

OFFICE OF DOMESTIC POLICY

	ACTION	FYI		ACTION	FYI
Rasco	[]	[]	Reed	[]	[]
Galston	[]	[]	Magaziner	[]	[]
Reed	[]	[]	Way	[]	[]
Magaziner	[]	[]	Heenan	[]	[]
Way	[]	[]	Margherio	[]	[]
Sagawa	[]	☒	Cerda	[]	[]
Strong	[]	[]	Barnett	[]	[]
Rosenbaum	[]	[]			

REMARKS:

March 4, 1993

MEMORANDUM FOR DPC STAFF

FROM: Carol H. Rasco
SUBJECT: Staff Meetings

- 1) The most immediate issue at hand in relation to meetings is:

Potluck 5:30 p.m. 3/7/93
Please let Rosalyn know if you need directions,
list of menu items, etc.

- 2) As to regular staff meetings, we will over time evolve a final schedule but at this point here is the schedule:

- a) Monday mornings 9 a.m.

Each Monday morning all program staff plus Rosalyn for no more than 30 minutes in my office to outline the week's activity.

- b) Tuesday - Friday Mornings 9 a.m.

Senior DPC staff (Bill, Bruce, Ira, Sara, Kathi, Shirley) as available will meet in my office for no more than 30 minutes for a quick overview of the day.

- c) Every other Thursday at noon

Senior DPC will meet in my office (bring your lunch if you wish) for an hour or so to look at projects in a more in-depth manner and to discuss in-office issues.

- d) Once we are more fully staffed, in particular with full support staff, we will add a weekly or bi-weekly 30 minute meeting of all staff, probably in late afternoon.

Senior Staff: FYI

The next Thursday noon meeting is scheduled for March 11. I will be out of town that day, so we will meet Monday, March 15 at noon in my office. we will still have the 9:00 a.m. full program staff meeting on the 11th.

All Staff:

My plans currently call for me to leave Wednesday, March 10 in mid-morning for Little Rock to participate in a National Rural Health Conference sponsored by the Robert Wood Johnston Foundation. I will return to DC Sunday, March 14 mid-day. Please do not hesitate to call my home, use the skypager, the home fax...I will be on duty full-time!

Program Staff: Rasco

Galston
Reed
Magaziner
Rosenbaum
Way
Sagawa
Cerde
Strong
Heenan
Margherio

TO: Ira Magaziner
Bill Galston
Bruce Reed
Shirley Sagawa✓

cc: Hillary Clinton

FROM: Carol H. Rasco *CHR*

SUBJ: Morning meeting with the President

DATE: January 26, 1993

I will try following each of my morning meetings with the President (now scheduled for three times weekly) to give you a brief update. It will be simplest for me to do one memo that will cover everything instead of breaking it out in pieces individually to the person responsible for that topic; there will be some exceptions to this plan. These will also be very informal, not highly edited, OK?

A. Health:

The President had just completed a good meeting with the Congressional leadership. Gephardt, Mitchell, Dole will definitely serve as leadership on health; Michel has not named himself for sure yet. Hillary should probably now follow up with them; I will leave it to Hillary to let us know if she wishes to handle this another way. Also, they all want to name staff persons to work on this project; this does not mean their staff has to be on the working group. These four will need to be asked, according to the President, for the staff names. However, the President and Mac McLarty as a result of the leadership meeting this a.m. strongly encourage that someone should daily talk with the staff persons indicated by these four gentlemen; I would suggest to Hillary and Ira that a discussion be held with Steve Richetti to determine if he should be the one to make those daily contacts or if it should be one of us. Then, the President feels the four leadership members should be called once a week by Hillary or someone of our choosing. He says the bottom line is that it is clear they are hungry for information.

B. Inner City issues:

Told the President of the joint group to be established between us and NEC with Bruce and Gene taking the lead. He asked that HUD be highly involved as he knows Cisneros has lots of ideas.

C. Welfare Reform:

President is glad we are moving on this; feels it should be higher back on the agenda and wants us to stress that to cabinet members.

D. National Service

The President mentioned a number of issues here that I will outline separately to Galston and Eli Segal.

E. Political Reform

1. Campaign Finance Reform: Ernie Dumas of Arkansas recently wrote a piece the President liked...was in the new weekly Ark. paper and the President thinks he gave a copy to George, would like for you to read it, Bruce.

The President says we need to consider "How much we get out of just even passing what failed last time?" But on the otherhand he says because of some of the shortcomings of that bill we should perhaps clean it up?

2. Lobby reform: Sen. Carl Evans...should his bill be the basis? Whether or not his bill is used, the President says to involve Sen. Evans early, stay in touch with Evans.

F. NGA Winter Meeting

1. Monday forum: we discussed some format issues. He wants HHS to be very clear that he is dead serious about a streamlined waiver process..."we should let the states do more, evaluate more, and then if it doesn't work..shut it down." I have conveyed this to Sec. Shalala and will visit more with her.

2. He has agreed to speak at the Tuesday morning plenary. While the emphasis of this plenary is on health care he will discuss his need for the Governors to work with him on all his priorities. I will be visiting with Communications Dept. this afternoon.

G. I made the President and Mac aware of the meeting this afternoon that Bruce and I will have with individuals concerning USAir.

H. Finally, the President asked me to visit with Leon Panetta about the regulations being put on hold as reported in The Washington Post this a.m., particularly the ethanol issue. The President is very concerned that it will appear he is changing his position on this matter.

Thank you.

Clinton Presidential Records Digital Records Marker

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

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

Economic Plan

Divider Title: _____

IN-DEPTH Q&A ON CLINTON-GORE ECONOMIC PACKAGE

1. Broder column and the deficit:

Q: Broder implied that the President knew about the deficit increase during the campaign and that thus he was not being straight in saying that it was the deficit that forced him to go beyond the campaign and raise energy taxes. What is your response?

A: The clear and undisputable facts show that he is wrong. It is the case that the deficit did deteriorate during the Presidential campaign. Everyone knew that. But it did not deteriorate enough to require us to have raised energy taxes to get our current deficit target for 1997.

But the undisputable fact is that after the election was over the deficit got far worse by any standard. The adjusted OMB shows that the deficit got worse by \$70-100 billion after the campaign. The CBO showed that it go worse by well over \$33 billion. When adjustments were made to our internal numbers, the deficit was \$50 billion higher. So by any standard, it is a clear, objective and undisputable fact that the deficit got \$33-\$100 billion worse after the campaign. No one -- no one -- had the capacity to know what the January 1993 CBO and OMB numbers would be before they came out. Therefore, no matter whose numbers you believe, the facts are clear: the deficit is much higher than anyone could have known last summer.

2. Business Week Deficit "Prediction:"

Q: But last July, Clinton told Business Week the deficits would approach \$400 billion.

Let me repeat, no human being could predict what the OMB or CBO would do with their January 1993 numbers until they came out.

The unexpected increase in the deficit was the rise in FY1997 to \$346 billion -- more than \$100 billion greater than when we first did our plan. When Clinton spoke to Business Week he was not even talking about the deficit baseline in 1996 or 1997. What he was referring to in that July 6, 1992 interview was that some were predicting that the 1992 budget might rise to near \$400 billion because of RTC costs and other factors. When Congress did not deal with the RTC and technical changes were made, the deficit for 1992 ended up being \$290 billion. As it turned out, the 1992 number was far lower than anyone expected, but the 1997 number that we have to live with was more than \$100 billion worse than Clinton -- or anyone -- could have known in July 1992.

3. Bush Campaign Tax Commercial:

Q: When Bush did a commercial saying that people making \$36,000 would pay higher taxes, the President said it was despicable. Yet, now it seems that Clinton intends to raise taxes on such families. Hasn't Clinton's critique of Bush's commercial proven to be unfair?

A: Absolutely not. Clinton stated that his income tax proposal would apply only to the top 1-2%. What he proposed in his budget was only on the top 1.2% of families making over \$180,000. Almost 99% of Americans are untouched by increases in the income tax -- just as Clinton promised.

Even when the deficit increased after the campaign by an additional \$50 billion, Clinton ensured that average families were touched as little as possible by overall tax package-- no more than \$17 a month for an average family -- while millions of families will pay far less when you count their reduced mortgage costs.

4. Family Economic Income:

Q: David Broder says that the Clinton counts income in his figures of \$30,000 and \$100,000 is inflated and counts income that people normally do not count as income and that this is more smoke and mirrors. What is your response?

A: Those were the same Treasury calculations used in the Treasury for years -- by Republican Administrations. Only now is it challenged. If you look at the Reagan Administration's 1985 "Tax Proposals to the Congress for Fairness, Growth and Simplicity" or their 1984 report "Tax Reform for Fairness, Simplicity, and Economic Growth" -- they both use the same concept of "family income" and have an appendix that explained it in detail. Whatever differences there are between family income and adjusted gross income, that difference is minimal for the average middle class family.

In any case, objective studies by the nation's top tax and accounting companies completely confirm our estimates.

Arthur Anderson showed that a family of three making \$25,000, would actually receive a \$700 tax cut because the amount we increased the Earned Income Tax Credit is so much larger than the energy tax.

— Coopers & Lybrand found that for a family of four making \$55,000 adjusted gross income their tax rate would go up less than \$11 a month.

[It should also be noted that, by any standard, objective study after objective study has shown that the average family pays only around \$15 more a month in higher energy taxes, while a USA Today article this week showed that many middle class

families will save over \$1000 in mortgage costs from the reduced interest rates that have been brought about already from the seriousness of the Clinton plan. In addition, the worst distribution table shows that the top 10% pay 70% of all of revenues in the Clinton plan.]

5. Clinton Baseline and CBO Baseline:

Q: Isn't Clinton's baseline purposefully made more negative so that it looks like you are doing more on the deficit. After all, the CBO deficit is only \$319, while his is \$346?

A: The Administration had some slightly more conservative revenue calculations, but let's be clear: the plan achieves specific gross cuts of \$195 billion in 1997. When you subtract \$55 billion for new investments that comes to \$140 billion in net deficit reduction.

We have been more conservative in all our numbers so that the American people know we are shooting straight with them. Remember, the Council of Economic Advisors came up with the same growth numbers as the Blue Chip. We could have used those numbers and no one could have assailed them. Yet, since the CBO numbers were more conservative, they used them so that there could be no chance that anyone could see them as getting out of the nation's problems with rosy scenarios.

6. Spending cuts:

Q: How do you reply to the claims by Pete Domenici that the Clinton is not really doing much on spending cuts?

A: If you look at his gross cuts, he is cutting \$247 billion in spending and has \$493 overall in gross deficit reduction. Even when you subtract all of the tax incentives and new investments, you still find \$325 billion in net deficit reduction over four years and \$473 in net deficit reduction over five years. Even with all of the new investments, this is still close to being the largest net deficit reduction package of all time.

In fact, if the Clinton plan is adopted, we will spend less -- as a proportion of our national income -- than either Bush or Reagan. [Government spending under the Clinton plan would average 22.7 percent. Under the Republicans, it averaged 23.3 percent.]

7. Tax and Spending Ratios:

Q: But doesn't he rely far more heavily on tax revenues and really far too little on spending cuts? Some -- like Rep. Kasich -- say the ratio is \$3.60 cents to every \$1 in spending cuts.

A: The long-term package over five years has \$375 billion in gross spending cuts and \$222 billion in cuts even if you subtract all of the new investments.

In gross terms, the overall plan relies more on spending cuts and has more spending cuts than revenue raisers by the second full year. Yet, even if you look at the net numbers -- even if you subtract all of the tax incentives and new investments -- there are more spending cuts than taxes by the fourth year out, and most importantly, that pattern continues to grow with each year. In other words, the percentage of spending cuts continues to exceed the revenue raisers by more and more each year starting in the fourth year.

So the plan will set the nation on a new path. We are turning around the pattern of high deficits and low investment and replacing it with lower deficit, higher investments and do so while setting a long-term pattern that relies more and more on spending cuts with each year.

[Note: In real terms, Treasury has calculated that the 1982 Reagan tax increase was larger and less fair than our tax package]

Specific Spending Cut Issues:

Q: Your numbers seem good from a distance, but what we are hearing is that you are inflating your spending cuts by counting things that are not really spending cuts. I would like to mention the charges one by one and have you respond as to why it is a spending cuts.

8: Interest Cuts?

Q: Both of the critique on the Clinton budget put out by Republicans on the House and Senate Budget Committees say that the Administration is wrong to count interest rate cuts as a spending cut. What is your response?

A: We knew that Washington was out of touch, but we never thought we would live to see the day when if we cut the tragic amount of interest we pay on the debt, we would be told that this is not cutting spending! Do the Republicans think that cutting interest payments on the debt is raising taxes?

We spend nearly \$200 billion a year in interest payments on a national debt that has exploded over the last 12 years. We spend this money -- much of it to foreign bond holders -- instead of investing in America. Since, many of the people in Washington have never cut the interest payments we pay on the debt, I can understand that they do not know what to call it. But I think most people know that when they pay down their credit cards so they pay less interest, they are cutting their spending. When we finally have the courage to cut the deficit so that we are cutting the spending we pay on interests, we are cutting spending. Republicans can call this a Kangaroo or an orange or whatever they want, but common sense tell you that you are cutting spending not raising taxes.

9. Social Security?

Q: Many people have criticized the Administration for counting their Social Security provision as a spending cut when they are raising funds by including more Social Security benefits as taxable income?

A: Just Tuesday, at a Dole, Domenici, Packwood Press conference -- Senate Finance member Packwood stated clearly that this type of reduction in Social Security has been counted as a spending cut by both the Bush and Reagan Administration. [Reuters Transcript Report, 2/23/93] Former CBO director Rudy Penner has published an article stating that this reduction should be seen as a spending cut.

And as Herb Stein said in the Wall Street Journal, (1/24/93) there is no reason to call this a new revenue as opposed to a spending cut. The effect is exactly the same. However it is classified, we are spending less on entitlements by the same amount

The main thing is that it is too bad that people who don't have the courage to change are getting lost in form over substance. For years and years, we have heard that we have to cut what we spend on entitlements, and that we must have the courage to take on Social Security. If the Clinton plan had cut COLAs, it would have been regressive, but everyone would have called that a "spending cut." Yet, the Administration figured out a way to cut spending on Social Security entitlements by affecting only the top 19% of beneficiaries. That is an important, smart and fair way to reduce entitlements -- whatever you call it.

10. User Fees?

Q: Some are also saying that they are counting fees as cuts when they are really higher taxes:

A: It has always been the standard rule that if a business or a person uses a government service -- paid for by the taxpayer -- and that business or person pays for a specific service and is charged for it in a business-like way, then it is counted as a reduction of the costs of the program. Why should a taxi cab driver have his tax dollars used to subsidize a wealthy person's use of a private jet? Making that private jet owner pay for his use of a taxpayer financed airport so that we can spend less on our airports is lowering the spending costs average taxpayers have to pay.

11. Earned Income Tax Credit:

Q: The House Budget Republicans say that it is wrong for the Administration to count all of the earned income tax credit as a tax cut, and that they should count part of it as a spending increase?

A: That is a trickle-down definition if I've ever heard one. If a tax cut is given for a rich person it is called a supply-side miracle. When we give a tax cut for working people, they call it a spending increase. The fact is that President Bush and everyone else scored the earned income tax credit as a tax cut in the 1990 Budget Agreement. It is just one more attempt to distract attention from the fact that Bill Clinton has presented a real deficit package, and the Republicans have no reply.

12. Spending Cuts and Budget Agreement:

Q: What is your response to Domenici and others who say that many of the Administration's spending cuts were already in the 1990 budget agreement?

Answer: No. Every single one of the 150 programs we cut is a new cut -- beyond what was implemented in the Bush Administration -- creating new savings. The 1990 Budget agreement had caps -- it didn't say what the cuts were, or who would have the courage to identify and call for them. By filling in the black box with real and specific reductions, the Clinton plan converts smoke and mirrors into concrete spending cuts.

13. Gross and Net Deficits:

Q: But didn't the OMB Director purposely mislead us by giving the impression that you were cutting \$493 billion in net deficit reduction over four years?

A: No. There may have been some confusion over what was gross deficit cuts and what was a net deficit cut. The Administration has always made it clear that of the \$493 billion in gross deficit reduction, 2 of every 3 dollars goes for deficit reduction and \$1 goes for new investment. In his briefing on February 17th, Leon Panetta referring to the \$493 billion said, "Two-thirds of that amount goes for deficit reduction, one-third of that amount goes for investments."

14. Social Security Thresholds:

Q: The President claimed that while he was going to ask for more from well-off Social Security recipients, that no one who did not pay tax on their Social Security now would not pay tax under his proposal. Yet, some claim this is not true. They say that the provision will reach below \$32,000 and tax new people who never before paid tax on their Social Security benefits.

A: That is not true. We ask more from the top 19% of the Social Security recipients and that is all. The same 80% of Social Security recipients who don't pay a dime on their Social Security benefits will still not pay a dime.

[The formula to increase the amount of benefits subject to taxation, is phased in so that only those over the current threshold -- \$25,000 for a single and \$32,000 for couple --are affected. The claim that we are reaching deeper is not the case: the thresholds are intact under our plan. (If there are disputes on the revenue we raise, that is a technical issue)]

15. The Need for a Stimulus?

Q: Now that we see how great the growth was for the 4th Quarter of 1992, do we still need a stimulus package?

A: In light of the strong upsurge in consumer confidence that occurred in the last few months of 1992 because of optimism over President Clinton's election, we are gratified by the encouraging news. Yet, as we have said before, the President's criteria is jobs, and we still have a jobless recovery, with historically low job creation rates. If this were even an average recovery, we would have 3 million more jobs in the economy today. In fact, the unemployment rate is higher today than it was at the very bottom of the recession. So we are not satisfied, and we will not be satisfied until we get a job creating recovery.

16. Gramm-Army?

Q: What about the Gramm-Army plan? They call for a Balanced Budget Implementation Act that would put a cap on entitlements, used fixed deficit targets and sequestration to balance the budget by the year 2000. What is wrong with that, especially if they are only capping non-Social Security entitlements at inflation as they claim?

A: Their plan is just another gimmick designed to allow some members of Congress to hide behind a scheme that allows them to sound tough on the deficit, without having to summon the courage to specifically say what they would cut.

Gramm-Army does not call for a single new dollar in training for laid-off defense workers, for anti-crime initiatives, for fixing the environment, for the best children's programs like Head Start and WIC or for welfare reform.

But far beyond that, their nice sounding plan could only be implemented with devastating cuts that could set our nation back decades. To reach their goal through across the board spending cuts, they would have to cut everything by 33%. That means brutalizing Medicare and Medicaid. That means, according to one Congressional study, that we would need a 33% cut in our veteran programs, a 33% cut in federal judges, a 33% cut in the FBI -- 3,000 less agents, a 33% cut in federal drug enforcement officials, and a 33% cut in programs like Head Start, child immunizations.

We have given every cut -- no matter how painful -- line by line, dollar by dollar, year by year. Others who don't have the cuts to follow course, throw out gimmicks that sound nice, but when you look behind them you find that they could only take place if we called for painful, dangerous cuts that these same people don't have the courage to be specific about.

17. Kemp-Weber?

Q: How about the Kemp-Weber proposal -- "Empower America?"

A: It is the same old thing: nice words, no courage, major deficit increases and a wish list with no specifics.

Mr. Kemp calls for hundreds of billions in all sorts of tax cuts to everyone imaginable. He would spend hundreds of billions reducing the payroll tax cut, increasing the personal exemption, while reducing every corporate tax imaginable. Some of this is nice -- I wish we could just give away hundreds of billions. And what is his only suggestion for paying for these massive new tax cuts? He calls for a

line-item veto -- which we support -- and what he calls "strong budget caps." We really can't afford four more years just like the last 12 years with people like Mr. Kemp promising everything to everyone, saying we can cure all our problems without having the guts to come forward with even one specific tough choice. We gave America a real budget, with over a 150 specific cuts in program for each of the next five years so that we could both bring the down the deficit while we increased investments in our people. That is tough to do, but that is the type of change the American people want.

18. Marriage Penalty?

Q: Isn't there a marriage penalty in this package?

A: No. This plan doesn't even touch the incomes taxes of any other than the top 1.2% of all taxpayers. Some have complained that the surtax on those making over \$250,000 is a marriage penalty for those in that bracket because it didn't distinguish between singles and married couples who are extremely well-off. That just goes to technical aspects of that provision and is a red-herring at best.

BRIEF Q & A ON CLINTON-GORE ECONOMIC PLAN

Deficit increase

Question: Did the President, as journalists have charged, know about the deficit increase during the campaign and not shoot straight about raising taxes?

Answer: Putting People First was based on January 1992 budget and deficit estimates. The deficit did get somewhat worse during the campaign, but not enough to have forced President Clinton to have had to raise energy taxes to hit our current deficit targets.

But then in January 1993, just two weeks before President Clinton took office, Bush Budget Director Darman revealed that in fact, the deficit in 1997 would be another \$70-\$100 billion higher than he had said it would be in August. The Congressional Budget Office also agreed the deficit in 1997 would be a lot bigger -- closer to \$30 billion more. Our transition officials found the numbers showed we were \$50 billion higher. No one -- no one -- had the capacity to know what the January 1993 CBO and OMB numbers would be before they came out. Therefore, no matter whose numbers you believe, the facts are clear: the deficit is much higher than anyone could have known last summer.

Follow-up: But didn't candidate Clinton tell Business Week in July that the 1997 deficit could hit \$400 billion?

Answer: No. Clinton was, in fact, referring to some projections that the 1992 deficit would be massive because of the Savings and Loan bailout and other factors.

Deficit claims in OMB document

Question: Why did OMB mislead the public when it claimed the plan would cut the deficit by \$500 billion?

Answer: There's been some confusion about what are called "gross" and "net" deficit reduction numbers. But let's be clear: the Clinton budget cuts the deficit by \$325 billion over four years even when you include the \$160 billion of new investments the President calls for. [Over five years, the plan reduces the deficit \$472 billion net, while also doing over \$220 billion in new investments.] The plan will reduce the deficit by \$140 billion in FY1997 alone.

Taxes on the middle class

Question: When Bush did a commercial saying that people making \$36,000 would pay higher taxes, the President said it was despicable. Yet, now it seems that Clinton intends to raise taxes on such families. Hasn't Clinton's critique of Bush's commercial proven to be unfair?

Answer: Absolutely not. Clinton stated that his income tax proposal would apply only to the top 1-2%. What he proposed in his budget was only on the top 1.2% -- families making over \$180,000. Almost 99% of Americans are untouched by increases in the income tax -- just as Clinton promised.

Even when the deficit increased after the campaign by an additional \$50 billion, Clinton ensured that average families were touched as little as possible -- no more than \$17 a month for an average family -- while millions of families will pay far less when you count their reduced mortgage costs as a result of reduced interest rates.

Follow-up: But isn't it the biggest tax increase of all time?

Answer: No. The Reagan tax increase of 1982 was larger and far less fair.

Question: Is the President, by using the concept of "family economic income," misleading people about the real impact of his plan on their taxes?

Answer: For more than twenty years the Treasury Department has consistently used "family economic income" when it calculates tax impacts.

Opponents of the Clinton plan are trying to scare the public by making people believe that the Administration is suddenly changing the way it calculates how much you owe in taxes. That's not true.

Look at what the nation's top accounting have shown: Coopers & Lybrand found that for a family of four making \$55,000 adjusted gross income, their tax rate would go up less than \$11 per month; Arthur Andersen showed that a family of three making \$25,000 would actually receive a \$700 tax cut because the increase in the Earned Income Tax Credit is much larger than the energy tax.

Spending cuts

Question: Are the Republicans in Congress right when they charge that the Clinton plan doesn't really cut spending?

Answer: Listening to the Republicans talk about cutting spending is like listening to Al Capone talk about cleaning up street crime.

The Clinton plan, in fact, cuts almost \$250 billion from defense and 150 separate domestic programs over the next four years. These are specific cuts and they required tough decisions. The President had the courage to detail these cuts and the critics should either come up with specific cuts of their own or shut up.

In fact, if the Clinton plan is adopted, we will spend less -- as a proportion of our national income -- than either Bush or Reagan. [Government spending under the Clinton plan would average 22.7 percent. Under the Republicans, it averaged 23.3 percent.]

Question: Why did the Administration break its promise to offer two dollars in spending cuts for every one dollar in taxes?

Answer: The Clinton plan cuts almost \$250 billion from defense and 150 separate programs over the next four years -- and puts almost all those cuts into effect immediately. It is a serious and balanced plan to bring down the deficit and restore economic growth.

The important thing is that the President has said that he will not raise any new revenues unless Congress also votes to cut spending. In addition, the ratio of spending cuts to taxes grows each year. By the fourth year, spending cuts outstrip revenue increases and the gap gets bigger each year after that. We welcome the critics to come up with their own specific lists of further spending cuts.

Question: Isn't the Clinton plan just a ruse to take credit for spending cuts that would have happened anyway under the 1990 Budget Agreement?

Answer: No. Every single one of the 150 programs we cut is a new cut creating new savings and additional savings. The 1990 Budget agreement had caps -- it didn't say what the cuts were, or who would have the courage to identify and call for them. By filling in the black box with real and specific reductions, the Clinton plan converts smoke and mirrors into concrete spending cuts.

Question: What about the various critics who say you should just cap spending, and that will solve our deficit woes?

Answer: The magic asterisk solution to the deficit has been tried before -- and failed. Calling for a cap on spending is the easiest way to avoid making the tough calls and no way to get a handle on the deficit.

The Clinton plan is specific, balanced and fair. It calls for almost \$250 billion in cuts in 150 separate programs.

Question: How can you count savings in interest payments as spending cuts?

Answer: Only Republicans who presided over the quadrupling of our national debt would have the gall to ask this question.

When a family gets behind and has to pay interest on its Visa bill, it spends more money each month. When the Federal Government pays interest on an ever-expanding debt, it is wasting the taxpayers' money. When we pay less interest, we spend less.

Question: Why do you count increasing Social Security taxes as a spending cut?

Answer: This is a long standing practice used by the Bush and Reagan administrations for years. The important point is that we need to reduce spending on entitlement programs to reduce the deficit, and we have taken a measure to reduce such spending in a fair and progressive way that leaves untouched 80% of all Social Security recipients.

Question: Why does the Clinton plan count user fees as spending reductions rather than tax increases?

Answer: If the government is asking users of a service to pay more in fees, its costs go down. Therefore, the program costs less to the government.

Every Republican budget produced since 1981 has included user fees as an offset to spending. This is not a new practice.

Question: Isn't a boost in the earned income tax credit really a spending increase?

Answer: This is standard budget practice. It is amazing that when we give a tax cut to working people, as opposed to the wealthiest Americans, some people want to call it spending.

Note: It is possible that Congressional Democrats may insist on counting a portion of the increase in the Earned Income Tax Credit as a spending increase.

Gramm-Army:

Question: What about the Gramm-Army plan? They call for a Balanced Budget Implementation Act that would put a cap on entitlements, used fixed deficit targets and sequestration to balance the budget by the year 2000. What is wrong with that, especially if they are only capping non-Social Security entitlements at inflation as they claim?

Answer: Their plan is just another gimmick designed to allow some members of Congress to hide behind a scheme that allows them to sound tough on the deficit, without having to summon the courage to specifically say what they would cut.

Gramm-Army does not call for a single new dollar in training for laid-off defense workers, for anti-crime initiatives, for fixing the environment, for the best children's programs like Head Start and WIC or for welfare reform.

According to Congressional experts who have studied their plan, it could only be implemented with devastating cuts that could set our nation back decades. To reach their goal through across the board spending cuts, they would have to cut everything by 33%. That means brutalizing Medicare and Medicaid. That means, according to one Congressional study, that we would need a 33% cut in our veteran programs, a 33% cut in federal judges, a 33% cut in the FBI -- 3,000 less agents, a 33% cut in federal drug enforcement officials, and a 33% cut in programs like Head Start, child immunizations.

Kemp-Weber:

Question: How about the Kemp-Weber proposal -- "Empower America?"

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INC5-5 SECOND STREET NE
WASHINGTON DC 20002
202 547 5200**DATE:** February 26, 1992**TO:** The White House**FROM:** Stan Greenberg**RE: THE CLINTON ECONOMIC PROGRAM**
Sustained Public Support

The President's economic program has received an extraordinary reception from the American people. The public watched his "Joint Session" address in record numbers and with an intensity of concentration unmatched in our time. And while the president proposed broad-based tax increases, his popularity rose sharply after the speech. The American people favor the program by very large margins, and their support has held steady through the entire week of Republican attacks.

This assessment is based on our own national surveys but also on the wave of media surveys: LA Times, CBS, CNN/Time, Newsweek/Gallup, ABC, U.S. News, and Times Mirror. All the surveys show the same pattern: high and steady public approval. The main points are summarized below:

- The public watched the speech in "Super Bowl" numbers and with extraordinary concentration. Times-Mirror states, "the Clinton program has received more public attention than any presidential policy or proposal in the history of Times Mirror's public interest surveys." Almost two-thirds have discussed the plan with friends and neighbors and 48 percent say they paid "very close" attention" (compared to 34 percent during the Bush-Congress budget deal).
- The speech changed the mood of the country: a 10 point increase in the percentage thinking the country is headed in the right direction.

The Clinton Economic Program

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- By nearly 2.5 to 1, the public supports the Clinton economic program. Nearly every poll shows support over 60 percent (between 59 and 64) -- and unchanged a week after the speech. The program is opposed by just a quarter of the public, concentrated heavily among strong Republicans. Perot supporters are now big supporters of the Clinton economic program (61 to 24 percent).
- The President is winning the debate with the Republicans in Congress hands-down:

Nearly 70 percent say the Clinton program is "fair."

Nearly 75 percent say the Clinton program is "real change."

On "ideas," the public turns to the President, not the Republicans, by 56 to 24 percent -- a 32 point presidential advantage.

On addressing the problems of greatest concern, the public turns to the Democrats by 20 points over the Republicans.

- The President's popularity -- against all conventional wisdom -- rose sharply after presenting his economic program, including higher taxes. His positive job performance is now near 60 percent -- up 7 points (CNN), up 7 points (LA Times) and up 11 points (CBS). Indeed, the scope of Clinton's popularity is underestimated, because Republicans have become polarized and negative.

Among Democrats, Clinton's performance is viewed positively, by a 7 to 1 ratio.

Among independents, his performance is viewed positively, by a 3 to 1 ratio.

Clinton's biggest gains have been registered among Perot supporters.

The Clinton Economic Program

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- The Republicans are in trouble: just 32 percent now remember voting for Bush; the Democrats enjoy a mid-teens advantage in party identification and a near 20 point advantage in addressing America's problems; Reagan's popularity has dropped sharply in the past 2 weeks. The Republican line-of-attack -- that this is "a typical liberal tax and spend" policy -- is the least plausible critique of the program.
- The biggest gains for Clinton, after the speech, came among seniors, moderate Democrats and Perot supporters. Support for the program cuts across regions of the country and even winning broad support among white southerners (56 to 35 percent).
- The public believes this is a balanced program where everybody is asked to contribute. They favor the economic stimulus program (81 percent) and the long-term investments; they want the stimulus to get the country moving even if there are signs of recovery (65 to 27 percent). People are happy that the deficit will be going down which they consider a major accomplishment.

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National Service

Divider Title: _____

Clinton National Service Proposal

Discussion Outline

The President's call to service extends from the youngest elementary students to our oldest citizens, and includes everything from part-time volunteer activities to full-time public service jobs. Toward this end, the President supports funding for service programs involving school-age youth and senior citizens, as well as professional corps programs such as the Police Corps and Teacher Corps designed to attract top candidates to public service jobs.

The centerpiece of the President's proposal is a national service program that will make it possible for college graduates and others to perform needed services in their communities by making it easier to pay back their student loans. All students will have the option of repaying their loans with a small percentage of their income over time, removing a significant obstacle to low-paying careers in public service. Some will have the opportunity to serve in national service positions in the areas of education, human services, environment, and public safety. This program is outlined below.

A. National Service Positions

Types of Placements: States and the federal government may approve placements in youth corps, specialized service corps dedicated to priority needs, individual placements in non-profit organizations (through VISTA or nonfederal programs), and college service programs, with an emphasis on placements addressing national priority needs. A limited number of public service entrepreneurs would also be selected for participation. National Service positions may not displace paid workers.

Selection of Participants: A diverse group of recent college graduates, as well as college students and out-of-school youth, will be selected for participation by applying to and being accepted into a program offering approved national service positions. A national system to help match individuals with programs will be established.

Benefits: All participants will receive a minimum-wage stipend and health and child care benefits (if needed). Individuals serving after college would receive student loan forgiveness worth \$10,000 for each of two years of service, or the amount of their outstanding loans, whichever is less. Other participants would receive a post-service benefit of \$5,000 which can be used for higher education or employment training.

Building an Infrastructure: Funding will be available for three types of grants: single-year venture capital grants may be made to individuals, states, and public or private non-profit organizations (including education institutions) for program start-up; states and public or private non-profit organizations operating programs may receive multi-year grants for program costs; and states and public or private non-profit organizations may receive grants to replicate proven existing programs.

Leveraging Nonfederal Funding: All program support and stipends will be made on a challenge basis and must be matched.

Federal role: The federal government will establish criteria for approved national service positions, allocate program resources, ensure against fraud and abuse, arrange for a national training program, coordinate service programs within the federal government, and provide training and technical assistance to states and programs.

State role: As required under the existing National and Community Service Act, the governor of each state may designate a lead agency and appoint a State National Service Commission responsible for overseeing national service programs in the state. The State Commission should include representatives of local service program directors and other citizens and will develop a plan for service, including proposed national service placements in the state. The plan must ensure equitable treatment of urban and rural areas within the state and be approved by the governor and the national service agency.

Phase-in: Participation is expected to be approximately 30,000 in 1994, increasing to at least 100,000 in 1997.

B. Income Contingent Loan Repayment

All borrowers will be able to repay their loans through income contingent repayments. This means that borrowers with higher incomes would repay more quickly, while lower-income borrowers would repay over a longer period of time. Student debt will not prevent borrowers from choosing lower-paying jobs for fear that they will not be able to repay their debt. In addition, a reformed student aid structure will provide assistance to students in a simpler and less costly way. Eliminating excess bank profits from the student loan programs will reduce costs to taxpayers while improving the delivery of services to students and their families.

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Health Care

Divider Title: _____



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 12, 1993
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 965 - Child Safety Protection Act
(Collins (D) IL)

The Administration supports H.R. 965.

* * * * *

(Do Not Distribute Outside Executive Office of the President)

This position was developed by LRD (Pellicci) in consultation with HIMD (Blend/Clendenin), OIRA (Arbuckle), and the Associate Director for Health (Min). The Consumer Product Safety Commission (CPSC) (per Ed Harrill, Director of Congressional Relations) has advised us informally that it agrees with the draft position. Justice (per Greg Jones, Office of Legislative Affairs) has no objection to the proposed position.

To date, the Administration has not taken a position on H.R. 965.

The House Energy and Commerce Committee, by voice vote, reported H.R. 965 on March 10th. As reported, H.R. 965 would:

- Require toy manufacturers to include specified warning labels on toys that can cause choking in small children. The bill contains detailed packaging rules for balloons, marbles, balls, and games with small parts. The warning labels requirement would apply to products that leave the manufacturer after January 31, 1994.
- Require the CPSC to develop a Federal safety standard for bicycle helmets. In order to expedite the development of such a standard, the bill provides for a streamlined process for rulemaking and standard setting.

CPSC, in a February 23, 1993, letter from its Chairperson, Jacqueline-Jones Smith, to Rep. Collins, stated that "the Commission found no evidence that labeling, as currently at issue, would save lives and also found the current voluntary standards for bicycle helmets to be satisfactory"

Nevertheless, CPSC has advised us informally that H.R. 965 enjoys

wide bipartisan support in Congress (CPSC is unaware of any opposition to the bill) and has been endorsed by consumer groups and the toy industry. Accordingly, CPSC believes that the Administration should not object to the bill's enactment.

Pay-As-You-Go Scoring

According to HIMD (Blend/Clendenin), H.R. 965 would not affect direct spending or receipts. Therefore, it is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990.

LEGISLATIVE REFERENCE DIVISION
03/12/93 - 11:45 A.M.

THE WHITE HOUSE

WASHINGTON

March 12, 1993

MEMORANDUM FOR DOMESTIC POLICY PROGRAM STAFF

FROM: Rosalyn Kelly

SUBJECT: DPC Staff Assignments

Attached is a list of assignments for the Domestic Policy staff for your review. Please let me know by Monday, March 15 (a.m.) of any comments/additions/changes.

Thanks.

Henry?

Office of Domestic Policy

<u>ISSUE/TOPIC</u>	<u>STAFF CONTACT</u>	<u>PHONE</u>	<u>RM #</u>
Agriculture	Bill Galston	2999	WW/2F
Campaign Finance/Reform	Bruce Reed	6515	EOB/216
Children & Families	Bill Galston	2999	WW/2F
	Shirley Sagawa	2599	WW/2F
Community Banking	Paul Weinstein	7930	EOB/224
Community Development	Bruce Reed	6515	EOB/216
Crime	Jose Cerda	2564	EOB/222
Drugs	Jose Cerda	2564	EOB/222
Education & Training	Bill Galston	2999	WW/2F
EEOC	Donsia Strong	2330	EOB/224
Energy	Donsia Strong	2330	EOB/224
Enterprise Zones	Paul Weinstein	7930	EOB/224
Health Care	Intake Center	2813	EOB/289
	Ira Magaziner	6406	EOB/216
Justice	Donsia Strong	2330	EOB/224
National Service	Bill Galston	2999	WW/2F
	Shirley Sagawa	2599	WW/2F
NEH/NEA	Kathi Way	7777	EOB/218
Medicaid/States	Kathi Way	7777	EOB/218
Political & Gov't Reform	Bruce Reed	7777	EOB/216
Public Lands	Kathi Way	7777	EOB/218
Refugees	Donsia Strong	2330	EOB/224
Welfare Reform	Bruce Reed	6515	EOB/216

March 10, 1993

Shirley
Talking pts book

MEMORANDUM FOR WHITE HOUSE STAFF

FROM: RAHM EMANUEL *RE*.

RE: GREENBERG POLL

Attached please find the latest poll conducted by Stan Greenberg regarding public opinion of the President's economic plan.

As you can see, support for the President's plan remains strong. Although calls for further spending cuts are real, this poll finds that calls for economic action take precedence.

Please feel free to contact me if you have any questions or want any additional information. I can be reached at x1125.

GREENBERG • LAKETHE
ANALYSIS GROUP
INC515 SECOND STREET NE
WASHINGTON DC 20002
202 547 5200**DATE:** March 9, 1993**TO:** The White House**FROM:** Stan Greenberg**RE: POLLING UPDATE**
The Clinton Economic Program

The president's economic program continues to enjoy broad support across nearly all the national surveys: 60 percent approve the program -- twice the number who oppose it (ABC, CNN, DNC). Support has been sustained from the night of the "Joint Session" address and now pervades the country -- even in more conservative states in the South and central parts of the country. The support is rooted in the program's balance -- particularly the investment to achieve growth.

Voters want further spending cuts. That has been widely reported, as the public discussion has centered on that task. But that debate is obscuring the very strong public desire to do something affirmative on the economy, beginning with the economic stimulus.

- Just 29 percent of the electorate believes the economy is recovering.
- 56 percent of the electorate say the program does not go far enough in stimulating the economy.
- Three-quarters say maintain or expand the stimulus part of the economic program.
- 58 percent support the spending side of the program, even when it is described as 160 billion dollars of new spending on domestic programs.

Polling Update: The Economic Program**2**

Support for the program is strong in states that have not tradition ally turned to rational Democrats for direction on the economy. State polls conducted last week in Nebraska, Georgia, Louisiana and North Dakota (DNC) show remarkably strong support for the Clinton economic program.

	Clinton Economic Program	
	<u>Approve</u>	<u>Disapprove</u>
Nebraska	56	32
Georgia	57	32
Louisiana	54	35
North Dakota	57	30

In each state, the program is supported by almost a 2-to-1 ratio, with only about a third opposed. In Georgia, the program enjoys a solid lead among white southerners (50 to 38 percent).

The voters opt strongly for a Democratic Senator who supports a balanced program, job creation and giving the president a chance. The voters reject, even in these moderate states, Republican attacks on the program as not cutting enough and as a liberal tax and spend approach. The question choices are set out below:

- Critics say that Senators (Exon) and (Kerrey) should vote against the Clinton program because it increases spending and raises taxes without first cutting spending. They should vote against a return to liberal tax and spend policies.
- Senators (Exon) and (Kerrey) say they have some reservations, but will support the Clinton economic program because it will create jobs, bring down the deficit and change the country's direction. They say it's time to give the President's program a chance to succeed.

Polling Update: The Economic Program

3

	Critics <u>Vote Against</u>	Senators <u>Vote For</u>
Nebraska (Exon and Kerrey)	40	51
Georgia (Nunn)	39	54
Louisiana (Breaux and Johnston)	40	54
North Dakota (Dorgan and Conrad)	35	57

Clearly, voters nationally -- whatever the region or ideological perspective -- want the Senators to give the Clinton economic program a chance to change the direction of the country.

Shirley

DEFENSE REINVESTMENT AND CONVERSION MARCH 11, 1993

Today, President Clinton announced a major Defense Reinvestment and Conversion Initiative that will go into effect immediately. In a sweeping policy shift, the Clinton Administration will distribute \$1.4 billion that Congress appropriated last year for defense conversion, which the Bush Administration had opposed and declined to spend. In addition, the Clinton Administration has redirected funds and proposed other FY93 spending totaling \$300 million. By 1997, the investments for defense conversion would almost triple to over \$5.2 billion, with a total of nearly \$20 billion invested in FY93-97. These investments will promote economic growth while preserving a strong military and defense industrial base.

In today's announcement, the President described in detail the \$1.7 billion in specific programs that will be implemented in 1993. The immediate conversion package includes four major areas of new investment:

- 1. WORKER TRAINING AND ADJUSTMENT**
- 2. INVESTING IN HARD-HIT COMMUNITIES**
- 3. DUAL-USE TECHNOLOGY AND COMMERCIAL-MILITARY INTEGRATION**
- 4. CONVERSION OPPORTUNITIES IN NEW CIVILIAN TECHNOLOGY INVESTMENT**

A National Economic Council interagency working group on defense reinvestment and conversion will issue a white paper in early April.

BRIEF SUMMARIES

1993 DEFENSE REINVESTMENT AND CONVERSION INITIATIVE:

1. MILITARY AND CIVILIAN WORKER TRAINING AND ADJUSTMENT: Now that we have won the Cold War and are readjusting our defense posture, we cannot leave the talented individuals who are responsible for that victory out in the cold. To achieve the economic strength that will ensure our national security in the new era, we must refocus the talents, energy and dedication of the men and women involved in national defense on creating economic growth and serving their communities. That is why the President's Defense Reinvestment and Conversion Initiative will dedicate over \$375 million in FY93 alone to transition assistance, employment services and job training. Some defense funds will be transferred to the Labor Department and other agencies to carry out these programs. During FY93-97, the President's defense conversion plan will allocate nearly \$4 billion for worker adjustment. FY93 funding includes:

- o \$150 million for government- and employer-sponsored training programs for displaced defense workers
- o \$112 million for transition initiatives for members of the guard and reserve and severance pay and health benefits for separating civilians

- o Early retirement benefits for military personnel with 15 or more years of service; retirement credit for service in law enforcement, teaching and other critical professions
- o Pilot programs to train separating military personnel and defense workers to enter critical jobs in teaching, law enforcement and health care

In addition:

- o The Department of Energy is redirecting \$25 million for employee retraining and assistance programs.

2. INVESTING IN HARD-HIT COMMUNITIES: There is a compelling need for actions that will speed and ease the transition of workers, communities and firms that are being hard hit by cuts in defense spending. Scores of defense-dependent communities are undergoing distress, as their workers lose jobs and their businesses contract. The recession and high unemployment have aggravated all of these problems. For communities that lose a military base, environmental clean-up is a major obstacle to base reuse. The 1993 package helps hard-hit communities by providing:

- o \$30 million to substantially expand DoD's Office of Economic Adjustment so that every community with a military base scheduled for closure will have the tools and expertise to plan and adjust and create new economic opportunities
- o \$80 million for revolving-loan programs and grants through the Commerce Department to target the communities that will be most hard-hit by declines in the industries affected by the defense contraction
- o \$84 million for Defense Department programs that allow retired military and reserve personnel to address unmet needs in the nation's schools and communities

In addition:

- o DoD will streamline environmental clean-up to speed local economic recovery; a new DoD deputy undersecretary for the environment is being created to make this happen.
- o The Administration will explore the potential for using unneeded military facilities for community health and other programs.

3. DUAL-USE TECHNOLOGY AND COMMERCIAL-MILITARY INTEGRATION:

For too long, our nation has denied itself the benefits to economic growth and technological advancement that could result from integrating the pursuit of defense and civilian goals. But we can no longer separate national security from economic security; in a post-Cold War world, they are one and the same. We must restructure the military-industrial complex so that commercial firms play the dominant role, since they now produce much state-of-the-art

technology. That is why the Defense Advanced Research Projects Agency (DARPA) was renamed the Advanced Research Projects Agency (ARPA) -- as the agency was known before 1972. This change symbolizes the Clinton Administration's commitment to supporting dual-use technology and integrating the commercial and military sectors.

- o ARPA is now ready to accept proposals for over \$500 million in technology and industrial base programs. These funds will support industry-led R&D consortia in critical dual-use technologies and pioneering state/local efforts to commercialize and deploy technology. All programs require matching funds and merit-based selection. (For information, call: 1-800-DUAL-USE.)
- o ARPA and four other agencies (Commerce, NSF, Energy and NASA) are cooperating to jointly implement these programs through the Technology Reinvestment Project. The agencies will hold a series of regional outreach meetings in early April to brief potential applicants and answer questions. These programs, some of which were mentioned in our technology initiative, include:
- o \$255 million for government-industry partnerships to develop advanced materials, manufacturing and other dual-use technologies
- o \$100 million for "regional technology alliances" among firms to share information and develop new products and markets
- o \$100 million for state and local manufacturing extension programs to assist small defense firms in making the transition to commercial production
- o \$100 million for other programs to help small defense firms acquire dual-use capabilities

In addition:

- o ARPA has \$200+ million for industry research to develop electronics and materials technologies with both commercial and military application.
- o DoD is redirecting \$85 million of Small Business Innovation Research (SBIR) funds to companies that are developing dual-use technology in such areas as electronics, materials, and instrumentation.
- o To encourage large defense firms to pursue dual-use and commercial applications, DoD is enlarging the scope of independent research and development (IR&D) reimbursed under defense contracts. This should result in the redirection of some share of IR&D activities, which total several billion dollars annually.

4. CONVERSION OPPORTUNITIES IN NEW CIVILIAN TECHNOLOGY

INVESTMENTS: Technology is the engine of economic growth. By investing more in new civilian technologies, we can create exciting new opportunities for defense workers and firms, enhance U.S. competitiveness, and tackle unmet domestic needs. That is why the Clinton Administration has redirected funds and proposed other FY93 spending totaling \$300 million.

Proposed spending in the President's stimulus package includes:

- o an additional \$94 million for Department of Energy R&D partnerships with industry
- o \$117 million for the Advanced Technology Program and other activities of the Commerce Department's National Institute of Standards and Technology
- o \$64 million for pilot projects to demonstrate the benefits of computer networking to schools and libraries

10-Mar-93

Defense Reinvestment and Economic Growth Initiatives

Budget Authority (\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-7</u>
<u>Assistance for Defense Workers, Personnel and Communities</u>						
Department of Defense Personnel Assistance and Community Support	597	697	697 1/	697 1/	697 1/	3,385
Department of Energy Personnel Assistance	25	100				125
Department of Labor Displaced Worker Training	2/	300 3/	400 3/	400 3/	400 3/	1,500
Department of Commerce Community Diversification Assistance (EDA)	<u>15</u> 4/	<u>33</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>213</u>
Total: Worker and Personnel Assistance Programs	637	1,130	1,152	1,152	1,152	5,223
<u>Department of Defense Dual-Use Technology Reinvestment</u>	845 5/	964 5/	964 1/	964 1/	964 1/	4,701
<u>New Federal High Technology Investments</u> <u>(Conversion Opportunities) 6/</u>	185	1,206	2,329	2,758	3,175	9,651
Grand total: Programs that will assist Defense workers, personnel, communities and firms	1,667	3,300	4,445	4,874	5,291	19,575

1/ This is the 1994 level. Specific estimates for 1995, 1996, and 1997 will not be available until the DOD completes its comprehensive review of Defense programs this year.

2/ \$75 million will be transferred in 1993 from the Department of Defense.

3/ This is the portion of overall investment increase that could be expected to be used to retrain displaced defense workers.

4/ In addition, \$80 million will be transferred in 1993 from the Department of Defense.

5/ This excludes impact of broadened scope of allowable IR&D reimbursement.

This includes investment programs that provide direct conversion opportunities (e.g., Department of Energy/Industry R&D partnerships and NASA civil aviation research) and 50% of programs that provide some conversion opportunities (e.g., Department of Commerce programs for information highways, manufacturing and advanced and advanced technology.) Not included are increases for Enterprise zones, Community Development Banks, National Science Foundation, highway programs, and the R&D credit that will provide opportunities for defense firms to help develop infrastructure useful for community economic diversification.

10-Mar-93

Defense Reinvestment and Economic Growth Initiatives

Details of 1993 Programs
Budget Authority (\$ in millions)

Assistance for Defense Workers, Personnel, and Communities

Department of Defense Personnel Assistance and Community Support

Temporary early retirement	10
Temporary health transition assistance	11
Guard and reserve transition initiatives	40
Separation pay and civilian health benefits	72
Troops to teachers/healthcare/law enforcement personnel	6
DOD Environmental scholarships and grants	11
Job training and employment services (Department of Labor)	75 2/
Job bank program	4
Military personnel occupational conversion & training	75
Transition Assistance/Relocation Assistance Programs 3/	60
Office of Economic Adjustment	30
Philadelphia Naval Shipyard Economic Conversion (1-time)	50
Community diversification (Department of Commerce)	80 4/
Retired military and reserve support of community programs 5/	84

Subtotal: Department of Defense 597

Department of Energy Personnel Assistance 25

Department of Commerce Community Diversification Assistance (EDA) 15 6/

Total: Community Adjustment and Assistance Programs	637
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1/ Program in development.

2/ These funds will be transferred to the Department of Labor.

3/ Although this is a continuing program, it is shown here because it is an important element of the Department's transition program.

4/ These funds will be transferred to the Department of Commerce.

5/ This includes high school training programs and Civilian Community Corps/National and Service programs.

6/ In addition to this funding, the Department of Commerce will have \$80 million transferred from the Department of Defense.

10-Mar-93

Defense Reinvestment and Economic Growth Initiatives

Details of 1993 Programs
Budget Authority (\$ in millions)

Department of Defense Dual-Use Technology Reinvestment	845 2/
<u>Reinvestment Initiatives</u>	<u>327</u>
Dual Use Technology Partnerships	95
Commercial-Military Integration Partnerships	48
Regional Technology Alliances	95
Agile Manufacturing/Enterprise Integration	29
Advanced Materials Partnerships	29
Advanced Manufacturing Technology Partnerships	23
Manufacturing Engineering Education Program	29
US Japan Management Training	9
Less baseline programs included above	(30)
<u>Manufacturing/Technology Extension 1/</u>	<u>190</u>
<u>Electronics and Materials Initiatives</u>	<u>243</u>
High definition systems	92
Optoelectronics	23
Metal matrix and ceramics	9
Diamond substrates	9
Multi chip modules/high temperature superconductivity	14
Multi chip modules	25
Advanced lithography	71
<u>SBIR refocused to dual use</u>	<u>85</u>
<u>New Federal High-Technology Investments (Conversion Opportunities)</u>	
<u>Direct conversion opportunities for defense firms and workers</u>	
Department of Energy	<u>94</u>
Government/Industry R&D partnerships, civil	47
Government/Industry R&D partnerships, defense	47
<u>Some conversion opportunities for defense firms and workers</u>	
Department of Commerce	<u>181</u>
National Institute of Science and Technology (NIST)	117
Information highways	64
Assume 50% of this category provides conversion opportunities	91
Total: New Federal high-technology investments (conversion opportunities)	185
Grand total: Programs to assist defense workers, personnel, communities, and firms.	1,667

1/ Program to be managed by DOC 1) with active DOD participation; FY 1 funds support program period.

2/ Excludes impact of broadened scope of allowable IR&D reimbursement.

**DEFENSE REINVESTMENT AND CONVERSION INITIATIVE
DOD PROGRAM SUMMARIES**

Personnel Assistance Programs

Early Military Retirement

This initiative would offer retirement benefits to military personnel with 15 or more years of service. Previously, DoD offered retirement benefits after 20 years of service. The goal of the new incentives is to encourage voluntary retirements of military personnel with greater than 15 but less than 20 years of service, and thereby minimize lay-offs. This program is targeted at military personnel who are not covered by other retirement or separation incentives, such as the Voluntary Separation Incentive/Special Separation Bonus, which are aimed at personnel with between 6 and 15 years of service.

Health Transition Assistance

This program is aimed at providing transitional health insurance to separating military personnel from the time they leave the armed services until the time they obtain health insurance through their civilian employer.

Guard and Reserve Transition Initiatives

These initiatives are designed to ease the transition for members of the guard and reserve who are released as a result of the defense cutbacks. The initiatives include, among other things, new retirement incentives, separation pay, and priority placement in open positions in guard and reserve units.

Separation Pay and Civilian Health Benefits

This initiative would offer retirement and resignation incentives to DoD civilian personnel. The goal of this initiative is to encourage voluntary retirements and resignations among the civilian workforce, thereby minimizing layoffs. The incentives would be equal to \$25,000 or the amount of severance pay to which an individual would be entitled, whichever is less. This initiative also offers transitional health insurance to separating civilians.

Troops to Teachers/Health Care/Law Enforcement Personnel

This initiative would establish three pilot programs to train separating military personnel, DoD and DoE civilian employees, and private sector defense workers to enter three public service professions for which many are particularly well suited: teaching, health care, and law enforcement. These programs use as a starting point the "Troops to Teachers"

legislation passed for fiscal year 1993.

DoD Environment Scholarship Program

The FY93 defense conversion package called for scholarships, fellowships, and training administered by DoD for the purpose of enabling individuals to qualify for employment in the field of environmental restoration and waste management in DoD. Program details are being developed.

Grants to Colleges for Training in Environmental Restoration

The FY93 legislation authorizes DoD to establish a program to assist institutions of higher education to provide education and training in environmental restoration and hazardous waste management techniques applicable to DoD and DoE facilities. Program details are being developed.

Job Training and Employment Services

This initiative will establish a \$75 million program to provide job training to separating military personnel, DoD civilians, and private sector defense workers. The program will be carried out by the Department of Labor.

Job Bank Program

DoD will expand access to the Interstate Job Bank, a Department of Labor-administered list of job openings. In addition, DoD will improve integration of existing databases of jobs and resumes to improve job search services for separating military and civilian personnel.

Military Personnel Occupational Conversion and Training

This \$75 million program will provide employer-sponsored, DoD-approved job training for veterans. Employers who participate in the program would agree to hire individuals following on-the-job training. DoD will work closely with the Departments of Veterans Affairs and Labor in implementing this initiative.

Transition Assistance/Relocation Assistance Program

Each of the armed services offer transition assistance programs for their separating personnel. These programs provide services such as pre-separation counseling, employment assistance, and a variety of other services and benefits.

Community Adjustment and Assistance Programs

Office of Economic Adjustment

DoD will increase substantially the activities of its Office of Economic Adjustment (OEA). OEA is responsible for leading DoD's efforts to work with communities severely affected by reductions in defense spending. In particular, OEA will assist each community affected by a base closing develop a plan for economic conversion and revitalization. OEA works closely with other federal, state, and local government organizations to bring the full range of assistance programs to bear on affected communities. OEA grants will help communities develop adjustment plans and states develop assistance and diversification programs.

Philadelphia Naval Shipyard Economic Conversion

The 1993 Appropriation Act stated that \$50 million may be available for conversion projects in Philadelphia. DoD is ready to work with Philadelphia to develop effective defense conversion programs using these funds. If the entire sum is not required for these programs, DoD proposes to use the remaining funds to run defense transition demonstration projects.

Community Diversification

DoD will dedicate \$80 million to pay for adjustment programs for defense-dependent communities to be carried out by the Economic Development Administration (EDA) of the Department of Commerce. The charter for EDA's Title IX program allows it to provide funds to pay for a variety of services in communities experiencing economic dislocation. EDA grants and revolving loan funds can be used to support business development, technical assistance, public works, or almost any other activity that addresses economic adjustment problems that have been identified in each community's economic adjustment plan. DoD will execute a memorandum of agreement with EDA to transfer the \$80 million. EDA will speed up the application process and provide priority attention to applications for these funds, and to reduce sharply its processing time for such applications.

Retired Military and Reserve Support of Community and Educational Programs

The Department of Defense will expand its support of a variety of programs that allow retiring and reserve personnel to address unmet needs in the nation's schools and communities. In particular, programs that foster youth development -- such as the National Guard Civilian Youth Opportunity Pilot Program and Junior ROTC Career Academies For At-Risk Youth -- can put to good use the mentoring skills of retiring defense personnel.

Defense Reinvestment Technology Programs

Dual-Use Critical Technology Partnerships

This program will support partnerships aimed at developing technologies that have both military and commercial applications. Industry will take the lead in submitting proposals, and may include federal laboratories, universities, and other entities.

Commercial-Military Integration Partnerships

This program will support partnerships aimed at developing and maturing dual-use technologies with clear commercial viability. Industry again takes the lead in submitting proposals, with other research institutions involved as industry deems appropriate.

Agile Manufacturing/Enterprise Integration Program

This program is designed to capitalize on the emerging shift from mass production to flexible or "agile" manufacturing. Agile manufacturing allows independently-owned companies to form instantaneous partnerships with firms that have complementary capabilities in order to exploit market opportunities. These partnerships -- called "virtual enterprises" or "virtual corporations" -- will leverage our nation's strengths in information technology. Agile manufacturing capabilities are required in both the commercial and military sectors and are key to reconstituting military capabilities in any future national emergency. Industry will take the lead in submitting proposals in partnership with universities and other appropriate institutions.

Advanced Materials Synthesis and Processing Partnerships

This program will support partnerships aimed at improving industry's ability to take new materials from the laboratory to commercial production. Industry takes the lead in submitting proposals with other institutions involved as appropriate.

Advanced Manufacturing Technology Partnerships

This program will fund partnerships aimed at developing new manufacturing technologies with dual-use applications with particular emphasis on significantly reducing health, safety, and environmental hazards associated with existing manufacturing processes. Industry will take the lead in submitting proposals with other institutions involved as appropriate.

Manufacturing Engineering Education Grant Program

This program will support manufacturing engineering education programs at colleges, universities and other institutions of higher education, on a matching basis. Educational institutions will submit proposals in partnership with industry and other institutions as appropriate.

Manufacturing Experts in the Classroom Program

This program will support teaching, curriculum development and other activities of manufacturing experts with practical experience at institutions of higher education. Educational institutions will submit proposals in partnership with industry or labor organizations and other institutions as appropriate.

US Japan Management Training Program

This program provides training for US scientists, engineers, and managers in Japanese technology management, language, and culture, and provides research opportunities in Japan to: 1) increase understanding of Japanese industry and technology management methods, 2) provide US scientists, engineers, managers, and students an understanding of Japanese business and social culture, and 3) provide opportunities for direct involvement in research, engineering and management activities.

Manufacturing/Technology Extension Programs

Manufacturing Extension Program: this program will assist small manufacturing (with up to 500 employees) in upgrading their capabilities to serve commercial and defense needs. Modelled after the agricultural extension program, this program will fund on a matching basis the efforts of state and local governments to deliver services to small manufacturers. State and local governments will submit proposals under this program in partnership with other institutions as appropriate.

Dual-Use Extension Assistance Program: this program will assist businesses economically dependent on Department of Defense expenditures to acquire dual-use capabilities through a variety of mechanisms. The program will involve state and local governments, the private sector, nonprofit organizations and other federal agencies.

Electronics and Materials Initiatives

These initiatives support industry research to develop dual-use technologies in: higher definition systems, optoelectronics, metal matrix and ceramics, multichip modules, multichip integration, advanced lithography, diamond substrates, multichip modules/high temperature superconductivity, battery technology, and composite materials manufacturing.

For information on the above programs, call 1-800-DUAL-USE.

New Civilian Technology Investments

R&D partnerships between industry and the National Labs: This initiative provides \$235 million in FY93 to encourage partnerships between industry and the Department of Energy's defense and civilian labs. These labs are home to more than 59,000 scientists, engineers and technicians who perform over \$6.6 billion worth of R&D each year. With the end of the Cold War, the mission of the National Labs should expand to include partnering with industry in areas such as renewable energy, microelectronics and photonics, environmentally-conscious manufacturing, and high-performance computing. Using Cooperative Research and Development Agreements (CRADAs) and other mechanisms, the labs can increase the share of their resources devoted to industry-driven, cost-shared partnerships.

Advanced Technology Program: The Commerce Department's Advanced Technology Program, managed by the National Institute of Standards and Technology, provides matching grants for industry-led R&D projects, which are proposed by single companies or joint ventures. The Advanced Technology Program has provided funding for projects in machine tools, advanced automotive manufacturing, recycling of plastics, and flat panel display manufacturing. ATP can help defense contractors make the transition to the civilian sector. One defense contractor commented that "I've got a better perspective of the way commercial businesses operate than I did prior to our collaboration with... [joint ventures partners]... on the ATP."

Information Superhighways: Although the private sector will take the lead in deploying an advanced communications network, government can act as a catalyst by helping non-profit institutions such as schools link up to national networks. With the right investments, students will be able to tap into on-line electronic libraries, conduct scientific experiments using equipment anywhere in the country, and collaborate with other students on a wide variety of learning projects. In FY93, the National Telecommunications and Information Administration will have \$64 million to promote networking pilot projects.

TALKING POINTS ON HEALTH CARE TASK FORCE AND THE "TOLLGATE" POLICY DEVELOPMENT PROCESS

WHAT THE TASK FORCE IS . . .

President Clinton established the Task Force on National Health Care Reform to develop a proposal that would bring spiralling health care costs under control and give American families the peace of mind and security they deserve. The President gave his Task Force a clear charge: by building on the work of the campaign and the transition, and incorporating suggestions and advice from all corners, prepare health care reform legislation that he can submit to Congress within 100 days. President Clinton's Joint Address to Congress emphasized that Washington can delay no longer: the American people demand health care reform now.

Demonstrating his level of commitment to solving this complex problem, the President appointed First Lady Hillary Rodham Clinton to chair the Task Force. As President Clinton said, the First Lady is not only experienced but is capable and effective at bringing people together around complex and difficult issues to hammer out consensus and get things done.

The Task Force also includes representation from the highest levels of the government --including the Secretaries of Health and Human Services, Labor, Treasury, Commerce, Defense, and Veterans Affairs -- as well as senior White House officials.

POLICY DEVELOPMENT: THE "TOLLGATE" PROCESS . . .

The overall policy evaluation effort of the Task Force is being coordinated by the President's Senior Adviser for Policy Development, Ira Magaziner, and is based on the "Tollgate" system -- a research and evaluation process commonly used in the business world for large-scale projects that need to be completed quickly. To advise the Task Force, Mr. Magaziner has formed over 25 working groups. These working groups, which are divided into health policy subject areas, will guide their research efforts through a series of tests, or "tollgates", before a comprehensive set of options is presented to the Task Force for consideration.

The first series of tollgates -- the broadening phase -- require the working groups to put all serious options "on the table" -- ensuring that all issues are considered, all questions are discussed, and that the correct methodology is being used. The next phase of the tollgate process narrows this broad group of options and makes draft recommendations, which will later be synthesized into a comprehensive set of proposals. At that point, auditors will check to ensure that all cost and savings projections are sound, and that all legal concerns are addressed.

AN INCLUSIVE PROCESS . . .

The President feels strongly that this be an open and inclusive process, and has structured the system to encourage participation from all levels of government, all segments of the health care industry and the business community, and the American people.

Hundreds of people -- including officials from various agencies, Congressional staff, health care experts, and White House personnel -- are directly involved in developing policy within the working groups.

In an attempt to make health care reform respond to the concerns of both those who receive health care and those who provide health care, there are doctors, nurses, social workers, and hospital administrators working on and contributing to many of the working groups. In addition, diverse panels of consumers and health care professionals will be brought in regularly from around the country to advise the working groups as they develop their recommendations.

Representatives from several White House departments -- including Congressional Relations, Inter-Governmental Affairs, and the Public Liaison's Office -- are actively reaching out for advice from members of Congress, state and local governments, organized health care interest groups, representatives from small and large businesses, and the American people. All groups have been encouraged to submit written proposals and many are being brought into the White House to meet personally with Ira Magaziner and other working group members.

In addition, the Task Force operates a round-the-clock "War Room" -- which receives the thousands of speaking requests, policy papers, letters and phone calls from Americans concerned about solving our health care problems. And whether it be a hospital administrator's treatise on malpractice reforms or a widow's handwritten letter expressing outrage at her skyrocketing prescription drug costs, each inquiry is taken seriously, channeled to the appropriate working group, and given immediate consideration.

The First Lady has been travelling throughout the nation talking to the American people about their health care concerns and their suggestions on how to reform the system. She has accepted several invitations to participate in roundtable discussions that will be held throughout the country in the next month -- where she can listen to the recommendations of all the people -- consumers, providers, and special interests -- who are eager to contribute to the Task Force as it develops its proposal for comprehensive health care reform.

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

19-Apr-1993 08:37am

TO: (See Below)

FROM: Jeffrey L. Eller
Office of Media Affairs

SUBJECT: Talking Points 4/19

**Comments on the President's Schedule
April 19, 1993**

- * The President addresses a gathering of members of the Building and Construction Trades to discuss his jobs plan pending before the Senate.

**PUTTING PEOPLE BEFORE POLITICS;
THE ECONOMIC CASE FOR THE PRESIDENT'S JOBS PLAN**

- * For sixteen months in a row the unemployment rate has been over 7%. Sixteen months. This is a jobless recovery with no relief in sight for literally millions of working Americans, and we must do something now.
- * There are over one million less private sector jobs now than there were before the recession even began. Last year more businesses failed than any time in memory. Last month we lost another 22,000 jobs, including fifty nine thousand construction jobs.
- * There are now 16 million Americans who are looking for the wages and the dignity of full time work but cannot find it.
- * We're not willing to say to the seven point one per cent of Americans who are unemployed, to the millions more who are under-employed, to the tens of millions of our youth who are about to enter the job market, that opportunity is over in America, that this is as good as it gets.

WHY THE SENATE SHOULD PASS THE CLINTON JOBS PLAN

- * Our initiative will create half a million new jobs in the next year and a half, and that would reduce the unemployment rate half a percent.

- * This isn't about an economic theory. It's about tens of thousands of men and women doing jobs that need to be done: constructing highways and mass transit systems, repairing bridges and building waste water treatment facilities and sewer systems. It's about building parks for our children. It's about offering 700,000 jobs to young people to provide the opportunity that a summer job affords.
- * Americans are tired of Congress in gridlock and an economy that doesn't produce jobs. The Senate should pass the Clinton jobs plan and get the economy moving again.

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THE WHITE HOUSE
WASHINGTON

March 31, 1993

To: Bruce, Bill, Kathi, Shirley

See attached FYI and share
with anyone else on our
staff you feel should be
aware. Cisneros gave
me this today.

cc: Christine Farney
Marcia Hale

} FYI, in
case you
haven't seen
this.

March 26, 1993

Carol: This is a list of initiatives we are rolling-out at HUD over the next few weeks. I have placed an asterisk before those that may be of interest to the President.

Major Policy Initiatives

Work Plan

March-May

The attached pages explain the ones that are marked.

Week of March 22

Second Part of Reinventing HUD

Week of March 29

Post Enactment of Stimulus Package:

Announcement of HUD efforts to ensure expenditure of stimulus funds

Workshop Schedule

Waivers

Other Guidelines

Week of April 5

National Community Development Week

Week of April 12

Announcement of HUD/DOL Agreement on Summer Jobs Program

Week of April 19

(Inter-departmental cooperation on the stimulus).

* Announcement of HUD/AFL-CIO Partnership on Affordable Housing

(Target of 10,000 housing units).

* Announcement of Fair Housing Initiatives on 25th Anniversary of Enactment of 1968 Act

Week of April 26

(Major new push for fair housing).

April 29 -- Anniversary of Los Angeles Riots

Urban Policy Statement and related events

Week of May 3

* Executive Order on Homelessness
(includes military base closures)

Announcement of Washington, D.C. Initiative

(Integration of various homeless programs)

Week of May 10

* Executive Order on Federal Property Disposition

Week of May 17 (*Bring together HUD, RTC, ~~Fans~~ Home, etc.*)

Publication of GSE Affordable Housing Goals

First Meeting of Interagency Council on the Homeless

Attachment

Description of Major HUD Policy Initiatives

HUD/DOL Agreement on Summer Jobs Program

HUD and DOL have been working closely on ways to link the spending of summer jobs funds with the need to modernize and rehabilitate public and assisted housing.

Secretary Cisneros is preparing to announce these linkages at Labor's April 14th Washington symposium on summer jobs -- to be attended by Mayors, business and community leaders. The President is also scheduled to speak at the April 14th event.

Presidential Involvement:

The President's April 14th speech could highlight the HUD/DOL partnership as indicative of the types of inter-agency relationships which are being forged in this Administration. He could also stress the inter-related nature of urban problems (e.g. housing, jobs, support services) and the need to integrate and coordinate federal resources at the local level.

HUD/AFL-CIO Partnership on Affordable Housing

HUD and the AFL-CIO's Housing Investment Trust are working on a joint venture to finance and subsidize the construction of 10,000 affordable housing units. Under a preliminary plan, the AFL-CIO Trust would commit \$1 billion of pension fund monies for first mortgage financing; HUD would commit \$75 million to \$100 million for capital and rental subsidies. Fannie Mae would also commit to purchase a portion of the affordable loans.

April 22nd has been tentatively set as the date to announce this partnership.

Presidential Involvement:

The President could announce the HUD/AFL-CIO partnership at a "Rose Garden" event with Secretary Cisneros, Secretary Reich, the AFL-CIO's leadership, Jim Johnson of Fannie Mae and key Congressional leaders.

Alternatively, the President could visit a union construction site (with the individuals designated

above) to emphasize the Partnership's potential for job creation.

25th Anniversary of Enactment of 1968 Fair Housing Act

April is the 25th anniversary of the passage and enactment of the 1968 Fair Housing Act. Enactment followed swiftly upon the assassination of Dr. Martin Luther King.

HUD is preparing a series of events to celebrate and commemorate 25 years of this important civil rights law. More significantly, HUD is preparing a series of initiatives to enhance the enforcement of the Act as well as expand its purview -- from rental discrimination to mortgage and insurance redlining. HUD is exploring whether an Executive Order could be issued on this matter.

Presidential Involvement:

The President could announce the fair housing initiatives (or issue an Executive Order) at a "Rose Garden" event with Secretary Cisneros, Secretary Reno, civil rights leaders (e.g. NAACP, National Fair Housing Alliance) and key Congressional leaders.

Executive Order on Homelessness

HUD and the Domestic Policy Council are working on a Presidential Executive Order on Homelessness. The proposed executive order would state the President's strong commitment to reduce the number of homeless persons during his first term. To accomplish this objective, the Order would issue a series of significant directives to federal agencies.

Presidential Involvement:

The President could issue the Executive Order at a local homeless shelter or transitional housing development. He could be joined by Secretary Cisneros, advocates for the homeless, housing leaders like Jim Rouse and key Congressional leaders.

Executive Order on Federal Property Disposition

HUD has been working on a Presidential Executive Order on Federal Property Disposition. The proposed executive order would require coordination in the disposition of property that is owned by disparate federal agencies (e.g. VA, Farmers Home, FDIC, RTC). The executive order would also

stress the need to use the disposition of federal residential property as a means to enhance homeownership opportunities and expand the supply of affordable rental housing.

Presidential Involvement:

The President could issue the Executive Order at a single-family home that was previously owned by the federal government and is now occupied by a first-time homebuyer. He could be joined by Secretary Cisneros, housing advocates and key Congressional leaders.

CLINTON/GORE POLICY STATEMENTS FOR EDUCATION DEPARTMENT

ADMINISTRATIVE:

*** Stop discrimination against gays and lesbians in all levels of government. Prohibit discrimination in federal employment, contracts, and government services.**

*** Support efforts to ban gender-based discrimination in federal hiring, promotion, and contracts. Hire and promote women in all levels of government. Establish and enforce tough sexual harassment guidelines in all government agencies.**

*** Make energy conservation and efficiency central goals in every policy field and federal agency. Set standards to insure that federal grants, contracts, and projects support America's conservation goals. Employ new technologies such as the "E bulb" and vehicles powered by natural gas. Cut federal energy bill by some \$850 million dollars a year.**

*** Challenge every office, agency, and department in the federal bureaucracy to match the standard for healthy productivity gains in business, or 3 percent gains per year. Develop performance standards and measures for evaluating outputs in every office. Require each unit to develop its own strategy for carrying out duties with fewer resources. Demand that departments make basic changes in the way they administer offices under their authority including fewer cost controls, more freedom for units in the way they achieve their goals, and greater cooperation between managers and employees. Cut \$22 billion from the federal budget by 1996.**

*** Eliminate 100,000 federal jobs through attrition. Save \$14 billion over the period of fiscal year 1992 to 1996.**

*** Appoint a Secretary of Education who understands what is going on in the classrooms of America. Appoint a Secretary who believes that public funds should on public schools.**

- * Create a Department of Education that supports reform at the state and local level.

ADULT EDUCATION & JOB TRAINING:

- * Create national adult literacy initiatives which give every American with a job the chance to learn, to read and write, and to receive a high school diploma.

- * Require every employer to spend 1.5 percent of payroll for continuing education and job training for all workers, not just executives. Offer workers a choice of advanced skills training, a chance to earn a high school diploma or the opportunity to learn to read.

- * Train military personnel for critical civilian professions through an expansion of the Montgomery G.I. Bill which will enable them to take a one-year educational leave of absence with pay before officially beginning their retirement.

- * Encourage and assist community organizations to establish education programs to aid legal immigrants to meet citizenship requirements.

- * Create an education fund administered by the National Science Foundation to provide grants for professionals formerly engaged in defense work to master the latest developments in biotechnology, synthetic materials, renewable energy resources, and environmental clean-up.

- * Create a national apprenticeship program, designed by schools and

local businesses, which offers two years of skills training beyond high school.

* Increase special education, professional training, and job training efforts to reduce the extraordinary high unemployment rate among Americans with disabilities as part of national adult education, job training, and apprenticeship programs.

AIDS:

* Promote a national AIDS education and prevention initiative that disseminates frank and accurate information to reduce the spread of the disease.

* Promote AIDS education in America's schools. Educate our children about the nature and threat of AIDS.

* Support local efforts to make condoms available in schools.

ARTS:

* Help the arts become an integral part of education in every community.

CHILDREN WITH DISABILITIES:

* Ensure that children with disabilities receive a first-rate education tailored to their unique needs.

* Support increased funding for special education services and work to improve the enforcement laws that guarantee children with disabilities the right to a high-quality public education.

* Support increased efforts to integrate children with disabilities into their schools' regular activities.

COLLEGE:

* Eliminate the existing college loan program, save for the Pell grant program. Establish a National Service Trust fund which gives every American the opportunity to borrow money for college. Those who borrow money will pay the balance back either as a small percentage of their earnings over time, or through community service as teachers, law enforcement officers, health care workers, or peer counselors.

COMMUNITY DEVELOPMENT:

* Coordinate existing housing, education, employment training, health care, drug treatment, and crime prevention programs to revitalize America's neighborhoods.

FAMILY PLANNING:

* Provide improved family planning services and education programs.

NASA:

- * Direct NASA to expand educational programs that improve American performance in math and science.

- * Direct NASA to expand the outreach of its educational efforts beyond its five field centers so that millions more people can learn about space.

PRE-SCHOOL PROGRAMS:

- * Fully fund Head Start and other pre-school programs.

- * Help disadvantaged parents work with their children to build an ethic of learning at home that benefits both parent and child. Launch innovative programs like the Home Instructional Program for Pre-School Youngsters (HIPPY).

PRIMARY AND SECONDARY EDUCATION:

- * Achieve 1989 Education Summit's "National Education Goals" by the year 2000: every child should begin school physically and mentally ready to learn; our high school graduation rate should rise from 71 percent to 90 percent, the current international standard; and students should be knowledgeable in math, science, language, history, and geography when they graduate high school. Level the playing field for disadvantaged students. Reduce class size. Issue report cards on school progress and government initiative in regard to education.

- * Create a Youth Opportunity Corps to give teenagers who drop out of school a second chance. Use community youth centers to match teenagers with adults who care about them and will give kids a chance to develop self-discipline and skills. Utilize former military bases and retired military personnel to aid with the

Corps.

*** Launch a Safe Schools Initiative. Make schools eligible for federal assistance to pay for metal detectors and security personnel if they need them. Encourage states to grant school officials greater authority to conduct locker and automobile searches. Fund mentor and outreach programs.**

*** Establish school-based clinics and drug education programs to prevent drug abuse, and to help kids hooked on drugs. Expand health services and education programs to provide primary and preventative services and to fight teen pregnancy and AIDS.**

*** Increase Chapter One funding for low-income students and allow schools greater spending flexibility so they can reduce class size and make other local improvements. Grant expanded decision-making powers at the school level. Empower principals, teachers, and parents with increased flexibility in educating our children.**

*** Support the establishment of alternative school environments for high school dropouts.**

*** Support better incentives to hire and keep good teachers, including alternative certification for those who want to take up teaching as a second career and differential pay to attract and retain educators in shortage areas like math and science, in urban schools, and in isolated or rural areas.**

*** Promote bilingual education programs that teach substantive subjects in a child's native language while at the same time teaching English.**

*** Require that any corporation receiving a multimillion dollar federal contract create a mentor, after-school employment, or**

summer employment program for urban and rural disadvantaged youth.

* Consider a federally funded incentive program to encourage equalization of school funding within the states.

* Establish a national leadership academy within the Department of Education modeled on the Army War College. Create a national extension service to put reforms into every school at the same time.

SCHOOL CHOICE:

* Give every parent the right to choose the public school his or her child attends with protection from discrimination based on race, religion, or income.

WELFARE:

* Institute real reform of welfare. Spend between \$1 and \$2 billion in the first year to provide people with the intensive education, training, placement assistance, transportation, health care, and child care they need. Provide services for up to two years, then require those able to work to take jobs either in the private sector or in community service.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 4, 1993

REMARKS BY THE PRESIDENT
IN TELEPHONE CALL CONCERNING
ENTERPRISE ZONES

The Oval Office

10:30 A.M. EDT

THE PRESIDENT: We've got L.A., Kentucky, Chicago, Baltimore, York, and New York.

Q Sounds like a good line-up.

THE PRESIDENT: Sounds like a good line-up to me. I want to thank you all for joining me today. As you know, I have a new proposal we're going to be discussing this morning that I believe is a fundamental departure from traditional programs offered by Democratic administrations and fundamentally different from the previous enterprise zone proposals offered by recent Republican administrations.

All of you represent areas of the country that, while unique, are each joined together by a common need. The economic potential of your areas, like other urban and rural communities, is still stifled because you lack the investment capital you need and a comprehensive strategy for jobs and growth. What we want to do is to help you to revive your communities economically. And our proposals for empowerment zones and enterprise neighborhoods we believe is the right way to begin.

Federal aid to these areas is certainly not new, but in the past it hasn't always worked. There has often been no coordinated strategy for using the federal money. Your growth has been restrained by a maze of federal regulations and the need to appeal to an array of federal agencies. And these factors have contributed to an unwillingness on the part of too many companies to invest in your areas.

We're trying to change all of that. We begin with a challenge: Under our program not a single dollar will go out without a coordinated strategy developed at the grass-roots level. Yet your communities enjoy immense and committed talent at that level. Our plan proposes a partnership between local organizations so that they can coordinate the use of federal, state, and local resources.

I know that your areas need investment capital, both public and private. Our proposal provides targeted investment incentives to draw investment dollars into distressed urban and rural communities. Your areas deal with a confusing maze of agencies and

regulations. This proposal features a single point of contact so that the federal government contributes to rather than stifles the rebirth of your communities. We're going to streamline regulations, rules, and paperwork so that we reward initiative at the local level.

These are innovations and new approaches. They're going to result in new economic growth, opportunity and hope in areas long denied their piece of the American Dream. And just as your local communities will have a chance to participate in the planning of their economic revival, we also want to offer you a chance now to discuss the economic challenges you face -- to discuss this new effort to participate in the revival of your communities.

I just want to emphasize two or three things here. First of all, we do propose to do something that I discussed with the mayors a few months ago, or several weeks ago, and that is to focus the limited money we have to spend here in terms of tax incentives and investments on, first of all, ten empowerment zones that will get an enormous amount of concentrated effort to see if it works -- a wage credit, credits for equipment, credits for rehabilitating existing housing -- with a bottom-up community-based strategy, and with a lot of waiver authority. We're going to set up an enterprise board that will provide communities the opportunity to come and get waivers from all these federal rules and regulations. I think that's very important.

In addition to that, we're going to have 100 more enterprise communities that will be targets for our other community investments, like the federal funds we're going to spend on setting up community policing to make the streets safer, the initiative we're going to have in community development banks, and any number of other initiatives we're going to have coming out of this government. Those 100 communities will be target areas for getting first crack at them.

So I think that this is the sort of thing that will really support what a lot of you have been doing for a long time -- cutting out a lot of the federal rules and regulations, letting you consolidate the funds that you're getting from these different government agencies and getting you the chance to develop a plan to develop your communities.

I know it's consistent with what I always thought ought to be done when I was a Governor, and I think it will meet with a lot of support out in the country among Republicans and Democrats, and I hope we'll get that kind of bipartisan support here in the Congress. I think there's a good chance that we will.

Well, I've already said a little more than I meant to. I'd like to now go to our cities and hear from them one at a time, and of course, the state of Kentucky, too. But let's begin with Los Angeles.

Mayor Bradley?

MAYOR BRADLEY: Mr. President, I'm pleased to join my colleagues in this communication with you. I congratulate you on an innovative plan that deals with the depressed cities and towns of America. I'm pleased that you've recognized that a comprehensive, yet innovative approach must be taken. It takes not only tax

incentives grants, but it also takes the kind of neighborhood involvement that will make this plan truly a product of the communities that are going to be served.

I believe that it offers a great opportunity for us to show that America can work, and the cities and the towns are the heart of what happens in this country.

We have two organizations in our city that are represented here at this table with me, and I'm going to ask representatives from each of them to speak to you now. Brenda Shockley represents Community Build; and Tony Salazar represents R-LA, a product of the Rebuild LA program. Let me call on Brenda Shockley first.

MS. SHOCKLEY: Good morning, Mr. President.

THE PRESIDENT: Good morning, Brenda.

MS. SHOCKLEY: On behalf of Community Build, I'd like to commend the administration on continuing its promise to put people first. Community Build believes that the empowerment zones legislation will -- particularly the aspect of it that recognizes that community-based, community-initiated, bottom-up involvement is critical to the success of efforts particularly in the urban areas.

We'd also like to state that your appreciation, that of the administration, and the recognition of the importance of support such as child care and job training to programs that are going to allow people to have the first step of employability will be very successful and that they will foster self-help, hard work and social responsibility.

Finally, the need for federal streamlining formalized in the form of the enterprise board will, I believe, allow for coordinated efforts and the more flexible use of existing federal funds is also critical to our efforts. Thank you.

MAYOR BRADLEY: Thank you. Tony Salazar.

MR. SALAZAR: Good morning, Mr. President. And thank you very much for your leadership in bringing this initiative to the forefront. It is very much needed. The needs of the people in our cities need to be addressed. We at Rebuild L.A. look forward to your partnership and working with you and other federal agencies in coordinating our efforts and getting agencies and federal funds back to the neighborhoods and to small businesses in our city. And we very much want to thank you for being a player and we look forward to seeing you here in Los Angeles. Thank you.

MAYOR BRADLEY: Mr. President, although he's not going to speak, he will talk to the press when we finish. Parker Anderson, who is our staff person, the head of our Community Development Department, also joins us here at the table. All of us thank you. I believe that you have heard the representative voices of Los Angeles. We're eager to work with you to see that this plan not only passes through the Congress, but is implemented.

Thank you very much, Mr. President.

THE PRESIDENT: Thank you, Tom. And I want to thank Brenda and Tony for what they said. And I want to just emphasize that I think we've got the proper division of labor here. At the community level, you've got to provide for people who are chronically unemployed job training, child care, and other supports. But those needs and the opportunity to meet them are going to be so different from community to community. And that's why I think it's so important that what we do here in terms not only of new investment, but in letting you spend the money that is presently appropriated in the most flexible way will guarantee that that can be done.

And then the other thing that I want to say, particularly in response to what Tony said with the Rebuild L.A. effort, we can't expect, it seems to me, a lot of new investment in a lot of our difficult areas until we do a couple of things that send the right signals to the private sector, which this plan does.

First of all, that we appreciate the people who are there now and we recognize that they have a potential to expand employment in distressed communities. And we ought to take care of the people that are there now.

And secondly, that the government needs to take the lead in offering some significant tax incentives to people who will take an additional risk to try to give people a chance who haven't had a chance in a long time.

And so those are the things that are part of this program. I'm very excited about it, and I'm glad you're so well organized to try to take advantage of it.

Let's go on now to Governor Jones in Kentucky. We asked the Governor to join us, because we wanted to emphasize that rural areas will be eligible to participate in both the empowerment zones and in the enterprise areas. And I know that Kentucky, like my home state, has a lot of very poor rural communities, and I wanted Governor Jones to have a chance to comment on this.

Governor, can you hear us?

GOVERNOR JONES: Good morning, again, Mr. President. I would like to, once again, thank you for having the courage to address another very, very significant problem. One thing you've shown so far is that you have no lack of courage when it comes to tackling the tough issues. And as everybody knows, when you're out on the front line attacking these issues, you take some shots. But, boy, are we proud of the way you're standing up for these tough, difficult issues.

I know the other Presidents in the past have promised federal participation in what used to be called enterprise zone legislation, and now the empowerment zone approach to dealing with our problems in depressed areas, both in the cities and in the rural areas. And we in Kentucky, of course, have had a lot of opportunity to deal with this. We passed legislation in 1982 when we became the third state in America to deal with the enterprise zone legislation. And we have had a great deal of success in dealing with it since that period of time. So we know absolutely without question that it does work.

I very much am excited about the focus that you have placed, which I think is very, very appropriate, as you've talked about change in the way government operates. And, heaven knows, we need to change the way government operates, both at the federal level and at the state and local level. I think your focus on human capital development is right on target. Streamlining the regulations, the rules, and the paperwork that have been strangling all of us for far too long is right on target. Stressing self-help and hard work and social responsibility, so that our people are willing to work in Kentucky. Our people are willing to stand up and be counted and to do what needs to be done in order to get a job and to get an education. And your willingness to let the federal government now play a meaningful role in this regard is extremely helpful to all of us.

I would also say that as we put the focus on sustainable growth, that we in Kentucky are having a national conference May the 25th to the 28th that we call From Rio To The Capitals -- the state strategies for sustainable development, a follow-up from what happened in Rio, which I think fits exactly in what you're talking about here -- in how the federal government, the state government and local governments can work together to provide the jobs and to provide the sustainable development that we need.

But because of the activity that we've had in the past working with enterprise zones or empowerment zones, we know it works and we're ready to stand with you and to participate in every way possible.

THE PRESIDENT: Well, thank you very much. I'd just like to make a couple of comments about what you said. First of all, most of our listeners may know, but some may not, that you had a very distinguished career in business before you became the Governor of Kentucky -- or got into Kentucky politics.

One of the things that I think all of us have noticed who have been governors or mayors is that an enormous amount of the money that's appropriated for special programs is often peeled off before it finally gets to its ultimate purpose by all the various administrative layers and regulatory requirements -- they're on the money. And one of the things that we're trying to do here by setting up this enterprise board and giving people the chance to come up with plans that would put a lot of these funds together is to make the money go a lot further. And it dovetails very well with what the Vice President is trying to do and to look -- in looking at the whole structure of the federal government and how we can overhaul it.

And we're up here now trying to cut spending dramatically and find some money to increase targeted investments in areas where we need it to create jobs and improve education and explore new technologies. And I am convinced that one of the ways we're going to be able to both cut the spending programs that ought to be cut and increase investment is to get rid of a lot of the layers of regulation and management that we've had.

The second point I want to make is about your conference coming up in May on sustainable development. One of our great challenges is to try to figure out how to improve the environment and improve the economy at the same time. And one of the clear areas of opportunity there that no one disagrees with is in the area of

environmental cleanup in some of our most distressed urban and rural communities. And so I would hope that all the people on this telephone call today, as well as all the people who will hear about this program and will file applications will look very closely at some of the environmental problems in their communities and at how many people can be put to work in cleaning those up and how that can be a part of the enterprise proposal, because that's clearly something that we need to do.

Let's go on to Chicago now. Mayor Daley is in Washington today, isn't he?

MS. JARRETT: Yes, he's on an airplane right now coming to Washington. I'm Valerie Jarrett, Mr. President, the Commissioner of Planning and Development for the City of Chicago. And your new initiative is exactly what we need here in Chicago.

Our city is a city of diverse neighborhoods, each with a unique set of needs. Solutions to our complicated problems do not fit neatly into the often hundreds of disconnected federal, state and local regulations. Instead of forcing communities to take on the impossible task of tailoring real needs to the requirements of these inflexible federal regulations, you are offering communities the opportunity to use these dollars creatively and holistically, to maximize the chances of sustained community revitalization.

Last year in Chicago we adopted a holistic community-driven approach to planning and development, and already we have seen great success. In our new initiative it allows community groups to submit applications for the use of funds from four different city departments. Once we target an area, all of the other city departments work together in a coordinated delivery of services within the area.

One of our neighborhoods on Chicago's west side we've already begun to see new affordable housing, the revitalization of a commercial strip, a new library, a new park, street resurfacing and the demolition of abandoned buildings.

Unfortunately, however, Mr. President, our source of funds for this project frequently come from the federal government. If we could streamline these dollars with greater flexibility, we could speed up the revitalization of this area dramatically. We have strong community-based plans here in Chicago that will create jobs and stabilize our communities. These plans often collapse under the weight of government regulation and red tape. Your new initiative is exactly what we want to see.

I'd like to introduce to you, Mr. President, now Ted Wysocki. He is the executive director of CANDO here in Chicago, the Chicago Association of Neighborhood Development Organizations.

MR. WYSOCKI: Good morning, Mr. President.

THE PRESIDENT: Good morning, Ted.

MR. WYSOCKI: We welcome empowerment zones as a dramatic new direction by the federal government to encourage local collaboration. It's a perfect fit here with our efforts. Yesterday, Mr. President, over 600 of Chicago's most committed nonprofit groups,

foundations and government officials assembled as the Chicago initiative to discuss not only youth programming for this summer, but also year-round gang intervention and job initiatives as well as multiyear processes for engaging communities in planning their own future.

I would respectfully offer three ideas that could assist the implementation of these ten empowerment zones and the 100 enterprise neighborhoods you're discussing. First, for industrial development, an issue of prime concern here in Chicago, funding as proposed by Senator Riegle in the Abandoned Land Reuse Act, on which I'm actually testifying tomorrow before the Senate Banking Committee -- this would create a new HUD program to address the high cost of cleaning up these sites that you were just mentioning.

Second, on the tax credit side, I think the real issue will be to attract equity financing for economic development real estate in these communities. I think that kind of a tax credit could encourage corporations to partner with communities, as well as, most importantly, small business to build in these zones and neighborhoods that you're talking about.

Finally, I think the role of community development corporations can be enhanced through the National Community Economic Partnership Act, which would provide grants for these local groups and their projects in these communities.

Mr. President, on behalf of Chicago's communities, I would like to thank you for your vision and your leadership. You are bringing hope to our neighborhoods.

THE PRESIDENT: Thank you, Ted, and thank you, Valerie. Let me just respond to one or two of the things that you said. First of all, the comment Valerie made about diverse neighborhoods is clearly true. I have walked the streets in every community represented on this phone call today. And I remember being so impressed in Chicago more than a year ago at seeing some new housing construction in one of the Hispanic neighborhoods from a community group that was the lowest-cost, highest-efficiency housing I had ever seen in an urban area. And there are a lot of these things going on in our country today which need to be supported not by uniform federal programs.

Secondly, I want to say that Mayor Daley was the first big-city mayor to tell me, again more than a year ago, that an enormous amount of money being appropriated by the Congress was not being well spent because of all the rules and regulations, and that we needed to focus first on getting more buying for the present dollar we're getting. And he cited me, chapter and verse, some of the things that you've mentioned today.

Secondly, I want to say to Ted, I think we have got in our economic program and in this proposal significant incentives from our equity financing for economic development. But I will look at the Community Economic Partnership Act, and I do agree that we need to be actively involved in the cleanup of some of these sites that we can restore to industrial development in a lot of our urban areas if we can solve the environmental problems.

I see this as a really big job-generator for America

over the next few years, and it's a big problem just trying to find work for all of the people who want to go to work now in our country; it's a big problem worldwide. And the environmental cleanup and rehabilitation of a lot of these abandoned areas in our urban cities and in some of our small towns and rural areas, too, I think is very, very important. I thank you for that.

Let's go on to Baltimore now. Mayor?

MAYOR SCHMOKE: Yes, sir. Good morning.

THE PRESIDENT: Are you really at the Park Sausage Company?

MAYOR SCHMOKE: Absolutely. And Ray Haysbert, the Chairman of Park Sausage, is sitting right here next to me.

THE PRESIDENT: I want you to send me some. (Laughter.) I admit that I am hereby asking for my own pork. (Laughter.) I plead guilty.

MAYOR SCHMOKE: Absolutely. Well, I'll put Mr. Haysbert on in just a second. I want to thank you very much for this tremendous proposal that you have made. You continue to operate in a fashion that's consistent with your view that cities should be viewed as centers for expanding opportunity, whereas, many of the national leaders and certainly some on the other party simply view cities as massive shelters for the poor.

But I'm also here with a gentleman named John Clinton, who is the head of the merchants association in the Park Heights community, a community that you didn't get to walk through, but one that has been plagued by a lot of the disadvantages that I know you would like to correct. But Mr. Clinton is a barber, the head of the merchant's association, a strong community activist. And he's joined by Jim Marsalak, the Executive Director of the Northwest Baltimore Community Corporation.

I want to thank you, particularly, for your focus on -- of these waiver authorities and giving us flexibility at the local level. Because, as you've seen in walking through Sandtown, Winchester neighborhoods in Baltimore, we have a lot of people who are ready and willing with great ideas at the local level. They simply need some assistance from friends at the federal government. And the Sandtown area, in particular, we have new housing, health programs, social services and things of that nature, but a missing element has been a comprehensive job development program supported by a partner at the federal level. And, certainly, the empowerment zone and the enterprise neighborhoods would help neighborhoods like that.

I want to mention one other point. As you probably know, a number of mayors, a few of us are meeting this afternoon with the Attorney General, Ms. Reno. That, I think, is important, and we hope that the Justice Department is included in this comprehensive strategy. Because we are fighting on two fronts: we're fighting the problem of crime, and we're also fighting the perception by some that our cities are just completely crime-ridden. So we need the Justice Department involved, because we know that community development and community policing go hand-in-hand, and can produce some great results. And we look forward to talking to the Attorney General

about that.

Let me just turn this over to Mr. Haysbert. I think he's agreed to the sausage, and he has some other points, because his company now sits in an area that I think is a real model for what you have talked about, and it's been very successful.

Mr. Haysbert?

MR. HAYSBERT: Good morning, Mr. President.

THE PRESIDENT: Good morning.

MR. HAYSBERT: The samples are on their way.

(Laughter.)

THE PRESIDENT: Thank you.

MR. HAYSBERT: We came from what was the parking lot of the Orioles Park to this state-operated Park Circle enterprise zone. And, of course, some of the criticism has been that, as a stand-alone program, it doesn't provide the total solution for the problems of the inner city. So I am delighted to see that you are delivering a hope, a constant message, by your particular program.

I've always said that when you want to do something, that you've got to hit the minds and the hearts of the people in the community, so your bottom-up strategy, I feel, will be effective. I know that when we moved into this particular zone, the community had a celebration because of what it meant to them. Obviously, we couldn't hire over 120 people, but for the community, it meant that they were not abandoned, that they were not slated for the human scrap heap, that their potential as human capital was being recognized.

I know, it's a very important part of this entire strategy and your ability to restructure government, do away with some of the handicaps that beset us businessmen, is certainly appreciated. Thank you.

THE PRESIDENT: Thank you, Raymond. I've been very impressed with the work that the Baltimore Economic Development Corporation has done there. And I know you've had a lot of attention to the work that's been done there over the last few years. It's evidence that you can take a -- if you've got some committed people and some land and some physical structures that you can really do things to put people to work back in cities and in areas where others have given up.

I think that all anybody has to do is go out there and see -- I think you've got, my staff has said, about 1,400 people working in the industrial park now, and all the different businesses generating taxes, attracting private investment. That's the sort of thing we're going to have to do. The government doesn't have enough money to solve this problem. We've got to leverage what resources we have to get private sector people like you to come in and put folks to work. And I really thank you on that.

And, Mayor Schmoke, I should have depended on you as an old prosecutor to mention the Justice Department, but I want to

assure you that the Justice Department is an integral part of this project. These cities, both the empowerment zones and the enterprise cities, will be considered for priorities for community policing, for alternative punishments, for institutions like the drug court which Janet Reno helped to set up in Miami -- all things which really help communities become safer and handle their crime and drug problems better, as well as for community development banks and some of the initiatives that we're going to have to try to bring capital into these areas.

But the Justice Department will be a big part of that. And she's very excited about it. You'll be able to talk to her about it today. But we think there are a lot of things the Justice Department can do to make both the perception and the reality of safer streets and safer communities a big asset in developing the economy and putting people to work.

MAYOR SCHMOKE: Thanks, Mr. President.

THE PRESIDENT: York? Mayor Althaus, are you on the phone?

MAYOR ALTHAUS: I sure am, Mr. President.

THE PRESIDENT: My first -- the first night I spent on my bus trip was York, Pennsylvania.

MAYOR ALTHAUS: Oh, we remember that very well. It seems to me, Mr. President, that in this city which gave you such a warm welcome and a boost, that if anybody doubted it before, I hope they would not feel very vindicated in that welcome they gave you. Because I've been around this issue my whole 12 years in office, and I have to say that this is the best, most thoughtful, comprehensive enterprise or empowerment plan that's come out in all those years.

And I think it is that because it recognizes that the needs are more than just a few federal tax incentives, which was the proposal in years past. A new job is of no value if you have no day care. A job alone is of no value if you feel so unsafe you cannot leave your home, or if you don't have the transportation to get to it. It is the comprehensive nature that I think really makes this the very best program.

During the transition some of the members of the U.S. Conference of Mayors met with your people and what we urged was that there be a permeating sense of urban needs throughout the administration. And this is truly exactly that. It is the overarching interdepartmental nature of it that I think is so stunning.

Of course, any Cabinet that has got two mayors in it I think is a real plus. And I'm delighted today to deliver to you the endorsement and the very strong support of the United States Conference of Mayors for this. It is just a superb program.

With me are two individuals -- one of whom I'll ask to make a comment. But first there is a business leader named Robert Lucas, who owns Classic Caramel Company. Now, I have to tell you, Mr. President, he makes a candy -- I think he named it kind of as a joke -- it's called dork candy, but Henry Cisneros, I'm told, loves

it. So after your pork we're going to send you some dork candy.
(Laughter.)

THE PRESIDENT: Dork in Washington -- that's another word for -- they'll think I need that. (Laughter.)

MAYOR ALTHAUS: Well, maybe I'll send some up to the other end of Pennsylvania Avenue then. But Bob has stayed in the inner city. In the last three years his company has increased its hiring 65 percent. In partnership with the city, he has been rebuilding the housing around his factories simply because it is believed that it is neighborhood, too, and as the neighborhood goes, so goes his business.

The other gentleman is Bobby Simpson, is executive director of the Christmas Addicts Neighborhood Association. And his housing CDC has been rebuilding housing throughout our community through the neighborhood where I grew up, I have to say. But they've also been building lives, rebuilding lives through a sense of neighborhood responsibility. And he has been laboring in this neighborhood, our neighborhood, for over a decade, and he's been looking for a partner. The city's been there with him, but he's been looking for another partner, and I think he's found it now. And I want to ask Bob Simpson to comment.

MR. SIMPSON: Good morning, Mr. President.

THE PRESIDENT: Good morning, Bob.

MR. SIMPSON: I think like millions of other Americans, I want to, first of all, thank you for keeping your campaign promise to help the inner city. I think this program that you have is a very, very workable program. But I must tell you that we in York have somewhat of a jump-start on you.

We started a program similar to this about 10 years ago, and that was to get the local business and the local people involved with settling and resolving their own problems. And to a large degree, we've been very successful at that. We took a drug-ridden area over 10 years ago and turned 125 houses into decent, affordable houses. We took 785 unemployed and unemployable people and put them in jobs.

The crucial point that I'd like to make is on the day care. We have a day care center that we're very, very proud of where 90 percent of our day care kids are on honor rolls of their schools. The other point that I'd like to make that you had spoken to under your proposal is cutting the red tape. I think that is a key to any proposal that comes down, and that's a key to the success in the city of York. We got rid of the red tape, implemented the program from the grass-roots level. We've done a lot with little. And with think with your help, we can do much, much more. And I just again want to thank you, and I appreciate your effort and your commitment to the inner cities.

THE PRESIDENT: Thank you, Robert. You know, I think you might be able to be a model for what we're trying to do in some other cities. But I'm sure that this works.

A few years ago as Governor, I set up a program quite

similar to this in our poorest counties. And I required all of them to come up with community-based development plans and then we worked hard to try to make sure all the resources of the state were put at their disposal. And we even got the federal agencies involved. But I always had the feeling that we could have done so much more if the federal government had been able to fully join our efforts. But I'm very impressed by what you've done there.

And I want to say a special word of thanks to you, Mayor Althaus. You know, we find, I think, that partisan differences tend to evaporate the further you get away from Washington. And when more people get down to the grass roots and have to face each other across the table and deal with real problems, it's obvious that there are certain things that work and certain things that don't, and people tend to work on what works.

And I can't tell you how much respect I have for the leadership you've given the U.S. Conference of Mayors and the willingness that you have expressed to work with us in trying to find American solutions to these problems. I am convinced that at the very basic human level we need to make a departure from the approaches of the past. And you've been willing to do that and I just -- I take my hat off to you. And I hope that we can do that more and more and more on all these problems, because a lot of these problems are America's problems and they don't have a partisan label after them. And I think if we'll just take -- all of us take our blinders off and roll our sleeves up, we'll get a lot further. And I really appreciate you.

Thank you.

MAYOR ALTHAUS: Mr. President, thank you. I have to say, the partisanship in Washington is not at your end of Pennsylvania Avenue right now. It's really not. It's been a joy working with you.

THE PRESIDENT: Thank you, Mayor.

New York?

MAYOR DINKINS: Yes, sir.

THE PRESIDENT: Hello, Mayor.

MAYOR DINKINS: Mr. President, I have several people with me, one of whom I'll ask to say a comment in a minute. I have Ron Shelp, who is the President and Chief Executive Officer of the New York City Partnership and the New York City Chamber of Commerce in Industry. The Partnership was founded back in '79 by David Rockefeller and other business leaders to tap the energy of the business community on a range of public policy issues, including economic development and affordable housing and education and jobs. And we worked very closely together. They've been with us on international trips as well as demonstrating a lot of concern for local problems.

There's David Jones, who is the President and Chief Executive Officer of the Community Service Society, one of the oldest community development agencies in our city. Comprehensive in its programmatic thrust, CSS, as we call it, provides direct services to

underserved communities and is a formidable advocate for progressive social policies at both state, city, and federal levels, and provides technical assistance to grass-roots neighborhood organizations. I'll ask David to say a word in a minute.

I would want you to know that in the room also are a couple of my deputy mayors, Barry Sullivan, a lifelong banker who, upon his retirement, we induced to come and work for us as a deputy mayor for finance and economic development. And our newest deputy mayor, Dr. Joyce Brown, who is an educator of some 25 years' experience who is now deputy mayor for policy and community affairs. So I'm pleased that they're here.

Mr. President, I want to commend you, as my colleagues before me have done, for what I think is very creative leadership, so sorely lacking in Washington over the last dozen years. And we in New York City really know. We have suffered greatly because of the abandonment of the urban centers by Washington heretofore.

I want to say that not only are you providing greater leadership, but you've put together a great team. Bob Rubin has been enormously responsive and receptive to our efforts, and Henry Cisneros -- you've got a mayor, so you know that you're doing real well there. And you've got a good New Yorker in Andrew Cuomo. And, of course, Donna Shalala. And so I am confident that you've got the kinds of people to put this together.

And much has been said of community policing. And as perhaps -- I know you know that the foremost proponent of community policing, perhaps the expert in the nation, is Dr. Lee Patrick Brown that you've now tapped to head up your drug effort. And he is somebody who understands full well that it's not just law enforcement, but treatment and education that have to go along with it. So I'm delighted with this new important initiative. As you know, my colleague, who is the dean and delegate of the New York state congressional delegation is very interested in this area and I know is working closely with you. I make reference to Congressman Charles Rangel.

We've got in our city some initiatives that we think fit very well with the kinds of things you're talking about. One is what we call Communicare. We take health clinics and make primary care centers of them. It provides not only better care, but at a lesser cost. We've got what we call beacon schools, where we take the school buildings that are there anyhow, and now we keep them open until 11:00 p.m. or 12:00 p.m. at night, six and seven days a week, with programs for young people and adults, funded by the city but run by not-for-profit community organizations.

We're very proud of our community policing. As your new Attorney General will tell you, the FBI reports that crime is down in the seven major FBI index categories in New York for the first time in 36 years. And we attribute that to community policing that Lee Brown did for us.

We have what we call business improvement districts, where business people sort of tack themselves to the areas. We know that these kinds of things can assist what you're talking about, and I believe that your empowerment initiative is really what one might call the vanguard of an urban policy. And I think that if we make

certain the specific menu of business incentives and social service programs are meaningful enough to do some good, we will be making giant steps.

I know you've permitted me to talk overly long, so I won't say more, except to say that we in the city of New York can provide a laboratory for any and all of these kinds of things that are at the forefront of this effort. I want to commend all of my colleagues that have participated in this effort and to thank you, Mr. President.

May I present now, David Jones of Community Service Society.

MR. JONES: Mr. President, nice talking to you once again. I just want to say a couple of things from the perspective of not-for-profits and community-based organizations. I think your bottom-up approach is brilliant, and I think it's what's going to be needed to bring this change about in these inner-city neighborhoods. I think you should also be aware, however, that community-based organizations have suffered along with the communities they have served. And they're going to need technical support and support from your government agencies to provide the kind of strategic planning that you envision in your plan, as well as the kind of oversight that you're talking about. But I think it will be seen as a great movement for community-based organizations and the poor people they're trying to serve.

I think, obviously, time is up with the national apprenticeship program and primary health care reform, patient reform and a new structure for volunteerism and a new approach to narcotics control are all going to be light-years ahead of anything that's come down in nearly a decade. And I hope because it's so new, that you, yourself, attempt to go into some of these communities to try to get your message across. Because I think I agree with Dr. Wilson, Julius Wilson, that we're losing working- and middle-class people from these communities, and they need a ray of hope in order to stay on and continue the fight, so these communities can revitalize themselves.

Thank you for the opportunity to make our comments here.

MAYOR DINKINS: Mr. President, thank you very much.

THE PRESIDENT: Thank you, Mayor, and thank you, David Jones.

Let me just comment first on what Mr. Jones said. I think we do have to provide some assistance to build up these community-based, nonprofit organizations. And I do think the national government has to take the lead in health care, in trying to put together the kind of system that will work on job training and apprenticeship programs, as well as trying to take a little different direction, as you know I feel we should, on the drug front. And that's one reason I asked Lee Brown to be the drug czar.

But I'm also convinced that if we do this, that building these things at the grass-roots level and having everything driven by that is the only way to ever get anything done, in my opinion. I think -- you know, we've got to help people to help themselves, and that's what this whole thing is about.

The other point I wanted to make in response to what you said, Mayor Dinkins, is, first of all, thank you for the compliments on the people in my administration. Andrew Cuomo had a lot to do with putting this initiative together, and he's sitting here in the Oval Office with me -- actually, he's standing in the back, so he grew about four inches when you were bragging on him in front of America.

MAYOR DINKINS: Very good.

THE PRESIDENT: And I thank you for that. And let me again once again emphasize that I am convinced that the experience of New York and community policing demonstrates beyond anything I could say that if we can put these programs in place in all the major neighborhoods of this country that have crime problems we would immediately make them, not only more liveable and more attractive, we would make them far more apt to get private investment.

This is a huge economic issue as well as a personal security issue. And that's why we've just got to wrap the Justice Department and crime control initiatives into this whole effort. If we don't do it we can't be successful in some areas and if we do, of course, the flip side is that we can.

I want to thank all of you so much for giving me a little of your time today and for your support of this initiative. I hope you'll talk to your colleagues across the country, to the members of Congress, and again reach out across party and other lines and say this is something that will be good for America. I need your help now to pass it and I'm ready to go to work to do that. Thank you very, very much.

MAYOR DINKINS: Thank you, Mr. President.

THE PRESIDENT: Good-bye.

Q Mr. President, now that you've had your -- what changes do you plan in the White House staff to make your administration more effective?

THE PRESIDENT: Keep in mind that, before you ask that question, this administration is the only one in 17 years to pass a budget resolution within the legal time limit. We have put -- nearly as I can tell, we have put more major initiatives out there in 100 days than any of my recent predecessors, and we're working on some very major problems. So I think, on balance, the staff has done a good job.

We've lost one initiative in the Congress that took way too long, dealing with a relatively small program to put some people to work. And I think we to -- what I think we need to do, frankly, is to get the focus back on the things that I have been working on from the beginning -- passing the major economic program, making sure the Congress will adopt the spending cuts, reaffirming that I have no interest in raising taxes until spending is cut, no tax increases without the spending cuts -- getting the budget program so that we can keep interest rates down.

I talked to more people today, just people around here -- I asked how many people have refinanced any housing loans or other

loans that save money on that. That's going to be the biggest stimulus we can ever provide if we can keep the interest rates down with deficit reduction. And then going on to health care and passing these empowerment initiatives, ~~that the one we're here talking about today.~~ ^{THE WHITE HOUSE}

WASHINGTON

So will we make any changes in the way our process works to try and improve it? I hope we can make some. We've got that under review. We've been discussing it for, oh, about five weeks now, what we can do to be more effective. After all, I just got here. I've never operated here before, and there are some things that are very different about the way Washington works -- some good and some not so good.

But I think we're on the right track, and I just want to focus now on the work before us, which is passing this budget. If we don't pass the final budget with the spending cuts and the revenue increases and keep them focused on the people who got all the benefits out of the '80s, having the upper-income people pay the vast bulk of the load, and not -- but not taxing them until the spending cuts were in place, that's what I think we have to do now. And that's what I'm focusing on.

Q Specifically, sir, will Mack McLarty be hiring a deputy to tighten things up in the operation?

THE PRESIDENT: One of the things that we've looked at -- keep in mind one of my first spending cuts was committing by the end of the next fiscal year to have a White House staff that was 25 percent smaller than my predecessor's. But when I got to looking at it, ever other chief of staff has always had basically three major -- the recent ones, at least have had three major aides, and Mack's been functioning with one. So I'm trying to figure out how to give him at least one more. He still wouldn't have as many -- if he had two instead of three, he wouldn't have as many as most of his predecessors have.

But we think that there needs to be a little tighter coordination here to make sure that we've got our priorities straight and that those priorities are communicated all the way down to the staff. And a little better focus.

One of the things that you risk when you try to get a lot of things going in a hurry -- and we tried to get a lot of things going in a hurry because four years passes in a hurry -- is that you wind up having people work very, very hard, but maybe getting a little out of focus. And I think we can tighten the focus a little, and I think that's what we ought to do.

Q Leading economic indicators are pretty grim. Do you think anything beyond what you've done -- the empowerment zones, the economic stimulus package -- has it got you thinking about either delaying the tax cuts further, or any other kind of emergency push at this point?

THE PRESIDENT: I'll answer the specific question first. The best thing we can do for the economy this year -- this year -- is to clearly pass a multiyear deficit reduction plan because of what it will do to interest rates. As Americans borrow money at lower rates or refinance their existing debt, that will put -- the economists

estimate that over the next year and a half, that will put \$110 billion back into this economy, if we can get the interest rates down. That's a huge stimulant to the economy, totally in private sector investment to refinancing debt.

THE WHITE HOUSE

WASHINGTON

So my present feeling is that we have got to pass the multiyear deficit reduction package, which requires the spending cuts first and the tax increases, focused on people who have basically benefited from the last 12 years of lower taxes. Now, I think we're going to have to -- we need to pass that, keep the interest rates down and see what happens.

What I tried to do was make a down payment on the jobs plan. And I still would say what I've been saying since -- well, all last year and even after the election, I tried to say that we were part of a global economy, where there was a lot of economic slowdown in Europe and elsewhere, and that people could not expect immediate results, and we were going to have to really focus on what it took to create jobs.

I will say that again: My major focus -- if I can pass the budget, then we will move on to health care and job creation. And I think that we may try a lot of things over the next four years because we're in a period of new and different economic forces, which are all working to make it more challenging for us to create large numbers of new jobs.

But I'm not at all surprised. I started saying back in November that there's too much recession in the rest of the economy, and we have cut defense spending in America without offsetting investments in our people and new jobs on the civilian front. And we were being burdened by enormous debt. But I can't tell you that I think we ought to come off the deficit reduction. I think bringing that deficit down and keeping interest rates down is the best investment program we've got right now.

But we are going to have to keep our ears and eyes open, because this is a new and difficult and unprecedented time, and we've got to put the work of the American people first. So I wouldn't rule out anything down the road, but I'm confident we need to pass the budget first.

Q Are there special forces in Bosnia on the ground?

THE PRESIDENT: There aren't any. I saw the report, Ron. I don't know what the basis of it is. I have not authorized that at all.

THE PRESS: Thank you.

END

11:30 A.M. EDT

Initial Immunization Talking Points

- o The only major change is in the scope of the universal program entitlement. All new requests for public infrastructure improvements and establishment of a tracking system are left in tact.
- o With respect to the entitlement under universal, the bill entitles all children not insured against the cost of vaccine to free vaccines. States must have this free vaccine program in place by 1998.
- o Insurers (including self-insured plans) will have to maintain their coverage efforts and will be prohibited from dropping coverage.
- o Reforms designed to assure cost effective purchasing of vaccines for Medicaid-insured children will be instituted.
- o Any state, at its option, will be able to elect to run a universal program by purchasing an additional amount of a vaccine at the federal contract price.

Program Staff

EXECUTIVE OFFICE OF THE PRESIDENT

12-May-1993 10:17am

TO: (See Below)

FROM: Jonathan P. Gill
Office of Media Affairs

SUBJECT: Comments on the President's Schedule, May 12th, 1993

**Comments on the President's Schedule
May 12, 1993**

- * Today, the President travels to New York for an address at Cooper Union. Before leaving the White House, he will lead a Rose Garden Ceremony honoring the Small Business Person of the Year. During the Ceremony, the newly-confirmed SBA Administrator, Erskine Bowles, will be sworn into office.
- * **Motor Voter Prevails.** The Motor Voter bill slipped the surly bonds of a Senate filibuster yesterday. Democrats, joined by six Republican Senators, broke a Republican-led talk-a-thon, adopting the final version of a bill to make it easier for Americans to vote. Motor Voter legislation is a key part of the President's political reform agenda, which also includes campaign finance and lobbying reform measures.
- * **Cooper Union Address.** The President will talk about the changes in the world, the size of the deficit, and the need to do what no generation has done before: Increase investment while at the same time reducing wasteful or old spending. This task is difficult, because the American people have lost confidence in Washington to make the tough choices required. To scale the walls of their skepticism, the President is proposing, in essence, a "customer service contract" with his economic plan:
 - **Tough decisions on spending.** The Clinton economic plan reduces the deficit by \$500 billion over 5 years with more than 200 specific spending cuts, many in programs dear to the hearts of Democrats.
 - **Reinventing government.** If the United States is going to invest more in new programs, as we cut out the old, we need to reform the way government works. Vice-President Gore is leading an effort to "reinvent

government."

- **Political reform.** The guardians of old spending maintain the status quo through the existing campaign finance and lobbying system. President Clinton is confronting this system directly by calling for a comprehensive revision of the way we finance campaigns and the way lobbyists are permitted to operate. Ultimately, you cannot have meaningful economic reform without meaning

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Carol H. Rasco
Assistant to the President for Domestic Policy

Remarks Prepared for Delivery at the
National Summit on Children and Families
Washington, D.C.
April 2, 1993

It is wonderful to be here at this historic national summit on children and families. And it is inspiring to hear the stories of young people who are succeeding--with determination, personal responsibility, and help from those who care.

I wish that every child in America could tell such a story. But you and I know that they can't. Many children are thriving in our nation--but too many are not.

The statistics for our children and youth are grim. Educational attainment is stagnant--at best. Mental illness and suicide are up. Violent crime and homicide--way up. And today, child poverty stands at levels last seen a generation ago.

For most of that generation, families with children have faced a relentless economic squeeze. The real wages of workers with young children--even educated workers--have fallen dramatically during the past twenty years.

These are the facts, and it's time we stopped ignoring them. We must show that we have not forgotten how to care. We need a new direction for our country. It's time we adults put our children first.

That's one big reason why our country needs the President's bold new economic program of growth and jobs. It's why we need the President's bold plan for investing in children and their families. With the help of the Congress, we're going to get that program--and get it in record time.

But the problems our children face are not just economic. Too many American families are disintegrating, or never forming at all. We have the highest divorce rate in the Western world, and the highest rate of children born outside marriage. Today, 28 percent of our babies are born to unmarried parents. For African-Americans, it's more than 66 percent.

Does this matter? Here are some findings from a report out just this week: Of the children born to young unmarried mothers without high school diplomas, 79 percent are living in poverty. For children born to married high-school graduates, the figure is only 8 percent.

The message is clear: if you stay in school and get married before you have children, your kids are ten times less likely to be poor. A stable family setting is the best anti-poverty program our country has ever devised. That is the message we adults should be sending our young people, in every way we can.

For too long, these issues were mired in partisan gridlock. Some talked only about the economic squeeze on families and cuts in government programs; others talked only about the disintegration of families and the decline of American culture. It is time--high time--to put an end to the politics of false choices. We must move beyond cheerleading for family values, on the one hand, and on the other, the old big-government notion that there's a program for every social problem.

There is another way, a commonsense path that offers more opportunity to every family and demands more responsibility from every individual. As the President has said so eloquently: Family values alone cannot nourish a hungry child, and material security alone cannot provide a moral compass. We must have both.

That is the trail that the National Commission has blazed for our country. You have advanced an ambitious legislative agenda, which helped shape the President's budget proposals. You have crafted a new consensus on children and families that could put futile debates behind us. Most important, you have reminded us of basic principles essential values.

o First: Every American child should have the opportunity to develop to his or her full potential.

o Second: Government doesn't raise children, parents do. Government can reinforce the vital work of parents, but it can't substitute for them. The family is--and must remain--society's primary institution for bringing children into the world and for supporting their growth throughout childhood.

o Third: Children do best when they have the personal involvement and material support of a father and a mother and when both parents fulfill their responsibility to be loving providers.

These are the principles and values that guide us all. Now let me tell you what the President is doing to turn them into reality.

To begin with, he is rewarding work and family. Today, millions of Americans work full-time but don't make enough to lift their families out of poverty. That's wrong. No one who works full-time and has children at home should be poor in America. And that's why the President has proposed a dramatic

increase in the Earned Income Tax Credit.

At the same time, Bill Clinton is moving aggressively to relax the tension between work and family. He's proud that the first piece of legislation he signed was the Family and Medical Leave Act, twice vetoed by George Bush. And the administration is actively exploring other ways of making America's workplaces--including the federal government--much more family friendly.

Second, he is protecting the health of children and families, by fully funding the WIC program, by investing in childhood immunization, and by committing his administration to fundamental reform of our nation's health care system.

As you all know, we're working night and day to ensure that every American has access to quality health care at affordable prices. Next month, we're going to propose a comprehensive new health care plan. And during this Congress we're going to fulfill the dream of every Democratic president since Harry Truman and make health insurance a reality for all.

Third, the President is promoting the development of young children with the biggest expansion of Head Start ever. But the administration is not just going to make Head Start bigger; we're going to make it better. We're going to improve quality, increase flexibility, and better link the program to other child development efforts.

Fourth, the President is proposing fundamental change in public education. As governor, Bill Clinton helped draft the national education goals and bring them to the center of public debate. As president, he'll bring those goals to the center of education reform.

Bill Clinton is going to put an end to business as usual in American education. That means new initiatives with real incentives to states for systemic reform. It means a total reexamination of existing programs--such as Chapter 1--to ensure that every child has a fair chance to acquire high-level skills and make it in the economy of the 21st century. It means unprecedented emphasis on systematic, high-quality school-to-work programs. It means an expanded safe schools initiative because fearful kids can't possibly learn well. And yes, it means more choice for parents and students within our public school system.

Fifth, the President will deliver fundamental reform of our welfare system. He helped draft the Family Support Act of 1988, and he made it work in Arkansas. Now he has asked us to develop a plan to end welfare as we now know it. People don't want permanent dependency, they want the dignity of work, and we should give everyone the chance to have that kind of dignity. It's just common sense: more opportunity in exchange for more

responsibility.

The President's responsibility agenda doesn't end there. He's going to get tough on child support enforcement. That means establishing paternity right at the start, in the hospital; setting up a national registry; and using the IRS to collect seriously delinquent child support payments.

The principle is simple: if you are biologically responsible for a child, then you are morally and financially responsible as well. And that's why we have to get the message to our youth in schools, in the media, in every way we can: it's just plain wrong for children to have children, because you are assuming a responsibility that you aren't ready to fulfill.

The President wants to put government squarely on the side of keeping families together whenever possible. He wants us to do more for families at risk, especially at risk of foster care placement. He knows that constant shifting from one short-term foster home placement to another is an emotional disaster for kids; that in all but the most extreme cases, it's better for kids to be with their parents.

That why, last month he directed us to draft a new child welfare initiative combining family support and family preservation services--building on the work of Senator Rockefeller and Congressman Matsui and Congresswoman Schroeder and others. And believe me, we're going to deliver that initiative--to him, to our kids, and to the country.

I applaud the Commission for recognizing that families don't operate in a vacuum, but in neighborhoods, in communities, and in a climate of culture and values. We must do whatever we can to assist parents in educating their kids and teaching them right from wrong.

As every parent knows, in modern America that effort begins with the media. Three years ago, the Congress passed the Children's Television Act. And for three years, the Act was ignored. The same kinds of folks who informed us that ketchup is a vegetable were happy to certify GI Joe as an educational television program.

Well, the previous administration's FCC wouldn't enforce the bill--but ours will. By law, broadcasters who want to keep on operating must demonstrate their commitment to the educational needs of children. We're going to hold them to that. And while they're at it, it wouldn't hurt if they cut out the gratuitous sex and violence either.

I've talked about what the President has done and what he wants to do. We've begun to shift course. But this is just the beginning. We must have the courage to change--to recognize mistakes, to abandon what doesn't work, to challenge ourselves to do better. In short, we adults have some growing up to do.

I know that many of you in this room are tired after the last twelve years. Without you, many of the programs that serve children and families would have been gutted. They weren't, and you've earned a rest.

But we're asking you to go another round. The President can't pass or fund his initiatives alone. He can't break the gridlock alone. He still needs your help, and so do America's children.

For the first time in a long time, your efforts will be supported--not rebuffed--by the executive branch of this government. The details remain to be worked out. But for sure, there will be an ongoing, high-level focus on children and families, cutting across agency, departmental, and programmatic lines, coordinated by the White House, responsible not to any single constituency but to the national interest and directly to the President of the United States.

Concern for our children must start at the top--but it can't end there. We must empower parents, neighborhoods, communities and voluntary organizations across this great nation to do what our children need. The President can take the lead--but only you can complete the task.

At last, a new day is dawning for America's children and their families. We will work together with you. We won't always succeed, and we won't always be able to do everything that you--and we--would want.

But I can promise you this: we will never relent in our effort to give every child a chance to develop--fully. Because at the end of Bill Clinton's second term, at the dawn of the third millenium, I want to be able to say to Hamp Rasco and Mary Margaret Rasco and to all the children of America, with a clear conscience and a full heart: We did our best. And I want all of you at this summit to join me in being able to look at one another and say: We did our best.

Thank you very much.

THE WHITE HOUSE

WASHINGTON

TO: Domestic Policy Staff
FROM: Carol H. Rasco 
SUBJ: Legislative reviews of materials sent by OMB
DATE: May 13, 1993

In our effort to continually streamline processes for the DPC, the Office of Management and Budget has been notified to send all Legislative Referral Memorandums to Cookie Walden starting Monday, May 17. Cookie and Kathi Way will assume responsibility for distribution, follow up, and filing. This means that you should do the review of testimony, bill, etc. in the usual timely fashion, fill out the sheet for return to OMB and get the comment sheet with the original document to Cookie who with Kathi's approval will return it to OMB.

Only when there are substantial comments made on a piece to be reviewed will Kathi and Cookie alert me; otherwise the comment sheets will go automatically back to OMB. Complete files will be kept by Cookie should you need to refer to them at any time.

Thank you.

Shirley

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

30-Apr-1993 09:21am

TO: (See Below)

FROM: Jonathan P. Gill
Office of Media Affairs

SUBJECT: Comments on the President's Schedule 4.30.93

Comments on the President's Schedule
April 30, 1993

DAY 100

- * On this, the 100th day of a presidency devoted to changing the country with big ideas, the President travels to New Orleans to unveil his proposal for national service. His national service plan will expand opportunity for kids to go to college and expand possibilities for citizens of all ages to perform service in America.
- * "We commit ourselves to build on the values that have made this nation without peer... those of opportunity, responsibility and community. Today, we propose applying those values to a revolution of opportunity for America's hard-pressed families."
- * **As a first step, we're going to ease the terms of college loans...** helping students from middle- and lower-income families to clear a major path to the American Dream, the path of higher education. In return, we will demand fiscal responsibility from these young people and offer them a chance to exercise civic responsibility.
- * **EXCEL Accounts.** We propose a new way to finance college for the students who seek loans every year. We call it an EXCEL account. With it, students can repay the loans with a percentage of future earnings. With an EXCEL account, even young doctors, fresh out of medical school, can use their new skills where they are most needed, in low-income areas, without undue worry about the high cost of their loans.
- * **National Service will mark the start of a new era for America, in which every citizen can become an agent of change...** armed with the knowledge and experience that a college education brings... and ready to transform the world

we live in city by city, community by community, block by block. For each term of service, one year full-time, two years part-time... participants in National Service will receive money can be used toward past, present or future education costs, whether it be for college or job training.

* A generation ago, America's youth saw suffering in Latin America, Asia and Africa, and it rushed to the challenge laid down by President Kennedy. In the process, the Peace Corps became America's greatest ambassador, building bridges of understanding to far-off cultures. Now, three decades later, the challenge begins anew... and the crusade starts at your door.

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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

30-Apr-1993 10:45am

TO: (See Below)

FROM: Jonathan P. Gill
Office of Media Affairs

SUBJECT: Student Loan Reform Act of 1993

The White House

Office of National Service

FOR IMMEDIATE RELEASE
APRIL 30, 1993

CONTACT: ETHAN ZINDLER
202/456-6444

STUDENT LOAN REFORM ACT OF 1993

Today, the Federal student loan programs provide billions of dollars to private lenders and other agencies -- billions of taxpayer dollars that do not go toward serving students. Furthermore, complex procedures and inflexible repayment plans create serious problems for some students. Burdened with debt and locked into insensitive repayment plans, many students cannot repay their loans, leaving taxpayers to foot the bill. The current system doesn't serve students or taxpayers well.

This legislation reforms the student loan system with a less costly and less complicated alternative. The Administration's Student Aid Reform Act will provide all borrowers with flexible repayment options, including EXCEL Accounts, which allow borrowers to repay loans as a percentage of their incomes. It also reforms the student loan system by replacing the current guaranteed student loan system with a system of direct Federal lending. These changes will:

- * **Make repayment easier** by allowing borrowers to select the best way to repay their loans. Borrowers will be able to choose among several different repayment options, including fixed, graduated, extended, and income-contingent EXCEL Accounts. Providing a range of flexible repayment plans

will allow students to enter lower-paying community service jobs without worrying about their debt burden and will reduce default rates.

- * **Reduce costs for taxpayers** by substituting Federal borrowing for more expensive private capital and eliminating excess profits in the current system. By using low-interest rate Treasury borrowing and by eliminating excess profits, direct lending will reduce Federal costs by \$4.3 billion through fiscal year 1998.
- * **Reduce costs for students** by lowering interest rates. Part of the substantial savings achieved from lowering the cost of capital and eliminating profits will be used to reduce the interest rate for student borrowers, when the plan is fully implemented.

EXCEL ACCOUNTS: EASING REPAYMENT AND ENCOURAGING SERVICE

The EXCEL Account will, for the first time, allow all borrowers to pay off their loans as a percentage of their incomes. This income contingent repayment plan, together with other flexible repayment options, will give borrowers the opportunity to choose lower-paying service jobs regardless of the level of debt

incurred while in school. This new plan will also help to reduce student loan defaults.

Borrowers will have the opportunity to choose from a range of flexible repayment options to best fit their financial situation. In addition, borrowers will be able to switch repayment plans as their financial situations change.

EXCEL Accounts will provide for repayments that depend upon income. Borrowers will be able to repay over a longer period of time than in the other repayment options. The length of repayment will depend on the borrower's level of debt and income.

- * The legislation requires the Secretary of Education to publish regulations on the specific provisions of this income-contingent plan, including the percentage of income to be repaid each year and the length of repayment.
- * To increase accountability, the Secretary will also have the authority to require defaulters to repay through income contingency.
- * The legislation will extend EXCEL Accounts to borrowers with existing loans. It authorizes the Department of Education to offer income contingent repayments to current borrowers if lenders do not offer them acceptable income sensitive repayment opportunities.

Fixed, graduated, and extended repayment plans will also be available to all borrowers.

- * **Standard repayment** describes a fixed-payment, fixed-term (usually 10 years) plan that is currently used by most student loan borrowers.
- * **Extended repayment** describes a plan with a lower fixed payment and a longer fixed term than available under a standard repayment plan.
- * **Graduated repayment** plans expect borrowers to repay smaller amounts in the beginning when their incomes tend to be lower and larger amounts later when their incomes tend to be higher.

IRS Role

To make repayment easier and more effective, the bill contains provisions to include the Internal Revenue Service (IRS) in the collection of student loans.

- * Starting in fiscal year 1994, the legislation gives the

Secretary the authority to offer income contingent repayments to borrowers using information from the IRS on borrowers' incomes. The legislation will amend the current disclosure provisions to allow IRS to provide this information to the Department of Education.

- * As a second step, the bill requires the Secretaries of Education and Treasury to jointly develop a plan to provide repayment options through the IRS and wage withholding.

ONE-STOP DIRECT STUDENT LOANS

The legislation calls for the Federal government to make loans directly to students, substituting Federal borrowing for private capital. These changes will streamline the system, reduce interest rates for students, and save taxpayers billions of dollars.

The proposal will replace the Federal Family Education Loan (FFEL) programs with the Federal Direct Student Loan (FDSL) programs. Most students will receive all of their financial aid through their existing financial aid offices -- "one stop shopping".

Direct lending substitutes Federal capital for more expensive private capital and eliminates excess profits to lenders, saving \$4.3 billion through fiscal year 1998. Under the plan, direct lending will phase in over four years, beginning in academic year 1994-1995. Federal capital will be used for all new student loans. The goal is to begin with 4 percent of new loan volume in direct lending in the first year, 25 percent the second year, 60 percent the third year, and full implementation in academic year 1997-1998.

Private lenders will no longer make, or "originate", student loans. Many postsecondary institutions will make loans themselves; others will use the services of alternative originators. No institution will be required, however, to originate loans itself. In addition, no school will "service" or collect loans.

Some features of the legislation regarding origination and servicing are:

- * Criteria measuring the financial and administrative capability of institutions to originate loans will be used to determine which institutions may originate loans and which should use alternative originators.
- * Institutions that meet the financial and administrative criteria, but do not wish to originate loans, will also be able to use alternative originators.

- * The Department of Education will pay a small fee to schools that originate loans themselves and will contract out on a competitive, fee-for-service basis to alternative originators. Alternative originators may be State agencies, private lenders, Sallie Mae, and other organizations.
- * Responsibility for servicing loans while students are in school and while they are in repayment will not rest with the postsecondary institutions. The Department of Education will contract with a number of organizations to service student loans. These organizations, which could include State agencies, Sallie Mae, and private firms, will be chosen through a competitive process.

ENSURING A SMOOTH TRANSITION

The Department of Education will be responsible for monitoring and overseeing the student loan system as part of its overall oversight of the Federal student aid system. The Department is developing a detailed plan to ensure adequate loan capital in the event that private capital dries up. The legislation will provide the Department with additional authorities to move quickly if capital shortages occur.

- * Postsecondary institutions, alternative originators, servicers, and the Department of Education will share data on student loans throughout the nation. The Department will also complete work on the National Student Loan Data System. Such a system has been under development since 1989 and must be expanded to perform all the functions needed for direct loans.
- * During the phase-in period, the terms and conditions for the FDSL, including loan limits, eligibility rules for loan subsidies, and number of loan programs, would be similar to the existing FFEL programs, including the provisions for loan deferment and forbearance.
- * The legislation also provides for two changes to the nation's guarantee agency services, which provide in every state an intermediary for the Federal government and reinsure all loans in the current FFEL programs. The legislation ensures adequate financing for the current guarantee agencies during the transition and provides for alternative mechanisms to assure loan guarantees in the event that any of the guarantee agencies do not continue to operate.

###

DISTRIBUTION:

TO: Cynthia J. Lizik



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 3, 1993
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 995 - Uniformed Services Employment and
Reemployment Rights Act of 1993
(Montgomery (D) Mississippi and 15 others)

The Administration supports H.R. 995, as reported by the House Veterans' Affairs Committee. The Administration may seek certain improvements to the legislation as it continues through the legislative process.

Pay-As-You-Go Scoring

H.R. 995 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary estimate is that the pay-as-you-go cost of H.R. 995 is zero.

* * * * *

(Do Not Distribute Outside Executive Office of the President)

This position was developed by LRD (Kerr, Mustain) in consultation with HRD (Grams), TCJ (DiBari), BASD (Balis), GM (Johnson), HD (Johnson), and OIRA (Lackey). The Departments of Labor (Schmidt), Defense (McLaughlin), Health and Human Services (White), Justice (Novak), Transportation (DeCell), Veterans Affairs (Gurland), and the Treasury (Dorsey), and the Office of Personnel Management (Woodruff), the Office of the Special Counsel (Murphy), and the Merit Systems Protection Board (Williams) agree with this position.

The House Veterans Affairs Committee reported H.R. 995 on April 28, 1993. The Committee report is not yet available. This SAP is based on information supplied by the Department of Labor and House Veterans' Affairs Committee staff.

Democratic cosponsors are: Clyburn (SC), Penny (MN), Slattery (KS), Hefner (NC), Parker (MS), Payne (VA), Richardson (NM), Stenholm (TX), Brown (FL), Waters (CA), and Bishop (GA).

Background

Since 1940, the Veterans Reemployment Rights (VRR) law has protected employees who leave civilian positions for voluntary or involuntary military service, including enlistments, reservist call-ups, and the draft. Upon completion of active military duty, the law entitles veterans to return to their civilian positions with the seniority, status, and pay they would have obtained if continuously employed in those positions. The law is uniform for voluntary and involuntary service and for employers of all sizes.

Congressional amendments, judicial interpretations, and changing practices concerning health benefits and pension plans have made current VRR law difficult to interpret. In 1987, a Task Force was formed of representatives from the Departments of Defense, Labor, Justice, Veterans Affairs, and the Office of Personnel Management to review existing VRR law. The recommendations of the task force were the basis of legislation proposed by the Bush Administration in the 102nd Congress and are generally incorporated in H.R. 995.

Provisions of H.R. 995, As Reported

H.R. 995 would continue to prohibit discrimination against an employee or job applicant because of a past, current, or future military obligation. It reaffirms a veteran's right to return to his or her pre-service position as if continuously employed. The bill retains the principle of universal coverage and does not distinguish between voluntary and involuntary service or make distinctions among different size employers. As reported, H.R. 995 would:

- Base entitlements solely on duration of service. Current law makes distinctions among categories of military service, such as "active duty," "active duty for training," and "initial active duty," in determining entitlements.
- Require employees to give their employers advance notice of an absence for military service. Current law contains no general requirement for advance notice except in the cases of active or inactive training duty.
- Establish time limits for veterans to report back to their employers after military leave based on the length of time in uniformed service rather than on the type of service.

- Allow a veteran to be eligible for reemployment rights if the cumulative length of his or her uniformed service did not exceed five years. The current limit is four years, or five years if the additional year is for the convenience of the Government.
- Entitle veterans to all pension rights and earnings as if they had remained continuously employed. At their own expense, employees would have the right to continue health insurance coverage for up to 18 months of military leave. Employees who serve fewer than 31 days could only be required to pay the employee share of insurance cost. Current law generally protects veterans' defined benefit pensions, but is unclear with respect to defined contribution pensions. There are no provisions to require employers to continue health insurance for employees on military leave unless they do so for employees on other types of leave.
- Allow the Attorney General to represent State or private sector employees in enforcing reemployment rights. Federal employees could be represented by the Office of Special Counsel before the Merit Systems Protection Board. Under current law, State and private sector employees, but not Federal employees, have a right to representation by a United States attorney for violations.

The Administration will seek amendments in the Senate to certain provisions of the bill. These include provisions regarding: (1) requiring employers, including the Federal Government, to continue contributions into defined contribution plans for periods of time when an employee is on active military duty; (2) coverage of Native American tribes, merchant mariners, and members of the National Oceanic and Atmospheric Administration; and (3) legal representation for Federal employees claiming reemployment rights.

Position To Date

DOL submitted a bill report to the House Committee on Veterans' Affairs supporting H.R. 995. The report, however, stated that it was still reviewing the pension-related provisions of the bill and suggested amendments to clarify and improve certain other provisions. In addition, OPM and DOD have submitted reports for clearance that support the bill, but recommend amendments.

Pay-As-You-Go-Scoring

Per GM (Johnson) and BASD (Balis), H.R. 995 is subject to the pay-as-you-go requirement of OBRA because it affects receipts.

CBO's final estimate of the pay-as-you-go cost of H.R. 995 is approximately \$2 million (less than \$500 thousand in FY 1993 and \$1 million in each of FYs 1994 and 1995). CBO is scoring as PAYGO a provision of H.R. 995 that OMB does not recognize as having PAYGO implications. The provision would retroactively increase discretionary spending. In these cases, OMB only scores amounts as PAYGO that cannot be absorbed within existing appropriations. Given the small cost involved, OMB believes that the amount CBO scored can be absorbed.

Due to another provision which would affect receipts, OMB scores H.R. 995 as PAYGO, but PAYGO zero. CBO did not score this provision.

LEGISLATIVE REFERENCE DIVISION
May 3, 1993 - 7:20 p.m.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 3, 1993
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 578 - Investment Adviser Regulatory Enhancement and
Disclosure Act of 1993

(Boucher (D) Virginia and 15 others)

The Administration supports H.R. 578.

* * * * *

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Ratliff), in consultation with the Departments of Commerce (Powell) and the Treasury (McGivern), SBA (Marselas), the SEC (Fulton), CEA (Lucas), White House Legislative Affairs (Maldon), the NEC (Seidman), HTF (Parker), EP (Rodriguez), and GC (Rettman).

On April 20th, the House Energy and Commerce Committee by voice vote ordered H.R. 578 reported as amended by the Telecommunications and Finance Subcommittee. The report was filed on April 29th. The legislation has 11 Democratic co-sponsors: Cooper, Dingell, Glickman, Hughes, Richard Lehman, Markey, Martinez, Meek, Studds, Synar, and Wyden.

HTF (Rhinesmith/Parker) and BRC (Moran) requested a technical amendment to clarify the treatment of the fees as governmental receipts, not offsetting collections, for budget scorekeeping purposes. HTF has not been able to confirm whether the amendment will be incorporated into a substitute that would be brought to the House floor.

Description of H.R. 578

H.R. 578 would establish annual formula-based registration fees to recover the costs of registration, supervision, and regulation of investment advisers and their activities. The fees (which would be paid to the Treasury) would range from \$300, if an adviser's assets under management were less than \$10 million, to \$7,000, if those assets were \$500 million or more. (Currently, investment advisers pay a one-time fee of \$150.) The fees only would be collected and available only to the extent provided in advance in appropriations Acts.

The bill would require the SEC to establish a schedule for the examination of advisers. Some advisers would have to be inspected more frequently than others, depending on factors such as frequency of customer complaints and the risks associated with newly registered advisers. The SEC could designate, within certain limitations, one or more self-regulatory organizations registered with the SEC to inspect its members and affiliates of members to determine compliance with H.R. 578. Within three years of enactment of H.R. 578 and periodically thereafter, the SEC would have to conduct a survey on the failure of persons to register as required by the legislation.

The SEC would have to require most advisers to obtain a fidelity bond against larceny and embezzlement. Advisers would be prohibited from defrauding or deceiving a client. In addition, advisers could not provide investment advice without determining that the advice is suitable for the client, in light of the client's financial situation, investment experience, and investment objectives. An adviser also would have to provide to each client or prospective client a brochure disclosing certain material information about the adviser, such as education and business background.

Administration Position to Date

The Administration has taken no position on H.R. 578 to date.

Pay-As-You-Go Scoring

Per HTF (Parker), H.R. 578 would have no pay-as-you-go implications because it would not affect direct spending or receipts. CBO preliminarily agrees.

Legislative Reference Division
5/3/93 -- 7:00 p.m.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 3, 1993
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 616 - Managed Accounts Amendments
(Markey (D) Massachusetts and 2 others)

The Administration supports H.R. 616.

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(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Ratliff), in consultation with the Department of the Treasury (McGivern), SBA (Anderson), the SEC (Fulton), CEA (Asito), White House Legislative Affairs (Maldon), NEC (Seidman), HTF (Parker), EP (Rodriguez), and GC (Rettman).

On April 20th, the House Energy and Commerce Committee by voice vote ordered H.R. 616 reported without amendment. The report was filed on April 29th. The legislation has no Democratic co-sponsors.

Background

Currently, section 11(a) of the Securities Exchange Act generally prohibits a member (e.g., a securities brokerage firm) of a national securities exchange (e.g., the New York Stock Exchange) from buying or selling securities on that exchange for its "managed accounts." Such accounts are the member's own accounts, accounts of its "associated persons" (e.g., a brokerage firm's employees), or accounts over which it or an associated person exercises investment discretion.

Description of H.R. 616

H.R. 616 would repeal the prohibition as applied to managed accounts owned by investment companies. In addition, the ban would be removed for accounts over which a member or associated person exercised investment discretion if the member or associated person expressly was authorized to buy or sell securities for the account prior to doing so. The member or associated person also would have to disclose at least annually the aggregate compensation the member received for buying and selling the securities for that account.

Administration Position to Date

The Administration has taken no position on H.R. 616 to date.

Pay-As-You-Go Scoring

Per HTF (Parker), H.R. 616 would have no pay-as-you-go implications because it would not affect either direct spending or receipts. CBO preliminarily agrees.

Legislative Reference Division
5/3/93 -- 7:00 p.m.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 4, 1993
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 820 - National Competitiveness Act of 1993
(Valentine (D) North Carolina and 37 others)

The Administration strongly supports H.R. 820, as reported by the House Committee on Science, Space, and Technology. The Administration may seek certain improvements to the legislation as it continues through the legislative process.

Pay-As-You-Go Scoring

H.R. 820 would affect receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is that the pay-as-you-go effect is zero.

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(Do Not Distribute Outside Executive Office of the President)

This draft Statement of Administration Policy (SAP) was developed by the Legislative Reference Division (Weinberg), in consultation with the Departments of Commerce (Barton), Energy (Didisheim), Defense (Brick), SBA (Broadbent), NEC (Kalil), NSF (Leder), OSTP (Hawkins), TCJ (Schwartz, Beebe, and Koch), and NS (Henry). White House Legislative Affairs (Miller) concurs in the draft SAP.

Treasury (Ed Murphy for Assistant Secretary Munnell) opposes the bill's loan and financing provisions and thinks that the draft SAP is too supportive of the bill. Treasury thinks that the SAP should read: The Administration supports the general purpose of H.R. 820 but will seek certain improvements

The House Science, Space, and Technology Committee completed markup and ordered H.R. 820 reported, as amended, on April 28, 1993, by a vote of 20-10. Committee staff advise that as of Friday evening the report is still being written and that they are going to try to file it on Monday, May 3rd. The Rules Committee is expected to consider the bill on Tuesday, May 4th.

The bill is expected to be considered on the House floor as early as Wednesday, May 5th under an open rule. During the final markup session Ranking Minority Member Walker stated that he may offer amendments on the House floor. One or more Walker

amendments may deal with the minority set aside for technology loans that was adopted during the markup. Walker may offer an amendment clarifying that gays do not qualify as a disadvantaged minority.

Background and Position to Date

The Department of Commerce believes that the SAP should strongly support H.R. 820 and that it should not cite the specific changes that the Administration wants in the bill. Commerce is concerned that Rep. Walker might use any specific changes to argue on the House floor that the Administration wants the bill amended before House passage.

Commerce reports that committee Republicans used a Commerce letter of April 21, 1993, that supported the bill but recommended changes in it during markup to argue that the Administration did not support the bill. Some of the changes were made. The remaining concerns include the technology loan and financing provisions, a sunset of the programs authorized after 2 years, and the statutory establishment of a Civilian Technology Development Advisory Committee.

On April 27, 1993, Secretary Brown wrote Chairman Brown strongly supporting H.R. 820. That letter did not mention any concerns with the bill; it was intended to refute the charge that the Administration did not support the bill.

Description of H.R. 820

H.R. 820 would improve the competitiveness of American companies through technology development and commercialization by expanding current programs and establishing new programs for the Department of Commerce and the National Science Foundation (NSF). The reported bill would authorize appropriations of \$541 million for FY 1994 and \$1.0 billion for FY 1995. Higher authorizations were reduced during the final markup session to conform to the President's budget request.

Major provisions of the bill, as reported, would:

Commerce program expansions: Expand the programs of Commerce's National Institute of Standards and Technology (NIST) that provide assistance for technology and manufacturing including the Advanced Technology Program, and Manufacturing Technology Centers.

Commerce new program authorities: Establish new NIST authorities for a Technology Outreach Program, an Advanced Manufacturing Technology Development Program, a State Technology Extension Program, and American Workforce Quality Partnerships.

Commerce loan and financing authorities: Authorize Commerce to make loans and loan guarantees to small and medium-sized



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 4, 1993
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 349 - Lobbying Disclosure Act of 1993
(Levin (D) Michigan and 9 others)

The Administration supports S. 349.

Pay-As-You-Go Scoring

S. 349 would increase receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is that it would increase receipts by less than \$500,000 annually. Final scoring of this legislation may deviate from this estimate.

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(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Ratliff), in consultation with the Departments of Justice (Evans/Grapensberger), HHS (White), Transportation (Donelan), Education (Heindel), Agriculture (Imhof), Commerce (Powell), Defense (Brick), HUD (Moran), Labor (Taylor), State (Keppler), Transportation (Donelan), the Treasury (McGivern), VA (Lawson), and Energy (Honick), GSA (Simms), NASA (Costanza), OPM (Woodruff), SBA (Deane), OGE (Ley), the NEC (Seidman), the White House Offices of Legislative Affairs (Carey) and Communications (Waldman), DPC (Strong), BAS (Balis), OFPP (Burman), OIRA (Hill/Veeder/Weiss), and TCJ (Silas).

On April 1st, the Senate Governmental Affairs Committee reported S. 349 with one amendment and the legislation was placed on the Senate calendar. (The Committee ordered S. 349 reported by voice vote on February 25th.) The legislation has five Democratic co-sponsors: Glenn, Boren, Campbell, DeConcini, and Bryan.

WH DPC (Strong) advises that Sen. Levin will offer a "managers' amendment" to S. 349 on the Senate floor. The amendment is expected principally to address technical issues. In addition, DPC advises that the amendment will increase the threshold amount for triggering the registration requirement from \$1,000 to \$5,000. The amendment also could contain language to: (1) exempt from the registration and reporting requirements any lobbyist whose total income or expenses in connection with lobbying on behalf of all of its clients do not exceed \$5,000 in a semiannual

period; and (2) require lobbyists to identify third-party payers and coalition connections to covered officials, upon request.

Description of S. 349, as Reported

S. 349 would provide for the disclosure of lobbying activities to influence Federal Legislative or Executive branch officials. The term "lobbyist" would not include an individual whose lobbying activities are "only incidental to, and are not a significant part of," the services provided by the person to the client.

Lobbying contacts would include certain communications regarding: (1) the formulation, modification, or adoption of Federal legislation or regulations; or (2) the administration of Federal programs or policies, including the award and administration of contracts and grants. Lobbying contacts would not include communications such as those that are: (1) Congressional testimony, (2) required by subpoena, (3) made in response to a Federal Register notice, (4) made in compliance with agency administrative adjudicatory procedures, or (5) made on behalf of an individual regarding that individual's benefits or other personal matters.

Contacts with Executive agency officials would have to be reported specifically as to each agency. Covered Executive branch officials would include the President, Vice President, any nonclerical employee in the Executive Office of the President, and any Senior Executive Service employee. Contacts with specific members of Congress would have to be reported as a contact with the House, the Senate, or a Congressional committee. Covered Legislative branch officials would include Members of Congress and nonclerical Congressional employees on personal staffs, committees, or leadership staffs.

An Office of Lobbying Registration and Public Disclosure would be established within the Department of Justice. Lobbyists generally would be required to register with the Office within 30 days of first making, or agreeing to make, a lobbying contact. Registrants would have to report to the Office semiannually on their lobbying activities. These reports would contain the names of the registrant and the client, a list of the specific issues upon which the lobbyist engaged in significant lobbying, and a good faith estimate of the total amount of all income from the client during the semiannual period for lobbying activities.

Initially, the Office would have to attempt to resolve alleged noncompliance with the bill informally. If a person admitted that there was a noncompliance and corrected it, no further action would be taken on minor noncompliances and significant violations would be treated as minor. The penalty for minor compliances would be no more than \$10,000. For cases of significant violations, the penalty would be more than \$10,000

but no more than \$100,000. A person could appeal a final determination of noncompliance to a Federal court of appeals.

Administration Position To Date

On February 4th, the Vice President stated that he supported S. 349. In his February 17th address to Congress, the President endorsed "the lobbying registration bill." In a March 31st letter to Congressman Bryant (the sponsor of H.R. 823, the House companion legislation), the President stated that he strongly supported the Lobbying Disclosure Act of 1993. The President also stated that the Administration looks forward to working with the House Judiciary Administrative Law subcommittee to "strengthen and clarify the bill."

A DOJ draft report on H.R. 823 currently is being circulated by LRD for comments. The draft report states that the Administration has four major concerns with the legislation: (1) the bill should cover all attempts, without regard to their frequency or magnitude, to influence any officer or employee of the Executive and Legislative branches; (2) more accurate and specific financial disclosure should be required; (3) violators of the Act should not profit from their wrongdoing; and (4) fees paid to lobbyists that are contingent on the success of any lobbying activities should be prohibited. Justice also notes other possible problems with provisions of the legislation including those regarding registration, enforcement, penalty-setting powers of the administrative law judges (which raise an Appointments Clause question), and the definition of "foreign principal".

Pay-As-You-Go Scoring

The scoring in this SAP was approved by TCJ (Silas) and BAS (Balis). CBO agrees (final).

Legislative Reference Division
May 4, 1993 -- 1:30 p.m.

Program Staff

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

11-May-1993 09:35am

TO: (See Below)

FROM: Jonathan P. Gill
Office of Media Affairs

SUBJECT: Comments on the President's Schedule May 11th, 1993

**Comments on the President's Schedule
May 11, 1993**

- * The President continues his swing through the industrial heartland today in the Chicago area, where he will address students at Fenton High School in Bensonville and outline his plan to provide college loans to students directly, without middlemen, saving students and taxpayers billions of dollars in the process.
- * Reinventing the way our government works -- getting rid of waste, streamlining the process, and increasing efficiency -- is a cornerstone of the President's plan to rebuild our economy, reduce the deficit, and increase investment in the American people.
- * **The cost of a college education is about the only essential cost for Americans that has gone up faster than the cost of health care.** For a family trying to send one child to a four-year, in-state, public college... tuition, fees and room and board will run an average of \$5,243 a year. For a private school, the figure is \$13,237 a year. And that's not including books, transportation and a mountain of other related expenses. These costs are keeping far too many people off a major avenue to the American Dream.
- * The President has a four-part plan to help address this problem:
 - Lower the interest rates that students pay for college loans.** By making loans to students directly, and cutting out the middlemen (the banks and the corporations) who profit from the current loan program, the Government will save people time, paperwork, and money. Every student borrower will enjoy a lower interest rate and American taxpayers will save more than 4 billion dollars by 1998.
 - Make it easier for students to pay those loans back.** Students should have the choice of repaying their loans based on what they earn or a small percentage of income over time.
 - Students should be able to work off their debt before, during or after their time in school through National Service.** This program will allow them to give back something to their country by helping to better communities across our great land.

Increased opportunity means increased responsibility; so, while the President's plan makes it easier to borrow money and much easier to pay it off, this time if you can pay it off, you must pay it off.

- * The President's plan for direct student loans is going to give millions of Americans the chance to get a more affordable college education and will save our country billions of dollars that can be used toward lowering the deficit -- **but the special interests are already lining up to defeat it.**
- * The Student Loan Marketing Association (Sallie Mae), the largest middleman in the student loan business, made almost \$394 million last year alone -- and all lenders made more than \$1 billion! Banks make more of a profit on student loans than they do on car loans or mortgages -- and at very little risk because the government guarantees 90% of every student loan. It's no wonder that the lobbyists to the middlemen are already lining the halls of the Capitol! Sallie Mae alone already has hired at least 7 of the 20 most powerful lobbyists in Washington.

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Program Staff

EXECUTIVE OFFICE OF THE PRESIDENT

07-May-1993 08:30am

TO: (See Below)

FROM: S. Collier Andress
Office of Communications

SUBJECT: campaign finance talking points

5/7/93 l.b.

TALKING POINTS ON CAMPAIGN FINANCE REFORM

Today we are announcing the introduction of the most comprehensive congressional campaign finance reform legislation in American history.

This plan marks a dramatic change in the way Washington works, the way campaigns are financed, and the way the game of politics is played.

President Clinton knows that in order to pass real reform, some very difficult and courageous changes have to be not only imposed but agreed upon by those individuals who will be most affected by the plan.

Our proposal:

- * Limits campaign spending. This proposal will, for the first time, impose voluntary spending limits on congressional campaigns.
- * Curbs the special interests. This proposal will restrict the role of PACs and will, for the first time, ban contributions and fundraising from lobbyists to the lawmakers they have contacted.
- * Opens the airwaves and levels the playing field. This proposal will level the playing field by giving all qualifying candidates -- incumbents and challengers alike -- vouchers for airtime, postage and printing. These vouchers will be paid for not by the middle class, but by repealing the tax provision that lets special interests deduct their expenses.
- * Shuts down the "soft money" system. This legislation ends

the system of "soft money," under which presidential candidates can raise large sums in unregulated state money, thus undercutting the federal campaign finance system.

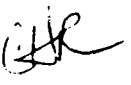
* Gives teeth to the FEC. The legislation will strengthen the Federal Election Commission, so that campaign finance laws are finally enforced.

Already, special interests have been gearing up to attack the plan. This is precisely the reason why such reform is crucial to cleaning up the current system.

The President and Congress are prepared to move forward to enact this legislation.

THE WHITE HOUSE

WASHINGTON

TO: Domestic Policy Program Staff
FROM: Carol H. Rasco 
SUBJ: End of week commentary
DATE: May 14, 1993

Attached is a piece prepared by OMB that will give you a good summary of where the President's plan stands in the House as the plan moves closer to the full House for a vote. You will note a schedule of action is also included. Later today we hope to have weekend talking points for everyone....the full push is on! If you know of constituent groups with interest in this package, you should be on the phone with them reminding them of the need for strong and public support.

Because I will again be tied up next week in the morning hours with budget briefings as well as health care briefings, I am asking that barring complications in your schedule you join me both Monday and Thursday of next week in noon "bring your own lunch" sessions in my office where we will on Monday catch up on one another's activities and from that meeting decide on an agenda for Thursday.

Have a good weekend, I hope to see you Monday at noon!

STATUS OF PRESIDENT'S ECONOMIC PROGRAM

RECONCILIATION	5-YR. SAVINGS (\$ in billions)	STATUS
Agriculture.....	3 *	✓
Armed Services.....	2	✓
Banking.....	3	✓
Education and Labor.....	6 *	✓
Energy and Commerce.....	48 *	✓
Foreign Affairs/Judiciary		
Merchant Marines/Public Works.....	1 *	✓
Natural Resources.....	2 *	✓
Post Office and Civil Service.....	11 *	✓
Veterans Affairs.....	3 *	✓
Ways and Means.....	<u>300 *</u>	✓
Total.....	343	
DISCRETIONARY SAVINGS.....	102	✓
DEBT SERVICE.....	<u>51</u>	✓
TOTAL		
CBO Scoring.....	496	
OMB Scoring.....	524	

*Includes items reconciled to multiple committees.

BUDGET ENFORCEMENT MECHANISMS

- o Discretionary Spending Controls**
- o Pay-As-You-Go**
- o Sequester**
- o Deficit Reduction Trust Fund**
- o Modified Line-Item Veto**

HISTORY OF RECONCILIATION SAVINGS

(In billions of dollars)

<u>Reconciliation Legislation 1/</u>	<u>Deficit Reduction Achieved Over</u>	
	<u>3 Years</u>	<u>5 Years</u>
1981.....	-233	NA
1982.....	128	NA
1983.....	4	NA
1984.....	63	NA
1985.....	18	NA
1986.....	13	NA
1987.....	48 ^{2/}	NA
1989.....	24	41
1990.....	130	245
1993.....	150 ^{3/}	343 ^{3/}

1/ Includes separate tax bills in 1981 and 1982.

2/ Estimates available for only 2 years.

3/ Targets.

RECONCILIATION SCHEDULE

May 14 - Committees report reconciliation

May 17 - All legislation to House Budget Committee

May 20 - House Budget Committee reports reconciliation bill

May 25 - Reconciliation bill filed

May 26 - Rules Committee

May 27 - House floor

AGRICULTURE COMMITTEE

5 Year Savings Target: \$2.95 billion

Savings Achieved

- o Increases "triple base" acres (crops grown on these acres are not eligible for deficiency payments) for program crops from 15 to 20 percent, starting with 1994 crop.
- o Increases assessments on some non-program crops: by 10 percent for tobacco and sugar, by 2 percent for peanuts.
- o Decreases current law assessment on dairy to 10 cents.
- o Reduces Market Promotion Program to \$148 million per year (equals FY 1993 level).
- o Lowers payment limit on honey, and wool and mohair programs to \$50,000. Reduces honey program loan rate. Eliminates marketing assessment on wool.
- o Increases Forest Service recreation fees.
- o Stretches out sign-ups beyond 1995 for Conservation and Wetlands Reserve Programs.
- o Adjusts purchase prices to effectively buy more milk powder and buy less butter.
- o Creates free catastrophic crop insurance for losses above 65 percent.
- o Reforms Rural Electrification Administration (REA) to reduce 5 percent loans and establish municipal bond rate and Treasury rate loan programs. Consolidates REA under the Rural Development Administration.
- o Expands Food Stamp benefits to improve the well-being of low-income families and help offset the effects of the energy tax.

HOUSE ARMED SERVICES COMMITTEE

5 Year Savings Target: \$2.4 billion direct spending
\$20.3 billion authorization

Savings Achieved

- o Delays the 1994 military retiree COLA by four months from January to May 1994.
- o Delays the 1995 through 1998 military retiree COLAs by three additional months each year. These COLAs would be granted August 1995, November 1996, February 1998 and May 1999.
- o Exempts disabled retirees and survivors from the COLA delays.
- o Achieves required discretionary spending targets by:
 - Freezing military pay in 1994
 - Reducing ECI-based military pay raises by one percentage point in 1995, 1996 and 1997.

HOUSE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

5 Year Savings Target: \$3.1 billion

Savings Achieved

- o Authorizes HUD to use IRS data to verify the income of families that live in assisted housing. Savings result from more accurate reporting of income since housing subsidies vary inversely with income levels.
- o Approves the use of real estate mortgage insurance conduits by the Government National Mortgage Association. Savings are due to the additional guarantee fees GNMA collects from each REMIC.
- o Accelerates the rate at which the Federal Housing Administration's Mutual Mortgage Insurance Fund collects a one-time upfront fee from homebuyers.
- o Requires the transfer of earnings from the Federal Reserve's surplus reserves to the Treasury in 1997 and 1998.
- o Grants national depositor preference to the Federal Deposit Insurance Corporation, the Resolution Trust Corporation and all uninsured depositors. This preference gives them first claim to the assets of a failed depository institution.

HOUSE EDUCATION AND LABOR COMMITTEE

5 Year Savings Target: \$5.8 billion

Savings Achieved

- o Converts the guaranteed student loan program into a direct loan program and provides student borrowers with a range of flexible loan repayment options.
- o To encourage States to insure that post-secondary institutions provide quality educations, charges an annual fee based on the dollar amount of defaults by borrowers who attended schools within the State that is in excess of 20 percent.'
- o Removes unintended barriers preventing States from recovering Medicaid payments properly paid by proper health insurance.

ENERGY AND COMMERCE COMMITTEE

5 Year Savings Target: \$7.2 billion for Auction of the Radio Spectrum

Savings Achieved

- o Authorizes auctions for assignment of FCC licenses for use of the radio spectrum.
- o Treats spectrum licenses the same as licenses for offshore drilling, grazing on federal land, and harvesting timber from national forests.

5-Year Savings Target: \$1.16 billion for Nuclear Regulatory Commission (NRC) Fees

Savings Achieved

- o Reconciliation bill amends the Omnibus Budget Reconciliation Act of 1990 to extend to the end of FY98 the existing requirement that the NRC recover 100% of its costs through user fees. This requirement to recover 100% of NRC costs currently expires at the end of FY95. Without this amendment, NRC would only recover 33% of its costs through user fees.
- o The NRC fee extension increases receipts by \$1.16 billion in FY96 through FY98.

5 Year Savings Targets:\$48.35 billion for Medicare
\$7.9 billion for Medicaid

Savings Achieved -- Medicare

- o reduction in the Medicare Volume Performance Standard that would limit future physician payment fee increases;
- o limits payments for clinical laboratory tests;

- o an extension of current reductions on reimbursement for hospital outpatient department capital costs and sets reasonable costs;
- o Medicare Secondary Payer reforms that help assure that automobile, workers compensation and other insurance pay before Medicare trust funds are used;
- o a reduction in the scheduled 1994 increase in physician fees;
- o limits payments for durable medical equipment;
- o expands the ban on self-referrals by physicians, i.e., to facilities in which the physicians have a financial interest; and
- o extends Part B (SMI) premium levels beyond 1995.

Note:

The Committee has limited jurisdiction over Medicare that does not include most Part A services. Therefore, the Energy and Commerce Committee package of \$28.1 billion in Medicare savings, in combination with the Ways and Means Part A recommendations, exceeds established savings targets.

Savings Achieved -- Medicaid

- o The Committee exceeded by \$356 million the five-year savings target of \$7.9 billion. The Committee adopted most of the President's budget initiatives at least in part. These proposals would:
- o strengthen Medicaid transfer-of-asset restrictions and mandate estate recovery programs in all States to ensure that individuals with substantial assets pay their fair share for long-term care services;
- o improve States' abilities to enforce medical support for children and recover other types of third-party payments;
- o enable States to adopt prescription drug formularies;
- o assure that disproportionate share hospital payments to public hospitals are tied to costs; and

- o correct an error that would have mandated coverage of personal care services in all States, thus allowing States to retain personal care as an optional benefit;

Investments

- o The Committee adopted legislation to help assure that the Nation's children have access to immunizations. The Committee's immunization proposal will purchase pediatric vaccines for: (1) all Medicaid eligible children, (2) Native American children, (3) uninsured children, and (4) insured children whose insurance fails to cover vital immunization services. The action will assure that costly vaccines will no longer be a barrier to childhood immunizations.
- o The Committee also adopted the President's immunization monitoring and notification proposal. This proposal will allow monitoring of children's immunizations and notifying parents of upcoming or missed immunizations.
- o The Committee extended some areas of Medicaid coverage, including:
 - raising the cap on Federal Medicaid contributions to Puerto Rico and the other U.S. territories; and
 - funding medical assistance payments for States with a disproportionate share of border-crossing individuals.
 - extending eligibility for some Medicaid services to impoverished TB patients.

HOUSE FOREIGN AFFAIRS COMMITTEE (HFAC)

5 Year Savings Target: \$5 million

Savings Achieved:

- o HFAC deferred to the House Post Office and Civil Service Committee (PO & CS) to report out legislation necessary to amend COLA benefits to retirees, including those in the Foreign Service retirement program.
- o HFAC informed the House Budget Committee in writing today that HFAC supports the PO & CS Committee legislation to delay COLAs for three months in '94, '95, and '96.

HOUSE JUDICIARY COMMITTEE

5 Year Savings Target: \$0.3 billion

Savings Achieved

- o This proposal extends patent fee surcharges created by Omnibus Budget Reconciliation Act of 1990 (OBRA) that would otherwise expire at the end of 1995. This proposal does not increase patent fees beyond levels anticipated under current law.
- o The savings begin in 1996, at slightly over \$100 million per year through 1998.

HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE

5 Year Savings Target: \$0.2 billion

Savings Achieved

- o Meets the target by extending the Tonnage Duty Fees included in the Omnibus Budget Reconciliation Act of 1990 (OBRA) that would otherwise expire at the end of 1995. This proposal does not increase fees beyond the levels contained in OBRA.
- o The savings begin in 1996, at over \$65 million annually.
- o The Fees are collected by the Customs Service but are credited as offsets to the Department of Transportation for services provided by the Coast Guard to the merchant marine industry such as aids to navigation.
- o The fees are paid by all ships entering U.S. ports after calling on foreign ports.

HOUSE NATURAL RESOURCES COMMITTEE

5 Year Savings Target: \$2 billion

Savings Achieved

- o Permanently recovers 50 percent of Administrative costs for Federal mineral leasing programs prior to the sharing of receipts with States.
- o Permanently institutes a hard rock mining claim maintenance fee in lieu of the current assessment work requirement.
- o Authorizes collecting a surcharge from beneficiaries of Federal western water projects.
- o Expands the authority for the collection of certain recreation fees and user fees for rights-of-ways, commercial tours, and communication sites on Federal lands.
- o Reforms grant assistance for the Commonwealth of the Northern Mariana Islands.
- o Extends through FY 1998 the existing requirement that the Nuclear Regulatory Commission recover 100% of its costs through user fees.

HOUSE POST OFFICE and CIVIL SERVICE COMMITTEE

5 Year Savings Target: \$10.6 billion direct spending
\$28.7 billion authorization

Savings Achieved

- o Eliminates the 1994 annual civilian pay adjustment; reduces the adjustment by 1% in 1995, 1996, and 1997; and delays to July 1 the effective date of the adjustment beginning in 1995 and ending in 2003.
- o Delays to July 1 the effective date of locality pay beginning in 1994 and imposes a ceiling on the cost of locality pay for fiscal years 1994 through 1998.
- o Reduces the Federal workforce by 150,000 over the next five fiscal years.
- o Eliminates cash awards between fiscal years 1994 through 1998.
- o Caps the amount of annual leave that members of the Senior Executive Service can accumulate.
- o Delays COLAs for civilian retirees by 3 months during FY 1994 - 1996. (Includes Civil Service, Foreign Service and CIA)
- o Permanently eliminates the "lump sum" retirement option except for the critically ill, beginning January 1, 1994.
- o Extends the current formula that determines the government's share of Federal Employee Health Benefit premiums through 1998.
- o Adopts medicare limits for charges physicians and other providers may make to Federal Employee Health Benefits enrollees age 65 and over who are not Medicare eligible.
- o Requires the U.S. Postal Service to make payments, over three years, to the Civil Service Retirement and Disability Fund and to the Federal Employees Health Benefits Fund to satisfy past Postal pension and health care liabilities.

HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE

5 Year Savings Target: \$0.3 Billion

Savings Achieved

- Charges more equitably for Federal Aviation Administration (FAA) services provided to users of the national airspace system. These charges are described as follows.
 - Increases annual general aviation aircraft registration fee and ties it to aircraft weight. Fee ranges from \$40 per year for small aircraft to \$2,000 for larger aircraft. This is estimated to raise \$137 million over 5 years.
 - Increases general aviation aircraft title recordation fee to \$200. This is a one-time fee paid whenever an aircraft is bought or sold. The Committee action will permit the fee to be weight based, i.e., the fee must average \$200 across all payees. This is estimated to raise \$48 million over 5 years.
 - Establishes an aviation medical examiner certification fee of \$500. Doctors take classes from the FAA for free, receive credit towards their state accreditation requirements, and then charge pilots for the annual medical exam required by the FAA. This will raise an estimated \$15 million over 5 years.
 - Increases the triennial pilot certificate fee of \$12. This will raise \$13.8 million over 5 years.
- Permits the Army Corps of Engineers to increase fees for the use of recreational facilities it administers.

HOUSE VETERANS AFFAIRS COMMITTEE

5 Year Savings Target: \$2.6 billion.

Savings Achieved

- o Extends five provisions in current law that allow VA to:
 - Collect from veterans health insurers the costs of medical care provided by VA to veterans with military-related disabilities for the treatment of non-military related conditions.
 - Collect a \$2 copayment for each 30-day supply of outpatient prescription drugs that are not for the treatment of military-related disabilities.
 - Use Internal Revenue Service and Social Security Administration data to verify veterans' incomes in the income-tested pension and medical care programs.
 - Limit pension payments to \$90 per month for veterans living in Medicaid nursing homes.
 - Allow VA to include the costs of expected losses on the resale of foreclosed property in the formula that determines whether it is more cost-effective to acquire the property and sell it or pay the guarantee to the lender.
- o Increases fees charged for most VA home loans by .75 percent.
- o Authorizes VA to collect from veterans' health insurers the cost of care for treatment of military-related conditions.
- o Freezes the annual increase in benefits for surviving family members who receive the highest benefits payments.
- o Reduces the new annual increase in GI Bill benefits by one percent.
- o Limits educational assistance benefits for veterans' dependents to natural and adopted children of veterans.

HOUSE WAYS AND MEANS COMMITTEE

5 Year Savings Target: \$48.35 billion for Medicare

Savings Achieved

- o The Ways and Means Medicare package would save \$50.5 billion over five years -- meeting the savings objectives of the President's budget.
- o Ways and Means placed a two-year hold on increasing the fees to Medicare health providers. These temporary limits on payment increases to hospitals, physicians, and other Medicare providers would save \$38 billion over five years.
- o Medicare Secondary Payer reforms that help assure that automobile, workers compensation and other insurance pay before Medicare trust funds are used;
- o The Committee extended the Part B (SMI) premium levels beyond 1995.
- o The Committee adopted a tough, expanded prohibition on self-referrals by physicians, i.e., to facilities in which they have a financial interest.

5 Year Investment Target: \$20.48 billion (net) for Child Support Enforcement, Matching Rates for Welfare Programs, Family Preservation and EITC

Investments

- o Improves child support enforcement by streamlining paternity establishment procedures and strengthening medical support enforcement.
- o Changes various Federal funding match rates for State administrative costs of the AFDC program to a uniform 50%.

- o Charges States fees for a portion of the cost of administering their State supplemental SSI payments.
- o Increases the earned income tax credit for working families with children, and creates a new credit for low income workers without children.
- o Initiates a new family support and preservation program to provide low-income parents with the skills to help raise their children and services to prevent the need for foster care placement.
- o Extends expiring Trade Adjustment Assistance program for three years to provide training and income support to workers who lose their jobs because of increased imports.
- o Increases Federal share of Unemployment Insurance Extended Benefits costs to 75 percent (from 50 percent) to encourage States to adopt the optional trigger for this stand-by program, making the program more widely available.