

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the William J. Clinton
Presidential Library Staff.**

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Public Liaison

Series/Staff Member: Alexis Herman

Subseries:

OA/ID Number: 2650

FolderID:

Folder Title:

Economic and Business Volume I [binder] [2]

Stack:

S

Row:

29

Section:

4

Shelf:

6

Position:

3

**DEPARTMENT OF AGRICULTURE
1994 Budget Passback**

Stimulus (1993):

- o \$4 million in FY 93 BA to add 160 meat and poultry inspectors in the Food Safety and Inspection Service.
- o Includes \$348 million for rural water and wastewater loans and grants.
- o Funds rural very-low income housing repair loans and grants (\$7 million).
- o Includes \$188 million for Forest Service enhanced natural resource protection and environmental infrastructure (including trails).
- o Includes \$47 million for emergency watershed project repair and construction.
- o \$71 million to begin full funding for a Special Supplemental Food Program for Women, Infants, and Children (WIC).
- o \$23 million for the Emergency Food Assistance Program (TEFAP) for commodities to be delivered early in FY 1994. This would ensure a smooth flow of commodities while waiting for FY 1994 funds. FY 1994 funding will maintain approximately the FY 1993 level of commodity deliveries.
- o \$38 million for repair and maintenance activities and hazardous waste clean-up at Agricultural Research Service facilities.
- o \$56 million for the Child and Adult Care Food Program to pay for meals for children added to Head Start as a result of funds provided under the Stimulus package.

Investments (1994-97):

- o Over \$17 billion in total BA FY 1994-1997 is included for Investments above baseline levels, including:
 - oo \$871 million for water and wastewater and grants (FY 1997 outlays = \$176 million, 1994-1997 = \$331 million); part of the rural development initiative.

- oo \$2.4 billion for business and housing loans and grants (FY 1997 outlays = \$454 million, 1994-1997 = \$1,155 million); also part of the rural development initiative.
- oo \$2.7 billion for the Women, Infants, and Children (WIC) program, to begin covering all eligible, so that the President's "full" funding commitment would be met by the end of FY 1996 (FY 1997 outlays = \$1 billion, 1994-1997 = \$2.7 billion).
- oo \$9 billion in Food Stamp increases to help offset the effects of the energy tax on low-income households. (\$1 billion in FY 1994, \$2 billion in FY 1995, and \$3 billion per year after FY 1995).
- oo \$565 million for Forest Service enhanced natural resource protection and environmental infrastructure (FY 1997 outlays = \$168 million, 1994-1997 = \$506 million).
- oo \$120 million in funding for a Food Safety Initiative to hire additional meat and poultry inspectors (+200 FTEs) and perform interagency research to reduce the level of food-borne pathogens (FY 1997 outlays = \$34 million, 1994-1997 = \$111 million).
- oo \$287 million for Forestry Research to improve domestic ecosystem management, and \$180 million for Forests for the Future international forestry assistance (combined FY 1997 outlays = \$155 million, 1994-1997 = \$431 million).
- oo \$263 million for a Tree Planting Initiative, to increase tree planting in both rural and urban areas (FY 1997 outlays = \$76 million, 1994-1997 = \$246 million).
- oo \$480 million for the National Research Initiative Competitive Grants Program to support high priority agricultural, food, and environmental research (FY 1997 outlays = \$110 million, 1994-1997 = \$188 million).
- oo \$1.2 billion for the Child and Adult Care Food Program to pay for meals for children added to Head Start as a result of funds provided under the Investment package. (FY 1997 outlays = \$.3 billion, FY 1994-1997 outlays = \$.8 billion).

Proposed Discretionary Reductions (savings in outlays)

- o To fulfill the President's goal to downsize the Federal Government, a **Farm Service Agency** would be created from current USDA agencies serving farmers at the county level. The proposal would improve service for farmers while reducing staff needs at the USDA National, State and local levels (Savings in FY 1997 = \$307 million, 1994-1997 = \$730 million).
- o REA loans would be made at Treasury rates while preserving \$25 million in five-percent loans each year for "needy" electric borrowers (Savings in FY 1997 = \$150 million, 1994-1997 = \$374 million).
- o Phase out **below-cost timber sales** over four years (Savings in FY 1997 = \$86 million, 1994-1997 = \$274 million).
- o Increase **meat and poultry inspection fees** to cover all overtime work (Savings in FY 1997 = \$104 million, 1994-1997 = \$416 million).
- o Reduce **lower-priority, earmarked agricultural research and facility construction** (Savings in FY 1997 = \$112 million, 1994-1997 = \$262 million).
- o **Specific agriculture user fees** would be increased to cover the full cost to the Government of providing commodity grading, over-time inspection, and other services. (Affects Agricultural Marketing Service, Federal Grain Inspection Service, and the Agricultural Cooperative Service) (Savings in FY 1997 = \$16 million, 1994-1997 = \$59 million).
- o **Foreign Agricultural Service (FAS)** lower-priority programs would be reduced with remaining funds targeted to those agriculture sectors that most need Federal assistance in order to enhance U.S. agricultural exports (Savings in FY 1997 = \$10 million, 1994-1997 = \$40 million).
- o **Streamline the Economic Research Service (ERS)**, reducing lower-priority economic research (Savings in FY 1997 = \$17 million, 1994-1997 = \$61 million).
- o **FmHA direct farm loans** would be cut by 25 percent and subsidized guarantees would be increased by an equal amount; subsidized guarantees would be targeted to beginning

farmers as authorized by the 1992 Farm Credit Improvement Act (Savings in FY 1997 = \$10 million, 1994-1997 = \$31 million).

- o **Streamlining** savings represent a freeze level for non-salaries and expenses accounts not affected by other proposals, and selected reductions in lower-priority programs (savings in FY 1997 = \$76 million, 1994-1997 = \$227 million).
- o **Technical adjustments** and miscellaneous changes, such as FTS 2000 price savings, and the removal of one-time disaster assistance from the baseline (Savings in FY 1997 = \$12 million, FY 1994-1997 = \$47 million).

Proposed Entitlement Savings (savings in outlays)

- o **Commodity Credit Corporation farm payments (CCC)** would be better directed to family-sized farmers. Farm payment recipients would be limited to those making less than \$100,000 in off-farm income (Savings in FY 1997 = \$140 million, 1994-1997 = \$470 million). Also, wool and mohair direct support payments would be limited to \$50,000 per person (Savings in FY 1997 = \$66 million, 1994-1997 = \$212 million).
- o **Reforms contained in the 1990 Farm Bill** would be extended starting in FY 1996: "triple base" acres would be increased from 15 to 25 percent, with corresponding increases in fees on "non-program" crops, and the 0/92 and 50/92 programs would be eliminated. Also, eliminate honey program subsidies in FY 1994. (Savings in FY 1997 = \$1.8 billion, 1994-1997 = \$2.9 billion).
- o **Reform crop insurance** by basing indemnities on area (county) yield, rather than on individual farm experience (combined mandatory and discretionary savings in FY 1997 = \$426 million, 1994-1997 = \$1.3 billion). Also, annual commodity disaster payments would be reduced by increasing the loss threshold from 35 to 40 percent and funded on a mandatory basis through a Presidential declaration of an emergency.
- o **Phase in increased grazing fees** over four years to approximate fair market value (Savings in FY 1997 = \$13 million, 1994-1997 = \$28 million). Secretary would be given flexibility to negotiate higher fees consistent with these savings targets.

- o **Increase recreation fees;** would increase existing fees and add entrance fees at specific national forest recreation areas (Savings in FY 1997 = \$13 million, 1994-1997 = \$46 million); no increase greater than \$3 per site or activity.
- o **Reduce Food Stamp administrative expenses.** Beginning April 1, 1994, match all State administrative expenses at 50 percent. AFDC and Medicaid matching rates will also be set at 50 percent.
- o **Market Promotion Program (MPP)** would have its current appropriation level of \$148 million extended permanently (Savings in FY 1997 = \$52 million, 1994-1997 = \$208 million).

Across-the-Board Reductions (savings in outlays)

- o **Pay adjustment** -\$124 million BA in FY 94; due to Government-wide changes in pay.
- o **FTE reduction** -\$10 million BA in FY 1994; FY 1994 FTE level of 109,669; -2,812 (-2.5%) from FY 1993; pursuant to the Executive Order. (Most of the savings from FTE reductions were assumed in the Farm Service Agency proposal)
- o **Other administrative efficiencies** -\$66 million BA in FY 1994; -3% pursuant to the Executive Order.
- o **Limits on R&D Grant Overhead** -\$16 million BA in FY 1994.

February 16, 1993

DEPARTMENT OF COMMERCE
1994 Budget Passback

Stimulus (1993)

- EDA. An increase of \$94M targeted to assist economically distressed communities.
- NOAA. An increase of \$81M will support weather service modernization and procurement of computers and other equipment to enhance program-related research efforts.
- NIST. An increased of \$117M is proposed for NIST programs -- \$103M for the advanced technology program and \$14M for networking and computer applications.
- NTIA/Information Highways. To promote faster introduction and expansion of networks between universities, businesses, schools and libraries, \$64M in new grant funds is proposed. A new program.
- MBDA. To meet anticipated 1993 budget shortfall, an increase of \$1.9M is provided.

Investments (1994-97)

- Weather Service Modernization. Provides funds in 1994 (+\$155M over baseline) to finance the multi-year capital modernization program. Most increases are for weather satellites and improved weather detection technologies (e.g. doppler radars).
- National Institute of Standards and Technology (NIST). Grows from 1993 enacted of \$381M to \$1,369M by 1997. Increase over 1994 baseline is \$181M and over 1997 baseline is \$931M.
 - oo Advanced Technology Program grants: Program expands from \$68M in 1993 (enacted) to \$758M by 1997.
 - oo Manufacturing Extension grants: increased to support over 100 manufacturing outreach and technology centers nationwide by 1997. Program expands from \$19M in 1993 (enacted) to \$92M by 1997.
 - oo In-house research in NIST labs doubled over five-year period.
- Economic Development Administration. \$33M will be available in 1994 and \$55M will be available annually 1995 through 1998 as a part of the Defense conversion initiative.

- NTIA/Information Highways. Provides \$54M in 1994 (baseline is zero) and \$150M annually in 1995-1997 to expand the number of networks between universities, businesses, schools and libraries.
- FCCSET Initiatives. Additional funds may be provided in a separate passback.

Non-Defense Discretionary Reductions

- Bureau of Export Administration (BXA). Reduce 1994 BXA funding \$6M below baseline consistent with recent reductions in license applications. Stress bilateral/multi-lateral agreements to control technology exports to unstable countries.
- NOAA. Eliminate \$65M in 1994 spending for low priority programs, projects, and demonstrations, usually those earmarked by Congress.
- EDA - Trade Adjustment Assistance. Eliminate trade adjustment assistance to firms (-\$13M below 1994 baseline). Secretary Brown mentioned this as a low-priority program.
- Pay Adjustment. No pay raise in 1994 and pay raise reduced by one percent in each year, 1995-1997. Omit locality pay in 1994; implement revised locality pay system beginning in 1995. Savings of \$38 million in 1994 and \$94 million in 1997.
- FTE Reduction. Implement Executive Order on 100,000 FTE reduction. Savings of \$29M in 1994 and \$233M in 1997.
- Other Administrative Efficiencies. Implement Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government. Savings of \$21M in 1994 and \$97M in 1997.

Entitlements

- Auction Spectrum. Support legislation to require the FCC to auction radio spectrum. This legislation would transfer 200 megahertz from the Federal Government to the FCC for assignment using auction. Need to work ASAP with Dingell to ensure that auction proposal is not foreclosed by fast-moving House legislation.
- Patent and Trademark Office. Extend existing (OBRA) user fees beyond sunset date of 1995 (or increase other existing patent fees by some amount). Provide for indexing for out-years. Yields in excess of \$110M annually starting in 1996.

February 16, 1993

National Defense Talking Points

Post-Cold War military forces will be shaped for new requirements and highly ready:

- 1.4 million men and women on active duty,
- capable forward presence of roughly 100,000 troops in Europe, and
- force readiness will be maintained at high levels.

Hardware programs:

- major weapons systems will be assessed as the entire Defense program is reviewed this Spring,
- systems will continue our technological superiority,
- airlift and sealift adequate for new challenges,
- funding for SDI will be reduced, pending a strategic review, and
- science and technology programs remain a high priority.

National Defense Program will be affordable:

- planned national defense funding over next 4 years fulfills the promise of an additional \$60 billion in program savings,
- program savings combined with government-wide pay and benefit changes and additional reductions to offset projected under-funding result in total outlay savings of \$37 billion in 1997.

Defense planning will deal with new fiscal and management challenges.

- Most recent 5-year budget plan of the previous administration may have:

- oo understated costs of forces and hardware, and
- oo overstated the savings from planned Defense Management Reforms and overhead consolidations.
- Liabilities, such as for environmental clean-up, may be greater than previously anticipated.
- A task force is reviewing these funding and management issues.

Department of Energy Defense Programs

- 3% real increase (after inflation) per year for environmental clean-up, and
- no nuclear weapons production and only 15 tests of weapons through 1996.

To ameliorate the economic effects of reductions, the plan includes new initiatives for defense conversion.

- continued funding for the Department of Defense for dual-use technology and manufacturing programs,
- additional funding for DOD's Office of Economic Adjustment and for the Economic Development Administration in the Department of Commerce for community diversification programs,
- about \$9 billion in 1994-97 in investment initiatives of the Departments of Energy, Transportation and Commerce and NASA for technology programs and high technology product acquisition, creating "market pull" for defense industries and their workforce,
- \$5.4 billion in 1994-97 to the Department of Labor for dislocated worker training, and
- funding for the Department of Energy for training, employee assistance, and community assistance programs.

**EDUCATION DEPARTMENT
1994 Budget Passback**

Stimulus (1993)

- o Chapter 1 Summer Programs. \$500M for FY 1993 only. (No change from prior passback.) Appropriation language proposed so that at least 80% of the money is spent at the local level by Sept. 30, 1993.
- o Chapter 1 Census Offset. \$235M for 1993 only. Added since prior passback phone call. Provides partial offset for loss of funds in some areas due to shift from 1980 to 1990 Census data for fund allocations.
- o Pell shortfall: 1993-1994 and prior years. No change from prior passback. \$2.024B: \$1.371B for old shortfalls; \$.653B for 1993-1994. Fully funds current shortfall estimates through 1993-1994 school years.

Investments (1994-1997)

- o Apprenticeship. No change in 1997: outlays of \$495M. 1994 BA reduced from \$450M to \$270M since prior passback call. Labor and ED are collaborating on policy.
- o Allowance for Reform and Initiatives. No change in 1997: outlays of \$2.7B. 1994 BA reduced from \$1.45B to \$870M since prior passback. The allowance is for:
 - Elementary and secondary: "Safe Schools"; Systemic School Reform; reauthorization of Elementary and Secondary Education Act; other programs.
 - Postsecondary: Pell grants and other higher education programs.

Non-Defense Discretionary Reductions. No change from prior passback.

- o Reform Campus-based Aid. Reduce BA for supplemental grants, loan capital, work-study \$200M below 1993; freeze remaining \$1.2B in outyears; give schools flexibility to shift funds among activities. Outlay savings: \$275M in 1997.
- o Phase-out Impact Aid "b". Three year phase-out of Impact Aid "b" payments to school districts. No cuts in the much larger "a" payments. Outlay savings: \$145M in 1997.

- o "Streamlining": Eliminate, restructure or reduce other programs. 1997 outlay savings: \$620M, derived as follows (Secretary has discretion on how to achieve):
 - Eliminate consumer/homemaking. 1997 outlay saving: \$37M.
 - Reduce outlays one-third for 60 programs with less than \$50 million in 1993 BA. 1997 outlay savings: \$186M.
 - Freeze BA at 1993 level for most other programs. 1997 outlay savings: \$398M.

Entitlements. No change from prior passback.

- o Direct Loans. Legislation to expand and modify Direct Loan pilot with goal of full implementation of Direct loans in 1997. 1997 outlay savings: \$1.3B. Prepare loan repayment options, including repayments adjusted to annual income, to permit more people to take low wage community service jobs.
- o State Default Fee. States to share costs if default rate of students in State's schools exceeds 20 %. States may pass on costs to schools. 1997 outlay savings: \$131M.

Other

- o Across The Board Cuts. 1997 outlay savings: \$71M. Savings from: FTE reductions (-50 in 1993, rising to -198 by 1995); lower administrative expenses; lower research costs per new policy to cut grantee overhead; no 1994 pay raise.
- o Technical increases. Amounts increased over baseline. 1997 outlays: \$135M. 1994 BA increase: \$148M. Provides for: continuing Pell and student loan processing contracts; improvements in accounting systems; continuing planned expansions of statistics programs; National Assessment of Educational Progress, State-based and national assessments.

DEPARTMENT OF ENERGY
1994 Budget Passback

STIMULUS (1993)

- o **Weatherization Grants.** Increase funding by \$47 million to help weatherize homes of lower income households and create jobs quickly.
- o **Federal Energy Efficiency.** Increase funding for DOE in-house energy management and Federal Energy Management Program Activities (by \$13 million in FY93).
- o **DOE Laboratories.** Increase funding for Cooperative Research and Development Agreement (CRADAs) at the National Laboratories by \$47 million in FY93.
- o **Institutional Conservation Program.** Increase funding by \$19 million for model projects demonstrating energy conservation in buildings and industrial processes.
- o **Alternative Fuel Vehicles.** Increase funding by \$28 million for conversion to or acquisition of alternative fuel vehicles for Federal fleet.

INVESTMENT (1994-98)

- o **Funding for Conservation and Renewable Energy.** Propose \$3.5 billion over the FY 1994-98 baseline as part of the investment package, including:
 - \$1.9 billion over 1994-98 for renewable energy and conservation R&D, most of which is intended for implementation of the Energy Policy Act;
 - \$460 million over 1994-98 baseline for low-income weatherization grants; and
 - \$292 million over FY94-FY98 baseline for DOE in-house energy management and Federal Energy Management Program (FEMP) activities, including an efficiency fund that DOE will administer on behalf of a number of smaller agencies.
- o Government-wide, the buildings energy conservation program would increase by \$94 million in FY 1994 and a total of \$1.4 billion over baseline between FY 94-98.

- o Government-wide, the buildings energy conservation program would increase by \$94 million in FY 1994 and a total of \$1.4 billion over baseline between FY 94-98.
- o **Technology Transfer.** Add \$30 million in 1994 for Cooperative Research and Development Agreements at the non-defense laboratories (for a total of \$230 million above the baseline in FY 1994-98).
- o **Other Energy R&D/Technology Increases.** Other technology initiatives above the baseline include increased fusion energy R&D funds, increased gas utilization R&D (\$263 million between 1994 and 1998) and initiation of the Advanced Neutron Source at Oak Ridge (\$1.2 billion between 1994 and 1998).
- o **Environmental Restoration and Waste Management.** The clean-up program would be increased by three percent above baseline.

SAVINGS

- o **Uranium Enrichment.** To pave the way for the creation of the U.S. Enrichment Corporation, one of the enrichment operating plants would be closed (located in Portsmouth, Ohio -- not Paducah, KY). Produces savings of 241 million in outlays in 1994 and \$1.3 billion between 1994 and 1997.
- o **Nuclear Reactor Research.** Stops nuclear reactor research considered commercially unviable. Produces saving of about \$103 million in outlays in 1994 and \$1 billion between 1994 and 1998.
- o **PMAs.** We are withdrawing our debt payment reform proposal and BPA conservation initiative. We will retain a savings marker of \$300 million BA in the outyears but the nature of the savings proposal is to be worked out with Congress.
- o **Strategic Petroleum Reserve (SPRO).** We are proposing to reduce SPRO acquisitions by one-third. Currently, DOE adds about 20,000 barrels per day. (The 20,000 is acquisition for non-defense purposes; another 15,000 is acquired for defense purposes.) This proposal reduces acquisition to just over 13,000 barrels per day.
- o **SSC Will Continue.** The SSC is funded at \$108 million above the baseline in 1994 (total FY94 funding of BA \$640 million). Baseline funding is assumed in the outyears. The project would be stretched out, adding about 3 years and \$1.8 billion

to the schedule. This stretch-out will provide a breather to review magnets and costs and evaluate current contractor, and fix any problems with cost and schedule controls.

DEFENSE PROGRAMS

- o Total FY 1994 BA for DOE defense activities is \$11.6 billion. Part of this (\$5.5 billion) is for defense-related nuclear waste cleanup, which is funded at 3 percent above the baseline. This will require DOE to renegotiate some environmental compliance agreements it entered into with States and EPA and to undertake some reforms in the way it operates this program.
- o All other defense activities related to weapons production, stockpiling, and testing are \$1 billion below the FY 1993 level (\$6.0 billion). This funding level conforms with prior decisions to stop producing and reduce testing of nuclear weapons.
- o \$100 million (part of the \$11.6 billion above) is to provide assistance to workers and communities who lose jobs because of defense-related cuts for DOE.

OTHER

- o **Streamlining/FTE Cuts.** Other cuts, which affect all Federal agencies, will also be taken in an effort to improve the efficiency and streamline the Department's administrative operations. This includes a reduction in the overhead allowance for grants to universities (from 26 percent to 22 percent).
- o **Alaska Power Sale.** The Administration supports the sale of the Alaska Power Administration to the State and other publicly-owned utilities. No budget effects.
- o **FCCSET.** Federal Coordinating Council for Science, Engineering and Technology R&D initiatives are funded above baseline.

**ENVIRONMENTAL PROTECTION AGENCY
1994 BUDGET PASSBACK**

STIMULUS (1993):

- o **Watershed Resource Restoration Grants** -- provide \$47M in 1993 BA in Sec. 319 non-point source grants pursuant to Administrator Browner's request.
- o **Green Programs** -- provide \$23M in 1993 BA to greatly expand EPA's existing "green programs" to promote energy efficiency and reduce greenhouse gas emissions pursuant to Administrator Browner's request.
- o **Wastewater State Revolving Funds (SRFs)** -- provide \$845M in 1993 BA to virtually complete the \$18B authorization under the Clean Water Act.

INVESTMENT (1994-97):

- o **\$1 Billion per year for Drinking Water State Revolving Funds (SRFs) (\$599M in 1994)** -- establish new drinking water SRFs to help municipalities comply with Safe Drinking Water Act requirements (\$692M in 1997 outlays; \$1,328M in 1994-97 outlays).
- o **\$2 Billion per year for Clean Water State Revolving Funds (\$1,198M in 1994) Emphasizing Stormwater Projects** (\$1,402M in 1997 outlays; \$2,700M in 1994-97 outlays)
- o **Environmental Technology** -- expand environmental technology research by \$36M in FY 1994 BA and \$1.85B over nine years (\$127M in 1997 outlays; \$271M in 1994-97 outlays).
- o **Watershed Resource Restoration and Green Programs** -- investment funding for these items included in the stimulus package would be continued at \$50M and \$25M in BA per year respectively for 1995-97 (\$30M and \$15M respectively for 1994).

PROPOSED REDUCTIONS: (all Discretionary -- EPA has only minor Mandatory spending)

- o **Completion of Wastewater Construction Grants** -- provide wastewater funding under current authorization (\$150M per year) only to support NAFTA (including funding for colonias in Texas, New Mexico, and Arizona). Reduces 1997 outlays by \$1,947M and 1994-97 outlays by \$4,104M.
- o **Increase Private Sector Superfund Financing** -- reduce funding by \$118M in FY 1994 BA for EPA cleanups by increasing private sector cleanup activity through increased enforcement. Reduces 1997 outlays by \$109M and 1994-97 outlays by \$308M.

- o **Eliminate One-Time Building Projects** -- would eliminate from the baseline two one-time building projects added by Congress to EPA's budget in 1993.

CROSSCUTTING REDUCTIONS:

- o **100,000 FTE Reduction Savings** -- \$17M in 1994 BA savings due to 2.5 percent 1994 FTE cut pursuant to Presidential Executive Order. EPA's share of the FTE reduction is 448 FTE in 1994 (-179 FTE in 1993).
- o **Administrative Efficiencies** -- \$8M in 1994 BA savings due to 3 percent 1994 administrative expense cut pursuant to Presidential Executive Order.
- o **Pay Adjustment** -- \$30M in 1994 BA savings due to changes in Federal pay assumptions.
- o **Streamlining Savings** -- \$34M in 1994 BA savings due to elimination of inflation from the baseline for object classes and programs not affected by other changes.
- o **Other Crosscutting Reductions** -- \$3M in 1994 BA savings due government-wide limits on R&D grant overhead and \$1M due to FTS 2000 price reductions.

February 16, 1993

Department of Health and Human Services

HHS-wide Talking Points

To preserve maximum Secretarial flexibility to allocate resources, maintain consistency with Clinton priorities, and achieve deficit reductions levels, the following reductions may be allocated within HHS.

Reduction of 100,000 Federal Positions

- On February 10, 1993, the President issued an Executive Order reducing 100,000 Federal positions over the next three fiscal years. To achieve the President's goal by FY 1996, HHS' contribution is over 1,000 FTE in FY 1993 and over 10,000 FTE over FYs 1993-1996. At least 10 percent of the reductions shall come from the SES, GS-15 and GS-14 levels or equivalent.

Deficit Control and Productivity Improvement in the Administration of the Federal Government

- The President is committed to achieving real reductions in the administrative costs of Federal agencies. To meet this goal by FY 1997, HHS shall reduce its administrative overhead (defined as expenditures for contractual services and supplies) by approximately \$150 million in FY 1994 and approximately \$1.7 billion in FYs 1994-1997.

Streamlining

- To achieve the President's goal of streamlining agency programs, HHS's share of additional administrative reductions is over \$300 million in FY 1994 and over \$3 billion over FYs 1994- 1997.

Stimulus (1993)

- Head Start (Summer). An increase of \$500 million to fund a summer Head Start program to help disadvantaged children retain the social and intellectual gains made during the school year.
- Ryan White Act. An increase of \$200 million to respond to the President's pledge to fully fund the Ryan White Act.
- Immunizations. An increase of \$300 million through the national vaccine program to finance vaccine purchase, certain personnel expenses, vaccine safety and research, the development of a national tracking system, and a community based outreach and information campaign.
- NIH Higher Performance Computing Applications. A \$9 million increase to develop applications of advanced computer and networking technology for health care.
- Social Security Administration. A supplemental in FY 1993 for the Social Security Administration for purchase of computers and other equipment and processing disability determinations -- \$302 million in FY 1993, \$120 million in FY 1994, and \$200 million in succeeding years.

Investment (1994-97)

- No specific amount has been set aside for reforming welfare.
- Head Start (Summer). Continues the summer Head Start program at \$514 million in 1994.
- Head Start Program Growth. As pledged in *Putting People First*, this proposal begins fully funding Head Start. Head Start funding would increase by \$785 million in 1994 and by \$3.1 billion in 1997, and is complemented by Medicaid-related spending for child health and the Child Care feeding program in the Department of Agriculture's Child and Adult Care Food Program.
- Ryan White Act. A \$120 million increase in 1994, with total additional funding of approximately \$1.4 billion for 1993-1997.
- AIDS, Women's Health, Research and Other Public Health Initiatives. Includes an additional \$1,272 million in 1994 for funding HIV/AIDS, women's health, and other priority research efforts; immunizing young children; and promoting public health.
- Low Income Home Energy Assistance. Funds will be sought to alleviate the impact of the energy tax increase on low income households. Added budget authority of \$333 million in FY95, \$667 in FY96, and \$1 billion in FY97 and FY98.
- NIH High Performance Computing Applications. Includes an increase of \$24 million in 1994 to continue the activities begun in 1993 to develop applications of advanced computer and networking technology for health care.
- Substance abuse treatment. A \$90 million increase in 1994 to create treatment capacity where is it needed most and for hard-to-treat populations, especially pregnant women and women with children.
- Social Security Administration. A dedicated automation investment fund to improve service and productivity at the Social Security Administration of about \$1 billion. Spending is estimated at about \$145 million in FY94 and \$245 million in each of the succeeding four years. This is above currently budgeted investment levels.
- Parenting and Family Support. Discretionary funds of \$60 million in FY94 (\$1.1 billion over FY94-97) will be set aside to respond to sensitive, emerging issues in parenting and family support, including activities that would help disadvantaged parents work with their children at home.
- Medicaid and AFDC State Administrative Expenses. Beginning April 1, 1994, match all Medicaid and AFDC State administrative expenses at 50%. Food Stamp match rates would also be set at 50%. Limited hardship waivers will be available.

Technical Adjustments to the Baseline

- NIH Breast Cancer Research. The NIH 1994 baseline continues over \$200 million for the breast cancer research funds that originally appropriated to the Defense Department in 1993. This policy fully funds the out-year costs of these multi-year grants.

Entitlements

- Medicare. Proposed changes have been discussed that would save \$3.0 billion in FY94, \$15.5 billion in FY97, and \$53.9 billion over five years. Final details of the design and pricing of the SMI premium need to be resolved. (NOTE: These details involve savings of about \$1 billion.)
- Medicaid. Proposed changes would save \$225 million in FY94, \$2.1 billion in FY97, and \$8.7 billion over five years. The proposals would permit States to use prescription drug formularies to control growing drug costs, close loopholes that allow individuals to divest assets in order to receive Medicaid-covered long term care, and fix a technical error in OBRA 90 to remove the mandate that States cover personal care services.
- Child Support Enforcement. Expanded child support activities including those in *Putting People First* and many of the Interstate Commission on Child Support recommendations. The proposals are targeted to produce billions of dollars in increased child support collections and medical support. Federal savings are currently estimated at \$27 million in FY94 and \$505 million over FY94-98.
- Social Security Administration. Seek Social Security Act changes that would charge States a small fee for the administration of State supplements to the Supplemental Security Income program. The monthly fee would be \$1.67 per beneficiary in the first year, \$3.33 in the second year, and \$5 in the third year.

Non-Defense Discretionary Reductions

- Health Professions Curriculum Assistance. Reduce funding for health professions curriculum assistance by \$27 million in 1994, recognizing that most health professionals are no longer in short supply. Curriculum assistance grants targeted specifically for primary care, nursing, and disadvantaged assistance would receive funding increases.
- Food and Drug Administration User Fees. Collect \$200 million in 1994 from the drug industry for the value conferred by FDA certification of the safety and effectiveness of drug, medical devices, and other FDA-regulated products.
- Reduce Overhead Rate on University R&D. Adjust the budgets for civilian R&D grant-making agencies to reflect an upper limit on administrative and facilities-related overhead charges, consistent with streamlining overhead in Federal departments and with *Putting People First*. The HHS share will save \$223 million in 1994.

February 16, 1993

TALKING POINTS - INTERNATIONAL AFFAIRS

- Overall international affairs outlays have been reduced by \$1.4 billion in 1994 and \$2.4 billion during 1994-97.
- Within the amounts remaining, programs will be restructured to make funds available for key Clinton Administration foreign policy initiatives.
- Among the initiatives, greatest emphasis has been placed on programs to promote democracy abroad, particularly in the former Soviet Union. Funding for a Radio Free Asia is provided.
- The budget would make the United States current in its legal obligations to multilateral institutions and would meet all known needs for UN peacekeeping operations.
- Other major initiatives supported include non-proliferation activities, population control, the international environment, competitiveness, refugees and humanitarian emergency relief.
- Savings have been taken in traditional security assistance programs, which must be redesigned for the needs of the post-cold war world. Funding for countries involved in the Middle East peace process, mainly Israel and Egypt, will not be cut.
- Funding for Agency for International Development programs, particularly those that may export jobs, has been cut pending reorganization of that agency.
- International radio broadcasting will be streamlined with attendant savings, but Radio and TV Marti broadcasting to Cuba and will be maintained.
- Export financing for capital goods will be held level while the program, is reoriented for greater effectiveness.

February 16, 1993

Presidential Decisions on the FY 1994 Budget

Talking Points -- Secretary Cisneros
Department of Housing and Urban Development

- o **STIMULUS:** President adopted most of the Secretary's stimulus proposals.
- Expand the Community Development Block Grant (CDBG) with \$2.5 billion in 1993 BA and modify to assure faster spending. Modifications include:
 - Remove current restraints on public services spending;
 - Enforce a strict recapture provision on any unspent CDBG stimulus funds after 1994;
 - Provide the HUD Secretary authority to waive statutory or regulatory provisions that impede fast spending.
- Accelerate HOME expenditures. (No new money.)
New regulations and other options to accelerate expenditure of funds will be mutually developed by OMB and HUD staff.
- Accelerate Public Housing Modernization expenditures. (No new money.) Shorten the grant-making process and streamline information requirements. HUD and OMB staff will work out details.
- Add \$423 million for HUD's Supportive Housing program. This expansion of HUD's homeless funding in 1993 is consistent with the Secretary's request in his February 3rd letter to you. The supplemental will include modifications to accelerate current slow spending, and will enforce a strict recapture provision for any stimulus funds unspent after 1994.

- o **INVESTMENT:** President selected several HUD programs for special emphasis in his investment program. He added BA of \$15.3 billion from FY 1994-1998 for HUD investments. (HUD 1997 outlays were increased \$1.4 billion above the OMB baseline to accommodate these additional investments.)
- Increase basic (non-stimulus) Community Development Block Grant (CDBG) program by \$90 million in FY 1994, and \$150 million in FY 1995-1998. (+\$690 million of BA 1994-1998; 1997 outlays of \$4.4 billion are \$137 million above the OMB revised baseline.)
- Increase HUD's Low-Income Housing Preservation and Restoration programs. This increase assures that sufficient funds are available to preserve, rehabilitate, and restore the financial soundness of current low-income rental housing. (+\$4.1 billion of BA 1994-1998);
- Invest to assist more low-income households with housing. Expands two HUD programs: (a) increase rental assistance to 100,000 new housing vouchers in 1998 (from nearly 40,000 in FY 1993; gradual increase each year), and (b) double HOME grants to State and local governments to the full amount authorized (\$2.2 billion in FY 1994; FY 1993 base is \$1.1 billion), and maintain at that level through FY 1998. (+\$6.8 billion in BA in FY 1994-FY 1998).
- Invest more in homeless programs by increasing HUD's Supportive Housing Program by \$180 million in FY 1994 and \$300 million in FY 1995-FY 1998. This provides a more permanent solution to homelessness. (1997 outlays of \$300 million are \$138 million above the OMB revised baseline.)
- Increase public housing operating subsidies. This increase will assure full funding of authorized operating subsidies for public housing units. Also includes reforms to eliminate paying subsidies for vacant units.
- Fund Community Partnership Against Crime initiative. Funding for this new program will allow HUD to work with local public housing authorities in an intense effort to reduce crime in public housing. (\$690 million in BA, FY 1994-FY 1998.

- Increase funding for HOPE for Severely Distressed Public Housing initiative. This proposal increases the funds available for rehabilitating severely dilapidated public housing units from the level of \$300 million in BA provided in FY 1993, to \$483 million in FY 1994, and \$600 million annually in years FY 1995-FY 1998. (\$1.26 billion in BA, FY 1994-FY 1998; \$374 million in outlays, FY 1994-FY 1998)
- Fund HOPE Youthbuild initiative. This proposal provides resources to employ, train, and educate economically disadvantaged young adults in rehabilitating public and other low-income housing. (\$48 million in BA in FY 1994, \$368 million in FY 1994-FY 1998; \$106 million in outlays in FY 1994-FY 1998)

o TAX INITIATIVE FOR HOUSING: As part of his tax package, the President has approved the following tax changes to support housing.

- Extend the Low Income Housing Tax Credit permanently;
- Extend Mortgage Revenue Bonds permanently;
- Propose creation of enterprise zones. Treasury, OMB and HUD staff should work together to develop program details for final proposal similar to that in H.R. 11. President has approved tax expenditures of \$1.2 billion in 1997 for enterprise zones (\$2.4 billion tax expenditures between 1994 and 1997).

o NON-DEFENSE DISCRETIONARY PROGRAM SAVINGS:

To help meet his 1997 deficit reduction target, the President decided to reduce or reform several HUD programs. In addition, the President asks HUD to contribute its share toward government-wide savings initiatives. (Total estimated 1997 outlay savings are \$1.5 billion below the revised OMB baseline.)

- Eliminate funding for Special Purpose Grants. These were added in the 1993 Appropriations process as "pork" items. The unauthorized projects violate the principles of open and fair distribution of HUD resources, which were enacted in the 1989 HUD Reform Act.

- Modify administrative fees for Federally-assisted housing from 7.65 percent of rents to 6.0 percent of rents. HUD fees are paid to local public housing authorities, which administer Federal housing subsidy programs. These fees substantially exceed the costs of the services the local entities perform. According to GAO and HUD studies, this proposal would gradually reduce these fees to a uniform level more consistent with service costs.
- Reallocate new construction funding from Public and Indian Housing and Elderly and Handicapped housing to HOME block grants. This proposal increases flexibility of local communities without diminishing the number of housing units being assisted. Only 70 percent of HUD new construction funds are transferred to HOME because of the state/local match requirement in HOME.
- Reform HUD's preservation program to eliminate excessively costly subsidies paid to private landlords to continue to operate rental units as low-income housing. Limits subsidy to the cost of a housing voucher. Also eliminates homeownership option.
- Government-wide savings. HUD is asked to bear its share of reductions needed to achieve the President's goals of: (1) a reduction of 100,000 FTE in federal civilian employment and (2) an across the board reduction in certain administrative costs.
- Additional savings to streamline government. In addition to the specific discretionary program savings the President has approved, the President asks that you plan to achieve additional savings to meet his objective of streamlining government.

Although these additional savings must be met in the aggregate (1997 outlay savings of \$656 million for HUD), you may reallocate them among your programs to reflect the consolidation and efficiency steps you believe are most appropriate. My OMB staff are prepared to work with your staff to develop the necessary detailed budget allocations by program.

- o ENTITLEMENT SAVINGS: These proposals save \$227 million in BA and outlays for 1997.
 - FHA Insurance Reforms. Reforms will reduce insurance losses by removing legislative and regulatory impediments, and improving management. These reforms will re-establish the FHA insurance programs as effective government financing vehicles.
 - Propose GNMA REMICS (Real Estate Mortgage Investment Conduits). Reduces mortgage costs to borrowers by enabling intermediaries to match investor investment preferences more precisely. The government's charge for guaranteeing REMICS will capture some of the efficiency gain of a REMIC for deficit reduction. The rest will accrue to the homeowner.

February 16, 1993

DEPARTMENT OF THE INTERIOR
FY 1994 BUDGET PASSBACK

STIMULUS:

- o Total BA of \$460M (\$745M requested by Secretary Babbitt), including:
 - Enhanced Natural Resource Protection and Environmental Infrastructure (+\$349M), including the National Parks (+\$230M), Wildlife Refuges (+\$88M), and other Public Lands
 - Bureau of Indian Affairs (BIA) school operations and Economic Development on Indian reservations (+\$88M)
 - Historic Preservation repair and maintenance, National Park Service (+\$23M)

INVESTMENT:

- o Natural Resource Protection and Environmental Infrastructure (+\$160M in FY94 BA) including National Parks, Wildlife Refuges, and Public Lands
- o Bureau of Indian Affairs Dam Safety (+\$18M in FY94 BA)
- o Public land highways and Indian reservation roads (+\$32M in FY94 BA) funded through Department of Transportation's Highway Trust Fund

PROPOSED REDUCTIONS:

Entitlements:

- o Phase in increased Grazing Fees over four years to approximate fair market value (Bureau of Land Management) (-\$22M in FY97 outlays; -\$48M in FY 94-97 outlays); Secretary would be given flexibility to negotiate higher fees consistent with these savings targets.
- o Permanently extend Hardrock Mining Holding Fees; continues proposal similar to FY 1993 enacted (-\$80M in FY97 outlays; -\$320M in FY 94-97 outlays)
- o Institute Hardrock Mining Royalty; based on 12.5 percent of gross production phased in over three years (-\$277M in FY97 outlays; -\$471M in FY 94-97 outlays)
- o Permanently extend 50% Net Receipt Sharing for On-shore Oil, Gas, and Coal Extracted from Federal Lands (not OCS); (-\$45M in FY97 outlays; -\$170M in FY 94-97 outlays).
- o Increase Recreation Fees; would increase existing fees and add new sites at national parks, refuges, and public lands (-\$45M in FY97 outlays; -\$147M in FY 94-97 outlays); except at national park units, no increase greater than \$3 per site or activity.

- o **Implement a Federal irrigation water surcharge** (non-Central Valley Project) (-\$15M in FY97 outlays; -\$45M in FY 94-97 outlays)
- o **Reform Commonwealth of Northern Mariana Islands Funding Agreement** (-\$10M in FY97 outlays; -\$31M in FY 94-97 outlays)

Discretionary:

- o **Reduce construction funding for selected Bureau of Reclamation water projects** (-\$42M in FY97 outlays; -\$163M in FY 94-97 outlays)
- o **Eliminate one-time Interior funding for disaster relief; eliminates FY 1992 contingent supplementals** (-\$68M in FY97 outlays; -\$250M in FY 94-97 outlays)
- o **BIA Enhanced School Operations** (+\$60M BA in FY94, +\$60M in FY 97 outlays; +\$240M in FY 94-97 outlays)
- o **Indian Land and Water Rights Claim Settlements** (+\$200M BA in FY 94, +\$200M in FY 97 outlays; +\$800M in FY 94-97 outlays)

ACROSS-THE-BOARD CUTS PURSUANT TO PRESIDENTIAL DECISIONS:

- o **Pay adjustment** -\$83M BA in FY94; due to Government-wide changes in pay.
- o **FTE reduction** -\$68M BA in FY94; FY94 FTE level of 75,989; -1,948 (-2.5%) from FY 93; pursuant to the Executive Order.
- o **Other administrative efficiencies** -\$40M BA in FY94; -3% pursuant to the Executive Order.
- o **Limits on R&D Grant Overhead** -\$2M BA in FY94.

February 16, 1993

DEPARTMENT OF JUSTICE
1994 Budget Passback

Stimulus. None planned.

Investments/Crime Initiative.

- Community Policing/"Cops on the Beat." \$50M is provided in 1994 (\$300M by 1997) to initiate a program to aid States and localities to enhance their community policing activities. Funds may be used to: recruit and hire new officers; provide special training; or support community programs to reduce crime. Program is consistent with last year's crime bill and "Putting People First."
- Police Corps. \$25M is provided in 1994 (\$150M by 1997) to establish a program that provides scholarships to would-be police officers in exchange for a commitment to service as a State or local police officer. Candidates would receive a yearly stipend for tuition, books, and expenses. Program is consistent with last year's crime bill and "Putting People First."
- Brady Bill/Criminal Records Upgrade. \$25M is provided in 1994 (\$50M in 1995 and beyond) to initiate grants to states to upgrade criminal records infrastructure and to establish a computer interface with the FBI's criminal records databases. Initial year funding will be split between grants to States and FBI startup and operating costs. Thereafter, grants to states will be increased and FBI operations will be funded. Program is consistent with last year's crime bill and recent Presidential support of Brady Bill.
- Detention and Care of Federal Prisoners. \$199M over 1994 baseline (\$274M by 1997) will help the Bureau of Prisons and Marshals to house and feed an increased number of detainees and prisoners and to meet higher room and board and medical costs. Also includes funds to open new prisons.
- All Other Law Enforcement. \$91M over 1994 baseline (\$126M by 1997) is provided principally to INS, and FBI to enable agencies to continue to improve their services. Among the increases are: 1) \$9M for FBI's fingerprint identification improvement project (this would fully fund the Department's request); 2) \$35M for detention/deportation of criminal aliens by INS; 3) \$10M for additional INS inspectors at land border ports of entry; 4) \$8 million for improving INS data and communications

capabilities; 5) \$10M for implementation nationwide of the FBI's program to contract background investigations to former agents; 6) \$11M for rent payments to GSA; and 7) \$8M for the Community Relations Service to process and resettle Haitians and Cubans.

Non-Defense Discretionary Reductions

- **DOJ Program Streamlining.** The grant programs within the Office of Justice Programs (e.g., State and local drug grants) would be funded at 1993 enacted levels (-\$17M from baseline in 1994) and funding for new law enforcement training facilities at Quantico, VA, for DEA would be eliminated (-\$8M from 1994 baseline). The current training capacity at Quantico, coupled with facilities at Treasury's Federal law enforcement training center in Georgia (FLETC), provide sufficient resources to fulfill current Justice law enforcement training needs.
- **Prison Construction.** Limited new future construction is proposed for 1994 and 1995, and no new construction in 1996 and beyond (-\$71M from 1994 baseline). Does not affect all construction projects currently planned and funded. This reduction is in recognition of the fact that there is an unobligated balance in this account of over \$1.6B at the start of 1993 and significant progress has been made in reducing prison overcrowding. Prison overcrowding will be reduced to less than 10% by 1997 with funding already available for new construction. (Prison repair and modernization would be maintained at \$114M in 1994 and adjusted for inflation through 1998.)
- **Pay Adjustment.** No pay raise in 1994 and pay raise reduced by one percent in each year, 1995-1997. Omit locality pay in 1994; implement revised locality pay system beginning in 1995. Savings \$139M in 1994 and \$340M in 1997.
- **FTE Reduction.** Implement Executive Order on 100,000 FTE reduction. Savings \$82M in 1994 and \$703M in 1997.
- **Other Administrative Efficiencies.** Implement Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government. Savings of \$50M in 1994 and \$189M in 1997.

Entitlements. None

Other Items.

- DOJ is requested to examine the feasibility of charging fees for processing various INS forms to offset part of the costs of land border inspection (the potential is about \$7M annually) and to propose extending the land border crossing fee pilot project.
- DOJ is requested not to increase basic rates of pay for lawyers or law enforcement officers.

DEPARTMENT OF LABOR

STIMULUS

- o Emergency Unemployment Compensation: Policy is unchanged: extend the current program of 20/26 additional weeks of benefits through October 2nd. Those receiving benefits when the program ends will receive 15 additional weeks.
 - Estimates include State administration costs.
 - Language has been drafted so extension can be done through authorization or appropriations action.
- o Summer Youth Employment and Training: No change from prior passback. \$1 B is added to existing funds available for the summer of 1993.
- o Community Service Employment for Older Americans: \$32 M add-on would finance 5,300 job slots bringing the total slots up nearly to the 1993 authorized job slot floor of 70,000.
- o Worker Profiling: \$14 M is included for FY 93 for enhanced counseling/labor exchange activity to help identify quickly and provide services to the structurally unemployed to get them back to work.

INVESTMENT

- o Dislocated Worker Assistance: \$40 M reduction in 1997 outlays (now \$1.960 B). In FY 1994, \$1.2 B (an \$800 M reduction from the earlier \$2 B level) is added to the baseline for a new comprehensive worker adjustment program (baseline is \$725 M for Trade Adjustment Assistance and Economic Dislocation and Worker Adjustment Assistance acts). \$2 B is added for FY 1995-98.
- o Summer Youth Employment and Training: No change to 1997 outlays (\$625 M). The investment change reduced the 1994 additional amount from \$625 M to \$375 M (FY 93 stimulus is \$1 B). FY 1995-98 is \$625 M.
- o Community Service Employment for Older Americans: No change in 1997 outlays of \$35 M. The investment change reduced the FY 1994 add-on from \$35 M to \$21 M (FY 93 stimulus is \$32 M). The FY 1995-98 level is \$35 M.

- o Worker Profiling: No change in 1997 (no outlays). An additional \$9 M, the level after the investment change is provided in FY 94.
- o Job Corps:
 - 50/50 Plan: \$41 M drop in 1997 outlays (now \$202 M). Capacity will be increased by 50 centers (from 112 centers to about 162) by about the year 2001. Instead of \$222 M, the program starts at \$133 M in FY 1994 (an amount determined after the investment change); amounts vary in outyears based on DOL planning estimates.
 - Maintenance: \$5 M decrease in 1997 outlays (now \$45 M). \$30 M (as opposed to \$50 M before the 40% change) is provided in FY 1994 and \$50 M each year FY 1995-98 for backlogged maintenance and relocation costs at existing Job Corps centers.
- o Youth Apprenticeship: A \$5 M drop in outlays in 1997 (now \$495 M). (Also being passed back to Education because the Secretaries are collaborating). Instead of starting at \$450 M, FY 1994 will be \$270 M level), rising to \$500 M in 1995-98.
- o One-Stop Shopping: No change to 1997 outlays (\$250 M). \$150 M provided in FY 1994 (as opposed to \$250 M before the ratchet) and \$250 M each year for FY 1995-98 for the Employment Service for a common point of access to information on jobs/job training in communities.
- o Skill Standards: Covered in the allowance for education initiatives. Funds are to establish a national system of voluntary skill standards.
- o Staffing: An additional 365 FTE are added for the approved initiatives. The cost of those staff are to be absorbed in the amounts approved for the initiatives.

ENTITLEMENT SAVINGS: No change from prior passback.

- o None.

DISCRETIONARY SAVINGS: No change from prior passback.

- o **Streamlining:** \$53 M in FY 1994 is included in a lump sum that the Secretary can decide how to allocate.
 - Amount derived by freezing at the FY 1993 appropriated level the Job Training Partnership Act (JTPA) programs for which increases were not requested.

ACROSS-THE-BOARD FTE AND OVERHEAD REDUCTIONS

- o DOL's FTE are reduced by 198 in FY 1993 and by 792 in FY 1995. The overhead cut is about \$10 M in FY 1994 and \$52 M in FY 1997.

NATIONAL AERONAUTICS & SPACE ADMINISTRATION
1994 Budget Passback

February 16, 1993

Stimulus (1993)

- o Networking and Computing Applications. NASA will receive \$5M in 1993 as part of a four-agency effort to accelerate high performance computing applications as proposed in Senator Gore's Information Infrastructure and Technology Act (S.2937). Funding will continue in 1994-1998 as part of the Administration's investment package.

Investments (1994-1997)

- o Crosscutting High Performance Computing. Continues funding in 1994-1998 for the four-agency program to accelerate high performance computing (HPC) applications (\$12M in 1994 growing to \$50M in 1997).
- o Civil Aviation Research. Augments NASA aeronautics research to support the development of technologies for high-speed and subsonic civil aviation (\$57M in 1994 growing to \$247M in 1997).
- o Short-haul Aircraft Research. Augments NASA aeronautics research to support the development of technologies for short-haul aircraft (\$5M in 1994 growing to \$20M in 1997).

Non-Defense Discretionary Savings

- o Redesign Space Station and Add New Technology Investments. Provides \$588M in 1994 and \$643M in 1997.
 - Redesign Space Station. The current Space Station design (\$100 billion future mortgage) is fraught with cost overruns and its capabilities have been dramatically reduced from that promised originally. This proposal would redesign Space Station with a less expensive approach that achieves many of the research goals. This would include the creative use of the Shuttle and increased manned space cooperation with the Russians.
 - New Technology Investments. Provides a broad range of investments in space transportation, space science, space technology, aeronautics, and institutional

technology areas. These investments will help chart a new course for NASA and can provide a more meaningful contribution to the U.S. economy. A major component includes smaller science missions that cost less and provide results sooner.

- o Government-Wide Reductions. Government-wide FTS 2000, FTE, pay, R&D grant overhead, and other administration efficiency savings. This saves \$140M in 1994 growing to \$387M in 1997.

All Other NASA Programs

- o All other programs (like Mission to Planet Earth, Cassini, and the Space Shuttle) are funded at the requested level.

Summary

- o Would like to strengthen NASA by making a valuable investment in new technology, simplify the space station, and place NASA on a steady, sustainable budget growth path.

February 16, 1993

DEPARTMENT OF TRANSPORTATION
FY 1994 BUDGET PASSBACK

Stimulus Spending (1993)

- Highways. Fully fund ISTEA (1993-97), including a \$2,976 million supplemental in 1993.
- Transit. Increase transit program by \$752 million over the baseline for 1993. Of this increase, \$270 million would be earmarked for discretionary program bus and van purchases and the remaining \$482 million would be spent on formula-allocated capital grants.
- Airport Grants. Provide an increase of \$250 million in obligation limitation to fund fully the 1993 authorizations (from \$1,800 million to \$2,050 million).
- Amtrak. Provide increase of \$188 million in 1993 for Amtrak capital projects.

Investment Spending (1994-98)

- Highways. In addition to providing full-funding for ISTEA in 1994-1997, provide additional funds (above ISTEA) for Public Lands Highways and Indian Reservation Roads: +\$36 million in 1994, increasing to +\$240 million by 1997. 2.5 cents of gas tax currently planned for deficit reduction will be diverted to the Highway Account of the Highway Trust Fund starting on October 1, 1995.

Also, increase "smart cars/smart highways" funding by \$70 million in 1994, reaching \$100 million over the baseline by 1997. This increased Intelligent Vehicle Highway System (IVHS) funding is for accelerated operational tests, increased research and development, advanced technology development (e.g., artificial intelligence applications), and acceleration of the National Advanced Driving Simulator and Automated Highway System.
- Transit. Provide increase of \$600 million over the baseline in 1994 and \$1.0 billion in each year from 1995-1998 for formula-allocated capital grant programs.
- Airport Improvement Grants and Air Traffic Control Modernization. The Federal Aviation Administration's (FAA) Airport Improvement Program would be increased by \$30 million in 1994 and \$50 million per year thereafter over the baseline. The air traffic control modernization program would be increased by \$120 million in 1994 and \$200 million per year thereafter over the baseline. This will enable the FAA to continue to address critical equipment deficiencies and prepare for future air

Defense Discretionary Reductions

- Maritime Administration- Ready Reserve Force. Ready Reserve Force funding (function 054) is reduced to \$234 million in 1994 and in 1997. This reduction is below the baseline by \$221 million and \$270 million, respectively, and reflects the overall cut in defense spending.
- Maritime Military Useful Loan Guarantees. This program is zeroed out in all years from 1994 through 1998. Savings of \$54 million in 1994 and \$59 million in 1997.

Entitlements/Revenues

- General Aviation Fees. This will assess the general aviation community for more of the costs they impose on the aviation system. Aircraft registration and renewal fees are proposed to be increased on a graduated basis over four years, reaching \$270 per aircraft by 1997 (yielding \$18 million of fees in 1994 and \$58 million in 1997 fees.)

traffic growth.

- Maglev/High-Speed Rail. Release ISTEA contract authority in 1994-1997 (+60 million in 1994, +\$175 million in 1997) and provide an additional \$575M in budget authority in 1994-1998 (\$75 million in 1994, \$125 million in 1997). These funds may be spent either on high-speed rail or maglev, whichever the Secretary finds to be superior. This requires a legislative change regarding ISTEA funding.
- Alcohol Safety and Other DOT Capital. Increase funding by \$67 million over the baseline in 1994 and \$100 million in 1995-98 to reduce alcohol-related traffic accidents, increase the use of safety belts and motorcycle helmets, and improve oil pollution abatement capability by replacing outdated equipment.

Non-Defense Discretionary Reductions

- Transportation Lower Priority Programs. Reduce funding for lower priority programs and projects totaling \$361 million in 1994, going to \$389 million in 1997. As one among several examples of possible reductions are highway demonstration projects.
- Airport Operations. FAA Operations would be reduced by \$62 million per year below the baseline to reflect the FAA's transition from a period of expanding its workforce due to rapid air travel growth to a period of slower growth and stable workforce.
- DOT Streamlining. Several DOT grant and contract programs are frozen at 1993 enacted levels (e.g., a portion of FAA research and development, motor carrier safety, and several small, outmoded railroad grant programs are terminated). Savings of \$23 million in 1994 and \$46 million in 1997.
- Civilian Pay Adjustment. No pay raise in 1994 and pay raise reduced by one percent in each year 1995-97. Omit locality pay in 1994; implement revised locality pay system beginning in 1995. Savings of \$128 million in 1994 and \$313 million in 1997.
- Military (Coast Guard) Pay Adjustment. No pay raise in 1994 and pay raise reduced by one percent in each year 1995-97. Savings of \$37 million in 1994 and \$90 million in 1997.
- FTE Reduction. Implement Executive Order on 100,000 FTE reduction. Savings of \$67 million in 1994 and \$131 million in 1997.
- Other Administrative Efficiencies. Implement Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government and realize savings in FTS 2000 contract costs. Savings of \$32 million in 1994 and \$151 million in 1997.

DEPARTMENT OF THE TREASURY

Talking Points for Passback

Stimulus

Internal Revenue Service -- Tax System Modernization (TSM) Acceleration: The President has approved an additional \$148 million in FY 1993 to accelerate the IRS's TSM projects and other ADP equipment replacement schedules. TSM is an ongoing, \$8 billion, decade-long (FY1990 - FY2001) effort to modernize the IRS.

Investment

Internal Revenue Service -- Tax System Modernization (TSM) Increase (1997 outlays plus \$696 million above baseline): The Budget will provide funding of \$2.1 billion above the baseline during the FY 1994 - FY 1997 period; \$98 million in FY 1994, increasing to \$731 million in FY 1997 for IRS Tax System Modernization (TSM) projects.

Over the long term, TSM will modernize IRS functions, allowing the IRS to move from an antiquated and disjointed computer system to an up-to-date, automated approach to processing taxes. TSM will enable IRS to reduce the risks and costs associated with maintaining its current systems. It will deliver productivity savings, reduce burden placed on public, and support improved compliance efforts.

Community Development Banks (1997 outlays plus \$110 million above baseline): The Administration will propose funds for community development banks to provide loans in distressed communities where capital sources are limited and discrimination in lending may be prevalent. This program has been placed in Treasury, although the final determination has not been made regarding which agency should have authority for the program. Assumes funding of \$60 million in FY 1994, increasing to \$111 million in FY 1997. OMB and Treasury staff need to work out details.

Non-Defense Discretionary Savings

Bureau of Alcohol, Tobacco and Firearms (BATF) -- User Fees: Alcohol label processing and laboratory analysis fees, producing an estimated \$5 million annually will be proposed to cover the costs of these BATF activities.

Government-wide Savings: The President expects the Treasury to bear its share of the savings necessary to achieve his objectives for (1) reducing Federal civilian employment by 100,000 FTE and (2) cutting administrative expenses.

Additional Savings from Streamlining Government (1997 outlay reductions of \$68 million from revised OMB baseline): In addition to the previously described specific changes to your programs the President has approved, the President asks that you plan to achieve additional savings to meet his objectives for streamlining government. Although these additional savings must be met in the aggregate, you may reallocate them among your programs to reflect the consolidation and efficiency steps you believe are most appropriate. My OMB staff are prepared to work closely with your staff to develop the necessary detailed budget allocations by program.

Technical Adjustments to Non-Defense Discretionary Savings

Internal Revenue Service -- Revenue Initiative: The President has approved an additional \$150 million and 2,000 FTE (3,200 positions) to raise revenues through additional audits and collections of tax debts. This will allow IRS to pursue, among other issues, non-compliance by foreign-controlled corporations. OMB, Treasury and IRS staff should work together to develop an initiative package so that the highest feasible yields from this investment are realized.

Entitlement Savings

United States Customs Service -- Merchandise/Passenger Processing Fees Extension: The Merchandise and Passenger Processing Fees due to expire in FY 1995 will be extended through FY 1998. The extension of these fees collected by Customs to cover some of the costs associated with processing passengers and merchandise are expected to increase revenues by approximately \$550 million per year.

The passenger fee assesses a flat charge on international air and sea passengers arriving in the U.S., and other fees on certain commercial conveyances. The merchandise fee is a capped ad valorem fee assessed on the value of commercial imports at entry.

United States Customs Service -- Overtime Reform: Overtime reform legislation will be proposed to curb current overtime abuses in Customs' Inspector overtime compensation provisions. It will reduce overtime costs by about \$18 million annually. The Passenger Processing Fee, which currently pays for inspector overtime and other processing costs, will also be changed to allow these savings to be realized for deficit reduction.

United States Customs Service -- Enhanced Harbor Maintenance Fee collections: Legislation will also be proposed to provide Customs with \$5 million from the existing Harbor Maintenance Trust Fund for enhanced enforcement of Harbor Maintenance Fee collections. Customs collects these fees for the Army Corps of Engineers subject to appropriation. Currently these fees are used to offset Corps costs of maintaining harbors. The savings resulting from the enhanced enforcement (\$10 million in FY 1994 increasing to \$65 million by FY 1997) will be used to reduce the deficit.

Shorten Maturity of Debt Securities (\$3.9 billion outlay reduction from 1997 baseline): This figure represents an estimate of interest cost savings that might result from a potential shortening of the maturity of securities issued by the Treasury. The Treasury Department is currently conducting a study of the appropriate maturity composition of the Federal debt. Within the next few months, the study will be completed and OMB will be provided with updated estimates of cost savings, consistent with the Treasury's policy conclusions.

Addendum

Multinational Development Banks: Provides all multilateral development bank (MDB) arrearages and all current MDB commitments including the new funding for the World Bank's International Development Association (IDA).

Assess Examination Fees for State-chartered, FDIC-insured Banks: This proposal would eliminate an incentive for banks and thrifts to shift from Federal to State charters in order to avoid OCC and OTS examination fees. FDIC and Fed supervised State-chartered banks would pay the same fees as national banks, but that they also be allowed to take credit for amounts they pay to State regulators.

VETERANS AFFAIRS (VA)

Stimulus (FY93):

- o Facility maintenance backlog: \$235m (v. \$250m before stimulus cut) for non-recurring maintenance and repair projects that can be completed quickly in medical facilities and cemeteries.

Investment:

- o Medical Care -- FY97 outlays are \$800m above baseline. FY94 outlays are \$280m above baseline to help support initiatives such as:
 - compliance with residency workload limits
 - continued implementation of automated drug dispensing
 - activation of new facilities.

Entitlement Savings: No change from prior passback

- o Proposals are largely permanent extensions of laws now in effect:
 - IRS match on income reported by pensioners (OBRA 90) savings begin in FY98.
 - \$90 for pension recipients in Medicaid nursing homes (OBRA 90) savings begin in FY98.
 - \$2 per prescription copayment (OBRA 90) savings begin in FY98.
 - Medical care cost recovery from third parties (OBRA 90) reduces outlays by \$407m in FY97 from the baseline.
 - Housing loan fee of 2% (increase similar to OBRA 90) reduces outlays by \$157m in FY97 from the baseline.

- 2.5% fee and 10% downpayment for second and subsequent use of housing guarantee reduces outlays by \$17m in FY97 from the baseline.
- Resale losses considered in housing program (93 approp) saves \$21m in FY97 from the baseline.
- Restoration of 9:1 contribution ratio in GI bill program reduces outlays by \$98m in FY97 from the baseline.
- Excess funds used to pay administrative costs in insurance programs saves \$31m in FY97 from the baseline.

Discretionary Spending Reductions

o Medical Care:

- Only one savings initiative -- use a prospective payment system to allocate resources; designed to promote better use of resources in the base; savings from the baseline: FY94--\$100m: FY97--\$400m.
- Net result of investment and savings -- In FY97, total outlays are \$277m below the baseline. For 94, the BA mark is \$606m above the 93 enacted level.
- "Comparable \$1b increase" for Medical Care -- The FY93 stimulus (\$220m estimate for Medical Care) and the 94 increase of \$606m total over \$800m above the current FY93 funding level. The pay freeze will save VA \$200m. Therefore, the \$800m is comparable to previous \$1b increases that included pay raises.

o Construction: No Change from prior passback

- Long term: investments to be considered through the Health Task Force.
- Short term: In 97, outlays are \$134m below the baseline. 94 BA level is \$362m, \$131m below the 93 enacted level. Funds to be used in accordance with two broad guidelines:
 - o Projects are to be fully funded so that they do not mortgage the future.

- o Planning process must take into account factors that are critical to stemming VA and national health care costs: health care resources available in the community, veterans' consumption of VA health care, and how the project fits into the VA medical system as a whole.

Across-the-Board Reductions

- o Overhead outlays have been reduced from the baseline by \$14m in FY94 and \$70m in FY97. "Overhead" cost categories that included program activities were exempted from the cut (e.g., contract nursing home care in the medical account).
- o FTE has cut of 2,304 in FY93 and 9,216 in FY97.
 - Impact of across-the-board FTE cut was partially offset by adding staff for Investment and other priorities before the cut was taken.

NATIONAL SCIENCE FOUNDATION
1994 Budget Passback

Stimulus (1993)

- o Research and Development. Attempts to restore NSF's research activities to the requested FY 1993 level. The focus will be on investment in fundamental research, including strategic areas such as understanding the climate system, advanced supercomputers and digital computer networks, biotechnology, materials processing, advanced manufacturing, and math and science education. This proposal includes \$188 million in FY 1993.
- o Network and Computing Applications. To develop applications using advanced computers and communication networks in fields such as health care, education, manufacturing, and access to libraries. This proposal includes \$19 million in FY 1993.

Investments (1994-97)

- o Crosscutting high performance computing. To continue the investment made in the Stimulus package focused on developing applications using advanced computers and communication networks in fields such as health care, education, manufacturing, and access to libraries. This investment includes \$36 million in FY 1994 and \$150 million in FY 1997.
- o Research and Development. Augments NSF's support for competitively awarded scientific and engineering research activities at U.S. universities and colleges, including fundamental research in such areas as understanding the climate system, advanced supercomputers and digital computer networks, biotechnology, materials processing, advanced manufacturing, math and science education. This investment grows from \$331 million in FY 1994 to \$1,054 million in FY 1997.

Savings.

- o Government-wide Reductions. Government-wide reductions in pay, FTE, administration efficiency savings, and limits on R&D grant overhead will save \$66 million in FY 1994 and \$79 million in FY 1997.

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

ECONOMIC / HEALTH

Divider Title: _____

1

To: Ms. Alexis Herman
From: Paul Jackson
Date: February 12, 1993
Re: A Joint Strategy for Health Reform and Economic Reform

Following is the strategy paper, as promised. Please read at your earliest opportunity and instruct me as to where we should go with this.

Premise

Health care and employment are rights which impact not only on the individual, but on the society as a whole, much in the way that national defense does. Overwhelmingly, there are opportunities throughout our society for profit and capital investment. It is a primary and intricate feature of this country that is significantly responsible for the fact that we have one great nation and the former Soviet Union now lies in splinters. There are some areas, however, where there is a strong government role and where the U.S. government does an excellent job. It runs by far the strongest, most versatile and responsive military in the history of the world. It runs social security at a surplus. It could develop and fund the best health care delivery and prevention system to be found anywhere.

There are a number of proposals currently under examination which are designed to strengthen our present system, such as market reform and planned competition. And like the Diagnostic Related Groups (DRG) plan of the early 1980's, the Hospital Containment Act of 1976 and the Price Controls under the Economic Stabilization Program instituted in 1972, there will be some cost savings. But when the last dollar of savings has been wrung out of these reforms, the insurance industry will adjust and pursue ways to hold the line on its profit margin because, by definition, it is in business to stay in business which understandably means it must make profit.

With managed care and market reforms, we are still left with insurers as well as providers needing to make cash out of the same cow. In the final analysis, the profit motive will have to be removed from health care insurance because we simply will not be able to afford it. And aside from occasional new technologies, the money put into mostly curative medicine does not generate new sources of revenue the way the production of a new generation of automobiles or computer chips will. It is not a constructive use of investment capital, as exemplified by the fact that in this country the average age of a hospital's buildings is only 71/2 years, meaning money has to be constantly borrowed to finance new plant. A single or dominant payer has an excellent opportunity to exercise much better, direct control over these kinds of costs.

Overview

Health care in the United States as we have it today is a serious drag on our economy and a threat to this nation as we know it and want it to be. Almost no one and no sector is satisfied with the state of the nation's health care system; neither business, consumers, or providers. Premiums, copayments and selective coverage policies on the part of third party payers have reached a point where they are affecting business decisions and care is currently being rationed according to ability to pay. Hospitals are often in serious decline, under or overutilized, and loaded with expensive, frequently duplicative medical equipment. Given the experience of other industrialized countries who excel in healthfulness relative to the U.S. according to most health indices; notably, the infant mortality rate, a much lower utilization rate of complex medical equipment and procedures does not negatively impact health status.

The unique political feature of health care is that when there is an absence of problems, people take it for granted and do not notice, but when one can not receive the care one needs, it is an emotionally charged issues. The team that reverses the decline in our system will be rightfully remembered for outstanding leadership.

Continuing concerns in health care are as follows:

cost (An index that has sustained itself at about twice the rate of inflation for close to three decades, compounded on a huge base that will make health care the most expensive single part of the U.S. economy by the turn of the century);

curative rather than prevention-based approaches to health;

access and the continued rationing of health care based on ability to pay;

skewed distribution of health professionals - referring to geographic and specialty distribution.

Continuing concerns centered on the economy are as follows:

a huge and growing national debt whose interest alone consumes a significant amount of available capital needed for many areas including health care reform;

slow recovery;

unacceptably high rates of unemployment;

insufficient research and development;

insufficient capital to fund new American technologies now being taken up and over by other nations and resold to us;

institutionalized trade deficit;

insufficient and deteriorating infrastructure;

an inadequately trained work force;

losses of productivity and creativity due to avoidable morbidity and mortality.

Solution

A situation of this magnitude and with so many potentially devastating implications will necessarily beg for unprecedented solutions, and a war mentality that will mobilize the country to take whatever bold and decisive steps are necessary. I am putting forward the following suggested steps with the understanding that their implementation will require decisive leadership and a willingness to venture into uncharted waters. These steps are as follows:

1) Seduce the insurance business out of insurance and into the financing of infrastructure and high technology. This would be accomplished through aggressive, generous tax incentives and a government/business partnership that will result in a massive restructuring of capital formation and the reconfiguration of a major, successful industry; i.e., the insurance industry. This partnership would include technical assistance and other in-kind contributions;

2) institution of a single payer and delivery system - the government.

Justification

There are business opportunities in this country that are begging for capital, innovative leadership, and successful business acumen, specifically, as follows:

1) infrastructure

2) high-technology development such as advanced computer disks, information and transportation systems; e.g. high speed and commuter rail to alleviate traffic to our airports, the next generation of automobiles, reusable energy sources, etc.

America has been a leader in many industries but finds many of its new technologies slipping away because we do not have the

money to develop products. We, in turn, become more of a consumer/debt bearing nation as we borrow money to import those products whose technologies were developed here at home. We are becoming, in some economic respects, a technologically advanced third world country. We export raw products (technology), which are developed and manufactured abroad, and resold to us, adding to our trade deficit - and to debt, as we borrow to purchase these products.

Consistency With the President's Health Care Reform Initiative

The fact that the President has commissioned the extensive and exhaustive study of all options by the Health Care Work Group indicates a commitment to making whatever choices are necessary to improve quality and access while containing costs in the health care system. The Work Group should not be studying ways to implement a predetermined strategy, but carry out the most thorough and open minded study to present the President with the full spectrum of options and rationales so that he and other decision makers can make the best, most well informed policy and legislative decisions.

The system as described here, after it is carefully and fully analyzed could prove to be the most desirable and workable of the options, or elements of it may be incorporated into other options, or it could be where we want to ultimately end up at after incremental implementation of other short and/or medium term options.

But such a major departure from the present system must be taken seriously, as must all others so that we and the President will have a full range of choices which, given the seriousness and complexity of the situation is most crucial.

Implications

Provided we present this program properly to represent its true win/win nature we would accomplish the following:

- 1) a reputation as a skillful activistic administration which can take control and truly proactively get the job done;
- 2) develop the finest system of health care in the world which is both humanly conscionable and cost effective. This in turn will give us a healthier, more alert, energetic and positive work force, and brighter young people who can be more excited about school and learn and retain more;
- 3) generate high quality employment opportunities and new revenue sources to reduce and eventually eliminate our trade deficit and lend meaning and dignity to people's lives, including many who are currently the recipients of public assistance. Such self-

respect, from a public health stand-point is absolutely essential in addressing some of our most costly, critical - and avoidable health problems; namely, controlled substance abuse and violence.

A new public sector health care payer system would also allow us to manage and shift resources to the cost-effective and humane side of prevention which is not presently being properly addressed, in part, because of the poor profit incentive inherent in prevention, as opposed to curative care such as surgery. Medicine impacts only marginally on one's health status compared to prevention concerns such as diet, exercise, economic and educational status, behavioral change, and emotional state, all of which can be addressed through health education, promotion and disease prevention.

Possible opposition

o The insurance industry which will likely have suspicions - some of them justified, about the feasibility and profitability of such an extreme restructuring. The cooperation of this industry is crucial. It must be well defined through economists what is the highest possible threshold the industry could be offered in terms of tax and other incentives to get them to disinvest in health care for profit and venture into new areas, and support us in this restructuring. The concept is not nearly as extreme on second viewing.

Much of the wealth insurance companies have accumulated already is from other ventures such as real estate and venture capital investment. Additionally, market conditions have begun to shift radically against this industry. Rising premiums and costs have priced many people out of the market (the uninsured and underinsured), and costs such as hospitalization and pharmaceuticals are now going through the roof, cutting into profit margins because we have begun to reach a pain threshold through which individuals and businesses can no longer absorb "pass-along" charge increases.

o Physicians and institutional providers concerned about quality of care, control, the physician-patient relationship and fees. We need to approach younger, less paid Doctors and institutional providers to convince them that this is the best way to preserve Medicine. They and the insurance industry can help isolate the more recalcitrant factions of the medical community.

Possible Support

The support for this approach should be broad-based, including labor - organized and otherwise, anyone afraid of economic disaster as the result of catastrophic and even modest encounters with the health care system, consumers and advocacy groups,

clergy, and many providers, particularly in long term care, substance abuse and mental health.

Implementation Strategy

A short-term, goal-oriented focus group of leading economists within the government will meet to decide the feasibility of such an effort as described here. The group would be composed of the Council of economic advisers and the chief economists from Labor, Commerce, Health and Human Services (the Health Care Finance Administration), Treasury and the Internal Revenue Service, and providers such as the Veteran's Administration. The purpose of this group ("Rebuild America") will be to develop, within a period of 6 weeks, an opinion on the feasibility of this bold, revolutionary approach needed to address problems that carry devastating implications. Its opinion needs to be in place by the end of the administration's first 100 days so that the president can announce the broad outline and the fact that he has already begun to meet with industry leaders in this area.

(The study of this approach could also take place within the confines of the Work Group now in place, and might be better placed there, except for the time frame involved.)

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

ENERGY

Divider Title: _____

Gene Binder



THE NATURAL GAS VEHICLE COALITION

*1
2000 prog!
energy*

The Natural Gas Vehicle Coalition Membership List

October 6, 1992

LOCAL DISTRIBUTION COMPANIES (LDCs)

ARKLA, Inc.

Arkansas Louisiana Gas Company

Entex

Minnegasco

Atlanta Gas Light Company

Atmos Energy Corporation

Energas Company

Trans Louisiana Gas Company

Western Kentucky Gas Company

Baltimore Gas & Electric Company

Bay State Gas Company

Boston Gas Company

Brooklyn Union Gas Company

Centra Gas (formerly ICG Utilities - Ontario, Ltd.)

Central Hudson Gas and Electric Company

Cincinnati Gas and Electric Company

City of Long Beach Gas Department

Columbia Gas Distribution Cos.

Consolidated Edison Company of New York, Inc.

Consolidated Natural Gas Co., Inc.

Consumers' Gas Company Ltd.

Consumers Power Company

Dayton Power and Light Co., The

Elizabethtown Gas Company

Equitable Gas Company

Gas Company of New Mexico

Indiana Gas Company
Lone Star Gas Company
Long Island Lighting Company
National Fuel Gas Dist. Corp.
New York State Electric and Gas Corp.
NIPSCO Industries
Norgasco, Inc.
Northern States Power Company
Oklahoma Natural Gas Company
Pacific Gas & Electric Company
Peoples Gas Light and Coke Co., The
Peoples Gas System
Philadelphia Electric Company
Piedmont Natural Gas Company
Public Service Company of Colorado
Public Service Electric & Gas Company
San Diego Gas & Electric Company
Southeastern Michigan Gas Company
Southern California Gas Company
Southern Union Gas
Washington Gas Light Company
Washington Natural Gas Company
Yankee Gas Services Company

GAS PIPELINES

Coastal Corporation
ENRON Corporation
Natural Gas Pipeline Company of America
Panhandle Eastern Corporation
Tenneco Gas
Transco Energy Company
 Texas Gas Transmission
 Transcontinental Gas Pipe Line

GAS PRODUCERS

Amoco Production Co.

Conoco, Inc.

MESA, Inc.

NGV EQUIPMENT SUPPLIERS (Includes vehicle and engine manufacturers, R & D contractors, fleet operators, and all for-profit organizations not included in other membership categories.)

Acurex Corporation
(Environmental Systems Division)

Advanced Gas Systems, Inc.

Advanced Utility Concepts

Algas Carburetion

Alusuisse-Lonza Services, Ltd.

American Gas & Technologies

AMG Energy Inc.

Arial Corporation

Autogas Systems

Automotive Natural Gas, Inc.

Autotronic Controls Corp.

Bacharach, Inc.

Basic Systems, Inc.

Bauer Compressors, Inc.

Baycomp

Beacon Power Systems, Inc.

Blue Bird Corp.

Bothell Bros. Chevrolet

Bowgen Fuel Systems

Brunswick Corporation

Buckley Energy Group

Bus Industries of America, Inc.
(Ontario Bus Industries Inc.)

Cardinal Automotive, Inc.

Central Pump and Tank

Chem-Tech Equipment

Clark Material Handling Co.

Clean Air Partners Inc.

CNG Marketing, Inc.
CNG Services Inc.
Comdyne I, Inc.
Compressed Natural Gas Corp.
Conceptor Industries Inc.
CP Industries, Inc.
Crane Carrier Company
Crescent Gas Corp.
Cryo-Therm, Inc.
DAI Technologies, Inc.
Detroit Diesel Corp.
Disneyland
DVCO (Marcum Natural Gas Services, Inc.)
Eastern States Assoc.
Ecotraffic AB
EDO Canada Ltd.
Essex Fuel Systems, Inc.
FIBA Compressed Gas Equipment
Fisher Controls International, Inc.
Flxible Corporation, The
4E Technologies
Ford Motor Co.
Frank W. Murphy Manufacturing
FuelMaker Corporation
Furon-Synflex Division
Garretson Equipment Co., Inc.
Gasforte - Combustivels E Derivados Ltd.
GassWagen Inc.
Gemini Engine Company
General Motors Corp.
General Pneumatics Corp.
Global Environmental Industries, Inc.
GrimmerSchmidt Corp.
GSM Taxi Ltd.
Hamworthy USA, Inc.
Hatch & Kirk, Inc.

Henderson Engineering
Hercules Engines, Inc.
Hydra Rig, Inc.
IAD West Coast, Inc.
Illinois Industrial Equipment Co.
 Gas Energy Division
IMPCO Technology, Inc.
IMW Compressors
Ingersoll-Rand Company
Kleenair Systems Inc.
Knox-Western
Kraus Alternative Fuels, Inc.
Liquid Carbonic
Louis A. Beecherl, Jr.
Mack Trucks, Inc.
Macro International
Majors Engineering
Mannesmann Stahlflaschen GmbH
MESA Environmental (formerly CleanFuels)
Metropane Great Lakes
Metropane, Inc.
Minnesota Valley Engineering (MVE Cryogenics)
Micro Motion
Modern Engineering Co., Inc. (MECO)
Motorfuelers, Inc.
National Energy Service Company
Natural Fuels Corporation
Natural Gas Transportation Co.
Natural Gas Anadarko Co.
Natural Gas Vehicle Systems Inc.
 (formerly Caithness NCF)
CNG Cylinder Company
 NGV Development Co., Inc.
 NGV Technologies Ctr.
Norris Cylinder Company
Norwalk Company, Inc.
Ohio Transmission and Pump Company
Orchard Engineering

Pardee Advanced Fuels, Inc.
Parker Hannifin Corp.
P.C. McKenzie Co.
Pierre Moulin
Pignone Incorporated
Pneumatic Product Corp.
Pressed Steel Tank Co., Inc.
Pressure Products International
Price Compressor Co.
PRime Communications
Prince Oil Company, Inc.
Rldgmar Oil & Gas Co.
Rix Industries
Ryan-McGinn, Inc.
Schmidt Consulting Services
Sherex Industries Limited
Shoreline Compression, Inc.
Southern Cross Corporation
Staubli Corp.
Steel Cylinder Manufacturing Ltd.
Stewart & Stevenson Power, Inc.
Structural Composites Industries
Sulzer Canada Inc.
Superior Fuels, Inc.
Tecogen
Terry Barr Sales Agency
Thermadyne Industries, Inc.
Thomas Built Buses, Inc.
Thomason & Associates, Inc.
Tren-Fuels – see Transco (Gas Pipelines)
Tri-Fuels, Inc.
Weh GmbH
Williams Detroit Diesel - Allison
Williams Gas Marketing
Wilson Technologies Inc
Xebec Inc.

Zeus Development Corp.

ASSOCIATE MEMBERS (Non-profit organizations, trade associations, and government organizations.)

Aegis Insurance Services, Inc.

Association of Northwest Gas Utilities

ATA Foundation

Australian Gas Association

City of Houston Public Works Dept.

Gas Appliance Manufacturers Association

Greater Cleveland Regional Transit Authority

Hocking College

International Association for Natural Gas Vehicles

Kansas Corp. Commission

NASA - JFK Space Center

National Propane Gas Association

New Mexico, State of:

Energy, Minerals, and Natural Resources Department

Commissioner of Public Lands

New York Gas Group

Perry Foundation

Petroleum Equipment Institute

Pierce Transit

Steel Tank Institute

Texas General Land Office

Washington State Energy Office

INDUSTRY ADVISORY MEMBERS

American Gas Association

Canadian Gas Association

Gas Research Institute

Institute of Gas Technology

STATE	COMPANY	CO TYPE
-----	-----	-----
AK	Norgasco, Inc.	LDC
Australia	Australian Gas Assoc.	Associate
AZ	Advanced Utility Concepts	NGV Equipment Supplier
	General Pneumatics Corp.	NGV Equipment Supplier
Brazil	Gasforte - Combustiveis	NGV Equipment Supplier
CA	City of Long Beach Gas	LDC
	SOCAL	LDC
	American Gas & Tech.	NGV Equipment Supplier
	Structural Composites	NGV Equipment Supplier
	Westech Gear Corp.	NGV Equipment Supplier
	Clean Air Partners, Inc.	NGV Equipment Supplier
	Acurex Environmental	NGV Equipment Supplier
	Disneyland	NGV Equipment Supplier
	Pacific Gas & Electric	LDC
	NCF Industries	NGV Equipment Supplier
	San Diego Gas & Elec.	LDC
	Hatch & Kirk, Inc.	NGV Equipment Supplier
	Rix Industries	NGV Equipment Supplier
	PDS Engineering	NGV Equipment Supplier
	Majors Engineering Inc.	NGV Equipment Supplier
Canada	Consumers' Gas Co.	LDC
	Kraus Alternate Fuels	NGV Equipment Supplier
	Centra Gas Manitoba Inc.	LDC
	IMW Compressors	NGV Equipment Supplier
	Sulzer Canada Inc.	NGV Equipment Supplier
	Xebec Inc.	NGV Equipment Supplier
	BayComp	NGV Equipment Supplier
	Wilson Technologies Inc.	NGV Equipment Supplier
	Sherex Industries	NGV Equipment Supplier

STATE	COMPANY	CO TYPE
Canada	Steel Cylinder Manu.	NGV Equipment Supplier
	GSM Taxi Ltd.	NGV Equipment Supplier
	Conceptor Industries	NGV Equipment Supplier
CO	Stewart & Stevenson	NGV Equipment Supplier
	Natural Fuels Corp.	NGV Equipment Supplier
	Micro Motion, Inc.	NGV Equipment Supplier
	Coastal Corp.	Gas Pipeline
	Marcum Natural Gas Serv.	NGV Equipment Supplier
	Shoreline Compression	
	Public Service Co. of CO	LDC
CT	Norwalk, Inc.	NGV Equipment Supplier
	Buckley Energy Group	NGV Equipment Supplier
	Yankee Gas Services Co.	LDC
DC	RF Webb Corp.	NGV Equipment Supplier
	Panhandle Eastern Corp.	
FL	Pneumatic Products Corp.	NGV Equipment Supplier
	Peoples Gas System	LDC
	Clearwater Gas System	Associate
	Motorfuelers, Inc.	NGV Equipment Supplier
	Chem-Tech Equipment	NGV Equipment Supplier
	NASA, JFK Space Ctr.	Associate
FRANCE	Pierre Moulin	NGV Equipment Supplier
GA	Blue Bird Body Co.	NGV Equipment Supplier
	Southern Cross Corp.	NGV Equipment Supplier
	Atlanta Gas Light Co.	LDC
	MVE	NGV Equipment Supplier
	Hamworthy USA, Inc.	NGV Equipment Supplier
Germany	Weh GmbH	NGV Equipment Supplier
	Mannesmann GmbH	NGV Equipment Supplier

STATE	COMPANY	CO TYPE
IA	Fisher Controls Int'l.	NGV Equipment Supplier
IL	DAI Technologies, Inc.	NGV Equipment Supplier
	Liquid Carbonic	NGV Equipment Supplier
	Henderson Engineering	NGV Equipment Supplier
	National Propane Gas	Associate
	Natural Gas Pipeline	Gas Pipeline
	Brunswick Corp.	NGV Equipment Supplier
	Steel Tank Inst.	Associate
	Illinois Industrial	NGV Equipment Supplier
	Peoples Gas Light & Coke	LDC
	Amoco	Gas Producer
IN	NIPSCO	LDC
	GrimmerSchmidt Compressor	NGV Equipment Supplier
	Indiana Gas Co.	LDC
KS	Kansas Corp. Commission	Associate
KY	Clark Material Co.	NGV Equipment Supplier
LA	Advanced Gas Systems	NGV Equipment Supplier
MA	Tecogen Inc.	NGV Equipment Supplier
	FIBA Compressed Gas Eq.	NGV Equipment Supplier
	Boston Gas Co.	LDC
	Eastern States Assoc.	NGV Equipment Supplier
	Bay State Gas Co.	LDC
MD	Macro International	NGV Equipment Supplier
	Baltimore G&E Co.	LDC
MI	Detroit Diesel Corp.	NGV Equipment Supplier
	General Motors Truck/Bus	NGV Equipment Supplier
	Ford Motor Co.	NGV Equipment Supplier
	Terry Barr Sales Agency	NGV Equipment Supplier
	Beacon Power Systems	NGV Equipment Supplier

STATE	COMPANY	CO TYPE
-----	-----	-----
MI	Consumers Power Co.	LDC
	Cardinal Automotive	NGV Equipment Supplier
	Global Automotive Cons.	NGV Equipment Supplier
	Southeastern Michigan Gas	LDC
MN	ARKLA, Inc.	LDC
	Northern States Power Co.	LDC
MO	Bowgen Fuel Systems, Inc.	NGV Equipment Supplier
	Thermadyne Industries	NGV Equipment Supplier
	Essex Fuel Systems, Inc.	NGV Equipment Supplier
MS	Prince Oil Co., Inc.	NGV Equipment Supplier
	MECO	NGV Equipment Supplier
NC	Ingersoll-Rand Co.	NGV Equipment Supplier
	Piedmont Natural Gas Co.	LDC
	Thomas Built Buses, Inc.	NGV Equipment Supplier
NE	ENRON Corp.	Gas Pipeline
New Zealand	I.A.N.G.V.	Associate
NH	TSE, Inc.	NGV Equipment Supplier
NJ	PSE&G	LDC
	AEGIS Insurance Services	Associate
	Elizabethtown Gas Co.	LDC
	Central Pump & Tank	NGV Equipment Supplier
NM	State of New Mexico	Associate
	NM State Land Office	Associate
	Gas Co. of New Mexico	
NV	Thomason & Assoc., Inc.	NGV Equipment Supplier
NY	Pignone Inc.	NGV Equipment Supplier
	National Fuel	LDC
	ConEdison	LDC
	Central Hudson G&E Corp.	LDC

STATE	COMPANY	CO TYPE
NY	LILCO	LDC
	Bus Industries of America	NGV Equipment Supplier
	Brooklyn Union Gas	LDC
	NGV Systems Inc.	NGV Equipment Supplier
	New York Gas Group	Associate
	NYSEG	LDC
OH	Cryo-Therm, Inc.	NGV Equipment Supplier
	Furon-Synflex Division	NGV Equipment Supplier
	Williams Detroit Diesel	NGV Equipment Supplier
	Cincinnati G&E Co.	LDC
	Ohio Transmission	NGV Equipment Supplier
	Hercules Engine Co.	NGV Equipment Supplier
	Hocking College	Associate
	Ariel Corp.	NGV Equipment Supplier
	Dayton Power & Light Co.	LDC
	Metropane, Inc.	NGV Equipment Supplier
	Orchard Engineering Sales	NGV Equipment Supplier
	Columbia Gas	LDC
	Flxible Corp.	NGV Equipment Supplier
	Parker Hannifin Corp.	NGV Equipment Supplier
	Basic Systems, Inc.	NGV Equipment Supplier
	Comdyne I Inc.	
	Greater Cleveland RTA	NGV Equipment Supplier
	PRime Communications	NGV Equipment Supplier
	National Energy Service	NGV Equipment Supplier
OK	Frank W. Murphy Mfr.	NGV Equipment Supplier
	Petroleum Equipment Inst.	Associate
	Tri-Fuels, Inc.	NGV Equipment Supplier
	Oklahoma Natural Gas Co.	LDC

STATE	COMPANY	CO TYPE
OK	Crane Carrier Co.	NGV Equipment Supplier
	Williams Gas Marketing	NGV Equipment Supplier
	Future Fuels, Inc.	NGV Equipment Supplier
	Compressed Natural Gas	NGV Equipment Supplier
OR	Pacific Pride Services	NGV Equipment Supplier
	Assn. N.W. Gas Utilities	Associate
PA	GassWagen Inc.	NGV Equipment Supplier
	Schmidt Consulting	NGV Equipment Supplier
	Mack Trucks, Inc.	NGV Equipment Supplier
	Philadelphia Elec. Co.	LDC
	Equitable Gas Co.	LDC
	Consolidated Natural Gas	LDC
	CP Industries, Inc.	NGV Equipment Supplier
	Pardee Advanced Fuels	NGV Equipment Supplier
	Bacharach, Inc.	NGV Equipment Supplier
	Knox-Western	NGV Equipment Supplier
	Dresser Industries	NGV Equipment Supplier
	P.C. McKenzie Co.	NGV Equipment Supplier
SC	Staubli Corp.	NGV Equipment Supplier
Sweden	Ecotraffic AB	NGV Equipment Supplier
Switzerland	Alusuisse Lonza	NGV Equipment Supplier
TX	Superior Fuels, Inc.	NGV Equipment Supplier
	Norris Cylinder Co.	NGV Equipment Supplier
	Ridgmar Oil & Gas	NGV Equipment Supplier
	Zeus Development Corp.	NGV Equipment Supplier
	Autogas Systems	NGV Equipment Supplier
	Atmos Energy Corp.	LDC
	Gemini Engine Co.	NGV Equipment Supplier
	Transco Energy Ventures	Gas Pipeline

STATE	COMPANY	CO TYPE
TX	Perry Foundation	Associate
	Tenneco Gas	Gas Pipeline
	Southern Union Gas Co.	LDC
	MESA, Inc.	Gas Producer
	Natural Gas Anadarko Co.	NGV Equipment Supplier
	Mesa Environmental	NGV Equipment Supplier
	Hydra Rig, Inc.	NGV Equipment Supplier
	4E Technologies, Inc.	NGV Equipment Supplier
	Autotronic Controls Corp.	NGV Equipment Supplier
	Global Environmental Ind.	NGV Equipment Supplier
	Crescent Gas Corp.	NGV Equipment Supplier
	CNG Services, Inc.	NGV Equipment Supplier
	CNG Marketing, Inc.	NGV Equipment Supplier
	City of Houston PW Dept.	Associate
	Price Compressor Co.	NGV Equipment Supplier
	Algas Carburetion	NGV Equipment Supplier
	Texas General Land Office	Associate
	Lone Star Gas Co.	LDC
UT	FuelMaker Corp.	NGV Equipment Supplier
	Pressure Products Int'l	NGV Equipment Supplier
VA	Washington Gas	LDC
	Ryan-McGinn	NGV Equipment Supplier
	APGA	Associate
	ATA Foundation	Associate
	SAIC	NGV Equipment Supplier
	EDO Corporation	NGV Equipment Supplier
	Bauer Compressors, Inc.	NGV Equipment Supplier
	Gas Appliance Manu. Assoc	Associate
WA	IMPCO Technology, Inc.	NGV Equipment Supplier

STATE	COMPANY	CO TYPE
-----	-----	-----
WA	Washington Natural Gas	LDC
	Pierce Transit	NGV Equipment Supplier
	Bothell Bros. Chevrolet	NGV Equipment Supplier
	WA State Energy Office	Associate
WI	ANGI	NGV Equipment Supplier
	Pressed Steel Tank Co.	NGV Equipment Supplier
	Wisconsin Natural Gas Co.	LDC
WV	Natural Gas Trans. Co.	NGV Equipment Supplier
	Kleenair Systems, Inc.	NGV Equipment Supplier

o

President Clinton offered a positive assessment of the shape of the US economy last night, hinting at the direction of his speech to Congress later in the month. At a speech in Washington at a New Jersey Chamber of Commerce salute to that state's congressional delegation, Clinton said of the economy: "We've had, as all of you know now, an economic upturn in the last few months and we hope that we are coming out firmly of the longest recession we've had in a good long while. There's much to be encouraged about in two or three areas. First of all, interest rates have been down for a good, long while now and millions of Americans have refinanced their homes or been able to buy new homes in ways that have generated significant economic activity. Second, and even more encouraging over the long run, there has been a big increase in the productivity of American businesses and work places. That is, after all, the key to our economic future. And finally, beginning in December, with a little bit in November, but a big increase in December, in consumer confidence, which has strengthened the consumer market in our country. It's something we hope will carry through for the next few months. Still, there are clear challenges before us. With all these good numbers coming in, very few new jobs have been created in America yet in this recovery. ... In the last couple of years, and regrettably even in the last few months, small business is not taking up the slack [from large companies' downsizing] because of the crushing burden of health care costs and because of the credit crunch, which is much more severe in some states and regions than others, but which is a very serious problem for our economy."

Clinton also hinted at the direction of his address to Congress later in the month, saying: "So as we look ahead to our challenges and as I look ahead to this speech I have to give on February the 17th to the Joint Session of Congress, I still believe in the fundamental themes on which I ran for President. We have to increase job growth and income growth without increasing inflation. We have to face the serious problems of our urban areas and the serious problems of the underclass in ways that liberate the ability of all people to perform at high levels in this economy if we want to continue the increase in productivity.

"That means that we have to shift away in the money that you give us to spend away from consumption, more toward investment. We have to increase investment in new technologies and education and training, in infrastructure, in the things that will grow this economy. It also means that we have to provide more incentives in our tax code for investment in the private sector. And it means we have to act at long last to bring health care costs in line with inflation. If we did that, it would do more to free up private sector dollars to invest in economic growth than any tax cut I could sign into law or any spending increase that Congress and I together can enact."

o

Although the employment data announced by the government today show improvement, it is not likely to affect President Clinton's plan for a stimulus program. According to Bill Dudley, senior economist at Goldman, Sachs, "The report is very mixed, and basically reaffirms what we already know. The manufacturing sector is doing better with the factory work week at a 26 year high of 41.4 hours. But at the same time, the overall rise in payrolls is still modest and the decline in the unemployment rate is very misleading since it is all due to a drop in the total labor force." President Clinton has consistently pointed to the lack of job growth as the fundamental reason for his stimulus program, and "the measurement of employment in the household survey showed employment down by 240,000. Going into this month people were arguing that household employment was stronger than the payroll survey so the latter would have to show more strength. But the anomaly was resolved by the household getting weak."

This will not cause Clinton to back away from his stimulus because "if you do not get the jobs, you cannot get the income, if you cannot get the income, you cannot sustain this spending rate. This worry about sustaining the spending is still very much present in Washington and Wall Street. With this modest job growth it is more likely things slow down from here rather than accelerate, explained Dudley.

President Clinton is said to be delaying his planned Executive Order on converting federally owned vehicles to natural gas and electricity until all the key players are in their jobs. While the draft order has been ready, "they do not want to move forward until all the right people are in place at the relevant agencies. When it is issued, the White House wants to see real action flowing from it."



Feb 5
White House
Hose
Bullock

according to a technical advisor who worked on the draft directive. According to the source: "It has gone through all the review processes and to the President. It will take a really different focus since it will not look at conversion of the Federal fleets as an end in-and-of-itself." The Clinton policy would target natural-gas and electric vehicles and move away from reformulated gasolines and their derivatives as alternative fuels. According to this source, It makes sure we are focusing on getting away from gasoline. With the Clean Air Act we ended up with the situation where reformulated gasoline and diesel were defined as clean fuels. The thrust of this is to make a true domestic-fuel-based change that would have air quality benefits, energy security benefits, balance-of-trade benefits.

The other "central theme of the Clinton policy would be to integrate the program so it is a catalyst to promote vehicle production and infrastructure development. Nothing in the federal programs so far has tied federal fleet conversion to what is going on in the states and the localities since the primary impetus for alternative fuels -- despite the Federal actions -- has come from these areas.

Yet the Federal effort will not emphasize into government funding of refueling stations, or necessarily buying the natural gas. This expert explained that, "the Bush Administration's implementation plan had a handful of vehicles spread all over the country, with small numbers in various cities. You have got to focus the program in such a way that you get a large concentration of vehicles in particular areas so that you foster development of private companies building stations. There is no one place, with possible exception of the Washington-Baltimore corridor that you have enough Federal vehicles to justify public fueling stations in large quantities. So you have to aggregate the Federal fleet with state and local conversion efforts to justify infrastructure or mass production of those vehicles by the auto manufacturers.

While the Clinton Administration understands and will fully support the need for converting existing vehicles, and even short-term replacement vehicles, to natural gas, "we need to move beyond conversion kits for the long-term success of the natural-gas and electrical vehicle industry. That does not mean exclusively vehicles produced by the Big Three. There are specialty manufacturers who do a lot of production for the big three right now. For example the GMC Cyclone Pick-Up is built by PAS, Inc. out of Detroit. These are low-volume or limited-edition manufacturers who can play a key role in this effort," explained this source.

- o **HUD Secretary Cisneros is developing plans to encourage cities to undertake broad-based reinvestment strategies.** During the 1970's many cities put together community-wide plans requiring multiple agency resources from economic development, housing, transportation and social services. "This was well-received by the Carter Administration which then encouraged others to create strategic plans with private sector leveraging. While it continued at the local level, after having Federal resources cut by Reagan and Bush, it was difficult to implement under those circumstances. Cisneros hopes to reinvigorate this approach, which he also used in San Antonio, through a team approach from the major domestic agencies. There is real cooperation here and he thinks he can get it done."

- o **The most likely, and perhaps only, Labor Department programs to receive funding in the immediate Clinton stimulus package are the Summer Youth Jobs and Job Corps.** "These are the only existing programs which can start putting the money into jobs. Any new employment initiatives which we all would like, will take some time in enacting and then putting into place," according to a Congressional subcommittee source. In the wake of the LA riots, there was approximately \$500 million spent last summer on the youth programs in which cities hired young people. "The Congress appropriated \$670 million for this coming summer and Clinton could certainly add to that, although I doubt the system could handle a doubling of the program," explained this source. According to the source: "The Job Corps has always been considered quite successful as well, but the problem is that neither program gets adults hired right away like the infrastructure spending."

Another source, an expert in manpower programs who has been advising the Clinton Administration, explained that "with key Labor Department people not yet in place, it is really hard to plan new initiatives."

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

ENVIRONMENTAL

Divider Title: _____

R/cc

Environment
ECON Division

MEMORANDUM

To: Alexis Herman
From: Steve Ricchetti, Legislative Affairs, Senate
Date: March 1, 1993
Re: Attached letter

FYI:

I just wanted you to have a copy of attached letter, sent to me by the Environmental Defense Fund, regarding the environmental component of the economic plan.



Capital Office
1875 Connecticut Ave., N.W.
Washington, DC 20009
(202) 387-3500
Fax: 202-234-6049

February 11, 1993

To: Michael Diech
From: Bill Roberts, Legislative Director
Re: Infrastructure Spending

It was a pleasure speaking with you today. Attached is the transmittal letter, press release, and spending proposal developed by a broad coalition of groups which was released last week. I would ask that you take special note of our proposals for performance based spending.

Once again, STPP, the environmental organizations, and others stand ready to help you in your efforts to sell a sound spending package to the Hill and to the press, assuming, of course, that it is consistent with the principles and direction of our proposal.

At the risk of repeating myself, I would strongly recommend that you prepare a release strategy to ensure a favorable initial response from key players in Congress and from key constituencies. This initial strategy should be followed by a game plan to ensure that your proposals do not come unglued in the legislative process.

Key Hill contacts on transportation include: Senators Baucus, Chafee, Moynihan, Lautenberg, Lieberman, D'Amato, Byrd, Hatfield, Hollings, and Sarbanes, and Representatives Carr, Wolf, Mineta, Rahall, Dingell, and Swift.

Good luck!

National Headquarters

257 Park Avenue South
New York, NY 10010
(212) 505-2100

5655 College Ave.
Oakland, CA 94618
(510) 658-8008

1405 Arapahoe Ave.
Boulder, CO 80302
(303) 440-4901

128 East Hargett St.
Raleigh, NC 27601
(919) 821-7793

1800 Guadalupe
Austin, TX 78701
(512) 475-5161

February 11, 1993

MEMORANDUM FOR GENE SPERLING

FROM: MICHAEL DEICH

**SUBJECT: GETTING SUPPORT FROM THE ENVIRONMENTAL COMMUNITY
FOR THE TRANSPORTATION SPENDING IN THE ECONOMIC PLAN**

Bill Roberts, legislative director of the Environmental Defense Fund and a board member of the Surface Transportation Policy Project, called to ask how his group and their allies could help sell the President's economic plan.

STPP has strong views on how transportation programs should change; Bill has made their concerns known to Steve Kaplan. I understand from Bill that even if new transportation spending were limited to no more than an increase in funds for ISTEA, the groups that he represents would like to help build support for the plan and see it through the Congress intact.

I also understand from other sources that David Wilhelm may be briefing representatives of the environmental community next Monday. If so, that might be an opportune time to ask these groups to support the broad outlines of the economic plan's transportation components.

Attachment.

cc: Steve Ricchetti
Steve Kaplan

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

GOVERNORS

Divider Title: _____

THE WHITE HOUSE

WASHINGTON

February 8, 1993

MEMORANDUM FOR REGINA MONTTOYA

FROM: SYLVIA MATHEWS *SMat.*

SUBJECT: || Governor's participation in the development and announcement of the economic agenda ||

Following the President's commitment during the National Governor's Association meeting to involve the Governors in the development of the economic agenda I have received calls from the NGA and Governor Romer's office.

The Governors raised two different issues that are interrelated. The first is how can the Governors be involved in the development of the economic agenda and the second is how they can support the announcement of the agenda on February 17th. Ray Scheppach of the NGA and Wade Buchanan of Governor Romer's office both feel that the Governor's level of support of the President's economic agenda will be related to their participation in its development.

The following are two suggestions that discussions with Ray have led to:

- 1) Hold a one and a half hour conference call with Leon Panetta and Bob Rubin to discuss deficit reduction. (Who participates on the call can be determined by you and the NGA.) The objective of the call is for Governor's to express the specific things that they agree should be used for deficit reduction and discuss the things that they do not think should be used for deficit reduction. When discussing those things that should not be touched the Governors should provide alternatives.
- 2) On the evening of the announcement have three Democratic Governor's and three Republican Governor's present to endorse the plan. Also plan events in states for Governors to support the plan.

If you could let me know if you think these are the appropriate actions, then we can decide on the next steps. Since the conference call probably needs to happen in the first half of this week we may want to reach agreement on this by end of day.

cc:

Alexis Herman, ✓ Bo Cutter, Gene Sperling, George Stephanopolous, Rahm Emanuel, Robert Rubin

Gov's / Econ Policy

✓

THE WHITE HOUSE

WASHINGTON

MONDAY, FEBRUARY 8, 1993

MEMORANDUM FOR SENIOR STAFF

FROM: Howard Paster |K

SUBJECT: Congressional Visitors to White House

With the exception of social visits requiring different arrangements, || I recommend all Members of Congress invited to the White House be encouraged to use the Northwest Gate and enter through the West Lobby. || This will enable them to park their cars, and to be received correctly.

My interest in making this recommendation is to ensure that Members of Congress are treated properly and expeditiously when they visit the White House.

Thank you.

Alexis

↑

THE WHITE HOUSE
WASHINGTON

FEBRUARY 9, 1993

TO: RAHM EMANUEL KH
FROM: KAREN HANCOX KH

SUBJECT: BUSINESS SUPPORT FOR ECONOMIC PLAN

I don't know if this falls under your shop or not, but Richard Bates mentioned to me that if we start to line up business support for the economic plan, he should be given a call.

So far, given all they have heard, Disney does not have any objections to the plan and Bates thinks he could be helpful, if you are looking for support.

cc: Howard Paster

MEMORANDUM**To: Ira Magaziner****Fr: Mike Lux****Re: Working Group Interaction with Interest Groups****Date: February 9, 1993**

Given the intense timeline under which the working groups are operating, combined with our desire to have as much input as possible, working groups need to have the flexibility to go ahead and schedule meetings with interest groups. From my end, I need to know who is meeting with whom on what topics so that we can coordinate everything. I would suggest the following procedure:

1. Working group team leaders have the authority to schedule meetings with whatever interest groups with whom they feel they should meet.
2. I need to get a memo at least 48 hours in advance as to who is coming in to meet on what topic.
3. If I have additional groups that I think need to be added to that meeting or political intelligence I think the team leader should know, I will contact the team leader directly.
4. Team leaders should also understand that I will be setting up certain meetings in which they will need to be involved.

CC: Alexis Herman ✓

FVI

✓

*file
immediate
attention*

THE WHITE HOUSE
WASHINGTON

DATE: _____

1-25

NOTE FOR:

MARCIA Hale

The President has reviewed the attached, and it is forwarded to you
for your:

Information

☐

Action

☒

Thank you.

cc:

*Dunn.
Copy for
Rahm & Alex.*

John Podesta
to forward
as the determine
Necessary

JAN 23 1992 16:55
FAX

COVER SHEET
(312) 924-6308 phone
(312) 924-9058 fax

TO: Nancy Hemreich,
Personal Assistant to the President

FROM: Claudette Marie Muhammad, *CM*
Chief of Protocol to the Honorable Louis Farrakhan

DATE: January 23, 1992

PAGES: 4 including cover

Please deliver the attached fax to the President. I will Federal Express the original letter on Monday.

Thank you.



Minister Louis Farrakhan

NATIONAL REPRESENTATIVE OF THE HONORABLE ELIJAH MUHAMMAD
AND
THE NATION OF ISLAM

**IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL,
I BEAR WITNESS THAT THERE IS NO GOD BUT ALLAH AND I BEAR
WITNESS THAT MUHAMMAD IS HIS MESSENGER.**

January 20, 1993

**President William Clinton
White House
1600 Pennsylvania Avenue N.W.
Washington, DC 20005**

**As-Salaam Alakum.
(Peace Be Unto You)**

Dear Mr. President,

We, the Nation of Islam, extend our hand to you to help in anyway we can to solve the critical problems of the cities, health, education, and jobs.

I recognize the heavy schedule that you have, however, if you have any time available that we might meet, it will be greatly appreciated.

Sincerely,

**The Honorable Louis Farrakhan
Servant to the Lost Found
Nation of Islam in the West**

HLF/pm



Minister Louis Farrakhan

NATIONAL REPRESENTATIVE OF THE HONORABLE ELIJAH MUHAMMAD
AND
THE NATION OF ISLAM

**IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL.
I BEAR WITNESS THAT THERE IS NO GOD BUT ALLAH AND I BEAR
WITNESS THAT MUHAMMAD IS HIS MESSENGER.**

OPEN LETTER TO PRESIDENT CLINTON

January 20, 1993

Dear Mr. President,

May this letter find you in good spirit, filled with the zeal necessary to fulfill the heavy responsibility that lies in front of you and your administration.

As I watched your inauguration, I thought.... never in my years of watching inaugurations has there been one so filled with joy, hope and the high expectation of the broad mass of the American people that you and your administration will be able to turn this great ship of state in the right direction and fit her for the new world order, that is not designed by the old world rulers, but according to the Will and desire of Allah (God) spoken through the mouths of His Prophets.

As I listened to your words, and saw the tremendous support that you have, it is clear to me that if any person could effect a meaningful change for this Nation and world, it is you. You are faced with the awesome task and responsibility of saving this Nation from repeating the history of the ruin of Sister Nations that have gone before America; Ancient Egypt, Rome, Babylon, and Sodom and Gomorrah. All of the evils that brought these Nations and cities to ruin are present in America. However, also present is Divine Guidance that could perhaps save this Nation from repeating past history. In order to do this, you, Mr. President, must be imbued with extraordinary strength to resist the pressure coming from forces within and without the Government. These forces would hold you to failed policies and programs of the past and veil your vision of America for today and tomorrow.

America stands at the threshold of disaster or unlimited greatness. Your Presidency could be the turning point. America's most bitter "foes" are ready to follow your lead if your policies, foreign and domestic reflect a greater measure of justice for the peoples of America and the peoples of the world. Saddam Hussein, Muammar L. Qadhafi, Yasser Arafat, Fidel Castro, the Arab World, and the Governments and people of Africa, Central America, South America and the Caribbean are not angry with the American people. They are dissatisfied with the unjust policies of the government of the United States of America, that have lead to the ruin of the legitimate aspirations of Third World Leaders and Nations.

Page 2

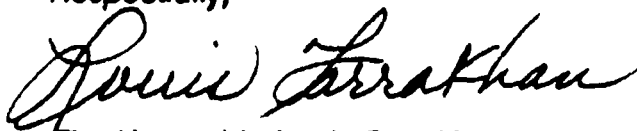
Open Letter to President Clinton

It was the lack of justice in Pharaoh and Egypt that lead to Egypt's fall and ruin and Pharaoh's destruction. It was the increased wealth and power of Babylon that increased her corruption that lead to her ruin. Rome's power and wealth increased her inordinacy. All of these great Nations, Empires, and Cities received a Warner from Allah (God) giving them Guidance that could have saved them, but their power and wealth increased their pride and their pride blinded them to Right Guidance. Ninevah was the only one of the ancient cities that Allah (God) had promised to destroy that was saved, and her destruction delayed, due to the fact that she listened to the Guidance of Allah (God) coming from the Prophet Jonah.

If you would remember that you are chosen, not only by the people, but you are in power by Allah's (God's) permission for this time in history; and, if you would summon the strength to follow your vision and open your heart to the Guidance of Allah (God), then, history may record your Presidency as the greatest of them all.

May Allah (God) bless you with His Light and His Guidance. May He keep away from you the pride that attends the awesome power of your office and replace it with the humbleness of heart, making you to understand that we as human beings are only for a season and though history may record us and be kind to us for our good deeds, however, in every generation Allah (God) is well thought of and praised much. So, every generation should bow down and serve Allah (God) and submit to do His Will, remembering that He alone is the Sovereign of the Universe and the Only True and Lasting Reality.

Respectfully,

A handwritten signature in cursive script, reading "Louis Farrakhan".

The Honorable Louis Farrakhan
Servant to the Lost Found
Nation of Islam in the West

HLF/pm

FYI
✓

MEMORANDUM

TO: Christine Varney
FROM: Dan Wexler
DATE: February 9, 1993
RE: Economic Briefing for Thursday February 9th

This Thursday, February 11th, President Clinton will give a speech to a group of business leaders on the Economic Plan.

We would like to invite the following cabinet members to attend:

Commerce Secretary Ron Brown
Treasury Secretary Lloyd Benston
Labor Secretary Robert Reich

The briefing/speech will begin at 11:30 am and should last 20 to 30 minutes. To be on the safe side I would clear their schedules from 11:15 am to 12:30 pm.

The location is currently being discussed and should be decided by early afternoon. As soon as more information is available (location, audience and format) I will let you know. In the meantime if you have any questions, I am in the Office of Public Liaison at extension 2930.

cc: Alexis Herman

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

MEDIA AFFAIRS

Divider Title: _____

M E M O R A N D U M

TO: MARCIA HALE RICKI SEIDMAN
DEE DEE MYERS ALEXIS HERMAN
JOAN BAGGETT AMY ZISOOK
JONATHAN PRINCE ALAN STONE
FR: RAHM EMANUEL
RE: THURSDAY PRESS CONFERENCE
DT: FEBRUARY 23, 1993

The goal of Thursday's press conference is to build on and broaden the base of support for the President's Economic plan. This press conference should communicate three points.

*** Business Support.** We want to highlight the fact that business, both large and small, has overwhelmingly rallied behind the President in support of his economic plan.

*** Business & Labor Coming Together.** We want to underscore the coming together of business and labor on the plan.

*** Economic Team Appearances.** As business and labor are jointly endorsing the President's plan, members of the economic team will be travelling to Tampa, Houston, and Philadelphia, where they will continue to sell the plan.

With the overall goal of strengthening our support, I propose that Thursday's press conference be structured in the following way.

I. Opening Statement by the President: The press conference should begin with opening remarks by the President, to be prepared by the communications department. He should comment on the support of business and labor, and the coming together of these two unlikely bedfellows in support of his economic plan. He should put their endorsements in the context of a groundswell of support from across the country.

II. Statements from Business Leaders: I recommend that Jim Jones, Red Poling, and Lod Cook all make statements on behalf of the business community. Alexis should work with them on their comments.

III. Statement from Labor: Lane Kirkland should follow the business statements with a parallel statement on behalf of the labor community.

IV. Closing Questions: To conclude the press conference, there should be 10 minutes of questions, directed primarily at the President.

MEMORANDUM

To: Alexis Herman
Fr: Mike Lux
Re: Constituency Group News From The Day
Date: February 17, 1993

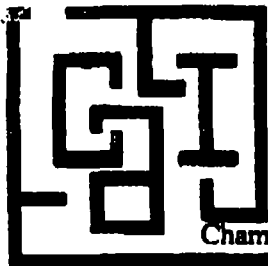
News from the world of interest groups has been remarkably good overall. Most people are taking even the bad news relatively well. Among the highlights:

- Citizen Action is endorsing our budget despite fifteen years of fierce opposition to an energy tax. They are taking the approach that the overall package is so progressive that they don't mind the energy tax.
- National Council of Senior Citizens. In spite of health care concerns and the social security tax, they will be supportive overall. The lead on their press release applauds our overall plan.
- National Committee to Preserve Social Security (Roosevelt Group). They aren't happy, and will do a press release expressing disappointment in the tax, but have promised to moderate their tone. They also said they would fax me the release before sending it out.
- Rural Electric Association. In spite of our cut of them, they are applauding our overall direction and will not attack us.
- American Hospital Association. In spite of our medicare cost controls that hurt hospitals, they have promised to issue only a mild statement of disappointment. Their overall line is that they believe they can work with us on health care issues.
- Citizens for Tax Justice. McIntyre has promised to say more good than bad, and to mute his disappointment.

cc: Steve Hilton

additions:

- Nat'l Council of Churches
- Nat'l Farmers Union. They held a conference call to ask them to say good things.



Chambers Associates Incorporated • Public Policy Consultants

1625 K Street, N.W.
Suite 200
Washington, D.C. 20006
(202) 857-0670
Fax (202) 857-0688

FACSIMILE COVER SHEETDATE: 2-17

*If you have any problems receiving
this FAX, or wish to respond, please
call 202/857-0670.*

TO: Alexis Herman

COMPANY/LOCATION: _____

FAX #: _____

FROM: Letitia Chambers / Tina Ross# OF PAGES
(including this cover):2

SPECIAL INSTRUCTIONS/MESSAGE: _____

*these are people
willing to speak
on P's speech.*

The information contained in this facsimile message is intended only for the use of the individual or entity named above and may be privileged and confidential. If you are neither the intended recipient nor the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us by telephone and destroy the facsimile message received. Thank you.

CAI office use only: Client name _____



Chambers Associates Incorporated • Public Policy Consultants

1625 K Street, N.W.
Suite 200
Washington, D.C. 20006
(202) 857-0670
Fax (202) 857-0688

MEMORANDUM

February 17, 1992

TO: Alexis Herman
FROM: Letitia Chambers
RE: CEOs to be contacted by Press

The list of CEOs to be given to the press follows:

Jim Jones
American Stock Exchange
86 Trinity Place
New York, NY 10006

(former Chairman House Budget Ways
and Means Committee Member)

(212) 306-1000

Richard D. McCormick
Chairman and Chief Executive
Officer
U S West, Inc.
7800 East Orchard Road
Suite 332
Englewood, CO 80111

(303) 793-6482

John L. Clendenin
Chairman and Chief Executive
Officer
BellSouth Corporation
Suite 2000
1155 Peachtree St., NE
Atlanta, GA 30367

(404) 249-2020

Lionel Pincus
E.M. Warburg, Pincus & Co., Inc.
466 Lexington Ave., 10th Fl
New York, NY 10017

(212) 472-2521

Richard Fischer
Morgan Stanley

John Reed
CitiCorp

Mike Walsh
TENNECO

Bernard Schwartz
LORAL Corp.

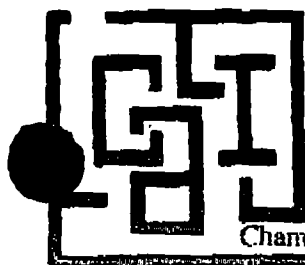
John Bryant
Sara Lee

Red Polling
Ford

John Scully
Apple

Paul Allaire
Xerox

Roger Johnson
Western Digital



Chambers Associates Incorporated • Public Policy Consultants

1625 K Street, N.W.
Suite 200
Washington, D.C. 20006
(202) 857-0670
Fax (202) 857-0688

MEMORANDUM

February 17, 1992

TO: Alexis Herman
FROM: Letitia Chambers
RE: CEOs to be contacted by Press

** Robert Derham*
Chairman & CEO
Sylvania Bros
213-622-139

The list of CEOs to be given to the press follows:

Ram 470
Wall St
message

** Jim Jones*
American Stock Exchange
86 Trinity Place
New York, NY 10006

(K) Lionel Pincus *(K)*
E.M. Warburg, Pincus & Co., Inc.
466 Lexington Ave., 10th Fl
New York, NY 10017

(former Chairman House Budget Ways
and Means Committee Member)
(212) 306-1000

(212) 472-2521

Richard Fischer
Morgan Stanley

** Richard D. McCormick*
Chairman and Chief Executive
Officer
U S West, Inc.
7800 East Orchard Road
Suite 332
Englewood, CO 80111
(303) 793-6482

(K) John Reed *(K)*
CitiCorp

** Mike Walsh*
TENNECO

(K) Bernard Schwartz
LORAL Corp.

(K) John Bryant
Sara Lee

** John L. Clendenin*
Chairman and Chief Executive
Officer
BellSouth Corporation
Suite 2000
1155 Peachtree St., NE
Atlanta, GA 30367
(404) 249-2020

** Red Polling*
Ford

** John Scully*
Apple

✓ Paul Allaire
Zerax

** Roger Johnson*
Western Digital

MEMORANDUM

February 17, 1993

TO: Lorraine Voles cc: Alexis Herman
FROM: Flo McAfee Steve Hilton
RE: Individuals

The following individuals who have attended the OPL economic briefings would talk to the press.

CHILDREN ISSUES

Christine Benero
The Association of Junior Leagues
(202) 393-3364

Nancy D. Campbell
National Women's Law Center
(202) 328-5160

Mary Burdette
Child Welfare League of America
(202) 638-2952

EDUCATION:

Susan Frost
Committee for Education Funding
(202) 543-6300

Dena Stoner
Council for Educational Development and Research
(202) 223-1593

MEDICARE/SOCIAL SECURITY/HEALTH CARE/SENIORS

Ron Pollack
Families USA
o: (202) 628-3030
H: (703) 780-8158

CLASSIFICATION BREAKDOWN
ECONOMIC MEETING, FEBRUARY 11, 1993
DRAFT (6 P.M. 2/10/93)

CATEGORY	COUNT	PERCENTAGE
African American	26	14%
Asian	5	2.7%
Hispanic	10	5.4%
Women	21	11.4% + 4 = 27
DC Rep	30	16.2%
Small Business	22	11.9%
Trade	52	28.1%
Agri-Business	1	0.5%
CEO's	21	11.4%
Uncategorized	20	10.8%
TOTAL:	185	

①

→ P. 100
 - 100

Total
 100

②

Alexis

14cc

Ken Friedman

MEMORANDUM

TO: All Assistants
FR: Jeff Eller
CC: Dee Dee Myers
David Dreyer
Paul Begala
Ricki Seidman
RE: Media Affairs Update
DA: February 27, 1993

Below is the update on what Media Affairs has been doing following the address to Congress.

There has been a program of one-on-one interviews, briefings and conference calls with regional print and radio reporters. Here's the breakdown:

TELEVISION

President Clinton has done interviews with television reporters in the following markets.

Birmingham	Omaha	Des Moines
Milwaukee	Philadelphia	Manchester, NH
San Diego	Sacramento	Oklahoma City

Vice-President Gore did one-on-one interviews with the NBC stations in:

Portland	Memphis	New Orleans
Philadelphia	Los Angeles	Nashville
Atlanta	Minneapolis	Dallas

RADIO:

Bruce Reed 2/23/93

Oklahoma City	Cleveland	Albuquerque
Denver	Lexington, KY	Kansas City
Jackson, MI		

Sylvia Mathews 2/24/93

IBN-Network	New York City	Las Vegas
Orlando	Boston	Seattle
Wichita		

PRINT:

Bruce Reed 2/17/93

These included several business magazines and speciality publications

St. Louis	Pittsburgh	Newport, RI
Birmingham	Portland, OR	Minneapolis
Cleveland	Kansas City	Columbus, OH
Philadelphia	New Orleans	Dallas
Asheville, NC	Atlanta	Boston
Denver	Oklahoma City	St. Peterburg
Provo, UT	Louisville	Albuquerque
Des Moines	Portland, ME	Glendive, MT
Jackson, MS		

Bo Cutter 2/18/93

All Jewish Press in these markets

New York	Omaha	Cleveland
Washington	Pittsburgh	Dallas

Bruce Reed 2/19/93

Denver	Portland, OR	Fresno
Seattle	Albuquerque	Sacramento
Stockton	San Diego	

Director Panetta 2/24/93

Dayton	Minneapolis	Portland, OR
Sacramento	Keene, NH	Dallas
New Orleans	Boston	

Alice Rivlin 2/26/93

Oklahoma City	Birmingham	Louisville
New York	Albuquerque	

Larry Villella, the 14-year old boy who sent the \$1,000 dollar check for deficit reduction, was called by the President from Air Force One on 2/22. In addition, Richard Strauss arraigned radio interviews with Larry in the following markets:

Omaha	Albuquerque	Greenville, SC
St. Louis	New York City	Cleveland
Salt Lake City	Houston	

Maria Tio and the people in specialty press contributed to several briefings in the last week both on the conference calls and briefings at the White House and Treasury.

In addition, they prepare a weekly, camera-ready, column for minority press. They are getting strong play throughout the country. A sampling of those clips are attached.

Also attached is a sampling of clips from the President's trip to the West Coast.

-30-30-30-

Local Athlete
Signs With
USC Page 14



Affirmation



Mc

Celebrating 25 Years Of Service To Fresno's Black Community

1985 Governor's
Award

1975 ACLU
Award

50
cents

The California Advocate

The African-American News Service of the San Joaquin Valley.

BULK RATE
U.S. Postage
PAID
Permit No. 35
Fresno, California



Thurgood Marshall Civil Rights Giant Re

WASH.DC--Retired U.S. Supreme Court Justice Thurgood Marshall, a towering figure of the civil rights movement, was remembered by the newly elected President and the entire nation at memorial services after his recent death due to heart failure. He was 84.

Determined to live until Democrats got into power again at the White House, Marshall died

nently in the desegregation battles of the 1950s, led the praise for Marshall.

He was a "giant in the quest for human rights and equal opportunity in the whole history of our country," the president said in a statement.

"Every American should be grateful for the contributions he made as an advocate and as a justice of the United States Supreme Court."

Toni House, Supreme Court spokeswoman.

President Clinton, whose own state of Arkansas figured promi-

neatly, and was a forceful advocate of abortion rights, affirmative action, legal protections for criminal defendants.

men, other minorities and the poor."

Laurence Tribe, constitution-
(Continued on Page 4)

press, said Wilder, its efforts to counter deficiencies of the press in reporting news to Blacks.

When with all we have the traditional, press of 1993 is anately reporting about America. We must continue to struggle for equal rights, those that we've won. pursue our remedies in the house, the state house, the White House...and in the Congress and the news across our land."

George L. Knox III, Vice President of Public Affairs, Philip Morris Inc., said that Philip "has always been a beneficiary of the power of the Black newspapers have a real voice to their communities and by any other media.

The press is a unifying force for its constituents -- participating in their lives, advocating their interests, inspiring them to

Philip Morris's commitment to the Black press has been a long one, Knox said, pointing to the company's advertising in the Black press newspaper, and was for doing so, long before national corporations

admitted that "the economy has brought a decline in advertising throughout America" that has affected advertising in the Black

sold the publishers. "Philip is hopeful the economy will improve in 1993, and that improvement will be reflected in advertising revenues. Our business is based on the importance of the Black consumer and the Black press plays a vital role in that consumer. That historic role makes the press an indispensable medium for communications and marketing for corporate America."



Showing Respect

MARSHALL'S WIDOW--President and Mrs. Clinton give their condolences to Mrs. Cecilia Marshall, widow of the late Justice Thurgood Marshall.

Presidential Message National African-American History Month February 1993

President Bill Clinton
Washington, D.C.

This February we rediscover, celebrate, and honor the history and achievements of African-Americans during National African-American History Month.

In 1993, I am proud to recognize that more African-Americans serve in the President's Cabinet than ever before in the history of our country. We are nearing the day when we will have built a new home for America, a home where all Americans will have a place at the table.

Understanding our past makes us aware of how far we have come and how far we have to go. Last month, for the first time in many years, our National Archives displayed for the public the Emancipation Proclamation. That document, signed by President Abraham Lincoln on January 1, 1863, launched the beginning of

a life of freedom for millions of African-American people.

For several months last year, individuals and groups of citizens had been writing to the National Archives to inquire whether the historic document would be exhibited over the new year holiday in honor of its anniversary. After considering the matter, the National Archives decided to arrange an exhibit.

The fragile document was shown in our Nation's Capital for five days adjacent to the original Charters of Freedom -- the Declaration of Independence, the Constitution of the United States, and the Bill of Rights. The exhibit reminded America of how liberty had once been denied to a particular segment of our population. The words of those backgrounds of the people in those lines each day,

however, showed how the history of African-Americans touches all of us.

The public response was overwhelming. People of all walks of life, with their children or their friends, gathered in every corner of our country to see for themselves the pieces of history that meant for millions the difference between slavery and freedom. Each night at the National Archives, the tend the visiting hours to accommodate people who had lined up for nearly three weeks. Indeed, the efforts of citizens that gave birth to the story of freedom brought to life for the story of freedom.

I invite all Americans to discover that story. The Nation observes African-American History



Chivas cayó 2-1 ante Nuevo Leon
☐ México apagó a Rumania 2-0

LOCAL - A2
ASACRE EN
DA DE HELM
 tes matan a 4 personas



DEPORTES
☒ Rumania
 pató con E.
 ✓ Puso a EU en ser

EL POPULAR

ifornia
 no Newspaper

☆ 12-18 DE FEBRERO, DE 1993

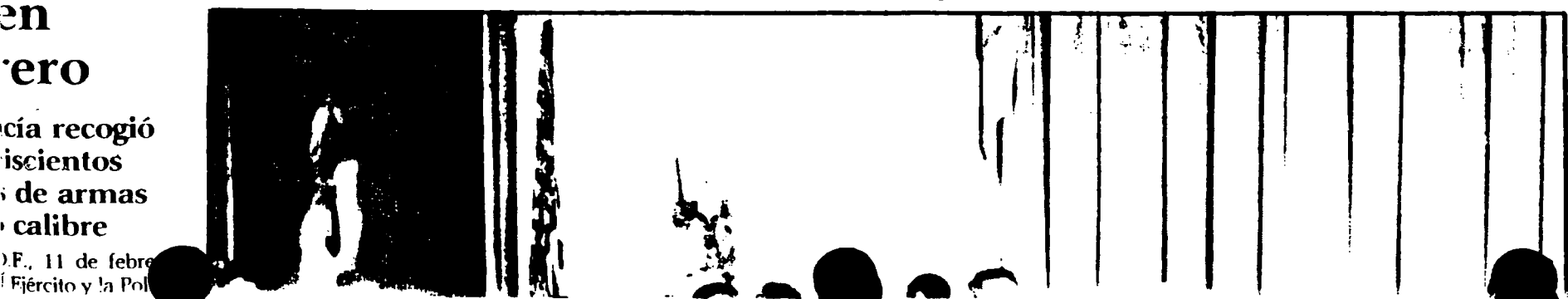
Volume

lo al Fresno Metropolitano y la ciudad de Madera

25

ciente abre fuego en hospi

craron *Funcionarios del nuevo gabinete*



■ Fue
 por in
 asesina
 secues

EL INCIDE
 PANICO E
 PERSONAL

LOS ANG
 Damacio Y
 ciento desce
 edad, abrio
 tres medicos

cia recogió
 iscientos
 de armas
 calibre
 D.F., 11 de febre
 Ejército y la Pol

ente abre fuego en hospita

o 1 Funcionarios del nuevo gabinete



■ Fue arrestado por intento de asesinato y secuestro

EL INCIDENTE CAUSÓ PANICO ENTRE PACIENTES Y PERSONAL MEDICO

LOS ANGELES, 8 de febrero. Damacio Ybarra, Torrecente descontento de 41 años, abrió fuego el lunes a tres médicos en una sala de emergencia del Hospital General del Condado-USC y mató a tres mujeres, como resultado de un tiroteo que duró más de cuatro horas antes de entregarse a las autoridades.

Ibarra fue inculcado por cargos de intento de asesinato y secuestro, el miércoles se presentaron portavoces del curador del condado de Los Angeles.

Según las autoridades, Torres, natural de San Antonio, Texas, puso en marcha una campaña destinada a llamar la atención para hacer esperar al personal médico que, supuestamente, no había prestado el tratamiento médico adecuado.

Ibarra, entró el lunes a las urgencias del hospital y a las doce del mediodía comenzó a disparar contra los doctores Richard May, de 37 años; Glenn Rogers Paul Kaszubowski, de 44 años.

Richard May, uno de los médicos heridos en el atentado, continúa en estado grave, que los médicos Glenn Paul Kaszubowski, se en-

Gabinete del Presidente Clinton: el nuevo gabinete de la Casa Blanca juramentados ante el Jefe de la Suprema Corte, John G. Roberts, el pasado 22 de enero. Hazel O'Leary, Secretaria del Departamento de Energía; Robert Reich, Secretaria de Labor; Mike Frome, Secretario de Salud.

LOS

Boletos para el

The San Diego

Voice & View

"A People Without a Voice"

Cannot Be Heard"

COMP

MARIA MERCEDES LTD

THE WHITE HOUSE

1600 PENNSYLVANIA AVE NW

WASHINGTON DC 20002

Volume 33, Number 18

Thursday,



1993 Soul Train

Music Awards

See Entertainment



10th Anniversary

**Gospel
Celebration**

See Religion



STOP THE

America's Oldest and Largest Civil Rights Group Seeks New Leader

WASHINGTON (AP) — After almost a year of searching, the NAACP has yet to find a successor to Benjamin Hooks, whose long reign at the helm of the nation's oldest and largest civil rights group is in its final months.

Jesse Jackson, Maynard Jackson, Andrew Young — they and others have been mentioned for the post, which brings with it a place in the national spotlight and enormous headaches.

"It's the most visible job in

the movement for the Advancement of Colored People.

The group hopes to name his successor before then, but hasn't reviewed all the applications, said board chairman William Gibson.

"We have a good cadre of candidates to choose from, but we haven't brought it down to a specific group of individuals," Gibson said in a telephone interview from Greenville, S.C.

Hooks leaves as the NAACP is struggling to maintain its grip on the movement that it is

Presidenti Nationa American Month —

The White House
Office of the Press Secretary

This February we rediscover, celebrate and honor the history and achievements of African Americans during National African-American History Month.

In 1993, I am proud to recognize that more African Americans serve in the President's Cabinet than ever before in the history of our country. We are living the day when

merica's Oldest and gest Civil Rights roup Seeks New ader

WASHINGTON (AP) — Almost a year of searching, the NAACP has yet to find a successor to Benjamin M. Hooks, whose long reign at the nation's oldest and largest civil rights group is in its 11th month.

Jackson, Maynard Jackson, Andrew Young — others have been mentioned for the post, which carries with it a place in the national spotlight and enormous headaches.

"It's the most visible job in the country," says Julian Bond, NAACP board member and former-time director of its legal branch.

Hooks, 67, retires April 1 after 25 years as executive director of the National Asso-

ciation for the Advancement of Colored People.

The group hopes to name his successor before then, but hasn't reviewed all the applications, said board chairman William Gibson.

"We have a good cadre of candidates to choose from, but we haven't brought it down to a specific group of individuals," Gibson said in a telephone interview from Greenville, S.C.

Hooks leaves as the NAACP is struggling to maintain its grip on the movement that it is largely responsible for launching. Critics say the 84-year-old group has become ineffective at times and out of touch with the concerns of ordinary Black Americans.

Turn to page D5

Presidential Message: National African- American History Month

The White House
Office of the Press Secretary

This February we rediscover, celebrate and honor the history and achievements of African Americans during National African-American History Month.

In 1993, I am proud to recognize that more African Americans serve in the President's Cabinet than ever before in the history of our country. We are nearing the day when we will have built a new home for America, a home where all Americans will have a place at the table.

Understanding our past makes us aware of how far we have come and how far we have to go. Last month, for the first time in many years, our National Archives displayed for the public the Emancipation Proclamation. That document, signed by President Abraham Lincoln on January 1, 1863, launched the beginnings of a life of freedom for millions of African-American people.

For several months last year, individuals and groups of citizens had been writing to the National Archives to inquire whether the historic document would be exhibited over the New Year's holiday in honor of its anniversary. After considering the matter, the National Archives decided to arrange an exhibit.

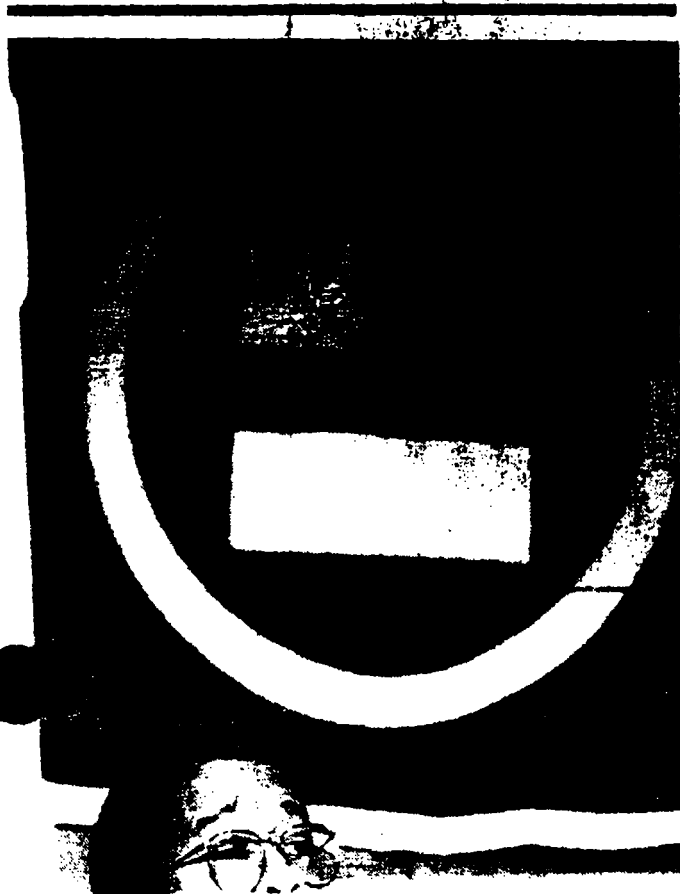
The fragile document was shown in our nation's capital for five days adjacent to the original charters of freedom — the Declaration of Independence, the Constitution of the United States and the Bill of Rights.



once been denied to a particular segment of our population. The diverse backgrounds of the people in those lines each day, however, showed how the history of African Americans touches all of us.

The public response was overwhelming. People came from all walks of life, with their children or their friends, from every corner of our country, to see for themselves the pieces of paper that meant for millions the difference between slavery and freedom. Each night at closing time, the National Archives had to extend its visiting hours to accommodate people who had waited in line for nearly three hours. Indeed, the efforts of the few citizens that gave birth to the exhibit brought to life for thousands the story of freedom in America.

I invite all Americans to rediscover that story and others as our nation celebrates National African-American History Month.



San Francisco 4/23/93

P.02

93 TUE 11:22 AM NH ECHO CONG. D.O.

Clinton Offers a High-Tec



\$17 billic unveiled

By Jerry

Using one of Silicon V
dent Clinton and Vice P
high-tech initiative to sp
new technologies.

The president set for
calling for new spending
nation superhighways,
turing technology cen
high-speed rail projects,
manent corporate tax cr
search and experimental

During the campaign
had promised a vastly
role for government in
tech industry, but many
tails and costs of such a
were vague until yesterd

At Silicon Graphics fi
growing Mountain View
graphics manufacturer,
cratic leaders praised suc
nies for "making char
friend" and said they a
tion's best hope for crea
wage jobs and easing t
tion of the state's hard-h
industry to civilian work

BY MICHAEL MACOR/THE CHRONICLE

President Clinton and Vice President Al Gore joined Silicon Graphics CEO Edward McCracken (left) in a talk with company employees

ch Plan

on initiative in Silicon Valley

by Roberts and Susan Yochum
Chronicle Political Writers

Valley's hottest companies as a backdrop, President Al Gore yesterday offered a \$17 billion program for economic growth and speed development of

with a comprehensive and innovative program

on "information
manufacturers and
plus a period for re-
tation

n. Clinton
expanded
the high-
of the de-
a program
day.

nc., a fast-
computer
the Demo-
ch compa-
nge their
re the na-
ting high-
the transi-
on defense

THE REACTION IN SILICON VALLEY

President Clinton's plan for an "information superhighway" is now under discussion by a handful of companies that include Apple, Silicon Graphics and Applied Materials.

"Many technology companies already use fiber-optic communications," said John Sculley, CEO of Apple Computer Inc. "It wouldn't take a lot of effort to bring in the schools and the hospitals."

The complete story is in Business, Page C1.

The fast-paced, highly successful company was an ideal setting for Clinton to stress economic hope for the future instead of the financial devastation of the present and past.

"Anybody who says everything is fine with our economy hasn't been to California lately," Clinton told several hundred workers, performing in his familiar role as public policy talk show host. "We need some change. We can't stand the status quo."

"In order to revitalize our economy, it is time for a dramatically new approach that recognizes the strength and potential of America's scientific and technological resources to change and improve the quality of our lives," he added in a detailed summary of the four-year high-tech spending plan that was released yesterday.

Innovations such as the information superhighways will mean that "instead of just playing Nintendo after school," children will be able to "plug into an electronic library," Gore told more than 250

On the second day of a West Coast swing intended to build support for the national economic strategy he set forth last week, the president focused on the "investment" — or new spending — element of his program, after several days of discussing the plan's tax increases and program cuts.

Clinton tried to focus attention at stops both here and in Everett, Wash., on his new technology package, but he had a special message for employees of Boeing Aircraft, the world's largest maker of commercial aircraft, which has announced plans to eliminate some 28,000 jobs.

Speaking in an enormous aircraft assembly hangar at the Boeing plant in Everett, Clinton said his administration will insist on strict enforcement of a 1992 agreement limiting European Airbus

HIGH-TECH: Page A9 Col 2

THE PLAN

Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

formed to offer new technology products and services.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

How Crowds Roost

SEE PAGE A7

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Clinton's plan calls for a \$17.5-billion investment in high-tech companies. Clinton's plan calls for a \$17.5-billion investment in high-tech companies.

Special: Monday News • News • Tuesday, February 23, 1993

THE CLINTON VISIT

Clinton's high-tech love-fest blossoms

Visit to valley wins over some new supporters

By Lark Gowles
Special to the Staff Writer

With a Sunday night executive zap session, and with the unveiling Monday of a new technology policy that begins to make good on many of his campaign promises, Bill Clinton appears to have solidified, and perhaps even strengthened, his already considerable support from the high-tech business community.

That should help Clinton keep up his momentum as he pushes Congress to pass his tax and spending plans, political observers say. And it will certainly contribute to the technology love-fest between Clinton and the valley as the president begins a weekly 10-hour blitz in Washington's dealings with high-tech business.

While some of President Trump's advisers once literally had to fight with one White House aide to even admit the administration had a technology policy, the Clinton plan goes a lot further in its central role in creating environmentally sound economic growth, to making government more efficient and to establishing U.S. leadership in science and other fields.

Specifics yet to come

While most of the specifics will be worked out with Congress in coming months, the plan reiterates Clinton and Gore's support for a high-speed computer network. It also seeks to increase the kind of federal support for small business and emerging technologies that Clinton, particularly as governor, was responsible for the creation of the academic entrepreneur for industry among other university officials.

The plan for climate, would shift Pentagon research dollars to civilian uses and would create "strategic centers" that would help small businesses keep abreast of technology change.

"I think it's great," said Eric Benhamon, president of Hicon Corp., a Santa Clara supplier of computer network systems. "A lot of this is reflective of what most of the Silicon Valley leadership has tried to convince Clinton and Gore to do."

Because of rapid technological change, he said, individual businesses "fit in their own devices and it's prone to be disorder and inefficiency. We're at a

Clinton's high-tech plans

The highlights of President Clinton's high-technology initiatives announced Monday.



Research and development
Spurring federal government research spending from a 60-40 military/civilian split to 50-50.

Information superhighways

Government could serve as a high-speed non-network aimed at allowing individuals, small businesses, schools, hospitals, and homes.



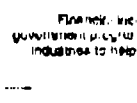
Advanced manufacturing technology
Programs and incentives to help companies merge and on all keep pace with manufacturing scale of global competitors.

High-speed rail

Establishment of high-speed rail and money to speed technology development during the process.



Education and training
Tax and other incentives to encourage companies to keep workers' skills up-to-date.



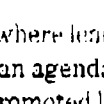
Environment and energy
Financial incentives through tax breaks and government programs to spur new businesses and industries to help solve environmental problems.

juncture where leadership has to step in and set an agenda. The hands-off approach promoted by the Republican Party is completely inappropriate."

Sunday's outline of his plans was light, but not exclusively so. An affair for Clinton's 20th birthday, a weekly Republican crowd that celebrated him at the end of Clinton's visit, and a night of partying were all part of the celebration with one exception: All three said they remained fully committed to him and his presidency.

It can be argued that much can be learned from the Clinton administration's approach to technology. "I just believe in the president," said Howard K. McCracken, who said he was pleased his company, to be involved in helping out the president's agenda.

That was an aid support to networking, he said, while Clinton first was over them. Clinton as a campaign making campaign



McCracken

inbound, he now appears to be keeping the ball in his camp when it comes to technology, Clinton trying to make it his own.

"I had support in a fairly unique way," Clinton said. "A major theme of Sunday's dinner was that Clinton's business should be a major theme of the president's agenda. Clinton said he was not going to be the president of the United States if he passed it by his private life."

Clinton's plan to make it a reality is to make it a reality by winning over an uneasy new group of voters, people who didn't support him in the fall but who are now impressed by his interest in technology and who were willing to give the president a chance.

Clinton's plan to make it a reality is to make it a reality by winning over an uneasy new group of voters, people who didn't support him in the fall but who are now impressed by his interest in technology and who were willing to give the president a chance.

Clinton's plan to make it a reality is to make it a reality by winning over an uneasy new group of voters, people who didn't support him in the fall but who are now impressed by his interest in technology and who were willing to give the president a chance.

Clinton's plan to make it a reality is to make it a reality by winning over an uneasy new group of voters, people who didn't support him in the fall but who are now impressed by his interest in technology and who were willing to give the president a chance.

Clinton seems to be winning over executives who didn't support him in the fall but are now impressed by his interest in technology.

side them outside throwing out," he said. "That's why I hope that he's successful rather than trying to cut him off at the knees."

Pursuing benefits

Stanford University's assistant secretary of state David H. Hays is skeptical. In the Congress, when the sort of support is useful to Clinton is more, it makes the case to Congress that the president's program "will not only benefit traditional Democratic Party constituencies, which is one of his problems."

"The main reason a lot of people don't support Clinton is because he's not a 'new Democrat' and having been in the past," Hays said. "Congress is more interested in the cost of supporting something. To the extent Clinton has improved business groups with him, he will benefit."

While it promises a technology plan, the Clinton administration has yet to announce what federal officials, such as the kind of money it would like to use to make it a reality with it.

"It's a quantity," Hays said. "While it's a quantity, it's not a quality." Hays said.

It added, though, that the administration hopes that technology may be one way to communicate with the public about the importance of technology.

Success and irony

While it's a largely positive view, the Clinton visit was not without its ironies.

For example, at the end of Sunday's dinner, Clinton and Gore spoke briefly to the hundreds of Los Angeles executives who had gathered patiently in the streets to see them with Gore, urging them to write their senators and representatives to pass the "Special Interest" bill that they had the plan to draft.

But to one way of thinking, that's essentially what had been happening before the president's arrival. Clinton's plan to make it a reality is to make it a reality by winning over an uneasy new group of voters, people who didn't support him in the fall but who are now impressed by his interest in technology and who were willing to give the president a chance.

"That's what we're trying to do," Clinton said. "What if we didn't do anything to do it?"

"We're at a juncture where leadership has to step in and set an agenda. The hands-off approach promoted by the Republican Party is completely inappropriate."

—Lark Gowles, Staff Writer



Hays

San Jose Mercury 4/23/93

Clinton's high-tech initiative

He proposes spending billions to keep U.S. on cutting edge

BY PHILIP J. TROOSTINE
Mercury News Political Editor

President Clinton and Vice President Al Gore used a visit to one of Silicon Valley's gee-whiz computer firms Monday to unveil their new technology initiative — a set of policy directives, spending proposals and new ventures that would invest \$17 billion over four years.

Many of the projects already are in place and contained in the \$169 billion spending plan the president announced last week. But by pulling together the various technological initiatives, Clinton — with help from Apple Computer Chairman John Sculley and former Hewlett-Packard Chairman John Young, among others — has given at least the appearance of breaking with precedent and giving birth to a capitalist taboo: a national industrial policy.

"I think the government ought
See CLINTON, Back Page



Tom Davis gets a laugh by "morphing" pictures of George Bush and Dan Quayle into pictures of Clinton and Gore.

MORE INSIDE

- Jim Trotter's jog with the president. PAGE 2A
- Photos: Images from Clinton's whirlwind visit. PAGE 10A
- Editorial: Clinton high-tech plan is right on the money. PAGE 10B
- Jim Mitchell: Finally, a White House that understands Silicon Valley. BUSINESS PAGE 6D

■ CLINTON

from Page 1A

"I want to be like you do," Clinton told the enthusiastic employees at Silicon Graphics Inc. in Mountain View.

His technology policy, he said, is an expression of what we think the national government's role is in creating a partnership with the private sector to generate more of these kinds of companies, more technological advances to keep the United States always on the cutting edge of change."

Clinton's plan calls for shifting about \$9.7 billion in military research and development funds into civilian and dual-use research and development and the development of a research partnership with the auto industry to develop a "clean car" that would use domestic and renewable fuels and produce little or no pollution.

Of immediate interest to the region's high-tech industry:

- A permanent tax credit for corporate research and development.

- Support for a new "information infrastructure" linked by fiber optics.

- A 50 percent reduction in the capital-gains tax rate for long-term investment in small businesses.

- A big boost for manufacturing extension centers to help small and medium-size businesses gain access to technology.

"It's very exciting," said Dick Iverson, president of the American Electronics Institute. "He's recognized that technology is going to be the driver and he's investing in that for the future."

And while the idea of a national industrial policy may strike some Silicon Valley cowboy entrepreneurs as creeping socialism, others dismiss the critique.

"Bush made industrial policy and Reagan made industrial policy," said Apple Computer Vice President Dave Barram. "The idea that they didn't was one of the crazy myths of the late 20th century."

"We've had industrial policy since the Civil War. We built railroads, canals, we had land grant colleges. To say that they're making industrial policy is to use a charged phrase. They're saying the government and private sector have always had a relationship — here's what we think is most effective."

New investment priorities

What is different are Clinton's priorities for investment. The National Institute of Standards and Technology, for example, would be given \$1.3 billion over four years for research in new fields such as bio-processing and to develop manufacturing technology centers to help small and medium-size businesses obtain advanced equipment. NIST currently is asking for just \$117 million this fiscal year.

Gore's interest in computer networking would result in funding for the Information Infrastructure and Technology Act and the National Telecommunications and Information Administration. In all, computer networking funding would grow by more than \$1 billion over four years.

The National Science Foundation would see a huge increase to \$2.3 billion over four years from \$207 million this year, in funding for global change research, high performance computing, biotechnology, advanced materials and science and math education.

Working on a 'clean car'

The program to develop a "clean car" would involve the government as a partner with automakers in developing technology that could be shared by all the private companies. "While the basic technology needed to achieve this goal is available, converting it to a practical vehicle represents an historic challenge," the Clinton plan states.

Not unlike the federal involvement implicit in building the interstate highway system, Clinton's plan proposes intervention by the government into technological research "under the leadership of the U.S. business community and the industry itself."

Later in the day, at Boeing Co.'s assembly plant in Everett, Wash., Clinton blamed the layoffs of 28,000 Boeing employees on the European industrial policy that built the subsidized Airbus — a tough competitor in the airline industry. He said he would try to end such subsidies and that his economic plan would help create new jobs for displaced workers.

At Silicon Graphics, Clinton joked about his and Gore's interest in high-tech issues — noting that Gore is the "only person ever to hold national office in America who knew what the gestalt of the gigabit is." Clinton and Gore dazzled their morning audience and even won some converts for their program of tax increases and spending cuts.

"I didn't vote for you; I wish I had," said Ann Van Bualdick, an accounting supervisor and Ross Perot voter from Redwood City, rising from her chair.

"I really see a possibility in what you stand for and I really think this is why you were elected," she said. "I think that's why the statistics are saying that we're willing to have our taxes increased, we're willing to have cuts, because you say you're really going to do it this time and decrease the deficit. I hope to God that you do."

With only a smattering of protesters outside, Clinton and Gore, who had jogged about three miles around downtown San Jose earlier in the morning, toured Silicon Graphics with Chairman Ed McCracken before meeting with employees. Gore, who has an abiding interest in supercomputer networking, was especially interested in a visualization program with which an operator "drives" through a cinematic view of any area that has been entered as data into the computer.

Computers helping children

"With the gigabit network," Gore said, children could use home computers to hook up interactively with their local library to use visualization technology for fun or study.

Clinton nodded in assent.

The most whiz-bang demonstration, however, was part of a video put together by Silicon Graphics, whose technology was used for some of the special effects in the movie "Terminator II." In the special video, the images of faces "morphed", or melted into one another: from George Washington to Thomas Jefferson to Abraham Lincoln to Franklin Roosevelt to John Kennedy to Bill Clinton.

The audience burst into cheers. Clinton beamed.



CLINTON BRINGS PITCH TO TOWN

Exuberant SM crowd welcomes president

By John Barbee
STAFF WRITER

It was a very Westside crowd that greeted President Bill Clinton at Santa Monica College on Sunday — mostly white but also black and Latino, smiling politicians and posing celebrities, cheering students and party faithful.

"We love you, Bill," they shouted. "We want Bill."

The signs outside were more surly: "Bill Lies," "Compensation for All L.A. Riot Victims," "Recognize Independent Macedonia," "The People's Republic of Santa Monica Welcomes Comrade Clinton."

Santa Monica did welcome Clinton. Democrats who had opposed him in the primaries — even a handful of professed Republicans — joined hands with Clinton's biggest fans Sunday. For two hours, at least, the city was full of Clinton's ideal Americans, ready for change and willing to sacrifice.

"That's what you need to do, sacrifice to make things better," said Rhonda Wise, 31, panting as she hurried to the college auditorium two hours before Clinton arrived.

CROWD/A2



President Clinton makes a point in an afternoon speech at Santa Monica College, above. The presi-

dent, in his first California appearance as chief executive, waded through the crowd shaking hands.

Stumps for need to spend more, reduce deficits

By Lori Schweltzer
STAFF WRITER

President Bill Clinton, visiting the West Coast for the first time as the nation's leader, brought his message of economic sacrifice to a friendly crowd of 2,000 at Santa Monica College on Sunday.

"We have to do something no Americans have had to do before," Clinton said. "We have to increase investment in our people and our future and reduce our debt at the same time."

The president promised difficult choices, but also dangled a plum for California's hard-hit aerospace industries. He announced that he was releasing \$500 million in "defense conversion" funds that the Bush administration had held back.

The money is part of a \$1.7 billion appropriation made by Congress last year but never distributed. It will fund retraining programs for laid-off workers and provide incentives for "new kinds of peacetime investments," Clinton said.

Reviving the California economy is a key to national recovery, the President said.

"If it can happen anywhere, it must happen in California," he said. "Unless California is revived, the nation cannot recover economically."

Despite his somber message, the president was in an exuberant mood from the moment he walked into the packed college gymnasium. He stood waving as the crowd cheered for several minutes before Santa Monica College President Richard Moore introduced him.

Dressed in a dark suit with a polka-dot tie, Clinton was comfortable and relaxed, speaking without notes for 40 minutes. Even as he pitched his \$500 billion "pain now, gain later" tax increases and spending cut plan, the president won applause from the crowd.

Almost everyone will be able to find something

CLINTON/A8



FREDERICK H. BROWN/STAFF PHOTOGRAPHER

President Clinton salutes his enthusiastic audience Sunday at Santa Monica College after

being introduced by the college president, Richard Moore, at right.

Clinton

FROM PAGE A1

in the economic plan that isn't in his own interest. But that's not the way to look at it, Clinton said.

"You can't just say, 'What's in it for me?' You have to ask, 'What's in it for us?'" he said, bringing listeners to their feet.

Clinton challenged critics who say his program is heavy on taxes and low on cuts to come forward with their own cost-cutting proposals.

"Star Wars," shouted local Democratic activist Herman Rosenstein, referring to the Strategic Defense Initiative.

Clinton responded with a smile.

'Star Wars' cut

"We did cut 'Star Wars' quite a bit, as a matter of fact. A whole lot," he said, as the audience applauded again.

Clinton said he has already come up with 150 proposed cuts. He listed moves to pare the White House staff, cut \$9 billion from federal administrative costs and freeze federal pay.

"Now, that's not bad for four weeks on the job," Clinton said.

"And I want you to know something else. I will not support a tax increase, even a tax increase on the wealthiest 1.2 percent of the American people...until I know we have the spending cuts, too. I don't think anybody should pay more until we cut more."

The crowd of mostly young, mostly liberal Westsiders listened politely as Clinton outlined his tax cuts and talked about rebuilding business. But listeners erupted in applause when he moved on to "some things we must spend more on."

"Our program will invest more money in the cities — in street projects, park projects, water projects, sewer projects, environmental cleaning projects," he said to applause.

The president pledged to create 680,000 new summer jobs for young people in depressed city and rural areas. The budget, he said, will fully fund Head Start and the nutrition program for woman and infant children and provide the means to immunize every child in the nation.

He promised to create new jobs by retooling parts of the defense industry for "sophisticated research" to help the environment — a pledge that won him warm applause.

Much of the president's message echoed the speeches he made on the road last week when he pitched his economic plan in Ohio, New York and Missouri. Those who came to see him in Santa Monica didn't seem to mind the repetitions. The important thing was that Clinton was here, talking to them.

"He reminded me of Kennedy," said Pete Felix

of Venice, who liked the president's energy. People can support Clinton's plan because it is fair, Felix said.

"I am not upset about paying more if everybody else is going to pay too," Felix said. Something has to be done or "we are all going to sink," he said.

"We've had 12 years of pain. Anything's an improvement at this point," said Rochelle Stephens, a Culver City resident who lost her job in the aerospace industry and was left without health benefits.

"I thought maybe I'd have to leave the state," she said. Now she thinks she might stick around.

There was little grumbling in this loyal crowd, about half of whom received tickets through White House connections. The other half was made up of college students and staff who had waited in line on campus Friday for tickets.

As Clinton left the gymnasium, he took time to talk and shake hands with people who pressed around the stage and lined the path to the door.

"I touched his hand," Gloria Lopez of Pasadena said effusively.

Lopez, who directs the Santa Monica College nursing program, said she seized the chance to tell Clinton about a health-care proposal from the National Association of Hispanic Nurses.

Many politicians

The audience included numerous Westside politicians. Assembly Speaker Willie Brown was on hand, too. Comedian Bill Cosby was there, making the president, Clinton joked, "the second most famous person in the room."

State Sen. Tom Hayden, D-Santa Monica, said Clinton's election came "just in the nick of time." The country needs investments in alternative energy and projects to clean up Santa Monica Bay, he said.

"It's great to have a federal government for a change that might be on our side for the environmental fight," Hayden said.

Even former Santa Monica City Councilwoman Christine Reed, a Republican, said she was impressed.

"I don't recall Bush ever going out to the country," she said, adding that she plans to send the president her ideas for budget cuts.

Reed said she was pleased that Clinton challenged everyone to put aside personal interest for the good of the country.

"When he said, 'You have to stop thinking you'll get something for nothing,' I said, 'Go, Bill!'"

Santa Monica Mayor Judy Abdo said she liked the president's thoughts on investing in job-creating research firms. Santa Monica, she noted, has "empty office space that can be used for research and development."

Press-Telegram

SERVING THE SOUTHLAND

President Bill Clinton addresses a youthful audience at Santa Monica College in hopes of gaining support for his economic plan Sunday.

Associated Press



Clinton frees up fund to convert defense jobs

By Tom Rasm
Associated Press

SANTA MONICA — President Bill Clinton on Sunday told residents of the economically strapped West Coast, where defense-related industries are particularly hurt, that help was on the way.

As a down payment, he said he was releasing \$500 million in funds to help communities nationwide convert from defense-based industries to civilian ones.

Speaking to a community college audience, Clinton said the funds were from a \$1.7 billion con-

gressional appropriation for "defense conversion" that he said the former Bush administration had failed to spend.

He also said he would propose a new technology policy that calls for closer government-industry ties with a goal of finding new high-paying jobs for laid-off defense workers.

In California to sell his economic plan, Clinton stepped up his attack on critics who say the plan doesn't offer enough spending cuts, chal-

PLEASE SEE CLINTON/A6

PRESS-TELEGRAM/MONDAY, FEBRUARY 22, 1993

A6

CONTINUED FROM A1

CLINTON: Fund to ease pain of defense cuts

Continued From A1

lenging them to propose their own reductions and "not talk about doing better."

California has been "especially hard hit" by the industrial shifting that has followed the end of the Cold War, Clinton noted on his first trip as president to the West Coast, which gave him solid support in the November election.

Clinton took aim at critics who say his economic revival plan is top-heavy with new taxes and not enough spending cuts. He said the plan contains plenty of cuts, including government.

"It's one thing to talk like a conservative and another thing altogether to live like one," Clinton said. "You can't just have the sweet parts of this program; you've got to have the tough parts too."

Vice President Al Gore, en route to California to join Clinton, pledged in an interview that lawmakers who cast politically



Los Angeles Conservation Corps members turn out en masse Sunday to greet President Bill Clinton as the chief executive arrives at Los Angeles International Airport.

Associated Press

to help us out," he said. Clinton said his new technology proposal includes more job-creating programs for laid-off

civilian causes like environmental protection.

Unless California can find a way to pay for the program, Clinton cited his steps in cutting the White House staff by

"Every time I go someplace, they say cut more and tax less," Clinton said, referring to criticism from conservative lawmakers and many economists that his plan designed to reduce the federal deficit by \$325 billion in four years is weighed too heavily in favor of taxes.

Clinton said that, in addition to deep spending cuts in many areas, including the Star Wars anti-missile program in the defense budget, there were 150 specific cuts in his economic plan.

"That's not bad for four weeks on the job. I think we can do better. But I think what we ought to do is do better and not talk about doing better," he said in reference to his critics.

The plan outlines about \$1.5 trillion in federal spending in the fiscal year beginning Oct. 1.

On his first trip to the West Coast as president, Clinton flew later Sunday to San Jose for a meeting with about 30

Graphics in Mountain View, then fly to Seattle and a Boeing aircraft plant — just days after Boeing announced it will eliminate 23,000 jobs this year.

"This whole part of our country, which has been the beacon of hope for decades, is now under great stress," Clinton said in Santa Monica.

Clinton has proposed some \$76 billion in defense spending cuts over four years in his new economic package.

On finding ways to transform defense industries to civilian jobs, Clinton said: "It's time to stop talking about conversion and start doing something about it."

The president has been on the road promoting his economic overhaul, which calls for \$325 billion in deficit-reduction in the next four years. The centerpiece of the plan is a new energy tax and higher tax rates for wealthy individuals and corporations.

Clinton's program calls for \$246 billion in new taxes

Clinton pledges aid to California

Says recovery here is important for his economic plan

By GEORGE E. CONDON Jr.
Copley News Service

SANTA MONICA — President Clinton, saying that his economic program cannot help the country unless California's economy picks up, offered the hard-hit state some help yesterday, but he asked Californians to accept the bitter parts of his economic medicine with the sweet.

Making his first trip as president to the nation's most populous state, Clinton repeatedly noted that California suffers currently, and he blamed part of that suffering on inadequate planning for the conversion

■ Budget Director Panetta expects Congress to alter Clinton's deficit package—A-2

of much of the state's economy from defense to peacetime work.

To help get some of the ailing defense industry back on its feet, the president announced he has approved spending a portion of \$1.7 billion appropriated last year by the Congress for defense conversion but held up by then-President George Bush.

"We will shortly release \$500 million of that fund, a lot of which will go to the state of California to put people back to work," he said to applause.

The money, he said, would "go into communities that have been hurt, to educate people again who had lost their jobs, to give communities incentives to find new kinds of peacetime investments."

In a speech before an enthusiastic crowd



ASSOCIATED PRESS

Clinton in California: The president lobbies for his plan at a town hall meeting at Santa Monica College.

of students and supporters at Santa Monica College, the president urged that their road to economic recovery not be without some more pain.

And he made his strongest appeal for public pressure on Congress to support the mix of spending cuts and tax increases he outlined last week in his State of the Union address.

Amid speculation in Washington that Congress will move more quickly on increased spending, which is popular, this

See Clinton on Page A-2

Health Care: Who Pays?

Clinton prescription: managed competition

By SUSAN DUERKSEN
Staff Writer

It's 1996. Recently triumphant in a battle against breast cancer, Jane has just been hired as marketing director for a La Jolla biotechnology firm.

Allen works in a three-person auto repair shop in San Marcos.

Mary is unemployed, having lost her job in an Ocean-side restaurant after she often missed work because of her youngest son's severe asthma.

All three, like everyone in the United States, have medical insurance. They are members of a Health Insurance Purchasing Coop-

erative that includes half the population of North County. Another HIPC — pronounced hip-ic — covers most people under age 65 in the southern half of the county.

Under the system known as managed competition, these regional cooperatives are the backbone of the health-care reform program shepherded through Congress by President Clinton back in 1993. HIPCs across the nation act as clearinghouses and negotiators to help consumers select and buy into the most cost-effective health insurance plans.

From a menu of six health plans, Allen picked the cheapest option, which costs, let's say, \$200 a

See Health care on Page A-11

The San Diego

Union-Tribune

County, Calif.

75¢

LA OPINION

FUNDADO EN 1920

LOS ANGELES, CALIFORNIA • LUNES 22 DE FEBRERO DE 1993

AÑO 67, NUM. 180

35C

La crisis de la economía preocupa a los angelinos

Segunda prioridad de los residentes ante la elección del próximo alcalde

Tercero de una serie de reportajes especiales sobre temas que afectan a la comunidad latina local y son tema de la campaña por la alcaldía de Los Angeles

VOTAR VOTAR

Por Leticia García-Irigoyen

Reportera de LA OPINION

John Iñiguez no es un experto en economía, pero, cuando se habla de recesión económica sabe exactamente lo que está hablando.

Iñiguez es un comerciante en pequeño que afectado por la crisis económica que azota el área angelina, se vio en la necesidad de declarar en bancarota uno de los dos negocios de platinado que tenía en Los Angeles cuando los gastos de producción superaron las ganancias.

Según el negociante, la falta de producción, la fuerte competencia por parte de compañías extranjeras, los estrictos reglamentos municipales y las altas tarifas e impuestos cobrados por

ECONOMIA

el gobierno local, unidos al costoso seguro de indemnización estatal, consumieron económicamente su primer negocio y están a punto de hacer sucumbir al que le queda.

A menos de dos meses de las elecciones en las que se elegirá a un nuevo alcalde de Los Angeles, hay quienes esperan que quien salga electo sea alguien que pueda aportar ideas innovadoras para la reactivación económica de la metrópoli y, sobre todo, que logre cambiar su imagen de ciudad insegura y poco propicia para los negocios.

La economía de la región es la segunda preocupación de los angelinos, precedida por la delincuencia y seguida por la falta de empleos, según reciente sondeo.

A la declinante economía local se agregaron en abril de 1992 los disturbios civiles más devastadores que haya vivido Estados Unidos, los cuales dejaron un saldo de 52 muertos, más de 2,000 heridos, casi 10,000 arrestos, 5,273

Lee TEMAS, 2A

Reentrenarán a trabajadores

Clinton promete en Santa Mónica fondos para ayudar a los desplazados

Por Roger Lindo

Reportero de LA OPINION

El presidente Bill Clinton estuvo ayer en la ciudad de Santa Mónica, donde promocionó su plan económico, y pidió el apoyo de los californianos para llevarlo adelante.

"No podemos continuar con este tipo de parálisis e ignorar los problemas que nos han destruido durante tanto tiempo. Este es un momento histórico para nosotros, tenemos la oportunidad de crear un nuevo futuro para los Estados Unidos si tenemos el valor de capturarlo," dijo Clinton ante una audiencia de estudiantes, profesores y residentes de aquella ciudad, reunidos en el gimnasio de la universidad pública de Santa Mónica.

"A menos que California se restablezca, el país no verá una recuperación económica," manifestó al aludir al estado más duramente golpeado tras el final de la Guerra Fría, y a los despidos ocurridos en la declinante industria militar.

El presidente dijo que invertiría casi cinco millones de dólares para pagar por el reciclaje de los trabajadores afectados por los cierres ocurridos en la industria de defensa, así como para revitalizar las comunidades más

afectadas por los cierres. Dijo que a posteriori podría haber más millones de dólares para contrarrestar el impacto de los cierres en la industria militar. Bush no dio ni un solo centavo para ese propósito.

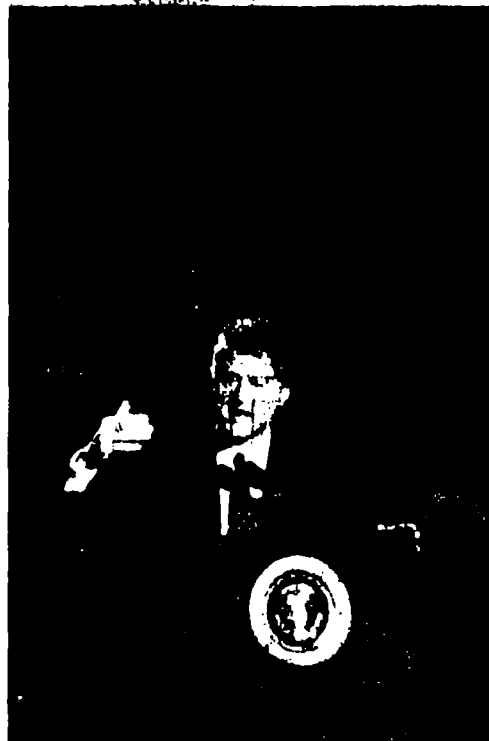
Entre el aplauso general anunció: "Vamos a liberar muy pronto quinientos millones de dólares de ese fondo, buena parte del cual irá al estado de California para que la gente vuelva a trabajar."

Al explicar su propuesta económica que eleva los impuestos y ofrece invertir en la revitalización del país, y reducir el déficit, el Presidente afirmó que no se podía tener lo "dulce" de su proyecto sin el lado amargo.

Durante su discurso, de aproximadamente 45 minutos, Clinton reafirmó su compromiso de asistencia a las ciudades y prometió ayudar a la juventud a ir por el sendero universitario.

El gobernante aseguró que para que hubiera aumento de impuestos primero tendrían que producirse recortes en los gastos gubernamentales. "No apoyaré más impuestos, ni siquiera sobre el 1.3% de los estadounidenses más pudientes, si primero no se producen recortes."

Lee CLINTON, 2A



Associated Press

El presidente Bill Clinton externaba su plan económico ante una gran asistencia en el auditorio del colegio de Santa Mónica, ayer, tratando de convencerlos.

FEBRUARY IS BLACK HISTORY MONTH



Indiana Herald

"The Sword of Truth is Eternally Sharp"

February 13-17, 1993

Indianapolis, Indiana

923-8291

Base Sergeant Crowned During National Petite Modeling Contest



The native of Anderson, Ind., who also holds several other titles including the 1991 Television Spokesmodel of the Annual Dayton Star Search competition, held at Dayton's Hara Arena, and the 1990 Senior Television Spokesmodel of the Indiana Black Expo Starquest competition, held at the Indiana Hoosier Dome

Brown, who began her modeling career in 1986 at age 19 when she was chosen first runner-up in the Anderson Black Expo Pageant

Man Tries Gas With

A Clerk working the late shift at a Village Pantry, located at 6300 North College Avenue, was frightened by a man who displayed a knife and wanted to trade it for gas.

After the suspect left the store, the frightened clerk called 911 with a description of the vehicle and license number.

Officer Sonya Johnson stopped the suspects vehicle traveling south

was also reported stolen from Chicago, Illinois, February 11. A computer message from Chicago stated that the vehicle taken in a carjacking, the suspect used a shotgun.

Everett A. Burnett was taken by Officer Johnson with a dent and an inventory search of the car produced a loaded assault rifle, a loaded shotgun and

Stanton, publisher, Petite Magazine; Carol Detanna from Los Angeles Models Agency; and model agent Ron Scott.

Married or single women, under five-feet, five-inches in height, ranging from ages 16 to 35 could enter the pageant. Judging criteria included a swimsuit, sportswear, and evening gown competition; the ability to walk the runway, using presentation style, poise, projection, originality, personality, and participation in a personal interview.

Shirl Gilbert

Calling it a "victory for the children of this community," IPS Superintendent Shirl E. Gilbert II today reacted to news that Federal Court Judge S. Hugh Dillin has approved the district's "Select Schools" petition. The Judge's decision, released late Tuesday afternoon, affirms gives IPS the go ahead to proceed with implementation of the program for the 1993-94 school year.



Rosa Pearl Jackson

Rosa Pearl Jackson's body was found Tuesday, on the bank of White River, 2 1/2 months later and 4 miles down from where her alleged killer said it was.

MICHAEL L. GREENE

On Friday February 5th, 1993 during a routine traffic stop north of 86th street, State Trooper was shot and killed

The same officer that did Trooper Greene's back ground investigation, (officer Hudson) was the same officer that sped to the scene of Greene's shooting, in Northwestern Marion County, and found the trooper sprawled along I-65. Greene had stopped on the interstate to check out a parked car.

of murder, escape and carrying a handgun without a license. Marion County Prosecutor Jeffrey Modisett says it is "quite likely" Timberlake could face the death penalty. But a final decision on the death penalty charge will be made after Modisett and his staff review the case.

Tommy L. McElroy, who was with Timberlake when Greene was

Continued On Page 2

President Clinton Continues To Act On His Promise To Deal With "The Real Problems Of Real People..."

(Washington, D C) With the flourish of several pens, President Bill Clinton signed into law the Family and Medical Leave Act of 1993 last Friday in a Rose Garden ceremony at the White House. "American workers will no longer have to choose between the job they need and the family they love," said President Clinton as he thanked the Vice President, members of Congress and ordinary American families whose combined efforts insured the bill's passage. "I think all of us should acknowledge that it was America's families who have beaten the gridlock in Washington to pass family leave. I'm very proud that the bill passed as President Clinton signed it."

tion mandates that employers with at least fifty workers provide up to 12 weeks of unpaid leave for gravely ill employees and for workers who have to care for a newborn or newly adopted child or a family member with a serious medical condition.

Budget-Cutting begins at the top.

The President in his own words.

"We in government cannot ask the American people to change if we will not do the same. Every family in America has had to adjust its priorities as it has tightened its budget. Every hardware store and every giant conglomerate has had to find a way to meet increased competition. And the government has to find a way to meet the needs of the American people."

"During the recent campaign, I pledged to reduce the White House staff by 25%. Today, I am announcing a reorganization of the White House that keeps my promise to the American people... This reorganization will reduce the size of the White House and Executive Office of the President by 350 people from its staffing on election day. I should point out that this is one of the few times this century that any president has shrunk the size of White House staff."

-Presidential press conference, February 9, 1993.

"The leadership of one of our cabinet agencies abolished the executive dining room and saved \$125,000 and brought the career employees up to the executive suite."

There were people who worked there for 25 years and had never seen where the bosses work. We are going to change the culture of the way this federal government works. We are going to reinvent it and we're going to make it work again."

-Remarks to the National Governor's Association dinner February 1, 1993.

Help for Labor and Management... After consultation with Labor Secretary Robert Reich, the President this week revoked two Executive Orders he believed to be an "unnecessary federal government intrusion into workplace relations."

The first order rescinded prohibited contractors who've entered into

project agreements with unions from bidding on federal construction contracts. The President abolished this order because he believes these agreements "establish labor standards for work early in the process, reduce cost overruns, assure a stable supply of skilled workers and promote safe working conditions."

The second order revoked required unionized federal contractors to post a notice in the workplace informing workers that they are not required to join or support a union, and the order threatened sanctions against contractors who did not comply. The President rescinded this order because he believed it was distinctly antiunion.

Continued On Page 2

we owe it to them to give them that chance."

In his remarks to the National Governors Association's winter session earlier this month, President Clinton spoke of his decade of experience in working for welfare reform and outlined his present thinking on the subject. "I've often spoken with many of you about the need to end welfare as we know it, to make it a program that supports people who have fallen on hard times...But eventually and ultimately, welfare must be a program that helps people to get on their feet through health care, child care, job training and ultimately a productive job."

In an effort to establish a welfare-to-work program, the president has convened a working group of experts from various federal departments to work on welfare reform. The group will take about six months to study all of the proposals and recommend legislation.

A few facts and figures already known...

*In 1976, there were about 3.5 million people on welfare. The total number of people on welfare now is about 13.5 million.

*About half the people on welfare move on with help from public assistance to get jobs within 6 months to two years. But one in 4 recipients stay on welfare for 8 years or more.

*An estimated 15 Million children have parents who can pay child support but don't.

The present proposals for consideration:

1) Break the cycle of dependency with paid work.

2) Earned income tax credits to supplement the income of the working poor.

3) Tougher child support enforcement. Create a national databank to track down deadbeat parents. Use the IRS to collect unpaid support in seriously delinquent cases.

Tune in Wednesday night for President Clinton's Town Hall Meeting... President Bill Clinton will appear before a live studio audience at WXYZ-TV in Detroit on Wednesday night, February 10th, for a town hall meeting on jobs and the economy. Studio audiences in Seattle, Atlanta and Miami also will participate in the discussion via satellite. The White House was not involved in picking the audiences. The one-hour

Thousands of emergency young men and women serving their country by teaching the children, policing the streets, caring for the sick, working with the elderly or people with disabilities, building homes for the homeless, helping children stay off drugs and out of gangs giving us all a sense of hope and real possibilities."

The administration currently is drafting legislation and consulting with analysts, Members of Congress and others.

Marsh Store In Fishers Robbed

Fishers Police are looking for information on the robbery of the Marsh Supermarket located at 116th Street and Allisonville Road.

The robbery occurred on Sunday, December 13, 1992, at 7:05 P.M.

Detective Dave Dunbar, Fishers Police Department, reported that the suspect, wearing sunglasses, walked into the store, and went to the customer service desk. The store's co-manager and several cashiers were in the service area at the time. The suspect pulled a semiautomatic handgun, set it on the counter and demanded money. He ordered the co-manager to give him the bank deposit bag, and ordered the cashiers to give him the money that they were counting. The suspect kept his gun on the counter as the employees were following his orders. Once the co-manager put the money on the counter, the suspect grabbed the gun and money, told the employees that if anyone followed him, they would be killed, and then he walked quickly toward the exit. As the suspect was leaving, he bumped into a customer coming into the store. Several witnesses saw the suspect take his sunglasses off before exiting, and were able to look at his face.

Witnesses described the suspect as a black male in his early thirties. He was about 5 feet 11 inches tall with a medium build. Witnesses reported that he was unshaven and appeared to have some sort of skin problem on his face. He had short hair and a deep voice. At the time of the robbery he was wearing a red faded baseball cap with some kind of white emblem, aviator sunglasses, a blue jean jacket over a grey hooded sweatshirt, blue jeans, and newer black tennis shoes. A witness reported seeing a dark blue or black

Governor Evan Bayh was among mourners at the funeral. He offered condolences to Greene's relatives, including his wife, Genet; his mother, Betty; and his children.

The state police awarded the Medal of Valor-the ISP's highest honor-to Greene posthumously. It was presented to his family at the cemetery.

**Use the
CLASSIFIED ADS**

newer model full sized van slowly pull up to the store's exit and stop at about the same time as the robbery, but police are unsure if it was involved.

This suspect fits the description given in several other grocery store robberies in Central Indiana. Police hope that someone will recognize the composite drawing of him. Anyone with information is requested to call

Crime Stoppers at 637-2323 or 1-800-92 Alert. Callers will remain anonymous and may be eligible for a cash reward of up to one thousand dollars.

Drive Carefully

IN
c/c
2
Ind

Name _____

Address _____

City _____

More About Pres. Clinton

"It did not require contractors to notify workers of any of their other rights protected by the National Labor Relations Act, such as their right to bargain collectively." By revoking this order, the president has ended the government's role in promoting a one-sided version of workplace rights.

More Services for Medicaid Patients...The Department of Health and Human Services will soon streamline the Medicaid waiver process. This directive was issued by the President at a recent Governor's conference at the White House. "For years and years, governors have been screaming for relief from the cumbersome process by which the federal government has micromanaged the health care system affecting poor Americans," said President Clinton. "We are going to try to give them that relief so that for lower cost, we can do more good for more people." In the past, the federal government has required states to provide a certain number of health services for people who are poor enough to qualify for Medicaid. The States have often said they could provide more services at lower cost if the government removed costly federal rules and regulations.

From Welfare to Work..."Most people on welfare are yearning for another alternative, aching for the chance to move from dependency to dignity. And we owe it to them to give them that chance."

In his remarks to the National Governors Association's winter session earlier this month, President Clinton spoke of his decade of experience in working for wel-

program starts at 8 p.m., Eastern Standard Time, and will be carried live on CNN and C-Span.

And later on Wednesday evening...Vice President Al Gore participates in California town meeting Strengthening America's economy will be the focus Wednesday evening when Vice President Al Gore talks with Californians at a town meeting with Representative George Brown, D-CA. The hour long meeting will be held in the cafeteria of a local high school in Ontario California beginning at 7 p.m., Pacific time.

Upcoming Attractions...

***First Lady Hillary Rodham Clinton** visited Capitol Hill last week to listen to suggestions from 25 Senators on health care reform. Those suggestions will be incorporated into legislation due in May. This week, the First Lady will take her fact-finding mission to Pennsylvania, consulting with senator Harris Wofford and health officials in the state. Later in the week, the First Lady will announce a key program which will give America's children a healthy start in life, but more on that next week.

***National Service...**The President is moving forward with a plan that will dramatically expand the opportunities for Americans to serve their country and pay for college.

"Just think of it," said President Clinton last year during a visit to the University of Notre Dame. "Thousands of energetic young men and women serving their country by teaching the children, policing the streets, caring for the sick, working with the elderly or people with disabilities, building homes for the homeless, helping children

More About Su

killed, has been charged with assisting a criminal

Modisett said McElroy, Cave City, KY, apparently did not know Timberlake planned to kill Green and was "compelled" to leave the shooting scene after Timberlake.

But McElroy is being charged with assisting a criminal because he made no effort to tell a police officer about the shooting, Modisett said.

McElroy went to a nearby grocery store and bought beer and cigars, Modisett said, behind the store and drank beers before he was arrested with the handcuff still at his left wrist.

Timberlake had gone to a nearby Sakutani Town on Lafayette Road. Where several long-distance calls were placed to him, Timberlake told his sister for help because he had no money. When a police officer asked why he had no money, Timberlake replied that he was "like him."

Both men were arrested at the time of their arrest. The county Prosecutors said "they will not be charged with a crime as a defense."

Trooper Green said he was wearing a protective vest during the incident. He said he saved his life by not wearing a protective vest. He stressed that he was not one that people would usually have had a problem with.

Governor Clinton said he was mourning the death of a friend and offered condolences to the mother, father and family.

The state will award the Medal of Honor to the mother, father and family.

Activities
of
Corinthian
Baptist
Church

page 7A



Nashville

P•R•I•D•E



"The Voice of a Proud Community"

Runs color pictures

50¢

Volume VI, Number 4

Nashville, Tennessee

February 5, 1993

Racism keeps original country music star Deford Bailey out of Country Music Hall of Fame

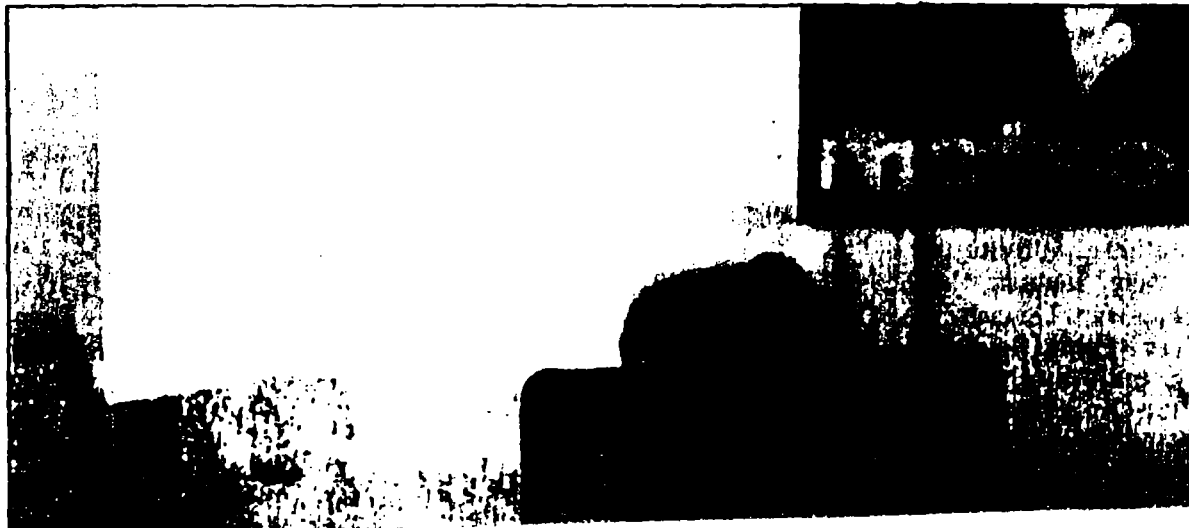
Supporters seek to induct belatedly first Grande Ole Opry Star

Kim Middlebrooks

The Grand Ole Opry's first star, "Harmonica Wizard" Deford Bailey, has all but become a footnote in the history that he helped write.

Supporters say that because of his race, Bailey--an African-American born and raised 40 miles east of Nashville--has unjustly been denied a place in the Country Music Hall of Fame.

"This is a man literally to history," said the Rev. R. A. Gordon, a writer for *The Metro Music Magazine*.



in 1927 as part of Brunswick label's *Songs From Dixie* series.

They were also issued by Vocalion, Brunswick's sister label and several were also reissued in 1930, again by Brunswick.

According to Morton, though evidence exists that the records were commercial hits, the music legend saw little in the way of royalties.

Bailey was born in 1900 in rural Smith County, Tenn., the grandson of a freed slave.

After his mother died when

Short News Takes

Imam W. Deen
Mohammed to speak



ing his musical tribute. I know this thing with d is a racial thing. It has to any people feel that Artists Deford Bailey and the tel... our long have been

nomination. The Farmers Fed. are finally getting their due, but Deford Bailey has yet to receive the acclaim he so richly deserves. His story shouts to be heard."

Bailey's son, 61, said his

and bronze framed pictures on the wall," he said. "Dad's picture is nowhere to be seen."

While other early Opry stars reaped financial and personal rewards as the Grand Ole Opry

According to David C. Moten's biography, *Deford Bailey: A Black Star in Early Country Music*, eight of Bailey's songs--including *Pan American Blues*--were released

President Clinton this week addresses several important controversial issues



President and Mrs. Clinton give their condolences to Mrs. Cecilia Marshall, widow of the late justice.

Vital help for families in need with Family and Medical Leave Act

This week, President Bill Clinton is prepared to sign the Family and Medical Leave Act of 1993, in part because he's linked to Rudy and Linda Fernandez of Massachusetts, Herman Maya of Illinois and Linda Hles and her husband in Louisiana. All three families have suffered personal and financial hardship as a result of having seriously ill children. All told their families' stories to President Clinton and Vice-President Al Gore during a conference call last week when the bill becomes law. Employees will be permitted up to 12 weeks of leave without pay for a serious illness, the birth or adoption of a child or for a serious illness in the employee's immediate

family. The employee's job position is protected and health insurance is covered during leave. Small businesses with 50 or fewer employees are exempted.

Revolving door. No more.

Senior officials appointed by the President must now sign an Ethics Pledge, a legal agreement which contractually commits the appointee to specific standards of ethical conduct. An Executive Order, issued by President Clinton on the day of his Inaugural, imposes a five-year lobbying ban on Senior White House and Federal Agency Appointees. Agency appointees may not lobby any official or employee of the agency in which they worked. White House appointees may not lobby any White House officials or employees, nor can they lobby

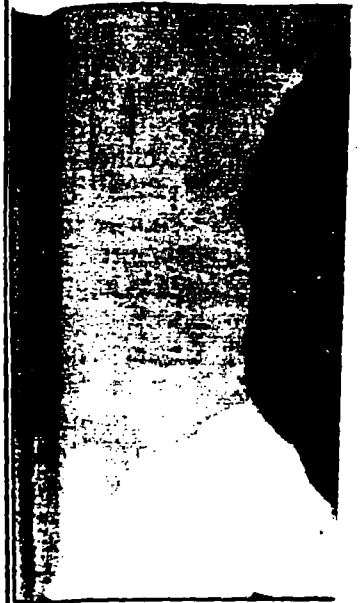
employees of agencies in which they had substantial responsibilities. The Executive Order also prohibits any Senior Official named from January 20th on from representing any foreign government as an agent.

President Clinton...In His Own Words On Homosexuals in the Military

"The issue is not whether there should be homosexuals in the military. Everyone concedes that there are. The issue is whether men and women, who can and have served with real distinction, should be excluded from military service solely on the basis of their status. And I believe they should not..." The Joint Chiefs of Staff have agreed to remove the questions regarding one's sexual orientation from future versions

Continued on page 8A

Conference on culture and h



Dr. J.

The twelfth annual conference on local African American Culture and History will be held on Feb. 10, at Avon N. Williams' downtown campus Tennessee State University 10th and Charlotte. The public is invited.

Sponsored by Historical Commission and College of Arts and Science at TSU, the award-winning conference brings together historians, student educators, and all persons interested in the contribution of African-Americans to history and development in Middle Tennessee. Admission is \$6 for adults, \$5 for students and citizens. Registration is advised.

Highlighting this year's event will be a special performance of "N Spirituals" by the Priority Players at 11 a.m. The performance is supported by a grant from the Metro Commission.

Among this year's speakers

see publisher's
note on second
page
They used columns
in entirety!

ethnic group. At the same time the team will be asking tough questions about the state of affirmative action programs and other things, and the effect the (post Cold War) drawdown is having on equal opportunity."

The panel urged those with complaints to bring documentation to back their claims.

Johnson, who is also the NAACP's Armed Forces and Veteran Affairs director, said, "While the NAACP trusts that the key

racial problems long grounded in bigotry and insensitivity continue to exist."

Said Johnson: "Every year the NAACP receives thousands of requests for assistance from black service personnel and veterans. These men and women rely on the NAACP for help in much the same way that other service members have traditionally relied upon the American Red Cross and the USO. Increasing complaints over the past two or three years, he added, raised concerns at the

Hooks upon the panel's remarks. Noting that "we have received excellent cooperation from the Department of Defense (DOD)," Johnson stated, "information obtained from this fact-finding mission will be used in (an official) report that will be shared with DOD and other appropriate agencies."



President Clinton continued

ment application. We also all agree that a standard of conduct must be applied. So the area of disagreement is whether someone be able to wear a country in uniform if they are homosexuals. It's nothing which would break the code of conduct or unit cohesion or apart from that.

That is what all the furor of the last few days has been about. And the practical and not significant issues raised by that issue are what will be talked in the next six months."

--from a January 29, 1993 press conference in the Briefing Room in the White House

...Fair Vanities

Former Rolling Stone photographer Anna Leibowitz rolled into Washington, D.C. in the last week of January to photograph several White House officials. We can't mention any names, but you'll find those photos on the newstands this spring.

"...And the Last shall be First."

Supreme Court Justice Thurgood Marshall died last week of heart failure in Washington, D.C. An overflow crowd of 4,000 people -- including the President and Mrs. Clinton, Vice-President and Mrs. Gore---attended his funeral at the Washington National Cathedral. Justice Marshall had planned to deliver the oath of office to Vice President Al Gore

five days earlier but could not because of his medical condition. In his six decades of service--from his creation of the NAACP Legal Defense & Education Fund in 1939 his work on the landmark 1954 case Brown vs. the Board of Education, to his multiple dissents in death penalty cases--Justice Marshall never wavered in his commitment to defendant and civil rights.

Editor's Note: We would like to take this opportunity to introduce you to our new column, "White House Beat." The column will keep readers informed of President Clinton's plans for the near and distant future, and how our community is effected by those plans and policies.

Bible Bingo continued

Bible Bingo was developed as an easy, fun way to learn the 66 books of the Bible.

Many people think they know the books, but are surprised when they play the game and discover how much they don't know," she says.

She quietly quips that even some ministers who have played the game with her did not know all of the books.

Fleming, who taught for some 10 years in a local Christian school, says the format of Bible Bingo and the conventional parlor game are similar with a few twists. The letters BINGO are replaced with BIBLE on the game card. The middle space on the card, normally marked a "free space" is marked as "Holy Bible" on the Bible Bingo card.

The playing cards in Bible Bingo are two sided. On one, the names of the book and its corresponding number in order is printed in each square. The numbers in Bible Bingo go to 66, the number of books in the Bible.

or diagonally," explained Fleming. "This helps players learn the books of the Bible easily, the pronunciation and the spelling."

The other side of the card is what Fleming calls the challenge side.

"There are only Bible books in the squares. The caller announces the number and the player has to pair that with the correct Bible books.

Fleming said reaction to the game initially was cool in some quarters, especially among

religious conservatives who did not like the idea of mixing Bible and bingo together.

"But I got this inspiration from the Almighty," she says with much resolve and confidence. "I don't believe God would give me an idea that would be wrong or a sacrilege. I'm forging ahead."

Bible Bingo is available by mail. For details on retail outlets as well, phone Fleming Family Games at (404) 981-0328 or toll free at 1-800-397-0328.



This gift certificate entitles bearer to
\$15.00 of FREE HAIR SERVICES !!!

best regards from

Annual Confer

National Baptist World
 1700 Baptist World Ce
 Nashville, Tennessee
 8 a.m.-4 p.m.
 For further informati
 Dr. Edward I. Isibor :
 3277

February

Annual Children
 Health Da

Meharry Medical Col
 School of Dentistry
 1005 D.B. Todd Boul
 Nashville, Tennessee
 9 a.m.-Noon
 For additional inform
 John Turner at 615-3

February

Metro Nashvil
 Department's Co
 Theft (CAT) P

Farmer's Market
 Jefferson Street
 Nashville, Tennessee
 11 a.m.-2 p.m.



BL

THE WHITE
Office of the P

Alexis Herman
Public Liaison
2nd Floor West Wing

Embargoed For Release Until 9:00 P.M.
Wednesday, February 17, 1992

PRESS BRIEFING BY
DIRECTOR OF OMB LEON PANETTA,
SECRETARY OF TREASURY LLOYD BENTSEN, AND
CHAIRMAN OF COUNCIL OF ECONOMIC ADVISORS LAURA TYSON

Room 450
Old Executive Office Building

11:30 A.M. EST

MS. MYERS: This briefing is embargoed until 9:00 p.m. tonight. All the documents passed out are also embargoed. They're coming -- we're making copies. Director Panetta will start, followed by Secretary Bentsen, followed by Chairman Tyson. So without further ado, Mr. Panetta.

MR. PANETTA: Good morning. First of all, let me give you what the status is on the documentation. We're bringing up some reports now that will provide a summary of the key elements on stimulus investment as well as the deficit reduction. And they will include the charts that will reflect the specifics on each of those areas.

You may get the -- I think the spending reductions will be provided, but we'll also provide additional charts on the stimulus and investments. You'll have the actual numbers and line items with regard to each of those areas.

The book itself, which will provide the summary on the entire documentation of the economic plan, will be available Thursday a.m. We're hoping by 6:00 a.m. to 7:00 a.m. to be able to start distributing copies. As you can imagine, we've been working through the night to try to get all of that done. But we anticipate that we will have those copies available by Thursday a.m. The material that you will be getting is essentially the backup documents that will be located in the rear of that book.

Let me make a few preliminary comments and then go into some of the particulars on the plan itself. First of all, this is very much an unprecedented process that I've been through, and I think all of the members of the National Economic Council have been through in terms of working with the President on a budget. This is the President's mark that we present to the country in terms of a budget.

We began this process actually in Little Rock with some briefings on the overall budget situation and a number of budget discussions that took place between Little Rock and here. And then soon after the inauguration we began formal briefings in the Roosevelt Room in which we basically walked through every major area of the budget with the President of the United States. We looked at every option in every area, both with regards to investment as well as deficit reduction. And the President himself made the decision with regards to the areas to be included in this comprehensive economic plan.

MORE

The concerns that we try to address are obviously problems that confront all of us in this country at the present time, which are the current weaknesses in the economy, the investment deficit, social deficit within our own society and the fiscal deficit. Those are really the problems that we try to confront as we deal with this economic plan.

Let me make five points on the economic plan itself. First of all, this is a comprehensive plan and it must be viewed as a whole. Each of these parts tries to address the particular problems that I've identified with regards to our economy. And each of these parts is aimed at improving investment in America in the short term, in the long term and with regards to deficit reduction, basically trying to restore resources to this country so that we can make future investments within our own society.

Secondly, it's fair. We basically tried to target assistance to both the public and private sector in terms of improving their investment capabilities. Secondly, it is balanced between what we tried to achieve in revenues and what we tried to achieve in spending savings. By Fiscal Year '97 roughly 60 percent will come from spending savings and roughly 40 percent from revenues. The early years, obviously, our focus is trying to develop the investment strategy in terms of our own society, and we phase in deficit reduction over the period of four years.

So, obviously, the early part of the implementation of this plan the revenues show up as exceeding what the spending reductions will be. But by the third year it begins to move towards 50-50, and then, ultimately, by the fourth year we have a 60-40 breakdown. And if you carry this into the future because the savings are permanent, then, obviously, as you move into the latter part of this decade the spending reductions far outweigh what you receive in revenues because they are permanent.

Thirdly, we get contributions from all sectors of our society. Primarily, obviously, from the wealthy, from those in the upper income brackets, from government in terms of management savings, but essentially from every sector of our society. We think that to meet this challenge requires a contribution from all Americans.

Thirdly, it's honest. What we present to you is a budget that is based on the CBO estimates of where the economy is going. Now, those are generally viewed as conservative or pessimistic in terms of where the economy is going, particularly with regard to growth, but it was our feeling that we ought to use the CBO estimates rather than trying to get into any kind of rosy scenario development as to where the budget would be headed and where the economy would be headed. There are no gimmicks. There are no smoke and mirrors. And, basically, what we present to you are very specific cuts as you will read from the list that we provide.

And lastly, it's a tough package, a bold package, because the President was very convinced that we certainly had to invest in our society -- and that's not easy when you're facing all of these other issues as to where you develop the resources, but he felt very strongly that we had to invest within our own society. Secondly, with regard to deficit reduction, it tries to achieve close to \$500 billion in deficit reduction by '97, almost \$708 billion in deficit reduction by '98. Two-thirds of that amount goes for deficit reduction, one-third of that amount goes for investments.

We achieve about \$140 billion by Fiscal Year '97 and the end result of that is to cut in half the deficit to GDP ratio from roughly 5.4 percent to 2.7 percent, so that we try to grind the deficit reduction line downward.

The choices are tough as well. In defense, with regards to an energy tax, on Social Security, on health care and, also, as I said on government. And, lastly, this reverses the policy of the last 12 years. That's the basic point of the strategy that we've developed here. It reverses the policy of the last 12 years and sets a new direction for this country. It changes our priorities, targets investments, and tries to restore some discipline so that we can pay our bills.

The attack will be that this is tax and spend, obviously. But my response to that is we've essentially been taxing and spending for the last 12 years. The Republican strategy was to essentially tax working families, to try to shift those resources to the privileged in our society. We borrowed as a result of that shift as well, and increased the deficit dramatically, and we produced the worst recession since World War II.

This plan reverses that direction. It taxes the wealthy. Seventy percent of the tax increases here will be targeted at those over \$100,000. It invests in working families and in jobs and children. It reduces the deficit, stops the current trend, and it ultimately will result in a stronger economy for the future.

Lastly, let me just issue an invitation to Democrats and Republicans and all citizens. This has been a crash program -- done in three weeks, three or four weeks, what normally takes six months to develop in terms of a budget. And we have engaged in a great deal of consultation, but it's been difficult, obviously, to touch all bases. So obviously, this is the beginning of the process, it's not the end. And I would encourage those that have suggestions, that have recommendations as to how to modify this to present those, and certainly we will consider them.

But let me make three points. Number one, they have to hit the targets that we've established -- \$500 billion in deficit reduction by '97, \$700 billion in deficit reduction by '98. In addition to that, they've got to show us very specifically how they get there. No gimmicks, no caps, none of the kind of smoke and mirrors that we've seen in the last few years. Give us specific recommendations as to what you would cut, what revenues you would increase.

And lastly, we would just urge you to do something. We need to do something. The public's had enough with the gridlock. It's time to come up to the plate and try to deal with the challenges that face us.

Now, let me just talk as I can about briefly through the plan. I'll try to touch on some of the key points here. As I said, the documentation will provide more of the backup. The first is the area of the stimulus. There are three parts to the package, to the plan. One is stimulus, one is long-term investment, and the third is the area of deficit reduction.

On the stimulus proposal. The feeling there is that we have to address current weaknesses in the economy. Despite the level of growth that has taken place, we are very concerned about continuing problems within the economy. Laura Tyson will go into those specifics. So we essentially target a \$30-billion -- close to a \$30-billion stimulus package for '93: \$16.2 billion will be in budget authority provided with regards to targeted programs that spend out quickly. We hope of that \$16.2 billion to obligate almost \$19 billion of that this year.

Q What? This year?

MR. PANETTA: The budget authority is provided, and then you basically, with regards to, for example the highway program, it

requires that you can extend those obligations into '94 as well. So that's what gives you the additional \$3 billion in obligational authority.

In addition to that, we increase loan levels by about \$3 billion. We also provide about \$6.4 billion in tax incentives. So as you can see, that's about \$29.2 billion. It's very close to \$30 billion in terms of a stimulus.

It produces 500,000 jobs. That's our target. We think 200,000 of those will be permanent, 150,000 are more temporary, particularly summer jobs; and another 125,000 to 150,000 will be indirect jobs produced by that investment.

The key areas are these:

Q Could you repeat that?

MR. PANETTA: Yes. Five hundred thousand jobs. Two hundred thousand are permanent jobs, we estimate at this point. These are long-term jobs, particularly in the construction area. One hundred and fifty thousand would be more temporary jobs, such as the summer jobs that we're trying to develop, targeting summer programs, particularly in the larger cities. And 125,000 to 150,000 would be indirect jobs that flow from obviously those construction efforts, as well as the waste water efforts that we're involved in.

Let me just mention the key programs. Three billion dollars goes to the highway program. Our intention is to fully fund ISTEA, or the highway bill that passed the Congress in the last session. We will start with a \$3-billion investment for '93; \$2.5 billion will go to the CDBG program -- Community Development Block Grant program, because we think that is an effective way to try to bring dollars to the community level. And we will provide to the Secretary of HUD waiver authority to ensure that those funds reach the smaller communities. Eight hundred forty-five million dollars is provided for waste water cleanup; and \$1 billion for summer youth.

In addition to that, we do investments with regards to rural development. Natural resources, particularly for our parks and forest service areas -- we anticipate creating almost 12,000 to 14,000 jobs in that area just through additional work in our parks and in our forest service areas. We also do energy weatherization, summer Head Start, the immunization program which you're aware of -- a \$300-million investment to immunize kids. It provides some jobs, but obviously the main focus of that is trying to immunize our children.

In addition to that, we provide some veterans buildings upgrading. And we also extend the unemployment comp extension to try to cover those that are still suffering from unemployment.

In addition to that, there are tax incentives that are part of the package. The main part of that -- I'll explain the others in the investment package. We provide a temporary incremental tax credit for '93 and '94 to larger businesses. We provide a permanent tax credit to small businesses into the future. Those are the key areas, although in addition to that, we do provide some capital gains relief. We also provide some depreciation allowance relief. And we also provide the extenders, particularly on R&D, low income housing, as well as mortgage revenue bonds.

On long-term investments, our long-term investment package is aimed, obviously, at trying to make investments in the key areas that the President has identified, particularly in Putting People First and during the campaign.

Let me mention that our stimulus program to a large extent is also tied to these long-term investment initiatives. We tried to basically put a downpayment on long-term investment through our stimulus package. And so what we've begun with is an effort then to try to implement our long-term investments by moving some of that spending into the first year. Long-term investments -- the key parts are the ones that, again, were identified in Putting People First. Rebuilding America -- we put about \$48 billion over four years into essentially infrastructure in this country.

Transportation, almost \$8.4 billion over four years. As I said, that's the full funding of the '91 highway bill. It's increases for mass transit, for high speed rail, and for airport improvements.

The environment receives about \$8 billion over four years. We target about \$4.5 billion of that for clean water and for environmental technology, again, weatherization grants, forestry research and natural resource protection. We do about \$1.5 billion in rural development, primarily targeting rural water and waste loans and grants, as well as community and business development for rural areas. We also have a health care initiative that will be part of our rural initiative in that area.

Energy receives about \$3 billion for energy conservation, renewable energy programs, fusion research, and the encouragement of more energy efficient buildings.

Technology receives a significant investment of almost \$17 billion over four years. National Science Foundation; science, engineering, technology grants; high performance computing, information highways, the extension of research and development tax credit, as I indicated earlier.

Lastly, housing and community development receives about \$9.6 billion over four years, primarily in CDBG enterprise zones, assisted housing.

The second major area is lifelong learning -- trying to assist, educate and train our people and our children. In that area, we are looking primarily at the following: We do full funding for the WIC program. It's been discussed for a long time. We have now made in this budget a commitment to full funding of the Women's, Infants, and Children's feeding program -- \$984 million. National service, which is --

Q Is that a four-year?

MR. PANETTA: That's a four-year number.

Q What's the total lifelong --

MR. PANETTA: On lifelong learning, the total there is \$37.8 billion.

The National Service Program, which the President has a very strong commitment to, receives over the four year period an investment of \$3 billion. Head Start is fully funded and that is almost an \$8 billion investment over that period of time. Parenting and family support is \$495 million. Education reform and initiatives -- there's a number of reforms included in the education initiative that are at \$3.2 billion. Worker training is \$4.1 billion. Youth apprenticeship at about \$500 million.

Some of these numbers may be in the '97 category. Some may be '94-'97. If you look at the charts that we hand out on specific expenditures you'll get the numbers.

Rewarding work -- the third area is rewarding work. And here the major commitment is in the earned income tax credit. There is a \$6.6 billion investment in the earned income tax credit. The President's commitment is to ensure that every working family that is at the poverty level will be able to be lifted out of poverty as a result of the earned income tax credit. That's basically his goal and that's why we've made this kind of significant commitment.

Crime initiative -- we've developed a crime initiative that -- about \$807 million. Health care receives almost \$26 billion over four years, primarily aimed at women's health, AIDS, other public health initiatives. We fully fund the Ryan White Program. Drug and substance abuse prevention and treatment receives about \$800 million. We do a large piece on nutrition assistance. And in addition to that, we all try to improve Social Security's disability insurance processing because that's so backlogged at the present time. And on VA medical care we do approximately a \$1 billion investment there as well.

Lastly, on private sector incentives. This would be the tax part of the incentives, trying to provide tax incentives to small business. Let me just mention what those are again. The temporary provision I mentioned, which is the incremental investment tax credit between '93 and '94.

The permanent provisions are these: A small business investment tax credit that again targets the small businesses and is permanent. An alternative minimum tax depreciation relief largely for large businesses. Thirdly, targeted capital gains exclusions for investments in new and small businesses for a minimum of five years. In addition to that, we permanently extend the R&D tax credit, we permanently extend the low-income housing credit and we also permanently extend the mortgage revenue bond. We modified passive loss rules for real estate, a provision that was also contained in HR 11, and we do an earned income tax credit which I mentioned earlier.

There are a few other pieces but those are the major pieces with regards to the investment package.

Now let me get to deficit reduction and move through that piece. Deficit reduction -- major areas are contained in one of the charts that's been passed out --

Q Noooo.

MR. PANETTA: Oh, all right, all right, all right. You'll get your charts. (Laughter.) I thought we had the damn charts, but they're not here but we'll get them to you. Look, there's no magic here, folks. (Laughter.) You've got to do defense, nondefense, entitlements and revenues. Let me walk through each of the pieces.

First of all on defense. Defense, what we're targeting is the first year doing roughly \$7 billion on the outlay side in reductions and moving toward -- '97 number would be a little more than \$37 billion. Total on defense savings between '94 and '97 on the outlay side would be \$76 billion. Just so you know, those of you that follow this issue, budget authority, we would provide for '94 almost \$275 billion in budget authority. That would be ground down to roughly \$250 billion in budget authority by 1997.

This primarily follows the track that was established by the President and by Les Aspin in one of his scenarios, those of you that follow the defense budget. He had presented kind of a path C that we had talked about last year in the Congress. This is a little more than that C path but it is very much in line with the President.

Let me mention one issue there that you need to be aware of. Five of that \$37 billion are what we estimate are underfunding by Secretary Cheney and the Bush administration with regards to the savings that they had projected in the Defense Department. Les Aspin has appointed the Odeen Commission -- the purpose of that commission is to try to determine exactly what savings have been achieved. But the estimate right now, the best estimate we can make is that about \$5 billion of that is not real. And so we have added that to this number to ensure that it is achieved as savings in the long run.

The specifics on the defense pieces will obviously be contained in the formal budget proposal that we will develop for March. But the numbers here establish the caps that can allow a budget resolution to proceed. And the Secretary will speak to, obviously, the policies that will implement these numbers.

Secondly, on nondefense savings. We achieve \$5 billion in savings for '94, \$22 billion by '97, \$54 billion overall. We broke the programs down into three or four areas to try to focus policy on nondefense expenditures. The first policy focus was on programs that we felt not only do not work, but are not needed. And so, for that reason, as the President has pointed out, we terminate a number of commissions. One of those commissions is the Commission on the Bicentennial Celebration, which we figured was over and we don't have to continue that. (Laughter.) There are a few others that are like that, plus 200 advisory commissions that we also are going after.

We terminate the State Justice -- and these are some examples -- we terminate the State Justice Institute, which has been funded for the last 10 years. We feel that states and localities can basically pick up those costs. We get rid of the TVA fertilizer program. We think the fertilizer industry is now strong enough to fund research themselves. And lastly, we eliminate some of the unnecessary nuclear R&D that has no commercial value or other applications, such as the breeder. And there are others, but those are the highlights.

Secondly, we trimmed subsidies. We tried to look at areas where we could trim subsidies and also establish fees for services to cover the costs of government. Some examples there -- we reduced security assistance because of the changing world situation. We also reduced the Rural Electric Administration's low interest loans. They now provide five-percent loan subsidies; in some instances, as low as two-percent loan subsidies. We do, however, set aside a \$25-million pot to allow for continuing low interest payments to those in need.

In addition, we eliminate the SBA earmarked research grants, or the SBA grants. We eliminate CSRS, which is the Cooperative State Research Service earmark grants. We eliminate NOAA's demonstration projects. Basically, we eliminate those things that are earmarked by the Congress year in and year out in appropriations bills because we think that those projects ought to go through the regular authorizing process.

In addition, we increased fees on the FDA. On agricultural areas we increased fees. BATF, the Bureau of Alcohol and Tobacco Enforcement -- we increased fees there, and we also increased fees on the FCC.

Thirdly, management -- trying to do better management for cost-effectiveness. There, we achieve almost \$36 billion in savings. Areas that we cover are areas like reforming the crop insurance program to move towards area yield to establish the premiums. We phase out the below-cost timber sales. We consolidate overseas broadcasting -- again, because of the changing world situation. We also phase out Part B on impact aid.

On the space station and supercollider. While the President is committed to those projects -- he's committed to, obviously, the space station, but feels that we also cannot tolerate \$500-million cost overruns. So the effort there will be basically to restructure the space station in order to avoid those kinds of cost overruns.

The supercollider, he's committed to the supercollider as good science. But there again, because of concerns about some of the technology, we are basically stretching that out for an additional, I think, two years.

In addition to that, with regards to the government itself. Obviously there are number of executive orders issued by the President that deal with, again, trying to constrict government and also making it more manageable and making it more efficient. The 100,000 federal employee order is included here. The White House cut is included here of 25 percent. We also add the administrative savings on top of that of roughly 3, 6, 9, and 14 percent over the next four years on administrative savings.

In addition to that, on pay, we freeze pay for all federal employees and do CPI minus one through '97. So it's a significant constriction with regards to the government side of this ledger.

And lastly, we streamline government. What I did was basically provided a number to each of the Secretaries and said within this number we are going to give you the discretion to streamline your agency. For example, in education, we had identified some 60 programs that we thought could be consolidated or eliminated. And basically, rather than identify them here, we felt that the Secretary ought to have the discretion to determine what programs ought to be consolidated or not. And so we have given that same authority to each of the Secretaries in all of the departments.

Our entitlements -- we achieve almost \$91 billion in savings in entitlements by '94, '97; almost \$99 billion by '98. There we also targeted a series of programmatic policy areas that we wanted to target with regards to entitlements. The first, again, similar to nondefense was trimming subsidies and fees -- and also establishing fees for services. Some examples of that: Obviously, on the power marketing administration -- this is another area where we think some savings can be achieved. We're working on a policy to basically try to implement strong energy conservation through those utilities. If they sell the power they save, they can keep half and give half to the federal government. And we're working on other policies to try to improve that administration as well.

On fees, there are some obviously very controversial fees. We give the Secretaries of the departments the discretion to deal with the following fees: to establish fees on grazing; fees on additional recreation areas, in some instances trying to limit that to no more than \$3 for various recreation areas. But we think that additional ones can make a charge. Inland water, irrigation water -- all of that is also included in additional fee schedules. Hard rock mining fees are extended. We also implement a royalty requirement with regards to hard rock mining. In agriculture, we target CCC payments to farmers with nonfarm income below \$100,000, because we feel that when it comes to agricultural subsidies, we ought to target, frankly, smaller farmers, but we also ought to target those that are full-time farmers, not part-time farmers.

Q Nonfarm income of \$100,000?

MR. PANETTA: That's nonfarm income, that's correct.

Q Would be -- what -- cut?

MR. PANETTA: Pardon me? Target means reduce, obviously, the CCC payments that flow, although you're targeting it to people in that income level.

Q What are the savings total?

MR. PANETTA: I don't have that right here, but I'll -- it's a pretty good number.

Q So the farmer could make millions on the farm, but as long as they have nonfarm income under \$100,000 --

MR. PANETTA: Yes, we're targeting nonfarm income. This is a first step, obviously. We had an option to go further, but we felt this was a first step. And you know there have been battles in the Congress on this one, but I think there's a recognition that we need to move towards better targeting with regards to CCC payments.

In addition to that, we also do triple basing. We increase the triple basing that's provided now from 15 to 25 percent. We also get rid of Silvio Conte's favorite program, honey subsidy. And we also get rid of -- we also limit payments on wool and mohair to \$50,000 per person, so that we protect again the smaller individuals that are engaged in this area.

Lastly, another example is we provide for spectrum auction for the Federal Communications Commission to -- that's been a proposal that's been bouncing around a while and we think it's a legitimate area to look at.

Secondly, on managing government. To approve cost-effectiveness, the student loan program -- our recommendation is to move towards a direct loan program. This was bounced around in the Congress last year. There are pilot projects in place now. We think we can build on that and create a direct loan program and achieve almost \$1.3 billion in savings. In addition to that, we're requiring states where default costs exceed 20 percent to share in those costs.

FHA insurance reforms are included. As I mentioned, the crop insurance program is reformed. In the nondefense area, you get administrative savings. Here you actually get savings with regards to the program itself. In addition to that, we do extend a number of VA reductions that were contained in the budget agreement, such as the prescription copayment as well as medical care cost recovery.

Health care is another area that we focused on in the entitlements. Health care generally has to be focused on. If you want to confront the deficit this is an area that you've got to tighten up on. Our target here is about \$18 billion by '97 in largely Medicare and Medicaid savings; \$41 billion between '94 and '97. Many of these are extensions of current law that were contained in the budget agreement, although there are some additional provisions that cover durable medical equipment as well as secondary payer reforms. They all hit the providers, both the hospitals and the doctors. We have no direct increase with regards to the beneficiaries. We do extend, incidentally, the premium payment, but that's kept at a level of 27 percent, which is what they currently pay.

Fourthly, we have a shared contribution area with regards to entitlements. We think everybody needs, obviously, to contribute, again, to the package that we're involved here. And that primarily involves the Social Security tax at 85 percent. We do not change the thresholds. They're kept at \$32,000 for a couple, \$25,000 for an individual currently with the 50 percent tax of Social

Security benefits. There are 22 percent of Social Security recipients who pay that tax. And obviously, close to 80 percent that do not pay that tax. We intend to ensure that those on Social Security who currently pay the tax will be the ones subject to the 85 percent and that no new individuals will be subject to that tax. We also end the lump-sum payment, which is something, again, that's been bouncing in and out of various budget proposals.

Lastly, on revenues, the revenue area -- we raise almost \$242 billion between 1994 and 1997. And there, obviously, you're aware of some of the provisions that have already come out by both the President as well as through various leaks of one kind or another.

Let me just summarize the key provisions. We raise the top rate to 36 percent for taxable incomes of \$140,000. There is a 10-percent surtax for taxable incomes over \$250,000. The alternative minimum tax rate is increased to 26 percent in the lower bracket, 28 percent in the upper bracket. We extend PE's which is the phase-out of the personal exemptions over \$100,000. We repeal the -- we also extend PEP -- I'm sorry, PE's is the phase-out of itemized deductions over \$100,000; PEP is the phase-out of personal exemptions over \$100,000. We repeal the HI taxable wage base, which now has a cap of \$135,000. That's lifted. We reduce the maximum excludable pension contributions with regards to business pension plans. We extend 53 percent and 55 percent estate tax rates. That's the current rate. Those were scheduled to end. We extend those. We also deny the deduction for executive pay over \$1 million and the deduction for club dues. We tax corporations. The rate there goes to 36 percent. We also deny business's lobbying deductions, and we also provide for stronger foreign corporation tax compliance.

In addition to that, obviously we provide for a broad-based energy tax. It's based on a BTU formula with an increased tax rate on oil to reflect its environmental disadvantages relative to natural gas. We also extend 2.5 cents on the gasoline tax, which was due to terminate. We continue that 2.5 cent provision on the gas tax.

Those are the key elements. Let me just -- of the deficit reduction side of it.

On enforcement, for those of you that follow budget enforcement, what we are recommending is, obviously, a continuation of the enforcement tools that were in the budget agreement. We established caps on spending as a result of what we do on defense and nondefense. We also provide for a pay as you go requirement. When it comes to entitlements and other programs, if you want to advance new programs, you've got to pay for it. We have a sequester requirement similar to the one that's built into the budget agreement now if Congress fails to meet these targets.

And, lastly, the President does recommend the adoption of the revised rescission proposal to give him the ability to look at appropriations bills and be able to make recommendations to the Congress as to what should be rescinded and get a vote on the proposals that he presents to the Congress.

Q That includes --

MR. PANETTA: That's correct. That's correct. That's the provision that Speaker Foley has mentioned and that passed the House in the last session.

The end result of this program is obviously to try to not only produce jobs but also to target public investment and provide inducements to private investment and to reduce the deficit.

And the last point I will make is with regards to the deficit chart that you see here.

The current baseline on the deficit, according to CBO economics, is the top line. And obviously, what that portrays is the situation of the status quo. You want to stick with the status quo: that's where the deficit is headed. It means we're going to be heading towards about somewhere around \$400 billion to \$500 billion deficits by the end of this decade, \$600 billion deficits by the beginning of the next decade. And we continue the deterioration with regards to our fiscal discipline and all of its consequences in terms of our economy.

The proposal that we've made here based on CBO projections is the second line down, which shows that we can grind that deficit down to roughly 97, but it again begins to go up because of the projections contained in the CBO report plus health care. The next line is if we go to the more -- I think some would say more realistic projections as to where the economy's going. If you use the blue chip, if you use our own Council of Economic Advisers in terms of their projections, that would take you to that green line in terms of implementing this program using those projections about growth and unemployment et cetera.

If you do something about health care, if you control costs in health care -- and what we essentially did here is an assumption that we could control costs to CPI plus population plus two -- then you see the impact of that in terms of the deficit. Because, ultimately, if we can do that and reach the growth rates that we have in these other projections, plus do health care reform, the ultimate consequence of that is, by the year 2003, we will bring the deficit down to roughly \$62 billion, which is less than one percent of GDP.

Q Can you give comparable 2003 figures for the other two lines?

MR. PANETTA: I think we can, but I can't offhand right now. But we can provide that.

Q Could you repeat that last number?

MR. PANETTA: Yes. We can eventually reach a point where we bring the deficit down to \$62 billion by 2003, which is less than one percent of GDP at that time. We have always targeted the hope that we could eventually bring the deficit down below one percent of GDP. It would happen if we could implement these other policies.

Q -- CBO projections on the growth rate for --

MR. PANETTA: That's correct. That's correct.

Q Everything after that is dynamic analysis based on assumptions about what your --

MR. PANETTA: The other two below that are based on if you use the current blue chip projection with regards to the economy. And what they estimate will happen in the economy. It's just -- our Council of Economic Advisors is very close to the blue chip projection. And so that tells you where that line would be. And then if we could adopt some kind of health care reform, such as the President hopefully will propose, it can then provide that lower line.

We've presented all of these, frankly, so that you could see where we're headed here. Obviously, if we fail to do health care reform, if our economy doesn't revive, if we don't get the kind of

impact that we're seeking here, then you're looking at that second line, which isn't bad, but it's not good enough. Our hope is to try to eventually reach that bottom line through the implementation of these other policies.

Now, let me just say before I answer -- I'm not going to answer any further questions because I want to yield to Secretary Bentsen, because he's got to go up to the Hill. And then Laura Tyson will make a presentation, and then I'll be happy to answer any questions.

SECRETARY BENTSEN: Leon's right, I have to be up at the Hill to do a briefing. So I'll just make a couple of comments, because he's gone into great detail, item by item. Earlier this morning we had staff at Treasury brief the media concerning the technical aspects of the revenue portions of this piece of legislation. But as I was listening to Leon and the comments that he was making, I couldn't help but think about the last dozen years.

When time and time again we were presented with budgets, and we'd have a black box, and the administration would say, now, these are the tough choices, you choose amongst them -- and we didn't. And neither did the administration. What a difference this time. You have an administration and a President that is outlining and detailing the tough choices. And these are the things that he's willing to support and commit to. A candid, honest budget. He is ready to back them up and take on the lobbyists in supporting these provisions.

Let me make a point about the corporate tax, and one of the reasons it was raised to 36 percent. If you have a difference in the individual tax and the corporate tax, then you're going to have games played and moving back and forth between the two. So we felt it was imperative that it be a comparable tax.

But let me also state that if you look at the corporate tax of Japan and you look at the corporate tax rate of Germany, two of our principal trading competitors, in Japan that is 40 percent instead of the 36 percent we're talking here; and in Germany, it is 50 percent, and quite a change.

Now, let's get to another one. And that's the question of the energy tax and what it does to the average American here. If we're talking about the energy tax, we're talking about for a person making \$40,000 a year, that the direct cost of that energy tax will be less than \$10 a month. But when we talk about getting interest rates down, ensuring we're serious about cutting this deficit, we have already seen a substantial reduction in the interest rates since the election -- an appreciation of the fact that this administration is serious about cutting that deficit.

And when we floated the idea of the energy tax as a option, we saw an immediate impact on interest rates. So, if we're talking about a family making \$40,000 a year, and they have an increase of direct costs on their energy costs of less than \$10 a month, the reduction we've seen already in interest rates for a person who had a nine-percent mortgage, that reduction now, if they refinance that mortgage, will save them -- a \$100,000 mortgage -- would save them \$60 a month, six times as much as that energy cost would be.

And what we're talking about with this energy tax is having a cleaner environment, cutting back on pollution. We're importing almost a billion dollars' worth of oil a month. That increases our debt to other countries, increases that trade deficit, makes us more dependent on politically unstable areas in many instances for the energy supply of this country.

So, once again, it will help us use our domestic resources in that regard, while cleaning up the environment at the same time, and raising essential revenues to get that deficit down. I think those are some of things that we ought to bear in mind.

Now, one of the charges that I know is going to be made, and that is that this is the biggest tax increase and tax revenue of any tax increase in the history of this country. That is totally, completely inaccurate. There's no denying but what this is as significant tax bill by every reasonable measure. But it's not nearly as large as a tax increase proposed and signed into law by President Reagan in 1982. Remember TEFRA? That was initiated in the Senate under the leadership of a Republican Senate. The first benchmark for comparing the size of a revenue measure is to examine each bill's five-year total revenue increases in constant dollars, with inflation taken into account. In TEFRA, the five-year amount is \$268 billion. Under President Clinton's plan, the five-year total is \$253 billion. (Laughter.) We made it. (Laughter.)

The most significant -- I must say it, there was a sigh of relief when I saw those numbers. (Laughter.)

The most significant economic benchmark is to examine the revenue increase as a percentage of Gross Domestic Product. In all five years of the budget window, TEFRA's revenue increase as a percentage of GDP exceeds by a significant amount the President's revenue increases.

Now, the last benchmark is to examine each bill's cost in last year as a percentage of total receipts. TEFRA's fifth-year revenue total is 7.1 percent, while the President's proposal in the fifth year is only 4.9 percent of total receipts. In four of five years examined, the revenue component of the President's plan is less than TEFRA in terms of relationship to total receipts.

And now I'll go up and try that on the Congress.
(Laughter.)

MS. TYSON: Well, gee, that's a hard one to follow.
(Laughter.) Let me just give you a few -- I thought of questions people might ask about this package from an economic point of view. So let me raise some and give my answers.

First of all, why an economic stimulus? I think the President laid out an answer to that the other night in his speech. This is a recovery which can still be called a jobless recovery. It is a recovery where we are three million jobs short of where we would be if we had been performing as well as the average of post-war recoveries. It's a recovery in which we have a very high percentage of the unemployed who expect that they will not return to their previous jobs, who have considered themselves to be permanently unemployed -- a much higher percentage of those unemployed now consider themselves to be permanently unemployed than in other economic recoveries.

We have substantial access capacity in the economy, you might say, relatively to our potential output. We're somewhere around four percent below that. So we believe that there is room for an effort, a booster shot, a stimulus both through tax incentives and a downpayment on our investment program to increase the speed at which the economy moves towards its potential. So think about the stimulus as a booster shot to get the economy moving more quickly to its potential and to create additional jobs.

Now, the 500,000-job estimate should be understood as an increment to the jobs that we would expect if the economy continues to grow. We've done a projection based on our forecast, which is not at all different at this point from the blue chip forecast, and we

would suggest that we're adding -- that basically over the next couple of years you might expect if the growth rates continue in the range they're in now with the stimulus we might get in the order of 2 million to 2.5 million jobs this year and next year.

So the 500,000 is an increment. Many people have been saying: Is that all the jobs you're going to create? That's not right. Those are the additional jobs beyond what we expect from the normal growth of the economy that we're projecting. And over the entire period, let me just say that we do anticipate that we will be able to meet the campaign commitment of eight million jobs over the next four years. In fact, we believe with our numbers that we will do better, that our policy will allow us to do better than that.

So that's the issue of the stimulus. Now, on the issue of the investment package, the investment package should be understood as a package that is meant to affect the growth of the potential of the economy. The stimulus package affects how fast we move back towards potential. The investment package is to affect how fast our potential output grows over time.

The critical thing here is just more investment. More investment -- both public and private investment. If you look at the United States comparatively to other advanced industrial countries, we have had a private investment deficit. That is, relative to other countries for a substantial period of time -- 20 years at least -- we have been devoting a smaller percentage of our GDP to investment in plant and equipment than our industrial competitors. We need to reverse that trend. The tax incentives and the tax approaches we are adopting here are meant to do that.

This is a different approach. It's not a trickle-down approach. It's not to give income tax breaks and hope there will be an increase and investment. We tried that and that didn't work. It is to give targeted investment credits of a variety of sorts to get the investment rate where we want it to go, which is up.

On the public investment side, we believe that investment is important not only from the private sector but also from the public sector; that public investment is complementary to private investment; that public investment in education, in training, in infrastructure, in technology actually adds to the productivity of the economy directly and indirectly by providing the private sector with the underpinnings, the foundations it needs to make the most on its own private investment.

So we believe that public and private investments both have been suffering from a deficit. On the public investment side, of course, the President showed the other night in his address that public investment as a percentage of GDP in the United States has been declining for three decades. It's been rising in the other advanced industrial nations. We want to, again, reverse the trend and invest more of our public money into important foundations for the private economy.

So this also plays into our very serious notion that not every dollar of government spending is the same. We are shifting the composition of government spending away from consumption and towards investment.

Finally, the third part of our package in the economic rationale is deficit reduction. The rationale, again, is investment. Deficit reduction is to be understood as a means to an end. The end is greater capacity growth in the future, higher standards of living in the future. And the way we get that essentially is by reducing the deficit, making room for more private investment, making room for businesses to borrow at more attractive rates to invest, making room for students to borrow at more attractive rates to invest in their

education, making room for households to invest in housing through reduced mortgage rates. And as has already been noted, we've already seen just by news that we are seriously addressing the deficit, we have already seen an impact on long-term rates.

So we believe that deficit reduction is a means to an end of more investment. But, of course, that means that when we do deficit reduction, we don't want to cut public investment -- that's not what we want to cut. We believe that public investment is important like private investment. So when you look at our cuts and try to understand how we chose the package we did, keep in mind, since we view the ultimate goal here is not just deficit reduction but investment, we did not want to cut public investment. We wanted to expand public investment and expand private investment.

Now, another economic question one might ask about deficit reduction is, how much is enough? After all, there is really no magic number. What we were looking for was a program which would be credible; which would not just reverse the direction, but which would be big enough to be credible -- credible to the population, credible to international capital markets.

And in order to do that, we looked at many things. We looked at the size of the package, we looked at the composition of the package. It is important to have a balanced package. It is important to have a package which has both spending cuts and revenue increases. It is important to have credible enforcement mechanisms, which we believe we are suggesting. It is important that there be no gimmicks. We have no gimmicks. Indeed, as Leon Panetta pointed out, we have bent over backwards not to have gimmicks by giving ourselves a little more pessimistic forecast than we believe.

We believe if we do this policy we will actually do better. But in order to be credible, we took a projection, the CBO projection, which doesn't give us that leeway. So we were really avoiding gimmicks. So we have chosen a strong amount, a balanced package which hits both the spending and the revenue side. We have chosen strong enforcement mechanisms, and we have no gimmicks. I think that makes a credible program, a program which really will have the effects of increasing individual citizens, voters and international and domestic capital markets that we mean business.

Now, another economic question: Can we have deficit reduction and growth at the same time? Of course, part of the issue of size, how big you choose your package to be, and phase-in -- because if you look at the package and see the numbers, we're phasing in gradually -- we, of course, want to have deficit reduction with growth, not deficit reduction at the expense of growth. We believe that given the tax incentives we have put in, given the investment spending we have put in, given the phase-in and amount of deficit reduction we have chosen, and given what we anticipate to be the very favorable response of capital markets to our policy, we believe that we will be able to have deficit reduction and growth. Some other countries have managed this, if they've done it right, and we believe that we will manage it because of the way we carefully crafted our package.

Another issue. It doesn't matter -- what else about the composition of the package matters besides just balance. I want to emphasize the issue of public investment, which I already did. We were careful not to cut on programs which we believe to have significant returns to productivity in the economy.

The energy tax -- I would also like to say that we thought of the energy tax as an important tax in its own right. It is not simply a deficit reduction measure. It is primarily an energy conservation measure, a measure that is meant to help reduce CO2 emissions and meet our international commitments in that area. A

measure that is meant to reduce our dependence on foreign oil. A measure that is meant to encourage the Europeans and the Japanese to join with us, as they have suggested they might be interested in doing, on taxes or other energy policies which will really get the emissions problem under control in the next century.

So we support the energy tax not simply as a revenue raiser and not even primarily as a revenue raiser. So we put together a package which when we chose those lines, when the President was going through line by line, it was not simply how can we get to a certain deficit reduction target. It is what makes sense for other reasons that will also get us to a deficit reduction target.

So, finally, let me say what I think the package will fundamentally do in its entirety -- stimulus, investment and deficit reduction. I believe it will reverse a number of disturbing economic trends which have been with us for at least 12 years. One is the investment deficits I've already talked about, the need to increase our private investment rate and our public investment rate. I believe it will, because it increases investment, increase our productivity growth rate which over the long haul has been slowing down even though we've done fairly well in the past few years.

In the long haul, we have had a slowdown in productivity growth, and that has fed directly into stagnation in family income. Median family incomes in the United States, real median family incomes, have been stagnant for 12 years. And that is a 12 year period during which many families went from single-earner to double-earner status. So the fact that we couldn't get real median family income to go up is a very serious problem which we believe can be handled only through a sustained increase in overall productivity growth, which we believe will come from a sustained increase in private and public investment.

Our package also will reverse the inequities of the last decade by a shift in the composition of taxes which will very seriously address the growing gap between the rich and the poor, and our spending program will very seriously address another disturbing trend of the last 12 years, which is the growing incidents of poverty among children.

We have many, many parts of this package directed exactly at children and exactly at a very glaring development in the United States. We are the country with the increase in incidents of poverty among children, and we must reverse that.

Finally, our package will reduce the deficit GDP ratio. It will reduce the debt GDP ratio. We will reverse the increases in deficit and debt as far as the eye can see. That's a very dramatic reversal.

And, finally, I would say our package will, therefore, generate new hope and new opportunity for all Americans. Thank you.

Q The 2.5 million -- is that total jobs over two years, or is it 2.5 million a year?

MS. TYSON: No. We anticipate that over the entire period, with our underlying growth assumptions, which is on this line here, we anticipate that we should, over the four-year period, get in the order of 8.5 million to 9 million jobs. So we anticipate that we would get on track with that right away. With the growth rates we currently see already, and then adding in the stimulus, we anticipate that we would get in the order of more than 2 million jobs in each of the next two years.

Q And four years you're talking about 8 million jobs? So basically, you're talking about reducing unemployment by only about a million --

MS. TYSON: No, more -- what I said is, we anticipate that we will do better than the 8 million jobs. We anticipate that we will do better than the 8 million jobs.

Q Do you have any ballpark on that?

MS. TYSON: The ballpark with those underlying that is more in the order of 9 million jobs -- 8.5 to 9 million.

Q The percentage of those jobs are summer jobs, temporary jobs.

MS. TYSON: No, no, no. Of the total over the time, those are permanent jobs. The total over the time, the 8.9 million, that's permanent.

Q Is that 500,000 jobs a net or a gross number?

MS. TYSON: Net or gross of what?

Q Number of jobs created.

MS. TYSON: That is basically an additional jobs -- if you took the baseline of growth -- say you took the current CBO projection of growth, it's 500,000 additional jobs.

Q Above that. Does that number assume the enactment of any of your other policies -- the increased taxes --

MS. TYSON: No.

Q Does it assume any job loss as a result of any of those?

MS. TYSON: No. The 500,000 is looking at the effect of the stimulus alone.

Q In isolation?

MS. TYSON: In isolation. That's exactly right.

Q Mr. Panetta, what is the difference between --

MR. PANETTA: We've got the packages available for everybody so that, actually, we ought to pass those out and give you the material. Now that we've given you our line, let's give you the material.

Q -- Social Security tax as a spending cut or a tax increase?

MR. PANETTA: You can play it either way you want. We have always -- for example, when it's come to COLA reductions, we have always included those as entitlement savings. And when it comes to Social Security taxes, we've always viewed those as a reduction in benefits. But, very frankly, whether you list it on the entitlement side or on the revenue side, it doesn't affect the balance between revenues and spending.

We have listed it on the entitlement side; but again, you can do it either way you want. It's roughly, as we've said, I think about \$7 billion to \$22 billion over that period of time.

Could I just mention to you while they're passing out the material a little bit about the schedule we're looking at. Our schedule is basically -- obviously, the President presents a speech this evening. I'll be testifying to the House Budget Committee tomorrow. Secretary Bentsen will be testifying to the Senate Budget Committee tomorrow and I will be testifying to them on Friday.

Our hope is to introduce a supplemental appropriations bill that will include the stimulus package, because we have no new authorizations contained in the stimulus package. It will basically be a supplemental appropriation that we will draft and then have introduced in the Congress hopefully by the early part of next week. And we hope to get that package moving.

At the same time, we hope to get a budget resolution moving in both the House and the Senate that will include the numbers that we've provided. We've provided enough here in terms of this proposal to basically provide the numbers on defense, on nondefense, as well as the specifics on entitlements and revenues. And so we'll get a budget resolution that will essentially lock in our budget policy.

Once we've passed the budget resolution, then we will have a reconciliation bill which will implement these cuts. And on the tax package -- just for those of you that follow the tax package, the tax package will be part of reconciliation.

Q Could you go over the energy tax again a little bit more slowly please?

MR. PANETTA: Okay. Let me have Barry just make one --

MR. TOIV: This is a two-part document. The embargo that is printed on the front of the first part, applies to the second part as well.

Q Would you go over it again, please -- how it works?

MR. PANETTA: On the energy tax.

Q Can you go over it again, please?

MR. PANETTA: I'll give you the best -- the best statement I have is that it, again, would apply -- let me get the number here. It's termed a broad-based energy tax. It is based on a BTU formula. And that BTU formula -- as you know, generally a BTU formula would test the energy efficiency of fuels. And so that formula would be established. And it would also -- that formula would reflect an increased tax rate on oil to reflect its environmental disadvantages relative to natural gas. In other words, whatever formula is applied, there will be an additional cost to oil, and I believe coal, to reflect its energy inefficiencies in its implementation. The specifics of it are still being worked out.

Q Will the BTU tax be charged against hydro and nuclear?

MR. PANETTA: I don't know the answer to that question.

Q Are you sure about coal?

Q And charged against the output, not the means of generation?

MR. PANETTA: Frankly, I'm not familiar with the specifics. I'm not going to make -- take a shot at it, because Treasury's developing the actual formula on it.

Q Can you say what happened between the time that you went before your confirmation hearings and the completed budget document that changed your ability to project spending-to-tax ratios of two to one, whereas it's now in balance?

MR. PANETTA: The question is what changed between the time of my confirmation hearings and this in terms of the ratio between spending cuts and revenue increases that we presented here. The target I've always focused on is a balanced package. You have to have a balanced package. And I think any package ultimately has to provide more spending reductions than revenue increases. And this package does that.

It doesn't do it in the first two years, as I indicated, because your transitioning in the cuts, and you're basically implementing both the stimulus and the investment in the early years. But eventually what you do over the -- as the cuts begin to take effect, particularly in '96 and '97, '98, through the end of the decade, is you begin to get more -- because these are permanent spending reductions, you begin to get more on the spending side. And eventually, as I said, you get to a 60/40 breakdown between spending and revenues.

On the question of trying to get more on spending reductions, I would welcome anyone in the Congress who has recommendations as to where we can get further spending reductions. I would welcome that, very frankly.

Q But you're the one --

MR. PANETTA: Well, no, I understand that. We've gone through all of the options with the President. We presented, for example, obviously the COLA option. The problem with the COLA option was, very frankly, it was difficult to develop a formula that would be able to protect those at the poverty level. And so any time you then reduce the COLA across the board, you're forcing people at the poverty level into poverty.

And the concern we had was how to develop a formula that would be able to protect them. And it's difficult to do. And for that reason, the President was concerned about implementing that.

In addition to that, very frankly, we have health care reform. And the question there was, can we get a downpayment on health care reform in this proposal, and because we are in the process of developing health care reform. Our belief was that in Medicare there are some cost constraints that can be implemented under any circumstances and that have been discussed before. And so what we try to do here is to basically get a downpayment on health care reform by implementing those cost controls on Medicare.

Whether you then take it the next step in terms of broader cost controls is really an issue for health care reform. So that's another potential area. But it remains to be defined by whatever you do on health care reform. Do you go deeper in defense, do you go deeper in nondefense, do you raise more taxes? I mean, those are the questions that we dealt with. We think we have a balanced package and that's what we'll present to the --

Q What is the balance in 1997? You have \$174 billion in deficit reduction if you calculate for 1997. What is the net of cost -- you have to net out somehow the cost of your spending increases. And your spending increases seem to add up to almost that much.

MR. PANETTA: For '97, what we're looking at is, again -- these are rough terms, because some of these numbers shave a little bit, depending on the latest runs that we have at OMB -- but

essentially in defense, you have \$37 billion in savings; in nondefense, \$22 billion; in entitlements -- this is just for '97. In entitlements, somewhere between \$34 billion and \$35 billion; on Social Security savings, it's \$7 billion on top of that. That's a total of somewhere around \$100 billion.

If you then look at the revenue side, we're looking at about \$79 billion. If you add debt service to obviously the expenditure side, then it's about \$115 billion versus the \$79 billion. That gives you a total of \$193 billion in terms of gross deficit reduction. If you then subtract out roughly the \$50 billion that we have with regards to investments, that leaves you the balance of roughly the \$140 billion that we're working with.

Q On spending, you say that most of the spending reductions will occur in the out-years. Do you have policies where you're going to lock that into place? Because, typically, in deficit reduction we have the taxes up front, spending is going to come later, and the spending cuts never come. How are you going to guarantee that these spending cuts are going to be implemented?

MR. PANETTA: Essentially, we want to lock in those policies in a reconciliation bill. That's what the reconciliation bill is all about this year. In other words, what would be contained in that reconciliation is not only obviously the tax parts of this package, but also the spending reductions. Each of the committees involved with each of these areas, whether it's agriculture, energy, whether it's the various civil service committees -- the post office, the civil service committees or what have you -- all of them will be given a number for savings. And they'll have to report, then --

Q That's a four-year number?

MR. PANETTA: That's a four-year number.

Q What happens if somebody wants to violate the terms of this? Would you have to get the money from someplace else in future years -- does this work like a Gramm-Rudman --

MR. PANETTA: That's correct. If they do not -- I mean, hopefully if we adopt the policies contained here, which will also include the budget enforcement caps, as well as the pay as you go -- if in the future for some reason Congress slips below these caps, then we would sequester across the board on spending in order to meet those numbers. And if -- the same thing would happen on pay as you go. If for some reason they passed a pay as you go, proposal that was not paid for, then we would sequester again in order to pay for that proposal.

We've got to put teeth into this effort. I'm a believer that the budget agreement -- we were able to enforce those targets because of those kinds of tools. And that's what we're including in this provision.

Q Do you envision walls again?

MR. PANETTA: No. We're basically looking at full discretionary caps and no walls between defense and nondefense. Also, let me mention to you that -- do follow this -- we are staying within the caps in '93 and '94. Ninety-three, we're staying within the caps even with a stimulus proposal. That's \$16 billion. Basically uses up the surplus that was achieved last year, largely in defense savings, so that we still stay within the budget cap established under the budget agreement for 1993. For 1994 we stay within the spending caps established under the budget agreement for 1994.

For 1995, that will obviously depend on whether or not this package is adopted. If it is adopted, then the caps would be readjusted pursuant to the policies that we've recommended.

Q On health care, you don't have a health care package yet. We don't know how that's going to work. Yet, you have a number, presumably, in this budget, or else you can't possibly begin working on these deficits because you --

MR. PANETTA: That's right.

Q -- say that health care costs -- so are you going to just the health care package to these numbers, or what? I mean, how do they jive?

MR. PANETTA: These are specifically on the programs that are under control of the federal government -- obviously, Medicare and Medicaid. And we felt that, as I said, under any circumstances, with or without health reform, that these savings would have to be achieved in order to improve the cost-effectiveness of those programs. We have specific recommendations with regards to how those savings are to be achieved. And those policies we hopefully will lock in as part of the reconciliation bill.

Ultimately, as the fuller measure is presented in terms of health care reform, obviously, an element of that health care reform package will also have to address how these elements are included in the broader health care reform for the country.

Our problem right now, very frankly, was to say we need obviously to establish some cost control in the health care area. Medicare, we're going to have to do it under any circumstances. This is an opportunity to do it now on a policy basis, and that's what we've recommended here.

Q When do the new taxes, individual income, corporate income and energy tax, kick in? When do they start?

MR. PANETTA: I believe most of those start in FY '94.

John, do you know -- is that correct in terms of the taxes?

MR. ANGELL: Yes.

Q That would be October 1?

MR. PANETTA: I believe that's correct. Or, January. I think it's more like January. January.

Q You're talking about the beginning of the fiscal year?

MR. PANETTA: I think that's the way Treasury has designed it, to take effect in January.

Q -- have to explain these tax increases to the general public. In the chart that was handed out by Treasury, if you read the concept of economic income it's not what the average person understands. It includes such things as fringe benefits. Could you take us through a few income levels -- levels which an average person would understand, like adjusted gross income, or something, and what the tax burden would be at those? Because this chart would be pretty incomprehensible to the average person.

MR. PANETTA: Frankly, it's incomprehensible to me, too. (Laughter.) So I'm not even going to try. My understanding is that essentially those under \$30,000 obviously would not be impacted. The

way the program was designed was to make sure that the lower two quintals were not impacted by any of the tax proposals, and then it gradually grinds up so that the upper two quintals carry the biggest burden. The ultimate consequence obviously is that 70 percent of this package falls on the wealthy.

On the energy tax, it was designed in a way that would be progressive in the sense that while it would fall on a broad cross section of the country, relief would be provided to those at the lower income levels, both through LIHEA as well as food stamps and other programs like that, to basically reduce the impact with regards to those at the lower levels.

If you look at the overall consequence of that, it becomes a very progressive tax table that essentially reverses what we saw happen during the '80s. Our target here was to develop a much more progressive approach than obviously anything we've seen during the '80s. And, certainly, even in the '90 budget agreement, we tried to do the same, but even there what we did was we eventually came to a result that didn't make them any worse, didn't make them any better, but didn't make them any worse. The problem we have here is that our goal was to make sure that we made it better.

Q -- 200,000 a year, but below that -- basically, people from around \$30,000 to around \$200,000 seem to share pretty much an equal burden.

MR. PANETTA: Again, frankly on the Treasury part of it with regards to the taxation -- I prefer that they answer specifically how the tax was designed. I had enough trouble dealing with the spending reductions.

Q You said there are no gimmicks but I noticed under your programs that don't work or are no longer needed, you've got Appalachian Regional Commission and the Tennessee Valley Community Development Program -- both of which have been on the chopping blocks for years and the Republicans never have -- they've both got powerful sponsors. Why do you have them in there? Isn't that a gimmick, really?

MR. PANETTA: Hell no it's not a gimmick. I mean, when a Democratic administration proposes going after those kinds of programs, the last thing you can call it is a gimmick.

The problem is we've got obviously so many programs that you can target when you're looking at nondefense savings and we scrubbed all of these programs. And our view is that -- those programs have been included on lists for a legitimate reason, because there are areas that can, in fact, achieve savings even though they do have powerful -- listen, every one of these provisions has some kind of powerful backer on Capitol Hill. Who are we kidding? There isn't any provision on the list we've given you that doesn't have some advocate on Capitol Hill. On the other hand, what you're trying to appeal to is the entire country understanding that all of these pieces have to be included in a comprehensive package if we're going to get this job done.

I mean, Phil Gramm, for all of his hollering, obviously is a strong supporter of the space station, a strong supporter of the supercollider.

Whether you're a Republican or Democrat, the fact is that there are spending programs that many of them are strong supporters of. They'll give you a hell of a speech on the deficit, but when it comes to spending reductions, they obviously flip around. What we're saying to the country is it's time for everybody to come to bat on this issue. And everybody can give a great speech about balancing the budget and passing balanced budget amendments.

We ran into this last year. A lot of people talked about the need to do the deficit, and therefore pass the balanced budget amendment. But when I asked them to present specifics about how they would achieve it, what programs would they cut, what entitlements would they cut, they said, we don't want to talk about that.

And so, obviously, our confrontation here is going to be on the specifics. And so if there are those that think it can be done differently, then let's hear the specifics. Don't give me balanced budget amendments. Don't give me some kind of gimmick. Talk to me about specifics, and we'll listen. But if you're just going to give me your regular speech that you give at the Rotary Club, forget it.

Q Are you talking about the specifics on defense?

Q Are you talking about pork-barrel spending? When you talk about eliminating programs earmarked by Congress -- I think that's the term you used -- are you talking about pork-barrel spending?

MR. PANETTA: That's correct.

Q And hasn't that pretty much been proposed by just about every President for I don't know how many years?

MR. PANETTA: It has been proposed. We're hoping that that combined with enhanced recision power will give us the ability to go after those kinds of programs. Again, this is an area where we expect that we're going to continue to see some fights on these issues.

Look, even if we adopt this package in the appropriations bills, as many of you know, you've got so much under the cap that's provided. Argue is that a certain amount of that ought to be focused on investments that the President's interested in. Congress may have a very different view. And in that instance, the President may very well have to fight with regards to his priorities. And that's going to be true throughout this year, assuming we can get this policy in place. This is not the end of the battle, it's the beginning of the battle.

Q Mr. Panetta, on fees -- you talked about some of the new fees that are going to be instituted in rural and other areas. Can you give us an idea of how much they add up to?

MR. PANETTA: I've been handed a note, just so you know, the tax on \$40,000 for the family -- what's this -- earning -- what's the \$118,000 a year? That's what they would be paying?

MR. ANGELL: The impact -- according to the Treasury Department, for a family with \$40,000 income, the average hit from the energy tax would \$118 a year, which is less than \$10 a month. And that is the only tax, according to Treasury, that would hit a family with that income.

Q That doesn't include gasoline tax, right, the 2.5 cents, which just brought another \$10 a month?

MR. PANETTA: They're obviously paying that at the present time on the 2.5 cents. This is not a new 2.5 cents, this is an extension of the current 2.5 cents.

Q The President has talked about the importance of being not necessarily the number of the deficit but a declining path of credit.

MR. PANETTA: That's correct.

Q So, obviously on this chart, you don't achieve a declining unless you get health cost control, which is highly speculative. How do you forecast a declining path --

Q You could have cut off the chart here, but --

MR. PANETTA: No, hey, things are looking great. (Laughter.) There's a margin here in -- we added the other part of it to show you where this thing is headed. Unfortunately, that's the facts that we're dealing with right now is that even though we grind this deficit down significantly, if CBO's projections prove to be true -- and as I said, they're more optimistic or more pessimistic by almost anybody's standards -- then you'll see the deficit begin to gradually increase again because we haven't controlled health care costs and because obviously there are concerns about inflation in the economy.

Q It even goes up under the blue chip forecast.

MR. PANETTA: It goes up less under the blue chip forecast, although you begin to balance, I think, your debt to GDP ratio obviously much better if you use those assumptions.

I think what this points out is that obviously controlling costs in health care are almost fundamental to our ability to eventually grind the deficit down to the direction of less than one percent of GDP. It really does rely a great deal on what we do on health care because health care is one of the fastest growing parts of the federal budget. We're looking at almost going to 20 percent of GDP by the end of early part of the next century and almost 50 percent of the increase in the deficit is due to health care. So ultimately, what you're looking at here is the first step. The second step has to be health care reform.

Q What number did you plug in for savings in 1997 to even be able to chart a course there? What did you calculate the savings would be from --

MR. PANETTA: That's the \$140 billion deficit reduction that was -- if you'll remember the --

Q I mean the bottom line that goes down where you're calculating health care.

MR. PANETTA: Yes. You mean in terms of health care savings?

Q Right -- what was the number that you plugged in?

MR. PANETTA: Okay, yes, hang on a second. Somebody gave me that chart. I've got charts coming out of my ear here, just a minute. (Laughter.) All right, the number on health care -- savings from health care for '97 would be about \$35 billion.

Q And the cumulative for 2003?

Q That's assuming health care --

MR. PANETTA: Assuming some kind of health care reform is put in place -- they really didn't build in a number until '95, but for '95 they built in an \$11 billion number; then a \$23 and a \$35 and then it goes up to \$49 for '98. But again the basis for this formula is that you can hold it at CPI, plus population, plus two percent. And that's roughly I think what Canada and other countries are trying to hold their costs to.

Q Can you talk about a wage freeze please?

Q What percent of the new tax dollar earned goes to specific deficit reduction? Can we assume all of that --

MR. PANETTA: Of the tax part of it?

Q Of the new tax dollars are -- what percent goes to deficit reduction?

MR. PANETTA: Essentially, for the entire package, we're looking at two-thirds of the amount going for deficit reduction and about one-third for the investments.

Q Okay. And they you also show a savings from shortening the maturity of debt securities --

MR. PANETTA: Yes.

Q They lowered the amount of 30-year bonds -- how much do you assume now? Are we cutting that further --

MR. PANETTA: It's a fairly conservative estimate, but the Treasury feels that that's a legitimate area where you -- actually, we looked at some numbers that were even much larger based on what they would do in terms of short-term debt security payments, and the feeling was that we ought to take a very conservative approach on it but the savings we've built in there can be achieved.

Q In the figures you have, though, what does this mean -- what's the average maturity of debt?

MR. PANETTA: I'm sorry, but I don't know the answer to that.

Q A question about the long-term investment. Especially in the infrastructure and transportation. It says here \$3.3 billion in 1997, \$8.4 billion over the four years. How much of that is simply the funding of the bill that was already passed and how much of this is new?

MR. PANETTA: It's largely the funding of the bill that was passed. There's full funding for the highway bill; it doesn't really project anything beyond the funding of the highway bill.

Q A lot of that building is dependent upon that 2.5 cents in gasoline tax be paid into the highway trust fund in '95. And the GAO has already said that the trust fund is running a bit short in the out years. How do you reconcile that you need to continue your building but yet you're taking --

MR. PANETTA: We may eventually have to face the issue of trying to restore the highway trust fund in order to complete those targets. And that was something we felt -- ultimately, what we may have to do is take that 2.5 cents and put it back in the trust fund and then we'd have to replace it, obviously, with either the energy tax or some additional spending cuts. But, frankly, our feeling right now is that we're committed to try and to fund fully the highway bill with the resources that we currently have.

Okay, that's it. Thank you.

Q Wage freeze?

MR. PANETTA: Wage freeze. Yes.

Q How many people and how much?

MR. PANETTA: It's -- on that, we're basically -- yes, we're freezing pay for '94. That would include all federal employees and Capitol Hill as well. And we would do CPI minus one for '95, '96 and '97.

Q It's a one-year freeze?

MR. PANETTA: That's a one-year freeze.

Q How much on pay?

MR. PANETTA: I don't know. John, do you remember how much? About \$8 billion, I believe.

Q On what?

MR. PANETTA: On the freeze on pay. About \$8 billion.

END

1:05 P.M. EST

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

MISCELLANEOUS

Divider Title: _____



THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

September 3, 1993

Memorandum for Paul Begala

David Dreyer
Rahm Emanuel
Mandy Grunwald
Karen Hancox
Alexis Herman
Jonathan Prince
Marla Romash
Gene Sperling
Barry Toiv
Joe Valasquez
Christine Varney

From: Roger Altman

Subject: Follow-up Meeting on the Economic Plan

It would be useful to discuss further follow-up opportunities on the economic plan. We should continue to promote it, both with Congress and the public. Since the legislation passed, a number of memoranda have been sent to members who voted with us, but there is further information and possible events which we should discuss.

We should meet to review specific options for follow-up and how they relate to other economic decisions facing the Administration this Fall. And, to discuss formation of a small team to implement the agenda.

Attached is an earlier memorandum from David Dreyer and others on a future agenda in this area. Most of it is economic-related and is still timely. At a different level, we also need a set of clear themes as to how the budget, health care, trade and NPR constitute an economic strategy.

I hope that you can make it at 5:15 pm on Thursday, September 9th, in the Roosevelt Room.

cc: Mack McLarty
George Stephanopoulos
Bob Rubin
Howard Paster
Dave Gergen

for programs like Tony Brown's Journal, urban PR events, etc.
Op-edits by Ron Brown, Henry Cisneros and Robert Reich.

- o Congressional Affairs. Work with Members on events to educate their constituents on these programs.

- o Intergovernmental Relations. Move this information to Mayors', Counties', and Governors' organizations -- and their local offices.

- o Cabinet Affairs/HUD. Ask HUD (Cuomo) to mail to community organizers and activists to detail and endorse these provisions.

- o Cabinet Affairs/Treasury. Ask Maurice Foley to detail enterprise organisations, public securities firms and others interested in these provisions for outreach purposes.

Intangibles

- o Linda Robertson

Local Impact

Kim Hopper of Media Affairs recommends we try to do a work up of how the economic plan will affect model communities, and package a report for maximum impact with local press.

accounting firms.

- o Media Affairs. Mail to high technology and computer magazines about the high technology provisions of the economic plan. Op-eds by Ron Brown, John Gibbons, and others for specialty media.

Student loan reform

The economic plan contains significant reforms of the student loan program.

- o Cabinet Affairs/Education/DPC. Provide a plain English description of the student loan reforms in fact sheet form, and return this document to the White House with a contact name for any further required explanation.

- o Office of Public Liaison. Provide a list of organizations -- PTAs, Guidance and Placement Counselors, the American Association of Universities -- likely to be interested in this provision. Ask these organizations to put fact sheet in their publications as inserts.

- o Cabinet Affairs/Education. Wring from Riley a statement lauding adoption of the provision and explaining its value.

- o Media Affairs. Contact college radio network, Newsweek and Time for back to school issues, to publicize this provision. Outreach to college newspapers, National Association of Boards of Education publications.

Urban policy

The economic plan contains the first urban and rural community development policies adopted by the federal government in a generation.

- o Cabinet Affairs/Treasury/Housing/HHS/Agriculture/SBA. Obtain from the responsible federal agencies plain English descriptions of the provisions on empowerment zones, the Earned Income Tax Credit, the low income housing credit, mortgage revenue bonds, community development banks, family preservation, food stamps, and the targeted jobs tax credit provisions, and return these documents to the White House with a contact name for any further required explanation.

- o Media Affairs. Move this information to Black Radio, Black Entertainment television, weeklies, and community development newsletters.

- o Marla Romash. Determine whether surrogates can be used

o Media Affairs/Cabinet Affairs/SBA. Media affairs to coordinate mailing of fact sheets to small business publications. Media affairs to mail fact sheets to business pages of local, state, and national newspapers. Offer Erskine Bowles for interviews, and include a statement by Erskine in the mailing.

Children

The economic plan -- including reconciliation and the appropriations process -- contains some of the most progressive and forward looking initiatives for children and families of recent years.

o Cabinet Affairs. Solicits from appropriate federal departments plain English descriptions of the programs advanced by the economic plan in fact sheet form: Head Start (HHS), WIC, (AG), EITC (Treasury), Food Stamps (AG), Family Preservation (HHS), Immunization (HHS). We need to know when these programs/expansions become effective, who can benefit and how.

o Office of Public Liaison. Identifies interest groups committed to hunger relief, social service and social welfare, children and public health. Contacts organizations to see whether they will print inserts on the package in their newsletters. Identify "opinion leaders" for op-eds. Finally, can the supporting organizations provide awards or other recognition to legislators who supported the package?

o Marla Romash/Media Affairs. Recruit OPLs opinion leaders and the Cabinet to write about the children's package.

o Media Affairs. Borrowing the health care task force mailing list, send fact sheets on children's package to health reporters and columnists around the country. Also to Parenting Magazine, Lady's Home Journal, Women's Day, and Reader's Digest.

High technology

The economic plan contains the spectrum sale provision, the research and engineering tax credit, and information highway funding -- all of which benefit high technology.

o Cabinet Affairs/Commerce (Larry Irving)/Treasury/NEC. Obtain plain English descriptions of the provisions which benefit high technology, and return these documents to the White House with a contact name for any further required explanation.

o OPL/NEC Staff (Tom Kalil). Identify constituency groups and organizations interested in these provisions including participants in high technology expo at the White House event, TRW, Motorola, CORE-TECH, A.E.A., American Association of Universities, National Venture Capital Association, and

Draft Memorandum
Notes from Reconciliation Planning Meeting
August 13, 1993

In an effort to continue publicizing the benefits of the President's economic program, veterans of the Reconciliation Room have begun developing a strategy for getting information out about the plan. The issues covered by the plan are listed below, along with ideas for publicizing the provisions.

- * Economic statistics
- * Tax Write Off for Disaster Victims
- * Small business
- * Children
- * High technology
- * Student loan reform
- * Urban policy
- * Intangibles

Economic statistics

o CEA and NEC lead effort to interpret and publicize economic statistics to be published between now and Labor Day.

Tax write-off for disaster victims

The economic plan provides tax relief for Americans who were adversely affected by natural disasters and makes the relief retroactive to September (?) 1991.

o Cabinet Affairs/Treasury. Provide plain English description of the provision in fact sheet form, detailing who is eligible, what records are needed, the regions likely affected, etc. and return this document to the White House with a contact name for any further required explanation.

o Cabinet Affairs. Provide list of all states/regions qualified for tax provision.

o Congressional. Provide list of all Members of Congress in disaster-affected regions. Prepare to mail package to their Washington offices with explanation of provision and a suggestion that Members include this information in their newsletters, or make it available to their District Offices.

o Cabinet Affairs/Treasury/FEMA/SBA. Is it possible to distribute information about the provision in brochure form to Disaster Assistance Centers, FEMA regional offices so disaster victims are notified of the adoption of this provision?

o Media Affairs. (1) Can you get James Lee Witt, Erskine Bowles, Bentsen and Altman on with local media in

affected regions about this provision? (2) Can we mail information about the provision to Business Page and Home Section reporters in affected areas? Forward information about the tax relief offered to print, radio, and television reporters cover the Midwest floods. FEMA district public affairs officers can also disseminate information.

- o Intergovernmental Relations should mail information about the provision to state and local governments.

Small business

The economic plan contains several provisions of special interest to small businesses: expensing, capital gains tax rate reduction, 25% deduction for health insurance, research and development incentive for start-up companies, and small issue industrial development bonds.

- o Cabinet Affairs/Treasury. Treasury to write plain English descriptions in fact sheet form of each tax provision, and return this document to the White House with a contact name for any further required explanation.

- o Cabinet Affairs/SBA. Can SBA mail to any lists it has, or help us obtain lists, for individual small businesses, or organizations, to discuss the adoption of these provisions? Also, can Erskine draft a statement explaining and endorsing these provisions for appropriate distribution?

- o Congressional Affairs. Ask Congressional to contact the House and Senate Small Business Committees to check on any plans they have to contact businesses or organizations about these provisions. Provide Members' offices with explanation of provisions for future targeted mailings. Suggest to Members that they conduct workshops for small businesses in their districts to explain to them how they can benefit from the economic plan. We could offer federal officials who could explain how it works.

- o Office of Public Liaison. Build lists of small businesses that have participated in Presidential events -- credit crunch, community development banks, empowerment zones, Wednesday lunches, endorsements, etc. -- to discuss fact sheets heralding adoption of the provisions. Ask Small Business Organizations to include in their periodical literature -- magazines and newsletters -- information about the provisions adopted. Suggest to Apple, IBM, National Association of Automobile Dealers, and Big 3 automakers a mailing to vendors and customers regarding expensing. Suggest similar mailing by accounting firms regarding the expensing, capital gains and health care issues. Finally, can the supporting organizations provide awards or other recognition to legislators who supported the package?

TK you / Bus /
Recon

THE WHITE HOUSE
WASHINGTON

4 1993

August 23, 1993

INFORMATION MEMORANDUM

TO: ALEXIS HERMAN
STEVE HILTON
DORIS MATSUI
FLO McAFEE

FROM: MARILYN DIGIACOBBE, AMY ZISOOK

SUBJECT: RECONCILIATION THANK YOU LETTERS TO THE BUSINESS
COMMUNITY

Two letters have been sent under Alexis Herman's signature thanking members of the business community for their help during the final stages of reconciliation. A total of 293 letters were mailed.

- o The first letter is simply a thank you from AMH to a larger group of 220.
- o The second letter contains a commemorative bill and a letter from AMH. Select group of 73.

In addition, a select group of 120, including CEOs and representatives who worked extremely hard, have been sent a thank you letter from the President.

Please see attached copy of letters and lists.

copy sent 10/16
Marilyn
This is great
work - pulled about
quarters for
for the
I've been
get the
at

THE WHITE HOUSE
WASHINGTON

August 23, 1993

Mr. Leonard Abramson
CEO
U.S. Healthcare
980 Jolly Road
P.O. Box 1109
Blue Bell, PA 19422

Dear Leonard:

Thank you for your tireless and courageous efforts in helping to pass President Clinton's Budget Reconciliation package.

Passing this plan makes a necessary and bold first step to revive our economy, to restore confidence in our ability to take charge of our own affairs, and to renew the American Dream for generations to come.

Thank you again for joining with us in support of this historic legislation. Without your help, this would not have been possible.

Sincerely,

Alexis M. Herman
Assistant to the President and
Director, Office of Public Liaison

LETTER OF APPRECIATION FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
Home Health Services, Inc.	Mills	Mr. Robert J.	Chairman & CEO
Advanced Asphalt Technologies			
Advanced Communications Strategies, Inc.	Foard	Mr. Frederick	President and CEO
AFLAC Incorporated	Amos	Mr. Daniel	CEO
	Jolly	Mr. Tom	
Albertine Enterprises	Albertine	Dr. Jack	
Allied-Signal, Inc.	Bossidy	Mr. Lawrence A.	Chairman & CEO
	Buek	Mr. Richard	
American Airlines	Faberman	Mr. Edward P.	Vice President, Government Affairs
	Wilhelm	Ms. DeGee	
American Business Conference	Silby	Ms. Barbara O.	Vice President
American Electrics Association	Hatcher	Mr. Edward	
American Electronics Association	Iverson	Mr. J. Richard	President
American Portland Cement Alliance	Hudson	Ms. Peggy	
American Stock Exchange	Hirschfeld	Ms. Tamara	Executive Director, Government Relations
Ameritech	Walsh	Ms. Dorothy	Director - Federal Relations
ARCO	Dickerson	Mr. Kenneth	Senior Vice President
	Sawaya	Mr. Richard	
Aristo Resources	McLaughlin	Ms. Joyce	President
Arnold Companies	Arnold	Mr. Truman	CEO
Associated Financial			
Audiovox Cellular Communications	Christopher	Mr. Philip	CEO
Axem Resources, Inc.	Chambers	Ms. Merle C.	President
Basin Electric Power Company	McPhail	Mr. Robert	CEO
Center International	Loucks	Mr. Vernon	President and CEO
Belk Stores	Belk	Mr. John	Chairman & CEO

LETTER OF APPRECIATION FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
South Corporation	Clendenin	Mr. John	Chairman & CEO
	Murray	Mr. Daniel	Director - Congressional Relations
Beneficial Financial Corporation	Morse	Ms. Valerie	
Bethlehem Steel Corporation	Carino	Mr. Maurice	
	Wickert, Jr.	Mr. William E.	Vice President, Federal Affairs
Biotechnology Industry Organization	Christensen	Mr. Eric	Director of Communications
Black Enterprise	Graves	Mr. Earl	Publisher
Black, Manafort, Stone & Kelly	Kelly	Mr. Peter	
	Lewan	Mr. Michael	
BP America	Palmer	Mr. Jim	
BP America, Inc.	Chase	Mr. Rodney F.	President & CEO
	Gore	Mr. John C.	Vice President, Federal Government Affairs
Browning-Ferris Industries	Goodstein	Mr. Richard	Vice President
C&P Telephone	Lewis	Mr. Delano	President and CEO
CCIA	Biddle	Ms. Stephanie	
Chase Manhattan Corporation	Labrecque	Mr. Thomas	Chairman
Chrysler	Griffin	Mr. Bob	
Coldwell Banker/Helfant Realty	Helfant	Ms. Dorcas	
Computer and Business Equipment Manufacturers Association	Pickitt	Mr. John L.	President
Consolidated Natural Gas	Davidson, Jr.	Mr. George	Chairman of the Board & CEO
CORETECH	Kay	Mr. Ken	
Corridor Broadcasting Company	Hill	Ms. Nolanda	Chairman, President & CEO
Direct Selling Association	Jennings	Ms. Teresa	
	Offen	Mr. Neil	President
Dynamac Corporation	MacArthur	Ms. Diana T.	Chair & CEO
E.G. Bowman Company, Inc.	Procope	Ms. Ernesta G.	President and CEO

LETTER OF APPRECIATION FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
Amfax Lumber & Hardware Company	McFadden	Mr. Lawrence G.	Chairman & President
Fashion Fair	Johnson Rice	Ms. Linda	
Flying Food Fare, Inc.	Gin	Ms. Sue Ling	Chairman & CEO
FMC Corporation	Burt	Mr. Robert N.	Chairman
	Russell	Mr. Hal	
Freeport McMoran, Inc.	King	Mr. Russell	Vice President, Washington Relations
	Moffett	Mr. James	CEO
Fruit of the Loom	Farley	Mr. William	Chairman and Chief Executive Officer
Genentech, Inc.	Beier	Mr. David	
	Raab	Mr. Kirk	CEO
General Mills Inc.	Atwater, Jr.	Mr. H. Brewster	Chairman and CEO
General Motors Corporation	Johnston	Mr. James D.	Vice President, Industry Government Relations
Genzyme Corporation	Raines	Ms. Lisa	Vice President, Government Relations
Grey Advertising	Meyer	Mr. Edward	Chairman and President
Grimes Oil Company	Grimes	Mr. Calvin	President
Guardian Industries	Davidson	Mr. William	President & CEO
	Gerson	Mr. Ralph J.	Executive Vice President
H & R Block Tax Services, Inc.	Donohoe	Ms. Nancy	
Hallmark Cards, Inc.	Evans	Ms. Rae Forker	Staff Vice President, National Affairs
	Hockaday	Mr. Irvine	President and CEO
Harsco Corp.	Gambill	Mr. Malcolm W.	Chairman and CEO
	Haynos	Mr. Robert	Vice President, Public Affairs
Hechinger Company	Hechinger, Jr.	Mr. John W.	
Herrewood Associates	Herre	Ms. Sandra R.	President
Hewlett-Packard Company	Platt	Mr. Lewis	CEO
	Tisdale	Mr. Eben S.	Vice President, Federal Corporate Affairs

LETTER OF APPRECIATION FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
Raywell Inc.	Bonsignore	Mr. Michael	Chairman and CEO
	Gauchier	Mr. Richard	
Hughes Aircraft Company	Armstrong	Mr. C. Michael	Chairman & CEO
	Crumley	Mr. Jim	
	Wheeler	Mr. Larry	Director, Government Relations
I.S. Smick Lumber	Smick, Jr.	Mr. B. Harold	Chairman of the Board
IBM	Boyd	Mr. John	Public Policy Program Director/Finance & Taxation
International Bancshares Corporation	Nixon	Mr. Dennis	Chairman
International Council of Shopping Centers	Ola	Mr. Philip	
ITT Corporation	Araskog	Mr. Rand V.	Chairman
	Lloyd	Mr. Wingate	
Fourie Insurance & Company Investments	Fourie	Ms. Judy	
J.P. Morgan & Company	Weatherstone	Mr. Dennis	Chairman of the Board
Jim Walter Corporation	Ross	Mr. Dennis	President and CEO
John Wieland Company	Wieland	Mr. John	
Joseph Seagrams & Sons, Inc.	Bronfman, Jr.	Mr. Edgar	President and CEO
Julien J. Studley Inc.	Studley	Mr. Julien J.	Chairman
Kathryn G. Thompson Development Company	Thompson	Ms. Kathryn G.	Chairman & CEO
Lillian Vernon Corporation	Vernon	Ms. Lillian	CEO & Chairman
Manatos & Manatos	Manatos	Mr. Andrew E.	
Martin Marietta Corporation	Augustine	Mr. Norman	Chairman and CEO
	Ballantine	Ms. Michele	
	Desmond	Mr. Jim	
	Wood	Mr. Clarence	Vice President Government Affairs
Wyland International Trade Association	Aitken	Mr. Bruce	President

LETTER OF APPRECIATION FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
Juliffe, Kelly & Raffaelli	Raffaelli	Mr. John D.	Attorney-At-Law
Mentor Graphics Corporation	Bruggere	Mr. Tom	Chairman and CEO
	Nurnberger	Mr. Ralph	
META	Torano	Ms. Maria Elena	CEO
Miranda Associates, Inc.	Miranda	Ms. Lourdes	Chairman, President & CEO
Morgan Stanley	Fisher	Mr. Richard B.	Chairman
Mortgage Bankers Association of America	Farrell	Mr. Mike	
	Ferber	Mr. John	
	Lasko	Mr. Warren	
	Leshe	Mr. Warren	Executive Vice President
Motorola	Haggart	Ms. Veronica	Vice President
	Piccolo	Ms. Joann	Vice President
Nation's Bank	Leggett	Mr. J. Mark	Government Affairs
	McColl	Mr. Hugh	Chairman & CEO
National Apartment Association	Covert	Mr. Richard	
National Association of Home Builders	Corletta	Mr. Bob	
National Association of Minority Contractors	Carradine	Mr. Sam	Executive Director
National Association of Realtors	Bell	Ms. Denise	
	Chee	Mr. William	President
	Nadash	Mr. Dan	
	Smith	Dr. Almon	
National Association of Targeted Jobs Tax Credit Companies			
National Association of Women Business Owners	Littlejohn	Ms. Virginia	Executive Director
National Conference of Certified Public Accountant Practitioners			
National Employment Opportunities Network			

LETTER OF APPRECIATION FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
National Housing Enterprise Corporation	Rozet	Mr. A. Bruce	Chief Executive Officer
National Lumber and Building Material Dealers Association	Donnelly	Mr. Gary	Executive Vice President
National Multi Housing Council	Arbury	Mr. Jim	
	Campbell	Mr. W. Donald	
	Kempner	Mr. Jonathan L.	President
National Realty Committee	DeBoer	Mr. Jeffrey	Vice-President and General Counsel
	Pallone	Ms. Sarah	
National Tool & Machining Association	Cox	Mr. John	President
NC NAWBO	Grant	Ms. Carolyn W.	President
O'Bannon and Gibbons	Sloan	Mr. Jeff	
Occidental Petroleum Corporation	Fariello	Ms. Theresa	
	Foker	Mr. Eric	
	Irani	Dr. Ray R.	Chairman of the Board, President and CEO
	McGee	Mr. Robert	
Oryx Energy	Harris	Mr. Roland	
	Hauptfuhrer	Mr. Robert	Chairman & CEO
	Perry	Ms. Ann	
PaineWebber Group Inc.	Marron	Mr. Donald	Chairman and CEO
Pennzoil Company	Lockhart	Mr. Robert F.	Manager, Federal Government Relations
	Pate	Mr. James	CEO
	Streakley	Ms. Barbara	Government Representative
	Verrastro	Mr. Frank	Vice President, Government Relations
Philip Morris Company, Inc.	Linehan	Ms. Kathleen	
	Reese	Mr. Bob	
GEM Industries, Inc.	Silverman	Mr. Jeffrey S.	Chairman, President & CEO
Polaris Industries L.P.	Wendel, Jr.	Mr. W. Hall	Chairman and CEO

LETTER OF APPRECIATION FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
Arloid Corporation	Booth	Mr. I. MacAllister	President and CEO
Premark International, Inc.	Batts	Mr. Warren	Chairman
	Rose	Mr. Jim	
	Skatoff	Mr. Lawrence B.	Senior Vice President and Chief Financial Officer
Price Waterhouse	Wertz	Mr. Ken	
Procter & Gamble	Artzt	Mr. Edwin	Chairman
	Womack	Mr. R. Marvin	Vice President, National Government Relations
Public Securities Association	McAuliffe	Ms. Rebecca	
	Vogt	Mr. John	
Quaker Oats Company	Smithburg	Mr. William	Chairman and CEO
Revlon Group, Inc.	Halperin	Mr. Richard	
	Perelman	Mr. Ronald O.	Chairman
	Otero	Mr. Richard	Chairman & CEO
Salomon Brothers	Maughan	Mr. Deryck	CEO
Salomon, Inc.	Good	Ms. Shannon	
Samsonite	Gould	Mr. Noel	
	Green	Mr. Steve	Chairman and CEO
Sanchez, O'Brien Oil & Gas	Sanchez	Mr. A. R.	Chief Executive Officer
Sara Lee Corporation	Bryan, Jr.	Mr. John H.	Chairman
Seagram & Sons	Roesing	Mr. Bill	
Shell Oil Company	Carroll, Jr.	Mr. Philip	President
	Ward	Mr. Stephen	
Silicon Graphics	McCracken	Mr. Edward	CEO
Soft-Sheen Products	Gardner	Mr. Edward	Chairman of the Board & CEO
Southern California Gas Company	Farman	Mr. Richard	Chairman of the Board & CEO
	Freer	Mr. David W.	Manager, Federal Government Affairs
Southland Corporation	Matthews, II	Mr. Clark	President & CEO

LETTER OF APPRECIATION FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
ings Industries, Inc.	Elisha	Mr. Walter	CEO
	Lord	Ms. Susan	Vice President
Success Seminars	Burgett	Ms. Rita	Director, Economic Development - NAWBO
Sun Company	Campbell	Mr. Robert	Chairman, President and CEO
	Wylie	Mr. Thomas	Vice President, Government Affairs
TDS Healthcare Systems Corporation			
Tenneco, Inc.	Austell	Mr. Ted	
	Castellani	Mr. John J.	Vice President, Government Relations
	Tetzlaff	Mr. Theodore	
The Disney Channel	Cooke	Mr. John F.	President
The Kamber Group	Cutler	Ms. Lynn	
Keefe Company	Humphrey	Ms. Deidre	
The Limited, Inc.	Fontheim	Mr. Claude	
	Fried	Mr. Samuel	Vice President & General Counsel
	Wexner	Mr. Leslie H.	Chairman
Thinking Machines Corporation	Handler	Ms. Sheryl	CEO
Time Warner Inc.	Herman	Ms. Sabina	
Tosco Corporation	Bragg	Mr. Raymond F.	
	Cleary	Mr. Jim	President
TRW Inc.	McShane	Mr. Michael	
U.S. Healthcare	Abramson	Mr. Leonard	CEO
Unilever United States, Inc.	Goldstein	Mr. Richard	President and CEO
United Airlines	Bonde	Ms. Lynn	
	Longmuir	Ms. Shelley A.	Senior Counsel, Government Affairs
	Wolf	Mr. Steve	Chairman & CEO
United Technologies	Paul	Mr. William F.	Senior Vice President

LETTER OF APPRECIATION FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
West, Inc.	McCormick	Mr. Richard	Chairman & CEO
USX Corporation	Corry	Mr. Charles	Chairman & CEO
	Straub	Mr. Terry	Vice President, Public Affairs
Valero Energy Corporation	Greehey	Mr. Bill	Chairman of the Board and CEO
	McLelland	Mr. Stan	Executive Vice President and General Counsel
Wade Industries	Wade	Mr. James	CEO
Walt Disney Company	Bates	Mr. Richard	
	Wells	Mr. Frank	President and CEO
Waste Management	Moore	Mr. Frank	
Women's Business Development Center	Ratner	Ms. Hedy	Co-Director
Xerox Corporation	Allaire	Mr. Paul	Chairman & CEO
	Farren	Mr. Michael	Vice President
Smith Electronics Corporation	Pearlman	Mr. Jerry	CEO

THE WHITE HOUSE
WASHINGTON

August 23, 1993

Mr. Dwayne Andreas
Chairman & CEO
Archer Daniels Midland Company
P.O. Box 1470
Decatur, IL 62525

Dear Dwayne:

Thank you for your tireless and courageous efforts in helping to pass President Clinton's Budget Reconciliation package. As a small token of the Administration's appreciation, I want to present you with a commemorative copy of this historic legislation.

Passing this plan makes a necessary and bold first step to revive our economy, to restore confidence in our ability to take charge of our own affairs, and to renew the American Dream for generations to come.

Thank you again for joining with us in support of this historic legislation. Without your help, this would not have been possible.

Sincerely,

Alexis M. Herman
Assistant to the President and
Director, Office of Public Liaison

LETTER OF APPRECIATION+COPY OF BILL FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
First National Bank	Blum	Ms. Barbara	President
AFSCME	Jayne	Mr. Ed	
American Stock Exchange	Jones	Mr. James R.	Chairman
Anheuser-Busch Companies, Inc.	Busch	Mr. August A.	Chairman of the Board & President
	Keating	Mr. Richard F.	Vice President
Archer Daniels Midland Company	Andreas	Mr. Dwayne	Chairman & CEO
ARCO	Cook	Mr. Lodwick M.	Chairman & CEO
	Healy, Sr.	Mr. Robert	Manager
Association of American Universities	Cranford	Ms. Sharon	
Beneficial Financial Corporation	Caspersen	Mr. Finn M.W.	Chairman of the Board & CEO
Bethlehem Steel Corporation	Barnette	Mr. Curtis H.	Chairman & CEO
Biotechnology Industry Organization	Ludlam	Mr. Chuck	Vice President, Government Relations
Block Entertainment Television	Johnson	Mr. Robert	President
Black, Manafort, Stone & Kelly	Pastrick	Mr. Scott	
Chambers Associates	Chambers	Ms. Letitia	President
	Signer	Mr. Bill	
Citgo Petroleum Corporation	Brown	Ms. Lauren	
	Demarest	Mr. Bill	
	Hall	Mr. Ronald	CEO
Consolidated Paper	Mead	Mr. George W.	Chairman of the Board & CEO
Duberstein Group	Berman	Mr. Michael S.	
Electronic Data Systems	Sweeney	Mr. William	Director, Government Relations
Ford Motor Company	Hall	Mr. Elliot	Vice President, Washington Affairs Office
General Electric	Barrie	Mr. Robert W.	Manager, Federal Legislative Relations
Block Tax Services, Inc.	Block	Mr. Thomas	President and CEO
	Buckley	Mr. Harry W.	President & CEO

LETTER OF APPRECIATION+COPY OF BILL FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
Hechinger Company	Hechinger, Sr.	Mr. John W.	Chairman of the Board
ITT Corporation	Glakas	Mr. Nicholas	Vice President, Association General Counsel
Johnson Publishing Company	Johnson	Mr. John H.	Chairman & CEO
Kellogg Corporation	Ford	Mr. John	Director, Government Relations
Kirkland & Ellis	Singer	Mr. Bill	
Lazard Freres & Company	Rohatyn	Mr. Felix G.	Partner
National Association of Home Builders	Bannister	Mr. Bob	
	Colton	Mr. Kent	Executive Vice-President and CEO
	Hipple	Mr. Tom	
	Peace	Mr. J. Leon	
National Association of Realtors	Driesler	Mr. Stephen D.	Senior Vice President, Government Affairs
	Goold	Ms. Linda	Director of Federal Taxation
	Hussey	Mr. Mike	Legislative Director
	Kuitwaard	Mr. Jake	Legislative Director
National Association of RV Parks and Campground Operators	Gorin	Mr. David	Executive Vice President
National Lumber & Building Material Dealers Association	Howe	Mr. Alan	
National Realty Committee	Wechsler	Mr. Steve	
National Small Business United	Galles	Mr. John Paul	Executive Vice President
National Venture Capital Association	Heesen	Mr. Mark	
	Kingsley	Mr. Dan	President
NRG Barriers	Jelin	Mr. William Sloane	President
O'Bannon and Company	O'Bannon	Ms. Dona	President
Watch	Bass	Mr. Gary	
Pacer Systems, Inc.	Rennie	Mr. John C.	Chairman and CEO

LETTER OF APPRECIATION+COPY OF BILL FROM AMH - SENT ON AUGUST 23, 1993

COMPANY	LAST NAME	FIRST NAME	TITLE
Palumbo and Carroll	Palumbo	Mr. Ben	
Patricof & Company Ventures, Inc.	Patricof	Mr. Alan	Chairman
Podesta & Associates	Podesta	Mr. Tony	
Price Waterhouse	McConaghy	Mr. Mark	Partner in Charge
Public Securities Association of America	Green	Mr. Micah	Executive Vice President
Rosapepe & Spanos	Rosapepe	Mr. Jim	
Ryder Systems, Inc.	Burns	Mr. M. Anthony	Chairman, President & CEO
	Walker	Ms. Beverly	Director, Federal Affairs
Salomon, Inc.	Andrews	Mr. Michael	Director
	Denham	Mr. Robert E.	Chairman
Sun Company	Knoll	Mr. Albert	
Tenneco, Inc.	Walsh	Mr. Michael	Chairman & CEO
The Wexler Group	Snape	Mr. Dale	General Manager
	Wexler	Ms. Ann	
Time Warner Inc.	Boggs	Mr. Timothy A.	Vice President
	Levin	Mr. Gerald M.	Chairman, President & CEO
TRW Inc.	Gorman	Mr. Joseph T.	Chairman & CEO
	McNamara	Ms. Laramie	Director, Federal Relations
Unilever United States, Inc.	Weinberger	Mr. Robert A.	Director, Washington Affairs
United Bank of Philadelphia	Chappell	Ms. Emma C.	Chairman & CEO
US West, Inc.	Walker	Mr. H. Laird	Vice President
Valero Energy Corporation	Greenwood	Mr. James	Director of Federal Affairs
Whitten & Diamond	Diamond	Mr. Robert M.	

DRAFT

August 20, 1993

FIRST NAME *LAST NAME*
TITLE
COMPANY
ADDRESS-1
ADDRESS-2
CITY, *STATE* *ZIP*

Dear *SALUTATION*:

I want to personally thank you for your support of the economic growth and deficit reduction package. I truly appreciate all you have done on behalf of the plan.

This legislation sets in motion deep reductions in federal spending, incentives to create jobs and expand businesses, and investments in the skills and productivity of Americans. By passing this legislation, we have taken the needed steps to help revive our economy and restore public confidence in our government.

With nearly \$500 billion in deficit reduction and \$225 billion in real enforceable spending cuts, this legislation takes our economy in the right direction. Long-term interest rates, the best incentive for new investment, have already been lowered dramatically.

By supporting this plan, you have demonstrated the courage necessary to move this nation forward. For that, I am deeply grateful.

Sincerely,

<Bill Clinton>

LETTER OF APPRECIATION FROM THE PRESIDENT

COMPANY	LAST NAME	FIRST NAME	TITLE
First National Bank	Blum	Ms. Barbara	President
AFLAC Incorporated	Amos	Mr. Daniel	CEO
AFSCME	Jayne	Mr. Ed	
American Stock Exchange	Jones	Mr. James R.	Chairman
Anheuser-Busch Companies, Inc.	Busch	Mr. August A.	Chairman of the Board & President
	Keating	Mr. Richard F.	Vice President
Archer Daniels Midland Company	Andreas	Mr. Dwayne	Chairman & CEO
ARCO	Cook	Mr. Lodwick M.	Chairman & CEO
	Healy, Sr.	Mr. Robert	Manager
Association of American Universities	Cranford	Ms. Sharon	
Audiovox Cellular Communications	Christopher	Mr. Philip	CEO
Axem Resources, Inc.	Chambers	Ms. Merle C.	President
Edison Electric Power Company	McPhail	Mr. Robert	CEO
Belk Stores	Belk	Mr. John	Chairman & CEO
Bell South Corporation	Clendenin	Mr. John	Chairman & CEO
Beneficial Financial Corporation	Caspersen	Mr. Finn M.W.	Chairman of the Board & CEO
Bethlehem Steel Corporation	Barnette	Mr. Curtis H.	Chairman & CEO
Biotechnology Industry Organization	Ludlam	Mr. Chuck	Vice President, Government Relations
Black Enterprise	Graves	Mr. Earl	Publisher
Black Entertainment Television	Johnson	Mr. Robert	President
BP America, Inc.	Chase	Mr. Rodney F.	President & CEO
C&P Telephone	Lewis	Mr. Delano	President and CEO
Chambers Associates	Chambers	Ms. Letitia	President
Chase Manhattan Corporation	Labrecque	Mr. Thomas	Chairman
Citgo Petroleum Corporation	Hall	Mr. Ronald	CEO
Well Banker/Helfant Realty	Helfant	Ms. Dorcas	
Consolidated Paper	Mead	Mr. George W.	Chairman of the Board & CEO

LETTER OF APPRECIATION FROM THE PRESIDENT

COMPANY	LAST NAME	FIRST NAME	TITLE
Ridgway Broadcasting Company	Hill	Ms. Nolanda	Chairman, President & CEO
Duberstein Group	Berman	Mr. Michael S.	
Dynamac Corporation	MacArthur	Ms. Diana T.	Chair & CEO
E.G. Bowman Company, Inc.	Procope	Ms. Ernesta G.	President and CEO
Electronic Data Systems	Sweeney	Mr. William	Director, Government Relations
Flying Food Fare, Inc.	Gin	Ms. Sue Ling	Chairman & CEO
Ford Motor Company	Hall	Mr. Elliot	Vice President, Washington Affairs Office
Freeport McMoran, Inc.	Moffett	Mr. James	CEO
Fruit of the Loom	Farley	Mr. William	Chairman and Chief Executive Officer
Genentech, Inc.	Raab	Mr. Kirk	CEO
General Electric	Barrie	Mr. Robert W.	Manager, Federal Legislative Relations
Grimes Oil Company	Grimes	Mr. Calvin	President
Guardian Industries	Davidson	Mr. William	President & CEO
H & R Block Tax Services, Inc.	Block	Mr. Thomas	President and CEO
	Buckley	Mr. Harry W.	President & CEO
Hallmark Cards, Inc.	Hockaday	Mr. Irvine	President and CEO
Harsco Corp.	Gambill	Mr. Malcolm W.	Chairman and CEO
Hechinger Company	Hechinger, Sr.	Mr. John W.	Chairman of the Board
Hewlett-Packard Company	Platt	Mr. Lewis	CEO
Hughes Aircraft Company	Armstrong	Mr. C. Michael	Chairman & CEO
International Bancshares Corporation	Nixon	Mr. Dennis	Chairman
ITT Corporation	Araskog	Mr. Rand V.	Chairman
Jim Walter Corporation	Ross	Mr. Dennis	President and CEO
John Wieland Company	Wieland	Mr. John	
Johnson Publishing Company	Johnson	Mr. John H.	Chairman & CEO
Joseph Seagrams & Sons, Inc.	Bronfman, Jr.	Mr. Edgar	President and CEO
Julien J. Studley Inc.	Studley	Mr. Julien J.	Chairman

LETTER OF APPRECIATION FROM THE PRESIDENT

COMPANY	LAST NAME	FIRST NAME	TITLE
Card Freres & Company	Rohatyn	Mr. Felix G.	Partner
Lillian Vernon Corporation	Vernon	Ms. Lillian	CEO & Chairman
Martin Marietta Corporation	Augustine	Mr. Norman	Chairman and CEO
Mentor Graphics Corporation	Bruggere	Mr. Tom	Chairman and CEO
META	Torano	Ms. Maria Elena	CEO
Morgan Stanley	Fisher	Mr. Richard B.	Chairman
National Association of Home Builders	Bannister	Mr. Bob	
	Colton	Mr. Kent	Executive Vice-President and CEO
National Association of Realtors	Driesler	Mr. Stephen D.	Senior Vice President, Government Affairs
	Goold	Ms. Linda	Director of Federal Taxation
National Association of RV Parks and Campground Operators	Gorin	Mr. David	Executive Vice President
National Lumber & Building Material Dealers Association	Howe	Mr. Alan	
National Realty Committee	Wechsler	Mr. Steve	
National Small Business United	Galles	Mr. John Paul	Executive Vice President
National Venture Capital Association	Kingsley	Mr. Dan	President
NRG Barriers	Jelin	Mr. William Sloane	President
O'Bannon and Company	O'Bannon	Ms. Dona	President
Occidental Petroleum Corporation	Irani	Dr. Ray R.	Chairman of the Board, President and CEO
OMB Watch	Bass	Mr. Gary	
Oryx Energy	Hauptfuhrer	Mr. Robert	Chairman & CEO
Pacer Systems, Inc.	Rennie	Mr. John C.	Chairman and CEO
Palumbo and Carroll	Palumbo	Mr. Ben	
Patricof & Company Ventures,	Patricof	Mr. Alan	Chairman
Pennzoil Company	Pate	Mr. James	CEO
PLY GEM Industries, Inc.	Silverman	Mr. Jeffrey S.	Chairman, President & CEO

LETTER OF APPRECIATION FROM THE PRESIDENT

COMPANY	LAST NAME	FIRST NAME	TITLE
Coris Industries L.P.	Wendel, Jr.	Mr. W. Hall	Chairman and CEO
Polaroid Corporation	Booth	Mr. I. MacAllister	President and CEO
Premark International, Inc.	Batts	Mr. Warren	Chairman
Price Waterhouse	McConaghy	Mr. Mark	Partner in Charge
Public Securities Association of America	Green	Mr. Micah	Executive Vice President
Quaker Oats Company	Smithburg	Mr. William	Chairman and CEO
RJO	Otero	Mr. Richard	Chairman & CEO
Rosapepe & Spanos	Rosapepe	Mr. Jim	
Ryder Systems, Inc.	Burns	Mr. M. Anthony	Chairman, President & CEO
	Walker	Ms. Beverly	Director, Federal Affairs
Salomon Brothers	Maughan	Mr. Deryck	CEO
Salomon, Inc.	Andrews	Mr. Michael	Director
	Denham	Mr. Robert E.	Chairman
sonite	Green	Mr. Steve	Chairman and CEO
Sanchez, O'Brien Oil & Gas	Sanchez	Mr. A. R.	Chief Executive Officer
Shell Oil Company	Carroll, Jr.	Mr. Philip	President
Silicon Graphics	McCracken	Mr. Edward	CEO
Southern California Gas Company	Farman	Mr. Richard	Chairman of the Board & CEO
Southland Corporation	Matthews, II	Mr. Clark	President & CEO
Springs Industries, Inc.	Elisha	Mr. Walter	CEO
Sun Company	Campbell	Mr. Robert	Chairman, President and CEO
Tenneco, Inc.	Walsh	Mr. Michael	Chairman & CEO
The Disney Channel	Cooke	Mr. John F.	President
The Wexler Group	Wexler	Ms. Ann	
Thinking Machines Corporation	Handler	Ms. Sheryl	CEO
Warner Inc.	Boggs	Mr. Timothy A.	Vice President
	Levin	Mr. Gerald M.	Chairman, President & CEO
Tosco Corporation	Cleary	Mr. Jim	President

LETTER OF APPRECIATION FROM THE PRESIDENT

COMPANY	LAST NAME	FIRST NAME	TITLE
Inc.	Gorman	Mr. Joseph T.	Chairman & CEO
	McNamara	Ms. Laramie	Director, Federal Relations
U.S. Healthcare	Abramson	Mr. Leonard	CEO
Unilever United States, Inc.	Goldstein	Mr. Richard	President and CEO
United Airlines	Wolf	Mr. Steve	Chairman & CEO
United Bank of Philadelphia	Chappell	Ms. Emma C.	Chairman & CEO
US West, Inc.	Walker	Mr. H. Laird	Vice President
USX Corporation	Corry	Mr. Charles	Chairman & CEO
Valero Energy Corporation	Greehey	Mr. Bill	Chairman of the Board and CEO
Wade Industries	Wade	Mr. James	CEO
Walt Disney Company	Wells	Mr. Frank	President and CEO
Xerox Corporation	Allaire	Mr. Paul	Chairman & CEO
Zenith Electronics Corporation	Pearlman	Mr. Jerry	CEO

—
THE WHITE HOUSE
WASHINGTON

2FL

DATE: 2/15/93

TO: *Alexis Herman*

FROM: JOHN D. PODESTA
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.

l
~~*Podesta*~~
ecom
proj
trip

—

cc Steve H
741/2

To: List
From: John Podesta/Todd Stern
Subject: **TASK LIST FOR PRESIDENT'S FEBRUARY 18-19 TRIP**
Date: February 15, 1993

We have drawn up this task list to smooth the process of preparing the President's trip books for his upcoming economic swing. A dozen copies of all materials for the 2/18 trip should be delivered to our office by noon on the 17th. Speeches should be triple-spaced in large type, with paragraphs divided so that no paragraph runs on to the next page.

1. Speeches/Remarks

- | | | |
|---|----------------------------|----------------|
| o | St. Louis (2/18) | Begala |
| o | Chillicothe, Ohio (2/19) | Communications |
| o | Hyde Park, New York (2/19) | Wilkie/Reed |

2. Event Memos

- | | | |
|---|-------------|----------------|
| o | St. Louis | Streett/Martin |
| o | Chillicothe | Streett/Martin |
| o | Hyde Park | Streett/Martin |

3. Local Political Background

- | | | |
|---|-------------|---------|
| o | St. Louis | Emanuel |
| o | Chillicothe | Emanuel |
| o | Hyde Park | Emanuel |

4. Special Local Impact of Economic Plan

- | | | |
|---|-------------|------------------|
| o | St. Louis | Emanuel/Sperling |
| o | Chillicothe | Emanuel/Sperling |
| o | Hyde Park | Emanuel/Sperling |

5. Economic Plan Talking Points

- | | | |
|---|---------------------------------------|----------------|
| o | Points on overall plan | Prince |
| o | Special one-pagers | |
| | -- Benefits of plan | Communications |
| | -- Faithful to "Putting People First" | Communications |
| | -- Social security benefits/\$32,000 | Communications |
| o | Constituency points | |
| | -- Enviro | McGinty |
| | -- Western | Solien/Watson |
| | -- Ag/rural | Chow/Podesta |
| | -- Seniors | Marina Weiss |
| | -- Veterans | Longabaugh |
| | -- Federal employees | Baggett |

6. General Talking Points/Qs and As

- o Foreign policy
- o Health care

NSC
Boorstin

List

Joan Baggett
Paul Begala
Bob Boorstin
Barbara Chow
Rahm Emanuel
Mark Gearan
Marcia Hale
Alexis Herman
Will Itoh
Mark Longabaugh
Katie McGinty
Roger Martin
Regina Montoya
Howard Paster
Jonathan Prince
Bruce Reed
Carol Rasco
Ricki Seidman
Nancy Soderberg
Stephanie Solien
Gene Sperling
George Stephanopoulos
Stephanie Streett
Jeff Watson
Marina Weiss
Maggie Williams
Amy Zisook

Danny
needs to talk
w/ you re
Pres sched
before you
leave for La
Rosa

David
Parker
2/12
879
0686

2/18/19

MEMORANDUM

TO: ALEXIS HERMAN
FROM: DAN WEXLER
RE: PRESIDENT'S SCHEDULE FOR 2/18 & 2/19
DATE: FEBRUARY 17, 1993

Following are the events for the President's trip, Thursday and Friday.

1) Address to the people of St. Louis, Missouri.

This is a public event. The President will speak for about 20 minutes beginning at 2:50 pm. Following the speech the President will spend approximately 20 minutes meeting with local officials and supporters in a holding room near the stage.

This is the only event for Thursday. After he leaves Union Station, he goes to Chillicothe, Ohio.

2) Meeting at Chillicothe High School

This will be a ticketed event. On the schedule it is called "Economic Discussion with Bill Clinton" beginning at 9:30 am. In the scheduling meeting this morning it was characterized as more of a "Town Hall style" meeting.

Following the event there will be approximately 20 minutes for meet and greet with local politicians, supports etc.

After he leaves Chillicothe he will fly to Hyde Park, New York.

3) Speech at Hyde Park Middle School

This will be a more of a speech format, followed by 20 minutes to meet and greet local officials etc. The speech is scheduled to begin at 2:30pm and last 20 to 30 minutes. He then goes to the FDR Library. (I know you have spoken with James Roosevelt and Marcia regarding this event).

Following the event he returns to the White House.

Stephanie Street is the scheduling desk handling the trip.

cc: Steve Hilton

Robert Denton
Chairman CEO
Salon Bros
213 - 622-1391
Run 4/10

long hand
along
dropped
truly
Chester Cooper
* key is hand
into

8:30

11:30 Mary Jane
CIVIL

Pete Wilson

Roger Johnson

CX/RI

Har

2/3
44000
5000

REVENUE PROVISIONS

Post-it brand lex transmittal memo 7871 / 3 pages	
To <i>Nishikawa</i>	From <i>Sawaya</i>
Co.	Co.
Dept.	Project
File #	File #

	02/17/93									
Proposal		1993	1994	1995	1996	1997	1998	1999	2000-9	
		(\$ millions)								

REVENUE RAISING PROVISIONS

1 Provisions That Improve the Fairness of the Income Tax System

a Increase tax rates paid by high-income individuals [1]	1,750	27,660	19,880	22,920	26,340	27,740	126,290
1 Add fourth bracket at 36% rate for taxable income over \$140,000 (joint returns), \$127,500 (heads of households), \$115,000 (single)							
2 Impose a 10% surtax on regular taxable income over \$250,000 (not applicable to capital gains)							
3 Increase in minimum tax rate to 26% for AMTI of less than \$175,000 and 28% for AMTI over \$175,000; increase AMTI exemption to \$46,000 (joint returns) and \$37,800 (single)							
4 Extend itemized deduction limitation and personal exemption phaseout scheduled to expire for 1998 and 1997, respectively							
b Repeal Health insurance wage base cap	0	2,750	6,030	6,374	6,808	7,200	29,162
c Reinstate top estate tax rates at 53% and 55% [2]	0	475	512	553	598	647	2,785
d Reduce deductible portion of business meals and entertainment from 80% to 50%	0	1,816	3,179	3,437	3,697	3,960	16,089
e Deny deduction for club dues	0	147	248	256	262	265	1,177
f Deny deduction for executive pay over \$1 million	-19	137	77	148	153	149	646
g Reduce compensation that can be taken into account for purposes of benefits and contributions under qualified retirement plans to \$150,000 in 1994 (1993 cap is \$225,940)	0	304	775	814	856	897	3,645
h Disallow moving deductions for meals and real estate expenses	0	76	382	384	406	417	1,675

2 Provisions Affecting Businesses

a Increase corporate tax rate to 36% for taxable income above \$10 million (phase-out benefit of 34% rate beginning at \$15 million) [1]	368	7,742	5,402	5,549	5,706	5,825	30,592
b Deny deduction for lobbying expenses	0	112	196	210	223	237	978
c Require securities dealers to mark-to-market [3]	0	457	1,090	1,106	1,128	667	4,446
d Prohibit double-dip related to FSJC assistance [4]	757	581	80	17	206	79	1,720
e Extend corporate estimated tax rules	0	0	0	0	3,891	794	4,685
f Limit 936 credit to 65% of compensation	0	223	875	1,599	2,078	2,236	7,010

REVENUE PROVISIONS

Proposal	02/17/93	Fiscal years						1993-94
		1993	1994	1995	1996	1997	1998	
		(\$ millions)						
3 Provisions Affecting International Businesses								
a Return foreign tax credit for all multinationals		0	176	362	380	419	461	1,798
b Transfer pricing compliance initiative (enhanced penalty provision)		0	250	650	900	1,000	1,000	3,800
c Royalties in passive basket of foreign tax credit; 100% R&E allocation		0	191	339	374	412	453	1,769
d Enhance 'earnings stripping' rules		6	88	118	120	122	125	579
e Repeal deferral for excessive accumulated foreign earnings		0	100	150	150	150	150	700
4 Energy Provisions [5]								
a Modified BTU tax		0	1,478	8,924	16,359	22,277	22,405	71,443
b Extend gasoline tax currently scheduled to expire on 9/30/95		0	0	0	2,627	2,614	2,632	7,873
5 Compliance Initiatives								
a Service industry non-compliance initiative / TIN validation		0	152	638	1,372	1,919	2,270	6,351
b Modified substantial understatement penalty		0	321	551	418	332	349	1,971
6 Miscellaneous								
		0	827	133	-171	174	179	1,142
TOTAL		2,862	46,063	80,591	85,906	81,768	81,136	328,326

FEB-17-1993 18:06 FCDT ARCO WASHINGTON DC

TO

94566218 P.02

REVENUE PROVISIONS

Proposal	Fiscal years						
	1993	1994	1995	1996	1997	1998	1993-9
	(\$ millions)						
STIMULUS / INVESTMENT PROVISIONS							
1 Training and Education							
a Extend employer-provided education assistance permanently	-470	-425	-458	-492	-528	-565	-2,938
b Extend targeted jobs tax credit permanently	-23	-143	-248	-288	-344	-415	-1,461
c Youth apprenticeship credit	0	-27	-79	-118	-152	-190	-566
2 Capital Investment and Economic Growth							
a Temporary incremental tax credit for large businesses and permanent investment tax credit for businesses with gross receipts of under \$5 million	-4,561	-9,194	-6,717	-3,134	-2,348	-2,929	-28,883
b Extend research & experimentation credit permanently	-944	-1,207	-1,603	-1,780	-1,977	-2,200	-9,681
c Incentives for investment in small businesses	0	-12	-93	-155	-207	-247	-714
d Modify AMT depreciation schedule	-70	-188	-307	-396	-404	-273	-1,638
e Incentives for high-speed rail	0	0	-1	-4	-11	-20	-36
f Extend small-issue manufacturing and agricultural bonds permanently	-3	-14	-28	-35	-37	-37	-154
3 Enterprise Zones							
	0	-73	-347	-772	-1,228	-1,699	-4,119
4 Expand Earned Income Tax Credit [6]							
	0	-525	-6,228	-6,445	-6,662	-6,927	-26,787
5 Investment in Real Estate							
a Extend mortgage revenue bonds permanently	-44	-214	-478	-791	-1,114	-1,442	-4,083
b Extend low-income housing credit permanently	-38	-104	-145	-160	-172	-174	-793
c Modify rules governing tax treatment of investments in real estate (passive loss rules, pension investments, and increase recovery period for non-residential real property to 36 years)	0	-254	-387	-164	-17	158	-664

REVENUE PROVISIONS

Proposal	02/17/93	Fiscal years						1993-98
		1993	1994	1995	1996	1997	1998	
		(\$ millions)						
6 Other								
a	Extend AMT treatment of gifts of appreciated property to charities permanently	-28	-70	-73	-76	-77	-79	-400
b	Extend general fund transfer to railroad retirement fund permanently	0	0	0	0	0	0	0
c	Extend 25% deduction for self-employed health insurance through 12/31/93	-263	-313	0	0	0	0	-576
TOTAL		-6,442	-12,763	-17,092	-14,779	-15,278	-17,039	-83,393
NET TOTAL:		-3,580	33,300	33,499	51,127	66,490	64,097	244,933

Note: Provisions effective 1/1/94 unless otherwise noted.

[1] Effective 1/1/93, but no penalties for underwithholding or estimated tax in 1993.

[2] Effective 1/1/93.

[3] Effective for tax years ending on or after 12/31/93.

[4] Estimate does not include effect on OMB outlays; special effective date.

[5] Impact on low-income households offset by increases in the low-income home energy assistance program (LIHEAP) and food stamps.

[6] Estimate includes effect on outlays.

FEB-17-1993 18:07 FROM ARCO WASHINGTON DC

TO

94566218

P.04

Administration Revenue Proposals
(Offsets: Expansion of EITC and increases in LIHEAP and Food Stamp programs)
(Includes Taxation of Social Security Benefits)
(1994 Income Levels)

Family Economic Income Class (4) (000)	Federal Taxes Under Current Law (2)			Change in Federal Taxes (3)			Total Federal Taxes After Change		
	Amount (\$B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)	Amount (\$B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)	Amount (\$B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)
0 - 10	6.7	7.8	8.5	-0.2	-0.2	-0.2	6.5	7.6	8.3
10 - 20	26.9	9.8	10.9	0.0	0.0	0.0	26.9	9.8	10.9
20 - 30	55.7	14.0	16.3	0.4	0.1	0.1	56.0	14.1	16.4
30 - 50	152.1	17.3	20.9	4.4	0.5	0.6	156.5	17.8	21.5
50 - 75	203.1	19.0	23.5	7.6	0.7	0.9	210.7	19.7	24.3
75 - 100	174.3	20.4	25.6	5.9	0.7	0.9	180.2	21.1	26.5
100 - 200	242.6	21.2	26.8	8.0	0.7	0.9	250.6	21.8	27.7
200 & over	247.5	20.9	26.5	34.3	2.9	3.7	281.8	23.8	30.2
Total (5)	1,110.5	19.0	23.4	60.4	1.0	1.3	1,170.9	20.0	24.7

Department of the Treasury
Office of Tax Analysis

February 18, 1993

- (1) This table distributes the estimated change in tax liabilities due to possible revenue options, including taxation of Social Security benefits. Included is a total of \$10.2 billion of expansions in the EITC and increases in transfers for Food Stamps and the Low-Income Home Energy Assistance Program.
- (2) The taxes included are individual and corporate income, payroll (Social Security and unemployment), and excises. Estate and gift taxes and customs duties are excluded. The individual income tax is assumed to be borne by payors, the corporate income tax by capital income generally, payroll taxes (employer and employee shares) by labor (wages and self-employment income), excises on purchases by individuals by the purchaser, and excises on purchases by business in proportion to total consumption expenditures. Taxes due to provisions that expire prior to the end of the Budget period (i.e., before 1999) are excluded.
- (3) The change in Federal taxes is estimated at 1994 income levels but assuming fully phased in (1998) law and long-run (1996) behavior. All excise and payroll tax effects on indexed transfers and tax brackets are accounted for. All income, payroll, and excise tax changes are included, with the exception that provisions which only affect the timing of tax collections are excluded. The incidence assumptions for tax changes are the same as for current law taxes (see footnote 2).
- (4) Family Economic Income (FEI) is a broad-based income concept. FEI is constructed by adding to AGI unreported and underreported income; IRA and Keogh deductions; nontaxable transfer payments, such as Social Security and AFDC; employer-provided fringe benefits; inside build-up on pensions, IRAs, Keoghs, and life insurance; tax-exempt interest; and imputed rent on owner-occupied housing. Capital gains are computed on an annual basis, adjusted for inflation to the extent reliable data allow. Inflationary losses of lenders are subtracted and of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is shown on a family, rather than on a tax return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distributions.
- (5) Families with negative incomes are included in the total line but not shown separately.

THE WHITE HOUSE
WASHINGTON

*Referred to Audit
Need before 7:45
mtg. in morning
Eppes*

February 22, 1993

PHOTOCOPY
PRESERVATION

MEMORANDUM FOR ALEXIS KEMAN

From: Chris Lin
Subject: President's Economic Program -- Post-Announcement
Concerns

Pursuant to our staff meeting this morning, I have compiled a list of questions and/or issues that have been brought to our attention since the President announced his economic program:

General

1. How do we plan on funding health care?
 - a. How does health care funding reflect Clinton's campaign promise that there would be no cost shifting?
 - b. Will cuts in Medicare go back into health care rather than deficit reduction?
2. How will the health plan impact small vs. large businesses?
3. Do spending cuts exceed revenue in the "out years?"
4. Michael Maibach, Director of Government Affairs at Intel Corporation: "Can this stick? What does this mean for long-term America?"

Specific

1. Small Businesses
 - a. Independent Oil Producers
What are the specific changes in tax instruction and how will the changes affect the independent ...

b. **National Association of Restauranters**
Will a change in minimum wage drive restaurants out of businesses?

PHOTOCOPY
PRESERVATION

2. **Social Security**

a. **Seniors**

Will the tax on social security will go towards the Trust Fund in any way?

b. **Nat'l Committee to Preserve Social Security and Medicare**
Will taxes on the Social Security Trust Fund place an undue burden on seniors. "Surpluses [the Social Security Trust Fund] do not create deficits," why should they pay for the deficit?

3. **Republicans**

Roger Johnson, Western Digital

In an attempt to answer questions in a letter written with Congressman Chris Cox, Roger was confronted with several number discrepancies (see attached).

NOTE: Karen Wilcox had started working on responses to these questions.

4. **Rural Groups**

Liberal Farm Groups

The economic program looks very much like proposals made during the Reagan-Bush years. Why isn't it more creative or different?

5. **Interest Groups who came out with Negative Press Releases**

a. **American Federation of Government Employees**

Won't pay freeze for government workers lead to longer hours and less pay for workers and ultimately to inefficiency in the career workforce?

b. **International Brotherhood of Teamsters**

Won't the dissolution of ICC will lead to inefficient and instability in rates for both carriers and shippers?

NOTE: A large number of constituency and interest groups including the American Trucking Association, the National Rural Electric Cooperatives Association, the National Association of Realtors initially supported the President's program given that the sacrifices be shared.