

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	POTUS to Frank Schimmenti re government pensions (partial) (1 page)	07/17/1996	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Molly Brostrom
OA/Box Number: 8398

FOLDER TITLE:

Cost of Living Allowances-Military Retirees

2012-0326-S

kc781

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

referred to Carol Johnson, VM3

THE WHITE HOUSE
WASHINGTON

Clearance / Draft Request

9-27

Date Requested

To: Molly Brostrom 67028

Letter Name: From Charles Jackson of the National Association of Retired Federal Employees

Subject: COLAs for civilian retirees and discrepancies with COLAs
for military retirees.

Please review the attached information to provide :

☐

CLEARANCE: See attached draft and incoming letter

☒

DRAFT: See attached incoming letter and advise how to respond

Comments :

The following is the incoming letter we discussed from NARFE. Jackson also included the response that the NARFE member received (letter to Frank Schimmenti), which is the form letter we use for Cost of Living Adjustments.

Thanks very much for your help.

Tracy 65516

From:

Tracy Sisser

5426

Presidential Letters. Room 93 OEOP. Fax: 456-2806. Phone: 456-5516.

See reverse side for contact log

181350



National Association of Retired Federal Employees

August 7, 1996

The Honorable William Jefferson Clinton
The White House
Washington, D.C. 20500

055122

Dear Mr. President:

I am writing on behalf of a number of our association's members who recently received correspondence from you regarding your fiscal year (FY) 1997 budget proposal to reinstate the three month delay in payment of the federal civil service annuitant cost-of-living adjustment (COLA) until 2002. Enclosed you will find a copy of the letter for your information.

Our members appreciate your response to their letters. However, there were issues raised in your correspondence to them that I must clarify.

First, you wrote *"the Omnibus Budget Reconciliation Act of 1993 and subsequent legislation delayed but did not reduce COLAs."* While the OBRA 1993 did not reduce the COLA percentage increase, delayed inflation protection for federal retirees reduced their annuities from the amount they would have received if the COLA was paid on time. Obviously, there is a loss of income to annuitants as a result of the delay which resulted in savings of \$779 million from 1994 to 1996. If the federal government saved that much, then federal annuitants lost that much. In fact, the average civil service annuitant -- who received \$15,876 annually before the 2.6 percent 1994 COLA -- lost \$326 during the three year cycle of OBRA 1993 as a result of the COLA delay. The same annuitant will lose an additional \$997 between 1997 and 2002 if the COLA delay is reinstated for another six years.

You also wrote *"both federal civilian and military retirees received their 1996 COLAs in April. In 1997, however, military retirees will receive their COLA in January, and my fiscal 1997 budget proposes maintaining a January date for such retirees through 2002."* Although your desire to restore timely inflation protection to our friends who served in the Armed Forces is commendable, you did not make a commitment to providing the same treatment to federal civilian annuitants.

August 7, 1996

Page 2

Absent agreement on Medicare, Medicaid and a \$500 per child tax credit, NARFE is concerned that the only budget reconciliation bill you and the Congress might enact before adjournment is scaled-down legislation limited to federal retirement and other smaller mandatory spending programs. Besides being singled out as the only retirees whose income is targeted for deficit reduction, federal retirees would be disproportionally burdened by cut-backs proposed in a scaled-back budget reconciliation bill that falls well short of balancing the budget. NARFE urges you to discourage or veto any budget reconciliation bill that denied COLA equity to federal annuitants.

I would enjoy the opportunity to discuss our concerns with you at your convenience.

Sincerely,


CHARLES R. JACKSON
President

enclosure

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	POTUS to Frank Schimmenti re government pensions (partial) (1 page)	07/17/1996	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Molly Brostrom
OA/Box Number: 8398

FOLDER TITLE:

Cost of Living Allowances-Military Retirees

2012-0326-S

kc781

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

[001]

THE WHITE HOUSE

WASHINGTON

July 17, 1996

Mr. Frank Schimmenti

P6/(b)(6)

Boonton, New Jersey 07005-2215

Dear Frank:

Thank you for sharing your concerns about government pensions and cost-of-living adjustments for federal civilian and military retirees. I recognize the contributions and sacrifices made by these individuals, and I remain dedicated to ensuring they receive fair compensation for their service to our nation.

I am committed to providing employees with compensation packages -- including retirement and health benefits -- that are competitive with those in the private sector. And, after weighing competing budget priorities and working to further reduce the deficit, my Administration still has been able to provide COLAs for civilian and military retirees, a feature not found in many private sector retirement plans. The Omnibus Budget Reconciliation Act of 1993 and subsequent legislation delayed but did not reduce COLAs. Both federal civilian and military retirees received their 1996 COLAs in April. In 1997, however, military retirees will receive their COLA in January, and my fiscal 1997 budget proposes maintaining a January date for such retirees through 2002.

I am determined to preserve the integrity of the federal employee pension systems and ensure that we fairly compensate those who have served our country so well. Thanks again for getting in touch with me.

Sincerely,



THE WHITE HOUSE
WASHINGTON

a We've never proposed mil retire cost delay

CIVILIAN RETIREES

OBRA 93 delayed civ. cost for 3 months
for 94-96

In 97 budget → we proposed to continue
delay thru 2002

- came out of budget discussions / confers,
negotiations
(policy agreed on by Congress & Admin)

- from retirees, just a 1-time hit
- bec. of baseline budgeting, shows up each yr.

Background - A number of the 697,000 veterans who served in the Persian Gulf War theater are suffering from undiagnosed illnesses with similar symptoms. Congress, the Department of Defense and the VA have acted appropriately regarding the mysterious illness that has befallen many Persian Gulf War Veterans.

Position - Senator Dole has provided leadership and will continue to strongly support these programs as well as the medical and scientific evidence which may support further necessary care for this group of veterans.

FLAG AMENDMENT

Background - The Supreme Court has interpreted the First Amendment as allowing desecration of the U.S. flag as freedom of expression.

Position - In 1995, Senator Dole is an original co-sponsor of S.J. Res. 31, a constitutional amendment to allow Congress and the States to enact legislation to prohibit physical desecration of the flag. In 1990, Senator Dole introduced nearly identical legislation. The Dole Administration will actively support a constitutional amendment protecting the flag.

COLAS FOR MILITARY RETIREES

Position - Senator Dole advocates timely, equitable COLAs for military retirees. In an effort to redress the disparity between the COLA for civilian retirees and that for military retirees, Senator Dole supported an amendment to the Defense Authorization Act which moved the effective date of the COLA for military retirees from October 1, 1995 to April 1, 1995, conforming it to the federal civilian retiree COLA schedule. These actions will help to ensure that the burden of deficit reduction is not shouldered by military retirees alone.

throughout his 11th budget
sustained mil retirees in Jan
so that mil retirees receive

Dave McCormick 5-4642

for 5-3307

David Morrison 5-3884

Carol Johnson → 54644

OBRA 93 delayed the civilian COLA for 3 months; but also for military (to April - then October)

- in conformity, for 94-96

DOD Auth fixed for 97

97 → move to April

98 → conform to civilian

###

Jan. COLA for 97

also delinked from civ to keep at Jan.
+ no COLA delays for future

- Furthermore, I've prop'd

(should happen in Jan.) to April

- In our 97 budget, we cont'd

but let mil COLA remain in Jan.
- For 98, we delinked civ + mil

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

12-Jul-1996 11:07am

TO: Molly Brostrom

FROM: David M. Zavada
 Office of Mgmt and Budget, VAPD

SUBJECT: RE: what's your fax #

I took a look at the FY 1997 numbers - the our savings from the COLA round down can be translated to a .2% reduction - it is possible that CBO's scoring could be .3% reduction? In an event, it is close - so they could be referring to the round down.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

21-Aug-1996 09:17am

TO: Pauline M. Abernathy

FROM: Molly Brostrom
 Domestic Policy Council

SUBJECT: COLAs on VA compensation

The VA Compensation program does not have an automatic COLA; each year we must submit legislation to enact a COLA. The VA comp. program is mandatory (part of veterans' entitlement), but for whatever reasons (very possibly so that Admin's could take credit for full COLAs as we're doing), the law says that the COLA must be proposed each year.

(Interestingly, but not surprising, the Comp program COLA is one of the few pieces of authorizing legislation not subject to PAYGO.)

Finally, an answer...

Office of Management and Budget
National Security Division

Operations Branch

Fax Cover Sheet
Fax #: (202) 395-5722



Number of Pages: 2
(W/cover sheet) _____

Date: 7/15/96 _____

TO: Molly Brostrom

ORGANIZATION: _____

FAX NUMBER: 67028

FROM: Tom Lewis

PHONE: 53796

COMMENTS: Enclosed is the draft letter as promised.

P-208a SALARY OF FEDERAL EMPLOYEES/COST OF LIVINGS REDUCTION FOR
FEDERAL AND MILITARY; PAY FREEZES

THE WHITE HOUSE

WASHINGTON

July 2, 1996

Mr. John M. Doe
Title
Organization
Business Adr1
Business Adr2
Business City, BState BZip-BZip9

Dear John:

Thank you for sharing your concerns about government pensions and cost-of-living adjustments for federal civilian and military retirees. My Administration recognizes the contributions and sacrifices made by these individuals, and I remain dedicated to ensuring they receive fair compensation for their service to our nation.

We are committed to providing employees with compensation packages -- including retirement and health benefits -- that are competitive with those in the private sector. And, after weighing competing budget priorities and working to further reduce the deficit, my Administration still was able to provide COLAs for civilian and military retirees, a feature not found in many private sector retirement plans. The Omnibus Budget Reconciliation Act of 1993 and subsequent legislation delayed, but did not reduce COLAs. Both federal civilian and military retirees received their 1996 COLAs in April. In 1997, however, military retirees will receive their COLA in January, and my fiscal 1997 budget proposes maintaining a January date for such retirees through 2002. *

Be assured that my Administration is determined to preserve the integrity of the federal employee pension systems and fairly compensate those who have served our country so well. Thanks again for getting in touch with me.

Sincerely,

Bill Clinton

(7/2/96)

CLINTON BUDGET CUTS MILITARY RETIREE COLAs - AGAIN -

President Clinton has submitted to Congress his fiscal 1997 budget. Although widely criticized by the Chairman of House National Security Committee and the Senate Armed Services Committee for not providing enough funding for military readiness, modernization and military construction, military retirees are alarmed by another of the proposals contained in the President's budget. If he gets his way, federal civilian retirees will once again be singled out for COLA delays — which will result in a lifetime cut in retired pay. Many observers believe the COLAs of military retirees are also likely to be delayed. That's because of a provision in the 1996 Defense Authorization Act which states that military retirees will receive the same COLAs as federal civilian retirees in 1998 and beyond. However, if for some reason that provision would not come into effect, it is then likely that Congress would decide to delay military retiree COLAs for the same period as civilian retirees.

Military retirees are alarmed by another of the proposals contained in the President's budget.

Specifically, Clinton would delay payment of the COLAs from January 1 to April 1 for 1997 through 2003 — a total of seven years, and a total delay in COLA payments of 21 months. The inequity of the proposal results from the fact that Clinton has not proposed delaying the COLAs of any other group or groups of individuals who receive federal COLAs.

TREA is opposed to singling out federal

civilian retirees and military retirees for COLA cuts, and believes all recipients of federal COLAs should be treated equally.

In addition, Clinton wants to arbitrarily reduce the Consumer Price Index (CPI) by .3 percent. The CPI is used by the government to determine the rate of inflation, and thereby, determine the amount of the COLA that will be given each year.

It is widely acknowledged that the CPI overstates the rate of inflation, but there is a great deal of controversy over just how much. TREA believes there should be no change in the CPI until a careful study has been done by economists and other non-political professionals to determine the real rate of inflation. We are strongly opposed to politicians in either party reducing the CPI just so they can balance the budget.

We will closely monitor what happens to the President's proposals, and we'll fight to stop them if they, or any similar proposals, appear to be getting serious consideration in Congress.

MEDICARE SUBVENTION BILLS INTRODUCED IN CONGRESS

Senate Majority Leader Bob Dole has introduced a bill to allow the Department of Health and Human Services to evaluate the cost-effectiveness of Medicare reimbursement to the DoD for treatment of military retirees aged 65 and over. In government circles, this is known as "Medicare Subvention". A companion bill has been introduced by Congressman J. C. Watts of Oklahoma.

Based on the findings of the study, the bill would allow over-age-65 retirees to enroll in TRICARE Prime and be treated in military hospitals. As Dole stated in a press release concerning the bill, "although military retirees over the age of 65 may use military medical treatment facilities on a space-available basis, that option is rapidly becoming nonexistent as military facilities downsize and TRICARE expands across the country."

TREA has long supported Medicare Subvention, and we strongly back the Dole/Watts legislation.

HOUSE COMPANION SUBVENTION

Representatives Joel Hefley (R-CO) and J. C. Watts (R-OK) joined forces in an effort to offer an amendment to the 1997 Defense Authorization Act when it reaches the House floor. Both Congressmen were optimistic that the Rules Committee would support their efforts as there was not a fee-for-service provision contained in their pilot program proposal. They felt without a fee-for-service clause in their amendment, any objection over budget constraints would have been met. The Rules Committee did not agree and will not allow their amendment.

THE WHITE HOUSE

John Adams, TREA Director for Government Affairs, recently met with White House staff and military organization representatives. The major portion of this 90 minute meeting was taken up with our concerns over access to the Military Health Services System (MHSS). Representatives from the Office of Manpower and Budget (OMB) and the Health Care Finance Administration (HCFA) spent nearly 50 minutes explaining why Medicare Subvention has been and will continue to be a difficult goal to achieve. Despite having 45 people from various federal agencies and departments working this issue, they believe budget rules and the financial difficulties faced by Medicare funding will prevent Medicare Subvention from reaching the Federal Employees Health Benefit Plan (FEHBP) as an option to the over-65 military retiree community very attractive. Medicare may go broke in 2002 without reduced spending in Medicare programs and increased contributions.

LINE-ITEM VETO: GOOD FOR MILITARY RETIREES?

Congress has passed, and President Clinton has signed, legislation giving the President a line-item veto starting January 1, 1997. When the law takes effect, the President will have the power to veto specific line items in any spending bill, within five days of signing the bill into law. Congress can override a veto by a 2/3 vote in each chamber. Defense Authorization and Appropriation bills, as well as tax and entitlement bills,

Line Item cont'd on Page 7



Washington Update

by John M. Adams, Director for Government Affairs

RETIREE ALERT!!!

Retirement Cuts Included in Senate Budget Plan

Members of the Senate Centrist Coalition, lead by Senator John Breaux (D-LA) unveiled a budget-balancing plan that calls for cutting military retirement benefits for current and former service members. Although the plan is unlikely to pass, it is sure to get attention because this bipartisan group of 22 Senators have agreed on a deficit reduction package.

A budget-balancing plan that calls for cutting military retirement benefits for current and former service members.

As we go to press, we do not have all the details of this plan, but feel it noteworthy for a heads up to TREA's membership.

We do know that while the present military retirement system is based on years of service, not age, this plan calls for reducing retired pay for anyone retiring who is not 50 years old or older. The Centrist Coalition Plan also denies unemployment benefits to service members who voluntarily leave the military by choosing not to re-enlist. The Plan would also increase pharmacy copays for veterans whose treatment is not for service-connected disabilities and whose income is above \$13,190 per year. The Plan also calls for delaying annual COLAs for both military and federal civilian retirees from January 1 to April 1 through the year 2002.

Members of the Centrist Coalition are as follows:

John Chafee (R-RI)
John Breaux (D-LA)
Robert Bennett (R-UT)
Richard Bryan (D-NV)
Christopher Bond (R-MO)
Kent Conrad (D-ND)
Hank Brown (R-CO)
Bob Graham (D-FL)
William Cohen (R-ME)
Dianne Feinstein (D-CA)
Slade Gorton (R-WA)
J. Bennett Johnston (D-LA)
James Jeffords (R-VT)
Bob Kerrey (D-NE)
Nancy Landon Kassebaum (R-KS)
Herb Kohl (D-WI)
Alan Simpson (R-WY)
Joseph Lieberman (D-CT)
Olympia Snowe (R-ME)
Sam Nunn (D-GA)
Arlen Specter (R-PA)
Charles Robb (D-VA)



DISABILITY PAYMENTS FOR VICTIMS OF AGENT ORANGE

President Clinton proposed expanded benefits for Vietnam veterans to cover prostate cancer and the nerve disease peripheral neuropathy, so they could receive disability payments based upon their possible exposure to Agent Orange. In the past, Vietnam veterans have been able to receive free health care for those ailments, but not disability compensation.

"These actions show that our country can face up to the consequences of our actions, that we will bear responsibility for the harm we do even when the harm is unintended," said President Clinton.

President Clinton further said the administration would offer legislation providing disability benefits for children of Vietnam veterans who have the birth defect Spina Bifida. A study by the National Academy of Science suggested a link between Spina Bifida and Agent Orange, although the evidence is not conclusive. "This is the first time the offspring of American soldiers will receive benefits for combat-related health problems," Clinton added.

Chairman of the House Veterans Affairs, Bob Stump (R-AZ), said the Compensation, Pension, Insurance, and Memorial Affairs Subcommittee would schedule a hearing shortly on the new disability status for peripheral neuropathy and prostate cancer.

Meanwhile, the Department of Veterans Affairs (VA) is announcing plans to establish a research center to investigate potential environmental reproductive hazards of military service.

At a congressional hearing on the National Academy of Sciences (NAS) report on Agent Orange, VA Under Secretary for Health, Dr. Kenneth W. Kizer, said, "I do not believe that enough attention has been directed toward potential environment reproductive hazards of military service." This proposed center would be specifically dedicated to investigating reproductive outcomes among veterans and their offspring." The department is finalizing a "request for proposals" and hopes to distribute the announcement this month. An award is anticipated in late summer.

Although specifics on the new center depend on proposals received, the center will most likely be a collaborative effort with other federal or state agencies that collect birth outcome data, have experience with relevant chemical exposures, and can draw data from an ethnically and culturally diverse population.



Advertiser's Index

Arena Advertising	Pg. 24
Country Products	Pg. 14
Ernst & Young	Pg. 18
Hale KOA	Pg. 23
Harbor Shores	Pg. 19
Independence Seaport Museum	Pg. 22
Locator Service (The)	Pg. 22
Military Coalition	Pg. 16
National Veterans Legal Service	Pg. 07
Nature's Delight	Pg. 19
Nevinco	Pg. 23
Navy Lodges	Pg. 17
Old Original Bookbinders	Pg. 23
Retired Military Almanac	Pg. 10
Ross Publishing	Pg. 08
Structured Investments...	Pg. 09
Turner Publishing	Pg. 17
Wind River Products	Pg. 17

