

[9/24/80-Not Submitted-DF]

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THE WHITE HOUSE

WASHINGTON

September 24, 1980

MEMORANDUM FOR:

THE SECRETARY OF COMMERCE

FROM:

RICK HUTCHESON
STAFF SECRETARY



SUBJECT:

Designation of Channel Islands
Marine Sanctuary

On Saturday, September 20, the President approved the Designation of Channel Islands Marine Sanctuary. Attached for your information is a copy of the approval.

Decision

- Approve Designation of Channel Islands Marine Sanctuary (DOC, CEQ, DPS; OMB, DOE and OSTP no objections)
- Approve Designation except for Ban on Future Oil and Gas Leasing (DOI)
- Disapprove



Date: September 24, 1980

MEMORANDUM

FOR ACTION:

GENE EIDENBERG
 FRANK MOORE ATTN: TATE
 JIM MCINTYRE

FOR INFORMATION:
 THE VICE PRESIDENT

Hold per Tach

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Administratively confidential Eizenstat memo
 re Moynihan Proposals to Increase the Federal
 Matching Rate for Medicaid and AFDC

YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:

TIME:
 DAY: WEDNESDAY
 SEPTEMBER 24, 1980
 DATE:

ACTION REQUESTED:
 Your comments

Other:

STAFF RESPONSE:
 I concur. No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input checked="" type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	FOR APPROPRIATE HANDLING
<input type="checkbox"/>	LAST DAY FOR ACTION

*comment
6/11/68
fidelity*

ACTION
FYI

<input checked="" type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	CUTLER
<input type="checkbox"/>	DONOVAN
<input checked="" type="checkbox"/>	EIDENBERG
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	MCDONALD
<input checked="" type="checkbox"/>	MOORE <i>John Tate</i>
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEDDINGTON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	ASKEW
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CIVILETTI
<input type="checkbox"/>	DUNCAN
<input type="checkbox"/>	GOLDSCHMIDT
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	HUFSTEDLER
<input type="checkbox"/>	LANDRIEU
<input type="checkbox"/>	MARSHALL

<input type="checkbox"/>	MILLER
<input type="checkbox"/>	MUSKIE
<input type="checkbox"/>	
<input type="checkbox"/>	AIELLO
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CAMPBELL
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HERTZBERG
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	KAHN
<input type="checkbox"/>	MARTIN
<input type="checkbox"/>	MILLER
<input type="checkbox"/>	MOE
<input type="checkbox"/>	MOSES
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	RECORDS
<input type="checkbox"/>	SANDERS
<input type="checkbox"/>	SHEPPARD
<input type="checkbox"/>	SPE'N
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	TORRES
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WISE

THE WHITE HOUSE

WASHINGTON

September 23, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Moynihan Proposals to Increase the Federal Matching Rate for Medicaid and AFDC

BACKGROUND

The top priority of key New York elected leaders with whom I have met -- Senator Moynihan, Governor Carey, Mayor Koch and State Senator Ohrenstein -- is relief from the crushing Medicaid burden of New York City. They are actively seeking Administration support for these proposals and contend it is vital to the prospects for New York in November. Hamilton and Jack feel such support is very important to the campaign. Koch and Moynihan have requested an early response to their request.

SUBSTANCE

Senator Moynihan has introduced two alternative bills which are consistent with the Democratic Platform statements in this area. The Platform states:

As a means of providing immediate federal fiscal relief to state and local governments, the federal government will assume the local government's burden of welfare [including Medicaid] costs. Further, there should be a phased reduction in the states' share of welfare costs in the immediate future.

The Democratic Party pledges in the immediate future to introduce legislation to accomplish these purposes in the next year.

The Democratic Party supports programs to make the Medicaid reimbursement formulae more equitable.

Under current law, the Federal share of Medicaid costs ranges from 50 percent in rich States to 78 percent in poor States. The effect of the Federal matching formula is to reduce the State share below the average in poor States and increase the State share above the average in rich States.

S. 2073 would decrease the average State share of Medicaid costs by 10 percentage points and introduce a cost of living factor, advantageous to high cost States such as New York, in the matching formula. The decrease in the average State share is similar to the changes proposed in our National Health Plan and Welfare Reform proposals. However, unlike these proposals, S. 2073 does not tie the increased Federal match to any structural or programmatic improvements. Although 10 southern States would theoretically receive less Federal aid under the proposed formula, they would be "held harmless" at current matching rates.

S. 3064 would increase the minimum Federal share of Medicaid and AFDC costs from 50 percent under current law initially to 75 percent in 1982 and ultimately to 90 percent by 1985. As a result, S. 3064 would be substantially more costly than S. 2073. S. 3064 would also require that the additional Federal funding be passed-through to localities in those States that now require local cost-sharing, in amounts sufficient to eliminate the local share. The greatest benefits of S. 3064 would accrue to those States with a current Federal match closest to the minimum of 50 percent -- the States with the highest per capita income, primarily in the north and west.

We have been looking at ways to modify these proposals to make them potentially worthy of our support and consistent with our legislative program. While the primary purpose of the bills in their present form is fiscal relief, we believe that they might be modified to meet these objectives.

Specifically, we would recommend that fiscal relief should be tied to the establishment of effective State hospital cost containment programs and benefit and eligibility improvements. Phasing alternatives should also be considered to reduce first year costs.

COST

S. 2073 would cost \$2.7 billion in 1981 (if started in 1981). There would be no automatic increases in out-year costs except for inflation. S. 3064 would cost \$8.5

billion in 1982, increasing to \$20 billion in 1985 and potentially much more. Under either bill, 20-30 percent of the funds would go to New York, and a total of 40-45 percent would go to five other States: California, Illinois, Michigan, Pennsylvania and Massachusetts. Phasing in S. 2073 over two years could reduce first year costs to \$1.3 billion.

PRO's

Following are the main reasons to negotiate with Moynihan for potential Administration support:

o Substantive

-- The bill could be made a vehicle to increase State hospital cost containment activities and improve State benefit and eligibility standards, and would provide financial incentives for States to do so.

-- Treasury and my staff believe that without some form of major fiscal relief to the city, the city's finances will remain in 'crisis' and further Federal financing assistance will probably be required after the expiration of the Loan Guarantee Act. The city has a legitimate argument that it must absorb costs (hospital costs, transportation costs, etc.) which are not carried by other local governments to the same degree.

o Political

-- As mentioned above support is important to New York.

CON's

Following are the main reasons not to negotiate with Moynihan:

o Substantive

- Even with added standards, the cost to the Federal government in fiscal relief to States is too high and could remove our leverage for broader welfare reforms. We had tied fiscal relief to programmatic reforms.

o Political

-- Both bills would be strongly opposed by southern States, since the bulk of fiscal relief would go to northern and western States.

-- Active support at this time could appear to be politically motivated.

DECISION

Shall we pursue negotiations with Senator Moynihan for potential Administration support of his proposals?

_____ Yes.

_____ No.

✓
Ride -

Jack & Stu have
copies -- will
discuss with
Jim in the
morning.

Alice.

MEMORANDUM OF CALL

TO: _____

YOU WERE CALLED BY—

YOU WERE VISITED BY—

OF (Organization) _____

PLEASE CALL → PHONE NO. _____ FTS
CODE/EXT. _____

WILL CALL AGAIN

IS WAITING TO SEE YOU

RETURNED YOUR CALL

WISHES AN APPOINTMENT

MESSAGE _____

RECEIVED BY _____

DATE _____

TIME _____

63-109

★ U. S. GPO: 1980-311-156/1

STANDARD FORM 63 (Rev. 8-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.6



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SEP 24 1980

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. 

SUBJECT: Comments on Stu Eizenstat Memo re: Moynihan
Proposals to Increase the Federal Matching
Rate for Medicaid and AFDC

If you decide for political reasons to negotiate with Senator Moynihan, you should realize that you will be implying your support for a change in policy with potential costs of up to \$3 billion in 1981 and \$11.5 billion in 1982. For this reason, I believe a decision to negotiate is not without substantial liability.

Nonetheless, we could develop some more acceptable alternatives to propose, particularly ones that are both less expensive, and that tie fiscal relief to effective State hospital cost containment programs. This would be especially important since New York's cost containment program is one of the most successful in the country. In addition, such an approach would foster new and improved programs in other States while assisting New York. The guiding principle of such an alternative should be that the added Federal costs bear a reasonable relationship to the Federal savings resulting from State activity.

Currently, nine States have such programs in place and will save approximately \$1.5 billion in total, of which \$400 million represents Federal Medicare savings. Obviously, more refinement of such a proposal is necessary before presenting it in final form.

In any case, I recommend that we not endorse either of the Moynihan proposals.

WASHINGTON
Immediate Turnaround

Date: September 24, 1980

MEMORANDUM

FOR ACTION:

GENE EIDENBERG
FRANK MOORE ATTN: TATE ✓
JIM MCINTYRE

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TIME:
DAY: WEDNESDAY
DATE: SEPTEMBER 24, 1980

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

This single issue is the key to Moynihan's enthusiasm. It is a, perhaps the, key issue in NY City. It cannot pass this Congress, but would help us tremendously this fall.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

THE WHITE HOUSE

WASHINGTON

September 23, 1980

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DECISION

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_____ Yes.

_____ No.