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Clinton Presidential Records
Council on Environmental Quality
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Outreach Congressional Committees

2012-0769-F

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RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

105-2-58
JAN 26 1968

PHOTOCOPY
PRESERVATION

Vertical file folder
Section 101
NO 102-2-58

PHOTOCOPY
PRESERVATION

973-1394

only very important (15)

It's important to make these a
downpayment on FY 94-97 budgets

'few things' heavy is less important idea

=====
Congress, however, the danger — a Lee says.

Agree — seems complicated
though, by fact have to
do this as an "emergency"
Declaration. The argue for
immediate job creation

None of these
projects address
any particular
emergency. It's the
aggregate impact on
the lagging recovery, it
course, that is
the response to
the "emergency."

(3) consistent w. PPF,
(4) defines "New Democrat",
(1) has high multiplier,
(2) quick spendant,
So everything that
is good

Prepared by:
Katie McGinty

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: MAJ DATE: 2/10/2017 CONFIDENTIAL
January 15, 1993

**Short-Term Infrastructure Projects That Will
Promote Environmental Or Energy-Efficiency Objectives**

Outlined below are four short-term investment initiatives that would promote environmental and energy-efficiency objectives. These initiatives are:

- ♦ High-speed rail systems -- \$200 million
- ♦ Natural Resource Restoration Projects -- \$550 million
- ♦ Energy conservation investments through the SLAP program -- \$150 million
- ♦ Increased funding of federal energy management programs -- \$25 million

I. Increased Funding For High-Speed Rail Systems

Nature of Initiative. Creation of an efficient high-speed rail network is an important environmental priority because it can help reduce vehicle congestion and air pollution in major intercity corridors. As the first step in a long-term investment initiative, supplemental appropriations of \$200 million could be made in FY 93. These funds could be used for two purposes. First, Amtrak's capital budget could be increased by \$150 million to accelerate the ongoing Northeast corridor improvement project. Second, \$50 million could be appropriated to initiate the national magnetic levitation (mag lev) demonstration project authorized but not funded under ISTEA.

Speed of Implementation. Electrification of the Northeast corridor to reduce travel time between New York and Boston is a promising candidate for supplemental FY 93 expenditures. Contracts have already been signed for electrification from New York to New Haven, and design and engineering planning is almost complete for the remainder of the corridor. Accelerated spending should therefore be feasible over the near-term and could increase job creation in the depressed Northeast region.

Contribution to Clinton Investment Agenda. Creation of a high-speed rail network is identified in PPF as a major infrastructure priority.

Political Feasibility. Funding for the Amtrak system has always been popular. Increased outlays for the heavily-used New York-Boston link should be well received by the states in this region.

II. Increased Outlays For Natural Resource Restoration

Nature of Initiative. Chronic under-investment in natural resource infrastructure has left a backlog of restoration and rehabilitation projects nationwide. By increasing outlays for several existing programs, this backlog could be reduced. Programs that could rapidly absorb additional funding in FY 93 include:

- a. The Urban Park and Recreational Recovery Program (UPARR) provides matching grants and technical assistance to urban localities for rehabilitation of critical recreational facilities. Additional funding of \$100 million in FY 93 could be used to meet UPARR's large backlog of unfunded projects.
- b. The Commission on National and Community Service funds state and local service and conservation corps which assist in the rehabilitation of national and state parks and forests. Funding for this program could be expanded in FY 93 by \$100 million.
- c. The Land and Water Conservation Fund (LWCF) provides matching grants for park development, acquisition and redevelopment. Supplemental appropriations of \$100 million for FY 93 could be used to meet outstanding state requests for assistance.
- d. The Abandoned Mine Land Fund is used to restore pre-1977 coal mines, thereby preventing further ecological damage and permitting use of these sites for recreational or other purposes. In FY 93, an additional \$150 million could be appropriated to support currently unfunded projects.
- e. The America the Beautiful (ATB) program focuses the resources of the U.S. Forest Service on planting trees to sequester carbon, a contributor to global warming, and improving wildlife habitat and recreational opportunities. Funding for the ATB program could be increased by \$50 million in FY 93.
- f. The U.S. Forest Service operates several programs which provide financial and technical forest management assistance to small land owners. Demand for this assistance far outstrips supply. Funding could be increased by \$50 million in FY 93.

In total, increased outlays for the above programs would be \$550 million.

Speed of Implementation. The above programs are for the most part well-developed and have successful track records. Funding levels are believed to fall well short of actual needs, and a backlog of unfunded projects exists as a result. In most

* quick unskilled job creation.

cases, it should therefore be possible to initiate new projects fairly rapidly. Many of these projects would create jobs in depressed urban and rural communities.

Contribution to Clinton Investment Agenda. Preservation of the nation's natural resources is identified in PPF as one component of an infrastructure investment program.

Political Feasibility. The above initiatives are generally popular with Congress, the states and local governments, and increased funding should not encounter significant opposition.

III. Increased Funding For Energy Conservation Investments Through The SLAP Program

Nature of Initiative. The three State and Local Assistance Programs (SLAP) -- the Low Income Weatherization Assistance Program (WAP), State Energy Conservation Program (SECP), and Institutional Conservation Program (ICP or "schools and hospitals") -- provide federal funding for state and local energy efficiency services to low-income households, non-profit schools and hospitals, municipalities, small businesses, and farmers. FY 93 funding for SLAP could be increased by \$150 million.

Speed of Implementation. These programs are already in place and can absorb more funding. The State Energy Efficiency Program Investment Act of 1990 removed restrictions on funding and increased the flexibility of state and local agencies to design SLAP programs. In addition to saving energy, the SLAP programs are believed to create significant numbers of skilled and unskilled jobs.

Contribution to Clinton Investment Agenda. According to PPF, improving energy conservation and efficiency is a major investment priority.

Political Feasibility. The SLAP programs are strongly supported by Community Action Programs, state energy officials, utilities, trade unions and the environmental community.

IV. Increased Funding For Federal Energy Management Programs

Nature of Initiative. The Energy Policy Act of 1992 created a Federal Energy Efficiency Fund to finance energy conservation investments in federal facilities. Authorized levels for the Fund are \$10 million in FY 93 but could be increased to \$25 million as part of a short-term economic package.

Speed of Implementation. If implemented effectively, an expanded federal energy management effort would create jobs and reduce long-term federal energy costs. However, it is uncertain whether individual agencies (along with GSA and the Federal Energy Management Program at DOE) could respond to additional funding with effective project selection and rapid implementation.

Contribution to Clinton Investment Agenda. According to PPF, improving energy conservation and efficiency is a major investment priority.

Political Feasibility. An expanded federal energy conservation program should be politically popular although Presidential leadership may be needed so that agency and department heads make energy conservation a priority.

DEPARTMENT OF AGRICULTURE	
FmHA/Single Family Housing	192.3
FmHA/Rental Housing	519.1
RDA/Wastewater Loans - <i>sewer spend not from grants but hygiene jobs - evade</i>	212.55
RDA/Wastewater Grants	600
RDA/Commercial Fac. Loans, Direct	7.8
Guarantee	0
RDA/B&I Loans (Guarantee)	7.5
RDA/TD Loans (IRP)	6
RDA/RD Grants	16
REA/Electric Loans Direct	65
SCS/Watershed & Conservation	100
SCS/Resource & Conservation Development	15
ARS/Facility Repair & Maintenance	36
ARS/Hazardous Waste Removal	3
ES/Rural Economic Business Development	5
FS/Rural Development	1
FS/Urban Forests	10
FNS/WIC & CFSP	125
FNS/TEFAP	0.05
FNS/Food Stamp Employment & Training	10
Subtotal	1931.3

DEPARTMENT OF COMMERCE	
National Institute of Standards and Technology	
Advanced Technology Program	100
Laboratory research	20
Extramural research (manufacturing extension)	20
Facilities modernization	26
National Telecommunications Information Administration	
Demonstration program: telecommunications infrastructure	150
Telecommunications policy, research and standards	5
Minority Business Development Administration/Economic Development Program	
Economic conversion/Adjustment assistance programs	10
National Oceanic & Atmospheric Administration	
National environmental satellite data and information systems	15
Global atmospheric modernization and assessment	15
Weather protection & warning	15
NWS supercomputer	10
NWS field modernization	13
Accelerated systems acquisition of OAR, national marine fisheries, high performance computing	20
Hurricane reconnaissance jet	45
International Trade Administration <i>ukf co-op development program.</i>	8
Subtotal	472
DEPARTMENT OF EDUCATION	
School facilities renovation or construction	2000
Learning technology systems	500
Education standards, school restructuring	500
Summer 1993 pre-school & school programs & teacher training	1300
Disadvantaged student program fund adjustment	250
College academic & research facilities renovation & construction	500
Subtotal	5050
DEPARTMENT OF ENERGY	
Weatherization Assistance Program	150-300
Institutional conservation program (Schools & Hospitals)	31
Federal energy management <i>Energy bill - reduce Fed. energy cost 20%.</i>	109.5
Subtotal	290-441

ENVIRONMENTAL PROTECTION AGENCY	
Increased funding for construction of sewage & wastewater treatment plants	2700
Funding increases for drinking water infrastructure	2000
Increased outlays for national resource restoration under the CWA	100
Subtotal	4800
HEALTH & HUMAN SERVICES	
Head Start	500
Immunizations	227
Child Care Block Grant	59
Child Welfare & Family Preservation Initiatives	250
Jobs Opportunities & Basic Skills Training Prog.	
AIDS	160
Enhanced Federal Medicaid Match	3000
Subtotal	4196
HOUSING & URBAN DEVELOPMENT	
Community Development Block Grant	2000
Home Investment Partnership	0
Public Housing Modernization	0
Enterprise Zones	0
Emergency Shelter Grants	144
Low Income Housing Tax Credit	300
Mortgage Revenue Bonds	100
Subtotal	2544
DEPARTMENT OF INTERIOR	
Indian Infrastructure	365
National Parks Infrastructure	320
Reforestation and Riparian Initiatives	55
Subtotal	740

(\$ millions)

DRAFT 1/18/93

Page 4

DEPARTMENT OF LABOR

Summer Youth Employment & Training Program

500

New Jobs Tax Credit

2000-5000

Expansion of the Jobs Corps

100

Increased Support for Dislocated Workers

200

Subtotal**2800-5800****TECHNOLOGY**

National Science Foundation

242.5

National Institutes of Health

300

High performance computing applications

50

Small Business Administration 7(a) loan guarantee *access to venture capital*

200

Subtotal**792.5****DEPARTMENT OF TRANSPORTATION**

ISTEA Full Funding

4000

Highway-transit additional funding

6000-11500

Intelligent Vehicle Highway Systems

30-50

Airports full funding

200

Airports additional funding

1100

Air traffic control

100

High speed rail

3100

Mag-lev

20

Subtotal**14550-20070****DEPARTMENT OF THE TREASURY**

Extension of the Emergency Unemployment Compensation

2200

Temporary, targeted revenue sharing

2000-8000

Increase funding for childhood immunization efforts

900

Subtotal**5100-11100****Tax Options (not recommended for stimulus)**

Incremental investment tax credit

Penalty-free withdrawals from certain retirement plans

Encourage pension funds to invest in real estate

Passive loss relief for real estate professionals

Minimum tax relief for capital investments

GRAND TOTAL**43,265-57,936***Forest
Summer jobs**←**ISTEA Full Funding → Fair of top priority 43,000 / will spend*

Jack Gibbons

→ Unemployment

→ energy retrofit in existing and new.

avg. payback of 18 mos - 300 mill. can do.

→ soft equip for schools & libraries.
to receive ^{int'l} help.

→ building technologies.

NSF / NSEH → 5% fiscal threat in support.

Parsons - need to make
sure are short term

Back - phase one

To: Al
Fr: Katie
Re: Environment, Energy and Natural Resource Initiatives

The attached booklet describes in detail recommended initiatives in the environment, energy and natural resource areas that should be considered as important elements of the new administration's policy on these issues. In this cover memo, I wanted to highlight several of the options for your immediate consideration.

I. INFRASTRUCTURE INVESTMENTS:

These proposals embody a central tenet of the campaign -- that environmental protection and economic growth are not conflicting but complementary goals. The investments we have identified will benefit the environment, create jobs and lay the groundwork for long-term economic growth. A wide range of initiatives are presented; I want to highlight two:

A. Clean Water Projects:

EPA and the states have estimated that expenditures of over \$110 billion on wastewater treatment construction will be needed by 2010 to meet national water quality standards. The failure to meet those standards is currently exacting a significant economic cost -- particularly on coastal communities. In 1989 and 1990, there were over 2400 beach closings in 10 states. Billions in tourism, boating, and fishing dollars were lost. In addition, at any given time, some 40-50% of the nation's shellfish beds are closed due to pollution, and nearly every coastal and Great Lakes state has advisories warning against the consumption of many types of fish because of their dangerous levels of contamination. Investments in improving this situation therefore make sound economic sense. Importantly, investments in these types of projects also promise strong job-creation benefits: According to one estimate, the total number of jobs generated from the expenditure of \$1 billion on water and sewer projects is at least 34,000 and could be as high as 57,000. Focusing on these initiatives also offers us the opportunity to begin to address the number one environmental health threat facing our children: water- and air-borne lead.

Costs: \$2.7 billion per year starting in FY 93.

B. Energy Efficiency Initiative:

To protect the environment; to improve our balance of trade; to ensure our national security, enhanced energy efficiency should be a national priority. Two initiatives are worthy of particular focus:

TO: Laura Tyson
 FR: Bob LaRussa
 RE: Manufacturing, Technology and Small Business Funding for Stimulus Package
 DT: 1-12-93

What follows are spending proposals in technology, small business and manufacturing programs that could be included in a stimulus package. Estimates of FY 93 supplemental appropriations are based on estimates of the staff of Sen. Gore and congressional committees.

A) Funding for Information Infrastructure as Part of FY 93 Emergency Supplemental Appropriations

1) HPC Program at National Science Foundation (Included in \$200 million NSF Supplemental. See Section B)	\$70m
2) Accelerated Demonstration Programs at NTIA (Included in NTIA Supplemental. See Section G.)	\$ 150m
3) Additional funds for NSF, NIH, NASA and NIST to develop HPC applications, as proposed in Sen Gore's Information Infrastructure and Technology Act	\$50m
	\$270m
	(\$50m net)

Adding \$70 million to the HPC Program at NSF brings that agency's program up to the level requested in the FY 93 budget. These funds could be spent quickly on technology development. The additional \$150 million for NTIA can be spent in FY 93 for a variety of demonstration programs that have a job-creating impact on a number of communities.

B) FY 93 Emergency Supplemental Appropriation for NSF \$200m

Outlay Rate: Based on CBO estimates of FY 93 funding, the outlay rate would be 45 percent in the first year of funding. Most of NSF's budget goes to support university R&D projects. In its 1992 budget request, NSF estimated that it would provide support to 94,000 researchers, teachers, students (most of them graduate students) and support personnel (technicians, secretaries, etc.). Of the total budget request of \$2.57 billion, about 40 percent goes for salaries. Increased NSF funding would create jobs cheaply because salaries for graduate students are low and most researchers and teachers supplement funding from NSF with salary support from other sources.

Additional funding for NSF would spend out relatively quickly (estimated 45 percent in first year) because there are hundreds of grants that have already been reviewed but are waiting for the necessary funds.

C) FY 93 Supplemental for NSF Assistance to University Facilities \$42.5m

Outlay Rate: Based on CBO estimates of FY 93 funding, the outlay rate would be 30 percent in the first year of funding. This program funds renovations at university research facilities, creating jobs in local construction and related industries, as well as industries supplying materials for this work.

D) FY 93 Emergency Supplemental Appropriation for NIH \$300m

Outlay Rate: Based on CBO estimates of FY 93 funding, the outlay rate would be 43 percent in the first year. NIH extramural grant programs are similar to those at NSF. At both NIH and NSF, funding multi-year grants has a multiplier effect. If a two- or three-year grant is made, the federal government only funds one year at a time, but the business and universities doing the work hire staff and buy new equipment based on the multi-year commitment.

E) FY 93 Supplemental for DOE Lab-Industry Partnerships \$20m

Outlay Rate: This program funds new companies involved in technology transfer. Considerable funds would be spent in the first year in salaries, etc.

F) FY 93 Supplemental for NIST ATP \$100m

Based on CBO estimates, the outlay rate would be 32 percent in the first year of funding. NIST's Advanced Technology Program is similar in design to the NSF grant program, except that it funds industrial, not university, researchers. Since 50 percent matching money is required, a million dollar grant would spur \$2 million in R&D and economic activity.

G) FY 93 Supplemental for NTIA Programs \$150m

Outlay Rate: This program funds consortia creating networks to develop a communications infrastructure. It would fund network demonstration projects linking schools, homes, libraries and businesses. Funds would be provided to computer experts and computer equipment companies.

H) FY 93 Supplemental for SBA Loan Guarantee Program \$200m

This appropriation would provide emergency funding for the SBA 7 (a) loan guarantee program for small business, which ran out of money for the first quarter in late December and will run out of money for the second quarter in early February. According to Congressional Small Business Committee staff, all of this money would be allocated in FY 93.

Total FY 93 Supplemental Funding for Above Programs \$1.2125b**I) Act Administratively to Allocate DOD Manufacturing Extension & R&D \$291m**

Three new DOD programs were funded in FY 93, and not much of the money has been spent yet. These include the following: \$97 million for the DOD Manufacturing Extension Program; \$97 million for DOD Dual-Use Extension; \$97 million for the DOD Regional Technology Alliance.

Prepared by:
Katie McGinty

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: MAY DATE: 2/10/2017 ~~CONFIDENTIAL~~
January 15, 1993

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Political Feasibility. An expanded federal energy conservation program should be politically popular although Presidential leadership may be needed so that agency and department heads make energy conservation a priority.

January 17, 1993

MEMORANDUM

To: Bob Rubin

From: Bruce Babbitt

Subject: Economic Stimulus Options -- Interior Department

The Clinton Administration's economic stimulus package should include targeted investments in America's rural infrastructure, particularly on Indian lands, and much-needed investments in the facilities and roads of our National Parks, which are visited by millions of Americans. The economic stimulus package could also invest in America's natural infrastructure: our forests, streams and wetlands. These investments could be targeted to areas where the decline of traditional resource-based industries has led to an economic "crisis." Most of the proposed projects are already authorized and planned, and therefore could begin actual work in a few months.

I. Indian Infrastructure

Indian Reservation Roads and airstrips construction:	\$100 m.
Indian Reservation Roads maintenance:	\$ 50 m.
BIA and Tribal Facility maintenance and construction:	\$150 m.
Indian Community and Economic Devt. Program:	\$ 15 m.
Indian irrigation and waste water treatment:	\$ 50 m.

II. National Parks Infrastructure

Park facility construction and maintenance:	\$150 m.
Park road and bridge maintenance:	\$ 70 m.
Urban Park and Recreation Recovery Program:	\$100 m.

III. Reforestation and Riparian Initiatives

BLM O&C Lands Reforestation Program:	\$ 25 m.
BLM Riparian-Wetland Initiative:	\$ 10 m.
US Fish and Wildlife Service restoration programs:	<u>\$ 20 m.</u>

Total:	\$740 m.
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I. INDIAN INFRASTRUCTURE

The condition of roads and facilities on Indian lands continues to be a serious problem. Road construction and maintenance, even with recent funding additions, is severely constrained relative to need. Schools, offices and other facilities are old and deteriorating.

The Position Paper on "Issues of Concern to Native Americans" pledges to "repair roads, highways and bridges on and around reservations through public and private investment." In addition, a September 12 letter to Navajo President Zah, which was read by Hillary Clinton during a visit to an Indian reservation, said that Bill Clinton would "work to encourage economic development (of Native American people) by helping small businesses prosper..." Recommended additions:

Indian Reservation Roads (IRR) and airstrips construction/maintenance: \$150 m.

\$100 m. for construction of roads and airstrips; \$50 m. for road maintenance. FY 1993 funding for the IRR program was set at \$191 m. Sec 1030 of the Intermodal Surface Transportation Act of 1992 (ISTEA) requires that the DOI/Bureau of Indian Affairs (BIA) budget contain "sufficient" funding for road maintenance. The BIA estimates current maintenance needs = \$90 m./yr.

BIA Facilities maintenance and construction: \$150 m.

\$150 m. for repair and rehabilitation of BIA facilities. Current maintenance backlog = \$550 m., with \$300 m. backlog for schools alone. Repairs are needed to remedy code and functional deficiencies. The rate of capital deterioration of these facilities is now estimated to be \$40 m./year.

Indian Community and Economic Development Grant Program: \$15 m.

\$15 m. add-on for this successful program. The Development Grant Program allows tribes increased flexibility to choose, plan, and implement their highest priority community, natural resource and economic development programs. FY93 funding = \$4.9 m.

Indian irrigation and waste water treatment: \$50 m.

Numerous already planned projects can absorb this funding. At least \$20 m. should be used to accelerate construction. President-elect Clinton talked about the importance of waste water treatment in stump speeches and the importance of rural development in Indianola, Iowa speech.

II. NATIONAL PARKS INFRASTRUCTURE

The National Parks system faces a daunting backlog of maintenance and repair for facilities and roads. Infrastructure investments are required to ensure high quality visitor experiences. The identified backlog of facility development and rehabilitation projects = \$2.4 billion. The Federal Highway Administration (FHA) has now identified \$1.5 billion in rehabilitation needed to bring the National Parks' road system to adequate condition. Investments in these areas will create construction jobs on a scale equivalent to other federal highway and construction investment and will stimulate rural economies. Some of these infrastructure needs can be met through parks-oriented summer youth jobs programs, which could create jobs quickly. Recommended additions:

National Parks facilities construction and maintenance: \$150 m.

FY 93 Budget Authority for construction is estimated by the Park Service at \$137.6 m., down from \$271 m. in FY 1992.

National Parks bridge and road maintenance: \$70 m.

FY 93 request for Federal Lands Highways Program = \$83 m. FHA estimates that investment of \$140 m./year is necessary to eliminate repair backlog in timely fashion.

Urban Park and Recreation Recovery Program (UPPAR): \$100 m.

Represents full funding level for urban parks program, which funds capital improvement projects in urban park settings. Offers opportunities for minority employment.

III. REFORESTATION AND RIPARIAN RESTORATION

The backlog of reforestation needs and of riparian (stream) restoration projects on Bureau of Land Management (BLM) and wildlife refuge lands offers an unusual opportunity to create jobs by investing in the nation's "natural infrastructure." These investments can be targeted to regions where resource-based industries are undergoing painful economic transitions, e.g. the Northwest, where employment in reforestation and riparian restoration may be able to sustain workers displaced from traditional mill and logging jobs and improve salmon harvests. Recommended additions:

BLM O&C Lands Reforestation Program: \$25 m.

During visits to the Pacific Northwest, President-elect Clinton promised to add funds for reforestation. The Oregon and California Grant lands constitute the majority of BLM's productive timber land in the Pacific Northwest. Reforestation efforts are now funded at approximately \$29 m., down from \$39 m. in FY 91.

BLM Riparian-wetland Initiative: \$10 m.

Governor Clinton pledged "no-net-loss" of wetlands. The BLM Riparian-wetland Initiative funds the restoration of streams and wetlands encompassing 23.7 m. acres of BLM lands, with the goal of achieving proper functioning for 75% of all riparian and wetland features by 1997.

USFWS Aquatic Ecosystem Restoration Pilot Projects: \$20 m.

The US Fish and Wildlife Service (USFWS) Habitat Conservation Program initiates wetlands and riparian restoration projects in cooperation with other federal agencies and private landowners. Current activities include a pilot program on the Olympic Peninsula which employs out-of-work loggers to restore stream reaches for salmon habitat. Fish and Wildlife programs are popular with people who like to fish and hunt.

~~CONFIDENTIAL~~

M E M O R A N D U M

TO: Bob Rubin
FROM: Carol Browner
SUBJECT: Options for Short-Term Economic Package
DATE: January 15, 1993

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: MS DATE: 3/13/2017

I am responding to your January 12, 1993 memorandum requesting options for possible inclusion in the FY 93 short-term economic package which the President may propose. The options described below could be components of an infrastructure and/or technology investment program. These options have been selected for consideration because they would promote environmental objectives while offering short-term economic benefits.

In summary, the investment package I am recommending has the following components:

- ◆ Construction of sewage and wastewater treatment plants -- \$2.7 billion
- ◆ Funding for drinking water infrastructure -- \$2 billion
- ◆ Natural resource restoration projects -- \$100 million

The above package would result in supplemental FY 93 appropriations of approximately \$4.8 billion.

Please note that my proposed package does not include increased spending for road, bridge and mass transit projects under the Intermodal Surface Transportation Efficiency Act (ISTEA). I assume that others will provide details on increased ISTEA outlays. From an environmental standpoint, these outlays are not necessarily undesirable provided they are focused primarily on repair of existing roads and bridges and on mass transit improvements which encourage alternatives to automobile use. However, increased construction of new roads and bridges could raise environmental concerns because of the potential for increasing automobile use and air pollution.

I. Increased Funding For Construction Of Sewage And Wastewater Treatment Plants

Nature of Initiative. Under the Clean Water Act (CWA), municipal sewage and wastewater treatment plants must meet stringent water treatment standards. Funding for construction of these plants is provided through the State Revolving Loan Fund (SRF) program under the CWA and the Farmers Home Administration (FmHA) loan and grant program. Outlays for the SRF and FmHA programs could be increased by \$2 billion and \$700 million in FY 93.

Speed of Implementation. EPA and the states have estimated that expenditures of over \$110 billion on wastewater treatment construction will be needed by the year 2010 to meet national water quality standards. For the FY 93 construction season, projects totaling over \$2 billion were reportedly ready to begin construction but were delayed due to lack of funding. Because these projects have completed the planning and design process, they probably could be initiated promptly once funding is available. The job-creating potential of these projects may not be realized immediately but will eventually be significant (over 50,000 new jobs per \$1 billion of expenditures) once full construction begins.

Contribution to Clinton Investment Agenda. *Putting People First (PPF)* identifies construction of water and sewage treatment plants as a major infrastructure priority.

Political Feasibility. States and municipalities will strongly support increased funding of the SRF and FmHA programs. Several members of Congress have likewise called for increased outlays in this area.

II. Funding Increases For Drinking Water Infrastructure

Nature of initiative. The Safe Drinking Water Act (SDWA) establishes rigorous health-based standards for drinking water distribution systems. At present, the federal government provides only limited funding for upgrading drinking water systems to meet these requirements. The lack of such funding is a source of deep frustration to state and local governments, who are facing sharply rising costs to comply with SDWA mandates. To meet this funding need, the SRF program under the CWA could receive an additional \$2 billion in FY 93 for loans to expand, upgrade or replace existing water system components to comply with SDWA requirements.

Speed of Implementation. Anticipated costs of SDWA compliance are substantial. EPA estimates total needed capital expenditures of approximately \$10 billion through 1998 and annual compliance costs of about \$2.5 billion. If funding is provided rapidly, construction projects could probably be initiated without significant delay. Nearly all state governments have SDWA compliance oversight programs and many local communities have already identified construction needs. The infrastructure projects to be

funded (involving pipe laying and replacement, pump station construction, etc.) will be labor-intensive and should help create jobs.

A drawback to this initiative is the absence of CWA authorization to use SRF funds for drinking water projects. Once Congress provides such authorization, legislation might be needed at the state level to expand the authority of existing loan funds to cover drinking water projects. Thus, it is possible that several months might pass before funds appropriated in FY 93 could be used for project initiation.

Contribution to Clinton Investment Agenda. Outlays for drinking water infrastructure would further the PPF goal of increasing investments in environmental technology to enhance water quality.

Political Feasibility. Given the heavy funding burdens imposed by the SDWA, political support for this program should be great and will help overcome state and local resistance to complying with SDWA mandates. A possible obstacle to supplemental FY 93 appropriations is the need to revise the authorizing legislation for the SRF program so that loan funds can be used for drinking water projects.

III. Increased Outlays For Natural Resource Restoration Under The CWA

Nature of Initiative. Chronic under-investment in natural resource infrastructure has left a backlog of restoration and rehabilitation projects nationwide. By increasing outlays for several existing programs, this backlog could be reduced. An EPA initiative that could benefit from an infusion of funds is the National Estuary Program under the CWA, which is intended to promote comprehensive conservation and management plans to maintain ecologically significant estuaries and associated wetlands areas. Funds for state, regional and local governments to implement these plans are available under the SRF program. An additional \$100 million could be appropriated specifically for SRF loans intended to implement EPA-approved management plans.

Speed of Implementation. Twenty-one estuary programs around the country have identified coastal resource protection projects that would enhance the protection of estuaries. These programs have not received funding from the SRF program because they are not required in order to meet water quality standards. Earmarking funds specifically for this purpose would provide the impetus to initiate important restoration projects that up to now have had low funding priority.

Contribution to Clinton Investment Agenda. Preservation of the nation's natural resources is identified in PPF as one component of an infrastructure investment program.

Political Feasibility. The National Estuary Program is of great importance to particular regions and is very popular with affected members of Congress, states and local governments. Increased funding for the program should not encounter significant opposition.

o **State and Local Assistance Programs:** These programs provide federal funding for state and local energy efficiency services to low-income households, non-profit schools and hospitals, municipalities, small businesses and farmers. The programs are proven winners -- they save energy and create jobs. Each 100 million spent on SLAP will create approximately 4,000 new jobs. They often get squeezed in the appropriations process, however, and many worthy projects go unfunded.

Cost: Increase appropriations by \$150 million in FY 93; \$200 million in FY 94; \$300 million in FY 95; and \$350 million in FY 96 and thereafter.

o **Federal Energy Management:** The federal government is one of the worst offenders in terms of energy waste and inefficiency. A 1991 OTA study shows, for example, that the federal government could easily cut more than 25% of its present energy use. Cost-effective investments in federal buildings, for example, would have a short pay-back period (2-3 years), and -- once implemented -- would save \$1 billion per year in energy outlays.

Cost: Supplemental appropriations for the Federal Energy Efficiency Fund of \$25 million in FY 93 and appropriations of \$100 million in FY 94, \$200 million in FY 95, \$300 million in FY 96 and thereafter.

C. High Speed Rail

Putting People First states that "we will rebuild America and develop the world's best communication, transportation and environmental systems...We will focus on four critical areas...[The first is] transportation, including...creation of a high-speed rail network linking our major cities and commercial hubs...".

Aside from its obvious economic benefits, an efficient high-speed rail network is an environmental priority. By reducing automobile and airport use, such a network can greatly reduce vehicle congestion in our major intercity corridors, thereby conserving energy and reducing air pollution.

Experts have advised us that improvements to the Northeast Corridor and other heavily-traveled sections of the existing Amtrak network would permit tilt-trains to operate at high-speeds with both diesel and electrified power. With adequate system improvements, operating speeds (now 80-100 mph) could be increased to 125 - 140 mph in those corridors with the greatest air quality problems and automobile congestion. Increased outlays would be targeted at track straightening, bridge clearances, better signalization, elimination of grade crossings and electrification.

Costs: Amtrak's capital budget would be increased by \$150 million in FY 93 and by up to \$400 million in subsequent years.

D. Natural Gas

Natural gas is a low-cost, clean-burning fuel. Supplies are largely domestic or from secure North American producers. Several initiatives could be undertaken in order to spur increased natural gas use:

- o **Federal Fleets:** Converting as large a portion of the 550,000 vehicle federal fleet as is practicably feasible to operate on natural gas should provide a significant market stimulus to trigger both mass vehicle production by auto manufacturers and construction of refueling infrastructure by power providers. It has been estimated that extensive use of vehicular natural gas in fleet vehicles (there are approximately 14 million public and private fleet vehicles) would increase annual natural gas consumption by roughly 1.6 trillion cubic feet, adding about \$3 billion in gross national output and producing an estimated 50,000 to 75,000 additional jobs in gas-producing states. Oil import reductions of some 14% are also estimated, which would have the attendant benefit of improving the balance of trade by \$5.8 billion.

It should be noted, here, however, that ethanol, methanol, and electric vehicle interests will resist exclusive promotion of natural gas vehicles -- as opposed to other alternatively fueled vehicles. In addition, it could be argued that it is unwise for the federal government, in essence, to choose natural gas as the "winner" in the alternative fuel experiment that we are just launching.

Costs: Accelerating the purchase of alternatively fueled vehicles in place of new conventional vehicles by one year from the mandates contained in the Energy Policy Act of 1992 would require funding of approximately \$35 million in FY 93 and \$45 million in FY 94.

- o **New Natural Gas Pipelines**

New natural gas pipeline development and certification has become a bottleneck to increased natural gas usage in some regions. To address this situation, an executive order could be issued directing the FERC to initiate a rulemaking on natural gas pipeline certification. Care would, of course, need to be given to ensure that eminent domain powers would in no way be abused in acquiring the right-of-way for pipelines and that private property rights would fully be respected.

Cost: No significant budget impact is anticipated.

II. FEDERAL PROCUREMENT OF RECYCLED COMMODITIES

Communities across the country are eager to participate in recycling initiatives. Too often however, those communities are

forced either to send carefully separated materials to the landfill or to abandon their projects altogether. The primary bottleneck here is the lack of end markets for the post-consumer materials that have been collected.

Federal government purchases currently account for about 7-8% of GNP. Increased federal procurement of recycled products would therefore create a significant market for post-consumer materials and send a strong signal to manufacturers that their investments in re-manufacturing equipment will be rewarded. In most cases, use of recycled materials, as opposed to virgin materials, saves energy, water and reduces pollution from manufacturing operations. (For example, dioxins are not created when recycled -- as opposed to virgin -- fibers are used.)

Note here that it has been incumbent upon EPA since the passage of RCRA in 1976 to undertake this type of initiative. Bureaucratic inertia and Reagan/Bush administration opposition to environmental initiatives have prevented progress.

Costs: This initiative should be structured so that recycled commodities are procured in preference to those manufactured from virgin materials as long as the cost of the recycled good is within 10% of the virgin good. Outlays here therefore would at most be 10% more than normal procurement expenditures.

III. WHITE HOUSE CONFERENCE ON ENVIRONMENTAL TECHNOLOGIES

New, cleaner and more efficient process technologies are essential if we are to improve our competitiveness. In addition, a huge new market is emerging for environmentally sound products and services. Currently estimated at some \$200 billion per year, the environmental technology industry is one of the fastest growing sectors of the domestic and international economy. Estimates of the potential global demand for environmental products and services range as high as \$600 billion over the next 10 years. This is a market we cannot afford to lose.

Domestic envirotech businesses face significant obstacles to growth, however. Many are small to medium sized companies which are less able than well capitalized and nationally supported foreign competitors to make the investment required to develop business abroad. In addition, they often lack information about promising market abroad while regulatory requirements have thwarted the introduction and use of new technologies here at home.

A White House Conference on Environmental Technologies early on in the administration would signal the Administration's understanding of the importance of these industries. In addition, if the Conference were designed as a joint initiative of CEQ and OSTP the link we would like to make between the business, technology and environmental

communities could be demonstrated. Moreover, if all relevant agencies -- State, Aid, Treasury, Commerce, Labor, in addition to EPA and DOE, etc. -- participated, important, but less evident, issues could be identified and discussed. For example:

- o Our competitors station attaches in their embassies who are familiar with the technologies of their envirotech industries. The result is that their firms are often the first in line to bid on important projects. Shouldn't we do the same? (Note here that Administrator Reilly tried to undertake a similar initiative by offering to loan appropriate personnel. State Department, however, has not been receptive).

- o While the economies of the major industrial countries have been stagnant or in decline, developing countries have experienced record growth. These countries already account for some 35% of our exports. How can our embassies in those countries be of assistance to our envirotech businesses? What resources does AID have that could be of use here? How should we conduct the negotiations that are called for in the Rio agreements so that the technology cooperation provisions of those agreements will offer opportunity for US interests?

- o Current EPA regulations define "best available technologies" in a way that often precludes the use of new and innovative technologies. Shouldn't we take a look at those regs to see if a more flexible approach could be identified? (Note that this openness could send an important signal to business that the new administration's will to work with them in order to achieve environmental objectives in an economically sound manner).

- o Federal dollars are tight. How can private dollars be leveraged to provide needed investment capital (and to slow the current sale of technologies to foreign investors)?

Cost: No significant budget impact expected.

IV. INTERNATIONAL ENVIRONMENTAL INITIATIVES

A. The Climate Convention

As you well know, President Bush, alone among industrial country leaders, refused to commit to stabilizing emissions of carbon dioxide at 1990 levels by the year 2000. Governor Clinton, however, embraced this commitment during the campaign. We are presented with two opportunities very early on in the Administration to affirm this commitment. First, pursuant to the terms of the treaty, we are obligated to produce an action plan on climate change 6 months after the treaty comes into full force and effect. In Rio, President Bush accelerated our commitment and promised to produce the plan in January -- 6 months after signature of the treaty. A draft action plan has

been prepared. However, it has been severely criticized both within the Administration (EPA has been harshly critical of it, saying that it will not achieve meaningful reductions in emissions) and by the environmental community. The plan has been published in the Federal Register and is open to public comment.

The new Administration should undertake a serious re-evaluation of this plan and institute a process by which to produce a plan that not only will achieve meaningful reductions, but will in fact, result in a stabilization of emissions.

Second, the parties to the Convention will meet again in April. The new Administration should take advantage of this meeting to affirm its commitment to the international community -- and to secure their re-affirmed commitment in return.

Cost: No significant budget impact of producing action plan or participating in international negotiations. Analyses differ with respect to the cost of actually achieving stabilization in the US. Some project significant costs while others (such as EPA) show that stabilization could be accomplished with net positive impact on GNP. The menu of policy options that are chosen as part of the plan obviously will be determinative, and top priority can and should be given to those options that can be done at a profit.

B. The Biodiversity Convention

As we have discussed, this convention, as finally negotiated, is flawed. Problems arise with regard to the intellectual property provisions of the treaty and with regard to the financing mechanism that has been devised. These problems are not, however, insurmountable. And, a reversal of Bush Administration policy here would send an unmistakable signal that the US was serious about securing -- once again -- a leadership role on international environmental issues.

As we have also discussed, I believe it is imperative to the well-being of the US biotech industry that we find a way to fix the flaws in this treaty and to sign-on to it. Because of the way President Bush handled these negotiations, US researchers are now being shut out of some third world countries. Venezuela, for example, has suspended research agreements with several US institutions. Moreover, the Conference of Parties to the treaty will undertake an effort to craft international regulations concerning genetically modified organisms. We must have a seat at those negotiations to ensure that those regulations are based upon the best science and that they will not unduly or unfairly hamper the US biotech industry.

The new Administration should, therefore, express unequivocally its intention to work with the Conference of the Parties to address the problems that prevented our signature. Simultaneously, an effort should be undertaken with other major industrial countries -- such as

the UK, Switzerland, France, Germany, etc. -- to come to a common understanding on these issues. (I understand that these countries -- having signed the treaty -- now face obstacles in ratifying it because of concerns their own biotech companies are now raising. They therefore should be amenable to our efforts). And outreach with the US biotech industry should be begun in order to develop a position that they are comfortable with and that is protective of their interests.

Cost: No significant budget impact expected.

C. Mexico City Policy

President-elect Clinton pledged to "Restore US funding for the United Nation's population stabilization efforts and allow US foreign aid to support international family planning efforts."

The last major international conference on population was held in Mexico City in 1984. At this meeting the US declared that it would no longer fund private voluntary organizations that offer abortion-related services. This is in addition to standing policy of not allowing US funds to pay for abortions.

This policy should be reversed by executive order. Family planning is desperately needed in much of the world. In addition to hardships and suffering experienced by those in overpopulated lands, population pressures are the most significant factor driving dramatic degradations of the natural resource base.

Note that the reversal of the Mexico City policy would not require that US funds be provided for abortions. Rather, the restriction imposed by the 1973 Helms Amendment to the Foreign Assistance Act could be maintained. In addition, funds could be controlled so that there would be no question that US dollars were supporting any programs of coerced or involuntary abortions.

Note also that the UN International Conference on Population and Development to be held in Cairo in September 1994 presents a significant opportunity for the US to reverse course on this issue. Preparations for that conference (two preparatory sessions have already been held) should be prioritized.

Cost: Additional funds would not be necessary.

V. OTHER

A. National Income Accounts

By using market-based mechanisms, we can achieve environmental "goods" in a way that also offers economic benefits. Unfortunately,

we can't fully take advantage of the market if we aren't using the right price signals.

While national income and product accounts provide us with a variety of short-run and long-run indicators for economic health such as GDP, productivity, disposable income, and profits, the framework takes no account of changes in the quantity, quality, or value of natural resources and other environmental conditions.

Recent projects at the Bureau of Economic Analysis (the branch of the Commerce Department that produces the accounts), EPA, CBO, as well as the United Nations Statistical Organization, have established the theoretical underpinnings for expanding the accounts, and now researchers are attempting to put them into practice.

To focus, prioritize and accelerate this work, a directive should be issued to BEA, EPA, CEQ and other Departments (such as Interior, where much natural resource data resides) to undertake an effort to expand the accounts, and to identify near term conceptual issues and data requirements. This initiative could ideally be coordinated jointly by CEQ and OSTP.

This domestic initiative should then be translated into a major international initiative, with the US leading a UN effort to revise national accounts. The UN typically undertakes such an effort every 20 years, and is currently in the process of developing "satellite accounts" on natural resources. This has not been a high priority, however, and progress has been very slow.

The importance of accelerating these efforts has been demonstrated by Bob Repetto at the World Resources Institute and other researchers who have found that annual rates of growth in developing countries are dramatically diminished when the irreversible destruction of natural resources is accounted for. (Accounting for the loss of natural capital, Indonesia's "real" growth rate falls from some 7% to approximately 3%).

Cost: No significant budget impact is expected.

B. Elevate EPA to Cabinet Level Status

The influence and effectiveness of EPA may be limited by the fact that it is not a cabinet level agency. A cabinet level department could provide increased access to the President, more clout in interagency disputes, better integration of environmental policies with "mainstream" economic and social policies, and enhanced US credibility in international environmental negotiations.

Elevation of the department enjoys bipartisan support. Questions will arise, however, with regard to whether other environmentally-related functions should be vested with EPA in the

process of elevating the agency. It has been suggested, for example, that NOAA should be transferred to a cabinet-level EPA.

While these questions must carefully be thought through, an early statement of support from the President simply with regard to elevation of the department could be of significant symbolic import.

Cost: No significant budget impact expected.

C. Implementation of Agenda 21

One of the key documents resulting from the Rio Conference was "Agenda 21" -- a comprehensive yet non-legally binding action program designed to reconcile the goals of continued economic development and environmental preservation to ensure that human needs are met in a sustainable fashion.

To demonstrate US commitment to furthering progress on sustainable development, the President should issue a directive to all agencies to undertake an analysis of each of their respective programs and develop an action plan to implement Agenda 21. It is critical that this effort be undertaken jointly by the agencies as many issues -- such as improved natural resource management -- cross agency jurisdictions. This effort should be coordinated through CEQ.

Cost: No significant budget impact is anticipated.

D. Business and the Environment

The new administration has an important opportunity to forge a new alliance between business and environmental interests. To capitalize on this opportunity, the President should issue a directive calling for a series of roundtable strategy sessions with business leaders to discuss, for example, how we can use market-based initiatives to achieve environmental goals; how can we stimulate new investment that accelerates the replacement of environmentally burdensome products and processes; how can we promote pollution prevention strategies; how can we promote voluntary initiatives such as environmental audits and green labeling. These efforts should be coordinated through -- and a primary mission of -- the CEQ.

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

THOMAS PAUL GRUMBLY

302 Buxton Road
Falls Church, Virginia 22046
703-534-8025

Date of Birth:

(b)(6)

Experience

October 1987 - Current

President, Clean Sites, Inc. chief executive officer of the neutral, non-profit organization dedicated to solving America's hazardous waste problem. Clean Sites works both in the public policy arena, improving federal and state cleanup programs, and at industrial sites, providing a wide range of on-site services to corporations, governments and citizens.

October 1992 - Present

Visiting Lecturer, Harvard School of Public Health, Harvard University

1984 - 1987

Executive Director, The Health Effects Institute, Cambridge, Massachusetts (chief operating officer of an independent, non-profit research institution jointly funded by the U.S. government and the automotive industry, dedicated to undertaking scientific research on the health effects of motor vehicle emissions).

1982 - 1984

Partner, Temple, Barker and Sloane, Inc., Lexington, Massachusetts (specializing in assisting government and industry in problems of environmental and health regulation).

1981 - 1982

Staff Director, Subcommittee on Investigations and Oversight, House Committee on Science and Technology, House of Representatives, Washington, DC, Albert Gore, Jr. Chairman

1979 - 1981

Deputy Administrator, U.S. Food Safety and Inspection Service, U.S. Department of Agriculture (line responsibility for 14,000 Federal meat and poultry inspectors).

1977 - 1979

Executive Assistant to Commissioner of U.S. Food and Drug Administration.

1974 - 1977

Budget Examiner for science, technology and regulation, Executive Office of the President, Office of Management and Budget, Washington, DC

Thomas Paul Grumbly

Education

1971 B.A. Cum Laude, major in government, Cornell University
1972 M.A. in political economy, University of Toronto, Ontario
1974 Master in Public Policy (M.P.P.) University of California, Berkeley

Awards and Honors

Woodrow Wilson Fellow Finalist (1971); Massey Fellow, University of Toronto (1971-1972); Ford Foundation Research Assistantship; University of California, Berkeley (1973-1974); Meritorious Service Award, U.S. Department of Agriculture (1980); youngest career member, Senior Executive Service of the United States of America (1979).

Other Activities

Chairman, Advisory Committee, Center for Risk Analysis, Harvard University, 1990-present

Member, Committee to Evaluate the Hazardous Materials Management Programs of the Bureau of Land Management, Department of Interior, National Research Council, National Academy of Sciences, 1989-1992.

Member, Committee on Risk Perception and Communication, National Academy of Sciences, Washington, DC 1988-90

Member, National Research Council, National Academy of Sciences Panel on Reform the Federal Meat and Poultry System, published by National Academy Press, 1985.

Member, Committee on Salmonella in Food Products, National Research Council, National Academy of Sciences, 1985-1987.

Member, Committee to Evaluate EPA's National Monitoring Program, National Research Council, National Academy of Sciences, 1988.

Staff Coordinator, Food and Agriculture Policies: Proposals for Change, February, 1985, Center for National Policy, Washington, DC

Consultant to the Environmental Protection Agency on Risk Assessment and Decisionmaking, 1984-1987. Developed a series of courses to be taught to EPA Personnel and other directly involved in environmental regulatory decisionmaking on how to use scientific information.

Executive Secretary, House of Representatives Democratic Caucus Task Force on the Environment, 1981-1983.

Thomas Paul Grumbly

Lecturer in Public Policy, Goucher College, Towson, Maryland, 1975-1977.

Member of Board, Climate Research Institute, Washington, DC

Member of Board, National Council on Indoor Air Quality, Washington, DC

Mr. Grumbly is married to Judith Ann Krizay and has one child.

Publications

1978 - "The Triumph of Policy Analysis", American Journal of Agricultural Economics, July 1978

1981 - "Self-Regulation: Private Vice and Public Virtue Revisited," Social Regulations - Strategies for Reform, Bardach, Kagan

1991 - "The Health Effects Institute", Harnessing Science for Environmental Regulations, Graham, Praeger Press, 1991

1991 - "Superfund: Candidly Speaking" EPA Journal, Volume 17, No. B July - August 1991

1992 - "Reforming Superfund" forthcoming in Issues in Science and Technology, winter, 1992

References

Available upon request.

MICHAEL L. TELSON

Business:
U.S. House Budget Committee
Washington, DC 20515-6065
(202) 226-7100

Residence:
331 Maryland Ave., NE
Washington, DC 20002-5711
(202) 543-9170

PROFESSIONAL EXPERIENCE

**December 1974-
present**

COMMITTEE ON THE BUDGET, U.S. HOUSE OF REPRESENTATIVES

Senior Budget Analyst--professional staff member with the responsibility for advising the Committee with regard to energy, science and space programs in the Federal budget, and for analyzing energy economic issues. The principal programs involved are those of the U.S. Department of Energy (DOE), the National Aeronautics and Space Administration (NASA), and the National Science Foundation (NSF). Also responsible for certain user fee issues, including FCC, SEC, and environmental user fees, among others. From 1974 to 1978, responsible for Federal energy, environment and water resource programs.

**June 1979-
January 1981**

TASK FORCE ON ENERGY OF THE SPEAKER, U.S. HOUSE OF REPRESENTATIVES

Staff Coordinator--(concurrent with Budget Committee position). Task Force consisted primarily of the principal committee and subcommittee chairmen with responsibility for energy issues in the House of Representatives. The Task Force was created by Speaker O'Neill to deal with issues relating to the 1979 oil shortage, and the 1980 Energy Security Act.

**April 1977-
January 1979**

AD HOC COMMITTEE ON ENERGY, U.S. HOUSE OF REPRESENTATIVES

Staff Economist--(concurrent with Budget Committee position). Committee was chaired by Congressman Thomas Ludlow Ashley and was created to help enact the 1978 National Energy Act which dealt with natural gas, public utility regulatory policies, energy taxes, and fuel use and energy conservation issues.

May-June 1975

U.S. DEPARTMENT OF STATE, Latin American Speaking Tour (Fulbright-Hays Act Grant)

Speaking tour on international energy problems (three weeks) sponsored by the State Department. Gave numerous public lectures (reported by TV and newspaper) and spoke with top government and private sector representatives in Venezuela, Argentina, Uruguay, Chile and Mexico.

**September 1973-
September 1974**

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, U.S. SENATE

Congressional Fellow, American Association for the Advancement of Science.

- Staff economist on domestic and international energy matters.
- Organized hearings "The Financial Problems of the Electric Utilities" (August 1974).

1971-1973

CONSULTANT, in the areas of energy, economics and the environment to:

- Cities Service Company, New York, NY
- Federal Power Commission, Washington, DC
- New England River Basins Commission, Boston, Mass.
- Western Australia Development Corp., New York, NY
- Natural Resources Defense Council, New York, NY
- New England Natural Resources Center, Boston, Mass.

**June-
September 1970**

MANAGEMENT ANALYST, NEW YORK CITY BUREAU OF THE BUDGET:

Worked with City's Environmental Protection Administration and McKinsey and Company on major municipal reorganization study. Developed manpower management systems and productivity measures.

1963-1973

EDUCATION:

- Ph.D. (1973), E.E. (1971), M.S. (1969), and B.S. (1967) in electrical engineering, Massachusetts Institute of Technology (MIT); doctoral minor areas in economics and management.
- M.S. in industrial management (1974), Sloan School of Management at MIT, concentration in finance.

**HONORS AND
FELLOWSHIPS:**

- Hertz Fellow at MIT, 1967-1973
- Outstanding Junior in Electrical Eng. at MIT, 1966.
- Sigma Xi (Scientific Research Honorary)
- Tau Beta Pi (All Engineering Honorary)
- Eta Kappa Nu (Electrical Engineering Honorary);
President, MIT chapter, 1967.

**PROFESSIONAL AND
OTHER ACTIVITIES:**

- Research Affiliate at MIT, 1974 to present.
- Editorial Policy Board, The Energy Journal, 1981-8.
- General Chairman, First Annual Meeting of the
International Association for Energy Economics (IAEE),
June 1979.
- Member, Governing Council of the IAEE, 1980-1984.
- Vice President, Washington Chapter, American Society
for Macroengineering, 1986-present.
- Appointed to Massachusetts Secretary of Environmental
Affairs Task Force on restructuring state government
to deal with energy-environment-economics questions,
1972-1973.
- Appointed to New England River Basins Commission
Environmental Criteria Task Force in the "Power and
Environment" study, 1972.
- American Economics Association.
- Institute of Electrical and Electronics Engineers.
- American Association for the Advancement of Science.
- Chairman, MIT Student Committee on Educational Policy,
1967.
- Graduate Student Representative, MIT Faculty Committee
on Educational Policy, 1970-71.
- Board Member, MIT Club of Washington, 1975-present.
- Fluent in Spanish, has lived in Latin America.

**SELECTED
PUBLICATIONS AND
ARTICLES:**

- "NASA and the Budget Process," in Space Policy
Alternatives, edited by Radford Byerly, Jr., Westview
Press, 1992.
- "Increased Competition in Academic Research," in
Science and Technology Policy Yearbook, Fiscal Year
1993, American Association for the Advancement of
Science (AAAS), 1992.
- "Science Advice to the Congress: the Congressional
Science and Engineering Fellows Program," with Albert
Teich, in Science and Technology Advice to the
President, Congress, and Judiciary, Pergamon Press,
1988.
- "Future Prospects for Federal Support for R&D," at St.
Louis University, St. Louis, Mo., November 1986.

- "Policy Issues in Oil and Gas Transportation Regulation," Contemporary Policy Issues, October 1986.
- "A North American Common Market for Energy?" at Americans for Energy Independence, January 1986.
- "Outlook on Energy Legislative Issues," at the Edison Electric Institute, September 1983.
- "Federal Research and Development Funding in Fiscal Year 1984: The Budgetary Context," proceedings of the 1983 R&D Colloquium of AAAS, March 1983.
- "Prospects for Research and Development Funding in Fiscal Year 1982 Budget," proceedings of the 1982 R&D Colloquium of the AAAS, June 1982.
- "An Outlook for U.S. Energy Policy," at the Toronto Association of Business Economists, February 1981.
- "Managing Oil Contingencies: The U.S. Experience and Choices for the Future," proceedings of the Second Annual International Conference of the International Assocn. for Energy Econ., Cambridge, U.K., June 1980.
- In collaboration with Professor M.A. Adelman of MIT, "Long Run Cost Trends (Petroleum): Persian Gulf and U.S." June 1972. This article developed a model for improving understanding of the economics of investment for oil exploration and development.
- "The Economics of Alternative Levels of Reliability for Electric Power Generation Systems," Bell Journal of Economics, Autumn 1975.
- "The Implications of Recent OPEC Oil Price Increases," U.S. Senate Committee on Interior and Insular Affairs Committee Print, April 1974.
- "The Economics of Reliability for Bulk Electric Power Generation Systems," MIT Energy Lab Report, June 1973. (Based on the more comprehensive Ph.D. Thesis.)
- "An Approach to Optimal Air Traffic Control During the Landing Phase," 1971 IEEE International Conference in Mexico (based on M.S. Thesis).
- "Environmental Profile System for Comparison of Pumped Storage versus Gas Turbine Plants for Peaking Power Production," September 1972.

Date: January 18, 1993

To: Katie McGinty

From: Pamela McElwee

Frank Gusoff - From the NE Times paper in Philly. Regarding a story about your appointment. 215-355-9009

H.

Agriculture

Appropriations

Armed Services

Banking, Finance + Urban Affairs

Budget

District of Columbia

Education + Labor

Energy + Commerce

Foreign Affairs

Gov. Operations

House Administration

Interior + Insular Affairs.

Judiciary

Merchant Marine + Fisheries

Post Office + Civil Service

Public Works + Transport.

Rules

Science, Space + Tech.

Small Business

Standards of Official Conduct

Veterans' Affairs

Ways + Means

5.

Agriculture, Nutrition + Forestry
Appropriations
Armed Services
Banking Finance
Budget
Commerce, Science + Transp.
Energy + Natural Resources
Env. + Pub. Works
Finance
Foreign Relations
Gov. Affairs
Judiciary
Labor + Human Resources
Rules + Administration
Small Business
Veterans Affairs

Joint (?)

file - Outreach

United States Senate

WASHINGTON, DC 20510

LEFT MESSAGE: *APP T, TO BE MADE*

SENATE-

APPROPRIATIONS: JAMES ENGLISH 4-7200
call next monday (he's gone for week) to set up appointment.

ENVIRONMENT AND PUBLIC WORKS: O'DONNELL 4-6176 Roy Kienitz
Deputy. left msg.

FINANCE: PHILIP DIEHL 4-4515
left msg.

HOUSE;

AGRICULTURE: DIANE POWERLL 5-0317
left msg.

APPROPRIATIONS: FRED MOHRMAN 5-2771
left msg.

PUBLIC WORKS AND TRANSPORTATION: JOHN DOYLE 5-4472
left msg.

SCIENCE SPACE AND TECH: RADFORD BYERLY 5-6371
left msg.

APPOINTMETNS SET:

SENATE:

ENERGY AND NATURAL RESOURCES: MIKE HARVEY 4-5360
Appt. Dec. 2 10:30 here

HOUSE:

BANKING, FINANCE AND URBAN AFFAIRS: KELSAY MEEK AND RICK MORANO
5-4247. Dec. 1 10 am here.

BUDGET: JOHN ANGEL 6-7234.
Dec. 1 11 am, here.

ENERGY AND COMMERCER: MIKEKJ WOO 5-3147.
Dec. 3 3 pm

APPOINTMETNS HAD:

SENATE:

AGRICULTURE: CHARLES FIEMENSCHNEIDER. 4-2035.

BUDGET: MATT GREENWALD. 4-0553

COMMERCE, SCIENCE AND TRANSPORTATION: KEVIN CURTIN 4-0427.

HOUSE:

INTERIOR: DAN BEARD.

WAYS AND MEANS: ROB LEONARD 5-3628.

①

Trinidad
Env. + Econ
Initiative Study Group

Committees Involved in Economic and Environmental Legislation:

SENATE:

- ✓ - Agriculture, Nutriion and Forestry (Timber Subsidy Changes)
O'Leahy, Chair:
Charles Riemenschneider, majority staff director. 4-2035 - 11 AM Fri,
* Conservation and Forestry Subcommittee
Fowler, Chair:
- Appropriations 224-3471
Byrd, Chair
James English, Staff Director 4-72009 *call memo next to get appt. w/ dir. by sub. Lmt.*
- * Energy and Water Development Subcommittee
Johnston, Chair 4-7260
David Gwaltney, Staff
- * Interior and Related Agencies
Byrd, Chair 4-7233
Rusty Matthews, staff
- * VA-HUD and Independent Agencies (EPA)
Mikulski, Chair 4-7211
Carrie Apostolou, staff
- ✓ - Budget 4-0642
O'Sasser, Chair *Matt Greenwald 4-0538 - 11:30 AM Fri.*
Larry Stein, staff director 4-0553
- ✓ - Commerce, Science and Transportation 4-5115
Hollings, Chair
Kevin Curtin, Staff Director 4-0427 - *10:30 AM, 2542*
- Energy and natural Resources 4-4871
Johnston, Chair
Ben Cooper, Staff Director 4-5360
- * Energy Regulation *→ Mike Hawley 10:30 AM*
Wirth, Chair *→ Dec. 2 - 10:30 AM*
- * Energy Research
Ford, Chair
- * Mineral resources
Bingaman, Chair
- * Public Lands
Bumpers, Chair
- * Water and Power
Bradley, Chair

2

46176 *left*

- Environment and Public Works
Moynihan, Chair
David Strauss, Staff Director

O'Donnell

Ny Kunitz deputy

* Environmental Protection Subcommittee
Baucus, Chair

* Superfund, Ocean and Water
Lautenberg, Chair

* Toxics
Reid, Chair

* Water resources
Moynihan, Chair

- Finance Committee
Bentsen, Chair
Staff Director, ~~Vanda McMurtry~~

Philip Diehl 4-4515 *left*

* Energy taxation subcommittee
Daschle, Chair

* International Trade
Baucus, Chair

HOUSE:

- Agriculture 5-0317 *will be calling back*
E. De La Garza, Chair
Diane Powell, Staff Director

* Forest, Family farms, and Energy Subcommittee
Volkmer, Chair

- Appropriations 5-2771 *will call back Monday*
Whitten, Chair
Fred Mohrman, Staff Director

Nancy Pelosi
* Judy Lemons
54965

* Energy and Water development Subcommittee
Bevill, Chair

* Interior Subcommittee
Yates, Chair

* VA- Hud- Independent Agencies Subcommittee
Traxler, Chair

- Banking, Finance and Urban Affairs
Gonzalez, Chair
Kelsay Meek, Staff Director 5-4247

Rick Morano

Tues. Dec. 1 10 AM

Connie Morella
* Allen McDonald

* Richard McBride
Margaret Goodman
Nancy Carmichael

3

- Budget

Panetta, Chair

John Angel, Chief of Staff 6-7234 - ~~left message~~ Dec. 1 11/30/1

* Community Development and natural resources

Espy, Chair

✓ - Energy and Commerce

Dingell, Chair

John Orlando, Chief of Staff Mike Woo 53147

* Health and the Environment

Waxman, chair

Karen Nelson, staff director

* Energy and Power

Sharp, chair

John Riggs, Staff director

✓ - Interior

Miller, Chair

Dan Beard, Staff Director

* Water and Power Subcommittee

Miller, Chair

Jeff Petrich, Counsel

* Mining

Rahall, Chair

* National parks and public lands

Vento, Chair

Richard Healy, Staff Director

* Energy and the Environment subcommittee

Sharp, Chair

David Weiss, staff director

- Public Works and Transportation

Roe, Chair

John Doyle, Chief of Staff 5-4472 ~~left message~~

- Science, Space and Tech

Brown, Chair

Chief of Staff - Radford Byerly 5-6371 ~~left message~~

* Environment subcommittee

Scheuer, Chair

Eileen Lee, staff director

* energy subcommittee

Lloyd, Chair

4

francis murray - staff director

* tech and competitiveness

Valentine, Chair

james turner, staff director

* Science

Boucher, Chair

Grace Ostenso, staff director

✓ - Ways and Means

○ Rostenkowski, Chair

○ Rob Leonard, Chief Counsel

53628
53628

Joint committee on Taxation

Rostenkowski, Chair

Harry Gutman, Cheif of Staff

Joint Economic Committee

Sarbanes, Chair

Executive Director, Stephen Quick

pls. make a file - Outreach/^{House}Intern

House Interior Committee Action over the last few years:

* Full House passed a measure to strengthen the enviro mandate of the Bureau of Land Management by altering the agency's organic act - the Federal Land Policy and management act of 1976 - it asked BLM to take into consideration enviro concerns in planning and management. The Senate version just had a simple reauthorization for BLM - that's the version that won out in conference.

* Grazing fees: Full house passed an interior spending bill with a provision to increase the federal grazing fee by 33 % - lost provision in conference due to senate. This is the third year this exact pattern has happened.

* Water projects - the big push for the last few years has been the CA water diversion that just passed. New priorities unknown.

* Forests: Miller worked on and passed thru interior a bill to add 9 million acres of NW forest for the spotted owl. However, Foley derailed as too sweeping.

* Salvage sales : Congress did pass a bill to allow salvage logging in certain nat'l forests that are owl habitat.

* Forest Service appeals: Congress eliminated a F.S. proposal to end the administrative appeal process. The interior approps bill requires F.S. to keep the appeals process open, also new restrictions were added to prevent abuse of the system (i.e. tighter time deadlines)

* ESA reauthorization is supposed to come up next congress.

* Montana Wilderness : you know this saga. Last minute negotiations couldn't resolve the House's more stringent protection with Burns insistence to release more wilderness. But this has been introduced every year for many years - look for it to come up again. Baucus is willing to compromise on this.

* Mining Law - Interior appropriations revised the 1872 mining law somewhat, but more is wanted. This year's bill just established a higher claim fee. The House Interior Committee passed a more stringent bill that would have eliminated the current patenting system (where one buys an acre for \$2.50) and imposed a 8% royalty on minerals production from public lands, and required new enviro standards for restoring used sites. The full house did not take up the bill due to opposition from western lawmakers. Bumpers senate version failed to even clear the energy committee.

* Strip mining : need to address the issue of valid existing rights in the next session. This year's energy bill has one year moratorium on this rule, but this need to be extended.

DAVID H. PRYOR, ARKANSAS
DAVID L. BOREN, OKLAHOMA
HOWELL HEFLIN, ALABAMA
TOM HARKIN, IOWA
KENT CONRAD, NORTH DAKOTA
WYCHE FOWLER, JR., GEORGIA
THOMAS A. DASCHLE,
SOUTH DAKOTA
MAX BAUCUS, MONTANA
J. ROBERT KERREY, NEBRASKA

RICHARD G. LUGAR, INDIANA
ROBERT DOLE, KANSAS
JESSE HELMS, NORTH CAROLINA
THAD COCHRAN, MISSISSIPPI
MITCH MCCONNELL, KENTUCKY
LARRY E. CRAIG, IDAHO
JOHN SEYMOUR, CALIFORNIA
CHARLES E. GRASSLEY, IOWA

United States Senate

COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY
WASHINGTON, DC 20510-6000

November 10, 1992

**The Honorable Bill Clinton
President-Elect of the United States
1800 Center Street
Little Rock, Arkansas 72201**

Dear Bill:

Congratulations on your victory! I wish you a successful transition and tenure as President. I look forward to working with you on the many issues that face our great nation, particularly issues which will strengthen our economy.

I share your commitment to see our national economy righted. While our urban cities have been the primary focus of attention, I urge you to also include representatives of rural and agricultural interests at the upcoming economic summit. Nearly one quarter of Americans live in rural communities. Food, agricultural and related businesses account for one-sixth of the U.S. economy. We cannot afford to waste a resource as rich as rural America.

I have worked to revitalize our rural economies from my first days in the Senate. As Chairman, I passed the first comprehensive rural development bill in over a decade, yet many of my efforts fell on the Administration's deaf ears and rural areas have suffered from essentially a decade of neglect.

We now have a new opportunity for progress. I would like to share with you a proposal that I introduced last year with the support of many of my Senate colleagues -- the Rural Jobs and Investment Act of 1992. This proposal keeps with your idea of using investment as a means to jump start our economy. The bill creates 160,000 jobs quickly in rural America -- nearly 1000 in my home state of Vermont in one year. This legislation provides a strong investment in rural America and is an essential element of any national economic recovery package. This investment is important for two reasons:

- **The recession will add \$99 billion to the deficit in 1992 according to the CBO. CBO also estimates that when we lower the unemployment rate by one percentage point, we save \$33 billion.**

- The progress made in the 1970s in combatting rural poverty and unemployment was reversed in the 1980s. In 1992, one in ten rural Americans was unemployed. One in four rural children lives in poverty and the recession jeopardizes their future even further. There is no future in rural America if there are no jobs.

This legislation is simple. It provides a life preserver to keep our rural economy afloat to ensure that economic recovery from this recession can begin. It is an investment for the future which is designed so that it will not add to the deficit.

The legislation creates jobs by making investments that will make rural America more competitive in the future. This bill does not create new federal programs. The bill specifically targets money to programs that have proven records and to those that have backlogs of unfunded projects. These projects include affordable housing, water and sewer construction and repair, electric power transmission, and business expansion.

I would like to work with you on this important legislation so that we can begin now to put people back to work and improve the future for rural communities. I have included a copy of the bill and a short summary.

I agree that economic security is an integral part of our national security and I commend you for your proposal to make these issues more prominent within the White House. The rural economy can help us become more competitive and I hope that the make up of your proposed economic security council will reflect the importance of rural Americans.

Thank you for your attention to these issues. Please let me know if I can provide further information for you on these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat", written over a horizontal line.

PATRICK LEAHY
Chairman

pjl/ses

DAVID H. PRYOR, ARKANSAS
DAVID L. BOREN, OKLAHOMA
HOWELL HEFLIN, ALABAMA
TOM HARKIN, IOWA
KENT CONRAD, NORTH DAKOTA
WYCHE FOWLER, JR., GEORGIA
THOMAS A. DASCHLE,
SOUTH DAKOTA
MAX BAUCUS, MONTANA
J. ROBERT KERREY, NEBRASKA

RICHARD G. LUGAR, INDIANA
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Sincerely,

A handwritten signature in black ink, appearing to read "Pat", written over a horizontal line.

PATRICK LEAHY
Chairman

pjl/ses

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 publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.

102D CONGRESS
2D SESSION

S. 2262

To make emergency supplemental appropriations to provide a short-term stimulus to promote job creation in rural areas of the United States, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26 (legislative day, JANUARY 30), 1992

Mr. LEAHY (for himself, Mr. HEFLIN, Mr. PRYOR, Mr. BOREN, Mr. DASCHLE, Mr. HARKIN, Mr. CONRAD, Mr. BAUCUS, Mr. ADAMS, Mr. FORD, Mr. WELLSTONE, Mr. AKAKA, Mr. SANFORD, Mr. SHELBY, Mr. JOHNSTON, Mr. DECONCINI, Mr. ROCKEFELLER, and Mr. DIXON) introduced the following bill; which was read twice and referred to the Committee on Appropriations

A BILL

To make emergency supplemental appropriations to provide a short-term stimulus to promote job creation in rural areas of the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Rural Jobs and Investment Act of 1992”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

RURAL JOBS BILL

Brief Summary

The purpose of this bill is to: 1) create jobs now; and 2) make the rural economy more efficient and competitive for the long term.

There are many public investment programs that have backlogs of projects which could have an immediate effect on our economy and put people back to work quickly. Federal public works investment totals have declined during the last decade yet they account for more than 40% of the total infrastructure investment by all levels of government. States and local governments have been unable to pick up the federal government's slack. These programs would provide communities with the infrastructure, such as reliable energy systems, safer drinking water and affordable housing which helps local businesses to survive and expand in rural areas.

Nowhere is this investment needed more than in rural America. The gains of the 1970's in combatting rural poverty, unemployment and population loss were reversed in the 1980's. In 1991, one out of eight rural Americans was unemployed. Unemployment in Vermont jumped from 5.0 to 7.5 in 1991 -- a thirty percent increase. One out of four rural children lived in poverty and this recession jeopardizes their future even further.

There is no future in rural America if there are no jobs. The Rural Jobs Bill throws a life preserver to our rural economy during this recession. The bill:

- 1) creates over 160,000 jobs in rural America quickly.
- 2) is an investment for the future.
- 3) is designed so that it will not add to the deficit.

JOB CREATION

For the short-term, the bill will create jobs quickly -- not make-work jobs, but jobs that strengthen our communities through affordable housing, a more efficient energy supply, better delivery and transportation systems, and cleaner water. Studies show that these types of public works projects create an average of 30 jobs per \$1 million. Some project's job creation capability is even higher.

The bill also targets money to programs that have a proven record -- there are no new programs in this package -- and only those that have backlogs of projects. This will help speed up the process of getting the money out to communities so projects can begin and workers can be hired now, not ten months from now.

INVESTMENT IN THE FUTURE

This bill is an investment in the future and one that pays off. A conservative estimate found that for every \$1 invested now, the return to the economy ranges from a \$1 for \$1 to \$4 to \$1 because this investment increases the nation's stock of production capital and thereby contributes to future economic growth.

Our competitive position is improved by these investments. Our nation's infrastructure has been neglected for over a decade and as a result we are falling behind our leading competitors. Capital investment last year accounted for only 12.6% of real U.S. GDP. Germany spent 14.1 % of its GNP and Japan spent 23.4%, nearly double our investment. Many economists claim a proportional relationship between productivity and capital investment. The fact is that while our investment dropped in the 1980's, so did our productivity. The U.S. productivity growth rate fell from an annual rate of 1.8% in the 1960's to 0.7% during the early 1980's. This decline in investment threatens our nation's ability to compete.

In the long term, these improvements to our infrastructure all promote business growth and attract vital investment for our communities.

MAKING THE PROGRAM DEFICIT NEUTRAL:

This proposal would not increase the deficit for two reasons:

- 1) Funding will be transferred from savings in the Defense and International accounts. This would take a change in current law. There is growing support in the Senate for making this change.
- 2) Even without the offset, it can be argued that this type of proposal would be relatively neutral on its own because of the dramatic effect the recession has had on revenues and expenditures.

For example, an average unemployed Vermonter with a wife and two children, can add approximately \$15,000 to our deficit in yearly benefits and tax losses -- about \$2,300 in lost revenues and \$12,300 in increased federal assistance such as Unemployment Insurance benefits and food stamps.

Nationally, the recession adds \$99 billion to the deficit according to CBO. This increase is due to losses in tax revenues and increased federal assistance costs. CBO also estimates that every one percentage point increase in unemployment adds \$33 billion to the deficit. The same is true conversely. Thus, lowering the unemployment rate by 1 would reduce the deficit by \$33 billion. This bill would essentially be deficit neutral because by putting people back to work, we lower federal assistance costs and increase tax revenues and economic activity.

RURAL JOBS BILL

FARMERS HOME ADMINISTRATION RURAL HOUSING PROGRAMS

In rural areas there are over 2 million occupied substandard housing units. There is a shortage of 500,000 units of rural, low income rental housing. Additional funding would mean thousands of rural families could find affordable single family homes and apartments. There is a huge backlog of rural housing projects at FmHA. An additional \$910 million is estimated to create 27,300 additional jobs.

The bill will increase loan authorization by \$800 million and provide \$110 million in grant funds. (\$314 million appropriation.)

RURAL ELECTRIFICATION ADMINISTRATION LOAN PROGRAM

Rural communities are in need of upgraded electrical and telecommunication systems. Many rural electric cooperatives have deferred plant replacement and required maintenance for many years -- some coops still have poles and other facilities that are 50 years old. Over \$700 million in loan applications are waiting at the Rural Electrification Administration for electrification and telephone projects loans. This could generate an additional 21,000 jobs if their \$700 million backlog were funded.

The bill will increase loan authorization by \$700 million. (\$131 million appropriation.)

FARMERS HOME ADMINISTRATION WATER AND SEWER PROGRAM

Many rural communities cannot afford the necessary improvements to their rural water and waste disposal systems to meet national safe drinking water and clean water standards. Nationally, there is a over a \$1 billion backlog for the rural water and sewer loans and grants. Additional funding for water and sewer projects to take care of its backlog for rural communities would create jobs and improve the quality of the area to attract new businesses.

The bill will increase loan authority by \$600 million and grants by \$500 million. (\$387 million appropriation.)

RURAL DEVELOPMENT REVOLVING LOAN FUND

The crisis within the banking industry has put conventional financing institutions under increased pressure--likely reducing their lending to smaller and new businesses. Additional money for economic development loan and grant programs would provide funding to small cities or local community development corporations for their local economic development projects. Money would be available to assist these communities in attracting new business or expand their existing base. The OFFSET 1991 demand was \$50 million, yet appropriations was

less than half that amount. Each \$100 million appropriated for either approach should create around 3000 jobs.

The bill will increase loan authority for the Rural Development Community Facility Loan program by \$250 million and the Rural Development Loan Fund by \$100 million. The bill provides increases for the Industrial Development Grant Program by \$100 million and the Local Technical Assistance grants by \$15 million. (\$188 million appropriation.)

ENERGY CONSERVATION AND WEATHERIZATION PROGRAMS.

Additional funding would mean an immediate increase in temporary jobs for small contractors, carpenters and the like. Each \$100 million creates 4,000 to 5,000 jobs. Altering the current DOE regulation requiring that 60% of the funds be spent on materials (40% on wages) could allow for even more jobs for the buck.

This suggestion provides a double benefit--immediate jobs and improvements to public facilities (hospitals, schools) and low-income homes.

The bill will increase funding by \$150 million for both programs.

COMMUNITY DEVELOPMENT BLOCK GRANTS.

CDBG increases would mean that communities would be assisted in key construction projects--public facilities and works and human services facilities.

The bill will increase funding for CDBGs by \$1 billion.

HUD HOME INVESTMENT PARTNERSHIP PROGRAM

This a new program designed to help affordable housing developers -- both for- and non-profits -- construct, rehabilitate and provide rental subsidies on affordable housing for low and moderate income people. Housing programs were cut 70% during the 1980's.

The bill will increase funding for HOME by \$100 million.

EPA CONSTRUCTION GRANTS/STATE REVOLVING LOAN FUNDS

Provides funding for states and municipalities to construct and improve wastewater treatment facilities to meet Clean Water Act standards.

The bill will increase funding for each program \$500 million.

October 15, 1992

AGRICULTURE: SITUATION AND SHORT-TERM OUTLOOK

The agricultural economy is stronger than it was in the early and mid-1980s, but weaker and more vulnerable than it was two years ago. Although the current farm bill is scheduled to remain in force through 1995, a number of domestic and international challenges are likely to require a policy response during the first 3-6 months of a new Administration.

Health of the Agricultural Sector

The worst of the mid-1980s farm crisis is behind us.

- * Total farm debt was reduced from \$206.5 billion in 1984 to an estimated \$148 billion today. Lower interest rates have greatly reduced the cost of servicing that debt. Also, asset values have recovered, so farm balance sheets are much healthier than they were just a few years ago. However, farm land values, while rising, have not kept pace with inflation in recent years.
- * Nominal net farm income reached record levels in 1990, and even inflation-adjusted net farm income remains well above the levels of the early to mid-1980s. However, the improvement in income has not been uniform by region or type of farm. The strongest gains have been among livestock producers, with cash grain farmers' incomes remaining relatively flat.
- * Agricultural exports have increased by 28% in volume and 58% in value since 1986, with much of the increase in high-value and processed products. However, the nominal value of total farm exports and the volume of bulk commodity exports remain below 1981 levels.

Problem areas remain.

- * One reason that debt levels have been reduced is that both borrowers and lenders are extremely cautious. Farmers have been reluctant to replace aging machinery and facilities, let alone make major new investments. This lack of investment has taken its toll on farm supply industries and rural businesses.

- * Net farm income fell by 12 percent in 1991 and did not recover in 1992. Income levels fell most sharply in the livestock sector, because of lower prices for cattle and hogs. Dairy incomes fell sharply in 1991 and recovered somewhat in 1992, but could dip again early in 1993.
- * Record grain crops have pushed prices down to pre-1988 levels.
- * The future of U.S. export markets is very uncertain. In the short run, repayment problems on USDA export credits to the former Soviet Union could cause a cut off in credit guarantees and purchases early next year. This could send grain markets into a tailspin.
- * Long term export markets are also uncertain. The former Soviet Union may not remain a major market if its market reforms reduce import demand or debt burdens prevent future credit purchases. Potential in developing countries depends on the rapidity of the world economic recovery. The outcome of GATT negotiations could strongly affect international trading relationships.

Commodity Situation and Outlook

Large 1992 crops mean lower prices

- * Yields for corn and soybeans set new records in 1992, and prices for both commodities are likely to be lower than at any time since before the 1988 drought.
- * Wheat yields were near record levels in 1992, but low beginning stocks and aggressive use of the Export Enhancement Program should help support wheat prices.
- * Cotton production was lower in 1992 than in 1991, but weak export demand is likely to result in the lowest cotton prices since the mid-1980s.

Large meat supplies mean low prices

- * Per-capita meat supplies increased significantly in 1992 and a further

modest increase is likely in 1993.

- * Cattle, hog, chicken, and turkey prices are likely to remain weak in 1993. Eventually, low profits will result in reduced production and stronger prices.

Dairy markets are likely to weaken

- * Milk prices were very low for most of 1991, resulting in herd liquidation and a strengthening in prices in late 1991. For the first half of 1992, prices remained higher than expected.
- * With production again increasing, counterseasonal declines in milk prices began in August 1992. Markets could be very weak in early 1993, putting pressure on dairy producer income and on dairy policy.

Budget Situation and Outlook

Low commodity prices mean large budgetary outlays

- * Deficiency payments to farmers increase when market prices fall. As a result, net outlays by the Commodity Credit Corporation (CCC) are likely to increase by \$2 - 4 billion in fiscal 1993 from the \$10 billion spent each of the last two fiscal years. Barring weather problems in 1993, CCC outlays for fiscal 1994 are likely to remain above previously forecast levels. These higher than expected outlays will only add to the deficit projections.

Policy Issues Facing a New Administration

The commodity and budget outlook will likely provide conflicting pressures for Administration action early next year. Farmers are likely to push for more government assistance due to weakening income prospects while rising budget expenditures for existing policies will increase pressure to cut farm spending.

Domestic Policy Issues:

- * Any package of deficit reduction measures is likely to include agriculture spending. This could force the Administration to make recommendations on both the type and amount of cuts in farm program spending. Agricultural

interests believe that they carried a disproportionate share of deficit reduction in 1990.

- * Low commodity prices are likely to cause pressure to open the Farmer-Owned Reserve, raise loan rates, aggressively use export subsidies, and change dairy policy early next year.
- * Bovine somatotropin (bST) may soon be ready for regulatory approval, focusing attention on issues of food safety and animal welfare and raising broader questions about biotechnology policy.
- * The Administration will need to decide how strictly to enforce conservation compliance provisions of the 1985 and 1990 farm bills.
- * Farm groups will likely be following a number of environmental issues, e.g., the final regulations regarding the wetlands delineation manual and reauthorization of the endangered species act. Early decisions on these key issues by a new Administration will likely shape its relationship with farm interests on environmental issues for the entire term.
- * Congress may begin to take up pesticide and related food safety issues early next year. This could force a new Administration to take a position on these complicated issues with limited time for internal discussion and debate.
- * Legal challenges to the Bush Administration's recently announced policy regarding the use of ethanol under the Clean Air act could reopen that issue early next year as well.

International Policy Issues:

- * Implementing legislation for NAFTA must be drafted. A number of groups oppose the agreement, and it will be difficult to alleviate their concerns. Within the context of the negotiated agreement and budget constraints, it will be hard to provide protection for the sectors most likely to be harmed by NAFTA--vegetable, fruit, and sugar producers.
- * The GATT oilseeds case with the European Community may still be unresolved. The administration will need to decide whether to risk a trade

war in order to obtain an equitable result for U.S. soybean producers.

- * The GATT negotiations are likely to remain incomplete. New fast-track authority may be required, and Congress would likely demand a clear indication of what strategy the administration intends to pursue.
- * "GATT triggers" in existing law require the administration to offer marketing loans for wheat and feed grains in 1993/94 and to step up use of the Export Enhancement Program because there was no GATT agreement by summer 1992. Other actions are optional under the law, and there will be pressure to implement them if no agreement appears imminent.
- * Continued political evolution in the former Soviet Union and China is likely to require adjustments in U.S. policy. Russia may soon seek to reschedule its debts, bringing the export credit guarantee program into question.