

*File
Bal Harbour*

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

18-Jan-1996 02:25pm

TO: Jennifer M. O'Connor

FROM: Janice A. Enright
 Office of the Chief of Staff

SUBJECT: RE: Florida

Jenn, it's definitely right that you should go. Have Donald Dunn arrange for you through the DNC (or the appropriate person/mechanism to achieve the goal. The ticket price should be reasonable, get a quote from the DNC (I'm curious to see what they come up with), they should get your hotel room arranged too.

It's reasonable that HI and I could there on Sunday, assuming the pOTUS trip returns at a time which makes sense for us to do that. He thinks he should make an appearance and meet with some of the IP's.

In any event, let me know what other, if any, WH staff are going. What DS decides, etc. and what the DNC is quoting you for airfare.

AFL-CIO Meetings and Events
AFL-CIO EXECUTIVE COUNCIL MEETING
February, 1996
Sheraton Bal Harbour Hotel
Bal Harbour, Florida

Jan -
FYI -
I sent over
to Doug

Monday, February 12

Plasterers' Executive Board Meeting, 8-5
Painters/IUOE Jurisdiction Committee Meeting, 1-5

Banyan
Jasmine

Tuesday, February 13

IBT/IUOE Jurisdiction Committee Meeting, 7-5
Laborers'/SCETTF Board of Trustees Meeting, 8-11
UAW Meeting, 8-5
Plasterers' Executive Board Meeting, 8-5
Metal Trades Council Meeting, 8:30-1
CWA/SPBC and Executive Board Meeting, 9-5
AFT Executive Council on Human Rights and Community
Relations Subcommittee Meeting, 3-6
AFT COPE Subcommittee Meeting, 3-6
AFT Constitutional Amendments and Convention
Subcommittee Meeting, 3-6
AFT Executive Committee Meeting, 3-6

Crystal V
Boardroom
Crystal IV
Banyan
Hibiscus
Whitman

Jasmine
Hibiscus

Gardenia
Graham

Wednesday, February 14

IBT/IUOE Jurisdiction Committee Meeting, 7-5
UAW Meeting, 8-5
Plasterers' Executive Board Meeting, 8-5
CWA/SPBC and Executive Board Meeting, 9-5
AFT Executive Council Meeting, 9-5
ILA's Executive Board Meeting, 10-6
AFT Executive Committee on Membership Benefits, 12-2
AFT Education for Democracy/International
Committee Meeting, 12-2

Crystal V
Crystal III
Banyan
Whitman
Atlantic Ballroom
Caribbean
Jasmine

Gardenia

Thursday, February 15

AFT Member Benefit Trustees Breakfast Meeting, 8-9
UAW Meeting, 8-5
Plasterers' Executive Board Meeting, 8-5
Maritime Trades Department Board Meeting, 9-1
CWA/SPBC and Executive Board Meeting, 9-5
ITF Affiliates Meeting, 2-5
AFL-CIO Maritime Committee Meeting, 5:30-7:30

Hibiscus
Crystal III
Banyan
Cypress
Whitman
Juniper
Juniper

Friday, February 16

ULSTD Executive Board Meeting, 8-12
UAW Meeting, 8-5
AFT Task Force on PSRP, 9-12
Maritime Trades Department Board Meeting, 9-1
CWA/SPBC and Executive Board Meeting, 9-5
National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5

Crystal I & II
Crystal III
Jasmine
Cypress
Whitman

Crystal V

Saturday, February 17

FAST Board Meeting, 8-11
PED Executive Council Meeting, 8:30-1
CWA/SPBC and Executive Board Meeting, 9-5
National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5

Graham
Crystal I & II
Whitman

Crystal V

Special Events:

Hyatt Brunch,

Sunday, February 18

BCTD Governing Board of Presidents Meeting, 7:30-5
CWA/SPBC and Executive Board Meeting, 9-5
National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5
Transportation Trades Department Executive
Committee Meeting, Noon-4:30
AFL-CIO Executive Council Appeals Committee on
State and Local Central Bodies, 4-6
AFL-CIO Press Reception

Crystal III
Whitman

Crystal V

Caribbean

Jasmine

Special Events:

Bonds of Israel Breakfast, 10-12
Sheraton Party,
Laborers' Reception, 4-8
IAFF Reception, 5:3-6:30
Indiana State AFL-CIO Reception for Governor
Evan Bayh & Lt. Governor Frank O'Bannon, 5:30-6:30
Port Council of Miami Reception, 6:30
Port Council of Miami Dinner, 7:30

Crystal I & II

200 Deck
Baker

Banyan
Crystal Ballroom
Grand Ballroom

Monday, February 19

AFL-CIO Executive Council Meeting, 9:30
National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5
AFL-CIO COPE Meeting, 9-5
AFL-CIO Press Conference, 12:15
AFL-CIO Reception for Vice President Gore, ??

Cypress (??)

Crystal V
Caribbean

Special Events:

Americans for Democratic Action Breakfast, 7:30-9:30
New York State AFL-CIO Breakfast, 7:30-9
Illinois AFL-CIO/Chicago Federation of Labor Luncheon, Noon

Baker
Graham
Intracoastal Ballroom

Tuesday, February 20

Occupational Health Foundation Board of Directors
Meeting, 7:30-9

Crystal III

AFL-CIO Executive Council Meeting, 9:30

Marine Pipe Fitters Committee Meeting, 8-5

Sunrise

UA/NCA Board of Trustees Trust Fund Meeting, 9-1

Crystal IV

National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5

Crystal V

AFL-CIO COPE Meeting, 9-5

Caribbean

AFL-CIO Press Conference, 12:15

BCTD/NCCMP Lawyers and Administrators Advisory
Committees Meeting, 3-5

Crystal III

AFL-CIO Reception for Kwesi Mfume,

Special Events:

International Metalworkers Federation Luncheon
of U.S. Affiliates, 12:30-3

Graham

National Council of Senior Citizens Rally, 4-6

Atlantic Ballroom

Laborers' Reception, 6-7:30

Crystal III

Wednesday, February 21

AFL-CIO Executive Council Meeting, 9:30

Cypress

Marine Pipe Fitters Committee Meeting, 8-5

Sunrise

National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5

Crystal V

AFL-CIO Press Conference, 12:15

AFL-CIO Lawyers Advisory Panel Meeting, 4-7

Graham

Thursday, February 22

AFL-CIO Executive Council Meeting, 9:30

Cypress

Bricklayers and Allied Craftsmen Meeting, 11-5

Juniper

Friday, February 23

NCSC/Housing Management Corporation Board of
Directors' Meeting, 10-12:30

Crystal V

TALKING POINTS - CLINTON ADMINISTRATION FIGHTS FOR WORKING FAMILIES - FEBRUARY 1996

"I believe that good, strong unions and collective bargaining can help us to meet the challenges that are just ahead if all of us are willing to embrace those challenges and to do what has to be done to make sure that we compete and win in the global economy."

The Economy and Jobs

- Created **7.7 million new jobs** in 36 months - most paying at or above the national average.
- Unemployment rate under 6% for 17 consecutive months.
- After more than a decade of decline, nearly **1 million new manufacturing and construction jobs** have been created since the President's budget plan passed.

Meeting the Challenges of the 104th Congress

Working closely with the AFL-CIO, the Clinton Administration has stalled or defeated every major attack on the wage standards and job protection of working Americans. Standing firm against the Republican budget, the Administration protected Medicare and Medicaid, education, and critical job safety and labor enforcement programs. As the *Washington Post* reported on Sunday February 11, the anti-labor agenda of the business community was soundly defeated in 1995.

Meeting the Republican agenda head-on, the Administration and organized labor beat back efforts to:

- Repeal Davis-Bacon and the Service Contract Act;
- Repeal Sec. 8(a)(2) of the NLRA, which prohibits employers from establishing company unions;
- Repeal Sec. 13(c) labor protection for transit workers;
- Repeal TAA and NAFTA/TAA benefits for displaced workers;
- Permit companies to raid surpluses in employee pension funds;
- Dismantle OSHA and MSHA;
- Gut enforcement of the National Labor Relations Act by defunding the NLRB;
- Eliminate rail labor protection in the ICC termination bill.

The Administration also took the initiative on several fronts:

- Proposed a 90 cent increase in the **minimum wage**.
- Stepped up enforcement of wage and hour laws in the garment industry to wipe out sweatshops.
- Launched a **campaign against pension fund abuse**, including the mishandling by employers of contributions to 401(k) plans.
- Expanded **Earned Income Tax Credit** providing tax relief for **15 million** working families.
- Initiated reform of the employment and training system to better serve workers in transition.

Past Accomplishments

- Signed **Family and Medical Leave Act** and **Hatch Act Reform**.
- Rescinded Reagan-Bush era anti-labor Executive Orders.
- Issued **Anti-Striker Replacement Executive Order**.
- Appointed NLRB Chairman Bill Gould, members Peggy Browning and Sarah Fox, and General Counsel Fred Feinstein.
- Played active role in solving contract disputes in rail, airline, trucking, coal, and other industries.
- Created the **National Partnership Council** for Federal government unions.
- Created the Task Force on **Excellence in State and Local Government** through Labor Management Cooperation for non-federal public workers.
- Signed the **Retirement Protection Act** that protects the pension funds of more than 40 million workers and retirees in traditional pension plans.

The Road Ahead

- Continue to fight FY 1996 budget cuts in worker protection programs.
- Fight for Administration priorities in the FY 1997 budget.
- Continue the battle against Republican efforts to gut the Fair Labor Standards Act, OSHA and MSHA and the NLRA.
- Support health reform legislation to insure that workers don't lose health care when changing jobs or when a family member gets sick.

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

13-Feb-1996 03:51pm

TO: Jennifer M. O'Connor
TO: Shana E. Tesler

FROM: Francis J. Szollosi
 Office of the Chief of Staff

CC: John O. Sutton

SUBJECT: Florida Labor Phone Info

Sharon from Frank Cowan's office called with the following contact information:

Sheraton Bal Harbour
(305) 865-7511 (voice)
(305) 864-2601 (fax)

AFSCME is going to have an office set up at the Fontainebleau until Thursday
(305) 674-4701 thru -4708 (voice)
(305) 531-9274 (fax)

AFL-CIO Convention
Bal Harbour, FL
SUNDAY FEBRUARY 18

12:00pm Arrive Bal Harbour, FL

2:00 pm Meeting with George Becker (in Suite 413) *#209*

2:30 pm Meeting with Dick Cordtz (in their Suite) *SEI U*

3:00 pm Meeting with George Kourpias (in their Suite) *Carlynn Kardon*

3:30 pm *Sheryl Eastburn*
#236 No office

4:00 pm Steve Yokich?? Tent - they will get back to us - Coreen O'Reily 305-867-2019 *Martha*

4:30 pm Meeting with Bob Georgine (in their Suite) *#223*
Build & Construction

5:00 pm Meeting with Doug Dority (in their Suite) *Gary Sanders No office*
FFC W

Receptions: Laborers' Reception, 4-8 pm - 200 Deck
IAFF Reception, 5:50-6:30 pm - Baker
Port Council of Miami Reception, 6:30 pm - Crystal Ballroom

Sauter

AFL-CIO Convention
Bal Harbour, FL
MONDAY FEBRUARY 19

Bill Hamilton
Sharon
305-865-7511

8:00 am Breakfast with Gerry McEntee, Doug Sosnik (Suite 1604)
305-674-4704

9:00 am Meet with Ron Carey (Bill Hamilton will be staying at
the *Sharon*)

NOTE: 9:00 am - 12:00 pm - AFL-CIO Executive Council and
COPE committee are meeting.

10:15 am Address Steve Rosenthal's COPE meeting

NOTE: You will only discuss message, budget strategy, and
say thank you for what they have been doing and will do.
Doug will follow and discuss campaign.

NOTE: 1:30 - 5:00 pm the Executive Council and the COPE
Committee will be meeting.

3:30 pm Vice President meets with Executive Council - Atlantic
Room

4:45 pm Vice President - press availability

5:00 pm Reception with Vice President - Intercoastal Room

Dinner ???

**AFL-CIO Convention
Bal Harbour, FL
MONDAY FEBRUARY 19**

8:00 am Breakfast with Gerry McEntee, Doug Sosnik (Suite 1604)
305-674-4704

9:00 am Meet with Ron Carey (Bill Hamilton will be staying at
the Sharaton)

NOTE: 9:00 am - 12:00 pm - AFL-CIO Executive Council and
COPE committee are meeting.

10:15 am Address Steve Rosenthal's COPE meeting

NOTE: You will only discuss message, budget strategy, and
say thank you for what they have been doing and will do.
Doug will follow and discuss campaign.

NOTE: 1:30 - 5:00 pm the Executive Council and the COPE
Committee will be meeting.

3:30 pm Vice President meets with Executive Council - Atlantic
Room

345-445 - Questions

4:45 pm Vice President - press availability - *VP Sweeney -*

5:00 pm Reception with Vice President - Intercoastal Room

Dinner ???

5-6

*- in at 3²⁰
Dinner will brief*

- Holiday Inn Crown Plaza

- Ballroom B

- when phone

*- need - John ~~Lat~~ Latz
Paul Georgio*

Sweeney

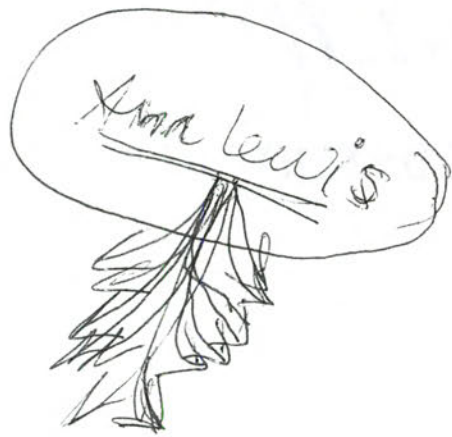
→ dinner w/ a few

→

Will do an Exec Co.
stmt on Greenaper
next wk

will be press here
on reaction to RS,
+ pol. landscape -

PHOTOCOPY
PRESERVATION



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

14-Feb-1996 05:34pm

TO: Patsy L. Thomasson

FROM: Peggy A. Clark
 Office of Presidential Personnel

SUBJECT: Items

In response to your questions:

John Gannon is in vetting - Counsel is checking to see if he can serve on the National Council on Disabilities, as he has already served and there are limitations. I think it will be OK though and he can continued to serve.

Berle Schiller is a candidate for the Region 3 US Bankruptcy Trustee position - he's from Pennsylvania. Justice, who makes the decision on these positions, favors a New Jersey candidate. The Trustee position has recently been in New Jersey, although it is in Region 3, of which Philly is a part.

Hope this helps!

Peg

Soft spots

- Int'l Trade
- NAFTA

VP

3:30 - Mon - Exec Co

5:30 - Repph - EC & Case Comm

10 min mtgs

Done down Fri

Kasselbaum, Ballenger,
CSHA bill

Kass - signing

Ball - more headway

- congrats on what
they've done

Reich

→ panel

Rubin

→ press

Downey - Maritime
Trades Dept

Do Commerce

Reich - wages

Rubin - ec overview

↓
Budget Debate

Joe Deen
Health/Safety Comm.

Otro
Int'l

Ebereste

Fowler -
Cege people
Mon am

DNC recep
Sat afternoon

Reich -

~~to~~
- other than int'l
presentations w/
~~subgroups~~

- few demands
-

Fowler

- Wey signature
- NAFTA

Issues

Should we say we'll
veto the Kassebaum
OSHA reform

Rec'd -

- sounds on this
 - maybe not good
-

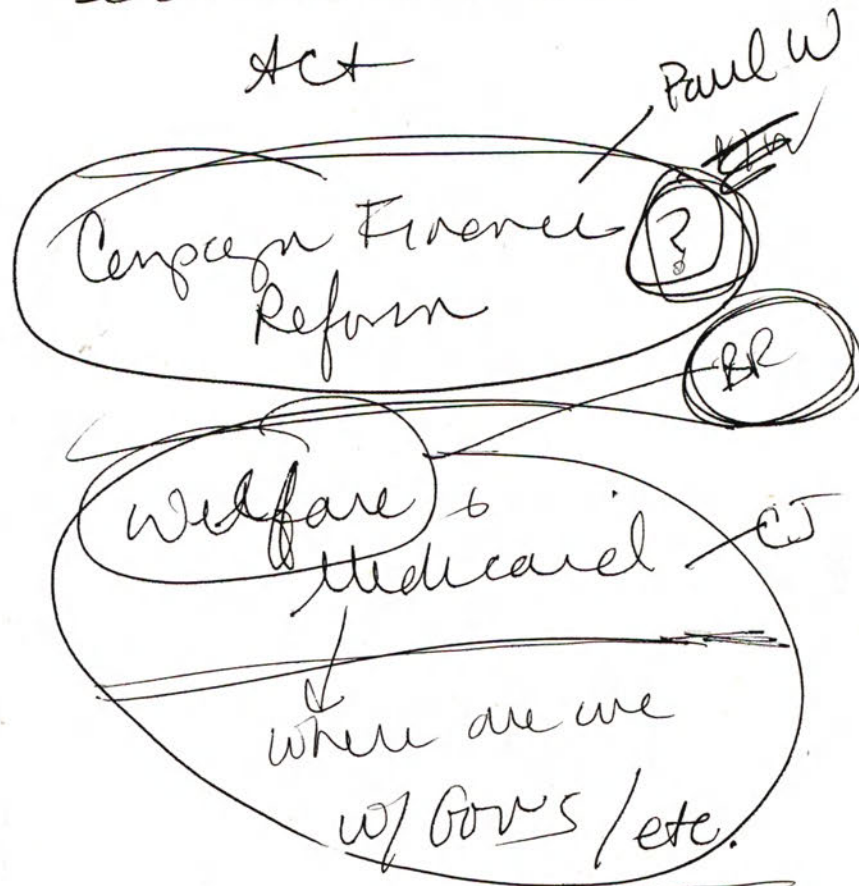
Qs + As on
OSHA

Strike replacement

→ where are

we instructed DOJ to do
everything we to prevent it
DOJ looking

Service Contract Act



TEAM Act

- still a veto
- VP should mention

trade

Int'l trade area

- gen Qs → what's
our type
hemispheric

- Chile Fast Track

CBI

MFN

GSP →

hasn't
been

WTO

Rail freight → DOT

Shea

FEC Commission

John McGarry

Asst Secy of Defense

Don Flanagan

(fmr. DPM)

waiting
on
Patsey

u

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

11-Feb-1996 04:49pm

TO: Patsy L. Thomasson

FROM: Jennifer M. O'Connor
 Office of The Chief of Staff

SUBJECT: Status check

Could you please give me a status check on the following:

- 1) John McGarry -- on FEC -- AFL wants him reappointed --
 where are we on this?
- 2) Dan Flanagan -- supposedly up for Assistant Secretary of
 Defense -- used to work for Senarot Moynihan -- where is he in our
 process?

Thanks.

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

13-Feb-1996 07:36pm

TO: Jennifer M. O'Connor

FROM: Patsy L. Thomasson
 Office of Presidential Personnel

SUBJECT: RE: Status check

Dan Flanagan is not our top candidate for this. We have another candidate who has a greater number of sponsors. It may not work out for the first candidate and we will keep Flanagan in for the position.

patsy

Carol Khare

-labor + ps

-(305)591-6648

Rob McGarran → 301 652 7385
wants waiver doc

305 867 2149
phone 867 2150

fax 305 867-2147

Bill Samuel

301 270 9128

leaving Sun am 7
in 930 or 10

Tom - Monday

Shona

- Yokich - yes - 4 pm

Aher B-H

218 room

/ Steve
143

MEDICAID

QUESTION: What is the Administration's reaction to the NGA resolution passed last Thursday?

ANSWER: As a whole, the "right" has lavished widespread praise on the proposal and raised limited concerns only about the resolution's "openended umbrella" financing provisions. The "left" has been extremely critical of the proposal, charging that the provisions on benefits, eligibility and enforcement strip the Medicaid program of its "guarantee" and that the financing mechanism is seriously flawed and will lead to excessive cuts in state Medicaid spending.

The NGA staff openly acknowledges that there are a number of unanswered questions surrounding their Medicaid policy. While there are a host of unresolved and important issues, since the debate has focused on the "guarantee," it is likely that any compromise will be evaluated in that context. There are four elements that make up the Medicaid guarantee: **financing, eligibility, benefits and enforcement.**

The NGA plans to flesh out the details of their Medicaid policy over the next 1-2 weeks; this will coincide with scheduled Hill hearings on February 21-22. With the absence of policy behind their resolution, they are very uncomfortable with anyone attempting to characterize any proposal as being consistent with "NGA-like." They are urging Republican Members on the Hill to hold off on any bills.

The unions have had only a negative reaction to the NGA proposal, especially those that represent children and the disabled.

The Administration is currently reviewing the NGA policy and following policy developments closely. There is little question that the Democratic Governors will be seeking guidance from the Administration as to what to push in the process, as well as how they should be talking about the NGA resolution at the upcoming hearings.

QUESTION: What does the Administration plan to do next with regard to Medicaid?

ANSWER: The President, with your help, has helped show the American people that the Medicaid program is a program for all Americans. You have helped educate Americans into understanding that fully 2/3 of Medicaid's expenditures go for the care of our elderly and people with disabilities. The President has stood strong and tall against the Republicans' desire to block grant this essential program. He has vetoed a Medicaid block grant, and he will never preside over a block Medicaid program.

Granter

He is also aware of the serious concerns that health care workers have about the size and scope of both Federal and State Medicaid funding reductions. We are going to have to constrain the growth of our health care programs, but we must work together to ensure the changes to these vital programs are done thoughtfully and with an eye to how they impact our workers.

The President has insisted that this nation's commitment to our most vulnerable children, pregnant women, elderly and people with disabilities is never forgotten. That is why he has and will continue to insist that the Medicaid guarantee to coverage must be preserved.

MEDICARE

QUESTION: What has the Administrations view on the future of Medicare?

ANSWER: The President and your determination to preserve the Medicare program from excessive cuts and unsound policy changes has protected the program and the 37 million beneficiaries it serves. The President has shown how to (1) strengthen the Medicare Trust Fund through 2010, (2) offer a whole array of new plan choices to Medicare beneficiaries (like Preferred Provider Organizations, HMO's with point of service options, and Provider Sevvie Networks), (3) provide for an expansion in prevention² ✓ benefits (like mammography and colorectal screenings), (4) include respite coverage for family members taking care of Alzheimer's patients, and (5) balance the budget without requiring new cost increases to Medicare beneficiaries. Our work on this issue shows how strong we can be if we ~~come~~ together.

C. H. H.



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

OFFICE OF THE ASSISTANT SECRETARY FOR TRANSPORTATION POLICY

Number of Pages including this Page: 2

Date: 2/16/96

TO: Jennifer O'Connor 456-2883

FROM: JOHN N. LIEBER
DEPUTY ASSISTANT SECRETARY
FOR TRANSPORTATION POLICY

(202) 366-4450

FAX: (202) 366-7127

FAX MESSAGE:

Additional FAA info.

Jennifer,

After consulting with Jeff Morales,
a few additional background bullets, FBI

ADDITIONAL BACKGROUND ON FAA PERSONNEL

- Since very early on, the Administration has focused serious attention on improving the safety and efficiency of the ATC system, and the working conditions of controllers and equipment technicians e.g., (via President's Airline Commission, Vice President's National Performance Review, and ATC corporaation initiative)
- Secretary Peña travelled throughout the country meeting with controllers in ATC towers and centers, asking them what their frustrations were, etc...
- We made labor a partner in developing the ATC corporation proposal, and are committed to working with them to reform the FAA (note: NATCA proposed the ATC corporation to the campaign in 1992)
- Any impact on unions' status through adoption of the Appropriations language was inadvertent; we went to great lengths to stress that personnel reform was to be done in partnership with the unions, and so did the Appropriations conferees
- NATCA has met with many people at FAA, DOT and throughout the Administration; we've made clear our intention to make reform work for them, and to recognize and protect their status



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

OFFICE OF THE ASSISTANT SECRETARY FOR TRANSPORTATION POLICY

Number of Pages including this Page: 3

Date: 2/16/96

TO:

Jennifer O'Connor

456-2853

FROM:

JOHN N. LIEBER
DEPUTY ASSISTANT SECRETARY
FOR TRANSPORTATION POLICY

(202) 366-4450

FAX: (202) 366-7127

FAX MESSAGE:

Re: FAA and rail labor

FAA PERSONNEL (CHAPTER 71)

- FY96 DOT Appropriations Act provided FAA freedom to develop procurement and personnel systems exempted from several burdensome Federal laws, rules and regulations.
- These rules have hindered FAA's ability to acquire new, modern technologies and to deploy people to the areas where there is the most air traffic, inspection and certification activity.
- Getting FAA, and particularly the air traffic control system, out from under the weight of these regulations was recommended by the National Performance Review, and strongly supported by the Administration.
- One unanticipated consequence of the Appropriations provision was to eliminate the specific recognition of FAA's unions pursuant to Chapter 71 of Title 5 of the U.S. Code. This came to the Administration's attention after Congressional enactment of the bill, and the President's signing statement was drafted to specifically endorse preserving unchanged the historical role of FAA unions as bargaining agents.
- In addition, the Administration is supporting corrective legislation pending in Congress to restore the prior Chapter 71 language. This will assure FAA unions' status as collective bargaining agents is guaranteed against changes in Presidential administration.

Rail Freight Negotiations

Four major groups of unions are in negotiations with major freight carriers: (1) the United Transportation Union; (2) the Clerks (TCU) and Shop Crafts (e.g., Boilermakers, Firemen); (3) Maintenance of Way workers; and (4) the Engineers (BLE). All except the BLE are in mediation under the National Mediation Board.

The UTU has concluded a tentative agreement that will go out to the membership for ratification soon – as soon as a dispute over whether the agreement prevents Conrail from changing any work rules is resolved. Ratification will then take about three weeks.

The TCU and Maintenance of Way are seeking release from mediation. They argue that the UTU agreement will not be a pattern they can follow, and want to begin the 90-day process that must take place before a job action becomes permissible under the Railway Labor Act.

We presently anticipate that the NMB would seriously consider releasing TCU and/or Maintenance of Way from mediation once the UTU agreement is well on the way to ratification.

We anticipate that the President would agree to establish a Presidential Emergency Board to review the parties' positions and recommend a solution, as the Railway Labor Act permits to happen 30 days after release from mediation.

However, we understand that release from mediation could lead to a strike in the summer – if TCU/Shopcrafts and/or Maintenance of Way unions did not accept PEB findings. Unions need to be mindful that Congress likely not to let strike go on very long, and that strike therefore could open door to unilateral action by labor's enemies.

MEDICAID: WHAT IS AT STAKE IN THE BUDGET NEGOTIATIONS

January 23, 1996

MEDICAID GUARANTEE. Republicans are insisting on ending the Medicaid guarantee to meaningful health benefits for millions of people with disabilities, pregnant women, poor children, and older Americans in need of nursing home care -- even though it is not necessary to balance the budget.

Republicans want to replace the Medicaid guarantee with a deeply underfunded block grant that could *deny health benefits to 3-6 million Americans in 2002, including more than 1 million children.* And the *only* required benefits would be immunizations and limited family planning -- hardly what one would call "coverage." The depth of the Medicaid cuts could force States to significantly reduce coverage, increasing the number of uninsured people, uncompensated care, and cost-shifting to people with private insurance.

President Clinton is refusing to go backwards on coverage, insisting on retaining the guarantee of meaningful Medicaid health benefits for people with disabilities, pregnant women, poor children, and older Americans in need of nursing home care.

DEPTH OF THE CUTS. Republicans want to cut Federal Medicaid funding to States by \$85 billion in order to pay for an excessive tax cut for the well-off.

Republicans are insisting on \$85 billion in Medicaid cuts -- 45% more than the President -- largely to fund an excessive tax cut. They would cut spending growth per person to rates one-third below inflation. And the total Medicaid cuts would more than triple if States only spent the minimum required.

President Clinton's balanced budget achieves \$59 billion in savings by capping spending growth per beneficiary, giving States incentives to reduce costs without denying anyone health care coverage while providing States with unprecedented flexibility to operate their programs and pay providers.

LEAVES STATES VULNERABLE. Republicans are insisting on block granting Medicaid, which will leave States vulnerable to economic downturns, inflation, demographic changes, and natural disasters -- even though it is not necessary to balance the budget.

Under a block grant, States would be responsible for 100% of the additional costs from circumstances beyond their control. According to analysis by the Center on Budget and Policy Priorities, if inflation were just 1 percentage point higher than projected over 7 years, States would have to spend about \$65 billion more, or cut eligibility, benefits, or establish waiting lists.

President Clinton is standing firm on maintaining the 30-year Federal partnership with States, protecting States from circumstances beyond their control and increasing State flexibility.

QUESTION: What does the Administration plan to do next with regard to the NGA proposal?

ANSWER: The Governors are going to testify next week on the Hill. They are still working out the specifics of their policies. We will continue to work with them to modify their position on areas that we are concerned about. We understand that there are a number of issues in the Governor's Medicaid plan that concern provider groups and other advocacy groups. We will work closely with these groups as well throughout the process.

MEDICARE: WHAT'S AT STAKE IN THE BUDGET NEGOTIATIONS

January 23, 1996

Republicans put Medicare at risk. Excessive spending cuts -- combined with premium increases and risky policy proposals -- threaten to transform Medicare into a second-class medical system. President Clinton has a more sensible approach -- one that protects traditional Medicare while expanding choice and preventive benefits, strengthening the Trust Fund and cracking down on fraud and abuse. The President doesn't gamble with the health of older Americans and people with disabilities.

MAGNITUDE OF CUTS. Republicans would spend \$1,200 less per elderly couple than the President in 2002.

- Republicans insist on excessive cuts that reduce Medicare spending by \$168 billion over 7 years -- over one third more than the President -- largely to pay for tax cuts for the well-to-do.
- The President's proposal saves \$124 billion through specific policy changes designed to strengthen the Medicare system, not undermine it. The proposal extends the life of the Medicare Trust fund through at least 2010.

PREMIUMS. Republicans force the elderly to pay more -- to get less. Republicans would spend \$1,200 less than the President per elderly couple and charge them over \$400 more in premiums in 2002.

- Republicans insist on increasing Part B premiums beyond the current policy level of 25% of program costs -- raising premiums for an elderly couple by more than \$400 in 2002, based on the latest CBO figures. This burden falls on a particularly vulnerable population: *75% of Medicare beneficiaries have incomes below \$25,000 per year.*
- The President maintains premiums at 25% of program costs.

LOW-INCOME PROTECTION. Republicans want to repeal the guarantee that Medicaid pay poor older Americans' and people with disabilities' Medicare premiums, deductibles, and copayments, which could force many to lose physician coverage.

- Republicans eliminate the guarantee to Medicaid coverage of the Medicare premiums, deductibles, and copayments for older Americans and people with disabilities near or below the poverty line. They fail to set aside any Medicaid funding for deductibles and copayments, and set aside less than half of the funds needed to cover the Medicare premiums of poor older Americans and people with disabilities. Hundreds of thousands of poor older Americans and people with disabilities could lose funding for their premiums -- at the same time that Republicans want to increase premiums.
- President Clinton preserves the guarantee of coverage for low-income beneficiaries, ensuring that more than 5 million poor older Americans and people with disabilities continue to have access to care.

changes to these vital programs are done thoughtfully and with an eye to how they impact our workers.

The President has insisted that this nation's commitment to our most vulnerable children, pregnant women, elderly and people with disabilities is never forgotten. That is why he has and will continue to insist that the Medicaid ~~garantee~~ to coverage must be preserved.

guarantee

← (see A) + B

MEDICARE

2 *what is the Administration approach to Medicare reform?*
QUESTION: *What has the Administration's view on the future of Medicare?*

ANSWER: The President and your determination to preserve the Medicare program from excessive cuts and unsound policy changes has protected the program and the 37 million beneficiaries it serves. The President has shown how to (1) strengthen the Medicare Trust Fund through 2010, (2) offer a whole array of new plan choices to Medicare beneficiaries (like Preferred Provider Organizations, HMO's with point of service options, and Provider Service Networks), (3) provide for an expansion in prevention benefits (like mammography and colorectal screenings), (4) include respite coverage for family members taking care of Alzheimer's patients, and (5) balance the budget without requiring new cost increases to Medicare beneficiaries. Our work on this issue shows how strong we can be if we come together.

see B

RAIL FREIGHT NEGOTIATIONS

QUESTION: *What is the status on Rail Freight Negotiations?*

Background:

ANSWER: Four major groups of unions are in negotiations with major freight carriers: (1) the United Transportation Union; (2) the ~~TCU~~ (TCU) and Shop Crafts (e.g. Boilermakers, Firemen); (3) Maintenance of Way Workers; and (4) the Engineers (BLE). ~~All~~ except the BLE are in mediation under the National Mediation Board.

The UTU has concluded a tentative agreement that will go out to the membership for ratification soon -- as soon as a dispute over whether the agreement prevents Conrail from changing any work rules is resolved. Ratification will then take about three weeks.

The TCU and Maintenance of Way are seeking release from mediation. They argue that the UTU agreement will not be a pattern they can follow, and want to begin the 90-day process that must take place before a job action becomes permissible under the Railway Labor Act.

Answer:

We presently anticipate that the NMB would seriously consider releasing TCU and/or Maintenance of Way from mediation once the UTU agreement is well on the way to ratification.

We understand that release from mediation could lead to a strike in the summer -- if

TCU/Shopcrafts and/or Maintenance of Way unions ^{do} not accept PEB findings. Union ⁵ need to be mindful that Congress is likely not to let a strike go very long, and that a strike [^] therefore could be an open door to unilateral action by labor's enemies.

FAA PERSONNEL

QUESTION: *The FY96 DOT Appropriations Act included a provision to eliminate the specific recognition of FAA's unions pursuant to Chapter 71 of Title 5 of the U.S. Code. What is the Administration's current position on this provision?*

Background:

~~ANSWER:~~ The FY96 DOT Appropriations Act provided the FAA the freedom to develop procurement and personnel systems exempted from several burdensome Federal laws, rules and regulations. These rules have hindered FAA's ability to acquire new, modern technologies and to deploy people to the areas where there is the most air traffic, inspection and certification activity. Getting FAA, and particularly the air traffic control system, out from under the weight of these regulations was recommended by the National Performance Review, and strongly supported by the Administration.

The elimination of the specific recognition of FAA's unions was one unanticipated consequence of the Appropriations. This came to the Administration's attention after Congressional enactment of the bill, and the President's signing statement was drafted to specifically endorse preserving the ^{historical} role of FAA unions as bargaining agents.

Answer:

~~In addition,~~ the Administration is supporting corrective legislation pending in Congress to restore the prior Chapter 71 language. This ^{historical} will assure FAA unions' status as collective bargaining agents is guaranteed against changes in Presidential administrations. *we are committed to working for a legislative solution to this problem.*

ADVISORY COMMISSION ON INTERGOVERNMENTAL REFORM

QUESTION: *The "ACIR" just put out a preliminary report that recommends repealing state and local coverage under OSHA, Family and Medical Leave, Fair Labor Standards and other important provisions. What are you going to do about it?*

Background:

~~ANSWER:~~ The ACIR is a commission that includes 18 members, 12 of whom are Administration appointees, including Secretary Riley, Administrator Browner and Marcia Hale, Assistant to the President for Intergovernmental Affairs. The preliminary report calls for eliminating unfunded mandates on state and local governments. The report was called for by the Unfunded Mandates Act. The preliminary report specifically recommends repealing the state and local coverage under OSHA, Family and Medical Leave Act, Fair Labor Standards Act, and provisions requiring drug and alcohol testing of commercial drivers. The final report is due out in a few months.

Answer:

The report released was only preliminary, and the Administration members of the commission voted against it when it was adopted.

affecting labor laws

The Administration has numerous concerns with the preliminary report, including concerns with the ~~labor~~ recommendations, and is currently gathering all of its concerns together to try to change the final document so that it will be something we can support. To that end, we would appreciate specific comments from the labor community on what should be changed in the report. We are going to discuss with our appointees all of the concerns with the preliminary report and work with Governor Winter to achieve the changes.

If needed changes are not made, the Administration members of the commission will again vote against and urge our appointees to vote against issuance of the final report.

STRIKER REPLACEMENT

QUESTION: What is the Administration's reaction to the U.S. Court of Appeals for the District of Columbia Circuit invalidation of the President's Executive Order No. 12954 on February 2, 1996 reasoning that the E.O. impermissibly conflicts with the National Labor Relations Act on the disposition of cases involving the permanent replacement of striking workers?

Background: *on the day of the court decision to the court decision*
ANSWER: ~~The day~~ The President announced that he would direct the Department of Justice to take all appropriate steps to have this decision overturned. In addition, the House and Senate Labor-HHS-Education appropriations bills (passed in House; not considered yet on the Senate floor) both contain riders forbidding the Secretary of Labor from expending funds to implement the E.O.]

because the right to strike is one of America's previous freedoms.
The Executive Order attempts to promote the efficient operation of the federal government by allowing department of federal contractors who permanently replace workers. Strikes involving the permanent replacement of workers have been found to last longer than other strikes. By permanently replacing workers, an employer loses the accumulated knowledge, experience, skill and expertise of its former workers, which ~~causes~~ the operations of the federal government to suffer. *causes*

DAVIS-BACON AND SERVICE CONTRACT ACTS

QUESTION: What is the Administration's stance on the proposed legislation to repeal both the Davis-Bacon and the Service Contract Acts?

ANSWER: Both prevailing wage laws ensure fairness to workers during the bidding for federal contracts. Both laws provide for wages, pension, health and other benefits to workers. Both laws ensure that the economic power of the federal government does not disrupt local wage scale by requiring that prevailing wages be paid on federal construction and service contracts.

the President would veto any attempt to repeal these laws.

SECTION 8(A)(2) OF THE NATIONAL LABOR RELATIONS ACT

QUESTION: *What is the Administration's position on the TEAM Act, to permit company-dominated unions, that passed the House by a close 221-202 vote in September 1995?*

ANSWER: If the legislation were presented to the President, the Secretary of Labor would ~~recommend that we~~ veto the TEAM Act as it is currently written. The legislation overturns 60 years of labor law on company domination of employee rights to freely organize without interference. The legislation allows employers to establish company unions and in cases where a union is present allows an alternative company-dominated organization, both of which are illegal under current law. Workplace labor-management cooperation is a worthwhile goal but this legislation runs roughshod over workers' rights.

PATCO

get McFadden's edits

QUESTION: *Why haven't you been hiring back the former PATCO air traffic controllers as directed in the President's Executive Order?*

Background:

In April, 1995, representative^S of the former PATCO air traffic controllers brought to the White House their concerns that despite the President's August 1993 Executive Order lifting the ban on hiring former PATCO controllers at the Department of Transportation, they were not being given equal opportunities to compete for jobs. The former controllers also suggested there were massive shortages of controllers and that we should hire them back to fill the gaps.

The President then asked Secretary Pena and Administrator Hinson to review FAA practices to see if they complied with his Executive Order and to see if there could be increased opportunities for hiring more former controllers. The Secretary's review revealed that due to small numbers of new hires and to commitments to students from training programs funded with federal appropriations, only 37 PATCO controllers had been hired in the year since the ban was lifted, representing approximately 30% of all new hires.

Next week, the administration is set to meet with the current controller union, NATCA, and the former PATCO controllers^{to} present to them the results of the Secretary's review. These results are that the FAA ensures there will be fair consideration of both experienced and entry level controllers for every new opening, and it anticipates a significant increase in the percentage of PATCO controllers hired in the next two years. The numbers are still relatively small due to appropriations constraints -- the FAA expects to hire up to 100 new controllers in FY '96 and up to 500 in FY '97.

Many union presidents sent President Clinton letters urging that we hire more PATCO controllers. Next week, we will send letters to each of them to explain the results of Secretary Pena's review. As of this weekend, however, we do not want to reveal the details described above.



U.S. Department of
Transportation
Office of the Secretary
of Transportation

GENERAL COUNSEL

400 Seventh St. S.W.
Washington, D.C. 20590

TELECOPIER COVER SHEET

2/17/96
DATE

3³² pm
TIME

NUMBER OF PAGES TRANSMITTED, INCLUDING THIS PAGE

4

TO:

Jennifer O'Connor

FROM:

Steven Olin

TELEPHONE NUMBER:

456-7929

TELEPHONE NUMBER:

366-0140

SUBJECT:

Nancy, Steve + Tannis's suggestions.

COMMENTS ARE DUE IN THIS OFFICE BY: _____

THE TELEPHONE NUMBER FOR THIS TELECOPIER IS 202 366-3388. IF YOU HAVE ANY
PROBLEMS, PLEASE CALL 202 366-4702. THANK YOU FOR YOUR ASSISTANCE.

PATCO

(Prepared by Steven Okun -- 02/16/96)

Question:

Why haven't you been hiring back the former PATCO air traffic controllers as directed in the President's Executive Order?

Status:

Bordegum

In August 1993, the President issued an Executive Order lifting the ban on hiring former PATCO controllers. Following that directive, OPM worked with the FAA and the Departments of Transportation and Labor to devise a system which would accommodate PATCO members who applied for employment with the FAA, while ensuring fairness and equity to all applicants. In April 1995, representatives of former controllers brought to the White House their concern that, despite the order, they were not being given equal opportunities for jobs.

A review was undertaken of the FAA's hiring system for air traffic controllers at the President's and Secretary Peña's request to see if there could be increased opportunities for hiring more former controllers. During the review, the FAA determined that it is going to focus its hiring at facilities with critical staffing shortages, where there is a need for new hires who are experienced controllers. Accordingly, FAA's projections represent that at least double the percentage of former controllers hired last year will be hired this year. (It was 31 percent last fiscal year, due in part to commitments to students from training programs funded with federal appropriations.)

But bear in mind that the FAA anticipates hiring at most 100 controllers in FY96 and up to 500 controllers in FY97, if funding permits.

Insert Paragraph beginning, "Next week, the ..."

Insert paragraph beginning, "Many union presidents ..."

Answer:

Fairness in the hiring of the former controllers remains a top priority for the President. Prior to President Clinton's election, no PATCO members were hired. Last fiscal year, about 30% of the air traffic controllers hired by the FAA were former PATCO members. This fiscal year, that percentage is expected to at least double. The FAA hiring system ensures all applicants for air traffic controller positions are given fair and equal opportunities to compete for new jobs.

Following the Secretary's review,

They also suggested that there were shortages at certain facilities and that one should use the hired back to fill the gaps. The President's order was being implemented as intended and whether

add

odd

Administration officials plan to meet with NATCA and PATCO officials next week to inform them of the results of the review -- that a much higher percentage of former PATCO controllers will be hired in the next few years.

The FAA budget for Fiscal Year 1996 allows them to hire, at most, 100 air traffic controllers. The FAA anticipates hiring up to 500 controllers in Fiscal Year 1997, if funding permits.

#

PATCO

Q: Why haven't you been hiring back the former PATCO air traffic controllers as directed in the President's Executive Order?

Status In April, 1995, representative of the former PATCO air traffic controllers brought to the White House their concerns that despite the President's August 1993 Executive Order lifting the ban on hiring former PATCO controllers at the Department of Transportation, they were not being given equal opportunities to compete for jobs. The former controllers also suggested there were massive shortages of controllers and that we should hire them back to fill the gaps.

The President then asked Secretary Pena and Administrator Hinson to review FAA practices to see if they complied with his Executive Order and to see if there could be increased opportunities for hiring more former controllers. The Secretary's review revealed that due to small numbers of new hires and to commitments to students from training programs funded with federal appropriations, only 37 PATCO controllers had been hired in the year since the ban was lifted, representing approximately 30% of all new hires.

Next week, the administration is set to meet with the current controller union, NATCA, and the former PATCO controllers to present to them the results of the Secretary's review. These results are that the FAA ensures there will be fair consideration of both experienced and entry level controllers for every new opening, and it anticipates a significant increase in the percentage of PATCO controllers hired in the next two years. The numbers are still relatively small due to appropriations constraints -- the FAA expects to hire up to 100 new controllers in FY '96 and up to 500 in FY '97.

Many union presidents sent President Clinton letters urging that we hire more PATCO controllers. Next week, we will send letters to each of them to explain the results of Secretary Pena's review. As of this weekend, however, we do not want to reveal the details described above.

A: The President has been concerned that his Executive Order be properly implemented and he asked the Secretary and the Administrator to review the system to make sure it complied with his Executive Order and to ensure former PATCO controllers were given fair and equal opportunities to compete for new jobs. Administration officials plan to meet with NATCA and PATCO officials next week to inform them of the results of the review. We anticipate that a much higher percentage of former PATCO controllers will be hired in the next few years.

Insert #

Add here

ANSWER: ✓ The President has been concerned that his Executive Order be properly implemented and he asked the Secretary and the Administrator to review the system to make sure it complied with his Executive Order and to ensure former PATCO controllers were given fair and equal opportunities to compete for new jobs. Administration officials plan to meet with NATCA and PATCO officials next week to inform them of the results of the review. We anticipate that a much higher percentage of former PATCO controllers will be hired in the next few years.

President Clinton is refusing to go backwards on coverage, insisting on retaining the guarantee of meaningful Medicaid health benefits for people with disabilities, pregnant women, poor children, and older Americans in need of nursing home care.

DEPTH OF THE CUTS. Republicans want to cut Federal Matching funding to States by \$85 billion in order to pay for an excessive tax cut for the well-off.

Republicans are insisting on \$85 billion in Medicaid cuts -- 45% more than the President -- largely to fund an excessive tax cut. They would cut spending growth per person to rates one-third below inflation. And the total Medicaid cuts would more than triple if States only spent minimum required.

President Clinton's balanced budget achieves \$59 billion in savings by capping spending growth per beneficiary, giving State incentives to reduce costs without denying anyone health care coverage while providing States with unprecedented flexibility to operate their programs and pay providers.

LEAVES STATES VULNERABLE. Republicans are insisting on block granting Medicaid, which will leave States vulnerable to economic downturns, inflation, demographic changes, and natural disasters -- even though it is not necessary to balance the budget.

Under a block grant, States would be responsible for 100% of the additional costs from circumstances beyond their control. According to analysis by the Center on Budget and Policy Priorities, if inflation were just 1 percentage point higher than projected over 7 years, States would have to spend about \$65 billion more, or cut eligibility, benefits, or establish waiting lists.

President Clinton is standing firm on maintaining the 30-year Federal partnership with States, protecting States from circumstances beyond their control and increasing State flexibility.

QUESTION: What does the Administration plan to do next with regard to the NGA proposal?

ANSWER: The Governors are going to testify next week on the Hill. They are still working out the specifics of their policies. We will continue to work with them to modify their position on areas that we are concerned about. We understand that there are a number of issues in the Governor's Medicaid plan that concern provider groups and other advocacy groups. We will work closely with these groups as well throughout the process.

Republicans put Medicare at risk. Excessive spending cuts -- combined with premium increases and risky policy proposals --

threaten to transform Medicare into a second-class medical system. President Clinton has a more sensible approach -- one that protects traditional Medicare while expanding choice and preventative benefits, strengthening the Trust Fund and cracking down on fraud and abuse. The President doesn't gamble with the health of older Americans and people with disabilities.

MAGNITUDE OF CUTS. Republicans would spend \$1,200 less per elderly couple than the President in 2002.

Republicans insist on excessive cuts that reduce Medicare spending by \$168 billion over 7 years -- over one third more than the President -- largely to pay for tax cuts for the well to do.

The President's proposal saves \$124 billion through specific policy changes designed to strengthen the Medicare system, not undermine it. The proposal extends the life of the Medicare Trust fund through at least 2010.

PREMIUMS. Republicans force the elderly to pay more -- to get less. Republicans would spend \$1,200 less than the President per elderly couple and charge them over \$400 more in premiums in 2002.

Republicans insist on increasing Part B premiums beyond the current policy level of 25% of program costs -- raising premiums for an elderly couple by more than \$400 in 2002, based on the latest CBO figures. This burden falls on a particularly vulnerable population: 75% of Medicare beneficiaries have incomes below \$25,000 per year.

The President maintains premiums at 25% of program costs.

LOW-INCOME PROTECTION. Republicans want to repeal the guarantee that Medicaid pay poor older Americans' and people with disabilities' Medicare premiums, deductibles, and copayments, which could force many to lose physician coverage.

Republicans plan to eliminate the guarantee to Medicaid coverage of the Medicare premiums, deductibles, and copayments for older Americans and people with disabilities near or below the poverty line. They fail to set aside any Medicaid funding for deductibles and copayments, and set aside less than half of the funds needed to cover the Medicaid premiums of poor older Americans and people with disabilities. Hundreds of thousands of poor older Americans and people with disabilities could lose funding for their premiums -- at the same time that Republicans want to increase premiums.

President Clinton preserves the guarantee of coverage for low-income beneficiaries, ensuring that more than 5 million poor older Americans and people with disabilities continue to have access to care.

FAX TRANSMITTAL SHEETRECEIVER TELECOPIER NUMBER: 456-7929TO: Jennifer O'ConnorFROM: Bill SamuelDATE: 2/16 TIME: _____PAGE NUMBER ONE OF 15 PAGES

TRANSMITTER TELECOPIER: (202) 219-7971

ADDITIONAL COMMENTS:

IF YOU HAVE QUESTIONS REGARDING THIS FAX CALL: 219-2405
Barbara

MEMORANDUM FOR THE VICE PRESIDENT**DATE: FEBRUARY 16, 1996****SUBJECT: BRIEFING FOR AFL-CIO MEETING IN BAL HARBOR**

Once again, you have been invited to speak to the AFL-CIO Executive Council meeting in Bal Harbor, Florida. Ending a long tradition, President Sweeney has announced that this will be the last winter meeting that the AFL-CIO will host in Bal Harbor.

The Council is now composed of 51 Vice Presidents, up from 31. The list and a brief sketch of each member is attached.

A. Overview

The story behind this year's visit to the AFL-CIO Executive Council meeting in Bal Harbor is the Clinton Administration's success in beating back the Republican Party's assault on organized labor. Meeting the congressional threat head on - and working closely with the AFL-CIO - the Administration has stalled or defeated every major attack on the living standards and workplace protections of working Americans.

The 1995 meeting in Bal Harbor opened amid skepticism about the Administration, coming on the heels of NAFTA, the defeat of striker replacement legislation and the 1994 congressional elections. But the Striker Replacement Executive Order announcement and the decision to veto bills repealing Davis-Bacon, the Service Contract Act, and Sec. 8(a)(2) of the National Labor Relations Act renewed labor's faith in the Administration's determination to fight for working Americans.

Similarly, the Administration's year-long battle against Republican efforts to gut programs that provide basic labor protections for workers (Davis-Bacon, OSHA, NLRB, Sec. 13(c), etc.) and income security for retired Americans (Medicare and Medicaid) - and the resulting drop in public support for the Republican agenda - has increased labor's confidence in the Clinton Administration.

Nonetheless, the unions face another session of congress under Republican control and new economic challenges marked by mass layoffs and stagnant wages. Therefore, labor and the Administration must work harder than ever to hold the line in Congress and to make sure that Democrats are returned to power in the White House and on Capitol Hill.

B. Our Accomplishments Since the Last Meeting in Bal Harbor

When you spoke to the Executive Council last year, labor was still reeling from the mid-term congressional election, facing the first real threats to decades-old statutes like Davis-Bacon (enacted in 1931), the Fair Labor Standards Act (enacted in 1938), Section 8(a)(2) of the National Labor Relations Act (enacted in 1935) and OSHA (enacted in 1970).

During the last session of Congress, the Administration, working with organized labor, beat back efforts to:

- o Nullify the Striker Replacement Executive Order The House appropriation bill for Labor/HHS included a rider barring implementation of the Executive Order. Senate Democrats narrowly beat back an effort to attach the rider to the Senate bill. (On February 2, a three-judge panel of the D.C. Court of Appeals overturned a District Court ruling that had previously upheld the Executive Order. All three judges were Reagan-Bush era appointees.)
 - On February 2, the President announced that he would direct the Justice Department to take all appropriate steps to have this decision overturned.
- o Repeal the Davis-Bacon Act (The Act requires the payment of prevailing wages and fringe benefits to workers employed by contractors and subcontractors engaged in federal construction projects.)
 - House and Senate budget resolutions included repeal; House included repeal in reconciliation, Senate did not; repeal dropped in conference.
 - unions support Davis-Bacon reform bill introduced by Sen. Hatfield raising thresholds to \$100,000 for new construction; \$25,000 for rehab.
- o Repeal the Service Contract Act (The Act requires the payment of prevailing wages and fringe benefits to workers employed by contractors and subcontractors engaged in federal service contracts.)
 - House and Senate budget resolutions included repeal; House included repeal in reconciliation; Senate did not; repeal dropped in conference.

- o Repeal Sec. 8(a)(2) of the NLRA (The Act prohibits employers from establishing employee committees to deal with terms and conditions of employment - known as "company unions.")
 - After the Administration issued its veto threat the House only narrowly passed the bill, known as the Team Act by a vote of 221-202. However, the business community is gearing up to make a major effort in the Senate. The pro-business coalition is headed by former Rep. Tim Penny (D-MN)
- o Repeal 13(c) labor protections for transit workers (The provision guarantees employee protections to transit workers.)
 - The Administration expressed strong opposition to the repeal effort and it was defeated in the House.
- o Repeal TAA and NAFTA/TAA Benefit Programs
 - Repeal was blocked in the House Ways and Means Committee after Administration expressed strong opposition.
 - The House budget reduces funding to help dislocated workers find new jobs by \$379 million.
- o Permit companies to raid employee pension funds
 - House and Senate Reconciliation bills would permit the reversion of "excess pension assets" by employers for almost any use. After the President threatened to veto Senate bill, it was stripped. A modified provision was included in the conference agreement and was one of the reasons for the President's veto of the Reconciliation bill on December 6, 1995
- o Dismantle Occupational Safety and Health Administration and Mine Safety and Health Administration
 - The House-passed Labor/HHS appropriation bill cut OSHA by 15.5% overall, but targeted enforcement activities for a 33% cut. The House bill called for a 7.5% cut in MSHA. Under the Continuing Resolution, OSHA and MSHA are operating at House

levels.

- o Gut enforcement of the National Labor Relations Act
 - The House appropriation bill for Labor/HHS cut NLRB by 30%. House-passed appropriation riders restrict the Board's ability to issue 10(j) injunctions to curb employer misconduct.

In addition, the Administration put forth the following initiatives:

- o The Administration has proposed an increase in the minimum wage, which this year will reach a 40 year low in purchasing power. Increasing the minimum wage by 90 cents over two years will benefit an estimated 11 million low wage workers.
- o The Department of Labor has made wage and hour enforcement in the garment industry a top priority, recovering more than \$2.2 million in back wages for nearly 7,400 workers.
- o On November 28, 1995 the Department of Labor launched a campaign against pension fraud abuse, including the mishandling of contributions to 401(k) plans by employers;

The Administration continued making appointments to important boards and commissions to insure that they are fair to all workers, including the appointment of Sarah Fox to the NLRB, Jim Reilly to the MSHA Review Commission, and Don Wasserman to the FLRA.

C. Other Issues

I. Occupational Safety and Health Reform

- o The AFL-CIO has asked for a clear statement of the Administration's intention to veto H.R. 1834 (Ballenger) and S. 1423 (Kassebaum) in their current form, and any legislation which weakens safety and health protections for American workers.
- o Both bills would exempt a majority of worksites -- even in the most hazardous industries -- from routine OSHA safety and health inspections.
- o The bills would also strip workers of the fundamental

right to file anonymous complaints and receive a government inspection where serious hazards are present.

- o Both bills would allow employers to dominate employee involvement committees, even where such actions would impair the fundamental worker right to freely choose a bargaining representative. Similar language is contained in the TEAM Act, a bill that the Administration has already threatened to veto.
- o Finally, the House bill would impede OSHA's ability to issue protective standards, repeal the Mine Safety and Health Act and eliminate the National Institute of Occupational Safety and Health.

II. Fair Labor Standards Act

- o Labor is opposed to Republican-sponsored legislation that would eliminate the requirement that employers pay time-and-a-half for hours worked in excess of 40 hours a week. One extreme proposal would replace the 40 hour week with a 160 hour - four week threshold, before overtime pay would be required.
- o Public employee unions are concerned about possible Administration support for weakening overtime protections for state and local government employees.
- o The unions have expressed opposition to proposals that would allow employers to pay hourly workers comp time instead of cash for overtime worked.

III. Labor Law

- o Labor is angry about Republican congressional hearings that have been aimed at curbing union efforts to expose corporate behavior (sometimes known as "corporate campaigns"). So far the hearings have focused on placing restrictions on leafleting at shopping malls, union-organized proxy fights, and union-initiated complaints to OSHA, the NLRB, and other federal agencies.

IV. Trade

- o NAFTA Truck Provisions While hard feelings over NAFTA persist, labor was pleased with the decision to delay implementation of provisions that would allow Mexican trucks to go anywhere in the border states of California, Texas, Arizona, and New Mexico. The Teamsters believe that this delay will be extended

through next year.

V. ACIR Preliminary Report

- o The Advisory Commission on Intergovernmental Relations issued a preliminary report in January that calls for eliminating unfunded mandates on state and local governments. The report was called for by the Unfunded Mandates Act.
- The report specifically recommends repealing state and local coverage under OSHA, Family and Medical Leave, Fair Labor Standards, and drug and alcohol testing of commercial drivers.
- President Clinton appointed all but the congressional members. Among its members are Marcia Hale, EPA Administrator Browner and Education Secretary Reilly; in addition there are 6 Members of Congress, 4 Governors, 4 Mayors, 4 county officials and 4 state legislators.
- Congressional Democratic members have written to the Commission staff complaining that the report was released without a formal meeting of the Commission.
- The Commission has scheduled a conference on March 6 and 7 to consider the impact of mandates on governments and citizens.

VI. Medicaid Waivers

- o Labor has asked the Administration to include employee protections for health care workers affected by changes in the way Medicaid is handled by state and local governments. The issue is under review by HHS and the White House.

E. Updated List Of Accomplishments Regarding Organized Labor

Creating More Jobs

- o 7.7 million new jobs in 36 months
- o Unemployment rate below 6% for 17 consecutive months

Creating Better Jobs

- o Signed the Family and Medical Leave Act into law -- workers will never have to choose between work and the health of

their families.

- o Expanded EITC by \$21 billion, providing tax relief for 15 million working families.
- o Proposed 90 cent increase in the minimum wage.
- o Reformed Pension Benefit Guarantee Corporation to protect 8.5 million pensions.
- o Revitalized enforcement at the Labor Department -- adding more front-line enforcers.
- o Signed Hatch Act Reform into law -- allowing federal civil servants to more actively participate in the political process.
- o Rescinded Reagan Administration order prohibiting rehiring of PATCO strikers.
- o Proposed and fought for health care reform.
- o Supported and fought for Democratic-sponsored Occupational Safety and Health Reform Act.

Established Better Labor Relations

- o Appointed a NLRB (Chairman Bill Gould, members Peggy Browning and Sarah Fox, and General Council Fred Feinstein) that is fair to workers and their unions.
- o Issued an Executive Order prohibiting federal agencies from doing business with employers that permanently replace striking workers.
- o Played an activist role in helping to resolve tough collective bargaining disputes: American Airlines, Long Island Railroad, UPS, Teamster national trucking contract, UMWA and Bituminous Coal Operators Association, Bridgestone/Firestone, New York City Maintenance Workers.
- o Created the National Partnership Council for federal government unions.
- o Created the Task Force on Excellence in State and Local Government Through Labor Management Cooperation for non-federal government workers.
- o Rescinded Bush Administration executive orders prohibiting pre-hire agreements on federal construction projects and requiring all unionized government contractors to post a notice telling workers they have a right not to join a

union.

- o November 1994 AFL-CIO newsletter reported that 32 bills supported by organized labor were signed into law by President Clinton.
- o Supported "striker replacement" legislation.
- o Appointed trade unionists to significant posts throughout the Administration:

F. List of AFL-CIO Executive Council

The new officers:

President John Sweeney -- formerly the President of SEIU. Sweeney is leading the AFL-CIO into a new era. He is proposing an ambitious agenda for the Federation, including spending \$20 million on organizing and \$35 million on political action. During the Executive Council meeting in Bal Harbor he hopes to solidify plans for the Federation's "America Deserves a Raise" campaign, as well for "union summer," during which 1,000 trained organizers will go out into the field. They will also be discussing their plans to target 75 House races in the '96 elections.

Secretary-Treasurer Rich Trumka -- formerly the President of the United Mine Workers. Trumka was a coal miner who ran for President of the UMW at age 33 and won. He is a dynamic speaker who led the UMW through several major strikes (including Pittston in 1989 and a nationwide strike in 1993); but he also negotiated ground-breaking agreements without strikes. He is a strong proponent of labor law reform. President Clinton appointed Trumka to the Kerrey Entitlement Commission, where he led a spirited defense of social security, medicare, and other federal entitlement programs.

Executive Vice President Linda Chavez-Thompson -- formerly a vice president of AFSCME. Since the AFL-CIO election last October, Chavez-Thompson has spent a majority of her time on the road talking about organizing and the need for greater political action to state federations of labor and local central labor bodies. She spent most of her career at AFSCME as an organizer in Texas.

The new council (in alphabetical order)

Randy Babbitt (new member) -- President of the Airline Pilots Association (ALPA). ALPA is concerned about the effect airline mergers and bankruptcies have had on retiree health care and pensions. ALPA is engaged in a job action against Federal

Express, having won a representational election but failed so far to get a first contract. The National Mediation Board is mediating this dispute.

Morty Bahr -- President of the Communications Workers of America. CWA believes that AT&T's announced lay-off of 40,000 workers was inflated to drive up its stock price. CWA recently won a new contract with Bell Atlantic covering 34,000 workers. Bahr is also concerned about corporate mergers and downsizing. CWA supported the Telecommunications Reform bill signed by President Clinton.

Jack Barry -- President of the International Brotherhood of Electrical Workers. IBEW was less enthusiastic about telecom bill. They have traditional building trades concerns about protecting Davis-Bacon and construction safety.

George Becker -- President of the United Steelworkers of America. The Steelworkers, Auto Workers and Machinists have agreed to merge into one union by the year 2000. Major steel contracts reopen this year for bargaining over wages. The Steelworkers recently absorbed the Rubber Workers, which may soon reach a favorable settlement with Bridgestone/Firestone. The USW is concerned about retiree health care costs creating an unfair competitive advantage for nonunion companies. They are angered about communities and businesses working together to lure jobs into non-union areas with the promise of public financing and tax incentives. Job safety, striker replacement, and organizing are key issues for the USW.

Moe Biller -- President of the American Postal Workers Union. Budget issues, especially federal employee health and retirement benefits and postal subsidy, are important to Biller.

Marvin Boede -- President of the United Association of Plumbers and Pipefitters. Apprenticeship and training, as well as Davis-Bacon and job safety, are important to the UA.

Clayola Brown (new member) -- Vice President of UNITE. UNITE was created by merger of the Amalgamated Clothing and Textile Workers and International Ladies Garment Workers.

Bill Bywater -- President of the International Union of Electronic Workers. Bywater is a vocal critic of NAFTA and a strong supporter of striker replacement legislation. Major employers are GE and Westinghouse.

Ron Carey -- President of the International Brotherhood of Teamsters. Carey faces re-election this fall (his opponent is Jimmy Hoffa, Jr. who is supported by the old guard) and wants to make sure that the government continues to fund the court-appointed election monitor's activities. He is likely to raise

this if he gets the chance. Funding has been disrupted by the CR and the shutdown. Teamster drivers are major players in the Detroit News strike. NAFTA remains a big issue to the IBT; they are pleased with the decision to delay the trucking provisions. Striker replacement is a big issue with the Teamsters.

Arthur Coia -- President of the Laborers International Union. Coia has been appointed by President Sweeney to chair the Executive Council's Organizing Committee. Coia is an innovative leader who is expanding his organizing efforts to include non-building trades occupations and he is a strong supporter of labor-management cooperation. Protecting Davis-Bacon and the Service Contract Act remain at the core of the Laborers agenda. The union has agreed to continue its efforts to wipe out corruption -- under Justice Department supervision -- and will hold its first secret ballot election for the union's top officers.

Richard Cordtz -- President of the Service Employees International Union. Cordtz succeeded Sweeney as President of SEIU. SEIU has been using aggressive tactics to organize low wage service workers particularly in hospitals, nursing homes, and commercial buildings. SEIU's Justice For Janitors Campaign has blocked traffic in downtown D.C. and bridges leading into the city from northern Virginia. The union's New York City local recently won a new contract with commercial building owners after a well publicized strike involving 35,000 maintenance workers.

Doug Dority -- President of the United Food and Commercial Workers. Dority has been appointed by President Sweeney to chair the Executive Council committee on public affairs. Dority was the union's organizing director and is angry about corporate attacks on union organizing. He led a well publicized battle against Food Lion, exposing the company's mistreatment of employees and its poor safety and health record. Food Lion responded by suing the union for \$100 million under civil RICO. Because UFCW represents workers in poultry and meat packing plants, Dority is anxious to get an ergonomics standard that would protect his members against repetitive motion injuries.

Mac Flemming (new member) -- President of the Brotherhood of Maintenance of Way Employees. The BMW and the other rail unions are upset with the National Mediation Board's refusal to release them from mediation with the major freight carriers. Under the Railway Labor Act, the unions cannot strike until the NMB releases them from talks. Late in 1995, the BMW led a protest outside the offices of the NMB.

Carolyn Forrest (new member) -- Vice President, United Auto Workers.

Pat Friend (new member) -- President, Association of Flight

Attendants.

Bob Georgine -- President of the Building and Construction Trades Department. The Building Trades top priorities remain Davis-Bacon and Service Contract Act, construction safety, and regulations governing multi-employer health and retirement funds (Taft-Hartley funds). They oppose state taxation of multi employer plans to fund public health care institutions and argue that states are pre-empted from doing this by ERISA. AFSCME is on the other side of this contentious issue.

Wayne Glenn -- President of the Paperworkers International Union, headquartered in Nashville. The Paperworkers recently achieved a settlement with Staley, a manufacturer a sweeteners for soft drinks and other products. Staley was one of the three major employers being struck in Decatur, Illinois (the others were Caterpillar and Bridgestone/Firestone). Glenn is a feisty leader who initiated the effort to ban the use of permanent replacement workers after the bitter International Paper strike in Jay, Maine. Glenn is an Arkansas native and a friend of the President.

Michael Goodwin (new member) -- President of the Office and Professional Employees Union.

Joe Greene (new member) -- President of the American Federation of School Administrators.

Sonny Hall (new member) -- President of the Transport Workers Union. TWU represents transit, airline and railroad employees. They are concerned about the rail talks, 13(c) and privatization.

Ed Hanley -- President of the Hotel and Restaurant Employees Union. HERE entered into consent decree with the Justice Department in December, 1995 to eliminate organized crime.

Frank Hanley -- President of the Operating Engineers. The OEs are mainly a construction union, but 25% of the membership work as stationary engineers in large commercial buildings, hospitals and schools. The OEs maintain an interest in Davis-Bacon, construction safety and training for specialized skills like hazardous cleanup.

Sumi Haru (new member) -- President of the Screen Actors Guild.

James Hatfield -- Chairman of the Glass, Molders, Pottery, and Plastics Union.

(Mr.) Carroll Haynes (new member) -- Vice President of the Teamsters. Haynes is a new Vice President of the IBT from New York City.

Frank Hurt -- President of the Bakery, Confectionery, and Tobacco Workers. Hurt is concerned about FDA jurisdiction over tobacco. He prefers a legislative solution to control teenage smoking.

Gloria Johnson -- Vice President of International Union of Electronic Workers. She is also the President of the Coalition of Labor Union Women. She serves on the President's Advisory Committee on Social Security.

Jack Joyce -- President of the Bricklayers and Allied Craftsmen. Joyce is interested in foreign affairs and health care policy, as well as the more traditional building trades' concerns. He supports labor management cooperation efforts in his industry.

George Kourpias -- President of the International Association of Machinists. IAM has announced its intention to merge with the UAW and Steelworkers in the year 2000. The IAM recently won a contract agreement with Boeing after a major nationwide strike, but continues to suffer losses at McDonnell-Douglas and other defense-related companies. Kourpias is a vocal critic of U.S. manufacturers exporting technology as well as outsourcing in the airline industry.

Jim LaSala (new member) -- President of the Amalgamated Transit Union. ATU represents city bus and subway systems. Their most important issues are mass transit funding and the protection of 13(c) labor protections for transit workers.

Bill Lucy -- Secretary-Treasurer of the American Federation of State, County and Municipal Employees. Lucy is very active in civil rights issues and international affairs. He was a leader in the South African anti-apartheid movement in the U.S.

Leon Lynch (new member) -- Vice President of the United Steelworkers.

Jay Mazur -- President of UNITE. Mazur recently accomplished the merger of the Amalgamated Clothing and Textile Workers (whose President Jack Shienkman retired) and his own union, the International Ladies Garment Workers. UNITE has embarked on a nationwide TV ad campaign to instill in the public a positive image of the new union. Before the merger, ACTWU and the ILG had lost tens of thousands of jobs to imports. UNITE is now active in the campaign to wipe out garment industry sweatshops in the U.S.

Doug McCarron (new member) -- Newly elected President of the United Brotherhood of Carpenters. McCarron is extremely independent and direct and has remained aloof from the AFL-CIO. He is from California and is basically unknown in Washington.

Gerry McEntee -- President of the American Federation of State,

County and Municipal Employees. President Sweeney has appointed McEntee to chair the Executive Council's political action committee. McEntee's major concerns are welfare reform -- and the threat of job displacement, privatization, and the federal budget. He is pleased with the conclusions reached by the Secretary of Labor's Task Force on Excellence in State and Local Government Through Labor Management Cooperation. The report, which will not be released until March, emphasizes service improvements through employee involvement and cites numerous examples where collective bargaining relationships in state and local government have led to improved service.

Andrew McKenzie (new member) -- President of the Leather Goods, Plastic Novelty and Service Workers Union.

Lenore Miller -- President of the Retail, Wholesale and Department Store Union. RWDSU plans to merge into the UFCW.

Mike Monroe (new member) -- President of the Painters and Allied Trades.

James Norton -- President of the Graphic Communications Union. Norton is working in close cooperation with the unionized printing industry to preserve jobs that have been threatened by rapidly changing technologies.

Arturo Rodriguez -- President of the United Farm Workers Union. Following the death of Cesar Chavez, Rodriguez signaled his intent to continue aggressive organizing in the agricultural fields.

Mike Sacco -- President of the Seafarers International Union and the Maritime Trades Department of the AFL-CIO. Sacco's main interests remain cargo preference, the export of energy products on U.S. flag ships, and the protection of the merchant fleet.

Robert Scardalletti (new member) -- President of the Transportation Communications Union. TCU is involved in the national rail freight talks, which have been in mediation for over a year.

Albert Shanker -- President of the American Federation of Teachers. Shanker has been appointed by President Sweeney to chair the education committee. Shanker remains one of the most thoughtful supporters of public education and lobbies hard for education funding at all levels.

Vincent Sombrotto -- President of the National Association of Letter Carriers. NALC remains deeply concerned about the federal budget and worries that the Administration will not support adequate funding for the postal service as well as for federal retirement and health benefits.

John Sturdivant -- President of the American Federation of Government Employees. AFGE has played a key role in the Administration's reinvention efforts and in keeping the focus on the Republicans in Congress during the government shutdown.

Gene Upshaw -- President of the Federation of Professional Athletes. Upshaw represents the NFL players.

Robert Wages (new member) -- President of the Oil, Chemical and Atomic Workers Union. Wages is outspoken in his criticism of both political parties. OCAW supports Labor Party Advocates, a group which is considering the formation of a labor party in the U.S. OCAW just won a major contract agreement with the domestic oil giants.

Jake West -- President of the Ironworkers. West is primarily interested in Davis-Bacon and construction safety. He credits OSHA for a successful negotiated rulemaking on steel erectors.

Al Whitehead (new member) -- President of the International Association of Firefighters. In addition to federal safety regulations, the Firefighters are interested in public employee bargaining and pensions.

Steve Yokich -- President of the United Auto Workers. Yokich participated in the merger talks with the Machinists and the Steelworkers. Trade remains an important issue for the UAW, as well as OSHA, labor law reform and striker replacement. The Caterpillar strike is essentially over, although the union members who have gone back to work without a contract are now being harassed by the company for continuing to display public support for the union's effort.

MEMORANDUM

February 15, 1996

TO: Jennifer O'Connor
FR: Chris Jennings
RE: Medicaid/Medicare Update for Unions

Attached are the documents on Medicaid and Medicare that you requested including: 1) background information on the National Governors' Proposal and the reaction from the Hill, the Governors and the Administration, 2) Medicaid/Medicare talking points specifically addressing issues that are relevant to unions, and 3) general background information on Medicaid and Medicare.

I hope this information is useful. Please feel free to call me at 6-5560 with any comments or questions.

The Medicaid "Guarantee" and Issues Raised Surrounding the NGA Resolution

The National Governors' Association (NGA) Medicaid resolution passed last Tuesday has received a great deal of attention from the media, the Hill, and the health care provider and advocacy community. As a whole, the "right" has lavished widespread praise on the proposal and raised limited concern only about the resolution's "open-ended umbrella" financing provisions. The "left" has been extremely critical of the proposal, charging that the provisions on benefits, eligibility and enforcement strip the Medicaid program of its "guarantee" and that the financing mechanism is seriously flawed and will lead to excessive cuts in state Medicaid spending.

NGA PROCESS

The NGA staff openly acknowledges there are a number of unanswered questions surrounding their Medicaid policy. They plan on fleshing out the details over the next 1-2 weeks; this will coincide with scheduled Hill hearings on February 21st and 22nd. In the absence of developing the policy behind their resolution, they are very uncomfortable with (and would distance themselves from) anyone (Republican or Democrat) characterizing any proposal as being consistent with NGA policy. With this in mind, they have attempted to head off Republicans who had been already drafting "NGA-like" bills. Ray Scheppach has had Republican Governors call the Hill and urge Republican Members to hold off on any bills. Ray is extremely nervous that such bills would virtually guarantee that Democratic Governors walk away from the NGA resolution and undermine any hope of a compromise.

NGA POLICY

While there are a host of unresolved and important issues, our meeting with NGA did clarify a number of issues that allow us to provide an initial analysis of the resolution. Since the debate has so focused on the "guarantee," it is likely that any compromise will be evaluated in that context. (While there are numerous issues related to the NGA resolution, including how it addresses financial protections for families, nursing home standard enforcement, and quality standards, we thought it was most important to focus on the fundamental structural issues first.)

There are four elements that make up the Medicaid guarantee: financing, eligibility, benefits, and enforcement. The following reviews our current understanding of the NGA resolution in that context:

- **Financing Guarantee.** As mentioned above, the NGA proposal seems to achieve the financing guarantee by eliminating the block grant financing approach and substituting a so-called "umbrella" financing mechanism. This mechanism automatically provides additional federal support as economic downturns produce enrollment increases. The

Republicans agreed that the umbrella would cover the increased costs of optional as well as mandatory benefits and populations. This was an important breakthrough for the Democratic Governors.

Interestingly, the Democratic Governors could only secure their recession protection provision if they agreed that states (like Michigan and Wisconsin) would be guaranteed their base allotment even if they chose to reduce coverage and spending. This is a significant departure from the historical Medicaid federal/state partnership, where federal financing support rises and falls with changes in coverage and state contributions. Additionally, the reduction of the required state match permitted by the NGA resolution (and inserted at the last second for Governor Pataki) could significantly decrease overall Medicaid spending. In fact, estimates from HHS indicate that the \$85 billion in federal savings would translate into \$290 billion in total spending reductions if all states matched at the minimum level. Lastly, the state may be able to substitute state tax dollars with revenue raised through provider taxes and donations. Since this is "borrowed" money, it would effectively reduce states' real spending on Medicaid. These provisions may have an impact on how CBO scores this proposal and, if it does, estimates of federal savings may decline.

- **Eligibility Guarantee.** The NGA proposal, with some notable exceptions, seems to retain most of the currently eligible populations. However, the NGA proposal repeals provisions of the 1990 law, signed by President Bush, that phases-in coverage for 1.5 million poor children between the ages of 13 and 18. In addition, the proposal allows states to define disability, subject to federal approval, instead of requiring all states to meet a minimum federal definition, as is now the law. As currently drafted, this proposal has potential to result in widespread variation in eligibility determinations among states and, in the minds of some, could threaten the eligibility guarantee for people with disabilities.
- **Benefits (Coverage) Guarantee.** The NGA proposal leaves in place the current, nationally defined list of covered benefits for mandatory coverage groups. At first glance, one might conclude that the benefits guarantee was assured. However, the proposal seems to eliminate the current requirement that medically necessary benefits be provided and gives states unlimited discretion to determine the amount, duration and scope of services within benefit categories. Under these provisions, for example, states could limit the number of hospital days per year provided to children, even if a doctor decides that the care is medically necessary. NGA staff could not tell us last evening whether the current statewideness and comparability requirements are also repealed. If they are not retained, states could offer different benefits to different groups of beneficiaries or in different areas of the state. For example, states could decide to cover five days of hospital services for disabled children but only two days for people with AIDS. Or, a state could choose to cover a particular benefit in some areas of the state, but not for example, on an Indian reservation. The NGA staff confirmed that they have repealed the statewideness and comparability requirement for optional benefits, including prescription drugs.

The proposal also redefines the treatment portion of EPSDT (Early and Periodic Screening, Diagnosis and Treatment) so that "states need not cover all Medicaid optional services for children." They have not yet resolved what treatment would be covered.

- **Enforcement of the Guarantee.** The NGA proposal eliminates a federal cause of action by Medicaid beneficiaries. Claims brought by individuals to enforce their rights under Medicaid would be limited to state courts and state law. Only the Secretary of Health and Human Services could bring an action in federal court on behalf of Medicaid beneficiaries.

Attached is a more detailed description of the issues raised by the NGA proposal to eliminate the federal cause of action. The most significant problem is that, under this proposal, eligibility will vary between states because state courts will interpret the law differently. In addition, fewer remedies are available under state law than under federal law. The Secretary of Health and Human Services will be unable to litigate adequately on behalf of individuals because the significant new administrative burden that will be placed on the Department will likely cause delays and because the only remedy available to the Secretary is the withdrawal of funds (which will make matters worse for the recipients in the state).

REACTION TO THE NGA PROPOSAL

- **Governors Position:** As mentioned previously, the Governors are working with NGA staff to clarify the intent behind their Medicaid resolution and to write up the back-up details. The NGA staff will work with the 6 Medicaid-designated Governors (Romer, Chiles, Miller, Thompson, Engler and Leavitt) in the upcoming two weeks to try to further clarify their positions and prepare them for upcoming House Commerce and Senate Finance Committee hearings.

In response to the President and the Congressional Leadership, the Governors attempted to hammer out a compromise Medicaid position to further the budget negotiations. The Democratic Governors worked tirelessly to move the Republicans from their insistence on a block grant. The Republicans hesitantly agreed to a new funding formula that assures that federal dollars increase with enrollment increases during economic downturns.

The Democratic Governors rightly believe that their success in getting the Republicans to agree to a guaranteed funding stream represents a significant step forward. To achieve this victory, however, the outnumbered Democrats were apparently forced to give in on provisions that may well undermine other aspects of the federal guarantee.

As with any hastily-drafted agreement, we have found that there were a number of provisions that Democratic Governors either did not know about or are uncomfortable with in the NGA resolution. For example, Governor Chiles was apparently unaware that the resolution provided for the reinstatement of provider taxes and donations. Governor Romer has told us he is uncomfortable with the disability language and the

state matching reduction provision. And it seems that all the Democrats are uneasy with dropping the phase-in of the kids.

- **Hill Position:** Most Republicans, through the RNC and comments by the Speaker, are strongly embracing the NGA proposal. They claim that it is a virtual mirror-image of their Medigrant proposal. The RNC is literally passing out paper declaring "victory." In addition to scheduling the previously mentioned hearings for the 21st and 22nd of this month, the Finance Committee called today inviting Secretary Shalala to testify about the Administration position with regard to the NGA proposal sometime during the following week.

Republicans appear to want to push a "bipartisanly-supported NGA" bill out and dare us to criticize it. Having said this, they are reportedly being responsive to NGA calls to not act prematurely and risk a meltdown of the bipartisan agreement by publicly unveiling legislation. There is no question, however, that they are (behind the scenes) drafting legislation and attempting to get CBO to score it and it is not inconceivable that they may introduce something prior to Secretary Shalala's testimony.

The Republican reaction has fueled the suspicions of the Democrats and, with extremely few exceptions, there has been a generally negative reaction to the NGA proposal. The "base" Democrats, like Henry Waxman, have been extremely critical of the proposal and have charged that it offers no guarantee and may even be a block grant in sheep's clothing. Congressman Stenholm and Congressman Dingell were apparently quite disappointed in the lack of state accountability, the reduction in state match, and raised concerns about the adequacy of the legal enforcement provisions. They argue that it is not unreasonable to expect a federally-enforced, national eligibility and standards floor in return for a large federal investment. To back up their point, their staffs have been circulating a chart that shows how the coalition proposal would provide \$840 billion to state Medicaid programs, at the same time the states are trying to significantly decrease their Medicaid expenditures.

- **Interest Groups:** We have received only negative reactions from the groups, including the unions, the American Hospital Association, the American Academy of Pediatrics, the Children's Defense Fund, the Alzheimers' Association and the Consortium for Citizens with Disabilities. The groups, particularly those who represent children and the disabled, feel that enactment of a proposal like the Governors' resolution would significantly increase the number of uninsured and renege on what they believe is a jointly-held commitment with the Administration to expand, or at least not reduce, the number of insured. The AIDS groups are particularly concerned because they greatly fear a state-by-state definition of disability.
- The Office of Public Liaison believes that the President's strong stand on Medicaid has built bridges that extend far beyond the traditional Medicaid constituencies. Public Liaison believes that significant changes from these groups' perception of our past Medicaid position may damage this strong alliance and may be difficult to repair.

CONCLUSION

We are currently reviewing the NGA policy and following policy developments closely. There is little question that the Democratic Governors will be seeking guidance from us as to what to push in the process, as well as how they should be talking about the NGA resolution at the upcoming hearings.

MEDICARE AND MEDICAID TALKING POINTS

Medicare:

- The President's and your dogged determination to preserve the Medicare program from excessive cuts and unsound policy changes has protected the program and the 37 million beneficiaries it serves.
- The President has shown how to (1) strengthen the Medicare Trust Fund through 2010, (2) offer a whole array of new plan choices to Medicare beneficiaries (like Preferred Provider Organizations, HMO's with point of service options, and Provider Service Networks), (3) provide for an expansion in preventive benefits (like mammography and colorectal screening), (4) include respite coverage for family members taking care of Alzheimer's patients, and (5) balance the budget without requiring new cost increases to Medicare beneficiaries.
- You have helped tremendously in carrying our message that we don't have to decimate the program to preserve it for the short and long-term. We owe a tremendous debt of gratitude to you. Our work on this issue shows how strong we can be when we come together.

Medicaid:

- The President and you have helped show the American public that the Medicaid program is a program for all Americans. You have helped educate Americans into understanding that fully two-thirds of Medicaid's expenditures go for the care of our elderly and people with disabilities.
- The President has stood strong and tall against the Republicans' desire to block grant this essential program. He has vetoed a Medicaid block grant, and he will never preside over a block granted Medicaid program.
- He is also well aware of the serious concerns that health care workers have about the size and scope of both Federal and State Medicaid funding reductions. We are going to have to constrain the growth of our health care programs, but we must work together to ensure that changes to these vital programs are done thoughtfully and with an eye to how they impact our workers.
- The President has insisted that this nation's commitment to our most vulnerable children, pregnant women, elderly and people with disabilities is never forgotten. That is why he has and will continue to insist that the Medicaid guarantee to coverage must be preserved.

Rosenthal

10¹⁵ - 11

Menda

Harold + Dony

Page
702 773-6444

Christin Leary

~~Reverence
Hotel~~

800 959 168

Stevenson

DNC reception

Give

all admin people

- All invites for
dinner w/ H, say
"booked"

AFL-CIO CONVENTION Q&A
FEBRUARY 1996

WELFARE REFORM

QUESTION: What is the President's next step on welfare reform?

ANSWER: The President has vetoed welfare reform twice -- as part of the reconciliation bill in December and as a stand-alone bill in January. The Administration remains determined to work with Congress to pass a bipartisan welfare reform bill that requires work, promotes family and responsibility, and protects children. The President's veto message called for improvements in child care funding, protection for states and children in economic downturns, Medicaid coverage for poor families, and the overall level of budget cuts in low-income programs with little connection to welfare reform.

QUESTION: Where does the Administration stand on the NGA proposal?

ANSWER: Two weeks ago, the NGA reached a bipartisan agreement on welfare reform that included several of the improvements the President had called for in the areas of promoting work and protecting children -- including a substantial increase in child care funds, a better contingency fund, a substantial performance bonus, equal treatment for recipients, reductions in the overall level of savings, provisions on SSI children's disability programs, increasing the hardship exemption, improving the work requirements, and making the family cap a state option. The Administration continues to have serious concerns about other important issues -- including child welfare, Food Stamps, school lunch, maintenance-of-effort, and benefits for legal immigrants. The President applauded the bipartisan spirit of the NGA proposal, and in the coming weeks, we will be working with Democrats and moderate Republicans to seek additional improvements in Congress.

QUESTION: Where does welfare reform stand in Congress?

ANSWER: The NGA proposal has breathed new life into Congressional deliberations on welfare reform. The House and Senate begin hearings next week on new bills based on the governors' proposal; floor action is likely in March. In the absence of a budget deal, Congress is likely to send us a stand-alone welfare reform bill in the next few months -- possibly with significant bipartisan support.

QUESTION: Where does the Administration stand on the concerns of the labor community?

Background:
ANSWER: AFSCME and SEIU are concerned about two issues -- worker displacement and block grants. The conference report which the President vetoed included some anti-displacement protection. It prohibited employers from laying off workers and replacing them with welfare recipients. But the unions would like additional protection, including an enforcement procedure and protection for collective bargaining agreements. They also want to make sure that if AFDC becomes a block grant, the federal government has the authority

Answer:

to ensure accountability of state funds. We support these improvements, have asked Congress to adopt them, and have included them in the welfare reform section of our balanced budget plan. But to this point, Congress has refused to enter into direct negotiations with the Administration on welfare reform. That means we have to work through Democratic and moderate Republican allies in Congress to achieve these and other improvements we seek.

MCCAIN-FEINGOLD - CAMPAIGN FINANCE REFORM LEGISLATION (S. 1219)

the President has endorsed the
???BACKGROUND: During his radio address on xx/xx/96, President Clinton announced his endorsement of the first real bipartisan campaign finance reform legislation in a generation. The McCain-Feingold "Senate Campaign Finance Reform Act of 1995" would help fight the cynicism that is gripping the American people, help restore faith in the U.S. government, reaffirm that elections are won and lost in a competition of ideas, and reduce the cost of campaigning. *which*

This government must again become one of the people, by the people, and for the people. In his first three years in Congress the President has pursued a strong, wide-ranging political reform agenda. He imposed the toughest ethics code on his appointees, closed the tax provision that allowed corporations to deduct the cost of lobbying expenses, signed the Motor Voter law, and cut the White House by 25%. Last year the President signed two major reform bills that he had promised to enact when he ran for office in 1992. The Congressional Accountability Act with requires Members of Congress to live by the laws of the land and the Lobbying Disclosure Act.

McCain-Feingold includes many of the campaign finance reform ideas that President Clinton first championed in **Putting People First**. McCain-Feingold would:

insert space → **Spending Limits and Benefits** -- Senate campaign spending limits would be based on each State's voting-age population.

Free Broadcast Time -- Candidates would be entitled to 30 minutes of free broadcast time.

Broadcast Discounts -- Broadcasters would be required to sell advertising to a complying candidate at 50 percent of the lowest unit rate.

Reduced Postage Rate -- Candidates would be able to send up to two pieces of mail to each voting-age resident at the lowest 3rd class non-profit bulk rate.

New Variable Contribution Rate -- If a candidate's opponent does not abide by the spending limits or exceeds the limits, the complying candidate's individual contribution limit is raised from \$1,000 to \$2,000 and the complying candidate's spending ceiling is raised by 20 percent.

PAC Ban -- There is a ban on PAC contributions to candidates. However, if the PAC ban is ruled unconstitutional, then the PAC contribution would be lowered to \$1,000.

Franked Mailings -- Franked mailings are banned in the year of a campaign.

Personal Funds -- Complying candidates cannot spend more than \$250,000 from their personal funds.

QUESTION: *Why did the President endorse S. 1219?*

ANSWER: The President has strongly supported efforts to reform this nation's campaign finance system since entering office. The President believes that we must enact true campaign finance reform in order to restore faith in government and to fight the cynicism about Washington that is gripping the American people. While the President has some concerns about certain provisions of S. 1219, he believes that the bill will bring down the cost of campaigning and encourage real competition, which is good for America and good for the Democratic party.

QUESTION: *McCain-Feingold would ban contributions from Political Action Committees (PACs) to campaigns. This would hurt the ability of unions to collectively contribute to candidates for elected office. Why would the President support such a proposal?*

ANSWER: The President has always supported restricting the contributions PACs make to candidates. In Putting People First he called for limiting PAC contributions to \$1,000, the legal limit for individuals. While S. 1219 proposes to ban PACs, the bill also includes a provision to limit PAC contributions to \$1,000 if the ban is ruled unconstitutional (which is highly likely). The President believes the \$1,000 limit will level the playing field while still allowing unions to actively participate in the electoral process and contribute to candidates.

TRADE ISSUES

QUESTION: *CHILE FAST TRACK - Fast track legislation has been stalled by a disagreement between the Republicans leadership in Congress and the Administration over the appropriate role for labor and environmental standards in trade agreements. What is the President's view on the appropriate role for labor and environmental standards in trade agreements?*

BACKGROUND: Labor, which vigorously opposed NAFTA, has been insistent that any fast track bill include provisions directing the negotiation of labor related standards. The primary purpose of fast track this year is to negotiate the accession of Chile to the NAFTA. The President has been clear since 1992 that he believes labor (and environmental) considerations must be addressed in trade agreements. Republicans in Congress and the business community have sought to use the proposed extension of fast track as an opportunity to permanently de-link labor and environmental standards from trade.

ANSWER: The Administration will continue to insist that any fast track legislation provide the President with the authority to negotiated strong labor (and environmental) provisions in trade agreements.

QUESTION: *CARIBBEAN BASIN INITIATIVE - In 1995, the Administration worked with Congress to extend NAFTA to Caribbean Basin workers. In 1996, we are working with Democratic leaders and unions to draft our own legislation. How does the Administration plan to reconcile the concerns of the textile industry with regard to this legislation?*

President Clinton is refusing to go backwards on coverage, insisting on retaining the guarantee of meaningful Medicaid health benefits for people with disabilities, pregnant women, poor children, and older Americans in need of nursing home care.

DEPTH OF THE CUTS. Republicans want to cut Federal Matching funding to States by \$85 billion in order to pay for an excessive tax cut for the well-off.

Republicans are insisting on \$85 billion in Medicaid cuts -- 45% more than the President -- largely to fund an excessive tax cut. They would cut spending growth per person to rates one-third below inflation. And the total Medicaid cuts would more than triple if States only spent minimum required.

President Clinton's balanced budget achieves \$59 billion in savings by capping spending growth per beneficiary, giving State incentives to reduce costs without denying anyone health care coverage while providing States with unprecedented flexibility to operate their programs and pay providers.

LEAVES STATES VULNERABLE. Republicans are insisting on block granting Medicaid, which will leave States vulnerable to economic downturns, inflation, demographic changes, and natural disasters -- even though it is not necessary to balance the budget.

Under a block grant, States would be responsible for 100% of the additional costs from circumstances beyond their control. According to analysis by the Center on Budget and Policy Priorities, if inflation were just 1 percentage point higher than projected over 7 years, States would have to spend about \$65 billion more, or cut eligibility, benefits, or establish waiting lists.

President Clinton is standing firm on maintaining the 30-year Federal partnership with States, protecting States from circumstances beyond their control and increasing State flexibility.

QUESTION: What does the Administration plan to do next with regard to the NGA proposal?

ANSWER: The Governors are going to testify next week on the Hill. They are still working out the specifics of their policies. We will continue to work with them to modify their position on areas that we are concerned about. We

understand that there are a number of issues in the Governor's Medicaid plan that concern provider groups and other advocacy groups. We will work closely with these groups as well throughout the process.

Republicans put Medicare at risk. Excessive spending cuts -- combined with premium increases and risky policy proposals -- threaten to transform Medicare into a second-class medical system. President Clinton has a more sensible approach -- one that protects traditional Medicare while expanding choice and preventative benefits, strengthening the Trust Fund and cracking down on fraud and abuse. The President doesn't gamble with the health of older Americans and people with disabilities.

MAGNITUDE OF CUTS. Republicans would spend \$1,200 less per elderly couple than the President in 2002.

Republicans insist on excessive cuts that reduce Medicare spending by \$168 billion over 7 years -- over one third more than the President -- largely to pay for tax cuts for the well to do.

The President's proposal saves \$124 billion through specific policy changes designed to strengthen the Medicare system, not undermine it. The proposal extends the life of the Medicare Trust fund through at least 2010.

PREMIUMS. Republicans force the elderly to pay more -- to get less. Republicans would spend \$1,200 less than the President per elderly couple and charge them over \$400 more in premiums in 2002.

Republicans insist on increasing Part B premiums beyond the current policy level of 25% of program costs -- raising premiums for an elderly couple by more than \$400 in 2002, based on the latest CBO figures. This burden falls on a particularly vulnerable population: 75% of Medicare beneficiaries have incomes below \$25,000 per year.

The President maintains premiums at 25% of program costs.

LOW-INCOME PROTECTION. Republicans want to repeal the guarantee that Medicaid pay poor older Americans' and people with disabilities' Medicare premiums, deductibles, and copayments, which could force many to lose physician coverage.

— Republicans ^{plan to} eliminate the guarantee to Medicaid coverage of the Medicare premiums, deductibles, and copayments for older Americans and people with disabilities near or below the poverty line. They fail to set aside any Medicaid funding for deductibles and copayments, and set aside less than half of the funds needed to cover the Medicaid premiums of poor older Americans and people with disabilities. Hundreds of thousands of poor older Americans and people with

disabilities could lose funding for their premiums -- at the same time that Republicans want to increase premiums.

President Clinton preserves the guarantee of coverage for low-income beneficiaries, ensuring that more than 5 million poor older Americans and people with disabilities continue to have access to care.

ANSWER: USTR is currently working with Democratic leaders and labor unions to draft legislation which accommodates their concerns regarding extending NAFTA benefits to Caribbean countries.

QUESTION: CHINA MFN - In 1994, the President de-linked human rights considerations from the annual renewal of China's Most Favored Nation (MFN) trading status. This year, the President must announce his intention to renew China's MFN statue by June 3. This year, the AFL-CIO has already announced that it will work to support a disapproval resolution, assuming the President again proposed renewal. What is the Administration's position on China MFN?

ANSWER: To promote our multiple interests, this Administration has pursued a policy of engaging China on all fronts. Engagement with China does not mean ignoring our differences -- it means we must actively engage China to resolve our differences. Despite our differences, trading with China is an important part of our engagement strategy.

QUESTION: CHINA WTO ACCESSION - China is seeking entry into the World Trade Organization. Does the U.S. support China's entry?

ANSWER: The U.S. has insisted that China enter only on commercially viable terms. After talks in 1995 where little progress was made, the Administration presented the Chinese with a detailed "roadmap" of trade liberalizing measures that were required for a commercially sound accession protocol package. The U.S. will continue to press for China's membership in the WTO only on commercial terms. China, too, must bear its share if it wants to join the WTO -- living up to its responsibilities and accepting the burdens of a major trading power.

QUESTION: GENERALIZED SYSTEM OF PREFERENCES - The GSP program, which provides duty-free access to selected imports from designated developing countries, expired on July 31,1995. Labor supports the GSP program because of its workers rights provisions. Does the Administration support its renewal?

ANSWER: The Administration supports GSP renewal, and hopes that an 18 month reauthorization of GSP will be included in the budget agreement when it is reached, This is considered likely, given the widespread support of the program from both Democrats and Republicans. The Administration will continue to work with Labor to reauthorize the GSP program.

MEDICAID

QUESTION: What is the Administration's reaction to the NGA resolution on Medicaid reform passed a week ago?

BACKGROUND: As a whole, the "right" has lavished widespread praise on the proposal and raised limited concerns only about the resolution's "open-ended umbrella" financing provisions. The "left", including unions, has been extremely critical of the proposal, charging that the provisions on benefits, eligibility and enforcement strip the Medicaid program of its "guarantee" and that the financing mechanism is seriously flawed and will lead to excessive cuts in state Medicaid spending.

The NGA staff openly acknowledges that there are a number of unanswered questions surrounding their Medicaid policy. While there are a host of unresolved and important issues, since the debate has focused on the "guarantee," it is likely that any compromise will be evaluated in that context. There are four elements that make up the Medicaid guarantee: **financing, eligibility, benefits and enforcement.**

The NGA plans to flesh out the details of their Medicaid policy over the next 1-2 weeks; this will coincide with scheduled Hill hearings on February 21-22. With the absence of policy behind their resolution, they are very uncomfortable with anyone attempting to characterize any proposal as being "NGA-like." They are urging Republican Members of Congress to hold off on any bills.

The unions have had only a negative reaction to the NGA proposal, especially those that represent children and the disabled.

ANSWER: The Administration is currently reviewing the NGA policy and following policy developments closely. The President has stood strong and tall against the Republicans' desire to block grant this essential program. He has vetoed a Medicaid block grant, and he will never preside over a block granted Medicaid program.

He is also aware of the serious concerns that health care workers have about the size and scope of both Federal and State Medicaid funding reductions. We are going to have to constrain the growth of our health care programs, but we must work together to ensure the changes to these vital programs are done thoughtfully and with an eye to how they impact our workers.

The President has insisted that this nation's commitment to our most vulnerable children, pregnant women, elderly and people with disabilities is never forgotten. That is why he has and will continue to insist that the Medicaid guarantee to coverage must be preserved.

President Clinton is refusing to go backwards on coverage, insisting on retaining the guarantee of meaningful Medicaid health benefits for people with disabilities, pregnant women, poor children, and older Americans in need of nursing home care.

Question: What's the difference in funding between the Republican's and the President's Medicaid budgets?

Republicans want to cut Federal Matching funding to States by \$85 billion in order to pay for an excessive tax cut for the well-off.

Answer: Republicans are insisting on \$85 billion in Medicaid cuts -- 45% more than the President -- largely to fund an excessive tax cut. They would cut spending growth per person to rates one-third below inflation. And the total Medicaid cuts would more than triple if States only spent minimum required.

President Clinton's balanced budget achieves \$59 billion in savings by capping spending growth per beneficiary, giving State incentives to reduce costs without denying anyone health care coverage while providing States with unprecedented flexibility to operate their programs and pay providers.

Republicans are insisting on block granting Medicaid, which will leave States vulnerable to economic downturns, inflation, demographic changes, and natural disasters -- even though it is not necessary to balance the budget.

Under a block grant, States would be responsible for 100% of the additional costs from circumstances beyond their control. According to analysis by the Center on Budget and Policy Priorities, if inflation were just 1 percentage point higher than projected over 7 years, States would have to spend about \$65 billion more, or cut eligibility, benefits, or establish waiting lists.

President Clinton is standing firm on maintaining the 30-year Federal partnership with States, protecting States from circumstances beyond their control and increasing State flexibility.

QUESTION: What does the Administration plan to do next with regard to the NGA proposal?

Answer: The Governors are going to testify next week on the Hill. They are still working out the specifics of their policies. We will continue to work with them to modify their position on areas that we are concerned about. We understand that there are a number of issues in the Governor's Medicaid plan that concern provider groups and other advocacy groups. We will work closely with these groups as well throughout the process.

QUESTION: What is the Administration's approach to Medicare reform?

Answer: Republicans put Medicare at risk. Excessive spending cuts -- combined with premium increases and risky policy proposals -- threaten to transform Medicare into a second-class medical system. President Clinton has a more sensible approach -- one that protects traditional Medicare while expanding choice and preventative benefits, strengthening the Trust Fund and cracking down on fraud and abuse. The President doesn't gamble with the health of older Americans and people with disabilities.

Background:
MAGNITUDE OF CUTS. Republicans would spend \$1,200 less per elderly couple than

how does it differ from Republican plan?

more to bottom

the President in 2002. Republicans insist on excessive cuts that reduce Medicare spending by \$168 billion over 7 years -- over one third more than the President -- largely to pay for tax cuts for the well to do.

The President's proposal saves \$124 billion through specific policy changes designed to strengthen the Medicare system, not undermine it. The proposal extends the life of the Medicare Trust fund through at least 2010.

PREMIUMS. Republicans force the elderly to pay more -- to get less. Republicans would spend *\$1,200 less* than the President per elderly couple and charge them over *\$400 more* in premiums in 2002. Republicans insist on increasing Part B premiums beyond the current policy level of 25% of program costs -- raising premiums for an elderly couple by more than \$400 in 2002, based on the latest CBO figures. This burden falls on a particularly vulnerable population: *75% of Medicare beneficiaries have incomes below \$25,000 per year.*

The President maintains premiums at 25% of program costs.

LOW-INCOME PROTECTION. Republicans want to repeal the guarantee that Medicaid pay poor older Americans' and people with disabilities' Medicare premiums, deductibles, and co-payments, which could force many to lose physician coverage. Republicans plan to eliminate the guarantee to Medicaid coverage of the Medicare premiums, deductibles, and co-payments for older Americans and people with disabilities near or below the poverty line. They fail to set aside any Medicaid funding for deductibles and co-payments, and set aside less than half of the funds needed to cover the Medicaid premiums of poor older Americans and people with disabilities. Hundreds of thousands of poor older Americans and people with disabilities could lose funding for their premiums -- at the same time that Republicans want to increase premiums.

President Clinton preserves the guarantee of coverage for low-income beneficiaries, ensuring that more than 5 million poor older Americans and people with disabilities continue to have access to care.

RAIL FREIGHT NEGOTIATIONS

QUESTION: What is the status on Rail Freight Negotiations?

BACKGROUND: Four major groups of unions are in negotiations with major freight carriers: (1) the United Transportation Union; (2) the Clerks (TCU) and Shop Crafts (e.g. Boilermakers, Firemen); (3) Maintenance of Way Workers; and (4) the Engineers (BLE). All except the BLE are in mediation under the National Mediation Board.

The UTU has concluded a tentative agreement that will go out to the membership for ratification soon -- as soon as a dispute over whether the agreement prevents Conrail from changing any work rules is resolved. Ratification will then take about three weeks.

The TCU and Maintenance of Way are seeking release from mediation. They argue that the UTU agreement will not be a pattern they can follow, and want to begin the 90-day process that must take place before a job action becomes permissible under the Railway Labor Act.

ANSWER: We presently anticipate that the NMB would seriously consider releasing TCU and/or Maintenance of Way from mediation once the UTU agreement is well on the way to ratification.

We understand that release from mediation could lead to a strike in the summer -- if TCU/Shopcrafts and/or Maintenance of Way unions do not accept PEB findings. Unions need to be mindful that Congress is likely not to let a strike go very long, and that a strike therefore could be an open door to unilateral action by labor's enemies.

FAA PERSONNEL

QUESTION: The FY96 DOT Appropriations Act included a provision to eliminate the specific recognition of FAA's unions pursuant to Chapter 71 of Title 5 of the U.S. Code. What is the Administration's current position on this provision?

BACKGROUND: The FY96 DOT Appropriations Act provided the FAA the freedom to develop procurement and personnel systems exempted from several burdensome Federal laws, rules and regulations. These rules have hindered FAA's ability to acquire new, modern technologies and to deploy people to the areas where there is the most air traffic, inspection and certification activity. Getting FAA, and particularly the air traffic control system, out from under the weight of these regulations was recommended by the National Performance Review, and strongly supported by the Administration.

The elimination of the specific recognition of FAA's unions was one unanticipated consequence of the Appropriations. This came to the Administration's attention after Congressional enactment of the bill, and the President's signing statement was drafted to specifically endorse preserving the historical role of FAA unions as bargaining agents.

ANSWER: The Administration is supporting corrective legislation pending in Congress to restore the prior Chapter 71 language. This will assure FAA unions' status as collective bargaining agents is guaranteed against changes in Presidential administrations. We are committed to working for a legislative solution to this problem.

ADVISORY COMMISSION ON INTERGOVERNMENTAL REFORM

QUESTION: The "ACIR" just put out a preliminary report that recommends repealing state and local coverage under OSHA, Family and Medical Leave, Fair Labor Standards and other important provisions. What are you going to do about it?

BACKGROUND: The ACIR is a commission that includes 18 members, 12 of whom are Administration appointees, including Secretary Riley, Administrator Browner and Marcia Hale, Assistant to the President for Intergovernmental Affairs. The preliminary report calls for eliminating unfunded mandates on state and local governments. The report was called for by the Unfunded Mandates Act. The preliminary report specifically recommends repealing the state and local coverage under OSHA, Family and Medical Leave Act, Fair Labor Standards Act, and provisions requiring drug and alcohol testing of commercial drivers. The final report is due out in a few months.

ANSWER: The report released was only preliminary, and the Administration members of the commission voted against it when it was adopted.

The Administration has numerous concerns with the preliminary report, including concerns with the recommendations affecting labor laws, and is currently gathering all of its concerns together to try to change the final document so that it will be something we can support. To that end, we would appreciate specific comments from the labor community on what should be changed in the report. We are going to discuss with our appointees all of the concerns with the preliminary report and work with Governor Winter to achieve the changes.

If needed changes are not made, the Administration members of the commission will again vote against and urge our appointees to vote against issuance of the final report.

STRIKER REPLACEMENT

QUESTION: What is the Administration's reaction to the U.S. Court of Appeals for the District of Columbia Circuit invalidation of the President's Executive Order No. 12954 on February 2, 1996 reasoning that the E.O. impermissibly conflicts with the National Labor Relations Act on the disposition of cases involving the permanent replacement of striking workers?

BACKGROUND: In addition, the House and Senate Labor-HHS-Education appropriations bills (passed in House; not considered yet on the Senate floor) both contain riders forbidding the Secretary of Labor from expending funds to implement the E.O.

ANSWER: The President announced on the day of the court decision that he would direct the Department of Justice to take all appropriate steps to have this decision overturned because the right to strike is one of America's precious freedoms.

The Executive Order attempts to promote the efficient operation of the federal government by allowing debarment of federal contractors who permanently replace workers. Strikes involving the permanent replacement of workers have been found to last longer than other strikes. By permanently replacing workers, an employer loses the accumulated knowledge, experience, skill and expertise of its former workers, which causes the operations of the federal government to suffer.

DAVIS-BACON AND SERVICE CONTRACT ACTS

QUESTION: *What is the Administrations stance on the proposed legislation to repeal both the Davis-Bacon and the Service Contract Acts?*

BACKGROUND: ???

ANSWER: Both prevailing wage laws ensure fairness to workers during the bidding for federal contracts. Both laws provide for wages, pension, health and other benefits to workers. Both laws ensure that the economic power of the federal government does not disrupt local wage scale by requiring that prevailing wages be paid on federal construction and service contracts. The President would veto any attempt to repeal these laws.

SECTION 8(A)(2) OF THE NATIONAL LABOR RELATIONS ACT

QUESTION: *What is the Administration's position on the TEAM Act, to permit company-dominated unions, that passed the House by a close 221-202 vote in September 1995?*

ANSWER: The President would veto the TEAM Act as it is currently written. The legislation overturns 60 years of labor law on company domination of employee rights to freely organize without interference. The legislation allows employers to establish company unions and in cases where a union is present allows an alternative company-dominated organization, both of which are illegal under current law. Workplace labor-management cooperation is a worthwhile goal but this legislation runs roughshod over workers' rights.

PATCO

QUESTION: *Why haven't you been hiring back the former PATCO air traffic controllers as directed in the President's Executive Order?*

BACKGROUND: In August 1993, the President issued an Executive Order lifting the ban on hiring former PATCO controllers. Following that directive, OPM worked with the FAA and the Departments of Transportation and Labor to devise a system which would accommodate PATCO members who applied for employment with the FAA, while ensuring fairness and equity to all applicants. In April, 1995, representatives of the former PATCO air traffic controllers brought to the White House their concerns that despite the President's Executive Order, they were not being given equal opportunities to compete for jobs. The former controllers also suggested there were massive shortages of controllers and that we should hire ~~them~~ back to fill the gaps.

The President then asked Secretary Pena and Administrator Hinson to review FAA practices to see if they complied with his Executive Order and to see if there could be increased opportunities for hiring more former controllers. The Secretary's review revealed that due

Patco controllers

to small numbers of new hires and to commitments to students from training programs funded with federal appropriations, ~~only~~ 37 PATCO controllers had been hired in the year since the ban was lifted, representing approximately 30% of all new hires.

Next week, the administration is set to meet with the current controller union, NATCA, and the former PATCO controllers, to present to them the results of the Secretary's review. These results are that the FAA ensures there will be fair consideration of both experienced and entry level controllers for every new opening, and it anticipates a significant increase in the percentage of PATCO controllers hired in the next two years. The numbers are still relatively small due to appropriations constraints -- the FAA expects to hire up to 100 new controllers in FY '96 and up to 500 in FY '97.

Many union presidents sent President Clinton letters urging that we hire more PATCO controllers. Next week, we will send letters to each of them to explain the results of Secretary Pena's review. As of this weekend, however, we do not want to reveal the details described above.

ANSWER: Fairness in the hiring of the former controllers remains a top priority for the President. Prior to President Clinton's election, no PATCO members were hired. Last fiscal year, about 30% of the air traffic controllers hired by the FAA were former PATCO members. The President has been concerned that his Executive Order be properly implemented and he asked the Secretary and the Administrator to review the system to make sure it complied with his Executive Order and to ensure former PATCO controllers were given fair and equal opportunities to compete for new jobs. Administration officials plan to meet with NATCA and PATCO officials next week to inform them of the results of the review. We anticipate that a much higher percentage of former PATCO controllers will be hired in the next few years. ~~???Following the Secretary's review this fiscal year, that percentage is expect to at least double. ???~~

QUESTION: OSHA Reform...

Insert "background" attached
ANSWER: (EMBARGOED UNTIL MONDAY) The Vice President will announce Monday that the Administration would veto the Ballinger Bill or the Kassebaum Bill in their current form. The Administration would also veto any other bills that gut OSHA and MSHA or legalize company unions.

FAX TRANSMITTAL SHEETRECEIVER TELECOPIER NUMBER: 456-7929TO: Jennifer O'ConnorFROM: Bill SamuelDATE: 2/16/96 TIME: _____PAGE NUMBER ONE OF 3 PAGES

TRANSMITTER TELECOPIER: (202) 219-7971

ADDITIONAL COMMENTS:

IF YOU HAVE QUESTIONS REGARDING THIS FAX CALL: 219-245-5
Butler

Boyle

OSHA REFORM -- TALKING POINTS

STATUS:

Legislation has been introduced in the House by Rep. Cass Ballenger (R-NC), H.R. 1834, and in the Senate by Sen. Judd Gregg (R-NH), S. 1432.

The House Committee on Economic and Educational Opportunities has not scheduled a markup of H.R. 1834. The Senate Committee on Labor and Human Resources has scheduled a markup of S. 1432 for February 28.

TALKING POINTS:

- o Both bills seriously undermine the ability of OSHA to enforce health and safety; for example, the bills would exempt a majority of worksites -- even in the most hazardous industries from routine OSHA safety and health inspections.
- o Both bills would strip workers of the fundamental right to file anonymous complaints and receive a government inspection where serious hazards are present.
- o Both bills would allow employers to dominate and control employee involvement mechanisms, even where such action impaired the fundamental worker right to freely choose a bargaining representative.
- o Finally, the House bill would impede OSHA's ability to issue protective standards, repeal the Mine Safety and Health Act and eliminate the National Institute of Occupational Safety and Health.

*Q: What's Adm Posner
on the current
OSHA reform Bills -*

OSHA REFORM -- VETO TALKING POINTS

- THE ADMINISTRATION WOULD VETO THE BALLENGER BILL OR THE KASSEBAUM BILL IN THEIR CURRENT FORM;
- THE ADMINISTRATION WOULD VETO ANY OTHER BILLS THAT GUT OSHA AND MSHA OR LEGALIZE COMPANY UNIONS.

Answer:

Lambert with the Via
Morder - President will answer
Morder that

EXECUTIVE OFFICE OF THE PRESIDENT

16-Feb-1996 01:10pm

TO: Shana E. Tesler
FROM: Francis J. Szollosi
Office of the Chief of Staff
SUBJECT: Fax Numbers

Betsy Victor
✓ Gottbaum 622-2633
✓ Hughes 482-3610
✓ Smith 647-5283
John ✓ Lieber ~~493-2005~~ 366 7127
Hank ✓ Schloss 622-2808
✓ Barr 622-0073
✓ Bill Samuel 219-7971 (fax)

✓ Eric Anderson in VP's office needs ASAP when Done Phone # 6-7973
Chairman Fowler Fax 863-8174

— Bill Samuel
Chris Jennings
Nancy McFadden
— Paul Weinstein - Campaign Finance

Chrom. Fowler

Doral Golf Resort

p: 305-592-2000

f: 305-594-4682

DNC staff pm:

305-591-6649

DNC staff fax:

305-591-6648

Catherine York

1-800 SkyGram

PIN# 130-5662

Jenn,

all fixes, except Fowler,

done. Here is all info.

on where Fowler is, Hpt

msg for him to call you.

[Sorry, I have to leave,]

I was supposed to meet

someone a while ago.

Saved as h: gal.215

Leave a msg. for me at

home 703-351-6573 if you
have any questions.

FACSIMILE COVER SHEET

ATTENTION: _____

TO: Chairman Fowler

FROM: Jennifer O'Conner

DATE: 2/16

FACSIMILE: _____ PHONE: _____

TOTAL PAGES: 12 (INCLUDING COVER SHEET)

If you experience any difficulty with the transmission of this facsimile, please call 202-456-2459 immediately.

**AFL-CIO CONVENTION Q&A
FEBRUARY 1996**

WELFARE REFORM

QUESTION: What is the President's next step on welfare reform?

ANSWER: The President has vetoed welfare reform twice -- as part of the reconciliation bill in December and as a stand-alone bill in January. The Administration remains determined to work with Congress to pass a bipartisan welfare reform bill that requires work, promotes family and responsibility, and protects children. The President's veto message called for improvements in child care funding, protection for states and children in economic downturns, Medicaid coverage for poor families, and the overall level of budget cuts in low-income programs with little connection to welfare reform.

QUESTION: Where does the Administration stand on the NGA proposal?

ANSWER: Two weeks ago, the NGA reached a bipartisan agreement on welfare reform that included several of the improvements the President had called for in the areas of promoting work and protecting children -- including a substantial increase in child care funds, a better contingency fund, a substantial performance bonus, equal treatment for recipients, reductions in the overall level of savings, provisions on SSI children's disability programs, increasing the hardship exemption, improving the work requirements, and making the family cap a state option. The Administration continues to have serious concerns about other important issues - including child welfare, Food Stamps, school lunch, maintenance-of-effort, and benefits for legal immigrants. The President applauded the bipartisan spirit of the NGA proposal, and in the coming weeks, we will be working with Democrats and moderate Republicans to seek additional improvements in Congress.

QUESTION: Where does welfare reform stand in Congress?

ANSWER: The NGA proposal has breathed new life into Congressional deliberations on welfare reform. The House and Senate begin hearings next week on new bills based on the governors' proposal; floor action is likely in March. In the absence of a budget deal, Congress is likely to send us a stand-alone welfare reform bill in the next few months -- possibly with significant bipartisan support.

QUESTION: Where does the Administration stand on the concerns of the labor community?

BACKGROUND: AFSCME and SEIU are concerned about two issues -- worker displacement and block grants. The conference report which the President vetoed included some anti-displacement protection. It prohibited employers from laying off workers and replacing them with welfare recipients. But the unions would like additional protection, including an enforcement procedure and protection for collective bargaining agreements. They also want to make sure that if AFDC becomes a block grant, the federal government

has the authority to ensure accountability of state funds.

ANSWER: We support these improvements, have asked Congress to adopt them, and have included them in the welfare reform section of our balanced budget plan. But to this point, Congress has refused to enter into direct negotiations with the Administration on welfare reform. That means we have to work through Democratic and moderate Republican allies in Congress to achieve these and other improvements we seek.

MCCAIN-FEINGOLD - CAMPAIGN FINANCE REFORM LEGISLATION (S. 1219)

BACKGROUND: The President has endorsed the McCain-Feingold "Senate Campaign Finance Reform Act of 1995".

McCain-Feingold includes many of the campaign finance reform ideas that President Clinton first championed in *Putting People First*. McCain-Feingold would:

Spending Limits and Benefits -- Senate campaign spending limits would be based on each State's voting-age population.

Free Broadcast Time -- Candidates would be entitled to 30 minutes of free broadcast time.

Broadcast Discounts -- Broadcasters would be required to sell advertising to a complying candidate at 50 percent of the lowest unit rate.

Reduced Postage Rate -- Candidates would be able to send up to two pieces of mail to each voting-age resident at the lowest 3rd class non-profit bulk rate.

New Variable Contribution Rate -- If a candidate's opponent does not abide by the spending limits or exceeds the limits, the complying candidate's individual contribution limit is raised from \$1,000 to \$2,000 and the complying candidate's spending ceiling is raised by 20 percent.

PAC Ban -- There is a ban on PAC contributions to candidates. However, if the PAC ban is ruled unconstitutional, then the PAC contribution would be lowered to \$1,000.

Franked Mailings -- Franked mailings are banned in the year of a campaign.

Personal Funds -- Complying candidates cannot spend more than \$250,000 from their personal funds.

QUESTION: *Why did the President endorse S. 1219?*

ANSWER: The President has strongly supported efforts to reform this nation's campaign finance system since entering office. The President believes that we must enact true campaign finance reform in order to restore faith in government and to fight the cynicism about Washington that is gripping the American people. While the President has some concerns about certain provisions of S. 1219, he believes that the bill will bring down the cost of campaigning and encourage real competition, which is good for America and good for the Democratic party.

QUESTION: *McCain-Feingold would ban contributions from Political Actions Committees (PACs) to campaigns. This would hurt the ability of unions to collectively contribute to*

candidates for elected office. Why would the President support such a proposal?

ANSWER: The President has always supported restricting the contributions PACs make to candidates. In Putting People First he called for limiting PAC contributions to \$1,000, the legal limit for individuals. While S. 1219 proposes to ban PACs, the bill also includes a provision to limit PAC contributions to \$1,000 if the ban is ruled unconstitutional (which is highly likely). The President believes the \$1,000 limit will level the playing field while still allowing unions to actively participate in the electoral process and contribute to candidates.

TRADE ISSUES

QUESTION: CHILE FAST TRACK - Fast track legislation has been stalled by a disagreement between the Republicans leadership in Congress and the Administration over the appropriate role for labor and environmental standards in trade agreements. What is the President's view on the appropriate role for labor and environmental standards in trade agreements?

BACKGROUND: Labor, which vigorously opposed NAFTA, has been insistent that any fast track bill include provisions directing the negotiation of labor related standards. The primary purpose of fast track this year is to negotiate the accession of Chile to the NAFTA. The President has been clear since 1992 that he believes labor (and environmental) considerations must be addressed in trade agreements. Republicans in Congress and the business community have sought to use the proposed extension of fast track as an opportunity to permanently de-link labor and environmental standards from trade.

ANSWER: The Administration will continue to insist that any fast track legislation provide the President with the authority to negotiated strong labor (and environmental) provisions in trade agreements.

QUESTION: CARIBBEAN BASIN INITIATIVE - In 1995, the Administration worked with Congress to extend NAFTA to Caribbean Basin workers. In 1996, we are working with Democratic leaders and unions to draft our own legislation. How does the Administration plan to reconcile the concerns of the textile industry with regard to this legislation?

ANSWER: USTR is currently working with Democratic leaders and labor unions to draft legislation which accommodates their concerns regarding extending NAFTA benefits to Caribbean countries.

QUESTION: CHINA MFN - In 1994, the President de-linked human rights considerations from the annual renewal of China's Most Favored Nation (MFN) trading status. This year, the President must announce his intention to renew China's MFN statue by June 3. This year, the AFL-CIO has already announced that it will work to support a disapproval resolution, assuming the President again proposed renewal. What is the Administration's position on China MFN?

ANSWER: To promote our multiple interests, this Administration has pursued a policy of

engaging China on all fronts. Engagement with China does not mean ignoring our differences -- it means we must actively engage China to resolve our differences. Despite our differences, trading with China is an important part of our engagement strategy.

QUESTION: CHINA WTO ACCESSION - China is seeking entry into the World Trade Organization. Does the U.S. support China's entry?

ANSWER: The U.S. has insisted that China enter only on commercially viable terms. After talks in 1995 where little progress was made, the Administration presented the Chinese with a detailed "roadmap" of trade liberalizing measures that were required for a commercially sound accession protocol package. The U.S. will continue to press for China's membership in the WTO only on commercial terms. China, too, must bear its share if it wants to join the WTO -- living up to its responsibilities and accepting the burdens of a major trading power.

QUESTION: GENERALIZED SYSTEM OF PREFERENCES - The GSP program, which provides duty-free access to selected imports from designated developing countries, expired on July 31, 1995. Labor supports the GSP program because of its workers rights provisions. Does the Administration support its renewal?

ANSWER: The Administration supports GSP renewal, and hopes that an 18 month reauthorization of GSP will be included in the budget agreement when it is reached. This is considered likely, given the widespread support of the program from both Democrats and Republicans. The Administration will continue to work with Labor to reauthorize the GSP program.

MEDICAID

QUESTION: What is the Administration's reaction to the NGA resolution on Medicaid reform passed a week ago?

BACKGROUND: As a whole, the "right" has lavished widespread praise on the proposal and raised limited concerns only about the resolution's "open-ended umbrella" financing provisions. The "left", including unions, has been extremely critical of the proposal, charging that the provisions on benefits, eligibility and enforcement strip the Medicaid program of its "guarantee" and that the financing mechanism is seriously flawed and will lead to excessive cuts in state Medicaid spending.

The NGA staff openly acknowledges that there are a number of unanswered questions surrounding their Medicaid policy. While there are a host of unresolved and important issues, since the debate has focused on the "guarantee," it is likely that any compromise will be evaluated in that context. There are four elements that make up the Medicaid guarantee: **financing, eligibility, benefits and enforcement.**

The NGA plans to flesh out the details of their Medicaid policy over the next 1-2 weeks; this will coincide with scheduled Hill hearings on February 21-22. With the absence of policy behind their resolution, they are very uncomfortable with anyone attempting to characterize any proposal as being "NGA-like." They are urging Republican Members of Congress to hold off on any bills.

The unions have had only a negative reaction to the NGA proposal, especially those that represent children and the disabled.

ANSWER: The Administration is currently reviewing the NGA policy and following policy developments closely. The President has stood strong and tall against the Republicans' desire to block grant this essential program. He has vetoed a Medicaid block grant, and he will never preside over a block granted Medicaid program.

He is also aware of the serious concerns that health care workers have about the size and scope of both Federal and State Medicaid funding reductions. We are going to have to constrain the growth of our health care programs, but we must work together to ensure the changes to these vital programs are done thoughtfully and with an eye to how they impact our workers.

The President has insisted that this nation's commitment to our most vulnerable children, pregnant women, elderly and people with disabilities is never forgotten. That is why he has and will continue to insist that the Medicaid guarantee to coverage must be preserved.

President Clinton is refusing to go backwards on coverage, insisting on retaining the guarantee of meaningful Medicaid health benefits for people with disabilities, pregnant women, poor children, and older Americans in need of nursing home care.

QUESTION: *What does the Administration plan to do next with regard to the NGA proposal?*

ANSWER: The Governors are going to testify next week on the Hill. They are still working out the specifics of their policies. We will continue to work with them to modify their position on areas that we are concerned about. We understand that there are a number of issues in the Governor's Medicaid plan that concern provider groups and other advocacy groups. We will work closely with these groups as well throughout the process.

QUESTION: *What's the difference in funding between the Republican's and the President's Medicaid budget?*

ANSWER: Republicans are insisting on \$85 billion in Medicaid cuts -- 45% more than the President -- largely to fund an excessive tax cut. They would cut spending growth per person to rates one-third below inflation. And the total Medicaid cuts would more than triple if States only spent minimum required.

President Clinton's balanced budget achieves \$59 billion in savings by capping spending growth per beneficiary, giving State incentives to reduce costs without denying anyone health care coverage while providing States with unprecedented flexibility to operate their programs and pay providers.

QUESTION: *What is the Administration's approach to Medicare reform and does it differ from Republican's plan?*

BACKGROUND: MAGNITUDE OF CUTS. Republicans would spend \$1,200 less per elderly couple than the President in 2002. Republicans insist on excessive cuts that reduce Medicare spending by \$168 billion over 7 years -- over one third more than the President -- largely to pay for tax cuts for the well to do.

The President's proposal saves \$124 billion through specific policy changes designed to strengthen the Medicare system, not undermine it. The proposal extends the life of the Medicare Trust fund through at least 2010.

PREMIUMS. Republicans force the elderly to pay more -- to get less. Republicans would spend \$1,200 less than the President per elderly couple and charge them over \$400 more in premiums in 2002. Republicans insist on increasing Part B premiums beyond the current policy level of 25% of program costs -- raising premiums for an elderly couple by more than \$400 in 2002, based on the latest CBO figures. This burden falls on a particularly vulnerable population: *75% of Medicare beneficiaries have incomes below \$25,000 per year.*

The President maintains premiums at 25% of program costs.

LOW-INCOME PROTECTION. Republicans want to repeal the guarantee that Medicaid pay poor older Americans' and people with disabilities' Medicare premiums, deductibles, and

co-payments, which could force many to lose physician coverage. Republicans plan to eliminate the guarantee to Medicaid coverage of the Medicare premiums, deductibles, and co-payments for older Americans and people with disabilities near or below the poverty line. They fail to set aside any Medicaid funding for deductibles and co-payments, and set aside less than half of the funds needed to cover the Medicaid premiums of poor older Americans and people with disabilities. Hundreds of thousands of poor older Americans and people with disabilities could lose funding for their premiums -- at the same time that Republicans want to increase premiums.

President Clinton preserves the guarantee of coverage for low-income beneficiaries, ensuring that more than 5 million poor older Americans and people with disabilities continue to have access to care.

ANSWER: Republicans put Medicare at risk. Excessive spending cuts -- combined with premium increases and risky policy proposals -- threaten to transform Medicare into a second-class medical system. President Clinton has a more sensible approach -- one that protects traditional Medicare while expanding choice and preventative benefits, strengthening the Trust Fund and cracking down on fraud and abuse. The President doesn't gamble with the health of older Americans and people with disabilities.

RAIL FREIGHT NEGOTIATIONS

QUESTION: What is the status on Rail Freight Negotiations?

BACKGROUND: Four major groups of unions are in negotiations with major freight carriers: (1) the United Transportation Union; (2) the Clerks (TCU) and Shop Crafts (e.g. Boilermakers, Firemen); (3) Maintenance of Way Workers; and (4) the Engineers (BLE). All except the BLE are in mediation under the National Mediation Board.

The UTU has concluded a tentative agreement that will go out to the membership for ratification soon -- as soon as a dispute over whether the agreement prevents Conrail from changing any work rules is resolved. Ratification will then take about three weeks.

The TCU and Maintenance of Way are seeking release from mediation. They argue that the UTU agreement will not be a pattern they can follow, and want to begin the 90-day process that must take place before a job action becomes permissible under the Railway Labor Act.

ANSWER: We presently anticipate that the NMB would seriously consider releasing TCU and/or Maintenance of Way from mediation once the UTU agreement is well on the way to ratification.

We understand that release from mediation could lead to a strike in the summer -- if TCU/Shopcrafts and/or Maintenance of Way unions do not accept PEB findings. Unions need to be mindful that Congress is likely not to let a strike go very long, and that a strike therefore could be an open door to unilateral action by labor's enemies.

FAA PERSONNEL

QUESTION: The FY96 DOT Appropriations Act included a provision to eliminate the specific recognition of FAA's unions pursuant to Chapter 71 of Title 5 of the U.S. Code. What is the Administration's current position on this provision?

BACKGROUND: The FY96 DOT Appropriations Act provided the FAA the freedom to develop procurement and personnel systems exempted from several burdensome Federal laws, rules and regulations. These rules have hindered FAA's ability to acquire new, modern technologies and to deploy people to the areas where there is the most air traffic, inspection and certification activity. Getting FAA, and particularly the air traffic control system, out from under the weight of these regulations was recommended by the National Performance Review, and strongly supported by the Administration.

The elimination of the specific recognition of FAA's unions was one unanticipated consequence of the Appropriations. This came to the Administration's attention after Congressional enactment of the bill, and the President's signing statement was drafted to specifically endorse preserving the historical role of FAA unions as bargaining agents.

ANSWER: The Administration is supporting corrective legislation pending in Congress to restore the prior Chapter 71 language. This will assure FAA unions' status as collective bargaining agents is guaranteed against changes in Presidential administrations. We are committed to working for a legislative solution to this problem.

ADVISORY COMMISSION ON INTERGOVERNMENTAL REFORM

QUESTION: The "ACIR" just put out a preliminary report that recommends repealing state and local coverage under OSHA, Family and Medical Leave, Fair Labor Standards and other important provisions. What are you going to do about it?

BACKGROUND: The ACIR is a commission that includes 18 members, 12 of whom are Administration appointees, including Secretary Riley, Administrator Browner and Marcia Hale, Assistant to the President for Intergovernmental Affairs. The preliminary report calls for eliminating unfunded mandates on state and local governments. The report was called for by the Unfunded Mandates Act. The preliminary report specifically recommends repealing the state and local coverage under OSHA, Family and Medical Leave Act, Fair Labor Standards Act, and provisions requiring drug and alcohol testing of commercial drivers. The final report is due out in a few months.

ANSWER: The report released was only preliminary, and the Administration members of the commission voted against it when it was adopted.

The Administration has numerous concerns with the preliminary report, including concerns with the recommendations affecting labor laws, and is currently gathering all of its concerns

together to try to change the final document so that it will be something we can support. To that end, we would appreciate specific comments from the labor community on what should be changed in the report. We are going to discuss with our appointees all of the concerns with the preliminary report and work with Governor Winter to achieve the changes.

If needed changes are not made, the Administration members of the commission will again vote against and urge our appointees to vote against issuance of the final report.

STRIKER REPLACEMENT

QUESTION: What is the Administration's reaction to the U.S. Court of Appeals for the District of Columbia Circuit invalidation of the President's Executive Order No. 12954 on February 2, 1996 reasoning that the E.O. impermissibly conflicts with the National Labor Relations Act on the disposition of cases involving the permanent replacement of striking workers?

BACKGROUND: In addition, the House and Senate Labor-HHS-Education appropriations bills (passed in House; not considered yet on the Senate floor) both contain riders forbidding the Secretary of Labor from expending funds to implement the E.O.

ANSWER: The President announced on the day of the court decision that he would direct the Department of Justice to take all appropriate steps to have this decision overturned because the right to strike is one of America's precious freedoms.

The Executive Order attempts to promote the efficient operation of the federal government by allowing debarment of federal contractors who permanently replace workers. Strikes involving the permanent replacement of workers have been found to last longer than other strikes. By permanently replacing workers, an employer loses the accumulated knowledge, experience, skill and expertise of its former workers, which causes the operations of the federal government to suffer.

DAVIS-BACON AND SERVICE CONTRACT ACTS

QUESTION: What is the Administrations stance on the proposed legislation to repeal both the Davis-Bacon and the Service Contract Acts?

ANSWER: Both prevailing wage laws ensure fairness to workers during the bidding for federal contracts. Both laws provide for wages, pension, health and other benefits to workers. Both laws ensure that the economic power of the federal government does not disrupt local wage scale by requiring that prevailing wages be paid on federal construction and service contracts. The President would veto any attempt to repeal these laws.

SECTION 8(A)(2) OF THE NATIONAL LABOR RELATIONS ACT

QUESTION: What is the Administration's position on the TEAM Act, to permit company-

dominated unions, that passed the House by a close 221-202 vote in September 1995?

ANSWER: The President would veto the TEAM Act as it is currently written. The legislation overturns 60 years of labor law on company domination of employee rights to freely organize without interference. The legislation allows employers to establish company unions and in cases where a union is present allows an alternative company-dominated organization, both of which are illegal under current law. Workplace labor-management cooperation is a worthwhile goal but this legislation runs roughshod over workers' rights.

PATCO

QUESTION: Why haven't you been hiring back the former PATCO air traffic controllers as directed in the President's Executive Order?

BACKGROUND: In August 1993, the President issued an Executive Order lifting the ban on hiring former PATCO controllers. Following that directive, OPM worked with the FAA and the Departments of Transportation and Labor to devise a system which would accommodate PATCO members who applied for employment with the FAA, while ensuring fairness and equity to all applicants. In April, 1995, representatives of the former PATCO air traffic controllers brought to the White House their concerns that despite the President's Executive Order, they were not being given equal opportunities to compete for jobs. The former controllers also suggested there were massive shortages of controllers and that we should hire PATCO controllers back to fill the gaps.

The President then asked Secretary Pena and Administrator Hinson to review FAA practices to see if they complied with his Executive Order and to see if there could be increased opportunities for hiring more former controllers. The Secretary's review revealed that due to small numbers of new hires and to commitments to students from training programs funded with federal appropriations, 37 PATCO controllers had been hired in the year since the ban was lifted, representing approximately 30% of all new hires.

Next week, the administration is set to meet with the current controller union, NATCA, and the former PATCO controllers, to present to them the results of the Secretary's review. These results are that the FAA ensures there will be fair consideration of both experienced and entry level controllers for every new opening, and it anticipates a significant increase in the percentage of PATCO controllers hired in the next two years. The numbers are still relatively small due to appropriations constraints -- the FAA expects to hire up to 100 new controllers in FY '96 and up to 500 in FY '97.

Many union presidents sent President Clinton letters urging that we hire more PATCO controllers. Next week, we will send letters to each of them to explain the results of Secretary Pena's review. As of this weekend, however, we do not want to reveal the details described above.

ANSWER: Fairness in the hiring of the former controllers remains a top priority for the

President. Prior to President Clinton's election, no PATCO members were hired. Last fiscal year, about 30% of the air traffic controllers hired by the FAA were former PATCO members. The President has been concerned that his Executive Order be properly implemented and he asked the Secretary and the Administrator to review the system to make sure it complied with his Executive Order and to ensure former PATCO controllers were given fair and equal opportunities to compete for new jobs. Administration officials plan to meet with NATCA and PATCO officials next week to inform them of the results of the review. We anticipate that a much higher percentage of former PATCO controllers will be hired in the next few years.

QUESTION: OSHA Reform...

BACKGROUND: Legislation has been introduced in the House by Rep. Cass Ballenger (R-NC), H.R. 1834, and in the Senate by Sen. Judd Gregg (R-NH), S. 1432.

The House Committee on Economic and Educational Opportunities has not scheduled a markup of H.R. 1834. The Senate Committee on Labor and Human Resources has scheduled a markup of S. 1432 for February 28.

Both bills seriously undermine the ability of OSHA to enforce health and safety; for example, the bills would exempt a majority of worksites -- even in the most hazardous industries from routine OSHA safety and health inspections.

Both bills would strip workers of the fundamental right to file anonymous complaints and receive a government inspection where serious hazards are present.

Both bills would allow employers to dominate and control employee involvement mechanisms, even where such action impaired the fundamental worker right to freely choose a bargaining representative.

Finally, the House bill would impede OSHA's ability to issue protective standards, repeal the Mine Safety and Health Act and eliminate the National Institute of Occupational Safety and Health.

ANSWER: (EMBARGOED UNTIL MONDAY) The Vice President will announce?? Monday that the Administration would veto the Ballenger Bill or the Kassebaum Bill in their current form. The Administration would also veto any other bills that gut OSHA and MSHA or legalize company unions.

FAX TRANSMITTAL SHEET

RECEIVER TELECOPIER NUMBER: 456-7929TO: Jennifer O'ConnorFROM: Bill SamuelDATE: 2/15/96 TIME: _____PAGE NUMBER ONE OF 7 PAGES

TRANSMITTER TELECOPIER: (202) 219-7971

ADDITIONAL COMMENTS:

IF YOU HAVE QUESTIONS REGARDING THIS FAX CALL: 219-2415
Samuel

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

DRAFT

The Honorable Alice M. Rivlin
Director, Office of Management and Budget
252 Old Executive Office Building
Washington, D. C. 20503

Dear Alice:

This year, OSHA celebrates 25 years of protecting America's working men and women on the job. Since the creation of OSHA, the workplace fatality rate has declined by over 50%-- a remarkable success. But there are still far too many workplace tragedies, and much work left undone.

Over the past three years, OSHA has been reinventing itself to improve its ability to protect working Americans. As part of the President's May, 1995 "New OSHA" initiative, for example, the agency has developed award-winning partnership programs that have benefitted workers and employers alike. Similarly, OSHA has updated its standard-setting process to ensure that its protective standards are written in plain English and make common sense.

I am deeply concerned that legislation now pending on Capitol Hill will compromise OSHA's fundamental mission of protecting America's workers. Ultimately, America's working families will pay the price.

If enacted in their current forms, H.R. 1834 and S. 1423 would undermine OSHA's ability to maintain a credible enforcement program. Such a program represents a cornerstone of the current law, and lies at the heart of the promise Congress made to American workers a quarter century ago. For example, the bills would exempt the majority of worksites-- even in the most hazardous industries-- from routine OSHA safety and health inspections.

The bills would also strip workers of the fundamental right to file an anonymous complaint and receive a government inspection where serious hazards are present. In addition, both bills would allow employers to dominate and control employee involvement mechanisms, even where such action impaired the fundamental worker right to freely choose a bargaining

-2-

representative. Finally, the House bill would impede OSHA's ability to issue protective standards, repeal the Mine Safety and Health Act and eliminate the National Institute of Occupational Safety and Health.

I will recommend a veto of H.R. 1834 and S. 1423 in their current forms, as well as any legislation which weakens safety and health protections for American workers.

Sincerely,

Robert B. Reich

H.R. 1834: A Tragedy for America's Working Families

On June 14, 1995, Representative Cass Ballenger (R-NC) introduced H.R. 1834, the Safety and Health Improvement and Regulatory Reform Act of 1995. In stark contrast to President Clinton's recent "New OSHA" initiative, the proposed legislation would leave millions of hardworking Americans unprotected against workplace dangers, and would result in thousands more tragedies for America's working families.

While the President's "New OSHA" reforms would treat responsible employers differently from neglectful ones (offering incentives and cooperation to the former and traditional enforcement to the latter), H.R. 1834 would provide all employers-- including those who choose to disregard worker safety-- with a host of exemptions and defenses against OSHA enforcement. The impact of H.R. 1834's major provisions on working Americans is described below.

Abandoning Prevention. For a quarter-century, OSHA has focused on the prevention of workplace accidents, largely through an enforcement program under which the possibility of citations and fines encourages otherwise inactive employers to abate hazards before workers are injured. H.R. 1834 would abandon this preventive focus, by prohibiting the agency from issuing citations and penalties in the first instance unless workers are killed or injured or an imminent danger is present. Employers would receive only a warning even when they have ignored the most obvious hazards and shown a blatant disregard for worker safety. In addition, OSHA's enforcement program would be limited to 50% of the agency's budget, more than half of American businesses would be exempt from random inspections, and the agency would be precluded from increasing penalties for willful or repeat violations.

Dismantling OSHA's enforcement program would result in thousands of unnecessary workplace fatalities, injuries and illnesses that could otherwise have been prevented. In many cases, employers would have to abate hazards only after workers are killed or injured. Millions of workers would be left unprotected against health hazards (such as lead, asbestos, and carcinogenic chemicals), which may not represent "imminent" dangers. Workers at transient worksites (such as those in construction and logging) would also face increased risk, since projects would be completed before OSHA could reinspect to confirm abatement.

Notably, OSHA's flexible enforcement scheme already takes account of good faith; the agency assesses no fine whatsoever in nearly one in five inspections (18%) in which safety and health violations are discovered.

Discouraging Employee Complaints. Workers would be banned from contacting OSHA unless they had first raised the problem with their employer-- even when the worker faced an imminent danger on the job and a substantial likelihood of retaliation. This approach would inevitably discourage many workers from raising legitimate safety and health concerns.

An Unenforceable General Duty Clause. The OSH Act embodies its promise of safe and healthful working conditions for all Americans in the "general duty clause," which requires employers to protect workers from all serious hazards, not just those few addressed by OSHA's protective standards. H.R. 1834 effectively repeals this clause by making it unenforceable, leaving American workers exposed to thousands of serious hazards with nowhere to turn for protection.

Standards Based on Profits, Not Science. H.R. 1834 would eliminate the National Institute of Occupational Safety and Health, which for 25 years has helped protect workers by conducting vital research on workplace hazards. NIOSH's research and recommendations have been essential in setting protective standards for asbestos, vinyl chloride, cotton dust, lead, and many other hazards. H.R. 1834 insists on standards based on sound science, but would terminate the only federal agency that performs such research. Instead, H.R. 1834 would allow parties with a direct financial interest to participate in "peer review" panels which would guide the development of standards.

Layers of New Bureaucracy. In the name of deregulation, H.R. 1834 would force OSHA to establish many new layers of bureaucratic process, and to slog through each of those layers before it could protect workers from emerging hazards. The bill would impose rigid, "one-size-fits-all" risk assessment and cost-benefit analysis criteria, require costly, redundant peer reviews, and establish a new regulatory petition process to allow perpetual challenge to OSHA's protective rules. These proposals would waste millions of taxpayer dollars and delay rules for months or years at the expense of workers' safety and health.

Lawyers' Enrichment. H.R. 1834 establishes countless new bases for employers to challenge OSHA's protective standards and enforcement actions in court, virtually guaranteeing years of legal challenges before workers are protected. In the meantime, workers will continue to suffer fatalities, injuries and illnesses that could otherwise have been avoided.

Employer Domination. In the name of labor-management cooperation, H.R. 1834 would allow employers to dominate, interfere with or otherwise control any labor organization-- in effect, to sit on both sides of the bargaining table-- as long as no contract is signed.

Mine Workers at Risk. The Mine Safety and Health Administration (MSHA) has been praised by employers and workers alike, for good reason: since MSHA was created, mining fatality rates have dropped dramatically, and the prevalence of black lung disease has declined by more than two-thirds. But H.R. 1834 would eliminate MSHA altogether, merging its functions into OSHA. The bill would weaken federal enforcement efforts and shrink mine inspections by 75%.

S.1423: A SAFE HAVEN FOR UNSAFE EMPLOYERS

S.1423. On November 17, 1995, Senator Judd Gregg (R-NH) introduced S.1423, the Occupational Safety and Health Reform and Reinvention Act. The bill would not advance the protection of America's working men and women. Instead, it would create a safe haven to protect unsafe employers from federal enforcement efforts, and undermine the OSH Act's preventive and deterrent purposes.

What About Workers? Twenty-five years ago, Congress enacted the OSH Act "to assure, so far as possible, every working man and woman in the Nation safe and healthful working conditions." S.1423 provides *employers* with inspection exemptions, means of avoiding citations, defenses against citations, penalty reductions and other relief from enforcement, but *includes no provisions to strengthen workers' rights or protections.*

Regression, Not Reinvention. S.1423's proponents wrongly claim that the bill parallels the Clinton Administration's "New OSHA" reinvention initiatives. First, the New OSHA's initiatives-- offering employers a choice between a cooperative partnership and traditional enforcement-- are premised on a strong enforcement program. Without it, many employers would not make worker safety a priority or choose to work with the agency. In contrast, S.1423 would *substantially weaken* OSHA's enforcement authority, by granting employers broad-scale exemptions from inspections, relief from citations, and penalty reductions. Second, while OSHA is developing its own reinvention initiatives through a careful process of pilot programs, stakeholder involvement and simple trial and error, S.1423 would cast a variety of far-reaching reforms into legislative stone with little consideration, testing or dialogue with the regulated community.

Repealing Worker Rights. S.1423 would repeal a core premise of the existing OSH Act: that workers who file complaints have a right to an inspection if their working conditions pose a threat of physical harm. Under S.1423, the agency could choose to inspect only *after* workers are killed or injured on the job.

Abandoning Prevention. Under OSHA's current enforcement program, the possibility of citations and fines encourages otherwise inactive employers to abate hazards *before* workers are injured or an OSHA inspector shows up. In contrast, under S.1423 OSHA could merely issue *warnings* instead of citations-- *even for employers who ignore serious hazards until OSHA shows up.* Such a policy would undermine or eliminate the deterrent and preventive effects of OSHA's enforcement program.

Broad-Scale Inspection Exemptions. S.1423 would exempt millions of employers-- an estimated three out of every four firms (73%)-- from targeted inspections. Currently, OSHA permits very limited exemptions, where employers have undergone a comprehensive OSHA inspection and demonstrated continuous commitment to worker safety and health. In contrast, under S.1423 employers could qualify by their size alone, by undergoing a consultation visit, a third-party audit or a self-audit, or simply by vouching that they have an average injury rate and a safety and health program on paper. Notably, an employer could qualify for the

exemption even with an injury rate many times the national average, a long history of OSHA violations, a large number of serious hazards, a workplace that poses inherent risks-- or all of the above. In addition, millions of small businesses would be exempt from health inspections even if their workers have died from or become debilitated by occupational disease.

Ignoring Real Hazards. S.1423 would significantly limit OSHA's ability to respond promptly when workers are in serious danger. For example, the bill could preclude OSHA from conducting an inspection based on a complaint from a former employee, a worker's spouse, a physician, or another interested person, *even if workers faced clear and obvious dangers.* Similarly, the bill would preclude OSHA from broadening a complaint inspection beyond the scope of the initial complaint, *even if the employer has blatantly disregarded worker safety or has an injury log showing a pattern of serious injuries elsewhere at the worksite.*

Superior Penalty Reductions for Inferior Performance. S.1423 would guarantee employers who violate the OSH Act *minimum* penalty reductions that would seriously hamper the deterrent effect of OSHA's enforcement program. For example, employers who violate the Act would qualify for a *minimum* 50% reduction simply by vouching that they have an average injury record and a paper safety and health program. Similarly, employers who violate the Act would qualify for a *minimum* 75% reduction just by undergoing a consultation visit or a self-audit. Employers could qualify for these reductions even with an injury rate many times the national average, a long history of OSHA violations, a large number of serious hazards, a workplace that poses inherent risks-- or all of the above.

Discouraging Worker Complaints. Under S.1423, the confidentiality of worker safety and health complaints would no longer be protected. In addition, workers filing such complaints would be required to disclose whether they had first raised the problem with their employer and whether the employer had refused to take any action-- even if they faced an imminent danger on the job and a substantial likelihood of retaliation. Taken together, these provisions could discourage many workers from filing meritorious complaints, leaving hazards unaddressed and workers endangered.

More Litigation, Less Protection. S.1423 would undermine federal workplace protections by allowing employers to ignore OSHA's protective standards in favor of alternative methods of their own choosing. Employers currently contest less than 10% of citations; but under S.1423, they could well contest *every* citation, litigating over whether their own methods are as protective as OSHA's standards, and potentially turning every citation into an after-the-fact variance proceeding. This provision would allow recalcitrant employers to postpone compliance for months or years pending the outcome of enforcement litigation. In the meantime, workers would suffer fatalities, injuries and illnesses that could otherwise have been avoided.

Employer Domination. In the name of employee involvement, S.1423 would allow employers to dominate, interfere with or otherwise control any employee involvement mechanism-- in effect, to sit on both sides of the bargaining table-- provided that the mechanism is not used to sign a collective bargaining contract.

12/6/95

Joel
→ quiet table
- formal

full Africa
Bal
Harlow

Sundays in the Bay

730

Cape Mts

leg Götter - Sheetmetal workers
- they aren't you doing anything
re economy + wages

met today George
Carey
McCarren } in DC

Evy Dubrow - ~~what are you doing~~
~~to get kids to vote~~
how do you get Sr citizens + kids
into campaign

asked workers
is it

Mihalshki - pub contractors

\$20/yr
\$10 for 1st
\$10 for 2nd
\$10 for 3rd

VP Qs 4pm 2/19

- ① Mazur ① CBO fairly
② jobs
- talk re higher wages, good jobs,
better jobs
- ② McINTIRE ① Budget - you stood strong + we helped
② NSA - Medicaid overhauled - med
at 1 Govs;
- find where you were - & #
listen to Dem Govs
- ③ Wayne Glenn -anker from Canada - imports -
we made a deal in
- ④ Tonger
health
pension
- ④ Beller → ~~retire~~ measures for postal
workers
- ⑤ Zuh - Nafm - deficit on mid-size in cars
China - WTO - what's some problem
- ⑥ Bob Wags - been all out → chemical safety
smoothly →
- CHSAB ? → upset w/c elementary
WTO really on dirty gasoline -
what will we do?
Vt thinks we're especially at

(9) Jane Norton - comments on ratings on
proposals

- comment on where budget talks are now

File
APL-CW

AFL-CIO Meetings and Events
AFL-CIO EXECUTIVE COUNCIL MEETING
February, 1996
Sheraton Bal Harbour Hotel
Bal Harbour, Florida

Monday, February 12

Plasterers' Executive Board Meeting, 8-5
Painters/IUOE Jurisdiction Committee Meeting, 1-5

Banyan
Jasmine

Tuesday, February 13

IBT/IUOE Jurisdiction Committee Meeting, 7-5
Laborers'/SCETTF Board of Trustee Meeting, 8-11
UAW Meeting, 8-5
Plasterers' Executive Board Meeting, 8-5
Metal Trades Council Meeting, 8:30-1
CWA/SPBC and Executive Board Meeting, 9-5
AFT Executive Council on Human Rights and Community
Relations Subcommittee Meeting, 3-6
AFT COPE Subcommittee Meeting, 3-6
AFT Constitutional Amendments and Convention
Subcommittee Meeting, 3-6
AFT Executive Committee Meeting, 3-6

Crystal V
Boardroom
Crystal IV
Banyan
Hibiscus
Whitman

Jasmine
Hibiscus

Gardenia
Graham

Wednesday, February 14

IBT/IUOE Jurisdiction Committee Meeting, 7-5
UAW Meeting, 8-5
Plasterers' Executive Board Meeting, 8-5
CWA/SPBC and Executive Board Meeting, 9-5
AFT Executive Council Meeting, 9-5
ILA's Executive Board Meeting, 10-6
AFT Executive Committee on Membership Benefits, 12-2
AFT Education for Democracy/International
Committee Meeting, 12-2

Crystal V
Crystal III
Banyan
Whitman
Atlantic Ballroom
Caribbean
Jasmine

Gardenia

Thursday, February 15

AFT Member Benefit Trustees Breakfast Meeting, 8-9
UAW Meeting, 8-5
Plasterers' Executive Board Meeting, 8-5
Maritime Trades Department Board Meeting, 9-1
CWA/SPBC and Executive Board Meeting, 9-5
ITF Affiliates Meeting, 2-5
AFL-CIO Maritime Committee Meeting, 5:30-7:30

Hibiscus
Crystal III
Banyan
Cypress
Whitman
Juniper
Juniper

Friday, February 16

ULSTD Executive Board Meeting, 8-12
UAW Meeting, 8-5
AFT Task Force on PSRP, 9-12
Maritime Trades Department Board Meeting, 9-1
CWA/SPBC and Executive Board Meeting, 9-5
National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5

Crystal I & II
Crystal III
Jasmine
Cypress
Whitman

Crystal V

Saturday, February 17

FAST Board Meeting, 8-11
PED Executive Council Meeting, 8:30-1
CWA/SPBC and Executive Board Meeting, 9-5
National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5

Graham
Crystal I & II
Whitman

Crystal V

Special Events:

Hyatt Brunch,

Sunday, February 18

BCTD Governing Board of Presidents Meeting, 7:30-5
CWA/SPBC and Executive Board Meeting, 9-5
National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5
Transportation Trades Department Executive
Committee Meeting, Noon-4:30
AFL-CIO Executive Council Appeals Committee on
State and Local Central Bodies, 4-6
AFL-CIO Press Reception

Crystal III
Whitman

Crystal V

Caribbean

Jasmine

Special Events:

Bonds of Israel Breakfast, 10-12
Sheraton Party,
Laborers' Reception, 4-8
IAFF Reception, 5:3-6:30
Indiana State AFL-CIO Reception for Governor
Evan Bayh & Lt. Governor Frank O'Bannon, 5:30-6:30
Port Council of Miami Reception, 6:30
Port Council of Miami Dinner, 7:30

Crystal I & II

200 Deck
Baker

Banyan
Crystal Ballroom
Grand Ballroom

Monday, February 19

AFL-CIO Executive Council Meeting, 9:30
National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5
AFL-CIO COPE Meeting, 9-5
AFL-CIO Press Conference, 12:15
AFL-CIO Reception for Vice President Gore, ??

Cypress (??)

Crystal V
Caribbean

Special Events:

Americans for Democratic Action Breakfast, 7:30-9:30
New York State AFL-CIO Breakfast, 7:30-9
Illinois AFL-CIO/Chicago Federation of Labor Luncheon, Noon

Baker
Graham
Intracoastal Ballroom

Tuesday, February 20

Occupational Health Foundation Board of Directors
Meeting, 7:30-9
AFL-CIO Executive Council Meeting, 9:30
Marine Pipe Fitters Committee Meeting, 8-5
UA/NCA Board of Trustees Trust Fund Meeting, 9-1
National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5
AFL-CIO COPE Meeting, 9-5
AFL-CIO Press Conference, 12:15
BCTD/NCCMP Lawyers and Administrators Advisory
Committees Meeting, 3-5
AFL-CIO Reception for Kwesi Mfume,

Crystal III

Sunrise
Crystal IV

Crystal V
Caribbean

Crystal III

Special Events:

International Metalworkers Federation Luncheon
of U.S. Affiliates, 12:30-3
National Council of Senior Citizens Rally, 4-6
Laborers' Reception, 6-7:30

Graham
Atlantic Ballroom
Crystal III

Wednesday, February 21

AFL-CIO Executive Council Meeting, 9:30
Marine Pipe Fitters Committee Meeting, 8-5
National Conference of Firemen & Oilers Executive
Board and Pension Meeting, 9-5
AFL-CIO Press Conference, 12:15
AFL-CIO Lawyers Advisory Panel Meeting, 4-7

Cypress
Sunrise

Crystal V

Graham

Thursday, February 22

AFL-CIO Executive Council Meeting, 9:30
Bricklayers and Allied Craftsmen Meeting, 11-5

Cypress
Juniper

Friday, February 23

NCSC/Housing Management Corporation Board of
Directors' Meeting, 10-12:30

Crystal V

[illegible]

Labor Looks to Grow From the Grass Roots

New AFL-CIO Chief Brings in Cadre of Younger Activists in Effort to Restore Movement's Clout

By Frank Swoboda and Martha M. Hamilton
Washington Post Staff Writers

Four months after toppling Lane Kirkland and the entrenched leadership of the AFL-CIO, new chief John Sweeney and his political supporters have an ambitious plan to restore organized labor's political and economic clout by building a social movement outside of Washington.

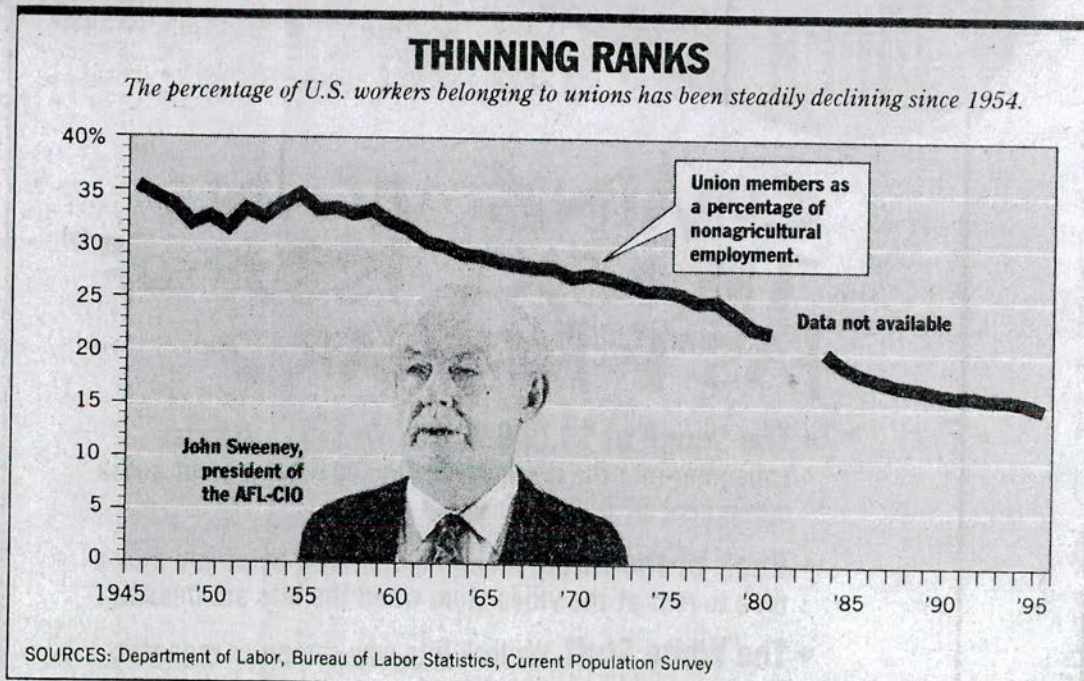
Using a populist, grass-roots approach to politics and organizing, Sweeney hopes to revive an institution long in decline and struggling to deal with the forces of global competition and technological change.

Sweeney, with the backing of some of the federation's largest unions, is starting with a top-to-bottom reorganization at the AFL-CIO's marble and granite headquarters across Lafayette Square from the White House. Several members of the longtime staff are on their way out. In their place is a cadre of "fortysomething" activists, many of whom came to the labor movement from a background in civil rights, community and antiwar organizing.

The Sweeney team is refocusing labor's spending with plans to increase political spending sevenfold, to \$35 million this year, and has targeted 75 congressional districts for large, get-out-the-vote efforts. It also plans to raise another \$20 million for organizing new members.

Part of that money will go into recruiting 1,000 young activists from college campuses and union halls for what they'll call Union Summer, a community and labor organizing campaign modeled after the civil rights movement's Freedom Summer.

It's a deliberately different image from Bal Harbour, Fla., where labor leaders this week will have their last chance to lounge in poolside cabanas at a resort hotel during the labor federation's annual winter meeting. Sweeney doesn't know where next year's meeting will be, but he's



pushing for something decidedly less opulent and in a region where labor is running an organizing campaign.

Critics say it may be too late for organized labor to save itself. "The forces at work in the new age of Adam Smith are just too powerful for the union movement," said Leo Troy, an economist at Rutgers University in Newark. "To put it bluntly, you have competition confronting a monopoly. Competition undermines a monopoly, and competitive forces are increasing. Whatever the union movement decides to do, I don't think it will make much difference."

Sweeney himself warned last spring that unions have become "irrelevant" to the vast majority of

American workers. But others aren't willing to write labor off.

"There's a sense of optimism and energy the labor movement hasn't seen in decades," said Harley Shaiken, a longtime commentator on labor at the University of California at Berkeley. "That doesn't change the enormous obstacles that labor faces. What's different is that there's now a sense that labor is going to put up a strong fight. There's no certainty that labor is going to win."

Statistics released this month by the Labor Department show a continuing decline in union membership. Organized labor now represents 10.4 percent of the nation's private-sector work-

See LABOR, H6, Col. 1

PHOTOCOPY
PRESERVATION

[The Washington Post, February 18, 1996]

THE UP-AND-COMERS



John Sweeney and his administration have filled the top staff jobs at the AFL-CIO with a group of younger activists.



RICHARD BENSINGER
45,
Organizing
director



BRAD BURTON
42,
Executive assistant
to AFL-CIO
Secretary-
Treasurer Richard
Trumka



JON HIATT
47,
General
counsel



ARLENE HOLT
44,
Executive assistant
to AFL-CIO
Executive Vice
President Linda
Chavez-Thompson



DENISE MITCHELL
44,
Sweeney's
special
assistant for
public affairs



ALLISON PORTER
35,
Director, AFL-
CIO Organizing
Institute



STEVE ROSENTHAL
43,
Political
director



GERALD M. SHEA
49,
Sweeney's
assistant for
government
affairs



PEGGY TAYLOR
50,
Director of
legislation



ROBERT W. WELSH
48,
Sweeney's
executive
assistant

Sweeney Reorganizing AFL-CIO Top to Bottom

LABOR, From H1

ers, down from more than a third of the work force half a century ago. But even when public-sector members are included, unions represent a bare 14.9 percent of all wage and salary earners, down from 15.5 percent just a year ago.

The AFL-CIO is not a union itself. It is a trade association for unions created in 1955 by a merger of the American Federation of Labor and the Congress of Industrial Organizations.

Back then labor was powerful not only in politics and the workplace, but also in communities. An explosion of union organizing in the nation's basic manufacturing industries in the mid-1930s had helped propel a largely unskilled, blue-collar work force into the economic middle class.

Industrial unions had helped create good wages, job security and such benefits as pensions, paid vacations and health insurance that are taken for granted by many workers today.

But in recent decades, the nation's economic base shifted away from manufacturing to service and high-tech industries in which unions were weak. Labor leadership, with some notable exceptions, was slow to catch up to those changes and



PHOTOCOPY
PRESERVATION

base shifted away from manufacturing to service and high-tech industries in which unions were weak. Labor leadership, with some notable exceptions, was slow to catch up to those changes and to adjust to the needs of women, Asians, Hispanics and blacks.

Today, AFL-CIO membership stands at 13 million, the lowest level since 1969 and barely more than the 12.6 million members it had when the federation was founded in 1955.

The answer, say the new union activists, is to take the labor movement outside the Capital Beltway and into the streets. "We're up to here in Washington-think. What we need now is a grass-roots base," said a Sweeney aide.

That means refocusing labor's image, its resources, its spending and its politics. "The clout can't come from the money," said the AFL-CIO's new political director, Steve Rosenthal, 43, a former top aide to Labor Secretary Robert B. Reich. "The centerpiece is really the notion of rebuilding our activist base."

At the heart of change in the AFL-CIO is the newly created Organizing Department. Headed by Richard Bensinger, 45, an activist with 15 years organizing experience, the department will first have to persuade the majority of the AFL-CIO's 78 member unions that organizing is the key to their future. Sweeney's goal is eventually to have labor spend a third of its budget on organizing. Most unions in the AFL-CIO today spend less than 10 percent of their budget on organizing.

"Most of the labor movement is in total denial," said an AFL-CIO official who noted that union membership is "still going down."

Five years ago, the AFL-CIO created a special Organizing Institute headed by Bensinger and staffed with young activists to train organizers for member unions. It was set up outside AFL-CIO headquarters to get around the moribund Department of Organization and Field Services. Now the organizing institute is moving inside the headquarters building.

The new approach to organizing, which draws on the tactics of the late community organizer Saul Alinsky, will be on display during this Union Summer. Alinsky organized the economically oppressed in cities across America with tactics that included sending black picketers to the suburban homes of white slumlords and dropping dead rats on the steps of city hall.

The AFL-CIO hopes to build a cadre of activists in communities across the country that can register voters, work for legislation and organize workers at job sites. "Our members are participants in a broader community. Community issues are labor issues, too," said Sweeney.

Bensinger sees attracting young people to the cause as the key to effective organization. It is also the seed of the budding social movement Sweeney wants to build.

"There's a vacuum in society created by economic stagnation, and there's an opportunity for labor to step in," said Bensinger. When Bensinger's appointment was announced last month, he said, "to the young, we offer you a chance to make history." He promised to send out organizers who



In 1955, George Meany, left, and Walter Reuther merged the unions they headed to form the AFL-CIO.

would be "at your doorstep, in your face and on your conscience."

Finding the money for its ambitious plans isn't the AFL-CIO's problem. The AFL-CIO gets more than \$65 million a year in dues and has cash reserves of more than \$55 million. To help pay for the federation's political operations in this year's election campaigns, the leadership also is considering calling a special convention this spring to authorize a spending increase of \$35 million.

It also sees a chance to increase its annual income by around 60 percent by renegotiating its share of profits from the AFL-CIO affinity credit card, called Union Privilege. The card, first offered in 1986 under a contract with the Bank of New York, now has 2.5 million holders. According to several union leaders, a larger share of the profits from interest charges should go to the AFL-CIO under a new arrangement. The AFL-CIO is renegotiating its contract with the bank and has hired Smith Barney Inc. to solicit bids. It is expected to make a decision this month that could generate \$25 million to \$50 million a year in new money. Much of that money would be plowed into a revitalized AFL-CIO political operation.

In politics as in organizing, the goal of the Sweeney administration is to become powerful at the grass-roots level. In addition to targeting congressional districts in the next election, the AFL-CIO hopes to build a strong base of at least 100 activists in every congressional district in the nation.

And as in organizing, the new administration has picked an activist to do it. Steve Rosenthal is a veteran political strategist from within both the labor movement and the Democratic National Committee. "A lot of this is just going back to what we used to do so well," Rosenthal said, noting that the Christian Coalition's Ralph Reed has acknowledged borrowing many of the grass-roots tactics that labor used successfully in the past.

The AFL-CIO is coordinating some of its political organizing efforts with such groups as abortion rights advocates and environmentalists, as it did in Oregon last month to help elect Rep. Ron Wyden to the Senate seat vacated by Bob Packwood. Wyden benefited from an activist base of 300 union members in Oregon who supported his candidacy.

In addition to the \$35 million the federation expects to spend on political races, the AFL-CIO will also benefit from the contribution of skilled political operatives detailed from individual unions to work in campaigns. Rosenthal said the goal is to be "seamless from legislation to politics."

Labor's political organizing also is likely to benefit from a recent change proposed in Federal Election Commission regulations that would allow unions to register voters and conduct nonpartisan, get-out-the-vote drives that reach beyond their members—without having to go through a separate, nonprofit organization as they do now.

On the international front, the AFL-CIO hopes to change from a force fighting international communism to a force that can deal with international competition. The Sweeney team may sell its \$600,000 Paris apartment and move its European base to Brussels, where it must now deal with the European Union.

Before the AFL-CIO can change the world, though, it has to change itself. Sweeney ousted Kirkland's handpicked successor, Thomas Donahue, promising to be a new voice for U.S. workers and to bring new blood into the federation. His secretary-treasurer is Richard Trumka, 46, the son of a mine worker and former president of the United Mine Workers Union. Linda Chavez-Thompson, 50, was elected to the newly created, number three post of executive vice president. She is the daughter of Mexican field workers and a veteran organizer for the American Federation of State, County and Municipal Employees in Texas.

The task of restructuring has taken longer than the new leadership had hoped or expected. The goal was to have headquarters changes in place by the time the union leaders gathered in Bal Harbour. Change isn't easy in an institution where all the constituents are independent political leaders in their own right—a fact that helped create a "Balkanized" headquarters where departments down the hall from one another worked in ignorance of one another, or even at cross-purposes.

But Sweeney says critics should wait until the end of his first term before attempting to judge the success or failure of the new AFL-CIO.

"Our term is two years. By the end of that term we had better show some changes and significant improvements," Sweeney said. Two major yardsticks for judging how well labor is doing, he said, are the level of "success in the November elections and whether we're starting to show membership growth."

If all goes according to plan, Sweeney says workers will see "that the labor movement is alive and well—that it is growing—that it is a voice on behalf of workers."

Will it be relevant, he is asked. "Most relevant," he replied.

[The Washington Post, February 18, 1996, HG]

PHOTOCOPY
PRESERVATION

Computer's Ability Against Chess Champion Has Surprised and Intrigued

By BRUCE WEBER

PHILADELPHIA, Feb. 17 — To watch Gary Kasparov, the world chess champion, squinting and squirming this week as he faced off in a six-game match at the Pennsylvania Convention Center here against Deep Blue, the world's strongest chess computer, has been to witness a symbolically, if not actually, profound event in the history of brains, human and otherwise.

"This machine is a significant jump upwards from any we've seen before," said Mike Valvo, an international master and a computer consultant from Boulder, Colo., who is serving as the official arbiter for the match. Mr. Valvo, who has been directing computer chess tournaments since 1980, said: "In the early days, I used to be able to play simultaneous games against all the computers in the competition, 10 or 12 of them, blindfolded, and beat them. Today I couldn't play one of them with my eyes open."

Indeed, it has been, by the estimation of almost everyone here, a surprisingly competitive match.

Few, if any chess grandmasters, gave Deep Blue any chance at all, and several, including Lev Alburt, a three-time former United States champion and David Levy, the vice president of the International Computer Chess Association, predicted a 6-0 Kasparov rout.

"Before the match I made Kasparov a 3-1 favorite," said Dan Heisman, a national master who lives in Philadelphia and has attended all the games. He said most people thought that he had been too enamored of the computer's chances.

"I've been sort of rooting for the underdog," Mr. Heisman said, though he could not help adding that part of him wanted the human to remain supreme.

Mr. Kasparov, who lost the opening game of the match last Saturday, to the cheers of the I.B.M. research team that developed Deep Blue and to the disbelieving gasps of almost everyone else, rebounded on Sunday with a victory. There followed two draws and then, almost a third; in game five, Mr. Kasparov offered Deep Blue a draw, but the computer (actually its programmers; Deep Blue can be, but is not, programmed to offer or accept a draw) declined, to its misfortune.

"Gary saw a long, difficult endgame," said Frederick Friedel, a chess computer expert who is an adviser to Mr. Kasparov. "He thought, 'Who knows if I win it. Let's save some strength for tomorrow.'"

When the draw was refused, Mr. Kasparov made a move that, to his

Computer Advances

1770 "The Turk," a sham machine was concocted by a Hungarian, Baron Wolfgang von Kempelen, who toured Europe with it, performing before amazed audiences, once playing Napoleon. The machine, a large box with with obfuscatory cogs and gears, actually hid a skillful, chess-playing dwarf inside.

1890 The Spanish inventor, Leonardo Torres y Quevedo, developed an algorithmic mechanism for winning a king/rook versus king endgame.

1948 Alan Turing, the mathematician and renowned British wartime code-breaker, developed a chess algorithm to be used with calculating machines, what amounted to the first chess "program." It played one game against an amateur player — and lost.

1948 Claude Shannon, a developer of information theory and a scientist at Bell Labs, described the two chess-playing algorithms — brute force, the method, which calculates all moves and their consequences as far into the future as possible and is now favored by most computers; and a selective mode, which emulates the human player in choosing only the most promising moves and their consequences for evaluation. Shannon is also known for having determined the total number of possible chess games — 10 to the 120th power — or more than the number of atoms in the universe.

1957 Herbert Simon, a computer scientist who would later go on to win the Nobel Prize in economics, predicted that a computer will be the world chess champion within 10 years.

1959 Working at the Rand

surprise, befuddled his inanimate opponent. "Our job for the next few years is to find other positions like this that the computer doesn't understand," Mr. Friedel said.

Mr. Kasparov, finding a position that forced Deep Blue into a repetitious, unthreatening mode, roared to a decisive win, taking a 3-to-2 lead, assuring himself of at least a draw for the match and allowing him to win the match (and the \$400,000 winner's prize) if he could hold Deep Blue to a draw in the final game. He would have the further benefit of playing the white pieces, an advantage akin to having the first serve in a tennis match.

Corporation with Allan Newell and Cliff Shaw, Dr. Simon developed the first program intended to imitate the playing styles of human grandmasters. Their program included what is known as the alpha-beta algorithm, which for the first time allowed the computer to eliminate some possibilities in its search, drastically increasing its efficiency.

1988 Hitech, developed at Carnegie-Mellon University, became the first computer to defeat a grandmaster, besting a former United States champion, Arnold Denker, in a four-game match.

1989 Gary Kasparov defeated Deep Thought, the predecessor to Deep Blue, in a two-game exhibition.

1990 Anatoly Karpov became the first former world champion to succumb to a computer, a German machine known as Mephisto-Portoroze. In an exhibition in which Mr. Karpov played 24 simultaneous games, 23 against human opponents, and lost only to the computer.

1991 Using a program written by Lewis Stiller, a scientist from John Hopkins University and powerful parallel processing hardware, a computer in Los Alamos, N.M., solves a longstanding chess conundrum, proving that a king, a rook and a bishop can defeat a king and two knights. In dividing a winning line of 223 moves, the computer analyzed more than 100 billion moves.

1996 Deep Blue defeats Mr. Kasparov in the first game of a six-game match, becoming the first computer to defeat a reigning world champion in a game played with regulation time controls.

The brand of chess fan and anti-technocrat who laments the gradual incursion of machines into the intellectual realm of men and women got some relief on Friday.

But the fifth game result was a bit of a disappointment to those who envisioned kind of high-noon showdown in the final game.

"We were surprised by the offer of the draw, because it came so early in the game," said C.J. Tan, I.B.M.'s project manager for the development of Deep Blue, who said he discussed the offer — after Mr. Kasparov's 23d move — with Murray Campbell, an I.B.M. colleague, and Joel Benjamin, a grandmaster who is ad-

vising the Deep Blue team, and though by the analysis of Deep Blue itself, the computer was in a slightly disadvantageous position, they decided to press on. It was a decision that surprised many chess experts, who saw no winning chances for Deep Blue's white pieces.

"We searched our souls and found scientists and not chess players," Dr. Tan explained. "We wanted to continue the experiment."

There are essentially two thought algorithms, or methods, of chess playing. In one, the brute force mode that is the strength of the computer, all possible moves and their consequences are analyzed as far into the future as possible. In the other, which approximates how a human being plays chess, a selectivity function (in a human, this is instinct and experience) limits the search and analysis to only the most promising moves and their consequences.

Deep Blue, which was developed at I.B.M.'s Thomas J. Watson research center in Yorktown Heights, N.Y., over the past six years, is equipped with powerful parallel processing technology that allows it to search more than 100 million chess positions a second. But it also has the most highly sophisticated chess evaluation software yet developed and an extensive data base of chess games from which to draw for decision-making. The combination of factors has engendered a formidable amalgam of calculating speed and chess knowledge. Mr. Kasparov, who once doubted that any machine would be able to beat him, acknowledged after the first two games (the first of which he lost, becoming the first world champion to lose a game played under regulation time controls to a computer) that the computer's pure calculating power (which is routinely referred to as brute force) had finally brought technology up to speed, as it were, in chess thinking.

"Quantity has at last become quality," he said.

It is, in fact, the idea of what constitutes thinking that fascinates both chess players and cognitive scientists who have been following the match. There are those, like David Gelernter, the Yale art historian and computer scientist (who is best known as a victim of the Unabomber), who believe that even when a computer emulates the great moves of a human player, it is not thinking or exhibiting what is normally meant by intelligence.

"This match is almost a demonstration that intelligence is not the only way to win at chess," Mr. Gelernter said. "Brute force, sheer computational mass, is something

It's amazing but scientists ask, Is it thinking or just computing?

that can substitute for intelligence. That's an interesting thing to know because intelligence gets a lot of good things done, and if we can achieve some of those things by means of brute force, that would be wonderful. Brute force is dirt cheap compared to human intelligence."

For Mr. Gelernter, intelligence is a function of humanity. A computer, Mr. Gelernter added, is still unable to produce art, which does require intelligence. "Many people in the chess and computer world like to look at chess as art," he said, "and when they see an impressive game view it as they would art. But it's hard to believe that anybody will be moved by a stunning computer victory as they are moved by art, because what gives art significance and value is

that a person has something to say." This denial of a computer's ability to think, said Herbert Simon, a professor of computer science and philosophy at Carnegie Mellon University, is "a cop-out."

Professor Simon, a Nobel Prize winner in economics, has spent a lifetime studying human intelligence and thought processes. It was in 1957 that he issued one of the most famous statements ever in the annals of computer chess. A computer, he declared almost 40 years ago, would be the world chess champion within a decade.

"If you already know deep in your heart that a computer can't think, then when it performs in this fine way, you say, 'Well, it doesn't matter since the computer can't think.' The real issue is, What is thinking? The only way I know of answering that is that there are certain things that when humans do them, we say that person is thinking. If he makes a great chess move, we might even say he's thinking creatively. The only question is, How was it done? There might be different types of thinking, but I would call what Deep Blue does thinking."

PRESIDENTIAL SAVINGS

Announcing the Classic Sofa President's Day Sale.

For a limited time everyone gets a chance to exert

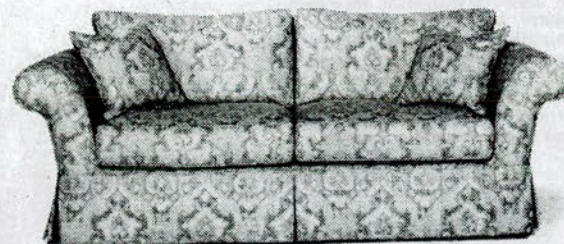
their own executive privilege and save hundreds on

any custom sofa in our shop. There are dozens of

styles to choose from. Down fill is standard. And

delivery takes only two weeks. Stop in soon.

CLASSIC
SOFA



5 WEST 22ND STREET • (212) 620-0485 • OPEN EVERYDAY 10-6,
TUES. & THUR. 10-8, SUN. 12-5

Do Banners Aim to Sell Cigarettes, Or Racing?

By The New York Times

MIAMI, Feb. 17 — Meant to promote next month's Grand Prix auto race here, state-approved banners hanging along many of this city's major roadways instead have anti-smoking groups upset about the cigarette brand name emblazoned across them.

The groups contend that the banners amount to cigarette advertising and that the state's approval is hypocritical at a time when Florida is seeking \$1.4 billion in health-related damages from tobacco companies.

"People are just so upset the signs are so visible and look so much like ads for Marlboro," said Maria Munarriz, the spokeswoman for the American Cancer Society in Miami. Philip Morris, the maker of Marlboro cigarettes, is the chief sponsor of the race, called the Marlboro Grand Prix in Miami.

In 1994, Florida became the first state to enact a law allowing lawsuits to be filed against cigarette makers by the state; later that year, Florida filed suit, contending that cigarette manufacturers were liable for the smoking-related illnesses and expenses incurred by recipients of state Medicaid money.

Other states, including Massachusetts, West Virginia, Mississippi and Minnesota, have filed similar suits.

Philip Morris received approval months ago from the Florida Department of Transportation to hang the banners from roadside light posts, which are on the state's right of way. Although its rules prohibit the display of advertising or corporate logos on such property, the department waived them to give the race some exposure.

Gov. Lawton Chiles has expressed displeasure with the banners, saying the waiver should never have been granted. The Governor led the 1994 initiative to file the lawsuit seeking the damages from the tobacco companies, contending the industry was responsible increased health care premiums, lost productivity and hospital stays for Florida residents.

"I seriously doubt you will see those banners next year," said April Herrle, a spokeswoman for the Governor.

Though promoted as being in Miami, this year's race will be at the Homestead Motorsports Complex, about 30 miles south of here. The Formula One event, to be held the first weekend of March, is one of many such races sponsored by Philip Morris.

Yves Saint Laurent introduces
Paris, Je t'

Fall in love with the most romantic colours of the season
bouquet of exquisite pastels. Parisian Pinks and
and soft, tender pas

A Personalized Spring L

Joseph Costa, Yves Saint Laurent National /

Thursday through Saturday, Feb

Please call to book your appointment (212) 9

SAINT
FIFTH
AVENUE



[The New York Times, February 18, 1996, page 23]

PHOTOCOPY
PRESERVATION

The race brought 90,000 people to Miami in 1995, the first year for the event, said Ellen Merlo, the spokeswoman for Philip Morris. She said the 1995 Super Bowl attracted about 20,000 fewer visitors to the city.

Removing the Marlboro name from the banners is out of the question, Ms. Merlo said, because it is part of the event's title.

"I think these banners are standard kinds of advertising used at events and not just this event," she said. "These are not product displays; they are promoting a local event."

If Florida tries to prevent the banners from being displayed next year, Philip Morris will reconsider its future role in the race, Ms. Merlo said. "I cannot speculate as to what will or will not happen in the future," she said.

Transportation Department officials said that they were taken off guard by the outcry against the banners and that, after this year's race, they would develop a stricter policy on issuing waivers to its rules.

"In the future, we've got to have better guidelines," said Ben Watts, the State Secretary of Transportation. "Possibly anything that's illegal to minors, maybe you don't want to advertise that on the public right of way."

After the race last year, Dr. Pepi Granat, a family doctor in South Miami, began a letter-writing campaign to prevent the banners from being used again. While Dr. Granat sees the race as a good event, she said she was upset by what she called the promotional effect.

When the banners reappeared this year, she was one of the first to protest.

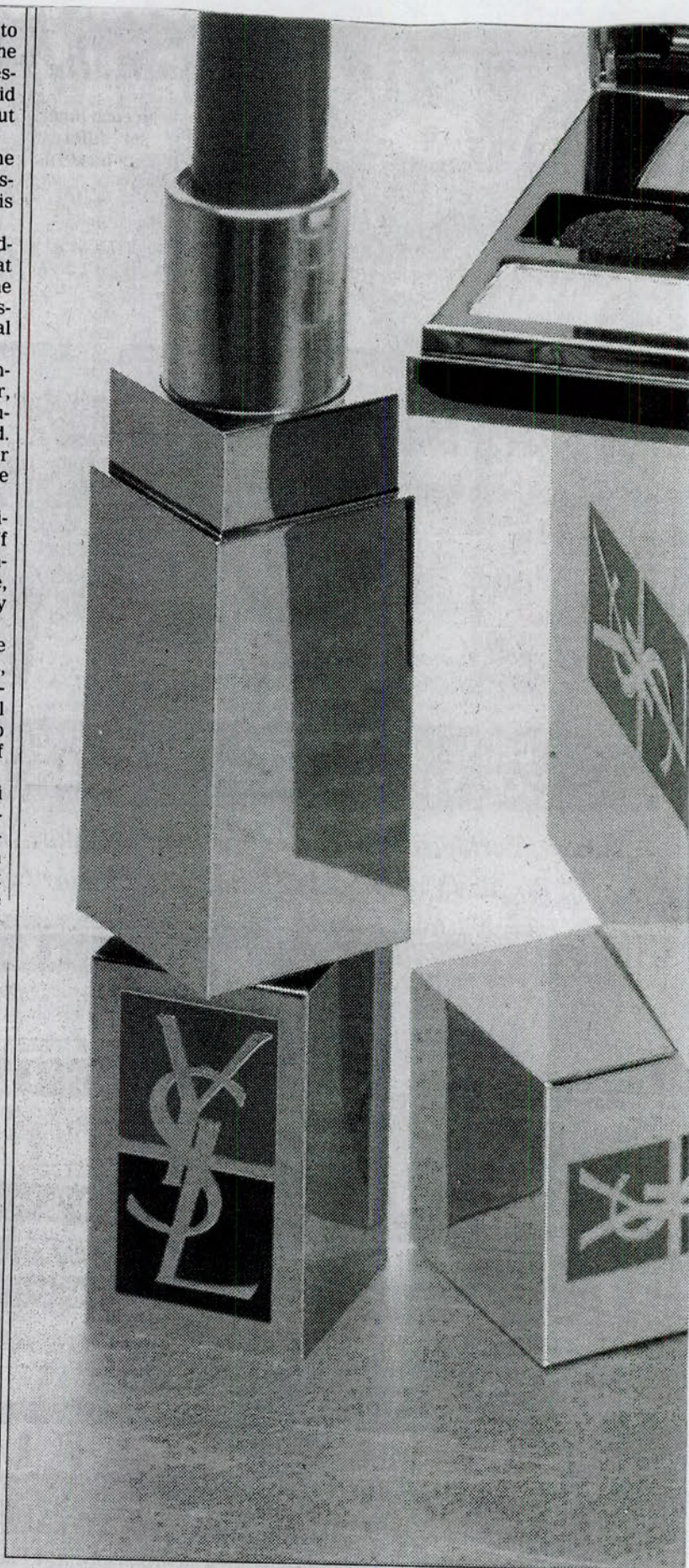
"These are poisoned lampposts," she said. "We should not be aiding and abetting a dangerous substance on our lampposts."

Black Women's March

LOS ANGELES, Feb. 17 (AP) — Advocates for blacks have announced plans for a rally here in June billed as the "Million Woman March," but they insisted that the event, co-sponsored by the Congress for Racial Equality, was not a response to last summer's Million Man March in Washington.

Celeste King, a Los Angeles bail bondsman and Republican leader, said on Thursday that the event would focus on crime, teen-age pregnancy and other issues affecting families. It will be held June 14-16.

On June 15 participants will march down Martin Luther King Jr. Boulevard to Exposition Park in south Los Angeles, she said.



THE COLLECTION: \$15 TO \$35. COSMETIC COLLECTIONS, STREET FLOOR IN NEW YORK

OPEN TODAY IN NEW YORK

OPEN TODAY IN WHITE PLAINS, GARDEN CITY, STAMFORD

[The New York Times, February 18, 1996, page 23]

PHOTOCOPY
PRESERVATION

Labor Leaders Say Union Is Rejoining A.F.L.-C.I.O.

By STEVEN GREENHOUSE

In a move that is expected to increase the political clout of one of New York's largest, most liberal unions, the A.F.L.-C.I.O. is planning to announce on Tuesday that the city's main hospital workers' union will rejoin the labor federation after leaving it five years ago, union officials said.

Dennis Rivera, president of the union, officially called 1199 National Health and Human Service Employees Union, said in an interview that the A.F.L.-C.I.O.'s leaders have agreed to readmit his 117,000-member union but, in an unusual arrangement, it could retain its independent status.

The union, which is based in Manhattan, mostly represents workers at Mount Sinai Hospital, Columbia-Presbyterian Medical Center and at dozens of other private, nonprofit hospitals in the New York area. It also represents 20,000 home health-care aides and thousands of nursing home employees.

While John J. Sweeney, president of the A.F.L.-C.I.O., would not comment, other officials confirmed that the federation's executive council planned to readmit the union.

Mr. Rivera said being readmitted is important because it would, in theory, strengthen his union's role in political campaigns by enabling it to pool its resources with the A.F.L.-C.I.O. and by giving it a say in the federation's political activities.

Several labor experts said the union hopes to play a major role in New York City's 1997 mayoral race, in which the union would back the Democratic candidate. They said the union wanted to expand its political activities after its successful campaign against Guy Molinari, a Republican, who lost November's race for Staten Island district attorney. The union had set up phone banks, printed campaign literature and contributed volunteers to the effort to defeat Mr. Molinari.

The union is currently directing its political energies against efforts by Congress and Gov. George E. Pataki to cut health-care spending, particularly Medicaid.

Mr. Rivera said that since Mr. Sweeney became A.F.L.-C.I.O. president in October, his union has stepped up its efforts to be readmitted.

Formerly called Local 1199, the union left the federation in 1991 after quitting its parent union, the Retail,

, but
he Mayor's
the City
the Mayor's.
d not allow

r in the City
orders do not
ferences.
uffalo (in a
e their own

of New York
hat sit atop

E PURNICK

eless

INTWEL-
Avenue
0010.

DRK
m 427,

e autho-
s for
diest

sex-
s go di-
ch use
and
r.

re de-
and
tent

get.

n is in hon-
mitzvah of
ah, as well
eloved son;

; also sent
order, with
mind. "My
ms of the
our great-
m the in-
ild to the
as," they
a mother
s a little

A union for hospital workers will keep its independent status.

Wholesale, Department Store Union, which was an A.F.L.-C.I.O. member. Though originally a union of pharmacy workers, Local 1199 increasingly began to represent hospital workers and, its leaders concluded, no longer fit within the parent union.

Now, 1199's liberal politics are considerably closer to Mr. Sweeney's than those of his more conservative predecessor, Lane Kirkland.

"We are very excited about the changes taking place in the A.F.L.-C.I.O., first and foremost at the national level but also at the state and local level in New York," Mr. Rivera said.

Mr. Rivera said his union had sought to be readmitted to the A.F.L.-C.I.O. as an independent union several years ago, but Mr. Kirkland said it could only come back by joining an international parent union.

The New York union's officials, wanting to remain independent, rejected that course.

Mr. Sweeney, several labor leaders said, is willing to take in the union as an independent because he is eager to increase the federation's membership and take advantage of 1199's energy and political war chest.

Labor officials said the federation's decision to readmit the union would be announced on Tuesday at the executive council's meeting in Bal Harbour, Fla., after a formal vote on the matter.

Several labor experts said that rejoining the federation might make it easier for the union to win the right to organize workers at whatever city hospitals Mayor Rudolph W. Giuliani decides to privatize.

In New York, the American Federation of State, County and Municipal Employees represents workers at city-owned hospitals, while 1199 generally represents workers at private hospitals.

If a dispute develops over which union should represent those workers, the A.F.L.-C.I.O. would probably be called in to arbitrate, and 1199 might have an edge.

Noting that his union sought to rejoin the A.F.L.-C.I.O. even before Mr. Giuliani was Mayor, Mr. Rivera denied that the privatization of city hospitals was a factor in his union's desire to return to the federation.

ait of
hat.



o



iello

osito and
al arms and

the Citicorp



en Lipper

PHOTOCOPY
PRESERVATION

[illegible]