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16

Divider Title: ______________________________

URBAN/RURAL POLICY

- Empowerment Zones
- Community Development Banks

EMPOWERMENT ZONES

Summary of Initiative

This proposal would create 10 empowerment zones and 100 enterprise communities through a nationwide challenge grant process. All 110 zones will be eligible for empowerment tax incentives and receive special priority for many innovative federal programs, including community development banks, community policing, and education reform. The 10 Empowerment Zones will qualify for additional tax incentives (approx. $4 billion), including substantial Employment and Training Credits for businesses that employ people who live within the zones. An Enterprise Board -- made up of relevant Cabinet Secretaries -- will provide communities with a single point of contact, both to evaluate the quality of each community's proposal and to provide ample flexibility to help communities use existing federal programs and resources more effectively and efficiently to carry out their own comprehensive strategic plans. The centerpiece of this proposal is a new compact with localities and the private sector to change the way government does business in distressed communities.

Measure of Success

Success would be passage of the President's Empowerment Zone legislation this year. The tax portion of the bill has already been submitted and voted out of the Ways and Means Committee as part of Budget Reconciliation. Members of that Committee added approximately $1 billion in additional tax incentives to the President's proposal.

Strategic Plan

The tax piece of the Empowerment Zone bill will included as part of budget reconciliation. Ways and Means has already acted, and we expect that Senate Finance will take action soon. The waiver and spending portion of the legislation will have to be coordinated with the House and Senate Democratic leadership, because of the potential for joint jurisdiction. We have held some meetings with the leadership in trying to get their cooperation. We expect that the waiver and spending sections of the bill will be referred to the Senate and House Banking Committee, with hopefully limited sequential or joint referral. If all goes according to plan, the House will vote on the tax package the end of this week, the Senate a few weeks later. The waiver and spending portions would be considered in Committee later this month, and floor votes in July. Conference report could be expected to be voted on in the fall.

Level of Presidential Involvement/Vice Presidential Involvement

The President announced this initiative in a teleconference call with several mayors. He also talked about the legislation last week in San Diego.

Agency Lead and Coordination

Treasury, HUD, and Agriculture are the three lead agencies on this initiative. The White House has coordinated these efforts through the Inter–Agency Task Force on Community Empowerment. Justice will also have a major role because of the community policing component in the bill, as will Interior, which will choose the Native American zones. Education and Labor also are involved, as members of the Enterprise Board.

Key Contacts

Bruce Reed & Paul Weinstein (DPC); Gene Sperling, Paul Dimond, Sheryll Cashin (NEC); Andrew Cuomo (HUD); Maurice Foley (Treasury); Bob Nash (Agriculture).

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

Summary of Initiative

This legislation would establish a Community Banking and Credit Fund (The "Fund") that will develop and operate a program of investment in an national network of community development financial institutions. The Fund will provide financial and technical assistance to a whole range of community development financial institutions (CDFIs) -- community development banks south as South Shore, community credit unions, revolving loan funds, micro loan funds, community development corporations, etc. The Fund will also serve as a national information clearinghouse, and be an institutional voice for community reinvestment.

Measure of Success

Success would be passage of the President's legislation to create a network of CDFIs.

Strategic Plan

We will have a final draft of legislation ready by the end of May/first week in June. After that, the President could make his announcement at any time. However, we need to introduce legislation in the next couple of weeks so that Senate Appropriations can fence off $60 million for FY94.

The legislation will likely be referred to the House and Senate Banking Committees. We have been working closely with both Committees on the drafting. We have met with staff and Members of both Committees over the past month. We have also shared the outlines of our proposal with representatives of South Shore, Elk Horn, and community groups.

We hope to have Committee action in June, and floor votes by the end of July. A Conference Report vote could be expected in September.

Level of Presidential Involvement/Vice Presidential Involvement

We plan transmit this legislation from the President, rather than the agencies. We hope to have some type of announcement event, which would also include a statement on the regulatory initiative to make the focus of Community Reinvestment Act (CRA) more on performance rather than paperwork.

Agency Lead and Coordination

Treasury, HUD, Agriculture, and Commerce have been the lead agencies on this initiative. The White House has coordinated these efforts through the Inter-Agency Task Force on Community Empowerment. The Small Business Administration, the banking regulators, and OMB have also played key roles in the development of this legislation.

Key Contacts

Bruce Reed & Paul Weinstein (DPC); Gene Sperling, Paul Dimond, Sheryll Cashin (NEC); Bruce Katz & Mark Gordon (HUD); Frank Newman (Treasury); Larry Parks (Commerce); Bob Nash (Agriculture).

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Divider Title: **17**

EDUCATION

- Goals 2000
- ESEA Reauthorization
- Youth Apprenticeship
- Safe Schools Act

DRAFT

U.S. Department of Education
Issues Management: Goals 2000: Educate America Act

DRAFT

Summary of Initiative	Measure of Success	Strategic Plan	Level of Presidential /Vice Presidential Involvement	Agency Lead/ Coordination	Weekly Update/ Forecast	Key Contacts
This bill will form a new federal partnership with states and local communities to reform the nation's education system. It provides support for fundamental reform of <u>all</u> schools in order to improve learning for <u>all</u> students; this contrasts sharply with existing federal education programs, which are targeted to specific categories of students or specific problems. The bill (1) formalizes in law the National Education Goals and the National Education Goals Panel to monitor progress toward achieving the goals; (2) establishes a National Education Standards and Improvement Council, to oversee the development of voluntary national content and opportunity-to-learn standards, and to provide for voluntary certification of state standards and assessments; (3) provides $393 million in the first year, and $2.5 billion over 4 years, to support state and local education reform, and (4) establishes a National Skills Standards Board, to oversee the development of occupational skills standards. This bill is a priority for the Administration because it: (1) delivers on the President's personal commitment to achieve the National Education Goals; (2) is part of his pledge to invest in people; (3) will lay the foundation for future Administration initiatives, including school-to-work transition, job training initiatives linked to NAFTA and other causes of worker dislocation, and the reauthorization of the Elementary and Secondary Education Act and of the Office of Educational Research and Improvement.	<u>Legislation:</u> Enactment <u>Presidential/Vice Presidential Action:</u> Signature. Can use as illustration of "Reinventing Government" initiative, where the federal government "steers rather than rows." <u>Agency Action:</u> Education Department will: (1) establish the National Education Goals Panel and the National Education Standards and Improvement Council; (2) Develop necessary procedures to initiate grants program to states; and, (3) develop and implement an overall strategy to use existing Department programs and resources to help accomplish the overall purposes of the bill. The Department of Labor will establish National Skills Standards Board.	<u>Legislative Calendar:</u> Bill (with exception of Title 4 (Skills Standard Board) was marked up by the Senate Labor and Human Resources Committee May 18, 1993 and reported favorably by a 14-3 vote. Title 4 will be marked up on May 25, and the bill is expected to go to the floor shortly after the Memorial Day recess. The bill passed the House education and Labor subcommittee on May 6. It is scheduled for full Committee markup on June 17. Floor actions is not yet scheduled. <u>Key Public Action Points:</u> A coalition of education and business organizations have endorsed the bill; the Education Department is working closely with the strongest supporters to mobilize their own memberships in support of the bill. Secretary Riley and other senior Education Department staff have made a series of speeches and public appearances in support of the bill. The Education Department has prepared and is attempting to place a number of op ed pieces supporting the bill. <u>Probable ending point:</u> We cannot yet anticipate when the bill will be enacted.	There has been and will continue to be a need for the President to: (1) periodically speak out on the bill, especially as the bill moves to the floor in each house; (2) become personally involved in the legislative process at a few key points, perhaps by meeting with or calling key members of the House Education Committee over the next few weeks.	The Department of Education will have the overall lead for implementation of the legislation. Implementation of the bill will be one of the Department's first "reinventing government" initiatives. The Department of Labor will have lead responsibility for implementing Title 4 of the bill, the National Skills Standards Board. The White House will have a continuing role to play in the National Education Goals Panel, since Carol Rasco serves on that Panel.	To be provided	<u>WH Domestic Policy:</u> Bill Galston <u>WH Communications:</u> Arthur Jones <u>WH Legisl:</u> Howard Paster <u>Depart of Labor:</u> Leslie Loble, Office of the Secretary

DRAFT U.S. Department of Education **DRAFT**

Issues Management: Reauthorization of the Elementary & Secondary Education Act (ESEA)

Summary of Initiative	Measure of Success	Strategic Plan	Level of Presidential /Vice Presidential Involvement	Agency Lead/ Coordination	Weekly Update/ Forecast	Key Contacts
ESEA Reauthorization includes Chapter 1, Title VII (Bilingual Education), Chapter 2 state grants, and every other major elementary and secondary education program.	<u>Legislation:</u> Enactment <u>Presidential/Vice Presidential Action:</u> Signature. Can use as illustration of overall campaign promise of putting people first. <u>Agency Action:</u> successful reconfiguration of the Department to support the reforms in the bill. Success in aiding States and LEAs to implement the reforms.	Decision briefings for the Secretary and the Deputy Secretary on various aspects of the proposal began in April. They will continue until early June. OMB review and White House clearance will occur during the month of June. We anticipate introduction of the Administration bill after July recess (July 12). This date was the result of negotiations with Elementary and Secondary Education Subcommittee Chairman Dale Kildee. Final passage of the bill is not anticipated until next year, as the Senate will not take up the proposal until late this year. Senator Kennedy, Chair of the Committee on Education and Human Resources, is responsible for the Senate schedule.	The President may be highly interested in aspects of the bill, in particular Chapter 1 because of its importance in serving poor children. The extent to which Presidential support for the initiative is unclear.	The Department of Education has lead role.	None for the next two weeks. The Secretary has discussed plans for rewriting Chapter 1 in recent speeches. Further updates will be provided.	**<u>WH Domestic Policy</u>:** Bill Galston **<u>WH Communications</u>:** No one specific **<u>WH Legisl</u>:** No one specific **<u>Depart of Education</u>:** Mike Smith, Under Secretary-designate; Tom Payzant, Assistant Secretary-designate for Elementary and Secondary Education

U.S. Department of Education

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Issues Management: Joint ED/DOL School-to-Work Initiative

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Summary of Initiative	Measure of Success	Strategic Plan	Level of Presidential /Vice Presidential Involvement	Agency Lead/ Coordination	Weekly Update/ Forecast	Key Contacts
This bill will facilitate the development of a system of rigorous academic and occupational preparation for students. This system will include structured career paths, beginning in secondary school, that may lead to any or all of the following: a nationally-recognized certificate, associate degree, an entry-level job in a high-wage career pathway, or further postsecondary education. Work-based learning and work experiences will enhance academic learning and define necessary workplace skills.	Legislation: Enactment Successful implementation by state and local governments, beginning as soon as the fall of 1993 (depending upon date of passage) Presidential/Vice Presidential Action: Signature. Can use as illustration of overall campaign promise of putting people first. Agency Action: Effective cooperation between ED and DOL on implementation	The current tentative schedule calls for the introduction of legislation by late June or early July. Consultation with Congress would begin the week of 5/31. Consultation with stakeholder groups and other constituencies would begin the week of 6/7. Work with OMB and the White House would begin that week as well. This schedule has not yet been discussed with the White House. Hearings in July. Markup would begin in August. Passage of the legislation would occur in September or October.	A "message event" would likely take place around the same time as the introduction of legislation (June or July). Further involvement is unclear.	The Departments of Education and Labor are cooperating closely on the initiative.	A summary of the legislative specifications, for use in discussions with Congress and constituencies, is being prepared in the next week.	WH Domestic Policy: ? WH Communications: ? WH Legisl: ? Department of Education: Mike Smith, Under Secretary-designate Department of Labor: Tom Glynn, Deputy Secretary-designate

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U.S. Department of Education

Issues Management: Safe Schools Act

DRAFT

Summary of Initiative	Measure of Success	Strategic Plan	Level of Presidential /Vice Presidential Involvement	Agency Lead/ Coordination	Weekly Update/Forecast	Key Contacts
This initiative addresses the unacceptable level of violence in the Nation's schools. Under proposed legislation, competitive grants would be awarded to local educational agencies with serious school crime, violence prevention activities such as conflict resolution and peer mediation, and installation of metal detectors and hiring of security guards to help keep dangerous weapons out of schools.	Legislation: Enactment Presidential/Vice Presidential Action: Signature. Can use as illustration of putting people first. Agency Action: Implementation.	Legislation: Enactment Presidential/Vice Presidential Action: Signature. Can use as illustration of "putting people first" campaign promise. Agency Action: Successful implementation of program by the Department of Education.	This initiative could be enhanced by early support by the President and/or Vice President. The President talked about the need for safer schools during the campaign. Meetings with and/or calls to relevant committee members could also be helpful.	Department of Education will have lead.	OMB has completed final favorable comments. TV violence hearings were held on the Hill this day (May 21, 1993). No specific public events scheduled at this time but we anticipate some in planning overall strategy.	**WH Policy**: Bill Galston Jose Serda **WH Commun**: ? **WH Legisl**: ? **Depart of Educ.**: Mike Smith, Undersecretary

Divider Title: **18**

TAXES/BANKING

- Credit Crunch
- RTC
- Tax Simplification

DEPARTMENT OF THE TREASURY

ISSUE MANAGEMENT: CREDIT AVAILABILITY PROGRAM

(As of May 21, 1993)

Summary of Initiative

The purpose of the credit availability program announced by the President on March 10 is to administratively address the problems of credit availability, especially for small- and medium-sized businesses. The program focuses on five areas that may contribute to reluctance by banks and thrifts to lend: lending to small- and medium-sized businesses; real estate lending and appraisals; appeals of examination decisions and complaint handling; examination processes and procedures; and paperwork and regulatory burdens.

Measure of Success

The success of this initiative is an increase in bank and thrift lending. Treasury's Office of the Comptroller of the Currency (OCC) is implementing steps to measure the impact that changes in agency administrative policies and regulations have in increasing credit availability.

For example, the OCC is directing examiners to document whether individual banks are making loans consistent with the March 30 Interagency Policy Statement on Documentation for Loans to Small- and Medium-Sized Businesses and Farms. This policy allows banks and thrifts to make small- and medium-sized business and farm loans with minimal documentation, subject to certain limitations. Other measures of the program, such as the enhanced appeals program, will allow the agencies to determine if examiners are implementing this and other agency policies.

Strategic Plan

Since the program was announced by the President on March 10, the Department and the four bank and thrift regulatory agencies have taken aggressive steps to implement virtually every action item by June 10.

Level of Presidential/Vice Presidential Involvement

This initiative will not require any significant involvement of the President or the Vice President unless it is determined that the agencies' administrative actions should be supplemented by legislation. The President, however, has a strong interest in this initiative.

Agency Lead and Coordination

The Department of the Treasury's OCC, is coordinating this joint interagency project with Treasury's OTS, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation.

Key Contacts

- White House Policy:
- White House Communications:
- White House Legislative Affairs:
- Department of the Treasury: Frank Newman, Under Secretary for Domestic Finance; Eugene Ludwig, Comptroller of the Currency; Jonathan Fiechter, Acting Director, Office of Thrift Supervision.

Department of the Treasury

Issue Management: Funding for the Resolution Trust Corporation and the Savings Association Insurance Fund

(As of May 21, 1993)

Summary of Initiative

Providing appropriate funding for the Resolution Trust Corporation (RTC) and the Savings Association Insurance Fund (SAIF) is required to complete the savings and loan cleanup and start SAIF on a sound financial footing. The Federal government has a responsibility to honor its commitment to Federal deposit insurance and to protect the Nation's insured thrift depositors.

Measure of Success

Passage of an RTC/SAIF funding bill that provides funds adequate for the RTC to complete its job and for SAIF to begin its job on a sound financial footing.

Strategic Plan

- The Administration has transmitted to the Congress legislation requesting $42 billion: $25 billion for the RTC and $17 billion for SAIF.

- On May 13, the full Senate, by a vote of 61-35, passed S. 714, the Thrift Depositor Protection Act of 1993.

  -- The bill would appropriate $18.3 billion for the RTC and $8.5 billion for SAIF, and authorize an additional $7.5 billion for SAIF subject to future appropriations.

  -- The S. 714 funding level is less than that sought by the Administration, but is a reasonable and responsible sum.

- The House is expected to vote on H.R. 1340, the Resolution Trust Corporation Completion Act of 1993, sometime in June.

  -- The bill would appropriate $18.3 billion for the RTC, but appropriate no SAIF funds and instead only authorize $16 billion for SAIF subject to future appropriation.

- The differences will be resolved in Conference, with final passage expected by the end of June.

Level of Presidential/Vice Presidential Involvement

Passage of adequate RTC/SAIF funding legislation by the House and in Conference will likely require the involvement of the President. It will be important to show reluctant members of Congress that the President is committed to honoring our deposit insurance commitment to thrift depositors by allowing RTC to complete its job and allowing SAIF to begin business on a sound financial footing.

Agency Lead and Coordination

The Department of the Treasury is the lead agency. Other agencies involved are the Thrift Depositor Protection Oversight Board, the RTC, the Federal Deposit Insurance Corporation, Treasury's Office of Thrift Supervision, the National Economic Council, and the Office of Management and Budget.

Key Contacts

- White House Policy:
- White House Communications:
- White House Legislative Affairs:
- Department of the Treasury: Frank Newman, Under Secretary for Domestic Finance; Joan Affleck-Smith, Director, Office of Financial Institutions Oversight and Policy.

DEPARTMENT OF THE TREASURY

ISSUE MANAGEMENT: TAX SIMPLIFICATION AND GOOD GOVERNMENT

(As of May 21, 1993)

Summary of Initiative

This initiative is composed of (1) simplification amendments to the Internal Revenue Code of 1986 (IRC) that would allow a joint return to be filed after a separate return without full payment of taxes; expand the "offers-in-compromise" program; allow alternative methods of verifying returns; allow the payment of tax by credit cards; simplify the employment tax treatment for domestic household employees; allow a *de minimis* exception to the passive loss rules; simplify the foreign tax credit limitation for individuals; extend the interest-free period for remitting tax; provide authority to waive requirements for paper documentation; simplify third party sick pay reporting; and standardize the FICA withholding period for payers of third party sick pay; and (2) "good government" amendments to the IRC concerning the use of reproductions of returns stored in digital image; the extension of authority for IRS undercover operations; disclosure of returns on cash transactions; cooperative agreements for Federal income taxes; allowing the offset of Federal tax refunds to satisfy State tax liabilities; and facilitating the joint filing of common tax data with State authorities.

Measure of Success

Passage of legislation enacting the simplification and "good government" proposals.

Strategic Plan

Given other legislative priorities, including the President's economic plan, the Department and the IRS will proceed cautiously in working with the House Committee on Ways and Means and the Senate Committee on Finance as they develop tax proposals. These initiatives will be pursued only to the extent they do not jeopardize or conflict with the President's economic program.

A number of the initiatives may be subject to deliberation as members of the Ways and Means Committee debate "member bills" over the next couple of weeks. In addition, the Senate may consider a number of the initiatives as minor amendments to the Budget Reconciliation bill.

Simplification of employment tax treatment for domestic household employees is currently being addressed in the Ways and Means report on Budget Reconciliation (H.R. 2141).

Level of Presidential/Vice Presidential Involvement

Other than with respect to simplification of employment tax treatment for domestic household employees, little or no involvement of the President or the Vice President is anticipated.

Agency Lead and Coordination

The Department of the Treasury and the Internal Revenue Service.

Key Contacts

- White House Policy:
- White House Communications:
- White House Legislative Affairs:
- Department of the Treasury: Leslie B. Samuels, Assistant Secretary for Tax Policy; Samuel Y. Sessions, Deputy Assistant Secretary for Tax Policy; Gary J. Gasper, Senior Advisor to the Assistant Secretary; Margaret Richardson, Commissioner of Internal Revenue; Gayle Morin, Assistant to the Commissioner for Legislative Affairs.

DEPARTMENT OF THE TREASURY

ISSUE MANAGEMENT: GOVERNMENT SECURITIES REGULATION

(As of May 21, 1993)

Summary of Initiative

To reauthorize the Department of the Treasury to exercise rulemaking authority under the Government Securities Act of 1986 (GSA). The Department's rulemaking authority expired October 1, 1991. The GSA granted the Treasury rulemaking authority for government securities brokers and dealers. These rules are enforced by the Securities and Exchange Commission (SEC) and the banking regulators.

While previously issued Treasury rules remain in effect, the Department is unable to modify or grant exemptions to them, or to issue new rules. Consequently, the Treasury has been unable since October 1991 to make appropriate changes in the regulation of Government securities brokers and dealers.

Measure of Success

Passage of legislation (1) reauthorizing Treasury's rulemaking authority and (2) making other amendments to the GSA that the Administration either supports or can accept as part of a compromise package.

Strategic Plan

Legislation introduced in both the House and Senate would restore the Department's rulemaking authority, as well as make other changes in the GSA. The House bill would grant more new authority to the SEC than would the Senate bill. The contentious issues revolve around how much more regulatory authority is needed over this market and what agencies should be vested with the new authority.

The timing is uncertain, but the goal should be to enact legislation this year. The Treasury plans to hold discussions with the various Congressional committees both on issues of timing and on the possibility of obtaining a compromise that can pass both the Senate and the House and is acceptable to the Administration.

Level of Presidential/Vice Presidential Involvement

Minimal.

Agency Lead and Coordination

The lead agency for this initiative is the Department of the Treasury. The SEC and the Federal Reserve can be expected to differ with the Treasury on particular aspects of the legislation. In general, the SEC can be expected to argue for more regulatory powers over this market, while the Federal Reserve will likely oppose this.

Key Contacts

- White House Policy:
- White House Communications:
- White House Legislative Affairs:
- Department of the Treasury: Frank Newman, Under Secretary for Domestic Finance; Norman Carlton, Director, Office of Federal Finance Policy Analysis

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Divider Title: **19**

TECHNOLOGY

- Information Highways
- Technology Initiative

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Divider Title: **20**

FAMILIES AND CHILDREN

- Head Start Task Force
- Family Preservation
- Child Immunization Act

HEAD START IMPROVEMENT AND EXPANSION

Summary of Initiative

In response to the President's pledge to significantly increase funds to expand Head Start, the congressional concern generated by the report issued by the HHS Inspector General, and the Department's commitment to improving the quality and effectiveness of Head Start, the Secretary has asked the Assistant Secretary designate for the Administration for Children and Families to undertake an in-depth review of the Head Start program with the assistance of an expert Advisory Committee. The Advisory Committee will have two purposes: to develop a plan to improve Head Start program quality and to make recommendations for the reauthorization of Head Start. The Advisory Committee review is vital to assure that the expansion of Head Start leads to high quality and effective services for children and families. The establishment of the Advisory Committee is pending OMB approval.

The Advisory Committee will:

- Examine the program quality of Head Start and propose a plan for improvement. Issues will include: training and technical assistance, standards and monitoring, facilities, staffing, service delivery issues, and management (grantee process, fiscal policies, federal structure).

- Explore policy and program options (such as full day/part-day; full year/part year) for the expansion of Head Start and recommend a specific plan. Issues will include: coordination within HHS and across federal departments, linkages with other initiatives (welfare reform, national service, health care reform, Chapter I), linkages with states, and local coordination; research, demonstration and evaluation (assessment of current initiatives, legislative mandates, data collection needs, accountability); and the target population to be served (age, income, continuity,economic integration)

Measure of Success

The Advisory Committee has two overarching goals. The first is to ensure that the 1994 appropriation and future expansion of Head Start balances the need to serve more children, improve quality and provide a wider variety of program options to serve the specific needs of families in their communities. It is particularly important at this time to send a clear message to Congress that the Administration is seriously and quickly addressing the quality issues that have received so much attention in the press and on capitol hill. The second goal is to make recommendations for the 1994 reauthorizaion of the Head Start legislation which expires at the end of FY 1994.

The Committee's final product will be a plan that clearly sets these priorities and can be implemented quickly by HHS to impact the use of FY 1994 funds and beyond.

Strategic Plan

To develop and implement a plan to improve the quality of the program and to help secure the President's appropriations request, the Committee must begin its work immediately. Furthermore, to impact reauthorization, the Committee must make its recommendations to the Secretary by the end of September, 1993.

Work has already begun internally to develop issue papers on a wide range of topics including management, health, parent involvement, social services, educational services and transition to public schools, services to children with special needs, child care/Head Start linkages, Native American Head Start, and Migrant Head Start. As part of this effort, staff will be soliciting input from the Head Start community as well as experts in early childhood, family support, and other related fields.

The Assistant Secretary designate has begun to meet with key members of Congress, at their request, to discuss Head Start quality and expansion. A series of staff to staff meetings will be held between HHS and appropriate congressional committees.

There are several public action points: the formal announcement of the Advisory Committee and its members (this announcement is dependent on OMB approval of the formation of the Advisory Committee); the three Advisory Committee meetings; Congressional appropriations and oversight hearings; open hearings for Head Start parents at the Parent Involvement Institute August 9-13, 1993 in Washington, DC; the release of the Advisory Committee's final recommendations; the national meeting of the Head Start State Association Presidents, September 30-October 3, 1993.

Level of Presidential/Vice Presidential Involvement

There are at least three opportunities for Presidential or Vice-Presidential involvement: the formal announcement of the Advisory Committee or remarks to the first Advisory Committee meeting, an address to Head Start parents at the Parent Involvement Institute in August, and the release of the Advisory Committee's final recommendations.

Weekly Update/Forecast

We are hopeful that OMB will approve the formation of this Advisory Committee in the near future.

At the request of Congressman Martinez, the HHS Inspector General as well as staff from the Administration for Children and Families will brief the House Education and Labor Committee staff on the findings of the HHS Inspector General report on Head Start. Congressman Martinez has tentatively scheduled two hearings on Head Start quality for June 23 and 24, 1993.

Agency Lead and Coordination

The Assistant Secretary designate for the Administration for Children and Families, Department of Health and Human Services, will have lead responsibility for this initiative. The Department of Education, OMB, and the Office of the Assistant Secretary for Legislation and the Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, will be involved.

Key Contacts

Bill Galston and Shirley Sagawa are the White House policy contacts.

ISSUE MANAGEMENT

Summary of Initiative

The Administration's Family Preservation and Support legislation, currently before Congress, would create a capped entitlement program for:

1) family preservation services broadly defined to include family reunification and other follow-up services, to work with families to keep them together and to help prevent foster care placement; and

2) community-based family support services, to help improve parenting skills and to support families.

The bill also makes various improvements to the Foster Care and Adoption Assistance Program.

Spending authority will total $1.395 billion over five years, starting at $60 million in 1994 and rising to $600 million in 1998.

Measure of Success

That Congress passes the bill as part of the reconciliation process and the President signs the bill into law.

Strategic Plan

The House Ways and Means Committee has reported out a reconciliation package, which includes the Family Preservation and Support provisions. The House is expected to take up reconciliation on the floor by May 27th.

The Senate is more problematic. Family Preservation and Support may not be included in reconciliation if the Parliamentarian determines that the Byrd Rule applies. Senate Finance is expected to take up reconciliation around Memorial Day. HHS believes strongly that the Byrd Rule does not apply if Senate Finance meets its reconciliation target.

Reconciliation should be finished in Congress by the end of the summer.

Level of Presidential/Vice Presidential Involvement

Demands on the time of the President and Vice President should be minimal. The only sticking point is getting the Senate to agree to include the provisions in reconciliation legislation, prior to Senate mark-up. This may require calls from senior policy officials, but may need to be elevated to the cabinet level.

Agency Lead and Coordination

HHS has the lead on the initiative. A tax credit for adoption assistance will involve the Department of Treasury if it is added to the bill.

Weekly Update/Forecast

During the next two weeks, it is anticipated that the bill will be brought to the House floor as part of reconciliation, and the Senate parliamentarian will decide if the "Byrd Rule" applies to Family Preservation and Support.

Key Contacts

- White House Policy - Carol Rasco
- White House Communications - unknown
- White House Legislative - Howard Paster
- Agencies
  - Wendell Primus, Deputy Assistant Secretary for Human Services Policy, Office of Assistant Secretary for Planning and Evaluation, HHS
  - Joe Motolla, Acting Commissioner of Children, Youth, and Families, Administration on Children and Families, HHS
  - Isabel Sawhill, OMB

ISSUE MANAGEMENT

Summary of Initiative

The Administration is actively engaged with Congress to pass a Comprehensive Childhood Immunization Bill. This bill is intended to provide universal access to immunizations for our nation's children. The Administration's initial proposal submitted to the Congress in April provided for:

-- universal purchase of vaccines;
-- a nationwide immunization tracking system through state registries;
-- reinstatement of the excise tax for the National Vaccine Injury Compensation Program Trust Fund; and,
-- modification of the vaccine information pamphlets.

The compromise bill, introduced by Congressman Waxman, and supported by the Administration scales back the universal purchase provision to cover only Medicaid and uninsured children for immunization services. The remaining provisions of the Administration's Comprehensive Childhood Immunization Act are essentially retained in the Waxman Bill.

The President's FY 1994 Budget for child immunizations requests $400 million or 91 percent above the FY 1993 enacted level to provide additional funding for improved service delivery and implementation of the tracking system. The expanded purchase system discussed in the compromise bill will be funded in 1995.

Measure of Success

-- All children will be assured vaccine availability either through insurance or public sector purchase;

-- Ninety percent of children under two will be fully immunized by the Year 2000;

-- A nationwide computerized tracking system will monitor immunization coverage, remind parents that their infants and children should be vaccinated, improve reporting of vaccine-preventable disease, and enhance capacity to monitor vaccine safety and efficacy;

-- New and improved vaccines will be developed and because these vaccines will require fewer contacts with the health care system, vaccine cost-effectiveness and access to immunization services will be improved;

-- The supply and stability of vaccines will be assured;

-- Consumer and provider information will be in place which improves the understanding of vaccine risks and benefits and increases public acceptance of vaccines.

Strategic Plan

The Department is working to ensure that funding for the compromise bill is included in the Reconciliation Package. The Waxman Bill passed the Energy and Commerce Committee, as part of its Reconciliation Package. The Senate Labor and Human Resources Committee has marked up and approved the portions of the Bill over which it has jurisdiction. The Senate Finance Committee is expected to mark up its Reconciliation Package shortly after the Memorial Day recess.

Agency planning is underway for implementation of a Comprehensive Childhood Immunization Act. We are also coordinating with outside groups and grass roots organizations to help orchestrate a campaign on the importance of age appropriate immunizations.

Level of Presidential/Vice Presidential Involvement

President Clinton held a press conference on February 12 to announce his Immunization Initiative and inform the public that $300 million in his FY 1993 Economic Stimulus Package was earmarked for immunizations.

President Clinton also mentioned the importance of immunizations at the annual Easter Egg hunt.

Further periodic statements, clinic visitations, Rose Garden ceremonies, etc., will be important to the success of the Initiative.

Agency Lead and Coordination

The Deputy Assistant Secretary for Health and Science in the Office of the Assistant Secretary for Health has primary responsibility for development and coordination of the program. An Interagency Committee on Immunization is coordinating the interagency and interdepartmental efforts.

Next Steps

Senate Finance will mark up its Reconciliation Package, including the Immunization Bill, shortly after the Memorial Day recess.

Key Contacts

White House--Carol Rasco

White House Communications--Unknown

White House Legislative--Howard Paster

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Divider Title: **21**

HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410

May 21, 1993

MEMORANDUM TO: Mark Gearan
John Podesta
Christine Varney

THROUGH: Bruce Reed
Gene Sperling

FROM: Secretary Henry Cisneros

SUBJECT: Issue Management

Pursuant to your memorandum of May 17, 1993, following are issue management summaries for the Department.

INITIATIVE #1: HOUSING REAUTHORIZATION BILL

Summary of Initiative

The Department will be seeking an authorization bill this year to accomplish a series of important objectives.

First, the bill would streamline several HUD programs -- including HOME and public housing modernization -- to give local recipients greater flexibility in designing and implementing housing solutions. HUD's programs are mired in regulatory and administrative gridlock, stemming in part from overly restrictive statutory provisions.

Second, the bill would give the Department the authority and tools to remedy its systemic management deficiencies. Emphasis would be placed on disposing the tens of thousands of FHA multifamily properties that, through default and foreclosure, are now owned by the Department.

Third, the bill would authorize a number of Secretarial initiatives, including efforts to:

enhance fair housing;

remove barriers to work in HUD programs and create economic opportunities for low-income residents;

give local entities the flexibility and resources to combat crime in and around public and assisted housing;

enhance homeownership opportunities for low and moderate income homebuyers;

facilitate the development of affordable housing that is economically integrated; and

reconstruct and replace severely distressed public housing.

Finally, the bill would make a series of technical corrections to HUD programs, including programs authorized in the Housing and Community Development Act of 1992.

Measure of Success

Successful completion of this initiative would involve having the bill passed by both the House and the Senate, and signed into law by the President by December 1993, followed by implementation by HUD (issuance of regulations, etc.)

Strategic Plan

Timeline:

May/June 1993	Legislative drafting and internal Departmental clearance; clearance by OMB.
June 1993	Sharing of legislative concepts with relevant housing interest groups and constituencies
	Legislative package officially transmitted to the Hill (House and Senate Banking Committees)
	Package Introduced House/Senate Hearings Committee Markups
July/August 1993	Floor Action (House and Senate)
September 1993	Conference
October thru December 1993	Final Passage Bill Signed Into Law

To ensure final enactment by December 1993, the Department would need to send a complete package to the Congress (including legislative language, section-by-section and explanatory language) by June or July at the latest. Markup by the House and Senate authorizing Committees, as well as floor action, could then take place either prior to the August recess or just following the recess in early September. Conference would then follow in late September or October and final enactment sometime between October and the end of the session (November or December).

To meet these tight deadlines we are pursuing the following strategy:

- o Legislative drafting is currently underway. We are working toward having a final package (cleared internally by the Department) by the end of next week (May 28th).

- o At the same time, we continue to work closely with OMB, sharing information (policy concepts for the bill as well as actual legislative language) and obtaining preliminary feedback and approval for most of the technical portions of the bill. We continue to work with OMB on the remaining portions of the bill.

- o I have met with the Chairmen and Ranking Members of the House and Senate authorizing Committees to discuss our legislative agenda with them.

- o We have also begun to share the policy concepts for the bill with the appropriate Committee staff.

- o Once the legislative package is complete, we plan to share it with the relevant housing interest groups and constituencies in order to allow for their input and feedback.

- o The package would be sent to the Hill toward the end of June. The package would be introduced by the House and Senate Committee Chairmen so that it can move through both bodies simultaneously.

- o We plan to work closely with the House and Senate authorizing Committees to move the bill forward.

Level of Presidential/Vice Presidential Involvement

This initiative will probably not require the personal involvement of either the President or the Vice President, although White House support of the initiative will help to ensure its success in the legislative process.

Agency Lead and Coordination

HUD will have the lead in developing the housing bill. No other agencies are expected to play a role at this time.

Weekly Update/Forecast (May 21st - June 4th)

Legislative package cleared internally within the Department and with OMB. Package shared with relevant housing interest groups and constituencies. Package readied for transmittal to the Congress.

Key Contacts

White House Policy	To be determined
White House Communications	To be determined
White House Legislative	To be determined
Agency (HUD)	Bruce Katz

INITIATIVE #2: FAIR HOUSING EXECUTIVE ORDER

Summary of Initiative

We submitted a draft Executive Order and Presidential Memorandum to the White House and OMB for review in April. The primary objective was twofold: to commemorate the 25th anniversary of the Civil Rights Act of 1968 (the Fair Housing Act) and to affirmatively further fair housing.

The Executive Order and Memorandum would:

Establish the President's Fair Housing Council, consisting of selected Cabinet members, and charged with reviewing the design and delivery of Federal programs to assure that they support a consistent strategy to affirmatively further fair housing;

Direct the Council to develop a pilot program to break down interjurisdictional barriers and coordinate Cabinet programs to promote the achievement of equal housing opportunity; and

Update Executive Order 12259, to take account of changes made by the Fair Housing Amendments Act of 1988.

Measure of Success

Issuance of the Executive Order and Memorandum and formation of the Council.

Strategic Plan

The draft plan was circulated by OMB to the affected agencies for comment.

Level of Presidential/Vice Presidential Involvement

The only active involvement required by the President/Vice President would be in the actual issuance of the Executive Order.

Agency Lead and Coordination

HUD has been the lead agency for development of the initiative and would chair the Fair Housing Council. Other agencies involved in the Council would include: HHS; Transportation; Education; Labor; Defense; Agriculture;

Veterans Affairs; Treasury; Justice; the Federal Reserve; and the FDIC.

Weekly Update/Forecast

Action on the Executive Order will depend in part on when the nomination of Roberta Achtenberg, Assistant Secretary for Fair Housing and Equal Opportunity, is confirmed by the Senate. We anticipate that she will be confirmed by next week and at that point we will resume our work with OMB in ironing out the details of the order.

Key Contacts

White House Policy	To be determined
White House Communications	To be determined
White House Legislative	To be determined
Agency (HUD)	Bruce Katz Roberta Achtenberg, Assistant Secretary for Fair Housing and Equal Employment Opportunity

INITIATIVE #3: HOMELESSNESS EXECUTIVE ORDER

The Executive Order -- Federal Plan to Break the Cycle of Homelessness was announced by the President on Wednesday, May 19, 1993.

The Executive Order directs the Interagency Council on the Homeless to develop a coordinated plan directed at ending homelessness and to report back to the President in nine months. Issuance of the Executive Order coincided with the first meeting of the Interagency Council on the Homeless.

INITIATIVE #4: FEDERAL PROPERTY DISPOSITION EXECUTIVE ORDER

Summary of Initiative

The draft Executive Order would have the President establish an Interagency Task Force on Property Disposition. The Task Force would help to elevate attention to the issue of property disposition and to send the signal that property disposition has the highest priority because of its importance in helping low-income families and communities. The Task Force would include HUD, RTC, FDIC, and all other agencies now meeting on an informal basis (including Veterans Affairs, Farmer's Home, GSA, Fannie Mae, Freddie Mac, and the Federal Housing Finance Board). The Task Force would consider issues such as:

Establishing a property disposition clearinghouse to provide purchasers of property single place to get information on all government properties for sale;

Coordinating management and sales activities among the agencies; and

Improving coordination of affordable housing programs with property disposition efforts, to make existing resources available to low and moderate income families wanting to purchase government-owned properties.

Measure of Success

The initial measure of success would be having the Executive Order issued by the President and the Task Force begin work on the issues identified above. The second measure of success would be the effective coordination of federal efforts related to property disposition as well as success in serving low and moderate income families.

Strategic Plan

The contents of the Executive Order will be developed over the next month and transmitted to OMB. The Order would be issued by the President once approved.

Level of Presidential/Vice Presidential Involvement

The only active involvement required by the President/Vice President would be in the actual issuance of the Executive Order.

Agency Lead and Coordination

HUD would have the lead for the Executive Order and for the Task Force. As noted above, formation of the Task Force will involve the active participation of RTC, FDIC, Veterans Affairs, Farmer's Home, GSA, Fannie Mae, Freddie Mac, and the Federal Housing Finance Board.

Weekly Update/Forecast

The Department will be drafting the Executive Order over the next two weeks.

Key Contacts

White House Policy	To be determined
White House Communications	To be determined
White House Legislative	To be determined
Agency (HUD)	Bruce Katz, Chief of Staff Nic Retsinas, Assistant Secretary for Housing/FHA Commissioner

INITIATIVE #5: AFFORDABLE HOUSING TASK FORCE

Summary of Initiative

In October 1992, a task force, jointly chaired by HUD and OTS was formed to improve policy coordination in the affordable housing arena and to identify barriers to affordable housing. Members of the task force included: HUD, OMB, Treasury, Veterans Affairs, Farmer's Home, OTS, FDIC, OCC, Federal Reserve, RTC, National Credit Union Administration, Fannie Mae, Freddie Mac and the Federal Housing Finance Board.

The task force meetings since October have explored a number of interagency issues and the overall assessment is that the task force has made progress. At this point, however, the task force needs to be given a new charge and a new direction to ensure that its goals and mission accurately reflect the goals of the present administration.

Measure of Success

The measure of success would be having the Executive Order issued by the President and the Task Force begin work on the issues identified above.

Strategic Plan

The contents of the Executive Order will be developed over the next month and transmitted to OMB. The Order would be issued by the President once approved.

Level of Presidential/Vice Presidential Involvement

The only active involvement required by the President/Vice President would be in the actual issuance of the Executive Order.

Agency Lead and Coordination

HUD would have the lead for the Executive Order and for the Task Force. As noted above, formation of the Task Force will involve the active participation of HUD, OMB, Treasury, Veterans Affairs, Farmer's Home, OTS, FDIC, OCC, Federal Reserve, RTC, National Credit Union Administration, Fannie Mae, Freddie Mac and the Federal Housing Finance Board.

Weekly Update/Forecast

The Department will be drafting the Executive Order over the next two weeks.

Key Contacts

White House Policy	To be determined
White House Communications	To be determined
White House Legislative	To be determined
Agency (HUD)	Bruce Katz, Chief of Staff Nic Retsinas, Assistant Secretary for Housing/FHA Commissioner

Chart	1
Chart B/U	16
Survey	1
Survey B/U	22

40

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Divider Title: **22**

TRANSPORTATION

- Airline Commission

NATIONAL COMMISSION TO ENSURE
A STRONG COMPETITIVE AIRLINE INDUSTRY

Summary of Initiative

The Commission was created by Congress (P.L. 103-13, April 7, 1993) with the mandate to investigate the problems of the aviation industry, define their causes, and provide the President and Congress with recommendations on actions that industry and government can take to ensure the industry's economic health and competitiveness. Beginning on May 24, 1993, the Commission has 90 days to complete its work and issue a report.

Measure of Success

The success of the Commission will be determined by the quality of its recommendations and the extent to which those recommendations are implemented by statute or regulatory action.

Strategic Plan

Because the Commission is independent of the Department, DOT's role during the Commission's 90-day life is limited to providing administrative support, responding to requests for information, and participating in public hearings, as appropriate. Once the Commission's report is issued, the Department will be chiefly responsible for implementing Commission recommendations.

Level of Presidential/Vice Presidential Involvement

The President is scheduled to address the Commission at its initial meeting on the morning of May 24. The President or Vice President's personal involvement is not expected to be significant during the 90-day period when the Commission conducts its investigation. Limited personal involvement may be appropriate when the Commission delivers its final report.

Agency Lead and Coordination

DOT is providing the funding and administrative support for the Commission. Other agencies, primarily Commerce, State, Treasury, DOD, NASA, and USTR, are expected to be called upon for information, testimony and (possibly) limited staff support.

Update/Forecast

The Commission's initial public meetings will be held May 24-27 and June 2-6 in Washington. A schedule of activities beyond those dates as not yet been established.

Key Contacts

White House Policy Office:	??
White House Communications:	??
White House Legislative:	??
Department of Transportation:	Patrick V. Murphy, Acting Assistant Secretary for Policy & International Affairs

5/21/93

AVIATION TRUST FUND

Summary of Initiative

The Airport and Airway Trust Fund pays for 75% of the Federal Aviation Administration's (FAA) budget. Taxes for the Trust Fund are authorized through CY 1995. The primary source of trust fund revenues is a 10% tax on all domestic airline tickets. There are two efforts that may affect the trust fund this year. First, the House of Representatives is considering a multi-year reauthorization of FAA's programs that could require extending taxes beyond CY 1995 and so require addressing the issue of future tax levels.

Second, the National Commission to Promote a Strong and Competitive Airline Industry is very likely to take up the issue of aviation tax levels in the next three months during its deliberations. The airlines have been supporting a number of proposals to reduce their tax liability.

The level of the uncommitted balance in the trust fund has been an issue for some time. It was as high as $7.7 billion at the end of FY 1991, primarily because trust fund support of FAA's budget prior to 1991 was well below 75%. The balance is projected to decline to $4 billion by the end of FY 1993. With existing tax levels and spending levels in the President's budget, it is projected to remain at $4 billion through FY 1997.

Measure of Success

Aviation trust fund revenues need to be adequate to fund a reasonable share of FAA programs. Any reduction in the tax levels adds to the deficit, assuming no commensurate reduction in the FAA budget. A financially strong airline industry is essential to the economy and to international trade. A balance must be maintained between fair payment by the industry and a viable industry.

Strategic Plan

DOT has been discussing the possibility of proposing a simple one-year extension of AIP, that would otherwise expire at the end of this year, until the findings of the Commission have been completed and DOT's senior management is on board. (Other FAA programs are authorized through FY 1994 or FY 1995 and do not require immediate action.) This approach would not require any change in existing tax levels. DOT expects that the Commission will have specific recommendations on aviation taxes including those paid to the aviation trust fund.

The Commission is expected to complete its work in August.

Level of Presidential/Vice Presidential Involvement

The President/Vice President will be actively involved in reacting to the Commission's findings. They have also had discussions with the airline industry on proposals to reduce the tax levels imposed for the aviation trust fund.

Agency Lead and Coordination

The Department of Transportation is the lead agency to advise whether any changes to aviation trust fund tax levels should be considered and to develop a reauthorization strategy. We would work closely with Treasury and OMB in this effort.

Weekly Update/Forecast

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Key Contacts

George McDonald, Office of Budget and Programs, Office of the Secretary of the Department of Transportation
Dale McDaniel, Deputy Assistant Administrator for Policy, Planning and International Aviation, Federal Aviation Administration

May 21, 1993

HIGH SPEED RAIL/MAGLEV ISSUE MANAGEMENT

Summary of Initiative

The High-Speed Rail Development Act of 1993 is a program of financial assistance to support the efforts of State and local governments and the private sector to develop high-speed rail in those intercity corridors where it can be a major contributor to the nation's transportation system. The $1.3 billion five year program will create public-private partnerships to upgrade existing rail infrastructure along selected corridors while investing in advanced technologies in pursuit of faster, safer rail service and maglev prototype development.

Measure of Success

The High-Speed Rail Initiative will be successful with the passage of authorization legislation and the appropriation of both a high speed rail program and a maglev prototype development program. The ultimate measure of success will be in the demonstrable improvements to rail service in corridors where partnerships are developed.

Strategic Plan

The strategy revolves around building a consensus coalition in the House and the Senate in finding the balance between corridor incremental improvement and maglev development as well as the funding mechanism. Passage of the High Speed Rail Initiative in 1993 is critical in order to deliver faster rail service in selected corridors during this Administration. With long project lead times, delay of one year would risk having no significant accomplishments by 1996. The anticipated legislative calendar is as follows:

May 27 :	House Sub-Committee Mark-up
Week of June 7:	House Committee Mark-up
Week of June 14:	Senate Committee Mark-up
Week of June 14:	House and Senate Appropriations Mark-ups
Week of June 28:	House floor action
Late July:	Senate floor action
August:	Conference on Authorization
August:	Conference on Appropriation
September:	Enactment

Level of Presidential/Vice Presidential Involvement

Assistance from the President or Vice President may be necessary to encourage conferees to resolve the bill in favor of the Administration's proposal or to push for timely consideration of the bill on the Senate floor.

Agency Lead and Coordination

Department of Transportation is the lead agency. The Assistant Secretary of the Army for Civil Works has a role as joint director of the maglev prototype development program.

Weekly Update/Forecast

No major actions expected in the next two weeks.

Key Contacts

Office of Secretary of Transportation:
- Policy - Katherine Archuleta 202-366-5459
- Communications - Richard Mintz 202-366-4531
- Legislative - Neil Dhillon 202-366-4573

Federal Railroad Administration
- Administrator-designate - Jolene Molitoris 202-366-0710
- Policy - Jim McQueen 202-366-9660

May 21, 1993

ADVANCED TRANSPORTATION TECHNOLOGIES AND DEFENSE CONVERSION

Summary of Initiative

Advanced transportation technologies and related infrastructure investments represent major economic opportunities for the defense industry while at the same time improving the safety and efficiency of our national transportation system. In an effort to avoid the mistakes of past defense conversion attempts, the Department of Transportation is launching an initiative to define and publicize the most pressing national transportation needs and then assist in coupling advanced transportation technologies to meet those needs.

Measure of Success

This initiative will result in public-private partnerships to develop the most promising technologies which can deliver real solutions to real problems. The goals to measure the success will include a reduction in traffic congestion and fatalities, improved air quality, reduced dependence on foreign oil, rehabilitation of infrastructure and job creation through the growth of new markets.

Strategic Plan

The main tenants of the plan are outreach, partnerships and investment. The Department is organizing a series of outreach efforts to the transportation user community to assess and review the problems and needs for which technological solutions can be applied. We are holding a series of conferences over the summer to bring together industry, academia, national labs, federal, state and local government officials and community organizations to discuss the problems and develop solutions. The results of these outreach efforts will develop the framework of needs to draw new technological opportunities. Those defense companies wishing to convert into the transportation sector will be able to use these results to develop their strategic plans to find their niche.

Since the Department of Transportation does not have the research and development resources to make direct investments, we are working with other federal agencies that make transportation research investments to ensure a synergistic approach which addresses the most pressing needs.

Level of Presidential/Vice Presidential Involvement

There is tremendous economic growth potential for markets in the United States and other countries for transportation systems and technologies. This potential is both for large-scale conversion such as construction of light rail vehicles and also for subcomponent level production for small businesses. The President and Vice President can promote these opportunities in their speeches and trip schedules. We will work closely with the White House to feed speech inputs and trip suggestions.

Agency Lead and Coordination

Department of Transportation will be lead agency in this initiative and will be working closely with Defense, Commerce, the National Economic Council, Office of Science and Technology Policy and other agencies for defense conversion efforts.

Weekly Update/Forecast

No major actions expected in the next two weeks.

Key Contacts

Office of Secretary of Transportation:
Policy - Katherine Archuleta 202-366-5459
- Judith Burrell 202-366-6524
- Dennis Murphy 202-366-5898
Communications - Richard Mintz 202-366-4531
Legislative - Neil Dhillon 202-366-4573

ISSUE MANAGEMENT

Hazardous Materials Transportation Act

The Hazardous Materials Transportation Act (HMTA) was last reauthorized in 1990. It is up for another reauthorization this year. The 1990 law mandated substantial new initiatives including the hazardous materials (hazmat) registration program and an emergency preparedness grants program. Numerous studies and rulemakings were also required. The Department of Transportation has accomplished a substantial number of these studies and rulemakings.

The 1993 reauthorization review process has begun in DOT, and we are in the process of developing our draft to forward to OMB for review. Congress is also beginning its review process with oversight hearings scheduled for early June in the House Energy & Commerce Committee. Action on a final bill is expected this Congress.

NATIONAL HIGHWAY SYSTEM

Summary of Initiative

The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) required the establishment of a National Highway System (NHS) of 155,000 miles (plus or minus 15 percent) which is to consist primarily of existing Interstate routes, a large percentage of the urban and rural principal arterials, the defense strategic highway network, strategic highway connectors and high priority corridors identified by Congress. The purpose of the NHS is to provide an interconnected system of principal arterial routes which will serve major population centers, international border crossings, ports, airports, public transportation facilities, and other intermodal transportation facilities; meet national defense requirements; and serve interstate and inter-regional travel. To a considerable extent, this will be accomplished by reclassification of existing roads to the NHS.

Measure of Success

- o Agency Action: Report to Congress by September 30, 1993 on the results of the functional classification. The submission of a proposed NHS by the Administration to Congress by December 18, 1993.
- o Presidential/Vice Presidential Action: Depends upon level of involvement deemed necessary. Presidential participation in announcements and submissions to Congress would signal support for infrastructure investment.
- o Legislation: Enactment of a law approving a designated NHS by September 30, 1995.

Strategic Plan

December 31, 1992: States in cooperation with metropolitan planning organizations complete functional reclassification (approved by FHWA for approximately half of the states; expect to complete approval action for most states by the end of May). Roads are classified by use and type as arterials (principal and minor), collectors (major and minor) and local roads Functional reclassification is necessary prior to designating the NHS, as only principal arterials can be on the NHS.

April 30, 1993: States submit proposed NHS routes to FHWA (there has been some slippage in this deadline as States have requested additional time). As of May 18, 1993, 32 States have submitted proposed NHS routes to FHWA.

July - December 1993: FHWA staff to meet with representatives of the national organizations such as the National Association of Regional Councils, the National Association of Counties, the National League of Cities, and the United States Conference of Mayors to assure full consultation with representatives of local officials.

September 30, 1993: FHWA submits report to Congress on results of functional classification.

December 18, 1993: Administration submits proposed NHS to Congress.

By September 30, 1995: Enactment of a law approving a designated NHS.

Level of Presidential/Vice Presidential Involvement

- President may endorse and submit proposed NHS and implementing legislation to Congress in December 1993.
- Possible mention of the NHS in the January 1994 State of the Union Address.
- NHS link to other major policy initiatives such as NAFTA, economic stimulus proposals and the Emerging Community Development Initiative.
- Potential disagreements over the designation of the NHS may require political resolution.

Agency Lead and Coordination

The Department of Transportation has the lead responsibility for developing the initiative. The Department will coordinate with the Department of Defense and with federal lands agencies, as appropriate, such as the Departments of Agriculture and Interior.

Weekly Update/Forecast

No major actions are expected within the next two weeks.

Key Contacts

White House Policy: To be determined.
White House Communications: To be determined.
White House Legislative: To be determined.
Department of Transportation: Secretary Federico Peña, FHWA Deputy Administrator Jane Garvey

White House Issue Management Initiative

Amendments to the Commercial Space Launch Act

SUMMARY

The Commercial Space Launch Act of 1984, as amended (CSLA)(49 U.S.C. App. 2601 et seq.) authorizes the Department to license and otherwise regulate commercial space launches and the commercial operation of launch sites. The Department reviews annually the need to initiate legislative proposals to amend the CSLA, to account for innovations in space technology and applications that were not foreseeable in 1984 (e.g., reentry vehicles); to improve the efficiency of the regulatory and licensing process; or to modify the financial responsibility and allocation of risk regime set forth in the 1988 amendments enacted, in part, to enhance the international competitiveness of the U.S. commercial launch industry.

No formal decision has been made by the Department to seek legislative changes this year. The House Committee on Science, Space and Technology is considering amendments to the CSLA that would authorize the Department to license reentry vehicles.

Level of Presidential/Vice Presidential Involvement

The priority on this initiative is such that White House involvement is not anticipated at this time.

ISSUE MANAGEMENT

Summary of Initiative

Whether to lift the bar imposed by President Reagan on reemploying air traffic controllers fired for participating in a strike against the United States Government in 1981.

This initiative should be pursued as a priority because legislation to lift the bar has been introduced in the House and Senate and because lifting the bar has been the subject of discussions between the President and organized labor.

Measure of Success

1. Presidential decision on whether to lift the bar.

2. If the bar is lifted, Presidential direction concerning personnel procedures allowing former controllers to compete for employment.

3. If the bar is lifted, Presidential announcement that due to FAA's limited need for additional controllers, only a few positions will be filled in the coming years.

Strategic Plan

1. Options memo with DOT/DOL/OPM recommendations forwarded to the White House on May 13, 1993.

2. Presidential decision announced. Draft statement attached to the options memo.

3. If the bar is lifted, Presidential memorandum issued to OPM. Draft memorandum attached to the options memo.

4. If the decision directs establishment of a separate selection process, press release issued outlining the process and establishing an 800 number for inquiries.

Level of Presidential/Vice Presidential Involvement

Time demands to reach a decision should be minimal, requiring review of the options memo and possible discussion with the Secretaries of Transportation and Labor, and Director of OPM.

Press interest can be expected to be high, requiring time to explain the decision, its implementation, and the limited number of positions FAA intends to fill.

Reactions can be expected to be mixed: the US Pilots Association (6,000 members) has urged not hiring the former controllers; over 100 members on the Hill have recommended allowing the former controllers to reapply for their positions.

Presidential assistance may be necessary to resist anticipated congressional pressure for the hiring of a greater number of controllers than FAA needs.

Agency Lead and Coordination

The Department of Transportation has the lead responsibility for this initiative, in coordination with the Department of Labor and the Office of Personnel Management.

Weekly Update/Forecast

During the week of May 10, the New York Times, the Washington Times, CNN, and other members of the media announced the likelihood that the bar would be lifted in the immediate future. Follow-up inquiries are likely.

Key contacts

Sylvia Mathews (NEC)
Joan Baggett (Political Affairs)
Rosalind A. Knapp (DOT Deputy General Counsel)
Tom Williamson (DOL Solicitor)
Jim Green (OPM Acting General Counsel)

May 21, 1993

MARITIME INDUSTRY REVITALIZATION

Summary of Initiative

The Department of Transportation (DOT) recommends that the Administration adopt a multi-faceted program to revitalize the U.S. maritime industry and to help the industry become competitive internationally. The program would provide Federal support for building ships in the United States, including financing guarantees; vessel operating assistance; removal of anti-competitive foreign practices; elimination of U.S.-flag vessel operating restrictions that prevent international competitiveness; retention of existing cargo preference laws; and, limited tax relief. If no action is taken, U.S.-flag ships are expected to be transferred to foreign countries and U.S. shipbuilding capacity is expected to be drastically reduced, resulting in the loss of thousands of seafaring and shipbuilding jobs in the United States. (See Attachment)

Measure of Success

This initiative requires enacted legislation; however, support for legislation by the President and the National Economic Council (NEC) is necessary before the Administration can transmit a bill to Congress. Regulatory and administrative actions will also be needed to implement provisions of the program.

Strategic Plan

DOT presentation to the NEC of its proposal on maritime revitalization. (April, 1993)

Department of Defense (DOD) presentation to the NEC of its commercial sealift requirements, as determined by the DOD "bottom-up" review. (Early August, 1993)

Decision by the NEC whether to proceed with the DOT proposal. (August, 1993)

Contingent on Administration approval of the DOT proposal, introduction of authorizing legislation, as well as inclusion in the President's FY 1995 budget, and publication of required rulemakings. (September, 1993)

Congressional hearings and period for public comments on DOT proposed rulemakings. (September-October, 1993)

Congressional mark-up of legislation and DOT publication of final rules. (November, 1993)

Floor action, including Conference Committee. (January-February, 1994)

Presidential approval of legislation. (March 1994)

Level of Presidential/Vice Presidential Involvement

Support will be needed from the President to help ensure that Congress enacts implementing legislation.

Agency Lead and Coordination

DOT will prepare legislation, pending approval of the program.

Weekly Update/Forecast

Legislation has been introduced in Congress which would provide Federal support for the U.S.-flag foreign trade merchant fleet and provide incentives for shipbuilding in U.S. shipyards. A House hearing is scheduled for the last week in May; the Administration has not been asked to testify.

All sectors of the U.S. maritime industry are expected to engage in intense lobbying of Administration officials and members of Congress to obtain support for a comprehensive maritime industry revitalization program.

Pending the outcome of the DOD "bottom-up" analysis, no Executive Branch actions on the DOT proposal are expected until August, 1993.

Key Contacts

Office of the Secretary of Transportation (OST):
Policy - Katherine Archuleta (202) 366-1111
Communications - Richard Mintz (202) 366-1111

Maritime Administration:
Administrator Designate - Admiral Al Herberger (202) 366-8790
Policy - Richard Bowman (202) 366-1718

Office of International Transportation and Trade, OST
Arnie Levine (202) 366-4368

#

D R A F T

April 15, 1993

Discussion Paper on Maritime Revitalization

I. Liner Program

Current ODS Contracts (Assuming Some Carriers Stay with the Existing Program) (Contracts terminate by the end of 1997.)

- o Existing liner operating-differential subsidy (ODS) contracts will be honored through their remaining terms; however, no new liner ODS contracts will be signed.
  - The economic lives of liner ships subsidized under the current program will not be extended.
  - ODS operators would be permitted to acquire ships built abroad, provided they are less than five years of age, remain eligible for Federal assistance, and for each two ships they acquire foreign during the first five years, they must acquire one new ship from a U.S. shipyard, as set forth in the shipyard section. However, an operator is released from its build U.S. requirement if, as determined by the Secretary of Transportation, the differential to the operator is greater than the amount paid by the Government.
  - Ships acquired under the build-foreign provision would only be eligible to receive Federal assistance under the new program, not ODS.
  - ODS operators would remain bound by all existing statutory restrictions (e.g., trade routes, and Sections 605(c), 804 and 805 of the Merchant Marine Act, 1936).

New Federal Assistance Program

- o A Government support program would be established under Title VI of the Merchant Marine Act, 1936, to replace the current liner ODS program.
  - Eligible Vessels: Militarily and commercially useful liner ships, as determined by the Secretary of Transportation, that are less than 15 years of age.

    Operators that receive Federal assistance under the new program would be permitted to acquire ships built abroad, provided they are less than five years of age, remain eligible for Federal assistance, and for each two ships they acquire foreign during the first five years, they must acquire one new ship from a U.S. shipyard, as set forth in the shipyard section. However, an operator is released from its build U.S. requirement if, as determined by the Secretary of Transportation, the differential to the operator is greater than the amount paid by the Government.

Ships acquired abroad would be eligible on the same basis as replacement ships under current contracts.

- Contract Length: Contracts would be 10 years in length.

  In return for annual payments, the operator would be required to make vessels that receive assistance available, or provide space on a guaranteed or priority basis, to the Secretary of Defense during time of war or national emergency, and during that time period the operator may charter in foreign-flag tonnage to maintain its commercial presence.

  During the seventh year of the contracts, the Government will review and recommend to Congress any revision of the program.

- Support Payment: An annual payment of $2.5 million during the first four years of the program, down to $2.0 million during the last six years, would be paid for each liner vessel enrolled in the new program.

  The payment would be reduced on a *pro rata* basis for the carriage of bulk-type civilian preference cargoes.

- Total Cost of the Program: The total cost of the program, including existing ODS obligations, is estimated at $2.1 billion over 10 years.

- Number of Vessels: Approximately 90 ships would be eligible to receive Federal assistance.

- Eligibility Priority: Vessels owned by U.S. citizens, as defined in Section 2 of the Shipping Act, 1916, would receive first priority; vessels otherwise eligible for documentation under U.S. law would be able to utilize the remaining available vessel authorizations.

- Operator Flexibility:

  - Vessels that receive Federal assistance under the new program must be operated exclusively in the U.S. foreign trade.

    Current trade route and service restrictions of the ODS program would not be imposed on vessels enrolled in the new program.

    Vessels operating in the mixed domestic and foreign trade, and other existing domestic operations (Section 805) would be grandfathered, as provided in the liner industry compromise.

  - Operators that currently have foreign-flag operations and affiliations would have a one-year "window" during which those arrangements could be grandfathered.

    Ownership, charter or operation of foreign-flag feeder ships would be allowed for vessels enrolled in the new Federal assistance program, provided that the TEU capacity of the feeder ships does not exceed 25 percent of the capacity of the line haul vessels.

    Unions would be given standing to intervene in foreign-flag feeder request (Section 804) proceedings.

  - Vessels acquired under the build-foreign provisions would be immediately eligible to carry civilian preference cargoes.

- Administration:

  - The Government will reserve a vessel authorization for six months for an operator with an existing ship that is eligible for the program, or for an operator that has a contract in place with a shipyard within six months for the delivery of a new vessel or acquires an existing vessel within six months.

    If the vessel authorization is not utilized within six months, it would be available for other operators.

    If the vessel authorization is not utilized by the operator within eighteen months of contract for a new vessel, or at the time of purchase of an existing vessel, the vessel authorization would be available for other operators unless the vessel is under construction in a U.S. shipyard.

An operator would not be permitted to sell unused vessel authorizations to another liner operator.

Title XI

o The Department of Transportation (DOT) will continue to seek funding for the Title XI program. The recommended funding levels will be:

- $75 million in FY 1994 and FY 1995, and

- $50 million in FY 1996.

Carryover of unused authority will be allowed in each year until fully obligated. This level of funding, $200 million, will provide for more than $4.5 billion in new ship construction in U.S. yards.

o Under existing law, the Secretary of Transportation may guarantee up to 87½ percent of the principal portion of the cost of the ship; the Secretary retains the discretion to guarantee a lesser amount. MARAD regulations for Title XI limit debt to 75 percent.

o The Secretary of Transportation will determine which vessels will be financed under Title XI.

Tax Provisions

o U.S.-flag operators (liners, bulk carriers and domestic carriers) have proposed a number of changes to the tax provisions, including changes to the Capital Construction Fund (CCF), elimination of the Alternative Minimum Tax and institution of a tax on the accumulated income in the CCF, as well as reinstatement of the investment tax credit, three-year accelerated depreciation for ships, and reinstatement of tax deferrals on foreign source shipping income under Subpart F of the Internal Revenue Code.

o Consideration of these proposals should be made in the context of the maritime revitalization discussions.

Other Issues

- o The U.S. Coast Guard will continue to take the actions necessary to bring U.S. ship design and construction standards in line with international standards.

- o U.S. ship owners will still be required to obtain Government approval to reflag or sell U.S.-flag ships to non-U.S. citizens, as provided for under Section 9 of the Shipping Act, 1916, but the standards for approval will be clarified.

- o The Administration will continue negotiations to ensure the removal of foreign discriminatory practices and barriers by our trading partners.

  As a last resort, the Administration will pursue bilateral trade agreements to ensure the participation of U.S.-flag vessels for the carriage of certain products (e.g., Japanese automobiles).

- o The Administration will examine the health care cost of the maritime industry with a goal of proposing changes to reduce the high cost of protection and indemnity insurance and other health care costs, while maintaining a high level of health care.

II. Bulk Program

Current ODS Contracts (Assuming Some Carriers Stay with the Existing Program) (Most contracts terminate by the end of 1996; all by the end of 2001.)

- o Existing bulk operating-differential subsidy (ODS) contracts will be honored through their remaining terms; however, no new bulk ODS contracts will be signed.

  - Operators would be allowed to replace existing subsidized vessels with new ships built abroad, provided that for each of two ships built foreign during the first five years, they acquire one new ship from a U.S. shipyard as set forth in the shipyard section. However, an operator is released from its build U.S. requirement if, as determined by the Secretary of Transportation, the differential to the operator is greater than the amount paid by the Government.

  - Statutory restrictions on operator flexibility would remain in place for vessels remaining in the ODS program.

New Federal Assistance Program

- A Government support program would be established under Title VI of the Merchant Marine Act, 1936, to replace the current bulk ODS program.

  - Eligible Vessels: New militarily and commercially useful bulk ships, as determined by the Secretary of Transportation.

    Operators would be allowed to replace existing subsidized vessels with new ships built abroad, provided that for each of two ships built foreign during the first five years, they acquire one new ship from a U.S. shipyard as set forth in the shipyard section. However, an operator is released from its build U.S. requirement if, as determined by the Secretary of Transportation, the differential to the operator is greater than the amount paid by the Government.

    Ships acquired abroad would be eligible under the new Federal assistance program on the same basis as replacement ships under current contracts.

  - Contract Length: Contracts would be 10 years in length.

    In return for annual payments, the operator would be required to make vessels that receive Federal assistance available to the Secretary of Defense during time of war or national emergency, and during that time period the operator may charter in foreign-flag tonnage to maintain its commercial presence.

    During the seventh year of the contracts, the Government will review and recommend to Congress any revision of the program.

  - Support Payment: An annual payment of $2.5 million during the first four years of the program, down to $2.0 million during the last six years, would be paid for each bulk vessel enrolled in the new program.

    No assistance would be provided for the carriage of bulk preference cargoes (as is now the case).

    The total cost of the program, including existing ODS obligations, is an estimated $400 million over 10 years.

- Number of Vessels: Any participating operator would be allowed full substitution privileges for its vessels in the new program (i.e., vessel sharing), subject to an overall program cap of 18 ship-years of service.

- Vessel Priority: Vessels owned by U.S. citizens, as defined in Section 2 of the Shipping Act, 1916, would receive first priority; vessels otherwise eligible for documentation under U.S. law would be able to utilize the remaining available vessel authorizations.

- Operator Flexibility: Vessels that receive Federal assistance under the new program must be operated exclusively in the U.S. foreign trade.

  Operators that currently have foreign-flag operations and affiliations would have a one-year window during which those arrangements could be grandfathered.

  Vessels acquired under the build-foreign provisions would be eligible immediately to carry civilian preference cargoes.

- Administration:

  - The Government will reserve a vessel authorization for an operator, provided the operator has a contract in place with a shipyard within six months for the delivery of a new vessel or purchases a new ship within six months.

    If the vessel authorization is not utilized within six months, the vessel authorization would be available for other operators.

    If the vessel authorization is not utilized by the operator within eighteen months contract for a vessel, the vessel authorization would be available for other operators unless the vessel is under construction in a U.S. shipyard.

    An operator would not be permitted to sell unused vessel authorizations to another bulk operator.

Cargo Preference Program

- The Administration will support a Presidential declaration on the intent of the Executive Branch to comply fully with the letter and spirit of U.S. cargo preference laws, and that the U.S.-flag percentage requirements are minimum, not maximum, requirements.

- DOT and the Department of Justice will enter into a Memorandum of Understanding to process expeditiously pending and future inter-departmental disputes on the scope of cargo preference laws (e.g., whether cargo preference laws extend to specific projects).

- The Administration will initiate an inter-departmental review on the feasibility of multi-year funding of cargo preference programs, greater utilization of consecutive and long-term charters (as practiced in the commercial sector), and other efficiencies for carriage of preference cargoes. The task force will report its findings and recommendations to the White House within nine months.

- The Administration will support legislation introduced previously by Rep. Robert Torricelli (D-NJ) which would amend current cargo preference laws to require nations that receive cash transfer foreign aid from the U.S. Government to purchase goods in the United States and to require the shipment of those goods to be subject to cargo preference.

- The Secretary of Transportation will revise the methodology used to determine fair and reasonable rates for the carriage of civilian preference cargoes.

Title XI

- The Department of Transportation will continue to seek funding for the Title XI program, as discussed above for the liner program.

Tax Provisions

- Proposed tax changes are as discussed above in the liner program.

Tanker Issues

- The tanker industry proposes that the Administration eliminate or reduce the BTU tax for petroleum products carried on new double-hull tankers in the coastwise trade, and reinstate regulatory restrictions on exports of refined petroleum products.

- Consideration of these proposals should be made in the context of the maritime revitalization discussions.

III. Domestic Trade

- The Administration will reaffirm the Jones Act.
- The Administration will support legislation which closes "loopholes" to the Jones Act, including bringing "cruises to nowhere" under the Act.

IV. Shipbuilding Program

- The Administration will support legislation which provides redress for U.S. shipyards against foreign shipbuilding subsidies and which does not impose undue burdens on U.S. companies and commerce.
- The Administration will resume negotiations with shipbuilding nations to force the removal of shipyard assistance by foreign nations.
- The Department of Transportation will continue to seek funding for the Title XI program, with special emphasis on environmentally safe, double-hull tankers for the U.S. domestic and international trades. Proposed funding levels and program administration are as discussed above.
- Reflagging work on newly documented, foreign-built U.S.-flag ships will have to be performed in U.S. shipyards.
- Title XI would be amended to allow the Secretary of Transportation to provide guarantees for shipyard equipment or facilities on which the Secretary can obtain an appropriate collateral position.
- The Administration will reaffirm support of the Jones Act.
- The Administration will support funding for R&D projects by the Advanced Research Projects Agency (ARPA) which would establish and implement viable opportunities for the conversion of the defense-oriented shipbuilding industry to market-driven commercial production activities.
- Operators that receive Federal assistance will be permitted to build foreign, provided that during the first five years for each two ships acquired foreign, one new ship is built in a U.S. shipyard, as set forth in the liner and bulk sections.
- The Administration will support U.S. shipyard efforts to transition from military to commercial operations by using ARPA and defense conversion funds for payment to U.S. yards building ships under the new Federal assistance program to

offset the differential between U.S. and foreign shipbuilding costs (50 percent in FY 1994; 40 percent in FY 1995; 30 percent in FY 1996; 20 percent in FY 1997; and, 10 percent in FY 1998), provided the ships built are standard international ship designs, and joint efforts are employed with foreign yards to increase productivity in U.S. shipyards.

V. Shipper Issues

- U.S. shippers have proposed a number of changes to the Shipping Act of 1984, including: (1) limits on the size of conferences and on the anti-trust immunity they currently enjoy; (2) confidential service contracts between shippers and individual carriers; (3) modification or elimination of current tariff filing requirements; and (4) extension of carriers' rights to take independent action on rates to service contracts.

- Consideration of these proposals should be made in the context of the maritime revitalization discussions.

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Divider Title: **23**

ENERGY

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Divider Title: **24**

JUSTICE

- Civil Rights
- Immigration

IMMIGRATION ISSUES

I. The United States is experiencing an increase in for-profit alien smuggling.

For the most part the increase is being seen in aliens being smuggled from the Peoples Republic of China. Most often the ships are modified to accommodate human "cargo" in Hong Kong or other parts of East/Southeast Asia, travels to Chinese coastal areas where its passengers are ferried out to in smaller boats and begins the trip east. In some cases, the ship sails directly to the United States; in others, to a nearby country like Mexico (or, it is presumed, to other points south) from which arrangements are made for the migrants to enter the United States by land.

An interagency working group co-chaired by DPC and NSC is reviewing alternatives to alleviating this problem. Among the alternatives being considered are enacting legislation to expedite the procedures by which aliens are screened for asylum; increasing the penalties for smuggling; adding alien smuggling as a predicate for RICO; and reviewing and rescinding the Bush Administration Executive Order calling for enhanced consideration of aliens from PRC.

In addition, we have discussed supporting the costs of repatriating ineligible asylum seekers with the Immigration Emergency Fund which contains $30 million. We will need to take action on some of these issues within the next 30 days. Other initiatives will take longer and will depend on negotiations with Congressional subcommittees and NGOs.

II. Salvadoran TPS

On Friday, May 21, the President provided for "deferred enforced deportation" (DED) for nationals of El Salvador. The DED ensures that Salvadorans who were legislatively granted temporary protected status will be allowed to remain in the United States at least until December, 1994.

The issue will need to be reviewed during mid-1994 to determine whether to continue to allow Salvadoran nationals permission to remain here.

III. Chinese student certification

In 1992, Congress passed the Chinese Student Protection Act providing the Attorney General authority to adjust the status of Chinese nationals if the President has <u>not</u> certified to the Congress that certain conditions have been met.

Chinese students are urging a very liberal interpretation of the relevant laws and regulations as relates to how many Chinese can be adjusted in a year. The Senate drafters disagree and urge a more restrictive approach.

The DOJ and INS are in the process of preparing regulations to carry out the Act. DPC and NSC are coordinating a resolution to this issue.

The regulation should be prepared and reviewed during June, 1993. It will be open to public comment for a period of time before becoming final.

Contacts
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Divider Title: **25**

NEA/NEA

NEA/NEH

Summary of the Initiative: NEA/NEH/IMS are scheduled for reauthorization this Spring. In addition, the community has been eagerly awaiting appointment of Chairs for NEA and NEH and some indication from the new Administration about future policy direction for these groups. Pat Williams has called a hearing for the reauthorization of these offices on June 10. There is no problem anticipated for NEH or IMS reauthorization. The reauthorization of NEA is thought to be complicated by the Justice Department's recent appeal of the Finley case. The timing of that appeal sets an opportunity for discussion during the reauthorization process for public discussion regarding the "decency clause". Without the nomination of a Chair for NEA and, therefore, a policy direction for the Administration there is growing concern in the arts' community.

NEH has identified a Chair. Sheldon Hackney, though not officially nominated at this time, has started to make courtesy visits. The Jacobowitz case has been settled and there is less concern with the confirmation process than originally anticipated.

Measure of Success: Passage of the reauthorization for NEA/NEH/IMS and confirmation of the Chairs nominated will signal success.

Strategic Plan: Legislative affairs is currently working with Sheldon Hackney in preparation for his confirmation hearings. They expect the confirmation hearings to be scheduled two to three weeks following the completion of paperwork. Concerns with the confirmation include the issues at the University of Penn regarding first amendment rights and the continuing work by the Republicans to divert attention from reconciliation and the economic plan.

There is a good chance the reauthorization of NEA could get caught in the bigger issue of what art projects get funded by the NEA. Currently Justice is working on behalf of NEA to "settle" cases for three artists that were denied funding for their projects under the last Administration. Of course, that gives the "right" an opportunity to discuss "decency".

Level of Presidential/Vice Presidential Involvement: Minimal. At some point in this process, it may be necessary for the President to discuss generally his thoughts on art expression.

Agency Lead and Coordination: Melanne Verveer and Bill Gilcher have been the "point" on this issue.

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Divider Title: **26**

SMALL BUSINESS ADMINISTRATION