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4.18.97

GUIDANCE ON BUDGET NEGOTIATIONS/DEMS
APRIL 18, 1997

* As these budget negotiations proceed, we will continue to work closely with Congressional Democrats. In fact, our team was on the Hill today meeting with Senate Democratic leaders to follow up on yesterday's meeting.

* Clearly, we share the same goal -- achieving a balanced budget that protects the priorities of the American people -- expanding educational opportunity, extending health coverage to more children, ensuring that budget properly funds environmental protection.

(**If asked whether any meetings with Republicans**, none that you're aware of, but you can never rule out the possibility of conversations as this kind of process moves forward.)

(**If asked about an agreement on CPI as apparently reported by CNBC**: I'm not aware of any such agreement. We continue to have an interest in ensuring accuracy, and we are still interested in finding the right way to ensure accuracy in a way that is credible with the American people.

TOIV
Based on conversations with Siewert and others

4.3.97

ERSKINE BOWLES
TALKING POINTS ON BUDGET NEGOTIATIONS
April 1, 1997

- We have put out a specific plan that shows balance under both CBO and OMB assumptions.

- We also unilaterally met the Republicans halfway on Medicare the day after the Inauguration -- which we believe was a gesture of good faith to break the log jam.

- We have avoided any hits on Republican priorities -- including Capital Gains or their Medicare plans -- which would poison the well.

- And against the wishes of the majority of our Party who preferred to force the Republicans to put out their on budget plan, we initiated budget talks. Many felt it was easier to put the onus on Republicans, but we believed that we had to get back to the table.

- When Republicans made constructive comments regarding the timing of tax cuts and the budget, we went out of our way to express our open mindedness and flexibility. The President had us call the New York Times and Washington Post to get our message out. The President also seized the opportunity by inviting the Republicans down to the White House to move the budget process forward.

CPI

- In terms of the CPI, we have clearly left open the door for further discussion; we have never closed the door to that possibility. On the commission, our read was that, at this time, it would poison the well. It was too early to take this step and it would have prevented us from taking positive steps to reach agreement.

- Some may argue whether this is the right or the wrong strategy. But those who genuinely care about the accuracy of a cost-of-living-adjustment, felt it would be unwise to pursue that course and wanted to maintain our progress in the budget -- not from any lack of nerve.

- But I want to stress that we have made one extremely important tactical decision -- and that was engaging Republicans on the budget.

3/17/97

Q: **WHAT IS YOU RESPONSE TO SENATOR DOMENICI'S PLAGUE ON BOTH HOUSES APPROACH OF NO NEW SPENDING AND NO TAX CUTS?**

A: **THE PRESIDENT'S TOP PRIORITY IS TO BALANCE THE BUDGET WHILE PROTECTING CRITICAL PRIORITIES**. We have submitted a budget plan that CBO has certified achieves balance in 2002.

- **TO A LARGE EXTENT, SENATOR DOMENICI IS TALKING TO HIS OTHER REPUBLICAN COLLEAGUES ABOUT THE NEED TO BE REALISTIC. THIS IS CONSTRUCTIVE**. To date, the only proposal the Republicans have on the table is a large tax cut that's not paid for. Many on their side are beginning to see that the size of such a tax cut is not realistic.

- **WE HAVE ADOPTED A REALISTIC APPROACH FROM THE OUTSET: ALL OF OUR PRIORITIES ARE PAID FOR**. In the context of a balanced budget, our plan invests in critical priorities, especially in the area of education. Our investments in education are paid for. Our tax cuts for hard working families are paid for. The American people want a balanced budget, but they want one that is also consistent with their priorities. They want more cops on their street corners. They want their kids to have greater access to a college education.

- **LOOK AT THE SUCCESS WE HAVE HAD:** we have reduced the deficit dramatically from $290 billion in 1992 to $107 billion in 1996. At the same time, we have cut the taxes of 15 million hard working families. We are on our way to putting 100,000 more cops on the street and making great strides towards enrolling 1 million children in Head Start by 2002.

- **WE ARE EAGER TO WORK WITH OUR REPUBLICAN FRIENDS TO FINISH THE JOB**. We are hopeful that we are entering a new phase. We're seeing them begin to work through their own differences. We are committed to working with both Republicans and Democrats in Congress to balance the budget.

From Siewert –
awaiting Hillary OK

9/30/96
~~appropriation~~
Budget
Negotiations

The White House

Office of the Press Secretary

For Immediate Release **September 28, 1996**

Highlights of the 1997 Omnibus Spending Bill and Immigration Agreement

- The Administration reached agreement with congressional negotiators on an omnibus spending bill for 1997, which includes:

  -- the six appropriations bills for fiscal 1997 that Congress had not passed,

  -- about $6.5 billion more for education and training, the environment, science and technology, law enforcement, anti-drug funding, and other priorities over what Congress had originally planned to provide,

  -- funding for the President's counter-terrorism proposal, and

  -- funds to respond to fires in the West and to Hurricanes Fran and Hortense.

- The Administration also reached agreement with congressional negotiators on landmark immigration legislation that helps crack down on illegal immigration without punishing legal immigrants.

- The following describes key elements of the omnibus spending bill and of the immigration agreement.

Education and Training

- Provides the largest Pell Grant college scholarship awards in history, and expands the number of middle- and low-income students who receive aid by 150,000 -- to 3.8 million.

- Fully funds the President's Direct Lending program, enabling increasing numbers of students to take advantage of cheaper and more efficient loans.

- Provides the funds for Head Start to serve an additional 50,000 disadvantaged young children.

- Provides the President's request for the Goals 2000 education reform program, helping 11,000 schools with 6 million students raise their academic standards and implement innovative reform.

- Provides increased funding for the Safe and Drug-Free Schools program, helping States reduce violence and drug abuse in schools.

- Provides most of the President's request for the Technology Literacy Challenge Fund to help States leverage technology funds.

- Provides increased funding for Title 1 -- education for the disadvantaged.

- Provides funds for 550,000 young people to participate in the Summer Jobs program.

- Provides the needed resources for the President's School-to-Work program.

The Environment

- Provides funds to support full, early implementation of two major new environmental laws that the President signed this summer:

  -- the Safe Drinking Water Act, and

  -- the Pesticide and Food Safety Law.

- Provides additional funds for other environmental priorities, including water treatment in Boston Harbor.

- Does not contain the harmful riders that would have affected:

  -- Native American tribal rights,

  -- the Interior Department's management of subsistence fishing in Alaska, and

  -- the long-term management of the Elwha Dam in Washington State.

Science and Technology

- Promotes economic growth by continuing needed Federal support for advanced technology.

- Restores funding for the Commerce Department's Advanced Technology Program, providing resources for new grants to support innovative technology companies across the nation.

Law Enforcement

- Provides $1.4 billion to ensure that the President's program to put 100,000 more police on the streets of America's communities can proceed on schedule.

- Extends the Brady Bill to ensure that those who commit domestic violence cannot purchase guns.

- Fully funds the President's drug abuse and treatment program, including important programs to prevent teenagers from abusing drugs.

Counter-terrorism

- Funds the President's request for over $1.1 billion to fight terrorism and to improve aviation security and safety.

- Improves the Justice and Treasury Departments' abilities to investigate and prosecute terrorist acts.

- Provides the resources to implement the recommendations of Vice President Gore's Commission on Aviation Safety and Security and the Federal Aviation Administration's recent 90-day safety review, with the funds used to:

    -- hire 300 more aviation security personnel,

    -- deploy new explosive detection teams, and

    -- purchase high-technology bomb detection equipment to screen luggage.

Immigration

- Builds on our progress of the last three years, reversing the decade of neglect that had come before.

- Strengthens the rule of law by cracking down on illegal immigration at the border, in the workplace, and in the criminal justice system -- without punishing those living in the United States legally.

- Requires the sponsors of legal immigrants to meet certain income levels.
- Does not include the Gallegly amendment, which would have allowed States to refuse to educate the children of illegal immigrants.
- Does not include the proposed onerous provisions against legal immigrants, which would have gone beyond the welfare reform law.

-30-30-30-

5/14/96
Budget

REVISED (2)

Talking Points:

The 1997 House and Senate Budget Resolutions

May 14, 1996

- The House and Senate Budget Committees crafted budget resolutions last week that are designed to appear more moderate.

- When you get behind the rhetoric, they have retained most of the extreme policies that the President and the public rejected last year and exacerbated some of them.

- For instance:

Taxes

-- The House and Senate budget resolutions purportedly contain tax cuts of about $124 billion over six years.

-- But the House Budget Committee stated its intention to increase its tax cut to $185 billion, by reproposing tax cuts that overwhelmingly favor the wealthy.

-- The resolutions hide the true extent of their tax cut, which they intend to finance with savings they proposed in January but omitted from their budget resolutions last week. These savings include:

  - $36 billion in savings from extending excise taxes that had expired, and

  - $26 billion in savings from reducing corporate loopholes.

-- In addition, the House would cut the Earned Income Tax Credit by $20 billion, raising taxes on at least 10 million working families.

Jack Lew OMB 54840

Medicare

-- The Republicans dropped the Medicare premium increases in the reconciliation bill the President vetoed last year.

-- But they are still proposing the untested structural reforms -- e.g., medical savings accounts -- that the Administration strongly opposes.

-- While dropping their proposal to raise Medicare Part B premiums to 31.5 percent of program costs, they did not reduce their total Medicare savings and had to cut $24 billion elsewhere in Medicare.

- If all the additional savings come from hospitals, the cut in hospital payments would be $98 billion -- 18 percent higher than in the vetoed bill.

- Cuts of this size could place huge stress on the nation's hospitals and limit beneficiary access to hospital health services.

  -- The American Hospital Association says the House and Senate resolutions could lead to lower payments to hospitals -- not just cuts in the rate of growth.

Medicaid

-- The House and Senate resolutions state that they incorporate the National Governors Association agreement that Republicans said they endorse.

-- But the resolutions include $72 billion in savings, which go well beyond that agreement.

- We estimate the NGA agreement would save only $60 billion off of CBO's March 1996 baseline. (CBO scored the NGA agreement as saving $85 billion off of the old, outdated December 1995 baseline.)

- Thus, the House and Senate resolutions effectively spend *less* on Medicaid over six years than did the NGA agreement from February; they have more savings off a lower baseline.

- Republicans would eliminate the law guaranteeing coverage for as many as 2.5 million children between the ages of 13 and 18.

Welfare

-- The House and Senate resolutions would cut low-income assistance programs by $53 billion over six years. Because the funding targets are virtually the same, it appears that the welfare reform provisions have not changed substantially from the bill you vetoed in January.

-- The vetoed bill coupled deep budget cuts with severe structural changes and immigrant bans that would harm children and fail to transform the system toward work.

Student Loans

-- The House proposes to eliminate the popular direct student loan program, and the Senate wants to cap loan volume at 20 percent -- even though 50 percent of loan volume would be direct student loans in the upcoming academic year.

Discretionary

-- The House and Senate budget resolutions propose <u>lower</u> discretionary spending levels over six years than they did in their January offer.

-- Republicans <u>characterize</u> their 1997 non-defense funding levels as a freeze from the 1996 agreement.

  - In fact, their spending levels are $2-$3 billion less than a true freeze, because they did not fully account for one-time spending cuts that financed the President's top priorities.

-- Not only is overall non-defense discretionary spending too small to finance the President's key investments, Republicans also target many of those investments for deep cuts or elimination:

- In <u>education and training</u>:

  -- The House repeats its failed bid to eliminate important programs such as Goals 2000, bilingual education, and AmeriCorps.

- In <u>environmental protection</u>:

  -- The Senate resolution would cut EPA's operating program by 11 percent in 1997, 23 percent by 2002 -- significantly cutting enforcement actions and inspections, and ending efforts to spur new technologies.

  -- The House proposes to phase out energy conservation research and fossil energy research and development.

- In <u>technology</u>:

  -- The House again proposes to terminate many of the President's top technology investments, including the Advanced Technology Program, which works closely with business to promote innovative technologies.

  -- The House also proposes to terminate the Departments of Energy and Commerce. Just moving the components of these agencies to another place in the government will not result in savings and could create more government with less efficiency. Termination would cause disruptions and damage to important national programs including environmental clean-up, technology, and nuclear weapons safety.

-- The President's budget commits unprecedented resources to readiness, as measured per troop. Republicans want to add more money for procurement in 1997 and 1998 rather than fund the President's needed recapitalization program beginning in 2000.

- If Republicans wanted to make their budget resolutions more acceptable, they could use savings from expired excise taxes and closing corporate loopholes -- proposals from their January offer -- to reduce their cuts in Medicare, Medicaid, welfare, and other programs.

Budget 5/6

PRESS GUIDANCE
May 6, 1996

Balanced Budget Amendment

Gene Sperling will provide you with a more detailed response prior to your briefing.

- This is more of the same old tired tactics of the past. If the Republicans are serious, they should accept the President's invitation to sit down and negotiate a balanced budget.

- Members of Senator Dole's own party are saying that the majority leader is using this as a campaign issue rather than an attempt to balance the budget. See Sperling document.

Would the President support the legislation?

- The President believes amending the constitution is an unnecessary and inappropriate way to deal with economic issues. Again, if Republicans are serious about balancing the budget, they should come to the table and negotiate a real balanced budget agreement.

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RESPONSE TO QUESTIONS ON
BALANCED BUDGET CONSTITUTIONAL AMENDMENT
May 6, 1996

The Republican leadership needs to decide if they want a balanced budget or a political issue.

If they want a balanced budget, they do not need to amend the Constitution. They could accept the President's offer to meet with them and quickly reach agreement. We have more than enough savings in common to balance the budget by 2002 while protecting Medicare, Medicaid, Education, and the Environment, and providing middle class tax relief.

As Congressman John Boehner suggests, Senator Dole seems to want a political issue and not a balanced budget: (BOEHNER:)

> '[Senator Bob Dole] thinks it would be better for him in November not to have a deal....I think...Bob Dole has been avoiding it. Bob Dole would much rather go into November without (a deal)."
>
> [Reuters, April 27, 1996]

The Constitutional Amendment is a way to avoid the issue for months -- to avoid coming to the table to finish the job of balancing the budget. The Constitutional Amendment would require the ratification of 3/4 of the States, which would take many months, if not longer.

RESPONSE TO QUESTIONS ON POSSIBILITY OF DOLE OFFERING AN CONSTITUTIONAL AMENDMENT TO BALANCE THE BUDGET BY 2006 EXCLUDING SOCIAL SECURITY

Repeat the same points above, but add:

They may need to analyze this further. They may want to look at its implications for funding for Medicare, defense, and education.

Budget 4/25/96

REVISED AND UPDATED

THE OMNIBUS APPROPRIATIONS BILL:

Fact Sheet

April 25, 1996

• The bill restores $5.1 billion in 1996 (over rejected bill levels) for education and training, national service, the environment, technology, law enforcement, and other key priorities -- well over half of the President's request of $8.1 billion.

> -- It funds numerous programs that at least one house of Congress had sought to kill, including: COPS, Goals 2000, Advanced Technology Program (ATP), National Service, the Ounce of Prevention Council, Summer Youth, Community Development Financial Institutions (CDFI), Office of Consumer Affairs, and Council on Environmental Quality (CEQ).
>
> -- It funds many other programs at close to, or above, 1995 levels that at least one house of Congress had sought to cut deeply, including: UN Peacekeeping, Safe and Drug Free Schools, School-to-Work, Department of Labor enforcement programs, and Head Start.

• To help pay for these investments, the bill raises funds by providing new debt collection authorities, selling the U.S. Enrichment Corporation, and cutting travel and administrative spending.

• The bill also eliminates or permits the President to waive the most egregious legislative riders, including those that would have blocked enforcement of some of the nation's key environmental laws.

$5.1 BILLION RESTORED FOR KEY PRIORITIES

Labor/HHS/Education

• The bill provides nearly $3 billion more for key programs in this part of the bill, out of the President's request for $4.5 billion, including:

> -- $195 million more for Goals 2000 (for a total of $350 million);
>
> -- $953 million more for Title 1 - Education for the Disadvantaged (total of $7.2 billion);
>
> -- $266 million more for Safe and Drug-Free Schools (total of $466 million);

-- $71 million more for School-to-Work at the Education Department (total of $180 million), and $61 million more for School-to-Work at the Labor Department (total of $170 million);

-- $625 million more for Summer Jobs for Youth (total of $625 million);

-- $233 million more for Dislocated Worker Assistance (total of $1.1 billion);

-- $14 million more for One-Stop Career Shopping (total of $110 million);

-- $169 million more for Head Start (total of $3.6 billion); and

-- $82 million more for Ryan White Act AIDS Treatment (total of ($738 million).

VA/HUD

• The bill provides $1.6 billion more for key programs in this part of the bill, out of the President's request for $2.5 billion, including:

-- $387 million more for national service (total of $402 million);

-- $45 million more for Community Development Financial Institutions (total of $45 million); and

-- $817 million for the EPA budget, including:

• $465 million more for Water Programs (total of $1.8 billion).

• $40 million more for EPA enforcement (total of $231 million).

• $150 million more for Superfund (total of $1.3 billion).

Commerce/Justice/State

• The bill provides $564 million more for key programs in this part of the bill, out of the President's request for $881 million, including:

-- $221 million more for the Advanced Technology Program (total of $221 million).

LEGISLATIVE LANGUAGE

- The bill authorizes the President to waive language that allows environmentally damaging timber sales in the Tongass National Forest, in Alaska.

- The bill authorizes the President to waive language that transfers management of the Mohave National Preserve, in California, from the National Park Service to the Bureau of Land Management, undermining the intent of the California Desert Protection Act.

- The bill authorizes the President to waive language that prohibits the use of funds for listing or designating critical habitats under the Endangered Species Act.

- The bill drops language that would have blocked the EPA from spending funds to implement the wetlands provisions of federal law.

- The bill drops language that would have imposed a cap on the volume of direct student loans.

- The bill drops language that would have restricted the use of National Service funds.

- The bill drops language that would have turned the Community Oriented Policing Services (COPS) program into a block grant, jeopardizing the President's commitment to put 100,000 more police on the streets.

- The bill drops language that would have prohibited new grants for the Advanced Technology Program (ATP).

- The bill drops language that would have given States the option of denying abortion funding for poor women who are victims of rape or incest.

- The bill includes language, which the Administration sought, that would repeal a law requiring the discharge of military personnel with HIV.

1997 Budget 3-15-96

FY97 Budget
Friday, March 15, 1996

Logistics

- The President, Vice President and economic team will roll-out the FY97 Budget on Tuesday, March 19.

- It is an open press event in Room 450 OEOB.

- The President and Vice President will make remarks and depart -- no press questions. The economic team of Alice Rivlin, Laura Tyson, Joe Stiglitz, and Larry Summers will make presentations and take Q&A.

- Press may pick up the budget books from 8am - 10am at GPO.

Points

- The President's budget will reach balance in seven years, using the latest available CBO assumptions. It will show that we and the Republicans have enough common savings to balance the budget today, if the Republican majority would agree to do so.

- This budget protects the President's priorities and what the leaders agreed to in the Oval Office late last year -- CBO scored, balanced in seven years, protection of medicaid, medicare, education investments, veterans benefits.

cleared and drafted by: G Terzano, Larry Haas x57254

3-12-96

TO: MIKE MCCURRY

FROM: SUSAN KING

RE: BUDGET BRIEFING

MARCH 12, 1996

Attached is the one page talking points on the impact of budget proposals on DOL's efforts.

I'm told the mission hit the hardest is the President's commitment to education and training for a workforce in transition. The bullets outline the numbers of people affected if we do not prevail.

3/12/96

IMPACT OF FY 1996 CONGRESSIONAL PROPOSALS ON LABOR DEPARTMENT

- o The Omnibus Appropriations bill currently under consideration cuts the Department's budget by 18 percent below the FY 1995 post-rescission level [Senate cut is 15 percent]. These cuts are in addition to the reductions made in the FY 1995 rescission bill. We're talking about a 25 percent reduction in funding for our Department.

- o We're no longer talking about simply trimming fat. We're talking about cutting right into the muscle and bone of this Department and its ability to ensure that average working Americans have safe, decent working conditions and are treated fairly on the job.

- o The deepest cuts are in our employment and training programs--28 percent below last year's level, meaning that about 750,000 individuals will not be served.

- o What does this mean?

  - It will mean that if people are laid off, there will be 160,000 fewer opportunities for retraining and placement in a new job for dislocated workers.

  - It means that 90,000 disadvantaged adults will not gain training to help many of them move from welfare to work.

  - It will mean that a half-million inner city kids will be on the streets this summer instead of getting valuable work experience.

  - It means cutbacks in grants to the 27 States currently participating in the School-to-Work initiative, as well as preventing any additional States from participating. Likewise, the One-Stop Career Center initiative would be virtually frozen at the current 16 participating States. These actions are going to severely hamper the ability of these programs to help train and place young people and dislocated workers.

- o This is <u>not</u> the time to be cutting education and training. Tens of millions of Americans are trapped in the old economy. They need help getting the skills they need to cross the great divide and qualify for the new, high-tech jobs that are being created.

- o The Congressional proposals also undermine the Department's worker protection programs that are needed to maintain our commitment to the protection of pensions, wages and hours, and health and safety of America's 93 million working men and women in six million workplaces across the country.

  - o What will this mean to America's working men and women?

    - A greater likelihood of getting hurt or killed on the job.

    - More people will be cheated out of the wages and pension benefits that are rightfully theirs.

  - o Reducing enforcement has its consequences. Imagine what would happen if you greatly reduced the number of state troopers on the highways--and motorists knew you were doing it. I suggest the number of speeders would rise significantly. Essentially, removing the ability of government to enforce the laws is tantamount to repealing them altogether.

- o Finally, reductions in funding for the Bureau of Labor Statistics will result in the elimination of several statistical programs that are part of this Nation's economic intelligence which supports public and private decision-making.

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

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

March 11, 1996
(House)

H.R. 2972 - Securities and Exchange Commission Authorization Act
(Bliley (R) Virginia and 12 cosponsors)

The Administration supports authorization of the Securities and Exchange Commission (SEC), but has serious concerns about the budgetary structure proposed in H.R. 2972. The Administration will work with the Senate to address its budgetary concerns with this legislation.

H.R. 2972 would reduce or eliminate certain securities registration and transaction fees. Currently these fees are used to offset almost two thirds of the SEC's appropriation. A key objective of the bill is to preclude the use of such fees to fund the SEC's budget under the appropriations process. This would require the Appropriations Committees to fund the SEC solely from the limited budget authority available under the discretionary caps. At a time when both the Congress and the Administration are contemplating declining discretionary resources, this year and in future years, fully funding the SEC through appropriations, as proposed in H.R. 2972, would create a situation where the SEC is competing for funding with other worthy programs funded by the Commerce, Justice, State, Judiciary and Related Agencies (CJS) Subcommittees. Such programs include: (1) criminal justice programs, such as drug interdiction and community policing; (2) important research and technology programs; (3) immigration enforcement and border control initiatives; and (4) US commitments to international organizations and peacekeeping.

By comparison, the Administration proposes to continue past practice and use fees to fund the SEC. In the FY 1996 and 1997 Budgets, the Administration proposes that SEC be <u>fully</u> funded through such fees, requiring <u>no</u> use of discretionary budget authority and ensuring that the SEC is fully funded.

* * * * *

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Schroeder), in consultation with NEC (Seidman), CEA (Mazur), HTF (Wiggins/Brigham/Rhinesmith), IA (Burnim), and BASD (Stigile/Moran). The Department of the Treasury and the SEC did not respond to our request for views on H.R. 2972. Press reports indicate that the SEC supports the bill.

OMB/LA Clearance:

H.R. 2972 was ordered reported by the House Commerce Committee on March 6, 1996. The report has not yet been filed.

Administration Position to Date

The Administration has not previously taken a position on H.R. 2972.

Major Provisions of H.R. 2972

H.R. 2972 would phase out, over five years, the current funding mix of offsetting collections and appropriations for the SEC and require that the agency be fully funded with appropriated budget authority by FY 2002. In contrast, the Administration's FY 1997 budget proposes to fully fund the SEC at a level of $313 million through fees without using any appropriated budget authority.

H.R. 2972 would provide the SEC with an authorization of $317 million for FY 1997. Of the amount authorized, $134 million would be from offsetting collections for use by the agency and the remainder would be from appropriated budget authority.

In addition, H.R. 2972 would phase out offsetting collections by reducing, over five years, existing "6(b)" registration fees. The 6(b) fees, paid by firms when they register stocks, would be reduced from 1/29 of 1 percent to 1/55 of 1 percent of the aggregate dollar value of securities registered.

Under H.R. 2972, certain transaction fees, which are deposited in the General Fund of the Treasury and apply to transactions on the New York and American Stock Exchanges, would be reduced from 1/300 of 1 percent of the aggregate dollar value of securities transacted to an estimated 1/400 of 1 percent in FY 2002. The transaction fees would also be phased in to apply to over-the-counter trading (NASDAQ) starting in FY 1997 at a rate of 1/800 of 1 percent and increasing to a rate of 1/400 of 1 percent by FY 2002. H.R. 2972 would authorize the SEC, in certain situations, to exempt any sale of securities from the transaction fee.

Pay-As-You-Go Scoring

According to HTF (Wiggins) and BASD (Stigile), H.R. 2972 does not affect direct spending or receipts through FY 1998 and therefore is not subject to the pay-as-you-go requirements of the Omnibus Budget and Reconciliation Act of 1990.

-- Discretionary

Discretionary fees would be reduced by $703 million from FY 1997 through FY 2001. Since the fee reduction would be triggered by appropriations, these amounts would not be scored for PAYGO purposes. H.R. 2972 would reduce receipts by $24 million beginning in FY 2002.

-- Mandatory

Starting in FY 2002, this bill would reduce mandatory 6(b) fees and certain transaction fees by at least $73 million per year. According to preliminary CBO scoring, these PAYGO losses would be more than offset by the amount of additional mandatory receipts generated by the new fee on NASDAQ transactions.

Due to differing assumptions regarding the volume and growth in NASDAQ trading, OMB scoring of H.R. 2972 shows net PAYGO costs beginning in FY 2002.

Although H.R. 2972 is not subject to PAYGO, when compared to the Administration's proposal the bill would reduce fees (both mandatory and discretionary) collected by the SEC by a total of $950 million through FY 2005, under OMB's estimates.

Legislative Reference Division

03/11/96 - 2:30 PM

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

March 11, 1996
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1594 -- OMNIBUS CONSOLIDATED RESCISSIONS AND APPROPRIATIONS BILL, FY 1996 (10th Continuing Resolution)
(Sponsor: Hatfield (R), Oregon)

This Statement of Administration Policy provides the Administration's views on S. 1594, the Omnibus Consolidated Rescissions and Appropriations Bill, FY 1996, as reported by the Senate Appropriations Committee.

Five appropriations bills for the current fiscal year have not been completed. We are now nearly half way through the fiscal year and we have operated under nine continuing resolutions. Thirteen of the 14 departments receive some or all of their funding under the continuing resolution. The resulting uncertainty has impaired the ability of our Federal agencies and State and local governments to provide critical services to the public. Congress must not continue to govern by continuing resolution.

The Administration is committed to working with the Congress to produce a bill that the President can sign. We recognize and appreciate the Committee's work to improve the bill. Clearly, however, many complicated and difficult issues remain to be resolved. The Administration hopes that the congressional leadership will work with us to resolve them. Regrettably, however, we must advise you that if the bill were presented to the President in its current form, he would veto it.

While the Administration notes the Senate's improvements to the funding levels of programs covered by the five remaining appropriations bills, the bill still falls short -- by nearly $7 billion -- of funding Administration priorities. The Administration continues to support investments in critical programs for education, children and training; the environment; crime, including the COPS program; veterans; funding to meet our international commitments; vital services to people with AIDS; and research and technology. Funding for these critical areas in the Senate bill is unacceptable.

The Administration believes that Congress should provide funding for these priority programs directly and not make it contingent upon a set of conditions being met in the future. Contingent funding can not be treated as an appropriation unless and until the contingency is fulfilled. Further, the Administration has proposed that the additional funding for these programs be offset and thereby not add to the deficit. Toward that end, the Administration has made available to the Committee a list of potential offsets. The Administration is committed to working with Congress to identify acceptable offsets for this spending.

The Senate Committee took another course. The Senate bill contains $4.6 billion for programs that the Administration has identified as priorities, but made the availability of those funds contingent upon enactment of an agreement between Congress and the President on Federal expenditures. Nearly six months into the fiscal year, this contingency would only further impair the ability of Federal, State and local governments to restore responsible fiscal policies.

The Administration understands that several amendments will be offered to provide additional funding for education and training, the environment, research and technology and for other priorities such as National Service and the Office of National Drug Control Policy. It is our understanding that each of these amendments will include sufficient offsets to ensure that they are deficit neutral over seven years. The Administration strongly supports these amendments.

The Administration commends the Senate for eliminating many of the language provisions that the Administration previously noted as objectionable. However, if the Administration is to reach agreement on this bill, the remaining objectionable issues, discussed more fully in previous written and other communications to the Congress, must be dropped or modified in an acceptable manner.

In a few cases, the Senate bill contains marginal changes in language issues. The Administration notes that, in particular, the Committee has made changes to riders in the Interior section of the bill, but the language continues to contain unacceptable policy on environmentally sensitive issues, as in the case of the Tongass National Forest provision.

The Administration understands that an amendment may be offered that would repeal the timber provisions contained in P.L. 104-19 and substitute an environmentally sound timber salvage program. The Administration strongly supports this effort.

The Administration appreciates the prompt action of the House and Senate on the supplemental requests for the Bosnia peace implementation plan, the Jordan aircraft sale, and recent natural disasters.

We have a responsibility to the American people to act together to resolve our differences. We are committed to doing so.

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

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

March 11, 1996
(House)

H.R. 2685 – Repeal of Medicare and Medicaid Coverage Data Bank
(Thomas (R) CA, Bilirakis (R) FL, and Dickey (R) AR)

The Administration supports enactment of H.R. 2685.

Pay-As-You-Go Scoring

H.R. 2685 affects programs that are subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of the bill is zero.

* * * * * * *

Budget 3-7-96

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

THE DIRECTOR

March 6, 1996

The Honorable Mark O. Hatfield
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the draft Omnibus Consolidated Rescissions and Appropriations Bill, FY 1996. As the Committee prepares to mark up the bill, your consideration of the Administration's views would be appreciated.

Five appropriations bills for the current fiscal year have not been completed. We are now nearly half way through the fiscal year and we have operated under nine continuing resolutions. Thirteen of the fourteen departments receive some or all of their funding under the continuing resolution. The resulting uncertainty has impaired the ability of our Federal agencies and State and local governments to provide critical services to the public. The Congress must not continue to govern by continuing resolution.

The Administration is eager to work with you to provide funding through the end of the fiscal year for agencies funded by these bills before the current continuing resolution expires on March 15, 1996, to secure funding for costs associated with the Bosnia Peace Implementation Plan, and to provide supplemental funds in response to recent natural disasters.

While the Administration notes the improvements the draft Senate bill makes to the funding levels of programs covered by the five remaining appropriations bills, the bill still falls short -- by $7 billion -- of funding the Administration's priorities. The Administration continues to support investments in critical programs that promote education and training, the environment, and research and technology. Funding for these critical areas in the Senate bill is unacceptable.

The Administration believes that funding for these priority programs should be provided directly and not made contingent upon a set of conditions being met in the future. Further, the Administration has proposed that the additional funding for these programs be fully offset and thereby not add to the deficit. Toward that end, the Administration has made available to the Committee a list of potential offsets. The Administration is committed to working with the Congress to identify acceptable offsets for this spending.

The draft Committee bill took another course. Contingent appropriations would only further impair the ability of Federal, State and local governments to restore responsible fiscal policies.

All of the remaining unenacted appropriations bills still include legislative riders that the Administration opposes. The Administration commends the Committee for eliminating many of the provisions previously noted as objectionable. However, if the Administration is to reach agreement on this bill, the remaining objectionable issues, discussed more fully in previous written and other communications to the Congress, must be dropped or modified in an acceptable manner.

The Administration is committed to working with the Congress to produce a bill that the President can sign. We recognize and appreciate the Committee's work to improve the bill. Clearly, however, many complicated and difficult issues remain to be resolved. The Administration hopes that the congressional leadership will work with us to resolve them. Regrettably, I must advise you that if the bill were presented to the President in its current form, he would veto it.

We have a responsibility to the citizens of this country to act together to resolve our differences. We are committed to doing so.

Sincerely,

Alice M. Rivlin

Alice M. Rivlin
Director

Identical Letter Sent to Honorable Robert C. Byrd

2/9/96

Press Guidance
February 9, 1996

Gingrich/ Budget

- We hope Speaker Gingrich's comments mean that Republicans are considering getting involved in efforts to balance the budget

Do you expect a budget bill to be signed by March (as the Speaker predicted)?

- Impossible to predict.

Per Barry Toiv
AMellody

1/31/96

Press Guidance
January 31, 1996

Congressional Meeting

Per conversations with Panetta, Sperling and Dan Tate (leg affairs) --

- The President wanted to hear from a cross section of Democrats in the ongoing budget debate. The meeting was very positive and helped solidify Democratic efforts towards a balanced budget agreement.
- As some of the members indicated last night, they are encouraged that the President is continuing to fight for a balanced budget and they are ready to stand behind him in this fight.
- Members were particularly appreciative of the balanced budget points which the President made in his State of the Union Address.
- Members also indicated their interest taking a look at the savings agreed upon by both the Republicans and President.
- President brought them up to date on the negotiations progress and where some stumbling blocks were.
- The President reiterated that they were reasonably close to getting an agreement and emphasized that a balanced budget remained a priority for him and was in the best interest of the nation.
- They were also notably negative on Republican proposals for a down payment approach to the budget.
- The issue of the debt limit was addressed with members expressing concern that Republicans would recess and not deal with this important issue.
- **On the size of the Republican tax cut, one member offered** the following analogy "If the Republicans were on a diet, they would gourge Tuesday, Wednesday, Thursday and lose 35 pounds on Friday, Saturday and Sunday"

FYI: CPI was raised, but we should not get into it.

Talking Points:

The President's Reforms of Entitlement Programs

January 30, 1996

- The President's fiscal 1997 budget proposes over $600 billion in total savings to reach balance in 7 years -- reforming the fastest-growing federal entitlement programs and providing a difficult, but credible, path to cutting discretionary programs.

- The $295 billion in entitlement reforms comprise about half of all savings:

  -- $124 billion in Medicare;

  -- $59 billion in Medicaid;

  -- $46 billion in welfare; and

  -- $66 billion in other mandatory programs (civil service, spectrum, etc.)

- The $297 billion in discretionary cuts comprise the other half.

  -- When it comes to discretionary cuts, all plans call for significant out-year savings.

  -- The measure of credibility, however, is the path to savings.

    - A large jump in savings from one year to the next is not attainable.

  -- A smaller total of discretionary savings does not make a plan more credible, or the savings more achievable.

    - For instance, Breaux-Chafee calls for just $268 billion in discretionary savings over 7 years, but includes $1 billion more in cuts ($98 billion) in 2002.

    - That means that Breaux-Chafee must achieve $36 billion in additional savings in 2002, compared to 2001.

- The President will describe these savings in his 1997 budget, which he will issue in 2 parts:

  -- February 5, he will send Congress a thematic document that will outline his priorities; and

  -- March 18, he will send the detailed back-up material (main book, appendix, etc.)

Reforming entitlements:

- The President proposes to save $295 billion over the next 7 years by reforming entitlement programs.

- The savings are real, and are achieved through specific policies, many of which also are included in Republican plan.

- The main elements of the President's entitlement reforms include:

Medicare -- strengthens and improves the program, guaranteeing the solvency of the trust fund for more than a decade, by:

-- tackling fraud and abuse through programs applauded by law enforcement officials;

-- cutting the growth rate of provider payments, with over 25 specific policy changes (such as, reducing the annual inflation adjustment for hospitals);

-- continuing the Part B Premium at 25 percent of total costs;

-- expanding choices of private health plans; and

-- improving Medicare's fee-for-service program by making it more efficient and responsive to beneficiary needs.

Medicaid -- reforms the program rather than repealing it, guaranteeing health and long-term care coverage for all recipients, by:

-- limiting spending on a per-person basis (a "per capita cap");

-- reducing and retargeting Disproportionate Share Hospital (DSH) payments to hospitals that serve large numbers of Medicaid and uninsured patients;

-- providing special payments for Federally Qualified Health Centers, rural health clinics, and States with large numbers of undocumented immigrants;

-- giving States more flexibility to administer their programs more efficiently; and

-- retaining current nursing home quality standards as well as spousal impoverishment protections and provisions that protect the financial resources of adult children with parents in nursing homes.

Welfare:

-- builds on Administration's success in reforming welfare:

- 1993 expansion of the EITC that cut taxes for 15 million working families through the Earned Income Tax Credit (EITC).

- federal collections of a record $10 billion in child support in 1994.

- three dozen waivers to States, giving them the freedom to experiment with welfare initiatives to move people from welfare to work and protect children.

-- repeals the existing system, replacing it with one that requires work and provides child care so people can leave welfare for work; and

-- promotes sweeping work-based reform and protecting children.

Other entitlements, with specific, and CBO-scored, policy changes that will affect veterans, federal retirees, and financial institutions that provide guaranteed student loans. The policy changes include:

-- reductions in veterans' benefits, such as home loans;

-- reductions in subsidies to providers of guaranteed student loans.

-- cuts in civil service retirement pensions.

12/12/95

Talking Points:

CBO's Re-estimate of its Baseline Assumptions

December 12, 1995

● CBO's re-estimate of its baseline assumptions is a good-new, bad-news story.

● The good news is that it reduces the deficits under the GOP plan by $135 billion over the next 7 years:

– That provides room to spend some more money, if the negotiators choose, under the Republican plan.

[NOTE: CBO has not yet scored the President's 7-year budget, based on its new estimates.]

● The bad news is that none of the $135 billion in lower deficits under the GOP plan comes in 2002 – the year in which we are supposed to reach balance. *

– Thus, any new spending could not extend into 2002; the new estimates only allow for temporary spending increases, until 2001.

● The CBO re-estimate, however, clearly brings CBO closer to OMB:

-- This brings more credibility to the OMB forecast.

– We have always said that:

● OMB's assumptions are the best around,

● They are more conservative than those of private forecasters, and

● OMB assumptions have a better track record, under this President, than do CBO's assumptions.

● With this in mind, it's time for the Republicans to engage in the needed debate over policies and priorities.

● The President put a 7-year budget on the table last week.

● It's time for the Republicans to make an offer and move towards the President's priorities.

-- Remember, they promised to do so when they signed onto the last continuing resolution.