FOIA Number: 2015-0463-F

FOIA MARKER

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

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: National Economic Council

Series/Staff Member: Dorothy Robyn

Subseries:

OA/ID Number: 17404

FolderID:

Folder Title:
TEA - 21 [Transportation Equity Act for the 21st Century]: [ISTEA [Intermodal Surface Transportation Efficiency Act] Reauthorization Bill]

Stack:	Row:	Section:	Shelf:	Position:
S	15	5	5	3

AN HISTORIC INVESTMENT IN INFRASTRUCTURE WHILE MAINTAINING FISCAL DISCIPLINE AND PROTECTING OTHER CRITICAL INVESTMENTS
May 22, 1998

Today, President Clinton and Congress Agreed To An ISTEA Reauthorization Bill That Includes An Historic Investment in Infrastructure While Maintaining Fiscal Discipline and Protecting Critical Investments, Such As Education, the Environment, and Health Care. While providing an historic investment in our infrastructure, the agreement maintains President Clinton's priorities of reserving the surplus until Social Security is reformed and investing in critical areas such as education, the environment, and health care. In response to the concerns the Administration raised, Congress improved the bill and the agreement now represents a solid compromise that is consistent with President Clinton's core principles:

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This Highway-Transit Bill Agreement Also Reflects President Clinton's Priorities -- By Expanding Transit Funding, Protecting the Environment, Helping Move People from Welfare to Work, Helping Disadvantaged Businesses, Extending the Ethanol Tax Credit, and Strengthening Border Infrastructure.

✔ **Expands Transit Funding Within A Smaller Bill.** While the agreement has less overall spending than the original Congressional bills, it increases the share of transit funding from 17 percent of total surface transportation spending to 20 percent of total spending by 2002.

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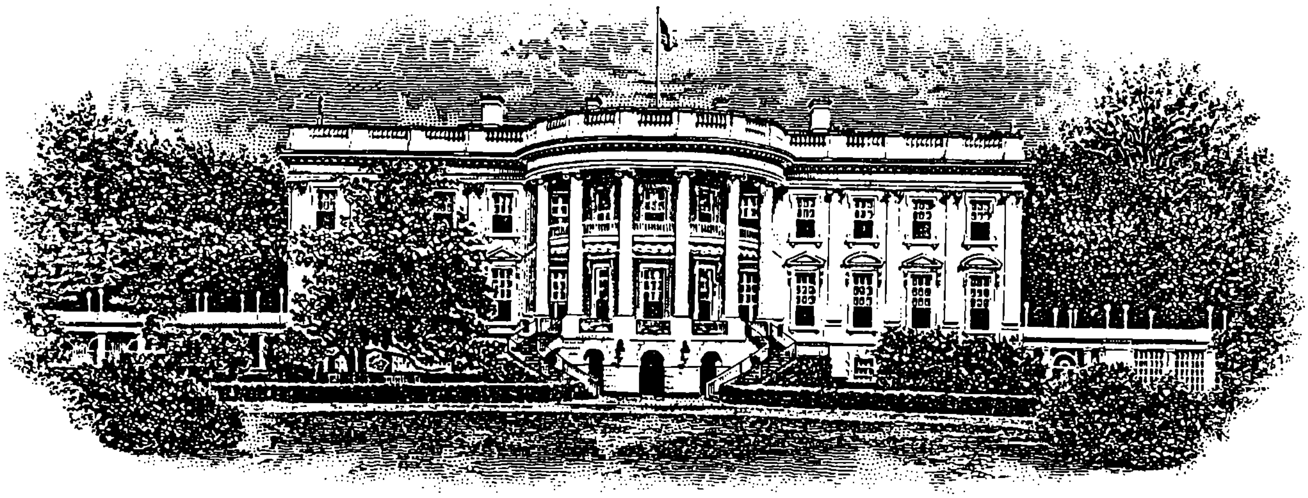

FAX Transmission

National Economic Council
The White House

To: Bill Schutt

Phone: Fax: 366-6337

From: Dorothy Robyn

Phone: 202-456-2801 Fax: 202-456-2223

Date: Time:

Pages to follow: 2

Comments:

THE WHITE HOUSE
WASHINGTON

- Mark Rail

- Subway system

- ~~[illegible]~~ good inter-
modal place

Jennifer M. Palmieri
06/01/98 11:48:28 AM

Record Type: Record

To: Dorothy Robyn/OPD/EOP
cc: Stacie Spector/WHO/EOP, Jake Siewert/OPD/EOP
bcc:
Subject: Re: ISTEA signing

We are probably going to sign the bill in DC on June 9. That date is just tentative for now, though. We will have a meeting in Ann Lewis' office early this week to discuss options for the signing ceremony.

Because the Korean State Visit is also on June 9, it is unlikely that we will be able to use the East Room or Rose Garden for the ceremony. Therefore, we need to consider off-site locations for the ceremony.

Do you have any recommendations for sites in the DC area that would make sense for a signing -- Wilson Bridge is probably a bad idea, but is there another project we could consider using as an event site?

thanks.
Dorothy Robyn

Dorothy Robyn
06/01/98 10:18:43 AM

Record Type: Record

To: Jennifer M. Palmieri/WHO/EOP

cc:
Subject: ISTEA signing

what's the latest? DOT is inquiring.

Kenneth L. Schwartz
05/27/98 10:03:21 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: James J. Jukes/OMB/EOP, David E. Tornquist/OMB/EOP
Subject: ISTEA

--------------------- Forwarded by Kenneth L. Schwartz/OMB/EOP on 05/27/98 10:02 AM ---------------------------

James A. Brown
05/27/98 09:55:56 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: DOT details on enrollment screw-up

Per DOT staff (Tom Herlihy):

1. H.R. 2400 was enrolled "early" by mistake. As a result, the problems in the bill cannot be fixed through a concurrent resolution as originally planned.

2. The plan now is to have H.R. 2400 and a corrections bill on the President's desk for simultaneous approval. DOT does not know when H.R. 2400 will be formally transmitted to the White House. Conceivably, it could be transmitted with the corrections bill--or transmitted earlier, with the expectation that Congress will act quickly on the corrections bill.

3. DOT has heard that there is an internal Congressional deadline of TODAY for identification of errors to be addressed in the corrections bill.

Message Sent To:

David E. Tornquist/OMB/EOP@EOP
Kenneth L. Schwartz/OMB/EOP@EOP
Mark J. Schwartz/OMB/EOP@EOP
David J. Worzala/OMB/EOP@EOP
Diane R. Montgomery/OMB/EOP@EOP
Kim C. Nakahara/OMB/EOP@EOP
James J. Jukes/OMB/EOP@EOP
James C. Murr/OMB/EOP@EOP

Robert M. Shireman
05/27/98 02:06:34 PM

Record Type: Record

To: Jake Siewert/OPD/EOP

cc: Jonathan A. Kaplan/OPD/EOP, Dorothy Robyn/OPD/EOP, Melissa G. Green/OPD/EOP, Brian A. Barreto/OPD/EOP

Subject: Re: Transportation Bill

Two important links that I think need to be addressed by the President:

1. Education Infrastructure: The President made the link between transportation spending and the need for school construction. He should continue that by calling on Congress to do "**10 Percent for Modern Schools**" before they leave this year (our $22 billion in school construction bonds is 10 percent of the highway bill spending).

2. Student loan interest rate: The bill includes *the exact rate for students that the Vice President laid out in February*. We should get credit for that. Coincidentally, Monday is the day that the Education Department would normally announce the actual rate for this coming July 1, so we could make that announcement.

(Please include in the 7:45)

Diane R. Montgomery 05/26/98 09:25:08 AM

Record Type: Record

To: Dorothy Robyn/OPD/EOP, Linda Lance/CEQ/EOP, Edward R. Clark/CEQ/EOP, Henry C. Kelly/OSTP/EOP

cc:
Subject: Secretary Slater's Statement on Passage of Surface Transportation Legislation

FYI

--------------------- Forwarded by Diane R. Montgomery/OMB/EOP on 05/26/98 09:24 AM ---------------------------

Mark J. Schwartz 05/26/98 09:02:19 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: Secretary Slater's Statement on Passage of Surface Transportation Legislation

--------------------- Forwarded by Mark J. Schwartz/OMB/EOP on 05/26/98 09:02 AM ---------------------------

"Dot.News" <usdotnews@relay.dot.gov>
05/23/98 09:49:42 AM

Please respond to dot.news@OST.DOT.GOV

Record Type: Record

To: DOTNEWS@relay.dot.gov

cc:
Subject: Secretary Slater's Statement on Passage of Surface Transportation Legislation

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U.S. Department of Transportation
Office of the Secretary ~ Office of Public Affairs
Washington, DC 20590

FOR IMMEDIATE RELEASE
Friday, May 22, 1998
Contact: Bill Adams
Telephone: (202) 366-5580
DOT 102-98

STATEMENT OF TRANSPORTATION SECRETARY RODNEY SLATER

ON PASSAGE OF SURFACE TRANSPORTATION LEGISLATION

Today, Congress passed TEA-21 to reauthorize ISTEA's transportation programs. This historic legislation reflects President Clinton's priorities of providing fiscally-responsible, balanced investment in our transportation system while continuing to invest in our people. It affirms the President's priorities; in fact, there has never been a transportation bill that has gone as far in meeting Presidential priorities. I will recommend that President Clinton sign this bill.

For the past five years, continuing to rebuild America has been among President Clinton's highest priorities, and this legislation furthers that legacy. This bill does so while protecting our commitments to a balanced budget and to the President's priorities, such as education, child care, and, most importantly, Social Security.

This bill protects American's health and safety through incentive programs for seat belt use, a highway-rail grade crossing program, and a "One-Call" program for pipelines. It includes measures championed by the President to target repeat drunk drivers and to ban open alcohol containers in cars. I'm disappointed that this bill does not include a .08 BAC national standard for drunk driving, and I'll continue to fight for such a standard, because we know that it saves lives.

This bill strengthens proven strategies to protect public health and the environment, such as the Congestion Mitigation and Air Quality Improvement program to help communities clean their air and Transportation Enhancements to help them improve their quality of life.

Finally, this bill expands opportunity for all Americans through a new Access to Jobs program to help those making the transition from welfare rolls to payrolls, a continued, effective Disadvantaged Business Enterprise program, and continued strong labor protections for workers.

I commend the Congressional leadership for their work in passing this bipartisan legislation. I especially want to recognize the efforts of Representatives Shuster and Oberstar, Senators Chafee, Baucus, D'Amato, and Sarbanes, and the other key members and their staffs.

# # #

Visit the Department's Public Affairs Web Page at
http://www.dot.gov/briefing.htm

Message Sent To:

David J. Worzala/OMB/EOP@EOP
Sharon A. Barkeloo/OMB/EOP@EOP
Andrew W. Kleine/OMB/EOP@EOP
David E. Tornquist/OMB/EOP@EOP
Kim C. Nakahara/OMB/EOP@EOP
Diane R. Montgomery/OMB/EOP@EOP
Desiree C. Noble/OMB/EOP@EOP
William B. Stroud II/OMB/EOP@EOP

Robert M. Shireman
05/26/98 02:49:16 PM

Record Type: Record

To: Dorothy Robyn/OPD/EOP

cc: Jake Siewert/OPD/EOP

Subject:

Can you keep me in the loop on the signing of ISTEA? We should at least consider saying something about school construction, and maybe even student loans. (see below)

--------------------- Forwarded by Robert M. Shireman/OPD/EOP on 05/26/98 02:47 PM ---------------------------

Robert M. Shireman
05/26/98 02:47:37 PM

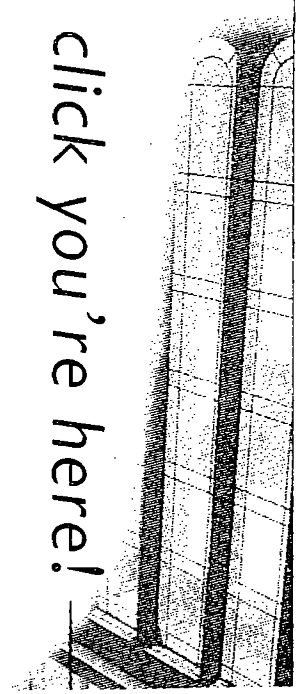
Record Type: Record

To: Melissa G. Green/OPD/EOP, Brian A. Barreto/OPD/EOP

cc: Jonathan A. Kaplan/OPD/EOP, Sally Katzen/OPD/EOP

Subject: Note for Gene (and 7:45)

The ISTEA bill includes a three-month fix of the **student loan interest rate**, at the McKeon-Kildee rates (T-bill plus 2.3 in repayment, plus an additional 50 basis points for the banks). This creates an October 1 deadline for passage of the HEA reauthorization.



ECONOMY

Farm, Highway Bills Erode GOP Unity

Clinton Backs Road Measure Despite 'Pork' Ingredients

By DAVID ROGERS
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – This election year, congressional Republicans are having better luck patching up the nation's roads than differences within their party.

A landmark $216 billion transportation bill cleared Congress last week in time for Memorial Day and the summer construction season. But the effort was diminished by bitter fighting in the House over a farm and food-stamp bill costing less than 1% of the highway and transit measure.

The smaller $2 billion bill would use savings ordered in the food-stamp program to provide needed crop-insurance money and restore nutrition benefits for the most vulnerable legal immigrants cut from the rolls two years ago by welfare overhaul. Speaker Newt Gingrich had given a reluctant go-ahead after the measure won overwhelming Senate approval. But under pressure from conservatives opposed to the immigrant provision, he allowed an 11th hour bid to strike it on a procedural vote.

For Majority Leader Dick Armey of Texas, the result was one of the worst defeats this year and a severe embarrassment: he couldn't even command his own state delegation. Altogether 99 Republicans, including 11 committee chairmen, broke ranks with the leadership. The House then recessed without acting on the farm bill itself.

There is growing concern among many Republicans that the GOP could lose farm-state seats in November unless it resolves the impasse on crop-insurance funding when lawmakers reconvene.

While the highway bill sailed through easily, it also could spell trouble down the road. Fifty-six House Republicans, including Budget Committee Chairman John Kasich of Ohio, opposed the measure, which far exceeds the spending levels assumed in last summer's balanced-budget plan.

When the House returns next week to vote on Mr. Kasich's budget plan, there will be that much less on the table to pay for tax cuts. This same election-year appetite for spending makes it harder to meet Mr. Kasich's goal of cutting $46 billion from future domestic appropriations. Powerful Senate Republicans are in revolt, and House Appropriations Committee Chairman Bob Livingston of Louisiana announced that he, like the Senate, will stick with the spending levels agreed to last summer with the White House.

On average, states will receive a 44% increase in federal highway aid under the new transportation bill, which was quickly embraced by President Clinton despite the measure's image as a monument to pork-barrel politics.

There are literally thousands of "earmarks" and set-asides parsed out among members and totaling near $14 billion over the six-year life of the measure. The number of "high priority" road and bridge projects swelled to at least 1,850 as senators joined House members in the money hunt. GOP Sen. John Warner of Virginia, whose office in the Capitol served as a late-night meeting place during the negotiations, won $900 million for a new "federal" bridge over the Potomac River to his home state. The transit provisions, which include billions for at least 200 similar items, reads like a "Who's Who" on the Senate Banking, Budget and Appropriations committees.

No senator had more vested in the final outcome than Majority Leader Trent Lott of Mississippi. Like many Southern states, his will get at least a 57% increase in federal highway aid after being short-changed under prior distribution formulas. In an emotional floor speech, Mr. Lott invoked his father's death in an accident on a Mississippi road, and he has stubbornly resisted efforts by Arkansas to claim more of a new interstate highway, I-69, slated to run through Mississippi Delta lands shared by the two states.

"I'm a cream puff next to him," said House Transportation Committee Chairman Bud Shuster of Pennsylvania of Mr. Lott's persistence. In the final hours, Transportation Secretary Rodney Slater, born and raised in that region, interceded to salvage $500,000 for a study of the alternate route suggested by GOP Rep. Jay Dickey of Arkansas.

To pay for this largesse, and a three-month fix for the federal student-loan program, lawmakers came up with $17.7 billion in savings, largely from veterans aid and Social Service block grants. The veterans' portion narrowly survived a 195-190 vote in the House going into Memorial Day weekend. The cut from Social Service block grants would be delayed until after 2000, but it then amounts to a 30% cut from monies used by states to fund programs for the elderly and children.

The student-loan provision was added by the leadership to buy time to deal with a larger financial crisis facing the program after July 1. Private lenders have threatened to withdraw from the market if interest rates on new loans drop as dictated by prior legislation. There is wide agreement some fix is needed, but a dispute remains as to how much of a subsidy is required to keep the program attractive to lenders.

The bill now promises a half-percentage-point subsidy for three months from July 1 through September. This is higher than the White House wanted, and while the three-month cost is said to be $90 million, it could be understated. The July-September period is typically an active one for college loans, and any subsidy commitment will have to run longer than three months.

Bush signed ISTEA I in Dallas

so ~~[illegible]~~ JP will pick Cleveland

Appeal

Politically –

unless we are fairly certain that future approp's are going to be OK – i.e., that ~~[illegible]~~ the POTUS may have to swallow some stuff he doesn't like

Slater will prob. push for big event.

Why

Amer public unaware of ISTEA

(Thinks Congress not doing anything

That's not necessarily bad

Slater wants picture
— Chicago – Plaza
San Francisco – GG Bridge

Elite vs. grassroots sty ?

MI wants to appeal to gov's & mayors & then enlist them on tobacco, etc.

~~[illegible]~~

~~Jake~~: Bigger issue – Shld we do ceremony in a very public way?

Legis. Affairs

(Wed's a small Oval Office event
with big So. Lawn Event
– Concern about park / Vets

10 mayors coming June 3 for brownfields mtg.

HHS

We'll get bill in next week; Cong. doesn't want us to sign it while they're gone;

- Need to decide whether there will be a signing ceremony or not.
  - So Lawn – No
  - small Oval Office – maybe

Congress Agrees on Provision For Tax-Free Transit Benefits

By JAMES DAO

WASHINGTON, May 21 — Congressional negotiators said today that they had reached agreement on a measure that would substantially cut the cost of bus and subway travel in the New York metropolitan region and across the nation by allowing employers to give workers up to $65 a month in tax-free mass transit benefits instead of salary.

The provision will be part of a sweeping $200 billion transportation bill that Congress is hurrying to finish by Friday night, in time for its Memorial Day recess. Though the broad outlines of the bill have been agreed to, House and Senate negotiators were still struggling tonight with several thorny issues, including how to allocate $167 billion in highway spending among the states over the next six years.

Fights also broke out today over amendments to the highway bill intended to scale back or delay Federal environmental programs, from dredging toxic PCB's from the Housatonic River in Massachusetts to establishing tougher standards for the pollutants that cause smog and haze.

Several New York State Democrats denounced the PCB amendment, which was offered by Representative Gerald B. H. Solomon, a Republican from Glens Falls, saying that it could lead to delays in removing PCB-contaminated soil from the Hudson River. The General Electric Company is responsible for most of the PCB contamination in both the Housatonic and the Hudson, and will be required to pay for any cleanup ordered by the Federal Government.

Congressional aides also said tonight that they had reached broad agreement on funding for bus and subway programs, though details were not immediately available.

The aides said the agreement was expected to call for spending at least $36 billion on mass transit over the next six years, close to the amount sought by New York officials. If approved, the agreement will lead to a significant increase in Federal transit spending in New York and around the country.

Advocates of mass transit hailed today's deal on the tax-free transit benefits, saying it would encourage more employers to provide such benefits, and would sharply lower commuting costs for hundreds of thousands of people and cause a surge in transit ridership.

"This is a big deal for the region," said Gene Russianoff, a lawyer for the Straphangers Campaign, a riders advocacy group. "This is a major fare cut for a very large number of people."

Though the tax-free benefit, known as Transitchek in the New York region, has been available for years, it has not caught on much because of quirks in the law, Congressional officials said. Currently, 7,000 companies and 150,000 workers participate — numbers that transit advocates expect to double or triple with the new changes.

Under current tax law, companies can offer an employee up to $65 a month in Transitcheks, which are vouchers that can be redeemed for transit rides. But the law allows the benefit to be offered only on top of existing wages and benefits, forcing employees to negotiate higher salaries to receive it. That has discouraged not just individual workers, but also labor unions from asking for the benefit, the advocates say.

Under the new plan, employers will be able to remove $65 a month from a worker's existing pretax salary and give it to them as transit passes that are not subject to Federal, state or local taxes. The arrangement also benefits employers: their payroll costs will be reduced because they will not have to pay Social Security, unemployment or other taxes on the $65. The plan calls for increasing the benefit to $100 per month starting in 2002.

Senator Daniel Patrick Moynihan, the New York Democrat who championed the bill in Congress, said the plan would save the average commuter $600 a year by 2002. "It will make mass transit a more attractive mode of commuting and help reduce road congestion at the same time."

The battle over the environmental amendments was expected to last well into the night and threatened to hold up passage of the overall transportation bill. The tactic of attaching anti-environmental provisions to big-spending bills just before they are sent to the White House has been used repeatedly in recent years to avoid contentious debate, sometimes successfully.

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AN HISTORIC INVESTMENT IN INFRASTRUCTURE WHILE MAINTAINING FISCAL DISCIPLINE AND PROTECTING OTHER CRITICAL INVESTMENTS
May 22, 1998

Today, President Clinton and Congress Agreed To An ISTEA Reauthorization Bill That Includes An Historic Investment in Infrastructure While Maintaining Fiscal Discipline and Protecting Critical Investments, Such As Education, the Environment, and Health Care. While providing an historic investment in our infrastructure, the agreement maintains President Clinton's priorities of reserving the surplus until Social Security is reformed and investing in critical areas such as education, the environment, and health care. In response to the concerns the Administration raised, Congress improved the bill and the agreement now represents a solid compromise that is consistent with President Clinton's core principles:

- ✔ **Strengthens Our Infrastructure.** The agreement guarantees nearly $200 billion to continue rebuilding America's transportation system -- an approximately 30-percent increase over the 1991 ISTEA reauthorization. This agreement will help communities modernize and build the roads, bridges, railways, and buses that link the people of our great and vast country together, that keep our economy strong and vibrant.

- ✔ **Maintains Fiscal Discipline.** The agreement cuts the increase in excess transportation funding in *half* -- reducing it by $17 billion from the extra spending levels that were included in the original Congressional bills -- even though those bills had passed the House and Senate by large majorities.

- ✔ **Preserves Surplus Until Social Security Is Reformed.** Unlike the original Congressional bills, the compromise is fully paid for with real offsets. And because the agreement does not touch the surplus, it is fully consistent with the President's call to "Save Social Security First."

- ✔ **Protects Critical Investments in Our Future.** Unlike the original Congressional bills, the transportation agreement does <u>not</u> squeeze other critical investments in our future, such as education, health care, research and development, and the environment, because it is not financed by lowering the discretionary caps.

This Highway-Transit Bill Agreement Also Reflects President Clinton's Priorities -- By Expanding Transit Funding, Protecting the Environment, Helping Move People from Welfare to Work, Helping Disadvantaged Businesses, Extending the Ethanol Tax Credit, and Strengthening Border Infrastructure.

- ✔ **Expands Transit Funding Within A Smaller Bill.** While the agreement has less overall spending than the original Congressional bills, it increases the share of transit funding from 17 percent of total surface transportation spending to 20 percent of total spending by 2002.

- ✔ **Protects the Environment.** The highway-transit agreement strengthens proven strategies to protect public health and the environment by increasing funding for the Congestion Mitigation and Air Quality Improvement program 75 percent by FY2000.

- ✔ **Helps Move People from Welfare to Work.** One of the biggest barriers facing people who move from welfare to work -- in cities and in rural areas -- is finding transportation to get to jobs, training programs and child care centers. To help those on welfare get to their jobs, the highway-transit agreement authorizes $900 million over the next six years for President Clinton's welfare-to-work transportation plan. Of the $150 million per year, $50 million is guaranteed in FY99, rising to the full $150 million per year guaranteed in FY2003.

- ✔ **Helps Disadvantaged Businesses.** The highway-transit agreement provides opportunities to disadvantaged businesses by retaining the Department of Transportation's Disadvantaged Business Enterprise (DBE) program.

- ✔ **Extends the Ethanol Tax Credit.** In order to provide incentives to use ethanol in gasoline and protect the environment, the highway-transit agreement extends the Ethanol Tax Credit through FY2007.

- ✔ **Strengthens Border Infrastructure.** The highway-transit agreement authorizes the Administration's program to target resources to border crossings to improve traffic flow and reduce illicit trade. The agreement allows highway funding to be used for Customs and INS equipment that speeds border crossings.

While the Agreement Provides Funding For Increased Safety, It Does Not Include A National Drunk Driving Standard of .08 BAC. The agreement includes a number of measures to increase safety, including incentive grants to increase seat-belt use, new measures to target repeat drunk drivers and to ban open alcohol containers in cars, and a strong program to make highway-rail grade crossings safer. However, the President is disappointed that Congress refused to lower the national drunk driving standard to .08 percent blood alcohol content (BAC). The President will continue to work to make sure that .08 is the law in every state of the country.

Washington Post

FRIDAY, MAY 22, 1998

Highway Boomers

THE HIGHWAY bill isn't paid for. The sponsors will say it is fully financed when they bring back the conference report to the House and Senate for final approval, most likely today. But only by grace of gimmicks has the big bill been made to fit within the confines of last year's budget agreement. The fit is an illusion. The bill in the long run will either add to the drain on the Treasury or cause other domestic programs to be shouldered aside. Its effects have been partly delayed and partly disguised, but no one who votes aye—nor the president—should pretend to be fooled.

The cost of the bill has been backloaded, congressional budget committee staff members say. A significant share of the spending it authorizes will be slow to develop and not occur until after the year 2003, which puts it beyond the estimating period. The bulge then will be another Congress's problem. It's an all-too-familiar technique that allows this Congress to claim it is being fiscally responsible even as it knowingly stuffs 110 pounds of feathers into a 100-pound bag; let the next fellow pay.

Even as the cost of the bill is thus masked or understated, the value of the offsets or savings proposed to meet the cost is overstated. The most important offset would alter an unintended provision of current law that could leave the government liable for the health care costs of any veteran with smoking-related disease, on the theory that government-issued cigarettes while the veteran was in service were the cause, if not of the disease itself, then of the habit which led to it. The Bush and Clinton administrations both have sought to limit the liability, the right thing to do. The Congressional Budget Office says the likely savings would be about $10 billion over the life of the highway bill. The Office of Management and Budget says $17 billion. Because no one knows, the prudent thing to do would be to accept the CBO number. The conferees have decided to take the puffy OMB number instead.

Even that didn't cover them, and yesterday they were looking for additional savings. One proposal was to cut a block grant that now helps the states pay for child care, foster care and other social services. The Clinton administration itself proposed to tap this grant, but to help finance a new child care program, not to build highways. As of last night, it was still rightly resisting diversion of the funds to the highway account, surely the wrong use for this money. The proposal, however it turns out, nonetheless illustrates what the long-term effect of the highway bill will be—to crowd out other programs. The administration has tried to cut back the cost, but with only some success, not enough. A government that already faced the cost of supporting the baby boomers can add the highway boomers to the load.

One other matter: In addition to all the budget fudging, the conferees on this bill have come up with some pathetic excuses for burying a Senate-passed provision aimed at reducing the number of alcohol-impaired drivers on the roads. In doing the bidding of generous lobbyists for beer wholesalers, restaurant interests and other suppliers of drink, the conferees are claiming their "compromise" idea on a drunk driving standard is a better approach. It isn't.

Rather than deny portions of federal highway money to states that won't adopt a sensible, effective legal blood-alcohol level of .08 percent, the conferees' sop would offer "incentives" to states that agree to this level. Their plan would set aside $500 million to be awarded to states that enact .08. Divided among the states over six years, that's not much of a carrot. If members of Congress believe, as their constituents have been shown to believe, that .08 is a fair and effective way to get more tipsy drivers off the roads, sanctions are the way to go.

The apologists for a .10 standard have gone the scare route, warning that police will be out nabbing the slight-of-frame woman who merely sipped one or two glasses of wine and came up at .08, or other drivers who aren't impaired. But if such drivers were causing no problems on the road and could pass any other coordination tests administered, why would authorities charge them and press for convictions? The Senate voted 62 to 32 for .08, but lobbyists worked successfully to deny a vote of the full House. If it takes a veto to get such a vote, it's worth it.

Omaha World-Herald
Thursday, May 21, 1998

EDITORIAL

Another Win for Big Alcohol: One for the Road on the House

Lobbyists for the tobacco industry must be kicking themselves and wondering where they went wrong.

Big Tobacco, as the industry is sneeringly called these days, is everybody's favorite whipping boy. Cigarette manufacturers are pursued in the courts, condemned by public health agencies and subjected by Congress to some of the most punitive legislation ever to be considered against an industry that produces a legal product. Nonsmokers look down with revulsion on people who still smoke.

Few politicians talk about Big Alcohol, however. When politicians want to refer to the businesses that produce, bottle and sell beer, wine and liquor to the public, the expression they use is the epitome of warm fuzziness. It's not Big Alcohol. It's the hospitality industry.

Big Tobacco currently has few friends in Congress. Legislation is being prepared to tax it heavily, greatly limit its marketing freedom and hold it accountable for many of the ills of society.

Big Alcohol, by contrast, has many friends. On Monday, its friends in the House of Representatives forced the Senate to back down on a plan to establish a new nationwide definition of drunken driving that could cause drinking drivers to be prosecuted with 20 percent less alcohol in their blood than a drunken driving conviction currently requires. The bar-and-restaurant industry hates the proposal, known as the .08 standard because the new blood-alcohol limit would be .08 percent. The industry fears that people will stop drinking altogether if they plan to drive.

Which, of course, wouldn't be a bad thing.

But some members of Congress, apparently, have time for only one demon at a time, and this year all the indignation is aimed at the tragedy of children smoking (a convenient excuse for the raising of cigarette taxes, which in turn provides more money for politicians to spend). Big Alcohol gets a break.

Cigarettes, it is true, kill people. But it's a slow, lingering death, usually from lung cancer or emphysema whose onset occurs after years of smoking. Drunken driving kills immediately, and it kills many more children and teen-agers than die by smoking. The .08 standard, passed as part of the transportation bill by the Senate and supported by the White House, was an effort to change drinking behavior by persuading people not to push the limit, pouring down five or six drinks and hoping that they are still legally sober enough to drive. If people know the legal limit is lower, they presumably will drink less before driving.

The House had a different idea. Its negotiators in a conference committee on the transportation bill forced the Senate to accepted a watered-down version. Instead of a nationwide .08 standard, with penalties for noncompliance, the bill now contains a voluntary program, with federal incentives for states that comply. Congress bowed to pressure from its friends in the hospitality industry. The House came through for Big Alcohol, once again.

Bangor Daily News
(Bangor, Maine)
Thursday, May 21, 1998

EDITORIAL

.1 for the road

Seeing the need for a federal standard for drunken driving should be as easy as following the double yellow lines on the highway. Alcohol plays a part in more than 40 percent of traffic fatalities, producing unlimited amounts of misery, pain and death. A tough OUI law reduces the amount of drunken driving , making the roads safer for everyone. A national blood alcohol level limit of .08 would bring all states into compliance with the same tough standard.

Congress recently finished debating such a standard, but along the way the yellow lines they were following seemed to have gotten sort of wavy and then veered off the road altogether.

Knowing the connection between alcohol consumption and traffic fatalities, the bill's sponsors wanted to give states three years to come into compliance with the .08 level -- which Maine and 14 other states already meet -- or risk losing federal funds. The withholding of funds is a familiar tactic, designed to remind states that their decisions can cost everyone else and has been credited with persuading states to move the drinking age back up to 21.

With bipartisan support and the White House's encouragement, the OUI bill moved along as well as anything can move in Congress and then -- party time! -- the booze lobby got generous. It couldn't stop a bill as practical and well-understood as this one, but it could take the sting out of it. It got the attention of Congress with some hefty campaign donations, then persuaded members to drop the monetary penalties for noncompliance and instead give more money for compliance.

The added $500 million may get the remaining 35 states -- where the blood-level limit is .10 – to toughen their laws but it seems like an expensive way to provide public safety. The federal government got involved because some in Congress recognized that roads don't stop at state borders and saving an estimated 600 lives annually made the federal intrusion worth it. The alcohol lobby responded by serving up enough campaign money to make these simple ideas seem sort of fuzzy, and the resulting legislation reflects that.

The Boston Globe
Friday, May 22, 1998
Page A1

Tougher drunken-driving rule ran into roadblock in Congress

By Michael Kranish, Globe Staff

WASHINGTON - It seemed like an easy vote. A coalition of Democrats and Republicans, backed by President Clinton, proposed financial penalties if states refused to adopt tougher drunken-driving laws.

The public overwhelmingly supported it, according to the polls, and the Senate easily passed it. But with little notice, the measure withered without a vote in the House and finally was killed in a conference committee this week.

"I have never been so disgusted," said the prime sponsor, Representative Nita Lowey, Democrat of New York.

But Lowey should not have been surprised.

The death of the proposal to lower the blood-alcohol limit for drunken driving is a classic Washington story of big money, influential lobbyists, and questionable political tactics. Among the key players are two potential presidential candidates, as well as Representative J. Joseph Moakley of South Boston, Senator John Chafee of Rhode Island, and a Pennsylvania congressman whose former top aide is a liquor industry lobbyist.

From start to finish, it is a tale that revolves around alcohol and money.

Earlier this year, the nation's beer, liquor, and restaurant industry became alarmed that Lowey was gaining momentum to pass the drunk-driver legislation. There was a perception that if the measure passed, beer and liquor sales would decline as people consumed one less drink for the road.

Under the legislation, the 33 states that have a 0.10 percent blood-alcohol limit for drunken driving would lose some federal transportation funds unless they lowered the limit to 0.08. Massachusetts law already sets a 0.08 blood-alcohol limit, but requires additional evidence of drunken driving for a conviction. Proponents of the lower limit said about 22 percent of the 17,000 annual drunken-driving deaths are caused by drivers whose blood-alcohol level is less than 0.10 percent.

But the alcohol lobby saw the legislation differently. Liquor lobbyists called the measure the Lowey "federal blackmail amendment" because it take away transportation funds from states that refuse to adopt the lower limit. The lobby also argued that the bill targeted "social drinkers" instead of going after the hard-core drinkers who cause most drunken-driving deaths. When proponents of the measure produced a report by Boston University professor Ralph Hingson that showed drunken-driving deaths dropped 16 percent in states that have adopted the lower limit, the American Beverage Institute disputed the analysis.

Tougher drunken-driving rule ran into roadblock in Congress

"Ralph Hingson - the guy has got a Jones for alcohol," said American Beverage Institute spokesman John Doyle, noting Hingson has written 50 reports on the dangers of alcohol. Hingson, chairman of BU's Social and Behavioral Sciences Department, said yesterday that he stands by the reports.

Most members of Congress were reluctant about going on record opposing a bill to curb drunken driving. But the alcohol lobby and its ally, the restaurateurs, had good reason to think it could win if the amendment could be killed without a vote. The lobbyists had, after all, contributed more money to members of Congress than most other industries. The lobby, for example, played a key role in financing the Republican takeover of Congress in 1994. And it also pumped money into the coffers of many Democrats.

In all, the beer, wine, and liquor industries poured $5.8 million into the 1996 elections, with 67 percent of that amount going to Republicans and 33 percent to Democrats, according to the Center for Responsive Politics. And millions of dollars more were given by independent alcohol businesses, chain restaurants, and other related enterprises.

By contrast, the principal advocate for the bill, Mothers Against Drunk Driving, has never contributed a penny to a member of Congress.

"It was beyond David and Goliath," said Diane Riibe, MADD's vice president. "We are a pitiful ragtag army up against a powerful industry."

Two potential presidential candidates had special reason to be grateful to the alcohol lobby. House Speaker Newt Gingrich engineered the Republican takeover of Congress after the industry contributed heavily to his "Contract with America" campaign, which included a provision against new federal mandates. And the industry also contributed to House minority leader Richard A. Gephardt, whose St. Louis district is headquarters for Anheuser-Busch. Gephardt received the third-largest amount of contributions from the industry, $42,960, during the 1996 campaign.

But the most important target was Representative Bud Shuster of Pennsylvania, the chairman of the House Transportation Committee that controls the massive highway spending bill rolling through Congress. Lowey's strategy was to attach her amendment to the must-pass transportation legislation.

The strategy worked smoothly in the Senate. While some senators, echoing the industry's stance, decried the measure as an intrusion on states' rights, it sailed through on March 4 by a 62-to-32 vote, with bipartisan backing from 36 Democrats and 26 Republicans.

The alcohol lobby became alarmed and wanted to avoid a similar vote in the House. The Lowey proposal had to be killed quietly.

The lobby's strategy soon became clear. As long as Shuster continued to oppose lowering the drunken-driving limit, it had little chance. So the American Beverage Institute hired a new lobbyist - Ann Eppard, Shuster's former chief of staff described as his "right hand." Even after she became a lobbyist, she continued as Shuster's top campaign fund-raiser.

Tougher drunken-driving rule ran into roadblock in Congress

"Am I the only person who thinks that is despicable behavior?" said MADD's Riibe. Lowey called the hiring of Eppard "questionable behavior."

Shortly after she was retained by the liquor lobby, Eppard was indicted by a federal grand jury in Boston, charging that she received $230,000 in illegal payments in connection with Boston's Central Artery construction project and embezzled $27,500 from Shuster's campaign committee. Eppard, who could not be reached for comment, has denied the charges.

In any case, Shuster agreed with his longtime aide about the drunken-driving measure and wanted to kill it.

The alcohol lobby was confident that Gingrich also would oppose the measure, and certainly the word from his House leadership was to let it die. But the lobby was worried about Gephardt, since he might back the measure with an eye toward a presidential campaign in 2000. The industry's fears were realized when Gephardt announced he would make the bill one of the Democrats' priorities.

But some supporters wondered about Gephardt's commitment. House Democrats never organized a "whip count" to tabulate support within the party. A Gephardt spokesman said the Democrats were divided and there was not much the minority leader could do.

A decisive action came on March 31. Lowey had to get permission from the House Rules Committee to allow a floor vote on her amendment. She worked with Moakley, the committee's ranking Democrat, but he did not ask for a roll-call vote by the panel. Instead, there was a voice vote, and the measure failed. That meant the bill would never come to the House floor for a vote.

Lowey was not pleased with Moakley's tactic. "I would have preferred a roll-call vote," she said. While the Rules Committee, controlled 9-4 by Republicans, was set to vote against her, she thought a roll call would put public pressure on the members to back her.

Moakley said he supports the measure. "So help me, no one from the industry called me," he said. But he also called a roll call pointless. "I didn't need a roll-call vote," he said. "I knew it was going to be killed."

Lowey had one last chance. Since the Senate had approved the measure, it would still be considered by the House-Senate conference committee working out a final version of the highway bill. The vice chairman of the committee, Senator John Chafee of Rhode Island, was for the lower limit. But Shuster headed the committee and opposed it.

Chafee's job was to uphold the Senate's 2-1 support for the measure, but few senators on the committee spoke to keep that part of the final bill. In the end, with Shuster leading the conference committee, the drunken-driving measure was killed without a vote.

This story ran on page A01 of the Boston Globe on 05/22/98.

May 21, 1998

The Honorable William J. Clinton
The White House
Washington, D.C.

Dear Mr. President:

Drunk driving is a national epidemic and the most frequently committed crime in America. Drunk driving is killing our children, our friends, our neighbors and our co-workers. Without a national .08% blood alcohol content (BAC) level, we cannot make any serious advances in reducing drunk driving deaths and injuries. The Intermodal Surface Transportation Efficiency Act reauthorization bill (ISTEA) should not be signed into law without this necessary provision. Without .08, the ISTEA bill is seriously and dangerously impaired.

More than 17,000 Americans are killed every year on our nation's roads by drunk drivers, and one million more individuals are injured. For each and every death, a family, friends, communities, and colleagues mourn the loss of that loved one. The reverberations of the loss last for the rest of their lives.

In poll after poll, the American public overwhelmingly supports strong drunk driving laws. In a recent Allstate poll, nearly seven out of ten respondents favored lowering the illegal BAC limit to .08%. Drunk driving is considered the Number 1 highway safety problem by a majority of Americans.

History has taught us that the risk of losing federal funds is the only successful method to encourage states to pass life-saving laws:

- Since 1995, when you challenged Congress to enact the youth zero tolerance alcohol law, every state except one has enacted the law, and legislation is pending in that state.
- Moreover, since President Reagan signed the national uniform 21 drinking age law in 1984, every state has enacted the law and more than 15,000 lives have been saved.
- The fact that only sixteen states have enacted .08% BAC laws demonstrates the ineffectiveness of incentive grant programs. Legislators from states that have been unable to pass .08 legislation, due in large part to powerful state alcohol lobbies, have travelled to Washington, D.C. and met with your senior staff and Members to urge the Congress to pass a national .08 law.

Simply put, sanctions are needed to stop the public health crisis of impaired driving and the incentive grant program recently put forth by the ISTEA conferees will not advance your administration's goal of reducing impaired driving deaths to 11,000 by 2005.

In 1984, upon signing into law the 21 National Minimum Drinking Age bill, President Reagan said, "We know that drinking, plus driving, spell death and disaster...The problem is bigger than the individual states...It's a grave national problem, and it touches all our lives. With the problem so clear-cut and the proven solution at hand, we have no misgivings about this judicious use of federal power."

The Senate adopted the .08 measure on a 62-32 Senate vote. Alcohol interests used their influence to deny a House floor vote on .08. We need to stand up for all of the families and friends who have lost their loved ones in drunk driving crashes. It is a matter of life and death.

Please veto ISTEA without .08 sanctions.

Sincerely,

Advocates for Highway and Auto Safety

American Academy of Pediatrics

American College of Emergency Physicians

Center for Science in the Public Interest

Citizens for Reliable and Safe Highways

Coalition for American Trauma Care

Consumers for Auto Reliability and Safety

Emergency Nurses Association

International Association of Fire Chiefs

Kemper Insurance Companies

National Council on Alcoholism and Drug Dependence

National Fire Protection Association

New York Coalition for Transportation Safety

Public Citizen

Remove Intoxicated Drivers - RID

Trauma Foundation

West Virginia Office of Emergency Medical Services

West Virginia SAFEKIDS

Total Pages: ____

LRM ID: JAB450

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Thursday, May 21, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: James J. Jukes (for) Assistant Director for Legislative Reference

JJ

OMB CONTACT: James A. Brown
PHONE: (202)395-3473 FAX: (202)395-3109

SUBJECT: **Council on Environmental Quality; Environmental Protection Agency Report on HR2400 Building Efficient Surface Transportation and Equity Act of 1998**

DEADLINE: **12:00 Noon Today Thursday, May 21, 1998**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: URGENT. The Council on Environmental Quality has requested that we clear this report expeditiously, so that it will arrive in time to influence last-minute Conference decisions regarding the contents of the BESTEA. IF ANYONE HAS ANY OBJECTIONS TO THIS LETTER, WE THEREFORE NEED TO HEAR FROM YOU IMMEDIATELY. Otherwise, we plan to clear this letter promptly at noon.

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ADVOCATES
FOR HIGHWAY
AND AUTO SAFETY

FAX TRANSMISSION SHEET

DATE: 5/21/98

TO: Dorothy Robyn

FAX #: 456-2223

FROM: Jackie Gillan

PAGES TO TRANSMIT (INCLUDING COVER SHEET):

COMMENTS:

Dorothy, attached is a letter we sent yesterday to the
President on .08. This is a hugely popular issue
with the public and the White House will get
very positive press by taking a strong position on
this provision. The conference is not over yet!
Please help to put pressure on Congress to
include this. Hundreds of lives will be saved.

Thanks,
Jackie

Please phone 202/408-1711 if there is difficulty receiving this material.

750 First Street, NE Suite 901 Washington, DC 20002 Tel: 202/408-1711 Fax: 202/408-1699
World Wide Web: http://www.saferoads.org

LRM ID: JAB450 **SUBJECT:** Council on Environmental Quality; Environmental Protection Agency Report on HR2400 Building Efficient Surface Transportation and Equity Act of 1998

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:
(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter
Please include the LRM number shown above, and the subject shown below.

TO: James A. Brown Phone: 395-3473 Fax: 395-3109
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-3454

FROM: ______________________ (Date)

______________________ (Name)

______________________ (Agency)

______________________ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _______

_____ Other: ______________________

_____ FAX RETURN of _____ pages, attached to this response sheet

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE ADMINISTRATOR

The Honorable John Chafee
Chairman
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

It is our understanding that some Members of Congress are considering amendments in the conference on reauthorization of the Intermodal Surface Transportation Efficiency Act (ISTEA) that would prohibit the dredging of toxic waste-laden sediments until certain studies of PCBs are conducted. Some of the approaches under consideration would apply nationwide, and others would be limited to the Housatonic River in Massachusetts and Connecticut.

I am writing to express my serious concerns with any legislation that would reduce the Environmental Protection Agency's ability to respond to significant public health threats. Such legislation could interfere with on-going enforcement actions we now have underway at the Housatonic and at other sites. It would substitute for the judgment of our professional enforcement staff about the appropriate tools for protecting imminent public health threats. And it would constitute an end-run around procedures Congress has already established that allow parties an appropriate opportunity to challenge EPA's emergency cleanup decisions.

Underlying this proposal seems to be the assumption that PCBs – the primary contaminant in river sediments at several toxic waste sites – are safe. Substantial scientific data indicates that PCBs are a probable human carcinogen and also pose a number of serious non-cancer health risks to intellectual functions, the nervous system, the immune system, and the reproductive system, and can pose special risks to pregnant women and children. EPA is in the process of evaluating immediate response actions at several sites where public health may be in immediate jeopardy, and these could be unnecessarily delayed by such an amendment. Where there are longer-term issues about the best method for remediating large-scale PCB contamination, we are already conducting detailed long range modeling that makes this legislation unnecessary.

I also am concerned that there are a variety of other environmental and public health issues that are being raised at the last minute on the ISTEA conference. This kind of an approach would not lend itself to the careful consideration of important public health and environmental issues that the public deserves.

Sincerely,

Carol M. Browner

STEA Conferees Lower Highway Offsets By $5 Billion

TRANSPORTATION

HOUSE AND Senate negotiators for the Intermodal Surface Transportation Efficiency Act have reduced the amount of offsets they will use for additional highway spending from $23 billion in outlays to $18 billion over six years, aides said Wednesday.

By changing schedules for how federal transportation funds are paid out over the next six years, budget aides said they were able to reduce the level of offsets needed to fund the same amount of contract authority for highways, which conferees have set at $167 billion in guaranteed money.

The conferees' plan for highways also would authorize another $6 billion in highway spending that would be subject to additional appropriations in future years.

Lowering the offset level by $5 billion allowed conferees to take off the table a plan to charge Fannie Mae and Freddie Mac new fees for the implicit backing of the government for the loans they make. That backing allows the agencies to borrow money and make loans at lower rates.

National Journal Friday will report on Fannie Mae's lobbying operation and strategies.

The two remaining offsets are: $15 billion by eliminating cash benefits for veterans who develop smoking illnesses, and $3 billion in cuts to social services block grants. But **Senate Environment and Public Works Chairman Chafee** is balking at block grant cuts that he fears would affect child health and welfare programs.

While the offset level for highways was lowered to $18 billion, **Senate Banking Chairman D'Amato** is still pushing hard for more transit spending.

Senate Budget Chairman Domenici Wednesday said he is still trying to find another $3 billion in offsets to increase transit contract authority close to the levels passed in the Senate ISTEA bill, which was $41 billion.

But other sources put the expected contract authority level at $37 billion. The House offered to spend $33.5 billion in contract authority on transit.

House Transportation and Infrastructure Chairman Shuster said he and D'Amato have enough of an agreement on transit spending that they are just waiting for staff to work out the details. "We've agreed to split the difference," Shuster said of the House offer and the Senate bill.

House and Senate aides Wednesday continued to work on the state allocation formulas for the highway portion of ISTEA. Shuster said he hopes to unveil it to House members today.

But aides to House members and senators who are not part of the formula negotiations expressed concern that members will not have a chance to look at the final bill — and the formula for their state — until they are expected to vote on Friday.

Aides working on the legislation acknowledged that the more time they leave the eventual formulas open for examination, the more likely opposition will gather from states unhappy with their cut.

Shuster said because of the shear volume of paperwork it will take to produce the bill, "it might be midnight Friday" by the time the House votes on the ISTEA conference report. Shuster even suggested Congress would stay Saturday to complete the bill.

Meanwhile, the House voted 422-0 for a motion to instruct conferees not to use the veterans' smoking benefit as an offset for ISTEA. Aides said the vote will have no affect on the conference, calling it a "free vote" to protect members against complaints by veterans.

— *By Matthew Morrissey*

'State Line' Abortion Measure Stirs Emotional Debate

HEALTH

PARENTS whose daughters suffered as a result of unplanned pregnancies debated the merits of legislation to make it a crime to take minors across state lines to obtain an abortion at a Senate Judiciary Committee hearing Wednesday. The House Judiciary Committee has scheduled a hearing on a similar measure for today.

"I don't care what your views on abortion are — just don't let them interfere with the protection of a child," testified Joyce Farley, whose 13-year-old daughter, unbeknownst to her, was taken from Pennsylvania to New York for an abortion by the stepmother of the 18-year-old who got her pregnant.

Farley's case, in which the boy's stepmother was ultimately convicted of interfering with the custody of a minor, helped provide the impetus for the legislation under consideration, the Child Custody Protection Act.

But another set of parents, Bill and Karen Bell, said the bill — which would subject those who take minors to other states in order to evade their own state's parental involvement law to up to a year in jail — would be counterproductive.

The Indiana law requiring parental consent for abortion "was a killer law," said Karen Bell, whose 17-year-old daughter Becky died of what the coroner called a septic abortion.

"The law in Indiana did not make Becky come to us," Karen Bell said. "Will this law be any different?"

Legislators also differed over the bill, which the GOP leadership in both the House and Senate has made a priority.

"Yes, *Roe v. Wade* legalized abortion, but it does not grant a stranger the right to make decisions for our children," testified the House bill's sponsor, **Rep. Ileana Ros-Lehtinen**, R-Fla.

But **Sen. Dianne Feinstein**, D-Calif., said to focus on the adult who aids a girl with an unplanned pregnancy, rather than the boy or man who got her pregnant, "is part of the whole male mentality that drives this whole debate."

Feinstein said she would oppose the measure, because "you can have law after law, but you can't force a girl to tell her parents."

— *By Julie Rovner*

Hill Briefs

D'Amato Meets With Chiefs Of Big Financial Institutions

■ RAISING HOPES THAT financial services modernization may have a better chance to pass the Senate than previously believed, **Banking Chairman D'Amato** met Wednesday with the chairmen of several of the largest financial institutions in the United States.

A D'Amato spokesman refused to comment on the substance of the discussions with Travelers Group Chairman Sanford Weill, Merrill Lynch Chairman David Komansky, and Dean Witter Chairman Phil Purcell.

It is not known if D'Amato has held or plans to hold other meetings.

Some interest groups that pushed for the bill passed last week by the House said the meeting indicates D'Amato is likely to make a strong effort to get it through the Senate.

"This meeting shows that there is, in fact, momentum to carry this bill through the Senate," said Independent Insurance Agents of America Vice President Maria Berthoud.

D'Amato has said he plans to hold hearings on legislation and mergers in June, but has yet to announce a more specific schedule.

Livingston's Team Claims To Have Votes For Speakership

■ HOUSE APPROPRIATIONS **Chairman Livingston** continues to meet with his informal whip team about his effort to become the next House speaker in the event **Speaker Gingrich** steps down next year to run for president.

Following a Wednesday evening meeting of the group, **Rep. Ron Packard**, R-Calif., Livingston's whip team leader, said "over 100 members, a majority of sitting Republicans" back Livingston's anticipated bid, and that "if the vote were held today, we'd win."

If Gingrich leaves during the 106th Congress, Livingston would likely square off against **House Majority Leader Armey**. Packard added that the group is reaching out to potential incoming Republican members — and that Livingston's recently created leadership PAC has raised more than $400,000 to date.

Livingston said he "won't confirm or deny" how many vote commitments he has, but said, "We're plugging away. It looks good."

Senate Panel Approves New Standards For Mariana Islands

■ LEGISLATION TO BRING THE LABOR and immigration laws of the western Pacific territory of the Northern Mariana Islands into line with U.S. policy passed the Senate Energy and Natural Resources Committee Wednesday by a vote of 16-3, *LEGI-SLATE News Service* reported.

The U.S. territory has been the target of investigations into labor and human rights abuses against foreign workers.

Interior Department officials have documented practices such as the trafficking of Russian and Chinese women for prostitution. The territory's garment industry has also been cited for recruiting cheap labor from Asian countries and forcing workers to toil for long hours without compensation.

The original version of this measure, drafted by **Senate Energy and Natural Resources Chairman Murkowski**, would have made all U.S. immigration and minimum wage standards applicable to the Northern Marianas. But an amendment in the nature of a substitute, which the committee adopted by unanimous consent, gives the territory a limited amount of time to improve.

Currently, the territory is exempt from federal immigration, naturalization and minimum wage laws under a 1976 agreement with the United States.

Ewing: Fear Of Ways And Means Led Aggies To Oppose Fast Track

■ GENEVA, Switzerland — **House Agriculture Risk Management and Specialty Crops Subcommittee Chairman Thomas Ewing**, R-Ill., Tuesday said some Agriculture Committee members did not support fast track trade negotiating authority legislation last year because they were afraid House Ways and Means Committee members would "give up" issues important to agriculture to get an overall agreement.

Ewing, speaking at the World Trade Organization meeting here, also said Agriculture Committee members do not trust members of the Ways and Means panel to "have the knowledge" they need about agricultural issues when analyzing future trade agreements.

Under fast track, Congress would give up its right to amend trade agreements in favor of continuing consultations, which in the House would be managed by the Ways and Means Committee.

Only 13 of the 50 Agriculture Committee members had committed themselves to support fast track when **Speaker Gingrich** pulled the bill at President Clinton's request last fall.

■ *CORRECTION:* Contrary to a report in Wednesday's *CongressDaily/A.M.*, **Senate Commerce Chairman McCain** voted against tabling a tobacco bill amendment to limit fees earned by the attorneys who negotiated the tobacco settlement. The amendment, by **Sen. Lauch Faircloth**, R-N.C., was tabled by the Senate Tuesday.

AN HISTORIC INVESTMENT IN INFRASTRUCTURE WHILE MAINTAINING FISCAL DISCIPLINE AND PROTECTING OTHER CRITICAL INVESTMENTS
May 22, 1998

Today, President Clinton and Congress Agreed To An ISTEA Reauthorization Bill That Includes An Historic Investment in Infrastructure While Maintaining Fiscal Discipline and Protecting Critical Investments, Such As Education, the Environment, and Health Care. While providing an historic investment in our infrastructure, the agreement maintains President Clinton's priorities of reserving the surplus until Social Security is reformed and investing in critical areas such as education, the environment, and health care. In response to the Administration's concerns, the agreement now represents a solid compromise that is consistent with President Clinton's core principles:

✔ **Strengthens Our Infrastructure.** The agreement provides $200 billion to continue rebuilding America's transportation system -- a 28-percent increase over the 1991 ISTEA reauthorization. This agreement will help communities modernize and build the roads, bridges, railways, buses and airports that link the people of our great and vast country together, that keep our economy strong and vibrant.

✔ **Maintains Fiscal Discipline.** The agreement cuts the increase in excess transportation funding in half -- reducing it by $16.5 billion below the extra spending levels that were included in the Congressional bills -- even though those bills had passed the House and Senate by large majorities.

✔ **Preserves Surplus Until Social Security Is Reform.** Unlike the Congressional bills, the compromise is fully paid for with real offsets. And because the agreement does not touch the surplus, it is fully consistent with the President's call to "Save Social Security First."

✔ **Protects Critical Investments in Our Future.** Unlike the Congressional bills, the transportation agreement does <u>not</u> squeeze other critical investments in our future, such as education, health care, research and development, and the environment, because it is not financed by lowering the discretionary caps.

✔ **Expands Transit Funding Within A Smaller Bill.** While the agreement has less overall spending than the Congressional bills, it increases the share of transit funding from 17 percent of total surface transportation spending to 20 percent of total spending by 2002.

This Highway-Transit Bill Agreement Also Reflects President Clinton's Priorities -- By Protecting the Environment, Helping Move People from Welfare to Work, Helping Disadvantaged Businesses, Extending the Ethanol Tax Credit, and Strengthening Border Infrastructure.

✔ **Protects the Environment.** The highway-transit agreement strengthens proven strategies to protect public health and the environment by increasing funding for the Congestion

Mitigation and Air Quality Improvement program 75 percent by FY2000.

✔ **Helps Move People from Welfare to Work.** One of the biggest barriers facing people who move from welfare to work -- in cities and in rural areas -- is finding transportation to get to jobs, training programs and child care centers. To help those on welfare get to their jobs, the highway-transit agreement authorizes $900 million over the next six years for President Clinton's welfare-to-work transportation plan. Of the $150 million per year, $50 million is guaranteed in FY99, rising to the full $150 million per year guaranteed in FY2003.

✔ **Helps Disadvantaged Businesses.** The highway-transit agreement helps disadvantaged businesses by retaining the Department of Transportation's Disadvantaged Business Enterprise (DBE) program.

✔ **Extends the Ethanol Tax Credit.** In order to provide incentives to use ethanol in gasoline and protect the environment, the highway-transit agreement extends the Ethanol Tax Credit through FY2007.

✔ **Strengthens Border Infrastructure.** The highway-transit agreement authorizes the Administration's program to target resources to border crossings to improve traffic flow and reduce illicit trade. The agreement allows highway funding to be used for Customs and INS equipment that speeds border crossings.

While the Agreement Provides Funding For Increased Safety, It Does Not Include A National Drunk Driving Standard of .08 BAC. The agreement includes a number of measures to increase safety, including incentive grants to increase seat-belt use, new measures to target repeat drunk drivers and to ban open alcohol containers in cars, and a strong program to make highway-rail grade crossings safer. However, the President is disappointed that Congress refused to lower the national drunk driving standard to .08 percent blood alcohol content (BAC). The President will continue to work to make sure that .08 is the law in every state of the country.

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U.S. Department of Transportation

Office of the Secretary of Transportation

Fax to Dorothy Robyn

456-2878

H.R. 2400, the Transportation Efficiency Act for the 21st Century ("TEA-21")

Status: Conference report approved by leadership of House Transportation & Infrastructure, Commerce, and Ways and Means Committees and Senate Environment & Public Works, Commerce, Banking, and Finance Committees.

Conference report to be filed by 9:00 am on May 22. House Rules Committee scheduled for 9:30 am on May 22 and floor as soon as possible thereafter. Senate action expected later on the 22nd.

Summary of Major Provisions:

Very little is still known about the conference report other than several major provisions noted below. Drafting and summary formula tables are not yet complete.

Infrastructure Investment

o Authorizes a total of $216 billion for the period FY 98-03 for highway, mass transit, highway safety, and rail programs. The total amount is slightly below those authorized by the House (-$4.2 billion) and by the Senate (-$1.3 billion). The conference report is $41 billion above the President's proposed NEXTEA.

o Of the total amount authorized, $175 billion is for highway construction and safety, and $41 billion for transit. A new provision will ensure that based on prior year revenues, annual funding levels will be guaranteed for most surface transportation programs.

	Highways/Safety	Transit	Total
Guaranteed Funding	165 B	36.3 B	201.3 B
Authorized subject to Approp.	10 B	4.7 B	14.7 B
Total	175 B	41.0 B	216.0 B

o **Offsets**. Assumes that there will be a total of $17.5 billion in offsets to cover guaranteed spending that will occur over gas tax receipts. This will be provided by two offsets: veterans tobacco benefit ($15.3 billion) and social security block grant program ($2.4 billion (?)).

o **Projects/Highway Formula**. The bill purportedly provides 90.5 percent minimum guarantee return for each State of the gas tax receipts contributed to the Highway Trust Fund. Under the bill, the House will set aside $7 billion for "high priority" projects (a 25 percent reduction from the House bill), while the Senate will distribute $2.35 billion to certain states.

- Innovative Finance/SIBs. Authorizes innovative credit techniques for major project construction. Authorizes 4 new State Infrastructure Banks (SIBs). Applies Davis-Bacon and 13c to all succeeding generations of projects in this pilot program.

- Appalachian Highways: Provides $2.25 billion over six years for continued development of the Appalachian Development Highway System.

- Transit. During six-year life of the bill, the percentage guaranteed funding for mass transit will equal an average of 18.5 percent, ending with 20 percent in FY 02-03. Allows the use of funds for preventive maintenance (without limit on annual amounts).

- Transit Benefits. Increases the amount for transit benefits that employers may offer their employees in lieu of compensation to $100 per month (currently $65/month).

- Over the Road Buses. Provides incentive grants for the retrofit of intercity buses in order to comply with the Department of Transportation's recent NPRM requiring accessibility for all passengers.

Safety

- Safety Grant Programs. Congress did not adopt the .08 BAC standard and state highway construction withholding sanctions; establishes a new $500 million incentive alcohol grant program for states that adopt the .08 BAC standard. For states that do not adopt laws prohibiting open alcohol containers in cars or mandatory repeat offender laws, certain highway construction funds will be re-directed to safety construction. Adopts seat belt incentive program.

- NHTSA Authorization. Authorizes and guarantees certain funds for the operations, research, and safety grant programs of the National Highway Traffic Safety Administration (NHTSA).

- Airbag Safety. Requires regulatory steps to better protect automobile occupants through the development and a time frame for implementation of advanced air bag technologies.

- Lobbying Ban. Prohibits the lobbying of State or local legislators on motor vehicle and other safety issues under NHTSA's jurisdiction .

- One-Call. Establishes incentives for states to improve one-call systems that help prevent accidents in underground digging.

Environment

o **CMAQ**. Continues the Congestion Mitigation and Air Quality (CMAQ) program with increased funding levels, increasing funding levels to $1.4 billion in FY 99 (up from $1.0 billion in FY 98) and to $1.75 billion in FY 2000-03.

o **Boundary Waters Canoe Area**. Includes Representative Oberstar's bill relating to the opening up of the Boundary Waters Canoe Area in northern Minnesota to certain motorized operations.

Welfare to Work

o **Access to Jobs.** Authorizes $900 million over the six years for the President's Access to Jobs initiative. Of the $150 million annual authorization, $50 million is guaranteed in FY 99, increasing annually to the full $150 million guaranteed in FY 03.

DBEs

o **DBEs**. Extends the Department's Disadvantaged Business Enterprise program for highways and transit which contains a goal that at least 10 percent of program funds are awarded to DBEs.

Ethanol Tax Credit

o **Ethanol**. Extends through 2007 the tax exemption provided for the use of ethanol in gasoline.

Financing

o **Highway Trust Fund Extension**. Extends authority to collect/deposit gasoline and motor fuel taxes at current levels, as well as the authority to make expenditures from the Highway Trust Fund, through 2005.

S. Palmer
5/22/98; 4:15 AM

June Shih 05/22/98 01:29:33 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: transportation revised -- changes from gene, ann, sid, omb incorporated

PRESIDENT WILLIAM J. CLINTON
STATEMENT ON TRANSPORTATION BILL
MAY 22, 1998

Today, Congress will take an important step toward preserving and expanding our prosperity into the 21st Century. I am very pleased that Congress will likely answer my call to pass a historic bill to strengthen America's transportation infrastructure and maintain our commitment to fiscal discipline and investing in our people.

It is a bill that will help our communities modernize and build the roads and bridges, the railways and buses that link the people of our great and vast country together, that keep our economy strong and vibrant. I have said that I would strongly support legislation that meets my core principles: It must keep our budget balanced, must preserve the budget surplus until we have saved Social Security first, and it must not undermine other national priorities -- education, health care, child care, the environment. I am happy to say that this bill meets these principles.

This measure does spend more than we wanted, but I am pleased that we have persuaded Congress to cut $17 billion of excess spending from this bill and reached an honorable compromise. At the same time, this bill fulfills the transportation priorities I set forth in my balanced budget: It strengthens our commitments to encouraging mass transit, to protecting the environment, to expanding opportunities to disadvantaged businesses, to moving more Americans from welfare to work with transportation assistance.

But I am deeply disappointed by one thing that is missing from this bill: Congress has refused to lower the national drunk driving standard to .08 percent blood alcohol content. We must have zero tolerance for irresponsible and reckless acts that endanger our children and loved ones traveling on our roads. We must make .08 in every state the law of the land and I will continue working to make sure it happens.

This bill shows that fiscal responsibilty and investing in our future go hand-in-hand toward preparing our people and our country to meet the challenges of the 21st Century. If Congress passes this bill, I will be pleased to sign it into law.

ISTEA Q&A
May 22, 1998

Q: Last week, the Administration threatened to veto the transportation bill. Now you support it. What's changed?

A: In response to our concerns, Congressional leaders agreed to significantly improve the bill. It now represents a solid compromise that is consistent with the President's core principles:

- Overall funding has been reduced by $17 billion below the excessive spending levels that were included in the Congressional bills, even though those bills had passed the House and Senate by large majorities.

- Unlike the Congressional bills, the compromise is fully paid for. And because the compromise bill does not touch the surplus, it is fully consistent with saving Social Security First.

- The compromise bill avoids squeezing other critical priorities, such as education, health, research and the environment, because it is not financed by lowering the discretionary budget caps.

- The compromise advances critical transportation policy priorities, including: increased highway safety, a cleaner environment, and expanded opportunity -- through retention of the Disadvantaged Business Enterprise program and provision of transportation services to those moving from welfare to work.

Q: The compromise still includes billions of dollars in pork projects. Do you support these projects? Don't they indicate that spending is still excessive?

A: This is a compromise bill. Our main concern was getting a strong bill that does not spend the budget surplus and that protects the President's other critical priorities, such as education, health care and research. This bill is consistent with these core principles.

Moreover, the overall level of funding has been reduced by $17 billion over six years.

Q: What is your response to veterans, who don't like the fact that the budget

offset to pay for highways came from reducing spending by the VA on tobacco-related disabilities?

A: The Administration proposed using the VA/tobacco offset in the budget we submitted in February. An administrative law judge, not the Congress, called for the additional spending for tobacco-related disabilities, and we viewed it as an inappropriate expansion of existing VA benefits.

The President's budget does call for increased benefits for veterans, but in ways we believe are appropriate -- namely, through an expansion of the Montgomery G.I. Bill.

Q: Since the Administration's budget proposed to use the VA/tobacco offset for some of the President's priority investments, won't those investments now suffer?

A: This compromise bill protects funding for the President's critical priority investments -- in education, health care, research and the environment, among other areas. As happens every year with the budget process, we will have to fight program by program to protect our priorities. But we have not given up anything we care about in advance.

June Shih 05/22/98 12:04:55 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: draft of transportation statement

PRESIDENT WILLIAM J. CLINTON
STATEMENT ON TRANSPORTATION BILL
MAY 22, 1998

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But I am deeply disappointed by one thing that is missing from this bill: Congress has refused to lower the national drunk driving standard to .08 percent blood alcohol content. Every parent in this country who has ever put a child in a car has felt the fear that the unthinkable might happen on our roads. Lowering the legal limit would have given us one more tool in our efforts to protect our children from harm. We must have zero tolerance for irresponsible and reckless acts on our roads. We must make .08 in every state the law of the land and I will continue working to make sure it happens.

This bill is a convincing example of how America's elected leaders can work together, how we can put politics aside to address our common and most pressing national concerns. Most of all, it shows that we can indeed maintain fiscal discipline and invest in our future, in preparing our people and our country to meet the challenges of the 21st Century. I will be proud to sign it into law.

- This is a s.t. investment in major priorities done w.c.c. the principles all loves laid out.

- Need strong 2 pager ; Q+A

1st sent:
- Historic Invest in infra. that maintain fiscal disc. ; preserves other critical Invests in educ ....

- Pres. presented strong clean bill ...
- We had opposed cong. bill b/c of excessive spending — will lead to .....

- The following bill ↓s by $17 B ....

- bullets:

- Cuts guar'd funding by $17 B
- Completely protects DD spending
- doesn't use a penny of Re

Key Admin priorities in h/way bill:
- Env.
- WTW
- DBEs
- E Marol

Global Carmakers Allying

AUTOS, *From E1*

University. In a forthcoming book, "The Rule of Three," Sisodia and Sheth argue that in any mature market, three giant companies generally wind up with at least 60 percent of the business. And unless Chrysler and Daimler can get big enough to enjoy economies of scale, say the professors, they are both likely to wind up as also-rans in the coming global shakeout.

Supporting examples for the Rule of Three are everywhere: McDonald's, Burger King and Wendy's in the hamburger business; Michelin, Goodyear and Bridgestone in tires; Kellogg, General Mills and Post in cereals; Gillette, Schick and Bic in razors; Anheuser-Busch, Miller and Coors for beer; Nike, Adidas and Reebok in running shoes.

There are, of course, industries that don't fit the pattern, either because the technology is changing so quickly or because of laws or regulations that neutralize the market's natural tendencies toward consolidation. The rule also doesn't work particularly well in markets that are driven by quickly changing consumer tastes or fads.

But where it shows up almost invariably is in industries such as the auto industry, which have large fixed costs such as plants, equipment, engineering and extensive dealer networks. In such markets, companies that have the biggest sales obtain an automatic cost advantage that they can use to crush smaller competitors either by underpricing them in the market or outspending them on things such as marketing or product development.

From his office in Fairfax yesterday, Sisodia said Toyota and Ford were already the front-runners in the auto race, having developed truly global production systems and brand names known around the world. The contest now, he said, is to determine which firm will earn the No. 3 spot.

The obvious candidate, says Sisodia, is General Motors, which even today has the size and the global presence to be a survivor. But because GM still lacks a single production system and a single marketing identity, he said, "it's as if there are eight car companies—Chevrolet, Cadillac, Opel, Saab, Isuzu and so on—none of which can fully capture the efficiencies of scale."

It remains an open question whether Chrysler and Daimler will be able to do better.

George Stalk, a partner with the Boston Consulting Group who has studied the industry, says the big advantage of a merger would come not on the production side of the business, but in marketing, sales and distribution, which in many cases now account for more of the cost of a car than manufacturing.

Surely, with its meager foreign sales, Chrysler could gain an immediate advantage by using Daimler's global network of distributors and dealers to push its popular Jeeps and vans and convertibles. And for Daimler, the extra volume flowing through its distribution system would lower the cost of distributing its high-end sedans and wagons.

"If they could lower distribution costs even by 5 percent, which is not unreasonable, it would be a big deal," said Stalk.

Potentially even bigger, he said, would be the savings that would come from using a single computer network to keep track of sales and inventory and manage the complex relationship between factories and parts suppliers. Information technology, Stalk said, represents the fastest growing cost for car companies—yet once a system is developed, it costs the same to run it whether a company sells 1 million vehicles or two.

But a number of industry experts warn that such advantages won't come easily.

In the United States, where both companies operate networks of independent dealers, it may take a decade or more of delicate negotiations to nudge the two together.

Others predict a big clash in combining the culture of a brash, marketing-driven company such as Chrysler with Daimler's engineering culture, which is known for sober deliberation and gold-plated quality.

"In the short run, I would expect minimum impact on the way these two companies do business," said David Cole, director of the Office for the Study of Automotive Transportation at the University of Michigan. "What this merger would be about is laying the groundwork for competitive advantage 10 or 20 years in the future." Cole expects the industry to shrink to six or seven major producers, not three.

Even more skeptical of the Rule of Three is Glenn Mercer, the director of the automotive practice at the consulting firm of McKinsey & Co., who suggests that both Chrysler and Daimler have sufficient size, and unique strengths to allow them to survive the coming global competition, even without a merger.

Mercer notes that Daimler already has the highest profit margin of any auto company, with a solid position in the low-volume luxury end of the market. By greatly expanding its sales—or selling its vehicles alongside Dodge minivans—it would run the risks of cheapening the nameplate and jeopardizing those premium profits.

At the other end, Mercer said Chrysler has maintained its position as one of the world's top five auto producers by learning how to quickly and cheaply turn out new models for the mass of American consumers—a strategy that doesn't easily mesh with the Mercedes approach.

"I've been sitting here all day trying to figure out why it's so important for these companies to get together and, so far, it just eludes me," said Mercer.

We're spending 100% of h/way account on h/ways
" " 130% " transit " " transit } don't add
" paying for transit spending w/ offsets

Q&A:

Why did POTUS give in

Wanted

2 key fiscal prin's
- not drain surplus
- not take away from other I

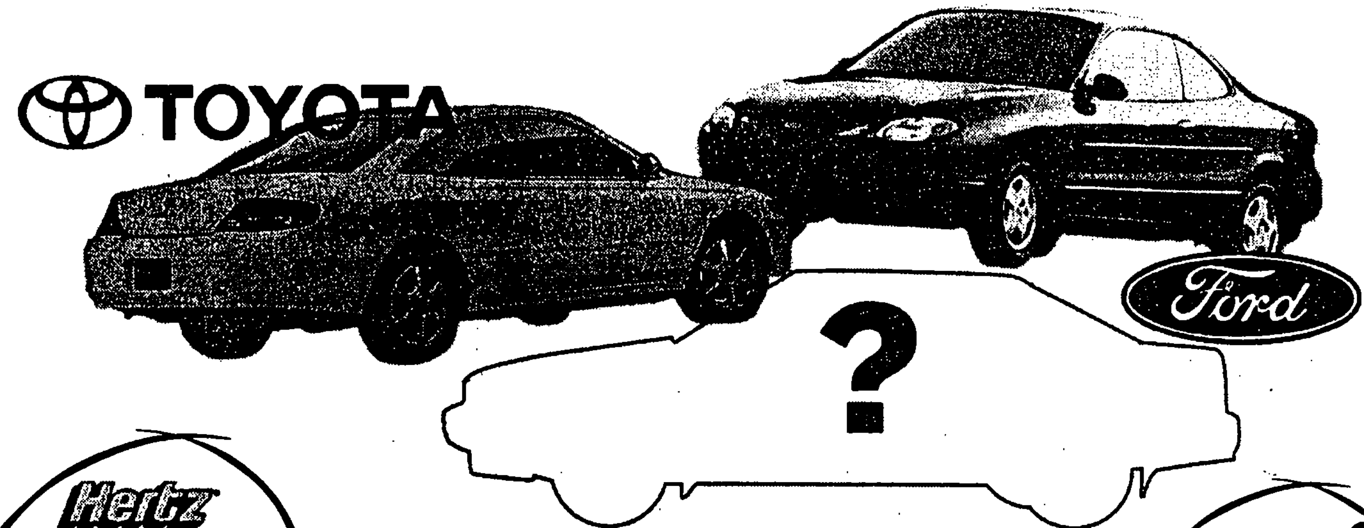
- Even though bills of excessive spending passed Cong, by he got spending down by $17B
- only thing he doesn't like is projects

With we [illegible] free

Where will the $17B come from?

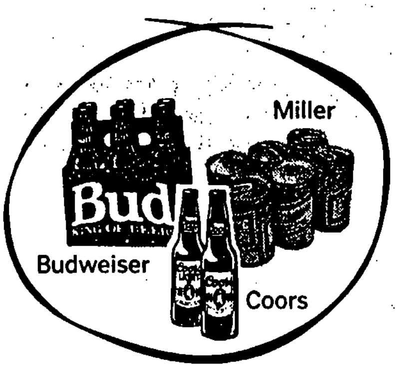
- This bill protects
- We can [illegible] back and
- We haven't given up anything. As we do every year, we fight program by program ...

The Rule of 3



Hertz
AVIS.
National Car Rental.

G K Post



ITT Sheraton
Marriott
Hilton

Autos' Magic Number To Divide the Market

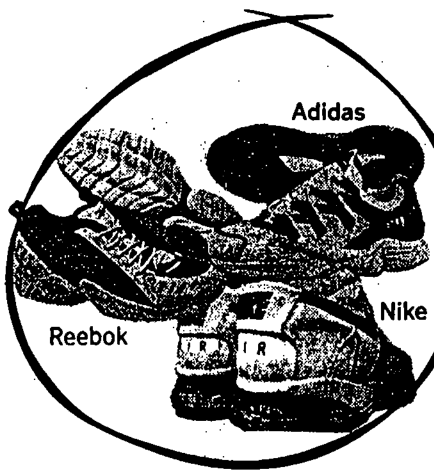
By Steven Pearlstein
Washington Post Staff Writer

It's been coming for a while now: Fiat's dalliance with Citroen, Ford's purchase of Jaguar, BMW's pickup of Rover and General Motors' controlling stakes in Isuzu and Saab. But with today's news that Chrysler Corp. is in merger talks with Daimler-Benz AG, the German maker of Mercedes-Benz cars, global consolidation in the auto industry is likely to shift into high gear.

Does all this really make any sense? Would a new Chrysler-Benz gain any competitive advantages that Chrysler and Daimler wouldn't have had in their own markets, operating separately?

Yes, say two marketing professors, Raj Sisodia of George Mason University in Fairfax and Jagdish Sheth of Atlanta's Emory

See AUTOS, *E12, Col. 1*



- What's response to Veterans'

'this was in our budget

- unhappy. expansion that Cong hadn't approved; re Kerr

- but we do → Mont. G I bill

Opening:

Strong home bill that meets our priorities
w/ Vs, meets our fiscal ...

- Statement from POTUS .... - Waldman faxing

- How to get POTUS on Camera

- WH briefing: Rodney & Jack

Blue - WTW
DBEs

Week of May 25-29, 1998

MONDAY, May 25
POTUS Memorial Day Activities

TUESDAY, May 26

7:45-8:15	COS Meeting@ Roosevelt
8:45-9:00	Agency Briefing
9:00-10:00	Staff Meeting? (not meeting Monday or Wednesday)
TBD	Prep for NEC Principals
TBD	Prep for Child Labor Speech
TBD	POTUS Briefing for Economic Statement
TBD	**POTUS Economic Statement-** OMB Midsession Review
TBD	China Finance Minister (looking at scheduling options)
TBD	Meet with Jennings/Lambrew

WEDNESDAY, May 27

7:45-8:15	COS Meeting@ Roosevelt
8:45-9:00	Agency Briefing
9:15-11:15	NEC Principals@ 180
12:20	Speak to Child Labor Teach-In@ Capitol Childrens Museum
8:00-9:00	Rep. Wexler- Live Town Hall with Wexler and Max Ritchman@ Globecast Studios 1825 K Street

THURSDAY, May 28

7:45-8:15	Senior Staff @ Roosevelt
3:30-5:00 (T)	Meeting@ Treasury
7:00-9:00	Party for Jason
7:00-9:00	Bowling party for Suzanne Dale (Birthday and leaving White House).

FRIDAY, May 29

TBD	POTUS Event

James J. Jukes

05/22/98 11:15:03 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: Draft SAP for Conference Report on HR 2400 -- ISTEA

The following is the text of a draft SAP for the conference report on the ISTEA conference report. (At the moment, we do not know the final title of the bill; nor do we have access to the text of the conference report.) Please direct any comments to Jim Brown (5-3473) or me (5-3458) by NOON. House and Senate floor action on the conference report is tentatively scheduled for today.

The Administration supports enactment of the conference report on H.R. 2400, the __________ Act of 1998. The Administration has from the outset strongly supported reauthorization of the Nation's surface transportation programs. The conferees have responded to the Administration's concerns by crafting a bill that increases transportation spending without threatening fiscal discipline or our commitment to education and other critical investments. The Administration urges both Houses of Congress to send the the conference report to the President for his signature without delay.

Message Sent To:

ISTEA Q&A
May 20, 1998

Q: Last week, the Administration was talking about vetoing the transportation bill. Now it appears you support it. What's changed?

A: In response to our concerns, the bill has been improved. A solid compromise has been reached that is consistent with the President's core principles:

- Overall funding has been reduced by some ??$20?? billion over six years below excessive spending included in the House and Senate bills.

- Unlike the Congressional bills, the compromise bill is fully paid for. The surplus is untouched and, there fore, the bill is consistent with saving Social Security first.

- The bill avoids squeezing other critical priorities, such as education, health and the environment, because it is not financed by lowering the discretionary caps.

- The compromise advances critical transporation policy priorities, including ?????

Q: The compromise still includes billions of dollars in pork projects. Do you support these projects and don't they highlight that the spending remains excessive?

A: This is a compromise bill. Our main concern was ending up with a strong transportation bill that did not spend the surplus and that protected the President's other critical priorities, such as education. This bill is consistent with these core principles of ours.

- Moreover, the overall level of funding has been reduced by about ??$20 billion over six years.

May 19, 1998

Transit Spending in the ISTEA Reauthorization Bill
Talking Points

- The original House and Senate bills would have provided more than $219 billion and would have required offsets of roughly $34 billion in outlays. The Senate bill was simply an authorization; the bill included no guarantee that the funds actually would be appropriated.

- On May 5, the Administration proposed an authorization to spend $184 billion -- $150 billion for highways and $34 billion for transit; all of the spending would be guaranteed through a new budget mechanism.

- On May 13 the Republican Congressional Leadership announced an agreement in principle to spend $201 billion -- $167 billion in highway spending and $34 billion in transit spending for 1998-2003.

- Left unchanged, the Leadership agreement would cost roughly $23 billion in other outlay savings. Paying for the agreement would require either spending the budget surplus, lowering the discretionary caps, or making unacceptable offsets in other discretionary spending.

- The Administration is pressing Congress to change the final agreement in two ways. **First, reduce total spending to a level that can be offset fully by the VA/tobacco proposal alone. Second, increase the share of spending dedicated to transit.**

- Since the Congressional leadership's proposal announcement, policy changes have been identified that could reduce by about $7.7 billion the total offsets needed to pay for the announced plan. About $6.9 billion -- almost 90 percent -- of these outlays savings could be realized by changing the proposed highway spending. The majority of the highway savings would result from lowering by roughly $5.2 billion the amount of money made available for obligation.

- These outlay savings would be achieved without reducing total transit funding below the levels in the Leadership agreement for the period 1998-2003. Simply phasing-in the increased transit spending would realized outlay savings of $0.8 billion. Transit spending would average 17 percent of total spending during the entire authorization. Transit spending would start at 16 percent of total surface transportation spending, and then rise to 20 percent of total spending by the end of the authorization period. For the first time, this transit/highway split would be guaranteed.

- Under the Leadership agreement:

    - For the first time, transit spending levels would be guaranteed. The transit community would no longer have to endure the uncertainty of the annual fights through the appropriations process to secure adequate funding.

    - During 1998-2003, transit would spend 130 percent of prior-year Transit Account receipts; Highways would spend 100 percent of prior-year Highway Account receipts.

    - The Leadership agreement would provide transit with just under 17 percent of total surface transportation spending during the 1998-2003 authorization period -- the same share received by transit during ISTEA (transit *authorizations* were 21 percent of ISTEA spending; transit *appropriations* were only 17 percent).

- The Administration seeks a final bill that can be paid for with a single offset -- VA tobacco -- and provides transit with a share of total spending that rises to 20 percent by the end of the authorization period.

Transportation Talking Points
May 20, 1998

1. Will you sign the transportation bill?

The conference report is not final yet, but it appears that Congress is trying hard to produce a bill the President can sign, and we're pleased with the progress Congress is making. America needs a transportation bill in order to build a 21st century infrastructure. We're encouraged that Congress seems to be headed in the right direction -- saving some $20 billion from prior versions of the legislation.

However we still have serious concerns about the issue of spending for mass transit in this bill. There must be the right balance between funding for mass transit and funding for highways, in order that people who use public transportation can count on clean, safe, efficient transport. They should not be shortchanged as Congress strikes continues to work on the right mix between mass transit and highway funding.

3. You suffered a defeat on the .08 measure and yet you won't veto on it. Can you explain that.

We are disappointed that the sanctions against drunk driving, which could save hundreds of lives every year, will not be included in the transportation bill. As we have learned from the success of our efforts to require states to adopt zero tolerance on alcohol for young people, a strong program is necessary to fight drunk driving. We seriously doubt the incentives that have been proposed will be successful, and intend to continue for fight against drunk driving -- and for a nationwide standard of .08

We're obviously disappointed in not getting the tough DUI language we wanted, but we intend to carry that fight on into the future.

4. There are still a lot of demonstration projects. Do you still object to those?

Our overriding goal is for the spending levels to be acceptable, and we're encouraged by the progress that has been made in Congress. Any demonstration projects would have to be in the context of that overall goal.

An Improved Transportation Bill

May 19, 1998

A compromise has been achieved on a strong transportation bill. The compromise is an improvement over the House and Senate bills and consistent with President Clinton's core principles. The compromise:

✔ **Reduces overall funding $20 billion below the Congressional bills, while still achieving record investments in transportation.**

✔ **Is fully paid for and consistent with saving Social Security first.**

✔ **Protects critical domestic priorities, such as education and the environment, as the discretionary caps are not lowered.**

✔ **Advances critical priorities -- ??? best three or four -- e.g. welfare-to-work, environment...**

The House and Senate passed bills contained excessive funding levels, were not paid for, and posed a threat to saving Social Security first and to other critical priorities, such as education, health, law enforcement, and the environment. In response to serious concerns raised by the Administration, a reasonable compromise has been achieved:

- The ??$200 billion in six year funding for the compromise is **$20 billion below** the $220 billion House bill and $18 billion below the $218 billion Senate bill.

- The bill is fully paid for with ??$15??? billion in budget savings and guarantees that all receipts from the gas tax will go to fund transportation programs. Because it is paid for, the bill does not touch the budget surplus, nor does squeeze other critical priorities by lowering the discretionary spending caps.

- The compromise advances critical transportation priorities: Best 3 or 4 (something on transit within this or as separate bullet).

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DOT OFFICIALS TALKING POINTS *(READ ONLY)*
ISTEA REAUTHORIZATION SCORECARD: A CLEAN SWEEP
MAY 22, 1998

> *This is a good bill, one which reflects the key national priorities President Clinton laid out 14 months ago in his ISTEA reauthorization proposal.*
> -- Secretary Slater, May 22, 1998

Today, Congress passed the **[Bill Title]** of 1998, reauthorizing ISTEA 1991. President Clinton's March 1997 ISTEA reauthorization proposal was based on the premise that ISTEA works, and that it should be continued with new programs to meet the challenges of the 21st century. Congress agreed, and adopted the President's key proposals for:

✔ **Record Investment.** $200 billion to continue rebuilding America's transportation system, a 28 percent increase over ISTEA. Record investment while keeping faith with our commitments to a balanced budget and to President Clinton's priorities such as education, child care, and, most importantly, Social Security.

✔ **A Balanced Approach.** Sustains core highway programs while supporting transit, intermodal and rail projects, and advanced technologies such as Intelligent Transportation Systems. This continues the balanced approach included in ISTEA and in President Clinton's reauthorization proposal.

✔ **Increased Safety.** Incentive grants to increase seat belt use and to encourage states to adopt .08 blood alcohol content standards for drunk driving. New measures to target repeat drunk drivers and to ban open alcohol containers in cars. Strong program to make highway-rail grade crossings safer.

✔ **A Cleaner Environment.** Strengthens proven strategies to protect public health and the environment, such as the Congestion Mitigation and Air Quality Improvement program to help communities clean their air, and Transportation Enhancements to help them improve their quality of life.

✔ **Expanded Opportunity.** Expands opportunity for all Americans through an innovative Access to Jobs program to help those with transportation needs make the transition from welfare rolls to payrolls; retains a strong Disadvantaged Business Enterprise program that preserves affirmative action; and continues strong labor protections for transportation workers.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release March 12, 1997

REMARKS BY THE PRESIDENT
IN ANNOUNCEMENT OF THE
NATIONAL ECONOMIC CROSSROADS TRANSPORTATION EFFICIENCY ACT

Room 450
Old Executive Office Building

9:55 A.M. EST

THE PRESIDENT: Thank you very much. Secretary Slater, Mr. Vice President, members of the administration, Department of Transportation. Senator Moynihan, thank you for being here. Mayor Schwartz, thank you for being here.

I spent a lot of time in the last few years talking about the need to build a bridge to the 21st century. And usually I'm talking in metaphorical terms that involve -- (laughter) -- balancing the budget, improving education for our children, preserving the environment as we grow the economy. Today we're talking about building bridges and roads and transit systems and highways in more literal terms. But I think it's important also to point out that as we invest in these bridges and roads and transit systems, we are also building a bridge to a cleaner environment. We're building a bridge from welfare to work. We're building a bridge to sustainable communities that can last and grow and bring people together over the long run.

And that is the importance of the legislation that we submit to Congress today. It does the old-fashioned work of investing in America's infrastructure in a very important way, but it also ties those investments to the challenges we face today and tomorrow.

I am proud that even as we have moved toward a balanced budget and cut our deficit by 63 percent in the last four years, we have still increased our federal investment in transportation infrastructure, and I thank the members of Congress who have supported that. (Applause.) I feel compelled to disclose that I did not plant the person in the middle of the audience who started the applause. (Laughter.) But if he's a federal employee he will immediately get a raise. (Laughter.)

Compared to four years ago, our highways and bridges are stronger, 100 miles of new transit lines are under construction, and that is just part of the story. But it is a big part of why our economy has produced almost 12 million jobs in the last four years and one month, including over 1 million new jobs in construction.

Today we're taking the next big step to maintain and modernize our transportation system, and to make sure it is the best in the world. The National Economic Crossroads Transportation Efficiency Act, as Secretary Slater said, known as NEXTEA, authorizes $174 billion over the next six years to improve our bridges, highways and transit systems. It will create tens of thousands of jobs for our people, help move people from welfare to work, protect our air and water and improve our highway safety.

MORE

I'm especially proud that as we build our infrastructure we are going to help build better lives for people who are moving off welfare. one of the biggest barriers facing people who move from welfare to work is finding transportation to get to their jobs, their training programs, their children's day care center.

There was recently a study of Atlanta, Georgia employment and the community surrounding Atlanta, pointing out that in entry level jobs an overwhelming percentage of those jobs -- for example, in fast food restaurants -- were held full-time by inner-city adults who were low-income people, if they were in Atlanta. If they were in the surrounding communities it was just a little over 50 percent. Why? Because the people who wanted the full time jobs had no way to get there. And you see that repeated over and over and over throughout the country.

This bill provides $600 million over six years to help provide and pay for transportation, so that those who have been told by the Congress in the last session that they have to go to work are, in fact, able to reach the jobs that are out there. And I ask for the support of everyone for that. (Applause.)

For too long, too many people have believed that strong transportation and a clean environment could not go hand in hand. This bill proves that that is not true. NEXTEA provides more than $1.3 billion a year to reduce air pollution and millions more to preserve wetlands and open space. By helping communities to invest in cleaner methods of transportation, by supporting recreational trails, bike paths and pedestrian walkways, by investing in scenic byways and landscaping, this bill strengthens our infrastructure while protecting and enhancing our precious natural resources. Make no mistake about it, this is one of the most important pieces of environmental legislation that will be considered by the Congress in the next two years. And I think it should be thought of in that way. (Applause.)

This legislation also builds on our progress in making roads safer, increasing highway traffic safety funds by 25 percent, expanding our aggressive campaign to crack down on drunk and drugged driving.

At its heart, therefore, as you can see and as Secretary Slater said, this bill is about more than our roads and our bridges; it's about cutting-edge jobs in commerce, it's about the infrastructure we need to prepare for them, it's about the responsibility of those moving from welfare to work and our responsibility to help them get there. It's about the community we share and the steps we have to take to make it both safer and cleaner for our children.

The chance to reshape America's infrastructure comes along only once every six years. That means that this transportation bill literally will be our bridge into the 21st century. That's why we must work together to pass this legislation, to build on a long bipartisan position of cooperation in transportation policy to move our nation forward. Together we can keep our economy on the right track and ensure that the track itself is strong enough for the enormous challenges and opportunities that lie ahead.

I am excited about this legislation. I applaud all the people in the Department who put it together, and I'm very much looking forward to working with the Congress to make it a reality.

Thank you very much. (Applause.)

END 10:00 A.M. EST

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U.S. Department of Transportation

NEXTEA

National Economic Crossroads Transportation Efficiency Act

Key Information

March 1997