NGA - Issues, Info

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July 7, 1993

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NGA LEGISLATIVE ISSUES

FISCAL 1993 SUPPLEMENTAL APPROPRIATIONS

Overview

The fiscal 1993 supplemental appropriations bill (H.R. 2118) was signed by the President on July 2 (P.L. #103-50). The $16 billion economic stimulus proposal has been pared down to less than $2 billion -- and all paid through rescission of other unspent funds. The largest expenditure is for Somalia operations at $750 million, as well as $730 million for various "stimulus" programs. A Senate floor amendment requiring states to institute workfare for all able-bodied recipients without dependents or lose federal welfare was dropped in conference.

	Conference Agreement (In Millions)
Amtrak	45
Clean Water SRF	-0-
Pell Grants	341
Police	150
Rural Water and Sewer	75
Small Business Loans	175
Summer Jobs	220

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General Assistance Mandate

On June 30, Senate conferees on the fiscal year 1993 Supplemental Appropriations bill voted to drop a provision imposing a workfare mandate on states that have general assistance programs (GA). The amendment had originally been added to the Supplemental Appropriations bill on the floor of the Senate and had survived one key vote in conference on June 29.

NGA had sent a letter on June 25 urging House and Senate conferees to oppose the general assistance mandate, which would have required states to enroll at least 10 percent of GA recipients in workfare programs or face having their AFDC federal administrative funds cut by half. A July 2 Washington Post editorial called the amendment "a crude and ludicrous proposal."

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Funding for Police

The supplemental appropriations package for fiscal 1993 provides $150 million in Byrne Memorial discretionary grants for hiring new police officers or for rehiring laid-off police officers.

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Refugee Funds

The supplemental appropriations package provides $15 million for the Refugee Cash and Medical Assistance Program to complete fiscal 1993.

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FISCAL 1994 APPROPRIATIONS

Overview

The House has completed action on most of the fiscal 1994 appropriations bills. The attached chart summarizes House action for fiscal 1994 in comparison to funding levels of last year, current fiscal 1993, and the President's proposals for fiscal 1994. The first page covers domestic discretionary programs and the second page covers entitlement programs currently exempt from sequestration.

Fiscal 1994 funds for discretionary programs goes up 7.7 percent over fiscal 1993, or by $5.2 billion. The largest dollar increases are for highways, $1.5 billion; mass transit, $700 million; dislocated workers, $551 million; HOPE housing, $542 million; and Head Start, $500 million. The House gives the President less than half of his additional requests for discretionary state-local programs. EPA wastewater funds may actually be cut by 40 percent to pay for the new safe drinking water program, if enacted. The Department of Education only received a $136 million net increase for its grant programs.

Safety net entitlement programs (second page) are usually funded at the levels requested by the President, except for Food Stamps, which is $3 billion less than requested. These eleven safety net programs increase nearly twice as much as the total of all discretionary programs and account for 67 percent of all federal aid. Medicaid alone is now 40 percent of all federal assistance to state and local government. The footnotes are important to this chart.

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Clean Water Funding

NGA Objective

- Appropriate $2 billion in fiscal 1994 for the State Revolving Fund (SRF), which finances waste water treatment construction, and increase funding for state nonpoint source pollution control grants.

The President proposed $1.2 billion for Clean Water Act SRF, a $100 million grant to Boston, MA for sewage treatment construction, and $80 million for state nonpoint source grants. Compared with the fiscal 1993 funding level, the clean water SRF is cut by $600 million to fund the new safe drinking water SRF.

On June 29, the House passed the VA/HUD/IA fiscal 1994 appropriations bill. This bill would appropriate $1.25 billion for the state revolving loan fund, $500 million for wastewater treatment grants to "hardship" communities, and $100 million for state nonpoint source pollution control grants.

The Senate VA/HUD/IA subcommittee markup is not yet scheduled, but is expected to take place in mid-July.

The supplemental appropriations bill (P.L. #103-50) includes $35 million for rural sewage treatment construction grants and $35 million for loans.

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Safe Drinking Water Funding

NGA Objective

- Appropriate $599 million for the new state revolving fund proposed in the President's budget to finance drinking water infrastructure.

On June 29, the House passed the VA/HUD/IA fiscal 1994 appropriations bill. The House recommended $599 million for the drinking water revolving fund, subject to authorization.

The Senate VA/HUD/IA subcommittee is scheduled to mark up its bill in mid-July.

Two bills authorizing the drinking water revolving fund have been introduced in the House: H.R. 1865, reported by the Public Works and Transportation Committee; and H.R. 1701, introduced by Representative Waxman, with strong support of House Energy and Commerce Committee Chairman Dingell. The two House committees are in conflict concerning which has jurisdiction over drinking water capital monies. It remains unclear when either bill will move to the House floor.

Senator Baucus, Chairman of the Senate Environment Committee may introduce an authorization bill based on administration recommendations. Senator Chafee, ranking minority member on the Senate Environment Committee, may attempt to use a drinking water revolving fund authorization bill as a vehicle for reauthorization of the Safe Drinking Water Act.

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Housing Funding

NGA Objectives

- Retain a minimum of $1.5 billion in fiscal 1994 funding for HOME.
- Develop program regulations that permit states the flexibility needed to operate an effective housing partnership with the federal government and local governments.
- Permanent extension of the low-income housing tax credit and mortgage revenue bond program.

The House has passed the VA/HUD/IA appropriations bill with the following fiscal 1994 program funding levels: HOME - $1.25 billion; HOPE - $109 million; and CDBG - $4.223 billion.

The Senate is expected to mark up its appropriations bill in mid-July.

The low-income housing tax credit is extended permanently while the mortgage-revenue bonds are extended permanently by the House and from July 1, 1992 to July 1, 1994 by the Senate. See the "Budget Reconciliation" section for more details.

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Surface Transportation Funding

NGA Objective

- Secure full funding of highway and transit programs authorized in the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and continued dedication of gas taxes to the Highway Trust Fund and transit.

The House will soon consider the fiscal 1994 transportation appropriations recommendation reported out by its appropriations committee on June 24 (H.R. 2940, H. Rpt. #103-149). The legislation includes a $17.2 billion obligation ceiling, with $2.1 billion outside the ceiling, an increase of $1.3 billion over the current year's spending but still $700 million short of the ISTEA authorization levels. The bill also provides $4.5 billion in total transit funding, with an increase of $677 million over the current $3.8 billion, but below the ISTEA-authorized level of $5.1 billion. Additionally, the House committee proposal included a $300 million cut in the current funding of $1.8 billion for airport improvement grants. Funding for the Essential Air Service was also zeroed out, despite the Administration request for current annual funding of $38.6 million. Even so, transportation received the largest fiscal 1994 increases for discretionary programs -- a major NGA victory.

On June 7, letters were sent to members of the House and Senate Appropriations Committees regarding funding for their state if appropriation levels were set at the level of the President's budget.

On June 16, NGA Chairman Romer, Governor Edgar, Chairman of the Economic Development and Commerce Committee, and Governor Bob Miller, Lead Governor for Surface Transportation, sent a letter (attached) to Senate Finance Committee members, as well as Senators Mitchell and Dole, urging the dedication of "all current and future motor fuel tax revenues to the highway trust fund and to fully fund the President' infrastructure initiatives, especially the Intermodal Surface Transportation Efficiency Act of 1991." (See "Budget Reconciliation" for further information on the proposed energy and gas tax issues.)

Governors have been asked to respond to a survey to determine their interest in developing NGA policy on the federal requirement for making transportation projects conform to air quality goals. The two executive branch organizations representing state air quality and state transportation officials have not been able to come to agreement on the contentious issue. The survey was due on July 2.

On April 20, Governor Edgar and Governor Bob Miller submitted a statement for the record before the Surface Transportation Subcommittee of the House Committee on Public Works regarding oversight of the ISTEA. The Governors outlined several state concerns: full funding of ISTEA, federal mandates, the development of the National Highway System, state relationships with Metropolitan Planning Organizations, a forthcoming NGA Clean Air/ISTEA conference, and the base state working group initiated to facilitate universal state participation in the International Fuel Tax Agreement and the International Registration Plan.

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7/7/93

1994 HOUSE APPROPRIATIONS AS OF JULY 2, 1993 – FFIS ESTIMATES
GRANTS-IN-AID: MAJOR DISCRETIONARY AND MANDATORY PROGRAMS

(federal fiscal years; dollars in millions)

SELECTED DISCRETIONARY	FY 1992 ACTUAL	FY 1993 ENACTED	FY 1994 PRESIDENT'S BUDGET	FY 1994 HOUSE ACTION	1994 PRESIDENT vs. 1993 ENACTED $	1994 PRESIDENT vs. 1993 ENACTED %	1994 HOUSE vs. 1993 ENACTED $	1994 HOUSE vs. 1993 ENACTED %
DEPARTMENT OF AGRICULTURE								
EMERGENCY FOOD ASS'T (TEFAP) ADMIN.	$45	$45	$46	$40	$1	2.7%	-$5	-11.1%
WOMEN, INFANTS & CHILDREN (WIC) 1/	2,600	2,860	3,287	3,210	427	14.9%	350	12.2%
RURAL WATER & WASTE DISPOSAL GRTS.	376	390	541	450	151	38.6%	60	15.4%
DEPARTMENT OF COMMERCE								
ECONOMIC DEVELOPMENT ASSIS.	302	217	223	223	6	2.8%	6	2.8%
DEPARTMENT OF EDUCATION								
COMPENSATORY EDUCATION	6,706	6,709	7,110	6,871	401	6.0%	162	2.4%
EDUCATION REFORM INITIATIVE 3/	0	0	660	134	660	NA	134	NA
IMPACT AID: MAINT. AND OPERATIONS	744	738	686	801	-52	-7.1%	63	8.5%
CHAPTER 2 EDUCATION BLOCK GRANT	450	435	415	370	-20	-4.6%	-66	-15.2%
DRUG FREE SCHOOLS & COMMUNITIES	508	499	499	370	0	0.0%	-129	-25.9%
SPECIAL EDUCATION:								
BASIC STATE GRANTS	1,976	2,053	2,164	2,108	111	5.4%	55	2.7%
PRESCHOOL, INFANT, & TODDLERS GRTS.	495	539	600	570	61	11.3%	30	5.7%
CHAPTER 1 STATE INSTITUTIONS	143	126	114	114	-13	-10.0%	-13	-10.0%
SCIENCE & MATH EDUCATION	240	246	253	246	7	2.7%	0	0.0%
VOCATIONAL & ADULT EDUCATION	1,435	1,474	1,448	1,474	-27	-1.8%	0	0.0%
HEALTH AND HUMAN SERVICES								
ADMINISTRATION ON AGING--STATE GRANTS	770	765	765	766	0	0.0%	1	0.1%
SUBSTANCE ABUSE BLOCK GRANT	1,080	1,131	1,131	1,097	0	0.0%	-34	-3.0%
MENTAL HEALTH BLOCK GRANT	280	278	278	268	0	0.0%	-10	-3.6%
CHILD WELFARE SERVICES	274	295	295	295	0	0.0%	0	0.0%
COMMUNITY SERVICES BLOCK GRANT	360	372	372	372	0	0.0%	0	0.0%
FAMILY PLANNING	149	173	208	173	35	20.2%	0	0.0%
IMMUNIZATION GRANTS 4/	255	288	554	377	266	92.4%	89	30.9%
RYAN WHITE AIDS GRANTS	316	348	658	572	310	89.1%	224	64.3%
HEAD START	2,202	2,776	4,150	3,276	1,374	49.5%	500	18.0%
CHILD CARE & DEV. BLOCK GRANTS	825	893	933	893	40	4.5%	0	0.0%
LOW INCOME HOME ENERGY ASSISTANCE 5/	1,500	1,346	1,507	1,437	161	12.0%	91	6.8%
MATERNAL & CHILD HEALTH BLOCK GRANT	650	665	705	665	40	6.0%	0	0.0%
COMMUNITY HEALTH CENTERS 1/	536	559	617	585	59	10.5%	26	4.6%
HEALTHY START INITIATIVE	64	79	100	90	21	26.5%	11	13.5%
PREVENTIVE HEALTH BLOCK GRANT	135	149	149	149	0	0.0%	0	0.0%
REFUGEE ASSISTANCE	411	381	420	400	39	10.1%	19	4.8%
UNDOCUMENTED ALIENS IMPACT GRTS 6/	0	0	400	0	400	NA	0	NA
STATE LEGALIZATION ASSIS. GRANTS 7/	0	311	812	812	501	161.1%	501	161.1%
HUD AND INDEPENDENT AGENCIES								
COMMUNITY DEVELOPMENT BLOCK GRANTS	3,400	4,000	4,224	4,274	224	5.6%	274	6.8%
EPA WASTEWATER STATE REV. FUND 8/	1,939	1,928	1,617	1,817	-310	-16.1%	-111	-5.7%
EPA WASTEWATER CONSTRUCTION GRTS 8/	461	623	235	660	-388	-62.2%	38	6.0%
HOPE GRANTS 9/	361	661	109	119	-552	-83.5%	-542	-82.0%
HOME INVESTMENT PARTNERSHIP PROGRAM	1,500	1,000	1,600	1,250	600	60.0%	250	25.0%
OPERATION OF LOW-INCOME HOUSING	2,450	2,282	2,521	2,621	238	10.4%	338	14.8%
DEPARTMENT OF THE INTERIOR								
ABANDONED MINE REC. FUND	135	134	135	135	1	0.9%	1	0.8%
DEPARTMENT OF JUSTICE								
DRUG CONTROL & SYSTEM IMPROV. GRTS.	473	473	481	371	8	1.7%	-102	-21.6%
JUVENILE JUSTICE & DELINQUENCY PREV.	72	77	77	99	0	0.0%	22	28.6%
DEPARTMENT OF LABOR								
DISLOCATED WORKERS	577	567	1,921	1,118	1,354	239.0%	551	97.3%
ADULT & YOUTH TRAINING GRANTS	1,773	1,742	1,717	1,647	-25	-1.4%	-95	-5.5%
SUMMER YOUTH TRAINING GRANTS	1,183	671	1,689	989	1,018	151.8%	318	47.4%
EMPLOYMENT SERVICE STATE ADMIN.	822	811	833	833	22	2.7%	22	2.7%
UNEMPLOYMENT COMP STATE ADMIN	2,565	2,380	2,507	2,507	127	5.3%	127	5.3%
DEPARTMENT OF TRANSPORTATION								
AIRPORT OBLIGATION CEILING	1,900	1,800	1,879	1,500	79	4.4%	-300	-16.7%
HIGHWAY OBLIGATION CEILING	16,055	15,327	18,398	17,198	3,071	20.0%	1,871	12.2%
HIGHWAY EXEMPT FROM CEILING 10/	1,826	2,342	2,117	2,117	-225	-9.6%	-225	-9.6%
MASS TRANSIT:								
FORMULA GRANTS	1,984	1,700	2,455	2,405	755	44.4%	705	41.5%
INTERSTATE TRANSFER GRANTS	160	75	45	45	-30	-40.0%	-30	-40.0%
URBAN DISCRETIONARY GRANTS	1,346	1,725	1,772	1,707	47	2.7%	-18	-1.0%
SUBTOTAL: DISCRETIONARY	$66	$67,456	$78,430	$72,617	$10,974	16.3%	$5,161	7.7%

MANDATORY/ENTITLEMENT PROGRAMS	FY 1992 ACTUAL	FY 1993 ENACTED	FY 1994 PRESIDENT'S BUDGET	FY 1994 HOUSE ACTION	1994 PRESIDENT vs. 1993 ENACTED		1994 HOUSE vs. 1993 ENACTED	
					$	%	$	%
CHILD NUTRITION	$6,168	$6,827	$7,559	$7,497	$732	10.7%	$671	9.8%
TEFAP. COMMODITY PURCHASES	120	120	163	80	43	36.0%	-40	-33.3%
FOOD STAMPS 11/	23,663	28,115	31,221	28,137	3,105	11.0%	21	0.1%
SOCIAL SERVICES BLOCK GRANT 2/	2,800	2,800	2,800	2,800	0	0.0%	0	0.0%
FAMILY SUPPORT WELFARE PAYMENTS	14,789	14,832	15,076	15,108	243	1.6%	275	1.9%
AFDC JOBS 2/	1,000	1,000	1,100	1,100	100	10.0%	100	10.0%
CHILD SUPPORT ENFORCEMENT	668	778	896	896	118	15.2%	118	15.2%
FOSTER CARE AND ADOPTION ASSISTANCE								
BASE AMOUNT	2,315	2,924	2,993	2,993	69	2.4%	69	2.4%
PRIOR YEAR CLAIMS	116	0	0	0	0	NA	0	NA
FAMILY SUPPORT AND PRESERVATION 12/	0	0	60	0	60	NA	0	NA
MEDICAID 13/	69,766	82,596	88,792	89,077	6,197	7.5%	6,482	7.8%
VOCATIONAL REHAB. STATE GRANTS	1,788	1,880	1,940	1,940	60	3.2%	60	3.2%
SUBTOTAL MANDATORY/ENTITLEMENT	$123,193	$141,872	$152,600	$149,628	$10,728	7.6%	$7,756	5.5%

TOTAL: SELECTED GRANTS-IN-AID	$190,001	$209,327	$231,029	$222,245	$21,702	10.4%	$12,917	6.2%

NOTE: House 1994 funding estimates for programs in the Transportation, Commerce/Justice and Interior bills, reflect House Appropriations Committee action only. All other funding estimates reflect House-passed levels.

FOOTNOTES

1/ Unlike all other discretionary programs in this section, WIC and Community Health Center spending is currently exempt from sequestration.
2/ Unlike all other mandatory programs in this section, spending for these programs is currently subject to sequestration.
3/ Includes funding for Goals 2000, school-to-work transition, an urban-rural initiative, teacher professional development, and a safe schools initiative. The House includes $100 million that is not distributed and $34 million for school to work.
4/ The 1994 Budget would provide an additional $60 million for immunization grants through the community health centers program.
5/ The 1994 Budget request includes $1,437 million appropriated in 1993 for use during the period 10/1/93 through 6/30/94, and $70 million for use after 7/1/94. The House bill does not include the $70 million.
6/ This new temporary program would provide funding for medical services to states disproportionately burdened by serving undocumented aliens. The House is requesting entitlement funding for this purpose in the reconciliation bill.
7/ The 1994 funding level reflects $812 million in funding delayed from 1993.
8/ The 1994 Budget would replace the current wastewater SRF with $1,018 million for a new clean water SRF and $599 million for a drinking water SRF. The House would provide approx. $1,253 million for the clean water SRF and $599 million for the drinking water SRF.
9/ The 1994 Budget would transfer $340 million of 1993 HOPE funds to other programs and fund only implementation grants in 1994.
10/ Includes funding for minimum allocation provisions, special projects, and emergency relief.
11/ 1993 and 1994 estimates include funding for food stamp benefits, state admin., contingency funds, and nutrition assistance for Puerto Rico.
12/ This new capped entitlement program would provide funds to states for family support and preservation services. Because authorizing legislation for this new program is still pending, the House bill does not include a 1994 appropriation.
13/ The 1994 Budget 1994 funding level assumes $285 million in medicaid savings including the elimination of enhanced administrative matching rates. Estimates for 1994 assume the medicaid program will have $3.2 billion in unobligated balances in 1993 that will be applied to 1994 obligations.

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July 2, 1993

BUDGET RECONCILIATION

TO ALL GOVERNORS:

House and Senate conferees on the fiscal 1994 budget resolution will begin reconciling their differences after their July 3-12 recess. Next week, congressional staff will begin to clarify areas of disagreement and options for compromise.

State input during House and Senate debates already has resulted in significant changes that benefit states. These include:

- no entitlement caps with automatic sequesters;
- return of the existing 2.5 cents of the federal gas tax, which is now used for deficit reduction, to the highway trust fund on October 1, 1995;
- Medicaid changes that repeal the mandate for personal care services, delete the requirement for prior authorization to provide new drugs, allow easier collection of third-party payments, and place limitations on physician referrals;
- partial extension of tax-exempt bonds and credits for housing, industrial development, education, jobs, and research; and
- real deficit reduction through a five-year freeze on discretionary spending at fiscal 1993 levels, a requirement that any new entitlement or tax cut be deficit neutral, and a requirement that the House formally vote on entitlement spending that is in excess of projections for the next five years.

Major state issues in conference include:

- Dedication of any new 4.3-cent gas tax to the trust fund. The Senate bill increases all transportation fuels, except jet fuel, by 4.3 cents a gallon and exempts state and local governments. By a vote of 66-32, the Senate voted to dedicate the gas tax portion to the highway trust fund. The House bill creates a Btu tax, which includes an estimated gasoline tax of 7.5 cents a gallon and which does not exempt state or local government or dedicate any of the gas tax funds to the trust fund.

  Governors have always strongly supported the exemption of state governments from federal taxes and dedication of gas tax receipts to the highway trust fund.

  Even though these funds would be dedicated to the trust fund, they would still be used for deficit reduction until the funds are obligated and appropriated. Since the spend-out is slow, most of the funds would contribute to deficit reduction in the first five years.

Action Needed. Governors must convince their delegations, and ultimately all conferees, that dedication of any gas tax receipts to the Highway Trust Fund and transit programs has served the nation well and is critical to future infrastructure investments.

- Entitlement Controls. Currently, there are no entitlement caps in either the House or Senate bill; however, the House bill has entitlement "controls." These controls consist of a target for total entitlement spending for each of the next four years, beginning with the fiscal 1994 budget resolution baseline, which includes projections to maintain current services and add new participants. If total entitlement spending levels as projected in the budget resolution are exceeded, the President must propose action in his next budget and Congress must vote on a bill that deals with the excess entitlement spending. The House bill has a very limited 2.7 percent inflation adjustment above the current service baseline.

  Action Needed. If the House language is adopted, it should be improved so that the actual Consumer Price Index inflation adjustment be used for future projections.

- Medicaid. The program is affected in more than ten signficant ways by each bill. Most changes are positive from the state viewpoint; however, they must be reconciled for the final conference report. Changes generally supported by NGA policy include Senate provisions that:

  — give states the option to establish drug formularies (list of eligible drugs) and the calculation of drug rebate formulas;

  — give states more authority to recover assets that were transferred illegally from individuals qualifying for Medicaid services; and

  — postpone the effective date of the new limits on disproportionate share payments to public hospitals to state fiscal year 1996 (the House uses fiscal 1995).

  Recent NGA policy supports a House provision for emergency Medicaid assistance to undocumented aliens for those states most affected. States oppose House provisions mandating a maintenance of effort for fraud and abuse units. Restrictions on state programs that encourage the purchase of long-term care insurance should be dropped from the House bill.

- Access to Childhood Immunizations. The House language establishes a new mandated entitlement to immunize children beyond the Medicaid program. The Senate chose not to establish a mandate, but a mechanism by which states may purchase vaccines at a reduced rate as part of Medicaid. In the House bill, states are mandated to create a registry and outreach program, as well as to ensure that Medicaid payment rates for immunization are adequate to enlist providers. These differences are expected to result in major revisions to both proposals in conference.

- Delay of the two-parent work requirement. The Family Support Act of 1988 requires states to enroll at least 40 percent of two-parent families in work activities in fiscal 1994, rising to 75 percent by fiscal 1997. Many states are unlikely to meet this target and may face significant sanctions. States facing this situation will likely prefer the House bill, which delays this requirement by one year while states participate in the Administration's comprehensive welfare reform efforts. NGA policy supports a reciprocal obligation toward work by recipients; however, current economic conditions, which have resulted in unusually high two-parent welfare caseloads, provide a strong argument for a delay.

- Extension of tax-exempt bond and credit programs for housing, small issue development bonds, jobs, education, and research credits. NGA policy supports the House provisions that make these permanent, rather than the 24-month Senate extension from July 1, 1992, to July 1, 1994. The only reason for short-term extensions is the appearance of saving money. These programs are expected to be renewed next year as in past years.

- Food Stamps Quality Control. The provisions in the House bill change the method of calculating a state's penalty rate, thereby making penalties more reasonable, as called for in NGA policy. However, states are seeking additional reforms, such as addressing the statistical flaws in the syst and authorizing an administrative law judge to consider good-cause criteria.

- New fees for state Supplemental Security Income (SSI) Programs. States support a one-year delay in implementing the new federal per person monthly fee for the administration of state programs that supplement the SSI program. This delay is provided for in the Senate bill.

Other conference issues that will affect states include:

- The level of increase for the earned income tax credit. The House has $28 billion and the Senate has $17 billion.

- The creation of empowerment and enterprise zones for inner cities and rural areas, found in the House bill.

- State penalty fees of $300 million over five years based on the number of institutions with student loan defaults in excess of 20 percent. This is included in both bills. The Senate version requires states to pass these fees directly to institutions. The House bill makes the pass-through optional.

The major issues in the budget conference will center on the gas tax vers the Btu tax, or a new formulation of both; the level of cuts in Medicare, with the House at $50 billion and the Senate at $58 billion; the level of tax credits for small business investments; and the overall mix of spending cuts versus tax increases. Although these issues will dominate conference politics, the state issues will be positively addressed only if a majority of Governors register their views to their delegations and to the conferees. The individual and collective bipartisan action of the Governors carries significant weight when exercised.

Sincerely,

Raymond C. Scheppach
Executive Director

CLEAN WATER ACT

NGA Objective

- Reauthorize the Clean Water Act to extend the federal commitment to provide capitalization grants for the wastewater State Revolving Fund of $5 billion (at least $2 billion) through the year 2000; increase funding for state nonpoint source pollution control programs; and improve management of wetlands through streamlining of regulatory requirements and facilitation of state assumption of the wetlands program.

The Senate Environment Committee has introduced a Clean Water Act reauthorization bill, S. 1114. Some of its major provisions are as follows.

- The bill authorizes a minimum of $2.5 billion per year through the year 2000 for grants to state revolving loan funds. Congress can appropriate additional funds in any year that it meets deficit reduction targets. The Environmental Protection Agency (EPA) is directed to develop new grant allocation formulas based in part on eligible needs and in part on state participation in a new voluntary watershed planning program. States can use a portion of SRF funds for grants to disadvantaged communities.

- States are required to collect permit fees to cover 60 percent of costs related to administration of point source elements of state programs.

- The bill establishes new authority for watershed planning and management. The new program is voluntary, but portions of state revolving fund and nonpoint source monies are available only to states that participate.

- A new nonpoint source pollution control program is established. EPA is required to develop guidance for state programs and states must revise current strategies accordingly. States must require that all "new" nonpoint sources, as well as all sources in impaired watersheds, implement management measures to control polluted runoff, or comply with a "site-specific plan."

- The bill exempts most communities under 100,000 in population from stormwater permitting requirements.

The Senate Environment Committee is holding a series of hearings on the bill. It has already held hearings concerning funding issues, stormwater, combined sewer overflows, and toxics. It is scheduled to hold hearings in the next few weeks on watersheds, nonpoint source control, wetlands, and regional issues.

The House Environment and Public Works Committee currently plans to introduce a bill in September.

The Administration has convened a special task force to develop an Administration position on wetlands, due to report its recommendation in mid-July. On July 1, Langdon Marsh, Deputy Commissioner of the New York State Department of Environmental Conservation, testified to the task force on behalf of NGA.

The Senate Clean Water Act reauthorization bill does not address wetlands. The committee plans to add in wetlands language after the Administration makes its recommendations.

Contact: Tom Curtis, 202/624-5389
Karen Tyler, 202/624-8575

DEFENSE CONVERSION

NGA Objectives

- Ensure adequate funding for state and local efforts to turn closed military bases into productive properties.

- Permit states flexibility in the use of funds to retrain workers dislocated by either base closings or the reduction on federal defense contracts.

- Coordinate federal efforts at defense business conversion with efforts already underway in states and support states wherever possible.

The House Armed Services Committee will mark up the fiscal 1994 authorization bill soon after the July 4 recess. At stake for states is the level of funding for such economic conversion programs as the Office of Economic Adjustment (funding for strategic planning for affected communities), the Advanced Research Projects Agency of the Department of Defense, which administers the Technology Reinvestment Project, and the manufacturing extension program, which is administered by the National Institute of Standards.

The President announced that he will forward the recommendations of the Military Base Closure and Realignment Commission to Congress. That commission has recommended the closing of over 100 bases and the realignment of another 40 bases across the country. The President also announced the formation of a package of mitigation assistance for affected communities. Over the next 90 days, legislation will be prepared by the National Economic Council to provide adequate funding for planning in affected communities; streamlined federal land transfer provisions for affected bases; establishment of single federal agency contacts for each affected community; increased funding of environmental cleanup at bases; and increased investment in job training and retraining for affected workers. The cost of the program is estimated to be $5 billion over five years.

Contact: Tim Masanz, 202/624-5311

EDUCATION

H.R. 1804, the President's education reform package (Goals 2000: Educate America Act) was introduced in the House on April 22. Two hearings were held on the bill and it has been reported out of the Committee on Education and Labor. In a letter to the committee, President Clinton expressed opposition to a number of amendments that would weaken the National Education Goals Panel and strengthen the federal role in opportunity-to-learn standards. NGA echoed these concerns in a letter to the committee. However, a number of negative amendments were added over the opposition of the President and the Governors.

In the Senate, the bill has been reported out of committee and is scheduled for consideration after the July recess. While the Senate bill contains a number of provisions that are opposed by some Governors, the Senate bill is far more favorable to the states.

In general, both bills contain the following provisions:

- Title I and II of the legislation would codify the national education goals and the National Education Goals Panel. In addition, the bill would create a National Education Standards and Improvement Council to oversee the development and certification of national voluntary content and student performance standards, a national voluntary system of assessments, and voluntary national opportunity-to-learn standards.

- Title III of the bill creates a national formula grant program for state and local improvements in education. To participate in the program, states would submit a systemic reform plan for review by the Secretary of Education. The legislation includes a list of elements to be included in the plan. Under the plan, the state can request the waiver of federal education program regulations for specified programs.

- Title IV of the bill creates a National Skills Standards Board and calls for the development of national voluntary skill standards.

  Contact: Patty Sullivan, 202/624-7723

HEALTH CARE REFORM

The Clinton Administration is now planning to release its health care reform proposal in early September if reconciliation is completed. Critical issues that are being discussed include:

- state flexibility in administering the new program;
- how long-term care is structured;
- how fast can the new system be implemented by states;
- what is the state maintenance of effort definition;
- how would global budgets be implemented; and
- how is Medicaid folded into the new system.

Contact: Ray Scheppach, 202/624-5320

INDIAN GAMING REGULATORY ACT

NGA Objectives

- Amend the Indian Gaming Regulatory Act (IGRA) to clarify the scope of gaming so that only those games expressly authorized by state law are subject to negotiation in a state/tribal compact.

- Amend IGRA to provide alternative dispute resolution mechanisms, designed to keep these conflicts out of court, and to apply the good faith negotiation standard to all parties.

- Clarify the provision that requires the Governor's concurrence in the tribal acquisition of new trust-lands for gaming purposes.

On Friday, July 2, Governors, state Attorneys General, Tribal government leaders, and federal officials met with the leadership of the Senate Indian Gaming Committee to discuss changes to the Indian Gaming Regulatory Act of 1988. Governor Sullivan, NGA's working group chair, and Governor Sundlun participated in the meeting. Senator Inouye, chair, and Senator McCain, vice-chair, reviewed numerous issues with participants throughout the four-hour meeting. They reiterated their interpretation of the scope of gaming issue, agreeing with Governors that tribes may insist upon offering only those games expressly authorized by state law. Also discussed was the development of alternative dispute resolution mechanisms to end protracted IGRA litigation. This mechanism would allow a state to opt-out of compact negotiations; a state also could decline to regulate gaming on tribal lands altogether.

The Senators emphasized their intent to introduce (consensus) legislation before the August recess. Committee staff has been convened to draft legislation, and a joint staff working group (with representatives from states, tribes, and federal officials) has been established to develop recommendations on scope of gaming and other issues. The joint working group plans to report back to the Senate committee by a July 20 target date. NGA's contribution to the working group includes staff representatives of Governors on the NGA working group.

Members of the NGA Working Group on Indian Gaming include Governor Sullivan, Chairman, Governor Branstad, Governor Sundlun, and Governor Thompson. Ex-officio members are Governor Engler and Governor Bob Miller, as members of the Legal Affairs Committee.

Legislation to amend IGRA has been introduced in the House and Senate by Rep. Torricelli and Senator Reid.

The House version includes a moratorium on new compacts until necessary regulations to implement IGRA are in place, prohibits gaming on lands acquired by tribes after IGRA enactment, and forbids a tribe from suing a state directly.

The Senate bill limits compact negotiations to those class II and class III games authorized under state law for commercial purposes only; this precludes tribal negotiations for games permitted for charitable purposes. The Senate proposal also restricts Indian gaming to those lands taken into trust by the date of IGRA enactment, and to those tribes recognized before IGRA enactment, and redefines the application of the good/bad faith negotiation standards.

Contact: Victoria Becker, 202/624-5368

NATIONAL SERVICE

NGA Objectives

- Promote a strong partnership between federal, state, and local governments, as well as with the volunteer and business communities, to emphasize the importance of community-wide involvement in state service efforts.

- Recognize the multitude of existing state service provider systems and programs and seek to complement them, as well as encourage new and innovative programs.

- Develop a federal national service program that is operated primarily by states and provide for the coordination with states for those programs that are not funded by state service commissions.

On April 30, the President announced the National Service Trust Act. If enacted, the proposal would create a national service program that draws on the work of the states. The Act creates a bi-partisian Corporation for National Service, which includes a state representative, to oversee programs at the federal level and calls for the creation of gubernatorially appointed service commissions at the state level. Thirty-three percent of the funds would be allocated to the state commissions to support service programs in the states. Thirty-three percent would also be awarded to states in an effort to encourage innovative service programs. The remaining thirty-three percent would be awarded by the Corporation for National Service through a national competition.

In addition, the proposal reauthorizes or modifies a number of other service related programs, including Serve-America, VISTA and Older Americans, Civilian Community Corps, and the Points of Light Foundation.

On May 7, Governor Romer and Governor Campbell wrote a letter to the President (attached) in support of this legislation.

Both the House and Senate have held hearings on this issue and the legislation has been reported from both House and Senate committees, with floor action expected prior to the August recess. In anticipation that this legislation will be enacted shortly, the White House Office of National Service has created a taskforce to begin thinking through the implementation of the program. NGA has been asked to serve on this working group.

Contact: Patty Sullivan, 202/624-7723

NORTH AMERICAN FREE TRADE AGREEMENT

NGA Objective

- Ensure that implementing legislation establishes formal mechanisms for coordination and communication between the states and the federal government, particularly in settling disputes that challenge state laws. Areas of potential dispute will likely occur over state regulation of environmental standards, services, investment, and government procurement.

On June 30 a judge in the U.S. District Court of Washington, D.C. issued a ruling that will delay progress on implementation of the North American Free Trade Agreement (NAFTA). The judge (in Civil Action No. 92-2102 (CRR)) indicated that the President cannot proceed with implementation of NAFTA without filing an Environmental Impact Statement (EIS) in compliance with the National Environmental Policy Act (NEPA). In his 23-page ruling, Judge Charles R. Richey agreed with plaintiffs Public Citizen, Sierra Club, and Friends of the Earth who said proposed NAFTA legislation should be subject to NEPA requirements, given its potential significant effect on the environment, especially along the U.S.-Mexico border. Preparation of an EIS can take months, sometimes years. If the ruling stands, it could prevent the U.S. from achieving congressional approval by the end of the year, when the NAFTA agreement is scheduled to go into effect.

The Justice Department will appeal the ruling, saying it interferes with the President's ability to negotiate international agreements for the United States. But it will be at least a month before a hearing date will be set. First, the government will file a brief July 19, the plaintiffs will file a response by August 2, and then the government will refile August 10; only after that will a hearing be scheduled.

Before the ruling last week, the Office of U.S. Trade Representative (USTR) was pursuing negotiations with Mexico and Canada on separate agreements for the environment and labor issues. These side agreements would be included in a package with legislation implementing the NAFTA agreement itself, which was concluded last year. This package would be submitted to Congress perhaps as early as mid-July, with a vote by Congress targeted for the Fall. USTR has announced that it will proceed with this timetable despite the ruling.

States are working with negotiators on the side agreements. A small working group of state staff has submitted comments informally to environmental negotiators, calling for a stronger role for states in dispute settlement and other trilateral environmental enforcement efforts. A similar effort to advise on the labor negotiations is underway. Meanwhile, individual Governors are expressing their support for NAFTA. A Heritage Foundation survey indicated that 40 of the 50 Governors support NAFTA. NGA lead Governors are Governor Thompson and Governor Richards.

Contact: Jody Thomas, 202/624-7824

SAFE DRINKING WATER REFORM

NGA Objectives

- Reform the drinking water statute to allow EPA to consider risk reduction benefits when it sets standards, thereby making the program more risk based and cost-effective.
- Reform monitoring requirements to allow states greater flexibility.
- Replace the requirement to regulate 25 new contaminants every three years with a system based on occurrence in water and health risks.

There is growing pressure in Congress for changes to be made to the Safe Drinking Water Act. Senators Baucus and Chafee have asked Senate Environment Committee staff to develop a reform proposal during the August recess, with hearings beginning possibly in September. Representative Waxman, Chairman of the House Energy and Commerce Health Subcommittee, has indicated he will not move a drinking water bill if it includes reform of the standard setting process.

The Administration is developing a report that is due to Congress in early July, and therefore are considering their position on a number of reauthorization issues, including reform of the standard setting process.

Contact: Tom Curtis, 202/624-5389
Karen Tyler, 202/624-8575

SCIENCE AND TECHNOLOGY/TELECOMMUNICATIONS

NGA Objectives

- Strengthen the state-federal partnership in science and technology by structuring federal initiatives -- such as manufacturing extension programs -- to build on and support existing state programs, and provide incentives for more comprehensive state programs.

- Strengthen state manufacturing extension programs.

- Permit flexibility in the targeting of programs to provide support for state priorities, including participation in proposed "High Performance Computing Networks."

The House adopted H.R. 820, the National Competitiveness Act of 1993 and the Senate is expected to consider it soon after the July 4 recess. The Senate version (S. 4) also contains language on telecommunications intended to support research to develop a wider range of applications for the high performance computing networks. That legislation (H.R. 1757) has been introduced separately in the House by Representative Boucher. H.R. 1757 was reported by the House Committee on Science, Space, and Technology.

S. 4 contains language that would explicitly restrict state government from building, owning, or managing telecommunications networks that are not either high speed "test bed" networks for research purposes or for "government mission purposes." The House version contains more general language about the need to use commercial carriers wherever feasible.

Contact: Tim Masanz, 202/624-5311

WELFARE REFORM

On June 24, the planning group of the State and Local Welfare Reform Task Force met with leaders of the nine Administration working groups of the President's Working Group on Welfare Reform, Family Support, and Independence (attached). The meeting also included representatives of the newest members of the Task Force: the National League of Cities, the U.S. Conference of Mayors, and the National Association of Counties.

The principal members of the Task Force will meet on July 12 to discuss the process for working with the Administration on the issue and to revise and agree upon a statement of policy principles for welfare reform. The Administration will be represented at the meeting by Bruce Reed, co-chair of the Administration's Working Group and Deputy Assistant to the President for Domestic Policy. The statement of welfare reform policy principles, if adopted, will be considered for adoption as NGA policy in August at the annual meeting.

The task force is chaired by Governor Florio.

Contact: Julie Strawn, 202/624-7823

CLEAN AIR REGULATIONS

NGA Objective

- Encourage EPA to finalize regulations governing state environmental agency review of state highway improvement plans, as well as other regulations necessary for efficient management of state air quality plans.

The Clean Air Act Amendments of 1990 required that state air quality agencies review plans for transportation improvement to insure that transportation projects do not impede efforts to reduce automotive pollutants. EPA is in rulemaking to define the exact scope and nature of this authority. Specific issues under consideration include the geographic areas for which a finding of "conformity" between the states air quality plan and its transportation plan must be made, the projects to be covered by the conformity finding, and whether the state air agency or the state transportation agency should make the finding.

On June 16, NGA sent a survey to all Governors asking whether NGA should weigh-in on the rulemaking, and providing an opportunity to choose several options on the pending issues of concern. Responses were due on July 2.

Contact: Tom Curtis, 202/624-5389

MEDICAID PROVIDER TAXES AND VOLUNTARY CONTRIBUTIONS

NGA completed negotiations with the Health Care Financing Administration of the Department of Health and Human services regarding nine points of concern in the interim-final regulations published on November 24. That agreement has been distributed to Governors. New interim final regulations are expected to be published by mid-July.

Contact: Carl Volpe, 202/624-7729

MEDICAID WAIVER AUTHORITY

NGA Objective

- Simplify the Medicaid waiver process so that states will be able to implement cost efficient and innovative service delivery systems in Medicaid.

NGA established a working group of six state representatives to meet with representatives of the Department of Health and Human Services. The group has been discussing ways to simplify research and demonstration waivers (1115(a)), freedom of choice waivers (1915(b)), and home- and community-based waivers (1915(c)). The effort is ongoing, and the topics have been expanded to include improvement to Medicaid beyond waivers.

Contact: Carl Volpe, 202/624-7729

NATIONAL GOVERNORS' ASSOCIATION

Roy Romer
Governor of Colorado
Chairman

Carroll A. Campbell Jr.
Governor of South Carolina
Vice Chairman

Raymond C. Scheppach
Executive Director

Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1572
Telephone (202) 624-5300

INDIVIDUALLY ADDRESSED LETTERS SENT TO ALL SENATE FINANCE CMTE MEMBERS AND SENS. MITCHELL AND DOLE

June 16, 1993

Reconciliation
GAS TAX

The Honorable Daniel P. Moynihan
Chairman
Committee on Finance
SD-205 Dirksen Senate Office Building
Washington, D.C. 20510-6200

Dear Mr. Chairman:

We know you are facing a crucial challenge and must make some hard choices on the budget reconciliation bill. The Governors are committed to a long-term strategy for significant deficit reduction that includes shifting spending priorities towards investments that make clear and direct contributions to national productivity.

In that regard, it is the long-standing policy of the Governors to dedicate motor fuel taxes exclusively for transportation infrastructure investment. We, therefore, urge you to dedicate all current and future motor fuel tax revenues to the highway trust fund and to fully fund the President's infrastructure initiatives, especially the Intermodal Surface Transportation Efficiency Act of 1991. We urge you as well to maintain the motor fuel tax exemption for state and local government.

We wish you good luck in the tremendous undertaking you have before you.

Sincerely,

Roy Romer
Governor Roy Romer

Jim Edgar
Governor Jim Edgar
Chairman, Committee on
Economic Development and Commerce

Bob Miller
Governor Bob Miller
Lead Governor on
Surface Transportation

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Reconciliation
MEDICAID

June 14, 1993

The Honorable George J. Mitchell
Majority Leader
United States Senate
The Capitol, Room S-221
Washington, D.C. 20510

Dear Senator Mitchell:

The Governors are committed to a long-term strategy for significant deficit reduction done in concert with state and local governments. However, we are opposed to unilateral procedural actions that shift costs but fail to solve the underlying problems.

As the Senate Finance Committee begins work on its reconciliation bill, the nation's Governors oppose an entitlement cap on Medicaid that includes unrealistic future adjustments and an automatic sequester. Such actions would only shift federally mandated costs to state and local governments. States simply cannot absorb the additional costs and would be required to make cuts in other state programs such as education, training, and infrastructure, which are so critical to long-run economic growth.

With respect to the House provision to impose additional restrictions on disproportionate share payments, we urge you at a minimum to delay the effective date until each state's 1996 fiscal year. This would give states some ability to make changes over time without the severe disruption to their programs that would otherwise result. We also oppose any additional cuts in the Medicaid Disproportionate Share Hospital program until a fair resolution of the overall controversies around this program can be achieved — possibly one linked to enactment of more comprehensive health care reform.

In addition, we ask that you not make any additional reductions in the enhanced matching rates for administration of certain aspects of the Medicaid, AFDC, and Food Stamp programs. Such actions will result in a loss of health care for low-income individuals and will greatly reduce states' abilities to effectively administer programs that are known to be run extremely efficiently. These are the funds now used for state cost control procedures. Also, we oppose any provision that would assess a fee on states for the administration of SSI Supplementation programs.

Legislating artificial caps or substantial reductions in health care programs for the poor is particularly inappropriate without looking more comprehensively at the nation's health care problems. Such actions should only be considered as part of a broader health care reform package and in the context of greater program flexibility for states.

We encourage you to include provisions that give states the option to establish meaningful Medicaid prescription drug formulary programs. In addition, we support provisions that limit individuals from transferring assets inappropriately to qualify for Medicaid services.

We look forward to working with you as you craft the remaining portions of your deficit reduction package.

Sincerely,

Roy Romer

Governor Roy Romer
Chairman

Carroll A. Campbell Jr.

Governor Carroll A. Campbell Jr.
Vice Chairman

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INDIAN GAMING

June 30, 1993

The Honorable Daniel Inouye
Chairman, Committee
on Indian Affairs
United States Senate
Washington, D.C. 20510

The Honorable John McCain
Vice Chair, Committee
on Indian Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Inouye and Senator McCain:

We appreciate your continuing efforts to work with interested parties to resolve important issues that have arisen in connection with the implementation of the Indian Gaming Regulatory Act of 1988 (IGRA). We were glad to have had the opportunity to meet with you and tribal government representatives in Tucson and were especially pleased with your intent to have a bill in place for Senate consideration before the August recess. We look forward to working with you and the tribal governments towards the successful completion of this process.

In preparation for the meeting on Friday, we wanted to review with you the Governors' fundamental concerns on implementation of IGRA. We regret that, due to the legislative schedules in several of our states, not all members of our working group are able to attend this meeting. We do, however, want to reiterate our support for reaching an early and satisfactory resolution of our concerns and are especially hopeful that there will be adequate opportunity on Friday to address the following issues.

Scope of gaming. Governors want clarification in the law that the types of games that are permissible are those expressly authorized by state law. Governors believe the statute should make clear that tribes can operate gaming of the same types and subject to the same restrictions that apply to all other gaming in each state. Also, we think the statute should address the distinction we perceive between charitable and commercial gaming.

It is particularly important to clarify the scope of gaming activities, so that states are not obligated to negotiate for games that are not expressly authorized by state law. Further, it is the view of the Governors that this principle should be the basis for resolving other issues such as: the effect of a state's charitable or social gaming laws on tribal gaming; whether tribes should be subject to the same limitations applied to non-Indian gaming; and the range of issues subject to negotiation in the compact process.

Good faith and an end to protracted litigation. Currently under IGRA, only the states are required to negotiate in good faith. Some states have been taken to court by tribes asserting that the simple failure to reach a compact agreement constitutes bad faith on the part of the state. IGRA should reflect not only that both sides must negotiate in good faith if a reasonable and effective compact is to be reached, but that states cannot be found in bad faith for negotiating within the boundaries of state law. IGRA also should provide mechanisms to resolve disputes, outside of court, in the event the initial compact negotiations fail.

Tribal acquisition of non-trust lands. Under the Bush administration, an Interior Department solicitor opined that tribal acquisition of non-trust lands for the purpose of conducting gaming activities requires the approval of the Governor in the state where the land is acquired. We accept this interpretation, however, judicial and administrative cases continue the controversy. Perhaps the timing of the Governor's concurrence, and the process through which a Governor concurs or declines to concurs, should be clarified.

Other more technical issues have been raised, but we would request that you focus on these three main issues as being of the highest concern to the states. Also note that we see the resolution of the scope of gaming and good faith negotiation to be closely linked and believe they should not be considered independently.

Governors support the efforts of tribal governments within their states to pursue economic development opportunities. Governors have strong concerns about the role that gaming should play in those economic development strategies, and, indeed, in the overall culture of the state, and we want to work with you to improve the implementation of the act. We all have an interest in resolving this matter as quickly as possible, because continued conflict is unproductive for both states and tribes.

Sincerely,

Mike Sullivan

Governor Mike Sullivan
Chairman
Working Group on Indian Gaming

c: Patricia Zell
Dan Lewis
Eric Eberhard

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NATIONAL SERVICE

May 7, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of the National Governors' Association, we write to express our support for the National Service Trust Act. This initiative embodies one of our most valued American traditions -- working together to help one another -- and we applaud your efforts to work with the states to provide a variety of meaningful service opportunities that reflect the needs of our communities, the states, and the nation.

We support the strong state and federal partnership for providing service opportunities proposed in the bill. The bill is structured to permit states to supplement existing service activities, while also encouraging the development of innovative service activities through a competitive grant program. The proposal draws on current gubernatorial leadership that is promoting state service projects by asking the Governors to appoint the proposed state commissions on national service. We also are pleased by the involvement of state agency heads in the work of the commission to ensure that programs funded by the commissions complement and support existing state activities. In addition, for those states that have proven to be the real leaders in service activities, the bill recognizes existing state structures and provides flexibility and time for a transition to the new system.

At the federal level, we are pleased with the planned involvement of state service experts in the work of the proposed federal Corporation for National Service and with the opportunity to coordinate programs funded by the corporation with the appropriate state commissions.

We commend the Office of National Service for their cooperation in developing legislation that draws on the leadership of the states to support a national service initiative and we look forward to working with you toward the enactment of this important legislation.

Sincerely,

Roy Romer

Governor Roy Romer

Carroll Campbell

Governor Carroll Campbell

Working Group on Welfare Reform, Family Support and Independence

Chairs

Bruce Reed	*Deputy Assistant to the President for Domestic Policy*
David Ellwood	*Assistant Secretary for Planning and Evaluation, Department of Health and Human Services*
	Assistant Secretary for the Administration for Children and Families, Department of Health and Human Services

Members

Ken Apfel	*Assistant Secretary for Management and Budget, Health and Human Services*
Walter Broadnax	*Deputy Secretary, Department of Health and Human Services*
Robert Carver	*Deputy Assistant Secretary for Returns Processing, Treasury Department*
Maurice Foley	*Office of Tax Policy, Treasury Department*
Thomas Glynn	*Deputy Secretary, Department of Labor*
Ellen Haas	*Assistant Secretary for Food and Consumer Services, Department of Agriculture*
Elaine Kamarck	*Office of the Vice President*
Madeleine Kunin	*Deputy Secretary, Department of Education*
Alicia Munnell	*Assistant Secretary for Economic Policy, Treasury Department*
Larry Parks	*Senior Advisor to the Secretary, Department of Commerce*
Wendell Primus	*Deputy Assistant Secretary for Human Services Policy, Department of Health and Human Services*
Julie Samuels	*Director, Office of Policy and Management Analysis, Department of Justice*
Isabel Sawhill	*Associate Director for Human Resources, Office of Management and Budget*
Eli Segal	*Assistant to the President for National Service*
Eugene Sperling	*Deputy Assistant to the President for Economic Policy*
Michael Stegman	*Assistant Secretary for Policy Development and Research, Department of Housing and Urban Development*
Joseph Stiglitz	*Council of Economic Advisors*
Fernando Torres-Gil	*Assistant Secretary for Aging, Department of Health and Human Services*
Jeff Watson	*Deputy Assistant to the President for Intergovernmental Affairs*
Kathi Way	*Special Assistant to the President for Domestic Policy*
	Surgeon General
	Assistant Secretary for Intergovernmental and Interagency Affairs, Department of Education
	Assistant Attorney General for Policy Development, Department of Justice
	Assistant Secretary, Employment and Training Administration, Department of Labor

Welfare Reform: Next Steps

The Welfare Reform Working Group is charged with presenting a detailed proposal to create a transitional assistance system in line with the broad principles outlined by the President. To tackle this complex task, the Working Group is assigning staff to develop background information and policy options in the following areas:

Making Work Pay -- to explore ways of improving the economic incentives to work and the distribution of financial and other supports for the working poor, such as the Earned Income Tax Credit

Child Support -- to address issues ranging from paternity establishment and support enforcement to the possibility of a child support insurance/assurance program

Absent Parents -- to examine current government policies as they relate to absent parents so that they can better meet their parental responsibilities

Transitional Support -- to review strategies for providing assistance on a temporary basis along with the education, training, and other supports needed to get off welfare and into jobs

Post Transitional Work -- to examine the issues related to employing those reaching the end of their time-limited assistance

Child Care -- to explore how best to meet the need for child care in a system of transitional assistance and mandatory work

Program Simplification -- to look at the rules and regulations of benefit programs for low income families to find ways to make them more uniform and simple

Private Sector Job Creation -- to focus on including in a transitional assistance system the incentives necessary to create jobs for welfare recipients in the private sector

Prevention/Family Stability -- to ensure that efforts to prevent out-of-wedlock births and family break-up are given priority in the reform plan

While federal employees will be staffing the Working Group, they will be seeking input and proposals from individuals and organizations outside the government. Those who are interested in providing input, ideas and suggestions are invited to write to the Working Group at the address provided on the following page. Specific proposals as well as general comments are welcome.