congressman PETE STARK

13th District
107th Congress

UPDATE

WASHINGTON, D.C. MARCH 2001

Dear Friends:

There is a tax cut frenzy in Washington today and it would be prudent to call for a "time out." Without a cooling off period, Congress may be destined to repeat the fiscal fiasco of the Reagan era tax cuts and the decade of deficit spending and economic downturn that followed.

Before even developing a budget for all government spending, the President submitted a $1.6 trillion tax cut proposal to Congress. Although the President has urged that the size of the cut must not grow, many analysts estimate that the final cost of his plan would be $2.6 trillion if cuts are made retroactive to January 1, 2000, as he recently agreed to do.

The Republican House Leaders has called for cuts starting at $2.6 trillion and corporate lobbyists are frantic because, even at that size, the bill does not yet include their wishes.

I share a concern with many Democratic Members of Congress that this tax cut mania—without the framework of a federal budget—will force major spending cuts in vital programs.

Even with the projected budget surpluses, a $2.6 trillion tax cut endangers our ability to: improve public schools, provide a Medicare prescription drug benefit, shore up Social Security and pay down the federal debt. And remember, the surplus projection is just <u>a projection,</u> and it is a precarious one given the slowdown in the economy.

I fear that a tax cut this large indicates that the new Administration will break down the walls that protect Social Security and Medicare funds from being used for other purposes. We must increase the solvency of the Medicare and Social Security trust funds, not tap into them to finance tax cuts that could imperil their future.

Until we have a budget, we cannot know what size tax cut is prudent. But whatever the size, I will push for a bill that is fair to all taxpayers, not tilted toward the wealthy. Unfortunately, the Administration's plan fails this test "big time."

The Administration's tax plan results in **no tax cut** for 27% of American taxpayers. For example, a single mom with two children and an income of $22,000 would get no benefit.

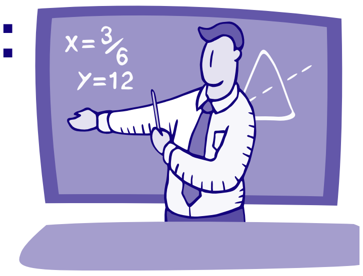
For those taxpayers who would qualify for a tax cut, the rich take the cake and the rest get crumbs. Under the Administration's plan, the typical single taxpayer with an income of $20,700 would get a tax cut of $249 a year. A couple with two children and an income of $20,000 would save only $168 a year in taxes. But taxpayers with income among the top 1% (singles and couples with average annual incomes over $1 million) would receive average tax cuts of $46,000. Thus, the top 1% earners would receive 43% of the benefit under the Administration's plan.

I strongly believe the Administration's tax cut is unwise and unfair. I will vigorously oppose it. If you would like more information about the Administration's tax cut, please contact my office or browse my web page at *www.house.gov/stark*

Pete

Stark Sponsors Education Initiative:

Key Details & Funding Levels Lay Out the Path to Improvement



Improving the American education system is a priority that I share with the new Administration. However, our visions of how to achieve that plan, and its cost, greatly differ. I recently cosponsored a bill entitled "The Excellence and Accountability in Education Act" that specifies ways for the federal government to improve education in America and provides the necessary funds to implement those changes.

The Excellence and Accountability in Education Act, drafted by Rep. George Miller, provides an additional $110 billion over the next 5 years to improve public schools. This is a much larger investment in education than the President's campaign promise of increasing funding by $25 billion. Not only are the overall funding levels higher' but our bill also targets federal support toward the schools that need it most by doubling the funding for the Education for Disadvantaged program to more than $17 billion by 2006.

Our bill holds schools that receive education funds accountable for boosting the performance of all students. Schools would be required to close the achievement gap between minorities and non-minorities and between economically disadvantaged students and their peers. The Administration plan has no similar requirement.

In addition, our bill strengthens teacher quality by requiring states to use all of the available $12 billion in training funds to ensure that every teacher is fully qualified by 2005, a teacher quality requirement not found in the Administration's plan. Our bill specifies that federal funds be used to hire only qualified teachers. Moreover, the bill provides $6.4 billion for loan forgiveness and bonuses for teachers who agree to teach in high poverty urban and rural schools.

Our bill also ensures that the Federal government maintains its commitment to fund school construction ($23 billion), reduce class sizes ($14 billion), and maintain the safe and drug-free schools program and after-school programs. The Administration's plan would leave school construction funds up to local bond issues and does not maintain separate funding for after school programs and programs to ensure safe, drug-free schools.

Education initiatives need to have the proper substance and adequate funding to achieve their goals. I believe that the "Excellence and Accountability in Education Act" provides the right vision and the means to attain it.

Stark Supports Regulation of Power Markets and Refunds for Consumers

California is currently facing an electricity shortage due to a flawed deregulation system and the ability of the wholesale generators to capitalize on—and possibly manipulate—that system.

Prior to California's energy deregulation, deregulation proponents convinced the State Legislature that the energy market was large enough, and transparent enough, to offer consumers the lowest prices possible through an unregulated market. Our energy debacle now shows just how wrong their arguments turned out to be: the unregulated energy market hiked consumer prices and failed to meet demand for power.

California's robust economy created increased energy demands while utilities chose not to increase capacity within the state. The weather exacerbated the problem with unseasonably hot summers and little precipitation (needed for hydroelectric power) in the winter.

By last summer, power supplies on the wholesale market grew even tighter. Some regulators speculate that companies generating power manipulated the market by reducing capacity to drive up prices. In fact, wholesale prices soared in some cases more than 700% over prior year prices. The Federal Energy Regulatory Commission determined in November 2000 that wholesale prices charged in California from June 2000 were "unjust and unreasonable." Consumers now see a portion of those inflated prices shifted to them in their bills.

California's recent experience shows that the energy market must be regulated. Our basic safety and economic stability depend upon reliable, reasonably-priced power. I have joined with my California

Continued on page 3.

Stark Advocates A Drug Benefit For All Seniors

Administration Proposal Fails to Help Most Seniors

President Bush has followed through on his campaign promise to send Congress a Medicare prescription drug proposal. And, upon sending that proposal to Congress, he has also signaled a willingness to consider alternative approaches to the subject. I am pleased that he is willing to consider alternative approaches to a Medicare prescription drug benefit because his initial proposal has been declared dead on arrival by Members on both sides of the aisle in the House and the Senate.

His initial proposal is to provide the states with federal grants worth some $48 billion over four years in order for states to expand their prescription drug assistance programs for low-income seniors. He has entitled his plan an "Immediate Helping Hand."

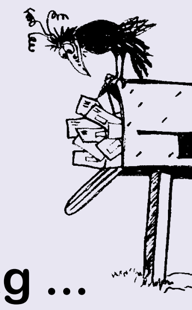
His proposal would actually provide immediate help for very few Medicare beneficiaries. It does little to help the sickest seniors who have huge drug costs. A low-income person may have little or no drug expenses, whereas a person just above the income cut-off point may be devastated by multiple life-essential prescriptions. No one with income above 175% of poverty ($15,000 for an individual and $20,300 for a couple) would benefit at all.

The plan relies on the states, many of whom will not be able to start their programs any faster than the Federal government could, to start a national Medicare program. The history of state prescription drug programs and Medicaid drug coverage shows that the state plans are often woefully inadequate, and that enrollment levels vary enormously among the states. The ability of the different states to get decent cost containment or discounts is also much smaller than the Federal Government's. In fact, the National Governors' Association flatly opposes such a plan.

Instead of wasting time debating a plan that is going nowhere, I have encouraged the President to work now to (1) provide an adequate amount in this year's budget to fund a decent Medicare drug plan, and (2) develop a compromise Medicare drug plan that would create a prescription drug benefit for all Medicare beneficiaries that meets Republican and Democratic concerns.

This is not rocket science. There is a real opportunity for us to work together to create a Medicare prescription drug benefit. The time to act is now.

from the mailbag ...



Dear Pete:

The ban on US funding for overseas abortion counseling is a step backward for civilization.

Mark, San Leandro

Dear Mark,

I agree.

Dear Pete,

Maintain the separation of church and state.

Frank, Union City

Dear Frank,

The President's Faith-Based initiative is misguided and probably unconstitutional.

Dear Pete:

Block that tax cut. The last one put us in debt and a recession.

Margaret, San Leandro

Dear Pete:

Support the tax cut.

Victoria, San Leandro

Dear Margaret & Victoria:

I won't go along with this huge tax cut.

Pete

Regulation of Power Markets, *continued from page 2.*

colleagues in cosponsoring a bill (H.R. 268) to establish cost-based (the cost of generation plus a reasonable profit) rates for wholesale electricity sales in the Western United States. In addition, the bill calls for retroactive refunds for charges above cost-based rates. These refunds will be issued to California consumers who have incurred exorbitant bills due to the unjust charges. I will work with my colleagues to see this legislation enacted.

While regulating the California power market would eliminate price spikes and assure availability, I believe that conservation and use of alternative power sources remain key to our long-term energy strategy. I will, of course, oppose efforts to use California's failed deregulation scheme as an excuse to explore for oil in our pristine wilderness areas such as the Alaska National Wildlife Refuge.

Upcoming Topics

Learn how federal programs that help our community fare under the new Administration's budget.

Our next **Update** will feature the policy choices behind the budget numbers.

Stark Calls for National Quality Standards for Assisted Living Facilities

On February 7, 2001, I introduced a resolution calling for a White House conference to address quality of care in assisted living facilities (ALFs). Although assisted living is a popular and fast-growing long-term care option, there has been no focused national attention to quality issues in this industry. Regulation varies dramatically from state to state. It is time for policymakers, industry, and consumers to join together to develop national quality standards.

Assisted living originated as an alternative for people needing some assistance with daily activities, but not the intensive medical care provided in nursing homes. However, a recent article in the *Wall Street Journal* (January 15, 2001) makes clear that some assisted living companies prosper by recruiting the same frail seniors who might otherwise be served in nursing homes. These companies make huge profits by charging extra-care fees—sometimes as high as $1640/month on top of what residents already pay. Yet, a 90-bed facility run by the very successful Sunrise Assisted Living, Inc. averages only one registered nurse on duty for 8-12 hours per day. Nursing homes of that same size average four to five nurses on duty at all times.

Some states simply do not have adequate standards or consumer protections in place and this can have deadly consequences. Last August in our community, an elderly woman died in an assisted living facility due to hemorrhaging from her dialysis shunt. Two times, she pressed her call button for help, but ALF staff cleared the alarms and reset the machines both times. The facility did not place a 911 call for assistance until 1 hour and 34 minutes later. There was no nurse on duty, and all four resident aides in the facility at the time have denied clearing and resetting the call system. This situation is still under investigation, but it highlights the seriousness of inadequate care in these facilities.

This is not only a local issue—deaths in ALFs have been reported across the country due to abuse, negligence, or just plain incompetence. Staffing issues at an ALF in Georgia contributed to the critical injury of a visually-impaired resident and the death of his wife. Georgia fined the facility a paltry $3000 for this incident.

I believe that ALFs that receive federal funding should be required to meet reasonable quality standards to protect residents. This joint resolution presents a valuable opportunity to bring all interested parties together to develop quality standards. I will continue to work with my colleagues on both sides of the aisle to ensure that frail, elderly ALF residents are protected and sub-par facilities face real consequences.

PETE'S TOWN MEETINGS

Saturday, March 17, 2001

MILPITAS

8:00 - 9:00 am

Milpitas/Berryessa YMCA

540 South Abel Street

FREMONT

9:45 - 10:45 am

Fremont Senior Center, Wing A

40086 Paseo Padre Pkwy

HAYWARD

11:30 am - 12:30 pm

City Council Chambers

777 B Street

Doors open 10 minutes before meetings start.

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