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FOIA MARKER

**This is not a textual record. This is used as an
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Record Group/Collection: Dan Quayle Vice Presidential Records
Collection/Office of Origin: Deputy Chief of Staff's Office
Series: Porter, Richard W., Files
Subseries: Subject Files

OA/ID Number: 21805
Folder ID Number: 21805-027

Folder Title:
Missouri Oct 2

Stack:	Row:	Section:	Shelf:	Position:
G	34	6	5	7

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Biography	Re: Michelle Lapointe; Personally Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	
02. Biography	Re: Jim and Angela Lankford; Personally Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	
03. Biography	Re: Ortrie D. Smith; Personally Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	
04. Biography	Re: John S. Black; Personally Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	
05. Biography	Re: Allan A. Maki, Jr.; Personally Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	

Page 1 of 1

Collection:

Record Group: Quayle Vice Presidential Records
Office: Deputy Chief of Staff's Office
Series: Porter, Richard, Files
Subseries: Subject Files
WHORM Cat.:
File Location: Missouri Oct 2

Pinksheet Number: RML16271
OA/ID Number: 21805-027
Date Closed: 8/25/2025
FOIA/Sys Case #: 2025-0878-F
Re-review Case #:
P-2/P-5 Review Case #:

RWP-

This letter was also sent to WK. He sent it down for you to answer.

Document Originally
Attached to
Following Page

Louis J. Cordia

6908 Baylor Drive
Alexandria, VA 22307
(phone) 703/768-3111
(fax) 703/768-2156

September 30, 1992

The Hon. Richard W. Porter
Counselor to the Vice President
White House Vice President
200 OEOB
Washington, DC 20501

Dear Mr. Porter:

As I believe you are well aware, I have been working on health issues for quite some time, with particular concern over how government control over healthcare actually raises costs for Americans rather than lowering them.

Given the fact that healthcare has emerged as a major issue in the presidential election and that the key difference between the two major candidates is over how much of a role government will play --- President Bush wants less and Governor Clinton wants more, I thought you would appreciate a copy of an article that illustrates by example how government in its often laudable effort to help actually hurt the people. In an article in the September 10, 1992 ARKANSAS TIMES entitled "Drug Costs Doubled Under Controversial Program," it says,

"a program to control the costs of Medicaid prescriptions in Arkansas ended up costing the state more than the drugs themselves."

As you know, I have long advocated the philosophical argument of limited government, believing that government intrusion in our lives and the marketplace often ends up hurting us when it tries to help. That is why I am most concerned about how much government control may be exercised in everyone's desire to bring high quality healthcare to all Americans.

In this regard I ask you to please forward by mail or fax any information you may have on this important subject --- particularly regarding the government's role in healthcare and its positive or adverse impact on the American people. Should you have any questions, please do not hesitate to call.

Sincerely,



Lou Cordia

DRUG COSTS DOUBLED UNDER CONTROVERSIAL PROGRAM

Squabble over computers is just the tip of the iceberg.

BY MARA LEVERITT

A program to control the costs of Medicaid prescriptions in Arkansas ended up costing the state more than the drugs themselves.

Moreover, the contract for the program, which was designed and administered by the College of Pharmacy at the University of Arkansas for Medical Sciences, had so many problems that the federal Medicaid office has refused to pay its half of the more than \$675,000 in operating costs.

The expense has put further stress on Arkansas's Medicaid pharmacy program, which was already so financially strapped that it has twice had to reduce benefits for the needy participants.

According to data obtained under the Freedom of Information Act from the state Human Services Department, which entered the contract with UAMS, the cost to review each request for a Medicaid prescription under the contract was \$22.36. The average cost of the prescriptions requested was \$21.45. That means that the total average cost of a prescription under the program was \$43.81.

Ironically, the contract itself grew out of 1990 legislation sponsored by Arkansas Sen. David Pryor to control drug prices.

Before the 1990 law, Arkansas had oper-

ated on what's called an open formulary system; that is, doctors knew which drugs would be paid for by Medicaid, which wouldn't, and where exceptions were pos-

sible. Not many states had such a system, but most agree the Arkansas plan worked well.

The 1990 law changed the rules. It put into effect a nationwide system in which Medicaid could pay for any drug, so long as its manufacturer agreed to offer rebates.

Formulary systems such as Arkansas's were no longer allowed. The so-called prior authorization systems became the next best method for keeping a lid on costs.

As anyone who has ever bought a generic drug knows, some very expensive medications will do the same thing as other, less expensive ones. The trick with Medicaid is to be sure that doctors prescribe the cheaper drug.

Prior authorization requires doctors to submit their prescriptions for certain medications for review before they can be filled. They can avoid the hassle by prescribing some less expensive alternatives.

Still, it was expected that under the program, at least 6,000 requests for prior authorization would have to be reviewed per month. Establishing such a system was go-

Continued on page 12

Continued from page 10

ing to require additional staff and equipment, and the Human Services Department, which oversees the Medicaid program in Arkansas, was under a hiring freeze. The only way to avoid the restriction was to contract the program out.

The UAMS College of Pharmacy seemed a logical choice for the job, and its assistant dean, Dr. Walter J. Morrison, was interested.

Morrison devised a prior approval program. Whitlock approved it, and the contract with the College of Pharmacy was signed in January of this year. But alarms were sounded from the start.

An official of the Health Care Finance Administration (HCFA) in Dallas, which oversees the federal portion of Arkansas's Medicaid budget, wrote to DHS Deputy Director Kenny Whitlock warning of problems.

Don Hearn, chief of HCFA's Program Operations Branch, pointed out that it should have stipulated that DHS receive title to all equipment purchased for the program. He also advised Whitlock that time records would have to be kept for any College of Pharmacy employee working on the program.

"We also want to strongly urge you to consider the cost-effectiveness of this contract," Hearn wrote. "The average cost for a prescription in Arkansas is about \$20.

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At the start of August, the staff at DHS took over the program. By then its scope had been greatly reduced.

Besides antibiotics, prior approval was also dropped for another class of drugs called benzodiazepines, which are used to treat stress.



CONTROLLING COSTS: U.S. Sen. David Pryor sponsored legislation to control drug prices.

"In the contract as written, the average cost per prior authorization request (based on an estimated 6,000 inquiries per month) is around \$20... This could call into question the reasonableness of the contract for the necessary and efficient administration of the State Plan."

Nor were those the only objections. When the program went into effect in February, physicians from around the state shot letters to the DHS complaining that the process infringed on their professional judgment, increased their paperwork, and discouraged them from dealing with Medicaid patients.

Moreover, they questioned the sense of a program that required review of certain prescriptions but promised, as in the case of antibiotics, where time is critical, that all would be filled.

As time neared for the contract to be renewed, the relationship between DHS and the college had become badly strained. The staff at DHS was insisting that the agency be given title to nearly \$80,000 in computers and other equipment the college had bought in starting the program. They also wanted the time records HCFA said it required.

And Whitlock was coming under increasing pressure from physicians to take antibiotics out of the review program.

By July, everything collapsed. Morrison

Together, antibiotics and "benzos," as they're called, had accounted for 70 percent of all the drugs reviewed for prior authorization. Approval had been granted for all of the antibiotics and 96 percent of the benzos.

Gradually, after DHS took back control of the program, the extraordinary cost of its operation under the College of Pharmacy began to come to light.

A DHS review dated August 29 noted, for instance, that in July 1992, there were 919 approved requests for benzodiazepines. The average cost for one of these prescriptions was \$13.34. But when the cost of reviewing each request was added, the total cost to Medicaid of filling the prescription was \$35.70.

DHS paid the College of Pharmacy just under \$113,000 per month from February through July to administer the program. Half of that was to be paid with federal funds through HCFA. But HCFA notified DHS last week that it won't pay.

Arkansas's Medicaid drug program, which is already over budget, now must pay for all of the UAMS contract. And since the College of Pharmacy says it isn't required to turn its computers over to the DHS, the state agency faces the prospect of buying another set of computers to keep up with its burgeoning costs. 



OFFICE OF THE VICE PRESIDENT
WASHINGTON

October 8, 1992

NOTE TO RICHARD PORTER

FROM: BILL KRISTOL *BK/SS*

Could you please handle. Thanks very much.

10/0
Louis J. Cordia

6908 Baylor Drive
Alexandria, VA 22307
(phone) 703/768-3111
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White House Vice President
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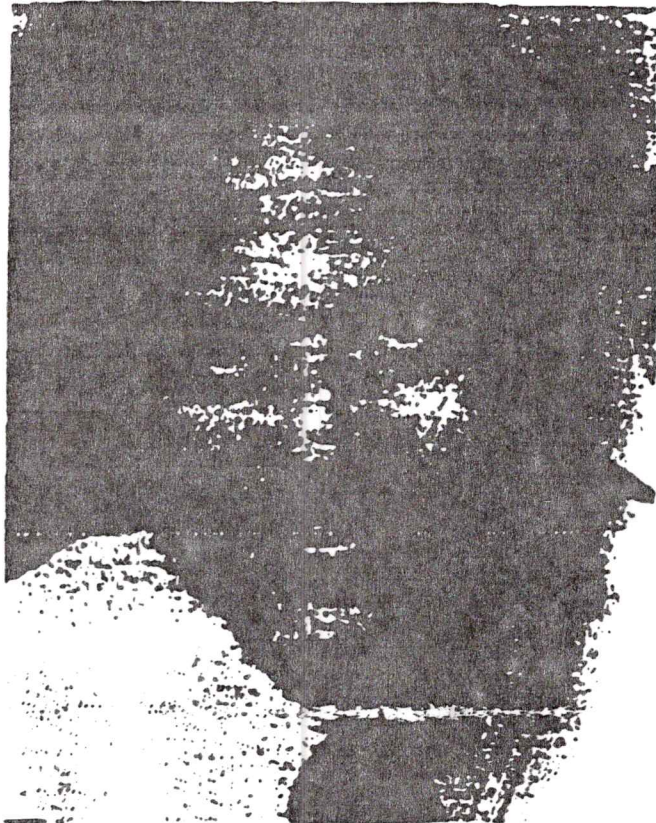
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KANSAS CITY, MISSOURI SCHOOL DISTRICT DESEGREGATION

I. Background

In May 1977 plaintiff Kalima Jenkins (and others) filed a federal lawsuit against Missouri, Kansas, and suburban school districts alleging discrimination against black students. Kansas and the suburban districts were later dismissed as plaintiffs. In September 1984 US District Judge Russell G. Clark found the Kansas City School District and the State of Missouri to be constitutional violators and ordered the first phase of the remedy in June 1985. The plan included education improvements such as full day kindergarten, better libraries, reduced class size, summer school and a modest capital improvements plan. In November 1986 and September 1987, Judge Clark ordered the most ambitious magnet program in history and expanded the capital improvements plan to over \$300 million. The plan converted all the high schools and middle schools and one-half the elementary schools to magnet schools. Themes such as Classical Greek Academy, Foreign Language Experience, and Computers Unlimited proposed by the School District were adopted by the Court. The Court made the State and the local school board jointly and severally liable for nearly all of the costs and apportioned liability 50/50 for capital improvements and 75% state/25% school district for program costs, with some exceptions.

The September 1987 order was so extravagant that Judge Clark ordered a doubling of the property tax levy to \$4.00 per \$100 of assessed valuation and imposed a 25 percent surcharge on state income taxes in Kansas City. The state and others appealed the judicial imposition of taxes. In August 1988 the 8th Circuit Court of Appeals overturned the income tax surcharge, but allowed Judge Clark to set aside state laws restricting the school board's ability to raise property taxes. The state was required to refund the income tax surcharge proceeds even though the school district spent the funds.

In *Jenkins v. Missouri* the US Supreme Court essentially upheld the 8th Circuit's ruling. There were four justices on the court (Kennedy, Rehnquist, O'Connor, and Scalia) willing to go further and assert that only the "gold-plated" remedy required the judicial imposition of taxes, there was no finding that this is the only remedy that will work, and that there is "no doubt that taxation is not a judicial function."

Since that time, the state has been subject to rapid shifts in judicial rulings in this case, especially from the 8th Circuit Court of Appeals. Unfortunately, the court's orders neither recognize nor accommodate the state's budget cycle. For example, on first appeal, the 8th Circuit reversed Judge Clark's apportionment of 75 percent of the costs of desegregation programs to the state and remanded to Judge Clark with instructions to divide the costs 50/50 as is done in the St. Louis desegregation case. Later, a three judge panel of the 8th Circuit changed back to 75 percent. The 8th Circuit also imposed a cap of \$149 million on the state's capital improvements liability through Fiscal Year 1992. When the state relied on this case law for budgeting purposes, the courts created a mid-year budget crisis in September 1991 by lifting the cap.

II. Expenditures

As of June 30, 1992 the state has spent \$632 million on desegregation programs and capital improvements in the Kansas City School District. This does not include the \$7.5 million paid to plaintiffs' attorneys. Adding in this year's spending brings the total to \$660 million. This

amounts to a 52 percent average annual increase in spending, by far and away the most rapidly growing state program (see accompanying graph). For both the St. Louis and Kansas City cases, the state of Missouri spent \$1.5 billion as of June 30, 1992, far more than any other state according to Judge Heaney of the 8th Circuit. It is estimated that state spending for both cases in FY 1993 will approach or exceed \$400 million.

A primary reason for the expense is the school district's taste for excessive capital improvements and magnet themes. Central High School cost \$32 million and includes a Classical Greek theme which has failed to attract even close to its target enrollment. The district's schools now include planetariums, dance studios, Olympic-size indoor pools, farms and other frills.

III. Concerns

In addition to the mammoth costs, a primary concern for taxpayers in Missouri is the lack of results for the money spent. The court's monitoring committee found:

"Unfortunately, the magnet programs, effective schools, . . . along with a 20 percent increase in staff salaries, have not produced the results hoped for at this time. Achievement scores have not advanced district-wide as one would hope, given the resources available."

Even more frustrating is the court's attitude of spending first, and asking questions later. The 8th Circuit refused to give guidance in this case as to what would constitute unitary status, stating that it is too "complex" and they would prefer to wait after the programs have been implemented before addressing this issue. The district court does have a goal of achieving 40 percent white enrollment, but little or no progress has been made. Equally distressing is the inability of the school district to report implementation results of the plan. The district cannot produce a definitive answer to the question of how many suburban and private school whites have been attracted to the district's schools. This is one of the primary objectives of the plan and the justification for gold-plating the district's schools.

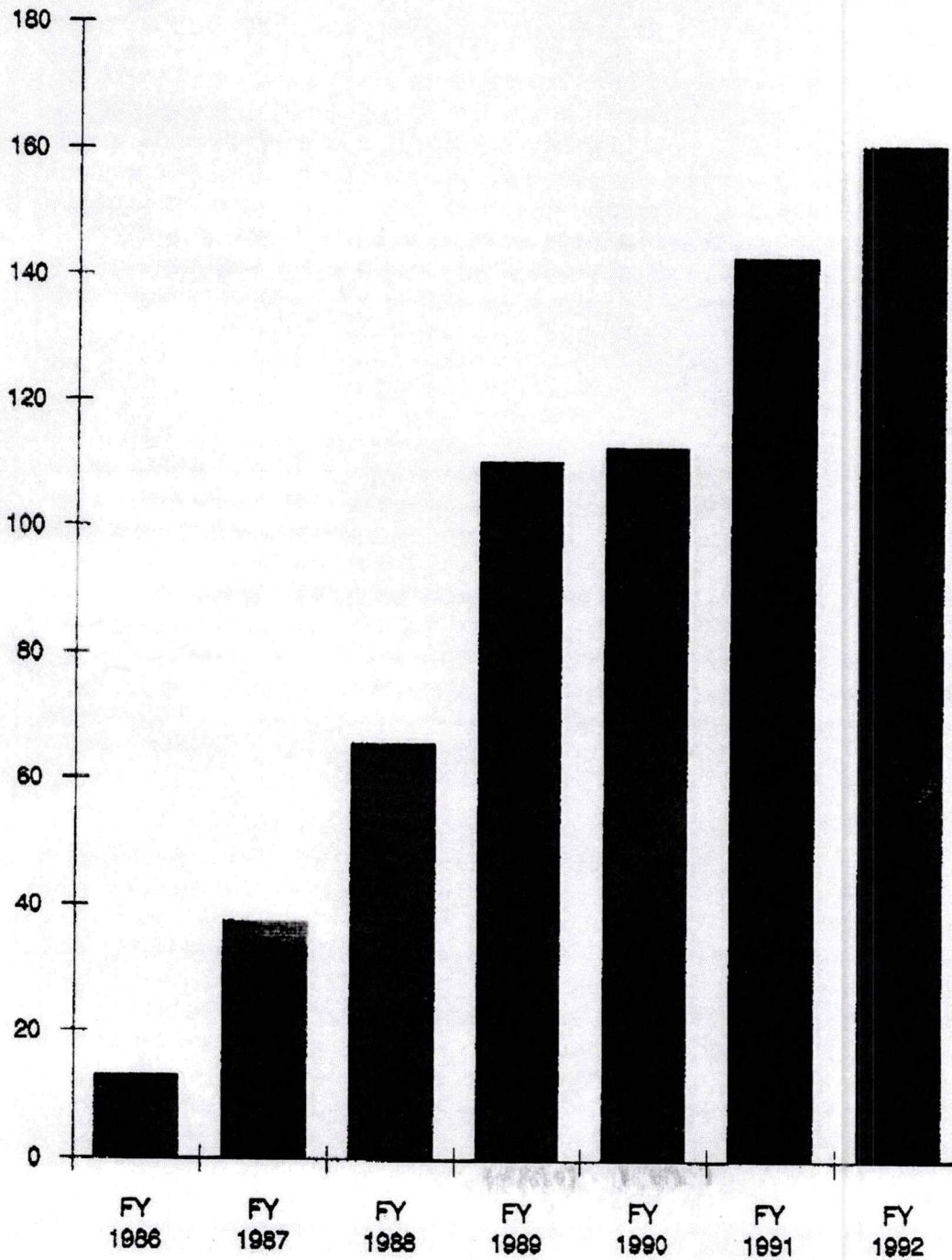
The monitoring committee found that "It must be candidly reported to the Court that after six years of effort and massive expenditure of resources the KCMSD had made only minimal progress toward the desegregative objectives of the Court. The committee attributes these shortcomings both to serious incompetence in the administration in the KCMSD and also to less than full commitment to the desegregation goals by . . . personnel in the KCMSD."

The state is also forced to pay under court order \$8 million annually of the district's operating budget which the court has found to be not part of the desegregation budget for the "base" operating costs of certain magnet schools.

The district's administration has been characterized by mismanagement and waste. Again the monitoring committee found: "The attitude has been prevalent that money is no object and the Court will provide all that is necessary, and no one will take any punitive actions if we are sloppy in our work habits."

Because the court has created a financial incentive system which rewards continued delay and failure with more and continued money and where 100 percent of additional costs are paid by "someone else" (i.e., the state), there is little hope that the victims of the constitutional violation will see final removal of the vestiges of segregation anytime soon. In fact, the school district has recently proposed a ten-year expansion and renewal of the long range magnet plan that would convert all remaining schools to magnets and cost at least another \$500 million.

State Desegregation Expenditures -- Kansas City (\$ In millions)



KANSAS CITY, MISSOURI SCHOOL DISTRICT DESEGREGATION

Summary

Since state payments began seven years ago in the Kansas City, Missouri school desegregation case, over \$1 billion has been spent implementing the remedy imposed by the federal courts. The state of Missouri has contributed under court order \$660 million to date. The massive, unprecedented remedy contains educational "frills" such as Olympic size pools, dance studios, a 25-acre farm, a 2000-square foot planetarium, a model United Nations wired for language translation, a \$32 million high school (Central), a fencing instructor with a Russian translator, and a log cabin. The capital improvements plan alone will cost well over \$500 million for less than 90 schools.

The remedy's cost was so excessive that the federal district court overseeing the case imposed a doubling of local property taxes by judicial fiat and created a new income tax surcharge (25% of state tax liability) on residents and workers in the school district. In April 1990, the US Supreme Court ruled unanimously (*Missouri v. Jenkins*) that the income tax surcharge order exceeded the lower court's authority and that the federal court could not unilaterally order property tax hikes. Four justices found that there was no showing that this massive remedy was the only way to achieve desegregation. However, a majority of the court (5-4) determined that the district court had the authority to set aside state laws that restricted the local school board's ability to raise taxes to pay its share.

The federal district court has found the Kansas City Missouri School District and the State of Missouri are "jointly and severally liable" for the costs of the remedy. Since the *Jenkins* decision, the Kansas City school board has been unwilling to raise property taxes to pay for its unfunded share of the remedy, except for a massive pay raise for district teachers, staff and administrators. Therefore, state taxpayers will foot the bill for over \$100 million of Kansas City's share of this remedy.

The tragedy is that the court's own Monitoring Committee found that little progress has been made towards desegregation. They blame the school district's incompetence and lack of commitment for the plan's failure. The fact is that the Kansas City school desegregation case is a classic example of the waste and poor decision making that occurs when spending "other people's money."

The school district has responded by requesting a ten-year extension of the long-range magnet plan estimated to cost well over one-half billion dollars. No one knows when this case will end. Plaintiff's attorney has said somewhere between 5 and 50 years. The 8th circuit refused to establish clear standards for determining unitary status in the district because it was too "complex", instead charting a course where the courts would spend over a billion dollars of the taxpayers' money and then see if anything was accomplished.

DAVE TUDAY

Dave:

I checked with the Department of Education on the Parents as Teachers program. The Even Start grants, which it would have been funded under, do go to various parts of Missouri but none to Kansas City. Up until this year, the grants had been administered and awarded by the Department on a competitive basis. Every state was required to receive some money. In addition, the money in each state had to be distributed to both urban and rural areas. This year the money goes to the states as a part of formula grants and they make the selection. I suspect the program will be funded now. The program officer I spoke to said Parents as Teachers was a very popular program and was frequently used in seminars by the Department as an example of what could be done with Even Start grant money. He was surprised that it had not been funded and had no idea why it hadn't.

Apparently, Senator Bond has tried for a couple of years to get the Administration's support for federal legislation for a specifically authorized Parents as Teachers program in every state. The Administration has not endorsed it and has suggested that it is a matter best left to the states to initiate.

Bill B.

call me at home if you need to: 703-538-6316

*Shame Second
Time*EXECUTIVE OFFICE
STATE OF MISSOURIJOHN ASHCROFT
GOVERNOR

M E M O R A N D U M

P.O. BOX 720
JEFFERSON CITY, MO 65102

August 30, 1992

TO: ✓ Dave Juday, Vice President's Office
Bobbi Schleibaum, Vice President's Office
Chris Dolin, Vice President's Office -- Westin Crown Center

FROM: Karen Gallagher *KG*
Director of Policy Development

RE: Vice President Quayle's Kansas City Trip

Enclosed please find information we have developed for your consideration for the Vice President's Parents as Teachers event in Kansas City.

The Parents as Teachers Program

The Parents as Teachers (PAT) program is a home-school partnership designed to give children the best possible start in life. PAT is based on the philosophy that parents are their children's first and most important teachers.

Because children in their earliest years learn more and at a much faster pace than at any other time in their lives, PAT helps parents acquire the skills to help make the most of these crucial early-learning years. The program covers child development from birth to age three and suggests parent activities which encourage language and intellectual growth, curiosity, and social skills.

Parents as Teachers works with parents in the following ways:

Home Visits: PAT-certified parent educators, trained in child development and home visiting, come to each family's home every month to six weeks. The educators help parents understand each stage of their child's development and offer practical tips on ways to encourage learning. Parents discover that simple, everyday activities -- feeding time, a game of peek-a-boo, or a trip to the grocery store -- all are opportunities to develop their child's basic skills. The home visit is tailored specifically to each family's interests and situation.

BUSH LIBRARY PHOTOCOPY - PRESERVATION

Group Meetings: Here, parents find out they're not alone. Programs schedule times for parents to get together, gain new insights, and share their experiences, common concerns, and successes.

Screenings: PAT offers periodic screening of overall development, language, hearing, and vision. The goal is to provide early detection of potential problems to prevent difficulties later in school.

Referral Network: PAT helps families link with special services, if needed, that are beyond the scope of the PAT program itself.

Experience and research confirm that PAT can produce confident, competent parents and happy, well-rounded, academically able children. Three independent evaluations have shown that children who participate in PAT are significantly advanced over their peers in language, social development, problem-solving, and other intellectual abilities. PAT children who have "graduated" from the program and are now in school scored significantly higher on standardized measures of reading and math achievement in first grade. A significantly higher proportion of PAT parents initiated contacts with teachers and took an active role in their child's schooling.

The program was piloted in 1981 in four Missouri school districts. Convinced of its benefits and cost-effectiveness, the program was expanded to all 540 school districts in the state in 1985 after much prodding by then-Governor (now U.S. Senator) Christopher Bond. Governor John Ashcroft has presided over its expansion and statewide implementation. In 1987, worldwide interest in the program led to the establishment of the Parents as Teachers National Center in St. Louis. The Center trains the 1,500 Missouri parent educators and other from across the country and around the world. The National Center Executive Director is the founder of the program, Mildred Winter. The program has been implemented in 36 other states and five foreign countries.

The Missouri PAT program serves over 50,000 families a year. The program is free, voluntary, and open to any family with children from birth to age three. Whenever possible, parent educators (who are employees of local school districts) make their first home visit during an expectant mother's third trimester. The program puts special effort in reaching out to families with children who might be at risk of underachievement in school. State funds of \$13 million support payments to local school districts for the PAT program.

Special adaptations of the program have been developed for disadvantaged families, teen parents, Native Americans, families with special needs children, low-literate families, military families, and those making the transition from homelessness, as well as for the workplace and for child care centers.

The program boasts many awards, including the 1987 Innovations in State and Local Government Awards (sponsored by the Ford Foundation and the Kennedy School of Government at Harvard) and the 1989 Innovations Award from the Council of State Governments. It has been featured in the national press on numerous occasions.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Biography	Re: Michelle Lapointe; Personally Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	

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AR Disposition:

AR Disposition Date:

Appeal Case #:

Appeal Disposition:

Disposition Date:

MR Case #:

MR Disposition:

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RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

- (b)(1) National security classified information
- (b)(2) Release would disclose internal personnel rules and practices of an agency
- (b)(3) Release would violate a Federal statute
- (b)(4) Release would disclose trade secrets or confidential or financial information
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
- (b)(7) Release would disclose information compiled for law enforcement purposes
- (b)(8) Release would disclose information concerning the regulation of financial institutions
- (b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

Michelle Lapointe
25 East 54th Terrace
Kansas City, MO
816/444-9910 (H)

Eric, age (b)(6)
Alexandra, age (b)(6)

Two years ago following a family vacation, Michelle Lapointe and her children watched as her husband died unexpectedly of a heart attack. The first person she called regarding how to deal with her children in the wake of the tragedy was her parent educator. The parent educator (Rhodanne Schiller) showed up immediately with resource materials and continued to call and come by to help coach Mrs. Lapointe through the ordeal. They talked about everything from how to approach the problem of talking to both a three- and a one-year-old to whether the children should go to the funeral. The parent educator has helped the family through the grieving process for the past two years. Mrs. Lapointe really appreciates the support the PAT program has provided on the normal development of her children.

Mrs. Lapointe is (b)(6) and a fundraising and development expert for nonprofit organizations in the Kansas City area. She has been doing market research for 15 years. For four years, she chaired the Ronald McDonald House committee. Her success in that project led to her current career.

She is in favor of school choice, particularly because of her experience with the Kansas City School District's magnet school program. She has investigated a number of public and private schools and has chosen Swinney Elementary School for Eric and, eventually, Alexandra.

She "wasn't very appreciative" of the Vice President's remarks on Murphy Brown. She said she was a Murphy Brown fan and didn't think the "choice was an offensive one." She thinks "personal and bodily choices need to be left out of government." She was pleased to learn that Mr. Quayle didn't say that her family was not "a family."

She hasn't made a decision on who to support for President. She thinks the President has done very well on foreign policy. His "values are unquestionable" and she really likes him on that level, she says.

Asked what she would like to say to the Vice President if she had the opportunity, she talked extensively about the Parents as Teachers program. She says she'd love to talk to him privately about the Murphy Brown comments and issues, but understands this is not the time or place. She doesn't feel she needs to bring that up here.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Biography	Re: Jim and Angela Lankford; Personally Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	

Collection:

Record Group: Quayle Vice Presidential Records
Office: Deputy Chief of Staff's Office
Series: Porter, Richard, Files
Subseries: Subject Files
WHORM Cat.:
File Location: Missouri Oct 2

Date Closed:	8/25/2025	OA/ID Number:	21805-027
FOIA/SYS Case #:	2025-0878-F	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

(b)(1) National security classified information
(b)(2) Release would disclose internal personnel rules and practices of an agency
(b)(3) Release would violate a Federal statute
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Families Recommended to Host the Vice President

First Choice Family: Jim and Angela Lankford
5506 Holmes
Kansas City, MO

816/363-0396

Son: Wesley, almost ⁽⁹⁾ years old

Jim Lankford is an artist for Hallmark Cards. His group works on the Hallmark plates, cups, and napkins line. Angela Lankford is an audiologist who is staying at home while they have children.

The Lankford's consider themselves conservative and religious. They attend Sherwood Bible Church. They meet regularly with a group of three or four couples to "hold themselves accountable for their marriages" and in their childrearing. The group currently has undertaken a 19-week Bible study on attitude and character development in children. This activity is a strong supplement to their participation in the Parents as Teachers program.

The Lankford's see Parents as Teachers as a very practical program that helps them as first-time parents. They say it helps them to know that their son is developing as he should be. It has helped them to identify areas where their son is progressing as he should (such as in language development, identifying colors, and learning to count), and to know that they need to focus on development in a particular area (hand-eye coordination). They see Parents as Teachers as a behavioral component and their other group as focused more on the religious, moral underpinnings of their parenting. Because they participate in this other group, they don't attend many of the PAT monthly group meetings.

The Lankford's own their home and live in a mixed neighborhood of black and white families. They like it there very much.

They either will send their son to a public school or provide a home school for him. They say they couldn't afford a private school. They like the President's school choice proposal and support for vouchers.

They admire Vice President Quayle and President Bush. Mr. Lankford says he was very impressed with the Vice President's convention speech and particularly likes the Vice President because he "sticks to his guns."

He is a little bit concerned about having the media involved in an event in his home because he doesn't like the way the way they twist the facts sometimes when it comes to conservatives. He wouldn't want the visit used against the Vice President in any way.

Second Choice Family: Tom and Cheryl Nelson
3600 Bell
Kansas City, MO

Three children

Tom and Cheryl Nelson both work for Hallmark. Mr. Nelson is an artist and Mrs. Nelson works part-time as a space planner and designer for the corporation.

Mrs. Nelson is very outgoing and social but Mr. Nelson is more reserved. They attend church in the area and are very involved parents.

The mother is very involved in the Parents as Teachers program. She has attended PAT "Lunch and Learn" sessions held at Hallmark and she regularly attends monthly PAT group meetings. She calls her parent educator from time to time to ask advice on particular issues or for ideas about such things as fun vacations for young children.

They own a large, older home that they are fixing up one room at a time. The father is very adept at home renovation and repair.

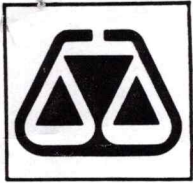
NOTE: I have not contacted this family directly.

Contacts for Vice President's Parents as Teachers Event

Karen Gallagher
Director of Policy Development
Governor's Office
314/893-8498 Home
314/751-2829 Office
314/751-1495 Fax

Tom Krewson
Administrative Assistant
Governor's Kansas City Office
816/444-7502 Weekend
816/889-3186 Office
816/889-3177 Fax

Pat Tennison
PAT Coordinator for the
Kansas City, Missouri, School District
816/361-4925 Home
816/871-6276 Office



LANDMARK Legal Foundation

Formerly Gulf & Great Plains Legal Foundation, established 1976

Mark J. Bredemeier
General Counsel

MEMORANDUM

TO: Vice President Dan Quayle
Dave Juday, Assistant to the Vice President

FROM: Mark Bredemeier *MJB*

DATE: September 1, 1992

RE: Kansas City, Missouri School Desegregation

In accordance with Bill Burrows' request, I have dictated the following points to refresh your recollection regarding the unique goings-on in the Kansas City, Missouri educational scene over the past several years:

Litigation Background

1. In September of 1987, U.S. District Court Judge Russell G. Clark levied a \$1.95 increase in Kansas City school property taxes (raising the levy from \$2.05 to \$4.00) and imposed a 25% income tax surcharge on all income earned within the Kansas City, Missouri School District ("KCMSD" or the "district"). These levies were to pay for massive court-ordered capital improvements, magnet schools and desegregation expenses. Landmark Legal Foundation entered the litigation on behalf of Kansas City taxpayers to challenge the Article III authority of the federal judiciary to "lay and collect taxes."
2. In August of 1988, the U.S. Court of Appeals for the Eighth Circuit filed its decision reversing the court-ordered income taxes but affirming the judicial property tax levy with a slight modification that would require *future* tax increases to be levied directly by the Kansas City School Board (*with* District Court approval but still *without* a vote of the people). This was to be in lieu of a direct levy by the District Court. The State of Missouri and Landmark contended that this modification drew "a distinction without a difference." In any event, approximately \$31 million in surcharge receipts was refunded to taxpayers. The modified judicial property tax levy went to the U.S. Supreme Court.
3. In the summer of 1989, black families and community groups (again represented by Landmark) moved for a modification of the court-ordered

Long Range Magnet Plan's 60% (minority) - 40% (non-minority/white) racial quotas governing new magnet school admissions. Because the KCMSD's desegregation program was not recruiting substantial numbers of white students from Kansas City private schools and Missouri suburban schools, the unintended effect of the quotas was to keep black students from attending the new neighborhood magnet schools being constructed for *them* with the court-ordered taxes. Parents were outraged that, because of the quotas, their kids had to be bussed to other parts of the city to attend school while newly-constructed local magnets operated with empty seats.

4. In February of 1990, the District Court approved a "contingency" magnet school admissions plan which "relaxed" the quotas for the upcoming 1990-91 school year. This contingency plan has been re-approved and continues in effect to the present time. While some schools have made marginal improvements toward the 60%-40% balance, most schools continue to lag far behind. Significantly, the district's overall racial balance remains nearly 75% (minority, predominately black) - 25% (white), which is almost the exact racial balance which existed in 1985-86 when the major components of the desegregation plan were first implemented.
5. In April of 1990, the U.S. Supreme Court entered its decision reversing the District Court's direct judicial property tax levy but affirming the Eighth Circuit's modified judicial tax scheme (allowing the School Board to raise taxes without a vote of the people). The case was remanded to the lower courts to determine the question of refunds and an additional \$10 million has been refunded to taxpayers.
6. In July of 1990, the Kansas City School Board raised the KCMSD property tax levy \$.96 (to \$4.96) with Judge Clark's approval and ostensibly in accordance with the modified scheme approved by the Court of Appeals and the Supreme Court. Taxpayers appealed this levy increase as contrary to the intent of the Supreme Court's decision.
7. During this general time period, the District Court and the Court of Appeals considered and rejected legal efforts to institute a voucher program as a component of this school desegregation plan. Landmark did *not* represent these plaintiffs.

Current Issues

8. The judicial taxation controversy has subsided somewhat in recent years, although Landmark has filed two certiorari petitions with the U.S. Supreme Court concerning (a) additional property tax refunds for the 1987 and 1988 direct judicial levies and (b) the legality of the 1990 \$.96 School Board levy.

9. The magnet school quota controversy likewise has subsided to some extent as a result of the relaxation of the racial guidelines. The most heated battles involving the magnet schools today concern the district's efforts to "magnetize" all elementary schools (and, therefore, the entire district). Another point of community debate has revolved around magnet curriculum decisions such as if and where multicultural or African-American studies should be implemented.
10. Today's biggest controversy in the Kansas City schools concerns the quality of education actually being delivered to the consumers -- *i.e.*, the students, parents and taxpayers. Significant waste and inefficiency continue to plague school district administration. Recent news reports on test scores indicate stagnation at most grade levels and even performance slippage at other levels, particularly in the middle and high schools. Dropout rates remain high. Violence persists. Defenders of the district and desegregation plan claim that the remedy needs more time to prove its effectiveness. Yet, after years of judicial activism, court-ordered taxation, near total magnetization of district schools, racial "guidelines," the largest court-ordered capital improvements program in the United States, and nearly \$1 billion in court-ordered taxpayer expenditures (most of which coming from the State Treasury), parents, taxpayers and community leaders are asking: *What do we have to show for all this?*
11. The final analysis: Court-ordered taxes and quotas, micromanagement of local school issues by "experts" and bureaucrats, "whistles and bells" facilities, and more money -- even lots more money -- does not necessarily improve the quality of public education. (But then you already knew that.)



OFFICE OF THE VICE PRESIDENT

WASHINGTON

October 1, 1992

**ADDRESS TO THE MISSOURI BAR/MISSOURI JUDICIAL CONFERENCE
1992 ANNUAL MEETING**

DATE: October 2, 1992
LOCATION: University Plaza Holiday Inn
and Convention Center
Springfield, Missouri
TIME: 10:15 a.m.
FROM: John L. Howard JH

I. PURPOSE

To address approximately 1000 lawyers/spouses attending the Missouri Bar/Missouri Judicial Conference 1992 Annual Meeting. The prepared remarks explain the Civil Justice Reform initiatives and discuss the Administration's approach to judicial selection.

II. BACKGROUND

This Bar Association gathering presents an excellent opportunity to further articulate the need for legal reform. The Missouri Bar is "curious" about the Administration's "assault" on the legal profession and likely to be somewhat hostile. Nevertheless, the group is generally more conservative and is likely to be supportive of our reforms if we: (1) explain the underlying need for reform, and (2) appeal to their sense of professional responsibility. Of course, some antagonism from the plaintiff's trial bar is almost certain.

In June you visited the "Summer Jobs for St. Louis Youth" Program sponsored by the Mathews-Dickey Boys' Club and the Bar Association of Metropolitan St. Louis. That program provided summer jobs at law firms to 52 inner-city high school students who had participated in a Mock Trial program run by the St. Louis Bar. The Bar Association holds this program out as a model of pro bono activity.

Civil Justice Reform Accomplishments

Since your speech to the ABA last August, we have:

- implemented an Executive Order on Civil Justice Reform;
- introduced the Access to Justice Act in Congress (it now has 10 Senate co-sponsors);
- testified before the Supreme Court's Rules Committee; and
- distributed Model State Statutes to all 50 states.

In addition to numerous speeches and interviews, you have:

- conducted 20 Civil Justice Reform roundtables and
- visited ten state capitals.

Missouri Reform Efforts

In 1987, the Missouri legislature passed a comprehensive liability reform package, and the tort reform coalition has been successful in defending its ground. This year the Governor vetoed a bill restricting sovereign immunity and lifting damage caps in suits against government. Although members of the American Legislative Exchange Council (ALEC) have expressed interest in our Model State Amendments, our proposals have not yet been introduced in Missouri.

Missouri Law

Missouri allows a bifurcated trial for punitive damages, with 50% of the punitive damage award going to the state to remunerate "uncompensated victims." This measure reportedly has encouraged settlements as few lawyers wish to share the fruits of their efforts. Also, multiple punitive damage awards are generally prohibited.

Joint and several liability is limited, but only when the plaintiff is assessed a portion of the fault. Reduction of compensatory awards by collateral sources is permitted.

III. PARTICIPANTS

The Vice President

Ortrie Smith, President, Missouri Bar Association

John Black, President-Elect, Missouri Bar Association

IV. EVENT OUTLINE

10:15 a.m.	The Vice President begins VIP photo opportunity and receiving line.
10:25 a.m.	The Vice President concludes receiving line.
10:30 a.m.	Ortrie Smith introduces the Vice President.
10:35 a.m.	The Vice President begins remarks.
10:50 a.m.	The Vice President concludes remarks.
11:00 a.m.	The Vice President departs.

V. PRESS PLAN

Closed press during photo opportunity
Open press during speech

VI. ATTACHMENTS

Speech (prepared by John McConnell)
Civil Justice Reform Talking Points
Civil Justice Reform Status Report
Questions and Answers
List of Participants for Receiving Line
Biography of Ortrise Smith, President, Missouri Bar
Biography of John Black, President-Elect, Missouri Bar

VII. FOLLOW-UP ACTION

Thank You Notes
Mail Photographs

CIVIL JUSTICE REFORM
Talking Points

- "Overuse of the system has become a self-inflicted competitive disadvantage."
- "I've met with thousands who use the legal system. Not one has told me that it is too quick or inexpensive."

The Agenda for Civil Justice Reform in America presents 50 recommendations to help reduce costs and delay in litigation:

Multi-Door Courthouse - give people the choice to elect effective alternatives to court adjudication.

Discovery - discourage abuse by requiring careful, cost-effective discovery planning.

Expert Evidence - eliminate "junk science" by requiring expert testimony to be based on widely accepted theories.

Fairness Rule for Attorney's Fees - an experiment to make winners whole by requiring losers to pay attorneys' fees.

Punitive Damages - restore rationality by requiring clear proof of wrongdoing and placing limits on punitive damages.

We have moved to implement reforms at all levels:

Executive Order 12778 - President Bush has required federal litigators to apply the reforms in their cases.

Access to Justice Act of 1992 - The President forwarded civil justice reform legislation to Congress in February.

Federal Rules Proposals - We are working with the courts to streamline Rules of Procedure and Evidence.

Model State Amendments - Provides reforms to the states.

In addition to addressing the ABA twice, the Vice President has:

visited 18 states to discuss civil justice reform

conducted 20 civil justice reform roundtables

20 states - introduced a form of the Model State Amendments distributed over 25,000 Agenda and 8,000 state packages

Horror Stories

number of lawyers has more than doubled over last 20 years
(355,000 in 1970 -- 777,000 in 1991)

47% of manufacturers have withdrawn products due to lawsuits

- Little League insurance rates up over 1000% in last 5 years

- Father sued school when son spills cafeteria food.

- inmate awarded \$304,000 for not getting a blanket and delayed medical care.

- \$52 million U.S. verdict would have been \$2 million in France (car accident)

CIVIL JUSTICE REFORM
Implementation Update
October 1, 1992

The Administration has moved to implement reform at all levels: Executive Branch action, Federal legislation, Federal rules changes, and model state packages.

Executive Order 12778

The Administration has applied most of the CJR reforms to itself.

- President Bush signed the Executive Order October 23, 1991.
- EO became effective on January 21, 1992.
- The Department of Justice is now conducting a six-month review to assess effectiveness and suggest improvements.

Access to Justice Act of 1992

The Administration is working with Congress to enact legislation.

- Access to Justice Act of 1992 transmitted February 4, 1992.
- Grassley and Fish introduced the bill.
- Bill is currently pending with 10 Senate co-sponsors.
- The plaintiffs' bar has mounted major opposition.

Federal Rules Proposals

We are working with the courts to amend litigation rules.

- Proposed amendments to the Federal Rules of Civil Procedure, Evidence and Appellate Procedure were presented to the Advisory Committee on the Civil Rules on February 19.
- Committee endorsed many of the CJR proposals and forwarded its recommendations to the Standing Rules Committee.
- The Standing Committee also endorsed many of our proposals, particularly those relating to discovery.
- The process is still lengthy -- the proposals now go to the Judicial Conference of the United States in September, then to the Supreme Court, and finally, to Congress.

Model State Amendments and Punitive Damages Act

The Administration is working to bring CJR to the States.

- Model State Amendments and Model State Punitive Damages Act published in February 1992.
- The Model Acts reflect the same proposals for the states that are underway on a federal level.
- All Governors, State Attorneys General, and State Legislators have received the model amendments.
- The Vice President has visited 20 states to help gain support for the CJR proposals.
- 20 states have introduced some of our CJR proposals (mostly the Model Punitive Damages Act, English Rule and/or Alternative Dispute Resolution proposals).

GENERAL QUESTIONS AND ANSWERS

Why are you "lawyer bashing"?

- o Was Dean Pound a lawyer-basher when he said the system needed reform?
- o I didn't lawyer bash
- o I told people the truth - that the legal system takes too long and is too costly
- o I honestly believe that lawyers will be part of the solution

What is the true cost of the civil justice system?
\$300 billion?

- o a red herring --
- o Ultimately, total cost is irrelevant. The Question is: Can we do better?
- o Does anyone really think that the system can't be improved?
- o we've asked several people what the system really costs
- o one estimate is \$80 billion in direct costs and \$300 billion in indirect costs
- o difficult to calculate cost of time and lost opportunities
- o reported figures have the costs somewhere between what America spends on cars and on food
- o four out of ten companies say that the product liability system has had a major impact on their direct costs

What about 70% of the world's lawyers?

- o another red herring --
- o Everyone is now trying to count the number of scribes in Japan rather than fix problems here at home.
- o Fact: number of lawyers increased over 100% since 1970 while population increased 20% "

Where did you get your data/support?

- o the Justice and Commerce did much of the work
- o the Solicitor General spearheaded the project
- o data sources included: National Center for State Courts, State Justice Institute, Administrative Office of the U.S. Courts, business groups, press, etc.

Isn't legal reform only for big business?

- o reforms will reduce cost and delay for all civil litigants; to the extent we succeed, that makes it easier for everyone to have his day in court
- o Fairness Rule will make losing corporations pay.

You say that our system of justice needs change, but we -- the only superpower in the world -- have done well with the current system in place since the founding of our country

- o we all cherish our legal heritage, reforms only attempt to improve the existing system, not make wholesale changes
- o as our society grows increasingly complex and the world community draws closer, our civil judicial system needs to adapt

What about the ABA reaction? - Weren't you asking for a hostile reception?

- o the ABA represents many of America's lawyers
- o most lawyers acknowledge there is a problem, and I heard from many of them both in Atlanta, and afterwards
- o some disagreement is always expected
- o I think that when the ABA actually reads the report, they will be of assistance

Why hasn't the Administration filled its judicial vacancies?

- o Congress is sitting on the nominations
- o life tenure - requires careful consideration

What are you saying about the professional prospects for lawyers?

- o the law is a noble profession
- o don't forget professional obligations to client and to the legal system
- o legal training should be used to resolve, not prolong, disputes
- o there will always be a need for competent, hardworking, and client-oriented counsel

Isn't civil justice reform only so much talk until we get control over the federal and state criminal docket?

- o the federal civil cases still represent a significant portion of any court's workload
- o the cost and delay in civil litigation has a tremendous ripple effect on our competitiveness which cannot be ignored
- o of the 98,464,561 state court filings in 1989, civil filings exceeded criminal filings by 5%, and this doesn't include traffic cases
- o during 1991 criminal filings in the U.S. district courts declined for the first time since 1980, falling 4%

Are market incentives appropriate in the legal process?

- o people respond to market incentives
- o market discipline works in regulation, and will work here

What do outside experts think about these reforms?

- o we consulted many experts in preparing the reforms
- o most think that the package is solid and workable
- o more importantly, I've heard from the actual consumers of legal services, and they are saying "this is needed, this will help"
- o our mail from the general public is 100 to 1 in favor
- o our mail from lawyers is 4 to 1 in favor

Aren't you overstating the punitive damages problem?

- o the number of million-dollar jury awards is rising again; according to Jury Verdict Research, million dollar awards peaked in 1985 at 590, then dropped to 410 in the following year and stayed at about that level in 1987; in 1988 the numbers started to climb again and by 1989 (the last year of complete data), million-dollar awards had surged 22.4% to 588

ADR - QUESTIONS AND ANSWERS

Would ADR really increase access to the justice?

- o ADR provides quicker and cheaper decisions
- o people have more choice for resolving disputes

Isn't ADR really just another bureaucratic layer standing between litigants and a judge?

- o proposals only require parties to consider ADR - actual use of ADR is purely voluntary
- o encourages parties to evaluate their cases

Is the Government willing to use ADR?

- o Yes -- the new Executive Order requires it

DISCOVERY REFORM - QUESTIONS AND ANSWERS

What is the status of your proposed discovery reforms?

- o Draft rules have been presented to the Rules Committee
- o Our proposals have been accepted in concept, especially disclosure and other limits on discovery.
- o E.O. places limits on discovery requests and requires federal litigators to seek disclosure agreement.

Is it "fair" to limit discovery?

- o 80% of cost and time in a lawsuit is discovery
- o discovery is often used as a "weapon" not to find facts
- o the proposals allow for sufficient "free" discovery

Why are you making people pay for discovery?

- o provides incentives for thorough case evaluation
- o discourages discovery as a weapon
- o provision can be waived by court for "good cause"

How did you determine discovery limits?

- o many federal judges already set limits on interrogatories
- o specific numerical limits are already under consideration by the Advisory Committee on Federal Rules

How will your disclosure solve discovery problems?

- o provides basic information needed to plan the case
- o eliminates unnecessary filings and delay
- o less costly and intrusive than Rule Committee approach (proposed Federal Rules = open file cabinets)

Do your proposals differ from the Rules Committee's?

- o We both agree that discovery is a problem
- o We use market incentives and self regulation
- o Advisory Committee suggests disclosure of more information
 - identity of persons likely to have information
 - description of documents
 - expert witnesses
 - (critics claim that the document provision is too vague and would result in unnecessary, and costly, compliance)
- o We will be working with the Rule Committee

Why is discovery needed at all?

- o proper discovery should result in prompt resolution and shorter trials
- o there is some benefit in "trial by truth" but it would require more trials, and the system is already overloaded
- o some discovery is needed for parties to assess their cases

EXPERT EVIDENCE - QUESTIONS AND ANSWERS

What is the status of your expert evidence proposals?

- o The proposals have been presented to the Rules Committee
- o The Committee recommends further study
- o E.O. prohibits federal litigators from using "Junk Science"

What do you mean by "widely accepted" theories?

- o we would eliminate "junk science" that has no foundation
- o a consensus is not required, only corroboration in the scientific community

Doesn't "widely accepted" necessarily mean "more than 50% of the experts?"

- o No - it means at least a significant minority of experts in the relevant field

Won't this limit "good" cases?

- o we aim at the "expert for hire" who changes opinions for the highest bidder
- o if there is substantial scientific support, the expert can still testify

Aren't you really saying that you don't trust the jury to weigh the testimony?

- o No - not all testimony is admissible, that is why there are rules of evidence
- o Most witnesses must testify to facts
- o Experts are special: they get to offer opinions
- o Some testimony does not reach the level where it should be allowed as an opinion
- o Junk Science wastes judicial resources and increases costs

FAIRNESS RULE - QUESTIONS AND ANSWERS

Won't this limit access to the courts?

- o opens courthouse doors by encouraging good cases
- o makes the winner "whole"
- o plaintiffs must choose to use the English Rule by bringing their cases under federal court diversity jurisdiction
- o if plaintiffs don't want the English Rule, they can go to state court
- o provides plaintiffs with an additional way to finance suit
- o will chill some marginal claims and all frivolous suits
- o all frivolous suits should be chilled

Isn't the Fairness Rule unfair?

- o "loser pays" is similar to equitable "make whole" remedies
- o the prevailing party is restored to his original position
- o the Fairness Rule will deter frivolous lawsuits, but because it pays attorneys fees, it provides an incentive for plaintiffs to pursue meritorious claims
- o we limit the amount the loser pays

(Critics almost always assume that the plaintiff is an indigent victim who will lose the lawsuit. Ask them if the rule is unfair when the indigent victim wins.)

What about contingency fee arrangements?

- o Fairness Rule would still apply
- o The party, not lawyer, is responsible for paying winner
- o Contingency fee lawyer would have to keep time records

Why is it only a test?

- o the proposal is a major change to the legal system
- o should make incremental changes

How do you tell who is the "winner"?

- o Usually not hard
- o court currently decide prevailing parties in over 100 statutes that award fees against the government

Won't defendants with good cases remove to the federal court and put undue pressure on the federal caseload?

- o defendant cannot trigger Fairness Rule through removal - only plaintiffs have power to elect the rule

PUNITIVE DAMAGES - QUESTIONS AND ANSWERS

Isn't the proposed limitation on punitive damages unfair to victims?

- o punitives are societal deterrents - not compensation
- o victims would still receive all compensatory damages
- o punitives still available, subject to 1x cap

Won't the 1x cap just be another cost of doing business, thereby losing any deterrent value?

- o we don't want an absolute deterrent
- o 1x cap is enough to be costly, not enough to stop innovation

You take the role of determining punitive damages from the jury and give it to the judge, isn't that unfair?

- o No - this is similar to criminal law where the jury finds guilt and the judges render the sentence

Don't you trust the man in the street?

- o Yes - but just as in the criminal law, there needs to be a device to insure consistency and limit sympathy
- o Judges will bring uniformity to the process

Your reforms could reduce the number and size of punitive damages. Won't that mean more unsafe products foisted on unsuspecting consumers?

- o punitive damages still available as a deterrent
- o some safe products now never get to market because companies are deterred by the mere threat of punitive damages

Is the proposed reform workable?

- o proposal, unlike common law, is coherent and rational
- o several states have similar limitations

IMPLEMENTATION - QUESTIONS AND ANSWERS

The Executive Order:

- o Applies recommendations to litigation involving the U.S.
- o will make the U.S. the model for private sector litigators
- o sets "higher standards" government
- o applies only to civil cases
- o requires the Fairness Rule, where allowed by law
- o We will not use "junk science"
- o We will offer the "Fairness Rule"
- o We will limit abusive discovery
- o We will attempt settlement
- o We will review statutes to correct drafting errors that lead to unnecessary litigation

Federal Legislation:

- o Introduced in February
- o 10 Senate Co-sponsors
- o Stymied by the Plaintiff's Bar

Model State Legislation

- o Copies distributed to every state legislator
- o Some form of legislation pending in 20 states

Rule Changes

- o Presented proposals to the Rules Committee
- o Rule Committee very interested in Discovery proposals

How does this differ from existing legislative proposals?

- o we recommend action, not further study
- o we introduce "market-type" discipline into the procedural system

Will the bill/rules changes pass?

- o only if we are re-elected
- o Some of the reforms require state action
- o I will be going state-to-state meeting with groups to keep the ball rolling

Are Congress and the courts willing to consider more civil justice reform so soon after the Civil Justice Reform Act of 1990?

- o many of these reforms go beyond that law
- o we intend to work with both the courts and Congress to promote worthy reforms capable of becoming reality

LIST OF PARTICIPANTS FOR
RECEIVING LINE

Ortrie D. Smith, President, The Missouri Bar
 Kris Smith - Ortrie's wife
 Casey Smith - Ortrie's daughter
 Angie Smith - Ortrie's daughter
 Mikki Smith - Ortrie's daughter
 B.J. Smith - Ortrie's daughter
 Sue Wendell - Mrs. Smith's Mother
 Lynn Ewing III - Mr. Smith's law partner
 Chris Hoberock - Mr. Smith's law partner - *Susan Hoberock - Mr. Hoberock's wife*
 Judge Gerald McBeth - Mr. Smith's former law partner
 John S. Black, President-Elect, The Missouri Bar
 Darcy Howe, Mr. Black's wife + *Katy + Andrew their children*
 Dudley McCarter, Vice-President, The Missouri Bar
 Beth McCarter, Mr. McCarter's wife
 Ronald S. Mitchell, Vice-President Elect, The Missouri Bar
 Becky Mitchell, Mr. Mitchell's wife
 Doreen Dodson, Past President, The Missouri Bar
 Dana Spitzer, Ms. Dodson's husband
 John Oliver, Jr., Executive Committee, The Missouri Bar
 John Walker, Executive Committee, The Missouri Bar
 Jennifer Gille Bacon, Executive Committee, The Missouri Bar
 Rod Loomer, Board of Governors, The Missouri Bar
 Kathy Loomer, Mr. Loomer's wife + *his daughter Mandie*
 Keith Birkes, Executive Director, The Missouri Bar
 Carolyn Birkes, Mr. Birkes' wife
 Edward (Chip) D. Robertson, Jr., Chief Justice,
 Supreme Court of Missouri
 Ann Covington, Supreme Court of Missouri
 Dean Joe Covington, Mrs. Covington's husband
 John Holstein, Supreme Court of Missouri
 Mary Holstein, Judge Holstein's wife
 Duane Benton, Supreme Court of Missouri
 Sandra Benton, Judge Benton's wife
 Elwood Thomas, Supreme Court of Missouri - *Mrs. Sue Thomas*
 Stephen Limbaugh, Jr., Supreme Court of Missouri - *Mrs. Stephen Limbaugh*
 Ray Price, Supreme Court of Missouri - *Mrs. Ray Price*
 Jack Gant - Circuit Judge
 Chuck Webber - friend of Ch. Justice Robertson
~~Gerry~~ Jerome Brant - Mo Bar Exec. Com. member
 John Shepperd - Past Pres. of A.B.A.
 Newton Brill - Mo Bar Exec. Com. member
 Rick Taitelman - Mo Bar Exec. Com. member
 Judge Patty Breckwidge
 Marc Levison - St. Louis Bar Pres. + his daughter Mariach
 Ken Klein - St. Louis Bar, Exec. Dir.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Biography	Re: Ortrie D. Smith; Personally Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	

Collection:

Record Group: Quayle Vice Presidential Records
Office: Deputy Chief of Staff's Office
Series: Porter, Richard, Files
Subseries: Subject Files
WHORM Cat.:
File Location: Missouri Oct 2

Date Closed: 8/25/2025	OA/ID Number: 21805-027
FOIA/SYS Case #: 2025-0878-F	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

(b)(1) National security classified information
(b)(2) Release would disclose internal personnel rules and practices of an agency
(b)(3) Release would violate a Federal statute
(b)(4) Release would disclose trade secrets or confidential or financial information
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
(b)(7) Release would disclose information compiled for law enforcement purposes
(b)(8) Release would disclose information concerning the regulation of financial institutions
(b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

C(1) Closed by Executive Order 13526, governing access to national security information
C(2) Closed by statute or by the agency which originated the information
C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

BIOGRAPHY OF ORTRIE D. SMITH, NEVADA, MISSOURI

Personal

Born Jonesboro, Arkansas, (b) (6).
Married to Christine Wendel, 1968; 4 daughters, Casey (b) (6),
Angie (b) (6), Mikki (b) (6) and B.J. (b) (6).
Preparatory and legal education at University of Missouri (BA,
1968; JD, with distinction, 1971)
University of Missouri at Kansas City Law Review
Bench and Robe Academic Honor Society
Admitted to The Missouri Bar, 1971
Engaged in the general practice of law with Ewing, Carter,
Smith, Gosnell, Vickers & Hoberock in Nevada since
admission to the Bar

Professional Activities

Secretary-Treasurer - Vernon County Bar Association
Vice-Chairman - Trial Evidence Committee of Litigation Section
of American Bar Association
The Missouri Bar Young Lawyers Counsel - 1975-1982
The Missouri Bar Board of Governors - 1978-present
Vice-Chairman and member of the Executive Committee of the
Young Lawyers Counsel - 1978-1982
Chairman of Finance Committee - The Missouri Bar
Six terms on Executive Committee of The Missouri Bar Board of
Governors
President of The Missouri Bar - 1991-92
Author and speaker - The Missouri Bar Continuing Legal
Education Seminars
Author and speaker - University of Missouri at Columbia School
of Law Continuing Legal Education Seminars

Civic Activities

President - Nevada Rotary Club
Chairman - Nevada Community Betterment
Treasurer - Vernon County Democrats
President - Vernon County Chamber of Commerce
President - Community Council for the Performing Arts
President - Vernon County Chapter of the American Red Cross
Vice-President - Nevada Optimists Club
President - Nevada Jaycees
President and current member of Board of Education - Nevada
R-V School District
Served and chaired numerous committees within First Baptist
Church of Nevada, most recently chairing fund raising
effort resulting in commitment of \$900,000 for
construction of new church

Awards

Tom Cochran Community Service Award - Young Lawyers Section
of The Missouri Bar
Citizen of the Year - Nevada Rotary Club
Twice Key Man of the Year - Nevada Jaycees
Distinguished Service Award - Nevada Jaycees
Young Leadership Award - Raytown Missouri High School

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Biography	Re: John S. Black; Personally Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	

Collection:

Record Group: Quayle Vice Presidential Records
Office: Deputy Chief of Staff's Office
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P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

JOHN S. BLACK

John S. Black, (b) (6), is President of the 20,000 lawyer strong Missouri Bar. He is a partner with the Kansas City law firm of Swanson, Midgley, Gangwere, Clarke & Kitchin, where he practices in the fields of business law, sports law and civil litigation.

He received a degree in economics from Colorado College and a law degree from Duke University. He has practiced at Swanson Midgley throughout his professional career. In addition, he taught business law for four years at Rockhurst College in Kansas City.

In 1981, Mr. Black was elected to the Board of Governors of the Missouri Bar. He has chaired its Foresight Committee and the Committee on Mandatory Continuing Legal Education Regulations. He has also served on the Executive Committee, the Finance Committee and other substantive and special committees.

Mr. Black is a member of the American Bar Association, the Kansas City Metropolitan Bar Association and the Lawyers Association of Kansas City. Six years ago he served as president of the Lawyers Association.

For several years, he has been a director of the Lyric Opera of Kansas City, and now serves as its secretary. He was founder and co-chairman of the Ozanam Guild, a support group for the Ozanam Home for Boys, and has been active in a variety of other civic and community affairs.

Mr. Black is married to Darcy Howe, a stockbroker at Merrill Lynch. They have two children, Katie, age (b) (6), and Andrew, age (b) (6)

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Dept.	Phone #	
Fax #	Fax #	



OFFICE OF THE VICE PRESIDENT
WASHINGTON

BRIEFING MEMORANDUM FOR THE VICE PRESIDENT
SOUTHEAST MISSOURI PORT AUTHORITY

Date: Friday, October 2, 1992
Time: 2:25 -- 3:10 p.m.
Location: Cape Girardeau, Missouri
From: Bill Hanka *BH*

I. PURPOSE

To highlight the importance of inland ports for exports and interstate commerce and to announce a \$1.18 million federal grant for the port authority.

II. BACKGROUND

NOTE: You will be able to announce a \$1,184,700 grant from the Department of Commerce's Economic Development Administration to the Southeast Missouri Port Authority. This grant is the major part of funding for a project to purchase a branch rail line, construct a rail spur, and improve the public dock and water line. It will result in 170 permanent new jobs at the facility. (Attached is a copy of the grant request letter from the Missouri Regional Planning and Economic Development Commission to the U.S. Department of Commerce.) *

The 500-acre Southeast Missouri Port Authority was created in 1975 as an inland port on the Mississippi River five miles south of Cape Girardeau. The companies at the port export grain and timber. The grain is shipped to New Orleans for distribution around the world. Most of the timber products are shipped to New Orleans and then to Europe to be made into veneer for furniture.

The construction of the port's facilities has been a community effort. In 1985, to raise money to build its infrastructure, port officials raised \$200,000 from private sources to mount a public relations campaign to convince the voters of Scott and Cape Girardeau counties to approve a 4-year \$.25 sales tax to fund a port bond issue. The voters approved it by more than 70 percent and the tax raised \$8 million, which has been the seed for \$12 million in capital improvements at the port. 53 percent of the cost of this port has come from local taxpayer funds, with the rest coming from the Federal (36 percent) and state (6 percent) governments.



**SOUTHEAST MISSOURI REGIONAL PLANNING
& ECONOMIC DEVELOPMENT COMMISSION**

P.O. Box 344
1 WEST ST. JOSEPH ST.

PERRYVILLE, MO 63778
TELEPHONE: 314 547-8367 FAX 547-7283

H. Weldon Maphe
Chairman

Richard Oster
Vice-Chairman

David Angerer
Secretary

Wilbert R. LaPlante
Treasurer

Thomas G. Tucker
Executive Director

May 29, 1992

Mr. Forrest Koch
U.S. Department of Commerce
Economic Development Representative
Robert A. Young Building
1222 Spruce Street
Rm. 8.308H
St. Louis, MO 63103

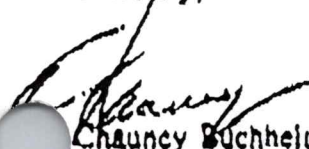
Dear Forrest:

On behalf of the Southeast Missouri Regional Port Authority, I am pleased to submit an original and three copies of a final application for funding for port improvements. The project is for further development of the port site, which will include the purchase of a branch rail line, construction of a rail spur, public dock improvements, and water line improvements. The total project amounts to \$1,974,500, of which, we are requesting \$1,184,700 from EDA. The 60% funding request includes the 10% bonus for Scott County's participation with the Bootheel Economic Development District. We have had seven separate companies complete the ED-612 forms. The 7 companies have committed to hiring 117 new people and to retaining an additional 30 employees.

In addition to the proposed EDA project, further improvements are taking place at the port including an interstate highway link. The rail and dock improvements being proposed will make the Southeast Missouri Port one of the best in-land ports in the country. The prospects for future economic development at the port site are tremendous.

If you have any questions with the enclosed, please call Allan Maki or me.

Sincerely,


Chauncey Buchheit
Director of Economic Development

CORRESPONDENCE BRIEF - MEMORANDUM

TO:

X

Assistant Secretary

Deputy Assistant Secretary

ACTION MEMORANDUM

Date: 6.25.92

FROM: Charles W. Lee, Acting Regional Director

SUBJECT: Applicant: Southeast Missouri Regional Port Authority

Location: Scott County, Missouri

Project No.: 05-01-02579

Project Description: Acquire and expand rail facilities, construct improvements to the dock, construct a waterline, construct a special barge berth and acquire a heavy lift crane to serve the port and an industrial site of approximately 417 acres that is owned and operated by the Port Authority.

Proposed Financing: EDA Funds: \$ 987,250 50%
\$ 197,450 (EDD Bonus) 10%
Total Project \$1,974,500

Rationale for the Project:

- o Purpose of Grant -- The purpose of the EDA grant is to develop the port by constructing the necessary infrastructure, providing a linkage with rail transportation and acquiring the necessary equipment, thereby enabling industry to expand on land owned by the port and also enabling the port to grow as a terminal. The project will enable the Port Authority to make available to industrial tenants, approximately 417 acres of land that can be sold, leased or otherwise conveyed to those tenants.
- o Pressing Need -- The Southeast Missouri Regional Port Authority is located in the City of Scott City which has a population of approximately 3,000. The City of Scott City is located in Scott County which has a population of 40,800. Situated along the Mississippi River in extreme southeastern Missouri in an area known as the "Bootheel" or the Delta Region, the area is heavily dependent upon agriculture. The completion of levees

SURNAME AND ORGAN- IZATION (Typed)	PREPARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY
	Project Officer	Chief, Public Works Div.	Regional Counsel OCC	Director, Public Works Div.	DAS Program Operations	DAS for ED
INITIALS AND DATE	<i>[Signature]</i> 6-23-92	<i>[Signature]</i> 6-23-92	<i>[Signature]</i> 6-24-92 9/10/92	<i>[Signature]</i> 7-6-92	<i>[Signature]</i> K D-1-92	

and interior drainage systems converted land that once was a swamp into one of the most productive agricultural areas in the Nation. The major crops produced in the area include corn, wheat and cotton, the sale of which accounts for over \$40,000,000 annually in revenue. The mechanization of farm production and the depressed farm economy have contributed to high rates of unemployment, low incomes, and outmigration of the younger population. The number of farms declined from 1982 to 1987 by nine percent. Of those farm operators, only 57 percent listed farming as their principal occupation. Scott County experienced a 24-month unemployment rate of 8.0 percent, a rate approximately 31 percent higher than the average rate experienced statewide. Per capita income in the County was only 71.4 percent of the National Average. The area did experience a minor population growth of 2.3 percent. Economic development efforts have led to some diversification, but the number of new jobs has not kept pace with the area's economic problems.

In 1975, local officials created the Southeast Missouri Regional Port Authority in an effort to diversify the economy. The location and operation of the port is coterminous with both Scott and Cape Girardeau Counties. The effective maritime jurisdiction extends to all navigable waters in Missouri between mile 25 and mile 50 on the upper Mississippi River. General operations are centered around a public terminal facility and the Slackwater Harbor Complex which consists of approximately 417 acres of industrial land. The port operates year around. In 1983, EDA approved a grant of \$1,000,000 for initial construction of the port, the dock and for basic infrastructure. Three companies are currently located at the port and four new companies will expand their operations and locate within the Complex if the port facilities are expanded. The need to expand the port and create additional jobs is a key part of the local development plan and the Port's Master Plan.

o Economic Impact/Benefit the Project Provides --

- Create an adequate dock, concrete covered, with heavy lift crane capacity and a special barge berth enabling the port to handle heavy speciality cargoes, some which weigh in excess of 200 tons. These facilities will be linked to dockside rail facilities. The purchase of the branch line from the Union Pacific and the construction of a spur to the dock will link the port with three major railroads and insure continued access with main line railroads and access to market based rail rates. The construction of the waterline will provide a looped system insuring an adequate flow to the Port.
- Enable Consolidated Grain & Barge Company to retain 12 jobs and create 13 new jobs. The company will invest \$3,500,000 in expanded plant and equipment.

- Enable Cape Fleeting, Inc. to expand to the port, create seven new jobs and invest \$130,000 in plant and equipment.
- Enable First Missouri Terminals to retain three jobs, create four new jobs in the short term and two additional jobs in the long term. The company will invest \$550,000 in expanded plant and equipment.
- Enable Midwest Agri-Chemico, Inc. to retain five jobs and create seven new jobs in the short term and two additional jobs in the long term. The company will invest \$325,000 in expanded plant and equipment.
- Enable Girardeau Stevedores and Contractors, Inc. to retain 10 jobs and create 18 new jobs in the short term and two additional jobs in the long term. The company will invest \$1,300,000 in expanded plant and equipment.
- Enable Respondek Railroad Corporation to expand to the port, create 25 new jobs and invest \$350,000 in plant and equipment.
- Enable Egyptian Concrete Company to expand to the port, create 37 new jobs and invest \$400,000 in new plant and equipment.
- The Southeast Missouri Regional Port Authority will own, operate and maintain all the facilities and equipment to be purchased or improved by this project.
- Although not a part of this project, a four-lane road will be constructed linking the port facility with an interstate highway. This project is being constructed with the assistance of the Missouri Department of Transportation. In addition, the Port Authority will construct a gas line which will connect the port facility with a gas pipeline, enabling the port to move gas products through the port facility. The Port will also construct a generator system insuring that the port and the companies located there have a consistent source of power. The end result of all the projects is that the port will have access to all modes of transportation.
- Within a 25 mile radius, there are eight industrial parks. These eight parks comprise 1,497 acres of land with a vacancy rate of 24 percent or 360 acres. None of these parks have any capacity to serve as a port, therefore, would not compete with facilities to be improved as a part of this project.
- Local share for this project will be provided by the Southeast Missouri Regional Port Authority from reserves.

Recommendation: This application satisfies the EDA policies and project selection criteria announced in the Federal Register, and the applicable findings and determinations required by the Public Works Project Report's Checklist for Public Works Projects have been satisfied. The project is recommended by the Denver Regional Office for approval, subject to the terms and conditions set forth in the Financial Assistance Award.

L. Joyce Hampers
Assistant Secretary
for Economic Development

APPROVED: _____

DISAPPROVED: _____

DATE: _____

X-

34366231 P.06

PUBLIC WORKS AND DEVELOPMENT FACILITIES PROGRAM

PROGRAM GOALS

Grants are provided to help distressed communities attract new industry, encourage business expansion, diversify their economies, and generate long-term, private sector jobs.

PROJECT TYPES/ELIGIBLE APPLICANTS

Among the types of projects funded are water and sewer facilities primarily serving industry and commerce; access roads to industrial sites or parks; port improvements; and business incubator buildings. Proposed projects must be located within an EDA-designated Redevelopment Area (RA) or Economic Development Center. Projects in other areas of an EDA-designated Economic Development District are also eligible if they will directly benefit an RA within the District. Projects must be consistent with an approved Overall Economic Development Program. An applicant may be a state, political subdivision of a state, Indian tribe, special-purpose unit of government, or public or private nonprofit organization or association representing an RA or part thereof.

SELECTION CRITERIA

Priority consideration shall be given to projects that:

- o improve opportunities for the successful establishment or expansion of industrial or commercial plants or facilities;
- o assist in creating or retaining private sector jobs in the near-term, as well as additional long-term employment, provided that the jobs are not transferred from other areas and will result in a low cost per job in relation to EDA cost;
- o benefit the long-term unemployed and members of low-income families residing in the area served by the project;
- o fulfill a pressing need of the area and can be started and completed in a timely manner; and
- o demonstrate adequate local funding support, with evidence that such support is firmly committed and available.

FUNDING LEVELS

FY 90: \$109,830,000

FY 91: \$140,825,000

FY 92: \$154,160,000

Average FY 91 grant: \$742,832

Range of FY 91 grants: \$ 80,160 - \$2,316,572

APPLICATION PROCESS

Eligible applicants should contact the Economic Development Representative (EDR) for the area. The EDA regional office can identify the EDR contact who will describe the program and provide guidance on preparing a preapplication. EDA screens proposals before deciding whether to invite formal applications. Average time from submission of an application to a final funding decision was five and one-half months in FY 91. Complete program information appears annually in the Federal Register.

SEMO PORT
LEGISLATIVE FORUM
9/29/92

SOUTHEAST MISSOURI REGIONAL PORT AUTHORITY

BACKGROUND AND BRIEFING PAPER

The Southeast Missouri Regional Port Authority opened for business to the public at its new Slackwater Harbor Facility in April 1990. This \$12,000,000 capital infrastructure project was funded by \$6,800,000 of local tax money equal to 56% of the total cost of the improvements. The Port Authority is also a state model for environmentally sensitive economic development demonstrating that quality of life and jobs can go hand in hand.

SOUTHEAST MISSOURI REGIONAL PORT AUTHORITY

The Southeast Missouri Regional Port Authority is a political subdivision of the State of Missouri and has been in existence since November 18, 1975. The Port District is coterminous with Scott and Cape Girardeau Counties, while its effective maritime jurisdiction extends to all navigable waters in the State of Missouri between miles 25 and 75 on the Upper Mississippi River.

The Port Authority is located at mile 48.0 of the Upper Mississippi River. This is approximately 3 miles from Scott City, Missouri; 5 miles from Cape Girardeau, Missouri with its vehicular bridge across the Mississippi River; 110 miles south of St. Louis, Missouri and 160 miles north of Memphis, Tennessee. Interstate 55 access is about 5 miles from the Port and is well supported by local, regional and national trucking operations. The Port area is served by three major railroads: Southern Pacific, Union Pacific, and Burlington Northern; it is adjacent to the Thebes Railroad Bridge (the only east-west railroad crossing of the Mississippi River between St. Louis and Memphis). Within 4 miles is the Cape Girardeau Municipal Airport with all weather landing and take-off instrument capabilities and two runways (6,500 feet and 4,000 feet).

From 1975 through 1984 SEMO PORT, like many of the other struggling new ports, was at a loss on how to pursue its mandate to attract private capital investment and develop the infrastructure so essential to economic development.

It was apparent that something more than a yearly administrative stipend would be necessary to bootstrap the Port up from dream to reality. In 1985 the Port approached local businesses and raised \$20,000 to mount a public relations campaign to ask the voters of Cape Girardeau and Scott Counties to approve a 4 year 1/4% sales tax to fund a Port Bond Issue. The citizens of the two Counties voted with their pocketbooks. The tax issue passed by more than a 70% majority! This local tax issue has succeeded in raising over \$8,000,000 in local funds. This local capital investment has been the seed for over \$12,000,000 in capital improvements at the Port.

Dedicated in April of 1990, the Port Authority has recently opened its new 450 acre Slackwater Harbor Complex. The heart of the facility is an 1800 foot long Slackwater Harbor, 250 foot in width and holding a minimum depth of 12 feet; harbor maintenance is provided by the Army Corps of Engineers.

General operations in the harbor are centered around a Public Terminal Facility which consists of a newly constructed general cargo dock (80,000 sq.ft.) and approximately 10 acres of land on the south bank of the Slackwater Harbor. The Public Terminal Facility offers 700' of waterfront including 350' of dock frontage, a Port Office and a Public Truck Scale. A Public

Terminal Operator is available and located at the dock and has 150 ton lift capacity for bulk and general cargo handling. There is direct access to Interstate 55 via a paved State Road and planned rail access is to be constructed near dockside in the fall of 1992. A 10" potable water supply line services the Port property, supported by a 250,000 gallon tank. The facility operates year round and is considered the most northerly, ice-free, lock-free port on the Mississippi River.

In addition to the Public Terminal Facility, the Port Authority also has approximately 440 acres available and zoned for general commercial/industrial development. The entire Port Authority property is located in a State Enterprise Zone and the Port has applied for a Port of Entry and Foreign Trade Zone.

Significant training, retraining and placement programs are available locally through the Vocational School, Southeast Missouri State University, and the Private Industry Council, in addition to existing State and Federal programs. There are also extensive and flexible financing programs available for capital improvements, working capital, job training, infrastructure, site improvements or utilities.

PORTS AS INTERMODAL HUBS

Using river ports as intermodal focal points promotes cooperation and coordination among all modes of transportation. Effective administrative procedures and the development of efficient equipment and handling techniques can provide attractive marketing and economic alternatives to both shippers and consignees.

COMPARISON OF TRANSPORTATION MODES

MODE	COST	PERCENTAGE OF VOLUME	SPEED	ON-TIME DELIVERY	PRODUCT FLEXIBILITY	SHIPMENT FREQUENCY	CUSTOMER ACCESS
RAIL	MEDIUM	35.9%	SLOW	MEDIUM	HIGH	LOW	HIGH
TRUCK	HIGH	25.5%	FAST	HIGH	MEDIUM	HIGH	HIGHEST
PIPELINE	LOW	23.2%	MEDIUM	HIGHEST	LOWEST	HIGHEST	LOWEST
WATER	LOWEST	15.1%	SLOWEST	LOWEST	HIGHEST	LOWEST	LOW
AIR	HIGHEST	0.3%	FASTEST	LOW	LOW	MEDIUM	MEDIUM

Combining truck with rail can lower overall transportation costs yet increase the number of locations accessed. The same is true for combining water and rail or water and truck. By utilizing more than one mode of transportation, the shipper can put together the most advantageous transportation package. These options will then enable the shipper to have optimum control over his transportation needs: enhancing delivery flexibility, minimizing costs. The focus can then be on: speed, volume, market accessibility, lowest cost or reliability. More and more, the current economic environment demands increased flexibility, responsiveness and cost control. Transportation costs represent the largest component of marketing expenses. Approximately 20% of annual Gross National Product (GNP) is spent on the physical distribution of products.

As the country gears up to compete in the rapidly changing domestic and global markets, so must intermodal transportation hubs gear up and increase their efficiency so they can continue providing a competitive edge. The growing benefits of inland river ports as the

SEMOPORT
LEGISLATIVE FORUM
9/29/92

critical connection for intermodal transportation is being felt at both the national and local level. Our nation's ports connect urban and rural businesses with markets as close as the next town and as distant as the far side of the world.

In order for intermodal potential to be realized, increased support must also be given to better Port control of and access to rail and road connections, whether by rehabilitating unprofitable or abandoned rail lines or building new access roads to circumvent bottlenecks, improve efficiency and enhance public safety.

ECONOMIC DEVELOPMENT

SEMO PORT HAS EXPENDED OVER \$12,000,000 IN CAPITAL PROJECTS TO DATE:

ESTIMATED CAPITAL EXPENDITURES THROUGH 9/30/92

PROJECT	TOTAL COST	LOCAL SHARE	%	FEDERAL SHARE	%	STATE SHARE	%	\$ SPENT LOCALLY	LOCAL %
ACCESS ROAD	\$1,298,875	\$542,775	41%	0.00	0%	\$756,100	59%	\$1,287,256	99%
WATER SYSTEM	\$352,075	\$108,075	31%	\$244,000	69%	0.00	0%	\$102,000	29%
PUBLIC DOCK	\$2,487,096	\$1,731,096	70%	\$756,000	30%	0.00	0%	\$967,546	39%
HARBOR	\$5,920,678	\$2,672,867	45%	\$3,247,811	55%	0.00	0%	\$2,363,613	40%
RAIL SPUR	\$2,101,386	\$1,814,648	86%	\$286,738	14%	0.00	0%	\$1,616,712	77%
UTILITIES	\$150,367	\$150,367	100%	0.00	0%	0.00	0%	\$114,523	76%
NASH ROAD	\$231,920	\$231,920	100%	0.00	0%	0.00	0%	\$231,920	100%
TOTALS	\$12,542,397	\$7,251,748	58%	\$4,534,549	36%	\$756,100	6%	\$6,683,570	53%

SEMO PORT HAS CREATED JOBS:

CAPITAL CONSTRUCTION JOBS:

ACCESS ROAD:	16,618 MAN HOURS
WATER SYSTEM:	1,550 MAN HOURS
PUBLIC DOCK:	12,653 MAN HOURS
HARBOR:	42,442 MAN HOURS
RAIL SPUR:	6,700 MAN HOURS
TOTAL MAN HOURS	79,963 = 40 MAN YEARS

PROFESSIONAL SERVICES JOBS:

LEGAL	500 MAN HOURS
ENGINEERING	15,000 MAN HOURS
INDEPENDENT CONTRACTORS	2,000 MAN HOURS
TOTAL MAN HOURS	17,500 = 8.75 MAN YEARS

SEMOPORT
LEGISLATIVE FORUM
9/29/92

JOBS CREATED SINCE PORT OPENED APRIL 1990 AND RETAINED BECAUSE OF GRANT:

PORT ADMINISTRATION	2
GIRARDEAU STEVEDORES	19
MIDWEST AGRI-CHEMICO, INC.	5
FIRST MISSOURI TERMINALS	3
EGYPTIAN CONCRETE	14
TOTAL CURRENT JOBS	43

JOBS TO BE ADDED AS RESULT OF ECONOMIC DEVELOPMENT ADMINISTRATION GRANT:

PUBLIC DOCK OPERATIONS	20
MARINE FLEETING OPERATIONS	10
DRY BULK FERTILIZER FACILITY	9
LIQUID BULK FERTILIZERS	6
PRECAST CONCRETE MANUFACTURER	37
WOOD PRODUCTS	14
GRAIN FACILITY	25
CO-GENERATION FACILITY	12
COAL BENEFICIATION FACILITY	12
RAIL OPERATIONS	25
TOTAL POTENTIAL JOBS	170

POTENTIAL CAPITAL INVESTMENT FROM COMPANIES IN NEGOTIATIONS WITH PORT:

PUBLIC DOCK OPERATIONS	\$2,400,000
MARINE FLEETING OPERATIONS	\$230,000
DRY BULK FERTILIZER FACILITY	\$1,025,000
LIQUID BULK FERTILIZERS	\$850,000
PRECAST CONCRETE MANUFACTURER	\$1,000,000
WOOD PRODUCTS	\$8,000,000
GRAIN FACILITY	\$3,900,000
CO-GENERATION FACILITY	\$40,500,000
COAL BENEFICIATION FACILITY	\$42,000,000
RAIL OPERATIONS	\$750,000
TOTAL CAPITAL INVESTMENT	\$100,655,000

Missouri's Ports sit astride the confluences of the great rivers in the American Inland River System: the Mississippi, the Missouri, the Ohio. We are singularly positioned to dominate Inland River commerce. Support your Public Port Authorities. Support the call for capital funds to get on with the job. The Public Ports have demonstrated their ability to convert capital investment into economic impact. SEMO PORT has demonstrated its ability to create jobs; to attract private capital investment. SEMO PORT is a model of what can be done with strong local support. This is the kind of project that must be rewarded if Missouri is serious about economic development. This is the kind of investment that makes sense.

SOUTHEAST MISSOURI REGIONAL PORT AUTHORITY

LEGISLATIVE FORUM

DECEMBER 17, 1991

CONFERENCE NOTES

NATIONAL PORT INDUSTRY

The port industry serves as a vital conduit linking the United States to the World marketplace, a critical intersection in the intermodal link. Ports serve broad hinterlands, connecting farmers, manufacturers and suppliers which are often thousands of miles from dockside to markets thousands of miles from our shores. The importance of ports to local, state and regional economies can be stated by looking at its 1990 national statistics: 1.2 million jobs, \$50.3 billion to gross national product, \$28.4 billion to personal income, \$33.1 billion in federal taxes and customs revenue, and \$3.6 billion in state and local taxes.

To achieve these significant national benefits, ports have spent more than \$5.6 billion dollars since 1979 to improve their facilities to meet the needs of a changing transportation industry. However optimum productivity at port facilities cannot be obtained if ports are not readily accessible by landside modes of transportation. Since the amount of international cargo moving through U.S. ports is expected to more than double by the year 2020, the need for efficient landside transportation access will only increase and must be planned for today. Efficiencies at ports benefit manufacturers in the Midwest, farmers shipping their goods overseas, and consumers in every state.

Nationally the inland waterways system has stimulated the location or expansion of over 11,000 facilities since 1952, with a capital investment exceeding \$202.5 billion. That's an average growth of over 400 plants a year with an average capital investment of well over \$7½ billion each year. These figures represent jobs and dollar investments and hence do not reflect the additional billions of dollars of savings passed on to the shipper, receiver and the tax payer each year by virtue of having access to water transportation.

THE INLAND RIVER SYSTEM

There are well over 100 ports and some 1900 terminals located along the 25,000 mile shallow draft inland waterways systems of the continental United States. By far the largest navigable artery is the 9,000 mile Mississippi River system which with its collective tributaries supports over 60 ports and 1100 terminals serving the heartland of America through such major centers as Pittsburgh at the headwaters of the Ohio; Minnesota-St. Paul at the headwaters of the Mississippi; Omaha and Kansas City on the Missouri; Chicago on the Illinois; St. Louis, Memphis, New Orleans on the main stem of the Mississippi; and Tulsa, Little Rock and Pine Bluff on the Arkansas. Missouri has more inland river miles than any other state in the country; over 700 miles.

In 1989, a record 606 million tons of commerce were moved on the inland waterways by over 1800 barge line companies operating over 4100 towboats and some 25,000 barges. This represented 10% of the nation's freight but only 2% of the freight bill. One half of the nation's grain exports and one fifth of the nation's coal exports are carried on the nation's inland river system. This tonnage was more than triple the level of traffic in the years immediately following World War II. Tonnage in the Upper Mississippi River Basin (Missouri, Illinois, and Upper Mississippi Rivers) has grown from 116 million tons in 1965 to 220 million in 1986 and is projected to be 295 million tons in 1995. A study of Mid-American Ports, recently released by the Maritime Administration, indicates that the tonnage will at least double during the next 20 years.

Most of the traffic is composed of liquid and dry bulk commodities: petroleum products, coal, grain, industrial and agricultural chemicals, metal products, rock, sand, gravel and other nonmetallic minerals. The inland waterways carry about half of the U.S. grain exports and one-fifth of the U.S. coal exports. By moving large volumes of these commodities at a low unit cost per ton, the waterway system helps make our exports more price competitive. It also contributes to state and national economies by providing jobs, increasing productivity, raising income and attracting private capital investment. The system has also demonstrated its vital importance during military mobilizations with its ability to move significant quantities of fuel, strategic materials, and military equipment.

People tend to take the river for granted, however, over 220,000,000 tons of product moved past Southeast Missouri on the river in 1988. This river traffic not only provides jobs, but also helps keep Missouri's transportation, distribution and manufacturing industries competitive nationally and internationally. It also goes a long way toward reducing congestion on and deterioration of the State's highways. During the severe drought of 1988 there was some concern that the Inland River System might not be reliable. If the Mississippi River were to close to navigation, the immediate impact would be a line of tractor trailers bumper-to-bumper over 40,000 miles long. Imagine complete gridlock on every road in the 32,000 mile Missouri state highway system and then an additional line 8,000 miles long waiting to get into the state.

EFFICIENCY

The average tractor trailer can haul 25 tons of freight, a jumbo rail car holds 100 tons, yet the average river barge holds 1500 tons of cargo - equivalent to 60 tractor trailer loads. An average Upper Mississippi River tow consists of 15 barges capable of holding 22,500 tons of dry bulk commodity; almost 800,000 bushels of grain or almost 7,000,000 gallons of liquid bulk - the equivalent of almost 900 tractor trailers; not putting wear and tear on our already overcrowded, overloaded highway system.

With the exception of pipelines, water transportation and distribution throughout the Inland Waterways Systems is not only the least energy consuming means to move large quantities of cargo but also the most flexible and economical. On the average, a modern towboat will move 1 ton of freight 400 miles on a gallon of fuel as compared to 200 miles by rail and 58 miles by truck. The barge lines generate over 200 billion ton miles a year on the inland waterways systems.

MISSOURI'S PUBLIC PORT AUTHORITIES

Following the recommendations of a Governor's Commission, the State Legislature in 1974 passed an Enabling Act - RSMo Chapter 68 - providing for the formation of Public Port Authorities as political subdivisions of the State of Missouri. The Missouri Highway and Transportation Department (MHTD) was given authority to approve applications by authorizing bodies, generally a county or city or combination thereof. MHTD was also given oversight and assistance responsibilities in the development of these nascent ports. Now, more than seventeen years later, there are fifteen Public Port Authorities which have been authorized and approved.

Since FY 1979 the State has funded a Public Port Administrative Assistance Plan. Administrative grants are made to the Port Authorities on an annual basis from the General Revenue Fund. A line item amount has been appropriated to the Waterways Division of MHTD by the General Assembly each fiscal year since then. This amount is then allocated to Port Authorities based upon their stage of development or activities. Funds in the amount of \$2.9 million have been expended in this program since FY 1979 (fourteen years).

In addition to Administrative support, Capital Improvement grants have been available to Port Authorities since FY 1983. Although a Capital Improvements program is contained in state statute, General Revenue appropriations have not been made available through the budget process. Some Third State Building Funds (from statewide general obligation bonds) have been appropriated by the General Assembly on a project-by-project basis. Funds in the amount of \$12.9 million have been provided to 15 projects at Public Ports. Land acquisitions, utility extensions, dock and warehouse construction, storage facilities, equipment purchases and road improvements have been completed. While this amount of state investment in the Public Ports has been significant, the impact has been even more impressive.

Missouri's Public Ports make an important contribution to the economy of the state. Public Ports alone have attracted in excess of \$150,000,000 in private capital investment. The total economic impact of river related industry on the State of Missouri is 67,000 jobs and 2.67 billion dollars annually.

Investment of state funds in Public Port Capital Development has created:

	RURAL	URBAN	TOTAL
DIRECT PORT JOBS	261	70	331
ANNUAL PAYROLL	\$4,000,000	\$2,000,000	\$6,000,000
CAPITAL INVESTMENT	\$133,000,000	\$17,000,000	\$150,000,000

Naturally, this direct port activity generates secondary employment and investment. At the Southeast Missouri Regional Port Authority in 1992, over 100,000 tons of product will be moved across the Public Dock. This equates to 2,000 truck loads in and out of the Port - over 400 trucks in November alone. Not only are many additional trucking and rail jobs created or supported through Port activities, but Port users get what is perhaps the most important benefit of all: choice. Farmers can hold their grain throughout the year waiting for a favorable market, they can buy in bulk quantities taking advantage of discounts, distributors can access rail, river and road to not only assure themselves of reliable supplies, but also reliable delivery systems to their customers.

The jobs generated by the eight operating ports. Seven other port authorities have yet to develop the stage which involves capital investment. Additional capital investment needs have been identified in all the ports, whether to bring them on-line, or to improve and modernize them. The investment of \$15.8 million of state funds during the past 11 years has brought about the direct investment of more than \$150 million in capital improvements, 330 direct jobs and more than \$6.0 million in direct annual payroll. As noted, the total impact to the state economy by all of the river commerce industry - Public and Private - is in excess of 2.5 Billion Dollars. It stands to reason that additional public investment in the ports will result in more jobs and transportation benefits.

What are other states doing? Georgia ranked first in state support of Ports with funding of \$270 million from 1977 to 1988; Louisiana ranked third - \$212 million, Alabama ranked 5th - \$134 million, Indiana ranked 10th - \$73 million, Illinois ranked 14th - \$20 million, Kentucky ranked 15th - \$19 million, Missouri ranked 17th with \$13.5 million in state funding. The program in our state is a successful one but more can be obtained.

On October 25, 1986, with the encouragement of MHTD, the Missouri Port Authority was formed so that operational ports as well as those still in planning stages might share information, experiences, expertise, resources and pool their efforts towards increasing the public as to the critical contribution which Missouri's Public Ports make to the economy of Missouri.

PORTS AS INTERMODAL HUBS

Using river ports as intermodal focal points promotes cooperation and coordination among all modes of transportation. Effective administrative procedures and the development of efficient equipment and handling techniques can provide attractive marketing and economic alternatives to both shippers and consignees.

COMPARISON OF TRANSPORTATION MODES

MODE	COST	PERCENTAGE OF VOLUME	SPEED	ON-TIME DELIVERY	PRODUCT FLEXIBILITY	SHIPMENT FREQUENCY	CUSTOMER ACCESS
WATER	VERY LOW	35.9%	SLOW	MEDIUM	HIGH	LOW	HIGH

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Biography	Re: Allan A. Maki, Jr.; Personally Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	

Collection:

Record Group: Quayle Vice Presidential Records
Office: Deputy Chief of Staff's Office
Series: Porter, Richard, Files
Subseries: Subject Files
WHORM Cat.:
File Location: Missouri Oct 2

Date Closed:	8/25/2025	OA/ID Number:	21805-027
FOIA/SYS Case #:	2025-0878-F	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

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(b)(4) Release would disclose trade secrets or confidential or financial information
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
(b)(7) Release would disclose information compiled for law enforcement purposes
(b)(8) Release would disclose information concerning the regulation of financial institutions
(b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

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C(2) Closed by statute or by the agency which originated the information
C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

ALLAN A. MAKI, JR.

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o) 314-264-3882

CURRICULUM VITAE**PERSONAL:**

DATE OF BIRTH: (b) (6)
SINGLE, FOUR CHILDREN
U.S. CITIZEN

EDUCATIONAL:

J.D. TULANE UNIVERSITY SCHOOL OF LAW, MAY 1976
LSAT Score 710 (99+ percentile)
Comparative Law Study Program encompassing English Common Law,
French Civilian Law and Admiralty Law
Graduated top quarter of class
Admiralty Prize for Academic Excellence senior year

B.S. YALE UNIVERSITY, JUNE 1972
MAJOR: ADMINISTRATIVE SCIENCE
Comprehensive Program requiring multi-disciplinary competency in:
Business Administration, Economics, Accounting, Industrial Relations and
Behavioral Psychology
SAT Scores 790 Verbal, 710 Math (99+ percentile)

EXPERIENCE:
1988-PRESENT

Executive Director, Southeast Missouri Regional Port Authority
President, Missouri Port Authority Association
Visiting Lecturer of Business & Management, Southeast Missouri St. Univ.
Director and Lecturer, International Business Institute

1980-1988

Independent Legal Counsel and Financial/Management Consultant
Of Counsel with Silvestri & Massicot, Attorneys-at-Law

1978-1980

Member of the firm with Silvestri & Massicot, New Orleans, Louisiana.
Civil and Admiralty Practice

1976-1978

Admiralty Attorney with firm of Lemle, Kelleher, Kohlmeier & Matthews,

1973-1975

Law Clerk with Legal Department of Midlantic Bank Corporation, N.A.
West Paterson, New Jersey. Commercial Finance Practice

CERTIFICATIONS:

Member In good standing of the Louisiana State Bar since 1976
Member of the Eastern and Middle U.S. Dist. Courts for Louisiana, 1976
Member of the Fifth Circuit U.S. Court of Appeals since 1976
Special admission before U.S. Dist. Ct., Eastern Dist of Texas, 1977
Accreditation as Admiralty Proctor, U.S. Dist. Ct., E.D.La. 1977

ALLAN A. MAKI, JR.
CURRICULUM VITAE
MAY 8, 1992

PUBLICATIONS:

"RIVER NAVIGATION", 41 Tulane Law Review 1157 (1977)
"THE NEW RULES OF THE ROAD", University of New Orleans, Fifth Annual
Maritime Seminar Papers, 1977
33 United States Code Secs. 151-356 (U.S. Draft Regulations)

MEMBERSHIPS:

President - Missouri Port Authority Association
Vice-Chairman - Board of Directors Cape Girardeau Airport
Director - Board of Directors International Business Institute
Member - American Association of Port Authorities
Member - National Waterways Conference
Member - Inland Rivers and Terminal Operators Association
Member - Missouri Highway & Transportation Commission Planning
Committee
Member - Cape Girardeau Chamber of Commerce
Member - Chamber Air Transportation Committee
Member - Scott City Chamber of Commerce
Member - Jackson Chamber of Commerce
Member - Sikeston Chamber of Commerce
Member - Southeast Missouri Hospital Association
Member - Boy Scout Council of Southeast Missouri
Member - Dean's Advisory Council, Southeast Missouri State University

REFERENCES AVAILABLE FROM:

U.S. SENATOR "KIT" BOND
U.S. SENATOR JOHN DANFORTH
U.S. CONGRESSMAN BILL EMERSON
PRESIDENT - SOUTHEAST MISSOURI STATE UNIVERSITY
CHAIRMAN - DEPARTMENT OF MANAGEMENT SOUTHEAST MISSOURI STATE UNIVERSITY
CHAIRMAN - BOARD OF DIRECTORS INTERNATIONAL BUSINESS INSTITUTE
PAST CHAIRMEN OF THE PORT BOARD OF COMMISSIONERS
PRESENT MEMBERS OF THE PORT'S BOARD OF COMMISSIONERS
MISSOURI HIGHWAY AND TRANSPORTATION COMMISSION
UNITED STATE ARMY CORPS OF ENGINEERS - ST. LOUIS DISTRICT
STATE ADMINISTRATOR OF RAILWAYS AND WATERWAYS FOR STATE OF MISSOURI
PAST CHAIRMAN OF THE INLAND RIVERS, PORTS AND TERMINALS ASSOCIATION
PAST PRESIDENT OF THE MISSOURI PORT AUTHORITY ASSOCIATION
PRESIDENT CAPE GIRARDEAU CHAMBER OF COMMERCE
MAYOR OF THE CITY OF CAPE GIRARDEAU
MISSOURI STATE SENATORS AND REPRESENTATIVES
MEMBERS OF THE MISSOURI AND LOUISIANA STATE BAR ASSOCIATIONS
MISSOURI DEPARTMENT OF CONSERVATION
MISSOURI DEPARTMENT OF NATURAL RESOURCES
CHAIRMAN - BOARD OF DIRECTORS CAPE GIRARDEAU AIRPORT
AIRPORT MANAGER - CAPE GIRARDEAU AIRPORT



OFFICE OF THE VICE PRESIDENT

WASHINGTON

October 2, 1992

BRIEFING MEMORANDUM FOR THE VICE PRESIDENT

FROM: BILL HANKA *BH*
SUBJECT: BACKGROUND INFORMATION ON MISSOURI

o The August **unemployment rate for Missouri was 6.2 percent**; the July unemployment rate for Springfield was 5.3 percent. The July unemployment rate for Cape Girardeau was 5.0 percent. The national unemployment rate for August was 7.6 percent.

State Issues

o Zenith Electronics Corporation, the largest employer in Springfield, is in the process of shutting down three-fourths of its local operations and moving them to two plants in Mexico. This is a **job loss for 1,600 Springfield workers** and comes despite a \$50 million incentives package offered by the state and local governments. The U.S. Department of Labor recently awarded a \$750,000 grant to the Missouri Department of Economic Development for dislocated worker assistance in Springfield.

o On September 30, Kansas City Royals' 39-year-old designated hitter, **George Brett, became the eighteenth major league player to get 3,000 hits** in a 4-0 win over the California Angels in Anaheim. Brett's achievement comes exactly three weeks after the Milwaukee Brewers' centerfielder, Robin Yount, reached 3,000.

o To help **ease the health insurance burden on the small business community**, Governor Ashcroft signed legislation on July 7 authorizing small businesses (that employ between 3 and 25 workers) to share the cost of health insurance by creating funded risk pools. It is estimated that 50,000 to 100,000 Missouri residents will benefit from the new law.

o Governor Ashcroft has requested a **welfare reform waiver** from the U.S. Department of Health and Human Services that would enable Missouri to mandate school attendance by AFDC children and teen parents from the time they reach seventh grade until they graduate from high school or obtain their GED. Regular school attendance would be an eligibility factor in determining the amount of the AFDC grant (payments could be decreased by about \$60 per month under the plan).

o On September 11, the President announced the sale of **72 F-15 fighter jets to Saudi Arabia**, which thereby saved approximately 12,000 jobs at the St. Louis-area McDonnell Douglas facilities.

o On September 21, a trial opened in Jefferson City brought by 117 Missouri school districts challenging the constitutionality of **Missouri's school funding formula**, citing the gap between property-poor schools and their wealthier counterparts. Additionally, many suburban and rural Missouri residents are upset by the enormous amount of state education funds (\$660 million to Kansas City and \$750 million to St. Louis in the past decade) that must be earmarked for **court-ordered school desegregation plans** in St. Louis and Kansas City, as mandated by Federal Judge Russell Clark (appointed by President Carter).

o Governor Ashcroft has ensured that **Missouri will gain \$12.6 billion over a fifteen-year period, including federal highway matching funds, for building new roads and bridges** by signing legislation calling for a gradual six cents per gallon gas tax that will generate the necessary matching funds to provide for a rate of one state dollar to every four federal dollars. The Governor has vowed that four-lane highways will connect every Missouri community with more than 5,000 people, thereby also decreasing traffic fatalities and injuries.

Federal Issues

o The President announced yesterday a plan to allow **ethanol** to be blended with as much as 30 percent of the reformulated gasoline to be sold in the nation's nine smoggiest starting in 1995, under the reformulated gasoline program created by the 1990 Clean Air Act Amendments. The Administration has been working with the National Corn Growers Association and the Renewable Fuels Association to develop this plan in the absence of an outright waiver, which was informally ruled illegal by the Justice Department this week.

Reform Agenda Issues -- State Facts

JTPA: 15 SDA's; the State Job Training Coordinating Council Chair is Mr. Terry Ward. This year Missouri will receive \$56.4 million. Last year, 38,144 people were served by the JTPA program in Missouri.

EDUCATION: Governor Ashcroft launched the America 2000 program in Missouri in October 1991 and there are currently 47 communities in Missouri taking part.

o There is no statewide school choice program. In November 1991, Missouri voters rejected a ballot proposal to allow open enrollment in intradistrict public schools, because it was on the same ballot with a number of tax increases.

EXPORTS/NAFTA: Missouri exports approximately \$4 billion worth of merchandise to more than 148 countries around the world. Exports create 110,900 jobs in Missouri. Missouri largest trading partners (in order) are: Canada (\$1.6 billion); United Kingdom (\$285 million); Mexico (\$273 million), and Germany (\$214 million).

o Manufactured exports accounted for 95 percent of the state's exports to Canada and Mexico in 1991. Missouri's exports to Canada and Mexico account for more than 52 percent of all Missouri's exports. Since 1987, Missouri's exports to Mexico have grown by 45 percent, while its exports to Canada have grown by 25 percent. Exports to these two countries have created 23,000 new jobs in Missouri.

DRUGS AND CRIME: Under the leadership of Governor Ashcroft, Operation Cash Crop, the Missouri marijuana eradication program, has made Missouri the nation's "top pot destroyer." In 1991, the program destroyed over 13 million plants with an estimated DEA value of more than \$1 billion. Much of the intelligence used in the operation comes from civilian volunteers using the program's toll free hotline: 1-800-BAD WEED.

o Since President Bush took office and created the Office of National Drug Control Policy, drug grants to Missouri have increased 109 percent from \$14.2 million to \$29.7 million.

CIVIL JUSTICE REFORM: The Civil Justice reform movement in Missouri this year has chiefly been occupied in continuing to defend the gains made in 1987, when the Missouri Legislature passed a comprehensive liability reform package.

WETLANDS: Missouri has 643,000 acres of wetlands that comprise 1.4 percent of the state's total surface area.

SCHEDULE: You were last in Missouri on September 1-2, when you visited Kansas City to address the Greater Kansas City Chamber of Commerce luncheon.



OFFICE OF THE VICE PRESIDENT
WASHINGTON

October 1, 1992

Hospital Tour & Health Care Discussion

Date: Friday, October 2, 1992
Location: Cox South Hospital
Springfield, MO
Time: 12 noon (60 minutes)

I. Purpose

To tour pediatric department, and discuss health care reform.

II. Background

Cox South Hospital:

-510 beds, opened in 1985, one-half of two-hospital system
Cox North 296 bed community hospital

-serves 18 county primary service area of 500,000 people

-comprehensive range of services and the resource hospital
for southwest Missouri and neighboring states.

-private non-for-profit

-3,800 employees, 400 physicians

-Children's hospital services

-broad range of pediatric services

-intensive care nursery, specialized neonatal care

-member of Children's Miracle Network, private gift
system for financial assistance to families with
catastrophic illness, hospital equipment, and education
on children's health

Local Healthcare Issues

Hospital personnel are concerned about the revenue shortfall
from Medicaid/Medicare patients, and associated growing
costs associated with charity care and cost shifting.

+ Stuart Altman -
- Architect of Nixon's
wage + price controls
- Families USA a fringe left
group
- All committed to wage + price
control
- Arthur Fleming - old-line
liberal Repub. from
a bygone era

Ozarks Area Business Group on Health

- coalition of 45 business concerned about hospital charges, insurance premiums, and duplication of costly services

A coalition of community leaders, Advocates for Healthy Children has submitted a grant application for Federal Community Health Center funding. HHS has given it a top priority ranking.

Cox South and St. Johns Regional Health Center have arranged to share the support of Springfield trauma care

U.S. Health Care

- the best and most innovative health care in the world,
- problem: lack of access to care
 - 35 million Americans are uninsured.
- problem: rapidly rising costs
 - 13% of GDP
 - twice the rate of inflation
 - will cost more than \$800 billion in 1992
 - \$2,600 for every American

Issue: the federal government role in the nation's health insurance program and control of expenditures.

The Administration's market-based health care reform:

- vouchers for insurance payments for the poor
- tax deductions for low-middle income persons
- malpractice reform, insurance reform, and reductions in paperwork and streamlined administration.
- The Administration plan maintains the current level of advanced health care

Clinton first advocated "play or pay " that would create huge, expensive new bureaucracies that could wreck our current system of innovative health care.

- Payroll taxes of at least 7% and an additional \$37 billion from taxes.
- will badly hurt health care and business.
- limited access to new technology and long lines
- business will suffer severely
 - more than small business 700,000 jobs lost in first year
 - 12% of small businesses will close
 - businesses will be impacted as payroll and other taxes force reduction in programs and research and development.

Clinton flip-flopped on September 24th

-all employers must provide employee health insurance "directly from insurers or through publicly sponsored purchasing groups"

-self employed can deduct 100% of insurance for taxes

-does not describe funding

-Global budgeting--Setting prices & Rationing Care

- Federal government sets the amount of health care spending for the federal government and the states

- government set price control on all health care -- fees charged by health care professionals and drug prices

-Federal government decides what medical schools should teach, what medical equipment should be manufactured, and who should purchase it

- Government limitations will lead to rationed care--long lines at health care facilities

III. Participants

Tour

Pediatric Department

Discussion

120 members of the hospital staff and a few other concerned community representatives.

IV. Sequence of Events

- o VP arrives at hospital and is met by:

Charlie M. Edwards, Executive Administrator
Larry Wallace, Chief Operating Officer
Robert H. Bezanson, Administrator

*

- o VP is escorted to pediatrics
- o VP moves to auditorium to hold discussion on health care issues, introduced by Charlie Edwards

V. Press Plan

Open press during tour and speech.

VI. Follow-up

Follow-up correspondence and photos to be forwarded to appropriate press.

Attachments

Fact Sheets on
Missouri Health Care
Health Care Reform
Rural Health Care
The Health Care Industry
Medisave Accounts

DEMOGRAPHIC CHARACTERISTICS OF MISSOURIMISSOURI

- o According to the 1990 census, the total population of Missouri is 5,117,073.
- o Persons age 65 and over comprise 14.0% of Missouri's population according to the 1990 census. The national figure is 12.6%.
- o 66% of the total population of Missouri lives in metropolitan statistical areas according to the 1990 census. This figure is lower than the national figure of 78%.

Missouri Metropolitan
Statistical Area Population

Columbia -	112,379
Joplin -	134,910
Kansas City -	961,396
St. Joseph -	83,083
St. Louis -	1,855,104
Springfield -	240,593

Total 3,387,465

- o 1990 personal income per capita in Missouri was \$17,472, ranking it 26th among the States. The national average was \$18,691.

MISSOURI

Healthy Start - no HHS dollars in the State

AIDS - HIV cases YTD/92 = 754 cases in Missouri
- AIDS cases YTD/92 = 301 cases in Missouri

- Cumulative HIV 1982-1992 = 4503
- Cumulative AIDS 1982-1992 = 2856

- \$9.1 Million to Missouri from PHS (Research, surveillance & biomedical)

Ryan White Funding - \$1.5 Million in HHS dollars

Head Start - enrolled in Missouri = 11,972

- total HHS dollars to Missouri = \$35,400,506

MISSOURI MEDICAID PROGRAMMISSOURI

- The Missouri Medicaid program began operation July 1, 1967. The Department of Social Services (DSS) is the single State agency designated to administer the Missouri Medicaid program.
- Total expenditures for Medicaid services in Missouri during the 12 months ending September 30, 1991, were \$1,650,000,258 (\$988,920,268 in federal funds and \$661,079,990 in State funds). This was an increase of 75% over the previous year's total payments of \$938,057,130.
- As of October 1, 1991, 459,721 Missourians were eligible for Medicaid.
- Eligibility for Medicaid in Missouri is determined under the section 209(b) option, which permits states to impose more restrictive eligibility criteria than the SSI program uses.
- Missouri does not offer a Medically Needy program.
- The Missouri Medicaid program offers 17 of the 32 Optional Services for which Federal matching is available.
- Missouri operates four Home and Community Based Services waivers. The waivers serve 8,857 aged, mentally retarded and developmentally disabled persons and persons with AIDS.
- A coordinated care program called the Jackson County Managed Care program serves 37,536 Medicaid eligible persons in Jackson County (Kansas City, Missouri) providing them with case management and access to care through four pre-paid capitated plans and 36 physician sponsors.
- The Federal Medical Assistance Percentage in Missouri (i.e., the percent of benefit payment funded federally) in FY 1992 was 60.84%. It dropped to 60.26% in FY 1993 and will increase to 60.64% in FY 1994.
- GTE Corporation is the Medicaid fiscal agent.

COORDINATED CARE

Issue: The Missouri Medicaid program is taking preliminary steps toward a significant expansion of its Coordinated Care program for women and children.

Background: Since 1984 the Missouri Medicaid program has operated an innovative coordinated care program in Jackson County (Kansas City). The program places all persons who qualify for Medicaid on the basis of AFDC eligibility into one of three different coordinated care settings.

At present 37,536 persons are served in this program which began as an experimental HCFA waiver and was converted to a Freedom of Choice Waiver when that option became available to states. These persons may enroll in a commercial health maintenance organization benefit offered by the local Blue Cross and Blue Shield plan. They also may choose to receive their care through one of two community health centers or the local public hospital which have entered into limited risk contracts with the Missouri Department of Social Services.

A third option exists in the form of physician sponsors. These are physicians in private practice who serve as gatekeepers for their patients. Any non-emergency care must be on the basis of a referral from the physician sponsor for recipients who choose this option.

The state believes that this program serves to mitigate the chronic shortage of participating providers which all Medicaid programs face, provides a continuum of care for high-risk patients (e.g., pregnant women and infants), and helps reduce unnecessary use of hospital emergency room services.

Status: The Missouri Medicaid agency has commenced discussions with providers of service to children in St. Louis city. The providers include two medical schools, community health centers, private physicians, and community consortia. These discussions are currently focusing on options available to reduce emergency room use. The most likely outcomes will be some form of coordinated care arrangements.

DONATIONS AND TAXES - MISSOURI

Issue: Several issues central to proper implementation of P.L. 102-234 (Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991) remain unresolved even though some provisions of the statute were effective January 1, 1992, and other major pieces take effect on October 1, 1992.

Background: P.L. 102-234 established a number of requirements for states which wish to finance portions of their Medicaid programs using donations or taxes paid by health care providers. It also established limitations on disproportionate share hospital (DSH) payments.

Extensive discussions on these issues have occurred among HCFA, the Department, OMB and a wide variety of interest groups including the National Governors' Association (NGA), the American Public Welfare Association, and the National Association of State Legislators. In spite of these discussions many issues remain unresolved.

Many states now have tax programs in place which were passed by their legislatures without much of an idea of HCFA's position on certain issues. Also, DSH programs for most state fiscal years 1993 are in place and key decisions have not been made which are needed to calculate the maximum matchable DSH levels for individual states. Regional Offices have already made grant award decisions for the second quarter of many states' FY 1993 (October-December) using a "best guess" approach to the permissibility of state tax and DSH programs.

Status: Missouri has passed a provider tax. Missouri continues to make large DSH payments (\$391 million for FFY 1993). ROs have just completed a major data collection effort for all states. The data will be used to calculate the caps on donations/taxes and DSH payments established by the law. Three issues involving the Missouri tax have been referred to CO for resolution and are pending there at the moment. CO has a large volume of similar referrals from other ROs. There is a great deal of national pressure being put on HCFA to publish its regulation and clarify these individual issues.

THE NEED FOR REFORMS

Not Enough Access

- o 34 million uninsured
 - many are poor or low income
 - poor 31%
 - near poor 9%
 - low income 22%
 - middle income 27%
 - high income 12%
 - most in families with at least one employed adult
 - with an employed adult 77%
 - without employed adult 23%
 - employed adults in small businesses
 - under 10 employees 49%
 - 10-25 employees 19%
 - 26-100 employees 17%
 - 101-500 employees 9%
 - over 500 employees 7%
- o Job lock
 - employees fear job change because of
 - loss of insurance
 - inability to get insurance on new job

Why

- insurance limited and expensive for small business
- unemployed lack insurance except Medicaid for poor
- insurance practices
 - seek to insure the healthy
 - exclusion for preexisting conditions

Costs Rising Too Fast

- o \$800 billion in 1992
 - aging population
 - expensive new technology
- o 13% of GDP
- o \$12,000 insurance cost by year 2000
- o too much emergency care

Why?

- o No real competition
 - "blank check" insurance coverage
 - insurance companies exclude higher risks
- o Administrative costs
 - high costs for small business insurance
 - paperwork burden
- o Defensive medicine
 - \$20 billion in defensive medicine
 - high malpractice insurance costs
- o No insurance
 - Uninsured use emergency room instead of less expensive preventive care and "front door" primary care

THE BUSH PLAN

Improve Access

- o Insurance Available to All
-95 million Americans benefit with access, continuity of coverage and insurance market reform
- o Improved Mobility
- affordable insurance available to all
- no more job lock

How

- o Vouchers and tax deductions
-Universal access to private insurance market
-the poor receive voucher payments (\$3,750 for a family) to buy basic health care plan
-low and moderate income Americans receive a health insurance tax deduction (\$3,750 for a family)
-self employed can deduct 100% of insurance costs
- o No insurance conditions
-no more pre-existing condition clauses
-guaranteed renewability

Reduce Costs

- o Create real competition
-insurance companies can no longer insure only the healthy, the lowest risk group
- o Cut paperwork
-electronic records replace paper-based health care records and billing
- o Preventive care
-prevention can drastically cut up to half the 2.2 million U.S. deaths per year
--between 40% and 70% of all premature deaths, one-third of all acute disability, and two-thirds of all chronic disability can be eliminated by: improved diet, prenatal care, exercise; elimination use of tobacco, alcohol and illegal drugs; and increased use of seat belts
- o Cut defensive medicine
-defensive medicine estimated to cost \$21 billion per year
-malpractice insurance doubled from \$2.7 billion in 1984 to \$5.6 billion in 1989

THE BUSH PLAN (Continued)

How

- o Eliminate mandates, create networks, more information
 - current state mandates increase premium costs 3% to 5%
 - encourage Health Insurance Networks (HINs)
 - pool small businesses purchasing power
- o Automation and coordination
 - standardize claim forms and procedures to lower administrative costs
 - Encourage coordinated care programs (HMOs and PPOs) which bring competitive pressures
- o Universal access
 - allows preventive care
 - vaccination
 - screening programs, e.g., mammogram (breast cancer), pap smears (cervical cancer), PST test (prostate cancer)
 - health promotion, reduce smoking, increase seat belt use, prenatal care
- o Malpractice reform
 - reduce non-economic damages (pain & suffering)
 - cap allowable amount
 - eliminate joint and several liability
 - prevent double recovery (eliminate collateral source rule)
 - structure payments instead of lump sum
 - promote ADR, alternative dispute resolution
 - English rule if ADR refused
- give consumers better information about available care services in their community.

No taxes hike: uses savings to pay for insurance vouchers and tax deductions.

Less regulation: cuts back on costly state mandates and other restrictions that prevent coordinated care.

High quality: improves efficiency of current US health care system.

Real competition: a market-based system, not government run.

CLINTON PLAN

Improve Access

- o Mandate insurance
 - all business required to provide employee health insurance
 - September 24th proposal, "private coverage" through "publicly sponsored" purchasing groups
 - will absorb Medicaid
 - last proposal had government run insurance
- o More government insurance
 - government will operate purchasing groups

How

- o Flip Flop Flip on Taxes
 - last proposal included payroll tax increase of 7% or 9%
 - could go up to 15% in future years
 - at 7%, 710,000 jobs lost in the first year
 - 300,000 from firms with fewer than 20 employees.
 - At 7%, another \$37 billion to cover shortfall.
 - September 24 proposal
 - does not describe funding
 - could be the 7% or 9% payroll tax
 - could be employer funded with tax credits for small business
 - self employed can deduct 100% of insurance for taxes

Reduce Costs

- o Bureaucrats decide, not you
 - government sets health budgets and sets fees for all providers
- o Cut paperwork?
 - new budgets will increase, not cut paperwork
- o Preventive care
 - adopts Bush proposals
- o Cut defensive medicine?
 - no details except alternative dispute resolution

How

- o National & State Budgets
 - New federal bureaucracy would set "National Health Budget"
 - budget would increase only as much as wages
 - a real cut in health resources
 - limits total amount that may be spent on health care by federal and state governments.
 - federal government takes control of more than 13% of our total GDP

CLINTON PLAN (Continued)

-- Bureaucratic budgeting will create waiting lines for health care and cutback technological breakthroughs--
new medicines, devices and therapies.

-States will establish fee schedules for all payers including doctors to meet the global budget targets

o More government regulation

-price controls on drugs, and eliminate certain tax incentives available for drug companies

-- discourages investment in new breakthrough drugs.

o Universal access

-guaranteed insurance through employers or government sponsored programs that will include Medicaid patients

o Malpractice reform opposed by Clinton in Arkansas.

-Clinton refused to sign legislation expanding good samaritan coverage to enable more emergency health care

-Clinton refused to pursue tort reform in Arkansas

Higher taxes: program is not self funding, will require taxes to pay for tax credits, possible new payroll tax, and increased income tax

More regulation: government run budgeting will add red tape for all involved in providing health care

Lower quality: government imposed pricing restrictions for doctors, drug companies, etc. will force quality to deteriorate

Rationed care: government imposed restriction on quantity of service and prices will force patients to line up for care as in Canada

NOTES ON RURAL HEALTH CARE ISSUES

Rural Americans--one-fifth of all Americans

- o One out of six (18%) has no health insurance because
 - One out of six in poverty (18%) (13% in cities)
 - One out of six unemployed (18%) (12% in cities)
- o Compared to urban areas, rural Americans have
 - higher rates of chronic disease
 - higher injury related mortality
 - slightly greater infant mortality
- o Often population insufficient to adequately support local health services.
- o Lack of transportation for access to health care

Rural Hospitals

- o Rural hospital crisis.
 - 10% rural hospitals closed in last decade
 - others no longer need for inpatient services
- o In 1990 ratio of hospital beds to residents is about the same in rural and non-rural American (4 to 1000)
- o Increasingly difficult to recruit and retain variety of qualified health personnel needed.

Federal Role in Rural Health Care

- o Federal sources provide nearly one-half (44%) of rural health resources
 - Medicare and Medicaid--direct payment for health services.
 - Block grants--maternal and child health, preventive health services, alcohol, drug abuse and mental health block.
- o National Health Service Corp
 - care providers
 - education, scholarship & placement
- o Grants to schools educating primary care providers
- o Federal Area Health Education Centers Program
 - links medical centers with rural sites
- o Grants to Community and Migrant Health Centers

- o Primary Care Cooperative Agreements
- o Rural Health Care Transition Grant Program. During past 4 years
 - \$70 million invested to help rural hospitals change to meet community needs
 - \$7 million available this year for new starts.
- o Essential Access Community Hospital (EACH)
 - Medicare initiative
 - \$10 million in grants to States and hospitals for designation, conversion and development of rural hospital networks)
 - so far 7 states, 45 hospitals (CA, CO, KS, NY, SD, WV)
- o President Bush phased out (by October 1, 1995) Medicare differential between urban and rural standardized payments for inpatient hospital services
- o New medicare physician payment system. Pays docs on relative resources (time, intensity, risk). Primary care payments should increase, specialists, decrease. Should benefit rural docs who are more primary care.
- o New prospective payment system (October 1, 1991) for inpatient hospital related capital-costs. Isolated rural hospitals will receive payment for at least 90% of reasonable inpatient capital related costs. Other rural hospitals receive payments of at least 70% (10 yr phase in)
- o HHS watchdog office for rural care.

American Farm Bureau

Supports incremental market changes and strongly opposes "play or pay," Canadian, and other national insurance approaches. Farm Bureau five principles:

1. Promotion of personal wellness, fitness and preventive care as basic goals.
2. Minimal government intervention in decisions between providers and receivers of health care.
3. Federal tax policies that encourage individuals to prepare for future health care needs.
4. Direct government financial assistance for those who are economically unable to pay for health care needs.
5. Government programs like Medicare and Medicaid properly compensate providers.

HEALTH CARE INDUSTRY FACTS

Overview

- In 1992 estimated spending of \$800+ billion, growing at twice the rate of inflation, 13% gdp
 - 37% hospital care
 - 30% professional services
 - 8% drugs and other medical non-durables
 - 8% nursing home care
 - 2% vision
 - 15% assorted other
- Private sector expenditures 57%, primarily for insurance
- in 1988, 6780 hospitals, with 1.2 million hospital beds
- more than 25,000 nursing homes, with more than 1.6 million residents

U.S. Employment

- 8.2 million person in 1990
- 9.1% of total US employment
- from 1988 to 1990 8% increase of 700,000 persons
 - physician offices 1,098,000
 - dentists offices 580,000
 - chiropractors 90,000
 - hospitals 4,690,000
 - nursing facil. 1,543,000
 - other 1,446,000
- approximately 22 physicians per 10,000 people in 1989
- one active registered nurse for every 148 Americans

World Leader

In pharmaceuticals

- R&D grown from 12% in 1980 to 15% in 1991
- R&D greater than \$9.2 billion
- positive trade balance
- exports exceed imports by \$1 billion in 1991
- US manufacturers account for 42% of major pharmaceuticals marketed worldwide

In health care devices and supplies

- US supplies 47.5% of world production
- Exports were \$7.9 billion in 1991, imports of \$4.1 billion

Medical training

- 12% or 2,259 foreign born medical school graduates out of 18,450

Services to foreign persons in US and abroad.

- \$1.3 billion in services to foreign persons
- Abroad 9 investor-owned hospital companies own 79 facilities with 10,041 beds, and manage 3 facilities with 845 beds in foreign countries.

Medical Savings Accounts

Benefits

- make individuals cost conscious about medical expenses
- reduces certain administrative costs by keeping some costs out of health insurance system

Design

- similar to IRAs, MSAs are tax free accounts dedicated to cover medical expenses
- MSAs encourage savings
- employees use funds from MSA to pay medical costs
- employees with MSA will purchase less expensive insurance with higher annual deductible

- example, current insurance costs employer \$4,000 with \$500 deductible
- with MSA, insurance plan costs employer \$1,800 with \$2,000 deductible, employee gets tax free \$2,000 MSA account
- employer pays less, employee can keep MSA money not used for future medical costs
- employee can use MSA funds for nonmedical costs and pay taxes on it

House Republicans (H.R. 5325)

Administration has endorsed bill that contains Medisave Accounts

- Allows employers to offer MediSave accounts as health plan option
 - contributions are tax deductible
- Recipients to purchase insurance coverage, and use Medisave account to pay for health care
 - account balance would roll over
- Funds used for non-medical expenses would be taxable as would be interest income.
- Employer contributions limited to prior CPI adjusted value



OFFICE OF THE VICE PRESIDENT

WASHINGTON

September 1, 1992

BRIEFING MEMORANDUM FOR THE VICE PRESIDENT

FROM: BILL HANKA *BH*
SUBJECT: BACKGROUND INFORMATION ON MISSOURI

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State Issues

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o Governor Ashcroft has ensured that Missouri will gain \$12.6 billion over a fifteen-year period, including federal highway matching funds, for building new roads and bridges by signing legislation calling for a gradual six cents per gallon gas tax that will generate the necessary matching funds to provide for a rate of one state dollar to every four federal dollars. The Governor has vowed that four-lane highways will connect every Missouri community with more than 5,000 people, dramatically decreasing traffic fatalities and injuries.

Reform Agenda Issues -- State Facts

JTPA: 15 SDA's; the State Job Training Coordinating Council Chair is Mr. Terry Ward. This year Missouri will receive \$56.4 million. Last year, 38,144 people were served by the JTPA program in Missouri. The Kansas City PIC Chair is Jack Steadman.

EDUCATION: Governor Ashcroft launched the America 2000 program in Missouri in October 1991 and there are currently 47 communities in Missouri taking part, including Kansas City.

EXPORTS/NAFTA: Missouri exports approximately \$4 billion worth of merchandise to more than 148 countries around the world. Exports create 110,900 jobs in Missouri. Missouri largest trading partners (in order) are: Canada (\$1.6 billion); United Kingdom (\$285 million); Mexico (\$273 million), and Germany (\$214 million).

o Manufactured exports accounted for 95 percent of the state's exports to Canada and Mexico in 1991. Missouri's exports to Canada and Mexico account for more than 52 percent of all Missouri's exports. Since 1987, Missouri's exports to Mexico have grown by 45 percent, while its exports to Canada have grown by 25 percent. Exports to these two countries have created 23,000 new jobs in Missouri.

DRUGS AND CRIME: Under the leadership of Governor Ashcroft, Operation Cash Crop, the Missouri marijuana eradication program, has made Missouri the nation's "top pot destroyer." In 1991, the program destroyed over 13 million plants with an estimated DEA value of more than \$1 billion. Much of the intelligence used in the operation comes from civilian volunteers using the program's toll free hotline: 1-800-BAD WEED.

o The Bush Administration this year awarded Kansas City \$130,000 to be one of the three pilot sites for the "Weed and Seed" program. Since President Bush took office and created the Office of National Drug Control Policy, drug grants to Missouri have increased 109 percent from \$14.2 million to \$29.7 million.

CIVIL JUSTICE REFORM: The Civil Justice reform movement in Missouri this year has chiefly been occupied in continuing to defend the gains main in 1987, when the Missouri Legislature passed a comprehensive liability reform package.

WETLANDS: Missouri has 643,000 acres of wetlands that comprise 1.4 percent of the state's total surface area.

SCHEDULE: You were last in Kansas City on December 5, 1991.

TALKING POINTS - KANSAS CITY, MISSOURI METROPOLITAN SCHOOL
DISTRICT LITIGATION

- * The Department of Education was dismissed as a party defendant in this case, in 1984.
- * In 1984, the district court found that school district and the State of Missouri had operated a segregated school system in the Kansas City School District. It issued an order detailing the remedies and the financing necessary for their implementation. It imposed most of the cost of the desegregation plan on the State.
- * Over the years, the courts have adopted an expanded desegregation plan and apportioned the cost of implementing the plan between the State and the school district. The State and the school district challenged these court imposed methods for funding the desegregation efforts before the Supreme Court.
- * The Supreme Court upheld the district court's authority to order financing of the desegregation efforts but rejected an approach taken by the district court. The Supreme Court sent the case back to the lower courts for further proceedings.
- * Subsequent proceedings have involved questions concerning the implementation of the desegregation plan, including the funding of the plan.
- * According the Education Department's Office for Civil Rights, recent issues under the Kansas City Missouri desegregation plan focus on magnet schools. All the secondary schools are magnet schools, as are one half of the elementary schools. Many people believe that too much money is going to magnet programs at the expense of educational funding elsewhere in the State.
- * The Kansas City Kansas School District is also operating under a longstanding desegregation court order.
- * For additional information concerning recent developments in Kansas City desegregation efforts, contact Deborah Burston-Wade, U.S. Department of Education, Office for Civil Rights, (202) 205-8235.

Bill-

Hope this is helpful.

Amey

In brief...



LANDMARK
Legal Foundation

April 24, 1990

UNITED STATES SUPREME COURT RULES ON JUDICIAL TAX

On April 18, 1990, the United States Supreme Court issued its long-awaited ruling in *Missouri v. Jenkins*, the Kansas City school desegregation tax case. The case stems from a September, 1987 direct levy of a 25 percent income tax surcharge and near doubling of the Kansas City school district property tax rate by U. S. District Judge Russell Clark to pay for court-ordered capital improvements as part of a desegregation lawsuit. Landmark Legal Foundation represented taxpayers challenging both taxes. Landmark succeeded when the Court of Appeals overturned the income tax surcharge. All \$31 million collected was refunded to taxpayers. The constitutionality of the court-ordered property tax then went to the Supreme Court.

THE GOOD NEWS...

In the High Court's ruling, the Justices voted 9-0 that federal courts *cannot* levy taxes directly. The Court's straightforward analysis clearly limits judicial taxation authority for the first time. Landmark views this ruling as a victory on the core principle of the case. Mark Bredemeier, Landmark General Counsel stated, "We entered this litigation because we believe that federal judges do not have the power to tax. The Court agreed with that view. However, the opinion shows there is still work to be done in this struggle."

"...a step forward
in an ongoing
battle to protect
individual rights
and limit judicial
power."

... THE BAD NEWS

Unfortunately, by a 5-4 vote, the Supreme Court ruling appears to allow a judge to influence indirectly what has just been prohibited directly. The Court upheld a modification proposed by the Court of Appeals allowing the elected school board to set the tax rate and authorizing the judge to enjoin "the operation of state law that would have prevented [the school district] from exercising that power." Landmark views this holding as a serious error by the Court. We can find no constitutional distinction that would allow this finding. Justice Kennedy's concurring opinion described this portion of the decision as "dictum" and as a "casual embrace of judicial taxation."

TAXPAYER REFUNDS

Landmark represents thousands of taxpayers who have paid the tax under protest. Currently, approximately \$36 million has been impounded by Landmark litigation awaiting the Supreme Court decision. Because the Supreme Court specifically found that Judge Clark erred in levying the tax, taxes paid in 1987 clearly should be refunded. This includes \$10-12 million paid under protest and an additional \$23 million not paid under protest. We are continuing to research whether refunds are in order for the tax years 1988 and 1989. It appears there is a strong case that 1988 taxes should be refunded as well. We do not view the refund question as an unimportant, ancillary issue. These taxes were unlawful and collected illegally and we will fight to obtain a full refund for all taxpayers entitled under the April 18 Supreme Court decision.

THE FUTURE

While not a complete victory, this decision is an improvement on the judicial property and income taxation scheme ordered by the federal court in September, 1987. It is a step forward in what will be an ongoing battle to protect individual rights and limit the power of federal courts. Obviously, the proponents of judicial taxation will continue their efforts. As a participant in this controversy, Landmark will persist, either in this case or in other litigation, to give the Supreme Court the opportunity to further limit the role of the federal judiciary.

The Fight For Representative Taxation

- Sept. 15, 1987 • Federal judge orders income and property taxes to fund court-ordered school programs
- Sept. 25, 1987 • Landmark enters litigation on behalf of taxpayers
- Feb/March 1988 • Landmark files state court lawsuits to impound protested 1987 property taxes
- March 21, 1988 • Landmark participates in federal appeals court oral argument, challenges constitutionality of judicial taxation
- August 19, 1988 • U.S. Court of Appeals reverses court-ordered income tax surcharge, approves and modifies property taxation scheme requiring action by elected officials
- January 3, 1989 • Federal trial court grants Landmark's request for \$31 million refund to income surcharge taxpayers
- Feb/March 1989 • Landmark files state court lawsuits to impound protested 1988 property taxes
- April 24, 1989 • Supreme Court agrees to review constitutionality of court-ordered property tax
- February 1990 • Landmark files state court lawsuits to impound protested 1989 property taxes
- April 18, 1990 • Supreme Court decision reverses direct judicial property tax levy, but approves appeals court's modification
- Summer - Fall 1990 • Landmark to seek refunds of unlawful judicial property tax levy

*A Message from the President..***A Step Forward, But No Giant Leap**

by Jerald L. Hill, President, Landmark Legal Foundation

In Missouri v. Jenkins, the United States Supreme Court took a step forward in limiting the power of the federal judiciary. Unfortunately, the High Court missed an opportunity to reaffirm definitely the principles of separation of powers and representative government.

The Court decision was complex and at times contradictory. Witness the media reaction. The lead on ABC's "World News Tonight" was "U.S. Supreme Court decided 9-0 judge cannot levy taxes." However, the "CBS Evening News" lead was "Court holds judges can impose taxes."

Proponents of increased federal court power have painted the decision as an expansion of judicial power. Actually, prior to this ruling, some federal judges believed they had the authority to levy taxes directly. After this ruling, it is absolutely clear that they do not have such power. Before the ruling, some judges believed they could circumvent state taxing laws to accomplish their ends. Those judges still feel they have that authority. The Court should have repudiated unequivocally judicial taxation.

While the Court missed a tremendous opportunity to take a giant leap forward in protecting democratic rights, this is the second case this term where the Court specifically struck down judicial action that interfered with the democratic process.

The concurring opinion of Justices Kennedy, O'Connor, Scalia, and Chief Justice Rehnquist appears to invite the next case to continue to rein in the federal courts. Landmark is already planning to give the High Court just that opportunity. When we cannot achieve our goal with giant leaps, we will continue the march with small steps.



LANDMARK
Legal Foundation

15th Floor • 1006 Grand Avenue
Kansas City, Missouri 64106

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SCHEDULE: You were last in Kansas City on December 5, 1991.

BRIEFING MEMORANDUM FOR THE VICE PRESIDENT
MEETING WITH PARENTS AS TEACHERS PARTICIPANTS

Date: September 2, 1992
Time: 9:20 a.m.
Location: Lankford Residence
Kansas City, MO

From: Dave Juday 

I. PURPOSE

To visit the Missouri Parents as Teachers program to highlight the President's education goal that every child start school ready to learn and to feature a state program that benefits families.

II. BACKGROUND

The first of the President's six education goals is to have every child to begin school ready to learn. The Parents as Teachers (PAT) program is a home-school partnership designed to give children the best possible start in school and in life. PAT is based on the philosophy that parents are a child's first and most important teachers.

Children learn much faster in their early years than at any other time in their lives; PAT, therefore, helps parents make the most of these years. The program covers child development from birth to age three and suggests parent activities that encourage learning in language skills, intellectual growth, and social skills.

The Parents as Teachers program works in the following ways:

Home Visits: A PAT certified parent educator trained in childhood development, come once about every month to six weeks to a family's home to help parents understand child development and to suggest activities appropriate for their child's age. The visits are tailored to the family's interests and situation.

Group Meetings: Parents meet to share experiences, common concerns, and successes.

Screening: Periodic screening of development in language, hearing and, vision to detect any problems.

Referrals: PAT refers parents with special circumstances to programs that may be beneficial that are beyond the scope of the PAT program.

PAT works: children who have graduate from the program who have now finished first grade scored significantly higher on standardized tests than children who did not participate in such a program. PAT parents were also more likely to make contacts with their children's teachers and take a more active role in the child's education.

The program was piloted in 1981 in four Missouri school districts. The program was expanded in 1985 under the leadership of then-Governor Kit Bond to all 540 school districts. Governor Ashcroft has presided over the program's implementation.

There are 1,500 parent-educators in Missouri and 50,000 families who participate each year. The program is free, voluntary, and open to anyone. State funds of \$13 million support payments to local school districts for the PAT program.

Senator Bond has tried to get federal legislation passed that would support a national PAT program; the Administration does not at this time support such an approach, but does encourage states to use their own approach to PAT. In fact the Education Department frequently uses the PAT program in seminars to highlight what could be done with discretionary "Even Start" federal grant money. Even Start is the grant program under which such a program as PAT could apply for grant funding. The Kansas City district has not received Even Start funds, but Missouri has.

The program is somewhat criticized by groups on the right -- primarily religious organizations. They view the program as the "camel's nose under the tent" of the bureaucracy into the homes. Those conservative supporters of the program argue that is voluntary, and it is better that bureaucrats come into a home invited by the parents, under the parents' direction, than sending children outside of the home to an institutional setting.

III. PARTICIPANTS

Jim and Angela Lankford, hosts; son, Wesley, age 3

Jim is an artist for Hallmark; Angela is an audiologist who has chosen to stay at home while they have children. They are devoutly religious, and conservative. They will send Wesley to public school or they will home school; they decided they can't afford private school. As would be assumed, they strongly support the President's school choice proposal.

eight other parents (three sets of parents; two single moms)

IV. SEQUENCE OF EVENTS

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V. PRESS PLAN

Beginning only

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OFFICE OF THE VICE PRESIDENT

WASHINGTON

September 1, 1992

BRIEFING MEMORANDUM FOR THE VICE PRESIDENT

FROM: BILL HANKA *BH*
 SUBJECT: BACKGROUND INFORMATION ON MISSOURI

o The July unemployment rate for Missouri was 6.4 percent; the July unemployment rate for metropolitan Kansas City was 5.2 percent. The national unemployment rate for July was 7.7 percent.

State Issues

o To help ease the health insurance burden on the small business community, Governor Ashcroft signed legislation on July 7 authorizing small businesses (that employ between 3 and 25 workers) to share the cost of health insurance by creating funded risk pools. It is estimated that 50,000 to 100,000 Missouri residents will benefit from the new law.

o Many Missouri residents are upset by the enormous amount of state education funds, \$660 million to Kansas City alone in the past decade, that must be earmarked for court-ordered school desegregation plans in St. Louis and Kansas City, as mandated by Federal Judge Russell Clark (appointed by President Carter). Judge Clark seeks to solve the problems of Missouri's urban school districts by building costly and elaborate schools, such as Kansas City's new \$32 million Central High School.

Federal Issues

o If Congress does not approve this fall the \$5 billion sale of 72 F-15 fighter jets to Saudi Arabia, McDonnell Douglas will be forced to lay off between 10,000 and 12,000 workers in St. Louis. A two-thirds majority in the Senate is needed to veto the sale. NOTE: The President may announce today that he will approve funds to keep the F-15 line in operation through next year.

o Governor Ashcroft has requested a waiver from the Department of Health and Human Services to encourage school attendance by tying it to the Aid to Families with Dependent Children program (AFDC). The program would affect AFDC payments (by about \$60 per month) to parents of school-age children and also high-school-age parents, who could opt for state-provided day care for their children under the Governor's plan.

o The Pentagon is planning to close Richards Gebaur Air Force Base near Kansas City, with a loss of approximately 500 civilian jobs. The base is a reserve facility housing a squadron of A-10 Tank Killer aircraft and a fighter wing. The squadrons will be relocated to Whiteman Air Force Base in Knob Noster, Missouri. Notwithstanding the closing of this base, Missouri is a net winner in the consolidation of federal military installations. Governor Ashcroft recently testified before the Defense Conversion Commission in St. Louis on the impact of reduced defense spending on the U.S. economy.

o Governor Ashcroft has ensured that Missouri will gain \$12.6 billion over a fifteen-year period, including federal highway matching funds, for building new roads and bridges by signing legislation calling for a gradual six cents per gallon gas tax that will generate the necessary matching funds to provide for a rate of one state dollar to every four federal dollars. The Governor has vowed that four-lane highways will connect every Missouri community with more than 5,000 people, dramatically decreasing traffic fatalities and injuries.

Reform Agenda Issues -- State Facts

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