Q&A on Executive action

Q. *What's the difference between an Executive Order and a Presidential Memorandum?*

A. The difference is largely in form. Executive Orders and Memorand~~ums~~a have the same legally binding effect. They remain in legal force until revoked, either by the President that issued them or by a subsequent President, or by a statute. Neither directive is necessarily stronger than the other. -- they have the same effect.

Q. *How does the President choose which type of directive to issue?*

A. Executive Orders are written in a more formal, statute-like format and are often most used when implementing the requirements of a statute, or creating an advisory board or commission.

Q. *What is a Proclamation?*

A. Proclamations are most often used for hortatory purposes like the declaration of a national holiday (*e.g.*, Thanksgiving, which was the first proclamation issued by George Washington), ~~or~~ a celebration or period of remembrance (*e.g.*, National Breast Cancer Month). However, proclamations are also used by Presidents in a manner similar to Executive Orders and Memorand~~ums~~a, particularly in the international trade area. For example, Presidents issue an annual proclamation laying out the annual Generalized System of Preferences for imports into the U.S.

(Grand Escalante National Monument)

THE WHITE HOUSE

WASHINGTON

April 30, 1997

MEMORANDUM FOR TODD STERN

FROM: G. TIMOTHY SAUNDERS
Executive Clerk

SUBJECT: Executive Orders

As the attached article may demonstrate, there is often little difference in effect between 1) an official numbered ***executive order*** and 2) a presidential memorandum to his subordinates within the executive branch directing particular actions pursuant to Constitutional and statutory authorities. Indeed, presidential memoranda can be "executive orders" in everything but name.

Executive orders are **automatically** published in the *Federal Register* and take their place in Title 3 of the Code of Federal Regulations -- the President's title. Often, the President **directs** that his presidential memoranda are likewise to be published in the *Federal Register* and they will then also appear in Title 3 of the CFR.

Thus, while the official numbered executive order is most often viewed as a perhaps loftier form of document than a simple presidential memorandum, distinguishing their true differences can be challenging.

Encyclopedia of the American Presidency

Editors

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Volume 2

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Editorial Board

to defer larger questions of overall priorities in favor of resolving the crisis of the moment. The order also responds to inherent differences in outlook between agencies and the OMB. Agencies tend to pursue their own statutory duties without attention to how they fit into broader national priorities. The OMB, situated at the apex of the executive branch, can weigh competing claims on scarce national resources and decide which ones are deserving of regulatory emphasis. Of course, these decisions must be made consistently with statutory directives concerning regulation. To ensure that Congress and the public can monitor executive priority-setting and its consistency with law, the OMB releases copies of agency drafts of their regulatory programs to the public after formulation of the final administration program for the year.

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HAROLD H. BRUFF

EXECUTIVE ORDERS. Presidents have long made legally binding policy without the participation of Congress by issuing executive orders that command government officials to take or refrain from taking some kind of action. These orders have been used to craft foreign policy actions, like the order in 1992 directing the Coast Guard to return Haitian refugees found at sea to Haiti without a refugee claims assessment in a neutral location. Executive orders have also been used to make domestic policy, as in the case of the much debated EXECUTIVE ORDER 12291 (1981) authorizing the OFFICE OF MANAGEMENT AND BUDGET (OMB) to use wide-ranging powers of review over agency issuance of regulations.

The Numbering System. By the time Ronald Reagan left office in 1989, there had been approximately 12,667 executive orders promulgated. The number is approximate because the exact number of orders is unknown. The present numbering system was based upon an effort to backtrack in history to find the earliest executive order clearly delineated as such, which is taken to have been one issued by Abraham Lincoln, and numbering forward. However, because Presidents have historically issued the equivalent of executive orders that may have been called by other names and because there was no uniform process for publishing such orders until the passage of the FEDERAL REGISTER ACT in 1935, the current numbering system is little more than a useful approximation that is accepted as a matter of convention.

Although the Federal Register Act mandated publication of orders in the *Federal Register* and attempted to impose some degree of uniformity on the format in which they are promulgated, its provisions are very general. The more specific guideline for the issuance of executive orders is itself an executive order, E.O. 11030 (1962). However, even that order does little more than describe the general format and routing for the development of drafts and final publication. Security-classified orders are not published at all [*see* NATIONAL-SECURITY DIRECTIVES].

Because of the problems of access to documentation and the late adoption of rules for uniform publication, a codification of all executive orders that would present all currently valid orders has been difficult to develop. After considerable effort, the Office of the Federal Register has published a codification of orders and PROCLAMATIONS promulgated since the end of WORLD WAR II.

Types and Legal Force. Executive orders issued on a valid assertion of constitutional or statutory authority are legally binding. Courts have held that the legislature may ratify an executive order after its issuance. The failure of the Congress to take any kind of action with respect to an order that is consequently permitted to stand for an extended period is taken as evidence of approval. This is the so-called acquiescence doctrine.

However, the President may not promulgate an executive order that violates a valid statute or usurps the constitutional authority of a coordinate branch of government. On that ground, Congress may nullify an executive order unless the President can demonstrate an independent basis of constitutional authority in Article II to support it.

The legal force of presidential action does not depend upon labeling it an executive order. The Supreme Court has held that there is no meaningful legal distinction between, for example, a presidential proclamation and an executive order. As a matter of form, a proclamation is generally directed to persons outside of government while an executive order governs actions by government officials and agencies. Proclamations are most often used for hortatory purposes like the declaration of a national day of celebration for a group or historical figure. However, they have been used for very important actions, like President George Washington's PROCLAMATION OF NEUTRALITY.

In truth, the effort to distinguish between internal and external effect is not helpful, since orders directed to executive-branch officials or agencies are often aimed at commanding them to carry out policy governing all citizens in a certain way. Thus, orders directed at officers involved in immigration and refugee administration plainly affect asylum seekers. Similarly, orders like E.O. 12291 and EXECUTIVE ORDER 12498—mandating regulatory review by the Office of Management and Budget and President Bush's moratorium on agency rulemaking, while specifically directed to administrative agencies, affect the implementation of a wide variety of major policies and therefore clearly have an impact upon state and local governments as well as individual citizens.

Beyond the use of proclamations, Presidents have employed a variety of other formats to issue what are, in effect, executive orders. Thus President Bush's order in 1992 for executive agencies to impose a ninety-day moratorium on the issuance of new regulations and to review existing regulations to determine which ones could be eliminated or modified to be less burdensome, was issued in the form of a presidential memorandum (Memorandum for Certain Department and Agency Heads on the Subject of "Reducing the Burden of Government Regulations" 1992). Indeed, although E.O. 12291 was the basis for the Reagan administration's creation of the Vice President's Task Force on Regulatory Relief as part of the regulatory review process when George Bush was Vice President, later President Bush did not see the need for a new or amended executive order when he created the Vice President's Council on Competitiveness under Vice President DAN QUAYLE, which effectively replaced the Task Force on Regulatory Relief and gave the new body much greater power than that exercised by its predecessor.

Some Presidents have avoided reference to executive orders in part because there is no specific requirement for publication of other kinds of documents. For example, there has been considerable tension between the White House and Congress over the use of national security directives (NSDs). In a number of cases, the contents of these directives, issued by the President to various executive agencies, have not even been disclosed to Congress.

Tensions with Congress. Where there is no clear order or proclamation, as in the case of the Quayle commission, or where there are devices such as NSDs in use that are not disclosed, the possibilities for tensions between the President and Congress may be particularly high.

Similarly, where an order is issued unilaterally by the White House without much open public discussion or informal exchange with key figures in the Congress and if it concerns particularly important questions, the potential for conflict may be great. Thus, the issuance of E.O. 12356 (1982) governing security classifications during the Reagan administration caused noticeable frustration on Capitol Hill. Although there is legislation prohibiting disclosure of classified information, the definition of security classification and government policy in the handling of classified material have historically been addressed by executive orders. The Carter administration revised the entire system in its executive order on security classification, E.O. 12065 (1978), through a relatively open and participative process, to reduce the amount of classified material and move toward as much declassification of existing material as possible. The Reagan replacement took a much more restrictive approach and did not involve conversations with the participants involved in the earlier version. The result was substantial strain in PRESIDENTIAL-CONGRESSIONAL RELATIONS.

History suggests that the significant use of executive orders by Presidents since Lyndon B. Johnson, and in particular Jimmy Carter and his successors, has been both a cause and effect of presidential-congressional tensions. Johnson promulgated EXECUTIVE ORDER 11246 (1965), which laid the basis for what came to be known, during the Nixon administration, as the PHILADELPHIA PLAN, requiring affirmative action in government contracting in part because he could not move the same policy through the Congress. Others have taken action that they thought was implied in more or less expansive terms by prior statutes. Presidents Richard M. Nixon and Carter both took significant action based in part on the assertion that existing legislation authorized their decisions. In August 1971, President Nixon issued a set of executive orders and proclamations, most importantly E.O. 11615 and Proclamation 4074, which imposed, among other things, a freeze on wages, prices, rents, and salaries and a 10 percent added fee on imports, claiming implied authority from the ECONOMIC STABILIZATION ACT of 1970 and the TRADE EXPANSION ACT of 1962. Similarly, President Carter's imposition of an oil import fee, later struck down by federal courts, was also based upon a broad reading of the trade act.

Legal Challenges. Despite the fact that the judiciary has struck down a variety of orders over time, it is very difficult to mount a legal challenge to such a presidential action. Some of the most celebrated cases, like the YOUNGSTOWN SHEET & TUBE CO. v. SAWYER (1952) ruling striking down President Harry S. Truman's EXECUTIVE ORDER 10340 directing the Secretary of Commerce to take over steel mills in order to keep them in operation during a labor dispute and the challenges to Nixon's wage-price freeze and Carter's oil import fee, involved cases where there was an immediate and direct effect upon specific property claims. There the parties were clear and the basis for a legal challenge was obvious.

However, in many cases, the situation is considerably more complex. Thus, when the Office of Management and Budget began to delay issuance of regulations by agencies obligated by statute to produce them, it became very difficult for frustrated critics to get the issue of the validity of the executive order into court. It was only when regulators like the Environmental Protection Agency, caught between congressional mandates and the OMB, provided information to such critics that a suit charging violations of statutory obligations in the name of regulatory review was made.

Even assuming that presidential critics can develop a case that will survive procedural roadblocks, the larger problems remain. Where there has been a lack of formal congressional opposition, courts tend to defer to the President. That is particularly, though not universally, true with respect to executive orders affecting foreign policy questions. The Supreme Court, for example, upheld the executive order issued by President Carter, E.O. 12283 (1981), and reaffirmed by President Reagan, suspending claims pending in United States courts involving Iranian assets affected by the agreement reached between the two countries for release of American hostages ending the IRANIAN HOSTAGE CRISIS [*see* DAMES & MOORE v. REGAN]. Even though there were obvious parties with clear property interests at stake, and despite the fact that Congress had taken no action on the presidential move, the Court concluded that there was legislative acquiescence in the Iran settlement that should be understood as congressional support. Coupled with the general judicial deference to presidential foreign policy decisions, that acquiescence was enough to sustain a dramatic presidential action.

More often, the nature of limits on executive orders is less obvious and direct. For example, the Reagan regulatory review orders asserted that the OMB was to proceed "to the extent permitted by law" but the mechanics and politics of the situation made it virtually impossible for the rulemaking process to meet both the substantive and procedural requirements of all of the applicable legislation. In some cases, the orders themselves do not contain language that suggests a problem of authority but other accompanying documents may. Thus, the full implications of E.O. 12498, the second Reagan regulatory review order, did not become clear to those outside government until they saw the White House memoranda to executive-branch agencies that were issued along with the executive order. These implementation guidelines defined terms and processes discussed in E.O. 12498 in such a way as to give the Office of Management and Budget a great deal more power than would be understood from a simple reading of the order itself.

If challenges to orders are difficult with respect to presidential actions purportedly based upon statutes, they are all the more problematic where the President grounds an executive order on a broad claim of constitutional authority. Historically, periods of war and national emergency have prompted some Presidents to issue large numbers of orders relying upon assumed powers which the Congress later ratified. Franklin Delano Roosevelt, for example, issued 3,727 executive orders during his years in the White House. However, in most instances modern Presidents have relied upon some kind of claim to statutory authority for their actions. During the Carter administration, however, the White House regularly made both particular assertions of statutory authority, either direct or implied, and more general claims that the President was acting under the authority "vested in me as President of the United States." Since then the President has more often asserted broad constitutional claims alone or with limited claims of statutory authority as the basis for action. Thus, the regulatory review process established by E.O. 12291 is grounded only on President Reagan's assertion of "the authority vested in me as President by the Constitution and Laws of the United States of America." The same was true of the executive order on the family (E.O. 12606 [1987]) and federalism (E.O. 12612 [1987]).

Where the President's order is considered to be directed at internal management functions and supervision of executive-branch employees, as in President Bush's E.O. 12674 (1989) setting forth "Principles of Ethical Conduct for Government Officers and Employees," there is often acceptance of a broad constitutional claim on grounds that the President is responsible for the operation of the executive branch under Article II. However, when the President ranges beyond that kind of action, the complexities grow. It is often uncertain just what provision of the "Constitution and laws" the President is asserting.

Hence, executive orders are flexible tools that offer the President a variety of options. At the same time, they are complex and sometimes dangerous in both legal and political terms. They have occasionally tempted Presidents to abuse powers conferred by statute or to claim constitutional powers they do not rightly possess.

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PHILLIP J. COOPER

EXECUTIVE POWER. Article II of the Constitution stipulates that all executive power resides in the hands of the President. Article II defines formal executive power, but like many constitutional provisions it is a framework, not a blueprint. While the President may initially define his own executive powers under the Constitution, his interpretations may be challenged before the Supreme Court and by Congress. For example, President Harry S. Truman, citing his constitutional authority as CHIEF EXECUTIVE and COMMANDER IN CHIEF, seized the steel mills in 1952 to prevent a crippling strike during the KOREAN WAR [*see* EXECUTIVE ORDER 10340]. However, in the *Steel Seizure Cases* (1952), the Supreme Court held that the President had exceeded his constitutional powers [*see* YOUNGSTOWN SHEET & TUBE CO. V. SAWYER].

Overview. The Framers of the Constitution, while recognizing the importance of the presidency, did not foresee the vast expansion of presidential power that eventually occurred. Article II states that "the executive Power shall be vested in a President" and that "the President shall be Commander in Chief of the Army and Navy of the United States, and of the Militia." Aside from providing that the President "shall take Care that the Laws be faithfully executed" and that "he may require the Opinion, in writing, of the principal Officer in each of the executive Departments," the Constitution does not specify how "executive" power is to be exercised.

Under the CHECKS AND BALANCES system, the Constitution specifies that certain executive powers are subject to senatorial ADVICE AND CONSENT: the TREATY-MAKING POWER and the power to "appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States whose Appointments are not herein otherwise provided for." But, "Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments."

Article II gives the President direct and indirect legislative powers and responsibilities. He may veto congressional legislation, and his action can be overridden only by a two-thirds vote in the House and the Senate. Article II also provides that the President is from time to time, to recommend legislation to Congress and give Congress a STATE OF THE UNION MESSAGE. The President can also convene either or both houses of Congress on "extraordinary occasions."

Article II makes the President the ceremonial head of state, by providing, for example, that he must "receive Ambassadors and other public Ministers." The President represents that nation at home and abroad, and his ceremonial role enhances his informal powers by making him in a sense both a king and a prime minister.

Chief Executive. The Constitution provides that the President shall "take Care that the Laws be faithfully executed." This simple provision makes the President the nation's Chief Executive, and he alone exercises primary executive power. The executive branch is an extension of the presidency, and the President may "require the Opinion, in writing, of the principal Officer in each of the executive Departments, upon any subject relating to the Duties of their respective offices."

The Framers envisioned a small and easily controllable executive branch performing the essential executive functions of defense, foreign relations, revenue raising, LAW ENFORCEMENT, the post office, control over patents, regulation of navigation, territorial administration, and a few other miscellaneous responsibilities. Aside from 6,479 military personnel, 1,223 collectors of revenue, and 947 deputy postmasters, the entire executive branch in 1802 consisted of 588 persons. That figure contrasts with the over 2.5 million federal employees in the 1990s. Clearly the President's ability to control the modern executive branch is severely limited by its size, complexity, and vast responsibilities.

Regardless of changes in the scope and character of the executive branch over the years, the President's role as Chief Executive is firmly embedded in the Constitution. ALEXANDER HAMILTON in *Federalist* 72, recognized that one of the most important presidential duties was to be leader of the executive branch. He argued that since the President would appoint, albeit with the advice and consent of the Senate, members of the executive branch they should be considered as his assistants and "subject to his superintendence." Article II, coupled with Hamilton's arguments in THE FEDERALIST, support presidential control over the executive branch.

Growth of the federal bureaucracy. The President had little difficulty in supervising executive activities

EXECUTIVE ORDERS
AND OTHER PRESIDENTIAL DIRECTIVES

This is intended to answer the most frequently asked questions about Executive orders. It also gives background information on Executive orders, their relation to other types of Presidential documents, and OMB's role in handling Executive orders.

Executive Orders, Administrative Orders (including Presidential Memoranda) and Proclamations are the documents that the President uses to implement his decisions and carry out his policies. In general, they direct Executive agencies to take specific actions.

The use of the different documents is determined by law or by the nature of action the President is directing. The documents have different clearance processes. A description of the documents, clearance processes, and OMB's role in the processes is set out below.

A. Executive Orders.

Executive Orders (E.O.'s) exercise Presidential legal authority or carry out Presidential management or policy decisions. They usually direct one or more Executive agencies to take specific actions in connection with domestic or international matters. Viewed as the most authoritative of all Presidential documents, E.O.'s are issued to address matters the President considers most important.

About 50 E.O.'s are issued per year. E.O.'s are published in the Federal Register as well as in the Compilation of Presidential Documents. The Federal Register compiles E.O.'s in its yearly CFR supplement and in other volumes.

President Roosevelt formally assigned responsibility for Executive Orders to OMB in 1939, when OMB was established in the Executive Office of the President as part of Reorganization Plan No. 1 of 1939. This assignment was accomplished by Executive Order 8248 (September 8, 1939), which is still in effect. E.O. 11030, issued in 1962, continued the OMB authority and prescribed regulations to govern the preparation, presentation, filing, and publication of Executive Orders and proclamations.

1. **Statutory E.O.'s**.

Most Executive Orders are issued in connection with a statutory requirement. Legislation often confers power directly on the President (rather than a subordinate such as a Cabinet Secretary), requiring the President to issue an order to take specific actions under the legislation. To exercise presidential authority conferred by a statute, the President will issue an Executive Order that delegates authority, directs agencies to take particular actions, or otherwise implements the statute in a particular manner or under certain procedures. Examples of statutory orders are E.O. 12947, "Prohibiting Transactions with Terrorists who Threaten to Disrupt the Middle East Peace Process," and E.O. 12982, "Ordering the Selected Reserve of the Armed Forces to Active Duty."

2. **Policy E.O.'s**.

Many Executive Orders are policy orders. Policy orders direct an Executive agency or agencies to take certain actions in connection with an Administration's particular policy priorities. The orders typically direct agencies, within the discretion allowed by law, to exercise their authority in conformity with certain principles or policies. Examples include E.O. 12999, "Educational Technology: Ensuring Opportunity for all Children in the Next Century" and E.O. 13005, "Empowerment Contracting."

3. **Management E.O.'s**.

Some Executive Orders set up commissions or councils or otherwise exercise Presidential managerial control of the Executive Branch. For example, E.O.'s have established ethics guidelines, procedures for review of employee suitability, and procedures and requirements for drug testing. While some of these orders may be based on specific statutory authority, some are based on a broad general grant of authority, or on the inherent authority of the President to manage the Executive branch. Examples of management orders are "Compensation Practices of Government Corporations" (E.O. No. 12976) and "Administrative Allegations Against Inspectors General" (E.O. No. 12993).

4. **OMB's Role in the E.O. Process**.

Executive Order 11030, as amended, requires OMB to implement the Executive Order process. E.O. 11030 is codified as a regulation of the Federal Register.

The order and the practice of Administrations since 1939 have led to the development of the E.O. process that is now in place. The steps in the E.O. process are:

(i) an Executive agency or a component of the Executive Office of the President submits a proposed order with an explanatory cover letter to OMB. The E.O. package is then forwarded to the OMB Office of the General Counsel.

(ii) OGC circulates the proposed order to agencies that may be affected by the order for comment.

(iii) OGC collects agencies' comments and reviews the comments. It then negotiates any suggested changes to the order between the submitting and the commenting agencies.

(iv) OGC prepares the order, and the required accompanying documents (memorandum from the OMB Director to the President, OMB General Counsel's letter to the Attorney General, and background materials), in final and staffs the E.O. package through the relevant OMB divisions and Director's Office for signature.

(v) After the Director of OMB approves the package, OGC forwards the package to the Office of Legal Counsel at the Department of Justice ("OLC") for a "form and legality" review.

(vi) OLC reviews the package and, if it approves, adds "form and legality" letters to the package. It then forwards the package to White House Assistant to the President and Staff Secretary.

(vii) After the President signs the E.O., it is sent to the Federal Register where it is numbered and published.

OMB's principal function in this process is to ensure there has been a fair process for agencies to provide their views, and, for more important orders, that all affected agencies have provided their views so that the President is fully informed by all his senior advisors.

Occasionally, the President will have to issue an E.O. on an emergency basis. This usually occurs in response to a national security threat or a foreign or domestic crisis, such as the Iraqi invasion of Kuwait or the riots in Los Angeles.
On these occasions, an Executive Order may have to be drafted, and cleared and presented for Presidential signature within a day or two, or in extreme cases, within hours.

B. Relation of Executive Orders to Other Presidential Documents.

In addition to Executive Orders, the President issues other formal documents implementing his authorities. OMB is frequently asked to draft, advise on, or clear these documents, which are described below.

1. Administrative Orders.

Administrative orders are Presidential directives issued in connection with normal government operations. Approximately 100 are issued in a year. The Memoranda, Determinations, Certifications, and Notices are typically issued to one or a few agencies and are necessary to implement a particular statutory provision that requires Presidential action. OMB does not routinely handle these orders, which are mostly in the area of military or foreign affairs.

2. Proclamations.

Proclamations are either substantive or commemorative. Commemorative proclamations are documents that the President issues to honor a particular group, event, or occasion. OMB does not formally clear commemorative proclamations.

Substantive proclamations typically (but not always) implement trade authorities of the President. Trade proclamations are handled by the United States Trade Representative, unless the proclamation affects domestic policy or involves a change in U.S. Government policies or processes, in which case it is handled by OMB. All other substantive proclamations (e.g., establishing a National Monument, declaring a state of emergency) are handled by OMB in the same manner as Executive orders.

3. Presidential Memoranda to Heads of Agencies.

Occasionally the President issues a memorandum to one or more heads of departments or agencies directing them to take a specific action. If these are routine in nature, they are handled as an Administrative order. If they are more complex or far-reaching, or establish legal matters or relationships, they are handled by OMB as an Executive order.

MEMORANDUM OF CALL

Previous editions usable

TO:

☐ YOU WERE CALLED BY— ☐ YOU WERE VISITED BY—

OF (Organization)

☐ PLEASE PHONE ▶ ☐ FTS ☐ AUTOVON

☐ WILL CALL AGAIN ☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL ☐ WISHES AN APPOINTMENT

MESSAGE

Brady McClanahan
[illegible] – briefing
on VISC.
Both liked it.

RECEIVED BY | DATE | TIME

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
☆ U.S.G.P.O. 1992 312-070-40024 FPMR (41 CFR) 101—11.6

Mr. President:
fyi
Bruce

MEMORANDUM

TO: Bruce Lindsey

FROM: Brady

DATE: April 17, 1994

SUBJECT: Wisconsin briefing

This is the President's second visit to Wisconsin. The trip has been designed to focus attention on the health care program and, in particular, the need for employer-mandated health care coverage. To that end, the White House has asked Ameritech (the regional bell operating company for Illinois, Wisconsin and Indiana) to sponsor the visit--apparently because of the company's willingness to express support for employer-mandated coverage and its commitment to a high technology medical information exchange network.

The President will address an audience of about 1,000, which will include a substantial number of Ameritech employees, at the Italian-American Community Center near downtown Milwaukee. Ameritech offices in the two other states will participate electronically. The schedule also includes a reception with political supporters and a meeting with The Milwaukee Journal editorial board. Every event takes place at the Community Center although, on the return to the airport, the President also will have the opportunity to stop at "Leon's Custard," a city landmark.

There are several substantive and political pitfalls to avoid, as always, and you might find this memorandum helpful in that regard.

Overview. The state's economy has been stronger than the country as a whole for several years, and it remains that way. The unemployment rate, for example, is only 5.0 percent (February/adjusted), the sixth lowest in the nation, and it has been less than the national average for 73 consecutive months. The economy is almost exclusively driven by the private sector: Wisconsin is 49th in federal funds received from all sources.

Health care is a paramount issue with a poll published in February reflecting substantial support in the state for universal coverage and majority support (61 percent) for the Administration's health plan. A subsequent poll, released a month ago, however, showed declining support for the President's program. There have been competing "health insurance/health care reform" plans pending before the state legislature, but it adjourned late last month without passing either one.

The principal elections this fall involve Sen. Herb Kohl, running for his second term, and Gov. Tommy Thompson, who is running for his third term and, not incidentally, looking for a 60 per cent margin to make him a credible Republican vice-presidential candidate in 1996. (Gov. Thompson has been, and remains, a harsh and unremitting critic of the President.) Neither Sen. Kohl nor Gov. Thompson appears to be in any difficulty. The Congressional delegation remains 5-4 Republican with only one of the incumbents, Peter Barca (Democrat, 1st C.D./southeastern Wisconsin), likely to face a serious challenge. With Cong. Bill Natcher's death, of course, Dave Obey has just become chairman of the House Appropriations Committee.

In addition to health care, welfare reform remains a volatile issue with state and national implications. The New York Times reported in a page one story on Thursday that Wisconsin is one of the states that continues to press for "waivers" for experimental reform programs, including a two-year limit on benefits ("Work not Welfare"), a reduction in benefits for families with children who are truant, and two-tiered welfare that provides lower benefit rates for new residents. These waiver requests place the Administration in the position of approving experiments with which it may disagree. An incumbent governor's ability to obtain a federal waiver has obvious political implications as well.

Milwaukee has just received a federal grant for its own "New Hope" welfare reform program, advanced by Mayor John Norquist. Crime remains a significant issue in the city, and there is a handgun ban referendum on the November 8, 1994 ballot. The cryptosporidium water contamination problem of last spring (400,000 people ill) has been solved, but it remains a sensitive public health issue locally and in other cities. An article by four officials from the U.S. Center for Disease Control, published last week in Science magazine, blamed the outbreak on a "crippled surveillance network" blamed, in turn, on reductions in federal funding.

The state's economy is diversified with a mix of small, medium and Fortune 500 companies (e.g., Fort Howard Paper, Harley Davidson, and Manpower, Inc.--now the largest private employer in the country). There are national insurance companies in the Wausau/Stevens Point area (Wausau Insurance and Sentry), in Milwaukee (Northwestern Mutual Life), in Green Bay (Employers Health) and in Madison (American Family). While Illinois, Michigan, Ohio and Indiana all lost manufacturing jobs over the last 15 years, Wisconsin had a substantial gain.

Event Notes. Ameritech has been involved in two recent and related controversies. It pushed hard in the spring legislative session for a new bill, advanced by Gov. Thompson, to relax state regulation of the telecommunications industry. The stated goal of the legislation was to ensure that the state played a role in the development of the coming "information superhighway." While the legislation itself did not have a particularly partisan cast, a number of news articles emphasized the financial contributions to the Governor by industry executives--$27,000 altogether with about a third of that from Ameritech executives. The bill did not receive final consideration in either house of the legislature, but it may be on the agenda for a special session later this spring.

The Milwaukee Journal publishes in the afternoon, and it is the largest circulation newspaper in the state. With a moderate editorial stance, it generally has been supportive of the Administration. (Some sample editorials accompany this memorandum.) On April 15, 1994, for example, an editorial noted that only 20,000 people in Wisconsin, less than one per cent, paid more taxes last year as a result of the Administration's tax bill.

The newspaper has a relatively new editor, Mary Jo Meisner, who had been the managing editor at the Fort Worth Star and, before that, an editor at The Washington Post. The newspaper's political reporter, Craig Gilbert, will be at the editorial board session.

In addition to questions about the subjects discussed in this memorandum, the editorial board may ask the President about some of the following issues: Congressman Obey's call last week for an invasion of Haiti; the Serbian-Bosnian conflict in light of the substantial ethnic minorities in Milwaukee; the Supreme Court prospects of two state jurists--U.S. District Court Judge Barbara Crabb (Madison/appointed by Pres. Carter) and State Supreme Court Justice Shirley Abrahamson (mentioned in Friday's Wall Street Journal); and, the Marakesh/GATT accords given Wisconsin's expanding export trade and state labor opposition to NAFTA and GATT.

Polling Data. Both the President and the First Lady have done well in recent state polls. On February 8, 1994, The Milwaukee Journal published a state-wide poll that gave the President a 62 percent excellent-good performance rating with only 23 percent "not so good" and 14 percent poor. This represented a remarkable improvement over the 51 percent negative (not so good and poor) rating in the previous poll, which was taken last June. (That same June poll had Mrs. Clinton's favorable-unfavorable rating at 47-35.) In the new 800-voter survey, conducted from Jan. 21-26, the President received an approval-disapproval rating of 49-40 for foreign policy and 51-40 for the economy.

A more recent poll, published March 10, 1994, gave the President a 61-38 positive/negative rating. There's been no published polling data that test or reflect any change in popularity or job approval in the wake of the Whitewater controversy. (Note: there is a Wisconsin city called "Whitewater"--south and east of Madison with a University of Wisconsin system campus and a population of about 12,600.)

The latest poll, done by the University of Wisconsin Extension program, showed an increase from 44 to 48 per cent in the President's job approval from October to March. Mrs. Clinton's rating declined from 66 to 56 in the same period based on a sample of 389 respondents. In response to an open-ended question, only six people in the sample mentioned Whitewater. Mrs. Clinton's support in the previous University extension poll was 69 percent with one in four calling her performance "excellent." More than one-third of the residents surveyed voluntarily cited Mrs. Clinton's work on health care as the principal reason for their support, and even 45 percent of all Republicans polled approved of her role as a principal policy adviser to the President.

The February 8, 1994 Milwaukee Journal poll also asked respondents to rank the "most important" problem facing the country. The volunteered results: crime (40 percent), health care (11), the economy (8), and the budget deficit (8). Although Wisconsin is 41st in the country in violent crime, it has become a very serious problem in Milwaukee. On health care, the survey reported that 75 percent favored--and only 22 percent opposed--guaranteed health insurance for all Wisconsin residents. The vast majority (80 percent) said they considered health care reform important with 59 percent saying it was "very important." Almost two-thirds (61 percent) of the survey sample favored the Administration's plan, but only 15 percent said their support for the plan was "strong." That support level since has decreased.

Sen. Kohl/Gov. Thompson. There is no party registration in Wisconsin, and voters are notoriously independent. Both Gov. Thompson and Sen. Kohl have very high favorable ratings and generally bipartisan support. While most Democrats think Gov. Thompson should be replaced, for example, he still has a 67-28 job approval rating among Democrats. For their part, 55 percent of Republicans polled give Sen. Kohl positive marks.

Only one Democratic candidate has announced plans to run for governor against Thompson--Chuck Chvala (Kwa-la), a state senator from the Madison area. He has not generated a great deal of enthusiasm, and a poll last month gave him only 27 per cent name recognition. Over the last few weeks, there has been speculation that the speaker of the state assembly, Wally Kunicki, will run for the nomination in the September 13, 1994 primary election.

The speaker was an early supporter of the President's while Sen. Chvala initially endorsed Sen. Harkin. The speaker has submitted a request to speak privately with the President on this trip and, if he has the opportunity, he will ask the President for his "implicit" or "indirect" support, particularly with fund-raising. It is not clear how the speaker expects the President to do this even if the President were willing.

The President saw Gov. Thompson at baseball's opening day in Cleveland earlier this month. The governor was there as the guest of Bud Selig, the owner of the Milwaukee Brewers, who also is the acting commissioner of baseball. The April edition of Campaigns & Elections named Gov.Thompson as one of the 20 most popular politicians in the country.

Four Republicans have announced their plans to run against Sen. Kohl. The leading contenders are a state representative, Robert Welch, and the state treasurer, Cathy Zeuske. The Senator will announce for re-election later this week in a series of news conferences around the state. His staff has expressed concern about the focus group comments they've been hearing about the President, and the Senator has not and probably will not endorse the health care program although he will express his agreement with its fundamental goals.

Health care legislation. The state has a reputation for quality health care with major medical centers in Madison (two private hospitals and the university's hospital), northern Wisconsin (the Marshfield clinics), Green Bay and Milwaukee. The state pioneered the development of HMOs, and there is a growing trend toward purchasing alliances. In February, a diverse group of health care providers in the Madison area, including HMOs and the university medical center and a private hospital, endorsed universal health care coverage.

Wisconsin has one of the highest percentages of HMO enrollment in the country and, in a recent survey by HCIA, Inc./Mercer Management, seven Wisconsin health care facilities placed in the top 100 "acute care" facilities nationwide. Not surprisingly, more than half (53 percent) of the state residents in a public opinion poll published earlier this year said they were "very satisfied" with their own access to health care. (Wisconsin has a relatively low percentage of uninsured: about 500,000 people in a total population of almost 5 million.)

There were two competing health care proposals pending in the state legislature--one advanced by the Governor together with the Republicans in the state senate and the other by the

Democrats in the assembly. (The legislature adjourned on March 25 without passing any health care legislation.)

While the Republicans call their plan "health care reform," the Governor has acknowledged that "the majority of it is insurance reform." Their proposal would re-create a state board to develop a new, basic "core" plan of insurance for businesses with two to 100 employees and require insurance companies, beginning in 1996, to sell the plan to any business or individual that wanted to buy it without regard to an individual's medical history and, not incidentally, without any limits on what the insurance company could charge. The premiums for this health insurance could vary with the individual, of course, but based only on age, gender, geographical region and tobacco use. The Governor's proposal originally had included purchasing pools, but he has dropped that from his legislation. Abortion would not be part of the "core" plan, and that has led several pro-choice Republican legislators to withhold their support.

By contrast, the Democratic proposal would permit the public to buy the same comprehensive insurance plan that now covers the state's 60,000 public employees as well as local government workers. The plan does not include guaranteed coverage for all, but it anticipates national health care reform that does provide universal coverage and the merger of the state plan with the Administration's plan.

A comparison of the February 8, 1994 Milwaukee Journal health care poll and a more recent poll by St. Norbert College (near Green Bay) shows a significant decline in support for the Administration's program. It fell to a third of the sample. There is still strong support (54-36), however, for universal coverage provided by employers.

Congressional delegation. The Democratic delegation generally has supported the President. While not a single Democratic Congressman from Wisconsin voted for NAFTA, every member backed the President on the budget vote. Sen. Kohl (Judiciary and Appropriations) and Sen. Russ Feingold (Foreign Relations and Agriculture) also have been very supportive.

This is Congressional Quarterly's rating of the delegation's support for the Administration's legislative proposals--

U.S. Senate (89 votes as of December 18, 1993):

Russ Feingold	85 percent
Herb Kohl	81

U.S. House (102 votes):

Gerald Kleczka	80	Steve Gunderson	51

Dave Obey	78	Scott Klug	50
Tom Barrett	77	Tom Petri	33
Peter Barca	67	Toby Roth	29
		James Sensenbrenner	20

Dave Obey (spouse: Joan) is the dean of the delegation and, while he represents a district (northwestern Wisconsin) that is at best marginally Democratic, he wins (13 terms) with majorities consistently over 60 percent. He had more than $372,000 in his campaign treasury as of December 31, 1993. Cong. Obey has, consistently and visibly, supported the Administration--particularly on the Russian aid package. (Until he became chairman of the full Committee, Obey chaired the foreign aid subcommittee of the House Appropriations Committee).

Gerald Kleczka (4th C.D./south side of Milwaukee/Ways and Means) (spouse: Bonnie) and Tom Barrett (5th C.D./north side of Milwaukee) (spouse: Kristine) will have no serious Republican opposition in the fall. While Les Aspin easily won repeated re-election as the Congressman for the 1st District, it is not a "Democratic" district, and Peter Barca (spouse: Kathy) will face a difficult challenge. He spent almost $800,000 last year to win a primary and a very close special election on May 4, 1993, which he won after a recount by only 625 votes out of more than 100,000 votes cast. He has only just begun to raise funds for the 1994 race.

Democratic challengers probably will not be able to win any of the five seats now held by Republicans: Steve Gunderson (3rd C.D./western Wisconsin), Toby Roth (6th C.D./Green Bay), F. James Sensenbrenner (9th C.D./Milwaukee suburbs), Thomas Petri (6th C.D./central and eastern Wisconsin) and Scott Klug (2nd C.D./Madison and nine rural counties). Cong. Klug has allied himself with Cong. Cooper, becoming very visible on the health care issue.

Sen. Feingold is just beginning the second year of his first term. He beat Sen. Robert Kasten in 1992 with Feingold winning a contested primary election in an upset over better-funded opponents and winning the general election 53-47. A Rhodes scholar, he has supported the Administration more consistently than any other member of the delegation. Russ and his wife, Mary, have four children--two each from a previous marriage each.

<u>Cong. Delegation/Health Care.</u> According to the February 13, 1994 edition of <u>The Milwaukee Journal,</u> only Congs. Obey and Barrett unreservedly support the Administration's health care proposal. Sen. Feingold and Cong. Kleczka prefer the single-payer approach but, of the available alternatives, they favor the Administration's bill. The newspaper has provided a

chart summarizing the position of each member of the delegation, which accompanies this memorandum.

State visits. Wisconsin cannot complain about the attention it has received from the Administration. George Stephanopoulos was the most recent visitor, addressing the Jefferson-Jackson Day dinner in Milwaukee on April 7, 1994. He was very well received.

Mrs. Clinton did a health care swing on February 18-19, appearing in each of the four Democratic Congressional districts, and helping Cong. Obey and the state party raise money. The President gave a budget speech in Milwaukee on June 1, 1993, followed by a visit to a drugstore in Cong. Klezcka's district on the south side of the city. There had been a Presidential foreign policy address scheduled in Milwaukee for January 6, 1994 but, because of the death of the President's mother, Vice-President Gore delivered the address and made a visit that had been planned for the President to a Milwaukee high school (in Cong. Barrett's district) where he met the University of Wisconsin football team (Rose Bowl: Wisconsin 21 - U.C.L.A. 16) along with Secretary Shalala and Sec. Aspin.

At the cabinet level, Sec. Shalala and Les Aspin have made several trips to the state, and Sec. Cisneros made his second trip to Milwaukee on March 16, 1994 for an urban planning seminar with seven big city mayors that focused on the role of urban universities in revitalizing their communities. Jane Alexander was in the state the same week as Mrs. Clinton, and Sec. Reich did a labor program in Eau Claire last week with Cong. Gunderson (Republican/3rd C.D.). The Congressman has announced that he would run for re-election but that it would be his last term.

Administration appointments. The most visible appointments, of course, were Sec. Shalala and Sec. Aspin. Her popularity remains very high in the state--largely because, during the five years she was the chancellor of the University of Wisconsin at Madison, she had the foresight to hire the athletic director and football coach who brought Wisconsin its first trip to the Rose Bowl in 31 years. Former Sec. Aspin remains well regarded as well. The criticism of the Administration for his dismissal was directed primarily at the manner in which it was handled not at the decision itself.

The U.S. Attorney and U.S. Marshall positions (one each in Madison and in Milwaukee) were filled last fall without any real controversy. Early in the Administration, the Secretary of the Interior appointed Ada Deer, a Native American who taught at the university, as his Assistant Secretary for Indian Affairs. Last month, the Administration announced the appointment of Helen Dixon of Milwaukee as the regional (Chicago) director of the SBA.

The appointment of Tom Loftus, the former speaker of the state assembly, as ambassador to Norway was well-received generally and, particularly, by Democrats. Wisconsin has (after Minnesota) the highest percentage of Norwegian-Americans in its population, and Tom was the first public official in the state and one of the first in the country to endorse the President and begin actively working for his nomination. (They have known each other since 1987 when Tom helped arrange an invitation for Gov. Clinton to speak at the state party convention.) A former Democratic governor, Tony Earl, has been nominated to the St. Lawrence Seaway Commission.

There are no pending appointments and no early or active supporters who have not received an appointment they had sought. There are no judicial vacancies.

Miscellaneous Matters. On the subject of athletics, Wisconsin sent 16 athletes to the Olympics (about 10 percent of the entire team), and Mrs. Clinton met most of them when she was in Lillehammer. The President met them as well at the White House ceremony last week. Bonnie Blair (Milwaukee/speed skating), Dan Jansen (Milwaukee/speed skating) and Barry Richter (Madison/hockey) are among the best-known. Richter's father, Pat, is the athletic director Donna Shalala hired to rehabilitate the university's athletic program. Marquette University, in Milwaukee, did well in the NCAA basketball tournament beating Kentucky before losing in the regional semi-final game to Duke.

The FDA late last year approved the use of synthetic BGH (also known as rBST for "recombinant bovine somatotropin") to increase milk production in cows. A very controversial issue, it has divided the academic, farm and political communities. The FDA concluded, after years of research, that the chemical posed no health risk. When Russ Feingold was a state senator, however, he made BGH his "issue" and argued that it would hurt small dairy farmers by increasing the national milk supply hence depressing milk prices. As a U.S. Senator, Feingold has continued his opposition to BGH, and he was able to include in the budget bill a provision for a 90-day moratorium (now expired) between the announcement of the FDA decision and its effective date.

The legislature, in the 1994 session just ended, focused on health care (see above), crime and property tax reform. It adopted a "three strikes" sentencing provision (life without parole) for repeat violent criminals and increased the penalties and the visibility for juvenile offenders. Because the property tax is one of the highest in the country, the Democrats in the Assembly forced the legislature and the Governor to accept a proposal, similar to the Michigan legislation adopted last year, to eliminate the property tax as a school funding source. The Governor had called the plan "idiotic," although he has promised to sign the bill.

The legislature and the Governor late last year adopted a similar "sunset" proposal for welfare, committing the state to its elimination by 1999. Public and private school choice remain volatile state issues. There is a private school choice pilot program underway in Milwaukee (less than a thousand students) that has achieved mixed results. The state assembly is 52-47 Democratic while the senate is 17-16 Republican, and there is a chance the Democrats could lose control of the assembly in the fall elections.

The federal budget bill just submitted by the President will have little direct impact on the state. It does propose to reduce the low-income energy heating assistance program (from $1.5 billion to $730 million), cutting in half the $50 million the state now receives from that program. The budget proposal also would eliminate a $5 million Clean Lakes Program that helps the state, but Wisconsin would get $10 million more in federal funds for waste water treatment programs.

State party matters. The state party has been in bad shape. It is almost destitute and, over the last few years, the party's role in campaign organizing has been largely assumed by the legislative (assembly and senate) campaign committees. Last June, the party elected a new chair (Marlys Matuszak of Stevens Point), and she in turn has now chosen a new executive director, Hannah Rosenthal, who is trying to reinvigorate and refinance the party. Hannah was one of the first people we recruited for the Clinton for President campaign early in 1992, and she is very loyal to the President. She also plays a national role with NOW, NARAL and AIPAC.

Presidential campaign results. The President carried the state in the general election (11 electoral votes) with 41 percent to President Bush's 37 percent with Ross Perot at 22 percent. Note that Perot's percentage was higher than his 19 percent national total. The President carried 50 of the state's 72 counties, losing only a band of 22 rural counties running north and south in the eastern third of the state. He won Milwaukee County with 51 percent of the vote and Dane County (Madison) with 55 percent.

Wisconsin in the general election saw a great deal of both the President and Pres. Bush with Pres. Bush spending the Saturday before the election on a train ride across the state. The President was in the state on at least six separate occasions between the convention and election day. One of those campaign stops was a Clinton-Gore rally on October 1 in Madison that drew more than 30,000 people. (The front page of the local newspaper the next day carried this headline: "What a crowd!" It was posted, you may recall, on the wall of the war room in Little Rock.)

In the Wisconsin presidential primary (April 6), the President narrowly beat former Gov. Brown and former Sen. Tsongas (38-35-27). The state primary took place, of course, on the same day as the New York primary, and the primary campaign here succeeded with very few resources and little candidate time.

<u>Other officials.</u> In addition to the state and federal public officials discussed above, the President probably will encounter the following: James Doyle, Attorney General, running for re-election; Thomas Ament, County Executive (non-partisan office); Douglas LaFollette (Secretary of State, Democratic); Bob Jauch, senate minority leader; and, Martha Love, DNC vice-chair and AFSCME official.

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Wednesday, April 13, 1994
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Poor test of good welfare reform

THE WELFARE woes of Pierce and Fond du Lac Counties surely must seem laughably mild to Milwaukee County's bedraggled caseworkers. Those outstate counties won over others to become sites for a generally well-conceived, experimental, work-oriented approach to welfare — an approach that could terminate benefits after two years. But even if this state-sponsored pilot succeeds in those two counties, it may hold no lessons for big cities, where the welfare problem is several light-years more advanced. Thus, the experiment has the makings of a disappointment.

This flawed test nonetheless has the right thrust. Dubbed Work Not Welfare, it mandates employment for recipients of aid and it supplies services to support work, such as day care for children, transportation and training. The eventual alternative to this nation's welfare mess must indeed stress jobs over handouts, even though the former may be a more expensive proposition than the latter, at least at first.

Still, Pierce and Fond du Lac Counties just don't compare to Milwaukee County. Pierce County is part of the outer suburban ring of Minneapolis-St. Paul, whereas Milwaukee County is the troubled hub of its metropolitan area. Fond du Lac County doesn't have the vast poverty that Milwaukee County has at its center. *And neither of the outstate counties has sizable minorities facing discrimination in the job market*, as Milwaukee County has.

The comparative caseloads for Aid to Families with Dependent Children? They stand at 800 in Fond du Lac, 200 in Pierce — and 35,000 in Milwaukee County. In fact, this county has more AFDC recipients than each of the other two counties has total population.

True, Milwaukee County asked not to participate in the Work Not Welfare experiment. However, several counties that look more like Milwaukee — Racine, Kenosha, Rock — did seek the pilot, but were not selected.

Strangely (or perhaps not), state officials sought out counties with strong economies. Sure, this element increases the likelihood that jobs would be available. But if the experiment works, it will vindicate the program only in locations where the economy is strong. Yet welfare is most problematical precisely where the economy is weakest, such as Milwaukee's inner city. Proving that government can move recipients from welfare into jobs when the economy is robust may not prove much.

If the experiment works, it will vindicate the program only where the economy is strong. Yet welfare is most problematical precisely where the economy is weakest.

Wherever the test is conducted, beware false claims of victory. Here's a bold prediction: Once the pilot gets under way, (1) a sizable share of recipients *will* move into jobs and (2) only a small minority getting aid will run up against the two-year deadline. Why are we so sure? Well, because we're only describing the status quo: Already, without any special help, *most* recipients leave the nation's welfare rolls within two years, often because of jobs (marriage being the other main reason).

State officials have displayed a penchant for claiming victory for the mere continuation of patterns that preceded so-called reform. Hence, they're apt to claim credit for Work Not Welfare simply because most recipients will have left the rolls. To show that the experiment really works, the state must demonstrate that the number of departees is higher than would otherwise have been predictable.

Work Not Welfare is turning out not to be the best test of the good idea of requiring aid recipients to work. The challenge now facing officials is to conduct the project in such a way that some lessons might still be learned.

All the safeguards designed to protect against such accidents were in place. The planes were being directed by an AWACS aircraft, and the helicopters were equipped with transponders that should have

... relatives of those who died in the helicopters, the confusion over what happened makes their losses all the more bitter. Investigators owe it to them to work to ensure that such tragedies are never repeated.

New tax bite more like a nibble

APRIL 15 is always an opportune moment to feed people's fears about taxes. So, it's not surprising that Republican luminaries chose Friday to trumpet predictions of economic disaster that they say President Clinton's budget plan will visit on America. For an example, see today's In My Opinion column by GOP presidential hopefuls Jack Kemp and William Bennett on the opposite page.

Such assessments bear little resemblance to reality. In fact, last year's tax changes were needed as one part of the effort to get the federal budget under control. The economic impact of the changes is negligible, and they significantly affect only a tiny portion of Americans.

The Kemp-Bennett projections of impact on Wisconsin taxpayers are wildly misleading.

To begin with, the Kemp-Bennett projections of impact on Wisconsin taxpayers are wildly misleading. One would think from their claims that just about everyone filing returns with the IRS this year is paying higher taxes, when in fact few are.

Take income taxes. According to the US Treasury Department, only 20,645 of the wealthiest Wisconsin residents are paying higher income taxes as a result of last year's tax changes. That amounts to less than 1% of all state taxpayers. Kemp and Bennett neglect to mention, however, that many more Wisconsin residents will pay *lower* state income taxes because of the expanded earned income tax credit. According to the Treasury, 193,349 people are eligible for this program.

How about the 4.3-cent gasoline tax increase that Wisconsin's Democratic Sen. Herb Kohl worried so much about? For all the revenue that this tax boost raises, the fact is that gasoline prices — including the tax — are actually *down* from last year. Hardly a cause of hardship.

What about the impact of taxing a greater portion of Social Security benefits for higher income individuals, a factor included in the Kemp-Bennett figures? This didn't take effect until 1994, so it has had no bearing on tax computations for Friday's filing deadline. And in any case, it applies only to recipients with incomes above $35,000.

Weren't there increases in the corporate income tax and taxes on small businesses? Yes, but the 1% corporate tax increase applies only to businesses with taxable income of more than $10 million annually — an elite group in Wisconsin. Also, only about 4% of Wisconsin's small businesses will see their taxes go up, and those tend to be partnerships, like law firms, rather than enterprises such as neighborhood grocers. Many more small businesses will receive tax breaks.

In other words, what's the big deal? Nobody likes paying higher taxes, but if taxes must be raised — and there was no choice but to raise them as part of a real deficit reduction effort — then the lion's share of the burden should of course be placed on those who can most afford it.

Notwithstanding the dark Kemp-Bennett predictions, the economy is pumping along at a pretty good pace, and there are no data to suggest that won't continue. Predictions to the contrary are based on theories of supply-side advocates like Kemp, who insist that even the smallest tax increases have a corrosive effect on the economy.

The fact is, though, that history doesn't bear them out. It's worth remembering that the only tax increase larger in constant dollars than the one adopted last year was enacted under President Ronald Reagan in 1982, at the start of what Kemp and Bennett describe as "the longest uninterrupted peacetime expansion in our nation's history."

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Don't bet much on lottery revenue

BEWARE of sure bets. Like good weather, they have a way of evaporating.

Consider the state lottery. Once touted as a bonanza for property-tax payers, it has doled out only crumbs of relief. And, while instant ticket sales remain relatively high, this year's projected sales total of $257.8 million would be the lowest in three years.

To boost interest in the games, lottery officials want to raise ticket payouts by 2 percentage points, to about 63% of total sales. But even that may not do the trick. As analysts for the Legislative Fiscal Bureau point out, sales are influenced by many factors, including consumer demand and increasing competition from Indian casinos. In other states, ticket sales tend to fall off as lotteries age and players get bored.

The bottom line is that, as a revenue source, games of chance are just what their name suggests: chancy. That's a sobering lesson not only for politicians seeking easy answers to tax dilemmas. It should also serve as a warning to proponents of a special lottery to help finance a new Brewers stadium and other sports facilities around the state.

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So why didn't he say it sooner?

HAD BILL Clinton months ago been as forthcoming about the Whitewater affair as he was at a press conference Thursday night, this tale of a failed Arkansas real-estate venture might not now be the migraine headache it has become for him. Watching the president fall all over himself to be responsive to questions about Whitewater, you had to wonder: What took him so long?

Clinton was relaxed and candid, showing little of the defensiveness he sometimes evinces when besieged. He vowed to give federal investigators old tax returns that he and his wife, Hillary Rodham Clinton, had formerly resisted disclosing; he confessed that, upon further examination, his losses in the Whitewater deal were about $20,000 less than he had once thought; he admitted he hadn't always been sensitive enough to ethical appearances.

And he may yet be vindicated in his appraisal of Whitewater: "None of this, in the light of history, will be as remotely important as the fact that by most common consensus we had the most productive first year of a presidency last year as anyone in a generation."

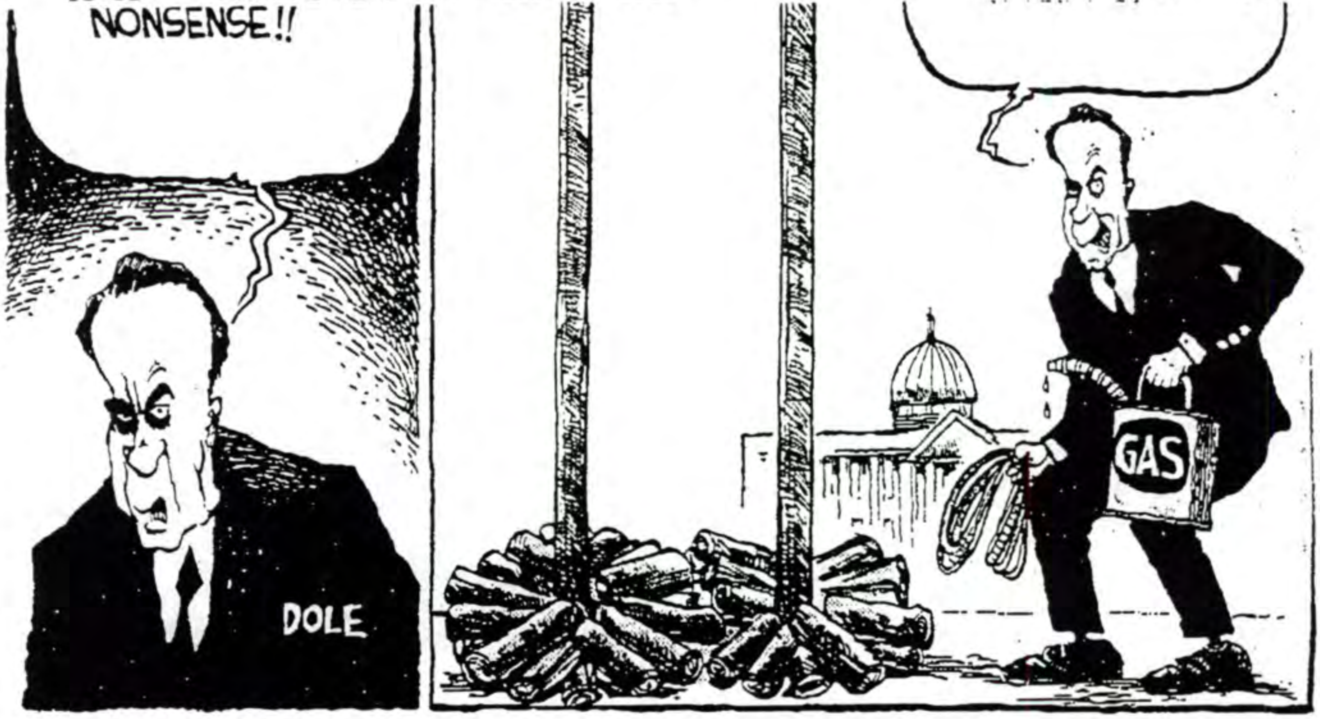
Productive it surely was, from the passage of family leave and voter-registration reforms to progress in deficit reduction and a health-care overhaul.

Trouble is, the Whitewater mess has gotten so far out of hand that — for now, at least — it threatens to eclipse Clinton's accomplishments. Republican Rep. Jim Leach of Iowa, among others, has raised questions about possibly illegal transactions between the Whitewater Development Corp. (in which the Clintons were major investors), a now-defunct savings and loan, and Bill Clinton's 1984 gubernatorial campaign fund. Congressional hearings are all but inevitable.

The president steadfastly maintains he did nothing wrong and has nothing to hide. For the sake of his ambitious presidency, we hope he's right. But he and his staff have often invited suspicion by their own blinkered behavior, including the clumsy removal of Whitewater papers from the office of White House aide Vincent Foster, after Foster's suicide, and the Clintons' initial efforts to keep disclosure of Whitewater documents to a minimum.

Privacy was the general excuse, but it wouldn't wash. By virtue of becoming public figures years ago, the Clintons surrendered much of their privacy, at least where financial matters are concerned.

No, this is not Watergate; it's not even close. Even so, the scandal that brought down Richard Nixon's presidency offers at least one useful lesson for Bill Clinton: The "modified limited hang-out route" is a dead end. Let it all hang out, Mr. President. Sooner or later whatever there is will come out anyway.



'Hillary problem' cuts two ways

3-23-94

WITHIN A few short months she has gone from being lionized to being mauled, from redefining the role of first lady to epitomizing "the Hillary problem." What has Hillary Rodham Clinton done to deserve all this?

Nothing, laments Bill Clinton; let us count the ways, say her gleeful critics. The truth lies somewhere in between: Hillary Clinton's predicament seems to grow from both her own questionable judgment in the past and her trail-blazing effort to refurbish an anachronism, the job of first lady. Let her answer for the former, but cut her some slack with the latter.

When the president came to the defense of his spouse recently ("I have never known a person with a stronger sense of right and wrong in my life — ever"), he was behaving like any loving partner.

But standing up for the little woman didn't quite fit here. This little woman is quite capable of taking care of herself, thank you. In Arkansas, she was a savvy corporate lawyer, family breadwinner and financial manager while her husband pursued a lower-paying political career.

That's where her judgment is rightly being called into question in connection with the Whitewater affair. Besides being involved in a real-estate debacle with a shady savings and loan operator, Rodham Clinton represented the S & L and other regulated companies in front of state officials who owed their jobs to her husband. If she was worried about appearances, she certainly didn't show it.

It will be up to special counsel Robert Fiske, and perhaps Congress, to determine whether the Clintons engaged in any criminal wrongdoing. For now, they must be presumed innocent.

Which brings us to the second half of the Hillary problem: Her critics ask how such a high-profile presidential partner can be held accountable. She's not elected, they note; she can't be fired.

But that's not quite true. The voters can fire both Clintons in 1996 if this pioneering co-presidency doesn't measure up. Meantime, Hillary Clinton could boost her own accountability by being more forthcoming about her role in the Whitewater mess. A few carefully circumscribed interviews with newsmagazines won't do the trick. How about a press conference?

Even that mightn't silence her fiercest critics. But let's face it: There's an ugly, anti-feminist subtext to some of the Hillory-pillorying. The assumption is that she wouldn't be in the line of fire if she'd been content to play the role of traditional first lady: hostess, not health-care czarina.

What a waste of intelligence that would have been. And what a terrible message it would send to other bright, well-educated women: *Go ahead and aspire to great things, but don't try to act on your aspirations; stay in your husband's shadow.*

Hillary Clinton has much to contribute to a Clinton presidency, and to the country. In her admirable work in health-care reform, she has already pushed the job of first lady from behind-the-scenes adviser to out-front mover and shaker.

Yes, she has paid a price for her nerve. But she will deserve much of the credit when some future presidential spouse works outside the White House, and gets paid for it — and the country lets him do it without blinking an eye.

JOURNAL VIEWS

Guest cartoon by Kirk Anderson, Madison

3.19.94

Senate mustn't hamper Fiske

SENATE Democratic Leader George Mitchell and his Republican counterpart, Bob Dole, have agreed to work out an "appropriate timetable, procedures and forum" for Senate hearings into the Whitewater affair. But what GOP senators find appropriate may well prove unacceptable to the Democrats.

In unanimously agreeing to hold the hearings, the Senate pledged not to interfere with the Whitewater probe being conducted by special counsel Robert Fiske. That safeguard is essential, to avoid the kind of ham-handed congressional interference that hampered Lawrence Walsh's investigation of the Iran-contra scandal.

Mitchell and Dole agreed not to give witnesses immunity from prosecution for what they say unless Fiske approves. Key Iran-contra convictions were reversed because the prosecutions had been contaminated by testimony given to Congress under immunity. Of course, without immunity witnesses might refuse to tell what they know.

Now that the Senate has agreed to hold hearings, it would be superfluous for the House to do the same, lending credence to the Clinton administration's claim that the Whitewater investigation is nothing but political gamesmanship. There are legitimate questions needing answers, and it's important that they be pursued in a professional way.

OTHER VIEWS

Battling those Whistle Stop blues

is a matter of concern not only because girls are being treated unfairly, but also because girls who are delinquents or who are stunted by abuse are more likely themselves to be ineffective, abusive parents when they grow up.

The number of girls arrested for major offenses has increased in recent years. From 1990 to 1992, for example, the number of Wisconsin girls arrested for robbery nearly doubled; burglaries by girls were up almost 20%, and auto theft among the group was up almost 30%.

As a rule, though, the offenses that bring girls to Children's Court are not serious. They tend to involve charges like shoplifting, battery and disorderly conduct. Often, the offenses are associated with family troubles or relationships with boys.

Many girls are referred to Children's Court not

Judge Mel Flanagan

up in these awful situations . . . having to decide between putting these girls away or giving up on them."

There has to be a better solution. As it happens, detention programs for girls should improve this fall when a secure juvenile facility for females only opens in Union Grove.

Still, most girls are not going to require such an expensive setting. Milwaukee County needs a broader range of facilities to handle the variety of girls' needs. Also, some form of intensive supervision geared specifically to girls would be valuable.

The time and money spent upfront redirecting the lives of troubled girls could pay off with healthier, more productive lives in this generation and future ones.

Whitewater no cause to delay reform

AT LAST Bob Dole has confirmed what cynics suspected all along: He and fellow Republicans in Congress may try to hold health care reform hostage to their partisan desire for speedy hearings on the Whitewater land deal. It's a strategy likely to backfire on the GOP, which seems to be overestimating the public's interest in a failed real estate venture and underestimating the public's appetite for overhauling health care.

Dole, the Senate minority leader, warned the other day that Republicans would stall debate over health care and other issues unless a schedule for congressional hearings was drafted soon. ". . . If it keeps dragging and we don't get results, I don't think we have any choice but to try to at least get our point across," Dole said.

The public might not stand for such political gamesmanship at the expense of real issues.

To his credit, Senate Majority Leader George Mitchell cautioned Dole that the public might not stand for such political gamesmanship at the expense of *real* issues like health care, crime and the welfare mess.

Granted, the investment by Bill and Hillary Rodham Clinton in the Whitewater real estate deal deserves thorough investigation, which is the job of special counsel Robert Fiske. And, while it was inevitable that Congress would want to hold its own hearings, it should back off until Fiske has wrapped up his probe so as not to jeopardize any prosecutions he may find necessary.

If Dole makes good on his threat, he'll be putting partisanship before good sense. That's certainly not in the best interests of the nation — or the GOP, for that matter.

4.12.94

Play it again, couch potatoes

I'M TURNING the pages of the local rag, trying to keep the cigarette smoke out of my eyes, trying to blink back the tears, when I spot this news item. It's a blurb about Hollywood, a long way from here, about how somebody is gonna write a sequel to "Casablanca," and then sell it as a mini-series on television.

Television. That was invented after my time, that sad and glad time I had here with Ilsa Lund. Of all the gin joints in all the towns all over the world, she had to walk into mine.

They probably want to tell how it turned out, whether Ilsa lived happily ever after with Victor Laszlo, and whether Sam's playing and singing ever got good enough for him to cut a record deal, and whether Louis Renault and I ever made it to that Free French garrison at Brazzaville, like we talked about after Ilsa and Victor flew off into the fog for Lisbon — like I told them to. (I was holding a gat. What could they do?)

Well, I'm ready to tell my story now, ready to spill my guts. It'll be tough, but I know if I don't set the record straight, I'll regret it. Maybe not today, maybe not tomorrow, but soon, and for the rest of my life.

One thing hasn't changed. I'm still a romantic son-of-a-gun. They oughta send a producer out here, a writer maybe, somebody who's seen me often enough, seen me in that movie. I'd prove it to her. I'd take her to the club, sit her down at a good table, up front, nice view. And after she'd told me how many times she'd seen me, I'd smile and raise my glass and say — just like I used to tell Ilsa — "Here's looking at *you*, kid."

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PROOF of Story '#11634' Requested by SPOERRI ($LSRV) on 4/16/94 16:14:00

(c) 1994, Journal/Sentinel Inc. LENGTH: MEDIUM (642)
PUBLICATION: The Milwaukee Journal DAY/DATE: SUN Jan 30, 1994
EDITION: All SECTION: J Newsplus PAGE:
HEADLINE: No health care crisis? Get real
BYLINE: RYON

KEYWORD

<A7>HD: No health care crisis? Get real
<A15>BY: RYON

<A1>^ THE WAY Republicans and some other critics portray it, the only crisis in health care is the Clinton administration's overuse of the word *crisis.* As Senate Minority Leader Bob Dole put it the other night, *Our country has health care problems, but no health care crisis.*<ep>

Sorry, but that semantic game isn't going to wash with the countless ordinary Americans whose own experience tells them otherwise. When tens of million of them lack uninterrupted health insurance coverage, when millions more have too little insurance or are denied coverage because they have the misfortune of getting sick from time to time -- there's a crisis. To borrow one of Dole's pet expressions, he knows it, we know it and the American people know it.<ep>

And, of course, President Clinton knows it. In his State of the Union speech, he effectively countered many of the naysayers -- including a couple of grumblers in his own party -- by ticking off some relevant statistics:<ep>

<s^sq> Fifty-eight million Americans have no health coverage for at least some portion of each year.<ep>

<s^sq> Seventy-six percent of insured Americans have lifetime limits on their coverage, meaning they can lose benefits when they most need them.<ep>

<s^sq> Small businesses pay 35% more in premiums on average than big businesses or government.<ep>

Clinton has it right when he says that health care is one issue on which the public is ahead of the politicians. *There are some people who literally do not understand the impact of this problem on people's lives,* the president told Congress. Implicit in his statement was a warning: To pretend there is no crisis is to court disaster with the electorate.<ep>

So why are Republicans in denial? Because the issue has got away from them; they're groping for any chance to become players in health care reform. They base their pooh-poohing on new figures showing that medical costs rose only 5.4% in 1993, the slowest growth in two decades. They also note that the uninsured can still get care in emergency rooms.<ep>

program requiring additional tax support, and so must be spared knowledge of its true costs. Taxpayers may grumble about paying the tab, but most polls show a general willingness to contribute more if the result is improved health security. What taxpayers surely won't tolerate is being had.<ep>

There's a lesson here for Republicans, too. The present health care system stinks, and Americans know it. If the GOP appears to be an obstacle along the path toward reform, some politicians can expect to get run over this November.<ep>

<A6>KE: editorial

PROOF of Story '#11633' Requested by SPOERRI ($LSRV) on 4/16/94 16:13:46

(c) 1994, Journal/Sentinel Inc.
LENGTH: MEDIUM (537)
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DAY/DATE: SUN Feb 20, 1994
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PAGE:
HEADLINE: Clinton, GOP both less than candid
BYLINE: RYON

KEYWORD

<A7>HD: Clinton, GOP both less than candid
<A15>BY: RYON

<A1>^ FIRST, congressional Republicans deny that there's a health care crisis. Then they distort a fiscal analysis of President Clinton's reform proposal. Finally they pronounce the White House plan *dead on arrival.* This is what passes for Republican leadership on health care.<ep>

Still, the GOP's partisan manipulation of the issue underscores the need for greater candor from the Clinton administration about the cost of overhauling health care. Credibility, after all, is the key to selling reform. If Bill and Hillary Clinton are perceived as cooking the numbers, even loyal supporters eventually will bolt.<ep>

The latest political mischief-making comes on the heels of a report by the respected Congressional Budget Office that the Clinton plan would actually increase federal deficits through the end of the century, not reduce them, as the president had claimed. The CBO also recommended that the health plan be included in the federal budget because its premiums are, in effect, taxes and its purchasing alliances would act as federal agents.<ep>

Congressional Republicans were gleeful at the news, even after CBO chief Robert Reischauer urged them to refrain from using his conclusions for short-term partisan gain. Yeah, right. Clinton, meanwhile, dismissed the report, calling it *a Washington policy wonk deal.*<ep>

He's half right; the debate over whether the health plan ought to be on or off budget is largely a technical one. But Clinton can't as readily kiss off the deficit discrepancies.<ep>

Whereas the White House had projected a deficit reduction attributable to the health plan of nearly $60 billion by 2000, the CBO predicted a deficit increase of more than $70 billion. However, the CBO concluded that deficit reductions due to health reform might be possible after 2004.<ep>

So who's right? There's no way of saying for sure, because America simply has no experience with health care overhaul. But the White House's arithmetic has been suspect all along.<ep>

Yet the greater miscalculation may be the administration's belief that the public will balk at the prospect of an expensive

What the critics aren't saying, though, is that last year's growth in medical costs was still double the overall inflation rate. Moreover, it probably can be credited to the so-called Hillary factor -- the fear on the part of the health care industry that skyrocketing costs would lead to radical recommendations by Hillary Rodham Clinton's reform team. As a consequence, price increases may have been put off.<ep>

As for the contention that health care is just an emergency room away, how many of those who say this would accept that option for their own families? Would they be willing to forgo care until a routine problem became an emergency? Give up checkups for themselves and well-baby visits for their children? Go without prenatal care? <ep>

There's room to quarrel over what will be needed to fix the health care system, but not over whether it's in crisis. It is. Those who want to play word games and argue over the definition of *crisis* risk being dealt out of the impending health care debate altogether. Will they want to be known as the politicians who tried to obstruct health care reform? It's their call.<ep>

<A9>GR: Photo
<A7>CL: (CLINTON)

<A6>KE: editorial

PROOF of Story '#11635' Requested by SPOERRI ($LSRV) on 4/16/94 16:14:23

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PAGE: 1
(c) 1994, Journal/Sentinel Inc.
PUBLICATION: The Milwaukee Journal
EDITION: Late 3 noch SECTION: A News
HEADLINE: Clinton hits the right targets
BYLINE: FOSTER

KEYWORD

<A7>HD: Clinton hits the right targets
<A15>BY: FOSTER

<A1>^ PRESIDENT CLINTON'S lengthy but dramatic State of the Union address Tuesday night demonstrated his awareness that, with the economy moving again (for which he deserves a big share of credit), America now needs prompt congressional action on crime, health care and welfare reform. Not only must these be the nation's next priorities; they reflect the most urgent concerns of the American people.<ep>

Perhaps the rhetorical highlight of the speech came when Clinton denounced those who deny the existence of a health-care crisis. Adroitly blending statistics and anecdotes, he pointed out the folly of belittling the failings of a system that leaves Americans unprotected in the face of crippling disease or injury.<ep>

The administration's health-care program has problems, especially in some of its financial underpinnings; but the president was right on the money when he promised to veto any health-care package that does not *guarantee every American private health insurance that can never be taken away.* Anything less than universal coverage would be only a mockery of reform.<ep>

Welfare is inextricably linked to health care, if for no other reason than that many Americans stay on welfare for fear of losing their health insurance. And welfare, too, is in crisis. Most Americans -- indeed, most welfare recipients -- probably share Clinton's dreary diagnosis that today's system *doesn't work; it defies our values as a nation.* He was deservedly cheered when he said welfare ought to be *a second chance, not a way of life.*<ep>

Clinton will send Congress a comprehensive welfare reform bill this spring. He left no doubt that it will embody many of the principles espoused by the so-called New Democrats, vowing that his plan will restore *the basic values of work and responsibility,* and will both require and reward work.<ep>

This emphasis on work resonates with some of the oldest and strongest traditions of America. Just as universal coverage is essential to health-care reform, so too work is necessary if welfare is to be a bridge, not a final destination.<ep>

Finally, Clinton noted that nothing the Congress does on health and welfare will mean much if society tears itself apart with crime. He outlined several measures, most of them overdue, to deal with the epidemic of violence that is ravaging so much of the country.

He was most eloquent in pleading for a ban on assault weapons that *outgun police and cut down children.* He also sought more and better drug education and community policing. His proposal to require life imprisonment for those who commit three violent crimes -- *three strikes and you're out* -- is enjoying an obvious political vogue, but has serious drawbacks.<ep>

Clinton has clearly put the Republicans on the defensive. If they are going to challenge him on crime, health-care and welfare reform, they must come up with better alternatives. Otherwise, they will get and deserve the wrath of the voters. The American people want change. Clinton has shown them at least the outlines of how to get it.<ep>

<A9>GR: Photo
<A7>CL: (BILL CLINTON)

<A6>KE: editorial

Let's come clean on health costs

NOV 2 - 1993 LA 3

WHITE HOUSE spin controllers have been working overtime since an administration official acknowledged that 40% of Americans would pay higher premiums under President Clinton's health plan. While conceding that's true, the cleanup team hastened to add that overall health expenses would actually *decline* for all but 15% of Americans. US

Point taken. But Health Secretary Donna Shalala's admission that premiums would rise was refreshing for its candor. If only more of Clinton's health strategists were as forthcoming as Shalala about the real cost of the president's plan. After all, is there anyone who seriously believes that providing comprehensive health benefits to all Americans wouldn't cost some folks a few extra bucks?

Simple logic argues that when the government offers an expensive new service to 37 million people now lacking it, somebody has to ante up.

There shouldn't be. Despite the White House's efforts to dampen talk about higher costs, simple logic argues that when the government decides to offer an expensive new service to 37 million people now lacking it, somebody has to ante up. And when the service amounts to meeting the fundamental human need for health care, fairness demands that those who have a greater ability to pay subsidize those with less capability. That's a central tenet of the Clinton plan, as it should be.

The upshot, as Shalala acknowledged to Congress, is that many Americans may find themselves paying higher premiums. Republican lawmakers went ballistic at the revelation and a Democratic senator strongly implied that the White House would have a terrible time selling the plan under the circumstances.

Enter the damage control team. Health care adviser Ira Magaziner and budget director Leon Panetta took pains to point out that, despite the premium rise, the net cost of health care for many would drop. That's because they would have lower out-of-pocket expenses, according to projections.

Well, that remains to be seen. The Clinton plan's math has been suspect from the beginning, with its unrealistic assumptions about the government's ability to contain medical costs; its predictions of huge savings through the elimination of waste and inefficiency; and its belief that Congress is willing to cut the politically sensitive Medicare and Medicaid programs. In perhaps its greatest act of hubris, the administration predicts that the health care plan would actually help *reduce* the budget deficit — though already the White House is backing away from its initial savings projection.

The massaging and spinning only serve to squander Clinton's credibility, making it that much harder for him to convince Americans it's in their interest to accept a health plan that may cost them more. His critics don't need extra ammunition.

Let the White House level with Americans, most of whom know better than to expect something for nothing. Nowhere is that more true than in health.

The Capital Times
Thursday, April 7, 1994
Page 1E

Tommy rates with in crowd

By Catherine Dodge

The Capital Times/Medill News Service

WASHINGTON — Politicians often are not held in high esteem by the citizens they represent, but Wisconsin Gov. Tommy Thompson may be atypical, according to a survey by a magazine for political junkies.

Thompson

The April edition of Campaign & Elections names Thompson as one of the 20 most popular politicians in the country.

The magazine polled 400 political consultants and party leaders across the country and examined election returns and public opinion polls for its nonscientific survey.

Thompson received more nominations than the other eight Republicans who made the list. Vice President Al Gore received the most nominations among the Democrats. The politicians were culled from the more than 300,000 local, state and federal elected officials in the country.

"As a group, politicians are one of the most maligned species on the face of the earth," said the magazine's editor, Ron Faucheux. "But many individuals who fit that category are popular public servants who are loved by their constituents and respected by their peers."

The article says that during Thompson's two terms in office the state has seen welfare rolls reduced by innovative programs, income taxes have been lowered, the inheritance tax repealed and Wisconsin has ranked third in job creation in recent years.

"Not only was Thompson well-regarded among Republicans in Wisconsin," Faucheux said, "he was highly regarded by Republicans throughout the country."

The nonpartisan monthly magazine, which has a national circulation of 64,000, Faucheux says, is read by members of Congress, state representatives and political consultants. The data were collected during the first three months of this year through questionnaires and telephone surveys.

FROM DEM PARTY OF WI 04.14.1994 08:24 NO. 1 P. 1

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Bill follows donations to Thompson

It eases info highway rules

By Jeff Mayers
State government reporter

Gov. Tommy Thompson, who's pushing a new bill to relax regulation of the telecommunications industry, received $27,004 in 1993 campaign contributions from industry executives.

The Wisconsin State Journal review of the governor's recently released campaign finance report spurred more charges that the information superhighway in Wisconsin may be paved with greenbacks for the industry and Thompson's campaign.

"The governor's proposal is hijacking consumers' pocketbooks on the information superhighway," said David Merritt, executive director of the Citizens Utility Board (CUB), a utility consumer group.

"The governor should give the money back. Not only does it look like bad government. It is bad government," said Merritt, claiming the contributions were made so telecommunications companies would "get their way with the bill."

"It has a terrible appearance of government for sale," added likely Democratic challenger Charles Chvala.

Chvala, a Madison state senator, said the pattern of Thompson contributions from industries closely regulated by the state is "truly

Please turn to Page 2A, Col. 1

■ Special interest groups/1B

Thompson

Continued from Page 1A

troubling," especially considering the telecommunications industry had a hand in forming the legislation to be formally introduced in the Legislature this week.

"That makes you cringe," he said.

A Thompson spokesman denied any connection between the donations, the formation of an industry-dominated task force on the issue last year, promotion of the technology in the State of the State message, and preparation of the bill.

"It has nothing to do with contributions as to why we're pushing it," said Thompson Chief of Staff William McCoshen. "It has everything to do with education. ... This is the wave of the future."

McCoshen noted that the Democratic administration in Washington is pushing similar ideas.

"I doubt if anybody's going through the president's finance report," he said. "The Clinton administration's pushing it as much as the Thompson administration."

McCoshen dismissed the charges of Chvala and CUB as part of a "coordinated effort" meant to launch Chvala's campaign against Thompson. "Chuck Chvala will find as many stalking horses as be can to run his negative campaign," McCoshen said.

Merritt, who once worked for Chvala, said CUB's involvement had nothing to do with Chvala. "This has been CUB's issue from the get-go," he said.

He said groups representing union workers and the elderly likely would join in opposition to the bill, which is on the administration's fast track for the current session.

Initial attention has focused on two parts of the proposal, as described in a legislative briefing paper:

■ Substantial reduction of state regulation of telecommunications investments, on the offering of new services and on the establishment of competitive prices.

■ Institution of "price regulation" that would cap prices at a particular level and allow a firm to earn whatever profit it can through efficiencies and investments. The Public Service Commission now regulates telecommunications utilities based upon their profit, ensuring a firm earns the same rate of return regardless of management decisions.

Opponents say the two provisions show the bill to be anti-consumer. Supporters say the best way to ensure consumer protection would be to pass the bill and foster vigorous competition.

Criticism of Thompson's contributions set the stage for the coming legislative debate.

Thompson's year-end campaign report lists $1.8 million raised in 1993, which includes the $27,004 from telecommunications executives.

His total war chest at the beginning of 1994 was $2.2 million.

Thompson's report, released earlier this month, showed $7,715 in contributions from executives at Ameritech, $2,185 in contributions from Wisconsin Bell employees, and $650 in donations from AT&T managers in Wisconsin.

In addition, the Thompson campaign — gearing up for a re-election race this November — received $16,454 in contributions from other telecommunications company executives. Most of these contributions came from executives associated with small-town telephone companies, including Mid-Plains Telephone in Middleton.

These groups were represented on the governor's "Blue Ribbon Telecommunications Infrastructure Task Force" that studied the complex issue of the coming information superhighway and recommended changes to make Wisconsin more attractive as a link in a vast system.

Recommendations from the task force — which included University of Wisconsin officials, business groups, Democratic legislators but no formal consumer advocate — became part of a Thompson proposal by the governor in his State of the State message.

The proposal is to be introduced Wednesday into the Legislature's Joint Committee on Information Policy.

Rep. Scott Jensen, R-Mukwonago, who helped Thompson's office draft the proposal, says de-regulation legislation is needed quickly to snare jobs from telecommunications giants looking for hubs. "I want to make Wisconsin the most attractive place for them," said Jensen, Thompson's former chief of staff.

CUB's Merritt said it's essentially an industry-written bill that would gut Public Service Commission regulation. "CUB supports the information superhighway, but not this one," he said.

But not all of the industry is happy with the current proposal. The small telephone companies, represented by the Wisconsin State Telephone Association, voted last week to oppose the bill unless changes are made to protect rural service, said Ray Riordan, the executive vice president of the group.

"As the bill stands right now, we can't support it," he said.

But Riordan added that adoption of amendments to fix a proposed advantage for long-distance customers in urban areas and other problems could bring the group on board.

Riordan said executives of small telephone companies also donated a lot to Thompson in the 1990 campaign cycle.

The Milwaukee Journal
Wednesday, February 2, 1994
Page B8

Poll backs universal health coverage

But Journal questions on several issues were too vague, lawmakers say

By STEVE SCHULTZE
Journal Madison bureau

Wisconsin residents strongly support guaranteed health insurance, more gun control legislation and last-ditch public sector jobs for welfare recipients, according to a Milwaukee Journal poll.

The poll also indicated a smaller margin of support for raising the state income tax in order to reduce property taxes.

However, the poll questions were criticized by Republican and Democratic legislative leaders as too general to offer much guidance on some hot-button issues before the Legislature.

"The questions are far too vague and ambiguous," Assembly Minority Leader David Prosser (R-Appleton) said. "These questions seem almost to be testing the prejudices of someone."

Assembly Majority Leader David Travis (D-Madison) said the poll questions might measure the gut impulse the public had on the issues, but follow-up questions with more specifics might have provided quite different results.

The Journal polled 800 adults statewide Jan. 21-26. The results have a margin of error of plus or minus 3.5 percentage points.

Those polled were asked whether they favored or opposed the following potential actions the state Legislature might take:

- 75% favored and 22% opposed guaranteed health insurance for all Wisconsin residents.
- 66% favored and 32% opposed increased gun control.
- 82% favored and 16% opposed public jobs to welfare recipients who can't find other work.
- 55% favored and 37% opposed raising income taxes in order to cut property taxes for schools.

Travis said the health insurance finding lent support to Democratic lawmakers pushing for a universal health insurance bill. Prosser said the question might have merely measured a general sentiment of goodwill. The result could be much different if those polled were given information about potential costs of a universal health insurance program, Prosser said.

Travis said the gun control result might show the public was ready for new limits, such as the proposal by Attorney General Jim Doyle to ban short-barreled handguns or the suggestion by Assembly Speaker Walter J. Kunicki (D-Milwaukee) to ban assault rifles.

Prosser said the poll result might only reflect general concern about gun violence and not a specific solution.

SURPRISED AT JOBS RESULT

Both Prosser and Travis said they were a bit surprised by the overwhelming support for public-sector jobs for welfare recipients. Gov. Tommy G. Thompson vetoed such a job guarantee out of a bill to abolish welfare by 1999 that passed last year.

The support for raising income taxes to reduce property taxes was mildly surprising to both lawmakers. But Travis noted that Democrats tried that approach twice and failed — in a bill vetoed by Thompson in 1992 and in a referendum question voted down last April. Lawmakers aren't likely to push that approach again this year, he said.

Other poll issue questions and results included: 78% for freezing local property tax rates and 86% in favor of requiring all welfare recipients to work.

Those questions merely tapped basic public sentiment without getting into any meaningful policy questions on how to accomplish those goals, the lawmakers said.

Wisconsin State Journal
Sunday, March 27, 1994
Page 1C

Rodham Clinton popular in Wisconsin

By Elizabeth Brixey
Wisconsin State Journal

Maybe she wasn't voted "most popular" in her high school class, but Hillary Rodham Clinton has done well in Wisconsin.

In surveys conducted before the Whitewater real-estate controversy dominated the news, 63 percent of state women and men said they like the first lady and approve of the job she's doing — more or less what other Americans are thinking.

That comes from the Wisconsin Survey Research Laboratory in UW-Extension. From October to January, researchers there asked 722 Wisconsinites what they think of Rodham Clinton.

"She's been very popular throughout the first year, all over the country," said researcher Barbara Burrell, who is in charge of the lab's survey design. "There have been lots of national polls and most of them have been quite positive. Until recently, she has held fairly steady at about 60 percent."

Predictably, state women like the first lady better than men — 69 percent of women vs. 55 percent of men said she was doing either a good or an excellent job.

And she scored highest among Democrats of both genders, 79 percent of whom said they approve of "their" first lady.

Rodham Clinton's working-mother image is probably a major draw for many American women; they see something of themselves in her. "That's definitely true," Burrell said, "and more and more women want to see women in public office and active in political life."

The Wisconsin State Journal recently asked readers what they think of the first lady. We received more than 100 responses from people with very definite views: Rodham Clinton was dubbed either the greatest first lady since Eleanor Roosevelt or a cheerleader for socialism and a threat to democracy. For that story, see **Daybreak/1G.**

But the survey lab reaches people who aren't likely to call a newspaper with their opinions. Anyone older than 18 may respond, and findings are published in the lab's Wisconsin Opinions newsletter.

This is the first time researchers there have asked about public figures. Asking about President Clinton's performance, they found that Wisconsinites like his wife a lot better — by a 20 percent margin over-

Please turn to Page 5C, Col. 6

State Journal photo/L. ROGER TURNER

Barbara Burrell is one of the UW researchers waiting to see how the Whitewater controversy will affect the first lady's popularity.

Clintonㅤ

Continued from Page 1C

all.

Burrell wasn't sure whether that's generally the case with first ladies. "Somebody like Barbara Bush was always very popular because she was so apolitical. . . . She was like a grandmother."

College graduates were most supportive of Rodham Clinton, but all age groups expressed similar levels of satisfaction with the job she was doing, Burrell said.

The first lady fared worst with Republican men — 40 percent said they support her. A majority of Republican women, 51 percent, came down on Rodham Clinton's side.

On average, 22 percent of men and women ranked her performance as only fair; 9 percent said she was doing a poor job.

The first lady's involvement in health care and in issues generally were the top two reasons fans said they like her, Burrell said. Critics said she was too influential and should stick to being a better wife and mother and quit trying to run her husband.

Researchers skipped February, but are in the process of finishing up a March survey of 400 people. Burrell wouldn't speculate on whether Whitewater will dampen people's enthusiasm for Rodham Clinton.

"Her approval rating nationally has declined somewhat and we are waiting to see what happens in Wisconsin," she said.

A Newsweek poll dated March 11 found 38 percent of the respondents had a favorable opinion of the first lady and 42 percent had an unfavorable opinion. That's down from February, when 50 percent had a favorable opinion and 29 percent had an unfavorable opinion.

Will the first lady's actions now help put a woman in the White House later? The researcher hesitated to predict. "Her first year has certainly helped, but we'll have to wait and see how this with Whitewater plays out."

But Burrell said the public is likely to view any revelations of wrongdoing as Rodham Clinton's personal failing, rather than the failing of all women.

The Milwaukee Journal
Tuesday, February 8, 1994
Page A1

40% in poll put crime at top of hierarchy of worries

By CRAIG GILBERT
Journal political reporter

Wisconsinites are far more concerned about crime than any other national issue, according to a statewide Milwaukee Journal poll.

Asked to name the most important problem facing the nation, 40% of those polled mentioned crime.

Nothing else was close.

Far fewer mentioned health insurance (11%), the economy (8%), and the combined issue of federal spending and the deficit (8%).

Given crime's recent profile in the news, its dominance of the political agenda and its well-documented hold on current opinion, the results may not be shocking.

But the numbers still are noteworthy. While crime makes periodic leaps on the opinion charts, it rarely overwhelms pocketbook concerns such as jobs and taxes.

The Journal polled 800 voting-age adults in the state Jan. 21 to 26. The poll has a margin of error of 3.5 percentage points.

Other findings in the poll:

PRESIDENT'S POPULARITY: President Clinton has bounced back in popularity. Of those polled, 10% said his performance was excellent, 52% said good, 23% said not so good and 14% said poor.

By contrast, he had a 51% negative rating in a statewide Journal poll last June. In the latest poll, most of the interviews were done before his State of the Union address Jan. 25.

COMPARED WITH BUSH: Unlike George Bush, Clinton is viewed as doing equally well in his handling of the economy and of foreign affairs.

Clinton won modest passing marks for both. In foreign affairs, 49% approved and 40% disapproved of his performance. On the economy, 51% approve, 40% disapproved. By contrast, Bush earned better marks on foreign affairs, but in the end got dismal grades for the economy.

Please see **Poll** *page* **8**

Poll/Nothing comes close to crime in list of issues that concern public

From page **1**

Trust: Democrats are trusted more on key domestic issues, even welfare and crime.

Asked whom they trusted more on five different issues, those surveyed picked Democrats in four categories. To reform health care, 48% trusted the Democrats more, 27%, the Republicans. To improve the economy, Democrats led 40% to 34%. To reform the welfare system, Democrats led 40% to 35%. To fight crime, Democrats led 37% to 30%. To protect the nation's security, Republicans led 43% to 28%.

Health care: Findings on health insurance are mixed.

It finished far behind crime as the country's biggest problem, but ahead of most other issues. While universal health coverage generally was supported as a government policy, it ranked behind other priorities, including fighting poverty, reforming welfare, improving and reforming schools and imposing longer prison sentences.

Taxes: This is not a hot-button issue.

Half a year after last summer's bitter budget debate, only 4% of those polled mentioned taxes as the most important problem facing the nation. Of those polled, 72% favored a middle-class tax cut and 55% favored a capital gains tax cut. But 72% favored higher taxes on the wealthy to help cut the deficit.

Global role: The public is sounding more isolationist.

Asked whether the country should increase, decrease or continue its present level of involvement in world affairs, 50% said decrease and 13% said increase. Two years ago, 31% said decrease and 16% said increase.

Crime Consciousness Rises

To put the public's crime-consciousness in context, crime got

Journal Poll

Crime leads national issues

Wisconsin residents feel crime is by far the most important problem facing the nation today.

Crime	40%
Health insurance	11%
The economy	8%
Federal deficit	8%
Poverty	5%
Unemployment	5%
Taxes	4%
Education	4%
Family breakdown	3%
President Clinton	2%
Foreign affairs	1%
Environment	1%
AIDS	1%

Source: Journal poll of 800 Wisconsin residents. Margin of error: 3.5 percentage points.

far more mention in the new poll than it did in a similar Journal poll two years ago. At that time, only 11% mentioned it as the nation's most important problem, while 50% mentioned the economy.

The salience of crime showed up in other ways. Those polled were offered a list of 10 actions Congress and Clinton might take, and asked which they favored and which they opposed. Following are the percentages that favored each issue:

- Welfare reform, 87%.
- Longer prison sentences, 85%.
- School reform, 81%.
- More money to hire police, 75%.
- Trade policies, 75%.
- Tax cut for the middle class, 72%.
- National health insurance for every American, 72%.
- Gun control, 63%.
- More money to build prisons, 57%.
- Capital gains tax cut, 55%.

More money to build prisons scored much lower than longer sentences and more police officers, even though most experts say longer sentences would create a need for added prison space. In fact, the poll points toward a wrinkle in public opinion regarding crime.

Even though crime rates as the public's No. 1 issue, fighting crime wasn't the most popular spending priority in the poll — fighting poverty and homelessness ranked first, supported by 82% of poll respondents.

While those polled favored more spending on fighting poverty and several other policies, they also voiced support for spending cuts in general.

Asked about actions they would support to cut the federal budget deficit, 66% favored across-the-board domestic spending cuts. But nearly nine out of 10 opposed cuts in Social Security and Medicare.

About The Journal Poll

For The Journal poll, 800 Wisconsin adults were interviewed by telephone Jan. 21 to 26 using a computerized random sample of telephone numbers.

In theory, the results for the entire survey should vary by no more than 3.5 percentage points from the results that would have been obtained by interviewing every Wisconsin adult who could have been interviewed by telephone on the dates of the survey.

However, the practical difficulties of conducting any survey of public opinion may have introduced additional sources of error.

Journal Poll

Poverty is priority for tax dollars

The following percentages of respondents said they would spend more tax money on:

Fighting poverty and homelessness	82%
Education	80%
Job training	80%
Service jobs for welfare recipients	76%
Health coverage for the uninsured	70%
Police and prisons	64%
Upgrading the nation's infrastructure	61%
National defense	28%

Source: Journal poll of 800 Wisconsin residents. Margin of error: 3.5 percentage points.

Milwaukee Sentinel
Wednesday, December 29, 1993
Page 1A

WRITE NOW

City kids send messages of concern to White House

By KAREN J. COHEN
States News Service

Washington, D.C. — Judging from letters to President Clinton, the issues of health care and violence are not just on the minds of many Milwaukee adults.

The issues are also on the minds of their children.

In a number of classrooms around the city, children — in groups or on their own — have sent messages to the White House.

They contain opinions that are both poignant and honest.

At the Holmes School, 2463 N. Buffum St., fifth-grade teacher Mike Gumina's class wrote Clinton about health care reform. After reading some of their opinions, Clinton might wish the fifth grade at Holmes would replace certain members of Congress.

Here, in their own words, is some of what they wrote:

Cameron Austin, 11: "My uncle had a medical problem and had to have surgery. Because he waited so long he can't hear out of his right ear. My father hurt his arm on his job and had to wear a cast for a month. It's very expensive to be sick.

"Sometimes you can't be sick because there's no money to pay the doctor. They say at school

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Letters

From **1A**

you are thinking about helping poor people stay healthy. That's good because a lot of people don't help each other."

Marlessa: "Violence scares me"

Verna L. Coleman, 10: "I would like to tell you something about my family and myself. I have three brothers and two sisters. My family is healthy and I like it that way. I think you shouldn't make them pay for their health service. Because some people don't have money for paying for their food and all that other stuff.

"I don't care if the taxes go up, people need to know that they can stay healthy and if they get sick they can get help."

Bryan Payne, 12: "I think we should have health care for everyone because a lot of people get sick and a lot of people can't pay for it because it costs too much.

"Some people who have medical problems may stay sick or even die because it costs too much money to go to the hospital. There is something wrong with that. Don't you think so?"

Addie Thompson, 11: "As I have written, my family and I are very healthy. Even though, I have some opinions on universal health care because it's not fair to the people who have a job. Why should they have to pay for other people who don't have health insurance? The people who work hard should be able to keep their money. TAX, TAX, TAX, TAX, TAX, TAX, TAX."

Kamesha Virginia, 11: "Everything is expensive, it's hard to make money last. My grandmother gets like four to six subscriptions (sic), she has to pay for all of them. My Aunt Pearl takes 10 subscriptions. That's a lot of money to pay . . . We should have free health insurance because it costs too much for people to be paying for. Good luck, you look like a nice man."

Catherine Bohanon, 11: "We should have health coverage. All of us need to take care of each other. What if someone's mother gets sick and she has no health insurance? What if she dies because she don't have no health insurance? Then some kids won't have a mom."

Evita Tani Carr, 10: "I have a very big family. One thing I hate is when someone in my family dies. . . . Lots of people work in places where they don't get much money, how are they supposed to help out their family?

"Another thing I need to know is what is wrong with having FREE health insurance? President Clinton, you are the president because you said you were going to make a change."

Joe Rivera, 11: "I would like to tell you something about my family. Well last month my little sister had two asthma attacks. My mother had to get up to take her to the hospital. My mother was saying to the doctor she can't be taking my little sister to the hospital because in our neighborhood there is too many violent people and my mother's car takes about 20 minutes to warm up.

"Anyway, of course she has to go. But at least with your new health plan she won't have to worry about the hospital sending her away. . . . Also, I think if you want more people to work for their insurance you should make more jobs."

It is no surprise that violence is on the minds of many children. Two fifth-graders at Milwaukee's French Immersion School, 3575 S. 88th St., were moved to write Clinton after the murder of Wauwatosa West High School Associate Principal Dale Breitlow.

Mariessa Anne Dobrick, 10: "I have heard and noticed a lot of violence in my city and throughout the country. I am concerned about it because too many kids seem to do violence to each other and they don't even care if they get in trouble. One time, I saw someone pick someone else up and throw them on the ground.

"All this violence scares me. I think there should be a national contest for children to produce the best poster or essay against violence. I feel I am a citizen of the nation and I should have a part in solving these problems. Other kids feel the same way I do. My dad wanted me to thank you for signing the Brady bill."

Tracey Davis, 10: "Violence is getting us nowhere. By the time our children's children are all grown up there won't hardly be any people around. In God's way we are all sisters and brothers so why are we hurting each other?

"Just the other day I was watching the news and all I heard was this many people got killed and this many people got shot. I can only imagine how their families must feel. I wish you could just take all the violence in the world and throw it away in the trash. . . . If I had three wishes, they would all be to stop the violence."

Nine-year-old **Antoinette Williams** is a fourth-grader at La Follette Elementary School, 3239 N. 9th St., in one of Milwaukee's toughest neighborhoods. She is a veteran White House correspondent, having written Clinton once last year about gun control. She was so excited when she got a reply from the White House, she has now written him again.

"When I see you on TV, I go get my note you sent me and went to the TV and said what a great president I have. When we have a school vote I pick Bill Clinton because you are an honest president. . . . I also wanted to mention about gun violence and cross-fires . . . I think we can make a difference by bringing out more (anti-violence) commercials."

The Milwaukee Journal
Monday, February 28, 1994
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A perfect fit: Loftus is the right man for Norway

As ambassador, former Assembly speaker enjoys returning to his roots

By MICHAEL BAUMAN
of The Journal staff

Hamar, Norway — The US ambassador to Norway is entering Olympic Hall with one of his sons, Alec, to see some figure skating.

LOFTUS

For a moment, he goes unrecognized. The word "ambassador" makes you think of a man in formal diplomatic garb, accompanied by a sizable Foreign Service entourage. But this ambassador is dressed like almost everyone else here, casually, and the only entourage is a driver.

This ambassador looks like a Norwegian father taking his son to an Olympic event. He also looks like Tom Loftus.

Well, he *is* Tom Loftus, former speaker of the Wisconsin State Assembly, former Democratic candidate for governor of Wisconsin, former resident of Sun Prairie. And tonight is not the only time that he blends in well. This is a man who appears to have a job for which he is well-suited.

"It is a perfect fit," Loftus says.

Right Time for the Job

During the Winter Olympics, which ended Sunday, there was a visit by Hillary Rodham Clinton, and there were the usual problems of Americans with lost passports. Still, this is a fine time to be the American ambassador to Norway.

"I've been able to partake of a lot of events with my wife and kids and to represent the US at events," Loftus said.

"A visit by the first lady, it's unimaginable how much effort and support that takes. It's one thing to do it in Oslo, but we had to do this in Lillehammer, a week before the start of the Games, finding many, many hotel rooms, setting up a whole information, telecommunications system. But we did it.

"Never has something looked so effortless that took so much effort. But she was a great smash at the Games."

One reason Loftus appears at ease here is that Norway is his heritage. When he applied to President Clinton, a longtime political ally, for a job last year, he did not say, "I would like to be an ambassador." The only ambassadorial job that interested him was the one in Norway.

"My grandfather emigrated to America from a place about 30 miles west of here. My grandmother came from a place here on the south coast," Loftus said. "My wife and I have come here many times. My sister married a Norwegian. We were not coming to a strange place at all.

"And I can certainly see that my childhood and growing up in this Norwegian-American community, you can just recognize so much of yourself when you come here and you start to recognize the daily life.

"This is a society that works very hard at making things civil. It is a national idea and it is very heartening."

Not Like in the Movies

We all have a notion of what ambassadors do, but it probably comes from old movies: dinners of state, top hats, tuxedos, the occasional top-secret, closed-door intrigue. The reality that Loftus describes is something quite different.

"I really didn't comprehend what a low-tech job diplomacy is," Loftus said. "Yeah, there are faxes and instant communications, and stuff like this. But I deliver everything in person."

This is still essentially a political job. Loftus has been sent here to deal with Norway's politicians. It isn't all that different from dealing with the Wisconsin Legislature, "but I prefer this," Loftus said with a laugh.

There is a down side, he acknowledged — diplomatically, of course.

"I have to go to a lot of things to show the American flag, in the sense that I'm the walking American flag," he said. "Some weeks, it gets to be a bit much. I'm basically talking about social functions, not with Norwegians but with other diplomats.

"Visitors come. They have their Hillary Clintons come. I have to be present. Then my 7-year-old says: 'You're leaving again? You're going to be gone again? You're never home.' We're working on that."

The self-interests of Norway and the US are almost always identical. There is a difference of opinion on commercial whaling, but these are partner nations — with good reason.

"One thing that has really been reinforced for me is that just about everybody here has a cousin in Wisconsin or Minnesota or the Dakotas some place," Loftus said.

For Loftus, 48, there is the inevitable question: Is the ambassador interested in returning someday to elected office?

"This is my aspiration," he said, meaning the task at hand. "I don't have any plans after this, other than to return to Wisconsin.

Wisconsin State Journal
Saturday, February 19, 1994
Page 1B

First lady promotes health care reform in visit

By Robert Imrie
Associated Press Writer

STEVENS POINT — First lady Hillary Rodham Clinton praised speedskater Dan Jansen as she started a two-day Wisconsin visit with an hourlong stop at an adult day-care center.

As she toured an activities area at the Lincoln Center, James Kobishop, 67, paused from working a jigsaw puzzle and mentioned the accomplishment of Jansen, from Greenfield, who won a gold medal at long last at the Winter Olympics in Norway.

"He is a good Wisconsin boy. He deserves it," Clinton said. "I was proud of him for not giving up."

Clinton was accompanied by Sen. Russell Feingold and Rep. David Obey, both D-Wis., and the three sat down for a discussion with eight people who have first-hand experience in Wisconsin's community-based options program.

The program is designed to help people live independently, with help, rather than going into nursing homes.

Clinton called it a leading program of its kind in the nation, and she said the president included it in his health care reform plan pending before Congress.

"Options to stay out of nursing homes is the right thing to do. It saves money," she said.

She also said the program is a good example of how the Clinton health care plan makes use of ideas from successful programs throughout the nation.

Frances Eskritt, 57, who uses a wheelchair, told Clinton that when her husband died in 1983, she was left alone and needed a caregiver.

She said she eventually was able to get a small apartment and obtain the services she needed to live by herself.

A broken leg kept her in a nursing home temporarily, but living in her own apartment "gives life some meaning," she told the first lady.

Susan Pokorny, 63, a leader of a Portage County arthritis support group, said she knows of people who spend up to $400 a month on prescription drugs and others who don't take their medication because they can't afford it.

She said she supports making it easier to get prescription drugs.

"I hope that part of your plan will not be left on a back burner by a senator," she said.

"So do I," Clinton replied, adding that the plan would save someone who spends $400 a month, or $4,800 a year, for medication as much as $3,000 a year.

The Milwaukee Journal
Tuesday, Dec. 14, 1993
Page A10

ANALYSIS

Welfare reform law boosts Thompson's political image

By STEVE SCHULTZE
Journal Madison bureau

Madison, Wis. — Gov. Tommy G. Thompson stands at the starting line of his 1994 re-election campaign with yet another powerful political asset — the bill to junk the current welfare system by 1999.

At first blush, the legislation appears to be another in a long string of get-tough proposals aimed politically at giving deadbeat welfare recipients a swift kick in the pants.

While it may provide a "nudge" off the dole for some recipients, as Thompson's welfare chief Gerald Whitburn loves to say, it also ushers the way for a bold reform experiment, many elements of which have been championed by Democrats.

The new plan may well cost as much or more than the current welfare system. It also may mean formalizing an array of services already begun in some form and reconfiguring or re-inventing financial assistance under some new term.

Though Thompson isn't saying exactly what kind of new system he wants — he'll wait until after the '94 elections for a recommendation from a blue ribbon task force — the broad outlines of some likely components already have emerged. It's job training, schooling, day care assistance, health care and perhaps some kind of transitional government payment to augment a low-paying job.

It's also a two-year limit on traditional welfare payments while the training and schooling are going on or during the early months of an infant's life. After that, Thompson even has held the door open to some kind of public-sector job program, though he hopes to avoid that.

A very similar program was pushed by Thompson's 1990 opponent, Democrat Tom Loftus, who used rhetoric similar to what Thompson, a Republican, now is saying. Thompson bashed Loftus at the time, saying the plan was unworkable and expensive.

Similar to Other Programs

Other strikingly similar renditions of the same basic set of reform ideas have been advanced by Milwaukee Mayor John O. Norquist (Project New Hope) and Democrats in the state Assembly (Wisconsin Works). Thompson also was cool to those versions.

But after President Clinton campaigned on the same ideas and got elected, Thompson began to buy in, dubbing his plan "Work Not Welfare" and rolling it into his state budget bill this year.

And he again deprived state Democrats of a terrific campaign issue by signing their provision into law to abolish Aid to Families with Dependent Children by 1999, a program that costs some $450 million a year in Wisconsin. When it passed, some saw the Democratic-sponsored bill as merely a symbolic effort to one-up Thompson on the issue.

But now he can rightly lay claim to shoving Wisconsin down the road to ending welfare "as we know it" without having to actually deliver for some time or tote up the costs of the alternative. Democrats, meanwhile, will be reduced to pleading on the campaign trail next year that they pushed him into doing it, a theme they already were trotting out in the wake of Monday's bill signing.

"It puts him in a wonderful position," said Margaret Lewis, a political consultant and former Republican Assembly member. "Once the governor signs it, it's his" no matter what its heritage, she said.

Had Earned Stripes

Thompson was uniquely positioned to take the leap. He had earned his stripes as a welfare critic: lowering benefits in 1987; in 1988, instituting Learnfare, which imposed benefit penalties on families whose kids skip school; proposing to pay many newcomers to Wisconsin lower benefits than longtime residents; and doing away with automatic increases for unmarried women on welfare who have more children in 1992.

Whether he can deliver on making Wisconsin the first state to find an effective alternative to AFDC may be a moot point. The hard work of crafting a new work-based system, selling it to the public and getting it passed by the Legislature could fall on Thompson's successor, or at least be deferred until well into Thompson's third term.

"He may be long gone. So it's perfect" politically for Thompson, said one Democratic campaign consultant. "It's like leaving a booby trap in the governor's office."

Less cynical observers, however, see a rare opportunity when political differences may be dissolving on a key issue.

Moderate Democrats and moderate Republicans are coalescing around the idea of reforming welfare along the lines Thompson appears to be buying into, said John Bibby, a University of Wisconsin-Milwaukee political science professor.

"There is a consensus within both parties toward something like this," Bibby said.

Changing Welfare as Wisconsin Knows It

The governor and legislature are dueling to be 'workfarer' than thou

By Edward Walsh
Washington Post Staff Writer

MADISON, Wis.

Gov. Tommy G. Thompson soon will sign legislation that he has proclaimed will cement Wisconsin's position as "the No. 1 state in welfare reform."

Dubbed "Work Not Welfare," the plan calls or two Wisconsin counties, beginning in 1995, o require welfare ecipients to work for heir benefits for two ears, at which point ash benefits would end. The measure is the atest in a series of initiatives that have gained he Republican governor a national reputation or welfare reform innovation.

STATES

But within the pages of the Work Not Welfare legislation there are other provisions hat have attracted relatively little attention but re potentially far more radical.

These provisions mandate the elimination of xisting welfare programs, such as Aid to Families with Dependent Children (AFDC), hroughout Wisconsin by the end of 1998 and equire state officials to propose a plan for an ntirely new welfare system by Jan. 1, 1995. They were inserted into the original Thompson-sponsored legislation by Wisconsin Democrats.

In effect, the Democrats upped the ante on Thompson and his claim that he has put Wisconsin "on the cutting edge of the nation's eform of the welfare system."

Both Thompson's original legislation and the Democratic additions reflect the nearly unaniious view that the existing welfare system is a ness and that welfare benefits should be tied nore closely to work. And they push off into he future the hard decisions necessary to hange the system in fundamental ways.

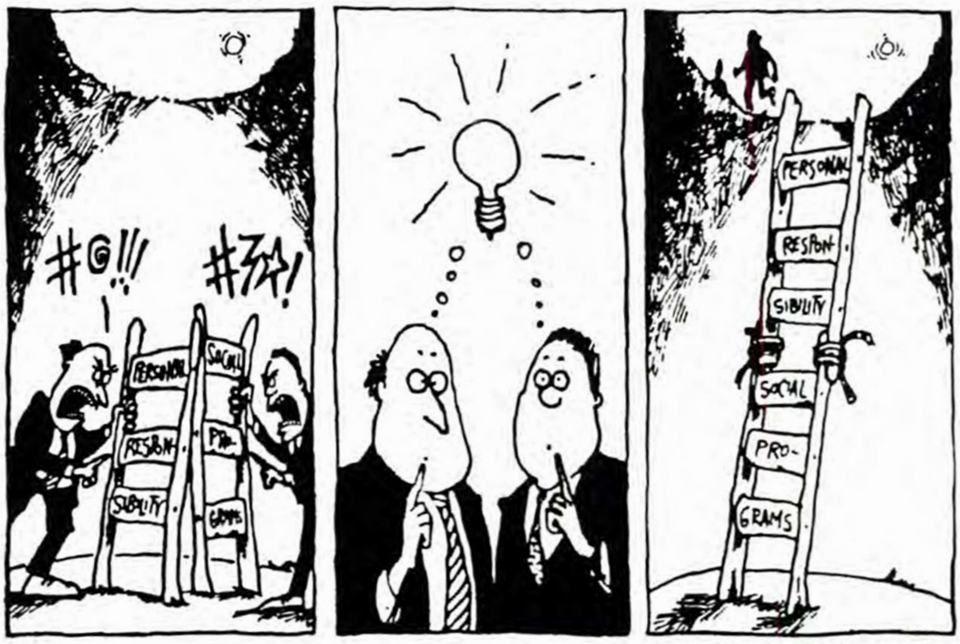
There is no question, in the words of Wisconsin Health and Social Services ecretary Gerald Whitburn, that plans that omise to link welfare to work are "incredibly ipular." Public opinion polls here show more an 80 percent approval for the Work Not elfare idea, he says, and other states are ading in the same direction.

Under a recent overhaul of the welfare sys n in neighboring Iowa, welfare recipients l be required to sign "self-sufficiency" agree nts with the state outlining how they plan to off welfare, and they could face a reduction loss of benefits for violating the agreement. like the Wisconsin plan, however, the Iowa asure sets no deadlines for ending welfare efits.

t the national level, President Clinton's nise to "end welfare as we know it" was a element in his 1992 campaign. Clinton, too, promised a two-year limit on welfare bene followed by a work program for those who iot get jobs in the private sector, but trans g that pledge into legislation has proved to daunting task.

the heart of plans to impose time limits on fits is the conviction that for too many ients welfare has become a way of life, a end with no exit. "This represents a gen shift," Whitburn says. "We are saying, his is not an entitlement. You will be get 4 checks, not 260, not 2,600.' Recipients s they want to work, give us a chance. going to do that."

as against this backdrop that Thompson d through the Work Not Welfare plan e Clinton administration issued waivers ederal regulations to implement it. Under n, after up to 12 months of job training, recipients in the two counties would be d to work for their benefits, if necessary aid community service jobs or special endence jobs" created for the program. end of the second year, cash benefits would end, although "transitional benefits" such as child care would continue for another year.



BY WILKINSON FOR THE PHILADELPHIA DAILY NEWS

The two counties where the experiment is to be tried will not be selected until next spring, but it is almost certain that Milwaukee County, which accounts for almost half the state's welfare caseload, will not be included.

Instead Wisconsin officials are looking for smaller counties with more manageable welfare caseloads, healthy economies and enthusiastic local business support. "We want to put this in place where we think it will work," Whitburn says.

But doing that means that "this is not going to be an experiment that is going to provide useful information for national policy," says Mark Greenberg, senior staff attorney with the Center for Law and Social Policy in Washington. "The challenge isn't to implement welfare reform in perfect circumstances; it's to implement it in the real world."

A MORE FUNDAMENTAL QUESTION IS what happens to welfare recipients who have not found a private sector job when their welfare benefits end. Under the original Thompson proposal, sometimes called "two years and out," there were no alternatives.

"That has never been the president's approach," says White House aide Bruce Reed, a co-chairman of the administration's welfare reform task force. "He's always advocated two years and work, preferably in the private sector" but in community service jobs if necessary.

According to Whitburn, Wisconsin's waiver agreement with the federal government provides for an extension of work programs and benefits if a slump in the local economy dries up the supply of private sector jobs. According to Health and Human Services Assistant Secretary Mary Jo Bane, the program will be extended beyond two years "when no appropriate [private sector] jobs are available in the local labor market."

In any case, decisions on whether and under what circumstances to grant an extension will not have to be made until 1997, the earliest any Wisconsin welfare official would face the task of terminating cash benefits to an unemployed welfare recipient.

To Milwaukee Democratic Mayor John O. Norquist, that is too long to wait and Thompson's much-publicized revisions of the welfare system, including Work Not Welfare, have been too timid to succeed. "I'm not thrilled with two years and out," he says. "I think the 'out' ought to happen right away."

Norquist has proposed that any national legislation to overhaul the existing welfare system exempt Milwaukee, allowing the city to use federal and state funds that now go to welfare to create thousands of community service jobs that would form the core of a new "work-based system" that would be radically different from the existing AFDC system.

Norquist and his chief of staff, David R. Riemer, are enthusiastic supporters of the Democratic initiative to abolish the current welfare system in Wisconsin by the end of 1998.

"The old debate over how to reform the welfare system rested on the premise that the welfare system is a good way to help poor people," says Riemer, a former assistant to Democratic Sen. Edward M. Kennedy of Massachusetts and the author of a book about welfare policy. "Here in Wisconsin, the debate has shifted to how do we replace the system."

Thompson enjoys extensive line-item veto power and could excise the Democrats' welfare abolition provisions from the Work Not Welfare bill. But according to state Rep. Antonio R. Riley, a first-term Democrat from an inner-city Milwaukee district who was a chief architect of the initiative, the governor has privately assured the sponsors that those provisions will stay in the bill.

"We have gotten this governor over a barrel," Riley says. "I've never seen Tommy Thompson squirm so much over welfare." In a recent conversation, Riley says, Thompson asked whether the Democrats were simply trying to outdo him in pushing welfare reform proposals. "I said, 'Some did it to up you, but we're serious,'" Riley recalls.

Norquist, Riemer, Riley and others clearly are serious, but not everyone shares their enthusiasm. The Democratic call to abolish the welfare system "is indicative of the impotence of the state's Democrats" who have grown increasingly frustrated as Thompson has ridden the welfare reform issue to national prominence, says Michael L. Wiseman of the Robert M. La Follette Institute of Public Affairs at the University of Wisconsin here.

As for Thompson's two-county Work Not Welfare experiment, Wiseman says, "I can't imagine this becoming a national model."

A self-described "incrementalist," Wiseman says any system to aid the poor must take into account certain "fundamentals," among them that some people need help in a hurry, that children need protection, and that a welfare population extending from inner-city ghettos to isolated rural hillsides is one of "incredible diversity."

"We always come back to something that looks like welfare," he says. ■

7/14/95

Use as guide to good briefing.

Health care reform: A legislative scorecard of Wisconsin's lawmakers

Based on a Milwaukee Journal survey of the state's senators and representatives.

	If you had to vote today, which health reform proposal would you support?	Must universal coverage — coverage for everyone — be part of health care reform?	Should all employers be required to pay for a portion of their employees' health insurance?	Should the government limit how much health insurance premiums can increase annually?	Should all health insurance plans be required to cover the costs of abortion?
Sen. Russ Feingold Democrat	Might support single-payer or Clinton plan, with modifications.	Yes.	Yes, but any employer mandate must be flexible enough to recognize fundamental differences in small, low wage employers.	Yes. Government should provide overall cost control through a health care budget, not necessarily through direct price control.	Yes.
Sen. Herb Kohl Democrat	Not committed to any specific proposal, but hopes to build on best aspects of various plans.	Yes.	Would prefer getting to universal coverage without mandates.	Overall cost control essential; prefers market-oriented system.	Health plans should be allowed to cover abortion costs.
Rep. Peter Barca Democrat	Would like to combine best components of Clinton, Cooper, Chafee and single-payer plans.	Yes.	Would prefer alternatives that would enable businesses to be able to afford health insurance for all employees.	Does not believe we need global caps. However, as a last resort, government must have some way to hold down costs if market forces are unsuccessful.	Not all health insurance plans should be required to cover abortions, although women should have an option to purchase a plan that does.
Rep. Tom Barrett Democrat	Co-sponsored Clinton plan, but will work to improve it.	Yes.	Employer contributions should be phased in, with adequate subsidies for small businesses.	Purchasing pool concept should make cost controls unnecessary.	Plans that cover abortion and ones that do not should both be available.
Rep. Steve Gunderson Republican	Co-sponsored Cooper plan. Would also vote for Chafee or Michel.	Yes.	No.	Would support voluntary cost targets, not controls.	No.
Rep. Jerry Kleczka Democrat	Would like to combine best parts of various plans, including Clinton and single-payer.	Yes.	Most Americans currently have health insurance through their workplace. It is reasonable to expand on that.	If purchasing pools and HMOs work, market will control costs.	No.
Rep. Scott Klug Republican	Co-sponsored Cooper plan.	No, but universal access to coverage is a must.	No.	No. Market competition will keep prices in line.	People who already have coverage for reproductive services should not be denied them under reform.
Rep. Dave Obey Democrat	Co-sponsored Clinton plan but flexible on changes.	Yes.	All employers ought to pay something.	Government must have some ability to control prices to protect taxpayers.	Taxpayers should not be forced to pay for someone else's abortion.
Rep. Tom Petri Republican	Co-sponsored Cooper and Michel plans.	Access is essential. Financing for at least catastrophic protection for everyone is highly desirable.	No.	No.	No.
Rep. Toby Roth Republican	Co-sponsored Michel plan.	Universal coverage must be the goal, but government should not mandate it.	No.	No.	No.
Rep. F. James Sensenbrenner Jr. Republican	Co-sponsored Michel plan. Would also vote for Gramm plan.	No. Congress must ensure universal access.	No.	No. Premium caps ultimately lead to a reduction in quality of care or rationing.	No.

Source: Journal research

Journal graphic

California Background

September 23, 1994 (Compiled by Eric Anderson)

PRIOR VISITS

You were last in California from Friday through Monday, July 15 - 18, 1994 for the following events:

On Friday (7/15), you attended in San Diego a groundbreaking for a treatment facility that will handle sewage from the neighboring city of Tijuana, Baja California. You also attended two fundraising receptions for Congresswoman Lynn Shenk.

On Saturday (7/16), you were in Los Angeles where you addressed 150 bankers from around the world who were attending Mastercard's annual meeting at the finals of the 1994 World Cup. You and your family attended the Bulgaria vs. Sweden World Cup game. That evening, you attended a fundraiser for Congressman Beilenson and an Apollo XI anniversary reception and dinner.

On Sunday (7/17), you addressed the American Federation of Teachers Convention in Los Angeles and then attended the World Cup Soccer finals, Italy vs. Brazil. You then travelled to San Francisco for a fundraising dinner and reception for Kathleen Brown.

On Monday (7/18), you attended a fundraising breakfast for Congressman Dellums. You then participated in an event to mark the start of construction of the Sonoma Baylands wetlands restoration project.

KEY ISSUES

The three hot issues in California remain **immigration**, the **economy**, and **crime**. Attached is the following background information on these issues:

Attachment A -- Immigration and California
Attachment B -- Economic Progress in California under President Clinton
Attachment C -- California Crime Profile

POLITICAL

1992 ELECTION RESULTS AND POLLS

1992 Primary	CA	1992 General	CA	LA	SF
Clinton	47%	Clinton-Gore	47%	45%	57%
Brown	40%	Bush-Quayle	32%	34%	25%
Others	13%	Perot-Stockdale	21%	21%	18%

JUNE 1994 ELECTION RESULTS

Kathleen Brown (48%) defeated John Garamendi (33%) and Tom Hayden (14%) for the Democratic gubernatorial nomination. Pete Wilson defeated Ron Unz for the Republican nomination, 61%-34%.

Dianne Feinstein received 74% of the vote against nominal opposition in the Democratic Senate primary. Michael Huffington defeated Bill Dannemeyer, 55%-29%, in the Republican contest.

In a key contested House primary, Democratic incumbent Dan Hamburg defeated former Representative Doug Bosco, 62%-38%.

All four state bond measures lost, including a $2 billion measure to pay the state's share of earthquake repairs.

RECENT POLLS

A Field Poll released July 23 assessing the President's popularity and job performance showed his ratings down 3 points from May, at 35% excellent/good; 35% fair; 28% poor/very poor.

A Field survey released September 21, but sampled before the Haiti accord, gave the President a 32% excellent/good; 34% fair; 31% poor/very poor rating. This is his lowest rating since August, 1993. The Poll showed improvement on the President's "inclined to re-elect score: 41% inclined, 43% not inclined. In July, the corresponding number were 36% inclined, 48% not inclined.

An L.A. Times Poll released this week gave the President a 44% positive, 49% negative job approval rating, down from 55% positive, 37% negative in May. For the first time since October, 1993, more Californians think Republicans can handle the state's problems better than Democrats.

POLITICAL OVERVIEW

Turnout was the lowest in decades for the June primary election (33%), skewing the electorate toward older whites. Cynicism is high, as evidenced by the defeat of all bond spending measures. Generally, the candidates with the most money won the statewide primaries. One exception was the nomination of Tony Miller for Secretary of State, the first openly gay major statewide candidate in California history. State Senator Art Torres captured the Democratic nomination for Insurance Commissioner, giving Latinos their best opportunity to capture a statewide office since the 1800's.

A number of controversial initiatives appear on the November ballot, including:

* Proposition 184--A tough 3-Strikes-and-You're-Out law
* Proposition 185--Gas tax increase for mass transit
* Proposition 186--Single Payer Health Care
* Proposition 187--Bars services to illegal immigrants
* Proposition 188--Repeals local smoking restrictions

1994 GUBERNATORIAL RACE

Governor Wilson is now the favorite in the race for governor, with Kathleen Brown's once commanding lead dissipating during the primary election. Despite Brown's massive summer-long advertising offensive, the most recent public poll now shows her 9% behind among likely voters. Nonetheless, the administration is making an all-out effort to help her. Already, you, MEG, HRC, and Secretary Reich have appeared at Brown fundraisers, and the President, Bob Rubin, Henry Cisneros, and Federico Pena are confirmed for events in October.

Brown will try to keep the focus of the campaign on Wilson's record, particularly on the economy. She also disparages his parole policies and lack of support for education, and is supporting a comprehensive "California Performance Review" to improve governmental efficiency and cut costs.

Wilson prefers to change the subject to illegal immigration or crime, specifically Brown's opposition to the death penalty. In recent polling, his hard line on illegal immigration is the most important reason given to support the incumbent. Though Wilson has taken the lead at this time, he remains unpopular and job approval is 44%.

Nonetheless, Wilson leads Brown in handling crime (50-24%), illegal immigration (49-22%), and even the economy (44-32%). Brown leads only on education (46-24%) and "cares about people like me (44-28%). Brown hopes to exploit Wilson's relentless negativity and finger-pointing by offering a contrasting vision of fighting for a better future for the middle class. Brown won a key endorsement in August from the largest statewide police officers' union, which endorsed Wilson in 1990.

1994 U.S. SENATE RACE

Michael Huffington has gained significant ground on Feinstein with a massive, sophisticated, and highly effective advertising campaign coordinated by Larry

McCarthy (of Willie Horton fame) and Ed Rollins. He began by blasting her vote for "the biggest tax increase in history." Next, he attacked her for withdrawing as a co-author of the Clinton health care bill. He labeled the flip-flop as typical of a career politician. He has also unloaded nasty attacks on her husband's finances and her support for refugees during her tenure as mayor.

Feinstein has hit her stride in recent weeks, however, with the success of the crime bill and strong positive spots about her record. Huffington has also suffered from extremely bad print press coverage focused upon his controversial plan to abolish all welfare and his general lack of credentials for the job. He was vacationing in Hawaii in late August as Feinstein made a statewide crime bill "victory lap." The L.A. Times Poll shows Feinstein 6 points ahead. It also found that only 4% of voters think she doesn't support the President enough, while 19% think she is too close to the President. A Field Poll released September 22, however, shows the race a dead heat. Feinstein's most recent advertising paints a picture of Huffington as an unscrupulous Texas businessman who avoided paying California taxes. Huffington is on the air emphasizing his California roots (he attended Stanford).

ECONOMY

The California economy is the largest state economy in the Union, and among the 10 largest economies in the world. After prospering throughout the 1970d and 1980s, California entered recession in 1990, a recession much steeper than the one that affected the nation as a whole. Southern California and the aerospace and construction industries have been hit particularly hard.

In August 1994, the unemployment rate in California was 8.9 percent, higher than the 6.1 percent nationally, but down from 10.1 percent at the beginning of the year. Employment did not fare as poorly in 1993 as in the previous two years, but it has now been declining for three consecutive years. Living standards in California are above the national average but have been declining since 1989.

- **Nonfarm payroll employment in California fell by 1.2 percent in 1993, compared to a 1.5 percent rise in the nation as a whole** (See Chart 1). California's economy shrank by 95,000 jobs between January 1993 and January 1994, almost as large a loss as during the entire Bush Administration. California lost more than 100,000 jobs during that time, or 25,000 jobs per year.

- **In December 1993, California's unemployment rate was 8.8 percent, while the national unemployment rate was 6.4 percent.** The state's unemployment rate rose from 5.0 percent in January 1989 to 9.4 percent in January 1993; during the same period, the unemployment rate for the nation as a whole rose from 5.4 percent to 7.1 percent (See Chart 2). (The 1994 statistics mentioned above are not directly comparable to these figures.)

- **Living standards in California are above the national average** (See Chart 3). Per capita personal income in California ($21,884) was 5 percent above the U.S. average in 1993, placing the state 11th in the country.

- Key sectors in the California economy include high-technology manufacturing, professional services (especially banking), agriculture, real estate, tourism, and entertainment. The state ranked 8th in the nation in the value of defense contracts per capita.

  -- Over 20 percent of U. S. employment in three high-tech industries -- aerospace equipment (airplanes, missiles, and space vehicles), computer equipment, and scientific instruments -- is located in California. Other important manufacturers include other electronic equipment, food products, apparel, and petroleum products.

  -- Major farm products include fruits and vegetables (grapes, lettuce, tomatoes), dairy and beef cattle, cotton, and hay.

CALIFORNIA DEMOGRAPHICS

POPULATION 30,379,872
Rank 1

White: 69.0%
African-American 7.4%
Hispanic: 25.8%
Asian American 9.6%
(Note: Persons of Hispanic origin can be of any race. Consequently the numbers add up to more than 100%)

EMPLOYMENT

Government 16.6%
Manufacturing: 16.2%
Trade: 23.3%
Service: 27.6%

OTHER

Per Capita Income $20,952
Number of Federal Workers 204,902
Average Federal Salary .. $33,611

APPOINTEES FROM CALIFORNIA

Name	Title	Agency/Dept
Roberta Achtenberg	Assistant Secretary	Dept of Housing & Urban Devlpmt
Michele Alioto	Member	National Council on Disability
C. Richard Allen	Dep Dir, Natl Service	The White House
Aida Alvarez	Director	Federal Hous Ent Oversight (HUD)
Nancy Y. Becavac	Chair	Pres Comm on WH Fellowships
E. Olena Berg	Assistant Secretary	Department of Labor
Eric J. Boswell	Director	Office of Foreign Missions (State)
Warren Christopher	Secretary	Department of State
Adela de la Torre	Member	Pres Comm on WH Fellowships
John B. Emerson	Dep Asst to Pres	The White House
Thomas S. Epstein	Spec Asst to Pres	WH Political Affairs
Judith Heumann	Assistant Secretary	Department of Education
Michael P. Huerta	Assoc Deputy Secretary	Department of Transportation
Roger W. Johnson	Administrator	General Services Administration
Florence G. Joyner	Co-Chair & Member	Pres Cnl on Phys Fitness & Sports
Michael Kantor	U.S. Trade Rep.	U.S. Trade Representative
Philip R. Lee	Assistant Secretary	Dept of Health & Human Services
Martin Manley	Asst Secretary	Department of Labor
Edwin C. Moses	Member	Pres Comm on WH Fellowships
Frank N. Newman	Under Secretary	Department of the Treasury
Geri D. Palast	Assistant Secretary	Department of Labor
Leon E. Panetta	Chief of Staff	The White House
Thomas W. Payzant	Assistant Secretary	Department of Education
William J. Perry	Secretary	Department of Defense
Sally K. Ride	Member	Pres Comm on WH Fellowships
Richard E. Rominger	Deputy Secretary	Department of Agriculture
Joseph Schuldiner	Assistant Secretary	Dept of Housing & Urban Devlpmt
Marsha Scott	Dir. of Correspondence	The White House
Harold P. Smith	Assistant to Secretary	Department of Defense
Marshall S. Smith	Under Secretary	Department of Education
Dawn Steel	Member	Comm on Presidential Scholars
Mary Steenburgen	Member	Pres Comm on WH Fellowships
Louise Stoll	Assistant Secretary	Department of Transportation
Joseph E. Stiglitz	Member	Council on Economic Advisors
Fernando Torres-Gil	Asst Secretary	Administration on Aging (HHS)
Laura D. Tyson	Chair	Council on Economic Advisors
E. Allen Wendt	Ambassador to Slovenia	Department of State
Thomas Williamson, Jr.	Solicitor	Department of Labor

HEALTH CARE

See attached background information on health care in California.

IMMIGRATION AND CALIFORNIA

Governor Wilson Seeks an "Immigration State of Emergency." On Wednesday of this week, Governor Wilson followed the lead of the San Diego Board of Supervisors and asked the President to declare an "immigration state of emergency" and pay the state $1.8 billion in reimbursement from the DOJ Immigration Emergency Fund. Only $110 million is in the fund, which can only be used for law enforcement purposes. Attorney General Reno pointed out these facts in a response to Wilson, a copy of which is attached to your event memo for the interview with LA Opinion. The Kathleen Brown campaign wondered aloud why he waited until now to apply for these funds, which have been available for 7 years.

"Operation Gatekeeper." Attorney General Reno delivered a speech in Los Angeles on September 17 announcing a new border control program called "Operation Gatekeeper," which promises 600 new border guards within one year, 400 of which will be deployed within 100 days. This represents a 60% increase in personnel along the border. She announced a limited redeployment of agents from inland checkpoints to the border, new border lighting, fingerprinting of all apprehended aliens, enhanced prosecutions of alien smugglers, a new border commuter lane for commercial traffic, and doubling the deportation of criminal aliens. "We will not rest until the flow of illegal immigrants across our Southwest border has stopped," she said.

Proposition 187. The immigration debate in California has changed dramatically with the qualification of a harsh initiative for the November ballot. The so-called S.O.S. ("Save Our State") initiative, *Proposition 187*, would cut off all public services for illegal immigrants except emergency medical care, require a host of public employees and private health care workers turn suspected illegal immigrants over to immigration authorities, and make it a felony to produce or use a fake I.D. for proving legal residency.

While polls show the measure ahead by 2-1 now, it contains many flaws that could be exploited by a skillful campaign. The "No on 187" Committee has hired a strong Republican firm to oppose the initiative, Woodward and McDowell. Their theme: "it makes a bad situation worse." They have had difficulty raising the money necessary to mount a winning campaign. Kathleen Brown opposes the initiative, Wilson supports it, and Feinstein has yet to take a position (her advisors claim she will oppose it, but much later). The Administration and DNC are providing some discrete assistance to those organizing campaign against it.

While we do not have an official position on the initiative, our public comments to date have noted: (1) immigration dollars are best spent at the border deterring illegal immigration; (2) implementing the initiative would be complicated, expensive, and probably unconstitutional; (3) until the Supreme Court rules otherwise, states are obliged to educate all children regardless of immigration status; and (4) the measure jeopardizes the state's right to receive federal education and health care funding, potentially costing the state billions of dollars. Last week, Wilson indicated he supported throwing illegal immigrant children out of public schools if the Supreme Court were to reverse the *Plyler* decision guaranteeing all children the right to a public education.

Report on Cost to States of Illegal Immigration. A seven-state working group convened by OMB to respond to state requests for reimbursement released an Urban Institute report this week detailing the true cost of illegal immigration to the states. While the data was neither comprehensive nor completely reliable, the report indicated states incur about $4 billion in costs, about half of which is offset by state tax revenues. California's net cost was about half of the Wilson administration's oft-repeated $3 billion request. Earlier, OMB had provided information demonstrating that the Clinton administration's FY95 budget requested 32% more funding for immigrant services (legal and illegal) than Bush's FY93 budget. Meanwhile California, Arizona, Texas and Florida have sued the federal government for reimbursement, and Texas has promised to join them. The Department of Justice filed a response to the California suit in early July seeking dismissal.

Wilson's Strategy on Immigration. During his primary campaign, Wilson ran over $2 million in tough television spots attacking illegal immigration, taking credit for a host of steps to deal with it, and closing with an attack on Kathleen Brown. Wilson gained more than 10 points on Brown after the spot ran. Last month, Wilson bought a full-page ad in the west coast edition of the New York Times challenging the President to do as much to stop illegal immigration in California as he is doing in Cuba (and previously in El Paso). Last week, he ran ads asking Californians to call the White House to demand reimbursement.

Kathleen Brown on Immigration. Meanwhile, Brown called for 1000 new border agents in a September 13 speech. She endorsed shutting down the inland border checkpoints and instituting a dollar border-crossing fee to finance enforcement efforts. She reiterated her pledge to use the national guard for logistical support and her plea for the negotiation of a prisoner transfer treaty with Mexico. She continues to pound Wilson for his record as Senator, which reflects strong advocacy for allowing illegal immigrants into the country to work for Central Valley farmers who are major Wilson contributors. The San Jose Mercury and San Diego Union have done a good job at documenting Wilson's hypocrisy, but other news outlets have downplayed the story.

ECONOMIC PROGRESS IN CALIFORNIA UNDER PRESIDENT CLINTON

California has been hit especially hard by the recent recession in which the state lost over 600,000 jobs, many related to reductions in federal defense spending. The Clinton Administration has aggressively worked to cushion these losses:

- **From January 1993 to April 1994, the Administration directed $7.2 billion in discretionary spending to California, to areas such as mass transit, housing, defense conversion, worker retraining, and small business loan guarantees.**

- **The Administration responded with speed, flexibility, and creativity to meet the demands of earthquake victims, and has identified $11.9 billion for earthquake recovery efforts--more federal aid than for any other recent disaster.**

In addition, Congressional passage of the President's economic plan in the summer of 1993 dramatically cut the deficit and helped lay a foundation for economic renewal. Evidence is mounting that the State of California is showing signs of recovery:

DURING THE FIRST SEVEN MONTHS OF 1994, EMPLOYMENT LEVELS IN CALIFORNIA HAVE STABILIZED, CONFIRMING THE IMPRESSION OF MANY ECONOMISTS THAT THE CALIFORNIA ECONOMY IS POISED TO TURN AROUND-- IN FACT, CALIFORNIA GAINED ALMOST 30,000 JOBS IN JULY

THE HELP WANTED INDEX IS UP BY 19 PERCENT UNDER PRESIDENT CLINTON: A leading indicator of employment demand, the help wanted index has increased by 18.8 percent in the Pacific Region, which includes California, since President Clinton took office. This follows a 50 percent decline in the help wanted index between 1989 and 1992.

CONSUMER CONFIDENCE UP 51 PERCENT SINCE PASSAGE OF THE PRESIDENT'S ECONOMIC PLAN: Consumer confidence in the past three months is 50.9 percent higher in the Pacific Region than during the same period one year ago.

NEW BUSINESS INCORPORATIONS UP 10 PERCENT IN CALIFORNIA UNDER PRESIDENT CLINTON: The rate of new business incorporations in California is 10 percent higher under President Clinton than in 1992, following average declines of 11 percent per year over the previous four years.

BUSINESS FAILURES IN CALIFORNIA HAVE DROPPED BY 5 PERCENT UNDER PRESIDENT CLINTON: Conditions for existing businesses are improving as well. The rate of business failures in California fell by 5 percent under Clinton compared to 1992, after average increases of 22 percent per year over the previous 12 years.

BANKRUPTCY FILINGS IN CALIFORNIA ARE ALSO DOWN UNDER PRESIDENT CLINTON: Likewise, the number of bankruptcy filings fell by 3.4 percent in 1993, following average increases of 11.2 percent per year from 1981 to 1992.

August 30, 1994

HOME SALES IN CALIFORNIA ARE UP 6 PERCENT UNDER PRESIDENT CLINTON: Sales of existing homes are up 6 percent under President Clinton compared to 1992, following average declines of 6.6 percent per year during the previous four years.

AUTOMOBILE REGISTRATIONS ARE UP 4 PERCENT IN CALIFORNIA UNDER PRESIDENT CLINTON: New motor vehicle registrations were up by 3.7 percent in 1993, compared to average annual declines of 6.5 percent during the previous four years.

ECONOMIC PROGRESS IN CALIFORNIA: PRESIDENT CLINTON'S ECONOMIC PLAN

- **$10,800 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN CALIFORNIA:** By 1998, the national debt will be **$691.7 billion** lower than was projected before the passage of the President's economic plan. That's $10,800 of reduced federal debt for each family of four in California.

- **10 TIMES MORE CALIFORNIA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE:** As a result of the expanded Earned Income Tax Credit, 2,146,915 working families in California will receive a tax cut. This compares to an increase in the income tax rate for only the 218,777 wealthiest taxpayers in California.

- **TAX CUT FOR 178,917 SMALL BUSINESSES IN CALIFORNIA:** The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 178,917 small businesses in California are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the next five years.*

- **4,959,000 CALIFORNIA WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT:** The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers approximately 4,959,089 workers in California, and protects the jobs of 297,914 workers in California who are likely to use unpaid leave this year alone.

- **1.65 MILLION STUDENTS AND FORMER STUDENTS IN CALIFORNIA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS:** Approximately 1.65 million California borrowers -- 1.16 million current borrowers and 490,000 new borrowers in the next few years -- will be able to take advantage of the new direct student loan program by participating directly in the program or by consolidating their guaranteed loans into direct loans. Some of these borrowers will benefit from lower interest rates, and they will all benefit from a greater range of repayment options, including income contingent repayment. In addition, the new student loan program will save U. S. taxpayers $4.3 billion over five years.

September 7, 1994

CALIFORNIA CRIME PROFILE

Overall Crime Picture:

- 1992 rank, number and percentage of national # -- **Ranked 1 with 2,061,761 crimes or 14.28% of the national number**

- Percentage change in crime from 1991 to 1992 -- **.2% increase**

Violent Crimes:

- 1992 rank, number and percentage of national # -- **Ranked 1 with 345,624 violent crimes or 17.89% of the national number**

- Percentage change in violent crime from 1991 to 1992 --**4.4% increase**

Murder Statistics:

- 1992 rank, number and percentage of national # -- **Ranked 1 with 3,921 murders or 16.50% of the national number**

- Percentage change from 1991 -- **1.6% increase**

- Murders committed with a firearm -- **2,851**

- Murder rate with handguns -- **7.91 per 100,000 population**

Rape Statistics:

- 1992 rank, number and percentage of national # -- **Ranked 1 with 12,761 rapes or 11.70% of the national number**

- Percentage change from 1991 -- **1% decrease**

Robbery Statistics:

- 1992 rank, number and percentage of national # -- **Ranked 1 with 130,897 robberies or 19.46% of the national number**

- Percentage change from 1991 -- **4.8% increase**

Aggravated Assault:

- 1992 rank, number and percentage of national # -- **Ranked 1 with 198,045 aggravated assualts or 17.57% of the national number**

- Percentage change from 1991 -- **4.5% increase**

Property Crimes:

- 1992 rank, number and percentage of national # -- **Ranked 1 with 1,716, 137 property crimes or 13.72% of the national number**

- Percentage change from 1991 -- **.6% decrease**

<u>Burglaries</u>

- Rank, number and percentage of national # -- **Ranked 1 with 427,491 burglaries or 14.35% of the national number**

- Percentage change from 1991 -- **.7% increase**

<u>Larceny and Theft</u>

- Rank, number and percentage of national # -- **Ranked 1 with 968,534 larcenies and thefts or 12.24% of the national number**

- Percentage change from 1991 -- **1.8% decrease**

<u>Motor Vehicle Theft</u>

- Rank, number and percentage of national # -- **Ranked 1 with 320,112 motor vehicle thefts or 19.87% of the national number**

- Percentage change from 1991 -- **1.4% increase**

Incarceration Statistics:

<u>Prisoners in State Facilities</u>

- Rank, number and percentage of national # -- **Ranked 1 with 109,496 prisoners or 13.63% of the national number**

- Percentage change from 1991 -- **7.55 increase**

- Number of Prisoners on Death Row -- **332**

- Number of Prisoners Sentenced to Life -- **11,767**
- Number of Adults on Parole -- **67,562**
- Number of adults on probation -- **305,700**

State and Local expenditures

- Total -- **$4,681,365,000**
- Per capita -- **$153.96**

Law Enforcement:

- Number of sworn officers/percentage of national # -- **65,797/10.89%**
- Sworn officers per 10,000 population -- **21.32**
- State & local expenditures for police protection in 1991 -- **$5,401,716,000**
- Per capita expenditure -- **$177.65**

HEALTH CARE IN CALIFORNIA

- **312,000** people in California lose their insurance each month. [Lewin-VHI estimates, 1993. Families USA, "How Americans Lose Their Health Insurance," April 1994.]

- **5,053 thousand** people in working families in California have no health insurance [Department of Treasury, "Estimates of the Uninsured in Working Families and Uninsured Children by Congressional District," 7/19/94
  -- a **25.73% increase** since 1988. [1988, 1993 CPS]

- Of the 5,938 thousand people without health coverage in California, 5,053 thousand people are in working families -- that's **85.10%** of all the people without coverage in California. [Department of Treasury, "Estimates of the Uninsured in Working Families and Uninsured Children by Congressional District," 7/19/94.]

- **1,320 thousand** children are without health coverage. [Department of Treasury, "Estimates of the Uninsured in Working Families and Uninsured Children by Congressional District," 7/19/94.]

- **12.5%** of family income is spent on health care each year -- an average of **$7,996** per family. [Lewin-VHI estimates. Families USA, "Skyrocketing Health Inflation," December 1993.]

- **16.3%** of the state budget is spent on Medicaid.[1992 State Expenditure Report -- National Association of State Budget Officers]

Los Angeles Background

September 23, 1994 (Compiled by Eric Anderson/Chris Ulrich)

DEMOGRAPHICS

Population 1990 . 3,485,000
Population 1980: 2,969,000
(Population is up 17.4 % 1980-1990)

DIVERSITY

African-American . . . 14 %
Native-American . . . 0.5 %
Asian-American . . . 9.8 %
Hispanic Origin . 39.9 %

LOS ANGELES POLITICS

LOS ANGELES POLITICS

Mayor Riordan is generally popular and has recently submitted a well-received budget that fulfills his campaign promise to hire additional police. He strongly supported the crime bill. Nonetheless, he still faces a long-running contract dispute with the Police Department, which degenerated into a "blue flu" in June. Some Republicans have criticized the mayor for appointing Democrats as five of his top six deputies. The Mayor's staff includes former Clinton fundraiser Mary Leslie and Barbara Boxer's son, Doug. He recently appointed the noted academic and author ("Theory Z") William Ouchi to serve as his chief deputy mayor. An L.A. Times investigative report in June revealed a potential conflict of interest for the Mayor regarding his action in furtherance of the hiring of a consulting firm in which he has a substantial financial interest, but it has generated little attention.

While the rapid reconstruction of **earthquake**-damaged freeways has been uplifting for the people of Los Angeles, many residents are still suffering from the impact of the quake and the lingering recession. Dozens of apartment houses are abandoned in the San Fernando Valley, creating "ghost towns" of urban blight that did not previously exist. Failure of the state bond measure has made reconstruction more difficult, though the federal effort has not been faulted in any way. During the summer, the President announced he would seek to reprogram $225 million in emergency funds to provide zero interest financing for "ghost town" projects. The earthquake also magnified the crash in L.A. real estate values that has robbed many middle class homeowners of their equity. In a related development, news reports evaluating the state of affairs two years after the April, 1992 riots revealed little progress has been made in much of South Los Angeles. Aerospace downsizing continues to eliminate jobs in Southern California, as Hughes announced last week it would shut down its 4000-employee facility in Fullerton (Orange County).

A major (and quite complicated) controversy is brewing over the EPA's proposed **clean air** plan for the Los Angeles basin. Ordered by the courts to enforce the federal Clean Air Act after the state refused to do so, EPA submitted a detailed regulatory proposal last spring that affects virtually every industry in the region. Last month, Mayor Riordan suggested delaying implementation of any plan until the underlying assumptions and modeling could be challenged. The federal government is involved only because the state neglected its responsibility to develop a clean air plan. Under the law, the state has more flexibility than the feds to offer positive incentives to achieve clean air goals. Therefore, the economic impact would be less onerous if the state takes over the process--which is EPA's ultimate objective.

L.A. City Councilman Zev Yaroslavsky won the June election to succeed County Supervisor Ed Edelman, who is retiring in November. Sheila Kuhl was nominated for the West Hollywood area State Assembly seat--she will likely become the first openly gay person to serve in the State Legislature.

RECENT NEWS

Northrop Grumman Corp -- will reduce its work force by 9,000 people over the next 15 months, the newly combined defense-aerospace company announced on Thursday, September 22nd. The defense giant said it did not know how many of the jobs would be lost through layoffs since the total would depend on attrition, an early retirement program, and other voluntary reduction-in-force programs at Grumman operations. Reductions in California are expected to total approximately 4,500 workers, including 700 by the end of 1994.

State to Slash Base Rates for Workers Comp -- The California dept. of Insurance announced its biggest reduction ever in workers'compensation rates, cutting by 16 % the base charge that businessess pay to insure their employees against on-the-job injuries. State insurance officails optimistically predict that the acton will translate into a one time savings approaching $800 million for the 500,000 Californian employers buying workers'compensation coverage.

Activists call for invasion of L.A. A coalition of community activists called Unity Survival Action (USA) for South-Central Los Angeles urged President Clinton on Tuesday September 20, 1994 to "invade South-Central Los Angeles." Dr. James Mays, a leader of the coalition, acknowledged that the invasion call was primarily symbolic. However, he claimed that the same atrocities occurring in Haiti also happen in South Central Los Angeles daily. He believes that conditions in South Central Los Angeles are out of control and says that National Guard troops may be required to get the city under control. He is also skeptical about the efficacy of the federal crime bill money for additional police officers, stating that it "isn't going to change anything."

L.A. school district could lose $450 million. The Los Angeles Unified School District may lose more than $450 million in federal funds pending the approval of Proposition

187, which would bar illegal immigrants from public schools in California and from non-emergency health care and social services. These federal funds compromise almost 11 % of the district's current budget and primarily support programs for disadvantaged students and bilingual education classes. U.S. Education Secretary Richard W. Riley, who claims that the proposed measure would violate federal privacy regulations, has said that he will withhold federal funds to school districts if Proposition 187 is approved..

Simpson Slaying - The Simpson Slayings dominate the headlines and the trial is expected to get under way on Monday, September 26th..

Louisiana Background

November 17, 1995

PRIOR VISITS

You were last in Louisiana on August 1, 1995, in New Orleans for the following events:

-- You had a private meeting with approximately 30 community leaders to discuss social and economic issues.

-- You met with the leadership of the Southern Christian Leadership Conference (SCLC). The meeting included Dr. Joseph Lowery, president of the SCLC, and Coretta Scott King.

-- Finally, you were the keynote speaker at the 38th annual meeting of the SCLC. The theme of the conference was "Focusing on Essentials: Economic, Political and Spiritual Empowerment."

POLITICAL

1992 PRESIDENTIAL ELECTION RESULTS

	Louisiana
Clinton	46.4%
Bush	40.9%
Perot	11.8%

REP. JIMMY HAYES

Roll Call reported this week that Rep. Jimmy Hayes (D) will switch parties by the end of the month. Hayes endorsed State Senator Mike Foster (R), the GOP nominee for governor, soon after Foster and Rep. Cleo Fields (D) won slots in the gubernatorial run-off.

1995 GUBERNATORIAL RACE

This is an open seat because the controversial Governor Edwin Edwards (D) is not seeking re-election this year. In a Foster-Fields match-up, some say a Republican pick-up seems to be a foregone conclusion. A Southeastern Louisiana University poll of 715 registered voters conducted November 1-9 reports that State Senator Mike Foster (R) holds a 51%-31% lead over Rep. Cleo Fields (D). (His lead was 63%-25% among voters who have made up their minds.) Foster enjoys 69% white support (86% support among whites who have made up their minds) while Fields has 79% of the African American vote. Fields holds a 46%-35% edge among Democrats while Foster enjoys an 86%-3% lead among Republicans. While Fields is campaigning hard, Foster, who is known to be prone to gaffes, is making very few public appearances. His most recent gaffe occurred during a debate last week. During a response to a question about crime, Foster referred to New Orleans, which is majority African American, as a "jungle." Fields stopped short of calling the remark racist, saying "I wouldn't call it a racist statement as much as I would call it a bad statement. We can't have a governor who divides people and insults people." Foster later apologized.

Endorsements -- Several prominent Democrats have endorsed Foster, including former Governor John McKeithen, Rep. Jimmy Hayes, Jefferson Parish Sheriff (and former gubernatorial candidate) Harry Lee and House Speaker John Alario. Alario's endorsement came despite Foster's repeated statements that he wants to see new people in leadership posts in the House and Senate. (As mentioned above, there is much speculation that Hayes will soon switch to the GOP.) Senators John Breaux and Bennett Johnston, Attorney General Richard Ieyoub and Insurance Commissioner Jim Brown released a letter endorsing all of the Democratic candidates facing Republican opposition in the general election, including Fields. This is expected to be the extent of their involvement in the race. Fields has done a very poor job of reaching out to other Democrats in the state for assistance. The DNC has sent a $50,000 check to the state party and has deployed organizers to work with the Fields campaign and the state party's coordinated campaign. The DGA has given $5,000 to the Fields campaign and $95,000 to the state party.

None of Fields' Democratic challengers in the primary have endorsed him. There has been much speculation in state political circles about whether State Treasurer Mary Landrieu (D), whom Fields narrowly edged out of the run-off, will endorse him but she has said privately that she will not. She is still angry about Fields' accusation in the closing days of the primary campaign that she was playing the "race card" by saying that Fields could not win in the general election. Landrieu did make such a comment but she also said that about her other Democratic opponents. Fields says he never called her a racist and he has nothing to apologize for.

Campaign issues -- Fields plans to hit on Foster's strict opposition to abortion in the closing days of the election, hoping to pry loose some of Foster's support among white women. The State Party has prepared a spot which will attack Foster on abortion, hit him on his support for permitting Louisianans to carry concealed weapons and, taking a page from the Kentucky playbook, will attempt to tie him to Newt Gingrich's plans for Medicare. Fields was endorsed yesterday by a coalition of progressive organizations, including the Environmental Political Action Committee of Louisiana, the Louisiana Coalition for Tax Justice, the Sierra Club and Louisiana Citizen Action.

So far, there has been heavy absentee voting among whites and very little among African American voters.

PRESIDENTIAL POLITICS

While the South has generally been moving Republican, that trend has been slower in Louisiana. A large African American vote, a strong populist tradition and a well-organized state Democratic party operation makes the state one of the principal Southern battlegrounds for 1996. It will, however, be a very tough fight to capture the state's nine electoral votes. African Americans make up 28% of the state's voters and vote overwhelmingly Democratic. As a result, the conventional wisdom is that a Republican must capture 63% of the white vote to win statewide. While that is indeed a formidable share, the Republican nominee will likely begin the race close to that number. The most recent poll showed the President leading Bob Dole 47%-42%.

Republicans. In 1996, the Louisiana Democratic primary will take place on Super Tuesday, as it has for the past two cycles. The Republicans, however, plan to select 21 of their 27 delegates in caucuses they have scheduled for February 6, 1996, which would make Louisiana's caucuses the first-in-the-nation. (This specific date is not carved in stone and may be moved to accommodate Iowa's wishes to remain first.) The remaining six delegates will be selected in a primary on Super Tuesday. Gramm is believed to be relatively strong organizationally in Louisiana and is widely viewed as having orchestrated the move to an earlier caucus.

John Treen, brother of former Governor David Treen (R), filed a lawsuit recently alleging that the state GOP's proposed caucus system violates the state's presidential primary law. The lawsuit also charges that the delegate selection process was designed to give Gramm some delegates early in the process to boost his campaign. Treen said that a small group within the state party supports Gramm and will do anything to help his campaign. Treen said "The point is to get him delegates early so it won't look like his campaign is falling apart." Republican officials in Iowa and New Hampshire have said that if Louisiana insists on February caucuses, they will move their dates to January.

1995 OPEN PRIMARY RESULTS

Louisiana has a unique primary system in which candidates of all parties run in a single primary. Any candidate who receives 50 percent of the vote is elected. Otherwise, the top two finishers, regardless of party affiliation, go into the runoff. The primary was held October 21 and the general election will be held on November 18th.

State Senator Mike Foster (R) and Rep. Cleo Fields (D) placed first and second in the gubernatorial primary and will proceed to the run-off. Foster placed first with 26%, followed by Fields with 19%, State Treasurer Mary Landrieu with 18%, former Governor Buddy Roemer (R), also with 18%, attorney Phil Preis (D) with 9%, Lt. Governor Melinda Schwegmann (D) with 5% and State Rep. Robert Adley (D) with 2%. Fewer than 8,000 votes separated Landrieu and Fields.

Although Fields' victory in the primary has seriously crippled our prospects in that race, the primary results were not all bad for Louisiana Democrats. Of the eight statewide offices, the emocrats won five outright in the October primary and a sixth, Lt. Governor, is very likely to stay in our column. (The GOP, meanwhile, will likely pick up the top office and re-elected Secretary of State Fox McKeithen (R) in the primary.) The Democrats are also assured of maintaining firm control of the state House and Senate, something which was very much in doubt in light of many Democratic legislators' involvement in an ongoing FBI corruption probe. The Democrats won outright 74 of Louisiana's 105 state House seats in the primary, the Republicans won 10 and eight races will be decided in the run-off. In the Senate, Democrats won 24 of the chamber's 39 seats, Republicans won 10 and five races will be decided in the run-off.

1996 SENATE RACE

As you know, Senator Bennett Johnston (D) will not seek re-election next year. The race to succeed him will be very hotly contested. The picture of who will run to succeed him remains clouded. On the Democratic side, Rep. Bill Jefferson (D) is the only announced candidate. Jefferson dropped out of the gubernatorial primary about a month ago and endorsed Fields. Fields, in turn, endorsed Jefferson's Senate bid. Attorney General Richard Ieyoub (D) is the potential candidate topping Democratic wish lists these days. He has travelled to Washington to sound out a race with DSCC Chair Bob Kerrey. He would make a very strong candidate and he has reportedly been emboldened by his 76% victory in the open primary against a credible candidate. New Orleans Mayor Marc Morial (D) has also expressed interest in running.

On the Republican side, David Duke and millionaire businessman Pat Taylor have said they will run. Most speculation has focused on Rep. Billy Tauzin (R), a recent convert to the GOP who is also believed to be preparing for a bid. Tauzin's apparent interest has quieted talk that Reps. Jim McCrery (R) or Richard Baker (R) will run. (Both are also reportedly very happy with their newfound influence in the House majority.) Other Republicans considering the race are New Orleans City Councilwoman Peggy Wilson and Secretary of State Fox McKeithen.

STATE LEGISLATURE

The Louisiana state legislature meets annually for 60 legislative days beginning the 3rd Monday in April. The Democrats currently hold a 87-16 majority in the House, and a 30-16 majority in the Senate. As mentioned above, the Democrats, though they will lose seats this cycle, will continue to hold decisive edges in both chambers next year. John Alario is the Speaker of the House and Sammy Nunez is President of the Senate.

FBI probe. A large group of state legislators, including Nunez and almost all Democrats, are involved in a FBI probe into corruption allegations involving the gambling industry. A number of these legislators lost in the primary or face tough run-offs. Among them, Senate President Nunez faces a run-off from Lynn Dean (R), who won the first round by a 46%-35% margin. Most analysts are predicting his defeat. Nunez gained notoriety in the state for passing around contributions from gambling interests on the Senate floor.

Issues impacting Louisiana

Attached you will find the impacts of the Republican budget cuts on Louisiana detailing numbers for medicare/medicaid and EITC and the Clinton Administration's accomplishments in Louisiana. Following are some specific Congressional issues affecting Louisiana.

Government Shutdown: There are more than 20,000 federal employees in Louisiana, including about 17,000 federal employees in New Orleans -- 4,495 work for the U.S. Postal Service which is not be affected by the furloughs. John Breaux said this last week, "We're so busy trying to score political points, I think some people in Louisiana believe even we in Congress are not 'essential' employees who should report to work tomorrow."

Medicaid: The Senate included a special Medicaid block grant formula, designed for Louisiana and New Hampshire alone. Under the Senate bill (but not the House's), Louisiana would get temporary and partial relief from a mandatory 28 percent state match of federal Medicaid funds (Louisiana would pay only 15 percent initially). In return for that reprieve, Louisiana would agree to a five-year freeze of its $ 2.6 billion Medicaid grant, while most other states would get 5 to 8 percent annual increases. Administration analysis indicates that under the new Senate block grant proposals, Louisiana would take a 52% cut in the year 2002.

Federal royalties on offshore oil and gas: The Senate last month approved Senator Johnston's legislation allowing the Interior Secretary to reduce or forgive royalties owed on some oil and gas extracted from the deepwater Outer Continental Shelf. The House rejected this royalty relief for the offshore oil and gas industry. The difference must be resolved in conference. We have not included language in our Interior SAP on this issue and the administration has not opposed the royalty relief provision in the past.

Welfare: As of January 1995, 257,557 Louisianians received a monthly federal welfare check -- a relatively high number compared to other states. About 67 percent (or some 175,000 recipients) were 17 years old or younger. The House welfare bill would deny cash welfare (although non-cash services like medical care would be allowed) to unwed teenagers with children. Also, the House would deny cash welfare for additional children born to a mother already on welfare. The President has made clear that he thinks the House bill goes too far.

Food programs: In Louisiana, about 130,000 women and infants receive food and nutrition education through WIC each month. About 179,000 Louisiana school children now have a federal guarantee to a free school lunch and another 46,000 children are guaranteed a reduced-price lunch. The House has voted to block-grant these feeding programs to the states, remove the federal guarantee of who is covered, and allow the states to decide who qualifies for the feeding programs and what nutrition benefits they receive. The Senate welfare bill retains the federal guarantee of food aid for families who meet certain poverty standards. The President has said he might be able to sign the welfare bill if it ends up looking like the Senate's

Farm Issues: The ultimate resolution of how to treat the government's price-support program for sugar farmers will mean much to Louisiana farmers. The Senate bill would preserve (although probably reduce) traditional support programs for cotton, rice and Southern dairy farmers, while a House budget bill scraps the traditional supports and substitutes a fixed-price payment to farmers which would be less generous to cotton, rice and Southern dairy products.

LOUISIANA DEMOGRAPHICS

POPULATION	4,251,569
Rank	21
White:	67.3%
African-American	30.8%
Hispanic:	2.2%

EMPLOYMENT

Government	21.2%
Manufacturing:	11.4%
Trade:	22.8%
Service:	23.8%

OTHER

Per Capita Income	$15,143
Number of Federal Workers	21,637
Average Federal Salary	$30,311

APPOINTEES FROM LOUISIANA

Name	Title	Agency/Dept
William Arceneaux	Chair, Bd of Dirs	Student Loan Mktg Assoc
Nathaniel H. LaCour	Member	Comm on Presidential Scholars
William LeBlanc, III	Commissioner	Postal Rate Commission
Phyllis Oakley	Asst Secretary	Department of State

(Prepared by Jim Kohlenberger, Eric Anderson and Doug Sosnik)

Impact Of The Republican Budget Cuts On LOUISIANA

IMPACT ON HEALTH CARE IN LOUISIANA

The Republican MEDICARE Cuts Will Force 572,000 Older And Disabled Americans In Louisiana To Pay Higher Premiums and Higher Deductibles For A Weakened Second Class Medicare Program.

- **Medicare spending in Louisiana will be cut by $1 billion in 2002 and $5 billion over seven years.**

- **These cuts will threaten the integrity of the Medicare program** by imposing unprecedented out-of-pocket increases on beneficiaries, decreasing access to doctors, and undermining the financial viability of hospitals.

- **The cuts will force many hospitals to close and cost the typical hospital $17 million** over seven years, according to the American Hospital Association.

The Republican MEDICAID Cuts Will Reduce Federal Payments To Louisiana By $5.3 Billion Over Seven Years, A 27% Reduction In 2002 Alone. Nationally, Republicans are proposing to cut about $170 billion from Federal Medicaid spending between 1996 and 2002: a cut of 18% over seven ears and 29% in 2002.

- **8 million people will be denied Medicaid coverage nationwide.** States will be force to deny coverage to 8 million people, including:
  - 4 million children
  - About 900,000 older Americans
  - Over one million individuals with disabilities

IMPACT ON WORKING FAMILIES IN LOUISIANA

The Republican Budget Increases Taxes For Working Families:

- The Senate Finance Committee proposal will increase taxes for 435,038 Louisiana taxpayers in 2002.

- On average, each affected EITC recipient in Louisiana will see a tax increase of more than $369 in the year 2002.

- Families with two or more children will be hit hardest. In Louisiana, 193,038 families with two or more children will see an average tax increase of $506 in 2002.

Source: Medicare estimates from Department of Health and Human Services (HHS). Medicaid estimates from HHS based on revised House Medicaid formula, as of October 27, 1995. EITC estimates based on Department of Treasury analysis of Senate proposal.

ECONOMIC PROGRESS IN LOUISIANA UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for Louisiana after the first 32 months of the Clinton Administration:

Improved Economic Conditions in Louisiana:

• The unemployment rate has dropped from 7.5% to 6.5%.

• Almost twice as many new jobs **per year** -- 60,039 vs. 30,875 average during the previous 4 years. In 31 months, Louisiana has added 155,100 total jobs, after adding 123,500 during the previous 4 years combined.

• Almost 2 1/2 times as many new private sector jobs **per year** -- 56,206 vs. 23,250 average during the previous 4 years. In 31 months, Louisiana has added 145,200 private sector jobs, after adding 93,000 during the previous 4 years combined.

• In 31 months, Louisiana has added 5,300 total manufacturing jobs or 2,052 **per year**. During the previous 4 years combined, Louisiana ***ADDED*** 12,900 manufacturing jobs or 3,225 **per year**.

• Bank lending has increased by $4.3 billion -- after dropping by $6.3 billion during the previous 4 years.

• Bankruptcy filings have dropped 23% **per year** -- after increasing 8% **per year** during the previous 12 years.

• Business failures have dropped 25% **per year** -- after increasing 17% **per year** during the previous 12 years.

• Home building has increased 13% **per year**.

What President Clinton's Accomplishments Have Achieved for the People of Louisiana:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN LOUISIANA: The national debt will be **more than $1 trillion** lower over 7 years than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in Louisiana.

25 TIMES MORE LOUISIANA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 390,496 working families in Louisiana will receive a tax cut. This compares to an increase in the income tax rate for only the 15,672 wealthiest taxpayers in Louisiana.

TAX CUT FOR 18,281 SMALL BUSINESSES IN LOUISIANA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 18,281 small businesses in Louisiana are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

583,000 LOUISIANA WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 582,680 workers in Louisiana, and protects the jobs of 35,004 workers in Louisiana who are likely to use unpaid leave this year alone.

201,400 STUDENTS AND FORMER STUDENTS IN LOUISIANA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 201,400 Louisiana borrowers -- 141,000 current borrowers and 60,400 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

Louisiana


CLAIBORNE
MOREHOUSE
WEST CARROLL
EAST CARROLL
UNION
BOSSIER
WEBSTER
LINCOLN
OUACHITA
Monroe
RICHLAND
Shreveport
CADDO
BIENVILLE
JACKSON
MADISON
DE SOTO
RED RIVER
CALDWELL
FRANKLIN
TENSAS
WINN
NATCHITOCHES
LA SALLE
CATAHOULA
SABINE
GRANT
CONCORDIA
RAPIDES
Alexandria
VERNON
AVOYELLES
WEST FELICIANA
ST. HELENA
WASHINGTON
EAST FELICIANA
BEAUREGARD
ALLEN
EVANGELINE
ST. LANDRY
POINTE COUPEE
EAST BATON ROUGE
WEST BATON ROUGE
LIVINGSTON
TANGIPAHOA
ST. TAMMANY
ST. MARTIN (part)
Baton Rouge
JEFFERSON DAVIS
ACADIA
CALCASIEU
Lake Charles
Lafayette
LAFAYETTE
IBERVILLE
ASCENSION
ST. JOHN the BAPTIST
ORLEANS
ST. JAMES
ST. CHARLES
New Orleans
IBERIA
ASSUMPTION
ST. BERNARD
CAMERON
VERMILION
ST. MARTIN (part)
LAFOURCHE
ST. MARY
JEFFERSON
PLAQUEMINES
TERREBONNE
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2
3
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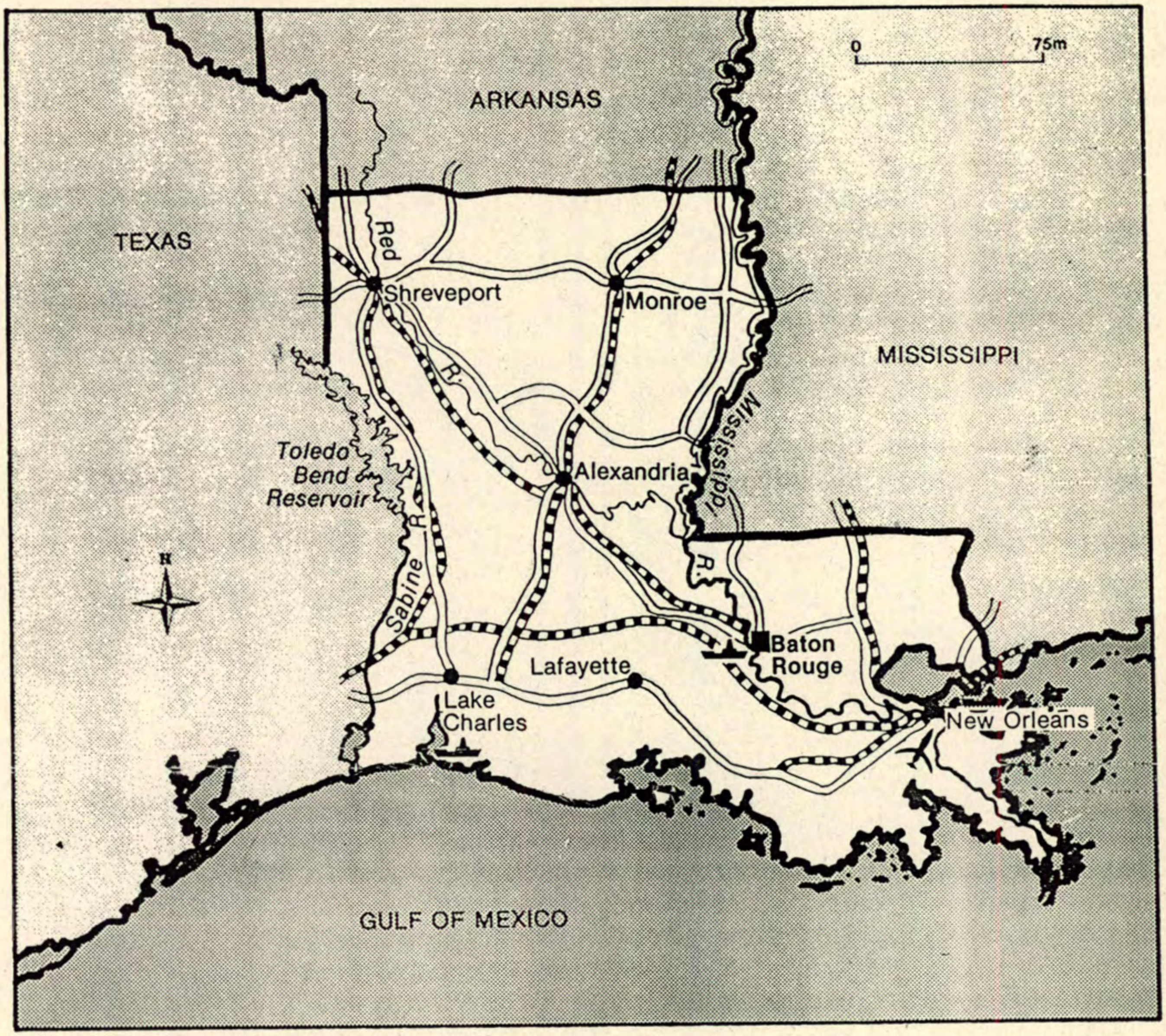
LOUISIANA


0
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ARKANSAS
TEXAS
Red
Shreveport
Monroe
MISSISSIPPI
R.
Mississippi
Toledo
Bend
Reservoir
Alexandria
R.
Sabine
R.
N
Baton
Rouge
Lafayette
Lake
Charles
New Orleans
GULF OF MEXICO

New Orleans Background

Friday, November 17, 1995

DEMOGRAPHICS

Population 1990 . . 497,000
Population 1980: 558,000
(Population went down 10.9% between 1980-1990)

DIVERSITY

African-American . . 61.9%
Native-American 2%
Asian-American 1.9%
Hispanic Origin . . . 3.5%

LOCAL NEWS

Government Shutdown: About 7,500 of the 17,000 federal employees in the New Orleans metropolitan area were victims of the government shutdown. The hardest hit federal agency in the region is the Algiers Naval Support Base where more than 1,800 civilian employees were given their "marching orders." Both the regional offices of the Department of Veterans Affairs and the Small Business Administration are operating with minimal staffs, in the case of the VA five out of 209 employees are working. Most furloughed employees were upbeat about the forced vacations so long as the government comes through with the back pay. (*New Orleans Times-Picayune,* 11/15/9)

City Charter Changes Vote: New Orleans voters will consider a package of changes to the 41-year old City Charter in tomorrow's (SAT 11/18/95) election. The changes include allowing the city to create an Ethics Review Board and an inspector general; enabling the mayor with the concurrence of the City Council to reorganize and merge several departments; and making the document's language gender-neutral. There has been no organized opposition to the charter revisions, rather the New Orleans Council of the Chamber of Commerce, Victims and Citizens Against Crime, and the League of Women Voters have all endorsed the changes. Mayor Marc Morial is working hard to win approval for the changes, hiring both a political consultant and loaning $ 50,000 from his campaign war chest to wage a voter education campaign that includes both print and broadcast advertisements. (*New Orleans Times-Picayune,* 11/15/95)

POLITICAL – REP. BILL JEFFERSON

New Orleans, for many years a speckled black-and-white city, now has a solid black majority, making the 2d District heavily Democratic. The congressman here is Bill Jefferson, first elected in 1990 after the retirement of Lindy Boggs, who won majorities from blacks and whites alike. Jefferson was then a state senator, a skillful political operator with high professional credentials: he graduated from Harvard Law, clerked for a well-respected federal judge, worked for Senator Bennett Johnston and set up what became the largest black law firm in the South. Jefferson was elected to the state Senate in 1979; he twice ran for mayor and lost. In 1990 Jefferson was endorsed by then Mayor Sidney Barthelemy, and in the primary won 25% of the vote to 22% for Marc Morial, whose father was New Orleans's first black Mayor and who was elected Mayor himself in March 1994. In the November runoff, charges flew: Jefferson was dogged by reports of defaults on outstanding loans and mortgages, while Morial admitted he was the father of an eight-year-old girl living in the Ivory Coast. Jefferson won with 52% and became the first Louisiana black elected to Congress since Reconstruction.

In the House Jefferson has shown impressive political skills. He was active in the Democratic Leadership Council and got to know its chairman, a young southern governor named Bill Clinton. In November 1991, Jefferson and Mississippi Congressman Mike Espy endorsed Clinton, and both began campaigning hard for him across the country, including a southern bus tour in August -- for which rewards would in time be coming. In December 1992, Jefferson won a seat on the Ways and Means Committee where he chalked up some successes. He got Ways and Means to have Clinton's one dollar increase on inland waterway tolls. In August 1993, in a conversation with Clinton on Air Force One, Jefferson got him to save a tax break for venture capital companies dealing solely with minority-owned small businesses, generating, Jefferson claims, $ 1.2 billion in investment. In June 1994, on health care, he sponsored a compromise eliminating employer mandates for four million small businesses; this passed, and helped Ways and Means stitch together a Democratic healthcare bill. Jefferson also claimed credit for a law giving state and local governments priority in acquiring surplus Defense Department property.

Jefferson will have trouble equalling this record in a Republican House, not least because the downsizing of the Democratic ranks at Ways and Means left him and three other junior Democrats without a seat. But he has no trouble winning reelection in the 2d District. Originally thought to be interested in running for mayor, he announced in the spring of 1995 that he was running for governor.

THE DISTRICT

Today's rally and MEG's medicare event tomorrow are both in Jefferson's 2nd Congressional District. The 2d Congressional District of Louisiana today includes almost all of the city of New Orleans, everything except a few affluent white neighborhoods, plus the west bank towns of Jefferson Parish -- Gretna, Harvey, Westwego, Waggaman--industrial enclosures between levee and swamp. Here is the New Orleans everyone wants to visit, centered on the French Quarter, its 19th Century homes still intact because the Americans who moved here after 1803 wanted to stay away from the snobbish Creoles and built a new downtown above Canal Street. North of the Quarter is the site of Storyville, where prostitution was legal until 1918 and where jazz was probably first played; the old frame houses have long since been torn down and replaced by housing projects. But many similar neighborhoods remain, where blacks and some working-class whites live in rickety frame houses which are not always strong enough to keep the rain out and never tight enough to keep out the summer humidity or the damp winter chill, along the vividly named streets -- Elysian Fields, Spain, Desire, Arts--that go north from the river wharves. In the other direction is the downtown flecked with skyscrapers and the ominous Superdome, past the old slum known as the Irish Channel -- a reminder that New Orleans had more foreign immigrants than any other part of the South -- to the Garden District. This was the home of the rich, early American settlers, and its antebellum homes are still covered with vines and Spanish moss. Quaintly named trolley cars still roll out St. Charles Avenue to Tulane University and Audubon Park.

(Prepared by Jim Kohlenberger, Chris Ulrich & Philip McNamara)

Econ 3-6

(1) Paragraph to Jerry
recent econ statistics [illegible]
~~in~~ rebound driven by
trade
hi-tech
& dev't.
however housing still slump
& w/ impact of layoffs by Wells Fargo
1st Interstate anxiety remains
high

(2) Alameda Corridor project

(3) C-17 note: don't want
to get w/ B-2 → loss of
pers'l thous jobs &
got much press.

(4) Metro-Rail says plagued
w/ probs 1/2 mi stretch under
Hollywood blvd sunk
"stop m-r" effort by Hayden

(5) USTR & USDA # on Ag exports

(6) Base conversion

While 93 BRAC McClellan
(Sac) & Lib. overall Okay)
got neg attn
base reuse plans
prog. well & we getting
high marks

(7) Bay-Delta
consensus process
brought all stakeholders
make

(8) PAH
Ward Valley

(5) S.D. Beaches
$13 m
300 Repay
to replenish sand (?)

(10) Crime - add
Brady & Assault
weapons

(13) Env Disasters - add earthquake
similar floods & fires

LA now using $ for comm. devel. bank service area of which include site of 92 riots

California Accomplishments of the Clinton Administration

Economic Development

[NOTE: For general economic statistics for California, see the one-page "Economic Progress in California", a copy of which is attached.]

Empowerment Zone/Enterprise Communities. L.A. has been declared a Supplemental Empowerment Zone and Oakland an Enhanced Enterprise Community. They'll receive $40-100 million each in flexible funding to create jobs and help communities rebuild. Imperial County, L.A.- Huntington Park, San Diego, San Francisco-Bayview-Hunter's Point, and Watsonville have been declared "Enterprise Communities." They receive block grant funding of approximately $3 million and access to tax-exempt bond financing for private business activities in the targeted communities.

Space Station and C-17. Administration fought hard to save the Space Station and C-17 aircraft program and won a tough competition for a major C-17 contract with Saudi Arabia, preserving billions of dollars of economic activity and tens of thousands of jobs in California.

San Diego shipbuilding. San Diego's shipbuilding industry has received a substantial investment from both our domestic shipbuilding initiative and Defense Department contracts. Last month, the Navy awarded a $500 million contract to build two new ships, securing 4,000 jobs through the year 2000.

L.A. Metro Rail. $1.9 billion in federal funds has been allocated for the LA Metro Rail system in the past two years, the largest city transit grant in the country. From 1993-95, the federal dollars generated 21,740 jobs from the LA Metrorail Red Line project. If the FY 96 request of $158.9 million is funded, an additional 7,262 jobs will be generated.

Exports

Export jobs. California jobs supported by exports have risen by over 250,000 since 1993. [USTR]

Manufactured goods. California's exports of manufactured goods rose nearly 35% from 1993-1995. [USTR]

Exports to Japan. California exports to Japan rose 52% from 1993-1995. [USTR]

Export licensing -- computers. Eliminated cumbersome export licensing requirements that restricted the export of computers, telecommunications equipment and other electronic goods. Barriers removed on up to $37 billion in technology exports, 1/3 made in California.

Japanese rice. Negotiated access to the lucrative Japanese rice market for the first time. We expect to sell 500,000 tons of American rice to Japan this year, most grown in California, creating 900 jobs in agriculture and shipping.

NAFTA. California benefits more than any other state from the NAFTA, with over $7 billion in goods exported to Mexico in 1994.

GATT. As the country's largest exporting state, California is a significant beneficiary of GATT. In 1994, California firms exported over $70 billion in goods; California firms have increased exports by $20 billion since the President took office.

Defense Transition Programs

Technology Reinvestment Project. TRP has awarded nearly $1 billion on a competitive basis to develop "dual-use" technologies. Projects led by California firms have received about 30% of all funds. With the matching funds that these firms are required to invest, TRP projects will generate $2 billion in new high-tech economic activity in California.

Base conversion. Administration is expediting transfer of military facilities to localities so bases can be developed for the economic benefit of surrounding communities. *Alameda Naval Supply Center*, the *Presidio*, and San Bernardino County's *Norton Air Force Base* have all been transferred for productive local reuse. The *Sacramento Army Depot* was recently turned over to the city to serve as the site for a 3,000-employee Packard Bell facility. California bases have received over $1.5 billion in environmental cleanup, job retraining, and economic development grants.

DFAS. Four military bases in California will house DFAS defense accounting centers, saving or creating 3,000 new jobs.

Defense Conversion Adjustment. California was awarded $10 million for a Defense Conversion Adjustment project, which will assist 1,000 civilians who will be dislocated by the BRAC closure of Long Beach Naval Shipyard. In addition, the seeks to serve 500 unspecified contractor employees directly affected by the closure.

Environment

California Desert Protection Act. President fought for and signed this act -- the largest single designation of parks and wilderness areas ever in the lower 48 states. Then President fought GOP attempts to roll back the law.

Bay-Delta plan. Administration negotiated consensus plan that will protect California's most valuable resource -- water. The San Francisco Bay-Delta estuary is a critical link in a system that supplies drinking water to two-thirds of the state's people and provides irrigation for 45 percent of America's fruits and vegetables.

Offshore oil drilling. President helped defeat GOP effort to drop ban on offshore oil drilling.

Environmental technology. Administration made unprecedented commitment to environmental technology -- a market where California firms lead the world, with 200,000 jobs and annual revenues of $20 billion. Our initiatives help environmental businesses compete in fast-growing global market, expected to reach $500 billion in 2000.

San Diego beaches. Ground was broken last summer on a new facility to treat sewage from Mexico and protect San Diego area beaches. Administration has obligated $240 million to this project, which will begin operations in early 1997, ahead of schedule.

Blocking GOP efforts to weaken laws. President and congressional Dems have blocked House bills to roll back Clean Water Act, enact a regulatory moratorium to prevent new health/environmental safeguards, put in place regulatory "reform" to weaken food safety and drinking water standards, and enact a "takings" law that would pay polluters not to pollute.

Immigration

Reimbursements to California. This Administration is the first to obtain funding from Congress to reimburse states for a share of the costs of incarcerating criminal aliens, in addition to assisting with education and medical care costs. This year, we reimbursed California $64 million for the costs of incarcerating criminal aliens.

Border control. Launched in California as Operation Gatekeeper, our border control effort has added 500 agents to the line already, and will add 462 more this year -- doubling the number of Border Patrol agents in San Diego from less than 1,000 in FY 94 to over 2,000 by the end of this year. This program has also given the Border Patrol far better equipment and training. As a result of this initiative, border crossings in certain areas of San Diego have dropped dramatically, drawing praise from local law enforcement officials and from the press -- including the conservative *San Diego Union* editorial board.

Deportation of alien prisoners. A significant increase in the program to deport alien prisoners upon termination of their sentences is expeditiously sending thousands of felons back to their home countries every year.

Worksite enforcement. A stepped-up worksite enforcement strategy is doubling the number of worksite investigators nationwide. In FY 96, 604 officers and support staff will be hired for worksite enforcement, with more than 450 officers in new INS positions as Immigration Agents, focussed on enforcing employers sanctions and removing criminal aliens. The Administration is also producing counterfeit-resistant work authorization documents and expanding worker verification programs. *In California*, the Verification Information System (VIS) program is being tested with over 200 employers in the City of Industry and in Santa Ana. This pilot is testing a means for employers to confirm the employment eligibility of newly hired non-citizen employees quickly and effectively.

Crime

New cops. In just over one year, the Administration's Crime Bill has already provided funding to place 4,571 new community police officers on the streets of California. Los Angeles Police Department alone was awarded more than $66.5 million to pay for 1505 new police officers: all of which will be involved in community policing.

Disaster Relief

L.A. Earthquake. Administration won rapid approval of a supplemental earthquake recovery appropriation of $9.5 billion and agreed to pay 90% of reconstruction costs. $11.5 billion has been allocated for the recovery so far, and the Administration requested over $4.8 billion more to finish the job (which was in the rescission bill that passed last summer).

Earthquake benefits were delivered faster than ever before, and innovative contracting provisions ensured freeways were repaired in record time. Funds were advanced to allow schools to be repaired quickly so they could re-open in a matter of weeks. Special programs provided for these schools to be upgraded for future seismic safety. By comparison, in the 1989 San Francisco earthquake, federal government paid only 75% of the damages and was roundly criticized for slow pace of reconstruction efforts.

The Administration stepped in to help state and local governments in unprecedented ways: virtually no state money was contributed to the earthquake recovery effort in the months following the disaster; and HUD developed an innovative new program to rebuild apartment buildings in the San Fernando Valley "ghost towns" after the state bond measure designed to address this problem failed.

[illegible] the [illegible]
[illegible]
FEMA
HUD
SBA

MAKING CALIFORNIA A BETTER PLACE TO LIVE AND WORK

America Is Moving In the Right Direction Under President Clinton

- **Stronger Economy.** The combined rate of unemployment and inflation is at its lowest level since 1968.

- **7.7 Million New Jobs.** The economy has created 7.7 million new jobs under President Clinton. Private sect job growth rate more than 7 times greater than during previous Administration.

- **Renewed Growth in Key Industries.** After a decade of enormous job losses in construction, manufacturing and autos, these industries have made a remarkable recovery -- nearly one million new jobs combined under President Clinton.

- **Deficit Cut in Half.** The President's economic plan cut the deficit for three years in a row for the first time since Harry Truman was President -- the largest reduction in history.

- **Keeping Guns Away from Criminals.** More than 45,000 fugitives and felons blocked from buying handgu because President Clinton fought to pass the Brady Bill.

- **Safer Communities.** The crime rate is down and the number of murders reported dropped 12%--the largest decline in 35 years.

- **Stronger Families.** Teen pregnancy is falling, the poverty rate is decreasing, and the number of people on welfare is declining.

California Is Moving In The Right Direction Under President Clinton

- **Unemployment Rate in California Has Dropped from 9.4% to 7.7%.**

- **293,900 New Jobs Added in 35 Months -- After 63,200 Lost During the Previous 4 Years.**

- **Consumer Confidence is Up 42%, After Falling During the Previous Administration.**

- **Crime Is Down.** In *Los Angeles*, the number of robberies reported fell by 8% in the first half of 1995. In *San Diego*, the reported number of murders dropped by 25% in the first half of 1995.

- **$15,000 of Reduced Federal Debt for Every Family of Four in California.** The President's economic plan is reducing the federal debt for each family of four by about $15,000.

- **2,146,915 Working Families Receive a Tax Cut.** The President's expanded Earned Income Tax Credit is helping 2,146,915 working families make ends meet.

- **4,513 New Police Officers in California.** The President's Crime Bill puts 4,513 new police officers on the street, strengthens drug courts helping keep adult and juvenile offenders from cycling through the legal system and helps protect women and children from domestic violence and sexual offenders.

- **298,000 Workers Protected by Family and Medical Leave.** The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child or to care for a sick family member. This law covers about 297,914 workers in California.

February 12, 19

ECONOMIC PROGRESS IN CALIFORNIA UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for the nation and California after the first 36 months of the Clinton Administration:

Improved Economic and Fiscal Conditions in the United States:

• Under the Clinton Economic Plan, the deficit will be lowered by more than $1 trillion over 7 years -- the deficit has been cut for three years in a row for the first time since Harry Truman was President.

• 7.7 million new jobs created. Private sector job growth rate over 7 times faster than during previous Administration.

• Federal government workforce will drop by 272,900 -- creating lowest workforce since the Kennedy Administration.

Improved Economic Conditions in California:

• The unemployment rate has dropped from 9.4% at the beginning of the Clinton Administration to 8.8%.

• 274,900 new jobs added in 34 months -- after 63,200 lost during the previous 4 years.

• 257,700 new private sector jobs added in 34 months -- after 172,400 lost during the previous 4 years.

• New business incorporations have increased 7% per year -- after decreasing 11% during the previous 4 years.

• Business failures have dropped 6% per year -- after increasing 22% per year during the previous 12 years.

• Consumer confidence has increased 42%.

What President Clinton's Accomplishments Have Achieved for the People of California:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN CALIFORNIA: The national debt will be more than $1 trillion lower over 7 years than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in California.

10 TIMES MORE CALIFORNIA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 2,146,915 working families in California will receive a tax cut. This compares to an increase in the income tax rate for only the 218,777 wealthiest taxpayers in California.

TAX CUT FOR 178,917 SMALL BUSINESSES IN CALIFORNIA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 178,917 small businesses in California are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

4,959,000 CALIFORNIA WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 4,959,089 workers in California, and protects the jobs of 297,914 workers in California who are likely to use unpaid leave this year alone.

1.65 MILLION STUDENTS AND FORMER STUDENTS IN CALIFORNIA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 1.65 million California borrowers -- 1.16 million current borrowers and 490,000 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates and all will benefit from more repayment options, including income contingent repayment.

February 2, 1996

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February 12, 1996

Todd,
Per your request.
Helen

THE WHITE HOUSE

WASHINGTON

March 5, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Julia Chamovitz
National Economic Council

SUBJECT: Background on Recent Developments in the California Economy

This memorandum presents background information about current economic conditions in California.

- ***California is on the Rebound*** -- *Business Week*, *Newsweek*, and *The Economist* are just some of the news publications that have recently run stories on the economic come-back occurring in California. All the articles noted the growth sectors are foreign trade, technology and entertainment. Declines in the aerospace industry have slowed, which has been a factor in the rebounding of the California economy.

- ***Lockheed Martin is Adding Jobs in Sunnyvale*** -- Lockheed Martin has begun relocating several hundred employees from New Jersey and Pennsylvania to its aerospace facility in Sunnyvale. This facility will serve as the company's center for commercial space opportunities, which are expected to grow over the next several years. The relocation is expected to be completed by the end of the year. (Source: Lockheed Martin)

- ***DreamWorks to Build a New Studio*** -- DreamWorks, the company founded a little over a year ago by Steven Spielberg, Jeffrey Katzenberg and David Geffen recently announced it will build the first new studio in Los Angeles in over 50 years. The $200 million investment is expected to have 15 sound stages for motion picture, television, CD-ROM and music video production at the Playa Vista development, near the Lost Angeles Airport. The company is expecting the investment to create approximately 9,000 jobs in Los Angeles. (Source: DreamWorks)

- ***Wells Fargo Plans to Merge with First Interstate*** -- On January 24, San Francisco-based, Wells Fargo and Co. and Los Angeles-based First Interstate Bancorp agreed to merge under the Wells Fargo and Co. name. The $11.6 billion deal will mark the largest bank merger in the U.S. The deal still needs the approval of shareholders and regulators. At this time, Wells Fargo could not confirm any job loss due to the merger, but according to the *Los Angeles Times* the merger could cause the loss of up to 8,000 jobs and 350 offices in California. (Source: Well Fargo and Co., *Los Angeles Times* 1/25/96)

- ***Sharp Electronics, Corp. Invests $ 34 Million in Western Regional Headquarters*** -- Based in New Jersey, Sharp Electronics, Corp. will invest $34 million in the creation of a new Western Regional Headquarters in Huntington Beach, California. The headquarters will be completed by April 1997 and will house 265 employees. With U.S. sales of $3.4 billion and 2,300 employees nationwide, Sharp Electronics, Corp., is the U.S. sales and marketing subsidiary of Japan's Sharp Corporation. (Source: Sharp Electronics, Corp.)

- ***Oakland Designated Urban Enhanced Enterprise Community*** -- Oakland was designated as one of four urban "enhanced" enterprise communities, which means it received $22 million in economic development grants in addition to the benefits for other ECs. This includes $3 million in social service block grants and tax exempt bond financing for zone business projects. San Diego, San Francisco and Los Angeles were also designated as urban ECs. Imperial County and the City of Watsonville were designated rural ECs. (Source: Community Empowerment Board)

- ***Progress Report on the Los Angeles Urban Supplemental Empowerment Zone*** -- Los Angeles received a $125 million economic development (EDI) grant as an Urban Supplemental Empowerment Zone (SEZ), plus $325 million in HUD loan guarantees. These funds have been used to capitalize the Los Angeles Community Development Bank (CDB). Federal staff and technical assistance greatly contributed to this effort. CDB's mission is to create high-paid, high-skilled permanent jobs for residents of the SEZ. (Source: CEB)

  Note: California, with seven designations, has the highest number of EZ/ECs.

- ***TRP Funds $12 Million for an Electronic Network Project*** -- The Smart Valley CommerceNet project will attempt to use internet connectivity to reduce the costs of doing business and increase the options of both buyers and sellers. Major participants include various commercial interests, who see CommerceNet as a way of lowering costs, and the Defense Logistics Agency, which sees the project as a way of increasing efficiency. CommerceNet is currently addressing the issue of standard protocols for data security, exchange, and cataloging. (Source: ARPA)

- ***EITC Benefits Over 2.1 Million Families*** -- This comes from 1993 Treasury estimates.

Rep.	EITC Benefits	$ (millions)	% Families	Higher Taxes
Horn	45,800 families	79.0	34.0	3,400 taxpayers
Beilenson	23,300 families	40.1	15.7	12,700 taxpayers
Berman	44,400 families	76.5	36.1	1,300 taxpayers
Moorhead	41,400 families	71.4	29.0	7,800 taxpayers
Waxman	59,500 families	102.6	49.5	22,700 taxpayers
Becerra	69,300 families	119.5	57.3	1,000 taxpayers
Martinez	42,300 families	72.9	33.6	800 taxpayers
STATE	**2,147,000 families**	**3,702.2**	**29.7**	**218,800 taxpayers**

- ***Federal Reserve on the 12th District (San Francisco)*** -- The District shows signs of moderation in economic activity entering 1996, although robust performance continues in several states. Holiday retail sales were disappointing, notably in California. There are signs of weakening demand in a few manufacturing industries, but the electronics sector remains strong, particularly in the San Francisco Bay Area. Loan activity is moderate to strong, with reports of a significant expansion of consumer loans in Southern California. Home loans and housing starts are reportedly increasing in California. (Source: Federal Reserve Beige Book, 1/17/96)