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TALKING POINTS ON DASCHLE/BUDGET/KIDS HEALTH CARE/CAP GAINS
JANUARY 15, 1997

* The President and Congressional Democrats are united in their goals for the budget process this year. We want a budget that achieves balance by 2002 and that focuses on the priorities our country needs to focus on to prepare for the challenges of the 21st century -- education, protecting the Medicare trust fund, implementing welfare reform, fighting crime, protecting the environment, etc.

* With regard to health care, I think it should be clear from the President's past remarks that he continues to place a high priority on expanding the availability of health care to those who do not have it. His budget last year had a proposal for making health care available to those who are between jobs, and he has also expressed interest in finding ways to make sure that all children have access to health care.

* I can't talk about our budget specifically, but I can tell you that the President and Democrats in the Congress -- and I think the American people -- are united on the goal of making sure that every child in this country has access to quality health care.

* Regarding capital gains, as you know the President's 1993 budget plan, which was enacted by a Democratic Congress, contained capital gains tax relief for small businesses. IN addition, the President proposed last year to eliminate capital gains taxation of nearly all home sales. So I think we're united on the goal of targeted capital gains relief.



* As for their specific idea, again, I can't talk about whether this would be in our budget, but obviously it's something that we'll want to take a look at this year as we begin the process of working towards an agreement on a balanced budget.

* The bottom line is, we intend to work with both parties in the Congress in order to achieve a balanced budget, and we expect House and Senate Democrats to play a key role.

TOIV

Talked with Hilley

Press Guidance
May 21, 1997

DSCC

The President will attend a fundraiser for the Democratic Senatorial Campaign Committee at the Corcoran Museum of Art. The event is the second of three presidential events being held in order to help the DSCC retire its debt. The first took place in New York at the home of Shelby and Katherine Bryan on February 18 and the last will take place in Los Angeles on June 23.

Three hundred fifty guests are expected to attend the reception and dinner. ***For briefer only:*** the event is expected to raise \$1.5 million.

The event will be open to the pool for remarks.

Mellody per Craig Smith

Meeting with Democratic Governors
11:30 a.m. on Wednesday, May 29

Background:

The President is scheduled to meet with Democratic governors at 11:30 a.m. on Wednesday to discuss a variety of topics, including this year's Presidential election. Due to its political nature, this meeting is **closed** to media coverage. The President last met with the Democratic governors on December 8, 1995 at which time they discussed welfare, medicaid and the ongoing budget negotiations.

- The President routinely meets with the Democratic governors to discuss various topics and to exchange ideas. He last met with the group in December 1995.

The following governors are scheduled to attend tomorrow's meeting:

Mel Carnahan, Missouri
Gaston Caperton, West Virginia
Bob Miller, Nevada
Tom Carper, Delaware
Lawton Chiles, Florida
Parris Glendening, Maryland
Evan Bayh, Indiana
Pedro Rosello, Puerto Rico
Roy Romer, Colorado
Howard Dean, Vermont
Mike Lowry, Washington
Zell Miller, Georgia

*Democratic
Governors**5/29/96*

*health care - K-K.
education -
politics -
technology +
econ. growth*

DEMOCRATIC GOVERNORS' ASSOCIATION

May 29, 1996

The Honorable William V. Roth Jr.
104 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Roth:

In February of this year, all of the Governors endorsed proposals to reform the nation's Medicaid and welfare systems. Unfortunately, the Republican leadership is apparently pursuing a partisan strategy and stands in the way of reform.

As stalwart participants in bipartisan discussions, Democratic Governors are deeply concerned about the new Medicaid reform proposal and are disappointed in a number of the revisions made to the welfare proposal. For several months, the Republican leadership has promoted the new reform proposals as the unanimous bipartisan National Governors' Association agreements on Medicaid and welfare. In fact, your Medicaid proposal is far from the NGA agreement and appears to be more like the proposal vetoed by the President last year and rejected by the Governors at our winter meeting.

As you know, a bipartisan group of Governors has spent hours negotiating unified positions on Medicaid. Democratic Governors undertook this major task because we saw hopes for reform and a balanced budget fade as partisan politics, not constructive policy, became the rule. It was our overriding hope that the bipartisan Governors' proposal would indeed jump-start efforts to balance the budget while achieving meaningful Medicaid reform.

Unfortunately, the movement we had hoped for has not yet occurred. In our view, this "Restructuring Medicaid" plan is a very limited health insurance policy for some of our country's most fragile populations. We are sure if you tried to sell this plan within today's health care market, there would be no takers. There is no absolute guarantee of coverage for many of the populations covered today.

The "Medicaid Restructuring Act" would seriously undermine the

Democratic Governors' Letter**May 29, 1996****Page 2**

guarantee to coverage for the most defenseless groups: the elderly, pregnant women, the disabled and children. The NGA agreement was very clear on this principle: "The basic health care needs of the nation's most vulnerable populations must be guaranteed." This latest bill rejects that principle by encouraging states to charge Medicaid patients for an unlimited percentage of their health care costs. These co-payments and other charges would effectively deny coverage by pricing even "guaranteed" individuals out of the program.

The formula for distributing the funds under the bill is even more troubling. As you are well aware, this is the main artery of the Governors' package. Governors spent hours crafting a compromise that has dollars following individuals and that maintains the Federal government as our partner. We rejected other formulas proposed by Democrats and Republicans, and specifically rejected the MediGrant formula. And, while you have used many of the terms in our agreement, the essential elements of the "Restructuring" formula are the same as those in the vetoed proposal. In fact, according to our early calculations, 96 percent of the funding under this new formula is distributed precisely in the same manner as your earlier bills proposed. You have created a block grant for this program with essentially the same language and parameters of the vetoed bill -- a block grant that denies a safety net for our most vulnerable citizens.

As for welfare, the Republican alternative includes several of the provisions of the NGA agreement on welfare which the administration had requested -- more money for child care, performance bonuses and a contingency fund. However, it rejects several critical components and includes additional troubling program cuts. The Republican alternative rejects the NGA Food Stamp recommendations in favor of more than \$1 billion in additional cuts in the Food Stamp program -- cuts that disproportionately affect the lowest income households. In addition, your proposal -- unlike the NGA plan and the earlier Senate-passed welfare reform bill -- does not reauthorize the food stamp program in its current uncapped form. Moreover, the Republican alternative rejects the fair and realistic work measures recommended by the NGA in favor of the untenable work requirements included in H.R. 4. One of the most troubling cost-saving provisions in the Republican alternative, however, is the proposed 20 percent reduction in the Social Services Block Grant. A cut of this magnitude will undoubtedly undercut one of the Governors' top priorities in welfare reform -- ensuring adequate resources for child care. Virtually all states use Title XX social services funds for child care for low income families. Your proposal has the effect of taking money out of one pocket states now use to fund low-income child care (Title XX) and putting it in a new pocket -- your welfare reform bill.

Democratic Governors' Letter**May 29, 1996****Page 3**

Reforms of the Medicaid and welfare systems continue to be top priorities for Democratic Governors. Let us be clear, however, that although we agree that welfare and Medicaid are inextricably linked in practice, we cannot agree to a legislative strategy that insists that they be united. Even with the concerns outlined above with the current Republican welfare alternative, we firmly believe that if partisan politics could be put aside, a bipartisan welfare bill could be agreed upon in little time. We are within striking distance on welfare reform, and we cannot agree to a partisan strategy that holds welfare hostage.

At the same time, we are no less committed to reform of the Medicaid program. We believe that proposals such as the reform package offered by Senators Breaux and Chafee reflect bipartisan efforts that are far truer to the bipartisan Governors' proposal. If Republican leadership is serious about Medicaid reform, then bipartisan discussions should begin immediately.

With best regards,



Governor Bob Miller
Nevada



Governor Tom Carper
Delaware



Governor Lawton Chiles
Florida



Governor Roy Romer
Colorado