THE TRIP OF THE PRESIDENT

TO

TULSA, OKLAHOMA

August 16, 1993

Staff Copy

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August 16, 1993

SCHEDULE OF THE PRESIDENT

FOR

MONDAY, AUGUST 16, 1993

SCHEDULER:	**ANNE WALLEY**	
	HOME:	**202-588-0606**
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	WHCA PAGER:	**4039**
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PRINCIPAL EVENTS:

* **Democratic Governors Association Meeting** - Doubletree Tulsa Hotel, Tulsa, OK
* **Speech to the opening plenary session** - Tulsa Convention Center, Tulsa, OK
* **Governors' Lunch and Work Session** - Tulsa Convention Center, Tulsa, OK

WEATHER:

Tulsa, OK
Partly cloudy with only a slight chance for late afternoon thundershowers; minimum temperature 73 to 78; maximum temperature 96 to 101; wind southeast to southwest at 6 to 10 knots

Fayetteville, AR
Partly to mostly cloudy with a slight chance of isolated afternoon thunderstorms; minimum temperature 67 to 72; maximum temperature 95 to 100; wind southeast to southwest at 3 to 8 knots

as of 08/13/93 6:02pm

Tulsa Advance Team:

Team Member	Team Assignment	WHCA Pager	Cell #	SKYPAGE pin
Steve Bachar	Lead			
Craig Kirby	Site			
Craig Livingstone	Site			
April Mellody	Press			
Rick Miller	Press			
Ashley Adams	Motorcade			
Oscar Gamble	Motorcade			

Tulsa Contact Numbers:

Contact Number	Direct Dial	From White House *96+
Staff Advance Phone		
Staff Advance Fax		
Staff Hotel Phone		
Press Advance Phone		
Press Advance Fax		
Signal Operator		
Meet Me Conference		

as of 08/13/93 6:02pm

SCHEDULE OF THE PRESIDENT
FOR
MONDAY, AUGUST 16, 1993

6:00 am	**THE PRESIDENT** and the First Lady depart private residence via motorcade en route Fayetteville Drake Field, Fayetteville, AR [drive time: 45 minutes]
6:45 am	**THE PRESIDENT** and the First Lady Fayetteville Drake Field, Fayetteville, AR
6:55 am	**THE PRESIDENT** and the First Lady depart airport, Springdale, AR, via Air Force 1 en route Tulsa International Airport, National Air Guard [flight time: 50 minutes with interchange]
7:45 am	**THE PRESIDENT** and the First Lady arrive Tulsa International Airport, National Air Guard
7:55 am	**THE PRESIDENT** and the First Lady depart Tulsa International Airport, National Air Guard, via motorcade en route Doubletree Tulsa Hotel [drive time: 25 minutes]
8:20 am	**THE PRESIDENT** the First Lady arrive Doubletree Tulsa Hotel 6110 S. Yale Street Tulsa, OK (918) 495-1000
8:30 am- 9:00 am	**DEMOCRATIC GOVERNORS ASSOCIATION MEETING** INTERNATIONAL BALLROOM, DOUBLETREE HOTEL Staff Contact: Marcia Hale **CLOSED PRESS** -- **Gov. Walters** introduces **the President**. -- **The President** makes brief remarks while seated. -- **Discussion** by participants
9:00 am	**THE PRESIDENT** and the First Lady proceed to motorcade
9:15 am	**THE PRESIDENT** and the First Lady depart Doubletree Hotel via motorcade en route Tulsa Convention Center [drive time: 5 minutes]

9:20 am	**THE PRESIDENT** and the First Lady arrive Tulsa Convention Center and proceed to hold
9:30 am- 10:30 am	**SPEECH PREP** ROOM 3A, THIRD LEVEL, TULSA CONVENTION CENTER Staff Contact: **CLOSED PRESS**
10:30 am- 11:15 am	**SPEECH** to the opening plenary session on Health Care and Welfare Reform ARENA, LOWER LEVEL, TULSA CONVENTION CENTER Remarks: Staff Contact: Marcia Hale **OPEN PRESS** -- **Gov. Romer** introduces **the President** -- **The President** makes remarks
11:30 am- 1:15 pm	**GOVERNORS ONLY LUNCH AND WORK SESSION** ASSEMBLY HALL, 2ND LEVEL, TULSA CONVENTION CENTER Staff Contact: Marcia Hale **POOL SPRAY** at beginning
1:15 pm	**THE PRESIDENT** proceeds to holding room
1:30 pm- 2:00 pm	**MEETING** with Gov. Ann Richards of Texas ROOM 3A, THIRD LEVEL, TULSA CONVENTION CENTER Staff Contact: Marcia Hale **CLOSED PRESS**
2:05 pm	**THE PRESIDENT** and the First Lady depart Tulsa Convention Center via motorcade en route Tulsa International Airport, Air National Guard [drive time: 25 minutes]
2:30 pm	**THE PRESIDENT** and the First Lady arrive Tulsa International Airport, Air National Guard
2:35 pm	**THE PRESIDENT** and the First Lady proceed to plane
2:40 pm	**THE PRESIDENT** and the First Lady depart Tulsa International Airport, Air National Guard via Air Force 1 en route Fayetteville Drake Field, Fayetteville, AR [flight time: 50 minutes]

3:30 pm	**THE PRESIDENT** and the First Lady arrive Fayetteville Drake Field, Fayetteville, AR
3:35 pm	**THE PRESIDENT** and the First Lady depart Fayetteville Drake Field, Fayetteville, AR en route private residence [drive time: 45 minutes]
4:20 pm	**THE PRESIDENT** and the First Lady arrive private residence Fayetteville, AR
BC AND HRC RON	**FAYETTEVILLE, AR**

THE WHITE HOUSE

WASHINGTON

FRIDAY, AUGUST 13, 1993

NATIONAL GOVERNORS' ASSOCIATION ANNUAL CONFERENCE
DEMOCRATIC GOVERNORS' ASSOCIATION BUSINESS MEETING

DATE OF EVENT: MONDAY, AUGUST 16, 1992
LOCATION: DOUBLETREE DOWNTOWN HOTEL
INTERNATIONAL BALLROOM
TULSA, OKLAHOMA
TIME: 8:30 AM - 9:00 AM
FROM: MARCIA HALE, MH
JOHN HART
KEITH MASON KM

I. PURPOSE

The breakfast meeting will combine DGA business with a political briefing on the health care campaign from DNC Chairman David Wilhelm and Jeff Eller. The DGA anticipates an informal discussion between the governors and the President on the upcoming health care package and other pieces of the President's domestic agenda.

II. BACKGROUND

The setting is informal and will be a panel-style table with microphones that will promote an open discussion between the President and Democratic governors.

At the business meeting, the DGA will discuss the 1993-1994 work-plan which include the New Jersey and Virginia governors races, fundraising and candidate recruitment. They will elect the 1994 Chair (Governor Evan Bayh), Vice Chair (Governor Mel Carnahan), and the DGA Executive Committee. They will also formalize the nomination of NGA Democratic Executive Committee Members and consider any NGA policies that prove controversial. The only controversial proposal expected to come up is Governor Wilder's proposal to have a vote on the Brady Bill at the Tuesday plenary session, which will require a vote to suspend the rules. Consequently, it is unlikely that Governor Wilder will succeed in forcing a vote because of the reluctance of a number of governors.

You should be aware that Joan Baggett, Marcia Hale and Keith Mason have met with about 10 governors who are up for election in 1994 (See Joan Baggett Schedule for Governors Meetings). These meetings are to determine how the Administration can help make things happen in their state that will enhance their candidacies. You may also want to review the political memo outlining the governors races in all the states that will be holding gubernatorial elections in 1994 (attached).

Governor Walters, the outgoing Chair of the DGA and the hosting governor for this conference, will introduce you. As you probably know, the rumors are still going around that Governor Walters may be indicted for campaign finance violations, but this is pure speculation at this point. Governor Walters has been a staunch supporter of the Administration, an effective Chairman of the DGA, and is still doing well in Oklahoma political polls.

You should be aware that on Saturday the DGA held a meeting with Ira Magaziner and White House Intergovernmental Affairs representatives, as well as representatives of the DNC to discuss the grassroots network to build and maintain political support for the health care plan.

III. PARTICIPANTS (28 governors)

Governor Roy Romer (CO)
Governor Tom Carper (DE)
Governor Lawton Chiles (FL)
Governor Zell Miller (GA)
Governor John Waihee (HI)
Governor Cecil Andrus (ID)
Governor Evan Bayh (IN)
Governor Joan Finney (KS)
Governor Don Schaefer (MD)
Governor Ben Nelson (NE)
Governor Bob Miller (NV)
Governor Mel Carnahan (MO)
Governor Ben Nelson (NE)
Governor Jim Florio (NJ)
Governor Bruce King (NM)
Governor Jim Hunt (NC)
Governor David Walters (OK)
Governor Barbara Roberts (OR)
Acting Governor Mark Singel (PA)
Governor Bruce Sundlun (RI)
Governor Ned McWherter (TN)
Governor Ann Richards (TX)
Governor Howard Dean (VT)
Governor Doug Wilder (VA)
Governor Mike Lowry (WA)
Governor Gaston Caperton (WV)
Governor Mike Sullivan (WY)
Governor Alexander Farrelly (VI)

Chairman David Wilhelm
Kent Markus, DNC Chief of Staff
Debra Silimeo, Director of Outreach, Democratic Policy Committee

First Lady Hillary Rodham Clinton
Ira Magaziner, Senior Policy Advisor to the President
Marcia Hale, Assistant to the President for Intergovernmental Affairs
Joan Baggett, Assistant to the President for Political Affairs
Keith Mason, Deputy Assistant to the President for Intergovernmental Affairs
John Hart, Deputy Assistant to the President for Intergovernmental Affairs
Jeff Eller, Deputy Assistant to the President for Communications
Kathy Way, Special Assistant to the President for Domestic Policy
Kris Balderston, Director of Intergovernmental Affairs, Department of Labor
John Monahan, Director of Intergovernmental Affairs, Department of Health and Human Services

IV. TALKING POINTS (TO BE PROVIDED BY SPEECHWRITERS)

V. PRESS PLAN: CLOSED

VI. SEQUENCE OF EVENTS

8:20am President arrives at Doubletree Hotel

8:30 am Governor Walters introduces President Clinton

- President Clinton will make brief remarks on national health care reform while seated.
- Brief discussion by participants.

PRESIDENT WILLIAM JEFFERSON CLINTON
DGA BREAKFAST
TULSA, OKLAHOMA
AUGUST 16, 1993

Summary: Governor's as problems solvers. Discussion of health care, post-reconciliation efforts, welfare reform, and disaster relief.

I INTRODUCTION

* In many ways the states were and are ahead of Washington in job creation and reinventing government and reducing deficits. Governors have been bottom-line problem solvers, making tough decisions, providing opportunities, leading the fight for change. Our job together -- to raise our shared agenda to a national level.

* And with the passage of our economic plan, we have come a long way -- and have a long way to go. But we have acted, and couldn't have done it without the leadership of many gathered here. I am asking you to stay with me for the great challenges ahead.

II POST-RECONCILIATION: MORE SAVINGS AND REFORMS TO COME

* We cannot stop with the passage of this budget. A true national economic strategy involves much, much more. Improving education, investing in our people, opening up markets, broadening our research base, etc.

* And we must make more cuts. I don't have a balanced budget mandate like you do. The budget bill was just the beginning of our efforts to reduce the deficit and pay down the debt.

* The Vice President's Reinventing Government initiative will also help reduce government spending and streamline the federal bureaucracy, similar to the approach many states have adopted.

III HEALTH CARE REFORM: A REAL PARTNERSHIP WITH THE STATES

* We will have a plan that fundamentally reforms health care. It will provide security so Americans will never lose their health care; it will control the costs that are crippling our businesses, frightening our families, and detonating our deficits; and, it will simplify the system to reduce paperwork and bureaucracy and waste.

* The Administration is committed to working closely with Democratic governors on health care reform. The emerging comprehensive plan clearly addresses the issues that concerns the states.

* The comprehensive health care package will address budget enforcement. We must replace the wild escalations in Medicaid costs that you are undergoing with budgetary sanity and predictability, and we will. And, we will maintain the current premium based system. There will be no broad based tax to finance the system.

* The Administration realizes that real reform cannot occur with out a true state-federal partnership. We are committed to creating a plan that is premised on state flexibility.

* A matter of concern which we have heard from many governors is the issue of waivers. We have heard your views, and will directly address them in our comprehensive reform package.

* We know that taking on the status quo is very difficult. Health care reform will enrage the special interests who profit at the expense of the states and the consumer and small business. But we are not going to float this proposal and ask others to admire its beauty. We are going to organize across America to fight for it because it will allow us to compete and win again.

* **Make no mistake, we cannot win this without your complete support.**

IV WELFARE REFORM: TIME TO REPLACE WELFARE AS WE KNOW IT

* One of the measures that I am proudest of in my budget is the EITC. It is not a substitute for comprehensive welfare reform, but it is an important first step to ending welfare as we know it.

* The Administration is committed to Welfare Reform, to rewarding work and family and children again. We are putting together a Welfare Task Force -- like the Health Care Task Force -- that will bring together the best minds with the best ideas on welfare reform. The Task Force will hold meetings across the country, and your advice is greatly needed.

V AS WE MOVE TO BREAK THE GRIDLOCK, LETS CONTINUE TO HELP RESTORE HOPE TO THOSE HIT BY THE FLOODS

* On Thursday, August 12, I signed a bill authorizing $5.8 billion for disaster flood relief.

* I have made many several trips to the Midwest. My Cabinet has had a hands on, nearly daily involvement. Many heroes have emerged, including the Director of FEMA, James Lee Witt. We must be there for them, as a government, as neighbors and friends. The work of the Midwest governors, like Missouri's Governor Carnahan has been tremendous.

VI CONCLUSION: GOVERNORS ARE AT THE POLICY TABLE AS NEVER BEFORE: TOGETHER, WE MUST MEET THE CHALLENGE

THE WHITE HOUSE

WASHINGTON

DATE: AUGUST 13, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: MARCIA HALE MH
KEITH MASON KM

SUBJECT: ADMINISTRATION OFFICIALS PARTICIPATING IN NGA CONFERENCE

The following Administration officials are scheduled to appear at various meetings being held throughout the conference:

Saturday, August 14, 1993

DGA Governors-only Meeting
Time: 2:00pm - 4:00pm
Location: Private Home of Barbara Tyson
Administration participants: Ira Magaziner, Joan Baggett, John Hart, Marcia Hale, and Keith Mason.

This meeting is designed as an opportunity for the Democratic governors to meet informally and review NGA issues before the conference and discuss political topics. This meeting will focus on health care policy and the Administration's policy, as well as political and legislative strategy.

Sunday, August 15, 1993

NGA Executive Committee
Time: 11:30am - 1:15pm
Location: Convention Center, Arena, Lower Level
Administration participants: Vice President Al Gore

Governor Romer will chair this meeting. Vice President Gore will speak on Reinventing Government.

NGA Task Force on Health Care
Time: 1:30pm - 3:15pm
Location: Convention Center, Conference Hall D
Administration participants: Carol Rasco

The purpose of this meeting is to discuss state initiatives in health care reform and for the governors to have a roundtable discussion on state health care reform (cost control, delivery system changes-Medicaid managed care, the politics of state health care reform, and health care reform as it relates to workforce reform).

Monday, August 17, 1993

NGA Task Force on Education
Time: 1:30pm - 3:15pm
Location: Convention Center, Conference Hall D
Administration Participation: Secretary Richard Riley

This meeting will be chaired by Governor Romer and Governor Voinovich. Secretary Riley will speak regarding Goals 2000: The Clinton Administration's Education Agenda. Other topics to be discussed include education standards, and building support for systematic reform and the role of the private sector. The content of Secretary Riley's remarks are described in the Goals 2000 issue briefing found in the policy issues section attached.

Committee on Economic Development and Commerce
Time: 3:30pm - 5:30pm
Location: Convention Center, Arena, Lower Level
Administration Participation: Roger Altman, Deputy Secretary of the Treasury and Rufus Yerxa, Deputy U.S. Trade Representative

This meeting is chaired by Governor Jim Edgar and will focus on NAFTA implementation and the role of the states, economic growth and development incentives, workforce development programs, report from Governor Bob Miller on transportation, and consideration of proposed policy. Roger Altman and Rufus Yerxa will speak on behalf of the Administration regarding NAFTA.

Committee on Human Resources
Time: 3:30pm - 5:30pm
Location: Conference Hall D
Administration Participation: David Ellwood, Assistant Secretary for Planning and Evaluation, Department of Health and Human Services

This meeting will be chaired by Governor Jim Florio and will address welfare reform, workforce development issues, and consideration of proposed policy. David Ellwood will speak for the Administration on welfare reform.

Committee on Natural Resources
Time: 3:30pm - 5:30pm
Location: Conference Hall A
Administration Participation: Secretary Mike Espy, Department of Agriculture and Bob Sussman, Deputy Administrator of the Environmental Protection Agency.

This meeting will be chaired by Governor Mike Sullivan. Secretary Espy will speak on The Summer of 1993: Impact on Agriculture Outlook. He will describe the cooperative efforts of the federal government on the major disasters that have occurred this summer. He will not break any new ground.

Bob Sussman will speak on Environmental Priorities and the State-Federal Partnership. America's transition to alternative fuels will also be discussed. Mr. Sussman will emphasize the Clinton Administration;s commitment to the state/federal environmental partnership. He will describe EPA actions to incorporate the state/local point of view into all Agency programs. He will suggest that environmental officials at all levels of government work together to ensure that the re-authorization of environmental laws results in stronger partnerships. Finally, he will stress the importance of working smarter -- using innovative management, innovative technologies, and innovative financing -- to close the gap between mandated environmental requirements and state/local funding resources.

<u>Tuesday, August 17, 1993</u>

NGA Plenary Session
Time: 9:15 am - 11:45 am
Location: Convention Center, Arena, Lower Level
Administration Participation: Eli Segal, Assistant to the President for National Service

This session will be chaired by Governor Romer. Eli Segal will speak on the states role in National Service.

THE WHITE HOUSE

WASHINGTON

DATE: AUGUST 13, 1993

NATIONAL GOVERNORS' ASSOCIATION ANNUAL CONFERENCE
MEET AND GREET WITH GOVS ROMER AND CAMPBELL

DATE OF EVENT: MONDAY, AUGUST 16, 1993
LOCATION: HOLDING ROOM
TULSA, OKLAHOMA
TIME: 9:15 AM - 9:30 AM

I. PURPOSE/BACKGROUND

The purpose of this meeting is for you to speak with Governors Romer and Campbell regarding the transition of the Chairmanship of the NGA from Governor Romer to Governor Campbell. You should thank Governor Romer for his hard work and leadership and tell Governor Campbell that you look forward to working with him in the year to come. Both of these two governors are among the four designated by the NGA to serve on the Health Care Task Force and their work should be acknowledged.

You may want to recall the cooperation you had with Governor Campbell when the two of you co-chaired the President's Commission on Goals 2000 in 1989.

II. PARTICIPANTS

Governor Campbell
Governor Romer
Marcia Hale
Keith Mason

III. PRESS PLAN: CLOSED

IV. SEQUENCE OF EVENTS

9:15 - 9:30am Private Meet and Greet with Governors Campbell and Romer in holding room (should last 5 - 10 minutes).

THE WHITE HOUSE

WASHINGTON

DATE: AUGUST 13, 1993

NATIONAL GOVERNORS' ASSOCIATION ANNUAL CONFERENCE
OPENING PLENARY SESSION
DATE OF EVENT: MONDAY, AUGUST, 16, 1993
LOCATION: TULSA CONVENTION CENTER, ARENA, LOWER LEVEL
TIME: 10:30 AM
FROM: MARCIA HALE
KEITH MASON KM
JOHN HART

I. PURPOSE

This is a traditional opening meeting of the annual NGA conference, which includes all the governors in attendance.

II. BACKGROUND

Governor Romer will open the meeting with preliminary remarks on health care reform. He will then introduce Governor Campbell to also make comments on health care reform. Governor Campbell will introduce John Motley, Vice President for Governmental Affairs at the National Federation of Independent Businesses (NFIB).

John Motley will give the small business perspective on health care reform. His speech is expected to be a balanced view on health care reform and should not raise any major concerns for the President. During final preparation for your speech, Carol Rasco, Ira Magaziner, and John Hart will brief you regarding any unanticipated concerns arising from Mr. Motley's remarks. There will be 5 minutes of Q&A for John Motley.

Governor Romer will then call on Governor Dean for comments on state-federal issues of health care reform. Governor Dean is expected to talk for 5 - 6 minutes. You will enter the room at the conclusion of Governor Dean's remarks. Governor Romer will then introduce you.

The President will be seated to the right of Governor Romer and Mrs. Clinton will be seated to the left of Governor Campbell. There will be no questions for the President at the end of the session. The President, Mrs. Clinton, and all governors will move to the Assembly Hall, 2nd Level of the Convention Center for the Governors-only Lunch and Work Session.

III. PARTICIPANTS (44 governors)

Governor Pete Wilson (R-CA)
Governor Roy Romer (D-CO)
Governor Tom Carper (D-DE)
Governor Lawton Chiles (D-FL)
Governor Zell Miller (D-GA)
Governor John Waihee (D-HI)
Governor Cecil Andrus (R-ID)
Governor Jim Edgar (R-IL)
Governor Evan Bayh (D-IN)
Governor Joan Finney (D-KS)
Governor Brereton Jones (D-KY)
Governor John McKernan (R-ME)
Governor Don Schaefer (D-MD)
Governor William Weld (R-MA)
Governor John Engler (R-MI)
Governor Arne Carlson (R-MN)
Governor Kirk Fordice (R-MS)
Governor Mel Carnahan (D-MO)
Governor Marc Raciot (MT)
Governor Ben Nelson (D-NE)
Governor Bob Miller (D-NV)
Governor Stephen Merrill (R-NH)
Governor Jim Florio (D-NJ)
Governor Bruce King (D-NM)
Governor Jim Hunt (D-NC)
Governor Edward Schafer (R-ND)
Governor George Voinovich (R-OH)
Governor David Walters (D-OK)
Governor Barbara Roberts (D-OR)
Lt. Governor Mark Singel (D) is acting governor of Pennsylvania and will attend in lieu of Governor Robert Casey.
Governor Pedro Rossello (PR)
Governor Bruce Sundlun (D-RI)
Governor Carroll Campbell (R-SC)
Governor Walter Miller (R-SD)
Governor Ned Ray McWherter (D-TN)
Governor Ann Richards (D-TX)
Governor Mike Leavitt (R-UT)
Governor Howard Dean (D-VT)
Governor Alexander Farrelly (VI)
Governor Douglas Wilder (D-VA)
Governor Mike Lowry (D-WA)
Governor Gaston Caperton (D-WV)
Governor Tommy Thompson (R-WI)
Governor Mike Sullivan (D-WY)

First Lady Hillary Rodham Clinton
Ira Magaziner

Carol Rasco
Jeff Eller
Marcia Hale
John Hart
Keith Mason

IV. PRESS PLAN: OPEN

V. SEQUENCE OF EVENTS

Governor Romer will introduce the President.

10:30 -11:15am President Clinton's Address on Health Care and Welfare Reform

VI. REMARKS (SEE SPEECH PREPARED BY LYSSA MUSCATINE).

ATTACHMENT: SPEECH

THE WHITE HOUSE

WASHINGTON

DATE: AUGUST 13, 1993

NATIONAL GOVERNORS' ASSOCIATION ANNUAL CONFERENCE
GOVERNORS-ONLY LUNCH AND WORK SESSION

DATE OF EVENT: MONDAY, AUGUST 16, 1993
LOCATION: CONVENTION CENTER, ASSEMBLY HALL, 2ND LEVEL
TIME: 11:30 AM - 1:15 PM
FROM: MARCIA HALE MLH
KEITH MASON KM
JOHN HART

I. PURPOSE

The purpose is to have a working session between the President, First Lady, senior White House officials (Ira Magaziner and Carol Rasco) and the governors on health care reform.

II. BACKGROUND

Governor Romer will moderate this session. He will give welcoming remarks and then introduce Governor Campbell. Governor Campbell will then make some opening comments.

Governor Romer will then introduce the President, Mrs. Clinton, Ira Magaziner, and Carol Rasco. They will be seated at the table with the governors. John Hart, Keith Mason and Marcia Hale will be in the room, but not at the table. Ray Scheppach, Jim Martin and Carl Volpe of the NGA and 8 state staff that represent the governors on the health care leadership group will be in attendance also, but not at the governors, table.

The President will make some opening remarks and ask Ira Magaziner to summarize (5 - 8 minutes) the status of health care reform and the federal/state issues. This will be an open discussion <u>exclusively</u> focused on health care reform.

As you well know, these kind of meetings do have the potential to digress beyond the intended topic of discussion. The possible issues that may come up are the potential effects of entitlement cuts on state budgets, welfare reform, the waiver process at HHS, NAFTA, the crime bill, immigration, Indian gaming, grazing fees, Goals 2000 legislation, emergency management, etc. (see relevant policy issue briefings attached).

III. PARTICIPANTS (44 Governors)

Governor Pete Wilson (R-CA)
Governor Roy Romer (D-CO)
Governor Tom Carper (D-DE)
Governor Lawton Chiles (D-FL)
Governor Zell Miller (D-GA)
Governor John Waihee (D-HI)
Governor Cecil Andrus (R-ID)
Governor Jim Edgar (R-IL)
Governor Evan Bayh (D-IN)
Governor Joan Finney (D-KS)
Governor Brereton Jones (D-KY)
Governor John McKernan (R-ME)
Governor Don Schaefer (D-MD)
Governor William Weld (R-MA)
Governor John Engler (R-MI)
Governor Arne Carlson (R-MN)
Governor Kirk Fordice (R-MS)
Governor Mel Carnahan (D-MO)
Governor Marc Raciot (MT)
Governor Ben Nelson (D-NE)
Governor Bob Miller (D-NV)
Governor Stephen Merrill (R-NH)
Governor Jim Florio (D-NJ)
Governor Bruce King (D-NM)
Governor Jim Hunt (D-NC)
Governor Edward Schafer (R-ND)
Governor George Voinovich (R-OH)
Governor David Walters (D-OK)
Governor Barbara Roberts (D-OR)
Lt. Governor Mark Singel (D) is acting governor of Pennsylvania and will attend in lieu of Governor Robert Casey.
Governor Pedro Rossello (PR)
Governor Bruce Sundlun (D-RI)
Governor Carroll Campbell (R-SC)
Governor Walter Miller (R-SD)
Governor Ned Ray McWherter (D-TN)
Governor Ann Richards (D-TX)
Governor Mike Leavitt (R-UT)
Governor Howard Dean (D-VT)
Governor Alexander Farrelly (VI)
Governor Douglas Wilder (D-VA)
Governor Mike Lowry (D-WA)
Governor Gaston Caperton (D-WV)
Governor Tommy Thompson (R-WI)
Governor Mike Sullivan (D-WY)

First Lady Hillary Rodham Clinton
Ira Magaziner

Carol Rasco

IV. SEQUENCE OF EVENTS

11:25 - 11:30 President will proceed to 2nd level Assembly Hall of the Convention Center.

11:30 -1:15pm Governors-Only Lunch and Work Session with the President

V. TALKING POINTS/REMARKS

VI. PRESS PLAN: CLOSED

THE WHITE HOUSE

WASHINGTON

DATE: AUGUST 13, 1993

NATIONAL GOVERNORS' ASSOCIATION ANNUAL CONFERENCE
PRIVATE MEETING WITH GOVERNOR ANN RICHARDS

DATE OF EVENT: MONDAY, AUGUST 16, 1993
LOCATION: HOLDING ROOM
TIME: TO BE DETERMINED (AFTER SPEECH)
FROM: MARCIA HALE MLH
KEITH MASON KM

I. PURPOSE/BACKGROUND

Governor Richards wants to talk to you about the political strategy for securing funding for the superconducting supercollider in Waxahachie, Texas. Her central question is whether the Administration will be able to deliver a sufficient number of Democratic senators to insure passage of the bill given that the project's leading proponents, Senators Phil Gramm (R-TX), Kay Bailey Hutchison (R-TX) and Bennett Johnston (D-LA), voted against your budget package. (See Issue Briefing prepared by Lorraine Voles).

Senator Gramm has been making public statements to the effect that he can deliver 30 Republican votes in the Senate in favor of the supercollider, and that if it does not pass, Governor Richards and the Clinton Administration are to blame. Given Governor Richards' upcoming re-election race possibly against George W. Bush, Jr., it could be politically costly for her to lose this vote in the Senate.

Despite Kay Bailey Hutchison's victory and the defeat of the governor's school funding reform proposal, Governor Richards' internal polls show her with a 58% job approval rating in Texas. These have been validated by similar numbers found in two independent newspaper polls.

Governor Richards may also want to discuss political strategy on NAFTA and reinventing government, since Texas is being used as a model for the National Performance Review Project.

II. PARTICIPANTS
GOVERNOR RICHARDS
MARCIA HALE
KEITH MASON

III. PRESS PLAN: CLOSED

IV. REMARKS: NONE REQUIRED

AUGUST 13, 1993

MEMORANDUM TO PRESIDENT CLINTON

FROM: JOHN HART
CHRISTINE HEENAN

RE: CLINTON ADMINISTRATION EFFORTS WITH GOVERNORS ON NATIONAL HEALTH CARE REFORM

I. INTRODUCTION

As you are aware, support from the nation's governors will be critical to the Administration's efforts to enact comprehensive health care reform. We have been working closely with the governors through the National Governors Association in order to: 1) craft credible policy capable of being implemented by the states; 2) guarantee that the plan incorporates state concerns wherever possible; and 3) promote a sense among the states that they have a vested interest in the specifics of the plan and in its successful passage.

II. CONSULTATION WITH GOVERNORS

A. To Date:

From its inception, this Administration has worked closely with the bi-partisan NGA Health Care Committee and its staff. The Committee is chaired by Governor Dean and includes Governors Campbell, Carlson, Chiles, Jones, Leavitt, Romer, and Thompson. Over the first six months of your Administration you have met with the nations governors twice on the issue of health care. In addition, the First Lady, Ira Magaziner, and others on the health care reform working groups met with the NGA Health Care Committee on three occasions, as well as meeting with a number of governors individually. In June, the First Lady and Ira Magaziner both addressed the DGA Vermont Issues Conference.

In addition to meeting with governors, the Administration has also worked closely with the NGA and DGA staff. Administration health care officials, including Ira Magaziner, Judy Feder, Walter Zelmann and Paul Starr, have fully briefed NGA and DGA staff members. Also, Intergovernmental Affairs coordinates on-going dialogue with the governors' staffs on a regular basis.

Finally, the Administration has participated in several events of importance to governors. The First Lady has taken part in bill-signing ceremonies, conducted a health care conference on small business, and participated in a variety of state oriented health care forums.

B. NGA Conference:

The NGA Conference in Tulsa begins the next stage of the Administration's health care outreach to governors. With the NGA plenary session address, you will have the opportunity to effectively pivot from your budget successes to health care. The address will afford you the chance to begin to publicly, and before a full bi-partisan gathering of governors, reaffirm your Administration's commitment to introducing and passing comprehensive health care reform.

Intergovernmental Affairs will be intensifying outreach efforts on health care reform during this conference to help take maximum advantage of the full assembly of governors' focus on health care reform.

In addition, Democratic governors will be provided an overview on the strategy the Administration and Democratic groups (DGA/DNC) are pursuing to introduce the plan and coordinate the education and outreach efforts. We will work to impress upon the Democratic governors the importance of defining health care reform on our terms and for building and sustaining public support for the plan. David Wilhelm, Kent Markus, and Jeff Eller will discuss the roll out plan, the Health Care War Room, and the DNC Grass Roots Campaign.

C. Roll Out Of Plan:

Following the NGA Conference, the Office of Intergovernmental Affairs has proposed an aggressive roll out plan designed to promote the plan, facilitate an atmosphere of bi-partisanship, and foster a process of continued consultation. The roll out plan for the governors is based on four stages: 1) Three weeks before the release of the plan, the Bipartisan NGA Health Care Task Force Committee's staffs will receive a detailed briefing at the White House on the available details of the plan; 2) Two weeks before the release of the plan, the eight governors who comprise the NGA Bi-Partisan Health Care Committee will visit the White House for a final consultation; 3) Prior to the plans release we are planning to conduct a meeting with the 31 Democratic governors at the White House for an informal working dinner in which they will be briefed on the plan; and 4) Upon release of the plan, a bipartisan panel of governors will be invited to attend a workshop on the plan. We are discussing the possibility of coordinating the bipartisan briefing with the President's post-release roll-out travel.

NGA and Health Care Reform

Though the governors are interested in many specific aspects of the reform proposal, our ongoing discussions with the NGA have focused on the areas where health reform involves new responsibilities for the states, or involves overlapping or intersecting responsibilities between the state and federal government.

There are 5 key issue areas:

STATE/FEDERAL ROLE

1. What are the roles and responsibilities of state government in implementing reform? How much latitude will "state flexibility" give states to design their own program?

BUDGET ENFORCEMENT

2. What will be the states' responsibility in enforcing the budget? Will states bear the risk if budget targets aren't met?

MEDICAID

3. Medicaid integration:

- how quickly and completely will the acute-care portion of Medicaid be integrated into the new system?

- how will expansions in long-term care affect state spending on Medicaid?

- what will happen to the Medicaid benefits that are more extensive than the coverage in the guaranteed benefits package? how will we treat the populations needing those benefits?

MEDICARE

4. Will states have the option to integrate Medicare into their state program?

TRANSITION

5. Transition to the new system: what will states be expected to do by when?

As our policy has progressed, these issues have traded places in terms of heightened importance to the governors. While we still need to have ongoing discussions in the months ahead and the many governors' support will be contingent on the final specifications of the plan, we feel we have reached general agreement with the NGA group on most of these issues.

Below is an analysis of each of these issues, a context for our discussions on these topics, and an update on our current policy in each area.

STATE/FEDERAL ROLE

1. What are the roles and responsibilities of state government in implementing reform? How much latitude will "state flexibility" give states to design their own program?

The states and the Administration generally agree on the division of responsibility between state and federal government.

The federal government will lay out the framework for reform: health alliances will offer consumers a choice of competing, private-sector health plans. These plans will provide coverage for a guaranteed set of comprehensive benefits, and will be held to high standards for quality. No one can be dropped from a plan or lose their benefits for any reason. Costs will be held to a targeted rate of growth, presumably through market-based competition and system reorganization, but with an enforceable budget as a back-up mechanism. The federal government will define the benefits package, develop the quality, access, and insurance standards, and set and enforce budgets.

Within this framework, states will run the system. Each state will set up health alliances, and will set and enforce their standards of operation. For example, it will be the states' responsibility to make sure coverage is available throughout the state and all the state's residents have access, that plans meet the quality standards, etc.

States will need to demonstrate that they are meeting the federal requirements, but will have substantial latitude to structure their system as they see fit. States will decide how many alliances to set up, and how they should be organized. This could include states setting up one alliance and contracting directly with plans and providers, in effect a "single-payer" system.

2. What will be the states' responsibility in enforcing the budget? Will states bear the risk if budget targets aren't met?

The states' role in setting and enforcing budgets has been the NGA group's biggest concern. We began discussions assuming states would take responsibility for the budget once the system was up and running. The federal government was giving the states broad latitude to run the system as they see fit, free from federal management. In return, the states would take responsibility for the budget: the federal government should not be responsible for overspending in a system controlled by the states.

The NGA group, however, was wary of making states take full financial responsibility for a system in which the benefits package was set nationally, the subsidy eligibility was set nationally, and the budget target was set nationally. They were particularly wary of sanctions placed on states if the budget target was missed.

We pursued a number of avenues that could help make the states more comfortable taking on the budget-- slower phase-in, a looser budget in the first few years, shared risk for overruns. The tension centered around competing goals: the states' main interest was in having time and flexibility to mitigate uncertainty in the early years, while the federal government's interest was in getting the system under budget as soon as possible. In addition, the NGA group also felt that states would take longer to implement reform (pass state legislation, set up alliances, certify health plans) if they would be immediately responsible for a budget.

We concluded that in the interest of getting costs under control as quickly as possible, the federal government would take initial responsibility for enforcing the budget. This should allow states to move as quickly as possible to get their system up and running. The current thinking is that states will, after a pre-set number of years, take over the budget.

3. Medicaid integration:

- how quickly and completely will the acute-care portion of Medicaid be integrated into the new system?

We have worked with both the NGA group and the State Medicaid Directors to explore the best ways to integrate Medicaid, and to capture state spending on health care and apply it to the new system.

Maintenance of effort
Since Medicaid recipients will be folded into the new system, and many of the other general-revenue funded health initiatives offered by states will be folded into the new system, we have pursued with states how to calculate a maintenance of state effort on health spending. Though many states spend considerable state dollars on health care outside the Medicaid program, the easiest spending to calculate and capture would be the Medicaid acute-care spending.

Even if we were to isolate only this portion of spending, there are serious inequities across states: some states receive higher percentages of federal match, some states have more generous programs in terms of covering optional services or a broader base of recipients, etc. While there is general agreement that state contribution over time should look to iron out these inequities, **most states feel it would be too big a political and administrative battle to try to bring states closer together right away.** Our sense from the NGA is that Governors will overlook the inequity issues in exchange for the federal government bringing predictability to their Medicaid expenditures.

Two issues to consider on maintenance of effort:

1) States who currently spend significant state dollars on non-Medicaid programs such as mental health institutions, pharmaceutical assistance programs, or state-funded indigent care programs will experience a windfall as many of the services they paid for will now be covered in the comprehensive benefits package.

2) States who currently meet their Medicaid obligations by using financing schemes such as provider taxes and donations may have trouble maintaining historical spending levels if we close provider tax loopholes in the Medicaid program.

- how will expansions in long-term care affect state spending on Medicaid?

States believe that over the long-run that the institutional long-term care portion of Medicaid should be federalized by either becoming a social insurance program or by accelerating the development of private long-term care insurance. For the near term, however, this program should maintain its entitlement nature and continue as a federal/state program with current matching rates.

They feel that home- and community-based long-term care should also be federalized over the long-run using either the social insurance approach or private long-term care insurance. In the short term, states should be given more flexibility to offer more home- and community-based care in Medicaid. However, due to the enormous amount of pent-up demand for these services, increased flexibility must be done carefully. Specifically, simply expanding the list of optional home- and community-based services beyond personal care would make any new service an entitlement. (The states feel comfortable with our current approach to the new long term care program since it is not an entitlement, but will continue to discuss how, if at all, they contribute to the state level financing of the program).

The plan includes expansion of financial protections for Medicaid nursing home residents, requiring that the 16 states that currently don't allow Medicaid "spend-down" to do so, raising the asset protection limit from $2,000 to $12,000, and raising the personal needs allowance from $30/month to $100/month. (While this will result in new state spending on Medicaid long-term care, there should be some offsetting savings: for example, the federal long-term care program will hopefully effect nursing home admission and bed rates. Coverage of prescription drugs under the Medicaid program will lower state spending on Medicare/Medicaid "dual eligibles", for whom the state and federal government pay for drugs, and Medicare premiums, co-pays and deductibles.) The NGA group seems comfortable with these provisions

- what will happen to the Medicaid benefits that are more extensive than the coverage in the guaranteed benefits package? how will we treat the populations needing those benefits?

There are many ongoing care services covered by Medicaid that will not be part of the comprehensive benefits package, such as ongoing non-post acute rehabilitation, or personal care assistance. Some populations served by Medicaid have a real need for ongoing treatment and assistance: for example, chronic care children, chronically mentally ill patients, mentally retarded/developmentally disabled people, and disabled adults.

While the Governors recognize that we cannot simply stop providing this care, they stress their hope that the non-long term care portion of Medicaid can be completely dismantled, and they object to a separate set of more generous benefits available to only Medicaid-eligible people. For one, it requires them to maintain a complex eligibility and enrollment structure. Secondly, it continues the existing negative incentive for work by offering Medicaid beneficiaries more than the working population is eligible for.

We are exploring ways for the state and federal government to continue to assume responsibility for providing these extra services without continuing the acute-care Medicaid program. DeAnn Freidholm, a Medicaid and Health Services Director loaned to us by Governor Richards, is working with the health reform group and HHS on this project, which began just last week. The states are encouraged that we are taking their concerns into account and are willing to work with them to find alternative avenues for providing care to these populations.

4. Will states have the option to integrate Medicare into their state program?

Most Governors, while appreciating the political sensitivities with Medicare beneficiaries, believe states should have the option of folding Medicare into their state plan.

The governors' reasons are as follows:

- The states greatly fear cost shifting on to their state programs and the private sector if Medicare patients are allowed to remain outside the purchasing cooperative structure.
- Not having the Medicare population in the new system would be a particular problem in rural areas where the total population is more elderly and thus, Medicare represents an extremely larger share of the total health care market. Organized delivery systems will be difficult, if not impossible, in rural areas if Medicare is not part of the purchasing cooperatives.
- The states could reduce the administrative complexity of Medicare for seniors, if it was run through the purchasing cooperative including the many low-income Americans over age 65 who receive Medicare and Medicaid benefits simultaneously.

We have publicly stated that once states have their alliances up and functional, they will be able to apply for a waiver to integrate their Medicare recipients. Unlike past waiver philosophy at HCFA, the presumption will be that the waiver will be granted, but states will need to demonstrate their ability to meet Medicare obligations for their residents. The NGA group feels comfortable with this policy.

5. Transition to the new system: what will states be expected to do by when?

We've had ongoing meetings with the NGA group and Governors to determine how soon after passage of federal legislation states could A) pass state legislation to establish health alliances, reforming the insurance market, etc; B) set up health alliances and begin enrolling people; and C) accept responsibility for the budget. The states prefer a "date certain" approach: a time at which the employer mandate is imposed nationally and all states are required to have enrolled their population in health alliances. Recognizing that some states will be ready to accept responsibility for the new system sooner than others, they suggest that the federal government offer incentives (primarily financial) to move more quickly. **The NGA with incentives (both carrots and sticks) the great majority of states could pass legislation within 12 months of federal passage, and could have their health care systems up and running 18 months later.** This would require special sessions for many states, but the NGA group feels that if there were federal money triggered off of passage of state legislation, perhaps combined with some penalty for states who don't enact legislation in time, most Governors call the sessions and would get it done. (More than 30 Governors are up in 1994, public reception to the administration's plan could greatly influence Governors' and State Legislators' willingness to take up state implementation in an election year. Some states, such as Florida, Colorado, Minnesota, Vermont, etc, are likely to move more quickly.

Governors may ask what can states do in the short run to manage care of their Medicaid populations? **HHS has prepared up to date status reports for every state with a waiver request pending, and will have released the new and improved waiver guidelines.** Based on the health care resolution the Governors will have passed Sunday, short-term flexibility in managing their Medicaid programs is of paramount importance to states.

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POLITICAL BACKGROUND

In the name of state flexibility, the Administration's health care reform package will provide states with the authority and discretion necessary to meet the distinct needs of each community. As you are aware, many of the traditional health care champions on the Hill advocate a much stronger role for the federal government. In light of this, the Administration has worked closely with Governors, on a bipartisan basis, to address their concerns.

Further, while we anticipate that a bipartisan coalition on health care will ultimately prevail, we also anticipate that congressional GOP members will develop alternative proposals and Republican Governors will be under considerable pressure to support these efforts. Therefore, we have made an effort to encourage a solid Democratic base among Governors and suggest that you strongly emphasize the need for such cohesion in the ensuing months.

We expect to see a rough blueprint of the moderate GOP alternative as early as the NGA conference. Gov. Pete Wilson will introduce a resolution before the NGA Executive Committee that we assume will pass. Although the resolution is consistent with existing NGA policy and can be interpreted to be endorsing the Administration's health care effort thus far, it does represent the initial step for Republicans seeking to mark out an **incremental approach** to health care reform. Carol Rasco and others feel that we should not object to the language about incremental reform and that we should instead accentuate the positives of the resolution, which calls for state flexibility within a comprehensive federal framework.

As you are aware, 31 governors are up for re-election in 1994. The health care reform issue is undoubtedly going to enter the political quotient in many of these states. To the extent possible, the Administration should use the fact that the plan is oriented toward the states to provide cover for the Democratic governors on this issue. Moreover, health care reform might be used as a tool to politically pressure some Republican governors into supporting the plan.

The Clinton Health Security Plan:
A State/Federal Partnership

States have led the way:

- As health care costs have skyrocketed and the number of uninsured Americans has increased, states have shouldered much of the burden. They have seen their Medicaid budgets nearly triple, taking state dollars away from education, public safety and roads. This year, for the first time, states have spent more of their money on Medicaid than they spent on higher education.

- For 12 years, absent national leadership, states have taken the lead in controlling health care costs and expanding coverage. Many important aspects of comprehensive reform -- cost containment, guaranteed coverage, insurance reform, small business assistance, malpractice reform, anti-fraud and abuse measures -- have been vigorously pursued at the state level.

- But states have gone it alone for long enough. The Clinton Administration agrees with the nation's Governors -- it's time for the federal government to enact national solutions to this national problem.

A new state/federal partnership:

- The Clinton plan will establish a new partnership between the federal government and the states, a partnership that recognizes that while solutions to the health care crisis have to come from Washington D.C., they have to <u>work</u> in Tulsa, Oklahoma and Toledo, Ohio.

- The federal government will establish the framework for reform, and will set forth the guarantees afforded all Americans: health care security, comprehensive benefits, choice of plans and doctors, high quality health care, and affordability.

- Within the federal framework, states will run the system. States must meet national standards, but will tailor their plan to what works best for them.

State flexibility:

- States have taken very different approaches to health care delivery, approaches that reflect the characteristics and culture of that area. It's important to recognize that when it comes to health care, one size doesn't fit all -- what may work in eastern North Dakota might not work in western New York.

- States will have the flexibility to organize alliances and health plans in ways that work best for them, as long as they meet federal guarantees for all their residents. Working together, the federal government and the states will provide high-quality, responsive health care, and control health care costs.

Health Reform and the States:
Questions and Answers

Q: **Right now states are overrun by the explosive growth in Medicaid spending. What will this program do to bring Medicaid costs in line?**

A: Medicaid has been the cause of most state budget problems in recent years, because Medicaid costs have gone up at rapid, unpredictable rates. As employers begin to cover their workers who currently receive Medicaid, and as Medicaid is folded into the new system, state health care costs will be much more predictable and will grow at much slower rates. Getting control of health care spending will allow states to concentrate on other important priorities like educating children, fighting crime and building roads.

Q: **Will the system be adaptable to different state approaches?**

A: President Clinton believes that the key to a successful and responsive health care system is giving states the flexibility necessary to respond to their citizens' needs and priorities. The Clinton plan understands that there's no "right" answer to health care that can be applied to all 50 states because what may work in North Dakota might not work in New York.

Q: **Does state flexibility mean that states can offer different benefits packages, or finance health care in different ways?**

A: No. There are some things the federal government can't be flexible on -- things that every American, no matter what state he or she lives in, must always be guaranteed. Health security, a guaranteed package of comprehensive benefits, a choice of plans and doctors, high quality health care -- those are ironclad guarantees, not negotiable with any state, any health alliance, or any health plan.

Q: **What will national health reform mean for our state?**

A: National health reform will mean that no matter what happens -- if a person loses a job, changes jobs, or has a child with a serious illness -- they can't lose their health care. For the companies and individuals who get a free ride today while the rest of us pay for both our care and theirs, it will mean that they have to begin taking responsibility and contributing to the cost of care. For the small businesses that are discriminated against in today's insurance market, it will mean the ability to get the same deals the big companies get. For state taxpayers, it will mean that fewer of their hard-earned tax dollars will be sapped for programs like Medicaid and welfare. And it will mean that health care costs will be brought under control -- making your businesses more competitive and your residents more secure.

Q: What will the Clinton plan do to get doctors into rural areas? How can "managed competition" work in places where there is no competition?

A: The Health Security Plan will include incentives for doctors to practice in rural areas. Specifically, it will expand the National Health Service Corps and their loan repayment program, increase incentives for medical schools to train more primary care doctors, and give states flexibility to develop programs that are more responsive to rural needs.

The plan will also help break the isolation of rural doctors by encouraging networks with regional medical centers, hospitals and other doctors. By sharing skills through technologies like interactive video, it will give rural residents access to the kind of care once available only at major medical centers. And it will use nurse practitioners and other health professionals to increase the availability of care.

In addition, the Clinton plan will give rural residents the bargaining power they need to get affordable coverage and access to high-quality care. But the plan does not try to use the "managed competition" model in all areas of the country.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secret.

Washington, D.C. 20201

August 11, 1993

MEMORANDUM TO: Christine Varney
Cabinet Secretary

FROM: Kevin Thurm
Chief of Staff

REGARDING: President Clinton's Meeting with the National Governors' Association on August 16, 1993.

During the President's meeting with the National Governors' Association (NGA), issues may be raised regarding programs of the Department of Health and Human Services (HHS), particularly Medicaid and Aid to Families with Dependent Children (AFDC).

Attached you will find materials prepared to assist the President and White House staff in responding to inquiries, including a background memorandum describing major NGA issues before HHS (Tab A), and status reports on each Medicaid and AFDC waiver currently under consideration by HHS (Tabs B).

During the week of August 9th, Secretary Shalala will send a status report to each governor who has submitted a major waiver proposal to the Department (Tab C), and will transmit to all governors a letter updating them on efforts undertaken at HHS since the Inauguration to improve the Department's relationship with the states (Tab D).

Here are several major HHS developments on issues important to the states:

- In close consultation with the NGA and state Medicaid directors, HHS is planning to issue for the first time a statement of principles to guide consideration of major Medicaid and AFDC reform proposals. The consultations were concluded, as promised, within 90 days of the HCFA Administrator's appointment. **Please note, NGA has given staff level signoff on the new policy, but we are waiting for official NGA organizational endorsement.** Key features:

  - Budget neutrality will be measured over the life of the project, not on an annual basis.
  - Review process will be greatly expedited.
  - Greater flexibility in the types of proposals to be considered, project length, and evaluation design.
  - Reduced barriers to providing home and community-based long-term care under Medicaid, e.g., repeal of the "cold bed" rule.
  - Increased flexibility on managed care waivers.

- Secretary Shalala has granted several major waivers since January, has expedited the review process for all Medicaid and AFDC waivers and other administrative program changes, and has made HHS more "user friendly" to states (Tabs E and F). For example HHS has:

- Approved the Oregon health reform plan in April, which had languished for more than 16 months under the previous Administration.
- Approved Vermont's welfare reform plan in April, which was received in late October 1992.
- Approved Hawaii's health reform proposal in less than 90 days.
- Approved Iowa's welfare reform plan, received on April 29th, the week of August 9th.

- HHS substantially eased Medicaid regulations relating to provider taxes and disproportionate share hospital payments (Tab G). Key features:

  - Permits growth for low-DSH payment states.
  - Expands the classes of providers that could be subject to taxation.
  - Clarifies that HCFA will not look behind permissible taxes that are at or below 6 percent of provider revenue for purposes of applying the 75/75 "hold-harmless" test.

In addition, we would urge caution on several matters that may be raised at the NGA meeting:

- Comments regarding the outcome of particular waiver requests could be problematic. Instead, governors can be assured that all waiver submissions will be reviewed as expeditiously as possible.

- The Secretary's waiver authority for major health and welfare initiatives is limited to projects that are legitimate, time-limited, budget-neutral experiments that include meaningful evaluations. This understanding was reflected in the NGA/HHS waiver discussions.

- Cost estimation of all types of waiver proposals must be rigorous in order to control federal expenditures and to prevent cost-shifting by states.

- Emergency Assistance (EA) program funding to states. We are extremely concerned about a steady trend by states to shift costs to the EA program and strongly recommend against making state specific comments on this issue.

The President may wish to:

- express appreciation to the governors for the time, effort, and creativity NGA and state staffs have devoted to achieving so much progress in such a brief period;

- commit the Department to continuing and broadening these discussions; and

- encourage the governors to give these changes a reasonable trial, providing feedback to HHS on successes and limitations.

Attachments

SIGNIFICANT MEDICAID WAIVERS

SECTION 1115 OF THE SOCIAL SECURITY ACT

ARIZONA - Statewide Managed Care - Approved 1982

Arizona is the only State which operates its entire Medicaid program under 1115 demonstration authority. This statewide Medicaid managed care program incorporates both acute and long term care services under a capitated payment system. Provider contracts are obtained through a competitive bidding process.

Status: Operational; waivers expire September, 1994

DELAWARE - Primary Care for Children - Approved July 1993

Delaware's Health Care Partnership for Children is a public/private partnership between Delaware and Nemours Foundation to develop a capitated managed care system of pediatric practices/clinics for Medicaid-eligible children aged 0 to 17. Delaware had recently expanded Medicaid eligibility under a State Plan Amendment, and proposed this project as a means of ensuring access for the additional population. Thirteen clinics in three counties will be established to provide the basic Medicaid benefit package.

Status: Implementation begins August 1993

FLORIDA - Statewide Health Reform - Proposal Not Yet Received

Florida's 1993 health reform legislation calls for establishing a managed competition style financing and delivery system for Medicaid, and expanded coverage to the uninsured. The State will be divided into 11 regional Community Health Purchasing Alliances (CHPAs) to provide health benefits through various managed care models. Florida's Agency for Health Care Administration is in the process of establishing local Boards to govern the CHPA's and oversee the implementation of the delivery system.

Status: Introductory meeting with State officials May 1993; State to schedule follow-up meeting(s) before submitting proposal. Proposal expected September-October 1993.

HAWAII - Statewide Health Reform - Approved July 1993

Hawaii's Health QUEST program will provide seamless coverage for those on public programs (both Medicaid and State-only programs), as well as the State's 2 percent uninsured, by creating one large public purchasing pool to arrange for health care through capitated managed care plans, and by expanding Medicaid eligibility to 300 percent of the Federal Povery Level.

Status: Implementation targeted April 1994; developmental activities underway.

IOWA - Transfer of Assets - Proposal Received April 1993 (pending)

Iowa proposes more rigorous transfer of assets restrictions for nursing home applicants by extending the look-back and penalty periods from 30 to 60 months, as well as other changes related to the penalty provisions. Governor Branstad is supportive of this waiver request. Legislation pending in Congress will likely address some of their requests.

Status: Review process completed; pending decision.

KENTUCKY - Statewide Health Reform - Proposal Received March 1993 (pending)

Kentucky's Health Care Reform proposal would increase coverage for the uninsured by expanding Medicaid to 100 percent of the Federal Poverty Level, and eliminating asset tests and certain categorical requirements. Service delivery would be provided through statewide managed care arrangements with an emphasis on primary care and prevention. Specific cost containment provisions also include global budgeting. Additional comprehensive health reform legislation was sponsored by Governor Jones, but was not passed by the legislature this session.

Status: A decision is targeted for October; the State expects to implement in January 1994.

MARYLAND - Prevention & Primary Care for Children - Approved August 9, 1993

Maryland proposes to expand Medicaid eligibility to uninsured low income children, who would receive a more limited benefit package focused on preventive and primary care. Maryland seeks to demonstrate that access to basic primary care and preventive services will improve health outcomes and be cost effective by reducing emergency room use and later onset of acute and chronic conditions.

Status: Approved August 9. Governor Schaefer had appealed to the White House the week of August 2 to expedite approval of the waiver.

MINNESOTA - Statewide Health Reform - Proposal Not Yet Received

Minnesota recently passed health reform legislation enabling implementation of the Minnesota Health Care Commission's recommendations for reform and cost containment of the MnCare plan. The legislation relies on managed competition style purchasing alliances called Integrated Service Networks (ISNs), global budgets to limit annual growth to 10 percent, and the establishment of an all-payer system for non-ISN services. The State seeks to establish a transparent relationship between MnCare and Medicaid, with uniform application procedures and revised spend down arrangements.

Status: Minnesota is likely to need Medicaid 1115 demonstration waivers to implement MnCare. DHHS/HCFA staff have had informal discussions with Minnesota State staff.

OREGON - Statewide Health Reform - Approved March 1993

Oregon's plan will provide universal health insurance coverage by expanding Medicaid eligibility to all Oregonians with income below the Federal Poverty Level, through private insurance reform, risk pooling and employer mandates. Cost containment will be achieved through the use of statewide managed care and a revised Medicaid benefit package based on a prioritized list of treatments.

Status: In August 1993 the State legislature authorized funding; implementation expected in February 1994.

RHODE ISLAND - Statewide Medicaid Expansion for Pregnant Women & Children - Proposal Received July 1993 (pending)

Rhode Island's statewide RIte Care Program would expand Medicaid eligibility for pregnant women and children to 250 percent of the Federal Poverty Level. Although a State Plan Amendment has been approved to incorporate eligibility expansions, Rhode Island is requesting demonstration waivers to impose cost sharing, permit participation (and Federal match) for individuals between the ages of 21 and 64 who receive care in Institutions for Mental Disease, and to require all recipients to enroll in managed care plans. Advocacy groups met with HCFA August 3 to express numerous concerns.

Status: A decision will be made in October; the State expects to implement in January, 1994.

SOUTH CAROLINA - Family Planning - Proposal Received June 1993 (pending)

South Carolina proposes to provide Medicaid family planning services to women who give birth while on Medicaid, for two years beyond the 60-day post partum period, regardless of future eligibility status. The State seeks to show that continued coverage of family planning services will reduce the number of unintended pregnancies.

Status: Decision pending - a number of other States (e.g., Missouri, Michigan) have expressed interest in expanding eligibility for family planning services; a concept paper has been received from Missouri.

TENNESSEE - Statewide Health Reform - Proposal Received June 1993 (pending)

The TennCare propsal calls for expanded health coverage to the uninsured by pooling local, State and Federal health care funds to provide health care through managed care networks. Cost containment would be achieved through the use of co-payments for individuals above the Federal Poverty Level, and community-based spending targets. The benefit package would be identical to the State group insurance plan, with the exception of a $1000 deductible (except for preventive services, and only for those above 200 percent of the Federal Poverty Level). Some unique aspects of this proposal include a "block grant" approach for providing Federal Medicaid funds, incorporating prior year disproportionate share payments, and a proposed cap on enrollment.

Status: A decision will be made by September 17, 1993. We are receiving numerous letters of concern or opposition from Tennessee physicians.

VERMONT - Statewide Health Reform - Proposal Not Yet Received

Comprehensive reform legislation was enacted in 1992 creating the Vermont Health Care Authority (VHCA). The VHCA was charged with submitting to the State legislature by November 1993 two universal designs; one based on a single-payer concept, and the other on a regulated multiple payer model. The reform legislation also calls for the establishment of purchasing pools for health care services and equipment, small business reforms, and implementation of global budgeting.

Status: Vermont officials will meet with HCFA staff September 22, prior to submitting a proposal.

WASHINGTON - Statewide Health Reform - Proposal Not Yet Received

Washington enacted health reform legislation this session which guarantees health insurance for all State residents by 1997, through the expansion of the State-subsidized Basic Health Plan, and Medicaid expansions. The legislation also provides for basic coverage for the uninsured, authorizes up to 10 health insurance cooperatives, and requires employers to contribute to health insurance premiums.

Status: Washington is likely to need Medicaid 1115 demonstration waivers in order to implement their reform legislation; State staff have been in contact with HCFA's Regional Office.

Managed Care, Home- and Community-Based Care, and Section 1115 Research and Demonstration Waiver Simplifications

Highlights of Tentative Agreements Between NGA (on behalf of Governors) and the Department of Health and Human Services

Waiver Review and Technical Assistance

As requested by the Governors, HHS has committed to

- make only one formal request for additional information when reviewing waivers,
- streamline the waiver review process,
- improve communications with states to minimize formal requests for information,
- improve technical assistance to states in the development and design of waiver applications.

Section 1115 Research and Demonstration (Health and Welfare) Waivers

As requested by Governors, HHS has tentatively agreed to

- develop a set policy principles to guide their review of research and demonstration waivers,
- consider and accept, within limits, waiver proposals that test a range of policies including those that test policy alternatives that diverge from the policy direction of HHS,
- grant waivers that test the same or similar policy innovations in multiple states,
- consider waivers that test policy innovations jointly in more than one federal program,
- give states sufficient time to test and evaluate their waiver so that the policy can be given a fair test,
- consider reasonable extensions of waivers where the states and the federal government are seeking permanent statutory changes based on the waiver,
- a policy that allows for the use of a broad range of approaches for evaluating the waiver,
- a policy of cost neutrality over the life of the project rather than on a year-by-year basis, and
- consider alternative methodologies in determining cost neutrality of a waiver.

Section 1915(b) Freedom of Choice (Managed Care) Waivers

As requested by Governors, HHS has tentatively agreed to

- streamline and simplify the waiver application and renewal process (this is in progress),
- allow states to use other states' waiver experience in projecting cost effectiveness when submitting initial waiver applications,
- support a legislative change that will extend the initial approval of these waivers from 2 to 3 years and extend the renewal period from 3 to 5 years.
- support a legislative change that reduce administrative burdens placed on states and providers when beneficiaries loose their eligibility for a month because they failed to submit an income report on time,
- support a legislative change that helps states establish Medicaid managed care programs in rural areas.

The Governors asked the Administration to support legislative changes to make it easier to establish and run managed care programs under Medicaid. Specifically, Governors asked the Administration to support a change that would eliminate the need for waivers in implementing managed care plans. Governors also asked for support to repeal of a Medicaid statute that severely limits a state's ability to enroll an HMO in a Medicaid managed care system if that HMO has more than 75% of its enrollees as Medicaid beneficiaries.

- HHS will not support these changes until managed care quality guidelines, currently under evaluation, have been shown to be effective. The results of the evaluation are not expected for a minimum of two years.

Section 1915 Home- and Community-Based Care Waivers

As requested by Governors, HHS has tentatively agreed to

- simplify the formula that states use to demonstrate cost neutrality and, through the regulatory process, eliminate the test of institutional capacity -- "the cold bed test".
- streamline and simplify the waiver and renewal application process (this is in progress),
- simplify the requirements placed on states for reporting on the financial status and service utilization of waivers (in progress), and
- develop, in cooperation with states, prototype waiver application formats for waivers that will serve individuals with different types of special needs (e.g. traumatic brain injury, medically fragile children, AIDS).

STATUS OF STATE HEALTH REFORM INITIATIVES
August 9, 1993

STATE	INITIAL CONTACT/ CONCEPT DISCUSSIONS	PROPOSAL RECEIVED/ TECHNICAL REVIEW	CLEARANCE/ DECISION	AWARD ANNOUNCEMENT/ ACCEPTANCE OF T&Cs	OPERATIONAL DEVELOPMENT	OPERATIONAL START
OR				03/93 - 05/93	X	(02/93)
HI				07/15/93	X	(04/94)
KY		X	(10/93)			(01/94)
TN		X	(09/93)			(01/94)
FL	X	(09/93)				(01/94)
MN	X					
VT	X					
WA	X					

*Dates in parentheses represent expected dates.

SECTION 1115 WAIVER ACTIVITY
STATEWIDE HEALTH REFORM

STATE	INITIATIVE	KEY DATES	COMMENTS
	APPROVED		
OREGON	Expand access to uninsured; cost containment through managed care; benefit package defined by priority list.	Waivers approved 03/19/93.	Oregon's State Legislature is still debating the budget for FY 1994; State staff indicate that the budget line on the priority list is likely to remain the same.
HAWAII	Hawaii seeks to provide seamless coverage for those on public programs, as well as the 2 percent uninsured. Hawaii is requesting 1115 waivers to: (1) add individuals currently under the State GA & SHIP programs to Medicaid; (2) offer a reduced benefit package to AFDC and newly eligibles; (3) impose nominal copay for adults; and (4) relief from FQHC payments at 100 percent of cost.	Waivers approved 07/15/93.	

SECTION 1115 WAIVER ACTIVITY
STATEWIDE HEALTH REFORM

STATE	INITIATIVE	KEY DATES	COMMENTS
		RECEIVED	
KENTUCKY	**The Kentucky Health Care Reform Plan calls for universal access through: Medicaid eligibility to 100 percent FPL, elimination of certain categorical requirements, through managed care.**	**Proposal received 03/30/93.** **Meeting with Clinton and Governor Jones 04/28/93.** **Panel held 06/23.** **State comments received 8/3.**	**The HCFA Administrator approved an out-of-cycle review. A revised timeline has been prepared, indicating a final decision by October 1993. HCFA questions and comments were sent to the State by 07/16 and HCFA received Kentucky's response.**
TENNESSEE	**Expand access to uninsured through expansion of Medicaid. TENNCARE would establish a system of managed care similar to the current plan for State employees. There are no income or asset requirements; rather, a sliding scale premium would be used.**	**Meeting with Clinton and Governor McWherter 06/16.** **Meeting with Shalala and Governor McWherter 06/16.** **Meeting with HCFA/ORD - received proposal 06/17.** **Panel held 7/19.** **Meeting with DHHS/HCFA - 7/30** **Tennessee comments received** **Meeting with Administrator - 8/12**	**Proposal is based on a block grant approach, with Federal monies combined with State and local monies to provide health benefits. A timeline has been prepared with a decision expected by September 17. The application has been forwarded to relevant DHHS and HCFA components for review.** **A meeting has been scheduled with the HCFA Administrator 8/12.**

STATE	INITIATIVE	KEY DATES	COMMENTS
INITIAL CONTACT			
FLORIDA	Florida's initial health reform legislation, the Florida Health Care Reform Act of 1992, proposed access to health care for all floridians by removing categorical eligibility for Medicaid, while emphasizing managed care programs; and market, liability, and insurance reform. A more focused and refined model sponsored by Governor Chiles passed the Legislature 04/03/93; this model calls for managed competition-type purchasing alliances.	Meeting with Shalala 03/05/93. Meeting with HHS staff 04/21. Meeting with Clinton and Governor Chiles 04/28/93. Meeting with HHS staff 04/28.	Representatives from Florida scheduled to meet with HHS officials to present recent reform measure which passed Florida State Legislature 04/03/93. The 04/28 meeting with HHS and HCFA staff further discussed the concepts of the initiative. Florida anticipates submitting an official proposal in September 1993. HCFA continues to attempt to schedule a preliminary meeting to discuss technical issues.
MINNESOTA	Reform plan calls for expansion of health benefits to uninsured by 1997. The Minnesota Health Care Commission submitted its plan in January, and it was passed into law in May. The plan relies on managed competition style purchasing alliances, global spending limits, and an all-payer system for non-alliance services.	Conference calls with HCFA 03/22/93 and 05/06/93.	Received a summary of the legislation from the HCFA RO.

STATE	INITIATIVE	KEY DATES	COMMENTS
	INITIAL CONTACT		
VERMONT	Comprehensive reform legislation was passed in 1992 creating the Vermont Health Care Authority (VHCA), which as charged with submitting to the State Legislature by November 1993 two universal access designs; one based on a single-payer concept and the other based on a regulated multiple payer model.	Meeting with Clinton and Governor Dean 04/28. Meeting with HCFA RO and Vermont 06/21/93. Meeting with HCFA and Vermont scheduled for 09/22/93.	We understand that Vermont will be requesting a waiver to include Medicare in the reform plan. Governor Dean submitted to Clinton Vermont's recommendations for "Federal Flexibility Needed to Implement State Health Reform." HCFA RO staff provided ORD and MB with information on their 06/21 meeting with VHCA. A draft report is expected from VHCA by August 17.

STATE	INITIATIVE	KEY DATES	COMMENTS
		ANTICIPATED	
WASHINGTON	**State seeks to guarantee health insurance for all State residents by 1997 through: employers, expansion of State-subsidized Basic Health Plan, and expansion of Medicaid. Prohibits exclusion for medical conditions.**	**Passed State Legislature 04/25/93.**	**The plan provides for basic coverage for the uninsured, authorizes up to 10 health insurance cooperatives, requires employers to contribute to health insurance premiums. Also provides for the Health Services Commission to explore the mechanics of implementing the goals of the plan, outline cost controls and market reforms, define minimum benefit package, and set maximum premiums. It appears that the State will require 1115 waivers.**

THE WHITE HOUSE

WASHINGTON

August 13, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: **BRUCE REED**

SUBJECT: **Background on Welfare Reform for NGA Meeting**

I. STATE AND LOCAL TASK FORCE ON WELFARE REFORM

When you spoke to the NGA meeting in Washington in February, you asked them to form a group of state and local officials to advise the Administration on welfare reform. The group, which is chaired by Governor Florio, consists of 14 representatives from NGA, NCSL, APWA, NACO, and the National League of Cities.

This State and Local Task Force on Welfare Reform has met several times with Administration officials over the last three months. In mid-July, the 14 members reached consensus on a concept paper, which is attached. Each of the respective organizations will take up the paper at its summer meetings to endorse or amend it.

The task force's recommendations are in line with the themes which you spelled out in the campaign and which are guiding the Administration's effort. They call for a system of time-limited cash assistance, followed by work; tougher child support enforcement; job creation through the private sector (including an endorsement of empowerment zones); state and local flexibility; and incentives to reward work and family. They urge that states be allowed to pursue state-based demonstrations and experimentation at the same time we pursue national welfare reform.

II. UPDATE ON ADMINISTRATION WELFARE REFORM WORKING GROUP

The Administration working group held its first public hearing on August 11 in Chicago. Mayor Daley and Rep. Bobby Rush attended. The group visited promising local programs at Cabrini Green and elsewhere, and heard moving testimony from welfare recipients, innovators, and activists. (The National Organization of Women tried to denounce us for not including any welfare recipients on the interagency working group, but one member of the working group grew up on welfare -- HHS Assistant Secretary for Aging Fernando Torres Gil.) More public hearings are scheduled over the next two months in Washington, D.C., Tennessee, Southern California, New Jersey, and New York.

The working group has met with a few dozen members of Congress from both parties, and is working closely with Congressional staff. The big issue in Congress will be how much money to spend. The Republicans were scheduled to announce their own bill, but the moderates and conservatives split over whether to spend any money. In all likelihood, the Republicans will present a no-cost bill. House Democrats are worried that no matter how good the plan we introduce, moderates and conservatives will be able to strip out the funding. We are working on a range of options, from cheap to generous.

We are still keeping open the possibility that your plan might be introduced this year. But you may decide this fall that you would rather unveil it in the State of the Union.

7/12/93

STATE AND LOCAL TASK FORCE ON WELFARE REFORM
Conceptual Framework for
National Welfare Reform
PRELIMINARY WORKING ~~DOCUMENT~~

NOTE: The material in this paper is intended to provide a common framework for continuing discussion among the six organizations represented on the State and Local Task Force on Welfare Reform. While the paper reflects the variety of state, county and local concerns, each individual organization is in the process of reviewing this document which may result in changes or additions over the next several weeks.

Welfare should be a transitional program that moves people from temporary assistance to self-sufficiency. Welfare benefits should be based on a social contract that sets forth the responsibilities and obligations of both the beneficiary and the government. The goals of this temporary assistance program should include recognition of the essential dignity, well-being, and responsibilities of every American.

This program should be a partnership between all levels of government on behalf of the taxpayer and those who are in need of temporary assistance. The welfare program should be structured so as to encourage meaningful work and the move to independence. It should reward work and a reasonable amount of savings.

In addition to rewarding meaningful work, the welfare program should seek to support stable family relationships, ensure child support collection, and provide the necessary assistance to obtain the educational and job skills necessary to long-term self-sufficiency.

Eligibility for other government programs, such as Supplemental Security Income and Social Security Disability Insurance, should be expanded to assist those for whom work is not an option because of age or disability -- although independence and self-sufficiency should not be excluded as appropriate goals for all Americans.

The national program should be financed so as to ensure full federal funding of any mandates and should not result in new costs or a shift of federal costs to states, counties and localities. The federal government must recognize its responsibility to provide for the long term needs of children and persons who are physically or mentally disabled.

Temporary Cash Assistance

Assistance, in the form of cash grants*, to families with children should be available for a time-limited period during which activities that are designed to make the transition from welfare to work take place.

These activities should include education, training and support services necessary to assist participants become self-sufficient. Receipt of assistance during this period should be conditioned upon ongoing compliance with the social contract. States should be granted broad flexibility in constructing components of the social contract, including requirements to begin work before the maximum time is exhausted. The ongoing financial needs of children shall be addressed in any time limited system.

Continued federal, state, county and local assistance under the national program beyond the time limited period should be dependent on a requirement of work or work-related activities unless no job, community service work opportunity or community service placement is available.

*currently the AFDC program

States should have the flexibility to extend assistance, with full federal financial participation, for a limited period beyond the federal standard on a case-by-case basis as needed to ensure that recipients complete education or job-training programs, complete treatment for substance abuse or other physical or mental impairments, or resolve emergency situations such as homelessness.

Earned Income Tax Credit

The Earned Income Tax Credit (EITC) should be expanded over time so that with food stamps, a family of four with a full-time year round worker will be brought to the poverty line. Administration of the EITC should be simplified, outreach and education to assure full participation should be expanded, and worker choice as to frequency of payment should be preserved.

Child Support Enforcement

Parents have an obligation to support their children.

A more effective child support system is a critical component of welfare reform. The attached paper outlines in detail Task Force recommendations on restructuring child support. The recommendations include improved federal collection tools, incentives for improved state performance, child support assurance demonstrations, and improvements to interstate enforcement.

Job Development

As jobs are created in the economy through various means, every effort is necessary to assure that employment is available to those making the transition from welfare to work. The private sector, the major source of new job opportunities, should be encouraged to train workers and to hire those recipients who are trained and ready to work. Incentives to employers to hire, such as targeted tax credits and wage supplementation, should be enhanced. Job development through creation of empowerment zones and enterprise communities should make jobs available to workers in transition from welfare. Public agencies at all levels of government should lead by example and accept their obligation to employ workers in transition from welfare as jobs are developed and, where appropriate, government vendors should bring workers in transition into their work force.

Work and Community Service

All Americans should be productive members of their community. There are various ways to achieve this goal. The preferred means is through private sector, unsubsidized work in business or the non-profit sector. Other alternatives in priority order include: unsubsidized public sector employment; subsidized jobs; grant diversion; working off the welfare grant; and volunteering in community service work.

Community service work opportunities should be developed and managed through the existing infrastructure on the federal, state, county, and local levels. Recipients should be placed in jobs that attend to the public good, such as in school systems, public works departments, social service agencies, and health care and child care facilities. Every effort should be made to place the person in a position that has a relationship to their educational and job training skills and can, therefore, act as a useful stepping stone to private sector employment.

State and local governments should have the flexibility to utilize some portion of their funds for community service to provide short-term subsidies to assure the transition of people into private sector employment.

Additional Support Needs

•Child Care: The shortage of affordable, available and quality child care in the nation is a problem for working families with children at all income levels. This is a problem that is no less a burden on those who want to avoid welfare and those who want to leave welfare. The federal government should formulate a child care financial support policy which applies to all Americans. In addition, the federal government should lift regulatory barriers and allow states discretion to coordinate, consolidate and combine child care assistance administratively into one program. The Dependent Care Tax Credit should be made refundable to assist low income working families with the costs of child care. Other solutions include expansion of transitional child care for up to two years, increased support for at-risk child care, incentives and training to expand family day care, expansion of Head Start and year round school. These solutions have the added benefit of being opportunities for employment for those in transition from welfare to work.

•Health Care: Access to quality, affordable health care for all Americans is essential to enable a person to make a permanent transition from welfare to work. Assurance of health care coverage outside the welfare system can prevent entry into the system for some and enable others who leave welfare for jobs to do so without loss of health benefits. Pending development and implementation of national health care reform, health care should be made available to those in transition from welfare to work without regard to participation in other assistance programs at fees based on a sliding scale reflecting family income.

•Transportation: In many areas of the country transportation is a significant barrier to employment. Many workers are unable to travel to available jobs because they do not have reliable transportation. Raising asset limits would enable some to own cars so they could get to jobs. States, counties and localities should also be encouraged and assisted to coordinate use of existing transportation (e.g. school buses; vans for transportation of the elderly and disabled).

•Subsidized Housing: For many families the cost of unsubsidized housing exceeds the amount of cash assistance they receive. Other families rely on subsidized housing for shelter, housing for which they are eligible based on their family income. In order for these families to move from welfare to work, they need to be able to remain in subsidized housing for some period of time until their earnings are high enough to enable them to pay for unsubsidized housing. Eligibility for subsidized housing should be coordinated with eligibility for other assistance programs so as to ensure that work is financially rewarded.

•Workplace adjustment: This assistance must continue as an eligible program to meet the needs of people unfamiliar with the work environment. Help should be provided in learning and dealing with workplace requirements such as hours and punctuality, leave, appropriate dress, speech, relationships with co-workers and supervisors, and employment and labor rules, for example. The objective is to enable people to make the transition from a dependant lifestyle to a self-sufficient life within a work environment.

• Family and individual counselling, peer support groups, mentoring, and other needed family supports: These programs should be maintained throughout the transition from welfare to work.

Program Coordination

The effective delivery of services and benefits will require better coordination and integration. Federal education, housing, health and human services, labor and agriculture agencies should remove barriers and consolidate and standardize language, programs and requirements. States and localities should be given greater flexibility in the use of existing programs.

Transition

Pending the adoption of a new or reformed national welfare program, the federal government should:

- increase federal funding for the JOBS program, modify state matching requirements, and allow states to negotiate performance targets that reflect their economic conditions and the priorities likely to be established under a reform program. These performance targets should replace existing weekly, hourly and annual participation requirements.
- allow states additional flexibility in the design of cash assistance programs through modification of state plans rather than waivers, including but not limited to:
  - -- elimination of the 100 hour rule and the JOBS 20 hour rule;
  - -- extension of eligibility to all families with children;
  - -- the cash-out of food stamp benefits;
  - -- increasing the asset limit, especially regarding the permissable value of vehicles;
  - -- disregarding the income of stepparents in calculating income and eligibility;
  - -- converting welfare benefits to wages for grant diversion or other work in exchange for welfare programs;
  - -- expansion of earned income disregards; and
  - -- extension of support services to families until they reach economic self-sufficiency.
- allow various evaluation methods to be used in lieu of control groups.

Implementation of Reform

There is broad support for moving ahead expeditiously with national welfare reform. As the federal government moves forward with a national program, states should be encouraged and permitted to pursue state-based welfare reform programs aggressively and to move forward on demonstrations.

States, counties and localities which are able and willing to move quickly on the implementation of welfare reform should be encouraged to do so. Appropriate incentives, technical assistance and programmatic support should be offered to them. For states which need a longer time to implement the new system, the federal role should be one of facilitating the transition with targetted technical assistance and support.

Efficiently-managed programs require investment in technology and training. The federal government must maintain its level of investment in this necessary infrastructure in order to achieve welfare reform. Federal requirements regarding the process of acquisition of technology designed to support welfare reform should be simplified and expedited.

# # #

July 12, 1993

STATE AND LOCAL TASK FORCE ON WELFARE REFORM
Child Support Enforcement
PRELIMINARY WORKING DOCUMENT

NOTE: The material in this paper is intended to provide a common framework for continuing discussion among the six organizations represented on ~~the State~~ and Local Task Force on Welfare Reform. While it reflects the variety of state, county and local concerns, each individual organization is in the process of reviewing this document which may result in changes or additions over the next several weeks.

The Task Force believes that a more effective child support system is a critical component of welfare reform. Both custodial and non-custodial parents must accept primary responsibility for the support of their children.

The current child support enforcement system is not working very well. States do not have the tools or the resources to run a good system. Just 58% of eligible woman have orders and only half collect the full amount. This means that over 70% of mothers entitled to child support either lack support orders or do not receive the full amount due under such orders.

States, counties and localities have continued to make improvements in the establishment of paternity and support orders and in the collection of support. In particular, the Family Support Act of 1988 made important improvements to the child support system. However, the statistical data showing large arrearages and substantial differences in performance among states suggests that collections can be increased further with broader use of the more successful techniques. In addition, there are significant problems in the interstate enforcement of support obligations and there are areas where additional federal support could increase the effectiveness of state efforts.

While we believe that it is important that all states move to a more effective child support system, there is not yet consensus among Task Force members as to whether new federal mandates should be considered. The establishment and enforcement of support obligations are a central part of family law, an area long within the purview of state government. Similarly many of the proposed enforcement techniques require changes in licensing, insurance regulation, and commercial law; areas again long under state purview. As a result, many Task Force members continue to oppose additional process-oriented mandates at this time.

We would suggest that consideration of federal action to improve child support enforcement focus on the following areas:

Improved Federal Collection Tools

State governments need access to IRS data.

IRS collection tools should be available to the states.

Support obligations should be reported on a modified W4 form.

Employers should be required to report new hires to state agencies via the modified W-4 form.

A national registry of new hires should be maintained.

A federal registry of support orders should be established and maintained.

A national computer data base of locater information should be established and maintained.

Federal resources should support effective child support enforcement.

Performance Based Incentives for State and Local Implementation

Incentives should be available to the states for the successful completion of performance outcomes. Incentive funds should be earmarked for programs that serve children.

Areas of performance might include some of the following:

*establishing paternity

A state establishes a system to voluntarily establish paternity and achieves improvements in this area.

*application of national child support standards

A national commission with a strong state, county and local role should be established by Congress to develop national standards for child support orders. Incentives that induce states to achieve national standards are recommended.

Federal legislation should require ERISA plans to conform to state law and regulations regarding availability of medical support.

In the event national guidelines are established prior to passage of universal access to health care, those guidelines would have to include provision for medical support, including reasonable limits on the additional costs that would be borne by the absent parent.

*improving collections of child support

States, counties and localities should receive incentive payments for reaching certain levels of collections agreed upon in advance. This could be accomplished through adversely affecting licenses,interdicting lump sum payments, and reporting to credit agencies.

*timeliness of interstate collections

*processing times at key decision points

*amount or percent of support collected

*establishment of mediation services that resolve visitation issues

Standards should be developed in consultation with the states, counties and localities. They should be based on actual levels of achieved performance and should be tailored to individual state conditions. At least initially, the emphasis should be on improvement rather than an arbitrary target.

Data Collection and Research

While there is strong evidence to support the effectiveness of a variety of enforcement tools, this data is often fragmented and is not designed to effectively answer questions about cost/benefit in specific circumstances or to allow for the careful evaluation of alternative approaches to a similar goal. More complete data and additional research on specific enforcement tools would both encourage action at the state level and improve decision making.

The federal government should expand its data collection and research capacity and work cooperatively with the states to develop priorities for future research.

Data Processing Systems

The existing requirements for management information systems have developed over an extended period of time. In some cases it appears that required matches between and among systems may be duplicative. In other cases the systems may not provide access to the full range of available information.

The federal government should, in cooperation with the states, undertake a comprehensive review of the management information needs of the program and develop recommendations both for the required interfaces between state systems and federal and state data bases, and for the needed interfaces among the state systems themselves.

Administrative Changes

It is recommended that the audit process be changed from process-oriented to outcome-oriented performance measures.

The federal Office of Child Support Enforcement should conduct a study on minimum staffing standards.

Technical Assistance and Support

Additional technical assistance from the federal government to the states, counties and localities is needed. Technical assistance must go beyond merely telling states and localities what they should do. Effective technical assistance requires an understanding of good practice and the ability to work with the states and localities to help decisionmakers understand the benefits of such practices and to help tailor those practices to the political and administrative conditions of each state.

Improvements to Interstate Enforcement

One-third of child support enforcement cases require interstate collection. Federal legislation should be enacted to adopt uniform interstate child support enforcement procedures to assure that child support orders are enforced uniformly throughout the nation.

Continuing Experimentation

Authorize full federal funding for child support assurance demonstrations.

Assistance to Non-custodial Parents

Examine eligibility for job training and other services designed to improve earning capacity.

Consider elimination of disincentives to marriage, particularly for teenage parents.

In addition, we as national organizations urge states to continue to evaluate and implement the broad range of establishment and enforcement tools now in operation across the nation.

Announcement of NAFTA Supplemental Agreements
on Labor and the Environment
Statement by Ambassador Mickey Kantor
U.S. Trade Representative
August 13, 1993

Today, I am very pleased to announce that the governments of the United States, Mexico and Canada have reached agreement on supplemental accords on labor and the environment to the North American Free Trade Agreement (NAFTA).

With this historic agreement we can reform a trade relationship with Mexico that has been driven more by accident than design.

High tariff and non-tariff barriers have meant U.S. goods have a difficult time entering the growing Mexican market. U.S. business have been virtually forced to move operations to Mexico.

Meanwhile, U.S. trade preference laws along with the implementation of the Maquiladora program in Mexico, allowed U.S. companies to move to northern Mexico, to import U.S. component parts virtually duty free, and to return the assembled products while avoiding U.S. tariffs. The development of that border resulted in environmental problems as well.

NAFTA eliminates these barriers, setting the stage for new economic growth. And that means jobs are created -- we estimate a gain of 200,000, just in the first two years.

It will create the world's largest market: 370 million people and $6.5 trillion of production. Why is that important? Because the growth that will come from creating into such a large market enhances our ability to compete with Japan and the European Community.

NAFTA brings us a step closer to President Clinton's goal of creating a high wage, high growth economy prepared for economic challenges as we enter the next century.

President Clinton sees NAFTA with the supplemental agreements as a part of his strategy of economic renewal. But he was always concerned that there were major flaws. He endorsed the agreement last October during the campaign in a speech at North Carolina State University, but he set out a series of principles which he wanted to see incorporated in the agreement.

He made a promise to the American people which he has now kept: that he would make sure economic growth with Mexico does not come at the expense of the environment and that the trade agreement addresses issues of basic workers' rights -- protection against child labor, health and safety, minimum wage, and industrial relations concerns.

He has kept those promises -- and gone farther. Specifically, the supplemental agreements will help insure that:

- enforcement of domestic environmental laws and work place standards and requirements is strengthened;

- no nation can lower labor or environmental standards, only raise them, and all states or provinces can enact even more stringent measures;

- the process of consultation, evaluation and dispute settlement will be open to the public;

- upgraded safeguards protecting against import surges are provided;

- access to justice and due process rights are extended to environmental and labor issues, and administrative remedies as well as court procedures are available -- this further guarantees labor and environmental standards will be enforced;

- establishment of commissions on labor and the environment which will evaluate and settle disputes.

- enforcement proceedings have real "teeth," assuring compliance;

- we strengthen border clean up and infrastructure development;

- cooperation on the environment and labor is established which allows for the continual upgrading of standards throughout North America.

NAFTA, with the addition of the supplemental accords, is a groundbreaking agreement: for the first time a free trade agreement covers workers' rights and the environment. This will serve as a model.

But more importantly, this is a momentous agreement because with it, we can raise the standards of living for the people of all three countries. Economic standards rise from new growth and job creation. Labor and environmental standards rise from new assurances of enforcement of domestic laws.

There is much work yet to be done. We look forward to working with Congress to insure the passage of NAFTA.

SUMMARY OF THE UNDERSTANDING ON EMERGENCY ACTION

(As Agreed Upon by The Three Parties)

This document describes the Understanding between the Parties to the North American Free Trade Agreement concerning Chapter Eight -- Emergency Action. This description does not itself constitute an agreement between the three countries and is not intended as an interpretation of the final text.

The Understanding confirms the commitment of the Parties to facilitate the effective use of Chapter Eight of the NAFTA. Under Chapter Eight, a Party can impose trade restrictions if increased imports cause or threaten serious injury to a domestic industry. The understanding establishes a Working Group on Emergency Action comprising representatives of each country. The Working Group reports to the Free Trade Commission established under the NAFTA. The NAFTA Secretariat will provide technical support.

The Working Group will meet at least annually, and also upon the request of any Party. The Working Group may consider any issue relating to the use of Chapter Eight, and may make recommendations to the Free Trade Commission. It may also review the recourse of any NAFTA Party to Article XIX of the GATT (the emergency action provision of the General Agreement on Tariffs and Trade).

At the request of any Party, the Parties may consult in the Working Group where a Party considers that goods originating in the territory of another Party are being imported in such increased quantities as to constitute a substantial cause of, or contribute importantly to, serious injury, or threat thereof, to its domestic industry.

Subject to the rights and obligations of the Parties under the NAFTA, the Working Group may also serve as a forum for examining, at the request of any Party and with the agreement of two-thirds of the Parties, trade, productivity, employment, and other economic factors with respect to any good. For example, a Party might call for joint examination in the committee of the employment situation in a particular industry. In addition, the Working Group may make recommendations to the Commission on any improvements to Chapter Eight that it deems appropriate.

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NAFTA SUPPLEMENTAL: AGREEMENT ON IMPORT SURGES

"EARLY WARNING SYSTEM": The understanding on import surges establishes a new mechanism for consultations among the NAFTA countries and for examining economic factors, including employment, in the region. It is meant to anticipate national trade measures, authorized under the NAFTA, to respond to increased imports.

- o For example, a country might call for consultations and a joint examination in the committee as a result of declining employment in a particular industry.

NAFTA SAFEGUARD PROVISIONS: The NAFTA itself contains several important provisions to safeguard a country's industry and workers against import surges.

- o *A bilateral safeguard mechanism* permits the "snap-back" to pre-NAFTA or MFN tariff rates for up to three years -- or four years for extremely sensitive products -- if increased imports from Mexico are a substantial cause of or threaten serious injury to a domestic industry.

- o *A global safeguard mechanism* allows the imposition of tariffs or quotas on imports from Mexico and/or Canada as part of a multilateral safeguard action when imports from either or both countries are a substantial cause of or threaten serious injury to a domestic industry.

- o *Sensitive agriculture products* are handled specially in the form of tariff-rate quotas, where high MFN tariffs kick in above a specified quantity of imports.

- o *Sensitive textile and apparel products* also have special safeguard provisions to respond to those industries needs.

CHANGING NAFTA'S PROVISIONS: The Working Group established under the agreement will consider how well NAFTA's safeguard provisions are working and make recommendations for revisions, as appropriate.

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ACCESS TO COURTS AND DUE PROCESS

The labor and environmental side agreements fulfill President Clinton's goal that all three countries should commit to providing their citizens with access to fair, transparent and equitable court proceedings for the redress of harms and for enforcement of their country's environmental and labor laws.

In each agreement, the NAFTA partners undertake vital commitments regarding public access to remedies and the structure of their judicial systems. The Agreements establish detailed requirements, consistent with U.S. law and process, to assure fair administrative and judicial review, including commitments to:

- o ensuring that anyone with a legally recognized interest have access to administrative or judicial procedures for the enforcement of that country's environmental or labor laws;

- o maintaining domestic administrative and judicial processes that are independent and impartial, comply with due process, allow parties to be heard and present evidence, and normally are open to the public;

- o providing for a right to seek independent review as appropriate of administrative determinations; and

- o providing a right for those who are parties to a proceeding to seek remedies for the enforcement of labor rights or environmental laws, including, as appropriate, compliance agreements, penalties, damages, fines or injunctions.

In addition, each Party guarantees its citizens the right to ask the authorities to investigate alleged violations of its environmental or labor laws, and will give those requests due consideration.

SUMMARY OF THE NORTH AMERICAN AGREEMENT ON LABOR COOPERATION

(As Agreed Upon by The Three Parties)

INTRODUCTION

The Canadian Minister for International Trade Thomas Hockin, Mexican Secretary of Trade and Industrial Development Jaime Serra and United States Trade Representative Mickey Kantor reached agreement on the North American Agreement on Labor Cooperation on August 13, 1993. They have directed officials of the three Governments to complete legal and technical corrections to the Agreement text as soon as possible. The following description of the Agreement does not itself constitute an agreement between the three Governments and is not intended as an interpretation of the Agreement.

The intention of the Parties in the Agreement on Labor Cooperation is to pursue a set of general objectives which aim at complementing the NAFTA by promoting the improvement of working conditions and living standards in all three countries. The agreement reflects the shared recognition of the United States, Mexico, and Canada that their mutual prosperity depends on the promotion of fair and open competition based on innovation and rising levels of productivity and quality with due regard for the importance of labor laws and principles.

The Agreement: increases cooperation and promotes greater understanding among the Parties in a broad range of labor areas; establishes the obligation of each Party to ensure the enforcement of its domestic labor laws; provides mechanisms to permit problem-solving consultations; enables the Parties to initiate evaluations of patterns of practice by independent committees of experts; and, in certain cases, allows for dispute settlement procedures.

PREAMBLE AND PRINCIPLES

The Preamble reaffirms relevant provisions of the NAFTA preamble and adds further shared goals related to labor matters.

Each Party is committed, in accordance with its domestic laws, to promote the following labor principles: the freedom of association, the right to bargain collectively, the right to strike, prohibition of forced labor, restrictions on labor by children and young people, minimum employment standards, elimination of employment discrimination, equal pay for men and women, prevention of occupational accidents and diseases, compensation in cases of work accidents or occupational diseases, and protection of migrant workers.

GENERAL PROVISIONS AND OBJECTIVES

The Agreement sets forth the following general objectives: improving working conditions and living standards, promoting compliance with and effective enforcement of labor laws, promoting the Agreement's principles through cooperation and coordination, and promoting publication and exchange of information to enhance mutual understanding of Parties' laws, institutions and legal systems.

OBLIGATIONS

The general obligation of each Party is to ensure the effective enforcement of its own labor law. Specific obligations refer to publication of labor laws and related regulations, procedures, etc., and to promoting awareness of and compliance with them. Parties will also ensure availability of public information related to its labor law and enforcement and compliance procedures.

Other obligations include government enforcement actions for promoting compliance and effective enforcement of its labor law, covering such matters as: appointment and training of inspectors, monitoring compliance and examining suspected violations; including inspections, mandatory reporting and record keeping; encouraging worker-management committees; providing mediation, conciliation, or arbitration services; and initiating in a timely manner enforcement actions seeking appropriate remedies.

Each Party is committed to ensuring access by persons with a legally recognized interest to administrative, judicial, and related tribunals, including recourse to procedures by which labor rights can be enforced in a binding fashion. The Agreement also provides that such tribunals and proceedings before them would be fair and comply with due process.

STRUCTURE AND FUNCTIONS OF THE LABOR COMMISSION

A trinational Labor Commission is created to facilitate the achievement of the objectives of the Agreement and to deal with labor issues in a cooperative. and consultative manner that duly respects each nation's sovereignty.

The Labor Commission consists of a Ministerial Council. an International Coordinating Secretariat, and three National Administrative Offices.

- The **Ministerial Council** consists of the labor Ministers from the three signatory countries. They supervise the implementation of the Agreement, including the work of the International Coordinating Secretariat. They are also empowered to create working groups and committees they deem appropriate to further the objectives of the Agreement:

- An **International Coordinating Secretariat** (ICS) that acts under the direction of the Ministerial Council. Established as a central office, the ICS will carry out the day-to-day work of the Commission. It is responsible for assisting the Council in its work, for gathering and periodically publishing information on labor matters in Canada, Mexico and the United State, for planning and coordinating cooperative activities, and for supporting any working groups or evaluation committees established by the Ministerial Council; and

- **National Administrative Offices** (NAOs) established by each Party. The NAOs would serve as a point of contact for other Parties and facilitate the provision of information to other Parties on domestic law and practice; receive public communications; conduct preliminary reviews; and promote the exchange of information relevant to this Agreement. Each of the three NAOs will carry out these functions, and each Party will have autonomy to design its own NAO.

COOPERATIVE CONSULTATIONS AND EVALUATION

With regard to questions related to the enforcement of labor laws, the Agreement provides for: channels for public communications, exchanges of information, discussion of issues and resolution of problems through various levels of consultation. Mechanisms established to accomplish this include:

- NAO consultations -- NAOs may engage in cooperative consultations to exchange data and information, clarify or explain Parties' labor laws, and communicate regarding labor market conditions.

- Ministerial consultations -- Each Party may request cooperative consultations at the Ministerial level regarding issues related to the obligations of the Agreement; and

- Evaluation Committees of Experts -- When Ministers believe that it would be useful to call on independent, outside experts, they may create an ad-hoc Evaluation Committee of Experts (ECEs). To enhance mutual understanding and facilitate consultations by Ministers, ECEs would provide objective, comparative analyses of how matters referred to them are treated in all three countries, provided comparable legislation exists. ECE reports may include problem-solving recommendations to the Ministerial Council.

RESOLUTION OF DISPUTES

If following an ECE report and consultations, the Council cannot resolve a dispute involving a Party's alleged persistent pattern of failure to effectively enforce labor laws with respect to health and safety, child labor and minimum wage, relating to a situation involving mutually recognized labor laws and the production of goods or services traded between the Parties, any Party may request an arbitral panel. A panel will be established on a two-thirds vote of the Council.

Panelists will normally be chosen from a previously agreed roster of experts, including experts on labor matters. With the approval of the disputing Parties a panel may seek information and technical advice from any person or body that it deems appropriate. The report of the panel will be made publicly available five days after it is transmitted to the Parties.

If a panel makes a finding that a Party has engaged in a persistent pattern of failure to effectively enforce its labor laws with respect to health and safety, child labor and minimum wage, relating to a situation involving mutually recognized labor laws and related to trade, the Parties may, within 60 days, agree on a mutually satisfactory action plan to remedy the non-enforcement.

If there is no agreed action plan, then between 60 and 120 days after the final panel report, the panel may be reconvened to evaluate an action plan proposed by the Party complained against or to set out an action plan in its stead. The panel would also make a determination on the imposition of monetary enforcement assessments on the Party complained against.

The panel may be reconvened at any time to determine if an action plan is being fully implemented. If it is not being fully implemented, the panel is to impose a monetary enforcement assessment on the Party complained against.

In the event that a Party complained against fails to pay a monetary enforcement assessment or continues in its failure to enforce its labor law with respect to health and safety, child labor and minimum wage, the Party is liable to ongoing enforcement actions. In the case of Canada, the Commission, on the request of a complaining Party, collects the monetary enforcement assessment and enforces an action plan in summary proceedings before a Canadian court of competent jurisdiction. In the case of Mexico and the United States, the complaining Party or Parties may suspend NAFTA benefits based on the amount of the assessment.

COOPERATIVE ACTIVITIES

An important dimension of the Agreement provides for the establishment of joint cooperative programs in a broad range of labor areas. These would enable the United States, Mexico, and Canada to undertake major new forms of mutual collaboration on labor issues. This will make possible a common focus on these issues in the context of a free trade agreement among the parties as they cope with the economic and labor market pressures of entering a global economy.

THE FUNDING OF ENVIRONMENTAL INFRASTRUCTURE PROJECTS IN THE U.S.-MEXICO BORDER REGION

(As Agreed Upon by The Three Parties)

Mexican Secretary of Trade and Industrial Development Jaime Serra and United States Trade Representative Mickey Kantor met to discuss the funding of border environmental infrastructure projects in their border region as an important component of the ongoing discussions regarding the Agreement on Environmental Cooperation. They agreed that there is a serious need to achieve effective coordination and fund environmental infrastructure projects designed to address wastewater treatment, water pollution, municipal solid waste and related matters in the U.S.-Mexico border region. They recognized that many environmental problems in the border region are not confined to either jurisdiction but must be addressed jointly by the United States and Mexico. They emphasized the importance of collaborating with the affected state, local communities and governments, and non-governmental organizations in developing solutions to environmental problems in the border region. Finally, they noted that substantial financial resources must be marshalled over the next decade from all sources, both public and private, to solve the environmental problems of the border region.

Secretary Serra and Ambassador Kantor suggested that negotiations on an agreement to establish coordinating and financing mechanisms for environmental infrastructure projects in the border region be governed by the following principles:

- The functions of a border environment institution would be, for environmental infrastructure projects for which it provides technical and/or financial assistance:
  - to coordinate environmental infrastructure projects in the region;
  - to review and approve environmental infrastructure projects;
  - to assess the technical and financial feasibility of environmental infrastructure projects;
  - to oversee the financing, construction and operation of environmental infrastructure projects; and
  - to ensure a transparent process which incorporates the views of affected states, local communities, and non-government organizations.

- o This institution could mobilize sources of financing for environmental infrastructure projects:

  -- a border environment financing facility;
  -- direct government support, such as grants, loans, and guarantees from federal, state and local governments;
  -- the private sector; and
  -- subject to future agreement by the United States and Mexico, capital raised directly by the institution.

- o The principles governing the provision of financial support mobilized by this institution should be to:

  -- provide secure sources of financing for environmental infrastructure projects;
  -- leverage government financing;
  -- encourage maximum participation of private capital; and
  -- encourage maximum reliance on fees paid by those causing pollution and those benefitting from the improved environment in order to ensure payment of debt service.

- o A border environmental financing facility would be established, capitalized, and governed by the United States and Mexico. The possibility of a link with the Inter-American Development Bank should be explored. The financing facility would serve the border environment institution as one source of direct loans and partial guarantees for environmental infrastructure projects approved by the institution. The agreement establishing the facility could contain provisions for amendment that would enable the role of the facility to be expanded in the future, if the two governments agreed.

Secretary Serra and Ambassador Kantor agreed that officials would pursue further discussions on these issues in coming weeks.

SUMMARY OF THE AGREEMENT ON ENVIRONMENTAL COOPERATION

(As Agreed Upon by The Three Parties)

INTRODUCTION

On August 13, 1993, Canadian Minister for International Trade Thomas Hockin, Mexican Secretary of Trade and Industrial Development Jaime Serra and United States Trade Representative Mickey Kantor completed negotiations on a proposed North American Agreement on Environmental Cooperation. Officials of the three governments have been directed to complete the legal drafting of the Agreement as soon as possible. The final text will be made public when completed.

By strengthening environmental cooperation and the effective enforcement of domestic environmental laws and regulations, the environmental agreement will support the achievement of the economic, trade and environmental goals and objectives of the NAFTA. The two agreements will work in a complementary manner to promote sustainable development, to create jobs, and to make the region more competitive.

The following description does not itself constitute an agreement between the three countries and is not intended as an interpretation of the text.

PREAMBLE AND OBJECTIVES

The Preamble sets out the goals, principles and aspirations on which the Agreement is based. It recognizes a tradition of cooperation on the environment, and expresses a commitment to support and build on international environmental agreements and on existing institutions. The Objectives of the Agreement include the promotion of sustainable development, cooperation on the conservation, protection and enhancement of the environment and the effective enforcement of and compliance with domestic environmental laws. The Agreement promotes transparency and public participation in the development and improvement of environmental laws and policies.

OBLIGATIONS

While affirming the right of each Party to establish its own levels of protection, policies, and priorities, the Agreement requires that each Party ensure that its laws provide for high levels of environmental protection and strive to continue to improve those laws. This agreement also protects the rights of states and provinces to set high levels of protection, consistent with the NAFTA.

To achieve high levels of environmental protection and compliance, each Party agrees to effectively enforce its environmental law through appropriate government actions such as: appointment and training of inspectors; monitoring compliance and examining suspected violations of law; seeking voluntary compliance agreements; and, using legal proceedings to sanction, or to seek appropriate remedies for, violations of its environmental law. The Agreement does not empower one Party's authorities to undertake environmental law enforcement activities within the territory of another Party.

Each Party undertakes, with respect to its territory, to:

- report on the state of the environment;
- develop environmental emergency preparedness measures;
- promote environmental education, scientific research and technological development;
- assess, as appropriate, environmental impacts; and
- promote the use of economic instruments for the efficient achievement of environmental goals.

Each Party will notify the other Parties of a decision to ban or severely restrict a pesticide or chemical and will consider banning the export to another Party of toxic substances, the use of which is banned within its own territory.

Parties agree to ensure that their procedures for the enforcement of environmental law are fair, open and equitable. Each Party undertakes to ensure appropriate public access to procedures for the enforcement of their environmental law. Such access includes the right to:

- request action for the enforcement of domestic environmental law; and
- sue another person under that Party's jurisdiction for damages.

COMMISSION FOR ENVIRONMENTAL COOPERATION

The Agreement establishes a Commission for Environmental Cooperation, comprising a governing Council, a central Secretariat, and a Joint Public Advisory Committee.

The Council

The Council, the governing institution of the Commission, will be composed of cabinet-level officers or equivalent representatives of the Parties. It will oversee the implementation of the Agreement, serve as a forum for discussion of environmental matters, promote and facilitate cooperation, oversee the Secretariat and address questions and disputes that may arise regarding the interpretation or application of the Agreement. The Council has key responsibilities related to the agreement's dispute settlement provisions concerning persistent patterns of failure by any Party to enforce its environmental laws.

The Council will strengthen cooperation on the development and continuing improvement of environmental laws and regulations, by:

- promoting the exchange of information on criteria and methodologies used in establishing domestic environmental standards; and
- without reducing the level of environmental protection, developing recommendations on greater compatibility of environmental standards.

The Council will cooperate with the Free Trade Commission to achieve the environmental goals and objectives of the NAFTA, by:

- contributing to the prevention or resolution of environment-related trade disputes; and
- maintaining a list of experts who could provide information or technical advice to NAFTA institutions.

The Council will consider and develop recommendations with respect to assessing the environmental impact of proposed projects likely to cause significant adverse transboundary effects. It will also consider and may develop recommendations on:

- public access to information, including information on hazardous materials and activities;
- appropriate limits for specific pollutants, taking into account differences in ecosystems; and
- reciprocal access to rights and remedies for damage or injury resulting from transboundary pollution.

The Council may develop recommendations on a wide variety of environmental issues, including:

- pollution prevention techniques and strategies;
- the environmental implications of goods throughout their life-cycles;
- transboundary and border environmental issues;
- protection of endangered and threatened species; and
- approaches to compliance and enforcement.

The Council will meet at least once a year. There will be public meetings at all regular sessions.

The Secretariat

The Agreement establishes a central Secretariat responsible for providing technical, administrative and operational support to the Council and to committees and groups established by the Council. The Secretariat will prepare an annual budget and program, including proposed cooperative activities. The Secretariat will also prepare reports on matters within the scope of the annual program.

The Secretariat will consider submissions from any person or non-governmental organization or association alleging a Party's failure to effectively enforce its environmental law. Provided the submission meets criteria set out in the Agreement, the Secretariat may propose that a factual record be developed. In developing this record the Secretariat can seek information from a variety of sources, including submissions from interested persons and information developed by independent experts.

The size and location of the Secretariat will be determined by the Parties.

The Joint Public Advisory Committee

The Joint Public Advisory Committee will include five members of the public from each country. It will meet at least once a year, concurrent with the regular session of the Council. The Joint Committee will advise the Council and provide technical, scientific or other information to the Secretariat. It will also provide input to the annual program and budget of the Council as well as the annual and other reports.

CONSULTATIONS

A Party may request consultations regarding any matter that affects the operation of the Agreement. Should the consultations fail to resolve the matter, any Party may call a meeting of the Council. In seeking a resolution, the Council may consult technical advisors or create working groups or expert groups and make recommendations.

RESOLUTION OF DISPUTES

If the Council cannot resolve a dispute involving a Party's alleged persistent pattern of failure to effectively enforce an environmental law relating to a situation involving the production of goods or services traded between the Parties, any Party may request an arbitral panel. A panel will be established on a two-thirds vote of the Council.

Panelists will normally be chosen from a previously agreed roster of experts, including experts on environmental matters. With the approval of the disputing Parties a panel may seek information and technical advice from any person or body that it deems appropriate. The report of the panel will be made publicly available five days after it is transmitted to the Parties.

If a panel makes a finding that a Party has engaged in a persistent pattern of failure to effectively enforce its environmental law, the Parties may, within 60 days, agree on a mutually satisfactory action plan to remedy the non-enforcement.

If there is no agreed action plan, then between 60 and 120 days after the final panel report, the panel may be reconvened to evaluate an action plan proposed by the Party complained against or to set out an action plan in its stead. The panel would also make a determination on the imposition of monetary enforcement assessments on the Party complained against.

The panel may be reconvened at any time to determine if an action plan is being fully implemented. If it is not being fully implemented, the panel is to impose a monetary enforcement assessment on the Party complained against.

In the event that a Party complained against fails to pay a monetary enforcement assessment or continues in its failure to enforce its environmental law, the Party is liable to ongoing enforcement actions. In the case of Canada, the Commission, on the request of a complaining Party, collects the monetary enforcement assessment and enforces an action plan in summary proceedings before a Canadian court of competent jurisdiction. In the case of Mexico and the United States, the complaining Party or Parties may suspend NAFTA benefits based on the amount of the assessment.

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NAFTA SUPPLEMENTAL: AGREEMENT ON LABOR COOPERATION

HISTORIC UNDERTAKING: This is the first labor agreement negotiated specifically to accompany and build on a trade agreement. NAFTA will create the largest market in the world, grow jobs in America, and enhance the region's competitiveness. The Agreement on Labor Cooperation will promote improved labor conditions and strong enforcement of national labor laws in all three countries of North America.

LABOR COMMISSION: The Agreement creates a new Commission on Labor Cooperation. with each country represented on a *Council* by its top, cabinet-level labor official.

- o The Council has a *broad mandate* to work cooperatively on labor issues, including occupational health and safety, child labor, benefits for workers, minimum wages, industrial relations, legislation on formation and operation of unions and the resolution of labor disputes, and many others.

- o The Council will be able to obtain *public advice and assistance* in these activities.

- o An independent *International Coordinating Secretariat (ICS)* will provide technical support to the Council, and will itself report periodically to the Council on a wide range of labor issues, including labor laws and their enforcement, labor market conditions such as average wages and labor productivity, and training and adjustment programs in the three countries. The ICS will be headed by an Executive Director appointed by consensus of the parties for a fixed term, and the Executive Director will appoint the staff.

- o Each country will also appoint a *National Administrative Office* (NAO) that will be a point of contact between other Commission entities and national governments and that can also consult with the other NAO's to seek and exchange information on labor matters. Each country has a right to determine how its own NAO is staffed, and what powers and functions it will have beyond the minimum requirements to serve as a point of contact for public input and unit for gathering and disseminating information on labor matters.

LABOR PRINCIPLES AND OBJECTIVES: The objectives of the agreement include promotion of improved labor laws and standards, effective enforcement of these laws, encouraging competition based on rising productivity and quality, and the promotion of key labor principles that will be set out in an annex.

- These principles include such vital issues as protection against child labor, the right to strike and to bargain collectively, freedom of association, minimum employment standards, including minimum wages, elimination of employment discrimination, and prevention of occupational accidents and diseases.

TRANSPARENCY AND DOMESTIC ENFORCEMENT: Each country undertakes to ensure transparency of its laws and to enforce those laws through several means:

- Publication of laws, regulations and procedures *and* promotion of public awareness of these laws and regulations, so that workers and employers will know their rights and responsibilities;

- promotion of compliance with laws and enforcement through a appropriate tools, including:

  - appointment and training of inspectors,

  - monitoring and on-site inspections,

  - encouragement of voluntary compliance,

  - mandatory reporting, and

  - enforcement actions.

ACCESS TO FAIR DOMESTIC PROCEDURES: The Agreement establishes detailed requirements, consistent with U.S. law and process, to assure fair administrative and judicial review, including commitments to:

- provide effective means for binding domestic enforcement of rights granted under its labor laws (including collective bargaining rights) for all groups with a legally recognized interest under that country's laws;

- maintain domestic administrative and judicial processes that are independent and impartial, comply with due process, allow parties to be heard and present evidence, and normally are open to the public

- providing for a right to seek independent review as appropriate of administrative determinations.

- providing a right for those who are parties to a proceeding to seek remedies for the enforcement of labor rights, including remedies, as appropriate, from compliance agreements to penalties, fines or injunctions.

ENCOURAGING EFFECTIVE ENFORCEMENT BY GOVERNMENTS: The Agreement has several avenues to encourage effective national enforcement of labor laws:

- *The ICS* will be reporting periodically on labor laws and their enforcement in each country;
- The *NAO's* can also consult and exchange information on enforcement, as well as providing information to the Council and the ICS;
- The *Council* can consult on any labor matter, including enforcement questions on any labor law;
- An *Evaluation Committee of Experts (ECE)*, composed of independent experts, will be convened at the request of any party to examine a matter involving a pattern of practice; the ECE will report and make recommendations on the matter as it is treated in each of the member countries;
- *Dispute Settlement Panels, backed ultimately by fines and trade sanctions*, can be invoked if a party believes that another is demonstrating a persistent pattern of failure to effectively enforce labor laws.

The intent of these many processes is to encourage voluntary improvement of enforcement through exposure of problems. Trade sanctions are truly a last resort, since the intent is to encourage parties to enforce their law, not to establish new trade barriers. Canada in fact has agreed to make dispute settlement panel judgements on fines and remedial actions automatically enforceable in its domestic court, which obviates any need for trade sanctions vis-a-vis Canada.

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NAFTA SUPPLEMENTAL: AGREEMENT ON ENVIRONMENTAL COOPERATION

HISTORIC UNDERTAKING: This is the first environmental agreement negotiated specifically to accompany and build on a trade agreement. NAFTA will establish the largest market in the world, create jobs in America, and enhance the region's competitiveness. The Agreement on Environmental Cooperation will ensure that economic growth is consistent with goals of sustainable development.

NEW INDEPENDENT ORGANIZATION: The Agreement creates a new Commission on Environmental Cooperation. The three countries' top environmental officials (the EPA Administrator for the United States) will comprise the Commission's *Council.*

- A *Joint Advisory Committee* made up of nongovernmental organizations from all three countries will advise the Council in its deliberations.

- The heart of the Commission is its *Secretariat*, housed in a single location and operating under the direction of an Executive Director. He will take broad direction from the Council, but maintain a high degree of independence.

ENVIRONMENTAL OBLIGATIONS: The NAFTA partners commit themselves to undertake important environmental policies regarding the development, implementation, and enforcement of their environmental laws.

- Countries guarantee their citizens *access to national courts* to petition governments to undertake enforcement actions and to seek redress of harm.

- Countries will ensure the openness of judicial and administrative proceedings and *transparent procedures* for the creation of environmental laws and regulations.

- Canada, Mexico and the United States pledged to ensure that their laws and standards continue to *provide high levels of environmental protection* and to work cooperatively in enhancing protections.

- They have committed *to effectively enforce those laws*, a commitment backed up by a dispute settlement process.

- The agreement does not affect the *rights of states and provinces* under the NAFTA to maintain standards at levels higher than the federal governments.

- Countries are obligated to *report on the state of their environments*, and to promote environmental education. scientific research, and technological development.

- They will work toward *limiting trade in toxic substances* that they have banned domestically.

THE COMMISSION'S AGENDA: A major goal of the Commission is to broaden cooperative activities among the NAFTA partners. The Commission will have an aggressive and important workplan.

- It will consider the environmental implications of process and production methods, or, as the agreement states, "environmental implications of products throughout their lifecycles."

- It will promote greater public access to information about hazardous substances (what we call "community right-to-know").

- It will consider ways to promote the assessment and mitigation of transboundary environmental problems.

- The Commission will serve as a point of enquiry for public concerns about NAFTA's effect on the environment, and be an avenue for NAFTA dispute settlement panels to obtain environmental expertise when faced with environmental issues.

PUBLIC PARTICIPATION AND DISPUTE SETTLEMENT: Transparency is the hallmark of the agreement, and citizens of all three countries will be free to make submissions to the commission on their concerns related to the full range of environmental issues.

- The Commission's secretariat will act on submissions appropriately to develop fact-finding reports. The reports will be made public if two of three Parties concur (i.e., the complained against party cannot bar publication).

- The agreement creates a consultative process for the Council to discuss issues, including those brought to light through the public submission process and the Secretariat's fact-finding activities.

- Special attention is given to matters involving non- enforcement of a nation's environmental law when consultations fail to resolve the matter.

- In the event that one Party considers that another Party has persistently failed to effectively enforce its environmental laws (affecting a sector involving traded goods or services), the matter may be referred to a dispute settlement panel.

- The dispute settlement process provides, in the end, for sanctions if countries have failed to correct problems of nonenforcement.

SCOPE: The Agreement has a broad, inclusive scope.

- Any environmental or natural resource issue may be addressed through the work program, and any environmental concern or obligation of the agreement may be the subject of consultations between parties.

- Understandably, the realm of issues subject to dispute settlement panels and possible sanctions is more circumscribed, focused on whether the Parties are effectively enforcing their environmental laws, and whether that nonenforcement is related to trade or competition among the Parties.

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FUNDING ENVIRONMENTAL INFRASTRUCTURE PROJECTS IN THE U.S.-MEXICO BORDER REGION

NEW INSTITUTIONAL DEVELOPMENTS: Although negotiators have not yet begun work on the language of a text, basic agreement was reached on a new institutional structure to promote effective coordination of infrastructure projects.

- o A hallmark of the institution will be a transparent process which incorporates the views of local residents and non-government organizations..
- o Initially, the institution will focus on projects addressing the serious wastewater treatment and water pollution problems along the border.
- o The institution will provide assistance on both the technical and financial aspects of the projects.

FINANCING OPTIONS: Though the institution will not itself offer bonds initially, it will work to mobilize multiple sources of financing, depending on the nature of the individual project.

- o As appropriate, it could turn to the private sector, direct government support (loans, grants or guarantees at the federal, state and local level), and a *border environmental financing facility*.
- o Subject to future agreement, the institution could raise capital directly.

BORDER ENVIRONMENTAL FINANCING FACILITY: The United States and Mexico are exploring capitalization of a new financing mechanism to serve the border institution as one source of direct loans and partial guarantees.

U.S. and Mexican officials will hold further discussion in coming weeks, including discussions on the important question of the required levels of funding.

Crime bill

THE CLINTON ADMINISTRATION PLAN
TO EXPAND COMMUNITY POLICING AND REDUCE GUN VIOLENCE

It is time for America to make a serious commitment to community policing, to having people back on the beat, working the same neighborhoods, making relationships with people in ways that prevent crime . . . . How will the federal government provide 100,000 more police officers? First of all, by getting the crime bill passed.

Bill Clinton
Detroit, Michigan
October 17, 1992

The first duty of government is to keep its citizens safe. The Clinton Administration is offering a number of initiatives to prevent crime and reduce gun violence:

* Expand community policing in cities and towns across America by putting up to 100,000 more officers on the streets.

* Keep handguns out of the hands of criminals by passing the Brady Bill, which will require a five-day waiting period before purchasing a handgun, and taking other measures on assault weapons that will begin to end the arms race in our streets.

* Provide community boot camps, which give young people discipline, training, and a better chance to avoid a life of crime, and provide criminal addicts with drug treatment.

* Pass a crime bill that increases penalties for gun offenses, reforms habeas corpus procedures to raise counsel standards and limit appeals, and imposes federal death penalties for killing a federal law enforcement officer and other heinous crimes.

PUTTING 100,000 MORE OFFICERS ON THE STREET

A first step we can take to reduce crime in America is to put more police on the streets, walking the beat and working with neighbors as partners against crime. The Clinton Administration's anti-crime initiative will expand community policing throughout the nation. This innovative way of thinking about policing has already helped reduce crime in several communities across the country. From New York to St. Louis to Los Angeles, police departments are using this approach to put more police on the streets.

The Clinton Administration has launched a government-wide effort to put 100,000 more officers and public safety personnel on the street:

Supplemental Appropriations: Congress passed and the President signed into law on July 2 an FY93 supplemental appropriations bill that included $150 million in community policing grants to hire and rehire police officers. This competitive grants program will become available to states and localities in early September, and will put more than 2,100 new police on the streets over the next three years.

Policing and Public Safety: The cornerstone of the President's community policing plan to put police on the street is the Policing and Public Safety program that will be part of this year's crime bill. An expansion of the Cop-on-the-Beat legislation introduced by Rep. Charles Schumer (D-NY), the Justice Department program will challenge communities to implement community policing by providing grants, training, and technical assistance for police officers. The program is authorized at $3.4 billion over the next five years, which will help communities put up to 50,000 new officers on the street. The Administration will make full funding for this program a priority.

Police Corps: This four-year, $100 million program will give college scholarships and police training to as many as 4-5,000 students who are willing to make a four-year commitment to serve their communities as police officers. As Governor of Arkansas, President Clinton instituted the nation's first state Police Corps program.

Safe Schools Initiative: Schools should be a safe haven for children, free of weapons, drugs, and crime. Education Secretary Richard Riley has introduced emergency Safe Schools legislation, based on a proposal by Rep. Schumer and others, that will enable local education authorities to hire security personnel and pay for police officers who include schools as part of their community policing "beat". The Administration's budget request includes $475 million for Safe Schools over the next five years, which would fund up to 4,000 sworn and non-sworn officers.

Community Partnerships Against Crime: Some of the nation's worst pockets of crime are concentrated in neighborhoods with public housing. To help make public housing safer, Housing and Urban Development Secretary Cisneros is transforming his department's Drug Elimination Grant Program into a more effective program called Community Partnerships Against Crime (COMPAC). The Administration's budget request includes more than $700 million over the next five years to put as many as 5,000 sworn and non-sworn officers to work in law enforcement, security, and community policing in public housing.

National Service: Up to one-quarter of the slots in the national service plan Congress is expected to put on the President's desk in September will be available for young people who choose to pay their country and their communities back through public safety and law enforcement. The program could put up to 25,000 young people to work as non-sworn personnel for local police departments, crime prevention groups and other public safety efforts. The President hopes to put the first National Service participants to work by the summer of 1994.

Empowerment Zones and Enterprise Communities: The economic plan which the President signed into law August 10 will create jobs in depressed urban and rural areas around the country by targeting growth incentives and investments into nine Empowerment Zones and 100 Enterprise Communities. The Administration's budget request includes up to $500 million for up to 6–7,000 officers to do community policing in these areas, because businesses can't create jobs where the streets are not safe. While the Empowerment Zone proposal passed as part of budget reconciliation, the Appropriations Committees have not approved the Administration's budget request.

Troops–to–Cops: As we downscale the military in the aftermath of the Cold War, we need to put our best trained, most talented men and women to work keeping America safe here at home. To help police departments tap into the pool of talented military personnel, Secretary of Labor Robert Reich will make as much as $10 million from the Defense Diversification Program available to retrain up to 1,500 veterans who are leaving the military for jobs with state and local police departments.

Paying for Public Safety: Funding for these policing programs is included in the Administration's budget baseline for FY 1994–98. If additional funds are required for these and other Administration initiatives, the Administration will continue to pursue additional budget cuts, including ones the Administration sought but has not yet achieved in Congress this year. It is expected that Congressional leadership and the National Performance Review will identify additional savings. Community policing programs assume some state/local match.

REDUCING GUN VIOLENCE

The Clinton Administration is committed to passing the Brady Bill, and reducing the wave of gun violence that is plaguing America.

Brady Bill: This legislation -- named for former Reagan press secretary James Brady, and championed by his wife Sarah -- will impose a five–day waiting period for handgun purchases, and require background checks so that we can help keep handguns out of the hands of criminals. The Brady Bill passed both houses of Congress last session with bipartisan support.

Assault Weapons: Recent attacks on children at a swimming pool in Washington, D.C., and on a law firm in San Francisco have underscored the need for Congress to consider legislation addressing the sale and availability of semiautomatic assault weapons -- the guns of choice for drug– and gang–related crime.

Presidential Action: Today, the President will sign Presidential Memoranda to suspend the importation of assault pistols, which are not covered under the existing assault weapons import ban, and to toughen enforcement of compliance procedures in issuing federal firearms licenses to gun dealers.

COMMUNITY BOOT CAMPS FOR YOUNG OFFENDERS AND DRUG TREATMENT FOR CRIMINAL ADDICTS

In Arkansas, Governor Clinton pioneered the use of community boot camps, which provide young people the discipline, education, and training they need for a better chance to avoid a life of crime. The Administration will work with Congress to convert closed military bases and other appropriate facilities into a system of boot camps. Director of the Office of National Drug Control Policy Lee Brown and Attorney General Janet Reno will work to ensure that we use the criminal justice system to provide criminal addicts with drug treatment.

FEDERAL DEATH PENALTY

The Administration will ask Congress to pass crime legislation that provides the death penalty for nearly 50 offenses -- including killing a federal law enforcement officer and killing state officers in the course of cooperative investigations with federal agencies.

HABEAS CORPUS REFORM

Senator Biden has introduced breakthrough habeas reform legislation, with strong support from district attorneys, state attorneys general, and the Administration. The legislation will, for the first time, limit inmates to filing a single, federal habeas corpus appeal within a six-month time limit. At the same time, the legislation will also assure that all indigent capital defendants will be represented by counsel who meet specific, rigorous experience and qualification standards.

-- FOR INTERNAL USE ONLY --

QUESTIONS AND ANSWERS ON CLINTON INITIATIVES TO EXPAND COMMUNITY POLICING AND REDUCE GUN VIOLENCE

Q. Why has it taken so long to announce a crime bill?

A. The Administration and the Congress have been focussing like a laser beam on the economy, and on passage of the President's economic plan last week. In the coming months, the President will continue to press for deficit reduction, but also for essential investments he promised the American people in his campaign last year. Today's event underscores his commitment to putting 100,000 officers on the street and fighting crime.

The centerpiece of this effort will be a community policing title in the House-Senate crime bill, which the House and Senate Judiciary Committees are preparing for introduction in September. The crime bill will be a modified version of last year's conference report, which died last fall [illegible] threat of Presidential veto.

Q. Will the House and Senate introduce the same bill?

A. We intend to work with the House and Senate through the month of August to resolve as many issues as possible and introduce largely similar bills by early September. Last week, Senator Biden introduced landmark habeas corpus reform legislation -- with strong support from district attorneys, state attorneys general, and the Administration -- that will, for the first time, limit inmates to filing a single, federal habeas corpus appeal within a six-month time limit, and assure that all indigent capital defendants will be represented by counsel who meet specific, rigorous experience and qualification standards. By reaching agreement on this issue, Senator Biden has removed one of the major stumbling blocks from last year's bill.

Q. Why hasn't the Administration introduced its own bill?

A. The President was supportive of last year's crime bill and wants to build on that proposal. Members of the House and Senate have worked hard during the past two congress to pass this sweeping crime legislation, and there's no reason not to pick-up where they left off. With a President who will fight to pass a crime bill, there's no reason not to break the gridlock that has surrounded the crime issue.

Q: What modifications to last year's bill is the Administration seeking?

A: First, the Administration wants to incorporate its program to increase police presence and expand community policing into the crime bill. We believe this must be a central element of any crime bill, and that's why we've expanded Rep. Schumer's Cop-on-the-Beat program to include the hiring and rehiring of law enforcement officers.

Second, the President has supported modifying last year's habeas provisions, and Senator Biden's recently introduced legislation represents an important step forward on habeas reform that should be included in the crime bill. Last year's habeas provisions were adamantly opposed by most district attorneys and state attorneys general; Senator Biden's revisions have their strong support as well as other improvements.

The Administration may also suggest other revisions. For instance, has expressed concern about the inclusion of new mandatory minimums into the crime bill. We will work with Chairmen Biden, Brooks and other Members of Congress to revisit this issues and others during the August recess.

Q. Will the Brady Bill be included in the crime bill?

A. Legislative strategy for this legislation will be set by the congressional sponsors and congressional leadership. The President strongly supports the Brady Bill, and is committed to passing it, either as part of the crime bill or on its own if necessary.

Q. Will a ban on assault weapons be included in the crime bills to be introduced this fall? And which assault weapon ban does the Administration support?

The President and Attorney General remain committed to passing the toughest assault weapons ban which Congress will give them. To this end, we support the efforts of all those in Congress -- particularly Senators Biden, Metzenbaum, Feinstein, and Rep. Schumer -- to pass a ban on assault weapons and look forward to working with them.

Q: How does the upcoming Biden-Brooks bill differ from last year's conference report? Aren't they essentially the same?

A: While many non-controversial provisions in last year's crime bill are likely to remain the same, there will be two important points of departure: (1) the inclusion of a bold, new community policing initiative to put up to 50,000 more police on the streets; and (2) Senator Biden's breakthrough habeas compromise.

Equally important, however, are the change in circumstances under which a crime bill is being considered. For the past two Congresses, the House and Senate have pursued different crime bills -- both of which were opposed by the President. Today, we are sending a very clear signal that Chairmen Biden and Brooks will introduce similar crime bills from the outset -- with the strong support of the President and Attorney General.

Q: How does your approach/plan differ from the Republicans' recently introduced crime bill?

A: There will be differences -- as well as similarities -- between our bill and that of the of the Republicans. But, as Senator Biden has stated, we want to try and work with our Republican colleagues, and it is our hope that they want to do the same. As a result of partisanship and politicking, important crime bills have failed repeatedly during the past few years. We can't afford for that to be the case anymore, and we hope that Republicans will work with us in passing a crime bill as soon as possible so that our effort to put more police on the streets will not be delayed.

Q: There have been press reports that the White House and the Attorney General have had disagreements on putting 100,000 cops on the street and on passing last year's crime bill. Is this true?

A: No. The White House and Justice Department have worked closely for several months now -- as well as with Chairmen Biden and Brooks -- to develop this crime initiative. Today's event shows that we all stand firmly behind this effort.

Q: Where are the early intervention programs to which Attorney General Reno often refers? They weren't in last year's crime bill -- will they be in the new version of last year's bill?

A: While the crime bill includes a series of important intervention strategies -- such as a major anti-gang initiative and a program to promote Certainty of Punishment when young offenders first encounter the criminal justice system -- the bill does not, by itself, address every facet of the crime problem. We make crime prevention a key component of most everything we do.

That's why the President has proposed initiatives such as Safe Schools, COMPAC and Empowerment Zones and Enterprise Communities, and called upon much of his cabinet to support anti-crime efforts. That's also why the President has proposed full funding for Head Start, reforming welfare and other important social investments that will increase opportunity for all Americans and help to reduce crime.

Q: What exactly do the gun-related Presidential directives do?

A: The Presidential directives signed by the President today guarantee that the Administration is doing all it can under the letter of law to stop the flow of assault weapons and prevent the arbitrary awarding of federal firearms licenses. We would like to do more in both of these areas, but we will need Congress' support to do that.

First, the Presidential directive regarding assault pistols closes the loophole in the current ban on the importation of assault weapons. Under the current ban, the "sporting purposes" test is used to ban cheap "Saturday Night Specials" and so-called assault rifles. Defined as pistols -- not rifles -- Assault pistols are required to meet the "sporting purposes" test designed to keep out cheap handguns, not assault weapons. Thus, despite their similarity to assault weapons, they are able to be imported.

By signing this directive, the President will be able to keep imported assault weapons off the street, but Congress must pass a ban on the domestic manufacture of assault weapons to truly reduce the availability of these weapons.

The second directive simply ensures that we are doing all we can under current law to make sure that federal firearms licenses (FFL) -- which waive certain provisions of law regarding the sale of firearms -- are being issued to legitimate gun dealers. Quite frankly, under previous administrations, FFL compliance was not a priority for the Treasury Department, and we want to reverse that policy. This administration wants to do all that it can to guarantee that federal firearms licenses are awarded to qualified applicants, and that licensees are complying with all the necessary requirements.

While this directive reverses the policies of previous administrations, it also does not fully reform federal firearms licensing procedures, and the Administration will be asking Congress to consider legislation to do more in this area.

Q. How are you going to pay for these initiatives?

A. Funding for these policing programs (see handout) is included in the President's budget baseline for FY94-98. If additional funds are necessary for these and other Administration initiatives, the Administration will continue to pursue additional budget cuts this fall, including those the Administration sought but has not yet achieved in Congress this year.

These include, for example, administration proposals not yet approved by Congress to cross-check veteran health claims against private health insurance policies ($300 million savings over 5 years); impose general aviation fees, which passed the House but was dropped in the reconciliation conference ($213 million savings over 5 years); and assess fees on state banks for inspections by the Federal Reserve ($339 million savings over 5 years).

It is expected that additional savings will come through the National Performance Review.

OFFICE OF THE VICE PRESIDENT

WASHINGTON

93 AUG 13 AM 11:12

August 13, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT

SUBJECT: GOVERNOR WILSON'S IMMIGRATION PROPOSALS

You asked me to comment on the major immigration proposals being urged by Pete Wilson, Governor of California. In short, we should reject his recommendation to fight illegal immigration by denying citizenship to children born in the United States. We have just introduced a set of tough new laws, and we are preparing longer term changes for later introduction.

I. Denying Citizenship to Children Born in the United States

Governor Wilson contends that automatic citizenship encourages illegal immigrants to have children in this country and recommends that the Constitution be amended so as to allow us to deny citizenship to children (of illegal immigrants) who are born in the United States. (As you know, the fourteenth amendment provides: "All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and the State wherein they reside.")

We must reject this idea. First, the United States has never carved out an exception to the citizenship clause of the fourteenth amendment for children of foreign nationals -- even if the parents are in the United States illegally. Second, limiting birthright citizenship because of lineage and ancestry would link us to the days before the passage of the fourteenth amendment, when this country was bound to the Dred Scott decision (the case in which the Supreme Court held that African-Americans were not "citizens" under the Constitution). Third, Governor Wilson's proposal punishes children who have done nothing to violate the laws of the United States. And finally, no evidence exists that such an amendment would actually reduce the number of children born in this country to illegal immigrant parents.

II. Denying Education and Social Services to Illegal Immigrants

Governor Wilson believes that we will reduce illegal migration if we deny illegal immigrants the right to education and other social services. This proposal is also generally unacceptable.

While there are no federal statutes that require states to provide illegal immigrants with an education, in 1982, the Supreme Court held, in Plyler v. Doe, that the equal protection clause prohibits a state from withholding education to children who are not "legally admitted" to the state. To effectuate Governor Wilson's proposal would therefore require the Supreme Court to reverse itself. In addition, to deny education to children of illegal immigrants would guarantee their membership in a permanent underclass in this country.

Illegal immigrants are also currently eligible for certain federal benefits under the Stafford Disaster Relief Act, the Medicaid laws, and a Department of Justice directive regarding public housing. The Stafford Disaster Relief Act allows an illegal immigrant to receive the following assistance during or because of a Presidential declared disaster: (1) temporary housing assistance; (2) individual family grants of up to $11,000; and (3) unemployment assistance for up to 26 weeks. (The Act explicitly prohibits discrimination based upon national origin.) No sound reason exists to tamper with this legislation, which provides assistance to individuals struck by disaster.

In addition, the 1986 Omnibus Budget Reconciliation Act amendments to the Medicaid statute make federal financial participation available for states where illegal immigrants are treated for an "emergency medical condition." The level of assistance mandated by this statute is minimal, but this aid is quite important. Without such assistance, illegal immigrants may be unable to receive treatment for serious medical problems. The Administration may nonetheless want to consider examining current practices and program guidelines so to discourage illegal immigrants from using these emergency funds for general medical assistance. I will ask the inter-agency working group to consider this issue. (The Welfare Reform Group may have already begun to consider this issue.)

Finally, in 1989, the Department of Justice found that no HUD regulation existed so as to bar illegal immigrants from public housing. (In 1988, HUD proposed a regulation restricting illegal immigrants' access to public housing; however, this regulation was never finalized because then-Secretary Kemp believed that such a regulation would add to the homeless population.) This Administration has proposed a final rule similar to HUD's 1988 proposed regulation -- *i.e.*, the proposed regulation would prohibit illegal immigrants from renting public housing. This proposed regulation is currently under review at HUD and may be forwarded to OMB as early as September 1993.

In sum, while some evidence exists to support Governor Wilson's claim that federal benefits create an incentive for illegal migration, I believe that the Administration should focus on reviewing and enforcing employer sanctions and labor laws to deter illegal immigration. This will allow us to affect what we know to be a major incentive for illegal migration (work) without resorting to the more difficult and dangerous response of revoking federal benefits. Staff on the inter-agency working group will be working with immigrant rights groups in fashioning changes to employer sanctions and labor laws that are both acceptable and successful.

III. Identification Cards

Governor Wilson recommends that the federal government issue a national identification card to citizens and legal residents to enable the government, employers, and social service organizations to identify these individuals and to deny benefits to those without such a card -- illegal immigrants.

During the inter-agency review process on asylum reform, we discussed the concept of creating an identification card for employment. It was abandoned at that juncture for two reasons. First, the health care task force is contemplating using an identification card for health care, which may be appropriate for use in seeking employment. Second, during the 1986 and 1990 immigration reform process, the Hispanic Caucus actively fought the implementation of national identification cards. (Hispanic rights groups have assailed Governor Wilson's identification card proposal, recounting stories about Hispanic Americans who were forced to carry such cards in the 1950s and 1960s and the discrimination and police harassment that resulted.)

* * *

In sum, Governor Wilson's recommendations have nativist and xenophobic overtones and, thus, should not be endorsed. There are other, better ways to crack down on illegal immigration; we are already implementing some of them, and our working group will soon have recommendations for a long-term package.

I look forward to discussing these issues further with you.

August 12, 1993

MEMORANDUM FOR THE PRESIDENT

FROM DONSIA STRONG
Domestic Policy Council Staff

SUBJECT Governor Wilson's Plan to Combat Illegal Immigration

Governor Wilson has proposed that your Administration take three specific actions to combat illegal immigration:

1. **Amend the Constitution to deny citizenship to children born in the U.S. to illegal immigrant parents.**

Such a move is unprecedented on two fronts:
♦ every other constitutional amendment has expanded rights and broadened group protection

♦ the U.S. has never carved out an exception to the citizenship clause of the Fourteenth Amendment for children of foreign nationals, even if the parents were in the U.S.illegally.

♦ takes us back to perhaps -- the most embarrassing episode in American jurisprudence -- Dred Scott.

2. **Deny education and other social services to illegal immigrants.**

The only federal benefits illegal immigrants are eligible for are:

♦ Stafford Disaster Relief Act.
Provides for federal disaster assistance during or because of a Presidential declared disaster.
May take the form of (1) temporary housing assistance;
(2) individual family grants of up to $11,000; or
(3) unemployment assistance for up to 26 weeks. The Act prohibits discrimination based upon national origin.

♦Medicaid.
Federal financial participation available for State costs an "emergency medical condition."

Without providing emergency medical care the country may be faced with a population capable of spreading disease and without assistance for life-threatening illnesses because few alternatives to care exist.

Illegal immigrants migrate to work. Therefore, we must focus on more careful and active enforcement of employer sanctions and labor laws.

♦Education
The right to education was mandated by the Supreme Court in the 1982 case of Plyler v. Doe.

States are not bearing the cost of educating immigrant children alone.

> The Department of Education distributes $30 million through its Emergency Immigrant Program. The money is distributed to the states who then distribute it to the districts based on the districts' eligibility for the funds (ie., 5% of the student population or 500 students must be considered immigrants).

The unfortunate result of a policy denying education to children is membership in a permanent underclass.

3. **Institute a tamper-resistant identification card.**

The Health Care Task Force is considering such a card. Civil libertarians and Hispanic Americans will aggressively fight any move to institute a national identification card because it raises concerns about "Big Brother" and fears of abuse and discrimination. This idea is suggested often and is very controversial. The costs would be substantial.

THE WHITE HOUSE

WASHINGTON

August 12, 1993

MEMORANDUM TO JOHN PODESTA

FROM: RICK ALLEN Rick

SUBJECT: BRIEFING BOOK INSERT FOR NGA APPEARANCE

As you may know, Eli will be addressing the Governors Tuesday morning. At the scheduling meeting, our office was asked to provide a summary of his remarks; the DGA also asked for a brief summary sheet on the program for their distribution.

Accordingly, I attach a two page document entitled "National Service and the Governors", which reflects the substantive content of Eli's planned remarks (the speech is being drafted), as well as a second one-pager, which we will give to the DGA (and hopefully to all Governors through the NGA) for insertion into their briefing materials.

NATIONAL SERVICE AND THE GOVERNORS

National service should matter to you.

- National service will fight the prevailing cynicism about government. It can restore the bonds of trust between the government and the governed -- by meeting real needs in a focused way, by hearing the voices of communities, and by reducing bureaucratic waste.

- National service can address your state's needs. With a total budget of $1.5 billion over three years, and not less than $1 billion specifically targeted to flow through states, national service can help provide offering services that your citizens want and you're having trouble funding.

- National service is popular and historic. The program joins a tradition of idealistic service dating back to the CCC under Roosevelt and the Peace Corps under Kennedy. Americans' pride in such programs only increases over time. You can win a place in your constituents' hearts and your country's history by making national service work in your state.

National service will depend on you.

- We have worked hard to give States and Governors the same stake as Washington and the President in making national service succeed. We want to work together with you to make the success happen.

- The national service initiative depends on States -- not simply as a delivery mechanism, but as a source of innovation and quality. No less than two-thirds of funds will be allocated through State Commissions that are selected by governors. To get everyone started, we'll provide half the money to states on a based on population. To encourage excellence, one third of all assistance to States on a competitive basis.

  We want to work with you to achieve shared goals, establishing quality standards and national priorities that make sense in your state.

We hope you'll get to work.

- There's no time to waste. The legislation asks you to set up a State Commission on National and Community Service. You'll be able to select members on a bipartisan basis from a variety of fields. As soon as you designate a Commission, we'll cut you a check to help it get going.

- If it takes a while to set up the Commission, you'll be able to designate another entity that's already working in your state to select national service programs. It can serve in lieu of the State Commission for up to 27 months.

- Either way, we want you to begin the real work as soon as possible: reaching out into your communities, getting folks excited about the program, generating applications, and picking programs to receive funding. The State Commissions, like the Corporation, will pick winners in programs instead of running programs themselves. That will allow Government to get out of the way and let communities do their work.

We want you to remember the key goals of national service.

- Demonstrable -- or better still, measurable -- results. A good national service program will have a clear, positive impact in meeting the unmet needs of the communities in your state: immunizing infants, providing high quality tutoring and mentoring for young people, offering community service officers to work with sworn police in fighting crime, or creating anti-pollution corps to clean up public parks.

  Together with you, we are going to watch every program carefully to make sure we see real results. Like the CCC, national service should leave behind achievements that you and your citizens can be proud of -- not leaf-raking.

- Diverse participation. We want young men and women from every education level, race, region and religion to participate in national service. We want to see lots of middle-class kids from the suburbs and lots of poor kids from the inner city. The City Year program in Boston is a model for the nation in this respect.

- Bringing Americans together. National service should unite Americans from diverse backgrounds. It should provide direct service that everyone agrees is important -- not support political organizing and advocacy. And it should offer young people a spirit of community -- in addition to specific skills -- that they never lose.

- A market for quality. We don't want any program to expect money from national service. We want everyone to compete -- to have to prove that they will achieve results and bring Americans together. And we want to see a lot of funding from outside the government -- from businesses and foundations and civic groups.

Next steps.

- We want to keep working as partners with you, as we have done since the beginning, to make sure that national service works for all of the States.

- We'd like to pull together a task force of interested Governors, formal or informal, from both parties -- to keep getting your input on what we're doing right and wrong.

NATIONAL SERVICE AND GOVERNORS

The national service initiative offers a vital opportunity for Governors and States. The President has worked hard to develop a program in which States are full partners with Washington in establishing standards and allocating funds. Together, the President and Governors can make this popular and historic national program into a local success. National service can help meet needs that States cannot otherwise afford to fill, and more broadly, it can fight cynicism about government and show that it can work again.

Governors will be absolutely essential to the success of the national service initiative: at least two-thirds of funds, or $1 billion, will be allocated through States. The legislation asks Governors to establish State Commissions on National and Community Service, and to appoint their bipartisan. As soon as Commissions are established, the Corporation will begin to help paying for their administration. (States may also use other existing entities on a transitional basis in lieu of Commissions.)

States can begin immediately doing the essential work: reaching out into communities, interesting civic organizations in the program, generating applications, and select funding recipients. The State Commissions, like the Corporation, will "pick winners" among programs instead of running programs themselves. States that perform up to high standards will receive additional funds: one-half of funds going to States will be distributed on a population basis, and one-half on a competitive basis.

The Corporation for National and Community Service will work together with all of the States to make national service a success. Success will be defined by a few simple terms:

- Measurable results. A good national service program will have a clear, positive impact in meeting the unmet needs of local communities: immunizing infants, tutoring young people, reducing crime, cleaning up pollution, and so on. The Corporation will establish national priorities and performance goals to focus programs within the broad ares of education, environment, human needs and public safety.

- Diverse participation. We want young men and women from every education level, race, region and religion to participate in national service.

- Bringing Americans together. National service should provide direct service that everyone agrees is important -- not support political organizing and advocacy. It should also offer young people a renewed spirit of citizenship -- in addition to specific skills.

- A market for quality. Every program will have to compete for funds and demonstrate their excellence in order to receive funding. Programs will need to match a portion of federal funding and will be encouraged to attract support outside government -- from businesses, foundations, and civic groups.

The White House and the Corporation will continue to work as partners with Governors to make the program a success for everyone involved. We look forward to interested Governors from both parties becoming involved in these ongoing consultation.

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TO: The President

FROM: Stephanie Solien, Kevin Sweeney
Department of the Interior

DATE: August 12, 1993

RE: Grazing Reforms

I. Bottom Lines

Ranchers are still getting a good deal -- and they know it.

The current rate is $1.86 per Animal Unit Month (AUM), which is the amount of forage needed to sustain a cow and her calf for one month.

Your proposal will raise it to $4.28.

While a significant increase, that is still a great deal. The average fee for grazing on private lands throughout the West is more than $10 per AUM -- more than twice what ranchers will be asked to pay.

An attached chart shows private land AUMs for each state -- and why Governors should see that public land ranchers in their states are getting a great deal.

The fee increase will be phased in over three years.

In the first year, the fee would be $2.76, an increase of less than one dollar.

In the second year, the rate would be $3.52.

In the third year, of course, the fee would be $4.28.

This is more about the condition of the land than the size of the fee.

The moderate size of the fee showed your interest was not in driving ranchers off the land, but in ensuring that management of these public rangelands would improve over time.

These sweeping reforms promise greater care for the landscape, but do not place too great a burden on ranchers.

Ranching is an essential part of the West.

Your proposal asserts that ranching holds a vital place in the West, and it is an important part of the Western community and culture. In most cases, ranching is in fact the best environmental use of the public's rangelands.

II. Specific Reforms:

These reforms are sweeping and will change the way we manage our public rangelands, which is why the environmental community has been very supportive. (Environmentalists have, conveniently, said publicly that they wish the fees were higher).

Among the reforms, the following are of the greatest interest:

Resource Advisory Councils. Grazing Advisory Boards, controlled only by ranching interests, would be discontinued. These single interest commodity boards would be replaced with multiple use Resource Advisory Boards. In keeping with our ecosystem approach, we will get a wide range of interests and disciplines involved, as these new Councils will likely include ranchers, wildlife managers, fisheries experts, environmentalists and local business owners.

National Rangeland Standards and Guidelines. Currently, BLM field offices often apply different locally-developed standards even within the same ecosystem. Under the proposal, national minimum standards would be set. These would focus in particular on riparian areas -- the areas along rivers and streams which are particularly vulnerable to the impacts of grazing. Local areas will still be responsible for managing in each region or subregion.

Tenure. A permittee's good stewardship record will result in a longer lease. Likewise, an operator with a bad record of managing public land will be kept from acquiring new permits.

Public Ownership of Range Improvements. In the future, the public would hold sole title to permanent range improvement structures. It is, after all, their land. This applies prospectively, and does not imply that the Federal government will take anyone's property.

Public Claims to Water Rights. In the future, the government would assert the public's claims to water rights on BLM lands -- rather than just ceding them to the permittee. This brings our policy into line with the Forest Service. Again, this applies prospectively, and does not mean the Federal government will take away existing water rights.

III. Political Considerations

Your proposal is not only good for the land and good for taxpayers -- it's very good politically.

Polling data by Celinda Lake, Peter Hart and others shows that Westerners strongly support grazing reform. They want to move prices closer to market and want to protect rivers, streams and water systems -- which is exactly what your proposal does. They also sympathize with the cowboy image -- which is why the rhetorical paeans to ranchers are helpful.

Western editorial page support has been overwhelmingly positive.

We've already seen more than two dozen editorials, and support is almost universal -- they recognize the fees could have gone much higher. We're not talking about the San Francisco Examiner here -- these are papers in places such as Cheyenne, Great Falls, Billings, Boise and Salt Lake City.

The public has had significant opportunities to impact the proposal, and that will continue.

More than 4,000 people attended the five Western grazing meetings. More than 2,000 people have provided written comments during this process.

After Governors and others complained that the original scoping period was too short (10 days), an additional 30-day scoping period has been added. A scoping period is the time during which the public can suggest topics of consideration for an EIS. Frankly, they've had several months – during the course of the Western grazing meetings -- to offer suggestions.

Your proposal was changed by public involvement. Originally, we considered fee-based incentives for environmental stewardship. Ranchers and others convinced us that it was more important to have a simple, stable and predictable system -- which is what your proposal is.

Constituent groups have been included from the outset.

We've had a series of meetings with, and briefings for, ranchers, environmentalists and other interested parties. All were given "heads up" calls prior to the announcement; most were given full briefings prior to the announcement.

Governors have been informed all along.

At the Western Governors Association in June, Bob Armstrong and Jim Baca showed the Administration's hand regarding management refrom.

Western Democratic Governors were each given a "heads up" call a few days prior to the announcement. Each received Fed Ex packages they day of the announcement, with all press materials. Each was called by Bob Armstrong on the day of the announcement.

A number of Governors played significant roles in the Western grazing meetings.

The following Governors attended and testified at hearings:

Cecil Andrus
Roy Roemer
Mike Sullivan
Walter Miller
Bruce King
Fife Symington

Western Democratic Governors are split on this issue.

Gov. Andrus attended the Secretary's press conference in Boise, expressed his support, saying he liked "90% of the plan." The fact is, Andrus had a very significant impact on the Secretary's thinking; he suggested a fee that is very close to the one offered in your proposal.

Gov. Roemer was effusive in praise on the phone, saying the Secretary followed his advice precisely.

Gov. King was furious on the phone, but has not yet publicly opposed the plan. Two important facts: he is a rancher himself, with cattle running on BLM land, and New Mexico is hardest hit. Their average private land AUM is in the $6.00 range -- still well above the new fee, but low enough that they argue for a regional fee.

Gov. Sullivan and **Gov. Miller** also oppose the fee hikes, though they have not done so with the vehemence of Gov. King.

It's unfair for Governors to criticize you for raising fees to $4.28 when, in most cases, fees for grazing on their own state lands are higher.

An attached chart shows what states charge for grazing on their own public lands. If you had decided to charge as much as they did, they would reallly be angry.

Specific Concerns of Western Governors.

ISSUE: The fee, obviously is their greatest concern.

RESPONSE: An attached chart gives you a sense of how the fee increase will affect each state. The bottom line is that there are no states where the new fee even comes close to the rate ranchers pay on private lands.

ISSUE: The public has not had enough chance for involvement.

RESPONSE: A 30 day public comment period on the Advance Notice of Proposed Rulemaking (ANPR) begins this month. A concurrent 30 period for the draft EIS also begins this month. There will also be a comment period of at least 45 days once the draft EIS is released. Your proposal is a very good one, but like any proposal it can get better -- which is why you invite comment.

Attachments: Private lands fee chart
State lands fee chart
Grazing Q&A
Sample editorials
Indian Gaming Memo

TO: The President

FROM: Stephanie Solien, Kevin Sweeney

DATE: August 13, 1993

RE: Grazing Q&A

Not all ranchers will be affected equally. Will you do anything for small ranchers on the edge economically?

We've kept the fee program as simple as possible. In traveling through the West, the one point we heard over and over was that a tiered level of prices would be too hard to administer -- both for the government and for ranchers.

We pegged fees at the low end of a wide spectrum of potential charges, and took into account the claim that running livestock on public lands requires greater costs.

We are also phasing in these increases over a three year period, so ranchers will be able to plan ahead.

Don't studies say rangeland is improving? Why do we need this?

If you compare where we are today with where we were at the turn of the century, you're right: the land is in better shape. But that is because our rangelands were in horrible shape in 1900. And the improvements have been very slow and very gradual. We'll accelerate that trend.

But that is only looking at the aggregate numbers; many parts of the range continue to be in decline. A 1990 study by the EPA, for example, showed that riparian zones subjected to grazing were in the worst shape of this century. We hope to stop that kind of intensive impact.

Will your range program cost more to manage?

It may, but through the increased fees, more money will be returning to the field for on-the-ground management improvements. (Under PRIA, 50% of BLM fees go to the Range Betterment Program and 12.5% goes back to the States where fees were collected.)

How many acres will the range protection eliminate?

In drafting this, we considered "unsuitability" language. That is, we considered clearly stating that specific kinds of lands were unsuitable for grazing. But we realize those determinations are best made on the local level and that, in most cases, grazing is in fact compatible with other uses. That said, there will be areas where livestock will have to be removed to protect the resource -- either permanently or temporarily. But those will be local decisions and we don't really know what the acreage might be.

Charts show private fees vary widely by state? Why don't you let public fees vary? Why don't local boards set fees?

There is so much variation, even within states, that you simply could not draw a defensible line. For example, there are variances of more than $10 per AUM in some states.

It's like Federal Express prices: it would be too complex to charge each customer the actual price of delivering their item, so everyone is charged the same.

Why not have regional fees? The average cost of forage in one region is close to $6.00, while it's close to $11.00 in another. Why can't the fee to vary by BLM region?

We chose one fee that could be administered Westwide, on both BLM and Forest Service lands, and in all regions of both agencies. It needed to be easy to administer and generally understandable.

In so doing, things are simpler for the entire livestock industry. Also, fees will not vary by more than 25% from year to year, which provides stability to the industry.

How many ranchers will go out of business?

We don't expect this to drive ranchers off the land. In every state, grazing fees make up less than 5% of the cost of doing business on the range.

In each state, when fees for grazing on State lands have increased, the rate of decline in the number of ranchers was unaffected by the fee increase. (The number of ranchers has been in constant decline for decades.)

The simple fact is, ranchers are still getting a good deal -- and they know it.

What will you do if you get thousands of comments saying the fee is too high and just a handful saying it is OK? How much will any of this proposal really change?

We take the public's comments seriously; we are interested in any evidence of weaknesses in the proposal. Like any proposal, this can be improved as more people get involved. It will change depending on the nature of public involvement and on the quality of the information provided.

Past BLM programs have pushed for protection of riparian zones. Why do you need this new, complex effort?

Past efforts pointed out problems, and in some cases, have succeeded in demonstrating they can be fixed. The great recuperative powers of riparian zones have been demonstrated by the BLM.

This effort will succeed, in part, because of the new Resource Advisory Councils. Greater participation by a wider range of local interests is what will make this program work. For example, having fisheries experts or wildlife managers on the Councils would help a great deal.

Will these new fees and regulations be implemented in '94?

We don't yet know when new fees will be introduced. That depends, in part, on how long this regulatory process takes. Out hope is to implement this next spring. Some of the other proposals, such as the new Resource Advisory Councils, will be implemented early next year.

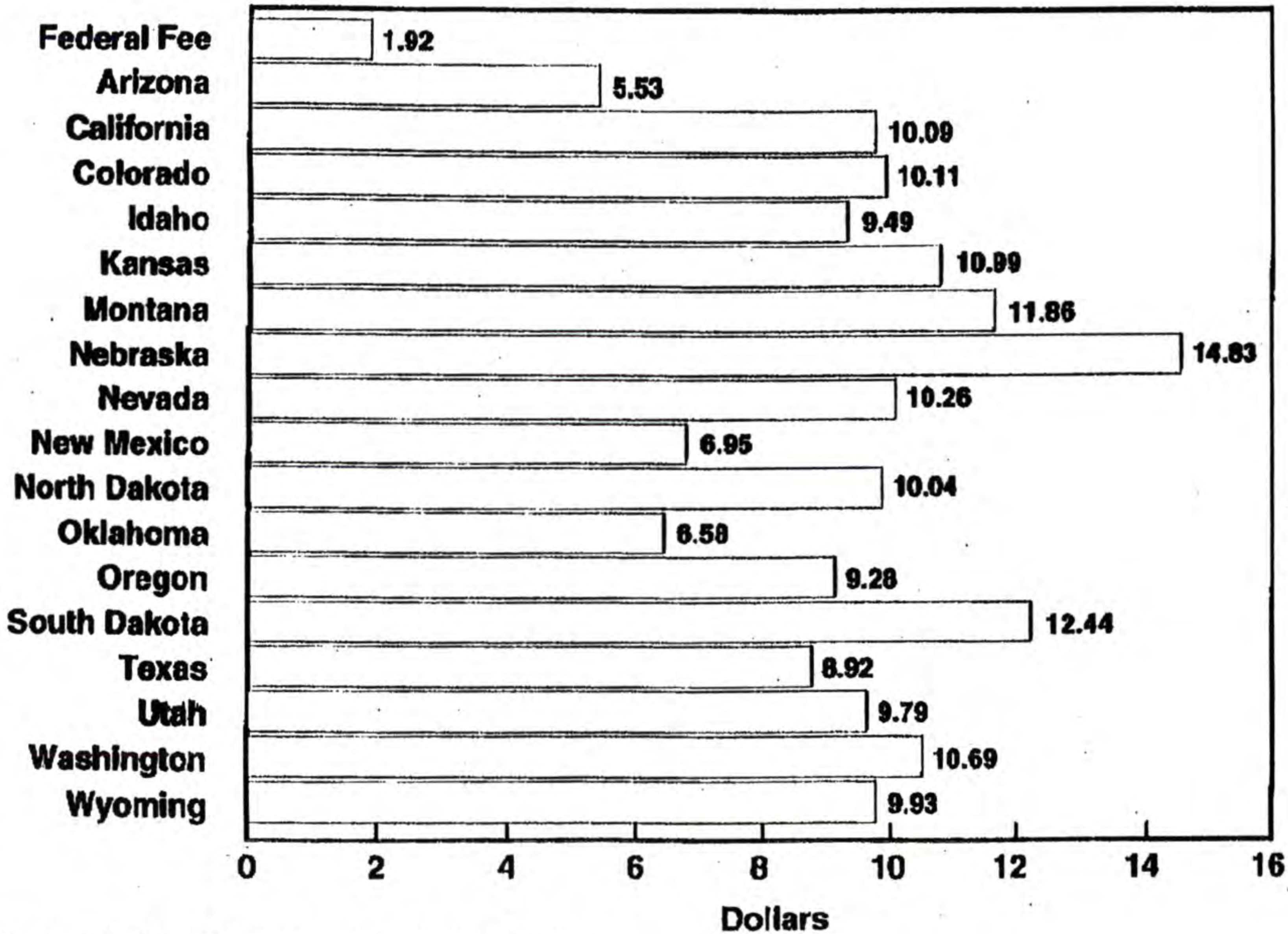
How much will this raise over four years?

Approximately $80 million will be raised on BLM lands by these additional fees. Under a formula set by the Public Range Improvement Act (PRIA), $40 million would go to the Range Betterment Program and $10 million would go to the States where the fees were collected.

That leaves a net increase to the US Treasury of slightly less than $40 million.

Private Grazing Land Lease Rates

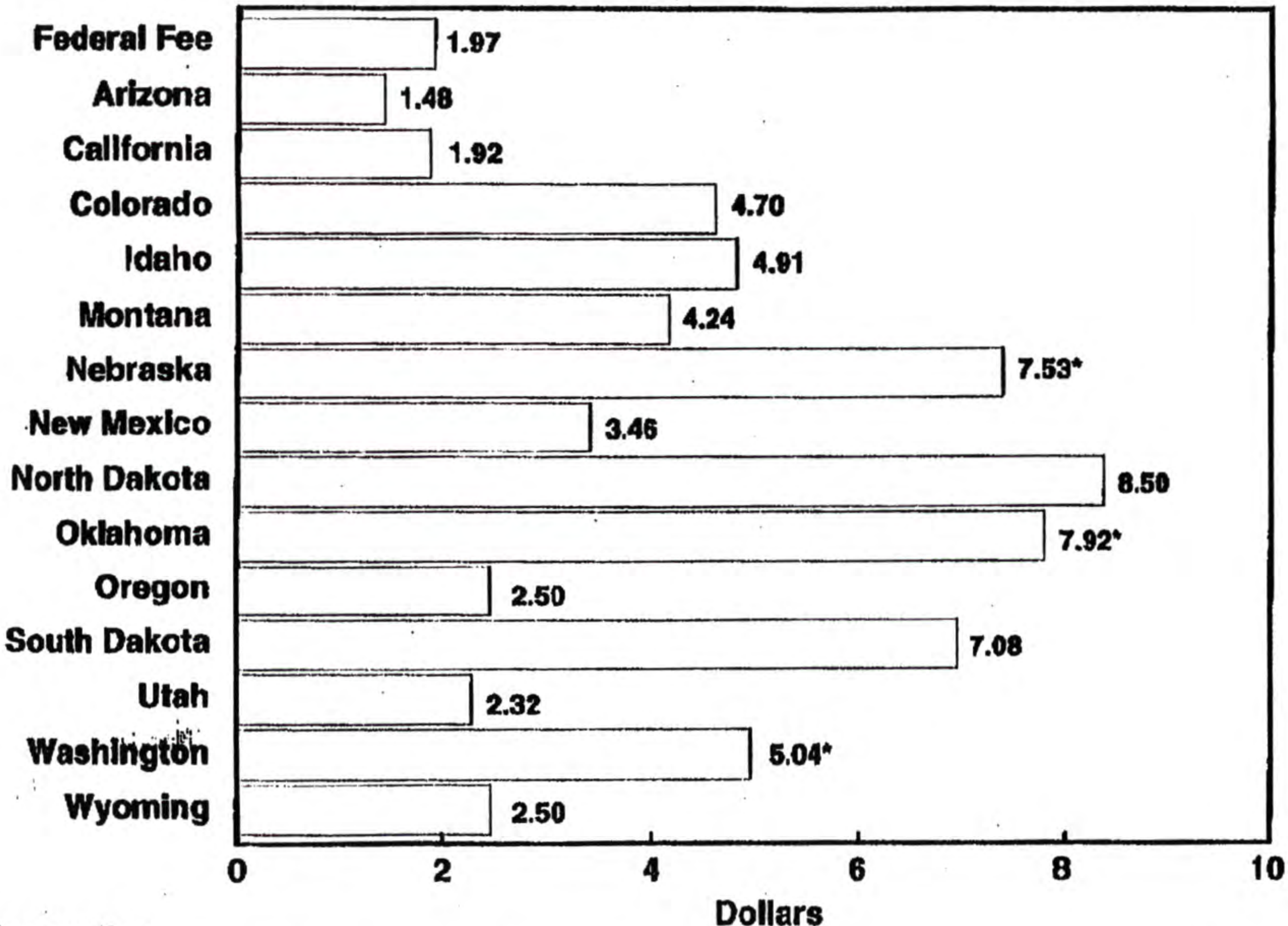
Dollars Per Animal Unit Month - 1992



Source: National Agricultural Statistics Service

State Land Boards - Grazing Fees

Dollars Per Animal Unit Month - 1991



*Average Fee

Source: National Agricultural Statistics Service

TO: The President

FROM: Stephanie Solien

DATE: August 13, 1993

RE: Indian Gaming Issues

Since you last met with a large group of governors, the level of concern related to the issue of Indian gaming operations has abated considerably. The NGA is on record with a list of problems it has with the Indian Gaming Regulatory Act (IGRA); in particular, the scope of gaming activities that the Act, as interpreted, requires to be a part of the negotiations between the states and the tribes

Last spring, to relieve the tension and see if compromise was possible within the framework of the existing Act, Secretary Babbitt held a series of meetings with Governors and with tribes. Following those meetings, Secretary Babbitt was able to broker a compromise between tribes in Arizona and Republican Governor Fife Symington (now the Chairman of the Western governor's Association).

In late March, Senator Daniel Inouye, Chairman of the Senate Indian Affairs Committee, started hosting a series of meetings around the country, with Governors, state attorneys general and tribes, to discuss problems with the Act. The Committee is now mediating negotiations between representatives of the NGA, state attorneys general and tribes to draft amendments to the Act. The Secretary is monitoring the legislative branch efforts. As Secretary Babbitt is now deferring to and watching the progress of Senator Inouye's legislative process, so might the President wish to defer to the legislative process if faced with pointed questions about the issue.

THE WHITE HOUSE

WASHINGTON

August 13, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Lorraine Miller/Tim Newell

SUBJECT: Science and Technology Issues for Texas

I. SUMMARY

For your discussions with Gov. Richards, there are two major science and technology projects with a major impact on Texas that are in question in the FY94 budget -- the Superconducting Supercollider (SSC) and the Space Station.

II. DISCUSSION

SUPERCONDUCTING SUPERCOLLIDER (SSC): The Administration's budget request supported funding the SSC project at a level of $640 M in FY94. On the FY94 Energy and Water Appropriations bill, the House voted by a wide margin (129 votes) to delete funding for the SSC, despite a strong whip effort by Congressional supporters that included significant White House participation.

A Senate vote on appropriations for the SSC will occur mid-to-late September. Senate support for the SSC is being organized by Sen. Johnston as Chair of the Energy & Natural Resources Committee, but recent reports indicate very limited success to date in gaining committed votes for the SSC -- even prior supporters are citing budget considerations as reason for opposing the project. A whip count will be conducted in the first days after Congress returns from recess, and further tactical or programmatic options will be reviewed at that time.

Administration support for the SSC project is being coordinated through Sen. Johnston. Recent Administration action on behalf of the SSC, at Sen. Johnston's request, includes Senate testimony in July by both Jack Gibbons and Energy Secretary O'Leary on behalf of the SSC, as well as an announcement by Secretary O'Leary of major SSC management reforms intended to control costs and address recent charges of mismanagement.

SPACE STATION: The House has voted to support the Administration's redesigned space station program at the requested level of $2.1 B on both the FY94 NASA authorization and appropriations bills. The Senate will consider the issue with appropriations votes in mid-September. The White House (Jack Gibbons, VPOTUS) and NASA have been working closely on a coordinated legislative strategy with a bipartisan group of Senate supporters led by Sen. Mikulski and Sen. Gramm. The outlook for Senate passage is positive at this point, but will require continued coordinated effort.

A key component of the redesigned space station program is a streamlining of NASA's management structure. In order to reduce management layers and costs, a single NASA center will be chosen as the host center for this program, and a single prime contractor will be designated. This streamlined structure will replace a more complicated management structure that divided management responsibilities between at least four different NASA facilities and three prime contractors.

Likely job impacts of the choice of a host center for the space station will be minimal for either Texas or Alabama (+/- 100 jobs), but will likely entail a loss of up to 1500 jobs for Virginia (site of current space station management facility). Virginia job loss will be offset by increases in aeronautics funding and new technology investments, with total net loss of 500 Virginia jobs from FY94 NASA budget.

<u>The choice of the host center and prime contractor for the space station is scheduled to be announced by NASA on Tuesday (8/17/93). Leading contenders for the host center are Johnson Space Flight Center in Texas and Marshall Space Flight Center in Alabama.</u>

Arrangements are being made for advance notification of the selection to POTUS travelling group, appropriate Governors, and Congress.

THE WHITE HOUSE

WASHINGTON
August 10, 1993

MEMORANDUM FOR THE PRESIDENT

THROUGH: Sylvia Mathews

FROM: Doug Kaden
National Economic Council

SUBJECT: Background Information for Visit to Oklahoma

This memorandum presents background information about current conditions and issues in Oklahoma. It addresses (i) economic conditions in Oklahoma, (ii) pressing issues of major concern in Oklahoma and the Tulsa area, and (iii) Administration policies to assist Oklahoma.

I. Economic Conditions in Oklahoma

- The Oklahoma economy has been struggling for more than a decade. The state suffered deeply for its dependence on the oil industry during the recessions of the 1980s. Although employment has grown since 1988, **total employment in 1992 had not yet risen above its 1982 level.**

- In June 1993, the unemployment rate in Oklahoma was 6.2 percent, below the national average of 7.0 percent.

- **Living standards are among the lowest in the nation.** Per capita personal income in Oklahoma ($16,198 in 1992) ranked 41st in the country.

II. Pressing Economic Issues in Oklahoma

- **NAFTA** --- The state relies on Canada and Mexico for 36 percent of its total exports. Exports to Mexico have increased from $44 million in 1987 to $127 million in 1992. Exports to Canada also have more than doubled since 1987 reaching $633 million in 1991. **Manufactured products accounted for 96 percent of Oklahoma's North American exports in 1991 and supported 23,300 Oklahoma jobs.**

- **Defense Conversion** -- As a result of the 1993 Base Closure and Realignment Commission process, the state will gain more than 700 military related jobs from the expansion of the Altus Air Force Base. Private industry defense conversion remains a major issue with employers such as McDonnell Douglas in the Tulsa area.

- **Baliles Commission** -- Tulsans are concerned about airline industry policy. American Airlines is a major employer in the Tulsa area where it has located its central reservation system and aircraft repair facilities.

III. Administration Policies that Would Benefit Oklahoma

According to Treasury estimates, based on a variety of demographic and economic data, your economic growth plan for Oklahoma (1993-1998) includes the following:

- $392 million investment in highways, mass transit and environmental infrastructure;
- $277 million investment in worker training and higher education;
- $177 million investment in health and AIDS research;
- $202 million investment in housing and communities;
- $157 million investment in schools and children;
- $138 million investment in technology (including defense conversion); and
- $186 million in tax incentives for business investment.

Expanded EITC (fully phased in)

Rep.	Families ('000s)	Amount (millions)	% of Families
Inhofe	32.1	53.9	22.5
Synar	38.0	63.7	25.7
Brewster	42.4	71.2	29.5
McCurdy	32.7	54.8	22.9
Istook	30.2	50.7	20.9
English	38.0	63.8	26.8
STATE TOTAL	**213.6**	**358.2**	**24.7**

- **Your Economic Growth Plan Will Create Jobs in Oklahoma** -- Treasury estimates your economic growth plan will create 32,000 new jobs from 1993-1996 -- 3% more than were created from 1989-1992.

ADDENDUM:

	TAXPAYERS FACING HIGHER RATES	EITC FAMILIES
OKLAHOMA	10,858	213,568

(Sperling 8/11/93)

THE WHITE HOUSE

WASHINGTON

August 13, 1993

MEMORANDUM FOR THE PRESIDENT

From: Paul Meyer
Office of Communications Research

Subject: Tulsa Local Issues Briefing

The community of Tulsa was settled in the 1830s by the Creek Indians and the town was founded in 1879. With the discovery of oil in 1901, and the rapid development of surrounding fields, the city soon claimed the title "oil capital of the world."

DEMOGRAPHICS

Population: 367,000
708,000 in metro area

Racial Break-down:

White:	79%
African-American:	14%
Native American:	5%
Asian:	1%

INDUSTRY

Since the oil bust of the 1980s, Tulsa has moved away from a principally oil-based economy. While the oil and natural gas industries still account for a major portion of the local economy, the aerospace and services industries play equally prominent roles. Rockwell International, McDonnell Douglas and American Airlines all maintain large operations in Tulsa, as do Avis, Thrifty and Dollar car rental agencies.

WALTERS CAMPAIGN CONTRIBUTION INVESTIGATION

Attorney General Susan Loving (D) is conducting a Grand Jury investigation into allegations of improper campaign contributions during Governor Walters' 1990 campaign. The charges were first raised more than two years ago by J.B. Bannett, a state tourism director hired and fired by Walters, who claimed that Walters had sold jobs to get elected. The Department of Justice found no violations of Federal law in its eight month investigation which ended in August, 1991. Since then, Loving, another Walters' appointee, has pursued an investigation resulting in indictments of at least 13 Walters contributors. Most of the charges relate to violations of the $5,000 limit on campaign contributions. The Grand Jury meets again in late August and more indictments are expected. (See Political Briefing for more detail)

OSU LOTTERY CONTRIBUTIONS

Last Sunday, it was revealed that Oklahoma State University funneled $35,000 through the Tulsa Chamber of Commerce to a campaign promoting the introduction of a state lottery. O.S.U. stands to gain as much as $5 million annually from lottery profits. There is some speculation that O.S.U. President John Campbell will step down over the issue. Governor Walters has denied any involvement in directing Campbell to contribute the funds.

MINORITY CONTRACTS

Tulsa's African-American Community Leadership Council has planned demonstrations during the NGA conference to protest discrimination in awarding city contracts, as well as police brutality and discrimination in schools. Though blacks make up 14% of Tulsa's population, black-owned businesses received only $91,000 of the $89 million awarded in city contracts last year. A city report found that minority-owned businesses accounted for just 1.5% of the city contracts awarded. New mayor Susan Savage has initiated a program to increase minority contracts.

Racial tensions in Tulsa date back to 1921 when major race riots broke out, resulting in numerous deaths.

HEALTH CARE

This January, Governor Walters proposed a Family Choice Health Plan designed to reform Oklahoma's health care system. He met with Ira Magaziner on June 29; Ira was favorably impressed with the plan.

The Governor's plan would create Family Health Accounts into which funds would be deposited by individuals, employers and the government. The funds would cover health insurance premiums and other authorized expenses. Ira is currently exploring ways to incorporate elements of Oklahoma's health accounts into the Administration's health care reform plan. The proposal also creates a Health Care Authority to administer the state's $1 billion Medicaid program and the state employee's group insurance program.

Roughly 19% of Oklahomans have no health insurance. This compares with 16% nationally.

Tulsa Health Care: Last November, Oklahoma voters defeated a Medicaid provider tax. As a result, hospitals have not been receiving full Medicaid reimbursements. This issue is particularly sensitive in Tulsa. With the state's only public teaching hospital in Oklahoma City, Tulsa's indigent patients generally rely on local emergency rooms for care. As is typical nationally, Tulsa's four private hospitals are forced to pass these costs on to their insured patients because of the incomplete Medicaid reimbursements.

ORAL ROBERTS UNIVERSITY'S "CITY OF FAITH" MEDICAL CENTER

Following the 1977 death of his daughter and son-in-law, Oral Roberts constructed a gold-painted, three-tower medical center at Oral Roberts University. Roberts spent $150 million to build the City of Faith complex, which included a hospital, research center and medical school. The hospital, research center and medical school closed in 1989 and the City of Faith was put up for sale last fall. ORU President Richard Roberts withdrew it from the market in June and plans to lease some of the complex.

TRANSPORTATION

In July, the Governor unveiled plans to spend $3 billion on highway construction over the next five years. The plan establishes a partnership between the Oklahoma Transportation Commission and the Oklahoma Turnpike Authority and calls for a $1.6 billion bond issue this year.