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[Press Guidance] - May 2, 1994

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TALKING POINTS ON LEGISLATION TO EXEMPT VETERANS HEALTH ADMINISTRATION FROM FTE CUTS

- As Director Panetta wrote in his letter to House leaders, this legislation would make it virtually impossible to carry out the streamlining that Congress itself mandated just a few weeks ago.
- It exempts one of the largest agencies in government -- one that has 17 percent of non-defense and non-Postal FTEs. This (a) puts additional pressure on other agencies to reduce their personnel levels even further and (b) encourages supporters of other agencies to seek similar protection. As Director Panetta said, this is a zero-sum game.
- The most vulnerable agencies are those with the largest numbers of FTEs, and those would include the Social Security Agency, the Justice Department, and Defense.
- Yesterday's vote was actually a respectable vote, given that most legislation regarding veterans passes unanimously, and given that most House Members were not available on Wednesday and so were not aware of our concerns about the bill.
- We are very hopeful that as Members of the Senate understand the implications of this legislation, particularly for other agencies, they will not approve it.
- **IF ASKED WHETHER THE PRESIDENT WOULD VETO THE BILL:** We feel very strongly that this bill should not be adopted, and at this point, we are hopeful that the Congress will not adopt it. We'll cross that bridge when we come to it, but we are hopeful that we are not even going to come to it.

DOD Helicopter

Per Kathleen DeLaski:

* DOD will review the rules guiding the use of helicopters by Senior Military staff.

* Currently, if a senior member of the Pentagon is pressed for time to make a meeting or event due to professional commitments than they will take a helicopter. If not, then they will take ground transportation.

KATHLEEN SAYS USE THIS EXAMPLE:

When Secretary of Defense Perry comes home late from a trip, he will take a car because he is not pressed for time. But most times the Secretary will take a helo to the event because it is during rush hour and time commitments is hard.

USTR

- Intellectual Property
- Special 301 - due every year by statute by end of April
- Title VII - govt procurement

- req'd congressional report -- but not press release --

- NYT got story wrong
- 17 page packet on Saturday
- Mickey backgrounded press on Sat
- Peter Behr
- LAT AP
- conf call w/ 6 reporters
- faxed out release

-- 60 days consult period on Special

-- Lane Evans letter ... urging postponement of GATT enabling legis.

95 members signed:

- 57 voted against NAFTA
- 43 voted against Fast Track

-- Intent to move ahead this year

- Mickey's amend letter went to bill
today

7th page @ bottom

Title: ~~Argument~~ Japan

also giving them time

2 reasons:

- 1) made progress in Marakesh w/ Hata; posture more open to cont. talks
- 2) Domestic polit sit.

RESPONSE TO LA TIMES MEDICARE ARTICLE

May 2, 1994

As the President has said from the beginning, baseline Medicare growth is far too high, and without reform it will be bad both for our longterm deficit and for the financial integrity of the Medicare program.

Yet, the type of savings the President has called for in the Health Security Act would strengthen the Medicare program.

Unlike past Administrations, we have accurately built into the baseline the enormous projected growth in Medicare spending so that we are accurately describing and planning for the true magnitude of the problem.

From that baseline, we have called for real, specific, scorable measures to reduce Medicare spending -- which have been validated by the Congressional Budget Office. They found that the President's plan would get at least \$103 billion in program savings in the first five years and about \$344 billion in savings over nine years. So the accuracy of our projected baseline for Medicare growth and the savings from our specific policies has been validated by the Congressional Budget Office.

Q: Yet, how can you get these savings if the Medicare system is going bankrupt?

A: You have it all wrong. It is on the path to financial trouble **if** these plans for savings are not implemented. The poor path of Medicare financing does not prevent savings -- it demands them.

Q: How does Medicare savings help the system when you are not using the money for deficit reduction, but for increased Medicare Drug benefits and other provisions of the health care plan?

A: Even with the additional health benefits made to the Medicare program to provide elderly Americans more comprehensive coverage, our plan generates enormous savings by slowing the rate of growth of Medicare. For example, according to CBO, our Medicare savings would pay for all of the new Medicare prescription Drug benefit and still save \$212 billion between 1999 and 2004.



**U.S. Department of
Transportation**
Office of the Secretary
of Transportation

400 Seventh St., S.W.
Washington, D.C. 20590

May 2, 1994

MEMORANDUM

TO: Arthur Jones
White House Press Office

FROM: Richard Mintz *RM*
DOT Public Affairs

RE: Proposal to Corporatize the Air Traffic Control System

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BACKGROUND

The Vice President's National Performance Review, the National Airline Commission, and the Clinton Administration's Aviation Initiative all highlighted restructuring of the nation's air traffic control system as a model of reinventing government and as a key element to help improve the productivity and financial soundness of the nation's ailing aviation industry. Tomorrow, the Vice President and Secretary Peña will announce the details of *a new* the corporatization proposal at a press conference at National Airport. The proposal is the product of a six-month interagency working group led by DOT.

Previous efforts to modernize the system, begun under the Reagan and Bush Administrations, have been plagued by FAA cost overruns and delays, bureaucratic mismanagement and reams of federal procurement regulations. The Administration has already taken a number of steps to get the program under control including replacing managers, suspending and reviewing contracts. But only a dramatic and bold step will fix what is wrong at the FAA, from top to bottom.

TALKING POINTS

- o The Vice President and Secretary Peña will announce the details of the ATC corporatization proposal tomorrow at National Airport. We cannot confirm details of the proposal today.
- o The ATC Corp. is a model of the V.P.'s reinventing government effort and of the Secretary's initiative to improve the productivity and financial competitiveness of the U.S. airline industry. Safety oversight

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- o **The Administration proposes creating a government-owned corporation to manage air traffic control services. It would have its own board of directors and would have the authority to raise working capital in the markets. Safety oversight would remain with the government.**
 - o **The nation's air traffic control system is the safest in the world. But bureaucratic procurement and personnel rules have thwarted modernization of the system. Increasing delays cost the airlines and the travelling public billions of dollars a year and untold inconvenience. 40 year old vacuum tubes and 25 year old computers cannot support the growth of aviation traffic into the next century.**
 - o **The Clinton Administration believes bold and dramatic steps are necessary to make the system more efficient and safer. Corporatization will allow new technologies to be brought in much faster and cheaper. It will cost less to the users and to the taxpayers. It will mean less delays and better service.**
 - o **There is considerable support for the proposal in the Congress. The V.P. and the Secretary will work closely with key members to shape and pass legislation this year.**