Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	re: Support of the President and Vice President [partial] (2 pages)	02/00/1993	b(7)(E)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron File)
OA/Box Number: 359

FOLDER TITLE:

February 1993 [5]

2018-0662-S
rs3031

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

Chron
2/13/93

THE WHITE HOUSE
WASHINGTON

DATE: 2/12/93

NOTE FOR: HOWARD PASTER

The President has reviewed the attached, and it is forwarded to you for your:

THE WHITE HOUSE
WASHINGTON

DATE: 2/12/93

NOTE FOR: GEORGE STEPHANOPOULOS

The President has reviewed the attached, and it is forwarded to you for your:

Information ☐

Action ☒

Please coordinate with the NSC on the release of these. The Executive Clerk will deliver to the Hill once we're clear about when they will be released.

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Senator Mitchell:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable George J. Mitchell
Majority Leader
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Mr. Chairman:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable Sam Nunn
Chairman
Committee on Armed Services
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Mr. Speaker:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable Thomas S. Foley
Speaker of the
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Senator Dole:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable Robert Dole
Republican Leader
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Senator Thurmond:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable Strom Thurmond
Ranking Minority Member
Committee on Armed Services
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Mr. Chairman:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable Ronald V. Dellums
Chairman
Committee on Armed Services
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Congressman Spence:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable Floyd Spence
Ranking Minority Member
Committee on Armed Services
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Congressman Michel:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable Robert H. Michel
Republican Leader
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Mr. Chairman:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

B Clinton

The Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Senator Hatfield:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable Mark O. Hatfield
Ranking Minority Member
Committee on Appropriations
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Mr. Chairman:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable William H. Natcher
Chairman
Committee on Appropriations
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Dear Congressman McDade:

On January 19, 1993, President Bush submitted a report on nuclear testing to the congressional defense committees that purports to respond to Section 507 of the Energy and Water Development Appropriations Act, 1993 (Public Law 102-377).

Notwithstanding the requirements of Section 507, the report submitted by President Bush did not contain a schedule for resuming the Nuclear Testing Talks with Russia, a plan for achieving a Comprehensive Test Ban (CTB) by 1996, a proposal for incorporating modern safety features recommended by the Drell Commission into U.S. nuclear weapons, or a plan for resuming a limited program of U.S. nuclear testing leading to a total cessation of tests in 1996.

Since the report submitted by President Bush did not comply with the substantial majority of the requirements of this legislation, I have determined that the report has no bearing on the provisions contained in Section 507(c) that prescribe the conditions upon which a limited program of U.S. nuclear testing could be resumed after July 1, 1993.

During my campaign, I supported the compromise on nuclear testing contained in Public Law 102-377. My Administration is currently preparing to review questions relating to the forum and modalities for negotiating a CTB and the related question of resuming a limited program of U.S. nuclear testing after July 1, 1993, as provided for under this legislation. I will submit a report pursuant to Section 507 of Public Law 102-377 as soon as this review is complete.

Sincerely,

Bill Clinton

The Honorable Joseph M. McDade
Ranking Minority Member
Committee on Appropriations
House of Representatives
Washington, D.C. 20515

chron
2/13/92

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Mr. Quincy Jones
1100 Belair Place
Los Angeles, California 90077

Dear Quincy:

I want to let you know how much I appreciate the special part you played in the Inaugural week activities. Your participation helped create a truly memorable occasion for me, for my family, and for the American people.

I am enclosing a copy of my Inaugural Address, as well as a copy of the beautiful poem Maya Angelou read at the swearing-in ceremony -- "On the Pulse of Morning." I hope you enjoy them.

Again, thank you for your contribution. I look forward to your continued support on our journey to reunite America.

Sincerely,

Bill

You did a magnificent job — Congratulations on the birth of your daughter.

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Mr. Kenny Gorelick
c/o Turner Management
3500 West Olive Avenue
Burbank, California 91505

Dear Kenny:

I want to let you know how much I appreciate the special part you played in the Inaugural week activities. Your participation helped create a truly memorable occasion for me, for my family, and for the American people.

I am enclosing a copy of my Inaugural Address, as well as a copy of the beautiful poem Maya Angelou read at the swearing-in ceremony -- "On the Pulse of Morning." I hope you enjoy them.

Again, thank you for your contribution. I look forward to your continued support on our journey to reunite America.

Sincerely,

Bill

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Ms. Goldie Hawn
500 South Buenavista
Burbank, California 91521-1640

Dear Goldie:

I want to let you know how much I appreciate the special part you played in the Inaugural week activities. Your participation helped create a truly memorable occasion for me, for my family, and for the American people.

I am enclosing a copy of my Inaugural Address, as well as a copy of the beautiful poem Maya Angelou read at the swearing-in ceremony -- "On the Pulse of Morning." I hope you enjoy them.

Again, thank you for your contribution. I look forward to your continued support on our journey to reunite America.

Sincerely,

Bill

Thanks -

THE WHITE HOUSE

WASHINGTON

February 12, 1993

LL Cool J
LL Cool J, Inc.
Post Office Box 219
Elmont, New York 11003

Dear LL Cool J:

I want to let you know how much I appreciate the special part you played in the Inaugural week activities. Your participation helped create a truly memorable occasion for me, for my family, and for the American people.

I am enclosing a copy of my Inaugural Address, as well as a copy of the beautiful poem Maya Angelou read at the swearing-in ceremony -- "On the Pulse of Morning." I hope you enjoy them.

Again, thank you for your contribution. I look forward to your continued support on our journey to reunite America.

Sincerely,

Bill

THE WHITE HOUSE

WASHINGTON

February 12, 1993

Mr. Wayland Holyfield
1136 Gateway Lane
Nashville, Tennessee 37220

Dear Wayland:

I want to let you know how much I appreciate the special part you played in the Inaugural week activities. Your participation helped create a truly memorable occasion for me, for my family, and for the American people.

I am enclosing a copy of my Inaugural Address, as well as a copy of the beautiful poem Maya Angelou read at the swearing-in ceremony -- "On the Pulse of Morning." I hope you enjoy them.

Again, thank you for your contribution. I look forward to your continued support on our journey to reunite America.

Sincerely,

Bill Thanks

CHRON
2/13/93

THE WHITE HOUSE

WASHINGTON

2/13

Dear Bill

Thanks again for all your public and private support - You've been really wonderful

Best,

Bill

Chron

DATE: 02/12/93

TO: HOWARD PASTER

FROM: JOHN D. PODESTA
Assistant to the President and
Staff Secretary

For an appropriate response.

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

February 12, 1993

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

After our phone conversation, I had a chance to consider more carefully the questions you raised and I wanted to provide you with these additional observations.

First, on the question of deficit reduction, I believe you should do your best to meet your stated goal of cutting the fiscal year 1997 deficit by $145,000,000,000. As I understand it, this would entail cumulative deficit reductions totalling approximately $400,000,000,000 for the period fiscal years 1994-1997. It seems to me that if you determine that it is not politically feasible to achieve deficit reductions of this magnitude, you should instead do what is achievable even if your deficit reduction goal is missed.

Second, on the question of the ratio of revenues to spending cuts, I do not agree with those who feel that we should have $2 in spending cuts for every $1 in additional revenues. Rather, I believe that it is entirely appropriate that revenues at least equal spending cuts. Furthermore, I urge you to consider a third category of deficit reduction and that is a category for elimination or reduction of tax subsidies for the wealthy or for particular businesses which have no national benefit. Apparently under the accounting methods used by OMB and CBO, elimination of tax subsidies is counted as revenue increases. However, despite this method of accounting, I do not know why you could not cite three categories of deficit reduction: namely, revenues or tax increases; entitlement and mandatory spending cuts; and elimination or reduction of tax subsidies.

I greatly appreciated the opportunity to speak with you earlier today.

With kind regards, I am

Sincerely,

Robert Byrd

Robert C. Byrd
Chairman

RCB:je:m

Chiron

DATE: 02/12/93

TO: HOWARD PASTER

FROM: JOHN D. PODESTA
Assistant to the President and
Staff Secretary

For an appropriate response.

432 CANNON BUILDING
WASHINGTON, DC 20515-0915
(202) 225-3871

DISTRICT OFFICES:
900 DIXON BOULEVARD
COCOA, FLORIDA 32922
(407) 632-1776

Congress of the United States
House of Representatives

JIM BACCHUS
15TH DISTRICT, FLORIDA

MEMBER:
BANKING, FINANCE AND URBAN AFFAIRS COMMITTEE

SCIENCE, SPACE, AND TECHNOLOGY COMMITTEE

SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES

February 11, 1993

The Honorable Bill Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20505

Dear Mr. President:

I was honored to meet with you today to discuss your economic proposals and appreciate your interest in my views about Space Station Freedom. I want to urge again your support for full funding for the Space Station and to reiterate the significant benefits that the Space Station will provide.

As I stated today, I agree with you that we need an aggressive, but fair strategy to reduce our budget deficit and restore long-term economic growth. But we also need to make the investments in science and technology that will propel our economy and create high-wage, high-growth jobs. I strongly believe that the space program and Space Station Freedom are an integral part of that mix. Historically, there has been a return of more than $7 to the private sector for every $1 dollar the U.S. has invested in space research and development.

Cancelling Space Station Freedom would end not only this one program, but also decimate our entire space program and certainly end for a generation the human exploration of space. As the Space Station will be the primary cargo for the Space Shuttle beginning in 1996, cancellation of Freedom would be tantamount to cancellation of the Shuttle program as well. We could lose not only the approximately 75,000 Space Station-related jobs, but also tens of thousands of Shuttle-related jobs at the Kennedy Space Center in my district and around the country. As the Space Station also is indispensable to preparing astronauts for the rigors of space travel, cancellation of Freedom would cripple our efforts to lead the world in human space exploration, with tremendous consequences for our economic competitiveness and international leadership.

It is clear that cancellation of the Space Station program would have serious international repercussions. Our international partners in Canada, Europe, and Japan have committed about $8 billion to the program and would lose much of their investment. They would rightly question further cooperation with the United States in international science projects and very likely develop partnerships without us to undertake such endeavors. Especially in the area of space, the ingredients are in place for others to step into a void left by the United States: Russia has the technology and certainly would welcome the capital others can provide to undertake such ventures.

I share your concerns about recent reports of cost overruns in the Space Station program. But I am confident that through streamlined management and other corrective measures, NASA will be able to bring the project within its budget. The House Subcommittee on Space, of which I am a member, has scheduled a hearing on this issue, and I can pledge to you that we will do everything we can to make sure NASA is accountable for every dollar spent on this program. I also want to point out that the best safeguard against future cost increases is full funding now, as delays can only increase the overall cost of the project.

In summary, I would like to quote from a speech Vice President Gore delivered in my district in October: "The cancellation of the Space Station Freedom would do more to destroy our leadership in space than anything else."

Mr. President, I urge you to commit yourself to the completion of Space Station Freedom. In so doing, you can spur economic growth at home, while ensuring continued American leadership in international scientific cooperation and in the exploration of space.

Sincerely,

Jim

Jim Bacchus
Member of Congress

JB:vvw

THE WHITE HOUSE

WASHINGTON

February 10, 1993

Mr. Gerry Mulligan
2 Peach Hill Road
Darien, Connecticut 06820

Dear Gerry:

I want to let you know how much I appreciate the special part you played in the Inaugural week activities. Your participation helped create a truly memorable occasion for me, for my family, and for the American people.

I am enclosing a copy of my Inaugural Address, as well as a copy of the beautiful poem Maya Angelou read at the swearing-in ceremony -- "On the Pulse of Morning." I hope you enjoy them.

Again, thank you for your contribution. I look forward to your continued support on our journey to reunite America.

Sincerely,

Bill Thanks!

THE WHITE HOUSE

WASHINGTON

February 10, 1993

Ms. Annette Bening
Mr. Warren Beatty
Suite 200
2980 Beverly Glen Circle
Los Angeles, California 90077

Dear Annette and Warren:

I want to let you know how much I appreciate the special part you played in the Inaugural week activities. Your participation helped create a truly memorable occasion for me, for my family, and for the American people.

I am enclosing a copy of my Inaugural Address, as well as a copy of the beautiful poem Maya Angelou read at the swearing-in ceremony -- "On the Pulse of Morning." I hope you enjoy them.

Again, thank you for your contribution. I look forward to your continued support on our journey to reunite America.

Sincerely,

Bill

Thanks for being there -
I'm sorry we didn't
get to visit

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/12/93

NOTE FOR: MACK MCLARTY
HOWARD PASTER
CAROL RASCO

The President has reviewed the attached, and it is forwarded to you for your:

Information ☐

Action ☐

[redacted]

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

[redacted]

cc:

THE WHITE HOUSE
WASHINGTON

February 11, 1993

[redacted]

MR. PRESIDENT:

Mack, Mark and Carol have seen and ok'd the Podesta/ Stern summary memo.

John Podesta

Message Circus
Legis Strategy
~~[illegible]~~
St. Lt Admin Chair

[redacted]

[redacted]

THE PRESIDENT HAS SEEN
2/12/93

THE WHITE HOUSE

WASHINGTON

February 11, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA JDP
TODD STERN TDS

SUBJECT: Childhood Vaccination Initiative

Attached is a February 7 decision memorandum from Donna Shalala (Tab B) together with a February 11 addendum (Tab A) recommending a major initiative to assure that American children are adequately immunized against infectious disease.

Sec. Shalala's initial memo recommended (1) inclusion of sufficient money in the economic stimulus package to begin funding measures to improve public immunization infrastructure and (2) introduction of comprehensive legislation -- including universal purchase of vaccines by the federal government -- as quickly as possible following your February 17 address to Congress.

OMB raised significant concerns regarding the "extraordinarily ambitious" scope of the proposed legislation -- citing such elements as universal purchase, a nationwide tracking system, and the creation of a new appropriated entitlement. OMB also raised concerns about new costs and whether the proposal would fit within the resources allocated during preliminary FY 94 budget decisions. Howard Paster raised concerns about the potential adverse impact a free-standing immunization bill could have on your larger health care initiative.

In the Addendum, Sec. Shalala proposes that you do the following:

(1) Announce at tomorrow's event your intention to submit, as part of your stimulus package, an immediate $300 million infusion of funds to improve immunization services, education and outreach;

(2) Announce tomorrow that you have directed the Secretary of HHS to develop a comprehensive legislative package;

(3) Direct the Secretary of HHS to enter into immediate negotiations with drug manufacturers to provide lower cost vaccines to states for all programs administered by HHS;

(4) Introduce free-standing immunization bill, including universal purchase, within the next few weeks, with prompt committee hearings and movement toward a markup -- but hold the final bill for inclusion in the reconciliation package.

Howard Paster sharply disagrees with introduction of any free-standing immunization bill. **See attached Paster memo.** (Tab C)

Carol Rasco has reservations about the recommendation to introduce separate legislation in the next few weeks, describing this as a political call in terms of how we deal with Congress and the drug companies. Her comments are penned in on the February 11 Shalala memo.

Note that the first three recommendations could be decided without, at this time, resolving whether to introduce the free-standing bill recommended by Sec. Shalala. An early draft of your statement for tomorrow is also attached (Tab D), which does not reference the fourth recommendation.

Recommendation (1) -- Announce $300 million infusion

Approve [✓]   Disapprove [ ]   Discuss [ ]

Recommendation (2) -- Announce development of legislation

Approve [✓]   Disapprove [ ]   Discuss [ ]

Need to discuss

Recommendation (3) -- Announce negotiations with drug cos.

Approve [✓]   Disapprove [ ]   Discuss [✓]

Recommendation (4) -- Introduce free-standing bill, including universal purchase, in next few weeks

Approve [ ]   Disapprove [ ]   Discuss [✓]

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

February 11, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: DONNA E. SHALALA

SUBJECT: Addendum to Decision Memorandum of February 7, 1993 Concerning Legislative Initiative to Comprehensively Address the Nation's Childhood Immunization Crisis

We have received the budget passback from the Office of Management and Budget (OMB) which contains $300 million in FY93 immunization funding to begin the process of rebuilding our infrastructure and financing necessary education and outreach activities. We believe that the $300 million is a major investment in childhood immunization and should be heralded in this context in your announcement tomorrow. It will enable the Department to initiate vital activities to overcome the tragic neglect of the last twelve years.

We have also developed in consultation with key congressional staff the specifications for a Comprehensive Legislative Initiative that includes universal purchase of vaccines, the development of a national tracking system, and other long-range improvements in the current immunization program. Since this initiative funds the universal purchase program through new mandatory spending authority and suggests as an option a special research and development investment tax credit to encourage continued research in childhood immunizations, it has not cleared OMB and the Treasury Department at this time.

We would suggest that you announce tomorrow that you have directed the Secretary of Health and Human Services to develop a Comprehensive Legislative Package for early submission to the Congress without specifying the details. This would enable us to work through the specifics with OMB and the Treasury Department and to build additional support in Congress.

We believe that the legislative package should ultimately be considered as part of the reconciliation legislation and that a specific funding source for the universal program be identified in this context. This should remove congressional concerns about funding (an option to consider is identifying a funding source in the introduced bill). We would recommend that the legislation be introduced within the next few weeks and that the committees begin hearings and move toward a mark-up, but that the final package be held until reconciliation.

This will be a political call- both in terms of how we deal with Congress and the drug manufacturers. CHR

In the discussions concerning the development of the comprehensive initiative between Department staff and staff from key Senate and House Members (Kennedy, Riegle, Bumpers, Waxman, Dingell, and Rostenkowski), it became clear that the congressional staff are concerned by the impact of a Universal Purchase Program on future research and development activities for new vaccinations. There is tremendous enthusiasm for the remainder of the Initiative (increased funding for infrastructure, education, and outreach activities, a universal tracking system, and reauthorization of the Vaccine Injury Compensation Program.)

Staff feel that the Members will support an Initiative with a universal purchase provision, despite their concerns, but they will not have much "fire in their bellies," particularly if vaccinations will be a mandated benefit under the National Health Insurance Reform.

Despite staff concerns, Marian Wright Edelman informed me this morning that in her conversations yesterday with Senator Kennedy and Congressman Waxman, that they did not share the reservations of their staff with regard to the universal purchase feature. Senator Riegle's staff informed Department staff this morning that he would enthusiatically support this initiative even with his reservations over the impact of a universal purchase program on future research and development activities.

In summary, let me emphasize my strong support for a universal purchase program. Therefore, I recommend that you announce tomorrow your intention to submit, as part of the stimulus package, a $300 million immediate infusion of funds into immunization activities, and that you have directed the Secretary to develop a comprehensive package. (I assume that you will also direct the Secretary to immediately enter into negotiations with the drug manufacturers to provide reduced price vaccines to states for all programs administered by the Department.) No final decision on this.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

February 7, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: DONNA SHALALA
SECRETARY OF HEALTH AND HUMAN SERVICES

SUBJECT: Legislative Initiative to Comprehensively Address the Nation's Childhood Immunization Crisis

I. ACTION-FORCING EVENT

We understand that you plan to include in your State of the Union Address a proposal for swift enactment of a comprehensive initiative to assure that all American children are adequately protected against preventable infectious disease. This initiative is a cornerstone of your prevention strategy. It is both a first phase of your overall plan to reform the American health care system and a free-standing effort aimed at addressing a fundamental matter of public health safety for all Americans. It reflects two promises made during the 1992 Presidential campaign: to assure all children access to preventive health services; and to control drug prices which now are escalating at three times the rate of inflation.

In order to have this initiative ready for introduction with key Congressional support immediately following your State of the Union Address, we need your approval to prepare legislation. The Department, in cooperation with the Domestic Policy Council, will develop legislation. In doing so, we plan to intensively consult key Members of Congress.

In readying the information and recommendations contained in this Memorandum, we have had wide-ranging discussions with experts both within and without the Department. We also have consulted with the First Lady in her capacity as head of the Interagency Health Reform Task Force.

II. BACKGROUND ANALYSIS

A. The Problem

Like clean water, immunization against preventable diseases constitutes not only medical care but a basic public health protection. A stable, reliable, easily accessible, and affordable vaccination system is a tenet of all civilized nations. Indeed, so basic is the need for vaccination against disease that the United Nations has undertaken special childhood immunization efforts throughout the world as a fundamental public health measure.

In 1979, the Surgeon General of the United States established a series of public health goals for the nation, which were to be achieved by 1990. One of the most important goals was protecting all children against infectious, vaccine preventable disease. In order to achieve this goal, it was deemed essential that by 1990, at least 90 percent of all children under age two should be fully immunized.[1]

The Surgeon General set clear outcome measures for determining whether the childhood immunization goal would be met. In the case of vaccine preventable disease, the outcome measure used was the number of preventable disease cases nationally in 1990. With respect to measles, for example, the Surgeon General estimated that successful immunization efforts would reduce the number of cases nationally to no more than 500 by 1990.

By 1990, however, only 60 to 70 percent of all infants and toddlers were fully immunized against preventable disease.[2] In some large cities, pre-school immunization levels as low as 10 percent have been reported by the Centers for Disease Control (CDC). Rather than improving immunization levels among America's youngest children they actually appear to have declined slightly.

Unacceptably low immunization levels pose a basic health threat to very young children. Moreover, very low immunization rates permit controllable diseases to spread throughout communities. A clear example of this phenomenon was the measles epidemic which swept the nation between 1989 and 1991. According to the CDC, the epidemic produced 55,467 cases of measles in three years. In 1990 alone, the year in which there were to be no more than 500 measles cases nationwide, there were more than 27,000 cases. One hundred and sixty people (by and large children) died. Most of these deaths were considered preventable.

---

[1] While 100 percent of all children should be vaccinated, a 90 percent immunization rate constitutes the minimum level required to assure community-wide protection against disease (often referred to as "herd immunity").

[2] Indeed, because the nation made no progress, the goal of protecting all children was postponed until the Year 2000.

The 1989-91 measles outbreak also produced significant and avoidable health care costs. Each dollar spent to immunize children has been estimated to save between ten and fourteen dollars. The recent measles epidemic illustrates these numbers. The outbreak produced 11,260 separate hospitalizations and 44,100 hospital days. Avoidable hospital costs alone amounted to more than $20 million. These costs do not include either medical or the long term health, educational or social costs associated with measles and its complications. Experts believe that further outbreaks of measles and other preventable diseases will occur without significant improvement in childhood immunization levels.

B. Barriers

Health officials point to many factors underlying low immunization levels among American children. These are:

1. A significantly eroded public health care infrastructure which has further limited the availability of essential immunization services in inner city and low income communities. Publicly funded health programs, such as community and migrant health centers, rural health clinics, the National Health Service Corps, county and city health clinics, and public hospital clinics, are a principal source of care for low income patients. These clinics by definition are located in areas where poverty impedes access to health care and increases risks to health.

These programs are substantially under-funded. They do not have adequate staff. They cannot afford to remain open on nights and weekends. They do not have a sufficient supply of publicly purchased free vaccine. They do not have the community workers they need to find and assist particularly hard-to-reach families, whose children remain un-immunized.

As a result, the recent measles outbreak struck poor children with particular severity. Based on a 10-city study, the Public Health Service has estimated that between 40 and 91 percent of unvaccinated infants who developed measles were enrolled in public assistance programs.

2. High vaccine prices that make immunizations purchased outside the federal CDC procurement system all but unaffordable. Currently the CDC purchases half of all vaccines used in the U.S. These vaccines are sent to state health agencies which in turn distribute them to local clinics. In New England and Washington State, state health agencies purchase additional vaccines through CDC to

distribute directly to private physicians. In this way, physicians receive free vaccines purchased at a reduced price, participate in state immunization efforts, and charge families only a modest administration fee (if anything at all). In recent years, in response to high vaccine prices, several other states, including Texas, South Carolina and Hawaii, have sought to establish these programs but their efforts to buy additional vaccines through the CDC contract have been rejected by manufacturers as "against public policy".

Childhood vaccine price increases over the past decade have been dramatic. For example, in 1981 a dose of DPT vaccine cost $.33. By 1991, the cost of the same vaccine dose had risen to $9.97 -- a 2,921% increase.

At the price private physicians now must pay, it costs $ 245 for the vaccine alone for families with children cared for by private doctors to fully immunize each child against preventable disease. With the cost of injecting the vaccine included, each dose of vaccine costs a family about $45.00.[3] Children need 18 separate doses of vaccine to be fully immunized.[4]

Paying for vaccinations out-of-pocket poses a significant burden on lower income working and uninsured (or underinsured) families. This is particularly true for young families, who are most likely to have young children and who have seen their real earning levels decline substantially over the past 20 years. Reimbursement for vaccine at the full market rate also poses a major cost problem for private insurers and for both the Medicare and Medicaid programs.

The escalating cost of privately administered vaccines has led an increasing number of physicians to send families to public clinics, where vaccinations are cheaper. The same vaccination series that costs $196.00 in a private physician's office costs only $96.00 in a public clinic. It is no surprise, therefore, that families are routinely sent to public clinics. But many may fail to ultimately get the vaccine for their children because of the burdens imposed by multiple visits.

---

[3] The CDC estimates that it costs about $5.00 to administer an injection in a public clinic.

[4] This includes 2 doses of oral polio vaccine, 2 measles/mumps/rubella vaccinations, 3 vaccinations against Hepatitis B, 4 vaccinations against hemophilus influenza, 3 vaccinations against diphtheria, pertussis and tetanus, and 2 vaccinations against acellular pertussis.

Experts agree that opportunities to immunize children cared for by private physicians thus are being lost. At least one-third of the children with measles during the 1989-1991 outbreak had at least one previous visit at which an opportunity for vaccination was lost. This shift of privately cared for children into the public system is also adding to the strain on the public system.

3. Poor provider understanding about appropriate immunization practices (such as the acceptable practice of giving multiple vaccines in a single visit) that leads them to under-immunize children.

4. The lack of a national tracking system (like the vital statistics system for recording births and deaths) which helps local, state and federal officials identify and vaccinate children who remain unvaccinated. A tracking system is deemed essential by public health officials. It permits them to measure the current immunization status of a community, not merely guess at it. Without a tracking system the nation has no accurate, "real time" information on immunization status and cannot respond to potential crises. Federal officials literally cannot measure with accuracy whether basic public health goals have been met.

5. The failure to develop safer, simpler vaccines through aggressive research. Although manufacturers claim they are spending billions of dollars on vaccine research, results have been inadequate. The NIH does not have sufficient research stimulus funds[5] to generate an appropriate level of effort targeted on childhood immunization. Left to establish their own research priorities, manufacturers have not moved swiftly enough to bring safer and more efficient vaccines to market. Indeed, the sheer number of separate vaccinations children must now receive to be adequately immunized may be contributing to under-immunization. Parents simply do not understand that children need 18 separate vaccinations.

6. Insufficient funding for the FDA to assure that new vaccines are rapidly tested for safety and efficacy. This further slows innovation in research.

---

[5] According to the Public Health Service, NIH research funds now represent 10 percent of all funds spent on immunization research.

7. <u>A troubled, non-functioning vaccine compensation system</u> which lacks sufficient funding to settle backlogged cases, is applying dated standards, and whose funding base for future cases is no longer authorized. In 1986 a federal vaccine compensation program was developed in order to address manufacturers' concerns over their liability for vaccine related injuries (they threatened to cease production of vaccines altogether). The system is now in need of repair in several respects. Four thousand cases arising prior to enactment await action and settlement and cannot be resolved without additional appropriations. Legislation authorizing a special vaccine excise tax to settle post-enactment vaccine injury claims has expired. Without a functioning compensation program, continued involvement by both manufacturers and physicians in vaccination activities is potentially in question.

8. A related problem is that federally developed informed consent materials (written information used to educate families about potential vaccine dangers to their children) are considered unnecessarily complex and difficult for families to understand. It may have a deterrent effect on both the families who read it and on physicians' willingness to provide immunization services.

C. <u>An Action Plan</u>

Experts both within and without the federal government have made numerous recommendations for effectively addressing all of these problems. Virtually all of these recommendations are contained in an Immunization Action Plan which was developed by the Public Health Service and which calls for improvements in both public and private immunization delivery systems. The plan is comprehensive. Yet it remains virtually non-implemented because of a lack of interest and commitment by the Reagan and Bush Administrations. The Action Plan's recommendations mirror approaches to vaccine purchase, distribution and administration used in virtually all industrialized nations with private health insurance systems.

The recommendations include the following elements:

1. An infusion of funds to improve and strengthen publicly funded primary health care programs. This means increased funding to local health departments, community and migrant health centers, rural health clinics, the National Health Service Corps, and other vital "safety-net" providers of

health care for low income and medically underserved patients. These clinics all need a stable supply of vaccine. They also need additional staff and operating resources to both furnish immunizations and to provide the primary health care for children that should accompany immunizations.

With funds included in the economic stimulus package, these improvements can begin as early as this summer.

2. A new system under which the federal government would purchase the vaccines needed by both public and private providers at a negotiated rate. Manufacturers would ship vaccines directly to physicians, clinics and other providers. These health providers would, in turn, charge families only a modest administration fee. Such a system also would permit the establishment of a national tracking system, since all providers participating in the vaccine distribution system would, like hospitals delivering babies, provide state and federal agencies with information about each child immunized. Insurers such as Medicare, Medicaid and private insurers potentially would realize significant savings, since vaccines would be bought and shipped in a coordinated fashion through negotiated rates.

Families and insurers (including Medicare and Medicaid) would therefore pay only a modest administration fee, regardless of whether patients receive care from public clinics or private doctors. The crisis of missed opportunities would be reduced dramatically, with potentially enormous financial savings to families, insurers and state health agencies.

3. Assurance of a stable funding source for vaccine infrastructure, purchasing and delivery activities that is based on mandated spending through a capped entitlement not subject to year-to-year variations (as is the case with discretionary appropriations). The number of needed doses is known and the prices can be negotiated. In this way, financing for vaccine activities would keep pace with the appropriate cost of a comprehensive vaccination effort. This type of budgeted and stabilized financing arrangement is consistent with your long-range thinking about how to purchase health care generally.

4. Funds to develop and maintain a vaccine tracking system, tied to the distribution of vaccines, that permits patient tracking and community surveillance.

5. Reforms in the vaccine compensation program so that it is once again operational, as well as simplification of the vaccine information materials in order to reduce the burden on families and providers. Funds will be needed in both Fiscal 1993 and Fiscal 1994. Additionally, the taxing authority for post-enactment claims will need to be extended.

6. A new approach to vaccine research that emphasizes funding through NIH (rather than less reliable, indirect funding through profits to manufacturers) for childhood vaccine research.

7. Increased funding to the FDA to improve and simplify approval systems and strengthen safety and oversight activities.

8. Funds for renewed international vaccine efforts in cooperation with the World Health Organization and UNICEF. According to the Public Health Service, the nation's experience with smallpox showed that the $32 million spent by the U.S. to help eradicate smallpox worldwide through a combined international effort has led to savings of $600 million annually.

9. Educational efforts aimed at patients and health providers to inform them about the importance of vaccinations (and in the case of providers, safe and effective immunization practices).

10. Involve the private sector in community vaccination efforts and make community vaccination outreach a key element of your National Service program.

D. Support for these recommendations

Support for improving immunization levels through these comprehensive reforms is widespread. Supporters include experts in public health, pediatricians, the Public Health Service, many Members of Congress, children's advocates and others. Key individual and organizational support comes from Mrs. Carter and Mrs. Bumpers and their childhood immunization effort (known as Every Child by Two), Marian Wright Edelman and the Children's Defense Fund, the American Academy of Pediatrics, (particularly its incoming President, Dr. Betty Lowe), the March of Dimes, and others.

E. <u>Opposition to the reforms</u>

Only two of the reforms described above have generated significant opposition. These are proposals to simplify vaccine information materials and to establish a universal vaccine purchasing program for all families.

<u>Simplification of vaccine material:</u> This is opposed by an organization known as Dissatisfied Parents Together, a group consisting of several thousand families with children who allege injury by vaccine.

<u>Universal purchasing:</u> This system is adamantly opposed by the manufacturers, as well as by Dissatisfied Parents (which opposes any effort to increase access to vaccines). In addition, a number of key industry critics are concerned by one issue as described in the first bulleted argument.

Manufacturers make several arguments. These are:

o first, that by reducing current profit levels, a coordinated purchasing arrangement will cut into vaccine research (industry critics also are concerned about retaining sufficient funding levels for research efforts);

o second, that such a system will provide free vaccines to rich children; and

o third, that prudent purchasing lead them to give up the production of vaccine altogether.

The industry is extremely powerful. We believe that it will fight this effort because of its precedent-setting value.

F. <u>Responding to opposing arguments</u>

Public health experts, children's advocates, health care providers, and public officials respond strongly to these points. With respect to the parents group's concerns about the safety of vaccines, experts uniformly reply that the dangers associated with not vaccinating children vastly outweigh those associated with childhood immunization.[6]

---

[6] Indeed, a new study from the National Academy of Sciences calls into question earlier conclusions about the injury potential of certain vaccines. At this time, there are widespread recommendations for tightening the Vaccine Injury Table contained in the Vaccine Compensation Act. Experts believe that many of these injuries are in fact not traceable to vaccines.

With respect to the manufacturers' arguments, public health officials respond as follows:

<u>Research and marketing concerns:</u> there is no evidence to suggest that negotiated rates will so reduce manufacturers' profits as to make research impossible. Indeed, many question whether funds paid to manufacturers for research have achieved adequate results. No one has suggested a negotiated rate so low that research can no longer be supported. Moreover, it may be preferable to directly fund added research through direct allocations out of a mandated spending fund (rather than by building it into the price) in order to increase childhood immunization research efforts.

Additionally, developing a strong and stable purchasing system for vaccines may have the opposite effect from that predicted by the manufacturers. Companies that left the business of vaccine production conceivably could be attracted back into the business through a more stable financing system with integrated purchasing and liability protection.

It is also important to note that manufacturers have produced no evidence showing that even the reduced price paid by CDC would harm them financially. Indeed, the CDC price may be equal to or greater than prices paid by other first world countries. Even the CDC price appears to be well above the CPI rate of growth.

It appears that manufacturers are realizing large profits without demonstrating sufficient reforms and improvements for children. Moreover, in no other Western industrialized country but South Africa is access to so basic a child health service as vaccine directly tied to family wealth.

<u>Concerns about vaccines for well-to-do children</u>: The most direct response to this concern is that unlike many other forms of medical care, vaccination is such a basic public good that, like clean water, it simply must be available to all. Moreover, families will continue to pay for the actual administration of vaccines if they are well off. The only issue is whether they should pay for vaccines themselves at the point of service. To make families do this is like forcing families to pay for a drink of clean water every time they turn on the tap. This is simply not the way to manage a basic public health need.

Paying for vaccines through a government purchasing system means that the vaccines have been paid for by families in advance of when they are actually needed by children. In this way, a child's access to vaccine is never dependent on his or her family's particular circumstances.

In short, the notion that it is against public policy to furnish free vaccines to children is incorrect in its basic assumption that the vaccines are "free". A coordinated purchasing system changes only when vaccines are paid for, not whether they are paid for. Moreover, the argument overlooks the unique nature of vaccines.

Threats of market pull-out: There is no evidence that this would happen if purchasing systems are mandated and stabilized. Indeed, as noted above, a more stable market might attract additional manufacturers. The only time that manufacturers withdrew from vaccine production was when their liability was at issue. This problem has now been addressed.

III. RECOMMENDATIONS

We recommend proceeding with the above-outlined reforms. Substantial consensus exists on all of the reforms discussed above except revising the informed consent materials and establishing universal purchasing. We believe industry critics who oppose universal purchasing will support it if, as recommended here, the system is financed through a stable, mandated funding source that includes sufficient funding for research. Repairing the vaccine compensation act and establishing universal purchasing will generate opposition. But experts agree that these reforms are essential to a successful effort to address the childhood immunization crisis in the U.S.

Opposition will be strong, particularly in the case of manufacturers. They understand the power of this issue and its precedent setting quality. They can influence many Members of Congress. This is also a particularly complex piece of legislation that requires many separate statutory reforms. Crafting the legislation will involve resolving a broad array of issues. Strong Presidential involvement will be needed to bring this initiative to fruition.

However, these reforms are essential to families who cannot meet the cost of health care for their children. They represent an extremely important step in containing the cost of vaccine and in promoting its availability. And this initiative allows you to take an early leadership role in national health reform on a "bellwether" issue of central concern to families and children.

For these reasons we recommend a two-step process:

1. Inclusion in the economic stimulus package of sufficient funds to permit initial implementation of the public investment reforms.

2. Introduction, and passage as quickly as possible, of comprehensive legislation that addresses all of the issues contained in this memorandum on a permanent basis.

IV. DECISION

✓ Approve ______ Approve as Amended

______ Reject ______ No Action

cc: Hillary Rodham Clinton

Need to discuss
legis strategy w/
(& support)
[Panetta

THE WHITE HOUSE

WASHINGTON

P1:04

THURSDAY, FEBRUARY 11, 1993

MEMORANDUM FOR JOHN PODESTA

FROM: Howard Paster HP

SUBJECT: Immunization bill

I object strenuously to reopening the question of a free-standing bill on immunization. I assured Chairman Rostenkowski on Tuesday we would not create a problem for him, and he agreed to support the program. The last paragraph in the HHS memo of this date runs counter to the commitment I made subsequent to our meeting in the Oval Office on Tuesday.

The Director of OMB has had a similar conversation with Chairman Rostenkowski, because of a previous attempt to undo the commitment made to the Ways and Means Chairman. I urge that Mr. Panetta be consulted.

Statement of The President
Arlington County Department of Human Services
February 12, 1993

Good morning.

Today is a landmark day in the fight to protect the health of millions of American children. And I can think of no better place to announce a new immunization policy than right here on the front lines of the fight to provide accessible and affordable health care to every family.

I'm pleased to be joined here by a number of children's champions: Secretary of Health and Human Services Donna Shalala, Senator David Pryor -- with whom I've worked for years on children's issues -- and Representative Jim Moran. Our thanks to Sue Adams, the director of this clinic, and the rest of her staff, for opening up this facility to us this morning.

This week, I was startled to read of the case of Rodney Miller, a 20-month-old-child who lives in Miami. Rodney is currently being treated for meningitis in Jackson Memorial Hospital. He is there because his family could not afford the twenty-one dollars and forty-eight cents that a meningitis vaccine costs. The bill for his stay in the hospital has already topped forty-six thousand five-hundred dollars.

In the health care policy that our national task force, under the direction of the First Lady, is developing, nothing is more important than preventive care. Today American taxpayers are getting hit with ten dollars in avoidable health care costs for every one dollar we could spend on immunization. The recent resurgence of measles in this country afflicted over fifty-five thousand children and cost twenty-million dollars to treat. Prevention would have cost one million dollars. And those figures do not begin to take into account the terrible human cost -- to our families and our businesses -- that such inaction produces.

The price of vaccines, meanwhile, is rising at six times the rate of inflation. An immunization package that cost twenty-three dollars ten years ago runs more than two hundred dollars today. In a public clinic, the cost of full immunization has leapt from seven dollars to ninety.

Manufacturers cite the costs of research and development to defend the rising price of vaccines. Nobody wants research to slow down but let's be clear about what's really happening. The pharmaceutical industry is spending one billion dollars more each year on advertising and lobbying than it does on developing new or better drugs. Meanwhile, its profits are rising four times faster than the average Fortune 500 company. [insert foreign figures]

To make matters worse, the makers of vaccines have refused to make their products available to states at affordable costs -- or even, in some cases, to talk about it. The idea is simple: states order large quantities of vaccines and should receive lower prices. But while ten states have succeeded in negotiating agreements that allow them to immunize all their children, manufacturers are now balking at starting talks with other states. Just recently, Texas, South Carolina and Hawaii were turned away at the door.

Our message to the drug companies today is: "Change your priorities. You're not going to profit at the expense of our children. These practices must stop."

But dealing with the cost of vaccinations will not be enough. We must also improve the delivery of preventive health care.

Here at this clinic, and across the country, Hillary and I have seen the signs of an overburdened system. Our states and cities are struggling against increasing odds. Public facilities are overwhelmed by new patients as middle class families, who could once afford to use private providers, seek cheaper vaccines in clinics. Public health programs are understaffed, underfunded and underquipped. They have little or no ability to monitor who's protected and who isn't. And education efforts don't reach the families most in need.

The clinic we're standing in today is a perfect example of the struggles and success that parents and health care providers face. In the last two years Arlington County has made great progress; the number of immunized two-year-olds has jumped by almost 50 percent. But here, and across our nation, we must do so much more.

Today I am announcing a three-part policy that will protect our children's future while saving taxpayers millions of dollars.

First, I'm pleased to announce that the stimulus program which we'll outline on Wednesday will include two hundred million dollars (cq) to make vaccines more widely available. These funds will not only help public programs buy more vaccines, but also be used to improve state outreach efforts. Those funds will mean extended clinic hours, more staff, increased education efforts and the resources to create a national tracking system.

Second, I am directing Secretary Shalala to negotiate with the drug manufacturers so that states can buy vaccines at affordable prices. There is no good reason why a child in Texas is unable to receive vaccination while a child in Massachusetts can. We are not going to stand by as this kind of inequality continues.

Finally, our health care task force is currently preparing legislation that will guarantee that every child has access and coverage to immunization. It is unacceptable that the United States is the only industrialized country which does not fully fund or fully reimburse the cost of immunization.

It's ironic, too, that the country which develops and produces the majority of the world's vaccines does not have an effective or affordable mechanism for distributing them. The steps I'm taking today will go a long way toward solving that dilemma -- and will make sure that excessive corporate profits do not stand in the way of protecting our children's health. We will not stop until preventible childhood diseases no longer threaten our families.

THE WHITE HOUSE
WASHINGTON

DATE: 02/12/93

TO: GEORGE STEPHANOPOULOS

FROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.

THE WHITE HOUSE
WASHINGTON

DATE: 02/12/93

TO: MACK MCLARTY

FROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.

0384

THE WHITE HOUSE

WASHINGTON

February 9, 1993

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: ANTHONY LAKE

SUBJECT: Report to Congress on Iraq

Purpose

To transmit to Congress a report on the Iraqi emergency stressing the need to maintain U.S. support for the UN's economic sanctions.

Background

You are required by the International Emergency Economic Powers Act to report every six months to Congress on the status of the Iraqi emergency which was enacted by Executive Order No. 12722 on August 2, 1990. This order provides the mechanism for U.S. compliance with UN sanctions against Iraq.

Treasury has prepared the report (Tab A) which has inter-agency clearance. The report summarizes the activities undertaken by the U.S. government in the last six months to comply with the economic embargo of Iraq. It notes that Iraq continues to violate the human rights of its citizens, continues to deprive them of humanitarian assistance, continues to be in non-compliance with UN Security Council Resolutions, and continues to pose a threat to regional peace and security. It concludes that the emergency orders and sanctions need to remain in effect.

This report should be sent to Congress this week.

RECOMMENDATION

That you sign the report to Congress on Iraq at Tab A.

Attachments

Tab A Report to Congress

Tab B Letter from Treasury Secretary

Tab C Copy of August 1992 Report

TO THE CONGRESS OF THE UNITED STATES:

I hereby report to the Congress on the developments since the last report of August 3, 1992, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to sections 401(c) of the National Emergencies Act ("NEA"), 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c).

Executive Order No. 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a U.S. person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders Nos. 12724 and 12817 (the "Executive Orders"). The report covers events from August 2, 1992, through February 1, 1993.

1. On October 21, 1992, President Bush issued Executive Order No. 12817, implementing in the United States measures adopted in United Nations Security Council Resolution ("UNSCR") No. 778 of October 2, 1992. UNSCR No. 778 requires U.N. member states temporarily to transfer to a U.N. escrow account up to $200 million apiece in Iraqi oil proceeds paid by the purchaser after the imposition of U.N. sanctions on Iraq. These funds finance Iraq's obligations for U.N. activities with respect to Iraq, including expenses to verify Iraqi weapons destruction and to provide humanitarian assistance in Iraq on a nonpartisan basis. A portion of the escrowed funds will also fund the activities of the U.N. Compensation Commission in Geneva, which will handle claims from victims of the Iraqi invasion of Kuwait. The funds placed in the escrow account are to be returned, with interest, to the member states that transferred them to the U.N., as funds are received from future sales of Iraqi oil authorized by the United Nations Security Council. No member state is required to fund more than half of the total contributions to the escrow account.

Executive Order No. 12817 authorized the Secretary of the Treasury (the "Secretary") to identify the proceeds of the sale of Iraqi petroleum or petroleum products paid for by or on behalf of the purchaser on or after August 6, 1990, and directed United States financial institutions holding such funds to transfer them to the Federal Reserve Bank of New York ("FRBNY") in the manner required by the Secretary. Executive Order No. 12817 further directs the FRBNY to receive, hold, and transfer funds in which the Government of Iraq has an interest at the direction of the Secretary to fulfill U.S. rights and obligations pursuant to UNSCR No. 778.

2. The economic sanctions imposed on Iraq by the Executive orders are administered by the Treasury Department's Office of Foreign Assets Control ("FAC") pursuant to the Iraqi Sanctions

Regulations, 31 CFR Part 575 ("ISR"). The ISR were amended on September 1, 1992, to revoke section 575.603, which had required U.S. financial institutions to file monthly reports regarding certain bank accounts in which the Government of Iraq has an interest. While this information was needed during the early implementation of the regulations and for a period thereafter, it is no longer required on a monthly basis and can be obtained by FAC on a case-by-case basis as required. The amendment is in harmony with President Bush's Regulatory Initiative.

3. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. These are intended to deter future activities in violation of the sanctions. Additional civil penalty notices were prepared during the reporting period for violations of the IEEPA and ISR with respect to transactions involving Iraq. Penalties were collected, principally from financial institutions which engaged in unauthorized, albeit apparently inadvertent, transactions with respect to Iraq.

4. Investigation also continues into the roles played by various individuals and firms outside Iraq in Saddam Hussein's procurement network. These investigations may lead to additions to the FAC listing of individuals and organizations determined to be Specially Designated Nationals ("SDNs") of the Government of Iraq.

5. Pursuant to Executive Order No. 12817 implementing UNSCR No. 778, on October 26, 1992, FAC directed the FRBNY to establish a blocked account for receipt of certain post-August 6, 1990, Iraqi oil sales proceeds, and to hold, invest, and transfer these funds as required by the order. On the same date, FAC directed the eight United States financial institutions holding the affected oil proceeds, on an allocated, pro rata basis, to transfer a total of $200 million of these

blocked Iraqi assets to the FRBNY account. On December 15, 1992, following the payment of $20 million by the Government of Kuwait and $30 million by the Government of Saudi Arabia to a special United Nations-controlled account, entitled UNSCR No. 778 Escrow Account, the FRBNY was directed to transfer a corresponding amount of $50 million from the blocked account it holds to the United Nations-controlled account. Future transfers from the blocked FRBNY account will be made on a matching basis up to the $200 million for which the United States is potentially obligated pursuant to UNSCR No. 778.

6. Since the last report, one case filed against the Government of Iraq has gone to judgment. *Consarc Corporation v. Iraqi Ministry of Industry and Minerals et al.*, No. 90-2269 (D.D.C., filed December 29, 1992), arose out of a contract for the sale of furnaces by plaintiff to the Iraqi Ministry of Industry and Minerals ("MIM"), an Iraqi governmental entity. In connection with the contract, the Iraqi defendants opened an irrevocable letter of credit with an Iraqi bank in favor of Consarc, which was advised by Pittsburgh National Bank ("PNB"), with the Bank of New York ("BoNY") entering into a confirmed reimbursement agreement with the advising bank. Funds were set aside at BoNY, in an account of the Iraqi bank, for reimbursement of BoNY if PNB made a payment to Consarc on the letter of credit and sought reimbursement from BoNY. Consarc received a down payment from the Iraqi MIM and manufactured the furnaces. No goods were shipped prior to imposition of sanctions on August 2, 1990, and the United States claimed that the funds on deposit in the Iraqi bank account at BoNY were blocked, as well as the furnaces manufactured for the Iraqi Government or the proceeds of the sale of the furnaces to third parties. The district court ruled that the furnaces or their sales proceeds were properly blocked pursuant to the declaration

of the national emergency and blocking of Iraqi Government property interests, but that, due to fraud on MIM's part in concluding the sales contract, the funds on deposit in an Iraqi bank account at BoNY were not the property of the Government of Iraq, and ordered FAC to unblock these funds. FAC has noted its appeal of this ruling.

7. FAC has issued a total of 337 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Since the last report, 49 specific licenses have been issued. Licenses were issued for transactions such as the filing of legal actions involving Iraqi interests, for legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, and food intended for humanitarian relief purposes.

To ensure compliance with the terms of the licenses which have been issued, stringent reporting requirements have been imposed that are closely monitored. Licensed accounts are regularly audited by FAC compliance personnel and deputized auditors from other regulatory agencies. FAC compliance personnel continue to work closely with both State and Federal bank regulatory and law enforcement agencies in conducting special audits of Iraqi accounts subject to the ISR.

8. The expenses incurred by the Federal Government in the 6-month period from August 2, 1992, through February 1, 1993, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are estimated at about $2 million, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC, the U.S. Customs Service, the Office of the Assistant Secretary for Enforcement, the Office of the Assistant Secretary for International Affairs, and the Office of the General Counsel), the Department of State

(particularly the Bureau of Economic and Business Affairs, the Bureau of Near East and South Asian Affairs, the Bureau of International Organizations, and the Office of the Legal Adviser), the Department of Transportation (particularly the U.S. Coast Guard), and the Department of Commerce (particularly in the Bureau of Export Administration and the Office of the General Counsel).

9. The United States imposed economic sanctions on Iraq in response to Iraq's invasion and illegal occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with United Nations Security Council resolutions, including those calling for the elimination of Iraqi weapons of mass destruction, the inviolability of the Iraq-Kuwait boundary, the release of Kuwaiti and other third country nationals, compensation for victims of Iraqi aggression, long-term monitoring of weapons of mass destruction (WMD) capabilities, and the return of Kuwaiti assets stolen during its illegal occupation of Kuwait. The U.N. sanctions remain in place; the United States will continue to enforce those sanctions.

The Saddam Hussein regime continued to violate basic human rights by repressing the Iraqi civilian population and depriving it of humanitarian assistance. The United Nations Security Council passed resolutions that permit Iraq to sell $1.6 billion of oil under U.N. auspices to fund the provision of food, medicine, and other humanitarian supplies to the people of Iraq. Under the U.N. resolutions, the equitable distribution within Iraq of this assistance would be supervised and monitored by the United Nations. The Iraqi regime continued to refuse to accept these resolutions and has thereby chosen to perpetuate the suffering of its civilian population.

The regime of Saddam Hussein continues to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. Because of Iraq's failure to comply fully with United Nations Security Council resolutions, the United States will therefore continue to apply economic sanctions to deter Iraq from threatening peace and stability in the region, and I will continue to report periodically to the Congress on significant developments, pursuant to 50 U.S.C. 1703(c).

THE WHITE HOUSE,

THE SECRETARY OF THE TREASURY
WASHINGTON

February 4, 1993

FEB 8 A7:37

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Under the International Emergency Economic Powers Act, you are required every six months to submit a report to the Congress concerning the Iraqi emergency declared in Executive Order No. 12722 on August 2, 1990.

In addition, under the National Emergencies Act, you are required to report to Congress during each six-month interval of a declared national emergency the total expenditures incurred during that interval by the United States Government which are directly attributable to the exercise of the powers and authorities conferred by the declaration of emergency.

Enclosed is a proposed report covering events under the Iraqi emergency declaration during the period August 2, 1992, through February 1, 1993. The proposed report indicates in its initial paragraph that it is a combined report submitted pursuant to each of the foregoing statutes.

I recommend that you sign and transmit the proposed report to the Congress. The report has been reviewed and approved by the Department of State.

Sincerely,

Lloyd M. Bentsen

Enclosure

Message to the Congress Reporting on the National Emergency With Respect to Iraq

August 3, 1992

To the Congress of the United States:

I hereby report to the Congress on the developments since my last report of February 11, 1992, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c).

Executive Order No. 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a U.S. person. In that order, I also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. I prohibited travel-related transactions and transportation transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724 which I issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Order No. 12724 ("the Executive orders"). The report covers events from February 2, 1992, through August 1, 1992.

1. The economic sanctions imposed on Iraq by the Executive orders are administered by the Treasury Department's Office of Foreign Assets Control ("FAC") under the Iraqi Sanctions Regulations, 31 CFR Part 575 ("ISR"). There have been no amendments of those regulations since my last report.

2. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. These are intended to deter future activities in violation of the sanctions. Additional civil penalty notices were prepared during the reporting period for violations of the IEEPA and ISR with respect to transactions involving Iraq. Penalties were collected, principally from financial institutions which engaged in unauthorized, albeit apparently inadvertent, transactions with respect to Iraq.

3. Investigation also continues into the roles played by various individuals and firms outside of Iraq in Saddam Hussein's procurement network. These investigations may lead to additions to the FAC listing of individuals and organizations determined to be Specially Designated Nationals ("SDN's") of the Government of Iraq. In practice, an Iraqi SDN is a representative, agent, intermediary, or front (whether open or covert) of the Iraqi government that is located outside of Iraq. Iraqi SDN's are Saddam Hussein's principal instruments for doing business in third countries, and doing business with them is the same as doing business directly with the Government of Iraq.

The impact of being named an Iraqi SDN is considerable: all assets within U.S. jurisdiction of parties found to be Iraqi SDN's are blocked; all economic transactions with SDN's by U.S. persons are prohibited; and the SDN individual or organization is exposed as an agent of the Iraqi regime.

4. Since my last report, one case filed against the Government of Iraq has gone to judgment. *Centrifugal Casting Machine Co., Inc. v. American Bank and Trust Co., Banca Nazionale del Lavoro, Republic of Iraq, Machinery Trading Co., Baghdad, Iraq, Central Bank of Iraq, and Bank of Rafidain*, No. 91–5150 (10th Cir., decided June 11, 1992), arose out of a contract for the sale of goods by plaintiff to the State Machinery Co., an Iraqi governmental entity. In connection with the contract, the Iraqi defendants opened an irrevocable letter of credit in favor of Centrifugal, from which Centrifugal drew a 10 percent advance payment. Repayment of the advance payment in case of nonperformance by Centrifugal was guaranteed by a standby letter of credit. Performance did not occur due to the imposition of economic sanctions against Iraq in August 1990, and the United States claimed that an amount equal to the advance payment was blocked property. The district court ruled that the standby letter of credit had expired, that no U.S. party was liable to an Iraqi entity under the standby letter of credit, and that the advance payment funds were therefore not blocked property and could be distributed to U.S. persons. The court of appeals

affirmed the ruling of the district court that there was no blocked Iraqi property interest in the advance payment funds, based on applicable principles of letter of credit law.

5. FAC has issued 288 specific licenses regarding transactions pertaining to Iraq or Iraqi assets. Since my last report, 71 specific licenses have been issued. Most of these licenses were issued for conducting procedural transactions such as filing of legal actions, and for legal representation; other licenses were issued pursuant to United Nations Security Council Resolutions 661, 666, and 687, to authorize the exportation to Iraq of donated medicine, medical supplies, and food intended for humanitarian relief purposes. All of these licenses concern minor transactions of no economic benefit to the Government of Iraq.

To ensure compliance with the terms of the licenses which have been issued, stringent reporting requirements have been imposed that are closely monitored. Licensed accounts are regularly audited by FAC compliance personnel and deputized auditors from other regulatory agencies. FAC compliance personnel continue to work closely with both State and Federal bank regulatory and law enforcement agencies in conducting special audits of Iraqi accounts subject to the ISR.

6. The expenses incurred by the Federal Government in the 6-month period from February 2, 1992, through August 1, 1992, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are estimated at $2,476,000, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC, the U.S. Customs Service, the Office of the Assistant Secretary for Enforcement, the Office of the Assistant Secretary for International Affairs, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs and the Office of the Legal Adviser), the Department of Transportation (particularly the U.S. Coast Guard), and the Department of Commerce (particularly in the Bureau of Export Administration and the Office of the General Counsel).

7. The United States imposed economic sanctions on Iraq in response to Iraq's invasion and illegal occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with United Nations Security Council resolutions calling for the elimination of Iraqi weapons of mass destruction, the demarcation of the Iraq-Kuwait border, the release of Kuwaiti and other prisoners, compensation for victims of Iraqi aggression, and the return of Kuwaiti assets stolen during its illegal occupation of Kuwait. The U.N. sanctions remain in place; the United States will continue to enforce those sanctions.

The Saddam Hussein regime continues to violate basic human rights by repressing the Iraqi civilian population and depriving it of humanitarian assistance. The United Nations Security Council passed resolutions that permit Iraq to sell $1.6 billion of oil under U.N. auspices to fund the provision of food, medicine, and other humanitarian supplies to the people of Iraq. Under the U.N. resolutions, the equitable distribution within Iraq of this assistance would be supervised and monitored by the United Nations and other international organizations. The Iraqi regime continues to refuse to accept these resolutions, and has thereby chosen to perpetuate the suffering of its civilian population.

The regime of Saddam Hussein continues to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. The United States will therefore continue to apply economic sanctions to deter Iraq from threatening peace and stability in the region, and I will continue to report periodically to the Congress on significant developments, pursuant to 50 U.S.C. 1703(c).

George Bush

The White House,
August 3, 1992.

Federal Register
Vol. 57, No. 206
Friday, October 23, 1992

Presidential Documents

Title 3—

The President

Executive Order 12817 of October 21, 1992

Transfer of Certain Iraqi Government Assets Held by Domestic Banks

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), section 5 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287c), and section 301 of title 3 of the United States Code, in order to apply in the United States measures adopted in United Nations Security Council Resolution No. 778 of October 2, 1992, and in order to take additional steps with respect to the actions and policies of the Government of Iraq and the national emergency described and declared in Executive Order No. 12722,

I, GEORGE BUSH, President of the United States of America, hereby order:

Section 1. The Secretary of the Treasury is authorized and directed to take all actions necessary to carry out the provisions of United Nations Security Council Resolution No. 778 with respect to blocked funds and other assets described in section 2 of this order, or funds and other assets received from the United Nations in repayment of funds and assets transferred pursuant to section 2 of this order. For this purpose, the Secretary of the Treasury is delegated and authorized to exercise all authorities vested in the President by sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) and section 5 of the United Nations Participation Act (22 U.S.C. 287c).

Sec. 2. Upon a determination by the Secretary of the Treasury that funds or other assets in which the Government of Iraq or its agencies, instrumentalities, or controlled entities have an interest represent the proceeds of the sale of Iraqi petroleum or petroleum products, paid for by or on behalf of the purchaser on or after August 6, 1990, each and every United States financial institution is directed and compelled to transfer such funds or assets held by it or carried on its books to the Federal Reserve Bank of New York, when, to the extent, and in the manner required by the Secretary of the Treasury.

Sec. 3. The Federal Reserve Bank of New York, as fiscal agent of the United States, is authorized, directed, and compelled to receive funds and other assets in which the Government of Iraq or its agencies, instrumentalities, or controlled entities have an interest, and to hold, invest, or transfer such funds and assets, and any earnings thereon, when, to the extent, and in the manner required by the Secretary of the Treasury in order to fulfill the rights and obligations of the United States under United Nations Security Council Resolution No. 778.

Sec. 4. Compliance with this order, or any regulation, instruction, or direction issued under this order, licensing, authorizing, directing, or compelling the transfer of the blocked funds and other assets described in section 2 of this order, or funds and other assets received from the United Nations in repayment of funds and assets transferred pursuant to section 2 of this order, shall, to the extent thereof, be a full acquittance and discharge for all purposes of the obligation of the person making the transfer. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, this order or any regulation, instruction, or direction issued hereunder. The operation of this order shall have no effect on rights, debts, and claims existing with respect to funds or other assets prior to their transfer to the Federal Reserve Bank of New York.

Sec. 5. For the purposes of this order, the term "United States financial institution" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States, or any person located in the United States, which is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange or securities, including, but not limited to, depository institutions, banks, saving banks, trust companies, securities brokers and dealers, clearing corporations, investment companies, and U.S. holding companies, U.S. affiliates, or U.S. subsidiaries of the foregoing. This term includes branches, offices, and agencies of foreign financial institutions which are located in the United States.

Sec. 6. The Secretary of the Treasury, in consultation with the Secretary of State, is authorized to take such actions, including the issuance of directive licenses, rules, and regulations, as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the Federal Government are directed to take all appropriate measures within their authority to carry out the provisions of this order.

Sec. 7. Nothing contained in this order shall create any right or benefit, substantive or procedural, enforceable by any party (other than the United States) against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

Sec. 8.

(a) This order is effective immediately.

(b) This order shall be transmitted to the Congress and published in the **Federal Register**.

THE WHITE HOUSE,
October 21, 1992.

[FR Doc. 92-25994
Filed 10-22-92; 10:30 am]
Billing code 3195-01-M

Office of Foreign Assets Control

31 CFR Part 575

Iraqi Sanctions Regulations; Repeal of Reporting Requirement

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: In furtherance of the President's Regulatory Initiative, the Office of Foreign Assets Control is amending the Iraqi Sanctions Regulations by repealing § 575.603, which requires U.S. financial institutions to file monthly reports regarding certain bank accounts in which the Government of Iraq has an interest.

EFFECTIVE DATE: September 1, 1992.

FOR FURTHER INFORMATION CONTACT: Dennis P. Wood, Chief, Compliance Programs Division, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220, (202) 622-2490.

SUPPLEMENTARY INFORMATION: The Iraqi Sanctions Regulations, 31 CFR part 575 (the "Regulations"), were issued by the Treasury Department in implementation of Executive Order 12722 of August 2, 1990, and Executive Order 12724 of August 9, 1990, and United Nations Security Council Resolution 661 (August 6, 1990) and subsequent relevant resolutions. Section 575.603 of the Regulations requires U.S. financial institutions to file a monthly report concerning any bank account held by the institution in the name of a bank in which the Government of Iraq holds an equity interest of 10% or more. While this information was needed during the early implementation of the Regulations and for a period thereafter, it is no longer required on a monthly basis and can be obtained by the Treasury Department on a case-by-case basis as required. To implement the President's Regulatory Initiative, this monthly reporting requirement is being eliminated.

Since the Regulations involve a foreign affairs function, the provisions of the Administrative Procedure Act, 5 U.S.C. 553, requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, does not apply. Because the Regulations are issued with respect to a foreign affairs function of the United States, they are not subject to Executive Order 12291 of February 17, 1981 dealing with Federal regulations.

List of Subject in 31 CFR Part 575

Administrative practice and procedure, Banks, Blocking of assets, Iraq, Reporting and recordkeeping requirements.

PART 575—IRAQI SANCTIONS REGULATIONS

For the reasons set forth in the preamble, 31 CFR part 575 is amended as set forth below:

1. The Authority citation for part 575 continues to read as follows:

Authority: 50 U.S.C. 1701 *et seq.*; 50 U.S.C. 1601 *et seq.*; 22 U.S.C. 287c; Pub. L. 101-513, 104 Stat. 2047-55 (Nov. 5, 1990); 3 U.S.C. 301; E.O. 12722, 55 FR 31803 (Aug. 3, 1990); E.O. 12724, 55 FR 33089 (Aug. 13, 1990).

Subpart F—Reports

§ 575.603 [Removed]

2. Section 575.603 is removed and reserved.

Dated: August 5, 1992.

R. Richard Newcomb,

Director, Office of Foreign Assets Control.

Approved: August 21, 1992.

Peter K. Nunez,

Assistant Secretary (Enforcement).

[FR Doc. 92-21117 Filed 8-28-92; 2:05 pm]

BILLING CODE 4801-25-M

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 02/12/93

NOTE FOR: HOWARD PASTER

The President has reviewed the attached, and it is forwarded to you for your:

Information ☐

Action ☒

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

THE WHITE HOUSE

WASHINGTON

FEBRUARY 12, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Howard Paster HP

SUBJECT: Meeting with Republicans

I. SUMMARY

You asked what arrangements we have made for you to talk to Republicans about the economic plan.

II. DISCUSSION

In the case of the Senate, we have accepted the invitation for you to speak at the GOP Policy Lunch on Tuesday, March 2.

In the case of the House, I do not recommend you appear before the full Caucus. Rather, I have asked Representative Michel's chief-of-staff if the Republican leader would be willing to assemble a meeting for you with all the House Republican leaders and ranking Republican members of all the Committees. In this situation, Michel, and not Gingrich or Armey, would be your host.

You may say fairly that you are reaching out to Republicans.

Q: Does this amount to a rejection of Newt's offer & is that good?

CHRON.
2/12/93

MEMORANDUM

TO: David Watkins, John Podesta, and George Stephanopoulos

FROM: Mark Gearan MG

RE: DeConcini request to OMB for White House Complex cost figures

DATE: February 9, 1993

Any thoughts or suggestions on the attached?

MARK

Yes; I think we should discontinue Coast Guard patrols off of Kennebunkport.

John

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

February 8, 1993

MEMORANDUM FOR: MARK GEARAN
Deputy Chief of Staff

FROM: Martha Christine Foley MCF
Special Assistant to the Director

SUBJECT: White House Press Briefing Issue of February 4, 1993

Susan Brophy, Deputy Assistant to the President for Legislative Affairs, suggested that I send you the attached memo that OMB staff prepared for the Director. This is an issue that was raised at a White House press briefing on February 4, 1993. I am also attaching the relevant page from the transcript of the briefing for your information.

Attachments

cc: Susan Brophy

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

February 5, 1993

MEMORANDUM TO THE DIRECTOR

FROM: Charles Kieffer *Charles Kieffer*
Chief, Appropriations Analysis and Coordination

SUBJECT: Request from Senator DeConcini Concerning Costs of the White House Complex

The Conference Report accompanying the FY 1993 Treasury/Postal Appropriations Act directed the OMB Director to provide the House and Senate Appropriations Committees with a report that identifies the Federal agencies which, "provide staff and or financial support to the Presidential and Vice Presidential complexes." The report, which was initially due on August 10, 1992 and then October 20, 1992, was to include comprehensive cost and staffing estimates for FY 1990-FY 1993.

On December 1, 1992, Director Darman submitted a "preliminary report" (attached) and indicated that the Committees should look to the Clinton Administration to provide a final report. Senate Appropriations Treasury/Postal Subcommittee Chairman Dennis DeConcini (via Patty Lynch, his Subcommittee Clerk) has now asked OMB to provide the final report.

The preliminary report did provide a complete list of agencies that provide non classified support to the Presidential and Vice Presidential complexes. It included the requested cost and staff estimates for most of these agencies. It did not include cost and staff estimates for a number of sensitive programs such as: the 89th Air Wing (Air Force 1 and 2); Navy costs for the White House Mess, Camp David, Marine 1, the medical unit, television services and costs of the Vice President's residence; the Army motor pool that supports the White House; Army explosives detection activities; the amount of the Secret Service budget that supports protection of the President and Vice President; and, estimates of the number and cost of agency detailees to the White House.

This memorandum seeks your guidance on how to respond to this request. I have discussed this matter with Martha Foley who suggested that I send you this memorandum and that a meeting with you, John, Martha and I would be appropriate. You may have noticed that a reporter asked George Stephanopoulos at the February 4 briefing whether this cost data would be released. Stephanopoulos did not comment.

c. John Angell Martha Foley Bob Damus

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

THE DIRECTOR

December 1, 1992

Honorable Jamie L. Whitten
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed is a report that identifies the Federal agencies which "provide staff and/or financial support to the Presidential and Vice Presidential complexes." The report also identifies the support provided, reviews staffing levels and provides certain financial information. This report is submitted pursuant to the House Appropriations Committee Report on the "Treasury, Postal Service, and General Government Appropriations Act" (H.R. 5488).

In its current form, the report should be viewed as preliminary. In view of the transition now underway, issues related to making this report final will be presented for review to representatives of the incoming administration.

Respectfully submitted,

Richard Darman

Richard Darman
Director

Enclosure

IDENTICAL LETTERS SENT TO HONORABLE FRANK R. WOLF, HONORABLE JOSEPH M. McDADE, HONORABLE EDWARD R. ROYBAL, HONORABLE DENNIS DeCONCINI, HONORABLE PETE V. DOMENICI, HONORABLE ROBERT C. BYRD, AND HONORABLE MARK O. HATFIELD

SUPPORT OF THE PRESIDENT AND VICE PRESIDENT

The House Appropriations Committee Report on the Treasury, Postal Service and General Government Appropriations Bill for 1993, directs the Office of Management and Budget (OMB) to submit to the Committee:

> "a report identifying all federal agencies which provide staff and/or financial support to the Presidential and Vice Presidential complexes. This listing should address the level of staffing and financial support, by agency, for fiscal years 1990, 1991, 1992 (estimate), and 1993 (budgeted). The report must include, but is not limited to, all aspects of administering the Office of the President and the Office of the Special Assistance to the President, operation and maintenance of buildings, grounds, the operation of the President's and Vice President's respective residences and offices, and overall support of the President and the Vice President in the fulfillment of their offices."

This report is OMB's response to this request. The report includes funding and staffing levels appropriated for FY 1993, and not the budget request.

The report is prepared as an unclassified document. It does not contain information that is otherwise available to the Committee on classified programs of various agencies that support the Presidency.

Information on support to the President and Vice President has been routinely presented and reviewed during the annual Congressional appropriations process. Individual agency contacts and the appropriations subcommittees with jurisdiction are provided for each of the agencies discussed below.

Legal Authorities

Congress has passed laws containing over 1,500 provisions that impose duties or responsibilities on the President and his staff. The 102nd Congress enacted laws imposing over 150 Presidential duties or responsibilities. Among the President's statutory duties are over 500 requirements that the President submit a report to Congress. Approximately one-fifth of these reports must be submitted on an annual or more frequent basis. Reports To Be Made To Congress, H. Doc. No. 180, 102d Cong. 2d Sess., Part IIIA, at 14-40 (1992).

Entities within the Executive Office of the President (EOP) are responsible for the performance of numerous statutory functions in addition to those noted above. OMB, for example, must perform over 100 statutory functions. See Congressional Research Service, "Preliminary Catalogue of Office of Management and Budget Authorities and Directives," 1-131 (1986); Budget Enforcement Act of 1990; Federal Credit Reform Act of 1990; Chief Financial Officers Act of 1990. Moreover, in addition to the statutory requirements for the President to submit a report to Congress, there are 50 statutory requirements for entities within the EOP to submit a report to Congress. Approximately half of these reports must be submitted on an annual or more frequent basis. Reports To Be Made To Congress, H. Doc. No. 180, 102d Cong. 2d Sess., Part IIIB, at 41-43 (1992).

The resources identified in this report fund not only the direct support of the President and Vice President, but also support the many statutory requirements mandated by Congress. This report is a compilation of information provided by the agencies to OMB.

EXECUTIVE OFFICE OF THE PRESIDENT

Offices within the EOP provide support to the President and Vice President in their official capacities. A description of these offices, staffing, and financial support follows:

The White House Office provides advisory and administrative support directly to the President in performance of the many detailed activities incident to his immediate office. This requires a range of professional and support staff. The professional staff advise the President on national security issues, domestic and economic policy, legislative, Presidential appointments, and on communication activities. The staff further assists the President in performing liaison activities and providing legal advice to the President and White House staff. Other activities consist of managing the President's correspondence, activities and appointments, all White House operating units, the Military Office, the Office of Administration, and planning the participation and movement of the President to scheduled activities and events. Staff support is also provided to the First Lady. Actual spending and FTE were $30.2 million and 373 FTE in FY 1990 and $32.8 million and 381 FTE in FY 1991. In FY 1992, the appropriation provided $34.9 million and 401 FTE. For FY 1993, the appropriation provides $35.4 million and 408 FTE.

Information regarding the White House Office has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Paul W. Bateman on (202) 456-7052. The House and Senate Treasury, Postal Service, and General Government Appropriations Subcommittees have jurisdiction.

The Executive Residence at the White House account is responsible for providing for the care, maintenance, repair, alteration, refurnishing, improvement, air conditioning, heating and lighting of the Executive Residence; preserving the White House structure and its historical contents; the conservation of the White House Fine Arts Collection; and providing for over 1.1 million annual visitors. This account is also responsible for Official and Ceremonial Functions of the Presidency, including those functions held at the Executive Residence which deal with officials of foreign governments and are reimbursed by the State Department.

Actual funding and FTE in FY 1990 were $6.8 million and 90 FTE. In FY 1991, $8.5 million and 92 FTE were provided, with $1.2 million of this amount dedicated to continuing the Exterior Restoration of the White House and $500,000 provided for the refurbishment of the Executive Residence kitchens. The FY 1992 appropriation provided $8.4 million and 97 FTE, and included $1.1 million to complete the Exterior Restoration project. For FY 1993, the appropriation provides $7.6 million and 97 FTE.

Information regarding the Executive Residence has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Robert G. Stanton on (202) 619-7005. The House and Senate Treasury, Postal Service, and General Government Appropriations Subcommittees have jurisdiction.

The Official Residence of the Vice President is located on the grounds of the Naval Observatory in the District of Columbia and serves as a facility for official and ceremonial functions and as a home for the Vice President and his family. Funding is provided for the care and operation of the Residence and to provide such appropriate equipment, furnishings, dining facilities, and services as may be required to enable the Vice President to perform and discharge the duties, functions, and obligations associated with his office. Actual spending and FTE were $0.6 million and 1 FTE in FY 1990 and $0.6 million and 1 FTE in FY 1991. In FY 1992, the appropriation provided $0.3 million and 1 FTE. For FY 1993, the appropriation provides $0.3 million and 1 FTE.

Information regarding the Official Residence of the Vice President has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Paul W. Bateman on (202) 456-7052. The House and Senate Treasury, Postal Service, and General Government Appropriations Subcommittees have jurisdiction.

The Special Assistance to the President account provides funding and support for the Office of the Vice President. This assistance is needed to help the Vice President carry out statutory functions as well as those specially assigned by the

President including the following: Member of the President's Cabinet, acting as Chairman when the President is absent; Member of the National Security Council; Chairman of the National Space Council; Chairman of the Competitiveness Council; Ex Officio member of all Cabinet Councils; and Member of the Board of Regents of the Smithsonian Institution. The staff advises, assists, and supports the Vice President in the areas of domestic policy, national security affairs, counsel, administration, press, public liaison, scheduling, and travel advance. Assistance is also provided for the spouse of the Vice President. Actual spending and FTE were $2.3 million and 22 FTE in FY 1990 and $2.6 million and 20 FTE in FY 1991. In FY 1992, the appropriation provided $2.9 million and 26 FTE. For FY 1993, the appropriation provides $3.2 million and 26 FTE.

Information regarding the Special Assistance to the President account has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Paul W. Bateman on (202) 456-7052. The House and Senate Treasury, Postal Service, and General Government Appropriations Subcommittees have jurisdiction.

The Council of Economic Advisers (CEA) analyzes the national economy and its various segments, formulates the Administration's economic forecasts along with the Department of the Treasury and OMB, advises the President on economic developments, recommends policies for economic growth and stability, appraises other Federal policy proposals to determine their economic consequences, publishes with the Joint Economic Committee a monthly compilation of data known as Economic Indicators, and prepares the annual Economic Report of the President to Congress. Actual spending and FTE were $2.9 million and 38 FTE in FY 1990 and $3.1 million and 31 FTE in FY 1991. In FY 1992, the appropriation provided $3.3 million and 41 FTE. The year-to-year variation in the number of FTE positions is due to the use of detailees from other agencies by CEA. For FY 1993, the appropriation provides $3.4 million and 41 FTE.

Information regarding CEA has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. James D. Foster on (202) 395-5084. The House and Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government have jurisdiction.

The Council on Environmental Quality (CEQ) and the Office of Environmental Quality analyze environmental conditions and trends; review and appraise Federal Government programs having an impact upon the environment; develop and recommend policies to the President for protecting and improving the quality of the environment; assist in coordinating Federal environmental programs which involve more than one agency; and assist in the preparation of the President's annual report to Congress. CEQ heads and provides staff support for the President's Commission on Environmental Quality. Actual spending and FTE were $1.5 million and 15 FTE in FY 1990 and $1.9 million and 22 FTE in FY 1991. In FY 1992, the appropriation provided $2.6 million and 40 FTE. For FY 1993, the appropriation provides $ 2.6 million and 40 FTE.

Information regarding CEQ has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. David B. Struhs on (202) 395-3742. The Senate and House Appropriations Subcommittees on Veterans, Housing, and Independent Agencies have jurisdiction.

The Office of Policy Development advises and assists the President in the formulation, coordination, and implementation of economic and domestic policy. Actual spending and FTE were $3.1 million and 36 FTE in FY 1990 and $3.3 million and 42 FTE in FY 1991. In FY 1992, the appropriation provided $3.7 million and 51 FTE. The FY 1993 appropriation provides $3.8 million and 51 FTE.

Information regarding the Office of Policy Development has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Roger B. Porter on (202) 456-2705. The House and Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government have jurisdiction.

The National Security Council (NSC) advises the President on the integration of domestic, foreign, and military policies relating to national security as well as manages and supports the Situation Room at the White House. Actual spending and FTE were $5.4 million and 61 FTE in FY 1990 and $5.1 million and 60 FTE in FY 1991. In FY 1992, the appropriation provided $6.1 million and 60 FTE. The FY 1993 appropriation provides $6.1 million and 60 FTE.

Information regarding NSC has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. William Sittmann on (202) 456-2224. The House and Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government have jurisdiction.

The National Space Council provides advice and assistance to the President on national space policy and strategy. Actual spending and FTE were $1.0 million and 5 FTE in FY 1990 and $1.4 million and 5 FTE in FY 1991. In FY 1992, the appropriation provided $1.5 million and 7 FTE. The FY 1993 appropriation provides $1.6 million and 7 FTE.

Information regarding the National Space Council has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Ms. Elizabeth Prestridge on (202) 395-6175. The House and Senate Appropriations Subcommittees on Veterans, Housing, and Independent Agencies have jurisdiction.

The Office of Administration (OA) provides centralized, cost-effective administrative services to the Executive Office of the President. These services, defined by Executive Order 12028 of 1977, include financial, personnel, library and records services, data processing support, and general office services. Actual spending and FTE were $18.6 million and 202 FTE in FY 1990 and $25.4 million and 210 FTE in FY 1991. In FY 1992, the appropriation provided $24.5 million and 234 FTE. The FY 1993 appropriation provides $24.4 million and 234 FTE.

Information regarding OA has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Paul W. Bateman on (202) 456-7052. The House and Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government have jurisdiction.

The Office of Management and Budget (OMB) assists the President in the discharge of budgetary, management, and other executive responsibilities. Actual spending and FTE were $44.3 million and 507 FTE in FY 1990 and $48.3 million and 540 FTE in FY 1991. In FY 1992, the appropriation provided $51.9 million and 563 FTE. The FY 1993 appropriation provides $52.9 million and 550 FTE.

Information regarding OMB has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Charles E. Kieffer on (202) 395-4790. The House and Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government have jurisdiction.

The Office of National Drug Control Policy develops policies and priorities for the National Drug Control Program, and prepares and oversees implementation of the annual national Drug Control Strategy. Actual spending for salaries and expenses and FTE were $11.9 million and 88 FTE in FY 1990 and $17.3 million and 98 FTE in FY 1991. In FY 1992, the appropriation provided $17.6 million and 130 FTE. The FY 1993 appropriation provides $17.3 million and 112 FTE.

Information regarding the Office of National Drug Control Policy has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Bruce M. Carnes on (202) 467-9860. The House and

Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government have jurisdiction.

The Office of Science and Technology Policy (OSTP) provides advice to the President concerning policies in science and technology and on the utilization of science and technology in addressing important national problems. Actual spending and FTE were $2.8 million and 20 FTE in FY 1990 and $3.6 million and 25 FTE in FY 1991. In FY 1992, the appropriation provided $4.4 million and 34 FTE, excluding funding provided to the National Science Foundation for the Critical Technologies Institute. The FY 1993 appropriation provides $4.2 million and 43 FTE, excluding $2 million for a pass-through grant outside of the EOP for the Consortium for International Environmental Sciences Information Network.

Information regarding OSTP has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. F. Patrick White on (202) 456-2734. The House and Senate Appropriations Subcommittees on Veterans, Housing, and Independent Agencies have jurisdiction.

The Office of the United States Trade Representative (USTR) is responsible for developing and coordinating U.S. foreign trade policy. The Trade Representative has policy and negotiating responsibilities for direct investment, trade in commodities and energy, export expansion, and East-West trade. The Trade Representative also conducts U.S. affairs relating to the General Agreement on Tariffs and Trade. Actual spending and FTE were $17.8 million and 155 FTE in FY 1990 and $20.0 million and 160 FTE in FY 1991. In FY 1992, the appropriation provided $20.4 million and 160 FTE. The FY 1993 appropriation provides $20.0 million and 162 FTE.

Information regarding USTR has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. John Hopkins on (202) 395-5797. The Senate and House Appropriations Subcommittees on Commerce, Justice, State, and Judiciary have jurisdiction.

EOP Detailees and General Accounting Office (GAO) Audits

Title 5 U.S.C. 3341 and Title 31 U.S.C. 1535 provide general authority to detail employees. The Office of Personnel Management defined detailees, and published procedural requirements that must be followed by most agencies, in Federal Personnel Manual Chapter 300, subchapter 8. Pursuant to section 619 (a) of P.L. 102-141, each Executive agency must submit an annual report every fiscal year to the Senate and House Committees on Appropriations on all employees or members of the armed services detailed to Executive agencies, listing the grade, position, and offices of each person detailed and the agency to which each person is detailed. In addition, pursuant to Title 3 U.S.C. section 113 (b) (4), the President transmits to Congress an annual aggregate personnel report on detailees to the White House Office, the Executive Residence at the White House, the Office of the Vice President, the Office of Policy Development, the Office of Administration, and the aggregate amount of reimbursement.

As authorized under applicable statutes, GAO periodically reviews EOP salary and expense accounts. GAO has found the supporting documentation, processing, accounting reports, and actual expenditures to be appropriate. No adverse findings have been reported.

Recent audits performed by GAO on EOP accounts include: A review of White House Office expenditures, GAO Report Fiscal Year 1986 Appropriated Fund Expenditures Were Properly Made (AFMD-88-38), covering fiscal year 1986: a review of White House Office, Office of the Vice President, Executive Residence, Official Residence of the Vice President expenditures, GAO Report Presidential and Vice Presidential Fiscal Year 1986 Expenditures Were Proper (AFMD-88-39), covering fiscal year 1986; a review of White House Office, Office of the Vice President, Executive Residence, Official Residence of the Vice President, Office of Management and Budget, and the Office of Administration vouchered expenditures, GAO report Selected Executive Office of the President Expenditures for Fiscal Year 1988 Were Proper (AFMD-90-83), covering fiscal year 1988; and a review of Executive Residence, White House Office, Office of the Vice President, and Official Residence of the Vice President unvouchered expenditures, GAO Report Presidential and Vice Presidential Expenditures for the Periods Reviewed Were Proper (AFMD-90-84), covering fiscal year 1988 and fiscal year 1989 through January 20, 1989.

DEPARTMENT OF DEFENSE

The Department of Defense provides support to the President as Commander-in-Chief.

The three military departments and several Defense agencies and field activities provide a range of support services to the President in his constitutional role as Commander-in-Chief. Military members and civilian employees are involved.

Specific examples of the type of service provided include:

The Defense Information Systems Agency provides for the staffing, operations and maintenance of the communication unit which provides secure and non-secure telecommunications and related support to the President and certain staff, both in Washington, D.C., and on trip sites worldwide. The following information has been provided to the House and Senate Defense Appropriations Subcommittees annually. The reported funding in the Operation and Maintenance, Procurement, and Military Construction appropriations was $70.8 million in FY 1990 and $93.5 million in FY 1991. Staffing for the White House Communications Agency was 4 civilian and 844 military in FY 1990, and 13 civilian and 835 military in FY 1991. In FY 1992, the appropriations provided $98.7 million; staffing was 13 civilian and 990 military. The FY 1993 appropriation provides $90.6 million; staffing is 13 civilian and 990 military.

The Department of the Army provides an explosives detection detail to the White House and for the staffing, operation and maintenance of the motor vehicle transportation unit, which provides vehicular transportation to senior White House staff in and around the metropolitan area of the District of Columbia.

The Department of the Navy provides for transportation by Marine Helicopter Squadron One and emergency evacuation support, both in the United States and abroad. In addition, the Navy provides for Marine guards stationed at the White House; the facilities at Camp David; for the staffing, operation and maintenance of the White House Mess; the medical unit which provides basic medical care for the President, Vice President, their immediate families; and, videotaping documentation support of the President's daily activities for historical purposes. In addition, ownership of the Official Residence of the Vice President and surrounding grounds is vested in the Navy which provides for the military staff of the Residence and its day-to-day maintenance and long-term care.

The Department of the Air Force provides for the staffing and operation and maintenance of the 89th Airlift Wing under the Air Mobility Command. The 89th Airlift Wing provides transportation for the President, Vice President, Congress, and senior military and civilian officials of the Department of Defense and other Federal agencies. Additionally, the Air Force provides airlift operations and coordination support. The per flying hour rate of Air Force One, including the cost of fuel, depot maintenance, spares, and consumable supplies, is estimated at $25,768 for FY 1992.

The Defense Printing Service provides duplication services on a reimbursable basis to the EOP.

Information regarding the Department of Defense has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact the Executive Secretary of the Department of Defense on (703) 695-0825. The Department is under the jurisdiction of the House and Senate Appropriations Subcommittees for Defense and for Military Construction.

GENERAL SERVICES ADMINISTRATION (GSA)

GSA provides utilities, routine maintenance and upkeep of EOP buildings and grounds, excluding the White House residence, the White House grounds and the Vice President's residence and grounds. The White House residence is maintained by the White House Residence account described in more detail above. The White House grounds are maintained by the National Park Service as described below. The Vice President's Residence is maintained by the Department of the Navy and resources are also available in the Vice President's Residence account described above.

Each EOP account provides funds for rental payments to GSA. The following numbers are included in the individual EOP agency budgets described earlier in the report. In FY 1990, EOP agency costs for these services totalled approximately $18 million. In FY 1991, the EOP agency rental costs totalled approximately $19 million, and are estimated to total approximately $21 million in FY 1992. FY 1993 appropriations provide rental payments totaling approximately $22 million.

The FY 1993 appropriation also includes $5 million for expenses relating to Presidential transition. These resources provide for an orderly transfer of executive power in connection with the expiration of the term of office of a President and Vice President and the inauguration of a new President and Vice President. In the case when the President-elect is the incumbent President, there is no expenditure of funds for the provision of services and facilities to that incumbent. Any funds appropriated for those purposes are returned to the general funds of the Treasury.

Information regarding GSA has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Bill Early on (202) 501-1721.

The House and Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government have jurisdiction.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Public Health Service (PHS) provides limited medical care to EOP employees on a reimbursable basis. The PHS bills EOP agencies for staff, equipment, and medical supply costs. Materials provided to the House Appropriations Subcommittee in April, 1992, provide estimates for FY 1992 costs billed by the PHS to 7 EOP agencies, including CEA, CEQ, NSC, OA, OMB, OSTP, and USTR for a total of approximately $102,000.

Information regarding PHS has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Dr. James Mason on (202) 690-7694. The House and Senate Appropriations Subcommittees on Labor, Health and Human Services, and Education have jurisdiction.

DEPARTMENT OF THE INTERIOR

The National Park Service (NPS) provides maintenance, improvement, and utilities for the White House structure and grounds as specified by P.L. 87-286 which defines NPS responsibilities within the site. Nationally, the White House ranks fourth in visitation to National Park Service sites with 1.1 million annual visitors.

NPS also operates the White House Visitors Office which coordinates public tours of the White House, including Congressional ticket tours, operates a warehouse used to store the White House Fine Arts Collection and artifacts; maintains an off-site greenhouse; and, performs personnel, payroll, budget, and accounting duties for the Executive Residence.

Funding and staffing for the NPS' responsibilities at the White House total $2.5 million and 58 FTE in FY 1990; $2.6 million and 60 FTE in FY 1991; $2.8 million and 59 FTE in FY 1992. The FY 1993 appropriation provides $2.8 million and 59 FTE.

In addition, planning funds in the amount of $0.5 million were appropriated in FY 1993 for the White House Comprehensive Design Plan through the NPS appropriation.

In FY 1992, $2 million was reprogrammed within the NPS Construction Appropriation to establish a White House Visitors Center and work has begun. Also in FY 1992, $1.9 million was appropriated for continuing work to replace the HVAC system in the White House.

In addition, $0.7 million has been appropriated on a one-time basis in FY 1993 to cover NPS costs associated with the Presidential Inaugural.

Information regarding NPS has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Ms. Dottie Marshall on (202) 619-7160. The House Appropriations Subcommittee on Interior and the Senate Appropriations Subcommittee on Interior and Related Agencies have jurisdiction.

DEPARTMENT OF JUSTICE

The Federal Bureau of Investigation (FBI) performs background investigations on EOP agency employees and applicants for employment and all other Presidential appointees. Information regarding the FBI has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Larry A. Potts on (202) 324-4260. The House and Senate Appropriations Subcommittees on Commerce, Justice, State, the Judiciary and Related Agencies have jurisdiction.

NATIONAL ARCHIVES

The National Archives advises the President on the storage and disposition of Presidential documents in preparation of receipt of these documents in accordance with the Presidential Records Act of 1974. Approximately 3 FTE and $150,000 are devoted annually to advising on the storage and disposition of Presidential documents. For FY 1993, however, given the transition between Presidents, additional funds will be necessary for transportation and storage of President Bush's Presidential Records.

Information regarding the National Archives has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. David Millane on (202) 501-6060. The House and Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government have jurisdiction.

U.S. POSTAL SERVICE

A small Post Office is located in the Old Executive Office Building serving the entire EOP. It is operated by the U.S. Postal Service and serves as a mail acceptance unit for official mail. Information regarding the U.S. Postal Service has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Steven J. Juhl on (202) 268-3182. The House and Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government have jurisdiction.

DEPARTMENT OF STATE

The State Department supports the President in his role as Head of State by funding expenses related to State visits (e.g., receptions, transport, etc.). In addition, the Department funds certain incidental expenses (staff and advance support, overseas post expenses) related to international travel for the President and Vice President, and funds representation expenses for the

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	re: Support of the President and Vice President [partial] (2 pages)	02/00/1993	b(7)(E)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron File)
OA/Box Number: 359

FOLDER TITLE:

February 1993 [5]

2018-0662-S
rs3031

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

President and Vice President related to domestically held international meetings.

Support for international travel is funded from the Department's Salaries and Expenses account whereas other expenses are covered in the Emergencies in the Diplomatic and Consular Service fund. As reported by State, actual spending and FTE totalled $8.4 million and 5 FTE in FY 1990, $5.1 million of which was for one-time costs of the Houston Economic Summit. Support totalled $4.8 million and 5 FTE in FY 1991 and $3.6 million and 5 FTE in FY 1992. For FY 1993, $3.4 million and 5 FTE are planned.

Information regarding the State Department has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Mr. Richard Greene on (202) 647-8517. State Department appropriations are under the jurisdiction of the House and Senate Appropriations Subcommittees for Commerce, Justice, State, the Judiciary and Related Agencies.

DEPARTMENT OF TRANSPORTATION

The U.S. Coast Guard patrols the waters off Kennebunkport, Maine when the President is in residence and other waters when the President is visiting a coastal area. Information regarding the U.S. Coast Guard has been routinely presented and reviewed during the annual Congressional appropriations process. For further information, contact Captain Roy Casto on (202) 267-2408. The House Appropriations Subcommittee on Transportation and the Senate Appropriations Subcommittee on Transportation and Related Agencies have jurisdiction.

DEPARTMENT OF THE TREASURY

The U.S. Secret Service protects the President, the Vice President, and their immediate families unless such protection is declined. Protection is extended to the White House complex and Executive Residence and grounds in the District of Columbia; any building in which Presidential offices are located; and the official residence of the Vice President and grounds within the District of Columbia.

(b)(7)e

(b)(7)e

7/4/93

MR. STEPHANOPOULOS: I don't think so, but I don't know that it's been finally decided yet.

Q What percentage of the White House staff jobs have been filled at this point?

MR. STEPHANOPOULOS: I don't know.

Q Is he going to fill only 75 percent and --

MR. STEPHANOPOULOS: The President will be making an announcement on White House staff soon. We don't have any now.

Q If I could follow up, George. In connection with that statement on White House spending that you're saying the President's going to do, do you intend to disclose for the public the various operating costs for the White House that past administrations have declined to disclose -- for example, how much it costs to operate Air Force One; how much it costs to maintain and operate Camp David; how much the White House Communications Agency costs; the White House Mess; all those other operating expenses that in the past presidents have kept hidden?

MR. STEPHANOPOULOS: I'm not sure. We're looking at that right now, but I'm certain we'll release as much as is consistent with past administrations.

Q That's the problem.

Q If you're making an argument that the President is reducing the costs of the White House, how is the public going to judge that if all you release is the extremely scant information past White House --

MR. STEPHANOPOULOS: I think we'll release enough information to show that we're keeping our commitment.

Q Twenty-five percent, George?

THE PRESIDENT HAS SEEN
2/11/93

THE WHITE HOUSE

WASHINGTON

February 10, 1993 [illegible] :24

MEMORANDUM FOR THE PRESIDENT

cc: NANCY HERNREICH
MARSHA SCOTT

FROM: JOHN PODESTA JP

SUBJECT: Presidential Autographs

You have seen an earlier memo on this subject discouraging the signature of items other than letters and photos. This basic policy, similar to the one followed by the Bush Administration, makes sense for two reasons. First, the President should not lend his signature to those who want to create things of value. Since it is often impossible to distinguish those who want to do this from those who don't, the only sound general policy is to limit signatures to photos and letters. Second, we want to limit the drain on your time.

I circulated our first memo to the advance staff, urging them not to accept articles for your signature. However, we are still getting some requests that seem worthy of special treatment. This memo is an attempt to establish an exceptions policy.

<u>Congressional Requests</u>. I think these need to be handled on a case by case basis. Even for Members of Congress, you should not be signing general and assorted paraphernalia, but it may be appropriate to sign copies of documents such as statements and bills or, on rare and special occasions, other items such as the <u>Time</u> magazine forwarded to you by Congressman Bill Ford.

<u>Close Personal Friends</u>. These need to be handled on a case by case basis. Most will do for them

<u>Auctions</u>. Auctions for not-for-profit groups should also be handled on a case by case basis, taking into account the worthiness of the cause. In all cases, auction requests should be cleared with White House Counsel. I would recommend restricting the items available for auction to (i) a signed copy of your Inaugural Address or, at a later time, another appropriate statement; (ii) a signed photograph; (iii) a signed copy of a personal greeting or message to the group sponsoring or benefitting from the auction.

Approve [✓] Disapprove [ ] Discuss [ ]

1. Mary Modify
in particular
[illegible]
[illegible]
[illegible]

cc Rubin

THE WHITE HOUSE

WASHINGTON

[redacted]

ASAP Fri Monday

February 13, 1993

MR. PRESIDENT:

Mack asked that I forward this to you. Panetta, Rubin, and Paster have also received copies.

John Podesta

[redacted]

Bob Rubin

U. might to discuss w/ Treas. forum — he makes a good case to stay w/ their plan across the board

but also offer an alternative in next to last paragraph interesting

[redacted]

[redacted]

MEMORANDUM

TO: **PRESIDENT BILL CLINTON**

FROM: Dan Rostenkowski

DATE: February 9, 1993

RE: **Incremental Investment Tax Credit**

'93 FEB 11 P12:04

Mr. President, I am reading in the newspapers much about the possibility that you may include an incremental investment tax credit in your economic stimulus package. Even though I have not been briefed about the specifics of your stimulus program, I want to share my concerns about this particular element before it is finalized by you in preparation for your State of the Union Address.

While I intend to stand behind your economic program and assist you to the best of my ability in its passage, I feel a strong responsibility to seek effective and fair modifications to the Nation's tax law. In this respect, some issues relating to a possible incremental investment tax credit are troubling to me, and I would ask you to review these issues as you make your decisions on an economic plan. Of course, I would be happy to discuss any of these issues further with you if you so desire.

First, because enacting an incremental credit requires picking some arbitrary historical ("base") period to determine if investment is "new", I fear that a lot of worthy companies will not be helped at all. Thus, the credit will be unfair. For example, say that Company A made a long-term strategic decision to plow its earnings into new equipment and has been investing steadily for several years. Company A would have a high level of investment for the base period and, therefore, may never get the benefit of the credit, even though it continues to invest a large amount each year. This will be true for all mature companies, for recent "growth" companies, and for companies whose lines of business require steady, rather than sporadic, investment.

* I have been hearing that entire industries, such as the utility industry, might not be helped by an incremental credit simply because they have been investing steadily each year, even during tough times.

* I also have been hearing that some firms might not be helped even though they will be investing as much as, or more than, other firms in the same industry. For example, Company A's main competitor may be a company that will get a tax break on almost all its future investment simply because it used its earnings in the past years to pay dividends instead of to invest in its future. I have been told that some companies, like Company A, might be driven out of business because of this competitive disadvantage.

* Because so many companies would not be helped by an incremental credit, and may even be hurt relative to their competitors, I fear that the support for an incremental credit may be fairly weak.

Second, I have some concerns that the overall economic stimulus generated by an incremental credit will be meager at best.

* A tax incentive as small as $10 billion is a drop in the bucket compared to a $6 trillion economy, like ours -- it simply isn't large enough to spur any noticeable increase in economic growth.

* Despite my joint announcement with then-Senator Bentsen and your personal support of a December 4, 1992 effective date, I hear that many companies are ignoring the prospect of an investment credit when making their investment decisions. Because of the incremental nature of the credit and the desire to limit the revenue loss, many companies think it highly uncertain -- or, worse, unlikely -- that they will benefit at all.

* If an investment credit is combined with a corporate rate increase in an overall plan, then to some degree the plan could be criticized as having given to the corporate community with one hand and taken away with the other. A corporate rate increase is likely to cancel whatever incentive an incremental credit might provide. For companies that would not get the credit, the rate increase could possibly represent a net decline in their ability to invest. It will also test their willingness to support your program.

* Because of the potential timing of a tax bill after a jobs package to stimulate growth, by the time credit legislation is actually enacted, the economic justification for it may be weakened.

Third, I fear that an investment credit, especially an incremental one, would possibly open the door to distortions that Congress worked so hard to eliminate in 1986. On some level, a targeted credit is contradictory to the broad-base, low-rate philosophy of tax reform. The narrower the credit, the worse the problem because more arbitrary policy distinctions will have been made to leave out various assets or industries. These distortions could be unjustified on policy grounds, and might provide motivation to the "losers" to avoid tax.

Fourth, it is my understanding that it would be difficult, if not impossible, to prevent companies from engaging in sophisticated tax planning that might result in abusing an incremental credit. I am informed by my staff that no matter how comprehensive anti-abuse rules are, we can be sure that sharp lawyers and Wall Street dealmakers will come up with creative ways to structure transactions so that companies that do not invest enough to qualify nonetheless will get a tax break. For example, I have been told that companies may enter into leasing transactions, reorganizations or divisions for the sole purpose of getting the benefit of the credit.

Finally, because there are so many technical details that need to be spelled out, I have fears that it would be very difficult to provide simple rules for an incremental credit that would be easy to comply with and to understand. I am concerned that some companies, particularly small businesses, may be so discouraged by the complexity of the law and the compliance burden that they may just decide not to bother with it.

Mr. President, I do not want to be merely a naysayer in these memos I send to you. I do want to raise tough issues that you will face when your package comes before the Congress. I hope my comments will help you develop a package that can be enacted. In that context, I would like to suggest some alternatives about how you might proceed. Considering the good news on the economy and productivity, perhaps no investment credit is necessary at all. If you feel you must include a credit in your economic package, a full (non-incremental) credit may be better, but the rate could be lower than 10 percent in order to minimize the revenue loss. Another way to hold the revenue loss to a minimum would be to target a full credit to fewer assets; not all assets that received an investment credit before 1986 need to be included again.

Mr. President, only you can make the final decisions about what you include in your economic package. As has been true in my earlier memos to you, this memo represents my opinion, not my public position. However, I believe it is important that you focus on these problems with an incremental investment tax credit before you finalize your plan.

copy to Rubin

Rochon & Associates

639 Loyola Avenue, Suite 1210, New Orleans, LA 70113, (504) 525-7267

Kalum
Analyze
cc Auerbach

November 16, 1992

TO: Congressman William Jefferson

FROM: Reynard J. Rochon

SUBJECT: SPECIAL ANALYSIS OF THE NOVEMBER 3, 1992 PRESIDENTIAL VOTE IN LOUISIANA

Obviously, the absolute number of votes each candidate received as presented by us are point estimations.

However, variance from my point estimate with respect to the absolute actual vote would be immaterial.

In other words, I estimated Clinton's absolute black vote to equal 411,710. The actual may range +/- 0 - 800.

It should be noted however, that the 91.6% of the black vote he received is absolutely accurate. Also, he received more black votes than he did white votes.

In conclusion, he would not have won Louisiana had it not been for the black vote. I am sure this may have been the case in several other states also.

November 3, 1992
Presidential Election
Special Analysis of Statewide Vote
In Louisiana

<u>**Returns**</u>

Clinton	815,971	45.59
Bush	733,386	40.97
Perot	211,478	11.81
Others	29,182	1.63
Totals	1,790,017	100 %

****

Registered Voters Statewide	2,292,129
Total Votes Cast for President	1,790,017
Percent Turnout	78.09 %

****

Total Black Votes Cast		449,465
Black Votes for Clinton	91.6%	411,710
Black Votes for Bush	5.4%	24,271
Black Votes for Perot	1.6%	7,191
Black Votes for Others	1.4%	6,293
		449,465

****

Total Clinton Votes	815,971	100%
Total Clinton Black Vote	411,710	50.5%
Total Clinton White Vote	404,261	49.5%

November 3, 1992
Presidential Election
Special Analysis of Statewide Vote
In Louisiana

White Votes Cast	1,340,552
Registered White Voters	1,658,584
Percent Turnout	81%

****

Black Votes Cast	449,465
Registered Black Voters	633,135
Percent Turnout	71%

****

White Vote Analysis Total Cast	1,340,552	
Clinton White Vote	404,261	30.16%
Bush White Vote	709,115	52.9%
Perot White Vote	204,287	15.2%
Others White Vote	22,889	1.7%

Copy
went to
7L
Pastor ___

Hillary — Howard Paster
doesn't necessarily
agree — might be worth
a short talk with him

~~CONFIDENTIAL~~ MEMORANDUM

former Pryor aide; now working for health care task force

TO: First Lady Hillary Rodham Clinton February 9, 1993
FR: Chris Jennings
RE: Budget Discussion and Health Care Reform
cc: Melanne

I hope I am not being overly presumptuous, but I believe I would not be serving you well if I did not at least offer to share some of the lessons I learned about the politics of Social Security and Medicare during my 10 years on the Senate Aging Committee. The continuing budget discussions about Social Security taxes and high income Medicare hikes are causing me great concern because I strongly believe that such a move would have significant short and long-term political consequences.

The Social Security and Medicare proposals apparently being advocated, while defensible on policy grounds, are aimed directly at the same population of elderly who repealed the last significant health reform proposal -- the infamous Medicare Catastrophic Coverage Act (MCCA). The groups who rallied against MCCA, such as the National Committee to Preserve Social Security and Medicare (NCPSSM), were vicious and extremely effective. They forced almost an entire Congress to reverse their previous support for the catastrohic health care legislation.

Linking the Social Security and Medicare proposals to deficit reduction, rather than to health care reform, virtually assures that the NCPSSM will conduct a command performance. Moreover, AARP would almost certainly be forced to join them because, unlike MCCA, the budget package offers no perceived or direct benefit (deficit reduction does not cut it) to cite as a reason for Association support for increased payments.

DETERMINED TO BE AN ADMINISTRATIVE
MARKING INITIALS: MI DATE: 9/11/18
2018-0662-S

The elderly represented one of Bill Clinton's strongest bases of support during the election. If the Administration starts off by alienating this population (as it will by advocating the Social Security and Medicare proposals), it will be much harder, if not impossible, to get their absolutely essential support for the health reform proposal the President and you make. (This is particularly the case because it is unlikely we will be able to afford a comprehensive long-term care benefit).

Lastly, a move to incorporate these cuts into the budget runs directly contrary to the advice the President and you have received from House Majority Leader Gephardt. Senate Majority Leader Mitchell, while apparently resigned to accepting that Social Security taxes will be in the final budget package, feels strongly that any increase in health care Medicare payments should be linked to the health reform proposal. I strongly believe we may well be shooting ourselves in the foot if we start off by putting these Members -- your greatest health reform advocates -- in a position to defend something they have so strenuously argued against.

It is for these reasons that I believe that serious consideration should be given to foregoing the Social Security/Medicare beneficiary cost increase proposals (and substituting other Medicare provider cuts if dollars are needed) until the health care reform proposal is ready. If this cannot or does not occur, perhaps consideration could be given to dropping at least one of the two proposals. Irregardless, I would hope that in short order, the Congressional leadership is consulted, warned, and prepared to defend.

Chron

THE WHITE HOUSE
WASHINGTON

[redacted]

DATE: 2/12

NOTE FOR: Dreyer; Waldman

The President has reviewed the attached, and it is forwarded to you for your:

Information ☑

Action ☑

[redacted]

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

[redacted]

cc:

THE PRESIDENT HAS SEEN

Bush Aides Gave Oil Firms Millions in Royalty Breaks

A1

By ALAN C. MILLER
TIMES STAFF WRITER

WASHINGTON—In its final weeks before leaving office, the George Bush Administration took a series of little-noticed steps to allow the petroleum industry to avoid hundreds of millions of dollars in additional royalty and interest payments to the government.

At the same time, Administration officials lowered the government fees for some ranchers who graze livestock on federal lands.

The actions were taken in late December and January as Bush Administration officials prepared to relinquish control to the Democrats. They are only now coming to light as Clinton Administration appointees sort through issues before their departments.

On Wednesday, Clinton Interior Secretary Bruce Babbitt rescinded one of the oil and gas decisions, which had forestalled government efforts to collect certain royalty payments. He said the government claim for the money was fully consistent with "existing departmental regulations and practice."

The Bush Administration actions dealt with issues that in some cases had been under review by federal agencies for years. Several involved large sums for the parties involved.

Officials who served the Bush Administration say all the cases had been thoroughly considered at the appropriate levels and were ready for resolution.

Nevertheless, some acknowledge that they were conscious of their expiring authority and wanted to make sure the final decisions carried their stamps rather than their successors'.

Please see BUSH, A7

Los Angeles Times
2/11/93

1/2

Continued from A1

"There was a group of people who basically felt that Republicans should stop governing after the election, and I happen to dispute that notion," said John E. Schrote, a former Interior Department assistant secretary who was involved in many of the actions.

Indeed, he said, "I did particularly take a look at policies and things we could accomplish before we left office, and I set out to get those things done."

He and other departing officials asserted that the issues were resolved strictly on their merits. But others are raising questions about the timing and possible political motivations.

For example, two key decisions benefiting the oil and gas producers came on Dec. 22 and Jan. 15. The action on behalf of the ranchers came in the Agriculture Department on Jan. 13. President Clinton was inaugurated Jan. 20.

Oil companies gave more than $1.3 million to the Republican National Committee and other GOP groups in the past two years. By comparison, they donated about $733,000 to Democrats. Ranchers are a well-organized and powerful lobby in traditionally GOP states.

"There was this mad dash at exit time and a lot of things were done that are going to have to be eviscerated," said Rep. Mike Synar (D-Okla.), whose House Government Operations subcommittee on environment, energy and natural resources is reviewing some of the actions. "It may take us some time to piece together what happened" in the final days, he said.

The most controversial actions were taken at Interior, which oversees the management of the government's stock of public lands and resources.

The Times learned details of the actions through documents obtained under the Freedom of Information Act and from congressional oversight committees and interviews.

Cabinet members are seeking to determine which, if any, should be rescinded and how difficult that might be to do.

Leon E. Panetta, Clinton' director of management and budget, has already ordered more than 100 proposed regulations held up for review and possible revision. Most of those rules pertain to natural resources, the environment, health and transportation.

106

In addition to the case Babbitt acted on Wednesday, officials said, the new Interior secretary is examining another recent, favorable decision for the oil and gas industry on a multimillion-dollar dispute with California.

Also receiving new scrutiny is an action taken in October, four days before the election, that allowed agribusinessmen in Arizona to delay the first installment payment on a $2.3-billion debt to the federal government for a massive water project.

Among the final agency actions that have prompted the most concern in federal agencies, on Capitol Hill and in affected states are:

- A Dec. 22 Interior Department decision on whether the government deserves royalties when private gas companies make "buy-down" agreements among themselves that cut gas production on federal leases. James R. Richards, the department's inspector general, concluded that the government could demand such compensation since the contracts reduce the regular royalties it would receive otherwise. Schrote disagreed, saying a policy change would be necessary. Babbitt rescinded this decision.
- A Jan. 15 decision by the Interior Department's Minerals Management Service on an appeal by California on the way interest is computed for oil and gas producers that underpay their royalties. The state charged that the Interior Department was allowing the companies to reduce their interest bills by applying improper credits. Top Interior Department officials ruled otherwise. One oil-state lawmaker estimated that states and other royalty recipients would lose several billion dollars over the next five years. Babbitt is now reviewing this action.
- A decision announced Jan. 13 by then-Agriculture Secretary Edward R. Madigan to change the way that grazing fees on 3.7 million acres in the Plains states are calculated. The change decreased rates that were already below market levels. Madigan said the action corrected an unjustified disparity between regions; critics say it increased a windfall for a favored business interest.
- A decision in late October by the Interior Department's assistant secretary for water and science to delay Arizona agribusinessmen's repayments to the federal government on the Central Arizona Project, which provides valuable water for farms in the region. The payments were to start last month. The water districts pleaded hardship and asked for more time. Inspector General Richards concluded that they could afford to pay. His estimated additional cost for the federal Treasury this year: $51.2 million.

A number of other significant actions taken by top political appointees in the Bush Administration's final weeks are also generating controversy and may be targeted for review, including a Jan. 19 Interior Department opinion that denied native Hawaiians the same legal status as American Indians.

However, they have stirred fewer suspicions about motivations because they did not involve politically powerful and active industries.

At Interior, spokesman Jay Ziegler said a comprehensive review of recent decisions is under way.

"Secretary Babbitt has indicated that his priority is to find out everything the department did in the way of orders and slow them down, stop them in some cases and review them in terms of their legality and impact," Ziegler said.

The 'Buy-Down' Dispute

When gas producers contract with the government for leases on public lands, they in turn make deals to sell the gas to pipeline companies.

But when market prices plummeted in the last decade, the pipeline companies began renegotiating agreements for lower prices, less volume or to terminate deals altogether. To get the producers to agree, the pipelines routinely offered settlement bonuses.

In March, 1992, Richards concluded that the government was entitled to royalties based on the value of the settlement contracts because the "buyouts" were reducing royalties the government would have received from producing wells.

Richards estimated that $754 million could be claimed for leases in effect between 1982 and 1990. He said the money was not being paid only because the Minerals Management Service "had not established a policy on the collection" of it.

Top-level policy-makers at the Interior Department disputed Richards' findings, as well as the $754-million estimate. They said royalties are collected for gas production; termination payments did not qualify.

On Dec. 22, an Interior Department memorandum says, Schrote issued a finding that collecting the money would require a policy change, which would mean hearings and other procedures that take two to five years.

That was how it stood when the Bush Administration ended. After Schrote left office, though, Richards appealed to Babbitt and asserted that the royalties were clearly "the lessees' contractual obligations." Waiting for years would involve major losses under a six-year statute of limitations.

On Wednesday, Babbitt said he had reached the same legal conclusion. Collecting the royalties "does not involve any change in policy" and is covered by "existing departmental regulations and practice," he said in a memorandum.

The Underpayment Issue

This case involves the way royalties are calculated for oil and gas produced on public and Indian lands. When audits show that a company has underpaid the royalties it owes the government, it must remit the difference, plus interest. But when audits show that a company has overpaid its royalties, it is entitled to a refund from the government, but no interest.

That is because, under a Supreme Court ruling, the United States is immune from liability for interest on government debts unless Congress specifically authorizes it.

Last year, California, which splits royalty income with the federal government for gas produced there, for the first time calculated the interest it was owed and concluded that it was being shortchanged. The office of Controller Gray Davis said it determined that the Interior Department was allowing oil companies to deduct their total overpayments from their underpayments on a lease and to pay interest only on the difference. Since this had the effect of wiping out the interest obligation on some of the underpayment, California appealed.

On Jan. 15, David C. O'Neal, assistant Interior secretary for land and minerals management, rejected California's challenge in a case involving an Amerada Hess gas lease. His opinion said such "offsets" are part of well-established procedures and conform with Interior's interpretation of the law. Further, the department said in a regulation that it would begin allowing these offsets for different leases held by the same company.

Davis and other critics say this is unacceptable. "This is going to cost taxpayers in the states and tribes literally billions of dollars over the next five years," said Synar, who contends that the procedure violates congressional intent and the Supreme Court decision.

Davis said, "The timing of Interior's decision is a little suspicious. It smells like a last-minute favor for President Bush's buddies in the oil industry."

O'Neal angrily denied the suggestion of political motivation.

"Tell him to stick it in his ear," he said in an interview. "I took that oath of office when I was appointed and I was there until [January] 20th," O'Neal said. "On every decision that comes forward, we have to make that decision. I can guarantee you that decision was in the pipeline."

The Grazing Case

The fees the government charges for allowing ranchers to graze livestock on public land are set on two scales. One covers mostly land in national forests in 16 Western states and was established in a congressionally mandated formula in 1978. The other formula applies to grasslands in nine Great Plains states and was set by the Agriculture Department.

The latter rates were much higher—which some attributed to the better quality of the land. After strenuous lobbying by ranchers paying the higher fees, the Agriculture Department agreed to review the system. On Jan. 13, Madigan announced a new plan that rearranged the states covered and cut the higher rate from $3.42 per animal unit month to $2.04. The cheaper rate also dropped, from $1.92 to $1.86.

In an interview, Madigan said the issue had been under review since early 1991—brought to his attention by Democratic senators—and was ready for resolution. Closing the disparity in rates was only fair, he said.

Environmentalists and other critics, though, maintain that it was a naked political favor for an influential, traditionally Republican constituency. "The fees that are charged for the privilege of grazing livestock on our public lands are far below fair market value," said Dave Alberswerth, director of public lands and energy for the National Wildlife Federation.

"It's another one of these little boondoggle problems."

The Central Arizona Project

The massive Central Arizona Project was built by the federal government over the last two decades to carry water from the Colorado River to farmland in central and southern Arizona and, eventually, to supply Indian tribes and the cities of Phoenix and Tucson.

Under an agreement approved with Congress, the Arizona consortium of water districts and municipalities agreed to repay the government $2.3 billion of the $3.6-billion cost. The first bill came due last month, when water was being delivered to virtually all of the lands to be served.

But farmers complained of losses from insect damage, declining crop prices, pipeline problems and high water prices and sought an extension. On Oct. 29, John M. Sayre, assistant Interior secretary for water and science, signed off on a one-year delay. The district agreed to come up with four payments totaling $20.5 million, or half the first installment.

In a subsequent assessment, Richards, the Interior inspector general, reported that the delay would be very costly for the federal Treasury and questioned how hard-up these agribusinesses really were. The water district "has sufficient capital and revenues to meet its repayment requirements," he said.

Sayre said in an interview that forcing immediate repayment would have driven numerous farmers into bankruptcy. "This was just to try to help out a very critical situation." Richards has asked Babbitt to reconsider the decision.

Los Angeles Times 2/11/93

2/2

(e)

THE PRESIDENT HAS SEEN
2/12/93

Mack

We need a comprehensive
look at all this

Breaks
Bonuses
Borrowing (w
Boondoggle trips etc,

Need a good ltr. [illegible]
& memo on what if anything
to do [illegible]

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 2/12

NOTE FOR: George S.; Begala

The President has reviewed the attached, and it is forwarded to you for your:

Information ☐

Action ☑

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

02/11/93 14:31 ☎202 224 2271 OGM SUBCOM 002

CARL LEVIN
MICHIGAN

Potus —
HRC —
Gers —
Howard P.
Dist

United States Senate

WASHINGTON, DC 20510

February 11, 1993

MEMORANDUM

TO: Thomas F. McLarty, Chief-of-Staff
CC: Howard Paster
FROM: Senator Carl Levin
RE: President Clinton's Request

Dear Mack:

This is time urgent, because it concerns a possible item for the President's upcoming address to Congress.

Last night on Air Force One, the President asked me for a summary of the lobbying disclosure bill which we introduced last week, because he thought he might want to include it in next Wednesday's speech. Unlike campaign finance reform, lobbying reform can happen quickly.

I'm attaching a one-page description of the issue as well as a one-page summary of the bill.

Vice President Gore was with me at the press announcement last week when we introduced the bill. It made a great splash.

MUST BE IN Speech

Lobbying Reform

We need to change the old ways of conducting business in Washington. Lobbying by special interests must be conducted in the open and be subject to public scrutiny. The current laws regulating lobbying disclosure are almost useless, because they're so full of loopholes. By one estimate 3/4ths of paid lobbyists in town are not registered, although the laws are intended to require registration by all paid lobbyists so that the public knows who is being paid how much by whom to lobby for what.

S. 349, the bill introduced by Senator Carl Levin with bipartisan cosponsorship has a good chance to pass the Senate. The companion bill introduced in the House has a good chance to pass the House if the public makes its voice heard.

The bill would close loopholes in existing lobbying disclosure laws -- it would cover Executive Branch lobbying and lobbying of Congressional staff, as well as lobbying by many attorney-lobbyists and foreign interests who are not now covered.

Lobbying disclosure legislation now pending in both houses is a much-needed reform.

THE LOBBYING DISCLOSURE ACT OF 1993

The Lobbying Disclosure Act of 1993 would --

- Close the loopholes in disclosure statutes to ensure that all professional lobbyists are registered. The new law would plug loopholes in existing law by covering all professional lobbyists, regardless whether they lobby the legislative branch or the executive branch, Members of Congress or their staffs, and regardless whether they are attorneys or non-attorneys, in-house lobbyists or outside lobbyists. The only exceptions are for lobbyists who are paid less than $1,000 to lobby in a semi-annual period, or whose lobbying activities are only incidental to, and not a significant part of, their jobs.

- Replace existing lobbying disclosure laws with a single, uniform statute. The new statute would replace the Federal Regulation of Lobbying Act, the disclosure requirements of the so-called Byrd Amendment, the provisions of the Foreign Agents Registration Act (FARA) which apply to private persons and companies, and disclosure statutes applicable to lobbying of the Department of Housing and Urban Development and the Federal Energy Regulatory Commission. The provisions of the Byrd Amendment prohibiting lobbying with appropriated funds would be left intact, as would FARA provisions applicable to representatives of foreign governments and political parties.

- Streamline disclosure requirements to make sure that only meaningful information is disclosed and needless burdens are avoided. The new law would consolidate filing in a single form and a single location ("one-stop shopping"), substitute consolidated organizational filings for individual filings, and replace quarterly reports with semiannual reports. The information disclosed by registrants would include the name of each lobbyist, the identity of the client (and any foreign affiliate with a direct interest in the lobbying), the issues lobbied, the federal agencies and congressional committees contacted, and the amount of money spent. The bill would also require that this information be maintained in a form that could readily be cross-indexed with information on file at the Federal Election Commission.

- Create a new, more effective and equitable system for administering and enforcing these requirements. The new law would create a new Office of Lobbying Registration within the Justice Department to administer the statute, require guidance to the public on how to comply, require new computer systems to enhance public access to filed materials, and avoid intrusive audits and inspections through an informal dispute resolution process. The bill would also substitute a system of administrative fines, subject to judicial review, for the existing criminal penalties (which have never been enforced).

Chron

THE WHITE HOUSE
WASHINGTON

DATE: ______________

NOTE FOR: MACK; Bruce

The President has reviewed the attached, and it is forwarded to you for your:

Information ☐

Action ☑

Do you want to forward to Leon for calculation of savings?

John

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

NONCAREER APPOINTMENTS IN THE EXECUTIVE BRANCH

KEY POINTS

o The President has discretion on what jobs he chooses to fill or leave vacant. Presidents' decisions on such matters are driven by both operational and policy needs. Certain positions are essential to getting the job done; others may be filled to avoid adverse reactions from the Congress or elsewhere.

o The attached table lays out basic information on the three types of positions.

o The control point on all these non-career positions is Presidential Personnel. Agencies cannot fill these positions without approval from Presidential Personnel.

* o The beginning of an Administration presents a singular opportunity to reduce substantially or to reallocate non-career positions. Even though it shows counts approximately eight months after inauguration, the chart at Tab A reflects a clear dip in the number of non-career positions occupied in the first year of a new President.

* o In addition to the turnover in non-career ranks because of the change of administrations, a significant number of career SES are expected to retire beginning later in 1993 and continuing through 1994. By January, 1994, they will have logged a new "high three" years under the increased SES pay that took effect in 1991. By September of 1993, more than one third of career SES will be eligible for regular retirement. The chart at Tab B indicates a clear relationship between SES retirements and past pay increases.

o The combination of the change in administration and the anticipated increase in SES retirements presents an extraordinary opportunity to reduce the number of layers at high levels of government.

o Additional information on Schedule C, SES, and PAS positions by agency follows at Tabs C, D, and E, respectively.

Mack

It's worth having someone analyze whether there are additional savings here (may need to meet the 3,3,3,5% cuts)

B

NONCAREER APPOINTMENTS IN THE EXECUTIVE BRANCH

	Number of Slots	Number Encumbered
Schedule C[1]	1,799[2]	964[3]
Non-Career SES[4]	880[5]	170[6]
PAS[7]	1,163[8]	23[9]
Total	**3,842**	**1,157**

1 Schedule C. Positions of a confidential or policy making/advocating nature, generally paid up to GS-15 (up to $86,589). There are no slots, per se. OPM allocates individual appointment authorities to agencies, but appointments can only be made after approval of a named individual by the White House Presidential Personnel Office (PPO).

2 1,799 was the number of Schedule Cs on September 30, 1992. The high water mark for 1992 was 1,831.

3 This is not a reliable number since many agency reports to OPM on recent departures of Schedule Cs are incomplete. OPM reports granting only 3 new permanent Schedule C authorities and agencies have reported filling 72 temporary Schedule Cs since January 21, 1993.

4 Non-Career SES. Positions of a confidential or policy making/advocating nature in the Senior Executive Service. These are not slots, per se. OPM allocates individual appointment authorities to agencies only after approval of a named individual by PPO. (Paid $92,900 to $115,700)

5 By statute, the maximum number of Non-Career SES is limited to 10 percent of the total number of SES allocations. Currently, there are 8,802 total allocations.

6 In addition, 22 SES limited appointments have been authorized for persons awaiting nomination/confirmation for PAS appointments. In June 1992, there were 759 Non-Career SES.

7 PAS. Presidential appointments requiring Senate confirmation. (Paid $108,200 to $148,400)

8 In addition to the approximately 500 Cabinet and sub-cabinet appointments, the total includes PAS positions such as U.S. Attorneys, Members of some boards and foundations, and Chiefs of Mission in the State Department.

9 This number includes only Clinton Administration appointments (Senate confirmed).

NONCAREER APPOINTMENTS IN THE EXECUTIVE BRANCH

	Number of Slots	Number Encumbered
Schedule C[1]	1,799[2]	964[3]
Non-Career SES[4]	880[5]	170[6]
PAS[7]	1,163[8]	23[9]
Total	**3,842**	**1,157**

[1] Schedule C. Positions of a confidential or policy making/advocating nature, generally paid up to GS-15 (up to $86,589). There are no slots, per se. OPM allocates individual appointment authorities to agencies, but appointments can only be made after approval of a named individual by the White House Presidential Personnel Office (PPO).

[2] 1,799 was the number of Schedule Cs on September 30, 1992. The high water mark for 1992 was 1,831.

[3] This is not a reliable number since many agency reports to OPM on recent departures of Schedule Cs are incomplete. OPM reports granting only 3 new permanent Schedule C authorities and agencies have reported filling 72 temporary Schedule Cs since January 21, 1993.

[4] Non-Career SES. Positions of a confidential or policy making/advocating nature in the Senior Executive Service. These are not slots, per se. OPM allocates individual appointment authorities to agencies only after approval of a named individual by PPO. (Paid $92,900 to $115,700)

[5] By statute, the maximum number of Non-Career SES is limited to 10 percent of the total number of SES allocations. Currently, there are 8,802 total allocations.

[6] In addition, 22 SES limited appointments have been authorized for persons awaiting nomination/confirmation for PAS appointments. In June 1992, there were 759 Non-Career SES.

[7] PAS. Presidential appointments requiring Senate confirmation. (Paid $108,200 to $148,400)

[8] In addition to the approximately 500 Cabinet and sub-cabinet appointments, the total includes PAS positions such as U.S. Attorneys, Members of some boards and foundations, and Chiefs of Mission in the State Department.

[9] This number includes only Clinton Administration appointments (Senate confirmed).

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 2/12

NOTE FOR: MACK, WALDMAN, Rubin

The President has reviewed the attached, and it is forwarded to you for your:

Information ✓

Action ✓

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

MEMORANDUM

TO: Mack McLarty
FROM: Paul Begala
Michael Waldman
RE: campaign commitments on executive pay

Here, as we dicussed is the campaign commitment on executive pay as put forth by Putting People First.

Feb. 11/93

Mr. President —
FYI & review
per our discussion

Mack

Mack per
Meeting today.
There are some
positive points
in this section
we need to
discussion
to implement
after [illegible]
B

P.S. Your comments
this a.m. on this
matter were just right —

who speculate in paper, instead of those who put people first. Never again can we sit idly by while the plight of hardworking Americans is ignored.

It's time to do right by the people who make America work.

Here's how:

Linking Pay and Performance

• Eliminate *tax deductions for excessive executive pay.*

• Encourage firms to reward workers for their performance and share profits with all employees by restricting companies' ability to *deduct special payments if they are limited to top executives.* Companies will be allowed to deduct bonuses tied to profits for top executives only if other employees also receive bonuses.

• Restore the link between pay and performance by encouraging companies to provide for *employee ownership and profit-sharing for all employees,* not just executives.

• Allow companies to deduct "golden parachute" payments to managers only if they *also provide severance packages for other employees.*

• *Permit shareholders to determine the compensation of top executives,* and require public corporations to provide understandable information on executive compensation to their stockholders.

Investing in America for a Change

• Eliminate tax breaks for American companies that shut down their American plants and *ship our jobs overseas.*

• Crack down on foreign companies *prosper by manipulating our tax laws to*

• Provide a *targeted investment tax cre* investment in the new plants and produ here at home that we need to compet economy.

• Help small businesses and entreprer a 50 percent tax exclusion to those wh making *long-term investments in new bu*

• Make permanent the *research and c credit* to reward companies that invest in technologies.

Making Polluters Pay

• *Get tough on environmental crime* b panies and polluters responsible for their b corporations deliberately violate enviro they'll pay the price—and, if necessary, p to jail.

• Create incentives for corporations to *and toxic emissions* and reward those whc tants and recycle.

Reorganizing the Workplace

• Encourage greater *cooperation betw management;* set an example in the feder by eliminating unnecessary layers of bureau ting more decision-making authority in front-line workers.

• Sign into law the *Family and Medic*

Chim / Lake
UP

THE WHITE HOUSE

WASHINGTON

FEB 12 A10:42

FEBRUARY 12, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT
HILLARY RODHAM CLINTON

FROM: Howard Paster

SUBJECT: Senator Leahy and Egyptian President Mubarak

In the course of notifying members of the Senate Judiciary Committee of the Reno nomination, I spoke with Senator Leahy who is in Egypt. He asked specifically that I advise both of you that President and Mrs. Mubarak speak glowingly of you, and they look forward to visiting the U.S. before too long. I pass this along both because the Senator asked me to do so, and because I assume the Egyptians wanted that to happen.

Chron

THE WHITE HOUSE
WASHINGTON

DATE: 2/12/93

NOTE FOR: DAVID WILHELM

The President has reviewed the attached, and it is forwarded to you for your:

Information ☒

Action ☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

THE PRESIDENT HAS SEEN

Rochon & Associates

639 Loyola Avenue, Suite 1210, New Orleans, LA 70113, (504) 525-7267

November 16, 1992

Rahm
Nancy
cc Bruce Lindsey

TO: **Congressman William Jefferson**

FROM: **Reynard J. Rochon**

SUBJECT: **SPECIAL ANALYSIS OF THE NOVEMBER 3, 1992 PRESIDENTIAL VOTE IN LOUISIANA**

Obviously, the absolute number of votes each candidate received as presented by us are point estimations.

However, variance from my point estimate with respect to the absolute actual vote would be immaterial.

In other words, I estimated Clinton's absolute black vote to equal 411,710. The actual may range +/- 0 - 800.

It should be noted however, that the 91.6% of the black vote he received is absolutely accurate. Also, he received more black votes than he did white votes.

In conclusion, he would not have won Louisiana had it not been for the black vote. I am sure this may have been the case in several other states also.

November 3, 1992
Presidential Election
Special Analysis of Statewide Vote
In Louisiana

Returns

Clinton	815,971	45.59
Bush	733,386	40.97
Perot	211,478	11.81
Others	29,182	1.63
Totals	1,790,017	100 %

****

Registered Voters Statewide	2,292,129
Total Votes Cast for President	1,790,017
Percent Turnout	78.09 %

****

Total Black Votes Cast		449,465
Black Votes for Clinton	91.6%	411,710
Black Votes for Bush	5.4%	24,271
Black Votes for Perot	1.6%	7,191
Black Votes for Others	1.4%	6,293
		449,465

****

Total Clinton Votes	815,971	100%
Total Clinton Black Vote	411,710	50.5%
Total Clinton White Vote	404,261	49.5%

November 3, 1992
Presidential Election
Special Analysis of Statewide Vote
In Louisiana

White Votes Cast	1,340,552	
Registered White Voters	1,658,584	
Percent Turnout	81%	

****

Black Votes Cast	449,465	
Registered Black Voters	633,135	
Percent Turnout	71%	

****

White Vote Analysis Total Cast	1,340,552	
Clinton White Vote	404,261	30.16%
Bush White Vote	709,115	52.9%
Perot White Vote	204,287	15.2%
Others White Vote	22,889	1.7%

CHRON.

THE WHITE HOUSE
WASHINGTON

DATE: 2/12/93

NOTE FOR: HOWARD PASTER
TONY LAKE

The President has reviewed the attached, and it is forwarded to you for your:

Information ☒

Action ☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

THE PRESIDENT HAS SEEN 2/12/93

The President

Telephone Log for PRESIDENT CLINTON
Telephone Calls for 02/09/93 Page #: 1

4:33 PM	**RICHARDS, ANN** GOVERNOR/TEXAS Ph #:(512) 475-3232 Home:(512) 463-5518 Other Car: Fax:	RETURN CALL (1) 27b Aerosp Sp Sta — jobs Cal, TX, Fla (2) Sp Sta valuable & now — Kantor 8b for country — 13b Taken By: BMC (3) Ron Brown
4:36 PM	**SIMPSON, ALAN** SENATOR/WYOMING Ph #: Home: Other Car: Fax:	Call per Howard Paster Thank him for article in "Casper Star" Taken By: BMC
4:40 PM	**SMITH, MAURICE** Ph #: Home: Other Car: Fax:	Call him Taken By: BMC
5:53 PM	**SPECTER, ARLEN** Ph #: Howard / Tony L Home: He has some interesting things Other to say about Kim Hulkin — Car: Fax:	Placed call - will call back BC Will call back on 2/10 B. Taken By: BMC
7:05 PM	**CONYERS, JOHN** U. S. CONGRESSMAN Ph #:(202) 224-3121 Home: Other Car: Fax:	Call him — PER MACK Taken By: BMC
7:37 PM	**PERPICH, RUDY** GOVERNOR Ph #:(612) 449-9469 Home: Other Car: Fax:	Wants to talk w/you re. ex-Yugoslavia PER MACK Taken By: BMC

THE PRESIDENT HAS SEEN 2/12/93

Telephone Log for PRESIDENT CLINTON Telephone Calls for 02/11/93		**Page #: 1**
09:09 AM	**SHEINBAUM, STANLEY** LOS ANGELES, CA Ph #:(310) 472-9541 Home: Other Car: Fax:	Called the President (did Memo) Just to chat Taken By: BMC
3:30 PM	**JORDAN, VERNON** LAW FIRM Ph #:(202) 887-4260 Home: Other Car: Fax:	Immunizations Pres C wanted to talk w/him prior to ~~4:00 briefing~~ Immunization P.C. Taken By: BMC
	SEN. HOLLINGS PER MACK	

4 Cos. do immuniz.
Jerry Mossinghoff — Pres of Pharm Mfg Assn wants to bring 4 reps to WH to state their pt of view thinks thing can be worked out —
I told Vernon to have Jerry M call Carol Rasco — he'll call Fri noon.

To Carol Rasco
important

THE PRESIDENT HAS SEEN

Republicans study Clinton's answers

By Jessica Lee
USA TODAY

> "This was a tough group for him."
> — Pollster Fred Steeper

SOUTHFIELD, Mich. — Even Republicans said President Clinton scored well at his televised town hall Wednesday night — and they plan to use it against him and his party.

Michigan-based Market Strategies, a Republican polling firm that worked for President Bush in 1992, paid 43 white, self-described swing voters from Detroit suburbs $35 to watch Clinton answer questions from his TV audiences.

The firm plans to study the results and advise Republicans on issues in coming campaigns.

"This was a tough group for him," said Market Strategies' Fred Steeper. Of the focus group members, 21 were Republicans and 15 Democrats; 17 voted for Bush, 16 for Clinton and eight for Ross Perot.

Clinton got his best ratings — up to 77 points — on health care and crime. His lowest came on homosexuals in the military, 38 points; taxes, 35.

Steeper said Clinton may have missed his key objective: "His purpose was to instill confidence in his economic plan, but he actually instilled confidence in foreign policy. He was very credible in health care."

Still, before the forum began Clinton scored 40 on whether he had an effective plan to improve the economy. When it was over, he'd gained 9 points.

Shawn Brown, 42, a gift shop owner who voted for Clinton, praised him on health care: "Health is a major problem, and I feel confident he'll put us on the right track. I was especially impressed by his answer to that girl who has lupus."

Hair designer Abigail Whittum, 38, who also voted for Clinton, said, "I was most impressed with what he said on health care. ... But my confidence level is not high."

Perot voter Bill Bagwell Jr., 35, said Clinton should do a monthly town meeting from the Oval Office: "There wasn't a lot of substance. But I was impressed with the fact that he did this."

Bush voter John Wagner, 66, arrived unimpressed and heard nothing to change his mind: "He didn't say anything that he hasn't already said. All he does is tell you what he's going to do. He never mentions how he's going to do it."

HIGHLIGHTS OF PRESIDENT CLINTON'S COMMENTS

▶ **DEFICIT:** We have to do two things at once that no government in your country's history has ever done. We've got to increase investment and jobs and reduce the deficit, and we're going to do it.

▶ **TAXES:** I wish I could promise you that I won't ask you to pay any more, but I can't. ... I have to be honest with you: The debt is $50 billion a year bigger than we were told it was before the election. I'm doing my best.

▶ **BALANCED BUDGET:** I'm not very impressed by any version of the balanced budget amendment that I have seen because I think it is basically a gimmick and a way of putting the decision off.

▶ **HEALTH CARE:** We're the only country in the world with 1,500 separate health insurance companies writing thousands of different policies, covering small, small groups with a blizzard of rules that would choke a horse — plus the government makes it worse by the way we run Medicare and Medicaid.

▶ **CHILD CARE:** The population ... needs to be helped by making sure you've got a steady stream of trained quality child-care workers, and then more income for middle-class people, either through the child-care tax credit or the general earned income tax credit.

▶ **GAYS IN MILITARY:** I was frankly appalled that we spent so much time the first week talking about that instead of how to get the economy going again.

▶ **DRUG WAR:** Drugs have affected my family. I hate what they are doing to America ... I'm going to do what I can to fight it.

▶ **YUGOSLAVIA:** We ought to do what is right; it's also what is safest for the United States.

▶ **HAITI:** I am not going to lift the embargo as long as there is a government down there oppressing the people.

USA TODAY

Feb 11
1993

THE PRESIDENT HAS SEEN
2/12/93

Rubin

FYI - interesting
make sure DW knows

THE PRESIDENT HAS SEEN

Bush Aides Gave Oil Firms Millions in Royalty Breaks

A1

By ALAN C. MILLER
TIMES STAFF WRITER

WASHINGTON—In its final weeks before leaving office, the George Bush Administration took a series of little-noticed steps to allow the petroleum industry to avoid hundreds of millions of dollars in additional royalty and interest payments to the government.

At the same time, Administration officials lowered the government fees for some ranchers who graze livestock on federal lands.

The actions were taken in late December and January as Bush Administration officials prepared to relinquish control to the Democrats. They are only now coming to light as Clinton Administration appointees sort through issues before their departments.

On Wednesday, Clinton Interior Secretary Bruce Babbitt rescinded one of the oil and gas decisions, which had forestalled government efforts to collect certain royalty payments. He said the government claim for the money was fully consistent with "existing departmental regulations and practice."

The Bush Administration actions dealt with issues that in some cases had been under review by federal agencies for years. Several involved large sums for the parties involved.

Officials who served the Bush Administration say all the cases had been thoroughly considered at the appropriate levels and were ready for resolution.

Nevertheless, some acknowledge that they were conscious of their expiring authority and wanted to make sure the final decisions carried their stamps rather than their successors'.

Please see BUSH, A7

Continued from A1

"There was a group of people who basically felt that Republicans should stop governing after the election, and I happen to dispute that notion," said John E. Schrote, a former Interior Department assistant secretary who was involved in many of the actions.

Indeed, he said, "I did particularly take a look at policies and things we could accomplish before we left office, and I set out to get those things done."

He and other departing officials asserted that the issues were resolved strictly on their merits. But others are raising questions about the timing and possible political motivations.

For example, two key decisions benefiting the oil and gas producers came on Dec. 22 and Jan. 15. The action on behalf of the ranchers came in the Agriculture Department on Jan. 13. President Clinton was inaugurated Jan. 20.

Oil companies gave more than $1.3 million to the Republican National Committee and other GOP groups in the past two years. By comparison, they donated about $733,000 to Democrats. Ranchers are a well-organized and powerful lobby in traditionally GOP states.

"There was this mad dash at exit time and a lot of things were done that are going to have to be eviscerated," said Rep. Mike Synar (D-Okla.), whose House Government Operations subcommittee on environment, energy and natural resources is reviewing some of the actions. "It may take us some time to piece together what happened" in the final days, he said.

The most controversial actions were taken at Interior, which oversees the management of the government's stock of public lands and resources.

The Times learned details of the actions through documents obtained under the Freedom of Information Act and from congressional oversight committees and interviews.

Cabinet members are seeking to determine which, if any, should be rescinded and how difficult that might be to do.

Leon E. Panetta, Clinton' director of management and budget, has already ordered more than 100 proposed regulations held up for review and possible revision. Most of those rules pertain to natural resources, the environment, health and transportation.

Los Angeles Times
2/11/93

1/2

106

In addition to the case Babbitt acted on Wednesday, officials said, the new Interior secretary is examining another recent, favorable decision for the oil and gas industry on a multimillion-dollar dispute with California.

Also receiving new scrutiny is an action taken in October, four days before the election, that allowed agribusinessmen in Arizona to delay the first installment payment on a $2.3-billion debt to the federal government for a massive water project.

Among the final agency actions that have prompted the most concern in federal agencies, on Capitol Hill and in affected states are:

• A Dec. 22 Interior Department decision on whether the government deserves royalties when private gas companies make "buy-down" agreements among themselves that cut gas production on federal leases. James R. Richards, the department's inspector general, concluded that the government could demand such compensation since the contracts reduce the regular royalties it would receive otherwise. Schrote disagreed, saying a policy change would be necessary. Babbitt rescinded this decision.

• A Jan. 15 decision by the Interior Department's Minerals Management Service on an appeal by California on the way interest is computed for oil and gas producers that underpay their royalties. The state charged that the Interior Department was allowing the companies to reduce their interest bills by applying improper credits. Top Interior Department officials ruled otherwise. One oil-state lawmaker estimated that states and other royalty recipients would lose several billion dollars over the next five years. Babbitt is now reviewing this action.

• A decision announced Jan. 13 by then-Agriculture Secretary Edward R. Madigan to change the way that grazing fees on 3.7 million acres in the Plains states are calculated. The change decreased rates that were already below market levels. Madigan said the action corrected an unjustified disparity between regions; critics say it increased a windfall for a favored business interest.

• A decision in late October by the Interior Department's assistant secretary for water and science to delay Arizona agribusinessmen's repayments to the federal government on the Central Arizona Project, which provides valuable water for farms in the region. The payments were to start last month. The water districts pleaded hardship and asked for more time. Inspector General Richards concluded that they could afford to pay. His estimated additional cost for the federal Treasury this year: $51.2 million.

A number of other significant actions taken by top political appointees in the Bush Administration's final weeks are also generating controversy and may be targeted for review, including a Jan. 19 Interior Department opinion that denied native Hawaiians the same legal status as American Indians.

However, they have stirred fewer suspicions about motivations because they did not involve politically powerful and active industries.

At Interior, spokesman Jay Ziegler said a comprehensive review of recent decisions is under way.

"Secretary Babbitt has indicated that his priority is to find out everything the department did in the way of orders and slow them down, stop them in some cases and review them in terms of their legality and impact," Ziegler said.

The 'Buy-Down' Dispute

When gas producers contract with the government for leases on public lands, they in turn make deals to sell the gas to pipeline companies.

But when market prices plummeted in the last decade, the pipeline companies began renegotiating agreements for lower prices, less volume or to terminate deals altogether. To get the producers to agree, the pipelines routinely offered settlement bonuses.

In March, 1992, Richards concluded that the government was entitled to royalties based on the value of the settlement contracts because the "buyouts" were reducing royalties the government would have received from producing wells.

Richards estimated that $754 million could be claimed for leases in effect between 1982 and 1990. He said the money was not being paid only because the Minerals Management Service "had not established a policy on the collection" of it.

Top-level policy-makers at the Interior Department disputed Richards' findings, as well as the $754-million estimate. They said royalties are collected for gas production; termination payments did not qualify.

On Dec. 22, an Interior Department memorandum says, Schrote issued a finding that collecting the money would require a policy change, which would mean hearings and other procedures that take two to five years.

That was how it stood when the Bush Administration ended. After Schrote left office, though, Richards appealed to Babbitt and asserted that the royalties were clearly "the lessees' contractual obligations." Waiting for years would involve major losses under a six-year statute of limitations.

On Wednesday, Babbitt said he had reached the same legal conclusion. Collecting the royalties "does not involve any change in policy" and is covered by "existing departmental regulations and practice," he said in a memorandum.

The Underpayment Issue

This case involves the way royalties are calculated for oil and gas produced on public and Indian lands. When audits show that a company has underpaid the royalties it owes the government, it must remit the difference, plus interest. But when audits show that a company has overpaid its royalties, it is entitled to a refund from the government, but no interest.

That is because, under a Supreme Court ruling, the United States is immune from liability for interest on government debts unless Congress specifically authorizes it.

Last year, California, which splits royalty income with the federal government for gas produced there, for the first time calculated the interest it was owed and concluded that it was being shortchanged. The office of Controller Gray Davis said it determined that the Interior Department was allowing oil companies to deduct their total overpayments from their underpayments on a lease and to pay interest only on the difference. Since this had the effect of wiping out the interest obligation on some of the underpayment, California appealed.

On Jan. 15, David C. O'Neal, assistant Interior secretary for land and minerals management, rejected California's challenge in a case involving an Amerada Hess gas lease. His opinion said such "offsets" are part of well-established procedures and conform with Interior's interpretation of the law. Further, the department said in a regulation that it would begin allowing these offsets for different leases held by the same company.

Davis and other critics say this is unacceptable. "This is going to cost taxpayers in the states and tribes literally billions of dollars over the next five years," said Synar, who contends that the procedure violates congressional intent and the Supreme Court decision.

Davis said, "The timing of Interior's decision is a little suspicious. It smells like a last-minute favor for President Bush's buddies in the oil industry."

O'Neal angrily denied the suggestion of political motivation.

"Tell him to stick it in his ear," he said in an interview. "I took that oath of office when I was appointed and I was there until [January] 20th," O'Neal said. "On every decision that comes forward, we have to make that decision. I can guarantee you that decision was in the pipeline."

The Grazing Case

The fees the government charges for allowing ranchers to graze livestock on public land are set on two scales. One covers mostly land in national forests in 16 Western states and was established in a congressionally mandated formula in 1978. The other formula applies to grasslands in nine Great Plains states and was set by the Agriculture Department.

The latter rates were much higher—which some attributed to the better quality of the land. After strenuous lobbying by ranchers paying the higher fees, the Agriculture Department agreed to review the system. On Jan. 13, Madigan announced a new plan that rearranged the states covered and cut the higher rate from $3.42 per animal unit month to $2.04. The cheaper rate also dropped, from $1.92 to $1.86.

In an interview, Madigan said the issue had been under review since early 1991—brought to his attention by Democratic senators—and was ready for resolution. Closing the disparity in rates was only fair, he said.

Environmentalists and other critics, though, maintain that it was a naked political favor for an influential, traditionally Republican constituency. "The fees that are charged for the privilege of grazing livestock on our public lands are far below fair market value," said Dave Alberswerth, director of public lands and energy for the National Wildlife Federation.

"It's another one of these little boondoggle problems."

The Central Arizona Project

The massive Central Arizona Project was built by the federal government over the last two decades to carry water from the Colorado River to farmland in central and southern Arizona and, eventually, to supply Indian tribes and the cities of Phoenix and Tucson.

Under an agreement approved with Congress, the Arizona consortium of water districts and municipalities agreed to repay the government $2.3 billion of the $3.6-billion cost. The first bill came due last month, when water was being delivered to virtually all of the lands to be served.

But farmers complained of losses from insect damage, declining crop prices, pipeline problems and high water prices and sought an extension. On Oct. 29, John M. Sayre, assistant Interior secretary for water and science, signed off on a one-year delay. The district agreed to come up with four payments totaling $20.5 million, or half the first installment.

In a subsequent assessment, Richards, the Interior inspector general, reported that the delay would be very costly for the federal Treasury and questioned how hard-up these agribusinesses really were. The water district "has sufficient capital and revenues to meet its repayment requirements," he said.

Sayre said in an interview that forcing immediate repayment would have driven numerous farmers into bankruptcy. "This was just to try to help out a very critical situation." Richards has asked Babbitt to reconsider the decision.

(2)

Los Angeles Times 2/11/93

2/2

THE PRESIDENT HAS SEEN
2/12/93

Mack
We need a comprehensive
look at all this
Breaks
Bonuses,
Burrowing in
Boondoggle trips etc,
Need a good defn. ~~[illegible]~~ to D
& consensus on what is anything
to do ~~[illegible]~~ (~~[illegible]~~) —

THE WHITE HOUSE

WASHINGTON

February 9, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA JP
TODD STERN

SUBJECT: Proposed Executive Actions on Administrative Cuts and Perks

Attached are decision memos from Bruce Reed recommending that you sign three proposed Executive orders and three proposed Presidential Memoranda cutting perks and administrative costs. I have also attached OMB's memos, which provide clear summaries of each proposed action.

The Executive orders:

- Work Force Reduction. Directs reduction of the federal bureaucracy by at least 100,000 employees through attrition by the end of FY 95;

- Cost Reduction. Directs executive agencies to break out administrative costs in their appropriation requests to OMB for FY 94-97 and reduce those costs by 1% in FY 94, 3% in FY 95, 6% in FY 96 and 11% in FY 97;

- Advisory Committees. Directs OMB to ensure that executive agencies terminate at least one-third of those advisory committees not required by statute and secure OMB approval before creating new ones.

The Presidential Memoranda:

- Aircraft. Prohibits senior officials from using government aircraft for non-governmental purposes. A narrow exception would allow such use for the Secretaries of State and Defense, the Attorney General and the Directors of the FBI and CIA -- but only with approval of the President for security reasons and only provided that they reimburse the government at full coach fare. This Memorandum would thus end the practice of senior civilian officials flying free on government planes for personal reasons on a "space available" basis and would prevent anyone (like a Sununu) from authorizing his own use of government planes.

o **Cars**. Eliminates portal-to-portal service for Cabinet deputies (under Bush, 17 principal deputies were eligible for this service) and for all White House staff except the National Security Advisor, his Deputy and the Chief of Staff (under Bush, 6 White House officials had the service). This Memorandum would also direct the agencies to cut the number of vehicles it owns or leases in half by the end of FY 93;

o **Perks**. Prohibits a variety of executive branch perks, including below-cost meals in executive dining facilities or the White House Executive Mess, and opens up government-owned (**including military**) golf courses to the public.

These proposed executive actions have been approved by White House Counsel, OMB and the Office of Legal Counsel at Justice.

We recommend that you sign the orders.

THE WHITE HOUSE

WASHINGTON

February 8, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED BR

SUBJECT: Executive Order Reducing the Bureaucracy by at Least 100,000 Positions

I. ACTION-FORCING EVENT: You are tentatively scheduled to announce reductions in the federal bureaucracy on Wednesday, February 10, 1993.

II. BACKGROUND\ANALYSIS: This Executive Order seeks to satisfy your campaign pledge to cut the federal bureaucracy by at least 100,000 positions through attrition, as a way to eliminate unnecessary layers of management and improve productivity.

One of every six dollars we spend on domestic programs goes to wages and benefits for federal workers -- not counting administrative costs. Eliminating 100,000 positions in the bureaucracy would save $3-4 billion a year by FY 1996.

This measure will reduce the government's civilian workforce of 2.2 million people by four percent over the next three years. It orders OMB to issue detailed instructions directing executive departments and agencies with over 100 employees to achieve 25 percent of the cuts in FY 1993, 62.5 percent by the end of FY 1994 and 100 percent by FY 1995. At least ten percent of the reductions would come from management (Senior Executive Service, GS-14 and GS-15). Independent agencies are requested to make similar reductions voluntarily.

III. RECOMMENDATION: This action will help fulfill one of your most visible campaign promises. I recommend that you approve the proposed Executive Order.

IV. DECISION:

___Approve ___Approve as amended ___Reject ___No action

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

February 8, 1993

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Leon E. Panetta
Director

SUBJECT: Proposed Executive Order Entitled "Reduction of 100,000 Federal Positions"

SUBJECT: This forwards for your consideration a proposed Executive order that was submitted by the Office of Domestic Policy. The proposed order would require Executive departments and agencies with over 100 employees to reduce their civilian personnel positions by four percent over the next three years.

BACKGROUND: During the Presidential campaign, you promised to reduce employment in the Federal government by 100,000 positions. The proposed Executive order would fulfill that promise.

The proposed order would require that, effective February 1, 1993, Executive departments and agencies with over 100 employees eliminate not less than four percent of their civilian personnel positions over the next three fiscal years. This four percent reduction would result in the elimination of about 100,000 positions. The positions would be vacated through attrition and early out programs. At least ten percent of the reductions would come from the Senior Executive Service, GS-14 and GS-15 levels.

The order would require Executive departments and agencies to achieve 25 percent of the total reduction by the end of fiscal year 1993; 62.5 percent by the end of fiscal year 1994, and 100 percent by the end of fiscal year 1995. The Director of the Office of Management and Budget would issue detailed instructions regarding the implementation of the order, including exemptions necessary for the delivery of essential services and compliance with applicable law. The order would request independent agencies to reduce their employment by the same percentages as the Executive agencies.

RECOMMENDATION: I recommend that you sign the proposed Executive order.

THE WHITE HOUSE

WASHINGTON

February 8, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED BR

SUBJECT: Proposed Executive Order To Cut Administrative Costs

I. ACTION-FORCING EVENT: You are tentatively scheduled to announce reductions in executive branch administrative costs on Wednesday, February 10, 1993.

II. BACKGROUND\ANALYSIS: This proposed Executive Order is intended to satisfy your campaign pledge to cut administrative costs in the executive branch by three percent. The Order directs executive agencies and departments to break out administrative costs (to be defined by the Office of Management and Budget) as a separate line item category in their budget requests to OMB. The Order further directs that future budget requests must reflect reductions in the agencies' and departments' administrative expenses of one percent in FY 1994, three percent in FY 1995, six percent in FY 1996, and eleven percent in FY 1997 off the 1993 baseline. Independent agencies are requested to reduce their administrative expenses by the same amounts.

OMB estimates that these cuts would save $2.4 billion a year by FY 1997.

III. RECOMMENDATION: I recommend that you sign the proposed Executive Order.

IV. DECISION:

___Approve ___Approve as amended ___Reject ___No action

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

THE DIRECTOR

February 8, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Leon E. Panetta
Director

SUBJECT: Proposed Executive Order Entitled "Deficit Control and Productivity Improvement in the Administration of the Federal Government"

SUMMARY: This forwards for your consideration a proposed Executive order that was submitted by the Office of Domestic Policy. The proposed order would require Executive departments and agencies to reduce their administrative expenses by an average of almost three percent annually over the next four years.

BACKGROUND: During the Presidential campaign, you stated an intention to reduce federal administrative costs by three percent annually. The proposed order would carry out that commitment.

The order would direct all Executive departments and agencies to include a separate category for "administrative expenses" in their appropriation requests to the Office of Management and Budget for fiscal years 1994 through 1997. The order would direct the agencies to submit in fiscal years 1994 through 1997, budget requests that respectively reflect reductions in their administrative expenses of one, three, six and eleven percent from the 1993 baseline.

To enforce the reductions, the order would authorize the Director of the Office of Management and Budget to reduce an agency's request for administrative expenses to the extent that an agency fails to meet the annual goal. The order would also request independent agencies to reduce their administrative expenses by the same percentages as the Executive agencies.

RECOMMENDATION: I recommend that you sign the proposed Executive order.

THE WHITE HOUSE

WASHINGTON

February 8, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED BR

SUBJECT: Proposed Executive Order Reducing Advisory Commissions

I. ACTION-FORCING EVENT: You are tentatively scheduled to announce reductions in unnecessary advisory commissions on Wednesday, February 10, 1993.

II. BACKGROUND/ANALYSIS: This Executive Order seeks to eliminate unnecessary executive branch advisory commissions. There are over 1,100 advisory commissions, approximately 700 of which have been created even though they are not required by statute.

These commissions issue 1,000 reports a year, cost taxpayers approximately $150 million per year, and are spreading like kudzu. The State Department has an Advisory Committee of the International Commission on the Conservation of Atlantic Tunas and an Advisory Committee to the Inter-American Tropical Tuna Commission. The Transportation Department has a Commercial Fishing Industry Vessel Advisory Committee, a National Boating Safety Advisory Committee, a National Offshore Safety Advisory Committee, a Navigation Safety Advisory Council, and a Towing Safety Advisory Committee.

This proposed Order directs the Office of Management and Budget (OMB) to ensure that each executive agency and department terminate not less than one-third of those advisory commissions not required by statute. Within 90 days after the date of the Order, executive agencies would be required to submit to OMB: 1) a justification for the continued existence or a recommendation for the termination of each nonstatutory committee and 2) a recommendation to Congress to continue or to terminate any advisory committee required by statute. Agencies and departments would be prohibited from creating or sponsoring any new advisory commission except in compelling circumstances and only with the approval of the Director of OMB. Independent agencies are requested to comply voluntarily.

III. RECOMMENDATION: It is time to clean house in Washington. I recommend that you approve the proposed Executive Order.

IV. DECISION:

___Approve   ___Approve as amended   ___Reject   ___No action