Revised Draft 09/28/00 2:00pm
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON
VIDEOTAPED REMARKS FOR
GOV. NED McWHERTER'S 70^{th} BIRTHDAY CELEBRATION
ARTHRITIS FOUNDATION TRIBUTE
October 12, 2000

I am glad to join you tonight in wishing my good friend, Governor Ned McWherter, a very special 70^{th} birthday.

Ned, we've known each other for a couple of decades now. We served together and worked together as governors of neighboring states. And Ned, in all these years, I've met few Americans who have done as much good for as many people as you have. Your roots are deep in the rich Tennessee soil; and on your long journey from the farm house to the state house, you've been a man of the people every step of the way.

As Governor, you turned new ideas – and old-fashioned common sense – into action. You restored fiscal discipline to the way the state government worked – and made vital investments in the lives of your fellow citizens, from quality health care to affordable housing. Your abiding commitment to public service is seen in tonight's tribute, which will benefit the 1.4 million Tennesseans with arthritis – boosting not only research, but their quality of life.

Ned, Hillary and I are honored by your friendship. We thank you for your support, and salute you for your many years of distinguished service. Have a great 70^{th} birthday.

Draft 09/28/00 12:30pm
Jeff Shesol

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Ned, we've known each other for a couple of decades now. We served together and worked together as governors of neighboring states. And Ned, in all these years, I've met few Americans who have done as much good for as many people as you have. On your long journey from the farm house to the state house, you've never forgotten – as you used to tell the people of Tennessee – that "I'm one of you."

That's why you governed with a balance of new ideas and old-fashioned common sense. That's why you've worked so hard to bring quality health care and affordable housing to your fellow citizens. Your continuing commitment is seen in tonight's tribute, which will benefit the 1.4 million Tennesseans with arthritis – boosting research, public outreach, and their quality of life.

Governor, Hillary and I are honored by your friendship. We thank you for your support, and salute you for your many years of public service. Have a great 70th birthday.

THE WHITE HOUSE

WASHINGTON

9/27/00

Jeff - enclosed you will find POTUS mentions of McWherter, POTUS remarks on arthritis (very brief), four McWherter biographies, and press on McWhorter and his related programs. If you need anything else or have any questions call 62777.

- Marc

- let me know what you want to do w/ the binders.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

The Administrator
Washington, D.C. 20201

NOTE FOR NANCY HERNREICH
Assistant to the President

From: Nancy-Ann DeParle
Administrator

Subject: Request for the President to Appear in Video Tribute for Former Governor Ned McWherter's 70th Birthday

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I have been asked by some of my old colleagues in former Tennessee Governor Ned McWherter's Cabinet to forward an invitation to the President. Governor McWherter's Cabinet (including former U.S. Senator Harlan Mathews) is hosting a Tribute to him on his 70th birthday in conjunction with the Arthritis Foundation. They request that the President appear in a brief videotape honoring Governor McWherter, which would be shown at the Tribute dinner on October 12.

I've attached a letter from the event's organizers providing more details. Could you let me know (1) if the President's participation is possible, (2) if so, what are the next steps, and who should the contact person be at the White House, and (3) any additional information you need from the group.

As you may know, I am leaving the Administration effective October 1, and therefore, I should get out of the middle of this. I want to thank you for your help with this and for your graciousness to me over the past 8 years.

Nancy-Ann DeParle

Nancy-Ann DeParle

EVENT INFO FROM MARA

ARTHRITIS
FOUNDATION®

NASHVILLE BRANCH
ONE VANTAGE WAY, SUITE D 200
NASHVILLE, TENNESSEE 37228
TELEPHONE: (615) 254-6795
FAX: (615) 254-8316

September 13, 2000

President Clinton
C/O The White House
1600 Pennsylvania Avenue, NW
Washington D.C. 20500-0003

Dear President Clinton:

Our Special Events Committee is busily preparing to make this year's Tribute to former Governor Ned McWherter a grand event! Three days shy of the Governor's 70th birthday, this gala is slated to be the birthday bash of the year! The Tribute's invitation list for the evening of October 12, 2000 is sure to include a number of dignitaries, celebrities and local leaders

The proceeds of this event benefit the 1.4 million Tennesseans with arthritis by funding critical peer-reviewed research projects, programs, which improve their quality of life, and community education focused on the effects of this debilitating disease.

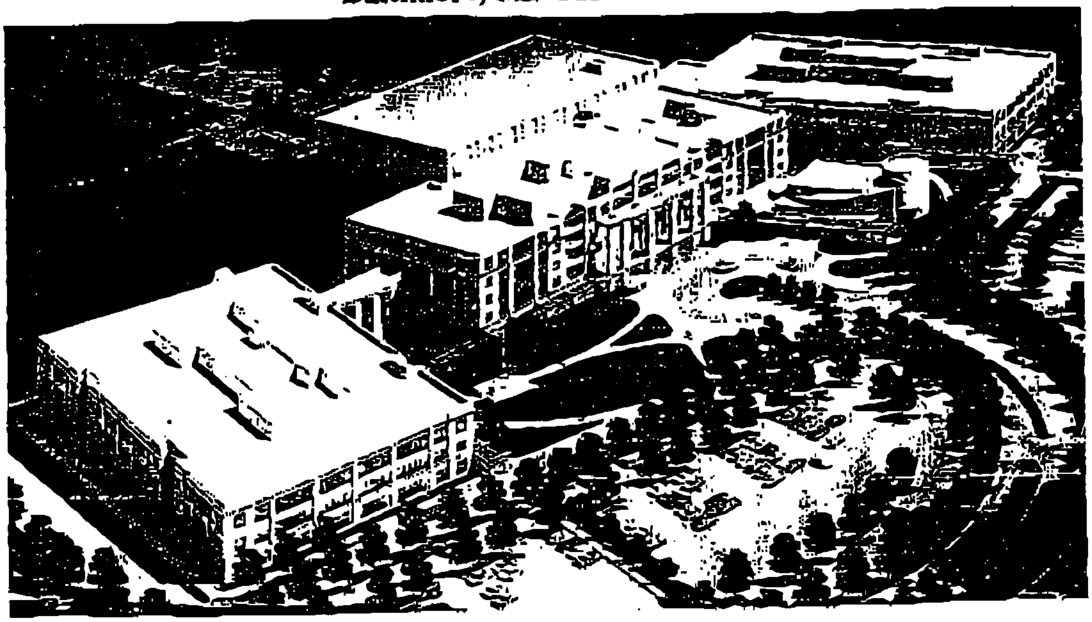
A general reception from 6:30 to 7:30 p.m. kicks off the gala, followed by a delectable dinner served until 8:30 p.m., then and a videotaped tribute and program from 9:00 to 9:45 p.m. It is with regard to the videotape that we are requesting your assistance. We would greatly appreciate it if you would be willing to film a clip for the video acknowledging his hard work as the former Governor of Tennessee and congratulating him on his 70th birthday.

Your assistance in getting this accomplished as quickly as possible would be greatly appreciated.

Very sincerely,

Beth Winstead
Chair, Tribute Committee

HEALTH CARE FINANCING ADMINISTRATION
NATIONAL HEADQUARTERS
7500 Security Boulevard
Baltimore, MD 21244-1850



FACSIMILE TRANSMISSION REQUEST

ADDRESSEE:(Name, Organization, Address)
Nancy Hernreich

Phone: ______________

FROM: Nancy-Ann DeParle
OFFICE OF THE ADMINISTRATOR
C5-26-11-Location
C5-16-03-Mail Stop
Phone: (410) 786-3151 /Fax (410) 786-8060

TOTAL PAGES: Cover +

ADDRESSEE'S FAX MACHINE NUMBER

DATE:

REMARKS:

IF FAX MACHINE RETRANSMISSION IS NECESSARY PLEASE CALL:

______________ **AT:** ______________
(Name) (Phone)

SCRIPT FOR PRESIDENT CLINTON

- I'M GLAD I COULD JOIN WITH YOU TONIGHT IN HONORING MY FRIEND, NED McWHERTER.

I'VE KNOWN NED McWHERTER FOR MORE THAN 20 YEARS. DURING THAT TIME, HE HAS ALWAYS BEEN THERE WHENEVER I'VE NEEDED HIM.

HE HAS ALWAYS GIVEN ME GOOD ADVICE AND HE'S JUST AS DOWN TO EARTH AS A BOWL OF WHITE BEANS AND CORNBREAD.

AS A POLITICAL LEADER, NED McWHERTER HAS SUCCEEDED BECAUSE HE UNDERSTANDS PEOPLE. IN EDUCATION, HEALTH CARE, ECONOMIC DEVELOPMENT AND OTHER ISSUES, HE PUTS PEOPLE FIRST.

TO ME, THAT'S THE TRUE MEASURE OF A STATESMAN.

I'M PROUD THAT YOU ARE HONORING NED WITH YOUR STATESMAN'S AWARD AND I WANT TO ADD MY CONGRATULATIONS.

AND NED,... HAPPY BIRTHDAY.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

The Administrator
Washington, D.C. 20201

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Assistant to the President

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Nancy-Ann DeParle
Nancy-Ann DeParle

POTUS Mentions McWherter

Remarks at Vanderbilt University in Nashville, Tennessee,
October 27, 1996

Thank you very much. Thank you. I am delighted to be here at the reunion of the Vice President's family, friends, and medical support team. [Laughter] I would like to keep this crowd with us for the next several days. [Laughter]

I'm delighted to be back at Vanderbilt. Chancellor Wyatt, Vice Chancellor Robinson, thank you very much for making us feel so welcome here. Congressman Clement, thank you for coming with us. I'd also like to acknowledge our good friend, Justin Dart, who leads our national effort to mobilize people with disabilities. Thank you, Justin. Thank you for being here.

Noah Liff, thank you for your example and for your fine words and for your support of welfare reform. And I thank the other business leaders who are here as well.

Governor McWherter, thank you for being my friend and my colleague over all these years. You know, you Tennesseans can say that he was the best Governor Tennessee ever had. I don't know that because I never lived here. But I can tell you this: He's the best politician I ever met. The first time I ever met him, he put that "aw, shucks" deal on me that he does, you know. [Laughter] I wanted to reach in my pocket and make sure the billfold was still there. [Laughter] And if he'd wanted it, I would have given it to him. [Laughter]

I think it's fair to say that those of us who served as Governors with Ned McWherter thought at the time there was no State that was better run, no State more oriented toward the proper balance of continuous change and sensible management and old-fashioned common sense and good values. And I'm honored by his friendship and his support, and I'm delighted he's here with us today.

I want to say a special word of thanks as we move to the end of this election season to the Vice President. I was watching him on the debate the other night and thinking that I knew exactly what he was going to say before he said it. And we've spent so much time together now, it's almost like we can begin to speak in code, you know; two or three words, and I can finish the sentence and vice-versa. I think there has never been a relationship quite like this in American history between a President and a Vice President. But I must tell you, it's been one of the most richly rewarding things of my life, and I think it's been very, very good for the American people.

His leadership is the principal reason that we have been able to reduce the Government to its smallest size since the Kennedy administration, eliminate more regulations and Government programs, and privatize more operations than the previous two [p.2201] administrations combined. And no one has noticed a decline in Government services. In fact, our Federal employees are doing more with less and doing it better than ever before, thanks to the Vice President's leadership in reinventing Government. He was responsible for many of the most important provisions of the landmark telecommunications bill. He's helped us devise a budget that would continue to increase our investment in research and technology, even while we cut overall spending to balance the budget. He has made a major contribution to our efforts to finish the unfinished business of the cold war, especially in his work in Russia. There has never been a Vice President with more responsibility, who has achieved more, and who has done more to advance the cause of America than your native son, Al Gore.

As all of you know, 10 days from now the American people will go to the polls to choose the last President of the 20th century and the first President of the 21st century. Tonight and over the next several days, I will ask the American people not just to come to rallies and cheer, although we all need that, especially in the last days of a long, hard effort, but to think again about how we are going to meet the challenges of the 21st century, how we are going to seize the opportunities of the 21st century, how we are going to preserve our values and the things we hold dear in the next century, how we can make it the age of greatest possibility in human history. Our central goal must be to work together to give our people the tools they need to master the changes that are taking place.

In the next week I'm going to talk about four of the biggest challenges we face: How we finish the job of balancing the budget while preserving our values; giving our children a world-class education; opening the doors of college to all Americans; and making at least 2 years of education after high school as universal by the dawn of the 21st century as a high school diploma is today. And I want to talk about making our families stronger by helping all Americans to succeed both at home and at work, in safety and security. And tonight I want to talk about ending the cycle of welfare dependency, family breakdown, and crime by carrying on our historic efforts to reform welfare.

I first came to Vanderbilt to give a speech nearly a decade ago now, when I was invited to come here and talk about what it was like to be a Governor in a time of change in the global economy. I remember it very well. I expect I'm the only person in this audience who remembers it very well—[laughter]—but nonetheless, I do. It was about that time that I was asked to represent the Democratic Governors, along with my colleague, the Governor of Delaware—the Republican Governor of Delaware—and working with Congress and the Reagan administration to try to help reform the welfare system.

Those efforts produced the Family Support Act of 1988, which itself was a substantial improvement over the previous law, and which gave the President very, very broad powers, which before I took office were rarely used, to work with States and communities to change the rules of welfare, to try to develop a system that would move people from dependence to independence.

Four years ago when Al Gore and I came to Nashville, I said I wanted an America in which every person responsible enough to work for it has a shot at the American dream, an America still the world's strongest force for peace and freedom, an America coming together and relishing its diversity through its shared values.

We have pursued a simple, but profound strategy. We have worked to expand opportunity for all, to demand responsibility from all, and to build a stronger American community, to make that America's basic bargain. Four years ago, the Vice President and I asked you to take us on faith. Tonight, you can look at a record.

Our Nation is clearly moving in the right direction. We have 10½ million new jobs, over 270,000 of them here in Tennessee. Unemployment here has dropped by about a third, to 4.1 percent. We have the lowest combined rates of unemployment, inflation in home mortgages in 20 years—28 years. After inflation, household income is up about $1,600 in the last 2 years. There are 4½ million new homeowners. The inequality among working people just declined by the largest amount in 27 years. Childhood poverty [p.2202] dropped the most it has in 20 years. The incomes and poverty of households headed by women had its most dramatic drop in 30 years. And we just recorded the lowest poverty rates ever recorded for African-Americans and all our senior citizens. We have 4½ million new homeowners, record numbers of new small businesses, record exports. We are moving in the right direction.

We are pushing back the frontiers of knowledge in ways that will benefit all of us. Here at the medical center, in science labs, biotech firms and universities all across our Nation, in millions of homes in the everyday miracle of the Internet, we see the leaps of science, technology that are no less dazzling for being so widespread.

Just today, before I came here, I met with a lot of people who work with the problems of cancer. I met with cancer survivors. I met with physicians. I met with researchers. I met with people in support groups. Among other things, I announced that we will be dedicating 30 million more dollars this year to genetic breast cancer research, because—and this is just one example—we have identified two of the genes in the human structure that cause breast cancer. And when you put that with the fact that we are now using the very sophisticated imaging technology we use in our satellites for defense and intelligence purposes on the human body, so we can detect, prevent, or stop early the spread of all kinds of diseases, we are literally on the verge of breakthroughs we never could have dreamed of just a couple of years ago.

Not very long ago, we had movement for the first time ever in a laboratory animal whose spine has been completely severed; the animal had movement in its lower limbs when there were nerve transplants from other parts of the body to the spine. We've developed the first treatment for stroke ever in the last 4 years. The average life expectancy of people with HIV has more than doubled in the last 4 years with research and more rapid movement of drugs to market. It will soon, I believe, become a manageable, chronic disease, not a certain death warrant. All these things have happened in the last 4 years.

But we have much to do, and we have to choose a decision about how we're going to walk into the future. And one of the major decisions before the American people in this election—and not just the race for President, but many others as well—is what are those things which we should do together? To what extent do we believe we're better off on our own? To what extent do we believe, yes, it does take a village to raise our children and build our future? To what extent do we think we can find our way on our own into the 21st century? To what extent do we need to build a bridge that's clearly marked and big and wide and strong enough for us all to go over together?

We have tried to define what we think we should do together and what we think the Nation's responsibilities are. We've cut the deficit by 60 percent. Now we can finish the job of balancing the budget and do it in a way that reflects our values, that preserves the fundamental structure of Medicaid and Medicare, education and the environment, research and technology.

We have cut taxes for 15 million working families. And because our economy is on the right track, we can balance the budget with a targeted tax cut for families where they need it the most, for education, childrearing, medical care, and buying that first home.

We've improved our educational standards, expanded college scholarships and loans. Now, we have to reform education at every level, raising standards, increasing accountability, making sure that every 8-year-old can read independently, every 12-year-old can log into the Internet in every classroom and library in America, every 18-year-old can go on to college.

We're making our families and neighborhoods safer. We're in the process of putting 100,000 more police on our streets, getting gangs and guns and drugs off the streets. Now we have to finish the job of putting those police on the street and crack down on teen gangs with the same focus and the same law we are using to break organized crime.

We now have the lowest crime rate in 10 years—4 years of declining crime rates. But all of you know there is still a long way to go before the American people really feel safe and secure again. Now is not the time [p.2203] to back up; now is the time to bear down with an approach that is working.

We've helped to strengthen our families with the family leave law; 12 million times families have taken a little time off from work when a baby was born or a family member was sick, without losing their jobs. And I think America is stronger because of it. I thank the Vice President and Tipper for the work they did to advocate that here in Nashville at the family conference.

Now it's time to expand family leave, I believe, so that parents can take a little time off to go see their children's teachers twice a year or to make regular doctor appointments for their kids. And because people are working harder than ever and so many people have trouble juggling the demands of parenting and work, I think we ought to give workers the option of using overtime they accumulate and taking it either in cash or in more time with their families at their own discretion. That will help us to be a stronger country.

But we also have to finish the job of welfare reform. For many reasons, most of which have already been explained by previous speakers, and especially the Vice President, our welfare system has failed a lot of people. To be frank, a lot of people—it worked as well as anything would because they were just in a temporary difficult position. They got on welfare; then they got off again and went on with their lives.

But year-in and year-out, especially as more and more children were born into single-parent homes, more and more people became trapped in a permanent cycle of welfare dependency in ways that literally physically isolated generations of people away from communities with mainstream values, mainstream opportunities, and mainstream futures, exiling people from the world of work that gives structure, meaning, and dignity to the lives of the rest of us.

The system—for those people for whom it did not work, the system hurt them a lot more than it did the other taxpayers who often complained about it loudly and publicly. Children who are born to a life on welfare we know from study after study are more likely to drop out of school, fall afoul of the law, become teen mothers or teen fathers, raise their own children on welfare.

For too long, welfare has been the object of partisan debate rather than collective common effort. Too many people in politics, especially the further you get away from the people on welfare, if you get all the way back to Washington, DC, ask who is to blame instead of what to do. For too long, a lot of other Americans assumed there was nothing that could be done about it; you simply could not make it any better than it was. Welfare, teen pregnancy, crime all seemed destined to go on and grow forever.

That's why Al Gore and I pledged to end welfare as we know it 4 years ago. We did not believe that these problems would not yield to sensible, persistent human effort. As a Governor, for 16 years—12 years as Governor, now 4 years as President—I have worked on welfare reform and worked personally face-to-face with people on welfare. I knew better. I knew how bad those people wanted a different deal and a better, brighter future. I knew from the beginning we could change this system for the better.

The old system—yes, it wasted taxpayers' money, but even more tragically, it trapped millions into a lifetime of dependency. Well, that system is now over, but the question is, what are we going to do now?

We have shown that we can restore our communities and renew our values, but the job is not done. As the Vice President said, we gave special permission to 43 States to get out from under a whole variety of Federal rules, to redesign systems that would help move people from welfare to work more rapidly. This has made a real difference. We also had some rules, including requiring teen mothers to live at home and stay in school, or lose their welfare benefits.

We also recognize that governments can't raise children, parents do that. One of the main reasons people go on welfare in the first place is that parents run away from their responsibility to support their own children.

Do you know, tonight, if every parent who is legally obligated to do so paid all the child support they had been legally found able to pay, 800,000 people would be off the welfare rolls tomorrow? That's why we stiffened Federal child support enforcement, worked with [p.2204] the States more closely than ever, and why I signed an order directing Federal employees to pay their child support or have it paid for them. I wanted us to set an example.

We required hospitals to have programs to identify the father at the time of birth, insisted that welfare recipients name the father or lose benefits. We posted deadbeat parents in post offices, on the Internet; we're going to deny them Federal loans. We used the IRS to collect a record $1 billion in child support, worked with States on a new computer system to identify those who switched jobs or moved from their home State to avoid paying child support.

I might say that 35 percent of all delinquent child support cases involve people who have crossed State lines. In the first few months of this new system, we identified 60,000 deadbeat parents who now must pay.

All of these efforts are bearing fruit. The welfare rolls are down by nearly 2 million in the last 4 years. Tennessee has 75,000 fewer recipients, a 25 percent drop. Just this week new statistics were published showing that all across America child support collections have increased by 50 percent in the last 4 years, up in every single State in America. That's $4 billion a year more going to children and parents who otherwise would have to fend for themselves and depend more on the taxpayers to support them.

Another thing you can be proud of in Tennessee is that Tennessee is one of the top five States in the country over the last 4 years—here, child support collections have doubled. They're up 100 percent in the last 4 years.

And believe it or not, while too many young people are still having babies outside marriage, even on that front America is making progress. Teen births have gone down for 4 years in a row. And last year the out-of-wedlock birth rate declined for the first time in nearly 20 years.

That brings us to where we are now, a people determined to get back to our basic values, even as we modernize our economy and face the future. This welfare reform law gives us an historic chance but not a guarantee to restore the basic values of work, responsibility, and families and to end the literal exile of millions of poor people from the mainstream of American life and all of its promise. The new law imposes strict time limits on welfare. It requires those who can work to go to work. It mounts the strictest crackdown ever on child support collections. But it also says we will continue to provide as a national guarantee health care and nutrition for poor families and, when the welfare recipient goes to work, more for child care than ever before, so that families will get the help they need when they move from welfare to work. The new law gives us a change to make welfare what it was intended to be, a second chance, not a way of life.

But let me say again, we say from now on people who can work have to go to work; no one who can work can stay on welfare forever. We're making work, family, and responsibility a way of life. We are not going back. Our welfare legislation, however, is just the beginning. That is the important thing that every single American citizen has to understand. Maybe it's because I was a Governor before I became a President, but I know that there's a lot of difference between passing a law and changing lives in the neighborhoods and streets of every community in the United States. You have to help us change those lives. You have to help us implement this welfare reform law and make it work the way it was supposed to.

We're not going to walk away from these children. We're not going to walk away from these families. We're going to take them by the hand and walk with them into a bright new future. And you're going to help. [Applause] Thank you. Thank you.

Let's look at where you are in Tennessee right now. You've heard this talked about before tonight, but I want to say again, there are 12,000 Tennessee families who have signed new personal responsibility contracts. Now, they've promised to be personally responsible. And the people of Tennessee, through their elected officials and those who work for the State have promised to keep up their end of the bargain to give those people a chance to act on their responsibility, like these fine folks who stood up over here and whom we clapped for tonight. So as we require people to take responsibility and go to work, we have to make sure they have the opportunity to work. [p.2205]

One of the reasons that I wanted to sign this law so badly, maintaining the guarantees of health care and nutrition and child care but giving the welfare money back to the States and ultimately to the local communities, was so we could take poverty out of politics and substitute reality for that old rhetoric. Now, everybody who has ever said a bad word about the welfare system has nothing left to cuss; there is nothing there any more. [Laughter] And now, there is no politics in poverty any more; there are only people. And they are our people. They are our children. They are our future.

This law says to them, we're not going to keep you on modified life support forever anymore. It's a lousy deal for you and a bad deal for us. But here's where you come in. This is not the New Deal in the Great Depression any more, either. The Government has to balance the budget to keep interest rates down, to keep the economy strong, so we can keep creating jobs for everybody. We cannot have a Government-created program that hires all these folks. You're going to have to do that.

Sure, there will be some hired into public jobs, and in areas of densely high unemployment we're going to give extra help in the early years to make sure that people have a chance, but by and large, over the nation, people will have to be hired by employers in the private sector, in the nonprofit sector, churches, and great universities like Vanderbilt, both public and private.

But that is better—it is better that people be hired, 10 or 15 or maybe even 1 or 2 at a time, and given a chance to just be integrated into the normal flow of American life, rather than being hired a thousand at a time to do one thing off here to the side. We want everybody to walk together into the future. But to do it—to do it—we have to have an upsurge of personal responsibility from the private sector.

Now, as I said, under the new law States can take this money the Federal Government used to give for the monthly welfare check, and they can use it to help businesses provide paychecks. Seven hundred people have gone to work in Kansas City at the Full Employment Council that I visited in that system. That's a good deal for businesses; they can create more jobs for less money. And it's a good deal for taxpayers; they save money every time someone leaves welfare to work. It's a good deal for the people on welfare; they get a job.

The National Government has tried to make work pay. We've raised the minimum wage. We dramatically expanded the earned-income tax credit. We have made—clearly made now work a better deal than welfare. That tax credit alone is worth about $10 billion this year, and it's reducing the poverty rate among working people dramatically. It only goes to people who are working. And it is reducing the poverty rate dramatically by saying we're not going to tax people into poverty anymore.

The Vice President has helped us to create a national network of community development banks, 105 empowerment zones and enterprise communities to get more private capital into the areas where there are large numbers of unemployed people, including many who are unemployed who are not on welfare—a lot of single men, for example.

I have proposed a plan now that will create another million jobs. Number one, we want to give business a new tax credit for every person hired off welfare. Number two, we want to give the same private job placement firms that Americans use to get better jobs for themselves when they're already working—we want to give those firms a bonus for helping people on welfare find their first job. And we want to help States and communities give businesses more incentives to hire welfare recipients.

These are the things that we can do. We can also give greater investments into those areas, as I said, where there are a whole lot of people who are unemployed, including large welfare populations, because we may not be able to get enough private sector jobs in the short run.

But in the end—we can do all this, we can do every bit of it, but if we don't have more people like Noah Liff, we're not going to make it. If we don't have more people like the nearly 50 business leaders who have already agreed to participate here in Tennessee, we're not going to make it.

So I ask you, every one of you, just think what would happen if every business, every [p.2206] nonprofit, every university, every school, and every church, synagogue, and religious institution in this country took what used to go to the welfare recipient in the welfare check as a supplement and hired just one person—just one person—and took responsibility for training that person, making sure their kids were okay and going forward. Just think about it. Think what we could do. We can revolutionize this. This would be over. Just one person.

I should emphasize—Governor Mc- Wherter reminded me, you know, he plays like he's not interested in policy, but he's a policy wonk in his rural clothing. [Laughter] He said, "Now when you get up there tonight, Mr. President, don't forget to tell them that in Tennessee we also guarantee that if these people have to go to work in a place that doesn't have health insurance, we set it up so they can keep their health insurance under Medicaid for a good while. And then after a certain amount of time, under TennCare, they can buy in at a rate they can afford to keep their health insurance even more." That's also important. You're doing that.

It's amazing to me the excitement here. The Governor of North Carolina told me he was in Charlotte the other day talking to 4,000 people at the Charlotte Chamber of Commerce, and he said before he got out the door, 25 percent of them had volunteered to help.

The other day in Missouri, the CEO of Monsanto asked all his division heads to study every aspect of their company to see what they could do to hire as many people off welfare as possible in Monsanto, and to—I hesitate to use the word, but "lean on" their suppliers and other business contacts to ask them to do the same thing.

The CEO of Sprint pledged to provide an 800 number that any employer in America can call to find out how to move people off welfare. A few weeks ago in Connecticut, hundreds of business leaders pledged that their companies would help us to meet this challenge. Last week in Louisiana, the CEO of Northrop Grumman, a company that makes a lot of products important to our national defense, did the same.

But this Tennessee Business Partnership is especially impressive. From Fortune 500 companies to Opryland, to companies like the recycling business that Noah described, it represents your whole business community. Just remember what I said: If every company would just hire one person, and not just companies but nonprofits and universities and religious institutions, we would whip this thing. And if every State will form a partnership like the Tennessee Business Partnership, we will work with them to get this job done.

I want to say again: We passed a law; that's a good thing. The law didn't change anybody's lives. And if we don't change the lives, benefits will someday be cut off, but we won't be creating jobs and building new futures for those people and their children. That's the important thing.

The other day I was in Florida, where I met with four very impressive women who were working themselves off welfare. And it was phenomenal to me—I asked them all, "Why are you doing this?" And they gave all of the obvious answers. And I said, "What's the most important thing about it?" And all four of them said, "We want our children to look up to us. We want our children to be proud of us, and we want to feel good because we know we're supporting our kids." All four of them said that.

And you know, more than 10 years ago—I've told this story many times, but I was at a Governor's meeting when we were talking about reforming the welfare system, and I brought a woman from Arkansas there, and I asked her what the best thing about being off welfare was. And she said, "When my boy goes to school and they say what does your mama do for a living, he can give an answer." He can give an answer.

Now, I have kept in touch with that woman for 10 years, and she introduced me the day I signed the welfare reform bill. She has four children now, this lady who was trapped in welfare. One of them has a good job; one of them is studying to be a doctor; one is in a technical school; the other one is a high school honor student. I'd say welfare reform worked for her. And it will work for nearly everybody if the rest of us will just create [p.2207] enough opportunity for all of those people who are dying to have it.

Now, I want to say, finally, we have got to take this law and make it live in the lives of our people. We can take poverty out of politics. We can give it back to the community. There will always be a time when the economy is better and the economy is worse. There will always be people who will hit a little rough patch in life and have trouble. But we do not need to have a nation with a huge number of people who are physically isolated from the rest of us living lives they can never break out of. We have all permitted that to happen; now it is time for all of us to stop that from happening and chart a bright new future to the 21st century.

Thank you, and God bless you.

Note: The President spoke at 6:41 p.m. in the Langford Auditorium at the Vanderbilt University Medical Center. In his remarks, he referred to Joe Wyatt, chancellor, Vanderbilt University; Roscoe "Ike" Robinson, vice chancellor for health affairs, Vanderbilt University Medical Center; Justin Dart, former chair, President's Committee on Employment of People With Disabilities; Noah Liff, chairman, Steiner Liff Iron and Metal Co.; and former Gov. Ned McWherter of Tennessee.

Source: United States. Executive Office of the President, Weekly Compilation of Presidential Documents, Week Ending Friday, November 1, 1996 (Washington, D.C.: U.S. Government Printing Office, 1996), 32:2200-2207

Turn to Previous Page Turn to Next Page

Turn to Previous Page Turn to Next Page

Remarks to Employees at Peterbilt Truck Plant in Nashville, Tennessee,
January 12, 1996

The President. Thank you. Boy, I'm glad to be here. I need this. Sort of a fix from home. [Laughter].

I want to thank the Vice President for his wonderful statement this morning, but more important, I want everyone of you to know that whether it's working on downsizing our Government in a way that gives the American people a Government that works better for less or working on finding ways to protect our environment in ways that grow jobs instead of undermining the economy or working on our relationships with Russia in a way that makes sure we are never, never, never again threatened with the specter of nuclear war, Al Gore, from Carthage, Tennessee, is the most influential and effective Vice President in the history of the United States of America.

I've got a lot of friends here today. I want to thank the Mayor for coming and Congressman Clement and Gordon and Tanner. And my dear friend, your former Governor, Ned Ray McWherter, who actually purchases your trucks. At least that's what he tells me. [Laughter] The first time I met Ned McWherter I talked to him for 30 seconds, and I wanted to reach in my back pocket and make sure my billfold was still there. [Laughter]

Audience Members. Ohhhh. [Laughter]

The President. But they're not making many like him anymore, and I'm glad to see him looking so thin and fit. Looks like a new morning. [Laughter]

I want to thank Joe Scattergood and Wayne Wooten for going through the plant with me. And thank you, Bobby Lee, for what you said and for being here. And thank you, Tom Plimpton, for the wonderful tour. And let me say also, I want to thank these retirees who are back here, and I want to mention I met two people today who work here, and this is their last day on the job. And I want to acknowledge them because I think Al Gore and I should have shown up for their retirement party.

The first person has been here 25 years, Mr. Bill Douglas. He's over there. And I met [p.48] a lady on the line. I don't know where she is, but she's been here 19 years, and she's leaving today. Her name is Dorris Skaggs. Dorris, where are you. Give her a hand. [Applause]

I want to say one word—before I talk about where we are with the big budget fight in Washington and the economy, I want to say a word about one other issue that involves three people from this plant.

As the Vice President said, as soon as I leave you here in Nashville today I am going to Bosnia to visit the men and women who are helping to secure the peace agreement there. With our help the people of Bosnia who, for 4 long years, were denied the simple chance to go to work and raise their children in peace, now have an opportunity to rebuild their lives and their country.

Bosnia is the country where World War I began. Bosnia is the country that's so closely tied to others, that if that war were to spread it could cause many Americans and many other people from freedom-loving countries around the world to lose their lives trying to stop it.

So we have worked hard not to try to fight a war but to bring a peace for the humanitarian reasons that involved the people there and to keep that war from spreading in ways that could hurt the United States and our friends and allies in Europe. This is a very good thing the American people and our friends from around the world are doing. And all Americans should be proud of what they are doing in Bosnia.

Three of your own co-workers are in Germany right now with their National Guard units supporting that mission. A lot of Americans don't know this, but you can't just send soldiers to Bosnia. We have people in Hungary supporting them, people in Croatia supporting them, and people in Germany supporting them. And people that you have are Emmett Northington who puts these world-class trucks together, Charles Hobson who paints them, and Richard "Lightning" Maxwell who actually gets to test drive these machines. Give them a hand. Let's give them a hand. [Applause]

Most of the time, these people work right beside you. Today they are a long way away, working for a better, safer world. I know they and their families will remain in your prayers until the day when they all come back here to work again.

What they are doing, to me, symbolizes what the great issue of our time is all about. The United States, if you just look at the rest of the world with the cold war over, it is tempting for us to say, "Boy, we ought to just shut down our defense and come home and hope nothing bad happens." But the truth is that, as Nashville, as this area, perhaps more than any other area the South knows, we are tied in with the rest of the world today whether we like it or not. And we have a profound interest in seeing the United States be the world's leading source of energy for peace and freedom and democracy. It helps us economically, and it helps us to be more secure.

I am proud of what our country has been able to do in the last couple of years in Bosnia and the Middle East, in Haiti and Northern Ireland and southern Africa. I am proud of the fact that, with the leadership of the Vice President, for the first time since the dawn of the nuclear age, there is not a single nuclear missile pointed at an American child today. I am proud of that.

With terrorism threatening people all around the world, both homegrown terrorism—we've seen that—and terrorists coming into our country to make mischief and kill people—we've seen that—I am proud of the fact that because we're cooperating with other countries, we have actually seen them help us arrest, apprehend, and send back to this country people who came into our country and killed innocent people for illegitimate political ends. I am proud of that, because we do cooperate.

Because we cooperate with other countries, I am proud of the fact that our military and our civilian law enforcement officials helped to capture seven of the biggest drug leaders in Colombia in the last 2 years, because we're cooperating with other countries. And I am proud of the fact that in the last 3 years, our exports of American products have increased by one-third in only 3 years to an all-time high. So we are involved in the rest of the world.

People are making decisions about dope in other countries that are going to kill American [p.49] kids on the streets here. We need to be involved with them. Their governments are having to take more risks than we do to try to stop it. They have to put their lives on the line. We need to be their partners.

If we want people to buy our products, we need to be their partners. If we want people to dismantle their nuclear weapons and not to build these awful biological and chemical weapons, we have to be their partners. If we want people to stand up to terrorism, we know no country can do it alone.

So you have to see what we're doing in Bosnia and what your three co-workers are doing as part of America's efforts to create a world where people like you everywhere can build strong families and have decent jobs and relate to one another in an atmosphere of peace. That is what those people are doing in Bosnia. And I am very, very proud of them.

Now, here at home, all the headlines are dominated by the budget debate. And every day sounds like a long horse race. Well, are they going to get a deal or aren't they going to get a deal? I want you to see that in kind of a big picture, too.

One of my favorite Presidents is Andrew Jackson. And one of the things Andrew Jackson did was to get rid of the national debt. Now, it was easier back then, but it was still hard. And he got it done because he was determined.

When I showed up in Washington, I could not believe that we had quadrupled the debt of this country in only 12 years. Until 1981, we never—we never had a policy, in all of our history, of consistently spending more money than we were taking in. Debts had been used to try to spark the economy when there was a recession. Or if we were at war, we had to sell bonds and borrow more money because we had to gear up in a hurry. But until the 12 years before I became President, there had never been a policy in our country to just run a big debt all the time, in good years and bad years, just because it was too much trouble to be disciplined.

So I don't like what has happened. And when we showed up, we had a different idea. We said, the people who think you don't have to be concerned about the deficit are wrong. But the people who think that it doesn't matter how you spend your money, and therefore, you don't have to invest in anything, they're wrong, too. We have to cut the deficit and invest in our future. It's worth investing in education. It's worth protecting Medicare and Medicaid. It's worth investing in the environment to protect the environment for the future. We have to invest in some things, but we've got to get rid of this deficit. It is eating us alive.

I want you to know that in the last 3 years we've cut that deficit in half in only 3 years—from nearly $300 billion a year down to $160 billion. I want you to know that your Federal budget would be balanced today if it weren't for the interest we have to pay on the debt that was run up between 1981 and the end of 1992, before we took office. Just that interest rate—this budget would be balanced today if it weren't for the interest we're paying on the 12 years when we departed from the historical practice of this country of paying our way and running the deficit only in recessions or wartime.

Now, those are the facts. So you need to know there is no party in Washington trying to expand the deficit. We now have a consensus on that. This debate is over how to balance the budget, not whether to balance the budget.

You heard the Vice President talk. You know, I'm proud of the fact that the economy has rebounded since we took office. It's rebounded because we invested in our country and cut the deficit. It's rebounded because we changed the way the Government works. Under his leadership—I bet you nobody in this room knows this—under his leadership there are now 205,000 fewer people working for the Federal Government than there were the day we took office—205,000.

Now, how come nobody knows that? For two good reasons. One is we just didn't throw those people in the street. I don't believe in that. If you've got to downsize the Government you need to treat the workers with dignity, and we gave them good early retirement packages. We gave them good severance pay. We gave them extra time to find other jobs. We gave them time to go on and find a different life where they could be even more productive. [p.50]

The second reason is, the folks that are left are working harder and smarter, and they're doing a better job, just like you. Their productivity has gone up. But all these people that talk about big Government—your Government is the smallest it's been since 1965. As a percentage of the work force, because the population has been growing, your Government is the smallest it's been since 1933. So don't let people tell you that we're the big Government crowd in Washington.

But maybe more important, we've tried to do things that would reinforce our values. We passed a tough and a smart crime bill. Do you know, in America—read the cover one of our national news magazines this week—the crime rate is down in America; the welfare rolls are down in America; the food stamp rolls are down in America; the poverty rolls are down in America. For 2 years, the teen pregnancy rate has come down in America. The American people are rallying around their basic values. And if we can keep this economy growing and keep people moving from welfare to work, so that we stand up for our values and grow the economy, that's what will take this country into the next century as the world's strongest force for freedom and opportunity. That's what we've got to do.

So what I want you—that's how I want you to see this budget debate. That's the background. This country is moving toward the right kind of future. We do have to finish the job and balance the budget; the question is how. The Vice President framed it in one way. He said, we try to think about what's best for people like you. We want to grow the middle class and shrink the under class. We think the best way to make more millionaires is to have more successful working people buying the things that they're putting out, whether they're products or services. That's one way to say it.

Let me say it in another way. I think what works in this plant is what works in America. What works is teamwork. We believe in individualism. We believe in individual rights. We believe in individual decisionmaking. But the truth is we are not in this alone. And another big line, a way to think about this debate we're having in Washington is whether you think we're working toward a society where we've either got winner-take-all or a society where everybody had got a chance to win. I think we ought to have a society where everybody's got a chance to win. If you're willing to work hard and play by the rules, everybody ought to have a chance to win.

And if you look at the teamwork—you know, everybody cheered here, everybody cheered here when you said that Peterbilt was the world's best plant making trucks. Everybody cheered. I didn't know who was management and who was labor. I didn't know who was working on the chassis or the cabs. Right? What works is when you work together.

Yes, we have created a good economic climate, but if you folks weren't doing a good job, you still wouldn't have these extra 650 workers. You did that. We didn't do that. We didn't have anything to do with that. Our job in Washington is to create a framework in which you can succeed. But we can't guarantee that. That's all your doing. You deserve all the credit. But you didn't do it by first one person running this way and another running the other way and pulling everything apart. You did it by pulling together.

That's what I'm trying to do for this country. And that's what this budget debate is about.

Now, I introduced a budget and—balance the budget in 9 years. Then the Republicans said, "Let's do it in 7." I said, "Okay." Then they said, "We think that you're too hopeful about the economy." I said, "Well, I think the economy will get better if we balance the budget. But if you don't think it will, we'll do it on your numbers." So then I gave them a 7-year balanced budget on their numbers. And then we began to try to work out our differences. Now, all the press is about the differences. But I want you to know that we have resolved a lot of those differences, and the differences that remain, I think, are quite important.

My plan protects Medicare so we can honor our duty to our parents by seeing to it that they're able to lead lives of dignity. But it is not just for them, because if you weaken Medicare too much, then people like you will have to spend more money on your parents, and you'll have less money to send [p.51] your kids to college. This is an intergenerational thing. This is not about pandering to senior citizens. This is about helping families stay together.

Our plan also leaves more funds to invest in education from Head Start to helping our schools meet higher standards, not by telling them what to do but by saying, "Here are the standards and you figure out how to meet them, and we'll give you some money so you can do it;" by providing more affordable college loans and more college scholarships, not just because we're trying to help the young but because we're trying to provide for the future. And that's what we have to do.

Our plan leaves more money to invest in the environment because we know we've got to find a way to grow the economy and preserve the environment. Just last week there was a big story about something the Vice President's been saying for years and years and years. Last year was the hottest year on record, and we have got to find a way to keep growing the economy without burning up the atmospheric layer that protects us all. We've got to find a way to do it and still preserve the clean rivers that we fish in and the woods that we hunt in and the parks that we take our children to. It's a big issue. You've got to set aside something for that. And that's what we do.

The Medicaid program is the program that pays for middle class folks to send their parents to nursing homes so that they don't have to go totally bankrupt and their kids don't have to go totally bankrupt. It also pays for health care for poor children, including some children of working people who make very modest wages. We can make some savings there, but we've got to be careful how far we go.

It also pays for care for middle class people who have disabled children. I bet there are people that work in this plant who have children with some sort of physical disability who get a little help through that program. That is an honorable and a decent thing to do.

Yes, we need to control medical inflation, but we have to do it in a way that leaves that intact. Why? Because we are stronger when we are working together than we are when we just cut everybody loose. That is the issue: Are we going up or down together; do we want a society where all can win or are we satisfied with winner-take-all? America is best when everybody's winning as a team. That is what we are for. We are not for big Government in Washington. We're for a Government in Washington that plays its part as your partner to see that everybody has a chance to win. That's what this whole budget debate is about.

As I said, to be fair to the Republican and the Democratic congressional leaders, we have sat together for 50 hours. And I thought the other day, you know, sometimes we fight with one another in these 50 hours, and they think I'm wrong and I think they're wrong. And here we are in Nashville. It reminds me of that old country song, "It's hard to soar like an eagle when I'm stuck with a turkey like you." [Laughter] Sometimes they think that about me. Sometimes I think that about them.

But we've tried to resolve our differences. And we've made a lot of progress. And here's where we are. They still want levels of reductions in Medicare and Medicaid and education and the environment that are not necessary to balance the budget. They admit they're not necessary to balance the budget. They sent me a letter saying that my plan balanced the budget. So there's no question that they're not necessary to balance the budget.

My plan strengthens the Medicare Trust Fund and gives more choice and more preventive benefits to older Americans and added help for families that are caring for loved ones with problems like Alzheimer's disease. But it will save money from the present system. We agree on that. But they want to go beyond that.

Their plan cuts Medicare more than it needs to be cut to balance the budget. And they would favor wealthier and healthier senior citizens at the expense of everybody else by giving them many more opportunities just to get out of the Medicare system. Well, the reason Medicare works is that everybody's in it, the sick and the healthy alike. You're got a great big pool that's low risk. And we can afford to run it, and you can afford to pay for it. So I just disagree with that.

Under their plan, older couples would pay $400 more a year. Well, if you're making a [p.52] good living, $400 may not be very much. But there's a lot of retired people in the hills of Tennessee and rural Arkansas that $400 is a whole bunch of money. And I simply don't think it's right for me to get a tax cut in my income bracket and then to charge them $400 more a year. I just don't think it's right. If it were necessary to balance the budget, it would be all right. But it's not. It is not necessary to balance the budget.

You know, where I come from, $400 is still a whole lot of money to a lot of those old folks. It really matters. Now, if we had to have it to balance the budget or save Medicare, I'd be happy to ask for it. But since we know we don't, we shouldn't take it.

The real problem is this: Some of the Republicans honestly just want to balance the budget. And they're also honestly concerned with the cost of Medicare and Medicaid. Some of the Republicans are using the balanced budget and the very large tax cut they want to say, "Well, if we balance the budget, we have a big tax cut, then we just don't have any money for this."

What they want to do is to end the ability of your Nation's Government to say America can protect all our seniors through Medicare, can protect the poor children, the handicapped children, the people in nursing homes through Medicaid, can made a major contribution to education, to educational technology, to reviving this country. They don't believe we ought to do that any more. They think we should put that back to the market alone.

The problem is if the market alone does that, then we're not working as a team anymore. Then we're not saying everybody has a chance to win anymore. Then we're not being your partner anymore. That is the whole issue here. It's not about big Government. We have given you the smallest Government the American people have had as a percentage of our civilian work force since 1933. It's not about regulation. We're getting rid of 16,000 pages of Federal regulation. It's not about the deficit. The deficit has been cut in half, would be balanced today if it weren't for the debt run up in the 12 years before we showed up. But it's nothing about that. It's about philosophy.

Now, here's the argument I'm making to them. Now, they've got a lot of compelling points. If they were here today, they could make their speeches, and you'd think they'd make some good points, too. My argument is, we're going to have an election here in November, and we can argue about how the Medicare program should be structured, beyond where we can agree; we can argue what our environmental policy should be, beyond where we can agree; we could argue whether it's a good or a bad thing for the Federal Government to give lower cost college loans to students and give them better terms to repay it so nobody will be discouraged from going to college by the debt. We can argue all that, but we have already agreed on enough savings to balance the budget. And since we agree on that, and we've already agreed on how to save the money to do it, let's go on and balance the budget and get that out of the way. We owe that to the American people. It is wrong not to do it. Let us balance the budget and do it now.

I will say today, I watched that cab being set down on the chassis today, right before I came up here, and I thought, now, that's a picture of what America's all about. We work well when we work together. I got tickled—you know the Vice President talked for 6 minutes before he mentioned the Tennessee football team. I didn't dream it would take him that long. [Laughter.] Now, Tennessee's got a great quarterback, but if it weren't for the other 10 people on the offense and the other 11 on the defense, you wouldn't have the ranking you enjoy. You watched that Ohio State game; it was a balanced team that won that game.

If you look at what happens when the American military goes someplace, and you're proud of them, there are a lot of heroes out there, but it's the team that wins. And that's what this is all about. It's also about recognizing that in life you do what you can today and you put off the rest until tomorrow. So I say again to my Republican and my Democratic friends in the Congress, we can balance the budget today. We have already agreed on how to do that. We can give a modest tax relief geared to childrearing and education for the working families of America. We have agreed on that. We can [p.53] do some things for small business. We've agreed on that.

Let us take what we can agree on and balance the budget while we protect Medicare and Medicaid and education and the environment and give modest tax relief. Let us be honest with the American people what we disagree on, and let the American people make their decision in November. But we are hired to show up for work every day, just like you are. We can't just go on a work stoppage from now until November and not deal with this. So we should balance the budget now and put the differences off and let you decide in November who you think is right. Whatever you say, it will probably be right. It's been right most of the time for the last 200 years. But meanwhile, we should do our job.

Thank you very much, and God bless you.

Note: The President spoke at 10:10 a.m., on the factory floor. In his remarks, he referred to Mayor Philip N. Bredesen of Nashville; Joe Scattergood, plant manager; Wayne Wooten, president, United Auto Workers #1832; Bobby Lee Thompson, director, United Auto Workers, Region 8; and Tom Plimpton, general manager, Peterbilt Division. A portion of these remarks could not be verified because the tape was incomplete.

[POTUS REMARKS]

Public Papers of the Presidents

February 1, 1994

CITE: 30 Weekly Comp. Pres. Doc. 180

LENGTH: 4073 words (POTUS mentions arthritis on p. 2)

HEADLINE: Remarks to the National Governors' Association

BODY:

Thank you very much. If anyone ever asks you what do Carroll Campbell and Bill Clinton have in common, you could say they have the same throat disease. [*Laughter*] He's doing better today than he was yesterday. I'm doing slightly worse. The good news is, you get a shorter speech.

I want to thank you all for being here and for your common concerns. Yesterday we had a good meeting and especially, I thought, a very good discussion about the problem of crime in our country and the crime bill, the necessity to put more well-trained police officers on our streets and to take repeat violent criminals off the streets forever but also the necessity to be smart about the crime bill, to do things that make sense to you and to your law enforcement officials.

Today, I want to talk a little bit about two other fundamental challenges that we face: health care reform and welfare reform. They are linked inextricably to each other. And in order to meet these challenges, we will have to have an open and honest partnership both in passing the laws and, perhaps even more important, in implementing them.

We began our partnership, at least with me in this new job, about a year ago today when we had a very long and fruitful meeting at the White House. I think it ran in excess of 3 hours. That meeting resulted, among other things, in the approval of every major waiver for State health care reform that you have requested. There have been 5 of them and about 90 smaller waivers to enable different changes to be made at the State level. In addition to that, we've now granted waivers to nine States in the area of welfare reform.

I do believe the States are the laboratories of democracy. I do believe that where people are charged with solving the real problems of real people, reality and truth in politics often is more likely to give way to making progress.

Last August you all said, Democrats and Republicans alike, that our health care system is in crisis. In the last several days we've had a big linguistic battle in Washington about whether we have a crisis or a serious problem. I think it's better, since we're at the Governors' meeting, to focus on the facts. We do have a system, unlike any other in the advanced countries in the world, in which insurance companies decide who's covered and who isn't, what the cost of insurance is, and what's covered in specific policies. We do have a system in which the number of uninsured people is going up significantly. We do have a system in which more and more Americans, therefore, who have insurance are at risk of losing it if they get sick or if their job goes away.

We clearly have a system, as our SBA Director Erskine Bowles, from North Carolina, never tires of telling me, where small businesses have premiums that, on average, are 35 percent higher than large businesses or Government. We have a system in which State budgets have been extraordinarily burdened by the exploding costs of their Medicaid match, so that last year, for the first time ever, States spent more money on health care than on State-funded higher education.

We have a system in which the lowest estimate of uncompensated care burdens on hospitals is $ 25 billion a year; in which 58 million Americans, according to the Medical Association, are without coverage at some time during the year; in which 81 million Americans have a preexisting condition, which means either that their premiums are higher or that they can't get insurance or that they can't ever change jobs, which is an enormous burden in a system in which labor mobility is, I am convinced, the key to personal and family prosperity as we move toward the 21st century.

Finally, we have a system in which three out of four insurance policies have lifetime limits, which means if you get really sick you might run out of insurance in the middle of the time when you need it most.

Now, those are facts. They can be seen in the million letters, almost, that the First Lady has received since we started this whole effort to deal with health care. On the way in, I was describing briefly to Governor Campbell a letter I got from -- -or she got from Jo Anne Osteen of Sumter, South Carolina, who owns a small business, works 6 days a week, raised three children by herself with diabetes and **arthritis.** Although she had diabetes and **arthritis,** when she wrote us she hadn't been in the hospital one time in the 12 years that she'd been with her insurers. But her insurance rates went up to $ 306 a month, even though she was only taking home $ 205 a week from her business. Her doctors told her that the answer was to quit and go on disability. So she wrote, "Those high premiums are going to force people like me to the welfare and food stamp lines with no insurance. I am a proud American, and I don't want this to happen to me. I have thought about nothing but this problem, and I don't know where to turn."

Well, I think we ought to heed her call for help. A lot of you do, too, and that's why you've tried to reform your health care systems. After all, this woman has values that keep this country together. They're the ones that built our Nation. And we shouldn't force people like that to consider seriously whether they should go on to public assistance in order to take care of their children.

There's a flip side to this, too, this connection between welfare and health care, which I want to mention. I talked about it a little in the State of the Union Address. But we often say to people they should leave welfare and go to work. And we know that welfare benefits themselves in real dollar terms are lower today than they were 20 years ago in most States. So that the welfare check has almost nothing to do with why people stay on welfare. They stay because of the medical care and because of child care and because they have low skills. But we have this incredible situation in our country where if someone on welfare leaves Welfare to take an entry-level job that doesn't have health insurance, as soon as the coverage of the Family Support Act runs out, you have people making low wages paying taxes to pay for health care for people who stayed on welfare and didn't make the same decision they did.

So these two issues are clearly tied together, and we need to see them together as a part of what it would take to make America a place where people who work hard, play by the rules, and believe in the kind of values that permeate the efforts that all the Governors around this table are making are rewarded for that.

Now, we've made a beginning. Last year, the Congress passed in the context of the budget act a huge increase in the earnedincome tax credit which lifts families with children on modest wages out of poverty. When tax bills come due this April, 15 million families with a total of about, we estimate, 50 million Americans, will be lifted beyond the poverty line by getting tax reduction under the earned-income tax credit. That means that there will no longer be an income incentive for people to choose welfare over work.

But the welfare system has a lot of other problems as well. Too often it still rewards values other than family and personal responsibility. Instead of encouraging those to stay together as we should, it often encourages families to break apart. Instead of encouraging children who have children to live with their parents or grandparents, it often encourages them to leave home. Instead of enforcing child support and asking those who bring children into the world to take responsibility for them, it too often ignores -- it's too difficult to collect the $ 34 billion absent parents should be paying to their children.

Perhaps most important -- we were talking about this on the way in -- an enormous part of this problem is the explosion of births to people who have never been married at all. And there is nothing in the present system, except where the States have taken the initiative to do it, to stop teen pregnancy from occurring in the first place. Even in the Family Support Act of '88, and I want to say more about that because I'm really proud of what we did on it, there was nothing to stop the condition from occurring in the first place.

And we need to devote, as this debate takes place, an enormous amount of attention to some of the decisions that we ought to make, some of them quite politically courageous. Governor Campbell was talking about some of the things they're doing in South Carolina which mirror some of the things we tried to do at home to try to stop these things from occurring in the first place.

This year I have committed, and Senator Moynihan, I think, and Senator Dole probably both talked about this -- to offer in the springtime a comprehensive welfare reform bill to restore these values of responsibility and family. We want to help those who are on welfare to get on their feet. We want to help them for up to 2 years with training and child care and other supports. But after that, we need to have a system that says anybody who can work and support themselves and their families must do so, in the private sector where possible, with a community service job if that's the only work available, to make welfare a second chance, not a way of life.

Now, those of us in this room have worked on this issue for years. I wax privileged, along with the then-Governor of Delaware, Mike Castle, to be the representatives of the Governors who work with Senator Moynihan and with Congressman Ford and others on the welfare reform effort that became the Family Support Act of 1988. Mike Castle is now in the Congress, having changed jobs with Tom Carpenter. Guess who thinks he got the better deal out of that?

We never fully implemented that act. You know it, and I know it. So we ought to begin asking ourselves: Did we do a good job then? What progress has been made in the States? There's a lot of evidence that significant progress has been made in the States that have been most aggressive.

Why was it never fully implemented? Partly because Congress never fully funded it, partly because -- as you will never hear the end of it, they'll say, "Well, but the States never fully used all the money we came up with. States must not have really cared about this because they never provided the State match to use all the funds." You know why the States never provided the State match, don't you? You had to spend all your money making the Medicaid match, which was not optional, it was mandatory, and building prison cells. That's where we spent all of our new money in the 1980's and the early nineties.

So I point this out not to do any fingerpointing but just to say one of the things we need to do is to go back and look at that bill, see what's good about it, figure out what will be necessary to change so that the States can take full advantage of that bill, because it had incentives to work, it had supports for families. It was never fully implemented because you had to spend all your money on mandatory explosions and medical costs and building prison cells, many of which were also mandated by the Federal courts, not the Congress. So we need to begin there.

We also need to know that -- to recognize again -- though I will say that we estimate that about one in five, just under one in five people who get back on welfare after they get off do so for a health-related reason. Because so many people on welfare, virtually everyone has younger children, the loss of the health care coverage for the younger children for people who leave welfare is an enormous disincentive to get off of it.

That's why I think that a year ago in the winter meeting, the Governors hit the nail on the head when they said the kinds of structural changes that must occur in the health care system can't be effective until every legal resident of America has health insurance. I believe that the health care solution and the welfare solution are inextricably linked.

Let me say just a few words about health care. I'm encouraged by what I understand was said by the speakers before I got here today. And again, I wish I could keep you in constant session here. You seem to have a leveling effect on the political rhetoric of the Nation's Capital. Guaranteed private insurance for every American is the only way we'll ever be able to control the cost of this system, simplify it, and provide the American people with security of health benefits that can never be taken away. Unless we do that, too many will continue to get their care in emergency rooms, which will add billions of dollars to the health care bill. Too many will continue to not have certain things covered. Too many, for example, will be part of the Americans who add an estimated $ 21 billion to our health care bills every year because they can't afford medicine that would keep them out of hospitals, so they wind up going to the hospitals and costing the American people much more. We certainly won't be able to simplify the system and reduce the unnecessary bureaucracy.

One of the things that I challenge all the folks to do who believe that the beginning of health care reform is to tax the benefits of middle class workers who have generous health care packages, is to say: How can we do that? How can we start with that when we know we have a system where we spend 10 percent more on paperwork, bureaucracy, and insurance premiums than any other nation in the world? And these things have nothing to do with health care. We just have a system that is organized so that we spend a dime on the dollar more on paperwork than any other country in the world, paperwork in the insurance office, paperwork in the hospitals, paperwork in the doctor's office.

I just left the American Hospital Association, and they have said, clearly, the only way you'll ever fix this is to have a system that provides basic coverage to everybody, so that you can have a single claims form which will be imposed on the patients, single claims form for the hospitals, single claims form for the doctors. It is imperative that we do that.

There was a study in the New England Journal of Medicine a year or so ago: two hospitals, one in the United States, one in Canada, same number of beds, same rate of occupancy, same general mix of treatment, one of them had 200 people in their clerical department, the other had 6. Now, I don't advocate going to the single-payer system for other reasons; there are other problems in the Canadian system. And it is the second most expensive in the world. I think managed competition will work better. But it is clear that we cannot justify, in my view, taking something away from the working people of this country before we clean up the administrative costs of the present system.

I also will say without full coverage, I don't see any way to avoid the conclusion that States will continue to bear a disproportionate burden of skyrocketing health care costs. The Lewin study showed that States would pay less under our approach than if we just left things the way they are and that health care would improve.

I still believe in the requirement for employers to cover their employees. First of all, that's the way most people get their health insurance today. Under our approach people would have a choice in their health care program. There's been a lot of discussion about this. Let's go beyond the rhetoric to the reality today.

Today, fifty-five percent of all employers and 40 percent of all employees who are covered with health insurance through the workplace have no choice in the health care plan or the doctors they get, they are selected by the employer, today. Under our plan, every employee would have to get at least three choices once a year, one of which would be just picking your doctor and having fee-for-service medicine.

So I'm all for choice, but we need to recognize that if we want the benefits of competition and the benefits of choice, we have to move away from the trend that we are setting now. We are moving in the direction of getting the benefits of competition and market power for big business and Government. And some of you have asked for reforms, Governor McWherter, among others, to put Medicaid into a managed competition environment to get the benefits of that. But the problem is some people will get the benefits of that, other people on the other end will lose choice. So if you want to pursue both values at once, we plainly have to change the direction in which we are going. And we have to have a different framework if you wish to have both.

Now, in spite of some of the interesting art work that you've seen in the last couple of weeks, the Washington Post said that our approach would create, and I quote, "a surprisingly simple world for consumers." You make a decision once a year, among at least three plans, based on what you want. I wish we could even have more choice. We haven't figured out how to do that yet. But Federal employees have a great deal, for example, and many of you in States have given your State employees more and more choices. And because you have market power, you can do that, which is why you have to give some framework for the small businesses to have the same market power that big business and Government does.

Now, a lot of this approach builds on what I have seen a lot of you do in the States. Hawaii proved a long time ago that if you did it right, you can have an employer requirement to cover employees without bankrupting small business but providing better coverage, stronger work force, and lowering health care costs because of the way the market can be organized. The Governor of Hawaii has spoken eloquently about this. You can say, "Well, Hawaii is geographically iso lated and, besides that, we all like to go there and surf and play golf or whatever." Well, that's why we want to do it for the whole country instead of just impose it on one State or another.

We learned from Minnesota that health care cost targets can be set and met through strong leadership, market-forces competition, and high quality. And I might say, Governor Carlson, that the Mayo Clinic stands -- if there were no other example in this country, and there are -- but if you just take that one example, it is a sterling and a stunning rebuke to those who say you cannot provide the world's highest class health care and control costs.

We learned from the example of Washington State and of Florida and most recently of Maryland that you can pool businesses and families together to change the David-and-Goliath equation, and then small businesses and families can get affordable health insurance that covers the things which need to be covered. We learn from Pennsylvania -- we learn two things from Pennsylvania. The first thing is that the Governor of Pennsylvania proves that you can do anything in the health care system. We also learn that better tracking of costs and outcomes improves the quality and lowers the cost. This is an amazing thing they did, and our approach encompasses this. Whatever the Congress does, this should be a part of it. Pennsylvania actually took the time to study and report on the cost of different procedures in different hospitals in different parts of the State and then measured the cost against the results, proving that there was not a necessary connection in many areas between cost and quality and changing the whole environment in terms of what consumers then could ask for and get. This sounds like a simple thing, but in a system this complicated this information, available in a way that people can act on it, is a rarity, not the rule, in American health care.

So I believe that if we at the Federal level can learn from these things and finally solve this problem in a comprehensive way, we will go a long way toward dealing with the welfare reform issue, and we will lay to rest one of the biggest problems .for American families and for the long-term stability of our society.

Now, what normally happens around here is that everybody gives their speeches, and then we have Washington-style reform where we tinker at the edges, expand the Medicaid program a little more. That's what we've been doing for years, you know, just kind of backing toward universal coverage by expanding Medicaid mandates. And then at the same time, we try to ratchet down the Federal spending a little more and pass some other incremental reforms. You know what's going to happen? We do that, more mandates on you and less money for you to pay. That's what's going to happen. More State money put into a system that is fundamentally broken, without enough security, where someone else is making the fundamental policy decisions.

I talked to you a few moments ago about Jo Anne Osteen from Sumter, South Carolina. She wrote us last June, struggling to hang on to both her small business and her insurance. She had to make a choice, and she chose her business and lost her coverage. After decades and decades, it's time to solve that woman's problem, because her problem is our problem. And her problem is now the State government's problem.

We really can do things around here when we put our minds to it. We've got the deficit going down instead of up. We all got together, some of you mentioned it yesterday, in a bipartisan and Federal, State way and passed NAFTA when it was given up for dead. That enabled us to get a GATT agreement which was stalled for 7 years. Congress passed the Brady bill after a 7-year stall. We actually can do things around here when people work at it and they keep pushing us to make a decision and they keep us all in the right frame of mind and they keep us thinking about real things. You cannot escape the real world and the rhetoric. You can't do it because you're too close to your folks.

Here, we communicate most often with the American people through an array of intermediaries. And most times, too many times people can't get to us with their real problems. So there is always a danger here that the policy apparatus will just slip the tracks and that we'll forget what this is about.

Yesterday, Families USA issued this report, which I urge you all to get and read. It just takes 10 typical health care situations that actually happen to real Americans and identifies how those things would be dealt with under the major bills pending before Congress. In other words, it's not about politics and rhetoric and theory, it's about real lives.

So I ask you to help us do this. You all differ among yourselves; we have some differences with you. That's fine, that's good, that's what this is all about. But I remember in 1987 and 1988, we were struggling to deal with welfare reform. And every Governor in the country wanted to do something about it. And the political rhetoric -- the Governors were converging around an issue, but the political rhetoric in Washington was diverging right and left. And we sat around here and talked; we tried to get agreement on a policy position. And Governor Campbell had just left the Congress where he had been the minority leader of the subcommittee that dealt with welfare. And he said to the Democrats and Republicans alike, "Look, I had to go talk to a bunch of people on welfare, and here is the way this works. Here is the intersection of welfare, health care, food stamps, the whole thing."

It was an incredible moment where all of us had to say, this is not about rhetoric, this is about real people. And we went on and passed the Family Support Act, which Senator Moynihan said was the most significant piece of social reform in the welfare area in three decades.

Now, we can do this on health care. I don't believe we can do it unless everybody gets coverage. But we can do it, and you can help us do it if you push the thing together around real problems, real facts, and real issues, and don't let Washington rhetoric pull the country apart. The country needs you, and I hope you'll stay with us until the job is done.

Thank you very much.

NOTE: The President spoke at 11:46 a.m. at the J. W. Marriott. In his remarks, he referred to Gov. Carroll Campbell of South Carolina, Gov. Ned Ray McWherter of Tennessee, and Gov. Arne Carlson of Minnesota.

LANGUAGE: ENGLISH

LOAD-DATE: February 22, 1994

Bio information on McWherter

Governing Magazine December, 1994

Governing Magazine

December, 1994

SECTION: PUBLIC OFFICIALS OF THE YEAR, 1994; Vol. 8, No.3; Pg. 40

LENGTH: 592 words

HEADLINE: NED **MCWHERTER:** MODERN CHALLENGES, VINTAGE POLITICS

BYLINE: --Alan Ehrenhalt

BODY:

Had all the Southern governors of the past decade posed for a group photograph, it's safe to say nobody would have picked out Ned McWherter as the innovator of the bunch. Bald and rotund at age 64, evoking an image of Hoss Cartwright in late middle age, he resembles the most conventional Southern courthouse politician of an earlier day.

But when he retires in January after two terms in the Nashville statehouse, he will be leaving behind a legacy of accomplishment that the self-proclaimed "change agents" of current state politics can only envy: the most comprehensive state health reform program enacted in the 1990s; fiscal management that helped spare Tennessee most of the pain of the recent recession; a housing finance innovation that used real estate tax money to rehabilitate thousands of homes.

McWherter succeeded not by repudiating traditional politics but by practicingit with sophistication. Taking office after more than a decade as speaker of the Tennessee House, he used his legislative skills and contacts to cajole his former colleagues into action, courting them with phone calls and dinners at the governor's mansion and pressuring when necessary by holding them in his office until they went along with him.

That was the style that produced TennCare, the new health insurance system that provides comprehensive coverage to more than a quarter of the state's residents. The enactment was vintage McWherter: He essentially established the program by executive order, then leaned on his old legislative friends to pass the needed enabling legislation without prolonged debate. Not everybody is happy with TennCare--the state's physicians were all but mutinous against it at first--but the evidence is that it is going well so far, and the sheer skill involved in its passage marked a dramatic contrast with the chaos of the health care debate going on in Washington at the same moment. In any case, "the worth of a proposal should not be measured by the controversy that accompanies it," McWherter likes to say.

During his first term, ending in 1990, the governor began preparing for the recession ahead with a sequence of semi-austerity moves that most states chose not to bother with. State hiring and capital equipment purchases were essentially frozen, and new capital projects were put on hold. When the recession finally hit, Tennessee survived it without major program cuts or layoffs.

The one conspicuous failure of the McWherter years in Tennessee was an ambitious one. It involved the governor's inability to talk the legislature into financing a swift and massive overhaul of the entire primary and secondary education system. Some elements of McWherter's education plan did become law, equalizing school funding and taking the choice of superintendents out of partisan politics. But the key to the program, a new income tax that would have paid for its most ambitious elements, never came close to passage.

McWherter never gave up on the plan, however, maneuvering for it with a persistence that would no doubt have pleased his old mentor "Fats" Everett, the legendary king of the West Tennessee courthouse pols. When in doubt, the governor always seemed to be able to reach back for a homily from Fats. Late one night, holding his aides in the office for a strategy session that had them grumbling about overwork, McWherter sent them back to their desks with a single sentence. "What Fats always said," McWherter lectured them, "was, If you don't want to work, don't hire yourself out.'"

LANGUAGE: ENGLISH

LOAD-DATE: April 13, 1995

AP Candidate Bios 1994

The Associated Press Political Service
AP Candidate Bios

LENGTH: 516 words

NAME: Ned Ray McWherter

ELECTION-YEAR: 1994

STATE: Tennessee

OFFICE-SOUGHT: None

PARTY: Democrat

OCCUPATION: Governor of Tennessee

BIRTHDATE: October 15, 1930

GENDER: Male

RACE: White

BIOGRAPHY:
Ned R. McWherter was born in Palmersville, Tenn., and resides in Nashville. He grew up on a small farm, on which his parents were sharecroppers, and he was educated in local schools. He served in the Tennessee National Guard. McWherter owned several small businesses, including a shoe factory, and beer and oil distributorships. He first was elected to the Tennessee House in 1968, and was selected in 1972 by House Democrats to be speaker. McWherter was elected the 46th governor of Tennessee in 1986 and again in 1990. He could not succeed himself for a third term in 1994 and said he would retire to his farm in Dresden. McWherter, a widower, has two children.

PROFILE:
In his final year of office, during which many governors would fade into the sunset, McWherter has been hard at work defending his TennCare health care plan. McWherter sees TennCare, a system of managed health care for Medicaid recipients and uninsured Tennesseans, as a way of making quality health care available for the working poor as well as the extremely needy. TennCare was implemented Jan. 1, 1994, with the federal government's approval. The McWherter administration convinced lawmakers not to tamper with the provisions, giving it at least a year to see whether TennCare works. During his watch, Tennessee's prison system came out from under federal control, unemployment reached its lowest level in 38 months and Tennessee was twice voted the best-managed state government in the country. He also cites his "21st Century Classroom reforms," enacted in 1992, and the state's improved roads and bridges as his biggest accomplishments. McWherter was a sharecroppers' son who rose to political power. He served as speaker of Tennessee's House for a state record 14 years and was elected governor in 1986 and again in 1990. He began his business career at an early age, working in a shoe factory and helping his widowed mother run a restaurant. He borrowed money to start a children's shoe factory of his own and later started a truck line, bought a beer distributorship and bought and sold an oil distributorship. His business interests included a nursing home and he held stock in several West Tennessee banks. McWherter -- 6 feet 4 inches tall, 265 pounds -- was an often-unchallenged political power in his region and became a state legislative giant. He opened his 1986 gubernatorial campaign by sounding

a folksy theme and telling his supporters: "I'm one of you...I'm one of you." He added that "our people feel good about Tennessee and they believe our state is moving in the right direction." He promised to give Tennessee an honest, even-handed government -- protecting the past's values while meeting the future's economic demands.

PRIOR-CAMPAIGNS:
McWherter was elected governor of Tennessee in 1986, with 54 percent of the vote, defeating Republican Winfield C. Dunn, a former governor. In 1990, he handily defeated Republican Dwight Henry and two independent candidates. There was no Democratic opposition. Before becoming governor, McWherter served in the Tennessee House, winning his first election in 1968.

TELEPHONE: To reach McWherter or his aides in Nashville, Tenn., call (615) 741-2001.

LANGUAGE: ENGLISH

LOAD-DATE: June 17, 1994

Source: All Sources : / . . . / : **Biographies**
Terms: **ned ray mcwherter** (Edit Search)
View: Full
Date/Time: Wednesday, September 27, 2000 - 5:21 PM EDT

AP Candidate Bios 1990

The Associated Press Political Service
AP Candidate Bios

NAME: Ned Ray McWherter January, 1990

ELECTION-YEAR: 1990

STATE: Tennessee

OFFICE-SOUGHT: Governor

PARTY: Democrat

OCCUPATION: Governor of Tennessee

BIRTHDATE: October 15, 1930

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PRIOR-CAMPAIGNS:
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TELEPHONE: To reach McWherter or his aides in Nashville, Tenn., call (615) 741-2001.

LANGUAGE: ENGLISH

Source: All Sources : / . . . / : **Biographies**
Terms: **ned ray mcwherter** (Edit Search)
View: Full
Date/Time: Wednesday, September 27, 2000 - 5:21 PM EDT

Ned Ray McWherter (1930-

Ned Ray McWherter was born October 15, 1930 in Palmersville, Tennessee to Lucille Golden Smith McWherter and Harmon Ray McWherter. He was married to the late Bette Jean Beck McWherter and has two children. Son Michael Ray McWherter is a businessman in Dresden and daughter Linda Ramsey is a doctor of physical education at the University of Tennessee at Martin.

McWherter's career in government began in 1968 when the successful Dresden businessman won a seat to the Tennessee House of Representatives. After just two terms, he was elected speaker of the House - a position he held longer than anyone in Tennessee history. He also made history by becoming the first person ever to serve as speaker of the House right up until the time he assumed the duties of governor. During his legislative tenure, he served on the State Building Commission Joint Fiscal Review Committee, the Council on Pensions and Retirement, the Tennessee Agricultural and Industrial Development Commission and the State Agri-Industries Board. He was also the chairman of the House Calendar and Rules Committee, the House Finance, Ways, and Means Committee and the House General Welfare Committee.

As the 46th governor of Tennessee, he provided progressive leadership by insisting all proceedings of the House be open to the public and press. He was the original sponsor of the "sunshine law" and always adhered to an open door policy with his constituents. He opened doors to minority groups by appointing the first black committee chairman in the south and assisted women into influential leadership roles in the legislature. His 21st Century Schools education reform program launched similar programs in other states and his replacement of the Tennessee Medicaid system gained national attention. He served on several national and local councils and committees including the board of governors, Council of State Governments, the Executive Committees of the Southern Conference, the Weakley County Head Start Program and the Executive Committee of the Northwest Tennessee Economic Development District.

Governor McWherter is involved in many civic organizations and has memberships in the Elks Club, Shiners Club, Eagles Club and is a 33rd degree Scottish Rite Mason. He is also a member of the Weakley County Chamber of Commerce, the Tennessee-Arkansas-Mississippi Girl Scout Council Board, and a trustee of the University of Tennessee. He was a charter member of the Dresden Lions Club and Jaycees, and served as chairman of the Tennessee Heart Association fund raising campaign. The former governor is a member of the Methodist Church and served for 21 years in the Tennessee National Guard before retiring with the rank of captain.

Following Governor McWherter's last term as chief executive in 1995, he was appointed to the Board of Governors of the United States Postal Service by President Bill Clinton and currently holds that position.

Return to previous page.

Ned Ray McWherter

Ned Ray McWherter, 1987-1995, Democrat. Born in Palmersville in 1930, McWherter has been a farmer and a businessman, and is a retired captain in the National Guard after 21 years service. He was elected to the state house in 1968, serving a record seven terms as speaker. In the house he sponsored the campaign financial disclosure law and open meetings legislation. He was elected governor in 1986. His 21st Century Schools reform program provided for equalization of funding and high performance standards. His TennCare plan replaced the Medicaid program and provided health care to the poor, complementing national health care reforms. McWherter's administrations recruited new industry from other nations and provided for economic development in depressed areas.

Back

Press on McWherter & TennCare

Governing Magazine October, 1999

Governing Magazine

October, 1999

SECTION: FEATURE;Pg. 22

LENGTH: 3170 words

HEADLINE: CRITICAL CONDITION

BYLINE: Penelope Lemov

HIGHLIGHT:
Several states' widely heralded managed-care plans are in serious trouble. Meanwhile, the number of uninsured continues to climb.

BODY:
At 8 o'clock on a bright Maymorning in Nashville, Betty Nixon is in her office stuffing papers into her briefcase. The chief health care lobbyist for Vanderbilt University Medical Center is about to head over to the capitol for yet another round of meetings with the medical center's political allies and key Tennessee lawmakers. On her way out the door, she ticks off the anxiety-producing perils Vanderbilt faces as the legislature, in the waning days of its 1999 session, debates the future of TennCare. Nixon leaves little doubt as to the seriousness of the situation: "TennCare," she says, "is on life support."

TennCare is the health reform plan that then-Governor Ned **McWherter,** a Democrat, rammed into place five years ago. Essentially bypassing the legislature, **McWherter** junked Medicaid and replaced it with a managed-care plan that qualifies for partnership with the federal government and provides access to health care for all 800,000 former Medicaid beneficiaries--plus an additional 400,000 people who cannot afford private health insurance or are too sick to qualify.

Although Vanderbilt had deep misgivings about the program when it first went into effect--there was, after all, virtually no managed-care experience within Tennessee--it has since bought into it: The medical center has reconfigured the way it delivers services to make itself more efficient. At the same time, it has gone $80 million in the hole to cover losses from TennCare's reimbursement policies.

Vanderbilt isn't the only hospital to be adversely affected, and physician groups complain that the program's managed-care companies are paying them at a rate that is more than 15 percent below actual costs. They do not appear to be crying wolf. When the state did an actuarial review of TennCare in February, it found the program was underfunded by $289 million and that continued provider participation was in doubt.

As one of the country's most ambitious health plans, TennCare has always been under the microscope. And other states have more than a casual interest in its fate, since collectively they have herded more than half of the nation's 31 million Medicaid recipients into managed care over the past decade. What can be gleaned thus far from the rise and faltering of TennCare is that managing managed-care companies and providing sufficient revenue to keep provider groups viable--all the while controlling costs--is proving to be more of a challenge than expected.

In the early 1990s, when the country was mired in recession, state budgets were being eaten alive by fast-rising health care costs. Medicaid, in particular, rose from 10 percent of state budgets in 1987 to 18.4 percent in 1993. On top of that, nearly 40 million people, or 17.3 percent of the U.S. population, had no health insurance at all.

While the search for a solution topped the national agenda, a handful of states decided to come up with health care reforms that suited their own situations and not wait for a federal fix. Several of those programs garnered national attention: The state of Washington expanded coverage by subsidizing a basic health care plan for those not poor enough for Medicaid and offering another insurance program for those not covered by employer plans. Oregon opted to stretch Medicaid dollars by rationing services in exchange for bringing health care coverage to a wider population. Tennessee, faced with Medicaid spending that had grown to a whopping 26.5 percent of the budget by 1993, clamped on the spending controls of mandated, across-the-board managed care.

The approaches were as different as they could be. But today the programs have something in common: They're all in some degree of trouble, even as the country is in the midst of an eight-year economic expansion in which unemployment rates are near all-time lows and state revenues are at all-time highs. And if three well-thought-out and comprehensive state programs are struggling, the outlook for other states is far from sanguine.

Nationally, the number of uninsured is still climbing--in 1997, it stood at more than 43 million, or 17.5 percent of the population. Equally disturbing, the modest increases in health care costs that marked the past five years are starting to accelerate. In California, CalPERS, the retirement system that covers 1 million government employees and retirees, received a wake-up call this spring: a 9.7 percent hike in upcoming health insurance premiums. The premium increase, the highest since 1992, is strong evidence that medical inflation, after several years of dormancy, is roaring back to life.

The return of inflation in health care costs stems in part from medical breakthroughs: New and expensive medications and technologies that can treat or cure diseases in better, more effective ways have come onto the market. But inflation is also the result of the second stage in the shift from fee-for-service to managed care. When that conversion first got under way, managed care companies fought for market share and held premiums in check. Now, however, that changeover has reached a more mature level, and "the bill is due," notes Josh Wiener, principal research associate at the Urban Institute's Health Policy Center.

Moreover, while the managed-care approach reined in costs during the first phase of the conversion, that kind of control may no longer be possible. The spate of patient-protection legislation that has been considered and, in some cases, passed by state legislatures suggests to Wiener that "people are chafing against the restrictive things in managed care." Patient-protection plans, he adds, take off the table practices that might be used to control costs.

Even states with smaller, less heralded efforts to convert Medicaid patients to managed care are experiencing rough seas. According to the Kaiser Family Foundation, for every commercial plan that entered the Medicaid managed-care market in 1998, six plans exited. This summer, Ohio, one of the first states to mandate enrollment in Medicaid managed-care plans, had to allow beneficiaries in the Cincinnati area to switch back to an old-style Medicaid card when all but one plan pulled out of the program.

Such difficulties have led Betty Nixon to declare, "Health care is the policy issue for the next decade. We have to look for solutions that are going to work."

When Washington, Oregon and Tennessee implemented their reforms, they were pioneering efforts that aimed high and were crafted to tackle in a non-piecemeal way the most intransigent problems of the modern health care system: the cost of care and access to care. Three to five years into those experiments, however, they are running into funding problems or struggling with how to handle managed-care companies.

The state of Washington set out in 1993 to guarantee health insurance for everyone through a complicated balancing act. Everyone was required to have health insurance, and insurers had to accept all comers, regardless of health problems, and cover treatment for pre-existing conditions after three months, rather than the usual nine- to 12-month waiting period. By spreading the costs around, the theory went, insurers could afford to cover everyone.

The package was somewhat troubled from the start because federal law precluded the state from forcing employers to provide insurance for their workers. But Medicaid patients were encouraged to use managed-care options, and two other key parts of the program got off the ground. One of those was a subsidized basic health plan that offers coverage to those who don't qualify for Medicaid but can't afford insurance. The plan was originally intended to make insurance available to anyone within 210 percent of the poverty line, but funding has been cut back and the state is now reaching only those up to 125 percent of poverty.

Meanwhile, Washington's other basic health plan--a non-subsidized, barebones insurance package for those who don't qualify for the subsidized plan and don't get insurance through their jobs--threatens to unravel the whole reform package.

It is in what the insurance industry calls a "death spiral": Premiums are rising--there has been a 71 percent cost increase since 1994--and, as the increases kick in, healthier people are dropping out to buy less-expensive insurance or do without. Those left in the plan are comparatively sicker and in need of more care. That, in turn, forces premiums even higher. Eventually, insurance companies abandon the market, making individual insurance unavailable at any price.

As this happens, the state is pressured to open its high-risk insurance pool to those who can't find coverage. But that pool is paid for by assessments against insurance carriers, and those assessments are passed on to the businesses and the employees they insure--boosting the cost of insurance for everyone.

What went wrong? From the beginning, insurers and private-sector employers disliked the program. In 1995, the Republican-controlled legislature stripped away some of the reforms, but it left in place two of the original requirements that were very popular with Washington consumers: Pre-existing health problems are covered within three months, and people can buy insurance whenever they want--even if it's only when they feel sick. Sue Crystal, Governor Gary Locke's health policy adviser, has likened this to buying fire insurance when your house is burning down. "The whole principle of insurance is you buy it before you need it," she said.

This year, three of the top insurers said they would stop selling individual health insurance plans unless changes were made to improve business conditions for them. The legislature debated a compromise that would lengthen the waiting period on pre-existing conditions and let insurance companies raise rates without permission from the insurance commissioner, as well as deny coverage to high-risk individuals. Although the plan squeaked by in the Senate, it failed in the House. "I'm disappointed," says Senator Pat Thibaudeau, who chairs the health care committee. "I'm a believer in universal access. We started down that road in 1993, but we've been chipping away pieces of it ever since."

Meanwhile, the "death spiral" in the unsubsidized basic health plan continues: Only about 7,500 people are now in the program, about half the number that were in it a year ago. Moreover, people in about 40 percent of the state's counties who want to buy an individual insurance policy cannot find a company to sell them one.

In neighboring Oregon, the state's health care plan is in slightly less dire straits. Nevertheless, the program has come up against changes in political power and fiscal priorities, and supporters are realizing that their initial hopes for expansion are having to be scaled back.

Oregon's approach has always been the most controversial of the three. Rather than apportion medical care by level of poverty, Oregon limits the health care services its Medicaid program provides. The limits are based on a list of 709 medical procedures compiled by committees of medical experts and lay people. The procedures are ranked according to the importance of the treatment. The common cold, for instance, is low in the pecking order.

Each of the 709 line items comes with a price tag--how much it costs the state to provide treatment to its roster of Medicaid patients. Depending on the money available to fund the program, the state decides what will be covered and what won't. The idea is that should costs escalate and money become scarce, the line can be redrawn--as opposed to the traditional alternative of reducing the number of participants in the program.

The rationing approach, implemented in 1994, was the brainchild of Democrat John Kitzhaber, a physician who was president of the Oregon Senate. During the first three years of the program, it worked as advertised: Oregon was able to add 120,000 people to its Medicaid coverage (much of it in managed care)--increasing the rolls by more than a third. However, as a result of several statewide ballot initiatives, Oregon recently moved toward state funding of education. Fifty percent of the state budget now goes toward providing for primary and secondary schools. "The growth of the fiscal commitment to education has placed enormous pressure on other state programs, including human service programs," says Mark Gibson, point man on health care for Kitzhaber, who is now the governor.

In June, Republicans, who currently control both houses of the legislature, proposed cutting $46 million from Oregon's health plan, in part by eliminating a program that offers health insurance subsidies to families who earn too much to qualify for Medicaid but not enough to buy their own insurance. Added in 1997, the program had been slated to double in size this year. Instead, Kitzhaber and other backers settled for a compromise that saved the program by capping the amount of subsidies.

As to cutting costs in the Medicaid program, eligibility was tightened a little (instead of $5,000 in liquid assets, Oregonians must have no more than $2,000 to qualify), but more to the rationing point, the line of permitted treatments was moved up 10 slots. Among those diagnoses now below the threshold for treatment are a particular kind of knee problem, cystic acne and salivary secretion disturbances.

Just how the tightening of eligibility requirements, retreats on services and diminished subsidies for the family health plan will play out remains to be seen. At this point, Gibson says, "we are bucking the national trend." It is true that the state's overall rate of uninsured residents dropped from nearly 17 percent in 1993 to just under 15 percent in 1997, according to the Employee Benefit Research Institute. There has, however, been a jump in the percentage of state residents below the poverty level who don't have health insurance. In part, this is due to welfare reform: Many who lost their welfare benefits assumed--incorrectly--that they were no longer eligible for Medicaid. That jump--from 17 percent in 1996 to 23 percent in 1998--suggests, however, how vulnerable the balance of a health care system is.

Josh Wiener, for one, finds such trends disturbing. If the percentage of uninsured has been creeping up even when the economy is good, "what happens when the economy turns sour as it must sooner or later?" he says.

As for TennCare, Betty Nixon's and her allies' efforts on behalf of adequate funding and appropriate management reforms weren't in vain. Before the Tennessee legislature wrapped up its regular 1999 session, lawmakers pumped nearly $200 million in state and matching federal money into TennCare, making it a $4.4 billion program. The move was, in a sense, a no-brainer. John Ferguson, the state's finance commissioner, estimates that this year TennCare cost the state $900 million less than the Medicaid program it replaced. Legislators also insisted on management reforms and additional oversight of the program, which Nixon called "a very big step forward." But it may not be big enough.

Four months after the legislature acted, TennCare remained in turmoil. Blue Cross, its major managed-care insurance company, refused to sign more than a six-month extension to its contract. At least one other TennCare managed-care company was in bankruptcy; another was close to it. TennCare's federal partner, the Health Care Financing Administration, sent a project officer to Nashville in August to urge TennCare's administrators to come up with a contingency plan so enrollees would not be left without insurance should any more companies fold or leave the program. If managed-care companies refuse to stay in the program--as happened in Ohio--that would push Medicaid recipients back into the fee-for-service sector, a very costly alternative.

TennCare's problems, Nixon had noted in May, "can be cured by money--if that money is managed and targeted appropriately." But managing and targeting funds is the devilish detail.

Certainly, lack of effective management within TennCare and oversight of the managed-care companies has been a contributing factor to its distress. Many hospitals, physicians and other providers had argued that they weren't seeing a fair share of the "capitation rate," the per-person amount the legislature appropriates for each beneficiary. And institutions such as Vanderbilt that take on a large proportion of charity cases and provide unique facilities, such as the regional burn unit, have not been compensated adequately for those expensive services.

The problems could be remedied by the 1999 legislation. The new law mandates that managed-care companies send at least 75 percent of the additional capitation funding to providers. Moreover, state officials were given powers and resources to hold the managed-care companies to higher operating, financial and legal standards. What these would be were not spelled out, however, and the reason Blue Cross balked at committing to a longer-term relationship was that it was asked to sign a contract promising to go along with unspecified reforms.

There have also been allegations of abuse and misuse of the program by beneficiaries. People from out of state may be signing up for the program, and some Tennessee residents may buy into TennCare to take advantage of a particular benefit, such as maternity care, and then, when they no longer need it, drop out of the program. Officials are now investigating these charges.

TennCare clearly hasn't run as smoothly or inexpensively as many had hoped. Yet most close observers believe the program is, in fact, doing its job. They point out that the number of uninsured has shrunk significantly. "We're making corrections," says Tony Garr, head of the Tennessee Health Care Campaign, a patient-advocacy group, "but the damn thing works."

And, despite its high-profile problems, rescuing TennCare remains firmly on the agenda for political leaders on both sides of the aisle. Republican Governor Don Sundquist worked hard to make sure that Blue Cross, which insures roughly 50 percent of TennCare beneficiaries, signed a contract.

"It's really significant that in spite of all the complaints and criticisms," says Gordon Bonnyman, a patient-advocacy lawyer who played an active role in the creation of TennCare, "there still remains a working consensus that this program is hugely important to the state, and that the alternative to funding it adequately is a much bigger threat to the budget down the road."

The lesson for other states is that what Tennessee, Oregon and Washington set out to do--control costs and expand coverage to large numbers of the uninsured--is very hard. "It's not that the leading states have done things wrong," says John Holahan, director of health policy research at the Urban Institute. "They have more problems because they have tried to address more of the issues."

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Governing Magazine June, 1998

Governing Magazine

June, 1998

SECTION: ASSESSMENTS;Pg. 5

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HEADLINE: IT PAYS TO KNOW WHERE THE BODIES ARE BURIED

BYLINE: Alan Ehrenhalt

HIGHLIGHT:
To govern effectively--or to dismantle government--brains and ideology aren't enough.

BODY:
If there's one thing I've learned from experience, it's that experience is overrated. How many times have you turned on a football or basketball playoff, listened to the announcers blather on about the importance of playoff experience, and then watched the battle-tested veterans get flattened by a collection of rank rookies? Experience is a lousy standard to use in picking a winner on the field. You almost have to be a sportscaster not to notice that.

By and large, the same principle holds in most fields of endeavor. You need a certain amount of experience to perform competently, but at some point, it ceases to be the most important credential. Forty years of practice doesn't make anyone the best candidate to represent you in court, remove your appendix, teach you piano or cater your wedding. If you think it does, you'll make the wrong choice more often than not.

But like all household truths, this one has its exceptions. If you look around carefully, you will probably notice that there are a few important jobs that still seem to be handled best by somebody who's been around the track a few times. The evidence of the past few years would suggest that governing a state is one of those.

Not long ago, as a way of avoiding more productive work, I took out a piece of paper and made a list of the "best" American governors of the 1990s. Here, in no particular order, are the ones I came up with: Ned **McWherter** of Tennessee, George Voinovich of Ohio, Roy Romer of Colorado, Tommy Thompson of Wisconsin, John Engler of Michigan and Zell Miller of Georgia.

I don't pretend there's anything objective about such a list, or that I'm the most qualified person to draw one up. But I have no particular axe to grind, and I tried as best I could to leave my own pet causes out of it. I was looking for governors who (1) set out a coherent policy agenda and accomplished most of it or (2) projected a consistent image of competence and authority.

All six of these contenders passed one or the other of these two tests. **McWherter** launched the nation's most innovative and widely copied health care and housing programs, and Miller rewrote his state's civil service law and steered through a nationally admired higher education funding program. Thompson and Engler took office vowing to reorganize state government along market-friendly lines, and to a great extent both of them accomplished it.

Voinovich and Romer don't fit so neatly in the innovation category, but I included them under the second criterion, as prudent and sensible managers who leave no doubt that somebody capable is in charge. Romer has demonstrated his negotiating skill in tough situations time after time, while Voinovich has proved to be exemplary at bringing labor and management together in an efficient administration.

I didn't draw much from this exercise in the way of partisan or ideological conclusions. **McWherter,** Romer and Miller are moderate Democrats, Voinovich is a moderate Republican, and Thompson and Engler are identified with the GOP right. You can argue that the activist left isn't represented on my list, but maybe that's because it hasn't elected many governors in the past decade.

But there's one interesting thing that all these governors have in common: On the day they were sworn in, they had served in government for a very long time.

McWherter spent 18 years in the Tennessee House of Representatives, 14 of them as its speaker. Romer was a state legislator for eight years and state treasurer for 10. Voinovich was a legislator, a county auditor, a county commissioner, and then a three-term mayor of Cleveland. Miller spent four years serving in the Georgia Senate and 16 years presiding over it as lieutenant governor. And each of them started young; all except **McWherter** made it to public office by the age of 30.

But the most interesting cases are Thompson and Engler. Both took office as sworn enemies of careerist government and bloated bureaucratic payrolls. But both had spent their entire adult lives in public office. Thompson was elected to the Wisconsin Assembly at age 24, the year he got his law degree. Engler was in an even greater hurry: He won his first term in the legislature at 22, before he had even graduated from college.

To critics on the left, the careers of Thompson and Engler have always been monuments to the hypocrisy of conservatives who bash government while making a living from it for decades on end. But there's a more benign and ultimately much more interesting point to make about these two conservative Republican careerists. They are tangible proof that a lifetime in public office is the best preparation for virtually anything you want to do in government--and that includes dismantling it.

Just why that should be so is an interesting question. Governing a state is difficult, but so are litigation and surgery, and they don't seem to demand experience in quite the way that being a governor does. There are brilliant brain surgeons fresh out of residency, and superb trial lawyers who have just been promoted from associate. There have been decent 32-year-old governors, too, but it's pretty clear that in recent years the truly superior ones, the ones who have placed their stamp on a state government and changed it permanently, have tended to come into power after an uncommonly long political apprenticeship.

The reason is that governing a state is not only difficult, but difficult in its own peculiar fashion. It involves threading one's way through a maze of complex institutions and personalities, bending them to one's will, and doing that without the benefit of any real instruments of autocratic power. It's a job for which creativity, intelligence and stamina alone are almost never enough.

The very best governors seem to know things that are very difficult to pick up anywhere else but in state government. They know how the legislature works, and who the pivotal members are, and how they can be flattered, cajoled, shamed and bullied. They are accustomed to bureaucratic inertia, but they have seen it conquered a few times over the years. They know they can appeal to the voters to rally support for a cause, but they also know they can't do it very often without wasting their credibility. In short, they know things that you aren't likely to know just because you are smart. Those who haven't mastered them tend to fail, no matter how much leadership ability they may have demonstrated in other lines of work.

I haven't made any list of the "worst" governors to go with my roster of the best, but I think I know what the ideal candidate for gubernatorial failure in the 1990s looks like. He's a successful self-made businessman, disdainful of government and uncomfortable with politics, accustomed to having his way in the private entrepreneurial world. He doesn't know many legislators, or want to know them.

His main interest in the bureaucracy is in humbling it. He has no desire for a long career in politics--he just wants to come in, straighten things out and return to private life before he's contaminated. He's very smart, and articulate. He's just not very smart about the things governors need to know.

Gary Johnson, the Republican governor of New Mexico, is an extremely intelligent man. He became a multi-millionaire in the construction business by the time he was 40, and in 1994 decided to put his talents to work in Santa Fe, shaking up the state and rearranging its affairs on a businesslike basis. Three-and-a-half years into his term, he has succeeded mainly in establishing a condition of almost permanent warfare with the legislature, the bureaucracy and the court system, and vetoing nearly half the bills sent to his desk for signature.

You can't say that Gary Johnson hasn't made his presence felt on the New Mexico political scene. What you can say is that he hasn't exactly succeeded at establishing authority or enacting an agenda.

Nobody seems to realize that more than Johnson. "My whole life," he said a few months ago, "I've been a success because I possess a lot of really good ideas, and I'm able to implement those ideas." As governor, he admitted, "none of my good ideas get anywhere."

Some of Johnson's defenders say that is because he is too conservative, and others insist it is because he is too blunt, eccentric and temperamental. More likely, though, it is for a much more humdrum reason: He didn't spend the years between age 25 and 40 prowling the corridors of power in state government, figuring out where the bodies were buried. The difference between a Gary Johnson and a John Engler isn't brains or ideology, it's just preparation.

Of course, all the preparation in the world is no guarantee of success in running a state, any more than it is in running anything. Pete Wilson in California and Lawton Chiles in Florida both had spent more than two decades in public office when they arrived on the gubernatorial scene in 1990, and yet it would be difficult to classify either of them among the most successful governors of the past decade.

But at the very least, a life spent in politics immunizes any new governor--any chief executive in government at any level--against the dangerous illusion that he possesses more power than he really does. You may recall the rude awakening Harry Truman predicted for Dwight Eisenhower just before leaving office: "He'll sit here, and he'll say, 'Do this! Do that!' And nothing will happen. Poor Ike--it won't be a bit like the Army. He'll find it very frustrating."

You might argue that Eisenhower, notwithstanding his profound lack of political experience, ended up doing pretty well for himself. I agree with that. On the other hand, Eisenhower had the advantage of being a national hero. Not many governors have anything similar in their background to call upon. For them, 20 or 30 years in the trenches of state politics is as good a substitute as they are likely to find.

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HEADLINE: The Big Bang approach

BYLINE: By Rita Koselka

HIGHLIGHT:
While other states fuss and fidget with their Medicaid systems, Tennessee did radical surgery. The surgery has already saved the state $ 1 billion.

BODY:
WITH ONLY SIX WEEKS' NOTICE, the state of Tennessee began moving 25% of its population into managed care programs in January 1994. It did so by transferring over its entire Medicaid roster, plus many of the uninsured who were getting free or subsidized medical care. Previously, managed care had only a 7% penetration in Tennessee. Hospitals and doctors howled, but the program is working.

Like many states, Tennessee's health care spending had swollen out of control. Medicaid accounted for $ 3 billion of the state's $ 12 billion budget in 1993 and was growing at 20%. "I was not economically responsible to try to tax our way out of the problem," says former finance commissioner David Manning.

Raising taxes would simply have driven business out of the state and compounded rather than alleviated the state's economic problems.

Tennesseeans are fiercely antitax, which is one reason the state is so attractive to business. The state ranks 49th in the nation in per capita tax rates. Former governor Ned **McWherter** was rebuffed when he tried to impose an income tax in 1992. Tennessee relies on a high sales tax, which is painful for consumers but puts less burden on economic productivity.

To keep medical costs down, the state was not above a bit of financial legerdemain at the expense of the federal Treasury *(see box, opposite).* "He was the dog that taught the pack to hunt," quips Gordon Bonnyman of the Legal Aid Society of Middle Tennessee, speaking of former finance commissioner Manning. When Congress closed this loophole in 1992, Tennessee had to find a way to save money.

While health care advocates suggest all sorts of tinkering and partial steps, TennCare -- as the local system is known -- went whole hog. It accepted bids from managed care companies and moved more than 700,000 Medicaid participants and 400,000 previously uninsured state residents into programs. "We substituted the state's buying power for its taxing power," says Manning.

Manning's logic is elegant, although unfortunately little understood in Washington. Under the old program a person eligible for Medicaid would visit his own doctor or hospital and the provider would bill the state, receiving a standard fee that was below the level paid by private linsurers. l

The state also paid subsidies for medical education and medical care for the needy. Tennessee received almost $ 2 in federal matching funds for every $ 1 it spent.

By federal law, health care providers had to treat for free seriously ill patients who were uninsured. State hospitals and doctors simply shifted the cost of these services to the privately insured or were reimbursed through other government subsidies. One such subsidy was the so-called disproportionate share for hospitals that treated more than the average hospital's share of the uninsured.

In figuring out how to reform the system, Manning took the total amount of the money the state and federal governments paid into medical services in Tennessee. Dividing that by the number of Medicaid recipients, Manning came out with over $ 3,500 per person -- more than double the private market rate of about $ 1,600.

Manning realized that for that much money he could cover all the uninsured as well -- instead of just subsidizing charity care. He set a price per capita of $ 1,200 -- in effect demanding a volume discount from the private sector.

Managed care organizations gulped, but still scrambled to put together bids for TennCare customers. Twelve managed care organizations were chosen by or assigned former Medicaid patients. Uninsured people earning up to five times the poverty level were allowed in. They were charged premiums on a sliding scale. Once a year participants can switch among providers to keep their services competitive.

"We had $ 3 billion to spend, I knew someone would play," says Manning drily.

The potential losers were doctors and hospitals. The more patients go on managed care, the greater the pressure on doctors and hospitals to cut their prices and perform more efficiently. Not all the savings from TennCare came out of doctors' pockets: Before, Medicaid patients usually went to an emergency room -- the most expensive part of the hospital -- when they needed to see a doctor. Now they have a primary-care physician with whom they make an appointment.

"Providers think Medicaid owes them a living. We don't say that to any other government contractor," argues Legal Aid's Bonnyman. "We say, 'If you can deliver the product according to specs at the contracted price and make a good living -- or make an outrageous profit -- go for it. If you don't think that is in your interest, don't.'"

To minimize disruption the state worked with Glen Watson, head of Blue Cross & Blue Shield. The Blues had created a medical provider network that had a contract with state employees and did not want to jeopardize this nice piece of business. Watson agreed that the Blues' network had to serve TennCare patients if it was going to continue seeing state employees.

The so-called cramdown provision infuriated doctors. Over 2,200 of its 7,000 physicians dropped out of the Blues' network rather than accept TennCare patients with their lower reimbursement rates.

The doctors have a point, but their arguments run flat against fiscal realities. We don't feel sorry for Apple if it can't produce a computer for $ 1,000 when Dell can.

Businesses know that they must produce products at a cost that the market will pay. Sentiment aside, medicine is a business today, and the doctors and hospitals of Tennessee could not afford to ignore 25% of the population.

Predictably, the doctors are steadily streaming back into the Blues' network, especially general practitioners, whose rates take less of a haircut under TennCare than specialists' do.

To repair state/doctor relationships, the state has upped payments about 10% under newly elected Governor Don Sundquist and instituted an advisory board that includes physician groups. Sundquist has also created a government office to regulate the managed care organizations to make sure they care adequately for patients and do not shortchange doctors and hospitals.

There were many problems in the program its first year owing to its hasty implementation. The state failed to collect premiums from many of the uninsured because its billing systems were not set up, but that is being dealt with now.

The managed care organizations were late establishing a system where primary care physicians were assigned patients to monitor and approve cost-effective services.

But without the rush, the program might have stalled indefinitely while special interest groups besieged the legislature. Former governor Ned **McWherter** is proud of what he helped create: "Tennessee's health care costs are almost $ 1 billion less than they would have been without TennCare, and we've covered 94% of the population. We did it by enlisting private market forces, not ignoring them," he says. Other governors and legislatures take note.

GRAPHIC: Picture 1, David Manning, Tennessee's former finance commissioner, rejected a tax solution, Rich Mays; Picture 2, Former governor Ned **McWherter,** Proudly enlisting the private sector. Bill Steber

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BYLINE: Chang, Cyril F.

BODY:

Only a year ago, Tennessee was one of the country's best managed states, with a healthy economy, rising state revenue and a balanced budget. The economic expansion continues and tax collections are running some 9% above those of the last fiscal year. Yet, facing a budget shortfall of $ 225 million, it must cut spending and dip into rainy day reserves. What calamity reversed the state government's fiscal fortunes? TennCare. The state's $ 3.1 billion experimental health reform program that replaced Medicaid and has become an out-of-control fiscal carnivore.

TennCare was masterfully engineered by former Democratic Gov. Ned **McWherter** to accomplish two goals: control the runaway growth of the state's Medicaid spending and expand medical insurance coverage to the 750,000 uninsured Tennesseans not eligible for Medicaid. The proposal won quick acceptance from hospitals, legislators and the public by offering something for everybody. It promised federal and state governments a slower rate of growth in health care spending and an expanded scope of coverage. It neutralized providers' resistance by promising an end to cost shifting and repeal of the onerous hospital bed tax. It also offered extra payments to hospitals serving a disproportionately large number of poor patients during the transition between programs. The experimental substitute for Medicaid was made possible by a federal waiver.

Since January 1994, former Medicaid participants and uninsured persons have enrolled in TennCare by signing with one of 12 authorized managed care organizations. The state expected the MCOs either to provide cost effective managed care services or to be driven out of business by their competitors. Since they must compete for enrollees in order to receive the fixed per-enrollee capitation payment, competition was expected to induce cost-effective delivery of quality health care services while shifting financial risk from the state to the MCOs.

Problems come with any new, complex and large scale program, particularly one implemented on such an attenuated timetable. But TennCare's fundamental problems stem from unrealistic assumptions: that the state can extend an undiminished level of health care services to an additional 750,000 persons and that managed care and managed competition will deliver enough savings to cover the extra cost.

TennCare saves money by paying doctors even less than the Medicaid program it replaces. It forces physicians into acquiescence by imposing a "cram down" rule: They must accept an unlimited number of TennCare patients or they're not permitted to treat patients who are state employees. Many doctors have opted out of the program anyway. They describe TennCare as an 800 pound gorilla that throws its weight around-- you stay away or you get hurt.

Initially, TennCare was hailed as a success because it held so much promise and went into effect so swiftly. But its fiscal cracks began showing within less than a year. Now, providers in the state are pressing for more reimbursements. Some hospitals that are treating a disproportionately large share of TennCare patients are laying off employees and threatening to end training programs for medical residents. Meanwhile, the state has no money for increased funding and is having problems collecting from enrollees required to pay a premium because their income exceeds the poverty level. Cost shifting, requiring private insurance plans to pay more to compensate for shortfalls created by TennCare, continues. Over time, an even more serious problem is the potential of developing a de facto, two-tier health care system in which TennCare patients get second class treatment.

What can the state do? It could shovel more tax money into the system, mollifying health care providers but defeating the goal of reining in spiralling Medicaid costs. It could provide some relief to health care providers by ordering MCOs to process claims and pay their bills in a more timely fashion. However, these responses will not solve the system's fundamental problem.

To save the faltering experiment, the state must hold the line on health spending. One way to accomplish this is a rationed care scheme similar to the Oregon Plan. Oregon's health care reform was predicated on the premise that everyone should be covered but that the program can't cover everything. The compromise seems to have worked reasonably well so far. Health care rationing in Tennessee doesn't mean that TennCare is a failure and that it's time to return to the drawing board. This option is unappealing to the new state government and its bureaucrats. All it requires is budgetary control by reviewing the package of services mandated by TennCare and selective culling based on the Oregon model.

TennCare is a classic case of good intentions gone bad. Its goals are lofty and its concept innovative. It received federal approval so quickly largely because it emphasized managed care, managed competition, primary care and preventive care, all the right buzz words in health care reform. But the reality is that unlimited health care is a bottomless fiscal pit.

There's a lesson to be learned here about the politics of health care reform. While initiatives moved at a snail's pace elsewhere, Tennessee cobbled together a statewide program in less than a year. The credit goes mostly to the former governor, whose extensive legislative experience acquainted him with the realities of the political landscape. **McWherter** piloted TennCare smoothly through roiling political waters by arguing that, since the state was already administrating the Medicaid program and no new taxes were required, the issue was primarily an administrative rather than a legislative one. Legislators seemed more than content to stand aside. What politician with future electoral ambitions wants to be branded as denying health care to the needy?

The broader lesson is that state-led health care reform is a pitfall-ridden fiscal wilderness. The new Republican controlled Congress is in the process of converting many federal programs into block grants, arguing that the states know best how to spend funds locally. Are the states up to the job? Some are undoubtedly more able than others and some programs are particularly suitable for delegation to the state level. However, before converting the federal Medicaid budget into a block grant program, decision makers should study TennCare and the many other state-initiated programs. Maybe that way some of the states' more egregious mistakes won't be repeated.

Cyril F. Chang, Ph.D. is professor of economics at the University of Memphis, Memphis, Tenn.

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SECTION: Vol. 12 ; No. 8 ; Pg. 51; ISSN: 0739-9413

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HEADLINE: States test Medicaid reforms.

BYLINE: Stevens, Larry

BODY:
The Clinton administration may have hit upon a relatively safe way to determine the best method for reforming America's welfare and health care systems. More than any previous president, Clinton is allowing state governments to experiment with various projects meant to save Medicaid and welfare dollars while improving, or at least maintaining, quality of and access to health care. One of the aims of the program is to reduce emergency room visits and thus decrease cost-shifting by hospitals.

Under federal Medicaid regulations, states must apply for waivers to institute experiments, such as moving Medicaid patients into managed care plans or expanding eligibility for Medicaid.

A waiver is usually specific to a particular project, which may involve an entire state or just a few counties. All waivers are granted with caveats, such as the requirement that the state bear any cost increases caused by the project and that an impartial study be done to determine the effectiveness of the program. Although programs covered under such waivers are limited in time--usually no longer than five years--the president can extend the length.

"The climate for waivers has never been better," says Kala Ladenheim, a senior research associate at the Intergovernmental Health Policy Project at George Washington University, a research group.

Of course, requests for waivers are not automatically granted. "The Clinton administration wants the states to experiment. It just doesn't want them to do the same experiment," says Ladenheim. She adds that waivers often carry provisions not requested by the state.

Three states that either have undertaken or are trying to initiate Medicaid experiments are Tennessee, Illinois, and Massachusetts. In Tennessee, special-interest groups almost sabotaged a project after a waiver was granted. In Illinois, opponents of the plan convinced legislators to prevent the state from requesting a waiver. In Massachusetts, two studies recently reported on the effectiveness of the state's waiver program.

TENNESSEE

Tennessee Gov. Ned **McWherter** had numerous conversations about Medicaid with President Clinton when Clinton was governor of Arkansas. Clinton had assured **McWherter** that, as president, he would allow states to experiment with Medicaid. While Clinton kept his promise, **McWherter** found that obtaining the waiver may be only one obstacle to Medicaid reform.

In 1992, faced with the choice of cutting Medicaid or increasing taxes, **McWherter** proposed a plan called TennCare to replace Medicaid. Early last year, Tennessee applied to the federal government for a waiver to implement the program. The state's Medicaid budget is $ 1.4 billion.

Just before Thanksgiving 1993, a federal waiver was granted for a less ambitious program to insure

1.3 million people through June of this year and then 1.5 million over the next four years.

The federal government also imposed conditions, including federal monitoring of the quality of care and federal reviews of contracts between Tennessee and TennCare health plans. **McWherter** tolerated the requirements, and the project was started. But health care providers balked, primarily because they were unhappy with gatekeeper provisions.

In order to begin the program with a large pool of clinicians, **McWherter** required providers who were part of the state's Blue CrossBlue Shield plan, which provides services to state workers and others, to be part of the TennCare program. But many physicians dropped out because they didn't like the requirement that all TennCare patients be enrolled in a managed care organization and either choose or be assigned a gatekeeper, says Tony Garr, executive director of the Tennessee Health Care Campaign, an advocacy group.

In December 1993, 7,000 Tennessee doctors were Blue Cross-Blue Shield providers. When TennCare began on Jan. 1, that number dropped to 3,500. The state held firm, attempting to alleviate the doctor shortage by expanding the services that nurse practitioners could perform. Finally, doctors started returning to the system when they lost patients. Currently, 6,000 doctors provide services to TennCare and Blue Cross-Blue Shield. "We still have shortages in certain pockets, but the problem is clearing itself up," Garr says. TennCare currently covers 1.8 million Tennesseans.

ILLIINOIS

While Tennessee faced federal opposition, Illinois Gov. Jim Edgar faced opponents in his own state. When he wanted to start a managed care Medicaid experiment, the plan was voted down by state lawmakers. Moreover, the National Association of Community Health Centers filed a federal lawsuit against the Clinton administration to block any Illinois waiver that might pass the legislature.

Robert Wright, director of the Illinois Department of Public Aid, explains that Illinois has 1.4 million people eligible for Medicaid, but only about 100,000 of them are in HMOs. Over the last five years, Medicaid costs in the state have doubled and are continuing to grow. "We have to do something about the cost problem , and getting more people into managed care is the best solution we know," Wright says. The state's Medicaid budget is $ 4.7 billion out of a total state budget of $ 28 billion.

As in Tennessee, doctors in Illinois were upset over the requirement that Medicaid patients be assigned a gatekeeper. In its suit, the health centers association said the plan would cut funding for federally qualified health centers and hurt people in poor areas. "The centers would like more protection than we are willing to provide under the bill. We'll allow them to be a provider, but we can't guarantee their success," Wright says.

Despite the problems, Wright hopes the legislature will pass a bill requesting the waiver in the 1994-95 session.

MASSACHUSETTS

States that receive waivers with the condition that they commission studies to measure the effectiveness of the experiment may take heart in the case of Massachusetts, an early waiver recipient. Massachusetts received a waiver in January 1992 that allowed it to develop its Medicaid Managed Care Program.

The waiver came with one requirement: "We had to prove that costs would drop and that quality of care and access would be at least stable," says David Ball, director of external affairs for Massachusetts's Division of Medical Assistance. Currently, Medicaid accounts for $ 3.4 billion out of a $ 16.3 billion state budget.

Accordingly, the state commissioned two studies: One, conducted by the Heller

School in Advanced Studies in Social Welfare at Brandeis University, looked at a new mental health/substance abuse program, which placed Medicaid patients in managed care plans. It stated that access to and utilization of services increased from 1992 to 1993, quality of care in the opinion of providers and patients was generally preserved, and that mental health and substance abuse expenditures dropped by $ 47 million, or 22%.

On July 5, a study conducted by the John W. McCormack Institute for Public Affairs at the University of Massachusetts, Boston, reported on the state's Primary Care Clinician (PCC) plan in which Medicaid recipients choose a clinician as their primary gatekeeper. The study concluded Massachusetts spent 7.4% less for Medicaid than it would have without the plan. Much of the savings came from a 22% decrease in emergency room visits and an 18% reduction in lab tests and radiology services.

The study also made some recommendations, such as suggesting that printed material be translated into languages other than English. And it noted that the

management of asthma patients could be improved.

Still, says Ball, "The studies prove the effectiveness of the programs." As a result, Ball expects that at the end of the five-year period for which the waiver was approved, the federal government will renew the waiver.

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The Italian American Family Album

DOROTHY HOOBLER and THOMAS HOOBLER
Introduction by Governor MARIO M. CUOMO

An Italian immigrant

An Italian immigrant says, "I came to America because I heard the streets were paved with gold. When I got here, I found out three things: first, the streets weren't paved with gold; second, they weren't paved at all; and third, I was expected to pave them."

[illegible]

It's Ital Am [illegible]

Against all odds--a new language, new customs, and the ethnic slurs and catcalls of prejudice--Italian Americans paved the streets, rolled the cigars, ~~sewed the clothes,~~ cooked the meals, and did all manner of back-breaking work to build a new ~~life in Lamerica,~~ the land of success. *The Italian American Family Album* brings us into the heart of those immigrants's experiences. Through diaries, letters, interviews, and articles from magazines and newspapers we share the ordeals and the triumphs of the Italian American first setting foot on his new homeland.

[illegible] Family

These personal accounts and family photographs of scores of Italian American families tell inspiring and courageous stories of hardship and suffering. In the late nineteenth and early twentieth century, the journey across the Atlantic was remembered by many as the *via dolorosa*, the "sorrowful way." And even after arriving in the new homeland and successfully getting through immigration, finding a job and a place to live, and learning new ways of doing almost everything was a challenge. But there was joy in the new country, as well. The new arrivals were embraced by a community of fellow Italians with a grand sense of humor, an intense appreciation of music, and an even greater appreciation of good food. Life for the newcomer was full of old traditions and pleasure, and we hear first-hand how the old ways endured even as new philosophies and customs were embraced daily. Through the stories of the children of those early immigrants--writers Gay Talese and John Ciardi, entertainers like Tony Bennett, baseball great Yogi Berra, and others not famous, but still proud to call themselves Italian Americans--we see how family pride and strong ties to the old country survive even today.

As Governor Mario Cuomo says in his introduction: "I have center

October 20, 2000

MEMORANDUM FOR JEFF SHESOL ~~and~~ AND JOSH GOTTHEIMER

FROM: MARC LEWIS

SUBJECT: Executive ~~Actions~~ all (acts) of William Jefferson Clinton from 1993-2000

Over his two terms as President, many political pundits have both lauded and criticized President Clinton for his reinvention of government. Some assert that the Clinton Administration has overstepped the bounds of traditional executive procedure. They claim that since President Clinton has been subject to a Republican-controlled Congress, he has been forced to rely upon non-traditional means of legislation to enact new policy. According to the *New York Times*, President Clinton has used "executive orders, memorandums, proclamations, regulations, and other flexing of presidential power" more than any postwar president, including former Presidents Reagan and Bush. Careful analysis, however, reveals that this claim should be qualified to a degree.

In his article, "Blocked by Congress, Clinton Wields a Pen" (*New York Times*, 5 July 2000), Marc Lacey claims that, on average, President Clinton issues one "executive order or other policy-making declaration" per week, for a total of 450 over the course of his Administration. According to NARA, however, President Clinton has only issued 335 executive orders as of October 20, 2000. This amount is consistent with the number of executive orders issued by postwar presidents:

where? Show me cite

H. Truman: 896	D. Eisenhower: 486	J. Kennedy: 214	L. Johnson: 324	R. Nixon: 346
G. Ford: 169	J. Carter: 320	R. Reagan: 381	G. Bush: 166	W. Clinton: 335

Is this the same reason that does it include proclamations? define

Clearly, President Clinton has not issued an exceedingly high number of executive orders during his two terms. He has, however, utilized alternate forms of executive policy, which could possibly account for the *New York Times* statistic of 450:

define this place

Presidential Determinations and Memos: This year, President Clinton has issued 33 determinations, and averages about 46 per year. This would be a total of approximately 360 mandates of this type, totaling over 700 actions. ~~Since most presidential determinations and memos have little legislative effect, this is not likely the source of the additional 115 presidential actions referred to by Lacey.~~

Proclamations: President Clinton issues approximately 100 proclamations per year, most of which create the celebration of a particular day, week or month, or recognize the death of various individuals. Most proclamations have little to no legislative efficacy. A **non-hortatory proclamation**, however, has substantive legislative effect. This is a specialized type of proclamation, which might modify a trade agreement between the U.S. and another nation, establish a national park, or suspend immigration from terrorist countries. As of October 20, 2000, President Clinton has issued 89 such proclamations. This, in addition to President Clinton's 335 Executive Orders, most closely accounts for Lacey's statistic of 450 "executive orders or other policy-making declarations."

OMB Staff's office

how u got

It is difficult to ascertain the number of presidential determinations, memos, and proclamations issued by former presidents. If Lacey's research is correct, however, it is clear that President Clinton has reinvented government in an important way: he has been able to take tremendous legislative steps both without the aid of Congress and through means other than the traditional Executive Order.

Exec order directive — form of Clinton office

Delia Cohen

December 6, 2000

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FROM: MARC LEWIS

SUBJECT: EXECUTIVE ACTIONS OF WILLIAM J. CLINTON FROM 1993 - 2000

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57254

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Presidential Determinations: These directives come in memorandum form, and usually pertain to financial matters addressing only one or two individuals, such as the Secretary of State or the Secretary of Defense. Like executive orders they are assigned a number, but they are a far less formal and less substantive means of executive policy-making. As of October of this year, President Clinton has issued 33 determinations, and averages about 46 per year. This would be a total of approximately 360 mandates of this type, totaling over 700 actions.

not sure what step I have done -

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Executive Orders

Disposition Tables
January 24, 1953 -- November 27, 2000

These tables contain information about Executive orders beginning with those signed by President Eisenhower. They are arranged according to Presidential administration and year of signature.

For Executive orders issued before 1995, there are no links to the text of the order.

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For Executive orders issued since 1995, you can now find a link to the text of the order as it appeared in the *Federal Register*. To view the text, you will need Adobe Acrobat Reader. If you don't have Abode Acrobat Reader, you can download it here:

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John F. Kennedy 1961-1963 EO's 10914-11127 214 EO's	Lyndon B. Johnson 1963-1969 EO's 11128-11451 324 EO's issued	Richard Nixon 1969-1974 EO's 11452-11797 346 EO's	Gerald R. Ford 1974-1977 EO's 11798-11966 169 EO's issued

issued		issued	
Jimmy Carter 1977-1981 EO's 11967-12286 320 EO's issued	Ronald Reagan 1981-1989 EO's 12287-12667 381 EO's issued	George Bush 1989-1993 EO's 12668-12833 166 EO's issued	William J. Clinton 1993-Present EO's 12834- 13176 343 EO's issued

- About the Executive Order Tables
- About Executive Orders

About the Executive Order Tables

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These are informational listings, not provided as definitive legal authority.

About Executive Orders

Executive orders are official documents, numbered consecutively, through which the President of the United States manages the operations of the Federal Government.

The text of Executive orders appears in the daily *Federal Register* as each Executive order is signed by the President and received by the Office of the Federal Register. The text of Executive orders beginning with Executive Order 7316 of March 13, 1936, also appears in the sequential editions of Title 3 of the Code of Federal Regulations (CFR).

▲ Top

Draft 12/01/00 12:45pm
Josh Gottheimer

CHIEF OF STAFF JOHN PODESTA
TALKING POINTS FOR SMITHSONIAN PANEL
WASHINGTON, DC
December 2, 2000

If Sherman Adams was Eisenhower's "Palace Guard," and if H.R. Haldeman was Richard Nixon's "Berlin Wall" – then I must be Bill Clinton's Cosmo Kramer – always on the go … always cooking up a new plan … and lucky to have such level-headed colleagues to always bail me out.

And the differences don't stop there. H.R Haldeman was featured in Foreign Affairs … Donald Rumsfeld appeared in the Economist … Sherman Adams was on the cover of Newseek. My shining moment came last year, when I was portrayed in *TV Guide* alongside Leo from NBC's *The West Wing*.

With *my* fifteen minutes of fame running out, I'm glad I've had this moment to pause and reflect on my experience as Chief of Staff. Some have said that being the chief of staff is the second toughest job in Washington. Second? I wish somebody could tell me what the first one is.

Seriously, though this job my have its difficult moments, I can say without hesitation, that it's been these two years have been the highlight of my professional career. Every day presents a new set of challenges, and a new set of rewards.

Gerald ford said of donald rumsfeld, "without a strong-decision maker who could help me set my priorities? I'd be hounded to death by gnats and fleas."

As a former Clinton cabinet member said, "You're either in the loop or you're out … but more likely you don't even know where the loop is." During my tenure, I've tried to include as many people in that loop as possible. Contrary to the old corporate ladder, where hierarchy was king, I've favored a flat pyramid – a corporate ladder where Like modern corporate management, Pyramid/ voice

The chief of staff stands uniquely at the intersection of politics and policy – and they cannot be separated.

Obviously, there are literally hundreds, if not thousands of claimants on the President's time, and somebody has to say "no." A big part of every chief of staff's job is keeping the White House focused on the president's agenda.

The president's decisions depend on a process that guarantees he will get the widest range of opinions presented to him on any single issue.

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