden access to health insurance through industry reforms and subsidies for poor people. Unlike President Clinton's plan, the Republican alternative does not guarantee health benefits for all Americans and does not require employers to pay for their workers' health insurance.

The nation's governors, who are meeting in Boston this week, expressed concern about the Republican plan that puts strict caps on federal spending for Medicaid. Dole, who will speak to the National Governors Association Tuesday, said he is willing to work with governors to address their concerns.

President Clinton is also scheduled to speak to the governors Tuesday. He is expected to stress his goal of providing health insurance to all Americans.

The speech is part of a major push by the White House to drum up public support for universal coverage as the Senate and the House prepare to debate health reform later this month and early August. Clinton heads to Florida to speak to a group about reform on Monday before travelling to Massachusetts to carry his message of universal coverage to the governors.

Clinton is trying to cast universal coverage as a middle class issue, arguing that without it, average Americans face the danger of losing their insurance.

But his financing plan is in trouble in Congress. Clinton wants to compel employers to pay 80 percent of workers' insurance costs, but the idea is opposed by conservative Democrats and most Republicans who are calling for less sweeping reforms.

Dole predicted that the employer mandate would not pass the Senate.

An opinion poll released Sunday showed public support dwindling for the employer mandate, even though most people say they believe health care should be guaranteed for all.

The Time/CNN poll said 55 percent of Americans believe Clinton should veto legislation that does not cover all Americans. Fifty percent surveyed said they would be willing to pay more taxes, higher premiums or forego future wage increases to pay for universal coverage. Some 40 percent said they were not.

Fifty-one percent of those polled said employers should pay for most of their workers' health insurance. That was down from 60 percent who said they believed that in a September 1993 poll.

The poll of 600 Americans was taken July 13-14 and has a sampling error of plus or minus four percent.

REUTER

Governors Criticize Leading Clinton-Style Reform Plans And Dole's<

EDS: INSERTS 1 graf after 10th pvs, ``We are, with AFSCME joining critique of Dole plan<

By JOHN KING AP Political Writer

BOSTON (AP) Giving their bipartisan reputation a new twist, the nation's governors are lobbing harsh criticism at two health plans before Congress a leading Clinton-style effort and a prominent Republican alternative.

At the weekend sessions of the summer National Governors Association meeting, governors of both parties complained a Democratic proposal advanced by the House Ways and Means Committee and another by Senate Republican leader Bob Dole would inevitably shift more health care costs to the states.

The Ways and Means proposal would expand part of the Medicare program to cover Americans who do not have health insurance. Governors said that would put up to 40 percent of the nation's health spending in a federally run entitlement program, instead of meeting President Clinton's goal of providing universal coverage through private insurance.

``That is the largest federal mandate I've seen in a long while,`` said Democratic Gov. Roy Romer of Colorado.

The White House is no big fan of the Medicare expansion in the Ways and Means Committee proposal, either, but has refrained from criticizing it because it achieves Clinton's goal of universal coverage. In fact, Clinton has said he would sign the measure if it was passed by Congress.

White House aides at the meeting conceded they would prefer that Democrats not criticize Clinton-style reforms. But they said they were not overly alarmed at the sharp rebukes of the Medicare expansion in the House plan, saying it was far from certain that proposal would survive as the debate advanced.

And the administration officials cheered the bipartisan criticism of the Dole plan, which is backed by 40 of the 44 Senate Republicans. The governors oppose it because it sets a federal cap on certain Medicaid spending, which the state leaders say would result in cost-shifting to the states.

``The Dole proposal is like throwing a bomb in our budgets,`` said Romer, arguing it would cost states at least \$80 billion or more over five years.

``It savages big states like California and New York and probably Texas,`` said New York Gov. Mario Cuomo, who is not attending the meeting but initiated a telephone interview to voice his criticism of the Dole plan. He said it would cost New York alone \$13 billion over eight years.

``We are adamantly opposed to caps,`` said GOP Gov. Carroll Campbell of South Carolina.

Joining that chorus today was one of Clinton's major allies in the health care debate, the American Federation of State, County and Municipal Employees. The labor union was releasing a study it said showed Dole's proposal would result in devastating state budget crises.

Dole is scheduled to speak to the governors on Tuesday, and said Sunday he was willing to address the governors' concerns.

Offering a Democratic perspective, Senate Majority Leader George Mitchell warned that if major health care reform does not pass this year, there will be a rush to control federal health spending by enacting Medicare and Medicaid caps. ``It will devastate your state budgets,`` he said.

Clinton is to follow Dole, and the White House promises a major health care address sure to include sharp criticism of the Dole plan and other incremental reform packages.

But as Clinton tries to rally the governors, particularly the Democrats, the weekend sessions made it clear that differences among the governors over mandates and other financing issues will prevent them from any major new health care policy pronouncements.

127 AP 07-18-94 15:05 EST 98 Lines. Copyright 1994. All rights reserved.

AM-Governors-Health Care, Bjt,0830<

On Eve of Showdown, Governors Draw Sharper Partisan Lines on Health Care<

By JOHN KING AP Political Writer

BOSTON (AP) Democratic governors demanded Monday that Congress guarantee health coverage to all Americans, but their silence on how to pay for it undermined White House hopes for a political boost in the reform debate.

To counter the Democrats, GOP governors inched closer to backing Senate Republican Leader Bob Dole's health care proposal, provided Dole ditch Medicaid caps and finds a new way to pay for his plan.

Keeping with National Governors Association tradition, the partisan maneuvering was polite, as governors stressed they had far more bipartisan consensus on health care than members of Congress and were eager for major reform to be passed this year.

And neither side, knowing it would not have the votes, planned to propose any major changes to the NGA health care policy adopted in February. That document endorses an array of insurance reforms and subsidies for low-income Americans but stops short of calling for universal coverage or offering any financing proposal.

Instead, Monday's developments served more as a stage-setter to a Tuesday showdown between Clinton and Dole at the closing session of the NGA's summer meeting.

The Democratic governors' resolution was designed to give Clinton a political boost heading into that session, and White House aides insisted it did by putting a majority of the nation's governors on record supporting "guaranteed health benefits that cannot be taken away."

But the Democratic Governors Association document's silence on the financing question left it with little political muscle, despite a weekend of negotiations with White House officials over how the Democrats could come to Clinton's defense.

After all, even most conservative Republicans say they are in favor of the concept of universal coverage, but do not believe the government or employers can afford to pay for it.

"We don't have all the answers," conceded Gov. Evan Bayh of Indiana, the DGA chairman.

The Democratic organization could not endorse Clinton's financing plan requiring employers to provide coverage and pay 80 percent of the cost because many of its individual members oppose it.

"I'm running for office," said New Mexico Gov. Bruce King. "The mandates get kind of hard to defend."

Because of that glaring omission, Republicans labeled the Democratic statement meaningless.

"I think it just reinforces the predicament the president is in over how to pay for this," said GOP Gov. Tommy Thompson of Wisconsin. Instead of holding out for universal coverage, Thompson said Clinton should take the best of the Democratic and GOP proposals and fashion a plan that would have broad support and cover most of those who do not now have insurance.

"Right now he's like a guy who got to the altar but won't consummate the marriage because he didn't get everything he wants," Thompson said. "He could miss a chance to take a great step forward."

The Democratic resolution also does not use the words "universal coverage," White House shorthand for its bottom line. The governors said that was not a slight, but that they viewed the term as confusing and preferred the word "guaranteed," which appears eight times in their nine-paragraph resolution.

"It's fine with us because we mean the same thing," said Marcia Hale, Clinton's liaison to the governors.

Throughout the weekend, Republicans joined Democrats in lambasting the Dole proposal, which includes caps on certain Medicaid spending. Governors say such federal caps invariably mean the costs are shifted to state budgets, forcing cuts in other programs or higher taxes.

"We're the guys who have to take the money out of education, the guys who can't man the prisons," said South Carolina Gov. Carroll Campbell.

But Campbell said Republicans like the Dole plan otherwise, and had received assurances from the senator that he would address their concerns. "The caps are not a killer because it can be changed," he said. "If he does that, I think you will find Republicans will be comfortable supporting his plan."

The Republican Governors Association chairman, Maine's John McKernan, echoed that view and said the Dole plan was more in line with the NGA's bipartisan policy ``as long as he fixes the caps on Medicaid.''

The Democrats and allies took a much dimmer view of Dole's plan, and their eagerness to criticize it left the distinct impression they were worried it could become a serious proposal.

In their resolution, the Democratic governors said it would ``shift enormous new costs onto the states' taxpayers,' ' and Bayh labeled it ``a calamity.''

Two Clinton allies in the health care fight, the American Federation of State, County and Municipal Employees and Citizen Action, released a study that concluded the Dole plan would cost states ``an astounding \$115 billion'' from 1996 through 2003.

FINAL

Contact: Mo Taggart
703/684-7848
Jo-Anne Coe
703/845-1714

SENATOR DOLE SCHEDULE -- JULY 19, 1994 -- BOSTON

MONDAY, JULY 18, 1994

4:25 pm DEPART Capitol for National Airport
Driver: Wilbert

4:45 pm ARRIVE National Airport and proceed to departing aircraft

5:00 pm DEPART Washington for Boston, MA
Flight: US AIR Shuttle #2380
Flight time: 1 hour 30 minutes

Manifest: Senator Dole
Sheila Burke
Clarkson Hine
Nelson Rockefeller
Vicki Hart
Dennis Shea

6:30 pm ARRIVE Boston, MA/Logan International Airport

Met by: Trish Burger, CA Advance
508/650-9212 (h)
617/763-8500

6:45 pm DEPART airport for Sheraton Hotel
Drivers: Trish Burger &
Boston Coach
Drive time: 25 minutes
Location: 39 Dalton Street

7:10 pm ARRIVE Sheraton Hotel for PRIVATE
617/236-2000
617/236-1702 fax

Met by: Jim Murphy
Dan Burger, CA advance

NOTE: Lynn Drake will meet with the Senator at
approximately 7:30. Dan Burger is arranging a
room for the meeting.

RON----Boston

TUESDAY, JULY 19, 1994

PAGE TWO

8:10 am STAFF SHOULD BRING LUGGAGE DOWN TO LOBBY

8:25 am DEPART hotel for John B. Hynes Veterans' Memorial
 Convention Center
 Walk time: 5 minutes
 Location: 900 Boylston Street

NOTE: The Sheraton Hotel and the Convention Center are
connected by a walk way.

8:30 am ARRIVE John B. Hynes Veterans' Memorial Convention
 Center
 617/954-2500 message center

8:30 am- MEET with Governors

9:00 am Location: Room 307 - 3rd Floor

9:15 am ATTEND/SPEAK National Governors Association Annual
 Meeting

 Location: Ballroom B & C - 3rd Floor

 Attendance: 400

 Event runs: 9:15 - 9:45 am

 Press: Open

 Facility: Hollow square seating arrangement
 for Governors, podium, audience
 seated in theater style

 Senator Dole will be seated next to
 Governor Campbell in hollow square

 Format: 9:15 am Gov. Campbell introduces
 Senator Dole

 9:18 am Senator gives remarks
 (20 minutes)

 9:38 am Q & A

 9:45 am Meeting concludes

 Contact: Susan Ade
 202/624-5317
 617/954-2528
 617/954-2500

9:45 am DEPART Meeting for Logan International Airport

 Drivers: Trish Burger, CA advance &
 Boston Coach

 Drive time: 25 minutes

10:10 am ARRIVE Logan International Airport and proceed to
 departing aircraft

 FBO: Signature Flight
 617/569-5260

TUESDAY, JULY 19, 1994

PAGE THREE

10:15 am DEPART Boston for Washington/National
 FBO: Signature
 Aircraft: Falcon 50 (Zeneca)
 Tail number: N300A
 Flight time: 1 hour 15 minutes

 Pilots: George Adams, Jr.
 Bob Schippacase
 Rich Riblett

 Seats: 9
 Meal: Snack
 Manifest: Senator Dole
 Sheila Burke
 Clarkson Hine
 Nelson Rockefeller
 Vicki Hart
 Dennis Shea
 Ann Scully, Govt. Relations, Zeneca
 Alan Milbauer, Zeneca

 Contact: Delores May
 302/328-1334

11:30 am ARRIVE Washington, DC
 FBO: Signature Aviation
 703/419-8440

11:35 am DEPART airport for Capitol
 Driver: Wilbert

11:50 am ARRIVE Capitol

■ George F. Will on the
Disneyfication of
American history.
Page 75

FOCUS

THE BOSTON SUNDAY GLOBE • JULY 17, 1999

POLITICS

PULLING TRIGGERS

Massachusetts' attempt at reforming health care
offers some hard lessons for the Clinton administration

By Michael Rezendes

As Congress prepares for a final showdown in the fight to change the nation's health care system, its members might do well to look to Massachusetts for a cautionary tale that reveals as much about the perils of compromise as it does about the art of the possible.

The story begins on a clear spring day in 1988, when Gov. Dukakis sealed the steps of the State House to preside over the celebratory signing of the nation's first universal health care law. Under the Dukakis plan, health insurance was to be provided to all Massachusetts residents by 1992.

Yet "health care for all" remains but a slogan in the Bay State. And supporters of the Dukakis law say that several of the compromise measures now under consideration in Washington could easily produce a similar fate for the universal health care plan envisioned by President Clinton.

"In many ways we're seeing a replay of what hap-

pened here in 1988," says Philip Johnston, a former Dukakis administration official who is now regional director of the US Department of Health and Human Services.

For Johnston and other early backers of the Dukakis law, the most alarming features of the health care debate in Washington are the emergence of so-called "triggers," legislative mechanisms that would defer required coverage until some future date, along with an increase in the number of advocates for an incremental approach to cutting costs and revising the insurance system.

The alarm is easy to understand. In Massachusetts, state lawmakers seeking a legislative compromise agreed to defer the key provision of the Dukakis law - a requirement that companies with six or more workers provide health insurance or pay a \$1,680 tax - for four years. In hindsight, that left plenty of time for supporters of the law to drop their guard, in the mistaken belief that their battle had been won, and ample opportunity for opponents to push for repeal and delay.

The conventional wisdom holds that a state fiscal crisis, an economic recession and the election of a Republican governor all helped convince the Legislature to post-

TRIGGERS, Page 70

Michael Rezendes is the Globe's Focus writer.

Massachusetts offers hard lesson in reform

■ TRIGGERS

Continued from Page 69

pone the employer mandate until at least 1995, when it is currently scheduled to go into effect. But architects of the Dukakis law now say they erred by delaying implementation of the bill's central, and most painful, provision.

"It points to the incredible danger of giving yourself too long a lead time before requiring something to go into effect," says Rep. John McDonough (D-Jamaica Plain), a 1988 supporter of the Dukakis health care law. "When I hear people in Washington talk about waiting until 2001 or 2002, I get very nervous."

On Capitol Hill, legislative triggers have been considered for an employer mandate that would pay for expanded health insurance and for new insurance provisions designed to control soaring health care costs. But as expanded coverage dominates the debate, cost control measures of any kind appear to be falling by the wayside.

The potential loss of provisions designed to control costs also recalls the Massachusetts experience. Such measures were initially included in the Dukakis universal health care proposal but were soon jettisoned in the interest of compromise, which has led some analysts to conclude that the law might have led to a fiscal calamity if the Legislature hadn't shelved it.

"Because the law didn't attempt to finance improved coverage with savings from cost controls, the promise of universal coverage probably couldn't have been kept under any conceivable economic or political circumstances," says Alan Sager, a professor at Boston University School of Public Health.

Clinton, for his part, has proposed paying much of the cost of revamping the health care delivery system with an employer mandate that would require companies to assume 80 percent of their employees' health insurance by 1998. But some lawmakers have proposed deferring an employer mandate with a legislative trigger that would take effect only if voluntary

measures aimed at providing coverage for the 40 million uninsured Americans are unsuccessful.

Dukakis, a professor at Northeastern University and still an ardent health insurance advocate, says Washington lawmakers might legitimately consider deferring an employer mandate with a "hard" trigger, a legislative provision that would automatically take effect without an additional congressional vote. But he also says that a "soft" trigger, a measure that would merely require Congress to reexamine the universal health care issue if voluntary provisions fail, is unlikely to yield meaningful improvement. "If you're talking about a trigger that leads to another vote, you're back at the starting gate," Dukakis says.

Many advocates with Massachusetts experience say soft triggers present a particularly insidious threat to the cause of universal health insurance because they could be used to convince supporters that victory has been attained, while allowing well-financed and highly organized opponents to continue to press their case. "Triggers set to go off far into the future are absolutely useless," says Robert Blendon, a professor at Harvard University School of Public Health. "Public attention inevitably dissipates while special interests pounce on the law and repeal all of the reforms."

Even hard triggers, such as those contained in the 1985 Gramm-Rudman-Hollings deficit reduction bill that was designed to wipe out the federal deficit with automatic spending cuts, have been known to fail. Moreover, supporters of the Clinton health plan note that Social Security, the landmark legislative program devised under President Franklin Roosevelt, was approved without triggers of any sort.

Indeed, Hillary Rodham Clinton recalled the fight for Social Security during a recent speech on health care in which she spoke out against using legislative triggers to defer universal coverage. "It would be as though when they were debating Social Security people started saying . . . only after we've waited to see whether every company

does provide pensions should we do anything to make sure we provide Social Security," she said.

Some analysts say the battle for Social Security shows that an incremental approach to universal health insurance could work - if, at the outset, it establishes a large constituency of immediate beneficiaries who would fight any attempts at repeal.

Alan Brinkley, a history professor at Columbia University, says Social Security initially excluded large segments of the work force, such as agricultural and domestic workers, and that additional votes in Congress were required in order to gather those workers under the Social Security umbrella. But the legislation also created immediate and tangible benefits for a class of people large enough to preclude repeal and promote expansion of the program. "Roosevelt believed that once you got it on the books, public pressure would force it to grow, and that's exactly what happened," Brinkley says.

The idea of creating a class of immediate beneficiaries through a universal health care law was floated last week, when US Sen. Edward Kennedy (D-Mass.) suggested in private meetings that employers be required to pay 50 percent of health insurance costs for their workers, but not their workers' families, beginning next year. Under the proposal, companies would continue to pay that amount until 1998, when they would increase payments to cover 80 percent of the costs of insurance for both employees and their families.

Prospects for employer mandates in general, and Kennedy's proposal in particular, appear increasingly bleak. Yet those who pushed for universal insurance in Massachusetts say compromising on either the principle of universal coverage, or a guaranteed financing source above and beyond government subsidies, may not be worth the effort. Legislation without either of those provisions, they say, could doom true health insurance change for another generation by producing a bill that provides only marginally expanded coverage and does little to control rising costs.

"What I learned from the Massachusetts experience is that reaching a true consensus on health care reform is impossible," says Johnston. "At some point you have to stake out your position, draw a line in the sand, and fight."

AM-Governors-Health Care, Bjt,0830<

On Eve of Showdown, Governors Draw Sharper Partisan Lines on Health Care<

By JOHN KING AP Political Writer

BOSTON (AP) Democratic governors demanded Monday that Congress guarantee health coverage to all Americans, but their silence on how to pay for it undermined White House hopes for a political boost in the reform debate.

To counter the Democrats, GOP governors inched closer to backing Senate Republican Leader Bob Dole's health care proposal, provided Dole ditch Medicaid caps and finds a new way to pay for his plan.

Keeping with National Governors Association tradition, the partisan maneuvering was polite, as governors stressed they had far more bipartisan consensus on health care than members of Congress and were eager for major reform to be passed this year.

And neither side, knowing it would not have the votes, planned to propose any major changes to the NGA health care policy adopted in February. That document endorses an array of insurance reforms and subsidies for low-income Americans but stops short of calling for universal coverage or offering any financing proposal.

Instead, Monday's developments served more as a stage-setter to a Tuesday showdown between Clinton and Dole at the closing session of the NGA's summer meeting.

The Democratic governors' resolution was designed to give Clinton a political boost heading into that session, and White House aides insisted it did by putting a majority of the nation's governors on record supporting "guaranteed health benefits that cannot be taken away."

But the Democratic Governors Association document's silence on the financing question left it with little political muscle, despite a weekend of negotiations with White House officials over how the Democrats could come to Clinton's defense.

After all, even most conservative Republicans say they are in favor of the concept of universal coverage, but do not believe the government or employers can afford to pay for it.

"We don't have all the answers," conceded Gov. Evan Bayh of Indiana, the DGA chairman.

The Democratic organization could not endorse Clinton's financing plan requiring employers to provide coverage and pay 80 percent of the cost because many of its individual members oppose it.

"I'm running for office," said New Mexico Gov. Bruce King. "The mandates get kind of hard to defend."

Because of that glaring omission, Republicans labeled the Democratic statement meaningless.

"I think it just reinforces the predicament the president is in over how to pay for this," said GOP Gov. Tommy Thompson of Wisconsin. Instead of holding out for universal coverage, Thompson said Clinton should take the best of the Democratic and GOP proposals and fashion a plan that would have broad support and cover most of those who do not now have insurance.

"Right now he's like a guy who got to the altar but won't consummate the marriage because he didn't get everything he wants," Thompson said. "He could miss a chance to take a great step forward."

The Democratic resolution also does not use the words "universal coverage," White House shorthand for its bottom line. The governors said that was not a slight, but that they viewed the term as confusing and preferred the word "guaranteed," which appears eight times in their nine-paragraph resolution.

"It's fine with us because we mean the same thing," said Marcia Hale, Clinton's liaison to the governors.

Throughout the weekend, Republicans joined Democrats in lambasting the Dole proposal, which includes caps on certain Medicaid spending. Governors say such federal caps invariably mean the costs are shifted to state budgets, forcing cuts in other programs or higher taxes.

"We're the guys who have to take the money out of education, the guys who can't man the prisons," said South Carolina Gov. Carroll Campbell.

But Campbell said Republicans like the Dole plan otherwise, and had received assurances from the senator that he would address their concerns. "The caps are not a killer because it can be changed," he said. "If he does that, I think you will find Republicans will be comfortable supporting his plan."

The Republican Governors Association chairman, Maine's John McKernan, echoed that view and said the Dole plan was more in line with the NGA's bipartisan policy ``as long as he fixes the caps on Medicaid.''

* The Democrats and allies took a much dimmer view of Dole's plan, and their eagerness to criticize it left the distinct impression they were worried it could become a serious proposal.

In their resolution, the Democratic governors said it would ``shift enormous new costs onto the states' taxpayers,' ' and Bayh labeled it ``a calamity.''

Two Clinton allies in the health care fight, the American Federation of State, County and Municipal Employees and Citizen Action, released a study that concluded the Dole plan would cost states ``an astounding \$115 billion'' from 1996 through 2003.

SENATOR BOB DOLE
REMARKS PREPARED FOR DELIVERY
NATIONAL GOVERNORS CONFERENCE

YOU ARE MEETING THIS WEEK IN THE CITY THAT WAS HOME TO MANY OF AMERICA'S EARLY LEADERS. AND WHEN THESE FOUNDING FATHERS PUT TOGETHER OUR CONSTITUTION, THEY UNDERSTOOD THE FACT THAT STATE AND LOCAL GOVERNMENTS WERE OFTEN IN A MUCH BETTER POSITION TO UNDERSTAND AND RESPOND TO THE NEEDS OF THE PEOPLE.

UNFORTUNATELY, OVER THE PAST FEW YEARS, THE RELATIONSHIP BETWEEN FEDERAL AND STATE GOVERNMENT HAS TURNED INTO A ONE WAY STREET--WITH WASHINGTON, D.C. DICTATING WHAT YOU CAN AND CANNOT DO, AND FORCING YOU TO PICK UP THE TAB FOR AN ENDLESS STRING OF UNFUNDED MANDATES.

THE COSTS OF THOSE MANDATES ARE DEVASTATING, FINANCIALLY, AND DEVASTATING IN TERMS OF BLOCKING YOUR ABILITY TO DEVELOP INNOVATIVE PROGRAMS AND SOLUTIONS.

AND IF THERE'S ONE THING THAT CONGRESS COULD DO TO RESTORE BALANCE TO THE FEDERAL-STATE RELATIONSHIP, IT WOULD BE TO PASS S993--THE KEMPTHORNE-GLENN BILL, WHICH IS NOW AWAITING ACTION ON THE SENATE FLOOR.

UNFORTUNATELY, THE LEGISLATION WAS DILUTED IN COMMITTEE, BUT IT IS STILL A HELPFUL STEP IN THE RIGHT DIRECTION.

I KNOW WHEN SENATOR MITCHELL WAS HERE ON SUNDAY, HE SAID THE CHANCES OF HIS BRINGING THIS BILL UP DEPENDED UPON WHETHER OR NOT

REPUBLICANS "BEHAVED PROPERLY" DURING OTHER DEBATES.

I HAVE GREAT RESPECT FOR SENATOR MITCHELL, BUT TO USE A TERM HE SOON MAY BE FAMILIAR WITH, THERE IS NO NEED TO KEEP S. 993 WAITING IN "THE ON DECK CIRCLE." THE BILL HAS OVERWHELMING SUPPORT, AND IT COULD AND SHOULD BE PASSED VERY QUICKLY--TOMORROW, FOR INSTANCE, WITHOUT IMPEDING ACTION ON ANY OTHER ISSUE.

THE FEDERAL-STATE RELATIONSHIP IS ALSO AT THE CORE OF THE ONGOING DEBATES OVER HEALTH CARE, WELFARE REFORM, AND CRIME. AND LET ME TOUCH UPON THOSE ISSUES NOW.

HEALTH CARE

I BEGIN WITH HEALTH CARE--AND I WANT TO NOTE THE ABSENCE THIS WEEK OF GOVERNOR EDGAR OF ILLINOIS. AS YOU KNOW, JIM UNDERWENT EMERGENCY QUADRUPLE BYPASS SURGERY A WEEK AND A HALF AGO. I SPOKE WITH JIM LAST WEEK, AND HE IS WELL ON THE WAY TO A FULL RECOVERY.

JIM LEARNED FIRST HAND WHAT GOVERNOR CASEY ALSO LEARNED NOT LONG AGO--AND THAT'S THE FACT THAT AMERICA'S HEALTH CARE SYSTEM IS THE BEST IN THE WORLD--PERFORMING MIRACLES EVERY DAY.

AND WHEN WE BEGAN THIS DEBATE ON A BI-PARTISAN BASIS, DEMOCRATS AND REPUBLICANS ALIKE SHARED THE SAME GOAL: DOING ALL WE COULD TO ENSURE THAT EVERY AMERICAN HAD ACCESS TO THAT HEALTH CARE SYSTEM.

THAT'S THE PRESIDENT'S GOAL. THAT'S MY GOAL. AND I KNOW IT'S YOUR GOAL, AS WELL.

BUT IN REACHING THIS GOAL, I BELIEVE IT'S ALSO IMPORTANT TO KEEP SOME THINGS IN MIND:

THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE THE COMPLETE TAKEOVER BY THE FEDERAL GOVERNMENT OF ONE SEVENTH OF OUR NATIONAL ECONOMY.

THE PRICE OF HEALTH CARE REFORM SHOULD BE NOT BE THE LOSS OF MILLIONS OF JOBS.

THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE BANKRUPTING THE STATES WITH ONE MORE GIGANTIC UNFUNDED MANDATE, OR BANKRUPTING OUR CHILDREN BY SIMPLY TACKING ON UNTOLD BILLIONS TO THE NATIONAL DEBT.

AND THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE THE DESTRUCTION OF THE BEST HEALTH CARE DELIVERY SYSTEM IN THE WORLD.

WE ARE NOW APPROACHING THE FINISH LINE IN THE HEALTH CARE DEBATE. IT WAS A DEBATE THAT BEGAN IN A BI-PARTISAN MANNER, AND DESPITE THE RECENT RATCHETING UP OF RHETORIC BY THE WHITE HOUSE AND THE DEMOCRAT NATIONAL COMMITTEE, THE SEEDS OF A BI-PARTISAN PLAN STILL EXIST.

MANY OF THESE SEEDS CAN BE FOUND IN THE "CALL TO ACTION," WHICH YOU RELEASED THIS PAST JANUARY--MUCH OF WHICH IS CONTAINED IN THE PROPOSAL INTRODUCED BY SENATOR PACKWOOD AND MYSELF.

INSURANCE REFORMS DEALING WITH ISSUES LIKE PORTABILITY AND PRE-EXISTING CONDITIONS; STATE DESIGNED AND RUN PURCHASING COOPERATIVES; A CORE BENEFIT PACKAGE AND SUBSIDIES FOR LOW INCOME
(MORE)

AMERICANS; MEDICAL MALPRACTICE AND LIABILITY REFORMS; RELIEF FROM ANTI-TRUST STATUTES; ADMINISTRATIVE SIMPLIFICATIONS: ALL OF THESE WERE CONTAINED IN YOUR CALL TO ACTION, ALL HELP THE SO-CALLED "MIDDLE CLASS," AND ALL CAN BE FOUND IN THE DOLE-PACKWOOD BILL.

I'VE LEARNED IN OUR BUSINESS TO NEVER SAY THAT SOMEONE AGAINST YOU. EITHER THEY'RE FOR YOU, OR THEY'RE UNDECIDED. AND I HAVE NOTED THAT THERE IS ONE KEY ISSUE IN THE DOLE-PACKWOOD BILL ON WHICH THE GOVERNORS ARE "UNDECIDED."

THAT, OF COURSE, IS THE CAP ON MEDICAID. OVER THE PAST FEW WEEKS, WE HAVE BEEN IN CLOSE CONTACT WITH THE NGA STAFF IN WASHINGTON ON THIS MATTER, AND YOU CAN BE SURE THAT WE UNDERSTAND YOUR CONCERNS ABOUT BEING LEFT HOLDING THE BAG, AND BELIEVE WE CAN WORK TOGETHER TO SETTLE OUR DIFFERENCES.

ONE IDEA WE ARE FLESHING OUT IS TO GIVE STATES THE OPTION OF BUYING IN ALL AFDC AND NON-CASH RECIPIENTS INTO THE PRIVATE SECTOR PROGRAM.

AGAIN, MY DOOR, AS ALWAYS, IS OPEN TO YOU. DISCUSSIONS CONTINUE. STAY TUNED.

I ALSO WANT TO REMIND YOU THAT THE ADMINISTRATION'S BILL IS ALSO FAR FROM PERFECT IN REGARDS TO MEDICAID. THE ADMINISTRATION AND THE FINANCE COMMITTEE PROPOSAL WOULD PHASE OUT THE MEDICAID DISPROPORTIONATE SHARE PAYMENTS--SOMETHING I AM VERY MUCH OPPOSED TO.

SO, WHERE DO WE GO FROM HERE?

WELL THE FIRST THING TO DO IS TO GET BACK TO THE ISSUES THAT MATTER. NOTWITHSTANDING WHAT YOU READ IN THE MEDIA THIS ISSUE IS NOT ABOUT BILL CLINTON VRS. BOB DOLE, OR THE DEMOCRATS VRS. THE REPUBLICANS. HEALTH CARE IS TOO IMPORTANT TO BE TURNED INTO A BATTLE OF PERSONALITIES.

BUS TRIPS, TELEVISION COMMERCIALS, AND ORGANIZED ATTACKS ON PIZZA HUT OR OTHERS WHO DARE SPEAK OUT AGAINST THE ADMINISTRATION BILL DO NOT HELP THE PROCESS ONE BIT. WE NEED TO MOVE PAST THE RHETORIC AND TOWARD REALITY.

THE REALITY IS THAT WE HAVE LEARNED A GREAT DEAL IN THE PAST YEAR AND A HALF.

THE AMERICAN PEOPLE HAVE HEARD THE DEBATE, THEY'VE COME TO TOWN MEETINGS IN RECORD NUMBERS, THEY'VE CALLED IN TO TALK SHOWS, AND THEY'VE WRITTEN LETTERS.

AND WHAT THEY'RE SAYING IS THIS: OUR HEALTH CARE SYSTEM ISN'T PERFECT, BUT IT IS THE BEST IN THE WORLD. YES, IT'S IN NEED OF REPAIR, BUT NOT IN NEED OF A COMPLETE AND TOTAL OVERHAUL--AND MOST DEFINITELY NOT IN NEED OF A COMPLETE AND TOTAL TAKEOVER BY THE FEDERAL GOVERNMENT.

AND IF GIVEN THE CHOICE BETWEEN GETTING IT DONE RIGHT, AND GETTING IT DONE FAST, I KNOW WHAT THE AMERICAN PEOPLE WOULD CHOOSE. SO, LET'S NOT SET ARTIFICIAL DEADLINES.

AS WE NEAR THE FINISH LINE, LET US REMEMBER THAT NO ONE OF US--NOT BOB DOLE, NOT BILL CLINTON, NOT THE NATION'S GOVERNORS--WILL GET EVERYTHING THEY WANT. BUT WE CAN STILL ACHIEVE REAL AND LASTING HEALTH CARE REFORM.

LET ME CONCLUDE THIS PORTION BY QUOTING FROM A STORY IN THE WALL STREET JOURNAL ON JULY 8 THAT SHOULD BE REQUIRED READING IN THE WHITE HOUSE AND ON CAPITOL HILL. IT CONCERNED HEALTH CARE REFORM IN MINNESOTA. AND IT SAYS:

"LAST YEAR, MINNESOTA HELD ITSELF UP AS A STATE THAT COULD TEACH THE REST OF THE U.S. HOW TO OVERHAUL THE HEALTH-CARE SYSTEM IN A HURRY. THIS YEAR, REFORM-MINDED STATES SUCH AS MINNESOTA HAVE A NEW MESSAGE: DON'T TRY TO FIX EVERYTHING AT ONCE." AND THE STATE HEALTH COMMISSIONER SAID, "OUR BUZZWORD THIS YEAR IS SEQUENTIAL REFORM. DOING THINGS ONE STEP AT A TIME. I HOPE THAT AT THE FEDERAL LEVEL, PEOPLE WILL DO THE SAME."

WELFARE REFORM

WELFARE REFORM IS ANOTHER ISSUE WHERE FEDERAL GOVERNMENT NEEDS TO LISTEN TO YOU MORE AND MANDATE LESS. WHILE WE BEGIN THE LONG PROCESS OF PUTTING TOGETHER LEGISLATION, THE MOST IMPORTANT THING WE CAN DO IS GET OUT OF YOUR WAY.

I KNOW THAT GOVERNOR ENGLER ASKED SENATOR MITCHELL ABOUT THE MCCAIN-KERREY AMENDMENT TO THE AGRICULTURE APPROPRIATIONS BILL, WHICH IS BEING DEBATED ON THE SENATE FLOOR TODAY.

AS YOU KNOW, THIS AMENDMENT WOULD STRIKE LANGUAGE BARRING STATES FROM RECEIVING NEW HHS-APPROVED WAIVERS TO CONVERT FOOD STAMPS TO CASH BENEFITS OR WAGE SUBSIDIES. I BELIEVE THIS IS ANOTHER EXAMPLE WHERE STATE FLEXIBILITY AND INNOVATION SHOULD BE ENCOURAGED, AND I WAS PROUD TO SIGN A LETTER SUPPORTING THIS AMENDMENT.

(MORE)

~~CRIME~~

LAST NOVEMBER, THE SENATE PASSED A BIPARTISAN CRIME BILL. YET TODAY, NEARLY 8 MONTHS LATER, WE HAVE NOTHING TO SHOW FOR OUR EFFORTS.

ONE OF THE STICKING POINTS IS THE SO-CALLED RACIAL JUSTICE ACT, WHICH IS PART OF A LONG TRADITION IN CONGRESS OF GIVING BAD-LEGISLATION A GREAT-SOUNDING NAME.

ALTHOUGH MORE THAN 30 STATE ATTORNEYS GENERAL--DEMOCRATS AND REPUBLICANS--HAVE URGED CONGRESS TO DROP THE ACT, FEARING THAT IT WOULD SOUND THE DEATH KNELL FOR THEIR STATE DEATH PENALTY LAWS, PRESIDENT CLINTON AND ATTORNEY GENERAL RENO HAVE, SO FAR, REMAINED OFFICIALLY NEUTRAL. PRESIDENT CLINTON COULD HELP BREAK THE CONFERENCE LOG-JAM IF, LATER TODAY, HE PUBLICLY--AND UNEQUIVOCALLY--DENOUNCED THE RACIAL JUSTICE ACT FOR WHAT IT REALLY IS: A BACK-DOOR EFFORT TO GUT OUR NATION'S DEATH PENALTY LAWS.

IT ALSO APPEARS THE CRIME CONFEREES ARE TRYING TO RESURRECT LAST YEAR'S DEFEATED STIMULUS PACKAGE, DISGUIISING A HODGEPODGE OF BIG DOLLAR SPENDING PROGRAMS UNDER THE GUISE OF ANTICRIME LEGISLATION. BY MY COUNT, THERE ARE MORE THAN 15 SEPARATE SO-CALLED "PREVENTION" PROGRAMS TALLING BILLIONS AND BILLIONS OF DOLLARS.

I BELIEVE THAT PRISON CELLS--RATHER THAN THE PORK BARREL--ARE A MORE EFFECTIVE DETERRENT TO VIOLENT CRIME. AND THAT'S WHERE THE FEDERAL GOVERNMENT CAN AND SHOULD MAKE A REAL DIFFERENCE--BY PROVIDING YOU, THE STATES, WITH THE RESOURCES TO ENSURE THAT VIOLENT CRIMINALS ARE KEPT BEHIND BARS WHERE THEY BELONG.

AND IF I HAD MY WAY, THE CRIME BILL WOULD PROVIDE AT LEAST \$13 BILLION DIRECTLY TO THE STATES FOR PRISON CONSTRUCTION AND OPERATION. AS YOU ALL KNOW, THE WAR ON CRIME IS ANOTHER AREA WHERE THE FEDERAL GOVERNMENT HAS BECOME MORE OF A HINDRANCE THAN A HELP.

FOR EXAMPLE, GOVERNOR FIFE SYMINGTON TRIED TO GET PORNOGRAPHY OUT OF THE ARIZONA PRISON SYSTEM, ONLY TO BE OVERRULED BY A FEDERAL JUDGE. IN OTHER STATES, FEDERAL JUDGES HAVE DECIDED THAT PRISONERS LACKING ACCESS TO TELEVISIONS AND BASKETBALL COURTS SUFFER "CRUEL AND UNUSUAL PUNISHMENT." FEDERAL "PRISON CAP" ORDERS HAVE LED TO THE EARLY RELEASE OF VIOLENT, VICIOUS CRIMINALS.

AND AS GOVERNORS WILSON, WELD, AND BAYH POINTED OUT ON THE DAVID BRINKLEY SHOW THIS PAST SUNDAY, FEDERAL JUDGES HAVE TOO OFTEN ACTED AS LEGISLATORS, CREATING THE "EXCLUSIONARY RULE" AND ESTABLISHING AN ELABORATE SYSTEM OF CRIMINAL APPEALS, ALL IN THE NAME OF "HABEAS CORPUS." THE RESULT: MORE DELAYS. MORE EXPENSE. MORE FRUSTRATION. AND AN AMERICAN PUBLIC THAT QUESTIONS WHETHER OUR SYSTEM OF JUSTICE IS ON THE SIDE OF THE LAW-ABIDING...OR THE CRIMINAL.

LET ME CONGRATULATE YOU ON YOUR CONFERENCE. YOUR MESSAGE IS BEING HEARD LOUD AND CLEAR IN CONGRESS. I LOOK FORWARD TO CONTINUING TO WORK WITH YOU ENSURING THAT FEDERALISM IS ALIVE AND WELL.

###

SENATOR BOB DOLE
REMARKS PREPARED FOR DELIVERY
NATIONAL GOVERNORS CONFERENCE

YOU ARE MEETING THIS WEEK IN THE CITY THAT WAS HOME TO MANY OF AMERICA'S EARLY LEADERS. AND WHEN THESE FOUNDING FATHERS PUT TOGETHER OUR CONSTITUTION, THEY UNDERSTOOD THE FACT THAT STATE AND LOCAL GOVERNMENTS WERE OFTEN IN A MUCH BETTER POSITION TO UNDERSTAND AND RESPOND TO THE NEEDS OF THE PEOPLE.

UNFORTUNATELY, OVER THE PAST FEW YEARS, THE RELATIONSHIP BETWEEN FEDERAL AND STATE GOVERNMENT HAS TURNED INTO A ONE WAY STREET--WITH WASHINGTON, D.C. DICTATING WHAT YOU CAN AND CANNOT DO, AND FORCING YOU TO PICK UP THE TAB FOR AN ENDLESS STRING OF UNFUNDED MANDATES.

THE COSTS OF THOSE MANDATES ARE DEVASTATING, FINANCIALLY, AND DEVASTATING IN TERMS OF BLOCKING YOUR ABILITY TO DEVELOP INNOVATIVE PROGRAMS AND SOLUTIONS.

AND IF THERE'S ONE THING THAT CONGRESS COULD DO TO RESTORE BALANCE TO THE FEDERAL-STATE RELATIONSHIP, IT WOULD BE TO PASS S993--THE KEMPTHORNE-GLENN BILL, WHICH IS NOW AWAITING ACTION ON THE SENATE FLOOR.

UNFORTUNATELY, THE LEGISLATION WAS DILUTED IN COMMITTEE, BUT IT IS STILL A HELPFUL STEP IN THE RIGHT DIRECTION.

I KNOW WHEN SENATOR MITCHELL WAS HERE ON SUNDAY, HE SAID THE CHANCES OF HIS BRINGING THIS BILL UP DEPENDED UPON WHETHER OR NOT

REPUBLICANS "BEHAVED PROPERLY" DURING OTHER DEBATES.

I HAVE GREAT RESPECT FOR SENATOR MITCHELL, BUT TO USE A TERM HE SOON MAY BE FAMILIAR WITH, THERE IS NO NEED TO KEEP S. 993 WAITING IN "THE ON DECK CIRCLE." THE BILL HAS OVERWHELMING SUPPORT, AND IT COULD AND SHOULD BE PASSED VERY QUICKLY--TOMORROW, FOR INSTANCE, WITHOUT IMPEDING ACTION ON ANY OTHER ISSUE.

THE FEDERAL-STATE RELATIONSHIP IS ALSO AT THE CORE OF THE ONGOING DEBATES OVER HEALTH CARE, WELFARE REFORM, AND CRIME. AND LET ME TOUCH UPON THOSE ISSUES NOW.

HEALTH CARE

I BEGIN WITH HEALTH CARE--AND I WANT TO NOTE THE ABSENCE THIS WEEK OF GOVERNOR EDGAR OF ILLINOIS. AS YOU KNOW, JIM UNDERWENT EMERGENCY QUADRUPLE BYPASS SURGERY A WEEK AND A HALF AGO. I SPOKE WITH JIM LAST WEEK, AND HE IS WELL ON THE WAY TO A FULL RECOVERY.

JIM LEARNED FIRST HAND WHAT GOVERNOR CASEY ALSO LEARNED NOT LONG AGO--AND THAT'S THE FACT THAT AMERICA'S HEALTH CARE SYSTEM IS THE BEST IN THE WORLD--PERFORMING MIRACLES EVERY DAY.

AND WHEN WE BEGAN THIS DEBATE ON A BI-PARTISAN BASIS, DEMOCRATS AND REPUBLICANS ALIKE SHARED THE SAME GOAL: DOING ALL WE COULD TO ENSURE THAT EVERY AMERICAN HAD ACCESS TO THAT HEALTH CARE SYSTEM.

THAT'S THE PRESIDENT'S GOAL. THAT'S MY GOAL. AND I KNOW IT'S YOUR GOAL, AS WELL.

BUT IN REACHING THIS GOAL, I BELIEVE IT'S ALSO IMPORTANT TO KEEP SOME THINGS IN MIND:

THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE THE COMPLETE TAKEOVER BY THE FEDERAL GOVERNMENT OF ONE SEVENTH OF OUR NATIONAL ECONOMY.

THE PRICE OF HEALTH CARE REFORM SHOULD BE NOT BE THE LOSS OF MILLIONS OF JOBS.

THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE BANKRUPTING THE STATES WITH ONE MORE GIGANTIC UNFUNDED MANDATE, OR BANKRUPTING OUR CHILDREN BY SIMPLY TACKING ON UNTOLD BILLIONS TO THE NATIONAL DEBT.

AND THE PRICE OF HEALTH CARE REFORM SHOULD NOT BE THE DESTRUCTION OF THE BEST HEALTH CARE DELIVERY SYSTEM IN THE WORLD.

WE ARE NOW APPROACHING THE FINISH LINE IN THE HEALTH CARE DEBATE. IT WAS A DEBATE THAT BEGAN IN A BI-PARTISAN MANNER, AND DESPITE THE RECENT RATCHETING UP OF RHETORIC BY THE WHITE HOUSE AND THE DEMOCRAT NATIONAL COMMITTEE, THE SEEDS OF A BI-PARTISAN PLAN STILL EXIST.

MANY OF THESE SEEDS CAN BE FOUND IN THE "CALL TO ACTION," WHICH YOU RELEASED THIS PAST JANUARY--MUCH OF WHICH IS CONTAINED IN THE PROPOSAL INTRODUCED BY SENATOR PACKWOOD AND MYSELF.

INSURANCE REFORMS DEALING WITH ISSUES LIKE PORTABILITY AND PRE-EXISTING CONDITIONS; STATE DESIGNED AND RUN PURCHASING COOPERATIVES; A CORE BENEFIT PACKAGE AND SUBSIDIES FOR LOW INCOME

(MORE)

AMERICANS; MEDICAL MALPRACTICE AND LIABILITY REFORMS; RELIEF FROM ANTI-TRUST STATUTES; ADMINISTRATIVE SIMPLIFICATIONS: ALL OF THESE WERE CONTAINED IN YOUR CALL TO ACTION, ALL HELP THE SO-CALLED "MIDDLE CLASS," AND ALL CAN BE FOUND IN THE DOLE-PACKWOOD BILL.

I'VE LEARNED IN OUR BUSINESS TO NEVER SAY THAT SOMEONE AGAINST YOU. EITHER THEY'RE FOR YOU, OR THEY'RE UNDECIDED. AND I HAVE NOTED THAT THERE IS ONE KEY ISSUE IN THE DOLE-PACKWOOD BILL ON WHICH THE GOVERNORS ARE "UNDECIDED."

THAT, OF COURSE, IS THE CAP ON MEDICAID. OVER THE PAST FEW WEEKS, WE HAVE BEEN IN CLOSE CONTACT WITH THE NGA STAFF IN WASHINGTON ON THIS MATTER, AND YOU CAN BE SURE THAT WE UNDERSTAND YOUR CONCERNS ABOUT BEING LEFT HOLDING THE BAG, AND BELIEVE WE CAN WORK TOGETHER TO SETTLE OUR DIFFERENCES.

ONE IDEA WE ARE FLESHING OUT IS TO GIVE STATES THE OPTION OF BUYING IN ALL AFDC AND NON-CASH RECIPIENTS INTO THE PRIVATE SECTOR PROGRAM.

AGAIN, MY DOOR, AS ALWAYS, IS OPEN TO YOU. DISCUSSIONS CONTINUE. STAY TUNED.

I ALSO WANT TO REMIND YOU THAT THE ADMINISTRATION'S BILL IS ALSO FAR FROM PERFECT IN REGARDS TO MEDICAID. THE ADMINISTRATION AND THE FINANCE COMMITTEE PROPOSAL WOULD PHASE OUT THE MEDICAID DISPROPORTIONATE SHARE PAYMENTS--SOMETHING I AM VERY MUCH OPPOSED TO.

SO, WHERE DO WE GO FROM HERE?

WELL THE FIRST THING TO DO IS TO GET BACK TO THE ISSUES THAT MATTER. NOTWITHSTANDING WHAT YOU READ IN THE MEDIA THIS ISSUE IS NOT ABOUT BILL CLINTON VRS. BOB DOLE, OR THE DEMOCRATS VRS. THE REPUBLICANS. HEALTH CARE IS TOO IMPORTANT TO BE TURNED INTO A BATTLE OF PERSONALITIES.

BUS TRIPS, TELEVISION COMMERCIALS, AND ORGANIZED ATTACKS ON PIZZA HUT OR OTHERS WHO DARE SPEAK OUT AGAINST THE ADMINISTRATION BILL DO NOT HELP THE PROCESS ONE BIT. WE NEED TO MOVE PAST THE RHETORIC AND TOWARD REALITY.

THE REALITY IS THAT WE HAVE LEARNED A GREAT DEAL IN THE PAST YEAR AND A HALF.

THE AMERICAN PEOPLE HAVE HEARD THE DEBATE, THEY'VE COME TO TOWN MEETINGS IN RECORD NUMBERS, THEY'VE CALLED IN TO TALK SHOWS, AND THEY'VE WRITTEN LETTERS.

AND WHAT THEY'RE SAYING IS THIS: OUR HEALTH CARE SYSTEM ISN'T PERFECT, BUT IT IS THE BEST IN THE WORLD. YES, IT'S IN NEED OF REPAIR, BUT NOT IN NEED OF A COMPLETE AND TOTAL OVERHAUL--AND MOST DEFINITELY NOT IN NEED OF A COMPLETE AND TOTAL TAKEOVER BY THE FEDERAL GOVERNMENT.

AND IF GIVEN THE CHOICE BETWEEN GETTING IT DONE RIGHT, AND GETTING IT DONE FAST, I KNOW WHAT THE AMERICAN PEOPLE WOULD CHOOSE. SO, LET'S NOT SET ARTIFICIAL DEADLINES.

AS WE NEAR THE FINISH LINE, LET US REMEMBER THAT NO ONE OF US--NOT BOB DOLE, NOT BILL CLINTON, NOT THE NATION'S GOVERNORS--WILL GET EVERYTHING THEY WANT. BUT WE CAN STILL ACHIEVE REAL AND LASTING HEALTH CARE REFORM.

LET ME CONCLUDE THIS PORTION BY QUOTING FROM A STORY IN THE WALL STREET JOURNAL ON JULY 8 THAT SHOULD BE REQUIRED READING IN THE WHITE HOUSE AND ON CAPITOL HILL. IT CONCERNED HEALTH CARE REFORM IN MINNESOTA. AND IT SAYS:

"LAST YEAR, MINNESOTA HELD ITSELF UP AS A STATE THAT COULD TEACH THE REST OF THE U.S. HOW TO OVERHAUL THE HEALTH-CARE SYSTEM IN A HURRY. THIS YEAR, REFORM-MINDED STATES SUCH AS MINNESOTA HAVE A NEW MESSAGE: DON'T TRY TO FIX EVERYTHING AT ONCE." AND THE STATE HEALTH COMMISSIONER SAID, "OUR BUZZWORD THIS YEAR IS SEQUENTIAL REFORM. DOING THINGS ONE STEP AT A TIME. I HOPE THAT AT THE FEDERAL LEVEL, PEOPLE WILL DO THE SAME."

WELFARE REFORM

WELFARE REFORM IS ANOTHER ISSUE WHERE FEDERAL GOVERNMENT NEEDS TO LISTEN TO YOU MORE AND MANDATE LESS. WHILE WE BEGIN THE LONG PROCESS OF PUTTING TOGETHER LEGISLATION, THE MOST IMPORTANT THING WE CAN DO IS GET OUT OF YOUR WAY.

I KNOW THAT GOVERNOR ENGLER ASKED SENATOR MITCHELL ABOUT THE MCCAIN-KERREY AMENDMENT TO THE AGRICULTURE APPROPRIATIONS BILL, WHICH IS BEING DEBATED ON THE SENATE FLOOR TODAY.

AS YOU KNOW, THIS AMENDMENT WOULD STRIKE LANGUAGE BARRING STATES FROM RECEIVING NEW HHS-APPROVED WAIVERS TO CONVERT FOOD STAMPS TO CASH BENEFITS OR WAGE SUBSIDIES. I BELIEVE THIS IS ANOTHER EXAMPLE WHERE STATE FLEXIBILITY AND INNOVATION SHOULD BE ENCOURAGED, AND I WAS PROUD TO SIGN A LETTER SUPPORTING THIS AMENDMENT.

(MORE)

CRIME

LAST NOVEMBER, THE SENATE PASSED A BIPARTISAN CRIME BILL. YET TODAY, NEARLY 8 MONTHS LATER, WE HAVE NOTHING TO SHOW FOR OUR EFFORTS.

ONE OF THE STICKING POINTS IS THE SO-CALLED RACIAL JUSTICE ACT, WHICH IS PART OF A LONG TRADITION IN CONGRESS OF GIVING BAD-LEGISLATION A GREAT-SOUNDING NAME.

ALTHOUGH MORE THAN 30 STATE ATTORNEYS GENERAL--DEMOCRATS AND REPUBLICANS--HAVE URGED CONGRESS TO DROP THE ACT, FEARING THAT IT WOULD SOUND THE DEATH KNEEL FOR THEIR STATE DEATH PENALTY LAWS, PRESIDENT CLINTON AND ATTORNEY GENERAL RENO HAVE, SO FAR, REMAINED OFFICIALLY NEUTRAL. PRESIDENT CLINTON COULD HELP BREAK THE CONFERENCE LOG-JAM IF, LATER TODAY, HE PUBLICLY--AND UNEQUIVOCALLY--DENOUNCED THE RACIAL JUSTICE ACT FOR WHAT IT REALLY IS: A BACK-DOOR EFFORT TO GUT OUR NATION'S DEATH PENALTY LAWS.

IT ALSO APPEARS THE CRIME CONFEREES ARE TRYING TO RESURRECT LAST YEAR'S DEFEATED STIMULUS PACKAGE, DISGUIISING A HODGEPODGE OF BIG DOLLAR SPENDING PROGRAMS UNDER THE GUISE OF ANTICRIME LEGISLATION. BY MY COUNT, THERE ARE MORE THAN 15 SEPARATE SO-CALLED "PREVENTION" PROGRAMS TALLING BILLIONS AND BILLIONS OF DOLLARS.

I BELIEVE THAT PRISON CELLS--RATHER THAN THE PORK BARREL--ARE A MORE EFFECTIVE DETERRENT TO VIOLENT CRIME. AND THAT'S WHERE THE FEDERAL GOVERNMENT CAN AND SHOULD MAKE A REAL DIFFERENCE--BY PROVIDING YOU, THE STATES, WITH THE RESOURCES TO ENSURE THAT VIOLENT CRIMINALS ARE KEPT BEHIND BARS WHERE THEY BELONG.

AND IF I HAD MY WAY, THE CRIME BILL WOULD PROVIDE AT LEAST \$13 BILLION DIRECTLY TO THE STATES FOR PRISON CONSTRUCTION AND OPERATION. AS YOU ALL KNOW, THE WAR ON CRIME IS ANOTHER AREA WHERE THE FEDERAL GOVERNMENT HAS BECOME MORE OF A HINDRANCE THAN A HELP.

FOR EXAMPLE, GOVERNOR FIFE SYMINGTON TRIED TO GET PORNOGRAPHY OUT OF THE ARIZONA PRISON SYSTEM, ONLY TO BE OVERRULED BY A FEDERAL JUDGE. IN OTHER STATES, FEDERAL JUDGES HAVE DECIDED THAT PRISONERS LACKING ACCESS TO TELEVISIONS AND BASKETBALL COURTS SUFFER "CRUEL AND UNUSUAL PUNISHMENT." FEDERAL "PRISON CAP" ORDERS HAVE LED TO THE EARLY RELEASE OF VIOLENT, VICIOUS CRIMINALS.

AND AS GOVERNORS WILSON, WELD, AND BAYH POINTED OUT ON THE DAVID BRINKLEY SHOW THIS PAST SUNDAY, FEDERAL JUDGES HAVE TOO OFTEN ACTED AS LEGISLATORS, CREATING THE "EXCLUSIONARY RULE" AND ESTABLISHING AN ELABORATE SYSTEM OF CRIMINAL APPEALS, ALL IN THE NAME OF "HABEAS CORPUS." THE RESULT: MORE DELAYS. MORE EXPENSE. MORE FRUSTRATION. AND AN AMERICAN PUBLIC THAT QUESTIONS WHETHER OUR SYSTEM OF JUSTICE IS ON THE SIDE OF THE LAW-ABIDING...OR THE CRIMINAL.

LET ME CONGRATULATE YOU ON YOUR CONFERENCE. YOUR MESSAGE IS BEING HEARD LOUD AND CLEAR IN CONGRESS. I LOOK FORWARD TO CONTINUING TO WORK WITH YOU ENSURING THAT FEDERALISM IS ALIVE AND WELL.

###