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Budget Reconciliation Package II. M - Z [binder] [1]

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BUDGET RECONCILIATION PACKAGE

II. M - Z

OPL Activity, Senate, Strategy, Talking Points, White House/Wexler

Clinton Presidential Records
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OPL ACTIVITY

Divider Title: ______________________________

THE WHITE HOUSE

WASHINGTON

August 9, 1993

AUG -9 1993

MEMORANDUM FOR OPL STAFF

FROM: Debbie Fine

SUBJECT: Follow Up on the Budget Supporters

As part of OPL follow up with supporters of the budget bill, I am pulling together several things for Steve:

1. A list of individuals who should be called either by the President or a Cabinet Member to acknowledge and show appreciation for their activity in support of the plan. Clearly, this should be a limited list. (NOTE: You must attach individual's name, title, organization and both work and home phone numbers.)

2. A list of individuals who should receive thank you letters from the President. (This should include name, title, and address.)

3. A draft of the letter appropriate for your group or constituency receiving the letter.

InterOffice Memo

To: Ricki Seidman

From: Steve Hilton

Date: July 31, 1993

Subject: OPL Activities During Congressional Consideration of the Conference Report

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Pursuant to you request, the following represents OPL's activities in the final week before passage of the Plan. While OPL continues to receive endorsements for the President's Economic Plan, our focus for the remainder of this effort will be to utilize our fairly significant current support to help pass the plan. It would be a waste of our very limited resources to do otherwise. In my view, we already have a strong base of support to work with, which is a bit surprising in light of the lack of details regarding the economic plan until recently. OPL's effort to utilize support for the plan is threefold.

1. First, we continue to receive reports from the "Corporate Action Group." This a group of Washington Representatives of many of the Fortune 500 companies endorsing the plan that have come together to work for its passage. This group has swelled to between 60 and 80 members, principally as a result of the President's lunch with CEOs last week. They are providing excellent intelligence regarding the status of Hill support for the plan. They also are using their collective and vast resources on the President's behalf.

We also continue to work directly with individual CEOs for specific actions in support of the plan. We have analyzed the operations of our business supporters to determine what companies have operations in the targeted states. We have asked these companies to also express their support for the plan locally. We also are working closely with Treasury to neutralize our opposition, gain new support in the business community (principally among our opposition), and to gain the active support of businesses who have endorsed the plan.

2. We continue to conduct our successful State Opinion Leader Program. Thus far, we have brought leaders from Nebraska, Georgia, Wisconsin and North Carolina to the White House. We will bring leaders from California, Oklahoma and New Jersey next week. We have received great media from these events The leaders have come away from these events better informed, supportive, and clear about what they can do help pass the plan. As a result of the requests of the POTUS and VPOTUS, these leaders have called and visited the Members of Congress urging the members to vote in favor of the plan. The leaders have informed the press of these efforts and also are working to generate additional support back in their states. This group also is providing important intelligence. We are nurturing our relationship with group in order to work with them in the coming week, as well as on other Administration initiatives.

3. We continue our base constituency outreach efforts. We have gained endorsements and support from organizations like the American Association of University Women, a

Washington based organization with 150,000 members and 1800 chapters; the National Council of Senior Citizens, the second largest seniors groups in the country; and the Hispanic Chamber of Commerce, a 650,000 member organization. We also have developed coalitions around specific components of the plan. As a result of our briefings on Empowerment Zones, the DNC has created a coalition made up of 20 national organizations. Working with AFSCME, we have created a 150 organization "liberal" coalition made up of unions, religious, consumer, education, and business organizations. Due to our limited resources, however, the DNC is better able to outreach to individual constituencies because of their greater resources and structure. We are, therefore, working jointly on outreach to constituencies and to energize our supporters for the final push to passage.

Use of the Three Components

An example of how we are using the above-described components in an integrated fashion is illustrated by our efforts in Wisconsin. As a result of OPL's CEO outreach effort, we recruited the support of George Mead of Consolidated Paper Company which is headquartered in Wisconsin. Mead attended the CEO Lunch. At the request of the POTUS, Mead called and then visited Senator Kohl in support of the Economic Plan. At our request, Mead also is generating new support in Wisconsin, including the largest bank in the state. We also are using the other business supporters who have operations in Wisconsin to express their support locally.

We have recruited local Wisconsin support through our State Opinion Leaders Program. We have gotten Mayors, Union leaders, Party officials and influential businesses to do media and other activities in the state. Through the request of the POTUS, the Alan Edmonds Shoe Company, an influential business in Wisconsin, has written a strong letter to Senator Kohl explaining the benefits of the plan for business and requesting that he vote in favor of the plan.

Finally, working with the DNC, we have energized the Jewish Community in Wisconsin to express their vocal support for the Economic Plan.

Intelligence, Rapid Response, Media

We have received important intelligence due to the relationships we have developed with outside groups. We are institutionalizing a communications process so that they actively provide relevant information. This should be helpful in the week ahead. We continue to work with the rapid response team to provide both intelligence and surrogates to respond to negative public statements. We also continue to feed business and state opinion leaders to our media operations.

CC: Roger Altman, Alexis Herman

— Tongas
— Rueben
— Peterson

Teengirl — BST —

Veterans — Full Savings

medicaid =

EITC — Foundation for all working families

Byrd Rule — Text issues

17,500 —

— 2.5 — Hunger Bond
— 3.5 Emp Zones
1.0 Bond Family Preservation

— Kerry
— Durbin
Bryan

— /

Hefley
Harkin

JB

July 14, 1993

MEMORANDUM FOR ALEXIS HERMAN
STEVE HILTON

FROM: AMY ZISOOK

SUBJECT: RECONCILIATION WORKING GROUP MEETING -7/14/93 - 10:00 AM

Attached is the agenda for the meeting. I arrived at 10:30, but it doesn't appear that I missed very much.

The Cabinet report was actually at the end. I will try to follow the agenda with my notes.

A. White House Legal Counsel

Also attached is a memo date 2/16/93 regarding "Support of Proposed Legislation." While most of what was outlined by Counsel are the regulations with which we are familiar, I do want to note one thing. We are prohibited from "coordinating" the activities of the DNC. They can, however, keep us fully informed of their activities.

B. Move into War Room

The room should be ready this afternoon. You need to bring your own supplies... Roger emphasized that the only way for this to work is for everyone to be in the war room at all times, except when absolutely necessary.

C. Daily Message for Media

Dreyer outlined the Media/Message Plan which will include:
- Roger attending Gephardt's daily message meetings(if they actually occur daily) and Mark Gearan attending 3X per week.
- Paul Begala attending Whip Meeting
- POTUS is committed to 1 hour per day(beginning Monday) for regional media.
- Daily Message/Event Schedule for Week of 7/19
    - **Monday-** POTUS satellite to NACO meeting(Regina lead)
        - POTUS meets w/Moynihan/Rostenkowski
          " " Sasser/Sabo

    - **Tuesday-** POTUS - Seniors Event**(OPL LEAD)**
      off-campus event; senior center or the like
      Real People making a spirited defense of the plan
      and against Medicare cuts.

    - **Wednesday-** POTUS Small Business Lunch**(OPL LEAD)**

- a.m. POTUS small business event either 1) off-campus(i.e. hardware store...) or 2) interactive satellite with Erskine Bowles.Message: Creating Jobs.

- **Thursday-** POTUS High-Tech/Entrepreneur Event
  As we discussed, Jonathan and Rahm took the lead. Actually Tom Kalil and OPL should be lead. Steve should clarify with Dreyer (my mistake).

- **Friday- They wouldn't say or didn't know!**

Cabinet Secretaries and other surrogates will back-up daily events with travel and media events on the same subject, as well as "real people" from each event doing local media, as we have been doing for our events.

Media Affairs will have designate days or portions of day for local media from each of the targeted states. Next week:
- Monday - Midwest
- Tuesday - Alabama
- Wednesday - California/Louisiana
- Thursday - NY/NJ
- Friday - GA

These events will vary from bringing local media to the White House for meetings with senior officials and the President to a tele-press conference to California where the President can see the audience and they can see him.

Prime Time - POTUS will appear on Larry King on Tuesday and Prime Time Live on Thursday.

Thursday morning phone calls will begin to spin for the weekend shows.

D. Surrogates

Marla discussed an aggressive surrogate program focused on Cabinet members and members of the White House economic team - Rubin, Tyson... beginning with drive-time radio tomorrow a.m. and corresponding to daily events/message.

???? re: La Razaa(sic?) - Pena is going. Does someone else from the White House need to go as wee?

E. Legislative

Caucus meeting today - Members only. They requested that we not attend.

F. Rapid Response

Gene said that we needed surrogates to support our plan - Bowles, Bumpers, Small Business Groups will all do.

G. Meeting Times

7:45 am - 8:30 am
6:45 pm - 7:45 pm

cc: Joe Valesquez

THE WHITE HOUSE

WASHINGTON

February 16, 1993

MEMORANDUM FOR WHITE HOUSE STAFF

FROM: BERNARD W. NUSSBAUM
COUNSEL TO THE PRESIDENT

STEPHEN R. NEUWIRTH
ASSOCIATE COUNSEL TO THE PRESIDENT

RE: Support of Proposed Legislation

This memorandum is intended to alert members of the White House staff to proscriptions on lobbying activities imposed by federal law and to provide general guidelines for compliance with applicable rules. This is a preliminary memorandum that will be updated in the near future.

The so-called "Anti-Lobbying Act" (18 U.S.C. § 1913) prohibits the use of appropriated funds, directly or indirectly, to pay for "any personal service, advertisement, telegram, telephone, letter, printed or written matter or other device" intended to influence a member of Congress in acting upon legislation, before or after its introduction.

Past interpretations of the Anti-Lobbying Act make clear that an employee of the Executive Branch, acting in his or her official capacity, may communicate with a member of Congress for the purpose of providing information or soliciting that member's support, whether or not such contact is invited and whether or not specific legislation is pending. That is, the ordinary and traditional interaction between the Executive and Legislative branches is permitted.

An Executive Branch employee may also provide the public with informational and background material in support of an Administration policy effort or proposed legislation.

Problems do arise, however, where employees of the Executive Branch become involved, directly or indirectly, in efforts to encourage members of the public to lobby members of Congress. Unfortunately, the line separating proper and improper conduct is imprecise, and the propriety of particular activity must be judged in light of the specific facts at issue. The following comments and examples are thus intended to provide general guidance only:

1) Executive Branch officials may speak freely in meetings with individuals or groups, at public forums, at news conferences, and during news interviews. Such appearances might be challenged, however, where they become excessive and amount to a publicity campaign, or where any statements are made to encourage members of the public to lobby members of Congress. A substantial degree of direct contact with the private sector by persons who do not ordinarily engage in such activities can also be evidence of prohibited conduct.

2) Appropriated funds should not be used to produce written, printed or electronic communications intended to induce members of the public to lobby members of Congress. For example, Executive Branch personnel should not initiate mailings to the public that state the Administration's position and ask recipients to contact their Senators and Representatives in support of that position. Responses to incoming communications may include explanations of the Administration's position on matters of public policy, including proposed legislation -- but should not ask the recipients to contact their elected representatives.

3) It is normally appropriate to distribute press releases, public officials' speeches, fact sheets or other informational materials to persons who have expressed an interest in the subject matter or who hold senior positions in organizations active in relevant areas. Unsolicited mass distribution of such public documents, however, may appear intended to encourage "grass roots" lobbying -- even where the content of such documents is informational and does not suggest expressly that recipients should contact members of Congress. Each such proposed mass distribution must be judged based on the purpose and content of the communication and the number and kind of people who will receive the information.

4) Officials and employees of the Executive Branch may properly have regular contact with non-governmental organizations that lobby members of Congress or attempt to influence the general public to lobby the Congress. However, in these dealings, Executive Branch officials should not -- and should not even appear to -- dominate the organization or use the organization as an arm of the Executive Branch.

   (a) Examples of the kinds of activities in which Executive Branch officials might participate when dealing with independent outside organizations include:

(i) exchanging non-privileged information;

(ii) making suggestions, responding to particular inquiries, or discussing the merits of various legislative strategies and related matters (so long as the Executive Branch officials do not suggest organization of "grass roots" lobbying efforts);

(iii) addressing meetings (non-fundraisers); and

(iv) upon request, providing to an organization, for reproduction and distribution by the organization:

-- sample copies of documents prepared by Executive Branch officials (such as press releases, public officials' speeches or fact sheets) that are otherwise available for public distribution; or

-- letters on specific subjects written by Executive Branch officials.

(Note that the documents provided for distribution must not suggest that the recipients contact members of Congress to urge support of particular Administration positions; in addition, the decision to publish or distribute any such material must be left to the independent organization.)

(b) The activities that Executive Branch officials should avoid include, for example:

(i) assuming responsibility for the ongoing operations of an outside organization;

(ii) requesting that an organization activate its membership at large to contact members of Congress on behalf of a legislative proposal;

(iii) gathering information or producing materials which cannot properly, or would not ordinarily, be gathered or produced as part an Executive Branch employee's regular work;

(iv) producing or providing multiple copies of materials to be distributed by an outside organization;

(v) requesting an organization to prepare or distribute any materials that suggest directly or indirectly that the recipients should contact members of Congress;

(vi) playing any substantial role in advising an organization with respect to the content of material the organization may wish to distribute;

(vii) providing to such organizations lists of or correspondence from persons who favor or oppose particular policy positions; and

(viii) involvement in an outside organization's fundraising activities.

These legal guidelines are not intended to prohibit interaction between the Executive Branch and the public. But where such interaction develops into a publicity and propaganda campaign intended to encourage citizen groups to lobby Congressional representatives, the boundaries of propriety have been crossed.

Because the Anti-Lobbying Act has not often been interpreted, it is difficult to be more specific in setting forth guidelines for Executive Branch officials and offices. The anti-lobbying law, however, is a criminal statute and should be taken seriously. Any factual situations not expressly covered in this memorandum should be brought to the attention of the Counsel's office before any action is taken.

AGENDA
JULY 14, 1993, 10:00 A.M.
RECONCILIATION WORKING GROUP

I. Discussion of Day's Activities & Assignments

A. Briefing for Cabinet Members, 5:30 (Marla)
   1. Speakers and Topics
   2. Specific Assignments for Cabinet
   3. Materials to be Distributed

B. Move into War Room (Ricki)
   1. Status of Room, Materials, Facilities
   2. Personnel

C. Daily Message for Media (David)

D. Legislative Activities (Karen)
   1. Vice President's Dinner
   2. Other Activities?

E. Public Affairs. Meetings? (Alexis)

F. Legal Briefing for Staff (Ricki)

II. Status of President's Notebook (Ricki)

A. Review Status of Report Submissions
B. Production Schedule, Delivery to President

III. Conference Opening, Thursday, July 15 (Roger Altman)

A. Moynihan Gavels Conference Open Tomorrow
B. Message Coordination
C. Altman Attendance at Gephardt Message Meeting (Karen)

IV. Reports on Specific Assignments -- Status Updates

A. Message/Media Plan (David)
   1. Morning/Weekend Talk Shows: Assignments
   2. Briefings for Members of Congress on Plan
   3. Regional Reporters Meetings with President
   4. Coordination with DNC

B. Legislative Affairs (Karen)
   1. Target List
   2. Use of Cabinet for Lobbying
   3. Specific Meeting Schedule for Caucuses and Groups
   4. Specific Schedules for McLarty, Panetta, Bentsen

C. Surrogates (Marla)
   1. Status Report/Coordination with Media Events
   2. Development of List & Assignments

D. Public Liaison (Alexis)
   1. Specific Meeting Schedule
   2. Detail Discussion of Assignments

E. Rapid Response Team and Sperling Research Tasks (Rahm & Gene)

THE WHITE HOUSE

WASHINGTON

July 19, 1993

JUL 19 1993

MEMORANDUM FOR ALEXIS HERMAN, STEVE HILTON, MIKE LUX

From: Chris Lin, Debbie Fine
Subject: Welfare Reform Update, July 12-16

This will be short and sweet.

Patricia Sosa, the hired public liaison for the Welfare Working Group started work last week. She will have the responsibility of tracking the Working Group's interaction with interest and advocacy groups. The intake center is also underway; Abby and Toby of the Health Care Task Force have taken on this responsibility.

HEARINGS

August 10/11 in Chicago
-- Format: see attached
-- Lists: we will be going around to collect names of key groups in Chicago who need to participate

August 19 in Washington
-- Format: see attached
-- Lists: we will be preparing a list of must-invite and must-testify groups to Sosa.
-- A site needs to be determined. Right now, it is a decision between Howard University, UDC and the Dept of Agriculture auditorium.

LEGISLATIVE

Staff-to-staff meetings are ongoing. Staff-to-staff meetings with Republicans were started last week. Although their ideas seem to be going in a more conservative direction than ours, they seemed interested in working with us.

PRESS

Secretary Shalala made a speech to JOBS directors today. She will emphasize that welfare reform is a priority of this administration and a priority of hers. The purpose of this speech is simply to be on-the-record for saying something about welfare.

-- ATTACHMENT --

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CHICAGO HEARING
PROPOSED AGENDA

MORNING

- Welcome To Chicago
  by Host Senator (Rosty expressed an interest in doing this) and Congressman, Governor, Mayor, etc.

- TWO PANEL DISCUSSIONS
  including 4 personal stories, 2 service providers, and key groups working on welfare

AFTERNOON

- PUBLIC HEARING
  this segment would resemble a traditional hearing -- each speaker will be given 3 minutes in which to testify to the Working Group Members

****

WASHINGTON D.C. HEARING
PROPOSED FORMAT

- 10 Panels with 60 Groups

- Less Focus on Personal Stories, More Focus on Testimonies by National Organizations

- In the Style of a Traditional Public Hearing

July 12, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ALEXIS HERMAN

SUBJECT: OUTREACH PLAN FOR THE CONFERENCE BUDGET

The following represents the strategy and outreach plan for the Office of Public Liaison in support of the Conference Budget package. This plan relies upon the close coordination of the various White House Departments, as well as the Democratic National Committee.

I. PURPOSE

A. SHORT TERM

1. To galvanize support for the Conference Budget package in a minimal amount of time.

2. To pass the Conference Budget.

B. LONG TERM

1. To create a working model for passage of future Presidential priorities, i.e., health care and welfare reform.

2. To develop and maintain strong relationships with leaders in different states as well as our constituency.

3. To maintain a positive perception in the media of the adminsitration.

II. TARGET AUDIENCES

A. MEMBERS OF CONGRESS

B. STATE OPINION LEADERS

C. BASE CONSTITUENCY GROUPS

D. WASHINGTON ELITE

E. LOCAL MEDIA

III. WAR ROOM OPERATION

The creation of a War Room is the optimum structure to insure close coordination of the various offices required for an effective outreach program. Raising public support cannot be accomplished successfully without the close cooperation of all of the offices.

A. <u>OFFICE OF PUBLIC LIAISON</u>

a. Working in conjunction with Political Affairs and the DNC, the Office of Public Liaison is responsible for identifying, contacting, and briefing key constituent groups in Washington and outside the beltway in order to build coalitions in support of the package.

b. OPL will be working directly with policy staff and Treasury to provide talking points and other appropriate materials to supportive groups.

Coordinating state and constituent group leaders' statements to targeted local media at the end of each briefing.

Tracking endorsements by key constituent leaders.

IV. OUTREACH STRATEGY

A. BASE GROUPS ADD ON

Beyond business, there are a wide range of groups with which we have an on-going relationship for which we need strategies. Some of these groups have been quite loyal throughout the reconciliation process - AFL-CIO, its affiliates, and the NEA have been the best. Others have been on-again off-again, depending upon the twists and turns in the package - the aging community and the African-American community are the most important examples in this category. A third key category is a set of groups who are involved in reconciliation, but who care a great deal more about what happens in health care reform. Most of these groups have been working constructively with us on reconciliation, knowing that the prospects for health care reform dim dramatically without a success in reconciliation.

The following is our strategy in relation to important groups:

1 Labor (including the NEA). The key here is to keep them informed and closely involved. Public Liaison, the Political Department, and the DNC are working on this together. Labor lobbyists were brought in for a meeting with Joan Baggett and Mike Lux two weeks ago, and are coming back in on July 14th. The Political Department communicates with chief AFL-CIO lobbyist, Bob McGlotten on a weekly basis, as well as the top NEA lobbyist, Debra DeLee. We should schedule key union presidents for a lunch with the President sometime in the next couple of weeks to keep them fired up.

2. Aging Community. They never did like our package, but they have come to understand that the realistic alternatives are worse. Their main project is to try to keep the medicare cuts as close to the House package as possible. Our biggest challenge here is to keep them from going completely against the final package if the medicare cuts go too high. They will work with us to beat back Republican/conservative Democrat proposals for higher

cutbacks. The strategy here is to keep them informed and to keep working with them quietly.

3. African-Americans. The African-American community will need to be heavily worked during the next three weeks to keep them on board. Delivering on Jocelyn Elders will be vital to keeping people with us, as will making sure some of the key provisions in the House bill survive. Marilyn Yager is taking the lead on making sure White House visibility on Elders is high with the key groups. Alexis Herman is taking a very active role keeping in touch with African-American leaders by phone. Minyon Moore is doing the same from the DNC. The NAACP and upcoming Urban League convention speeches are very helpful in convincing the African-American leadership we're on their side.

4. Coalition of Liberal Groups. An ad-hoc coalition of about sixty liberal groups was pulled together in early February by AFSCME and the Coalition on Human Needs to support the President's plan. Mike Lux has been continuing to work with them to give them information and encouragement as they work together to coordinate strategies. We will bring this coalition in for a briefing within the next two weeks to keep them activated.

5. Jewish Community. Amy Zisook of OPL and Sara Ehrman of the DNC have kept the Jewish community very well plugged in throughout the process. We are integrating appropriate Jewish groups into some of our other meetings, and will hold some separate meetings with them in the next two weeks.

6. Health Groups. Health groups, like the American Nurses Association, the American Hospital Association, the American Academy of Pediatrics and the National

Leadership Coalition on Health Care Reform have been working extremely well with us on health reform. Though they are disturbed by the deeper cutbacks in medicare in the Senate, they have been mostly helpful to us throughout reconciliation, and we expect that to continue. We had one meeting with a collection of them a couple of weeks ago, and have continued to follow up by phone.

7. Other Liberal Groups. Mike Lux stays in touch with a broader set of individual liberal groups, which have stayed mostly supportive, including:

   - National Council of the Churches of Christ
   - Consortium of Citizens with Disabilities
   - Children's Defense Fund
   - National Council of La Raza
   - Citizen Action
   - Consumer Federation of America

B. State Opinion Leaders

The key here is to cultivate and energize a core of a targeted state's most important institutional, political, and economic leadership on behalf of the President's economic agenda in reconciliation. These leaders will be a key component in activating the grassroots on our behalf, in providing cover for those Democrats who want to be with us but are in tough districts, and for putting the fear of God into those Democrats who tendency is to oppose us. These opinion leaders will be mostly Democrats (since we are only targeting Democratic members), but will include some moderate Republicans and Independents to give us more credibility with conservative Democratic members and the media.

This strategy is:

1. Develop state opinion leader lists (20-30 per state). The Office of Public Liaison, DNC, and the Political Department will coordinate on the development of these lists.

2. Develop/activate Core Leaders in every state. (5 - 7 individuals)

a. These individuals will serve as resources and SWAT teams within each state.

b. In most states, Core should include Democratic State Chair, former Clinton-Gore state chair, AFL-CIO state president, and NEA/AFSCME/AFT presidents. Exceptions: states where Democratic Chair has not worked well with us; states where AFT or AFSCME don't have strong affiliates.

3. Other opinion leaders: CEOs, VIPs (finance), trade association presidents, owners of local media outlets and local elected officials. (8 - 12 individuals) These individuals should have the maximum influence with our swing members of Congress (eliminating any individuals who strongly oppose any major part of the plan.)

B. Bring this group of leaders to the White House for special briefings, including:

1. pep talks and photo-ops with the President or Vice-President;

2. reconciliation overview by staff (someone from NEC, OPL or Legislative Affairs);

3. discussion of state media strategy by staff from OPL or Media Affairs;

4. materials given out with charts, graphs, articles on why the Clinton economic plan is great;

5. a meeting over at the DNC for party activists with Chairman Wilhelm or Craig Smith;

6. setting up time for these opinion leaders to meet with their members of Congress while they are in town, if they choose to do so.

C. Activate aggressive follow-up plan by the White House and the DNC, including:

1. a letter from the President thanking them for coming;

2. daily faxes from DNC with reconciliation talking points and updates;

3. follow-up phone calls to key delegation members from DNC regional desk staff to make sure they are working (active);

4. a conference call with DNC staff and the entire delegation one week after briefings in D.C. to gauge overall activity and enthusiasm;

5. "booster calls" as necessary from White House staff upon request from DNC staff.

II. State By State Plans

Legislative Affairs has suggested we target the following state:

Nebraska	New Jersey
Wisconsin	Texas
Florida	Georgia
Connecticut	Alabama
California	

OPL will work with the DNC and the WH Political Department to put the opinion leaders lists together, with the following considerations in mind state by state:

1. <u>Nebraska.</u> The NEA and AFSCME affiliates are the two strongest organizational forces in the state, so their leadership will be key to pulling

things together. Farmers Union is relatively strong there, and we'll want to work with them as well.

2. Wisconsin. Seniors groups, labor, the NEA affiliate and Citizen Action are all strong in the state. Liberal groups in general have fairly strong networks here.

3. Florida. Obviously, seniors are by far the most important factor in Florida politics. The Jewish community is also crucial for Democrats.

4. Connecticut. Citizen Action is very strong here. Obviously, CEOs represent an important constituency as well. We also have a Clinton/Gore Italian-American network that can be helpful.

5. New Jersey. Like Connecticut, the Italian-American network can help us here. Labor and business CEOs are both very important to involve.

6. California. Asian-American and Hispanic groups will be contacted in California. High-tech CEOs will also be involved. SEIU and AFSCME are the most important unions.

7. Texas. Hispanic groups are crucial, as are CEOs. Farmers Union is fairly strong in Texas. There is also a strong police union that is close to us.

8. Georgia. CEOs are crucial here. We also need to really involve the African-American community.

9. Alabama. What goes for Georgia is true here as well. The NEA affiliate is very strong here.

C. WASHINGTON ELITE

There are two major components to this strategy: (1) Business and (2) Base Groups. Each of these groups has varying (sometime competing) interests, but can be organized as a whole. Some are more influential than others and will be treated accordingly. We have been working closely with both of these groups for the past six months and have a fairly keen sense of their interests and their abilities.

This week we have already scheduled briefings and meetings with several of these groups: Business Association Presidents, the Business-Government Relations Council, Supporters of Empowerment Zones, and the coalition of business and interest groups which was organized by the Realtors in support of the House Bill. Additionally, Political Affairs is organizing a briefing for officials of Labor Unions.

Over the next 3-4 weeks we will have an aggressive strategy built on the knowledge and support we have gained through our work with Business and Base Constituency Groups on the House and Senate Bills.

1. <u>Business</u>

We have broken Business into (3) groups: Business Associations, Washington Represen tatives of Corporations and Small Business and we will focus our effort in that way. More specifically, we will work with the following groups:

a. **D.C. Reps Working Group:** This group is comprised of the Washington Representatives of the major CEOs who endorsed the President's plan in February. This includes (but is not limited to): Bob Healy/Lod Cook, Arco; Rich Keating/August Busch, Anheuser-Busch; Laramie McNamara/Joe Gorman, TRW.

b. **Representatives of Original Package Supporters:** These are additional corporate supporters as well as associations who endorsed the Prescient's initial plan. This includes: Mike Farren/Paul Allaire, Xerox; Eben Tisdale/Lewis Platt, Hewlett-Packard; Dick Iverson, American Electronics Association; Ken Guenther, Independent Bankers Association.

c. **Representatives of Corporate House Bill Supporters:** The 50+ companies who signed a letter to Chairman Rostenkowski in support of the House Bill as it came out of the Ways and Means Committee is affectionately called "The Rosty Group." These companies have particularly close relationships with Chairman Rostenkowski and worked diligently with the Committee to arrive at the "best, most passable" solution. They are accustomed to working together as a group. There is some overlap between this group and those mentioned above.

d. **Representatives of POTUS CEO Lunch Guests**: Most of these representatives are included in the above mentioned groups, however some "opinion leaders" were included despite their neutrality or opposition to the plan. This group will be culled to incorporate companies who maintained neutrality, but have since made favorable comments regarding the President's effort to reduce the deficit, i.e. Maurice "Hank" Greenberg, AIG; Dwayne Andreas, ADM). In addition, some "state opinion leaders" were included and will be categorized as such, i.e., Garry Drummond, Alabama; George Mead, Wisconsin).

e. **Representatives of Companies in Targeted States:** In order to best focus on the remainder of the massive business community, we will target our efforts in the states where we had either multiple defections in the House or opposition or close calls in the Senate. This will include: New Jersey, Missouri, Texas, Georgia, Pennsylvania, etc., and Nebraska, Wisconsin, Connecticut, California, Florida, and Colorado.

f. **Small Business:** Small Business must be treated as a distinct category because of the magnitude of the small business community and because of the continuing effort to undermine the plan by NFIB, the largest small business organization. Small Business, too, is divided into (a) associations and (b) individuals. There are hundreds of small business associations each of which will be included in our outreach efforts. We will then, because of the nature of small business, rely on the supportive associations to help us recruit individuals throughout the country (particularly in targeted states) who will actively support the President. We will also rely on friends and individuals, such as Alan Patricof and Sandy Robertson to recruit additional support. This effort will be coordinated with the "State Opinion Leaders" effort.

g. **Lobbyists/Lawyers:** As we know, Washington is filled with lobbying firms and lawyers who serve the lobbying function. Many of them are major supporters of the President and the Democratic Party and should be acknowledged as such.

The outreach effort to these groups will be accomplished through briefings, individual meetings, general communication (phone calls, letters, fax), and Presidential events. Among the Presidential events planned are: (a) Business Leader Luncheons. The next luncheon, July 21st, will be focused on small business, followed by Fortune 500 CEOs and Entrepreneurs on July 28th and August 4th respectively; (b) Real Estate Industry Event with CEOs of Realty, Development and Contracting companies, as well as President's of labor unions in the building trades; (c) Small Business event with several hundred small business men and women.

E. CONVENTIONS

Conventions offer an opportunity to present our message to a large, geographically diverse group of people in a central location---the convention city. Conventions are an opportunity to maximize our reach with a minimum amount of costs. They also allow us to touch bases with opinion makers, journalists and "real people." Therefore, during this convention season (See attached list), it is essentail that we have significant adminsitration participation at conventions, and that we convey our message of regarding the economic package.

1. Direct Participation

a. Guest Speakers: Direct participation includes serving as keynote speakers, sitting on panels, or appearing during some portion of the convention (receptions, etc.).

"In person" participation gives the administration the best opportunity to present our message and sell the package. With direct particiaption, a foundation is layed the DNC official present at the convention to request the organization's active support for our plan.

2. Indirect Participation

a. Letters: Letters and videotaped messages are the best means of indirect participation.

Letters of greetings for publication in the organization's convention journal should be sent from the President. Letters for supplemental convention publications should be sent from an individual or cabinet secretary whose speciality corresponds with the focus and the interests of the organization. For example, the Attorney General would send a letter of greetings to the American Bar Association, if she doesn't attend. In the current season, these letters should sell the ecomonic plan as well as give greetings to the organization.

b. Video Messages: Another method of indirect participation is through video messages.

The video message should come only from the President The video messages present an excellent opportuity for the President to "make message" regarding the benefits of the economic pakage.

3. Convention Communications: Most conventions have sophisticated press operations and attract a large amount of press coverage. It behooves us to take advantage of a convention's communications operation by releasing relevant statements; speeches; policy papers, etc., at the conventions. For example,

during the NAACP convention, it is important to issue a press release stating that the President is in Japan for the G-7 meeting but recorded a video message (attach remarks). Such a release should also include any other administration participation during the NAACP convention. Releases could be on a daily basis or one general release at the start of the convention.

In some cases, it will be enough to send public affairs directors from the agencies who are capable of discussing the issues with journalists covering the conventions. The key is for us to utilize each convention's press operation to explain and promote our policies.

F. Call Strategy

Targeted calls senior adminsitration officials must be made to key constituent leaders on a selected basis. OPL will institute a call strategy in support of the package to all of the organizations briefed by the office in the past (See Attached List).

E. Local Media Strategy

V. TIMETABLE

(Weekly)

Rudy—
Have you developed
a special Note Book system
for recall?

AMH/RECON

JULY 14, 1993

MEMORANDUM FOR STEVE HILTON

JUL 14 1993

FROM: AMY ZISOOK AND MARILYN DIGIACOBBE
SUBJECT: DEBRIEF OF RECONCILIATION MEETINGS HELD TODAY - WEDNESDAY, JULY 14

We want to be sure that the information that we collect during our outreach meetings gets funnelled back into the war room operation. To that end, we will debrief you daily on the major points of those meetings and the follow up being conducted.

<u>Representatives of Mayors and Governors, 1:00 PM</u>

Three crucial issues that concern all state and local governments were voiced at this briefing:

<1> GAS TAX - FEDERAL HIGHWAY TRUST FUND
If the increase in the gas tax is in the final version of this bill, it is absolutely imperative that this money be dedicated to the federal highway trust fund.

<2> DISPROPORTIONATE HOSPITAL PROGRAM
The disproportionate hospital program is going to be an excruciating burden for local governments to handle: it is argued that this issue alone will cost local governments over 3% of all collected revenue. Therefore, at the very least, a one year delay is necessary before this is enacted.

<3> INFLATION FACTOR
The inflation factor in entitlement control is very important. It is necessary to maintain some flexibility with the inflation rate relative to entitlement expenditures.

Regina Montoya and Jeff Watson of Intergovernmental and Alice Travis of the DNC participated in the briefing to ensure follow-up.

<u>Empowerment Zones, 2:15 PM</u>

Main concern of those in attendance:

1) How will the Empowerment Zones be selected?
2) What is the optimum level of taxes and spending needed to ensure that Empowerment Zones are included in the budget?

Overall, the participants in the briefing are supportive of the plan. It will be necessary for follow-up to keep those in attendance informed so that they can continue to fight for Empowerment Zones throughout the conference proceedings.

Caren Wilcox and Rocco Clapps of the DNC were present at this briefing. The attached draft letter, distributed by Caren Wilcox, asked the organizations to support the briefings by signing on. Jim Schuyler of the Schuyler Company will work with Rocco to form an outside coalition on Empowerment Zones.

To follow up, our office is providing DNC a list of attendees and their phone numbers. We will also send a letter to all attendees from AMH.

Labor Leaders, 4:00 PM

The labor leaders were very supportive of the reconciliation package. However, they said they **need specifics** on several issues before they can rally support. Ms. Baggett and Mr. Panetta said that they wanted to give the leaders some lead time to form grass roots support for the plan and assured them that details would be made available to them.

The issues that they were interested in included:

* the energy tax,
* Section 936 of the tax code (Puerto Rico) and relocation language,
* the amortization of intangibles provision,
* the influence of financing health care on deficit reduction plans, and
* the issue of business incentives.

Rick Bloomingdale suggested that labor leaders and industry leaders write **joint letters** to targeted members of Congress. The participants in the briefing agreed that this would be effective. The DNC, he said, would provide the labor leaders information that could be used to generate phone calls, letters, and faxes to members of Congress and letters to editors of newspapers.

Joan Baggett and Joe Valesquez of Political and Rick Bloomingdale of the DNC all participated to ensure follow-up. After the meeting,

MEMORANDUM

TO: Interested Parties
FR: Rocco Claps
Democratic National Committee
DA: 14 July 1993
RE: Signing up for Support

The President needs your continued help. Attached is a letter to be delivered to Budget Reconciliation Conferees detailing your organization's support for Empowerment Zones.

As you know, there is power in numbers. That's why we'd like all the supporting organizations to sign on to this letter. To support this statement, do one of two things:

1) Simply **tell our designated staffer** at the conclusion of this meeting that your organization would like to sign on or;

2) Notify me, Rocco Claps, **by phone (202-863-8056) or fax (202-863-8196)** that you support this effort.

Again, thanks for your help.

Dear Budget Reconciliation Conferees:

We, the undersigned, wish to express to you in the strongest terms possible our hope and expectation that you will include empowerment zones in the Budget Reconciliation Bill. We have been encouraged that a number of Members of Congress have shown a willingness to be flexible and support empowerment zones.

The tax incentives for empowerment zones that were passed by the House in the Budget Reconciliation are an essential part of the President's entire empowerment zones proposal--a proposal which will help enable distressed communities to becomes engines of economic growth that create new jobs and incomes for people.

We therefore urge you to include the tax incentives of the President's empowerment proposal--as passed in the House under Chairman Rostenkowski's leadership--in the 1993 Budget Reconciliation Act. Thereafter, we urge you to support prompt passage of the President's Economic Empowerment Act of 1993 to provide for a comprehensive program of empowerment zones, enterprise communities, and reinvestment in distressed communities all across the country.

AMH
~~Jennifer~~ hand
delivered to
everyone.
R

From the Office of Alexis Herman

Date: 7/14/93

For Distribution to:

__Rahm Emanuel
__Mark Gearan
__David Gergen
__Marcia Hale
__Nancy Hernreich
__Anthony Lake
__Bruce Lindsey
__Katie McGinty
__Mack McLarty
__Regina Montoya
__Roy Neel
__Bernie Nussbaum
__Leon Panetta
__Howard Paster
__John Podesta
__Carol Rasco
__Bob Rubin
__Eli Segal
__Ricki Seidman
__George Stephanopoulos
__Christine Varney
__Vice President's Office
__David Watkins
__Maggie Williams
____
____

MEMORANDUM

TO: DISTRIBUTION
FROM: DANNY WEXLER
SUBJECT: BRIEFINGS FOR 7/14
DATE: JULY 13, 1993

Following is where we are on the conference reconciliation briefings for tomorrow.

1:00 PM Representatives of Mayors and Governors

Participants: Approximately 30 Representatives of Mayors and Governors and from the National Association of Governors.

Briefer: Gene Sperling

Introduction: Jeff Watson or Amy Zisook

2:15 PM Empowerment Zones

Participants: 98 people from the last briefing OPL hosted on Empowerment zones and the participants from the 1:00 PM briefing for Mayors and Governors representatives.

Briefers: Bob Rubin
Gene Sperling
Secretary Henry Cisneros
Andrew Cuomo
Possibly someone from Agriculture
Minyon Moore (DNC)

Introduction: Alexis Herman

- The agenda and materials are being developed by Sheryll Cashin and Paul Dimond from the NEC.

4:00 PM Labor

Participants: The list will be here in the morning.

Briefer: Leon Panetta

Introduction: Joe Velasquez

5:30 PM Cabinet

Participants: Cabinet members
Chiefs of Staff
Press Officers
Congressional Liaison Staff
Some Deputy Secretary's

Briefers: The Vice President
Mack McLarty
Secretary Bensten
Leon Panetta
Laura Tyson
Bob Rubin

Introduction: Probably Mack

DISTRIBUTION: Alexis Herman
Steve Hilton
Amy Zisook
Flo McAfee

THE WHITE HOUSE

WASHINGTON

July 9, 1993

MEMORANDUM FOR MACK MCLARTY

From: Alexis Herman

RE: Reconciliation Package Outreach Strategy

I. The Outreach

The outreach for reconciliation will be operating on four fronts, each of which will require a separate strategy and coordination with the following offices:

Office of Congressional Relations
Office of Public Liaison
Office of Intergovernmental Relations
Office of Political Liaison
Cabinet Secretary
Office of Media Relations
Office of Domestic Policy Advisory
Treasury
The Democratic National Committee

The four field strategies that will need to be developed are as follows:

1. Field
2. Elite/inside-the-beltway
3. Swing votes (i.e., CBC, conservative Members)
4. Issues playing against key constituencies.

II. General Assignments to Date

- The DNC will analyze and devise a campaign for each of the 50 states. By Monday, they will have completed the analyses of the Southern region. This analysis will include target communications strategy, phone bank operations, constituent groups support, identification of key opinion makers. Monday, the DNC will be running a test case in Michigan in order to evaluate their field strategy in coordination with the White House. This will also be our first response to attack ads that started in Michigan and 10 additional states on July 8, 1993.

- An overall surrogate program will be initiated including the cabinet and other "players" in key targeted states utilizing editorial boards, radio talk shows, special event appearances.
- Public Liaison will take the lead on a general business/ CEO strategy.
- Political Affairs will take the lead for outreach to labor.
- Legislative Affairs will provide the group with ongoing feedback regarding targets and negotiation on issues.

III. <u>Immediate Action</u>

A. White House briefings

1. Tuesday: Washington business representatives (75-100) members of the Business Government Relations Council.

   Presidents of business associations--Business Roundtable, Business Council, Chamber of Commerce, NAM, Small Business Legislative Council, National Small Business United and National Association of Women Business Owners. Laura Tyson and Leon Panetta will be responsible on conference process as well as response to chamber strategy.

2. Wednesday: Briefings on conference strategy for:
   --Representatives of Mayors and Governors
   --Cabinet Members and Chiefs of Staff
   --Labor groups.

3. Thursday: Community Development Bank announcement will be coupled with a briefing on Empowerment Zones for approximately 150 outside organizations.

4. Friday: A briefing will be held for 75-80 groups who were a part of the Realtors coalition in support of the House bill.

B. Phone Banks

Activation of phone banks in selected targeted states with the assistance of key labor organizations.

C. Rapid Response--Targeted States

Immediately begin a communication and surrogate apparatus in states where attack ads have begun.

THE WHITE HOUSE

WASHINGTON

June 24, 1993

MEMORANDUM FOR ALEXIS HERMAN

FROM: Mike Lux

SUBJECT: Reconciliation

The following is an update of activity generated today:

1. Despite being initially opposed to the bill because of medicare cuts, in the end I was able to get AARP and National Council of Senior Citizens to help us with calls to Senators Graham, DeConcini, Kerrey, Exon, Kohl and Bryan.

2. National Farmers Union very aggressively worked Kohl, Exon, and Kerrey. At 6:30 PM today Kohl told them he would vote for the President's package.

3. I had already asked Hugh Westbrook, who is Chair of the DSCC, to help us with Kerrey, which he did. When I told him that Graham was off the reservation, he called Graham as well.

4. When I spoke with Joan Campbell today, National Council of Churches, she agreed to make calls to Hatfield, Jeffords, Graham, Nunn, Feinstein, Kohl and DeConcini.

5. When I spoke with The League of Women Voters, they agreed to work on all the targets.

cc: Steve Hilton

RLcc

THE WHITE HOUSE

WASHINGTON

June 7, 1993

MEMORANDUM FOR MACK MCLARTY

FROM: ALEXIS HERMAN, Assistant to the President and Director of Public Liaison

Reflecting on the successful passage of the Reconciliation Package, as well as the coming fight on the economic package in the Senate, I thought it would be important to evaluate, from my perspective, things that worked, as well as problems that surfaced. I believe we have learned some fundamental lessons about what the White House needs to do to achieve success. This memorandum is intended to insure that those lessons are not lost as we move forward. I have divided my comments into three areas, what worked, concerns going forward, and recommended actions.

What Worked

The following elements profoundly and beneficially impacted our success:

1. **The team approach the week before the vote was critical to our success.**

2. **Once alerted to the problem in the House, the DNC did an excellent job putting pressure on Members.**

3. **The elite strategy kicked in to help us in the end.**

4. **The Wednesday CEO luncheons were effective in reaching out to the business community.**

5. **Using the Boren amendment to illustrate the weak alternative if our package was not approved.**

DETAIL

1. The team approach the week before the vote was critical to our success. Once we knew the vote would be close, which was the Thursday before the vote, we were able to develop an aggressive and coordinated strategy. Staff from OPL, Intergovernmental, the DNC, Political, and Cabinet Affairs met 2-3 times daily to review targeting and plot strategy. We used all the tools at our disposal to bring pressure to bear on Congress. The night of the vote, we operated a miniature war room out of my office so that all the departments had a central location to give and receive up-to-the-minute information.

2. Once alerted to the problem in the House, the DNC did an excellent job putting pressure on Members. I was impressed with the work of the DNC staff in helping us during the week before the vote. They coordinated closely with us, helping motivate groups, elected officials, and party contributors and activists. They were not able to deliver more grassroots support only because they were not asked to do so in a timely fashion, nor were they provided a target list.

3. The elite strategy kicked in to help us in the end. The weight of business people, key Democratic contributors, important groups, and other elites working the phones and faxes made a big difference in the days leading up to the vote. A number of Congress people called to thank us for providing them cover. We also know of several other cases where our callers were told "Enough already - I'll vote for it." The elite strategy was also an invaluable source of political intelligence.

4. The Wednesday CEO lunches were effective in reaching out to the business community. At a time when we needed to build confidence in the corporate sector, the lunches we instituted several weeks ago are paying clear dividends in terms of renewed business support.

5. Using the Boren amendment to illustrate the weak alternative if our package was not approved. Although the Boren initiative initially panicked members of the House by undermining our political position in the Senate,

this amendment served a useful function by highlighting the most likely alternative to the President's package: cutting programs for the elderly, the middle class, and the poor. For example, senior's groups like AARP and the Roosevelt group always opposed the increased social security taxes and Medicare cuts in the package (although they have muted their opposition because they wanted to keep working with us on health care.) After the Boren amendment came out, those groups backed off their opposition and sent signals to the Hill Members that it was okay to support the package. Other more liberal senior groups, especially National Council of Senior Citizens, actively helped us in places like Florida and Pennsylvania. Subject to the news reports regarding Moynihan's statement about Medicare cuts, given the real threat of the Boren amendment in the Senate, we can count on increased aggressiveness from the aging community.

Highlighting the Boren alternative as the only alternative will also energize many other groups as well, including labor, women's groups, civil rights groups, and other liberal organizations.

Concerns Going Into the Senate Vote

1. **There is a need for more consistent daily communication inter-departmentally at the White House.**

2. **We need to figure out better ways to motivate our base at the grassroots.**

3. **We need to be tougher with our business allies about coming through for us in terms of grassroots pressure.**

DETAIL

1. There is a need for more consistent daily communication inter-departmentally at the White House. We must determine a way for each department and the DNC to have access to detailed information from Legislative Affairs, and on a daily basis. We have substantial resources we can bring to bear, and valuable strategic information for use by Legislative

Affairs, if we know more details on who the targets are, what deals are being cut, etc. Weekly meetings between the DCCC, DSCC, top House and Senate political staff, the DNC, and a representative of White House OPL and Political staffs.

2. We must devise more effective ways to motivate our base at the grassroots. Although the leadership of the base groups are generally supportive of the plan, they have yet to fully energize their constituencies on our behalf. This is principally due to a communications problem: we have not been able to communicate in a focused way to our base about the things in the plan that help them. The other part of the problem is the tendency for interest groups, even the friendly ones, to get bogged down in the details they do not like. Examples include environmentalists not liking our compromises on grazing fees and the energy tax; aging groups not liking the social security tax; veterans groups focusing on the veterans' program cuts.

We need to come up with creative new strategies for energizing and educating the grassroots. I will be working with my staff, Political, Communications, and the DNC on a targeted communications plan for base groups. And again, focusing on the alternative can help motivate these groups.

3. We need to be tougher with our business allies about coming through for us in terms of grassroots pressure. Our enemies on this issue in the business community (NAM, the Chamber, the energy industry) did a much better job energizing grassroots pressure than our friends in the business community (Realtors, Homebuilders, CEO endorsers). We will have to start laying it on the line for these groups: if they can not deliver their troops, the things in the bill they like may not survive the next round of compromises.

RECOMMEND IMMEDIATE ACTIONS

1. We need to articulate how we will coordinate our efforts for the Senate vote. Roy Neel's initial team coordination meeting with Legislative Affairs,

Cabinet Affairs, Political, Intergovernmental, and OPL served as the catalyst for our efforts in gaining support in the House.

2. We must analyze the impact of proposed changes to the package on our base. We can lose their support quickly due to the dynamic nature of Senate negotiations. OPL is talking to the base to "take their temperature" regarding rumors coming out of the Senate.

3. Similarly, we must be very careful in light of Lani Guinier and Senate negotiations, that we do not alienate the base further by sending confusing messages. We are moving forward with welfare reform in a public way, and at a time when liberal supporters are wary of our actions. We must review carefully our actions in this regard to more strategically position ourselves and succeed with this legislation.

4. We must also remain mindful of the impact of our actions on our friends in Congress. We can alienate them if we are not sensitive to their vulnerability. For example, many CBC members are exposed from both the left and right of the political spectrum. From the right, business pressures them because of the taxes in the package. From the left, liberal groups pressure them on spending cuts. We mistakenly look at groups like the CBC as monolithic when they are not. We must keep them very informed if we are to retain their support. We need to have a follow-up discussion on those commitments made to CBC members. We also need to keep the lines of communication open with the CBC if we are to retain their support during this sensitive period.

cc: Roy Neel
David Gergen
George Stephanopoulos

June 11, 1993

MEMORANDUM

To: Alexis Herman, Assistant to the President, Public Liaison JUN 11 1993
From: Ann Walker, Communications Research

Subj: PRESS CONFERENCE BY THE AMERICAN ENERGY ALLIANCE

1. Forwarded for your information is our briefing and analysis of the recent press conference held by the American Energy Alliance (AEA) on the BTU/Broad-Based Energy tax.

cc: Mark Gearan, Director of Communications
Rahm Emmanuel, Assistant to the President, Political Affairs

AFW/dpm

June 7, 1993

MEMORANDUM

To: Ann Walker, Special Assistant to the President
Office of Communications Research
From: Pam Bracey and Dan Meyer, Research Assistants

Subj: PRESS CONFERENCE, AMERICAN ENERGY ALLIANCE, JUNE 7, 1993

1. **Event.** Paul Huard, Vice President of Taxation and Fiscal Policy of the National Association of Manufacturers, convened a press conference at the National Press Club. In his capacity as a representative of the American Energy Alliance (AEA), a coalition of more than 1600 companies, businesses and trade associations, farm organizations and consumer groups, Mr. Huard introduced Martin Gold of Gold and Liebengood, a political consulting firm, and David Montgomery, director of DRI/McGraw-Hill's Energy and Environment Practice. There were twenty-eight (28) reporters present from a cross section of regionally and state-based news bureaus. The subject of the press conference was a econometric report issued by DRI/McGraw-Hill and commissioned by the AEA. Mr. Huard conceded that the AEA was a "manufacturer's group," but implied it also spoke for consumers.

a. *Press Corps Represented.* Among the twenty-eight bureau representatives, several organizations were positively identified:

(1) State News Agency was present and soliciting interviews for all the survey states, but for Alabama and Arizona in particular.

(2) The Chicago Tribune and Detroit Press represented the largest dailies.

(3) CBN News (filmed event), BNA News, Univision (filmed event), INS News, Gannett and Associated Press were also listed as attendees.

(a) Note that Univision is a national news network for Hispanic-Americans.

(b) There was one unidentified camera.

(4) A freelance reporter represented the Sierra Club and the Environmental Defense Fund.

2. **Purpose.** The AEA directed the conference at the regional press corps of the following states: Alabama, Arizona, Arkansas, Colorado, Georgia, Michigan, Montana, Nebraska, Nevada, New Mexico, North Dakota, and South Dakota. The AEA opposed the implementation of any energy tax, but with regard to the BTU tax specifically, the alliance stated, *"[w]e oppose the BTU because it would be a regulatory nightmare that could never be fairly and effectively administered."*

a. According to the findings of the DRI/McGraw-Hill study, full implementation of the BTU tax would cause the following:[1]

(1) An increase of energy costs (for a family of four) in excess of $440 per annum.

(2) The loss of more than 600,000 American jobs.

(3) Damage to American competitiveness through the penalizing of exporters.

(4) Reduction of economic growth by almost $40 billion annually.

(5) Disproportionate losses on energy-intensive states and industries.

(6) Minimal reductions in the deficit (by only 45 cents for each dollar of tax collected). The $20 billion savings projection by the Administration was whittled down to $10 billion dollars after the loss of income from an economic downturn was factored in.

(7) Reduction of real income and hence, Gross Domestic Product, in selection states and regional economies.

b. The Clinton proposal was "exposed" as not a consumption tax, but rather a manufacturers' tax that would cripple the economy.[2] The exemptions crafted were identified as prerequisites for the influential or ailing industries (aluminum industries), while the export rebate system was decried as cumbersome, unwieldy, and not conducive to mitigate the loss of comparative advantage.

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[1] From *American Energy Alliance, Press Release 93-101: Companies, Consumers, Farmers Tell Senators No Form of BTU Tax is Acceptable*, June 4, 1993.

[2] "The National Association of Manufacturers and the American Petroleum Institute estimate that the BTU tax could reduce the nation's economic output by $38 billion, and destroy between 400,000 and 600,000 jobs." AMERICAN ENERGY ALLIANCE, PRESS PACKET, *BTU Tax Would Drain Energy From Families*," June 9, 1993.

(1) Two hypotheticals were presented: *Auto manufacturing*, and *jet fuel tax assessment*. These hypotheticals left no question that:

(a) From the automobile perspective, loss of comparative advantage was the greatest threat.

(b) From the jet fuel example, this tax was going to lead to an expansion of government. "Monumental amount of paperwork", "Every time they answer an argument, they make it worse", and "exemptions create a greater burden on the rest" were all statements by Mr. Huard at this point in the discussion. "Only the accountants will benefit" was Huard's closing remark.

(2) The tax was lampooned as an environmental measure with the statistic that the tax would have to be four times its current level to affect energy consumption.

As only 50% effective, the BTU tax was labeled an inefficient means of deficit reduction. The AEA endorsed the total elimination of the BTU tax from pending budget reconciliation legislation, and asserted that the President's deficit reduction program depended too heavily upon tax increases and far too little on spending cuts. The AEA implied that the "ill-considered" BTU tax should be replaced with additional reductions in federal spending. The AEA is redoubling its efforts to defeat the BTU tax in light of its passage in the House and the ensuing difficulties expected in the Senate.

3. **Regional Breakdown.** The BTU tax was characterized as having its greatest impact on those industries directly related to energy production and those manufacturers with the greatest fuel requirements. The "passing of costs" to consumers was down played. Local service and trade industries would, however, be affected by the loss of business from the manufacturers. Mr. Montgomery's logic linked the BTU tax to higher export prices. These prices would lead to a loss of competition, which in turn would lead to an increase in unemployment.

When he moved from his description of international trade to domestic impact, Montgomery made a subtle shift in argument. At the local level, he elevated the impact of consumer choice and stressed that higher prices would drive down spending and increase unemployment.[3] His final analysis pitted an 18% deficit reduction (from the BTU) against the fact that the BTU tax accounted for 100% of the inflationary impact of the President's economic plan and would lead to the greatest unemployment. This alleged "imbalance" would lead to a $73 billion reduction in GDP over a 5-year period. Findings from the

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[3] "According to Paul Merski of the Washington D.C.-based Citizens For a Sound Economy, "the middle-class and poor would be hit more severely than the upper-income groups since they spend a greater portion of their income on utilities and fuel." AMERICAN ENERGY ALLIANCE, PRESS PACKET, *"Grass Roots Coalition Fights BTU Tax,"* June 9, 1993.

commissioned study suggest that the states hit the hardest by the implementation of the BTU tax would be those heavily dependent upon energy for the purposes of:

a. *Agriculture*: North Dakota, South Dakota, Montana, Nebraska. The study stated that the agricultural states would carry a disproportionate tax burden due to their reliance on products which require inordinate amounts of fuel to produce.[4] Mr. Montgomery conceded his report was finalized before the Administration crafted an exemption for direct agricultural fuel costs (oil, coal, and diesel), but then listed a series of commodities (nitrates), tools, and agricultural inputs that would rise in price and decrease farmer's profits.[5]

b. *Export manufacturers production*: Michigan, Alabama, Arkansas, Georgia. These states stand to lose the most as their international comparative advantage will be undermined by higher production costs.[6] Georgia and Alabama - with their plastics, textiles, paper, and transportation equipment industries - were singled out for the greatest losses.[7]

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[4] "In South Dakota . . .net income of farm proprietors accounts for over 9% of total personal income, compared with less than 1% nationally. The exemption of farm diesel fuel and gasoline from the supplemental tax rate on petroleum (introduced after this study) will help to soften the blow to farmers. Nevertheless, farming is an energy-intensive industry and will be hurt disproportionately." DRI/McGRAW-HILL, EXCERPTS FROM ECONOMIC IMPACT OF THE PROPOSED BTU TAX ON SOUTH DAKOTA 2 (1993).

[5] "C. Robert Taylor, ALFA/Alabama Farmers Federation Eminent Scholar, and Patricia Duffy, associate professor of agricultural economics, predicted that farmers in the South will be hit harder by the proposed tax hike than those in other regions . . [t]he South grows more cotton and peanuts, both of which involve more fuel-intensive production practices than crops grown in other regions, Ms. Duffy said." THE TROY MESSENGER, *Proposed Fuel Tax Bad News For Alabama Farmers*, May 18, 1993 in PRESS PACK, AMERICAN ENERGY ALLIANCE, JUNE 7, 1993.

[6] "[R]eal income losses and higher vehicle operating cost cut annual sales of domestic cars by 100,000 units in the 1996-1998 period, while light truck sales are reduced by another 100,000 units from base productions. . . Michigan loses 5,310 manufacturing jobs, including 2,520 in the transportation equipment industry." DRI/McGRAW-HILL, EXCERPTS FROM ECONOMIC IMPACT OF THE PROPOSED BTU TAX ON MICHIGAN 1 (1993).

[7] "States which use energy intensively or produce energy will be hit hardest. In absolute terms, Michigan (Approximately 15,170 in 1998) and Georgia (about 11,470 in 1998) will loose the most jobs. . .[b]y 1998, the Btu tax costs Georgia 2,410 manufacturing jobs and Alabama 1,710 in industries such as textiles, apparel, lumber, paper, and transportation equipment." DRI/McGRAW-HILL, EXCEPTS FROM ECONOMIC IMPACT OF PROPOSED BTU TAX ON GEORGIA 1 (1993). Query: Why did DRI/McGraw-Hill not do a comparative study of the net

c. *Improving underdeveloped state economies*: Montana, Alabama, Arkansas. Attention was called to the fact that these states - and those whose GDP was at least 15 billion dollars less than the national average - would be hit as hard as the agricultural states. This assertion was based on the simple premise that an tax affecting real income will harm a state with smaller GDP. As an addendum to the greater burden carried by the developing state economies, Montgomery underscored that the net federal gains from the BTU tax would be offset by the higher social costs imposed on state governments by declining economic performance.[8]

d. *Failure of analysis*? When pressed as to whether he conducted a comparative analysis of the cost of a continued $71 billion dollar's worth of deficit without the BTU tax, Mr. Montgomery conceded that a comparative analysis was not undertaken. The BTU tax gains were only analyzed in light of further spending cuts. This was an embarrassing concession by Mr. Montgomery.

(1) Among the items mentioned for cutting were mass transit systems and highway demonstration funds.

4. **Political Process**: Mr. Martin Gold explained the process by which stalemated finance bills are reported out-of-committee to the Floor where any member could propose a "gap-filling" amendment to make up for those revenue proposals that could not find consensus in the Senate Finance Committee.

a. The thrust of his explanation was to get the reporters to concentrate on the Senate - where the Democratic forces will need a simple majority on the Floor to pass the bill after a stalemate in the Senate Finance Committee. The dynamics were centered on Boren's wrench-throwing in committee and the need for Moynihan to finesse the tax through the Senate with various parliamentary tactics. He fingered Jim Sasser as and George Mitchell as the most likely authors of a "gap-filling" amendment that replicated the original text of the BTU tax proposal. This tactic - of forcing through on the Floor what could not be achieved in committee - was cast as disingenuous.

5. **Conclusion.** Mr. Gold's closing assessment was that the Democrats would have to unite to pass the bill, but that such unity may be lacking. As such, the need to win votes may

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number of jobs lost in these states *if the $71 billion was not cut?*

[8] "Nominal tax revenues will fall short of baseline projections in all states reflecting reduced income, sales, and business profits. At the same time, higher fuel costs and the increased demands on income-support programs caused by higher unemployment will put upward pressure on spending." DRI/McGRAW-HILL, EXCERPTS FROM ECONOMIC IMPACT OF PROPOSED BTU TAX ON NEBRASKA 3 (1993).

push the President's backers to fashion a compromise more conducive to the AEA's interests. But Mr. Huard also reiterated the AEA's rejection of any "broad-based energy tax." Energy taxes were described as zero-sum processes by which someone or some region always loses. Hit dirty fuels, and West Virginia and Pennsylvania will balk. Heating oil levies enrage the Northeast as fuel taxes incite Southern California. When pressed whether the AEA would fight other forms of energy taxes, Mr. Huard was noncommittal. The entire press conference seems to focus on affecting the means by the which the fifty-one votes were "won." The more heat back home, the greater need to bargain, the better the compromise for industry interests.

June 7, 1993

MEMORANDUM FOR ALEXIS HERMAN

FROM: STEVE HILTON
SUBJECT: NOTES ON RECONCILIATION

I. DNC Strategy

The DNC has a focused strategy which is being offered to members through the Senate leadership. Senate members are being given a worksheet/grid to fill out the types of outreach they need in their community. In addition to this focused strategy the DNC will implement a general strategy in all areas.

Focused Strategy:

* Radio ads
* TV ads
* Infomercial
* Paid field organizers
* Paid phone banks
* Free media
* Letter writing
* News advertisements
* Elite phone strategy

General Strategy:

* Volunteer phone banks
* Generic free media
* Letters & calls from CEO's
* Media with CEO's and cabinet secretaries
* Informational support material

The state priority targets are as follows:

* North Dakota
* South Dakota
* Nebraska
* Oklahoma
* Louisiana
* Alabama
* Georgia
* South Carolina
* Wisconsin

Republican Strategy - none. (AMH follow-up)

II. AARP Press Conference

* **AARP** Press Conference held today, 6/7/93, was supportive. Other groups were in attendance. See press release attached. The focus is against Boren, althourgh the groups are concerned about Moynihan's statement.

III. Status/Efforts of Constituency Groups

* **National Council of Senior Citizens** is doing an Action Alert to 20,000 activists. They will pay for telegrams into Senators and radio spots in the top three media markets in Nebraska. Focus again, is against Boren.

* **Farmers.** Mike Lux and Barbara Chow are working on a farm strategy.

* **Health Providers** are upset about Medicaire and Medicaid cuts. American Hospital Association was at today's press conference.

* **National Leadership Conference on Health Reform** are working against Boren.

* **National Association of Social Workers** are doing a National Action Alert.

* **Citizen Action** is doing a press conference and action alerts.

* **Labor**. Mike Lux is speaking with Joan Baggett.

* **National Council of Churches** will do a press conference this week. Joan Campbell, President of the Council is scheduled on the Today Show this Friday.

IV. <u>Notes on Structure / Legislation</u>

* There is a working group, apparently chaired by Rahm on Senate targeting strategy. Craig Smith, Rahm Emanuel, Steve Richetti, and Mike Lux have been involved.

* According to Lorraine Miller, the bill won't go to Finance Committee unless we have the votes. Right now we don't have the votes. Moynihan and Mitchell are meeting with the President today.

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THE WHITE HOUSE

WASHINGTON

June 7, 1993

MEMORANDUM FOR MACK MCLARTY

FROM: ALEXIS HERMAN, Assistant to the President and Director of Public Liaison

Reflecting on the successful passage of the Reconciliation Package, as well as the coming fight on the economic package in the Senate, I thought it would be important to evaluate, from my perspective, things that worked, as well as problems that surfaced. I believe we have learned some fundamental lessons about what the White House needs to do to achieve success. This memorandum is intended to insure that those lessons are not lost as we move forward. I have divided my comments into three areas, what worked, concerns going forward, and recommended actions.

What Worked

The following elements profoundly and beneficially impacted our success:

1. **The team approach the week before the vote was critical to our success.**

2. **Once alerted to the problem in the House, the DNC did an excellent job putting pressure on Members.**

3. **The elite strategy kicked in to help us in the end.**

4. **The Wednesday CEO luncheons were effective in reaching out to the business community.**

5. **Using the Boren amendment to illustrate the weak alternative if our package was not approved.**

DETAIL

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2. Once alerted to the problem in the House, the DNC did an excellent job putting pressure on Members. I was impressed with the work of the DNC staff in helping us during the week before the vote. They coordinated closely with us, helping motivate groups, elected officials, and party contributors and activists. They were not able to deliver more grassroots support only because they were not asked to do so in a timely fashion, nor were they provided a target list.

3. The elite strategy kicked in to help us in the end. The weight of business people, key Democratic contributors, important groups, and other elites working the phones and faxes made a big difference in the days leading up to the vote. A number of Congress people called to thank us for providing them cover. We also know of several other cases where our callers were told "Enough already - I'll vote for it." The elite strategy was also an invaluable source of political intelligence.

4. The Wednesday CEO lunches were effective in reaching out to the business community. At a time when we needed to build confidence in the corporate sector, the lunches we instituted several weeks ago are paying clear dividends in terms of renewed business support.

5. Using the Boren amendment to illustrate the weak alternative if our package was not approved. Although the Boren initiative initially panicked members of the House by undermining our political position in the Senate,

this amendment served a useful function by highlighting the most likely alternative to the President's package: cutting programs for the elderly, the middle class, and the poor. For example, senior's groups like AARP and the Roosevelt group always opposed the increased social security taxes and Medicare cuts in the package (although they have muted their opposition because they wanted to keep working with us on health care.) After the Boren amendment came out, those groups backed off their opposition and sent signals to the Hill Members that it was okay to support the package. Other more liberal senior groups, especially National Council of Senior Citizens, actively helped us in places like Florida and Pennsylvania. Subject to the news reports regarding Moynihan's statement about Medicare cuts, given the real threat of the Boren amendment in the Senate, we can count on increased aggressiveness from the aging community.

Highlighting the Boren alternative as the only alternative will also energize many other groups as well, including labor, women's groups, civil rights groups, and other liberal organizations.

Concerns Going Into the Senate Vote

1. **There is a need for more consistent daily communication inter-departmentally at the White House.**

2. **We need to figure out better ways to motivate our base at the grassroots.**

3. **We need to be tougher with our business allies about coming through for us in terms of grassroots pressure.**

DETAIL

1. There is a need for more consistent daily communication inter-departmentally at the White House. We must determine a way for each department and the DNC to have access to detailed information from Legislative Affairs, and on a daily basis. We have substantial resources we can bring to bear, and valuable strategic information for use by Legislative

Affairs, if we know more details on who the targets are, what deals are being cut, etc. Weekly meetings between the DCCC, DSCC, top House and Senate political staff, the DNC, and a representative of White House OPL and Political staffs.

2. We must devise more effective ways to motivate our base at the grassroots. Although the leadership of the base groups are generally supportive of the plan, they have yet to fully energize their constituencies on our behalf. This is principally due to a communications problem: we have not been able to communicate in a focused way to our base about the things in the plan that help them. The other part of the problem is the tendency for interest groups, even the friendly ones, to get bogged down in the details they do not like. Examples include environmentalists not liking our compromises on grazing fees and the energy tax; aging groups not liking the social security tax; veterans groups focusing on the veterans' program cuts.

We need to come up with creative new strategies for energizing and educating the grassroots. I will be working with my staff, Political, Communications, and the DNC on a targeted communications plan for base groups. And again, focusing on the alternative can help motivate these groups.

3. We need to be tougher with our business allies about coming through for us in terms of grassroots pressure. Our enemies on this issue in the business community (NAM, the Chamber, the energy industry) did a much better job energizing grassroots pressure than our friends in the business community (Realtors, Homebuilders, CEO endorsers). We will have to start laying it on the line for these groups: if they can not deliver their troops, the things in the bill they like may not survive the next round of compromises.

RECOMMEND IMMEDIATE ACTIONS

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3. Similarly, we must be very careful in light of Lani Guinier and Senate negotiations, that we do not alienate the base further by sending confusing messages. We are moving forward with welfare reform in a public way, and at a time when liberal supporters are wary of our actions. We must review carefully our actions in this regard to more strategically position ourselves and succeed with this legislation.

4. We must also remain mindful of the impact of our actions on our friends in Congress. We can alienate them if we are not sensitive to their vulnerability. For example, many CBC members are exposed from both the left and right of the political spectrum. From the right, business pressures them because of the taxes in the package. From the left, liberal groups pressure them on spending cuts. We mistakenly look at groups like the CBC as monolithic when they are not. We must keep them very informed if we are to retain their support. We need to have a follow-up discussion on those commitments made to CBC members. We also need to keep the lines of communication open with the CBC if we are to retain their support during this sensitive period.

cc: Roy Neel
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THE WHITE HOUSE

WASHINGTON

May 24, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: ALEXIS M. HERMAN

SUBJECT: OUTREACH STRATEGY ON RECONCILIATION

We are pursuing a four part strategy in coordination with the DNC. Each part has a communications strategy for interviews and op-eds, a Hill strategy for letters and phone calls to Congressmen and office visits, and a District strategy for press conferences, visits and phone calls.

1. BUSINESS STRATEGY

Approximately 40 CEOs who worked closely with Chairman Rostenkowski are co-signing a letter to be sent to all Members of Congress. The list will be complete and the letter finalized and sent at 5:00 PM today. Attached is a partial list.

Mack McLarty, Bob Rubin, Roger Altman, and I are calling these CEOs and other CEOs who have been supportive of the package and asking them to reach-out as well.

Additionally, the CEOs are being fed to Communications for National and Local media interviews and op-ed pieces.

Public Liaison briefings are focused on Reconciliation. Events such as the Seniors Proclamation Signing Ceremony will have a Reconciliation message. We will take the attendees to a post-signing briefing to reinforce your message. The Auto event on Wednesday will also have a reconciliation message.

2. GENERAL OUTREACH - REALTORS

The National Association of Realtors has organized a coalition of associations, business, environmental, seniors, etc., to work to pass the package.

They too, will have a letter completed this afternoon with approximately 50 signatures. Attached is a draft of the letter and partial list of co-signers.

The members of this coalition polled Democratic House members on Friday and found 60% solidly with us, 20% with us but concerned that we would compromise them, and 20% (mostly Southern) solidly against us.

The Realtor's group is holding press conferences in 50 states and is continuing Hill visits today, and through the reminder of the week.

3. **HEALTH CARE GROUPS**

Two Health Care Reform Coalitions are working vigorously against the Boren-Danforth Bill because of the massive cost shifts that will take place if that bill goes into effect, and because it will hinder Health Care Reform. The National Leadership Coalition on Health Care, a coalition of big auto-makers, steel companies and food processors is sending two letters to Congress tomorrow, one from the co-chairs of the coalition and the other from CEOs. They were to have a press conference but because they are divided on the BTU tax they decided against it.

The American Hospital Association has formed a coalition of consumer groups, seniors and health care providers which will hold a press conference tomorrow, as well as fax a letter to all Members of Congress.

4. **BASE GROUPS**

In addition to coordinating the lobbying efforts of the above groups, the DNC is working with base groups -- the working poor, Labor, African-Americans, Latinos, Jewish groups, etc., on a 50 state strategy, including in-state press conferences, phone banks, letters to Members of Congress, and Hill visits. Further, the DNC, working with Intergovernmental Affairs, has instituted a "grasstops" strategy where 10 influential individuals from each congressional district will contact targeted Members within the next 48 hours.

We are feeding opinion leaders in all of the above-described segments to Communications for media interviews as the day(s) progress.

An inter-office group will meet at 6:00 PM this evening for a progress report and the coordination of next steps.

cc Mack McLarty
Roy Neel

Attachment

"LIST A"

Support Econ. Reg 5/13/93

AlliedSignal
Ameritech Corporation
Avon Products, Inc.
Beneficial Corporation
B. P. America

Colgate-Palmolive Company
Dow Corning Corporation
Electronic Data Systems
Emerson Electric Co.
GenCorp Inc.

General Electric Company
General Mills, Inc.
General Motors Corporation
General Signal Corporation
Hallmark Cards, Inc.

Honeywell Inc.
IBM
Kellogg Company
Levi Strauss & Co.
Mars Inc.

3M
Owens-Corning Fiberglas Corporation
Philip Morris Companies, Inc.
PLY GEM Industries, Inc.
Premark International, Inc.

Sara Lee Corporation
Tenneco, Inc.
The Procter & Gamble Company
The Quaker Oats Company
Time Warner, Inc.

Walt Disney
Westinghouse Electric Corporation

32

"LIST A"

LETTER AS MODIFIED
SIGNATURES AS OF NOON, MAY 21

May 25, 1993

U.S. House of Representatives
Washington, D. C. 20515

Dear Member of Congress:

The undersigned groups and the millions of Americans they represent support the President's plan as reflected in the budget reconciliation.

We support President Clinton's objectives of creating new jobs, encouraging growth and investment and reducing the deficit. We believe this package is a requisite first step in achieving our mutual goals and objectives.

We urge you to support the budget reconciliation and to vote in favor of its passage.

Sincerely yours,

National Association of Realtors
Truck Renting and Leasing Association
Ryder Systems, Inc.
Association of Local Housing Finance Agencies
Coalition to Preserve the Low Income Housing Tax Credit
Council for Rural Housing and Development
Institute for Responsible Housing Preservation
National Leased Housing Association
Friends of the Earth
Natural Resources Defense Council
American Agriculture Movement
NHP, Inc.
Environmental and Energy Study Institute
National Association of Social Workers
United Transportation Union
National Apartment Association
AFSCME
National Multi Housing Council

TO SIGN ON TO THIS LETTER, CONTACT LINDA GOOLD (202) 383-1083 OR MIKE HUSSEY (202) 383-1021.

OUR FAX # IS (202) 383-7540.

RESPONSE CUTOFF: 5:00 P.M. MONDAY, MAY 24.

To: Chairman Wilhelm, Craig Smith, Minyon Moore, Ertharin Cousin
From: Alice Travis
Date: May 25, 1993
Re: Reconciliation Activities

Below are some of the activities and information which the IGA and DNC Affairs Division has generated and/or gathered during the past 24 hours around the reconciliation plan.

1. Created an "Action Alert" which was immediately included in the Secretary's Office mailing to the DNC, including State Chairs and Vice Chairs, Organization members, democratic elected officials groups, and DNC members (approx. 550). Includes response tear off and background information on reverse side.

See attachment 1 - Action Alert.

2. Breakdown by State, City, and County of congress members whose votes are in question.

3. Update of above with local elected officials for all regions other than the South. The South is being handled by the White House IGA.

See attachment 2 - State Lists.

4. FAX to Mayors in key targeted CD's based on attachment B, a request for press statements, telephone calls to congress members, radio talk show call ins, and other activities. Also produced separate talking points for local officials. Requested fax returns of press statements.

See attachment 3 - Mayors' FAX and Information Sheet.

5. Field and Constituency Departments distribution of breakdown to facilitate inclusion of elected officials and other groups in their activities.

6. Prepared for possible conference call with Chairman and State Chairs. Ann Fishman has put phone company on alert. Multi fax readied. Tentative call time 5 pm Wednesday.

See attachment 4 -- MEMO on Conference Call.

UPDATE: Chairman will make call at 5 pm 5/26/93.

7. National Organizations update:

a. I met with Regina and Jeff at the White House and discussed with them in detail the problems local elected officials have with the BTU and entitlement caps. Previously I had faxed them various resolutions re these issues. They have incorporated these concerns into their report.

Attachment 5 - Statements in Opposition to BTU

b. We have since been told by our sources in these organizations that a letter was sent to the White House requesting a meeting about the BTU. (This letter, we believe, was signed by all the national organizations plus some groups representing school and transportation districts, government finance officers association, and the State Treasurers Assoc.)

Attachment 6 - Letter

c. Today the meeting is taking place with Bob Rubin.

d. NACO - Larry Naake in the meeting with Rubin. NACO is focussing its efforts on the Senate. After the recess they will probably come out against the Boren plan and issue statements, letters to senators, etc.

e. NCSL - They did a statement urging legislators to call their senators asking them NOT to vote for Boren. They have sent a letter to the President expressing their dismay re the BTU tax. They reaffirmed their 1992 position on entitlement, which is a joint statement with NLC and NACO.

Attachment 7 - Anti-Boren Statement
Attachment 8 - Copy of position on entitlements

f. MAYORS - The Executive Director stated the organization's opposition to the BTU to a meeting of Cabinet IGA staff. They are in the process of formulating positions on the current economic legislative options.

8. Talked with Katie Whelan to coordinate activities with those of the Democratic Governors.

See attachment 9 -- DGA Packet.

9. Democratic Governors are having a conference call on Health Care tomorrow at 4:30. We have arranged for David Wilhelm to participate in the call for a brief update on the reconciliation situation, if his schedule allows.

DEMOCRATIC GOVERNORS' ASSOCIATION

M E M O R A N D U M

TO: MARK GEARAN
ROY NEAL
REGINA MONTOYA
JEFF WATSON

FROM: KATIE WHELAN
JAKE SIEWERT

RE: RECONCILIATION PACKAGE

DATE: 25 MAY 1993

We are working with the Governors and their offices to build support for the President's deficit reduction package in the House of Representatives. We are working with the list that the White House and the Democratic National Committee provided us. For your information, we have noted information on that list that we have gathered from our work with the Governors in the past couple of days. Note that an asterisk (*) simply denotes that a Member is serving his or her first term. Where appropriate, we have indicated actions taken by the Governor in support of the President's plan.

Alabama -- Governor Folsom

Glen Browder

Arkansas -- Governor Tucker

Blanche Lambert *

We have been in contact with Governor Tucker's office; they checked in with Lambert's staff. Craig May, District Director for Rep. Lambert, called us to let us know that she has not yet decided.

Colorado -- Governor Romer

Pat Schroeder -- Probably ok.

We have been in contact with Governor Romer's staff, and they are working to ensure that the entire Colorado delegation supports the package.

Florida -- Governor Chiles

Peter Deutsch *
Pete Peterson -- Leaning to "Yes"
Rep. Thurman * -- Leaning to "Yes"

We have spoken with Governor Chiles' staff; they are sending a letter to the delegation opposing the Danforth-Boren proposal.

Georgia -- Governor Miller

Buddy Darden
Rep. Deal *
Rep. Johnson *
J. Roy Rowland

Indiana -- Governor Bayh

Jill Long -- May vote yes. "Ag" component will be crucial.
Tim Roemer -- Almost definite "No."

We have contacted Governor Bayh's staff and they are checking in with their delegation.

Kentucky -- Governor Jones

Scotty Baesler
Rep. Barlow *

Louisiana -- Edwin Edwards

Jimmy Hayes
Billy Tauzin

We have been in contact with the Governor's office, and they think that their undecided House Members will follow the senior Senator's lead on the BTU tax.

Missouri -- Governor Carnahan

William Clay -- ?
Pat Danner * -- Definite "No."
Ike Skelton -- Gov should call -- would help.
Harold Volkmer -- Gov should make call -- would help.
Alan Wheat -- Vote may be determined by probable Senate bid

We have spoken with Governor Carnahan's staff. Governor Carnahan was in D.C. today, and his office is checking on the swing votes in the delegation.

Nevada -- Governor Miller

James Bilbray -- Not on board; Marcy talked to Craigie.
Rep. Maloney -- Not on board; Marcy talked to Craigie.

We and the DNC have been in contact with Governor Miller's staff, and they are checking in with the delegation.

New Jersey -- Governor Florio

Rob Andrews -- Definite "No"
William Hughes -- Will probably end up "Yes."
Herb Klein * -- Crucial -- Gov might make a difference.
Rep. Menendez * -- Leaning toward "Yes"
Frank Pallone -- Almost certain "No"
Bob Toricelli -- Leaning toward "Yes"

We have been in contact with the Governor's office. They are in the midst of checking in with their delegation. Florio's staff reports that Menendez is very unlikely to vote "Yes," that Klein is still very undecided and that Andrews and Pallone almost certainly will vote "No." They expect that Hughes will end up voting "Yes."

New York -- Mario Cuomo

No targeted members. We have been in cntact with the Governor's office. They issued a statement opposing the Danforth-Boren proposal.

North Carolina -- Governor Hunt

Martin Lancaster
Stephen Neal
Tim Valentine

We have been in contact with Governor Hunt's staff. They are sending a letter to their delegation with Rep. Charlie Rose urging them to support the President's plan.

Oklahoma -- Governor Walters

Glenn English -- Not on board for now.
Dave McCurdy -- Will probably vote "No."

We have been in contact with the Governor's staff. They think it is unlikely that they will move the undecided votes.

Oregon -- Governor Roberts

Peter DeFazio

Pennsylvania -- Governor Casey

Austin Murphy
Rep. Holden * -- Leaning "Yes" -- Good call to make
Rep. Klink * -- Should vote yes -- Good call to make
Rep. Margolies-Mezvinsky * -- Definite No
Rep. McHale * -- Leaning "Yes" -- Good call to make

We have been in contact with the Governor's office; they are checking with the delegation.

Tennessee -- Governor McWherter

Bob Clement
Jim Cooper
Marilyn Lloyd
John Tanner

Texas -- Governor Richards

Jack Brooks
Jim Chapman
Kika de la Garza
Chet Edwards
Pete Geren
Rep. Green *
Ralph Hall
Greg Laughlin
Solomon Ortiz
Bill Sarpaulis
Charlie Stenholm
Rep. Tejeda *

Virginia -- Governor Wilder

Rep. Byrne *
Owen Pickett
Norman Sisisky

We have been in contact with the Governor's staff. Governor Wilder is out of the country, and his staff is checking on the delegation. They indicated that Pickett will be very difficult.

Washington -- Governor Lowry

Rep. Inslee * -- Will probably be on board
Rep. Kreidler * -- Will probably vote "Yes."

We have been in contact with the Governor's staff. They have checked with delegation, and they believe that both undecided Members will end up with the President.

West Virginia -- Governor Caperton

Alan Mollohan

Governor's staff is checking with Rep. Mollohan, and Governor will call personally by tomorrow if Mollohan is not on board.

STATE OF FLORIDA
Washington Office
444 NORTH CAPITOL STREET
WASHINGTON, D.C. 20001
(202) 624-5885

LAWTON CHILES
GOVERNOR

DEBORAH K. KILMER
DIRECTOR

May 25, 1993

The Honorable Sam Gibbons
2204 Rayburn House Office Building
Washington, D.C. 20515

Dear Sam:

This week you are faced with yet another effort to reduce the run away Federal deficit. As sympathetic as I am to this slippery goal, I cannot support the capping of entitlement programs as a constructive, stabilizing solution.

In my view, proposals such as a cap on entitlements, even with inflationary adjustments, are not a reasonable or effective way to reduce the deficit and control health care costs. Standing alone, entitlement caps do nothing to address the long-term trends that are forcing the costs of programs such as Medicare and Medicaid to grow at many times the inflation rate. Rather, they will merely shift costs to the already over-burdened state governments and private sector, reduce corporate profits, and increase the deficit in a more insidious way.

This is particularly true with respect to Florida. For example, an entitlement cap with an 8 percent adjustment factor would mean a reduction in Florida's Federal Medicaid allotment of over half a billion dollars in fiscal year 1994. Such a reduction would likely result in the loss of Medicaid services and health care for thousands of our most vulnerable citizens. Their only alternative will be to seek care in its most expensive setting - the hospital emergency room. This practice results in higher health care costs for everyone - the state, hospitals, small businesses, self-employed workers, and taxpayers.

President Clinton has committed his Administration to serious health care reform and has set a goal to reduce the spiralling increase in overall health care costs. Recently passed health care reform legislation in Florida would be obstructed by measures such as entitlement caps that would surely exacerbate our already ballooning health care inflation rate.

As a former Chairman of the Senate Budget Committee, I am most familiar with short-sighted gimmicks and those ever present smoke and mirrors which purport to achieve significant deficit reduction. I am hopeful that you will appreciate the disastrous long-term effects these curtailments would have on Florida; and instead, please work with the State and Administration towards meaningful control of entitlement costs in the health care reform debate.

With kind regards, I am

Sincerely,

Lawton

LAWTON CHILES

Roy M. Neel
Chief of Staff to the Vice President

Alexis -

Does this group present any opportunities for the President?

Pls advise -

R

MAY 21 1993

86 Trinity Place
New York, New York 10006-1881
212 306-1100

James R. Jones
Chairman of the Board

American
Stock Exchange

May 19, 1993

Mr. Roy Neal
Assistant to the President
Deputy Chief of Staff
The White House
Washington, D.C. 20500

Re: Washington Conference - June 9 - Willard Hotel

Dear Roy:

Per our telephone conversation this afternoon, I am sending a list of the listed company CEOs and Board members who, as of last week, confirmed their attendance at our June 9 Conference. I understand another fifteen or so acceptances came in this week, and I know that there would be significantly more if we knew the President could attend. I appreciate your assistance in determining if President Clinton can accept my invitation to be the keynote speaker.

We are very excited about our present lineup of speakers which includes: OMB Director Panetta, U.S. Trade Representative Kantor, Economic Policy Assistant Rubin, Secretary O'Leary, Sen. Domenici, Rep. Sabo, and Rep. Kasich.

AMEX

As you know, the American Stock Exchange is the home of 850 of our country's outstanding mid-size and growth companies. The CEOs of these firms know about my participation in the President's press conference and subsequent endorsement of his economic package. Since these companies are the size his economic program is designed especially to help grow, and because they can be very helpful in gaining support for the program, I believe it would be especially important if President Clinton would accept this invitation.

Again, many thanks for your help.

Sincerely yours,

James R. Jones

AMEX

WASHINGTON CONFERENCE - JUNE 9
WILLARD INTERCONTINENTAL HOTEL

LISTED COMPANY CEOs AND AMEX BOARD MEMBERS ATTENDING AS OF 5/13/93

Name	Company	Type
Clifford Alexander	Alexander & Associates	Board
Richard Aubrecht	Moog, Inc.	CEO
Robert Avis	A.G. Edwards	Board
Ivan Becker	Blessings Corp.	CEO
Fred Berkley	Graham Corporation	CEO
Ira Brown	Brandon Systems Corp.	CEO
Stephen Brown	Franklin Holding Company	CEO
Joseph Castiglia	Pratt & Lambert	CEO
Edwin Cohen	Barr Laboratories	CEO
George Cormey	First Nat'l Bank of MD	CEO
Tom Cross	Flow International	CEO
Kevin Dahill	Electronic Info	CEO
Fred Deindoeer	Int'l Remote Imaging Systems	CEO
Bruce Downey	Barr Laboratories	L.C.
Thomas Dinsmre	Davis/Dinsmore Mgt. Co.	CEO
Kenneth Duberstein	The Duberstein Group, Inc.	Board
Tom Garvey	DiMark, Inc.	CEO
David Hanlon	Resorts International	CEO
David Hawthorne	Servico, Inc.	CEO
Mark Hoffman	Sybase, Inc.	CEO
John Hughes	The Putnam Funds	CEO
Francis John	Key Energy Group, Inc.	CEO
Bill Jackson	Information Display Tech.	CEO
Sattara Khalsa	Infonow Corporation	CEO
Warren Knight	Servico, Inc.	L.C.
Bernard Korman	MEDIQ	CEO
Lamar Laster	Star Surgical	CEO
Vic Liss	Trans-Lux	CEO
Bevis Longstreth	Debevoise & Plimpton	Board
Joel Lovett	Jacee Securities	Board
Philip Lynch	Northern Instruments Corp.	CEO
Joe Macchia	GAINSCO, Inc.	CEO
Michael Markets	VERSAR	CEO
Cecil Mays	Regency Health Services	CEO
David McDonald	Curtice Burns	L.C.
Michael McManus	Home Federal Savings Bank	CEO
Gerhard Neumaier	Ecology and Environment, Inc.	CEO
Leonard Newman	Diagnostic Retrieval Systems	CEO
Paul O'Brien	Media Logic	L.C.
William Petty	Curtice Burns	CEO
Joseph Profeli	Electronic Info	CEO
Harold Powell	Harold's Stores, Inc.	CEO
Richard Ravitch	Player Relations Committee	Board
Tom Reiner	Sparta Surgical	CEO
William Ryan	Continental Materials Corp.	CEO
Jeffrey Silverman	Ply Gem Industries	Board

Name	Company	Type
Howard Solomon	Forest Laboratories	Board
Harland Stonecipher	Pre-Paid Legal Services	CEO
Ron Tarrant	Flow International	CEO
Bob Wade, Jr.	Chancellor Capital Mgt.	CEO
David Walthall	Heritage Media Corp.	CEO
Alvin Weinstein	Concord Fabrics	CEO
Mike Wert	DiMark	CEO
J.T. Williams	Killearn Properties, Inc.	CEO
Richard Wolf	Trico Products	CEO
Marshall Wishnack	Wheat First Securities	Board

Clinton Presidential Records
Digital Records Marker

Senate

Divider Title: ______________________________

SUMMARY OF PRESIDENT CLINTON'S AND VICE-PRESIDENT GORE'S

ECONOMIC GROWTH PLAN

July 12, 1993

DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT

INDEX OF PAPERS SUPPORTING THE CLINTON-GORE ECONOMIC GROWTH PLAN

INTRODUCTION

On February 17, 1993, the President announced his new economic growth plan -- a plan to make economic growth work for average, hard-working American families and poor families trying to work their way up.

The Clinton plan sought to reverse three negative trends that took place during the 1980s: One, private investment was down because we let our deficit skyrocket. Two, we failed to invest in our people, as we let public investment sink to new lows. And three, Washington asked the middle class to bear a disproportionate amount of the tax burden, while giving tax cuts to those who were most well-off.

The Clinton plan sought to reverse the policies of the 1980s in these three fundamental ways: One, bring down the deficit so that we can get our house in order and strengthen private sector investment in our free enterprise system.

Two, cut unnecessary spending so that we can invest in our people and future, create economic growth and reward work.

Three, ensure that we have a tax system that is fair to the middle class and those trying to work their way up.

SUMMARY OF THE CLINTON-GORE ECONOMIC GROWTH PLAN

LEADERSHIP AND COURAGE TO BRING ABOUT ECONOMIC CHANGE After 12 years of inaction and talk on the deficit, Bill Clinton stepped up to the plate in his first 30 days in office and put forth a specific and detailed plan to reduce the deficit and increase investment in our people.

CAN WE AFFORD NOT TO CHANGE? If we are serious about the economic health of this country we have to ask whether we can afford not to change? If this bill fails, it will be a victory for gridlock and large deficits and a loss for getting our house in order and moving our nation forward.

STRONG AND FAIR DEFICIT REDUCTION TO GET OUR ECONOMIC HOUSE IN ORDER: The President's plan calls for $500 billion deficit reduction plan, evenly divided between $250 billion in net spending cuts and $250 billion in tax increases. For every $10 in deficit reduction, $5 goes comes from spending cuts, $3.75 Comes from taxing those over $100,000 and only $1.25 Comes from the 94% of other taxpayers.

DEFICIT TRUST FUND TO ENSURE SAVINGS GO TO DEFICIT REDUCTION: Under the President's plan every dollar that is targeted for deficit reduction will be locked away in a deficit reduction trust fund so that such savings promised for deficit reduction can never be used down the road for pet spending projects by anyone.

FAIR AND PROGRESSIVE TAXATION: The overwhelming majority of these taxes fall on the most well-off Americans. There is no income tax increase for 98.8% of American taxpayers. Only those families making over $180,000 would see their income tax rates increase. Indeed, **the Congressional Budget Office found that 75% of the taxes we raise fall on the top 6% most well-off families -- those that make over $100,000, and 66% fall on those making over $200,000.** Under the Senate version of the Clinton plan, nearly 80% of the revenues fall on those making over $200,000.

SPENDING CUTS: The Clinton plan calls for $250 billion in net spending cuts -- $1 in cuts for every $1 raised in revenues. Every dollar of new investments is paid for with over $3 in spending cuts. There are over 100 domestic program cuts that exceed $100 million.

NEW INVESTMENTS -- BORROWING LESS WHILE INVESTING MORE: The President's economic plan includes enough savings to lower the deficit by $500 billion while still finding an additional $150 billion in cuts and revenues raised from the well off to fund $150 in new investments in investments including the following:

> **Rewarding Work Tax Credit:** The Clinton plan will fund the Earned Income Tax Credit so that no parent who works full-time and has a child at home will live in poverty.
>
> **Pro-Small Business Tax Incentives:** The plan includes a new venture capital gain tax cut for investments held for over 5 years in small-medium companies. Furthermore, the plan more than doubles the amount of expensing small business are allowed -- from $10,000 to $25,000.
>
> **Investing in People:** The plan has a bold commitment to lifelong learning: It fully-funds Head Start and WIC; calls for a new school-to-work initiative, National Service and EXCEL College Opportunity Accounts and Dislocated Worker Initiatives.

Investing in Defense Conversion, Technology and Communities: President Clinton has announced a package of over $20 billion over the next five years for defense conversion; a new technology initiative that includes "information superhighways," a national network of manufacturing extension centers; and a permanent R&D tax credit to spur private sector investment in cutting-edge technologies. The plan also includes a $5 billion empowerment zones proposal and a Community Development Bank initiative.

STRONGER ECONOMY: The presentation of the Clinton plan has lowered long-term interest rates significantly and already had a positive effect in turning this economy around. **Jobs:** We have created 813,000 jobs in the first four months of this Administration -- over 90% (740,000) in the private sector. Thus, while the Bush Administration created 1 million private sector jobs in four years, we have created 70% that much in just four months. **Inflation:** Inflation was virtually flat this last month, showing that we are creating jobs and getting growth back without sparking inflation. **Housing and Construction:** Lower interest rates have led to over 120,000 construction jobs created in the last four months, after losing over 700,000 in the last four years.

I. BRING DOWN THE DEFICIT TO STRENGTHEN OUR FREE ENTERPRISE SYSTEM:

During the last 12 years, the annual deficit practically quadrupled from $74 billion to nearly $300 billion. The debt quadruped from $1 trillion to $4 trillion. If we do not change our ways, the deficit will continue to grow to $387 billion by 1998. This will make it harder for businesses to invest; harder for average families to afford homes, and for us to show international leadership on economic matters vital to national and international economic security.

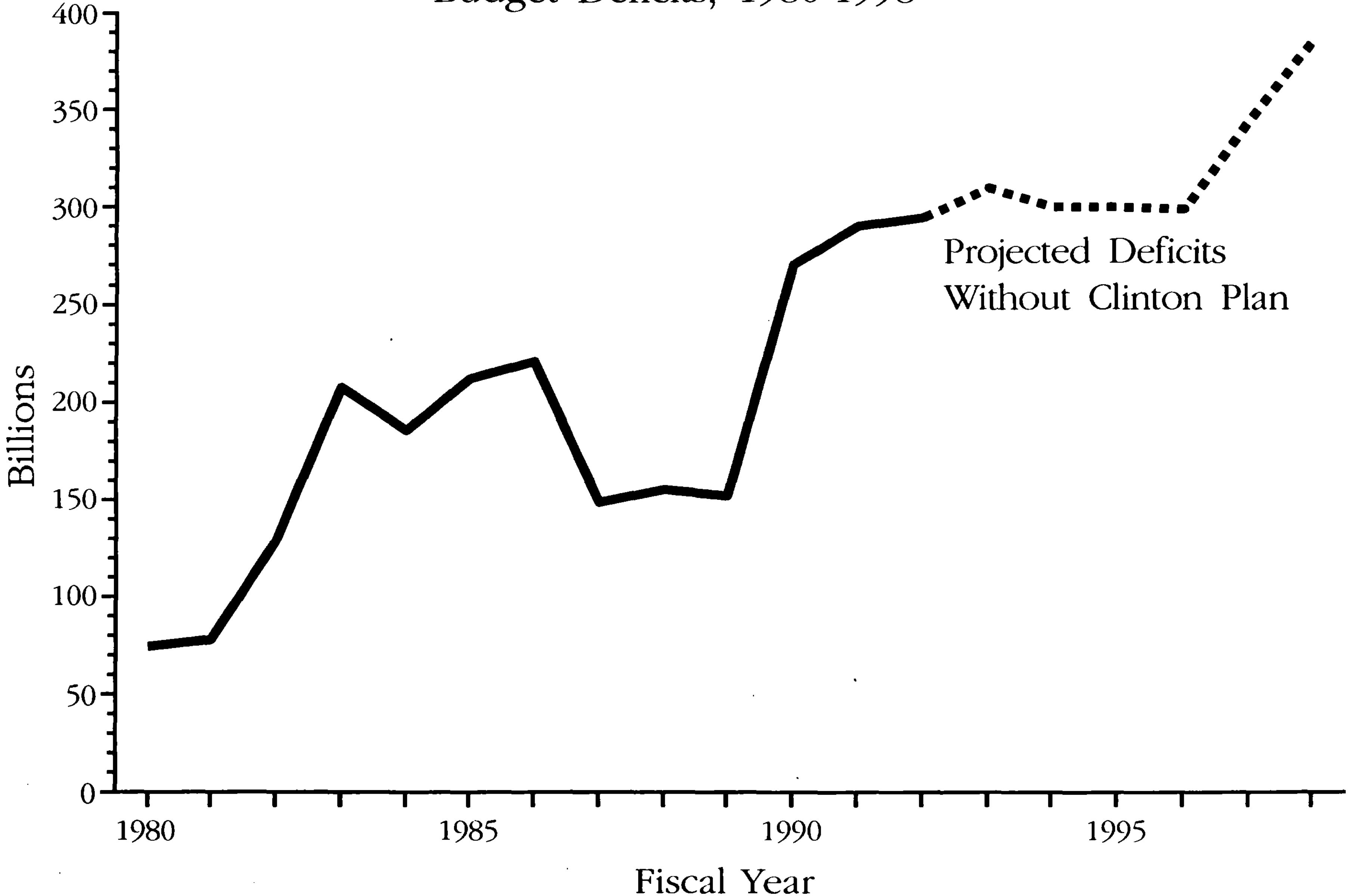
The goal of the Clinton-Gore plan is to bring down the deficit dramatically and to spur private sector investment, while still finding enough spending cuts to let government make targeted, smart investments in the things we need for economic growth: investments in worker training, in children and schools, in safe streets and more police on in our neighborhoods, in new technology and defense conversion.

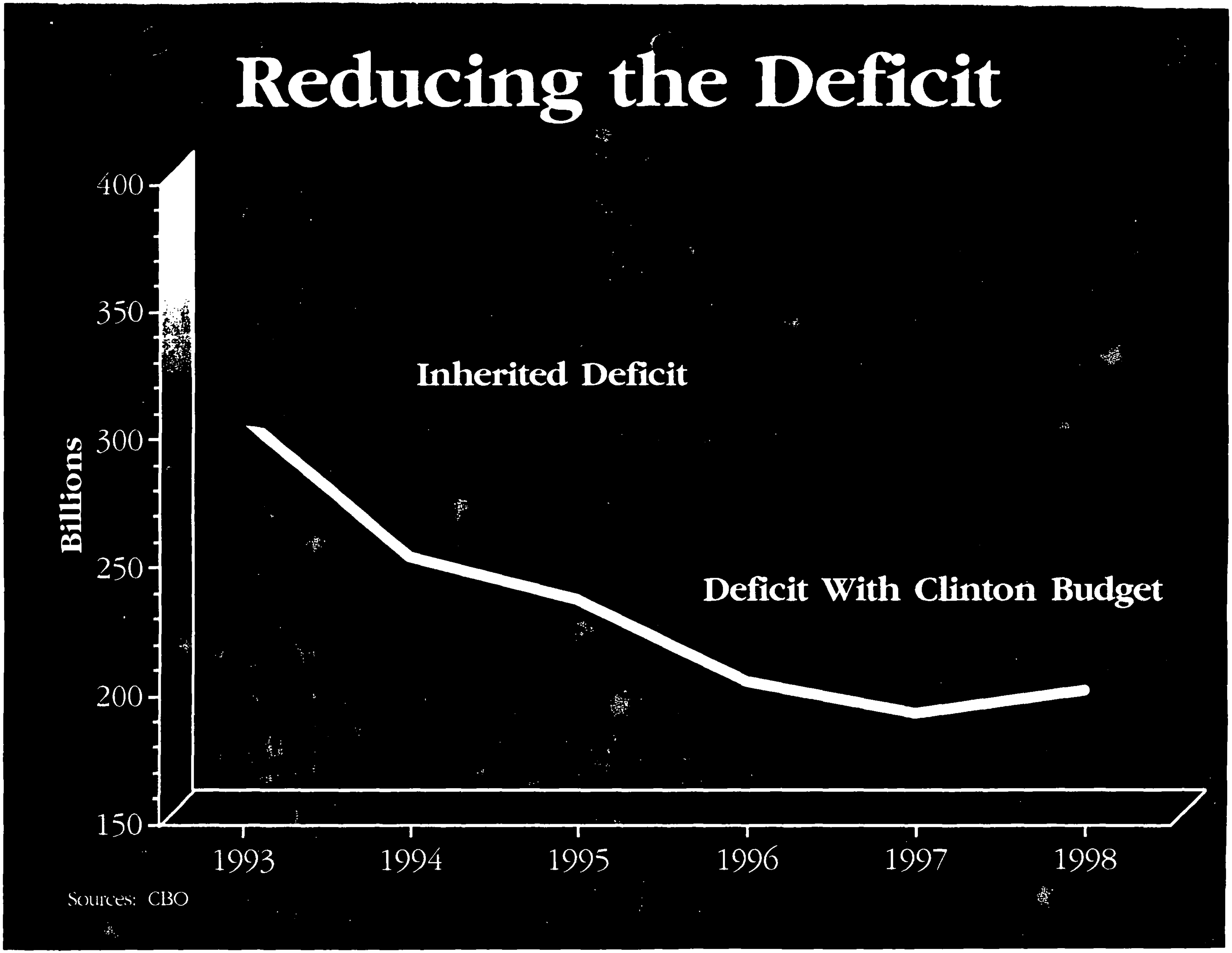
The Clinton plan successfully finds savings to make room for such new investments while doing the following:

- $500 billion in deficit reduction, the largest ever proposed by a President.
- $250 billion in spending cuts, including over 200 cuts in specific programs.
- $3 in spending cuts for every $1 in new investments.
- Taxes overwhelming on those who can afford it most, and no middle class families are hit hard.
- All $500 billion of net savings would go into a Deficit Reduction Trust fund to ensure savings go to deficit reduction. The Deficit Reduction Trust Fund locks in $500 billion in deficit reduction and throws away the key. It gives the American people a legal guarantee that all of the funds will go to deficit reduction. It is a needed enforcement provision because currently, the budget law the President inherited does not have a way of locking in the deficit savings that come from taxes and entitlement cuts.

Inherited Deficit Projections

Budget Deficits, 1980-1998




Reducing the Deficit
400
350
300
250
200
150
Billions
Inherited Deficit
Deficit With Clinton Budget
1993
1994
1995
1996
1997
1998
Sources: CBO

Deficit Reduction Strengthens the Economy

Deficit reduction brings lower interest rates.

The announcement of the Clinton-Gore budget has helped bring the lowest long-term interest rates in 20 years. This has already helped the economy:

- Mortgage rates are at a 20-year low
- New home sales last month were at a 7-year high
- Large and small businesses are better able to finance new investments.
- 813 ~~755~~,000 new jobs have been added to the economy in the first 4 months of the Clinton Administration—90% have been in the private sector.

II. FAIR TAXATION THAT REWARDS WORK AND PROMOTES INVESTMENT

The President's plan turns around trickle-down economics by putting forth a deficit reduction plan that is as fair as it is real in bringing down the deficit.

TAXES FALL ON THOSE MOST ABLE TO PAY: First, the overwhelming majority of these taxes fall on the most well-off Americans. Most of the taxes are ones that affect only the largest corporations or taxpayers with income well in excess of $125,0000. (See List I) Only the top 1.2% of families -- those with incomes over $180,000 -- will pay higher income taxes. For the other 98.8% of Americans, their income tax rate stays the same.

Indeed, **the Congressional Budget Office found that 66% of the taxes we raise fall on those making over $200,000, while 75% of the taxes we raise fall on the 6.5% most well-off families -- those that make over $100,000.**

THE IMPACT ON AVERAGE FAMILIES IS MINIMAL: Second, the only tax that affects the middle class is the energy tax and that does not even go into effect until the summer of 1994 and when it does, it will be phased in three equal stages over three years. The average family making under $30,000 will pay no additional taxes. In 1994, a family making $40,000 will pay only and additional $1 a month under <u>all</u> the Clinton tax proposals. In 1995, they will pay only $7 and then only $17 a month when it is fully phased in according to both Treasury as well as the Congressional Budget Office.

Furthermore, the lower interest rates caused by the announcement of the President's deficit reduction plan has already allowed middle class families to save over $1000 a year in lower mortgage costs. [USA Today 2/24/93]

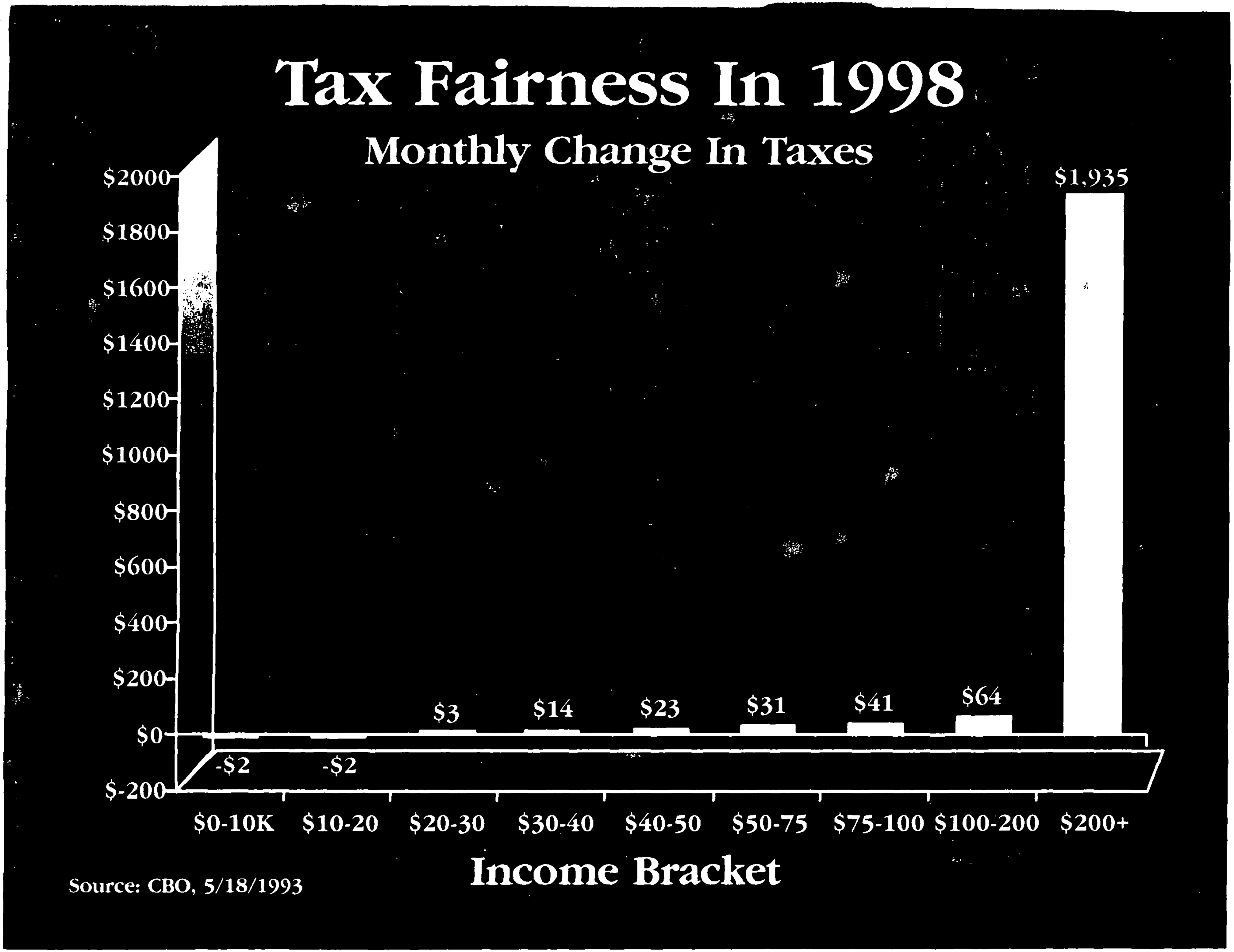
THE PLAN INCLUDES A MAJOR TAX CREDIT FOR THE WORKING POOR AND OTHER OFFSETS TO ENSURE THAT FAMILIES UNDER $30,000 ARE GENERALLY HELD HARMLESS: The plan increases such things as energy assistance and the Earned Income Tax Credit so that families with incomes under $30,000 are on the whole held harmless. According to a study by Arthur Anderson, a family of three making $25,000 would actually see their taxes fall by several hundred dollars.

PRO-BUSINESS INVESTMENT INCENTIVES: The Clinton plan also includes targeted pro-business investment incentives.

LIST OF TAXES ON MAJOR CORPORATIONS AND THE MOST WELL-OFF AMERICANS

INDIVIDUAL INCOME AND ESTATE AND GIFT TAX PROVISIONS

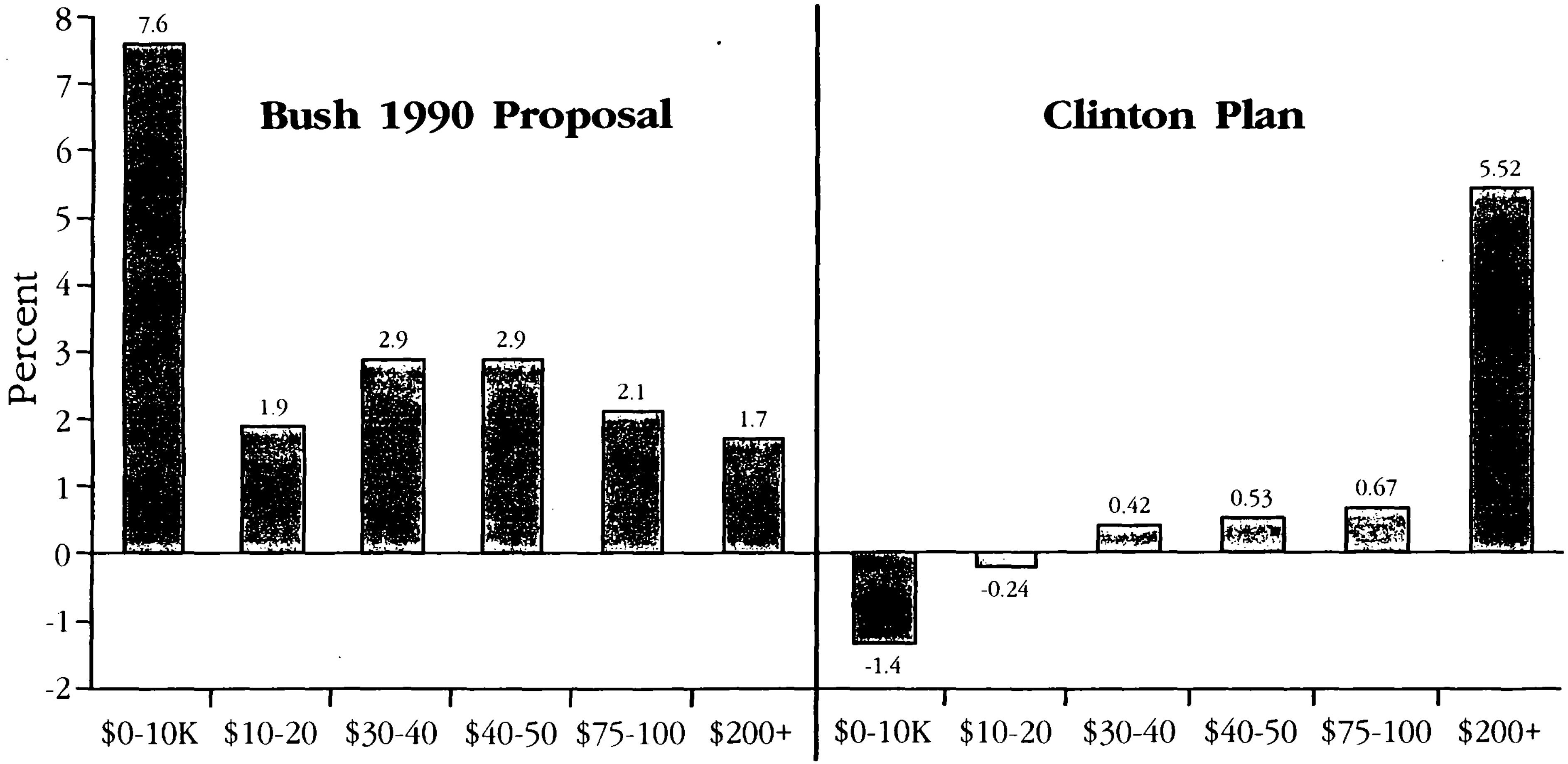
	$ billions over years
Tax Increase on Upper Income Taxpayers (Increase tax rates on top 1.2%; surtax on income over $250,000; Increase in Alternative minimum tax:)	115
Apply Medicare Insurance Tax on Income over $135K	29
Reinstate top estate & gift tax rates at 53% and 55% respectively	2.785
Reduce deductible portion of business meals & entertainment from 80% to 50%	15.287
Deny deduction for club dues	1.068
Limit deduction for executive pay over $1 million	.335
Reduce Tax Subsidy for Upper Income Pensions	2.383
Increase corporate tax rate on top 1% of businesses to 35% for taxable income above $10 million	16.421
Deny deduction for lobbying expenses	.829
Require mark-to-market accounting method for dealers in securities	3.8


Tax Fairness In 1998
Monthly Change In Taxes
$2000
$1800
$1600
$1400
$1200
$1000
$800
$600
$400
$200
$0
$-200
-$2
-$2
$3
$14
$23
$31
$41
$64
$1,935
$0-10K
$10-20
$20-30
$30-40
$40-50
$50-75
$75-100
$100-200
$200+
Income Bracket
Source: CBO, 5/18/1993

Monthly Impact of Taxes In the President's Budget

	Tax Impact per Month		
Families By Income	**1994**	**1995**	**1997**
Family With $25,000	-$7	-$4	+$2
Family With $40,000	+$1	+$7	+$17
Family With $90,000	+$20	+$31	+$44
Family With $500,000	+$1,139	+$1,162	+$1,195

1993 Clinton Plan *versus* Original 1990 Bush Proposal



Source: Joint Committee on Taxation

III. REAL SPENDING CUTS

The Clinton plan calls for approximately $350 billion in spending cuts in discretionary spending, entitlement cuts, and cuts on interests paid on the national debt. While there has been a great deal of distortion as to the degree of our spending cuts, the facts are as follows:

- Half of the President's $500 billion deficit reduction plan, comes from spending cuts.
- The President's plan actually cuts $350 billion in spending. He uses $250 billion for deficit reduction and $100 billion for new investments in education, training, technology, crime prevention and defense conversion.
- The $250 billion for deficit reduction comes from $100 billion in discretionary spending cuts, $90 billion in entitlement cuts and $60 billion in cuts on interest paid on the national debt.
- It is completely untrue that the President is in anyway delaying spending cuts. He has repeated on several occasions that there will be no tax increases without spending cuts. Indeed, below is a summary of some of the proposed spending cuts and the amounts that will be cut in the first year of the budget in FY1994.

SUMMARY OF SPENDING CUTS:

Entitlement Cuts:

- The plan identifies over 30 specific cuts in Medicare and Medicaid that reduce the deficit by $56 billion.
- Agriculture entitlements are cut by $3 billion
- Federal worker entitlements are cut by $11 billion.
- Through FCC spectrum auctions we save $7 billion.

Discretionary Spending Cuts: And that is not counting the spending cuts on the discretionary budget side, which include:

- pay reductions for Federal employees by $13.2 billion
- Administrative cuts by $11 billion
- Cutting 100,000 federal workers to save $10.2 billion
- Nuclear reactors R&D cuts to save $1 billion
- REA subsidies cuts to save $545 million
- Agriculture administrative cuts to save $1.1 billion
- Consolidating overseas broadcasting to save $894 million
- Streamlining education programs to save $2.2 billion

Eliminating Programs: The plan call for eliminating several programs:

- Tens of Highway Demonstration projects saving over $1 billion
- Special Purpose HUD grants
- Tens of National Oceanic Atmospheric Administration Demonstration projects
- The current and outdated student loan program
- Earmarked SBA grants
- Agriculture special grant programs
- Unnecessary federal commissions

SPENDING CUTS OF OVER $100 MILLION--Over 100 Examples

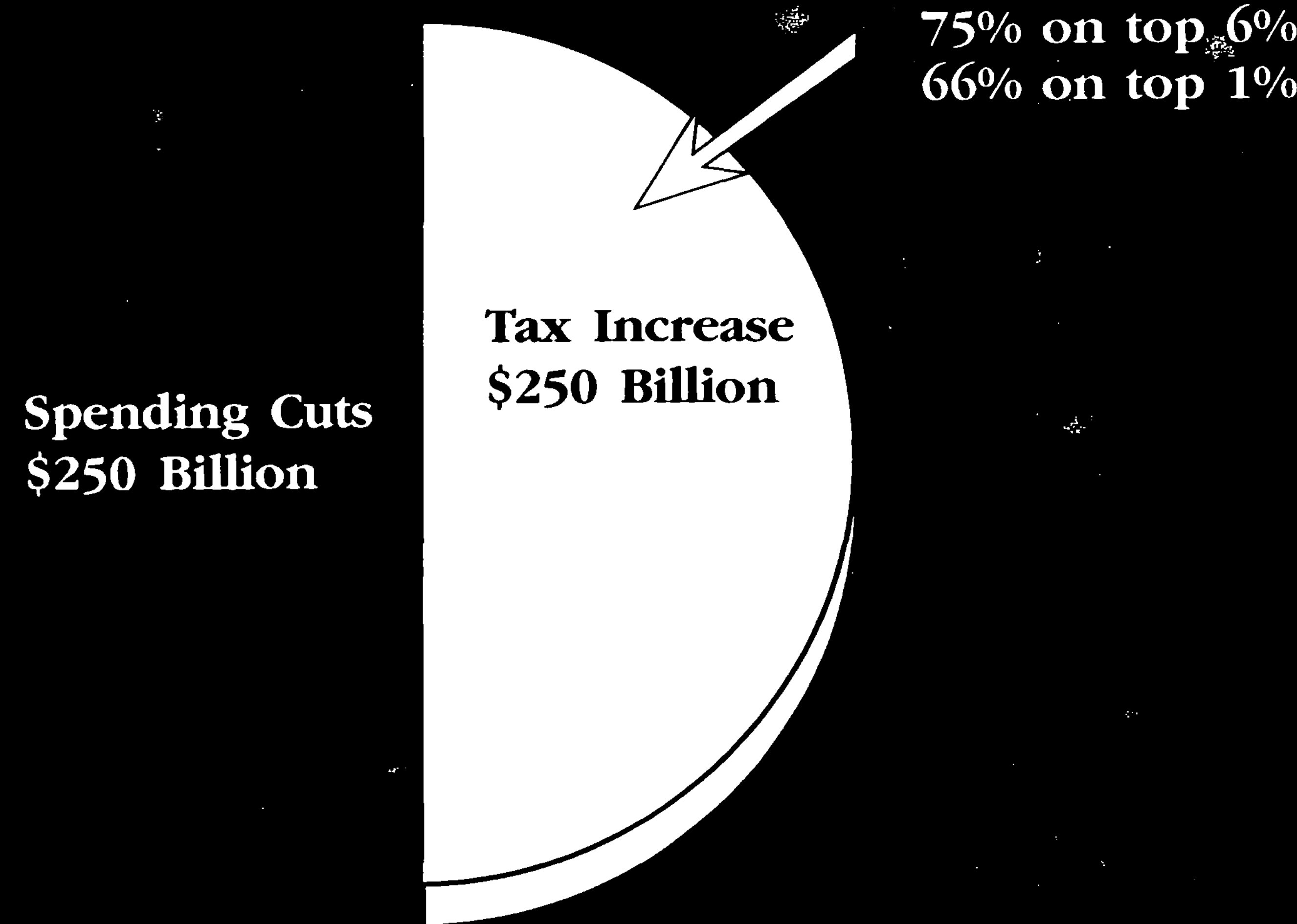
	Savings in Millions 1994 - 1998
1. Unpaid Flexible Acres	-1960
2. Conservative Reserve (CRP) & Wetlands Reserve (WRP)	-469
3. Dairy Program	-259
4. Market Promotion Program (MPP)	-235
5. Peanut Marketing Assessments	-112
6. Retirement COLAs	-2339
7. Armed service pay changes	-20,263
8. Depositor Priority for FDIC & RTC	-750
9. Reduce FHA Premium Rebates	-416
10. GNMA REMIC Guarantees	-730
11. HUD/IRS Income Verification	-1,022
12. Direct Student Loan Program	-4270
13. States Share FFEL Default Costs	-300
14. Third Party Medicare/caid Liability	-1247
15. Physician payments	-8045
16. Prohibition on Physician Referral	-350
17. Laboratory Services	-3220
18. Hospital Outpatient and Ambulatory Surgical Svcs	-2058
19. Medicare Secondary Payor Provisions	-5522
20. Durable Medical Equipment (DME)	-908
21. Hospital-Based Home Health Agencies	-1150
22. Erythropoietin (EPO)	-243
23 Drug Formularies	-220
24. Transfer of Assets/Estate Recovery	-950
25. Disproportionate Share Hospitals (DSH)	-2250
26. Medicaid Offsets to Immunization Program	-905
27. Northern Marinas Islands	-118
28. Extend 50% Net Receipt Sharing	-201
29. Civil Service Retirement	-779
30. Lump-Sum Retirement Option	-8810
31. Payments by the United States Postal Service	-1041
32. Additional personel reduction	-1264
33. Cash Bonus Awards	-3250
34. Death and Indemnity Compensation (DIC)	-133
35. Pensions-reduce pensions for veterans who are patients in Medicaid-paid nursing homes	-531
36. Pensions-extends IRS income verification for pensions eligibility	-136
37. Medical Care Reimbursement	-606
38. Medical Care Reimbsmnt Service-connected Conditions	-368
39. DVA Housing Programs	-665

40. Supplemental Security Income (SSI)	-703
41. Aid to Families with Dependent Children (AFDC)	-205
42. Child Support Enforcement	-290
43. Fund priority health professions curriculum assistance grants	-116
44. HHS Personnel reductions	-1,034
45. Administrative savings	-2,360
46. Completion of wastewater treatment grants authorization (except NAFTA)	-6,311
47. EPA Personnel reductions	-149
48. Administrative savings	-132
49. Reforms in light of new crime initiative	-1,704
50. Eliminate unnecessary nuclear reactor R&D	-1,099
51. Reduce Rural Electrification Administration 5-percent loan subsidies	-545
52. Eliminate Cooperative State Research Service (CSRS) earmarked research grants	-144
53. Eliminate CSRS earmarked facilities construction	-146
54. Administrative savings	-1,092
55. Termination of NOAA demonstration projects	-293
56. Commerce Personnel reductions	-925
57. Administrative savings	-308
58. Reduce construction funding for lower priority water projects	-250
59. Administrative savings	-209
60. Eliminate special purpose grants	-853
61. HUD Personnel Reductions	-104
62. Administrative savings	-102
63. Reduce construction funding for lower priority water projects	-186
64. Interior Personnel reduction	-762
65. Administrative savings	-659
66. Labor Personnel reductions	-210
67. Administrative savings	-171
68. Low priority Transportation programs and projects	-1,749
69. Transportation Personnel reductions	-579
70. Administrative savings	-482
71. Eliminate SBA earmarked grants	-431
72. Treasury Administrative savings	-935
73. Reduce Enterprise for the Americas debt forgiveness (P.L.480)	-117
74. Reduce development-oriented foreign food aid	-336
75. Phase out below-cost timber sales (Forest Service)	-360
76. Implement one new Farm Service Organization	-1,133
77. Reform crop insurance through area-yield	-647
78. Reduce Economic Research and Foreign Service Program	- 124
79. Reform campus-based aid	-1,044
80. Phase out impact aid "b"	-553
81. Education Personnel reductions	-143
82. Uranium enrichment initiative	-1,615
83. Administrative savings	-2,262

84. Eliminate public housing new construction amendments	-101
85. Reforming low - income housing preservation	-195
86. Consolidate several HUD housing programs into HOME	-652
87. Reduce prison construction	-580
88. Justice Administrative savings	-562
89. Federal Aviation Administration (Operations)	-303
90. Coast Guard: Pay adjustment	-336
91. Reform major construction	-434
92. Improve management of VA hospitals	-1,500
93. Administrative savings	-229
94. Increase private sector Superfund financing	-426
95. Reduce 7(a) business loan subsidies	-476
96. Consolidate overseas broadcasting	-894
97. Cut White House and Office of National Drug Control Policy staff, Abolish Council on Environmental Quality	-99
98. Re-orient AID programs and reduce spending	-841
99. Phase out defense acquisition fund	-472
100. Reduce International Security Assistance	-2,526
101. Reduce Enterprise for the Americas debt forgiveness (AID)	-161
102. Reduce Export Import Bank credits	-327
103. Freeze other foreign assistance programs	-301
104. Maintain current program level for programs in small agencies	-266
105. Freeze Federal Pay in FY94; COLA at ECI minus 1 FY95-97; and revise locality pay beginning FY95	-13,244
106. Reduce overhead rate on university R&D	-1,560

Taxes and Spending Cuts

$500 Billion in Deficit Reduction

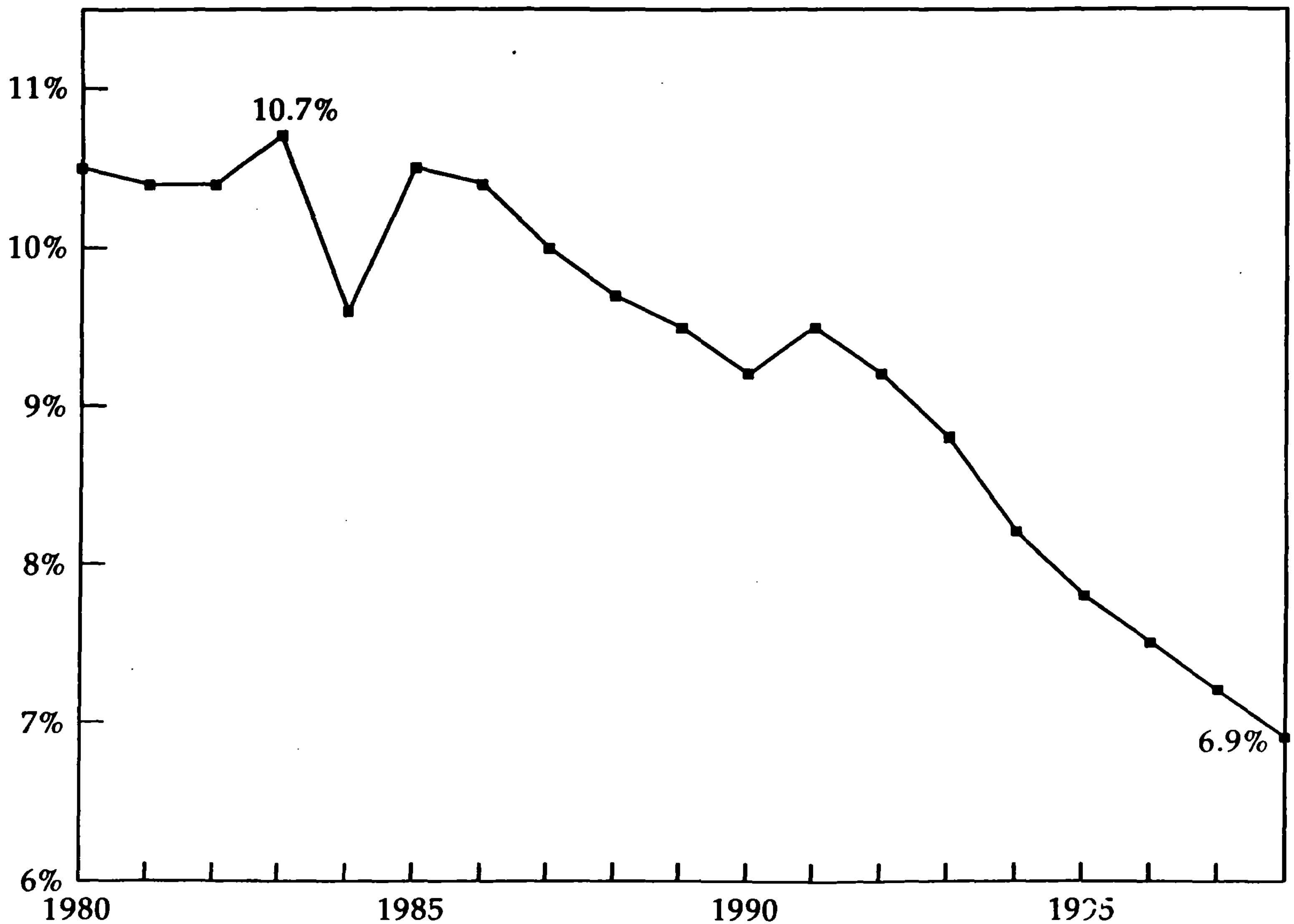


DISCRETIONARY SPENDING - % OF GDP

- **As a share of the economy, discretionary spending has been falling for a decade. It has fallen from 10.7 percent of GDP in 1983 to 8.8 percent today.**

- **Under this plan, discretionary spending will from 8.8 percent of GDP in 1993 to 6.9 percent in 1998, a 22 percent drop.**

Discretionary Spending
% of GDP



THE PRESIDENT'S DEFICIT REDUCTION PLAN HAS ALREADY PRODUCED ECONOMIC BENEFITS

LOWERED INTEREST RATES TIED TO CLINTON: The strong bond market rally began right after the November election. Investors showed confidence in Bill Clinton's commitment to deficit reduction and the substantial drop in long-term interest rates continued after the President introduced his economic plan -- the largest deficit reduction package ever championed by a U.S. President. The evidence is in the numbers!

Treasury issues	11/06/92	1/26/93	2/19/93	7/9/93
3 mo. bill	3.06%	2.95%	2.93%	3.27%
10 yr. note	6.97	6.50	6.35	5.74
30 yr. bond	7.76	7.26	7.13	6.55
Conventional mortgage rates 30 yr. fixed (FHLMC series)	8.29	N/A	7.65	7.19

IMPACT OF LOWERED RATES ON AVERAGE AMERICANS:

Big Savings On Buying or Refinancing a Home: a March, USA Today article showed that many middle class families will save over $1000 in mortgage costs from the reduced interest rates that have been brought about already from the seriousness of the Clinton plan. [USA Today, 2/24/93]

If a family with a $100,000 mortgage at a 10 percent rate refinanced at a 7-1/2 percent rate, monthly savings would total $175, or $2,100 a year. [Treasury Dept. Estimate] About 375,000 Americans refinanced their homes during the first quarter. [Mortgage Bankers Association Weekly Survey and Treasury Dept. Interpretations]

Existing Home Sales: Lower interest rates have led to a surge in existing home sales. The Wall Street Journal reported recently that "Sales of previously owned homes jumped a robust 4.6% in May as the housing recovery continued to regain steam amid continued low interest rates and strengthening job growth. ... The sales increase was the biggest since December, and marked the second consecutive month of gains." [Wall Street Journal, 6/28/93]

Construction Jobs: With the lower interest rates, and increased building, construction jobs have increased. The construction sector, which lost 721,000 jobs during President Bush's term of office, has gained over 120,000 jobs so far during the first five months of President Clinton's term.

THE PRESS HAS CONSISTENTLY LINKED THE FAVORABLE BOND MARKET TO THE CLINTON PROGRAM

December, 1992. "The sharp rally in the bond market ... seems to show a surprising comfort among market players with President-elect Bill Clinton, a Democrat who will govern with a Democratic-controlled Congress."

New York Times, December 7, 1992

"The shift in mood in the last six to eight weeks is phenomenal...they [the market] thought the economy was going down the drain and he was evil incarnate. Now they think the economy is growing at a 4 percent rate [actual 4.7 percent] and that Clinton is smart, practical and will do the right thing."

New York Times, December 7, 1992

January, 1993. "U.S. Treasury prices roared ahead at the long end of the market yesterday on growing hopes that the Clinton administration will take a tough line on tackling the budget deficit. ... The market opened markedly higher as investors and dealers got their first chance to react to Sunday's comments by Mr. Lloyd Bentsen, the new Treasury secretary, which suggested the White House views cutting the deficit as a top priority."

Financial Times (London), January 26, 1993

February, 1993. "The spectacular bond market rally accelerated yesterday, with long-term Treasury bond yields plunging to another record low as investors rushed to embrace President Clinton's economic package."

Wall Street Journal, February 24, 1993, "Bond Rally Roars Ahead on Clinton Proposals"

May, 1993. "The [Administration's] bill.... will help assure that interest rates will continue to decline. Vacillation at this juncture can reawaken uncertainties about the direction of the economy, uncertainties that would be reflected in the marketplace on a variety of fronts. The effects on housing, investment, consumer confidence and overall business planning would almost certainly be negative, with delay more damaging than the burdens imposed by the package."

-- editorial, Boston Globe, May 29, 1993

June, 1993 "When President Clinton proposed his deficit-containment plan in February, interest rates tumbled as Washington finally looked like it was facing up to the deficit mess."
-- editorial, USA Today, June 9, 1993

HIGHLIGHTS OF INVESTMENTS IN THE PRESIDENT'S ECONOMIC PLAN

I. THE INVESTMENT DEFICIT

In the 1980s, while tax burdens increased on the middle class and federal deficits soared, public investment in America and the American people plummeted dramatically. As stated in Putting People First, "in the emerging global economy, everything is mobile: capital, factories, even entire industries. The only resource that's really rooted in a nation -- the ultimate source of all its wealth -- is its people. The only way America can compete and win in the 21st Century is to have the best educated, best trained workforce in the world, linked together by transportation and communication networks second to none."

The Clinton plan seeks to accomplish the challenging goal of increasing investments in education, technology and defense conversion and crime prevention at the same time that we are decreasing the deficit. This requires cutting spending on those areas of consumption that are not needed or can no longer be justified in order to make room for investments in our future. Just as many American families have had to cut back on luxuries in order to invest in their children, government must do the same. Thus, the Clinton plan pays for every dollar of new investments by cutting spending somewhere else. In fact, there are $3 in spending cuts for every $1 of new investments. Simply put: the Clinton plan includes enough spending cuts to pay for all of its new investments and still have $250 billion left over for deficit reduction.

II. INVESTMENT INCENTIVES WITHIN THE PRESIDENT'S RECONCILIATION PACKAGE

The President's economic plan seeks to seeks to spur private-sector investment by both reducing the deficit and through targeted tax incentives to promote private sector investment.
That is why the reconciliation includes targeted growth incentives together with the largest deficit reduction plan in our history.

A. THE PRESIDENT'S ECONOMIC PACKAGE IS PRO-SMALL BUSINESS:

MORE THAN DOUBLE SMALL BUSINESS INVESTMENT INCENTIVES: Small businesses will be allowed to deduct up to $25,000 in tangible business property, well above the current $10,000 limit. This will free up cash flow for small businesses and provide them with flexibility to use these funds in the way they deem most productive.

NEW SMALL BUSINESS CAPITAL GAINS EXCLUSION: The plan gives investors generous tax benefits to induce them to provide equity capital to productive small businesses, thus encouraging risk-taking and innovation. Half the capital gains from investment in small businesses would generally be excluded from income and would not be subject to the alternative minimum tax.

REDUCING THE COST OF HEALTH INSURANCE PREMIUMS. The package extends the 25% deduction for health insurance premiums paid by the self-employed. The extension will last through the end of the year in anticipation of broad health care reform measures to be introduced by the Clinton Administration.

TAX EXEMPT FINANCING FOR SMALL BUSINESS. By permanently extending qualified small-issue bonds and creating a new category of enterprise zone facility bonds, the bill provides certain small businesses with greater access to tax-exempt financing.

"SUPER-EXPENSING" IN EMPOWERMENT ZONES. The bill also increases from $10,000 to $75,000 the amount that small businesses located in ten "empowerment zones" may expense, and provides other incentives for small businesses located in our Nation's most distressed communities.

B. THE PRESIDENT'S ECONOMIC PLAN INCLUDES PRO-GROWTH INCENTIVES FOR LARGE AND SMALL COMPANIES:

MODIFY AMT DEPRECIATION SCHEDULE: Of enormous value to capital-intensive companies paying the corporate minimum tax is the relief proposed on the tax treatment of depreciation deductions, allowing those deductions to be considerably accelerated, thereby promoting capital investment.

EXTEND THE R&E TAX CREDIT: The plan fosters economic growth, technological development, and international competitiveness by extending the research and experimentation credit.

EXTEND LOW-INCOME HOUSING CREDIT PERMANENTLY: By permanently extending the low-income housing tax credit and expanding its availability in the 110 empowerment zones and enterprise communities that will be designated, the plan increases opportunities for affordable housing development by the private sector.

C. THE RECONCILIATION BILL PROVIDES WORK INCENTIVES AND TAX RELIEF FOR LOW-INCOME WORKING AMERICANS:

REWARDING WORK BY IT INCREASING THE EARNED INCOME TAX CREDIT TO HELP MAKE WORK PAY FOR THE WORKING POOR. By expanding and simplifying the earned income tax credit (EITC) significantly, the bill ensures that no American family with a full-time worker would be below the poverty line. American's poor will have greater incentive to work and low-income taxpayers will receive larger direct payments to help them with basic living expenses. Extending the EITC to working poor taxpayers without children expands work incentives to additional Americans, the bill concentrates benefits more broadly among the poor, and increases equity.

D. THE RECONCILIATION PACKAGE IS PRO-CHILDREN:

In addition to the strong children agenda in the President's overall package, the President's reconciliation package includes important investments in the health and well-being of all of our children.

EARNED INCOME TAX CREDIT: The President's expansion of the EITC ensures that no child whose parents work full-time will be raised in poverty.

CHILDHOOD IMMUNIZATIONS: All American children should be assured of a healthy start through appropriate immunizations. In FY 1994, the President's Budget includes $840 million for childhood immunization activities, including a 96% increase in the funding received by the Centers for Disease Control (CDC) for such activities. A recent CDC survey indicated that only about 60 percent of the Nation's children had received the recommended immunizations by age two. The President's FY 1994 request for CDC will focus resources on this group of children. The President's budget also increases funds for State immunization infrastructure support so that States can hire more clinic personnel and keep clinics open longer, allowing more children to receive immunizations on schedule. In addition, the Administration is working with Congress on legislation which will allow it to provide free vaccines to needy children at an estimated cost of about $500 million per year for FY 1995 through FY 1998.

FAMILY SUPPORT AND PRESERVATION: The House has approved major new child welfare services legislation proposed by the Administration. The proposed capped entitlement program would provide funding of $1.4 billion over five years to empower parents with the skills and tools they need to help raise their children, such as parenting classes and assistance to families with at-risk children. The program would place special emphasis on preventing family dissolution, which results in foster care placements, and on reunifying families through supportive community-based interventions.

CHILD HUNGER PREVENTION: The Food Stamp Program is the nation's first-line defense against hunger. The Administration has proposed improving the Food Stamp program by enacting the Mickey Leland Hunger Prevention Act. The House-passed bill will invest $533 million in FY94 AND $7.1 billion over five years. The initiative will reduce hunger among poor children, simplify and improve program administration, help assure the integrity of the Food Stamp Program, and help offset the effect to the proposed energy tax on low-income households. Most of the benefits would go to low-income families with children.

III: INVESTMENTS IN PEOPLE AND TECHNOLOGY IN ENTIRE CLINTON PLAN

The following are eight key investment areas in the Clinton plan in **BOTH** reconciliation and in the appropriations process.

I. JOB TRAINING

DISLOCATED WORKERS PROGRAM: Today the average American worker will change jobs eight times in a lifetime. The President wants to transform our current unemployment system to a reemployment system. The Clinton program calls for $2 billion a year to create a new worker training initiative that will guarantee for the first time that workers who lose their job through no fault of their own will be given training to find a new job. This new national initiative will replace a current system that is fragmented and has poor quality control with a new system designed to provide rapid access to basic assistance and training to anyone who has suffered permanent job loss, regardless of the reason. Total 5-year investment: $10 billion

ONE STOP SHOPPING: If you want to learn and earn, why should you have to trek through 14 federal agencies plus state and local organizations? One Stop Shopping will create a network of convenient outlets that provide unified, simplified and sensible access to self-help job assistance as well as a clearinghouse for additional government and private assistance. Using bold experimentation at the state and local level, the program will provide Americans with an information highway to careers, training programs and financial aid. Total 5-year investment: $1.1 billion.

PROFILING UNEMPLOYED WORKERS: Some people have a harder time than others finding a new job. Unemployment insurance profiling identifies those that need extra help quickly, **before** their benefits run out. The plan will provide grants to states for automating identification and referrals by the fifth week of unemployment.

II. ECONOMIC GROWTH AND JOB CREATION

DEFENSE REINVESTMENT AND CONVERSION: President Clinton has announced a package of over $20 billion over the next five years for a comprehensive program to ensure that those people and communities that helped win the cold war are not left out in the cold. The comprehensive effort will call for a joint effort between the Defense Department and the National Economic Council, and will provide economic development assistance to hard-hit communities, worker training to dislocated defense workers, and a new emphasis on dual use technologies, to ensure that the technological and scientific know-how that once went into winning the cold war is now targeted toward creating civilian jobs and ensuring our economic security.

TECHNOLOGY INITIATIVE: The Administration's Technology Initiative, unveiled on February 22nd, will create high-wage jobs in the industries of the 21st century and increase U.S. economic growth and productivity. This $17 billion initiative contains major new investments including:

-- "information superhighways," which will enable Americans to access any piece of information in any form at any time, creating a $300 billion market for new products and services;

-- a national network of manufacturing extension centers to help America's 360,000 small and medium-sized manufacturing firms adopt modern manufacturing techniques;

-- a permanent R&D tax credit to spur private sector investment in cutting-edge technologies;

-- and development of "green" technologies to reduce pollution and conserve our natural resources.

EMPOWERMENT ZONES: The President's Empowerment Zone proposal represents a new approach to the problems of distressed urban and rural communities. It gives local communities the incentives, deregulation and flexibility they need to work with the private sector to develop comprehensive economic strategies to attract business, create jobs, make their streets safe, and empower people to get ahead. A total of 110 zones will be chosen through a competitive challenge grant process that will reward those communities that submit innovative comprehensive strategic plans that involve the private sector and residents of the targeted distressed areas. The 110 zones will receive an enterprise grant and a package of tax incentives designed to attract new business activity to targeted areas. And each zone will receive special priority for participation in many innovative federal programs, including Community Development Banks, Community Policing and the Education Department's "enterprise schools" initiative. Total 5-year Investment: $4.1 billion for tax incentives and approximately $4 billion for enterprise grants and priority participation in other federal initiatives.

COMMUNITY DEVELOPMENT BANKS: Across the country, many communities are deprived of credit and basic banking services. In these communities, credit-worthy small business and other lending needs go unmet. The President will soon introduce an initiative to create a national network of community development financial institutions that will begin to meet this need. The proposal, which will invest $382 million over five years, will provide start-up capital on a matching basis to community development financial institutions that have a primary mission of developing and serving a targeted, underserved area.

III. EDUCATION AND YOUTH TRAINING

EDUCATION REFORM: All American children need greater access to better education -- not just to make the American Dream more available, but to make the American economy more productive. The President's plan includes $3.2 billion over five years to support the legislative proposal known as GOALS 2000: Educate America Act. It is a down payment on a national program of support for fundamental change in America's elementary and secondary schools. Most of the funds would help States and localities involve public officials, teachers, parents, students, and business leaders in designing systematic education reforms. The President's plan also includes substantial new funding for a SAFE schools initiative.

NATIONAL SCHOOL-TO-WORK INITIATIVE: Currently, 75% of our children do not go to college and they waste ten years on average bouncing around in dead end jobs. This nation has never had a national plan to help young people who don't go to college find an alternative path to a high wage, high skilled job. The federal government will provide the goals and the seed money, leaving states and local communities to experiment with what works for their kids. The Departments of Labor and Education will work in partnership with industry and local governments to promote "work-based learning" that ties vocational education with work experiences and ensures that high school students receive quality learning in a real job. Total 5-year Investment: $2.3 Billion.

NATIONAL SERVICE: The Clinton Administration has called for a new national service program that will allow tens of thousands of young people to pay for higher education by serving their community and their nation as police officers, teachers, hospital workers, or drug and homeless prevention workers. This program combines two of the best ideas this nation ever had: the GI Bill and the Peace Corps. Beginning in 1994, those who participate in meeting community and national needs through the National Service program will be eligible to receive a $5,000 educational award for each year of service (up to a maximum of $10,000) payable toward educational expenses. Total 5-year Investment: $10.8 Billion.

NEW EXCEL ACCOUNTS FOR COLLEGE ACCESS / DIRECT STUDENT LOANS: The Clinton plan also calls for a new program that will allow every young person who wants to go to college to receive an EXCEL Account that will allow him or her to take out money needed for college, and then pay it back as a small percentage of their future education. This will allow young people to go into public service or try to start a new business without facing a crushing debt burden from college loans. In addition, the Clinton Administration has introduced legislation to overhaul the student loan system. By cutting out the middle-man and lending directly to students, the Government will lower interest rates for students and save billions for the taxpayer by eliminating costly subsidies to private lenders. The program will be phased in over four years and save taxpayers $4.3 billion over the next five years.

IV. CHILDREN AND FAMILIES

HEAD START: The President has stepped up to the plate to provide full funding for a program that has proven results and is cost effective. Studies have shown that preschoolers who participate in Head Start do better in school and become more productive adults. The program provides educational, social, medical and nutritional services to at-risk preschoolers so they can become problem solvers instead of problems. The President proposes to make Head Start available to all children who need it by investing $14.5 Billion over five years, including $2.7 Billion for summertime Head Start.

WIC: If our nation is going to prosper, children will have to grow up healthy, not hungry. This special supplemental food program for Women, Infants, and Children (WIC) helps make sure that they do. By the end of FY 1996, all eligible children ages 1 to 4, including some 2 million who were not served last year, will be assisted with a proposed investment of $1 billion in 1997, and $3.7 billion over five years.

CHILDHOOD IMMUNIZATIONS: All American children should be assured of a healthy start through appropriate immunizations. In FY 1994, the President's Budget includes $840 million for childhood immunization activities, including a 96% increase in the funding received by the Centers for Disease Control (CDC) for such activities. A recent CDC survey indicated that only about 60 percent of the Nation's children had received the recommended immunizations by age two. The President's FY 1994 request for CDC will focus resources on this group of children. The President's budget also increases funds for State immunization infrastructure support so that States can hire more clinic personnel and keep clinics open longer, allowing more children to receive immunizations on schedule. In addition, the Administration is working with Congress on legislation which will allow it to provide free vaccines to needy children at an estimated cost of about $500 million per year for FY 1995 through FY 1998.

FAMILY SUPPORT AND PRESERVATION: The House has approved major new child welfare services legislation proposed by the Administration. The proposed capped entitlement program would provide funding of $1.4 billion over five years to empower parents with the skills and tools they need to help raise their children, such as parenting classes and assistance to families with at-risk children. The program would place special emphasis on preventing family dissolution, which results in foster care placements, and on reunifying families through supportive community-based interventions.

FOOD STAMP INITIATIVE: The Food Stamp Program is the nation's first-line defense against hunger. The Administration has proposed improving the Food Stamp program by enacting the Mickey Leland Hunger Prevention Act. The House-passed bill will invest $533 million in FY94 AND $7.1 billion over five years. The initiative will reduce hunger among poor children, simplify and improve program administration, help assure the integrity of the Food Stamp Program, and help offset the effect to the proposed energy tax on low-income households. Most of the benefits would go to low-income families with children.

V. SAFE NEIGHBORHOODS, SAFE STREETS, SAFE SCHOOLS

In order to combat increasing crime and associated violence, the President is requesting $390 million for 1994 for the Justice Department to implement a comprehensive crime initiative to hire police and promote public safety throughout America. At the core of this initiative is a new Federal/State Partnership program to assist States and localities in their fight against crime. The program supports community and neighborhood-oriented policing programs; a national Police Corps demonstration program; and upgrading criminal records at the Federal and State levels. In addition, resources are requested to meet other Federal law enforcement needs such as the Bureau of Prisons projected increase in the Federal prison population. Total 5-year investment: $4.4 Billion. **[Need more on crime: 100,000 cops]**

VI. PUBLIC HEALTH AND HEALTH RESEARCH

AIDS, WOMEN'S HEALTH, AND OTHER PUBLIC HEALTH INITIATIVES: These initiatives increase funding for HIV/AIDS research and treatment, as well as for programs addressing women's health issues, teenage pregnancy, and other efforts focusing on the leading causes of morbidity and mortality. These investment initiatives would provide substantial new funding for these programs over several years -- $3.4 billion in FY 1997 and $18.2 billion over five years. These investments include:

-- additional funds for the fight against HIV/AIDS, including $310 million in FY94 for HIV/AIDS treatment through the Ryan White program, $45 million in FY94 for CDC HIV/AIDS prevention, and $227 million in FY94 for NIH HIV/AIDS research.

-- additional amounts to address women's health issues, including $216 million for breast cancer research, $13 million for breast cancer screening, $35 million for family planning efforts, and $25 million for research on women's health issues at NIH.

RURAL HEALTH INITIATIVE: The President's rural health initiative is designed to address the unique, and acute, problems faced by rural hospitals. It extends authority for demonstration projects for limited-service rural hospitals, special payments for small, rural Medicare-dependent hospitals, classification of hospitals as Regional Referral Centers. Total outlays for 5 years: $115 million.

VII. ENVIRONMENTAL AND ENERGY TECHNOLOGIES

DRINKING WATER STATE REVOLVING FUNDS: The President has requested $4.6 billion over five years to provide capitalization grants to States so that they, in turn can provide low-interest and no-interest loans to municipalities that must improve their drinking water systems. The Safe Drinking Water Act sets rigorous health-based standards for drinking water systems that must be met. In recent years, these requirements have imposed a large financial burden on drinking water systems. The Administration estimates that this proposal would create an estimated total of 29,730 jobs during the period 1994 to 1997 (an annual average of 7,400 jobs).

CLEAN WATER STATE REVOLVING FUNDS: The Administration has requested $9.2 billion over five years to capitalize Clean Water State Revolving Funds. These Funds would make low interest loans to municipalities for construction of projects to address water quality problems and help municipalities comply with new legal requirements for controlling stormwater runoff and wastewater pollution. This investment would support a total over 60,000 direct and indirect jobs during the period FY 1994 to 1997 (an annual average of over 15,000 jobs), while addressing Federal mandates to meet water quality standards.

ENVIRONMENTAL TECHNOLOGY: The President's Environmental Technology Investment Initiative would increase funding for environmental engineering and technology development by $36 million in FY 1994, and a total of $626 million through FY 1998. The focus of this initiative will be long-term research and pollution prevention by EPA, other Federal agencies, and the private sector. The goal is to develop more advanced environmental systems and treatment techniques that can yield environmental benefits and increase exports of "green" technologies. This initiative would create an estimated 2,688 direct jobs over the period FY 1994 to 1997 (an annual average of 672 jobs).

ALTERNATIVE-FUEL VEHICLES: This initiative provides $18 million in 1994, and $30 million per year from 1995 through 1998 for the purchase of or conversion to alternatively fueled vehicles for the Federal fleet of vehicles.

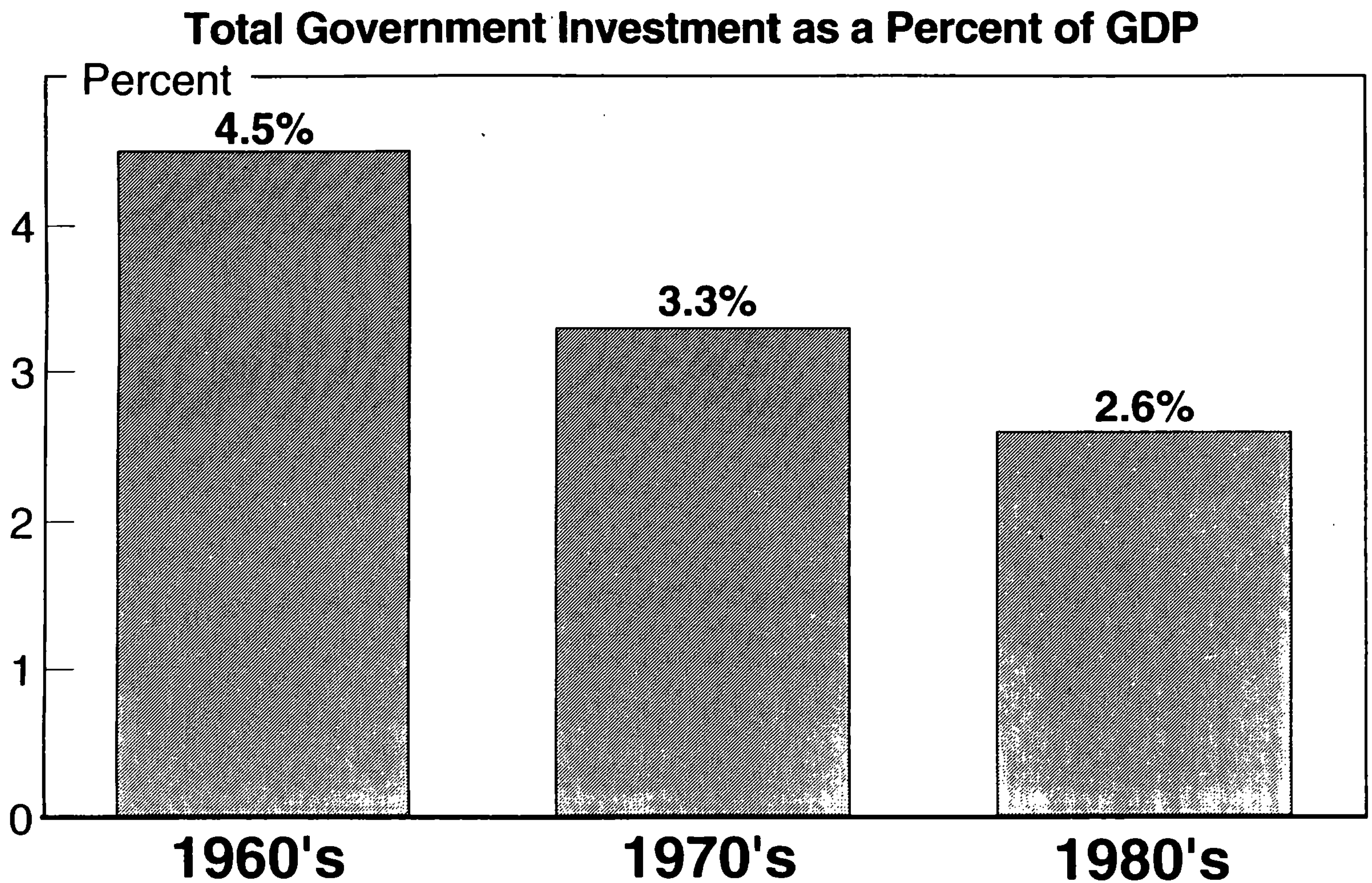
VIII. TRANSPORTATION AND INFRASTRUCTURE

MASS TRANSIT FORMULA CAPITAL GRANTS: After twelve years of neglect, America suffers from crumbling transit infrastructure. The President proposes to increase the 1994 Federal Transit Administration's formula and capital grants programs by $4.7 billion over five years. These funds together with State and local investment, will be used to upgrade rail facilities and equipment, and replace rail rolling stock, thus beginning to eliminate the rail investment backlog. These funds will also fund bus and van replacement and bus facility rehabilitation. The new vehicles, which are needed to replace the aging U.S. transit fleet, will be more reliable and accessible to disabled persons.

FEDERAL-AID HIGHWAYS/INTELLIGENT VEHICLE HIGHWAY SYSTEMS: The President proposes to increase highway spending to improve conditions and performance on the nation's most important roads, the National Highway System, which carries over 40 percent of all highway traffic. The proposal would also increase funding for the Intelligent Vehicle/Highway Systems (IVHS) program. This "smart cars/smart highways" program will improve traffic control systems, warn drivers of dangerous situations, and make more efficient use of the existing highway infrastructure. It will combine state-of-the-art communications, warning systems, electronic displays, and computer technology. Total 5-year investment: $10.2 Billion.

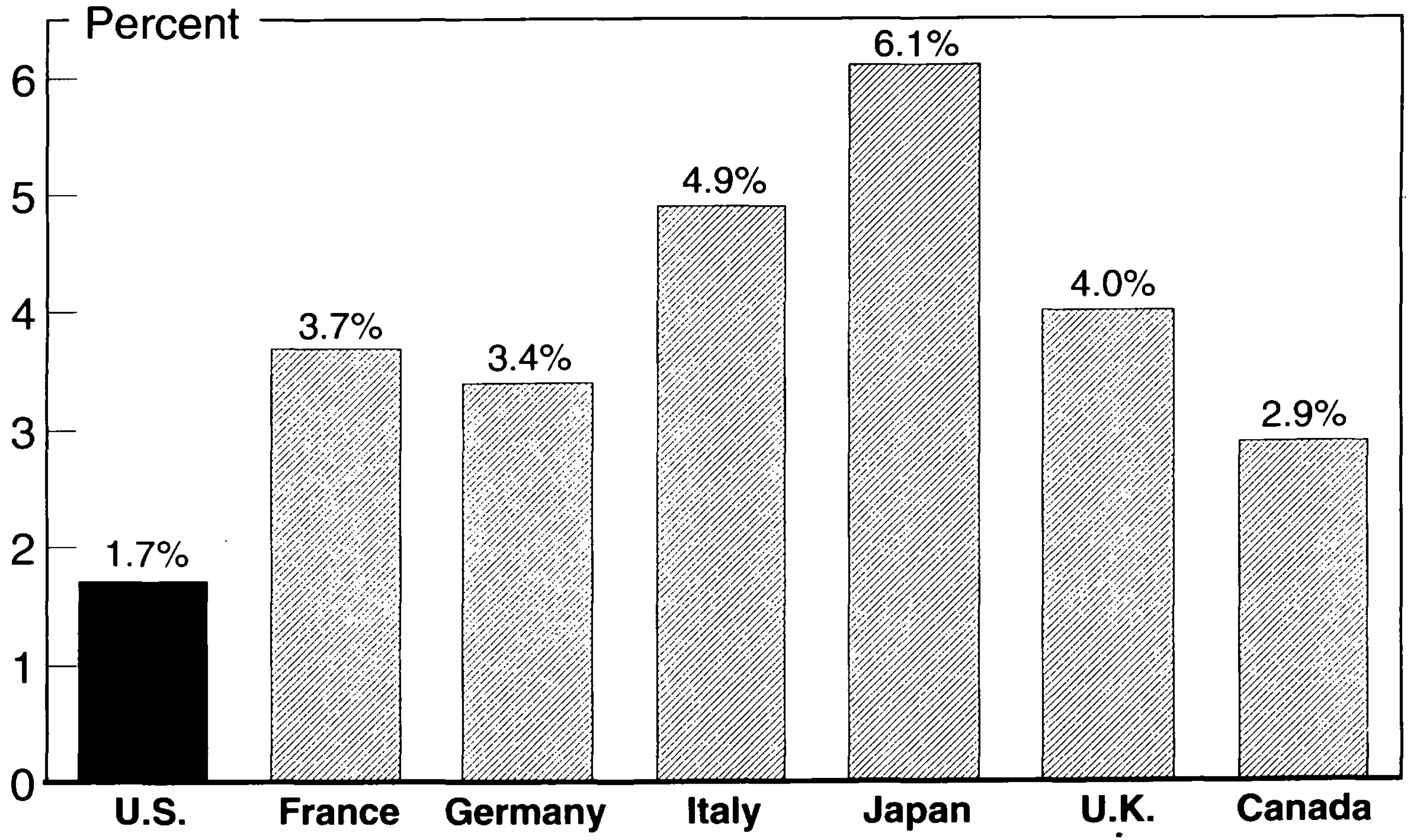
HIGH SPEED RAIL TRANSPORTATION: High-speed rail systems can meet the transportation needs of several of the nation's high-density corridors. These systems could relieve congestion, improve air quality, reduce oil consumption and improve safety. The funds could be used to start upgrading High Speed Rail Service in selected rail corridors outside the Northeast Corridor. Train speeds would be increased by over 30 percent. In addition, funds would be provided for prototype design of magnetic levitation (MagLev) transportation and research on new turbine engines. MagLev speeds could exceed 250 miles per hour. Total 5-year investment: $1.26 billion.

Public Investment Has Declined



Source: OMB

U.S. Public Investment Is the Lowest of the G-7 Countries



Public investment as a percent of GDP, 1990

Source: OECD

PART II: DEFENDING THE PLAN

SMALL BUSINESSES WILL BENEFIT FROM THE CLINTON PLAN

The Clinton Economic Plan is fair and beneficial to small businesses. The vast majority of small businesses will come out ahead under the tax proposals in the Clinton plan.

- **THE CLINTON PLAN IS PRO-SMALL BUSINESS.** Those that plow money back into their businesses for economic growth and expansion will be able to take advantage of tax incentives like the expensing provisions and the capital gains exclusion for investments in small business. Benefits include:

  -- **Lower borrowing costs.** Markets have responded to the President's deficit reduction plan. Long term interest rates are at a 16-year low and mortgage rates are at a 20-year low.
  -- **Increased expensing.** The President proposed increasing the investment that small business will be able to immediately expense from $10,000 to $25,000.
  -- **Special capital gains tax cut for investments in small business.**The President has strongly supported a new provision to cut capital gains taxes for new investment in small businesses.
  -- **Retroactive extension of the 25% deduction for health insurance premiums of the self-employed.**
  -- **Retroactive extension of the ability of State and local governments to issue tax-exempt bonds for small businesses.**

- **ONLY THE TOP 1.2% WILL PAY INCREASED INCOME TAXES.** The Clinton plan raises income taxes only on households who take in over $180,000 a year or individual filers who take in over $140,000 a year (adjusted gross income). No matter what your occupation, you will only pay more income tax if you have a yearly income of $180,000. And no household who makes less than approximately $180,000 will pay any higher income.

- **ONLY 4.2% OF SMALL BUSINESSES OWNERS THAT FILE INDIVIDUAL RETURNS WILL BE AFFECTED.** Some small business owners who are in the top 1% of taxpayers will have to pay more. But only 4.2% of the business owners that file individual returns -- proprietorships, partnerships or subchapter S corporations -- will be affected by the increases in individual rates because only 4.2% of these businesses make over $180,000 a year for those who file jointly. So the other 96% of small businesses and S corporation owners will not be affected at all.

- **THOSE BUSINESSES OWNERS THAT WILL PAY MORE ARE WELL-OFF AND QUITE OFTEN ARE DOCTORS, LAW PARTNERS, INVESTMENT BANKERS AND CONSULTANTS WITH LUCRATIVE PRACTICES:** Those who among the 4.2% of business owners that will pay higher income taxes are quite well-off. The average business owner affected makes $560,000 a year and nearly half (43%) of all such income goes to people who over $1 million. Often these businesses are highly paid doctors, lawyers and investment bankers rather than small business owners as we commonly understand them, like the corner store owner.

FACTS ON CLINTON BUDGET SPENDING/TAX RATIOS:

DOLE & PACKWOOD USE DISTORTIONS TO ATTACK THE PRESIDENT'S PLAN, CLAIMING A TAX/SPENDING RATIO OF ONLY 3:1 OR WORSE THAT HIS DEFICIT REDUCTION WAS AS LITTLE AS $347 BILLION.

House and Senate Budget Committee Both Support Us: Dole and others wrongly claim that the Clinton plan has $3 in taxes for every $1 in spending cuts.
Let's Look at the Basic Facts: Both the House and Senate version of the Clinton plan found that the deficit reduction was evenly divided between spending cuts and tax increases.

- o We have a balanced package of $500 billion in deficit reduction, which as Chairman Moynihan said, is the largest deficit reduction package ever. There is approximately $250 billion in spending cuts. We have about $100 billion in entitlements cuts; about $100 billion in other spending cuts; and about $50 billion in savings from interest we pay on the national debt.

- o There are well-over 100 domestic program cuts that each exceed $100 million in the Clinton budget.

- o Bob Dole has tried to block change and the President's leadership by distracting the American public from what is really at stake: the largest deficit reduction in history. I hoped that the Republicans would join the President in showing leadership on deficit reduction.

- o They get a wild 3:1 ratio by 1) not counting discretionary spending cuts as either spending cuts or even deficit reduction at all; 2) by not counting interest savings as spending cuts; and 3) for the first time ever, not counting user fees as spending cuts.

The Washington Post examined Dole's charges and stated that: "Mr. Dole has traded truth for distortion." The Post defended the amounts and distribtution stating that: "You get pretty much what the Administration has advertised: the likely culumulative deficit over the next five years will indeed be a half-trillion less than otherwise **and only half by virtue of higher taxes."**

Hypocrisy: Dole denies all of our $100 billion in spending cuts saying that such cuts were already required to meet caps and sequesters or that there is no enforcement mechanism to ensure that they will occur -- even though we have specified line by line cuts. He simply ignores 125 specific domestic discretionary cuts. **And we do have an enforcement mechanism.** There is an extension of the current procedures in the budget resolutions and the House Bill.

When Dole bragged in 1990 that the 1990 budget package would achieve $500 billion in deficit reduction, he was counting discretionary spending savings enforced by the same cap and sequester that is being extended in the Clinton plan and interest savings and fees.

After harshly criticizing the President for counting interest savings, discretionary spending, he counted all of these items only days later when announcing his so-called GOP plan.

The Republican alternative in the House -- the Kasich plan -- counts savings from discretionary spending cuts, interest savings and fees for their deficit reduction package. The Kasich plan, clearly has fees and specifically lists them as spending cuts -- indeed they boast that their plan has no new taxes.

In 1985, Dole was the point person on a deficit plan, in which they specifically counted fees, interest savings and discretionary spending cuts as spending cuts.

COMPARISON OF CLINTON PLAN TO REPUBLICAN SENATE ALTERNATIVE

PUTTING ALL DEFICIT REDUCTION ON THE BACK OF THE MIDDLE CLASS AND LETTING THE WELL-OFF OFF THE HOOK:

The Dole Plan trades the Clinton plan, a fair and strong $500 billion deficit reduction plan, for a weaker deficit reduction package that puts the entire burden of deficit reduction on the middle class and the working poor, while protecting the privileged from bearing any burden at all.

The Dole-Domenici plan brings back the twin evils of the 1980s: a weak commitment to making the tough choices to bring down the deficit and an undying commitment to make all of the burden fall on the middle class while letting the privileged off the hook.

Of the taxes the Dole-Domenici plan cuts, 80% of them are on Americans making over $200,0000. Mostly the Dole-Domenici plan accepts less deficit reduction and less fairness in order to lower the tax burden on the top 1%.

WHAT THE DOLE DOMENICI PLAN SAVES:

Cuts the increased tax on the top 1% making over $180,000
Cuts the surtax on income over $250,000
Cuts a 1% tax increase on the top 1% of the largest corporations
Cuts the proposal to stop deducting country club fees
Cuts reduction in subsidy for three-martini lunches
Cuts the provision to reduce wasteful taxpayer subsidy of CEO pay over $1 million

HOW THE DOLE PLAN WOULD PAY FOR CUTS ON TAXES ON THE MOST WELL-OFF AMERICANS:

Lower Deficit Reduction by $100 billion
Makes excessive Medicare cuts that threaten the benefits of 34 million Medicare beneficiaries
Cut Earned Income Tax Credit for over 12 million working families
Cuts Health care for poor children
Cuts education funding by an average of 10%
Cuts worker training and all new funds for apprenticeships
Cuts college aid/National Service
Cuts increased expensing for small businesses
Cuts the R&D tax credit for all businesses
Cuts proposed criminal justice, FBI agents and INS agents
Cuts most benefits for veterans
Cuts funds for foster care and adoption assistance
Cuts research for AIDS
Cuts billions for the Head Start and Women, Infants and Children program

NO GUTS, NO SPECIFICS AND STILL LESS DEFICIT REDUCTION: Not only is the Dole-Domenici plan nothing more than a vague wish list. They say they want $150 billion more in deficit reduction than the President, yet they don't tell you how they would cut one dime. The only specific cuts in their program are the specific cuts that the President and the Democratic Congress made. They get $50 billion more in cuts on Medicare and Medicaid over a two year period -- $35 billion in one year alone -- and yet they don't tell anyone how. They say they want $100 billion less in discretionary spending, but won't say that this means less police officers, less INS agents, less education funds, less AIDS research, less worker training -- all to keep taxes low on the wealthy.

THE DOLE-DOMENICI PLAN GOES EYEBALL TO EYEBALL WITH THE DEFICIT AND BLINKS: The Dole-Domenici plan -- even with its overwhelming reliance on vague entitlement and spending caps -- still has over $100 billion less in deficit reduction by their own terms. The President set a test of $500 billion in deficit reduction, and the Republicans could not come through because they are so committed to their desire to keep taxes low on the top 1%.

THE PLAN SETS NEW HIGHS IN HYPOCRISY: Republicans had been recently going to the national television networks to argue that the Clinton deficit plan was not as large as it was said to be because it counted future discretionary cuts, interest savings and user fees. Republicans indeed mocked counting user fees as cuts. Democrats pointed out that President Clinton was only counting deficit reduction the exact same way that Republicans had in 1985, 1990 and even in the House Republican alternative in 1993! Yet, Dole and Domenici and others still mocked the notion of counting future spending cuts and interest savings and user fees. Yet, in their own plan, the now admit that they count discretionary spending cut, user fees and interest savings as spending cuts.

THE REPUBLICAN CLAIM TO GET BELOW $200 BILLION IN 1998 IS BASED ON GIMMICKS: While the Republicans admit that their plan has $100 billion less deficit reduction, they still claim to get to the same degree of deficit reduction in 1998. They do this by near magic. With no specifics, no cuts, no anything, they simply state that they will find an additional $66 billion in cuts in the single year 1998 alone. Why not say $100 or $120? If you don't have to give any details, why not?

THERE IS NO REPUBLICAN LEADERSHIP -- ONLY REPUBLICAN ATTEMPTS AT GRIDLOCK AND TO PROTECT THE STATUS QUO:

- The Republicans and Dole offered an alternative plan that the Washington Post described as a "fake." "They proposed an alternative to the president's budget, which they said should reduce the deficit without increasing taxes. It turned out to be a plan ... without identifiable Republican spending cuts. More than half [of their] cuts, and the only specific ones, were lifted directly from the Clinton budget." [Washington Post, 6/25/93]

- Newsweek put it more simply: "Bob Dole ... at eleventh hour, cynically offers GOP's totally unspecific plan. Bag it, Bob." [Newsweek, 7/5/93]

- The Washington Post further stated that "The rest of the Republican spending cuts weren't proposals at all but abstractions. They'd be done through 'caps.' You understand the virtue of caps: They enable these Republicans whose party quadrupled two centuries of national debt in just 12 years to vote piously against spending in general without having to lay a finger on a particular program or offend a single constituent."

- "Even so, the Republicans managed to achieve ... only about three-fourths of the deficit reduction the Democrats would. And what was the point of all this? [T]o save ... the richest people in the country from the higher top income tax rates the Democrats would rightly impose to achieve the necessary deficit reduction fairly." [Washington Post, 6/25/93]

COMPARISON OF CLINTON PLAN TO PEROT PLAN

I. PEROT RELIES ON MORE TAXES THAN DOES CLINTON.

Perot has $302 billion of self-admitted tax increases in his plan, while Bill Clinton has $250 billion.

Perot's claim that Clinton has far more taxes than spending cuts because of accounting disputes is erroneous, disingenuous and hypocritical. If you apply the classifications that Clinton does to the Perot plan, Perot's overall tax amount actually goes up from $302 to $319! Why? Because while Perot lists $12 billion in user fees as tax increases, he counts the increase on repealing the $28.9 billion in Medicare cap as an entitlement cut, while the Clinton plan is honest enough to count this as a tax increase. Thus, Perot's tax plan is $319 to Clinton's $250 using exactly the same classifications. (Both plans correctly count increasing Social Security benefits subject to taxation as an entitlement cut).

II. PEROT'S PLAN IS EXCEPTIONALLY HARD ON THE POOR AND MIDDLE CLASS.

Perot's tax plan is far more regressive than the plan put forth by the President. Bill Clinton's plan has $70 billion in an energy tax, some of which could fall on the middle class.

Perot has a $157.8 billion gas tax, over twice as many dollars raised through energy taxes as is raised by the President's plan.

III. CLINTON TAKES STEPS TO OFFSET THE BURDEN TO THE WORKING POOR AND MIDDLE CLASS, WHILE PEROT DOES NOT.

Even thought the Clinton plan includes an energy tax less than one half the size of Perot's, the President takes several steps to make his plan as progressive as possible through a major expansion of the Earned Income Tax Credit, energy assistance and food stamps.

Perot has no offsets to prevent the working poor and middle class from being hit hard. He has no Earned Income Tax Credit, no food stamp increase, no energy assistance plan.

IV. CLINTON ENSURES THAT THOSE MOST WELL-OFF PAY THEIR FAIR SHARE. PEROT'S PLAN PREFERS TO MAKE THE MIDDLE CLASS PAY INSTEAD OF THE WEALTHY.

The President's plan ensures that 75% of the tax increases fall on the top 6% by imposing $121 billion through increasing the marginal rates on upper income individuals and the largest corporations. Perot would raise $33 billion by raising the top rate on well-off individuals and corporations. **He would saddle the poorest Americans with over twice the burden the President's plan does, skip offsets to help the poor and working poor, but then ask only one fourth as much from the wealthiest Americans as the President's plan does.**

V. CLINTON'S PLAN HAS MORE DISCRETIONARY CUTS.

The Clinton has $100 billion of net discretionary spending cuts that will go to deficit reduction.

Perot has no deficit reduction out of discretionary spending. Even if you counted half of his unspecified cuts as real -- something CBO would never be so generous to do -- Perot would have $55 billion in increased discretionary spending. Even if you counted all of Perot's unspecified spending cuts as real, he would still have a $1.5 billion increase in discretionary spending.

VI. PEROT RELIES ON AN UNDISPUTABLE $425 BILLION MISTAKE TO SAY HE BALANCES THE BUDGET. INDEED, WITH ACCURATE BUDGET NUMBERS, THE PEROT FINAL DEFICIT IS HIGHER THAN CLINTON'S.

Even thought Ross Perot's book came out in 1993, incredibly he uses the CBO baseline from January 1992 -- not January 1993 -- to base his budget. Thus, while the current 1998 baseline is $387 billion, Perot uses a baseline of $254 -- an indisputable $133 billion error in one year alone, and as the Washington Post reported, $425 billion over five years. Furthermore, his interest savings assume 10.3% interest rates! If you use the correct baseline, count 40% of his unspecified cuts, and give him the most generous possible interest savings -- he would have around a $210 billion deficit in 1998 -- higher by several billion than the CBO now estimates for the Clinton plan approved in the budget resolution.

VII. EVEN PEROT'S ENTITLEMENT CUTS NUMBERS ARE DECEPTIVE.

The one area where the Perot plan seems at a glance to be impressive is in the amount of entitlement cuts he makes. His book claims that he has $267.9 billion in such cuts for deficit reduction. Yet, $141 billion are unspecified cuts in Medicare and Medicaid. Where is he going to get these savings? Furthermore, he counts an additional $28.9 billion as entitlement cuts for lifting the $130,000 cap on the income that the Medicare tax is applied to.

Even if you count half of his unspecified entitlement cuts as real and all of his unspecified spending cuts as real -- a tremendously generous calculation -- the Perot plan still has less net spending and entitlement cuts together (approx. $182 billion), than does the Clinton proposal, (approx. $200 billion).

COMPARISON OF CLINTON PLAN TO BOREN-DANFORTH

THE CLINTON/GORE PLAN:

* The Clinton package cuts $500 billion from the deficit, with $250 billion in net spending cuts and $250 billion in tax increases. Included in the spending cuts are $100 billion in entitlement savings.

* There are three dollars in spending cuts for every dollar in new investments.

* 75% of tax increases fall on the top 6% of Americans according to the CBO. The plan is strong, but fair. The only tax that affected middle class America was a BTU tax. Yet, we increased the Earned Income Tax Credit to benefit 10 million working families. The tax does not even take affect until the summer 1994. When it does, it is phased in three years. The total cost of <u>all</u> our tax proposals to the average family making $40,000 is only $1 a month in 1994, $7 a month in 1995, and $17 a month in 1997. Families making under $30,000 would, on the whole, be held harmless.

THE BOREN-DANFORTH ALTERNATIVE:

* They acknowledge that the Clinton plan has significant net spending cuts. They say the Clinton plan has $174 billion in net spending cuts, while the actual number is $250 billion.

* They claim to cut $122 billion in taxes, while adding $163 billion in spending cuts.

But lets look closer:

* They cut Social Security benefits for 27 million middle class Americans, who now find that if they get $7,200 in benefits to live on, some people in Washington believe they should have their COLAs cut on everything over that by 2%.

* Another $15 billion is cut from the Earned Income Tax Credit, which benefits 14 million working families trying to stay above the poverty line.

* They have $114 billion in Medicare and Medicaid cuts, that would have several very negative effects:

    1) It will cause hardship to millions of Americans, while leading to major cost-shifting to the private sector, thereby further driving up the cost of health care for average Americans.

    2) States will lose at least $31 billion in Medicaid and AFDC matching funds. Their specific health care cuts and AFDC cuts are designed to hit the poor and elderly disproportionately hard, and put tremendous burdens on states and put

pressure on them to raise state and local taxes to make up the federal cuts.

3) If these cuts are made without health care reform, they will amount to a direct cut on the poor and the elderly.

4) This entitlement cap could jeopardize rational attempts in health care reform to control spending. It will make it extremely hard to pay for national health reform, since they would be crudely taking away significant potential health care savings now to make up for their policy changes.

EXAMPLE OF WHAT THEY CUT AND WHAT THEY PAY FOR

If you want to know the type of choices this plan makes, consider the following three choices they make:

1. **TAX CUT:** They take away $29 billion from the Clinton deficit reduction plan by lowering the Medicare increase on individuals making over $130,000.

   HOW THEY CUT: They have to pay for most of it by cutting the Social Security benefits of 27 million Social Security recipients who receive benefits of over only $7,200 a year.

2. **TAX CUT:** An across-the-board capital gains tax cut, on top of the new one the President has already proposed. This will benefit the wealthiest Americans overwhelmingly without ensuring that it is targeted to job creating small businesses.

   HOW THEY PAY FOR IT: They cut $15 billion from the Earned Income Tax Credit, a program that goes to 14 million working families in danger of being below poverty line.

3. **TAX CUT:** They get rid of the energy tax. The BTU does have costs for many Americans. Yet, our energy tax holds harmless families under $30,000. It does not even start until July 1994. It phases in over three years after that, costing the average family making $40,000 only $1 a month in 1994, $7 a month in 1995 and $17 a month when fully phased in during FY1997.

HOW THEY PAY FOR IT: This is paid for with $114 billion unspecified entitlement cuts. Who is going to pay for this? Most might come from the 34 million Medicare recipients, who would get less without getting a new health care system? Or maybe they take it all from Medicaid, thereby hurting not only poor people, but putting significant pressure on cities and states to raise sales and property taxes. And taking these cuts here, would make it nearly impossible to pay for a new health care plan. The other main targets are veterans, disabled veterans and farm programs, which we have already cut significantly.

COMPARISON OF CLINTON PLAN TO THE KASICH PLAN

The Kasich/Republican alternative claims to be good because it has no tax increases. But here's the bottom-line about this plan. In order to have **less taxes on the most well-off Americans**, the plan:

* achieves about **$95 billion less in deficit reduction** than the Clinton plan (according to the CBO).

* requires tough Medicare cuts to 34 million elderly beneficiaries

* calls for no new investments such as the President's proposal to fully fund Headstart for at-risk preschoolers

* keeps nonproductive business deductions for items like country club dues and 3-martini lunches and allows corporations to continue subsidizing CEOs who make over $1 million

Quite simply, the backers of this plan are guilty of false advertising. There is nothing strong and certainly nothing pro-middle class in doing less deficit reduction, less investment in our people and schools, and more in attacking Medicare in order to keep special interests happy and taxes low on the most well-off Americans.

I. NO INCREASED TAX FAIRNESS

The Kasich plan eliminates all of the proposals in the Clinton plan to return to a more fair tax system that asks the most of those most able to pay. Unlike the Clinton plan, the Kasich plan:

* does not require any contribution from the top 1.2% of Americans

* keeps the country club deduction

* keeps the 3-martini lunch deduction unnecessarily high

* allows corporations to continue subsidizing CEOs who make over $1 million even when their companies are not performing

II. MUCH LESS DEFICIT REDUCTION

Americans have been telling Washington that they are sick of business as usual and they want to see real deficit reduction that will put us on the road to a healthy economic future. To save the most well-off Americans and corporations from their fair share of contributions, the Kasich plan:

* achieve $95 billion less in deficit reduction than the Clinton plan.

* Republican supporters of the plan admit that the Congressional Budget office concluded that the Kasich plan would achieve only $352 billion in deficit reduction over 5 years.

* The same CBO has concluded that the Clinton plan would achieve $496 billion in deficit reduction over 5 years.

III. ASKS MOST OF THOSE LEAST ABLE TO PAY

The Kasich substitute funds all of its deficit reduction through spending cuts, and asks the most of those least able to pay. Unlike the Clinton plan, the Kasich plan:

* Demands deficit-reduction contributions from some 34 million elderly who will be affected through severe cuts on Medicare beneficiaries. Unlike the Clinton plan, which cuts $50 billion from Medicare over 5 years by scaling back payments to health providers, Kasich cuts $72 billion from Medicare and adds a major new beneficiary cut. Millions of elderly and disabled Americans would pay substantially more as a result of the Kasich Medicare cuts.

* Demands Medicaid cuts that are 50 percent deeper than the substantial Medicaid cuts in the Clinton/Gore plan.

* Demands much deeper cuts on federal retirees than the Clinton plan by ending cost-of-living adjustments for military retirees under 62 and raising the retirement age for civil service retirees.

IV. NO INVESTMENTS IN OUR ECONOMIC FUTURE

After 12 years of neglect, the Kasich substitute would drop every one of the new investments in the Clinton plan so that we will have no targeted investments in the things we need to make the economy grow.

No new investments in people. The Kasich plan would have:

* No full funding in Head Start or WIC so that at-risk children have a fair chance to be problem solvers rather than problems

* No new child immunization program or family preservation initiative to help troubled families stay together

* No investments to make sure that middle class kids can go to college

* No assistance to those who helped us win the Cold War and will now face the sober employment realities of transition from the defense drawdown

* No expansion of the Earned Income Tax Credit to make work more attractive than public assistance for working poor families and ensures that they no

longer have to raise their children in poverty.

No new investments in business, technology and infrastructure. The Kasich plan would:

* Eliminate increased expensing allowances to small businesses

* Eliminate the new venture-capital gains exclusion for investments in small business

* Eliminate the modified alternative corporate tax depreciation schedule which promotes new investment by business

* Eliminate investments in the development of technologies that can help American companies compete, win and create jobs

V. NO SPECIFIC DISCRETIONARY CUTS AND MORE OF THE SAME FAILED BUDGET GIMMICKS

The Clinton plan identifies 200 specific cuts to achieve $250 Billion in net spending savings. $100 billion in cuts comes from discretionary spending. By contrast, the Kasich plan does not identify a single specific discretionary cut. Instead it relies on the smoke and mirrors tactics of the past decade that have not worked and contributed to soaring budget deficits.

* Rather than having the courage to identify specific discretionary cuts, the Kasich plan uses "magic" discretionary spending caps which they claim will save $226 billion.

* Spending caps have not worked in the past because real cuts are hard to make and the estimated caps usually are unrealistic, wishful thinking. Unless you have the guts to say what you will cut in the end, you have no realistic chance of actually succeeding in reducing spending.

ANSWERS TO COMMON MISPERCEPTIONS

DIDN'T PRESIDENT CLINTON PROMISE NOT TO RAISE TAXES ON THE MIDDLE CLASS: Candidate Clinton emphatically denied Bush's charge that he would raise tax rates on all people with incomes over $36,000. Yet, he has called for raising taxes on middle income people. Did he mislead the public in emphatically denying the validity of the Bush campaign charge?

> **RESPONSE:** During the campaign Bush said, "To get to 150 billion, even with his other plan governor Clinton would have to raise **the tax rates** on every individual with over $36,600 a year in taxable income and that is a fact." [Campaign rally, Wixom, MI, 9/26/92]
>
> Bush used comments and commercials to suggest that Clinton, in order to "get $150 billion [in promised tax revenues] would have had to raise the tax rates on every individual with over $36,600 a year in taxable income and that is a fact." Indeed, the Bush commercial suggested such families would pay far more than $1000 more a year income taxes.
>
> Then Candidate Clinton said that this was not true, and when President Clinton presented his proposal it was still not true. During the campaign, Candidate Clinton said that he would raise the marginal rate from 31% to 36% on families making about $180,000 and individuals making $140,000. President Clinton's budget raises income taxes on families making over $180,000 and individuals making over $140,000 -- the top 1.2% of taxpayers.
>
> The claim that Clinton would raise tax rates on average families was clearly untrue during the campaign and it was untrue now.
>
> What happened was that the deficit got extremely worse after the election and President Clinton decided to deal with it head on. The President therefore called for an energy tax, would cost that family making $36,600 $1 a month in 1994, $7 a month in 1995 and $14 a month in 1996 and $17 a month when it is fully phased-in in 1997.

DIDN'T THE DEFICIT DETERIORATE DURING THE CAMPAIGN: Didn't the deficit get worse during the election -- not after it?

> **RESPONSE:** The deficit projections got worse at two different times. Once in July/August of 1992 and again in January, 1993. Had it not been for the deterioration after the election, there would have been less need for the $72 billion in extra deficit reduction that the BTU-energy tax raise.

THE BUSINESS WEEK QUOTE: But didn't President Clinton falsely claim that he was forced to break his "promise" and raise taxes on the middle class because the deficit was worse than he thought during the campaign; in fact, he knew how bad the deficit was all the time. He said in a July 1992 Business Week article that the deficit would approach $400 billion?

RESPONSE: This is one of the most false claims that has been made about the President.

The unexpected increase in the deficit was the rise in FY1997 to $346 billion -- more than $100 billion greater than when then-Governor Clinton first estimated in **Putting People First**. When Clinton spoke to Business Week he was not even talking about the deficit baseline in 1996 or 1997. What he was referring to in that July 6, 1992 interview was that the estimate for 1992 by the Bush OMB was $399.7 billion. Thus, Clinton was simply stating a factual account of the current OMB deficit projection for that year.

[When Congress did not deal with the RTC and technical changes were made, the deficit for 1992 ended up being $290 billion. Neither OMB nor the CBO had assumed in its projections that Congress would decide not to approve new funds for the S&L cleanup.]

PRESIDENT CLINTON SPENDS TOO MUCH AND CUTS TOO LITTLE: Republican critics charge that the Clinton budget plan calls for a "Leviathan government, increasing Federal spending by $300 billion (or about 20 percent)" in a scant five years.

RESPONSE: This charge is disingenuous and misleading. Here are the facts.

- Spending grows more slowly in the Clinton plan than it did under the Reagan and Bush administrations. While spending under Reagan and Bush grew at 2.6 percent and 2.7 percent respectively, Federal spending under Clinton will increase by only 1.6 percent per year. (all figures inflation-adjusted)

- Apart from health care and interest on the Reagan-Bush debt, spending growth is less than inflation -- meaning that government is shrinking in real (inflation-adjusted) terms.

PART III: SUPPORT FOR THE PRESIDENT'S PLAN

I. POSITIVE STATEMENTS ON THE PRESIDENT'S COURAGE FOR TAKING ON THE DEFICIT:

"[The President's] budget reconciliation package is more of a down payment on the deficit than George Bush ever had the nerve to make. And the Clinton budget remains a definitive break from the reckless spending and Louis XIV social attitudes that were embodied in the budgets of his predecessors."

-- editorial, Detroit Free Press, 6/10/93

The political climate has changed in large measure because of Clinton's determination to address the deficit seriously for the first time in twelve years... The Republicans in this case have no standing for simple opposition; after all, it was on their White House watch that the deficit got out of control."

-- editorial, Mortimer Zuckerman,
U.S. News & World Report, 5/17/93

"This President ... has courageously done what his predecessors notoriously did not do. He has proposed a restoration of fiscal discipline."

-- editorial, The Washington Post, 5/26/93

"A newly elected president took a huge political risk and drafted an ambitious five-year program of tax increases and spending cuts to help reverse the frightening rise of the deficit.

-- Charles Schultze, Henry Aaron,
Brookings Institution
op-ed, The Washington Post, 5/26/93

"Failure to pass the package essentially intact would be a great mistake. It would send a message at home and abroad that Federal fiscal policy remained out of control and that there was no concerted will to do what all sides agree must be done. **The country waited a long time for a President to take the lead in deficit reduction. Finally we have one."**

-- Robert M. Solow, Nobel laureate in economics and professor at MIT, and James Tobin, Nobel laureate in economics and professor emeritus at Yale; op-ed, The Washington Post, 5/27/93

"President Clinton has challenged himself, Congress, and the American people to stop talking and start doing. Amen... Clinton was elected to deal with the economy; overall his program appears both courageous and meritorious.

-- editorial, Minneapolis Star Tribune, 2/18/93

"[Clinton] has shown real courage and faced up to problems just the way voters said they wanted him to."

-- editorial, The Arizona Republic, 5/26/93

B. QUOTES ON THE FAIRNESS OF THE PRESIDENT'S PLAN ON TAXATION AND ENTITLEMENTS

"If the deficit has to be reduced, who pays -- which population groups, which sectors of the economy? Most of that's actually been settled; the progressive income tax increases in the President's plan are the main answer... The marginal burden should not be shifted to vulnerable groups in the society least able to pay."

-- editorial, The Washington Post, June 10, 1993

"Clinton's proposal sensibly recognized that there's only one realistic way to trim the deficit: by enacting a combination of tax increases and spending reductions -- including restraints on popular social programs. The tax component of this package is fair, seeking about 75% of its revenues from upper-income taxpayers while easing the tax burden on lower-income families.

-- editorial, Plain Dealer, May 28, 1993

"The President rightly observes that to cut entitlements in advance of broader health care reform is only to shift more costs to the elderly, the privately insured and state taxpayers... The plan is fair."

-- editorial, The Washington Post, May 27, 1993

"On entitlements, Mr. Clinton wisely rejects a simple cap because it would trigger across-the-board cutbacks aimed at the elderly, poor, and disabled who are the primary recipients of entitlement spending. It would also risk throwing the economy into deeper recession, because entitlement spending on welfare and unemployment insurance rises during economic downturns and helps maintain consumer purchasing power."

-- editorial, The New York Times, May 27, 1993

"The plan distributes its sacrifices fairly and intelligently. Three-quarters of the tax increases fall on households making more than $100,000, and spending cuts spare those -- the poor, the middle-income elderly, the sick -- whose security depends on government's safety net. "

-- editorial, Sacramento Bee, May 28, 1993

"Included among [the bill's] tax increases and entitlement cuts is a major step toward welfare reform... The proposals would also reverse distributional policy, restoring some of the progressive edge that the tax code lost in the 1980's and early 1990's."

-- editorial, The Washington Post, May 16, 1993

C. SUPPORT FROM THE BUSINESS COMMUNITY FOR THE PRESIDENT'S ECONOMIC PLAN

50 of Our Nation's Top Corporations Have Recently Written the House of Representatives to Support the President's Plan as reported out of the House, stating:

> "We expect better economic results and better employment prospects to follow from the reported bill." [May 25, 1993]

These business supporters include:

3M
Marriott Corporation
Philip Morris
Procter and Gamble
Sara Lee Corporation
Southwest Airlines
Time Warner
The Walt Disney Company
Westinghouse Electric Corp.
Avon Products
Colgate-Palmolive
Delta Airlines
Dow Corning
The Gap
General Electric
General Motors
Honeywell Inc.
IBM

Business groups also recently wrote the House of Representatives in support of the President's economic plan, including:

Manufactured Housing Institute
National Apartment Association
National Association of Home Builders
National Association of REALTORS
American Insurance Association
Truck Renting and Leasing Association

D. QUOTES FROM TOP BUSINESS LEADERS WHO HAVE ENDORSED THE PRESIDENT"S ECONOMIC PLAN:

"We applaud President Clinton's bold approach to reduce the deficit through spending cuts and higher taxes equitably levied. The approach the President has taken does a good job of achieving two important goals. First, it will result in a reduction in the deficit, prompting a healthier economy and an improved standard of living for all Americans. Second, it is a fair approach... Equitably shared burdens to achieve a program that benefits all Americans is the proper approach...and that is what the President has offered."

-- August A. Busch III, Chairman and President
Anheuser-Busch Companies, 2/18/93

"President Clinton has shown great political leadership and courage in bringing the country together to attack the critical deficit problem that we are facing."

-- Robert E. Denham, Chairman,
Salomon, Inc., 2/24/93

"We believe that the President's economic package... has the reasonable balance to begin to address deficit reduction, and we believe that's extremely important for the economic well-being and future of this country, for industry, and for our company."

-- C. Michael Armstrong
Chairman and CEO
Hughes Aircraft Company, 5/18/93

"President Clinton has taken on a difficult but very important task in crafting his broad program to reduce the deficit and promote sustained economic growth... As this program is moved forward, the administration has shown itself willing to work night and day to mitigate some of the problems, In particular, I want to express strong support the programs to minimize the burden on low-income families... We support President Clinton's efforts to address the deficit and to promote economic growth, and we salute him for his leadership as he takes on this difficult task."

-- Ralph Bean, President
Hope Gas Co., West Virginia, 5/18/93

"I think that the President's proposal ... will act to stabilize real estate markets. As many of you know, in the past three years, about $500 million in decline in real estate has taken place. And that has impacted communities all over the country... Already [the President's plan] has had an impact on lower interest rates, and lower interest rates and refinancing has also added to driving in more and more money into the economy...We will do our part."

-- Bill Chee, President

National Association of Realtors, 5/18/93

"President Clinton has offered the only serious program to bring these deficits down and he deserves our support... We've delayed too long."

-- James R. Jones, President
American Stock Exchange, 2/24/93

"We all agree that the growing federal deficit is a threat to the welfare of the nation, and especially to its future... We believe that the President has proposed an even-handed plan that promises to reduce federal spending and accomplish real deficit reduction... We believe that the President has faced up to the economic problems of our nation. He has taken a gutsy step and deserves our support. In a very positive and persuasive way, he has sent a signal to the world that America is serious about putting its economic house in order."

-- Lodwrick M. Cook, Chairman and CEO,
ARCO, 2/25/93

"I applaud President Clinton for focusing the attention of the American people on the need to reduce the size ad growth of the federal deficit, which over the years has translated into a national debt in excess of $4 trillion."

-- John Clendenin, Chairman and CEO,
Bellsouth Corporation, 2/18/93

"[The plan is] courageous and a dramatic move to reduce America's fiscal deficit."

-- John H. Bryan, Chairman and CEO
Sara Lee Corporation, 2/24/93

"The President's economic plan begins to confront the many long-term and long-neglected challenges this country faces, from the state of our cities to the health and education of our children."

-- J. Brucc Llewellyn, President and CEO,
Philadelphia Coca-Cola Bottling Co., 2/18/93

"The President has prescribed tough medicine for the country's economic troubles. The plan needs to be studied, analyzed, debated fully, modified if appropriate, and acted on promptly... this far-reaching proposal could -- as the President said -- start a process of renewal for America."

-- Harold A. Poling, Chairman and CEO,
Ford Motor Co., 2/17/93

"[President Clinton] has put forth a bold and comprehensive plan... At the end of the day, what is most important is that our debate does not result only in more gridlock... As the President has said, no comprehensive plan can please everyone. If this plan is picked apart, there is something in it with the potential of angering each of us. But if it is taken as a whole, it will help us all. We must move forward."

-- Hugh L. McColl, Chairman,
NationsBank Corporation, 2/25/93

"Every indication that I've seen is that he does want to work with business. He has reached out to business leaders, he's reached out to Republican business leaders. And I think that we're going to see that he's going to be not only knowledgeable, willing to talk in depth about ideas and concepts which are quite different from what we've heard from government leaders in the past, but I think he's listening to the private sector."

-- John Sculley, Chairman and CEO,
Apple Computer Co., 2/18/93

"Pediatricians and other child advocates urge Congress quickly to approve the President's budget reconciliation package because it includes important child health provisions. Children should not be held hostage to political infighting... The budget contains essential funding to shore up our childhood immunization program. It is past time that we as a nation accept that immunization of all of our children is a public health responsibility similar to assuring a safe water supply or sanitary sewage disposal. The reconciliation package also contains a much-needed boost for family preservation and foster care programs. These are investments that cannot wait."

-- Dr. James Hughes
American Academy of Pediatrics, 5/18/93

E. LABOR, ENVIRONMENTAL, CONSUMER AND COMMUNITY ORGANIZATIONS THAT SUPPORT THE CLINTON PLAN

On May 25, 1993 ninety industry, labor, community, and education groups representing millions of Americans wrote to Members of Congress in support of the reconciliation bill. They said: "We support President Clinton's objectives of creating new jobs, encouraging growth and investment and reducing the deficit." Among the organizations were:

American Federation of State, County, and Municipal Employees
American Education Association
American Planning Association
Communications Workers of America
Consumer Federation of America
Council for Rural Housing and Development
Council on Research and Technology
Families USA
International Ladies' Garment Workers Union
National Apartment Association
National Council of La Raza
National Council of Senior Citizens
National Education Association
National Urban League
United Auto Workers
United Methodist Church, General Board of Church and Society
YWCA of the USA

Numerous environmental groups have come out in support of the Economic Plan, including the Defenders of Wildlife, Environmental Action, the Natural Resources Defense Council, Friends of the Earth, National Consumers League, the League of Conservation Voters, the National Audubon Society, and the National Wildlife Federation.

F. STATEMENTS BY INDIVIDUAL COMMUNITY, LABOR AND ENVIRONMENTAL LEADERS

"Unlike the budget exercises of the past twelve years, [President Clinton's economic plan] is constructed on hard numbers and on reasonable projections on which the majority of economists agree. It takes a hard cut at deficit reduction without going so far in that direction as to kill the economy and destroy jobs. .. This is probably the first budget in history built to support policies designed to make America a world-class competitor in a new industrial world. The emphasis on jobs, on training, on infrastructure, on the conversion of defense facilities to new uses and conversion of defense workers to new skills, is this country's first serious attempt to maintaining employment while turning the nations's industries to new tasks and new purposes.... The Clinton economic plan is sound. For us the issue is a sound economy in which there is substantial job growth and the enlarged investment in people. The Clinton plan meets those tests."

-- Tom Donahue, Secretary-Treasurer
AFL-CIO, 5/18/93

"We cannot afford the partisan debates. We need action now to stop the gridlock... We need expenditures on this nation's most valuable resource: it's people. We need childhood immunization, family preservation, economic development, reduction of hunger, assistance to the poor through the expanded earned income tax credit proposal. We need jobs for our people. And most of all, we need hope. The plan is not a perfect plan, but it takes a giant step forward in bringing this nation back to where it ought to be: our of its four trillion dollar deficit."

-- Maudine Cooper, CEO
Washington Urban League, 5/18/93

"Our members understand that President Clinton's plan is fair, balanced, and progressive, a sincere attempt to reverse those twelve long years of trickle-down economic policy that has left the economy weaker and moved higher-paying jobs overseas and increased the national debt from one trillion to four trillion dollars."

-- Bob Brandon, Vice President
Citizen Action, 5/18/93

"There are three things -- three words -- that can be said about this program: it's about time. the Clinton Administration's economic program seeks to put our economy back on track in ways that improve, not degrade, the environment. The proposed energy tax is a major step in the right direction. Wasteful energy use is bad for our country -- on environmental, balance-of-payments, national security, and economic competitiveness grounds... NRDC and other environmental groups strongly support the President's program. We share the view of the President and of Vice President Gore that our economic and environmental goals can and should support each other...The lobbyists who told us that we had to choose between dirty air and corporate layoffs, and then gave us both, will continue to fight the President's program. A dozen years of gridlock are more than enough. Congress needs to pass this program, and pass it now."

-- David Hawkins,
Natural Resources Defense Council, 5/18/93