

very time sensitive
push now -

THE 70

THE PRESIDENT HAS SEEN
3.11.96

PARKS INITIATIVE

The Department of the Interior (DOI) has proposed an aggressive Presidential campaign on behalf of the National Parks. CEQ is working with DOI to define a range of actions you could take to help the parks, ranging from specific executive orders to broader legislation. CEQ believes that Interior's proposal represents great politics for the Administration, particularly if implemented quickly, before the congressional Republicans can propose their own parks plans, scheduled now for mid to late March.

WILDLIFE REFUGE LEGISLATION AND EXECUTIVE ORDER

CEQ is working with the DOI to prepare a proposed executive order clarifying and reinforcing the policies governing hunting and fishing in national wildlife refuges. The aim of the proposed executive order will be to satisfy concerns by hunting and fishing interests that they will be excluded from refuges. We believe the order will be quite popular within the hunting and fishing community -- a swing voter group (Perot supporters in 1992) -- and not problematic for the vast majority of environmental and conservation groups. We believe the executive order could help stave off much more divisive refuge related legislation being prepared by Congressman Young, with the co-sponsorship of Representative John Dingell (D-MI). We are also working with Representative Dingell to help address his concerns on refuge management.

Because of the political potency of this group, I am urging that you speak to the Outdoor Writers Association (a group with extremely broad reach) and write a piece in Field and Stream or, another outdoor publication expressing your commitment to preserving our natural heritage.

SEA LIONS IN BALLARD LOCKS

Trapping of sea lions in Seattle's Ballard Locks may begin next week. The State of Washington has not formally requested permission to capture the animals, but is to do so early next week. The actual trapping may take as long as two weeks, because animals in question have learned to evade most trapping techniques.

TIMBER SALE PROTEST

An extremely large protest is planned for this weekend in western Washington near the site of one of the old growth sales that we have been forced to release under the timber rider. Estimates from law enforcement officials suggest about 1,000 protesters may be present, along with considerable coverage by the media. This is a sale that Representative Norm Dicks (D-WA), among others, asked us to stop last week. However, under the current law, we have no authority to delay or stop the harvesting of this sale.

Both federal and county law enforcement officers have been working with the Forest Service to minimize direct contact between loggers and the protesters.

Should we
send copy
to
McCurry?
✓ yes - no

care, they cannot get the facilities certified for Medicare participation because of the cuts.

Reps. Lincoln and Tauzin have introduced legislation that would provide fiscal relief for Medicare State Survey and Certification programs. House Appropriations may include proposals from the bill in the Continuing Resolution.

- **FDA Appropriations and Reform:** On March 12, the House Appropriations Agriculture Subcommittee will hold a hearing on FY 1997 appropriations for the Food and Drug Administration. Commissioner David Kessler has been invited to testify. On March 20, the House Commerce Health and Environment Subcommittee will continue its hearing on proposed FDA reform measures.
- **Human Subject Protections:** On March 12, the Senate Committee on Governmental Affairs will hold a hearing on the protection of human research subjects with a particular focus on the findings of the White House initiative on exposure of human subjects during radiation research.
- **Mammography Standards:** Proposed rules on standards for safe and high-quality mammography services will be published in the *Federal Register* in the next few weeks. The standards cover facilities, personnel, equipment/quality assurance, and accreditation bodies. These regulations, developed in close conjunction with the advisory committee established by the Mammography Quality Standards Act of 1992 (MQSA), ensure that women receive high quality mammograms, while allowing mammography facilities greater latitude in their operations.
- **Seafood Safety Regulatory Partnership Meetings:** In response to significant public interest, FDA is sponsoring five public meetings over the next several months to assist industry in initiating procedures required by HHS's December 18, 1995 final rule on seafood safety. Under the seafood safety rule, effective December 1997, domestic and foreign seafood processors will be required to establish Hazard Analysis Critical Control Point systems to ensure the safety of seafood products sold in the United States. The public meetings are scheduled in Boston, Baltimore, Tampa, New Orleans, and Seattle.

○ **HHS Donates Surplus Computers to Philander Smith College:** This week, HHS Inspector General June Gibbs Brown and Secretary Shalala met with Mr. James Cunningham, Director of Family Life Center at Philander Smith College in Little Rock. The HHS Office of the Inspector General donated surplus computer equipment to Philander Smith College, for use in its mentoring and tutoring programs. The college is working on special initiatives to eliminate violence among Latino and African American males. One of its initiatives has been an intensive after-school outreach community program aimed at youths ages 6 to 18. The computers donated by HHS will be used in this community outreach program.

Handwritten notes:
VP/Elaine
then an unrequited
can be done (Pete)
Gee, well, it's
stuff -
B2

THE PRESIDENT HAS SEEN
3/11/96

HEARTS

OF THE

City

JIM DORSKIND:

Exploring atti-

Please coordinate
the reply.

tudes and issues

behind the news.



Juanita Chaney, right, and Nadine Francis get surgical garb from Mark Kimbrough at Brotman Medical Center.

Students Say YES to Success

A cardiologist, determined to inspire black inner-city youths, promotes a program to give them role models and guidance.

By MAKI BECKER
SPECIAL TO THE TIMES

Donald Ware, an African American cardiologist, wanted black inner-city youths to know that they can succeed in life. But he knew that many of the youngsters did not have role models to show them how.

So a year ago, Ware started Youth Empowered for Survival (YES), a program that teams up black students from south Los Angeles high schools with black professionals.

"We want to make that which is invisible, visible," said Ware, 47, using his catch phrase for the program.

A major impetus for starting YES, Ware said, was the media's reaction to the hit television sitcom "The Cosby Show" about a prosperous black couple—the husband an obstetrician and the wife a lawyer—and their family.

"They [the media] said this is unrealistic, that this doesn't actually exist," Ware said. "And that hurt my heart."

What also hurt, said Ware, a graduate of Fremont High in South-Central Los Angeles, was the fact that although he had become a part of America's growing black middle class, the young people around him were skeptical that such a future was attainable.

He held the YES program's first event in 1995, an educational workshop at Loyola

Marymount University. It grew out of his involvement with Our Author's Study Club, a group that nearly a half-century ago pressured the city of Los Angeles to proclaim Negro History Week.

The workshop—directed at students with grade averages of A through C—drew 300 students from high schools throughout south Los Angeles. They had the opportunity to meet with 100 professionals, from doctors and lawyers to celebrities such as James Worthy of the Lakers and actress Marla Gibbs.

"We really tried to wow them," Ware said.

The education workshop was repeated this year, again at Loyola, drawing students from Crenshaw, Dorsey, Fremont, Jefferson, Jordan, Locke, Los Angeles, Manual Arts, Washington and Westchester high schools.

This time, the highlight was a live teleconference with retired Gen. Colin Powell, followed by group discussions with professionals in fields ranging from law and medicine to construction and mortuary science.

The seminar was followed up last week with a series of field trips in which the most enthusiastic students visited their new mentors at work.

About a dozen students were invited to Brotman Medical Center in Culver City, where Ware practices.

Four members of the group were invited to sit in on a cardiac catheterization procedure, where a thin tube is inserted in a patient's groin and pushed through a vein or artery to the heart to measure the pressure inside. The young women dressed in hospital scrubs and lead aprons to protect themselves from the radiation used to X-ray the patient's heart.

"I felt good," said Kenrah Staine, 17, a senior at Manual Arts High School, after watching the hourlong procedure. She said she has always wanted to be a nurse or a doctor and was inspired by her experience in the operating room. "We got a taste of

how they are," she said.

Two other young women went to QWEST Records, composer Quincy Jones' music and publishing company, to learn about the entertainment industry. They spent the day with Ron Carter, the publicist for the record company, who said he would like to participate as a mentor again. He said he would recruit fellow professionals in the music industry as well.

Two students flew with Anthony Paschot, a helicopter pilot in the Los Angeles County Sheriff's Department, and another group spent the day downtown with city officials.

Ware says the education workshops and the on-the-job field trips will become an annual event, and he hopes to sponsor more events that will give African American youths the confidence and know-how to succeed.

"I think it's one of the most outstanding programs for youngsters," said Barbara Boudreaux, a member of the Los Angeles School District board. Boudreaux is mentoring two students, she said, and has promised to see them through their entire educational career.

"It lets youngsters know that outside of their immediate family and teachers, they have someone who is willing to support them and to be with them all through high school and college," Boudreaux said.

One of Ware's goals for the YES program is to set up a camp where students who have at least a 3.0 grade average but score only moderately on college entrance exams can learn how to take the Scholastic Assessment Test.

He envisions a camp away from the distractions of urban life where participants would spend a week preparing for the SAT.

"These kids have been artificially kept out of the system," Ware said, pointing out that statistics have shown that minorities score lower on such tests even when they receive good grades in school.

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 3/11/96

TO: John Emerson
Steve Silverman

FROM: Staff Secretary

We need a response to
forward to POTUS for
signature along with
this letter.

Please call Helen Howell
at 6-2702.



96 MAR 6 P 2:00

OFFICE OF THE CHANCELLOR
405 HILGARD AVENUE
LOS ANGELES, CALIFORNIA 90024-1405

February 22, 1996

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

You may recall that when you visited UCLA in May of 1994 for our 75th anniversary, we were reeling from the effects of the Northridge earthquake, which caused considerable structural damage to our medical complex and six core campus buildings, including historic Royce Hall.

I wish to bring you up to date regarding the status of UCLA's disaster relief claims with the Federal Emergency Management Agency. Progress has been made in many areas. However, we remain concerned about bringing these activities to an appropriate close and hope that your staff will continue to assist in expediting matters.

Initially, I want you to know how much your many friends at UCLA and throughout Southern California appreciate your Administration's commitment to assist our region's recovery from the devastating quake. Your leadership in responding to this disaster and others across the nation has been extraordinary.

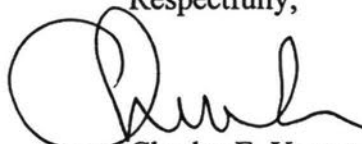
UCLA has worked constructively with FEMA representatives in documenting the damage to campus facilities and submitting extensive detailed technical analyses in support of our claims. This process has engendered meaningful results. However, a matter of specific focus of the moment, and yet needing resolution, is the UCLA hospital. UCLA's hospital, judged "Best Hospital in the West" for six consecutive years, serves more than 300,000 patients per year for primary care as well as highly specialized care, and is a critical part of Southern California's trauma network. Continued operation of the hospital following another major quake is at serious risk, potentially crippling the region's emergency response capabilities at the very time they are needed most.



We are now in the final stages of discussions relating to an approach to resolving the claim relating to the hospital. Although we have been moving toward a solution, proposals to date have fallen short of adequately addressing the situation and additional work is yet required. I remain concerned that the relevant detailed analyses be fully comprehended and that a fair and appropriate outcome be reached. These essential facilities are at significant risk in the context of a future earthquake, and a workable solution must be found.

My colleagues and I are eager to move forward to secure the safety of UCLA's hospital and central campus facilities, facilities which are home to more than 60,000 people each day -- making UCLA a "city within a city." We appreciate the assistance your Administration may offer in bringing these important matters to closure as quickly as possible and, in that context, we will continue to work with Mr. John Emerson who has been most helpful to the process.

Respectfully,

A handwritten signature in black ink, appearing to read 'C. Young', with a large circular flourish on the left side.

Charles E. Young
Chancellor

cc: Mr. John Emerson
Ms. Nancy Hernrich
Mr. Leon Panetta

- (D) **Quinn response on IRS record keeping.** Your question was prompted by WSJ report that the IRS historian resigned to protest IRS record keeping. The National Archives reported in December that IRS already has many elements of an acceptable records management program in place. But the report also found shortcomings and made recommendations. John Carlin has asked the IRS to submit an action plan by mid-March indicating how these recommendations will be implemented.
- (E) **Herman memo on corporate social responsibility.** Says she believes a CEO meeting on corporate citizenship "represents an enormous opportunity for you to clarify a vision of a new corporate social contract for the next Century." Alexis gave Laura Tyson a memo on her ideas regarding the substance of the conference, urging that it "provide an action-oriented agenda, provide measurable outcomes, reflect the human side of change." A paper Alexis wrote is attached.
- (F) **Ann Lewis interview in Boston Globe.** "This is a year in which people want their president to be president. You don't find a lot of yearning out in the public for more politics, more campaigns."
- (G) **James Cramer article "Confessions of a Limousine Neoliberal."** Via Don Baer, from New York Magazine. "To my mind, the Democrats could and should be the party of Wall Street -- not the Wall Street of top hats and cigars...but the new Wall Street, which should be an engine of economic growth for the whole society, from the working poor to the folks laid off by AT&T. The way I've always seen it, the Democrats were the party to go to when you wanted to acquire wealth; the Republicans were your friend when you already had it."

We also received the following items:

Am have meeting in two days (later) weeks this

Rivlin note on March 8 meeting with D.C. task force. "We had a good, frank, cooperative meeting of the D.C. Task Force today with Mayor Barry, introduced Carol Thompson Cole (who will provide new energy for D.C. efforts) and released the report we sent you some weeks ago on D.C. Task Force activities."

McGinty memo on VERTAC Superfund site. At a March 6 meeting in Jacksonville, Arkansas, EPA presented a new proposed remedy that would leave more of the waste on-site. The community was unhappy. EPA has assured us that it will work to satisfy the community's concerns, and modify the plan.

Myers memo on media coverage of women entrepreneurs event. The January 29 photo-op with the National Women's Business Council and the Interagency Committee on Women's Business Enterprise generated good press coverage across the nation including: CNN, CBS, NBC, National Public Radio, all the top radio networks, The Wall Street Journal, The Washington Post, USA TODAY and regional newspapers. Your participation in the release of the report and your references to the contributions of women-owned businesses is much noted and appreciated by women.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20500

Mar. 8

THE DIRECTOR

Dear Mr President

96 MAR 11 1978
We had a good, frank,
cooperative meeting of the D.C.
Task Force today with Major
Bany, introduced Carol Thompson
Cole (who will provide new energy
for D.C. efforts) and released the
report we sent you some weeks ago
on D.C. Task Force activities. Alice

**Promoting Stability, Growth, and Opportunity
in Our Nation's Capital:**

Report of the D.C. Task Force

March 8, 1996

**Promoting Stability, Growth, and Opportunity
in Our Nation's Capital:**

Report of the D.C. Task Force

EXECUTIVE SUMMARY

Overview

President Clinton is committed to helping Washington D.C. regain its financial stability, provide quality services to its residents, and make the Nation's capital a place that people are eager to visit and live in. This report describes the Federal efforts to help D.C. achieve the financial stability, provide the reliable services, and attain the economic growth that D.C. residents deserve.

D.C.'s Financial Crisis

In the 1980s, D.C.'s economy grew rapidly. The expanding tax base created by rising employment and property values enabled D.C. to provide more services and jobs, while still balancing its budget. When the economic boom ended in the late 1980s, D.C.'s financial condition changed dramatically, making the growth in services unsustainable. With these pressures, D.C. found it harder to balance its budget in the 1990s, and it ended fiscal 1994 with a cumulative general fund balance deficit of \$324 million. The market downgraded D.C.'s credit in early 1995, leaving it unable to borrow to pay salaries and vendors. Serious management problems complicated the delivery of basic services.

The Federal Response

The Financial Responsibility and Management Assistance Act of 1995. The Administration and Congress worked with D.C. to enact the Financial Responsibility and Management Assistance Act (FRMA Act), which the President signed on April 17, 1995. It created the D.C. Financial Responsibility and Management Assistance Authority and charged it with reviewing and approving D.C.'s borrowing and ensuring that D.C. takes steps to achieve a sustainable balanced budget.

The D.C. Task Force. The President also established a task force, chaired by his Budget Director, Alice M. Rivlin, and comprised of representatives from numerous Cabinet agencies. The Task Force provides assistance to help D.C. cope with its financial and management problems. Examples of Task Force and other federal activities include:

- **Job Creation.** The Transportation Department worked with Congress to preserve D.C.'s share of Federal highway funds, saving 1,800 jobs and allowing bids for construction on major D.C. roads that could create several thousand more jobs. The Department of Housing and Urban Development (HUD) sponsors education and job

training initiatives for public housing residents. The Labor Department funds job training and related aid for 4,400 adult and youth participants.

- ***Financial Management.*** The Treasury Department worked with D.C. to provide it with financing for operating and capital purposes. The Internal Revenue Service also has worked with D.C.'s Department of Finance and Revenue to improve its ability to collect taxes.
- ***Housing and Community Development.*** HUD is renovating dilapidated public housing in local neighborhoods and working to improve, over the long term, the financial management and physical state of several troubled D.C. properties. Its *Operation Safe Home* program, which cuts crime and fraud in public housing, is improving the living conditions for residents. Along with HUD and local groups, D.C. continues to assist the homeless.
- ***Roads and Highways.*** Because the Transportation Department worked with Congress to protect D.C.'s share of Federal highway funds, new construction will begin on several major D.C. roads, easing congestion for residents and commuters.
- ***Education.*** Through programs like its D.C. desk, which disseminates teaching strategies and programs to teachers, the Education Department is working to improve the quality of education for D.C. students.
- ***Health Care.*** The Department of Health and Human Services has provided technical assistance to help D.C. acquire the management tools it needs to improve its social services, income maintenance, and public health programs.
- ***Public Safety.*** In 1994, nearly every Federal agency with law enforcement responsibilities participated in a coordinated strategy to help D.C.'s Metropolitan Police Department. The Justice Department has made grants and, with other agencies, contributes to local efforts to cut violent crime. The Bureau of Prisons will soon complete an assessment of the status of operations and programs in the D.C. Corrections Department.
- ***Snow Removal.*** After the "Blizzard of '96," the President issued a disaster declaration for D.C., enabling the Federal Emergency Management Agency (FEMA) to coordinate federal efforts to remove snow from emergency routes. Among them, FEMA arranged for the National Park Service to provide trucks and plows.

Next Steps

The President remains committed to helping put D.C. back on the path to financial health, enabling it to give its residents the services they deserve and to make all Americans once again proud of their capital city.

**Promoting Stability, Growth, and Opportunity
in Our Nation's Capital:**

Report of the D.C. Task Force

As the Nation's capital, Washington is a special place, a place of inspiration for people across America and around the world. But Washington -- the city -- faces major problems. Its health, and the security of its citizens, are threatened. All of us who live and work here must join hands to help the city get its financial house in order.

-- President William J. Clinton

President Clinton is committed to helping Washington D.C. regain its financial stability, provide quality services to its residents, and make the Nation's capital a place that people are eager to visit and live in. Like other major urban centers, the District confronts challenging problems in creating and maintaining jobs and sustaining economic growth. It also must provide basic services, such as housing, education, law enforcement, and transportation -- a task complicated by D.C.'s status as the seat of the Federal government. The Administration recognizes that the Federal government, the largest employer of D.C. residents, has a unique role to play in helping the city resolve these problems.

At the same time, the President wants to reinforce Home Rule and strengthen the District's ability to manage its own financial affairs effectively. To help the District do so, the Executive Branch can work with Congress to give D.C. officials the flexibility they need to manage their own affairs. In addition, the Executive Branch can provide expertise in financial and other management areas. Federal departments and agencies can work with their District counterparts to identify opportunities and solve problems.

This report describes the Federal government's efforts to help D.C. achieve the financial stability, provide the reliable services, and attain the economic growth that D.C. residents deserve. But, like other urban areas, the District would face other challenges if congressional spending proposals took effect. Federal jobs programs, such as the Summer Youth Employment and Training program would end, costing 2,000 jobs for young adults in D.C. Education and housing programs also could face deep cuts.

D.C.'s Financial Crisis

In the 1980s, D.C.'s economy grew rapidly. The expanding tax base created by rising employment and property values enabled D.C. to provide more services and jobs, while still balancing its budget.

When the economic boom ended in the late 1980s, D.C.'s financial condition changed dramatically, making the growth in services unsustainable. Revenue growth slowed while outlays continued to soar. Property tax revenues, which comprise about 24 percent of D.C.'s total revenues, rose an average of only 1 percent a year between 1991 and 1993-1994.¹ Sales and income taxes, comprising 40 percent of D.C.'s revenues, grew by only 2 percent a year over the same period. But spending continued to grow, far outstripping revenue growth. The fastest growing programs were related to poverty; spending for Aid to Families with Dependent Children (AFDC), Medicaid, and foster care rose between 11 and 23 percent a year.

With these pressures, D.C. found it harder to balance its budget in the 1990s. The city ended fiscal 1994 with a cumulative general fund balance deficit of \$324 million. The prospect of continued large deficits made private capital markets wary of lending to D.C. In February 1995, Standard and Poors and Moody's downgraded D.C. government bonds to a "below investment grade" rating. At this point, D.C. was insolvent and could not borrow to pay salaries and vendors.

Serious management problems complicated the delivery of basic services. Due to a court order arising from its mismanagement of assisted housing units, the Department of Public Assisted Housing (DPAH) has put a receiver in charge of its operations. And, due to its inability to rectify past management problems, another court ordered D.C.'s child welfare office to appoint a receiver. Inadequate contracting, cash control, and procurement procedures hamper good management in most D.C. agencies.

The District also must confront its growing unfunded pension liability; at \$5.2 billion at the end of 1993, it represents D.C.'s single largest obligation.

The Federal Response

The District has a unique relationship with the Federal government. As the Nation's capital, D.C. reaps substantial revenue from tourism as well as Federal employment and procurement. Like most other major cities, D.C. receives Federal funding to provide its residents with such basic services as housing, law enforcement, and transportation. The District, however, assumes responsibilities for services that are normally provided by a county and State. Unlike other cities, D.C. cannot tap the financial resources of well-off suburbanites, such as through State taxes and transfers.

¹ The District changed its property tax year in FY 1993.

"Home rule" also plays a key role in shaping D.C.'s governing responsibilities. It allows D.C. to govern itself, with certain restrictions. Congress retains ultimate legislative control over the District -- such as by appropriating all D.C. budgets, regardless of whether the revenue at hand comes from the Federal government or local sources. The District cannot tax Federal and other official real estate and non-resident (e.g., commuter) income. As partial compensation for such restrictions, D.C. receives a Federal payment each year -- now \$660 million, or 19 percent of general fund revenues -- in addition to other Federal funding.

The Financial Responsibility and Management Assistance Act of 1995. Because Washington is the Nation's capital and the Federal government is the primary employer and purchaser in the Washington area, the President felt a special responsibility to help D.C. address its financial problems. The Administration recognized quickly that D.C.'s financial situation required the kinds of measures that other financially troubled cities have used successfully. In early 1995, Administration officials and Members of Congress worked with D.C. to develop the Financial Responsibility and Management Assistance Act (FRMA Act), which Congress passed promptly and the President signed on April 17, 1995.²

The FRMA Act created the District of Columbia Financial Responsibility and Management Assistance Authority, a new entity of the D.C. Government, and charged it with reviewing and approving:

- budget requests of the D.C. Government, ensuring that they reflect a four-year path to a balanced budget; and
- all borrowing requests, certain leases and contracts, and most legislation adopted by the D.C. Government, ensuring that those items are consistent with the four-year financial plan.

After reviewing applications from over 100 individuals, the President appointed five highly-qualified District residents.³ One of the Authority's first acts was to endorse D.C.'s request to borrow \$147.5 million from the U.S. Treasury, which D.C. used to meet its payroll and pay vendors. The Treasury Department was instrumental in arranging this borrowing. The District has since repaid this loan out of its annually appropriated Federal payment.

² See Appendix A for list of Congressional sponsors of FRMA legislation.

³ See Appendix B for list of FRMAA members.

Since then, the Authority has worked with the D.C. Government to:

- provide recommendations on D.C.'s fiscal 1996 budget request of \$5.1 billion to Congress, including recommendations to eliminate 5,000 D.C. Government jobs;
- adopt interim procedures for contract review; and
- develop objective criteria for vendor payments.

In addition, the Authority has broad responsibility to work with D.C. on a wide range of management issues, including personnel and procurement.

The Federal Government's D.C. Task Force. As D.C.'s financial crisis grew, the President asked Office of Management and Budget (OMB) Director Alice M. Rivlin to convene a group of officials in Executive Branch agencies to work among themselves, and with their D.C. counterparts, to help the District cope with its financial problems.

The Task Force, which Rivlin chairs, includes officials from the Departments of Education, Housing and Urban Development (HUD), Treasury, Justice, Health and Human Services (HHS), Labor, and Transportation.⁴ These departments traditionally have enjoyed good working relationships with their D.C. counterparts, and the creation of the Task Force helped coordinate and enhance their efforts.

The efforts of these and other agencies to improve the quality of services that D.C. delivers to its residents are summarized below:

I. Job Creation

- Swift legislative action, which the Administration proposed to preserve D.C.'s share of Federal highway funds (discussed in more detail below), allowed the city to pay delinquent accounts to contractors on the job, thus saving 1,800 jobs. It also permitted D.C. to advertise bids for another \$50 million in new projects. By the spring, when the projects will be under construction, the total Federal aid program will support 4,500 jobs.
- The Federal Highway Administration (FHWA) has formed a partnership with D.C.'s Public Works and Employment Services departments to give introductory construction experiences to more than 200 young D.C. residents.

⁴ See Appendix C for list of Task Force members.

Young people will have the chance to improve public spaces by planting trees, removing graffiti, and repairing sidewalks.

- HUD has embarked on several innovative initiatives to break the cycle of poverty through education, job training, and access to the information superhighway. In partnership with assisted housing residents, local service providers, and private actors, HUD has launched the following successful programs:

-- **The Edgewood Connection: The Redevelopment of Edgewood Terrace and Electronic Village.** The Edgewood Terrace Apartment Complex, located in Northeast Washington, consists of 884 units of HUD-financed or subsidized housing for low- and moderate-income families and individuals. HUD is working with D.C., residents, and private partners to revitalize the Edgewood community.

The Edgewood Connection is a pilot "electronic village," aimed at tapping the potential of low-income youth and adults by giving them access to the information superhighway. A Computer Learning and Training Center, equipped with computers, fax machines, phone lines, and office furniture, offers computer classes, job training, and other services for all interested Edgewood residents. Residents in the job training program take an eight-week computer literacy course, followed by a two-week job skills training course. Upon graduation from the training program, residents go on to full-time jobs. In September, eight residents graduated from the program and created their own micro-enterprise -- Edgewood Technology Services, Inc. -- to help other developments create a technology-driven learning program.

The program is sponsored by the Community Preservation and Development Corporation (CPDC); Hamilton Securities Group; MCI; Future Kids, a private firm that specializes in computer-based education for children; and ICS Communications, a Los Angeles-based telecommunications and cable company. Edgewood's sponsors estimate that, each year, the adult training program could graduate about 80 residents in the complex. If the pilot reaches that capacity, it could save about \$560,000 a year in Federal welfare and related expenditures at this complex alone. HUD has committed \$1.5 million to expand the program in Edgewood.

- **A National Model of Job Placement and Skill Enhancement at Fairmont Homes.** Fairmont Apartments is a 218-unit, Federally-subsidized apartment complex in the Columbia Heights neighborhood of D.C. Along with the Alexandria-based Multi-Family Initiatives (MFI), HUD launched the two-year pilot project at Fairmont called "High Performance Living Environments" (HPLE). It will provide an intensive education and job placement program to low-income residents, involving one-on-one training, counseling, and access to state-of-the-art facilities and technology.

The HPLE project is unique because it concentrates on residents after they are placed in a job. Although MFI will help adults identify their skill levels and job interests, gain job preparedness, and find work, the program mainly helps working residents improve technical and professional skills and move into a longer-term, upwardly mobile career track. MFI has already identified participating employers and is now selecting 90 residents to participate. HUD has committed \$85,000 a year in additional rent subsidies for the project.

- The Department of Labor provided \$8.1 million to D.C. in fiscal 1995 for Job Training Partnership Act (JTPA) formula grants to support job training and related assistance for 4,400 adult and youth participants. The President's 1996 Budget proposed \$10 million for JTPA grants. This program includes grants for:
 - Low income adults -- D.C. received \$2.7 million in 1995 for training 1,200 low-income adults in the JTPA title II-A program. About 60 percent of adult participants will hold unsubsidized jobs after training.
 - Dislocated worker assistance -- D.C.'s 1995 allotment of \$1.9 million under the JTPA dislocated worker program provided training and reemployment services to about 950 displaced workers. Under the President's 1996 Budget, D.C.'s formula grant for dislocated worker assistance would climb to \$3.2 million, and participation would rise to about 1,600.
 - Summer jobs for youth -- This program, for which the President requested \$3.2 million for 1996, provides temporary summer employment and academic enrichment to about 2,100 disadvantaged youth and young adults in positions that include recreation supervisors, day care aides, and hospital aides.

II. Financial Management

The Treasury Department has worked to provide D.C. with financing for operating and capital purposes. In addition, the Internal Revenue Service (IRS) has worked with D.C.'s Department of Finance and Revenue on tax collection issues.

- **Access to Capital.** In March 1995, Treasury worked closely with OMB and Congress to develop the Treasury loan mechanisms of the FRMA Act. Treasury also has worked closely with D.C. officials, giving them technical assistance and helping them with their relationship with the financial markets. Along with the short-term financing that D.C. obtained last June, Treasury advanced \$96 million in October 1995 for other capital purposes, including D.C.'s METRO obligation, and \$283 million in January 1996 to meet the District's cash flow needs for the first quarter of fiscal 1996.
- **IRS Tax Collection.** After reviewing the D.C. Department of Finance and Revenue operations, IRS staff has recommended ways to reform and, in some cases, create modern tax information systems for D.C. The District established a task force to implement the recommendations, with technical assistance from the IRS; the IRS will continue providing other technical help as needed.

III. Housing and Community Development

- **Transformation of Ellen Wilson Homes.** HUD has awarded \$25 million to D.C. to tear down and rebuild Ellen Wilson Homes, a dilapidated 13-building public housing development near the U.S. Capitol. The District will redesign Ellen Wilson as a townhouse community that fits into the architectural character of Capitol Hill. The neighborhood will include 134 new apartments, 27 new townhomes for sale to moderate-income families, a day-care facility, a community center, and a small park.
- **Operation Safe Home.** This operation is a nationwide HUD effort to cut crime and fraud in public and assisted housing. Since February 1994, HUD, Justice, Treasury, and the White House Office of National Drug Control Policy have joined forces with State and local law enforcement officials and public housing authorities to form over 100 law enforcement task forces. These joint efforts have led to about 5,500 arrests across the country for crimes involving drugs and weapons, as well as confiscation of at least 560 weapons, including 105 assault-type weapons and shotguns, and drugs valued at over \$2.8 million. In addition, HUD's Office of Inspector General has launched a witness relocation program, which so far has helped 183 public housing families move out of their homes and away from life-threatening situations in return for their cooperation with law enforcement authorities.

The program has visibly improved living conditions at the Kelly Miller Apartments, a 169-unit public housing development in Northeast D.C. Prior to it, Kelly Miller was controlled by drug dealers and plagued with violence, gang crime, and drug sales. After ten months of surveillance, Federal investigators and the Metropolitan Police Department arrested 15 members of a gang that had dominated the development. Since the arrests in early 1995, the program has continued to make Kelly Miller safe, establish activities for young people, and provide job training and child care.

- **Cracking Down on Negligent Landlords.** HUD initiated the Special Workout Assistance Teams (SWAT) program to aggressively address the Nation's most troubled, FHA-insured multifamily housing developments by taking action against negligent landlords and identifying viable solutions for long-term financial, managerial, and physical recovery. To date, HUD has taken enforcement actions against owners of nearly 140 properties who did not comply with Federal housing quality standards. As a result, HUD has withdrawn its Section 8 project-based rental subsidies and given affected low-income families portable rental assistance so they can move from these troubled developments and into better housing of their choice.

HUD also has sent SWAT teams to review 250 Federally-assisted apartments that it had identified as troubled. As part of this effort, HUD reviewed nine troubled apartment complexes in Washington, D.C. that are home to more than 2,300 low- and moderate-income families, 544 of whom receive Federal assistance to pay their rent. HUD is working with these owners to not only return the apartments to financially-sound condition, but to convert them into well-managed, safe, and quality living environments.

- **D.C. Homeless Initiative.** The Administration designated D.C. as one of its first six Innovative Homeless Cities. The D.C. Initiative, announced in June 1993, is a partnership among HUD, the District, and the newly-created Community Partnership for the Prevention of Homelessness to create a comprehensive continuum of care system -- from outreach and rehabilitation services to permanent housing -- for D.C.'s homeless. The Community Partnership for the Prevention of Homelessness, a public-private organization, administers D.C.'s full range of services for the homeless, including their transition to single and family housing units. D.C. no longer operates the city's homeless system, but provides partial funding for these operations. HUD serves on the Community Partnership's Board of Directors.

The Initiative is performance-driven. HUD has pledged to give the District \$20 million over three years, provided that D.C. meets a series of benchmarks and commits a level of public-private resources. The District has met its first-year goal of eliminating its emergency tier of homeless services and shifting to a "continuum of care" and, thus, received the first allotment of funds. HUD will continue to work closely with D.C. to help it achieve the next set of benchmarks -- developing strategies to assist homeless families and individuals who are hard to serve (e.g., mentally ill) -- which will bring the city another \$7 million in Federal resources.

- **Anacostia's Good Hope Marketplace.** As many D.C. residents moved to the suburbs, retailers east of the Anacostia River also disappeared, eliminating hundreds of jobs for Anacostia's lower income residents. D.C.'s private sector and the Federal and District governments are revitalizing Anacostia's commercial center by creating the Good Hope Marketplace. Safeway Inc. is developing this "marketplace" at a now-vacant, 96,000 square foot shopping center, anchoring it with a modern supermarket and leasing out space to retail businesses. Once Good Hope is built and the space fully leased, the Anacostia Economic Development Corporation (AEDC) will purchase and manage the facility (which it plans to do this fall).

To support the purchase, HUD has committed a \$11.5 million Section 108 loan guarantee through the D.C. Department of Housing and Community Development and a \$1 million Economic Development Initiative grant. The AEDC, H Street Community Development Corporation, and the Marshall Heights Community Development Organization have pledged another \$1.5 million in equity. Once completed, this renovated shopping area will create new jobs for Anacostia residents. AEDC will sustain this revitalization by reinvesting its profits in the Anacostia neighborhoods.

IV. Roads and Highways

In the summer of 1995, D.C. did not have the required \$16 million in local matching funds to leverage \$80 million in Federal highway funds. The Administration proposed the District of Columbia Emergency Highway Relief Act -- which Congress passed and the President signed on August 4 -- to defer the required local match for two years. This law gave D.C. access to \$80 million in fiscal 1995 and \$80 million in fiscal 1996 for important highway construction projects. Without the law, the Federal Government would have

distributed these funds to other States. With this money, D.C. could start construction in August 1995 on the following projects, which could generate up to 4,000 local jobs:

- **New Highway Projects.** Since August, D.C. has begun construction on sections of E Street NW, Nebraska Avenue NW, Florida Avenue NE, Connecticut Avenue, and North Capitol Street. When completed, these projects will ease congestion, benefitting both D.C. residents and commuters who use these important gateway arterial roads. The combined value of these projects is \$4.3 million.
- **Whitehurst Freeway.** The D.C. Department of Public Works (DPW) has advertised for bids the \$23 million Whitehurst Freeway project, which will rehabilitate this elevated four-lane highway's deteriorated connections to the local highway system. D.C. opened the bids in December; construction should begin in 1996.
- **New York Avenue.** The FHWA and D.C.'s DPW are working together on designing this project, which will reconstruct the section of New York Avenue that motorists travel as they first enter D.C. from Maryland. The estimated \$28 million project would rebuild roadways and rehabilitate structures over existing railroad lines and South Dakota Avenue. It also will widen and repave the current roadway and improve lighting and drainage facilities.

This law also requires D.C. to establish a dedicated highway fund from which it may draw funds to maintain D.C. roads and highways. FHWA worked with D.C. to draft city legislation to implement this fund. The District passed temporary legislation to stabilize this fund and the City Council is now reviewing options for a permanent solution.

D.C.'s DPW asked the FHWA, in conjunction with private experts, to evaluate the city's policies and procedures in traffic and safety, planning, project development, procurement, construction inspection, contract administration, and maintenance. In April, FHWA plans to give DPW recommendations on how to improve its operations.

V. *Education*

D.C. Desk. The Department of Education's D.C. Desk has set a new standard for customer service within the Department by providing a single point of access -- "one-stop shopping" -- for D.C. school personnel to Department resources. Local school teachers and employees can call the D.C. Desk for information on teaching strategies and programs that have worked in other schools.

- In response to Superintendent Smith's desire to develop a common vision for charter schools, the Education Department provided a neutral forum in which school board members, lead principals, union leaders, and the superintendent's management team could talk to a nationally-recognized charter schools expert. This conversation, which Superintendent Smith plans to continue, was only one of several meetings the D.C. Desk convened in the last two years to help the different players in the D.C. school system reach a common understanding of how to improve D.C. public schools.
- The D.C. Desk helped Scott Montgomery Elementary School develop a study program to introduce students at every grade to the resources of Washington, D.C. At the school's request, the D.C. Desk spoke with the educational staff of museums, art galleries, parks, and other organizations that enrich the cultural life of the city. The school is now using the program -- "Know Your City" -- to help Scott Montgomery students learn about their hometown.

The Department also has arranged for "school safety audits" of violence prevention policies and practices in some of the city's most troubled schools, in order to identify areas that need improvement. The Department follows up with training and technical assistance.

Amidon School Partnership. In March 1994, the Education Department "adopted" the Amidon Elementary School. Department employees volunteer at Amidon, using training they received to teach a Houghton Mifflin reading series used in all D.C. elementary schools. Every classroom in grades 1-6 receives three tutors, and each tutor dedicates at least one hour a week in the classroom, increasing the attention each student receives.

The Department hopes to develop in-house trainers, and to offer to train its own employees with children in D.C. elementary schools and any other employees who volunteer to tutor in the D.C. schools.

VI. *Health Care and Social Services*

HHS has provided technical assistance to help D.C. acquire the management tools it needs to improve its social services, income maintenance, and public health programs.

- HHS' Administration for Children and Families has conducted training to change the "culture of welfare" for D.C. staff working on Aid to Families with Dependent Children (AFDC), Child Support Enforcement, and the Job Opportunity and Basic Skills Training (JOBS) programs. A JOBS project, involving the Marriott Corporation and the local Private Industry Council, gave work experience to 1,000 participants.

- HHS is working with the newly-appointed receiver for child protection in D.C. to improve accurate Federal foster care and adoption assistance (Title IV-E) reimbursement claims procedure. HHS also is helping D.C. to improve its procedures to determine eligibility for foster care and adoption assistance under Title IV-E.
- HHS is helping D.C. create its Statewide Automated Child Welfare Information System (SACWIS). SACWIS may significantly improve D.C.'s ability to collect, process, and manage information monitoring progress and risks in foster care cases; measure the incidence of abuse or neglect in foster care cases and help determine how to prevent such incidents; and help to automate the case tracking procedure. HHS also is working with the receiver to revise its requested IV-E waiver to allow Federal funding to be used to *prevent* children from being placed under foster care, rather than simply allowing the foster care population to increase.
- HHS is providing technical assistance to resolve D.C.'s underclaiming of available child care matching funds, which principally results from the city's decentralized and outmoded data collection and tracking system. The agency provided up to 200 additional Head Start slots to D.C. to accommodate children who would have been cut off when local funding ran out. HHS is helping D.C. obtain its Head Start/State collaboration grant to coordinate Federal Head Start with city child care, and working with D.C. and the private sector on a major "healthy child care" initiative and fair, scheduled for next April.
- HHS has assigned several employees to help D.C. address basic grant management issues, such as applying for Federal public health grants and meeting matching and maintenance-of-effort requirements. HHS has completed a study assessing the condition of D.C. public health facilities (i.e., D.C. General Hospital and the city's 11 public health clinics). The future role of these facilities, and the restructuring of the city's primary care network, are subjects of a joint Public Health Service (PHS)-District public health task force. HHS also is working with the D.C. Commission on Mental Health Services to provide counseling for young people who witness or are victims of violent crime or abuse.
- In addition, HHS's Health Care Financing Administration (HCFA) has lent staff from its Regional Office to help D.C. manage Medicaid data and payment and reconcile old health care reimbursement claims. This technical assistance includes helping D.C. speed up provider payments, establishing payment methodologies for its managed care program, and developing a possible "home and community-based services" waiver for adults, to encourage lower-cost long-term care in neighborhoods rather than institutions.

- HHS waived the Medicaid rules for three years to allow D.C. to test voluntary managed health care for the city's low-income disabled and special needs children. Under the waiver, Health Services for Children with Special Needs, a non-profit managed care corporation, will provide a case manager to coordinate the health care of each child whose parents elect to participate. Participants, on a case-by-case basis, would receive enhanced benefits, including transportation, respite care, medical access by telephone, home modifications, and feeding programs. The city expects to save money by helping children move to less expensive home care arrangements, and by cutting unnecessary emergency room use.

VII. Public Safety

Since 1993, when this Administration took office, D.C.'s rate of violent crimes against individuals has fallen dramatically. In 1995, the District had its lowest homicide rate since 1987. Other violent crimes (e.g., assault with a dangerous weapon) also have fallen steadily over this period. Property crimes in D.C., however, continue to rise, mainly due to the rise in theft of, and from, autos.

The Administration has contributed to the fall in crime in D.C. through the following programs:

- In 1994, through the Federal Assistance Program, nearly every Federal agency with law enforcement responsibilities -- from the Drug Enforcement Agency (DEA) to the IRS -- participated in a coordinated strategy to help D.C.'s Metropolitan Police Department (MPD). Highlights of the program include:
 - The United States Park Policy and the Uniformed Division of the Secret Service initiated new or intensified patrols in selected parts of the city. From late February to September 1994, the two agencies made about 2,482 arrests, responded to over 4,500 calls for service and seized over \$325,000 worth of drugs.
 - The Justice Department, through the Bureau of Justice Assistance, awarded funds to the MPD Homicide Branch, enabling the branch to quadruple the number of homicide detectives, train investigators, and upgrade technology -- all of which contributed to a rise in the closure rate for homicide cases in 1994.

- The Justice Department awarded a \$1 million grant to OPERATION CLEAN-UP, enabling the MPD Firearms Identification Unit to eliminate a backlog of about 2,000 firearms requiring examinations. The FBI housed the operation, providing equipment and technical assistance.
- The U.S. Marshals Service, which normally provides long-term witness protection, is providing short-term protection to witnesses and victims in the District. Since 1994, about 58 witnesses have entered the program.
- The Federal Protective Service and the FBI helped MPD with background checks of police recruits, and the Defense Department has allowed MPD to use its registries of armed forces personnel who are leaving their jobs and who would make good candidates for MPD.
- The Justice Department awarded a \$6.1 million grant to D.C., of which \$3 million is for D.C. corrections and \$2 million is for drug control and MPD improvements in technology, equipment, support resources, and overtime. The rest will go to juvenile justice and delinquency prevention programs, and other crime victims assistance programs.
- The Safe Streets initiative, comprising various violent crime task forces, is being staffed and funded mainly by such Federal agencies as the FBI, DEA, and ATF. For several years, Safe Streets Task Forces have allowed the MPD to combine its local knowledge with the technical expertise of the FBI and other law enforcement agencies, focusing on gang violence, fugitives, and homicides. Since their creation in the early 1990s, the task forces have brought the arrest of 2,963 fugitives, 417 gang members, and 79 people involved in homicide cases.
- The Justice Department awarded funding to OPERATION CEASEFIRE, a joint initiative among MPD, the U.S. Attorney's Office, and ATF. The initiative is designed to reduce violent crime in D.C. by removing illegal guns from the community. In the first four months, gun seizure squads confiscated 282 firearms, including 127 handguns.

The Justice Department's Bureau of Prisons (BOP) has been working with D.C.'s Department of Corrections (DOC) for many years. For example:

- BOP's National Institute of Corrections (NIC) has completed a study of the status of operations and programs in D.C.'s Corrections Department, as Congress required in the fiscal 1995 District of Columbia appropriation. That

study -- which covers such items as classification of inmate security levels and related population management issues, health care, mental health services, staffing, and security -- was sent to Congress in February 1996.

- At D.C.'s request, BOP has accepted transfers of D.C. prisoners into its facilities to temporarily alleviate prisoner overcrowding at Corrections Department facilities.
- BOP has worked well with its counterparts in Corrections, responding to informal requests for assistance and advice on such topics as suicide prevention and victim assistance, and on general administrative and security issues.

VIII. *Snow Removal*

- After the "Blizzard of '96," the Federal Government provided D.C. with much-needed help with snow removal. The President issued a disaster declaration for D.C., enabling the Federal Emergency Management Agency (FEMA) to coordinate federal efforts to remove snow from emergency routes. FEMA arranged for the National Park Service to provide trucks and plows, and for D.C. to use contractors from the General Services Administration to operate the equipment.

FEMA's efforts doubled D.C.'s capacity to remove the snow, speeding the re-opening of much of the District, including the Federal government. Over the Martin Luther King, Jr. holiday, the Park Service cleared several major road arteries leading to the District, in addition to clearing area parkways and other routes to tourist attractions, such as monuments and parks.

Next Steps

The Administration is continuing its efforts to help D.C. on its path to fiscal health. In several areas, however, it will need to move beyond its efforts to date to ensure that D.C.'s fiscal health improves.

- **Stabilizing the District.** As required by the FRMA Act, the District government in February 1996 submitted its proposed four-year financial plan to eliminate its chronic budget deficits and cash shortages. In developing the plan, the Administration worked with both the D.C. government and the Authority on areas in which the Federal government has an important responsibility, such as Medicaid and prisons.

In consultation with D.C., the Authority, and Congress, the Administration is assessing whether the plan accomplishes the financial goals that FRMA sets out. When the Authority gives the Secretary of the Treasury appropriate certification and the Secretary determines that repayment is reasonably assured, Treasury will provide cash assistance as needed to ensure that D.C. can pay its vendors and employees on time.

- **Eliminating the District's unfunded pension liability.** Under the 1979 Retirement Reform Act, D.C. assumed responsibility for the retirement system for certain city workers (e.g., police and firefighters, teachers, and judges). At the time, the Executive Branch argued that the Federal government should assume only some costs of the accumulated unpaid employee benefits because the costs were mainly local in nature and the system was overly generous. Together, a generous pension package and a lower Federal contribution have produced an unfunded pension liability now estimated at \$5.2 billion.

This liability is D.C.'s single largest obligation, and it creates acute short- and long-term problems. In the short term, D.C.'s annual payments strain its operating budget. In the long term, this pressure likely will worsen as D.C. downsizes its workforce, increasing the number of retirees receiving benefits while the number of employees contributing to the system falls. Furthermore, the annual Federal contribution of about \$50 million to the system ends in 2004 so that, without reform, D.C. will be the sole contributor to its pension system. The Administration wants to work with Congress, D.C., and the Authority to put the pension system on a sound financial foundation.

- **Encouraging management reforms.** Resolving D.C.'s financial problems will require systemic reforms of its management policies, including personnel, procurement, financial management, and contracting. D.C. has begun work on each of these issues, and the Administration will continue, as it has through its Task Force efforts, to lend D.C. technical expertise wherever needed.

One example is the District's privatization task force. The Mayor established this panel to examine ways to provide more cost-effective and efficient city services. Representatives from OMB and the National Performance Review are providing technical assistance. The Administration also is working to provide the District with qualified detailees from Federal agencies to help D.C. strengthen its financial management and information systems.

Another example is the Justice Department's recently announced assistance to the D.C. Corporation Council. DOJ will give the Council additional computer equipment, software, and technical support to help it manage its caseload, develop legal training courses for the Council's staff, and provide attorneys as necessary to help the District in a variety of cases, especially child abuse and neglect cases in D.C.

Ultimately, the success of these efforts depends on how D.C. approaches its fiscal and management problems. Home rule gives D.C. primary responsibility for solving the problems. As with our current actions, any future Administration efforts will reinforce Home Rule and strengthen D.C.'s ability to effectively manage its financial affairs.

* * *

The months since D.C.'s financial crisis peaked have witnessed an unprecedented level of cooperation among people and institutions who care about the District. The President remains committed to helping to put D.C. back on the path to financial health, enabling it to give its residents the services they deserve and to make all Americans once again proud of their capital city.

APPENDIX A
DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND
MANAGEMENT ASSISTANCE ACT OF 1995

SPONSOR: Representative Thomas M. Davis III (R-VA)

CO-SPONSORS: (in alphabetical order)
Representative William F. Clinger, Jr (R-PA)
Representative Barbara-Rose Collins (D-MI)
Representative Cardiss Collins (D-IL)
Representative Julian C. Dixon (D-CA)
Representative Chaka Fattah (D-PA)
Representative Michael Flanagan (D-IL)
Representative Gil Gutknecht (R-MN)
Representative Steven C. LaTourette (R-OH)
Representative John McHugh (R-NY)
Representative James P. Moran (D-VA)
Representative Constance A. Morella (R-MD)
Delegate Eleanor Holmes Norton (D-DC)
Representative James T. Walsh (R-NY)
Representative Frank R. Wolf (R-VA)
Representative Albert Wynn (D-MD)

APPENDIX B
FINANCIAL RESPONSIBILITY AND MANAGEMENT
ASSISTANCE AUTHORITY

MEMBERS

Andrew E. Brimmer, Chair
Stephen D. Harlan, Vice Chair
Constance Berry Newman
Edward A. Singletary
Joyce A. Ladner

STAFF

John W. Hill, Executive Director
Daniel Rezneck, General Counsel

APPENDIX C
D.C. TASK FORCE
LIST OF MEMBERS

Alice M. Rivlin, <i>Chair</i>	Director	Office of Management and Budget
Alexis Herman	Office of Public Liaison	White House
Eleanor Acheson	Assistant Attorney General For Policy Development	Department of Justice
Bernard Anderson	Assistant Secretary, Employment Standards Administration	Department of Labor
G. Edward DeSeve	Controller	Office of Management and Budget
Peter Edelman	Counsel to the Secretary	Department of Health and Human Services
Kathleen Hawk	Director	Bureau of Prison, Department of Justice
Eric Holder	U.S. Attorney	District of Columbia
Bruce Katz	Chief of Staff	Department of Housing and Urban Development
Madeline Kunin	Deputy Secretary	Department of Education
Robert E. Litan	Associate Director, General Government and Finance	Office of Management and Budget
John Monahan	Director, Intergovernmental Affairs	Department of Health and Human Services
Rodney Slater	Administrator	Federal Highway Administration
Larry Summers	Deputy Secretary	Department of the Treasury
Mozelle Thompson	Deputy Assistant Secretary	Department of the Treasury

THE PRESIDENT HAS ~~BEEN~~ *LEON UP*

3/11/96

*did keep up with
could be a real good rule
part of our pension protection
effort - R*

LOS ANGELES TIMES / WASHINGTON EDITION

BUSINESS

U.S. Expects 1,700 Firms to Use 401(k) Grace Period

■ **Pensions:** Millions of dollars were improperly withheld from workers' savings programs.

By ROBERT A. ROSENBLATT
TIMES STAFF WRITER

WASHINGTON
The Labor Department expects more than 1,700 companies to use a six-month amnesty period to repay millions of dollars improperly withheld from their workers' 401(k) pension plans, officials said Wednesday.

However, some business groups said the program could lead to mistrust among workers about the popular savings plans. About 1% of all companies with the contributory pension programs are likely to take advantage of the grace period, the Labor Department said as it unveiled details of the program that starts today and runs through Sept. 7.

For delinquent employers, the government is offering a chance to "pay up painlessly," Labor Secretary Robert Reich told a news conference.

Prompted by worker complaints, last year the Labor Department began widespread investigations of companies mishandling 401(k) funds, which must be deposited in the investment accounts within 90 days of being deducted from paychecks. With assets of \$522 billion, the 401(k) accounts are becoming the major source of pension savings for many American workers.

Reich disclosed that his department has examined more than 600 employers and recovered \$6.1 million—\$5 million in workers' contributions and \$1.1 million of employers' stock never deposited in the 401(k) plans. The investigations also led to 35 criminal cases, which have thus far resulted in four guilty pleas.

The amnesty program requires that the money be restored, along with interest. This means workers who had selected stocks or mutual funds for their 401(k) programs would receive any gains that accompanied the sharp rise in the stock market last year.

Employers must repay whichever is larger: the profits that would have been accrued by the worker's 401(k) investment, or the interest rate charged by the IRS for late payment of taxes. The current IRS penalty rate is 9%.

The voluntary amnesty is expected to produce many more millions of dollars in recoveries. However, the government does not have precise estimates because regulation has been skimpy in the huge 401(k) industry.

Labor Department officials are concerned that violations may be widespread because enforcement has been scant in the past, and because so many of the complaints from workers help uncover major problems. Typically, Labor Department investigations in other pension areas result in finding violations in 12% of the cases. But the probes of 401(k) plans uncovered a 33% rate of violations.

About 22 million workers are covered by 401(k) plans. The plans permit money to be deducted from workers' paychecks; before taxes, and invested, with no taxes on the

profits, until the money is withdrawn at age 59½ or later. Employers match a portion of the workers' contributions.

The Labor Department staff estimates that about 1,772 plan sponsors, or 1% of the 172,246 programs permitting worker contributions, will participate in the amnesty, officially called the Pension Payback Program.

"As cops on the beat, our goal is not to collect fines, or undertake investigations," Reich said. "Our goal is to get workers the money that's owed to them as quickly as possible."

However, some business groups reacted with skepticism on Wednesday. The highly publicized amnesty program will "create a lot of mistrust" among workers, said Lynn Dudley, vice president of the Assn. of Private Pension and Welfare Plans, which represents major corporations. Most plan sponsors are careful and conscientious about proper management of the 401(k) plans she said. But the publicity about a small number of violators creates fear, she said.

Reich said the department will decide within a few months on a new rule for employer deposits of 401(k) money to replace the current 90-day standard. Officials had been considering a requirement for deposits into investment accounts within two or three days after the money is withheld from paychecks.

Information on the amnesty program is available at (202) 219-4377. It is being handled by the Pension Payback Program, U.S. Department of Labor, Pension and Welfare Benefits Administration, P.O. Box 77235, Washington, DC 20013-7235.

TWINS:

Netscape's Success Draws Enthusiastic Throng

THE PRESIDENT HAS SEEN
Don 3/11/96

This ~~is~~ the
argument we
must keep to
overcome

Bob

'Peace Process' Proves President Has Seen Worthless; Shut Arafat Out

■ **Middle East:** Deceit in Oslo, terrorism against innocent Jews—Israel has only one option: aggressive self-defense.

By CHARLES KRAUTHAMMER

"Israelis Unnerved by Peace That Kills," read the headline in Tuesday's Washington Post. Peace that kills? This is an absurd oxymoron. If peace means anything, it means at its very minimum an absence of violence. After all, "armistice" and "truce"—lesser forms of peace—mean cease-fire. Peace must mean at least that.

This Orwellian conjunction of peace and violence demonstrates the state of hypnosis that Americans and Israelis have placed themselves under since the September 1993 handshake on the White House lawn. What followed has been called a peace process. It has been nothing of the kind. More Israeli civilians have been massacred since that handshake than at any other time in the entire history of the country.

The "peace process" is in fact nothing more than a unilateral Israeli withdrawal. The Palestinians have gotten Gaza, West Bank autonomy, huge influxes of foreign aid, international recognition, their own police force, their first free elections ever. In return, Israel has gotten what? Pats on the head from the United States. The occasional trade mission from Tunisia. And, from the Palestinians, death.

The Labor Party's idea was that it would give up the territories and contract out antiterrorism to Yasser Arafat. It has not worked out that way. From the beginning, it was obvious that Arafat was either unable or unwilling to control Hamas. If unable, the peace process was an illusion; if unwilling, it was a deception.

Deception is more likely. After the latest bombing, Arafat reportedly warned Hamas leaders to get out of the country before they could be arrested. They will now be free to kill again.

This should not surprise us. After all, Arafat's occasional—and four bombings in nine days creates the occasion—denunciations of terrorism are tactical, not moral. He is upset because these bombings interrupt the "peace process," that is, the Israeli handover to him of territory and power.

Moral objections to terror? Arafat is the father of Palestinian terrorism. Twenty years ago, his men were murdering Israeli athletes at the Olympics, civilians in the cities of Israel, even the American ambassador in Sudan. That was then, you say. Then? Ever since returning to Gaza under the Israel-PLO accords he has (in Arabic, of course, not English) lauded the

"martyrs"—suicide murderers—and called for *jihād*. He publicly mourned and praised "the engineer," the Hamas terrorist and master bomb maker responsible for the deaths of dozens of Jews.

When too many Jews are killed at once, however, and pressure builds, Arafat rounds up the usual suspects, low-level nobodies and then lets them go a few days later.

Israel's defense theology has always been forward defense. Fight the enemy on his territory. Why? Because Israel's territory is so small and its population so concentrated that any battle within Israel would prove catastrophic to civilian life and civilian morale. As we are seeing today.

That was the reason for Israel's 25-year occupation of the West Bank and Gaza. Not because Israelis hungered for "Greater Israel" but because it was the only way to safely surveil and harass and disrupt and fight Palestinians bent on killing Jews and destroying the Jewish state. Which is why a majority of Israelis were so delighted to give it up when they deceived themselves into believing that Arafat would take over their defense.

Now they know. Israel has instead created a Trojan horse, inviting armed Palestinians into its heartland. It is as if the U.S. had invited the most murderous Peruvian Maoists into the suburbs of Washington, granted them autonomy and sanctuary, and then was surprised when buses blew up on Pennsylvania Avenue.

What to do?

- *Seal the borders between Israel and the Palestinian territories.* No commerce, no intercourse. Infiltration will not be completely stopped, but it will be harder.

- *Stop the peace process.* Up to now the Palestinians have gotten everything promised in Oslo: recognition, territory, financing, legitimacy. Israel asked for only one thing in return—peace—and has gotten the worst bloodshed in its history.

- *Hot pursuit.* Subcontracting one's national defense is over. Israel will need to send armed units to seize or destroy the Hamas terrorist networks that plan and direct these atrocities.

The Palestinians and other Arabs will then, of course, go running to the U.N. Security Council to get Israel denounced for these elementary acts of self-defense. This is where the United States comes in. It should declare unequivocally that these terrorist attacks on Israel are acts of war, that every country has the right to self-defense and that the U.S. will therefore veto any attempt to condemn Israel for exercising that right.

American fingerprints are all over the Oslo accords. This is the least we can do.

Charles Krauthammer writes a syndicated column from Washington.

To VP / Law / Tong

we need a review
of what we are
trying to do
is really working -

see also cartoon!

THE PRESIDENT HAS SEEN
3/11/96

~~Morris molded toward trade-hawkery.~~
After all, Buchananomics owes a great

THE PRESIDENT HAS SEEN
3/11/96

Break Out of the Base Closure Doldrums

■ **Military:** Conversion to civilian use is doomed without a creative solution.

By DAVID RUBENSON

From Orange County's El Toro Marine Corps Air Station to San Francisco's Treasure Island, the California landscape is dotted with the fading dreams of converting more than 25 military bases to productive civilian use.

Projects at virtually every installation are mired in complicated constraints, but standing front and center is the bizarre four-part federal role as financier, cleanup/conversion project manager, environmental regulator and landlord. Unless a more rational federal role is devised, Congress will lose patience and closed bases will be nothing more than monuments to failed defense conversion.

As closures began in the late 1980s, it was thought that the federal government could finance its commitment to rid the bases of hazardous waste by selling off land and physical assets. But federal law requires that bases be clear of hazardous waste before a land transfer and the costs and complexity of cleanup stymied the process. A second wave of optimism began in 1993

when President Clinton focused on the base closure problem, announced an accelerated cleanup program and opened the coffers of the Treasury. About \$1 billion was allocated in the last two to three budgets. Although Clinton's program provided important innovations, the creativity and money are insignificant compared with the obstacles. Why has base cleanup and conversion run into the doldrums?

A recent Rand study points to the overly complex and controversial Superfund hazardous waste law, which has never worked well for the private waste sites it was intended to clean up and forms an even poorer fit with closing military bases. A flat real estate market, antiquated military infrastructure, building codes and a wide array of other hurdles also are involved. But standing above these issues is the relationship between the federal government and the local politics of base conversion.

Large bases, large budgets and high hopes for defense conversion created an unimaginable level of local scrutiny. Exceptionally strong and skilled project management is needed. And the military may be great against Iraq or Libya, but they're no match for the collage of local groups interested in San Francisco's Presidio or the golfing lobby near Monterey County's Ft. Ord.

There is a basic disconnect between local and military interest in closed bases. With the soldiers long gone, closed bases have zero connectivity to military concerns. The military typically leaves behind a small inexperienced staff of civilians who have little support in the military chain of command and little accountability, but still are responsible for shepherding these enormous and politically complex projects.

While this contradiction may be the core of the problem, it's not the end of the muddle. Throw in the U.S. Environmental Protection Agency's role as regulator of the cleanup projects, (a role redundant with California's Environmental Protection Agency) and the military's new strategy of leasing facilities on the bases (having almost given up on land transfer) and you've got a four-part role as financier, regulator, project manager and landlord.

The federal government has correctly pledged to finance the cleanup of its own hazardous waste, although growing costs mean the commitment will inevitably wane. We must quickly and realistically examine new approaches. At a minimum, Congress should recraft the Superfund law to fit the unique characteristics of military bases. We must also reevaluate the four-part federal role. Is it necessary for both the federal and state environmental protection agencies to regulate cleanup? It is even possible to remove the military from the process and limit the federal role to financier. California could accept a single fixed payment in exchange for taking title to the land and to all regulatory and project management responsibilities.

While no single option is right for all bases, it is time to establish, monitor and evaluate new approaches. Congress through appropriate legislation, California through a willingness to take risks and more responsibility, and the Department of Defense through creative design of demonstrations must act quickly.

David Rubenson is a senior public policy analyst at the Rand Corp. in Santa Monica.

DRAWINGBOARD / MOIR



ALAN MOIR, Morning Herald, Sydney, Australia

To Our Contributors

The Times welcomes unsolicited manuscripts for possible publication on this page. Because of the volume of submissions, unpublished manuscripts will not be returned unless accompanied by a self-addressed, stamped envelope. Articles may be faxed to Bob Berger, Op-Ed editor, at [213] 237-7968 or sent by e-mail to op-ed@latimes.com. For a taped explanation of Op-Ed requirements, call [213] 237-2121.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
3/11/96

March 10, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN^{PS}
HELEN HOWELL

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

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policy

(A) **Reich update re Senate action on employment-based immigration.** Hatch has said these provisions will be addressed at March 13 Judiciary Committee markup. Sen. Simpson -- in an effort to defeat Sen. Abraham's effort to split illegal from legal immigration provisions -- announced on March 7 that he would support deletion of *all* employment-based immigration reforms. This would include: (i) training contribution of \$10,000 per immigrant worker to train U.S. workers; (ii) prohibition on laying off U.S. workers to be replaced by immigrant or foreign temporary workers; (iii) requirement to recruit and retain U.S. workers before hiring foreign temps; (iv) reduction in stay for foreign temps from 6 years to 3 years; (v) reduction from 140,000 to 90,000 in number of skilled workers admitted to U.S. We will seek amendments to restore the first four of these. We are also opposing a guestworker program that House Ag. Committee approved and that Sen. Kyl will offer in Senate. Bob is working closely with Rahm on these issues.

(B) **Tyson response on Laurence Meyer.** Although Laura was not aware that Meyer served as a consultant for the House Republicans last year, this doesn't surprise her because Meyer has a broad-based economic forecasting business with both Democratic and Republican clients -- including OMB and CBO. Meyer is a Democrat who did a fair amount of forecasting and econometric work for your 1992 campaign. He consulted for both the House Budget Committee and the Joint Tax Committee in the last Congress. Those who interviewed him for the Fed post view his approach to monetary policy as comparable to Alan Blinder and Janet Yellin, both of whom thought him an excellent choice for the Fed.

(C) **Higgins/Balderson memo on environmental rollout, March 11-18.** During the next week, Cabinet and Sub-Cabinet officials in 31 cities will amplify the environmental message you, the VP and Carol Browner will deliver tomorrow in New Jersey. Memo lists activities of top officials in nine agencies.

3/11/96

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

96 MAR 9 P2:46

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT B. REICH *RB*

DATE: MARCH 8, 1996

SUBJECT: UPDATE ON PENDING SENATE ACTION ON
EMPLOYMENT-BASED IMMIGRATION

The Senate Judiciary Committee has begun marking up Senator Simpson's comprehensive immigration reform bill (S.1394). The Committee will continue work on the bill next Wednesday and Thursday, March 13 and 14. Chairman Hatch announced that the employer-based immigration reform provisions will be addressed at the next markup on Wednesday, March 13. Representative Lamar Smith's version of a comprehensive immigration reform bill (H.R. 2202) should see action on the House floor from March 19 through 21. Following up on my memoranda of October 27, 1995 and December 1, 1995, this memorandum is intended to give you a brief update on the status of the employment-based immigration provisions of these bills.

Expected Senate Action

Senator Simpson announced in yesterday's markup that he would sponsor an amendment (or support someone else's amendment) that deletes all of the employment-based immigration program reforms from S.1394. Specifically, among other provisions, Simpson's amendment would likely strip out of the bill: (1) the training contribution of \$10,000 (or 10% of the immigrant's first-year of compensation) per immigrant worker to train U.S. workers for high-wage, high-skill jobs; (2) the prohibition on laying off U.S. workers to replace them with immigrant or foreign temporary workers; (3) the requirement that employers recruit and retain (and retrain) U.S. workers before hiring a foreign temporary workers; (4) the reduction in the length of time foreign temporary workers may stay in the U.S. from 6 years to 3 years; and (5) the reduction from 140,000 to 90,000 in the number of skilled immigrants admitted to the U.S.

Simpson's substitute is an effort to quash an initiative led by Senator Abraham to split the illegal immigration provisions of the bill from the legal immigration provisions. By deleting the employment-based provisions which he crafted, Simpson hopes to pick up the votes of conservative Republican members of the Judiciary Committee and defeat the upcoming split motion. After Simpson announced his intention to strip the employment-based reforms out of the bill, Senator Kennedy vigorously denounced striking the worker

protections and announced that he will force Senators to take recorded votes on the individual worker protection and training provisions in the bill.

Senator Specter may offer an even more pro-business amendment that would import into the Senate bill many of the provisions of H.R. 2202. These provisions are substantially worse than current law and reduce the level of protection for U.S. workers.

Also, the House Agriculture Committee approved a guestworker program this week which will be attached to the House's immigration bill. Senator Kyl will offer a similar amendment to the Senate bill during a forthcoming Judiciary Committee mark up. You have consistently stated your strong opposition to a new guestworker program. Attorney General Reno and I sent a letter to the appropriate Senate and House leaders today stating that we would recommend a veto of a new guestworker program.

Likely Amendments to Restore Worker Protections and Training

We'll be seeking amendments in the following four areas:

(1) Protecting U.S. Workers Who Have High-Wage/High-Skill Jobs From Layoffs ("No layoff"): The amendments would restore the "no layoff" provision which prohibits employers from laying off U.S. workers to replace them with immigrant or foreign temporary workers.

(2) Recruiting U.S. Workers Who Already Have the Skills for High-Wage/High-Skill Jobs ("Recruit and Retain"): The amendments would restore a provision requiring employers to recruit and retain U.S. workers before hiring a foreign temporary worker. [Current law imposes a similar requirement for employers seeking immigrant workers.]

(3) Training U.S. Workers for High-Wage/High-Skill Jobs ("Training Fee")
The amendments would restore a provision requiring employers hiring immigrant workers and perhaps some employers hiring foreign temporary workers to make a contribution to training U.S. workers for high-skill jobs so as to reduce the future need for immigrant workers.

(4) Giving U.S. Workers a Better Shot at Getting High-Wage/High-Skill Jobs
The amendments would restore a provision reducing the length of time foreign temporary workers (H-1B visas) can stay in the U.S. from 6 years to 3 years, thereby making foreign temporary workers truly temporary. Also under consideration is an amendment that would reduce the number of skilled immigrant workers allowed to enter the U.S. to roughly the same number as currently enter under existing law.

We're working closely with Rahm Emanuel on this. I'll continue to keep you informed as developments warrant.

the United States Government under World Trade Organization dispute settlement of the Uruguay Round Agreement.

- **Second Timber Salvage Report Being Prepared:** The second report to Congress on salvage sales, required by Section 2001 (k) of the Rescissions Act, will be sent to Congress next week. The report provides information about the amount of timber salvage sold, harvested and available on national forests. It also includes an updated plan for an enhanced salvage timber sale program and a description of personnel and resource needs to carry out the program.
- **Thunder Salvage Sale:** A decision on whether to award the Thunder Timber Salvage Sale on the Okanogan National Forest (WA) is expected to be announced this week. Northwest Ecosystem Alliance, a western WA environmental group, outbid two logging companies for the rights to log the sale. This is the first time in the history of the Forest Service that someone bid on a timber sale with no intention of harvesting. Award is based on whether the bidder can fulfill the timber harvest contract. The proposed sale would harvest 3.5 million board feet, only 2 percent of the standing dead timber volume from a 10,500 acre fire. *VA - Louisa
April 10
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Tues*
- **Flood Damage Review:** A Region-wide survey of storm damage continues in the Pacific Northwest and Eastern Regions. Preliminary damage reports by a Forest Service flood assessment team show more than \$84 million dollars worth of damage to national forests in these Regions. Current plans for proposed salvage and green timber sales, watershed analysis, and watershed restoration programs are affected; up to a quarter of planned timber sales may need to be redone or relocated in OR and WA due to damage to access roads.
- **Report on Salmon Recovery in the Pacific Northwest:** USDA's Economic Research Service will release a report on March 13 on measures taken in the Northwest to recover three Snake River salmon runs protected under the Endangered Species Act--and to improve the entire Columbia River Basin salmon fishery--will result in various benefits and costs. This report analyzes the effect on the region's agricultural sector of two proposed measures: reservoir drawdown along the lower Snake River and reductions in irrigation water supply in the upper Snake River Basin. For the Northwest region, adjustments in crop production could lower producer profit by \$4-\$35 million annually (less than 3 percent of 1987 baseline profit), depending on the scenario evaluated. Agricultural employment could decrease by 50-2,600 jobs, while total employment could decrease by 600-5,500 jobs. The report also analyzes selected economic benefits of salmon recovery, including improvements in commercial and sport fishing.
- **Pacific Northwest Economic Adjustment Initiative:** USDA announced several awards in the Pacific Northwest on March 7 and 8. These awards include a \$6 million water project in Oregon, a self-help housing project in Washington State, four Rural Business Enterprise Grants totaling over \$650,000, and two Intermediary Relending Program (IRP) awards totaling \$2 million for specific timber-impacted communities.

- **Ambassadorial Meetings:** On March 11, Secretary Pena will meet separately with b newly appointed European Union Ambassador Hugo Paemen and Japanese Ambassado Kurihito Saito.
- **Free Flight:** FAA Administrator Hinson will hold a news conference March 15 on the benefits of satellite-based radio navigation -- the Global Positioning System (GPS) -- which allows aircraft pilots to fly more direct routes to their destinations. Expanded use of this technology is expected to result in 100,000 new jobs in navigation. Over the next ten years, additional applications will be developed jointly by the FAA and the aviation community.
- **Concern for Families of Airline Crash Victims:** The Department intends to hold a public meeting at the end of March on issues related to implementing a passenger manifest information requirement, which would require air carriers to quickly supply to the State Department U.S.-citizen passenger information in the event of an aviation disaster that occurs on board a flight to or from the U.S.
- **FAA Reform:** The House is expected to consider the Federal Aviation Administration Revitalization Act early in the week of March 11 under suspension of the rules.
- **Chapter 71:** Secretary Reich and Secretary Pena sent letters to the FAA employee unions reaffirming the Administration's support for Chapter 71 labor protection. Chapter 71 language will be included in the new CR.
- **Essential Air Service.** Under the DOT FY 1996 Appropriations Act, subsidies for air service to small communities were cut by approximately one-third, to \$22.6 million, and the program was scaled back accordingly. However, largely due to higher air carrier costs, current outlays indicate that a shortfall of approximately \$900,000 may be experienced during the course of the year. DOT is looking at possible additional program cuts. If additional savings are not attainable, legislative action would likely be necessary to avoid a deficiency.
- **Proposed Rulemaking to Implement "Zero Tolerance" Provision of NHS Statute.** On February 28, the National Highway Traffic Safety Administration (NHTSA) and the Federal Highway Administration issued a joint Notice of Proposed Rulemaking (NPRM) on the implementation of a new "zero tolerance" program, enacted by the National Highway System Designation (NHS) Act of 1995. The new program provides for the withholding of Federal-aid highway funds from any State that does not enact and enforce a "zero tolerance" law.

UNITED STATES TRADE REPRESENTATIVE

- **Country Music Television Dispute Settled:** CMT and the Canadian country music network have agreed to form a single Canadian network to be called CMT-Canada, thereby ending this long-standing dispute.

- **Partial Suspension of Pakistan's benefits:** Ambassador Kantor announced that w has been improvement in the area of worker rights, child and bonded labor remains throughout Pakistan. For the three industries - surgical instruments, sporting goods, a knotted carpets - where exploitation of children is particularly common, Ambassador recommending that you authorize suspension of GSP benefits.
- **Japan Sound Recordings:** USTR staff engaged in formal consultation with Japan on the sound recordings issue. The EU, joining the United States as co-complainants, challenged Japan's failure to implement copyright protections required under the WTO TRIPs (Trademark Related Aspects of Intellectual Property Rights) agreement. Japan is required to respond to U.S. questions by next month, at which time appropriate next steps by the Administration will be considered.
- **Reformulated Gas:** The U.S. submitted its opening brief to the WTO Appellate Body in the appeal of a panel finding against the United States in a case brought by Venezuela and Brazil challenging aspects of EPA's reformulated gas regulations that affect imports. Oral argument in the appeal is scheduled for March 25, and we expect a ruling from the Appellate Body in late April.
- ✓ **Preparation for Trade Ministerial in Colombia:** Deputy USTR Barshefsky will lead the U.S. delegation to a Vice-Ministerial level meeting in Bogota, Colombia to prepare for a March 21 Trade Minsters' meeting in Cartagena. This meeting is the second trade Ministerial of the Summit of Americas process initiated by you to create the Free Trade Area of the Americas by 2005.

DEPARTMENT OF JUSTICE

- **Cuban Lottery to be Announced:** On March 11, INS will announce the beginning of the second Special Cuban Migration Program. The State Department will make the announcement in Cuba. Cubans between the ages of 18 and 55 can apply to legally migrate to the United States. The program will run from March 15 until April 30. A computer will randomly pick the winners who then must be interviewed and pass the medical, criminal and public charge screenings.
- **Press Inquiries:** *The Washington Post* is working on a story on the assignment of Assistant U.S. Attorneys to the various Independent Counsels.
- **FOIA Requests:** The FBI has received a request from Beverly Bell on behalf of the International Liaison Office for former President Jean-Bertrand Aristide for any records the FBI maintains about the organization, its personnel and programs. The time period involved in the request is from the summer of 1992 to the present. Ms. Bell indicates she is making the request as a "researcher."

THE PRESIDENT HAS SEEN

3/11/96

6027
THE WHITE HOUSE
WASHINGTON

96 MAR 8 P11:15

March 8, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*

SUBJECT: Summary of Cabinet Weekly Reports
March 1 - March 8

*Summary item
(needed)*

DEPARTMENT OF TREASURY

- **Secretary Rubin's Schedule:** This week the Secretary will meet with Rep. Walker, Rep. Callahan, and Sen. McConnell on the debt limit and appropriations issues. On Friday, he will leave for the APEC meetings in Kyoto, Japan, which will occur March 16-17.
- **Empowerment Zones (EZ):** Treasury's Office of Enforcement is participating as a final reviewer of \$1.2 million in grants to be provided to EZ cities for crime prevention programs and services. The President's Crime Prevention Council will announce grant awards within the next few weeks.
- **Nike and ATF to Sponsor Youth Event:** On March 29, ATF and Nike Sports will co-sponsor an event at Howard University. Nike's "Participating in the Lives of America's Youth" (PLAY) is designed to display the positive aspects of sports and fitness and to encourage the involvement in children's lives by their parents and the community.
- **Libya:** Office of Foreign Assets Control (OFAC) is circulating a memorandum for interagency clearance regarding the procedure involving loan syndication. Recently, Citibank sought permission to act as a closing agent for a Panamanian plan to transfer bonds to ALUBAF Arab International bank, a Libyan bank which holds \$1.2 million of \$1.9 billion in Panamanian debt. OFAC proposes to require that such disbursements be made into blocked accounts in the United States.
- **Social Security:** The Advisory Council's report is expected sometime in April. The Trustees' report is expected to be finished in May.
- **Anti-terrorism:** The House is likely to consider the Hyde/Barr terrorism bill the week of March 11.

- **ATF and FBI to meet with Senator Craig:** On March 29, ATF and FBI staff will meet Senator Craig to brief him on the National Crime Information Center.
- **Humanitarian Aid to North Korea:** The Office of Foreign Assets Control has published a final regulation that will allow Americans to donate funds to the United Nations or the Red Cross for flood relief in North Korea.
- **New Currency:** Planning continues with the New York Fed regarding the March 25 launch event in New York for the new currency design.
- **Iran:** On February 28, the Department of Commerce gave final approval to license General Electric's export/re-export of goods, services, and technology to Iran for the maintenance of certain aircraft for aircraft safety. Before a license is issued, the final draft requires formal written clearance from the State Department. Treasury anticipates that others may inquire about the licensing of exports to Iran after the license is issued.
- **Sallie Mae Privatization:** Treasury staff met with Senators Kennedy and Jeffords regarding the Sallie Mae privatization portion of the CAREERS bill. Sallie Mae agreed that it would work with Treasury on enhanced Treasury oversight and authority to assess Sallie Mae for reasonable costs to monitor financial safety and soundness.
- **Financial Modernization:** Representative Leach expressed his dissatisfaction with OCC Comptroller Ludwig claiming that he had unlawfully permitted a state-chartered Missouri bank to retain its insurance subsidiary after converting to a national bank charter. Treasury denies any violation of the law.

DEPARTMENT OF COMMERCE

- **Secretary Brown's Schedule:** On March 9, the Secretary will travel to California to reinforce the Administration's budget themes and Commerce's focus on technology and trade. He will continue on March 11 to Arizona and Colorado to announce the release of two studies: "Service Industries and Economic Performance" and "Trade, Technology and Plant Performance."
- **Advanced Technology Report (ATP):** On March 15, NIST is expected to send Congress a mandated report on the status of the ATP and its impact to date. The report is a positive reflection of program successes, statistics and economic benefits.
- **International Travel:** Preparations continue for the Secretary's March 18-21 trip to Latin America and his April 3-6 trip to Bosnia and Croatia.

DEPARTMENT OF LABOR

- **Downsizing Report:** On March 12, Secretary Reich will hold a reporters roundtable with Hank Farber of Princeton University. Farber's report, "The Changing Face of Job Loss in the U.S. 1981 - 1993," was commissioned by the Labor Department and examines the effects of downsizing.
- **Veterans Preference:** On March 13, Labor officials and OPM Director King will sign a Memorandum of Understanding (MOU) addressing the roles and responsibilities concerning veterans preference in the Federal Government. The MOU will make sure veterans are aware of federal job openings, ensure reporting of complaints about non-compliant agencies, and ensure that all federal job service offices are aware of these veterans guidelines.
- **General Motors:** On March 5, about 3,000 UAW-represented workers went on strike at two GM parts plants in Dayton, Ohio. The Dayton strike has already idled one plant in Lansing, MI and its effects will be felt at other GM assembly plants within a few days. The major issues in dispute are outsourcing and health and safety.

DEPARTMENT OF TRANSPORTATION

- **Cruise Ship Safety:** The Coast Guard has completed a safety review of cruise ships operating from U.S. ports and ruled that the industry is safe. The results and recommendations to the industry to further strengthen the safety record of this industry will be released next week.
- **Freight Train Derailment:** On March 4, an Eastward Wisconsin Central freight train derailed in Weyauwega, WI. EPA, FEMA and the FRA responded to the accident. Today, Secretary Pena spoke with Governor Thompson to offer further Federal support. The Governor declined reporting that the situation was under control.
- **Tank Car Explosion:** On March 6, an explosion occurred in Conrail's Selkirk, NY yard. The tank car, containing propane, apparently ruptured when struck by other cars being connected along the track. The collision resulted in a fireball that consumed 15-20 adjacent cars. There were no casualties. FRA's Regional Administrators and safety inspectors are on the scene.
- **International Aviation:** Air cargo talks with the Japanese began as scheduled on February 28 in Washington, D.C., however little progress was made. The Japanese delegation threatened that unless an agreement was reached in these talks by the end of March the agreement made last summer (which granted FedEx several new routes) would be cancelled. The U.S. side never agreed to such a linkage and refused to continue the discussions pending resolution of this matter. In the end, the Japanese withdrew the threat.

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- Handwritten note: *the Foreign Affairs Dept. is working on this.*
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- **Supreme Court Affirms Decision Denying Reimbursement To Manufacturers Of Agent Orange For Their Costs Of Litigating Tort Claims Filed Against The Manufacturers By Veterans:** Hercules Inc. v. United States. Vietnam veterans brought tort actions against the herbicide manufacturers for injuries allegedly suffered as a result of their use of Agent Orange. Before trial, the herbicide manufacturers settled the bulk of these lawsuits for \$180 million. Several of the manufacturers then brought action against the United States for reimbursement for the costs of defending and settling the Agent Orange litigation. Relying on the Anti-Deficiency Act, and the availability of mechanisms for providing contractors with indemnification agreements, the Court held that as a matter of law, no agreement to indemnify the manufacturers could be implied in the facts presented in this case.
- **Court Rejects Federal Advisory Committee Act Challenge To EPA Meetings:** On February 28, the district court rejected a challenge by public citizen groups to closed meetings between the EPA and two cement industry trade associations concerning regulatory standards for cement kiln dust waste.
- **Philips Agrees To Settle False Claims Act And Lanham Act Claims:** Philips Electronics agreed to pay the government \$65.4 million to settle claims that Philips sold improperly tested resistors and capacitors to the government between 1983 and 1992.
- **Playboy Challenges Scrambling Of Indecent Adult Cable Television Programming:** On February 26, Playboy Entertainment Group filed suit under the First and Fifth Amendments challenging the Telecommunications Act of 1996. Playboy asserts, *inter alia*, that the statute improperly burdens cable systems by making them ensure effective scrambling of the programming regardless of any customer complaint and without regard for less restrictive means of blocking the programming, such as residential lockboxes.
- **Complaint Filed On Behalf Of Disabled Student:** On March 3, the United States filed a complaint in United States v. Mary Washington College. This suit was brought on behalf of a college student and Housing Opportunities Made Equal of Richmond, Virginia, Inc., following an investigation and issuance of a charge of discrimination by HUD. A settlement was proposed by the United States, but rejected by the defendant.
- **Cocaine Seized in Southern California:** The Los Angeles HIDTA group executed a series of searches last week throughout Southern California, resulting in 15 arrests and total seizures of over \$212,800 and 396 kilograms of cocaine.
- **Drug-Trafficking:** A father and son were convicted of moving 13,000 pounds of Marijuana from Tucson to Columbus, Ohio, which netted \$5.8 million. The radio station they owned and \$5 million in drug profits have been turned over to the government.
- **Travel to California:** On March 15, the Attorney General will travel to California to attend a COPS graduation and meet with local Hawthorne, CA officials.

What happens
to this action?

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Interstate Transportation of Human Pathogens:** On March 7, HHS received a copy of a letter to you from Senator Spector, Feinstein, Hatch and Kohl on interstate transportation of human pathogens. The letter is an outcome of a hearing March 6 before the Senate Judiciary Committee on lack of federal controls governing the interstate transportation of human pathogens. The hearing stemmed from the recent disclosure that there are no federal regulations or criminal statutes in place that prevented Larry Wayne Harris, an alleged white supremacist, from ordering and receiving three vials of lyophilized pathogen, *Yersinia pestis* (plague bacillus) at his residence. HHS testified about their commitment to issue a Notice of Proposed Rule Making (NPRM) within 180 days and Mr. Richard assured Senator Hatch of DOJ's interest in working with him to amend the anti-terrorism act.
- **TennCare HMO Retained in Program:** Access Med Plus, Tennessee's second largest HMO, has averted a potential revoking of its contract by the State and will continue to participate in the TennCare section 1115 demonstration program. All of Access Med Plus' enrollees (over 275,000 eligibles) are TennCare eligibles; this accounts for approximately 24 percent of the total TennCare enrollment. The State had threatened to cancel its contract with the plan because of the plan's lack of financial resources. Access Med Plus needed a capital infusion of about \$5 million to meet the net worth requirement in State law for HMOs. The Plan narrowly met the State's March 1 deadline and secured the necessary finances from Methodist Health Systems (\$3.4 million) and physician loans (\$1.6 million). The State now intends to immediately audit all of the plans in the TennCare program to monitor their fiscal status. The HCFA will closely monitor the State's progress.
- **Advisory Panel on New Drug for AIDS-Related Eye Infection:** On March 14 and 15, an FDA advisory panel will consider an application for cidofovir/intravenous (trade name Vistide), for the treatment of cytomegalovirus (CMV) retinitis in patients with AIDS--an eye infection that can lead to blindness in individuals with impaired immune systems. Gilead Sciences, Inc., a small biotech firm in Foster City, California, developed the drug and has made it available to about 120 patients since last September under an FDA-authorized expanded access program.
- **Effect of Budget Cuts on Medicare Certifications:** As reported previously, HCFA's decreased Medicare Survey and Certification budget under the continuing resolution has resulted in substantial delays for new Medicare providers and is an issue of concern in many states. For example, the Arkansas Health Department, which conducts Medicare certifications under a contract with HCFA, ~~faces an eight-month backlog on surveys for first-time applicants, largely because of federal budget cuts.~~ Previously, providers could obtain certification within a month or two of requesting it. HCFA officials say they do not expect to distribute any more money for additional surveys until September, and without more federal funds the state cannot afford to complete its inspections. At the same time that providers have been steering patients to newly built facilities offering less costly outpatient and sub-acute

Reps. Lincoln and Tauzin have introduced legislation that would provide fiscal relief for Medicare State Survey and Certification programs. House Appropriations may include proposals from the bill in the Continuing Resolution.

- **FDA Appropriations and Reform:** On March 12, the House Appropriations Agriculture Subcommittee will hold a hearing on FY 1997 appropriations for the Food and Drug Administration. Commissioner David Kessler has been invited to testify. On March 20, the House Commerce Health and Environment Subcommittee will continue its hearing on proposed FDA reform measures.
- **Human Subject Protections:** On March 12, the Senate Committee on Governmental Affairs will hold a hearing on the protection of human research subjects with a particular focus on the findings of the White House initiative on exposure of human subjects during radiation research.
- **Mammography Standards:** Proposed rules on standards for safe and high-quality mammography services will be published in the *Federal Register* in the next few weeks. The standards cover facilities, personnel, equipment/quality assurance, and accreditation bodies. These regulations, developed in close conjunction with the advisory committee established by the Mammography Quality Standards Act of 1992 (MQSA), ensure that women receive high quality mammograms, while allowing mammography facilities greater latitude in their operations.
- **Seafood Safety Regulatory Partnership Meetings:** In response to significant public interest, FDA is sponsoring five public meetings over the next several months to assist industry in initiating procedures required by HHS's December 18, 1995 final rule on seafood safety. Under the seafood safety rule, effective December 1997, domestic and foreign seafood processors will be required to establish Hazard Analysis Critical Control Point systems to ensure the safety of seafood products sold in the United States. The public meetings are scheduled in Boston, Baltimore, Tampa, New Orleans, and Seattle.

HHS Donates Surplus Computers to Philander Smith College: This week, HHS Inspector General June Gibbs Brown and Secretary Shalala met with Mr. James Cunningham, Director of Family Life Center at Philander Smith College in Little Rock. The HHS Office of the Inspector General donated surplus computer equipment to Philander Smith College, for use in its mentoring and tutoring programs. The college is working on special initiatives to eliminate violence among Latino and African American males. One of its initiatives has been an intensive after-school outreach community program aimed at youths ages 6 to 18. The computers donated by HHS will be used in this community outreach program.

HHS Donates Surplus Computers
General June Gibbs of Family Life Center, Inc. is the Inspector General of the Department of Health and Human Services. She is responsible for its mentoring and technical assistance to eliminate violence against women. She is also responsible for an intensive after-school program for girls. The computers donated are surplus from the Department of Health and Human Services.

Final Report on Medicare Part B Billings at Teaching Hospitals to be Released: The week of March 11, HCFA will release a report on Medicare Part B Billings at Teaching Hospitals. A review HHS conducted with DOJ at the University of Pennsylvania teaching hospital found that medical records often did not contain documentation showing that a University physician was present when residents of the teaching hospital performed a service. Without such documentation, these bills were ineligible for Medicare reimbursement. These violations, in addition to violations incurred when services were billed at a higher level of care than records showed, resulted in a settlement of over \$30 million to the Federal Government. HHS and DOJ will expand the project to physician group practices at other teaching hospitals nationally.

✓
• **Infant Mortality -- U.S. -- 1993:** The *Mortality and Morbidity Weekly Report* for March 14 is expected to carry an article on infant mortality. In 1993, the infant mortality rate, 8.4 deaths per 1000 live births, was 1.8 percent lower than the 1992 rate and was the lowest final rate ever recorded. ~~Provisional data for 1994 indicate the rate is continuing to decline.~~ This data was officially released as part of a larger final mortality report on February 29.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Possible Misuse of Federal Funds for Tenant Programs:** Last week, the House Committee on Government Reform and Oversight held a 7-hour hearing to look at HUD's Inspector General (IG) findings on the management of public housing tenant initiative programs, and possible misuse of \$335,000 in Federal funds. NBC Nightly News and Nightline have approached the Department about possible coverage.

In August, 1995 the National Tenant's Organization (NTO), a private national public housing resident organization, sponsored a national training conference at a resort hotel in San Juan, Puerto Rico. The IG found that approximately nearly 200 public housing residents attended the NTO convention, and that nearly the entire cost of the convention (\$335,000) came from Federally funded sources.

{ The Secretary has expressed extreme disappointment in the use of scarce federal funds to support the NTO conference. HUD has accepted the Inspector General's recommendations and will take a series of actions to identify and correct management deficiencies and flaws in the Department's procedures for providing guidance and training to HUD staff and public housing authorities on their participation in such activities.

- **America's Housing Needs Continue to Grow:** On March 14, HUD will release a report which indicates that not only are more Americans facing severe housing needs but for some, those needs are getting worse. The report comes at a time when the Administration is about to release its FY 1997 budget and substantiates that additional cuts in housing will exacerbate the already downward spiral of adequate housing in this country.

- **"One Strike and You're Out" Policies:** HUD is working to finalize draft policy guidance for public housing authorities on how to toughen up on crime in public housing. HUD is working with the White House to coordinate the announcement of this policy.
- **HUD Assumes Control of San Francisco Housing Authority:** On March 2, San Francisco Mayor Willie Brown and Secretary Cisneros announced a partnership to jointly manage the troubled San Francisco Housing Authority (SFHA).
- **Detroit City to Spin-Off Housing Agency:** Last Friday, March 1, the City Council approved a resolution that would implement the most significant objective of the Administration's partnership with Mayor Archer to turn around the city's troubled housing agency: to create an independent and accountable Detroit Housing Commission.
- **Secretary's Schedule:** On March 9, the Secretary will travel to Chicago to participate in an Operation Push breakfast, radio show, and luncheon meeting with Reverend Jesse Jackson. Later, he will travel to Albany, NY to participate in the Fourth Annual Council of Puerto Rican/Latino Elected Officials Dinner.
- **Secretary's Long-Term Schedule:** On March 25, the Secretary will travel to Nogales, AZ to participate in U.S.-Mexico Border Conference.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Delegation to Mexico:** General McCaffrey is tentatively scheduled to lead a small, official delegation to Mexico tentatively scheduled for March 24-26, to address drug trafficking issues of mutual concern to the US and Mexico.
- **National Drug Control Strategy:** The national Drug Control Strategy will be prepared for forwarding to Congress with your budget March 18. Final comments are being received from the agencies.

SMALL BUSINESS ADMINISTRATION

- **LEADAR group:** On March 8, the Administrator met with the LEADAR group at the request of Senator Bumpers (D-AR). This is a rural and agricultural leadership training program sponsored by the University of Arkansas.
- **Procurement Conference:** The Administrator will co-host a procurement conference in Asheville, NC with Congressman Taylor (R-NC) on March 11. This event was scheduled for last December but had to be rescheduled due to the furlough. He will also do local press emphasizing the positive things that the EPA has done to reduce regulatory burdens for small business amplifying the environmental message of the day.

- **Regulatory Reform Event:** On March 13, Administrator Lader will be in Iowa to participate in a regulatory reform event in Des Moines as well as speak to the Iowa Business and Industry Legislative luncheon. He will also meet with statewide lenders and with the SBA district office staff.

VETERANS AFFAIRS

- **Open House Celebration - New VA Benefits Office - Oklahoma City:** On March 8, Secretary Brown participated in the Open House Celebration of the new VA benefits office, in Oklahoma City, Oklahoma. The new VA benefits office, formerly located in the Alfred P. Murrah Federal Building, is now located in the Old Post Office Building, and will provide full service to the public on veterans' benefits, insurance, VA-guaranteed home loans and vocational rehabilitation and training.
- **Medical Treatment of Persian Gulf Veterans and Medical Care Eligibility Reform:** Two upcoming hearings are expected to draw considerable media attention next week. The March 11 House Subcommittee on Human Resources and Intergovernmental Relations hearing -- the first of two-- on Persian Gulf medical treatment and research; and the March 13 Senate Veterans' Affairs Committee hearing on medical care eligibility reform, also the first of two hearings.
- **VA to Lead Presidential Delegation to Southeast Asia:** On March 9, Deputy Secretary Hershel Gober will lead a Presidential delegation to Vietnam, Laos, and Cambodia.

SOCIAL SECURITY ADMINISTRATION

- **Hearing on Social Security and Future Retirees:** On March 11, the Social Security and Family Policy Subcommittee of the Senate Finance Committee, will hold a hearing on the rate of return that Social Security benefits provide to retirees. Commissioner Chater will discuss Social Security's dual role in providing both an adequate rate of return to everyone who contributes to the program (individual equity), and, at the same time, protection through disability or survivors benefits and a higher rate of return to individuals who earn less during their working lives (social adequacy). A panel of other witnesses will likely challenge the equity of the rate of return Social Security will provide to the young worker of today.
- **Executed Prisoner Who Was Receiving Social Security Benefits:** SSA is continuing to investigate the case of William Bonin who was executed on February 23 in CA for the murders of 14 people. Following his death, it was discovered that he had received Social Security disability benefits over a 14-year period of incarceration in violation of the law. Preliminary reports that Mr. Bonin's mother had used these monies to pay the mortgage on her house. SSA is attempting to get repayment, which has been calculated to be \$79,428. The story has received press coverage in CA since March 2. CBS News is expected to run a segment on its March 8 newscast.

- **CBS Evening News Segment on the Future of Social Security:** Ray Brady, a financial correspondent for CBS Evening News, is preparing a three-part segment on the future of Social Security, that is expected to air. The segment will likely focus on the Advisory Council on Social Security report which is expected to be released at the end of March. The report has received a great deal of media coverage in recent weeks.

DEPARTMENT OF INTERIOR

Parks Initiative Update: Interior is coordinating with the White House on the National Parks Initiative. The initiative would include a number of executive actions, a call to Congress to pass pending park reform legislation, and an announcement of several new opportunities for protecting the nation's parks.

Grazing Update: The Senate is scheduled to take up the Domenici grazing bill the week of March 18. Senator Domenici has voiced his expectation that the bill will be filibustered and DOI will encourage Senator Bumpers to participate in the effort to keep the bill from passing.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Farm Bill Update:** The Farm Bill Conference has begun. Senator Lugar will chair the conference. The actual conference will probably begin early next week when both bodies have determined the scope of the Committee's deliberations. The Senate is pushing for consideration of all titles of the farm bill. Chairman Roberts would like to take up only the commodities provisions, conservation, and trade. Secretary Glickman held meetings with organizations representing the conservation, rural development, and research communities.
- **Welfare Reform Update:** The Conference is expected to begin staff-level discussions on the nutrition portion of this legislation next week even though the House-passed bill does not contain a nutrition title. The National Governors' Association (NGA) is currently working with its membership to delete the original child nutrition provisions from their overall Welfare Reform/Medicaid proposal and replace it with language that would re-authorize current law.
- **Update on Russian Poultry Exports to Russia:** On March 6, Vice President Gore spoke with Russian Prime Minister Chernomyrdin about poultry. The Prime Minister indicated that trade should continue uninterrupted, based on the present certification. Although USDA and the U.S. industry believe that they have been fulfilling that since its inception in 1993, both USDA and the U.S. industry have offered to initiate additional steps/tests and documentation to allay the Russian concerns expressed by Mr. Chernomyrdin regarding animal diseases and residue testing.
- **Consultations Set With EU On Hormone Ban:** U.S. and EU officials will meet in Geneva, March 27, to discuss the U.S. objection to the EU ban on imports of meat and meat products produced from livestock raised with growth hormones. These consultations were requested by

the United States Government under World Trade Organization dispute settlement provisions of the Uruguay Round Agreement.

- **Second Timber Salvage Report Being Prepared:** The second report to Congress on timber salvage sales, required by Section 2001 (k) of the Rescissions Act, will be sent to Congress next week. The report provides information about the amount of timber salvage sold, harvested and available on national forests. It also includes an updated plan for an enhanced salvage timber sale program and a description of personnel and resource needs to carry out the program.
- **Thunder Salvage Sale:** A decision on whether to award the Thunder Timber Salvage Sale on the Okanogan National Forest (WA) is expected to be announced this week. Northwest Ecosystem Alliance, a western WA environmental group, outbid two logging companies for the rights to log the sale. This is the first time in the history of the Forest Service that someone bid on a timber sale with no intention of harvesting. Award is based on whether the bidder can fulfill the timber harvest contract. The proposed sale would harvest 3.5 million board feet, only 2 percent of the standing dead timber volume from a 10,500 acre fire.
- **Flood Damage Review:** A Region-wide survey of storm damage continues in the Pacific Northwest and Eastern Regions. Preliminary damage reports by a Forest Service flood assessment team show more than \$84 million dollars worth of damage to national forests in these Regions. Current plans for proposed salvage and green timber sales, watershed analysis, and watershed restoration programs are affected; up to a quarter of planned timber sales may need to be redone or relocated in OR and WA due to damage to access roads.
- **Report on Salmon Recovery in the Pacific Northwest:** USDA's Economic Research Service will release a report on March 13 on measures taken in the Northwest to recover three Snake River salmon runs protected under the Endangered Species Act--and to improve the entire Columbia River Basin salmon fishery--will result in various benefits and costs. This report analyzes the effect on the region's agricultural sector of two proposed measures: reservoir drawdown along the lower Snake River and reductions in irrigation water supply in the upper Snake River Basin. For the Northwest region, adjustments in crop production could lower producer profit by \$4-\$35 million annually (less than 3 percent of 1987 baseline profit), depending on the scenario evaluated. Agricultural employment could decrease by 50-2,600 jobs, while total employment could decrease by 600-5,500 jobs. The report also analyzes selected economic benefits of salmon recovery, including improvements in commercial and sport fishing.
- **Pacific Northwest Economic Adjustment Initiative:** USDA announced several awards in the Pacific Northwest on March 7 and 8. These awards include a \$6 million water project in Oregon, a self-help housing project in Washington State, four Rural Business Enterprise Grants totaling over \$650,000, and two Intermediary Relending Program (IRP) awards totaling \$2 million for specific timber-impacted communities.

- **Press Contacts With USDA:** *USA Today* is researching food stamp program trends. The researcher is interested in finding out information about the "hidden hungry," members of the working middle class participating in the program.
- **ABC Timber Salvage and Sales Story:** ABC continues researching the salvage and 318 sales issues. ABC is scheduled to be in the Olympic National Forest (WA) on March 5 to shoot footage of salvage and 318 timber sales.
- **Court Finds Use of Historic Preservation Laws No Bar to Rescissions Act Timber Sales:** The United States District Court for Oregon has ruled that the Forest Service is required to offer the Enola Hill timber sale on the Mount Hood National Forest in Oregon under Section 2001(k) of the 1995 Rescissions Act. The court found that the Rescissions Act renders inapplicable not only the usual environmental laws, but also the National Historic Preservation Act, Archeological Resources Protection Act, and a 1991 agreement between the parties to comply with such laws. The court also denied claims that the sale violated religious rights of Native Americans based on previous precedent in the Supreme Court. The ruling in Native Americans for Enola v. U.S. Forest Service (D. Oregon, 2/28/96) is the first court decision holding for the government on the merits of a Section 2001(k) timber sale. Environmentalists vow to undertake civil disobedience actions to prevent harvesting of the sale.
- **Travel to Ohio:** On March 8, Secretary Glickman will speak on the farm bill before the National Farmers Union in Cincinnati, Ohio. He will also visit a "Team Nutrition" school while in Cincinnati.

after
an
accy
change

DEPARTMENT OF ENERGY

- **Major Environmental Facility Opens in SC:** On March 12, Secretary O'Leary will start the operation of the Defense Waste Processing Facility at the DOE's Savannah River Site, a former nuclear weapons production site. The facility will solidify (in glass) 34 million gallons of high-level nuclear waste from nuclear weapons material production currently stored in 51 underground tanks. The glass logs will eventually be stored in a permanent repository. Comprehensive safety testing of this new facility has been completed. This facility demonstrates the resolve of the U.S. to deal with the environmental legacy of the Cold War and represents an effective means for disposing of high-level radioactive waste.
- **Rocky Flats Announcement:** On March 14, Secretary O'Leary will sign a revised cleanup agreement for the Rocky Flats site, a former weapons production facility, that establishes accelerated schedules for cleanup. DOE will also sign a "Vision Statement" for accomplishing cleanup, removal of plutonium and final closure of the site. These agreements with Colorado, EPA, and DOE, underscore the Administration's commitment to protecting the environment and accomplishing the Rocky Flats cleanup. The cleanup agreement includes time lines for cleanup and regulatory coordination between the EPA and the State. The renegotiated agreement saves money and insures cleanup objectives will be met.

This is a big
thing in CO? Are
you friends
happy?

ENVIRONMENTAL PROTECTION AGENCY

- **Project XL for Communities:** Anaheim, CA, is the first community to launch a reinvention project under Project XL. Through Project XL, EPA is giving communities the freedom to develop alternative strategies that will replace or modify specific regulatory requirements on the condition that they produce greater environmental benefits.
- **Farm Bill:** House conferees are expected to introduce exemptions to swampbuster regulations on March 7, even though swampbuster provisions were not included in either the Senate or the House farm bills. The Everglades language in the two bills is fairly consistent, both calling for approximately \$200 million set aside from general revenue for Everglades restoration. The Administration has identified a sugar assessment as among the issues that should be addressed during the Farm Bill Conference. Administrator Browner has been meeting with members of the Florida delegation to Congress to garner support for the Everglades Plan.
- **Proposed Rule for Hazardous Waste Combustion Facilities:** Administrator Browner intends to sign a proposed rule to tighten the standards on incinerators, cement kilns, and other combustion facilities that burn hazardous waste. The proposal, which is currently under review at OMB, will adopt tight standards which should be well-received by the hundreds of communities in which these facilities are located.

DEPARTMENT OF EDUCATION

- **Letter to College Presidents:** On March 6, Secretary Riley signed a letter to college presidents alerting them to delays in the processing of applications for Federal student aid. The letter expresses the Secretary's personal commitment to resolving the delays and outlines steps the Department is taking to ensure that the normal 14-day processing cycle is restored by March 31.
- **Irish America Magazine Award:** On March 11, Secretary Riley will join you in New York City for the Irish America Magazine Award event.

GENERAL SERVICES ADMINISTRATION

- **Press Inquiries:** *The L.A. Times* has requested information on the American Express card. The inquiry stems from Rep. Clinger's call for Inspector Generals across government to investigate card use. *The Washington Post* will be doing a story on the benefits of the Federal Government's Childcare program. This piece will show the benefit of on-site child care to a working mother.

OFFICE OF PERSONNEL AND MANAGEMENT

- **Reinventing Government:** OPM sent notification to Congress that it intends to enter into a sole source contract with U.S. Investigations Services, Inc.. The contract, which establishes an Employee Stock Ownership Plan-like company that would employ existing OPM investigative staff to perform the functions as a private contractor, is expected to be signed within the next 30 days. This would be the first federal government ESOP, and an example of new ways of governing under reinvention.

DEPARTMENT OF STATE

- **Secretary's Trip to Latin America:** The progress made by our neighbors in this Hemisphere in recent years has truly been remarkable. In Buenos Aires, President Menem afforded the U.S. concrete support on issues ranging from the Comprehensive Test Ban Treaty to Bosnia. In Brazil, an upbeat President Cardoso seems to be making headway on reforms, including patent protection. The positive reaction to Secretary Christopher's visit to the Amazon reflects growing convergence of views on the environment.
- **Human Rights Reports:** The annual Human Rights Reports were delivered to the Hill on March 5. This year, State Department officials produced detailed reports on 194 countries. The Reports note the progress made in many parts of the world, including Latin America and Bosnia, but also highlight problems in Cuba, Nigeria, Burma, Iraq and Iran.
- **Middle East:** On March 6, Secretary Christopher hosted thirty Members of Congress at Blair House to discuss developments in the Middle East. They expressed anger and frustration at the recent terrorist attacks and with Arafat's perceived inability or unwillingness to deal decisively with Hamas. Potential Iranian involvement adds to a perception on the Hill that the U.S. is not doing enough to address Iranian activities.
- **Prime Minister Bruton's Visit:** Irish Prime Minister Bruton will make a private visit to Washington on March 15.

DEPARTMENT OF DEFENSE

- **Russia:** DOD is working on a plan for Russian chemical weapons destruction. Representatives of the Russian Federation are visiting the United States this week to discuss and finalize the plan, which continues the implementation of a 1992 agreement between DOD and counterpart Russian ministries.
- **Persian Gulf Illness:** On Monday, March 11, the House Government Relations and Oversight Subcommittee will hold a hearing on the findings of the Presidential task force on Persian Gulf Illness. The hearing on March 11 will focus on what is being done for the veterans and how the Veteran's Administration is changing its programs to reflect this report.

DOD is expected to be called sometime later on how they are helping those that are still on active duty.

- **Border Patrol:** Reps. Dornan and Duncan will hold field hearing in Santa Ana, CA on Friday, March 15, to discuss the use of U.S. military personnel to enhance border patrols in California and the southwestern U.S..
- **HIV Separation:** As a contingency plan in the event that Congressional or judicial action does not overturn the new statutory requirement to separate HIV-positive members by August 31, DOD's General Counsel is working on an initial opinion regarding procedures to be adopted. We are looking at using disability evaluation procedures in order to assure protection of members rights and provision of all benefits allowed by law. The GC's staff further suggested a review of particular steps of the process to determine if expedited procedures are feasible. This could allow DOD more time for Congressional consideration.

cc: The Vice President
Leon Panetta
Evelyn Lieberman
Harold Ickes
George Stephanopoulos
Alexis Herman
Carol Rasco
Maggie Williams
Michael McCurry
Doug Sosnik
Marcia Hale
Donald Baer
Ron Klain
Rahm Emanuel

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

3/11/96

96 MAR 9 P2:22

March 7, 1996

MEMORANDUM TO THE CHIEF OF STAFF

FROM: RAHM EMANUEL *RE*

RE: WEEKLY REPORT

CRIME/DRUGS: In the Wall Street Journal poll taken this week the President is beating Dole 47% to 38% on who Americans trust more on crime. The poll marks a 25% swing in favor of the President, as well as a strong showing for a Democrat.

General McCaffrey's appointment is already becoming a very solid win for the President's message on drugs. We should remember that not long ago we avoided the drug issue and that today between the General's swearing-in ceremony and the White House Leadership conference, the President's profile on this issue is changing.

✓ To continue the Administration's crime profile, we must reschedule the announcement of the 'One Strike You Are Out' guidelines and the anti-gang initiative that had been planned for New Haven. Both these initiatives are ready for the President to announce.

The Justice Department has completed the state ~~by state report that evaluates each~~ state's criminal justice system as it effects victims rights, juvenile legislation, truth in sentencing, and speedy trials. The report also explains what each state must do to comply with national standards. Public skepticism about the criminal justice system is strongest among swing independent voters, this report could focus our message towards these voters.

I am working with Justice on: (✓) the announcement of grants for drug courts (2) the announcement of cop gang grants (3) the Attorney General's speech in Maryland on March 12.

It is now time for the President to focus his anti-crime message on the anti-gang initiative, and community policing. General McCaffrey should carry the administrations drug profile forward.

General McCaffrey is tentatively scheduled to lead a small, official delegation to Mexico to address drug trafficking issues. The objective for the meeting is for General McCaffrey to announce the formation of a standing committee to coordinate counter narcotics efforts of the Mexican and United States law enforcement officials. If communicated effectively this standing committee, that McCaffrey chairs, will transfer the debate from the certification issue to General McCaffrey's efforts.

IMMIGRATION: Immigration legislation in the Senate is unfolding according to plan. Democrats and Republicans differ in the area of work and employment. The Republicans have endorsed our Verification system and we now have the votes to separate legal and illegal immigration. (Senator Simpson is doing everything he can to keep the two together.) The issue employment in the immigration bill will most likely take center stage in the coming weeks.

On March 18th, INS and the Labor Department will be announcing a seven city strike force to target key industries. An additional announcement would include a new anti-smuggling initiative and a report on how crime has been reduced along the border partly due to this Administration's increase in border enforcements.

This Monday, (March 12th), Doris Messiner will be at the National Press Club in a debate with Lamar Smith and Senator Simpson on immigration. Our objective is to make two points; (1) that the legislation ratified this Administration's illegal immigration policy, and (2) that the real test for the legislation is whether it supports legal workers or illegal employers.

agree
X
WELFARE: We are at a crucial point in the welfare debate. Although the Democrats in the House and Senate have come to an agreement with their GOP moderate counter parts, we have yet to detect any clear indication as to what the GOP leadership wants politically and substantively. There are indications that Senator Dole may want to let our vetoes stand as they are. We may need to encourage this process along with more Presidential communication.

Good!
Shuldo
The Department of Health and Human Services have prepared two opportunities for the President to take action; (1) a provision requiring teens to finish high school as a condition of receiving benefits, (2) the announcement of a report that notes a decline in teen pregnancy over the past three years. (We could also announce the allocation of thirty million dollars towards the prevention of teen pregnancy.) The decision of whether the President should weigh in on welfare needs to be calculate by its impact on the legislative process.



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN
3/11/96

March 8, 1996

96 MAR 8 P10:22

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. MCGINTY *PAW*
CC: LEON PANETTA
RE: CEQ WEEKLY REPORT

OMNIBUS APPROPRIATIONS

The Republican omnibus appropriations bill makes few changes to the environmental provisions that you previously vetoed. Although you requested nearly a billion dollars in addbacks, mainly for EPA, the House added back no money and the Senate Appropriations Committee only approved \$240 million in non-contingent funding.

In addition, most of the special interest legislative riders have been retained with few changes. They include proposals to remove safeguards for wetlands, restrict our ability to gather information on toxic chemicals, expand harmful clearcutting in the Tongass National Forest, block implementation of the California Desert Protection Act, and reduce protections for threatened species.

REGULATORY REFORM

This week House Republicans attempted to move a regulatory reform that was less ambitious than the Contract with America but had to retreat in the face of moderate Republican opposition led by Representatives Sherwood Boehlert (R-NY) and Wayne Gilchrest (R-MD). Currently, they are trying to regroup.

In the Senate, Republicans are seeking to move quickly a small business bill by Senator Kit Bond (R-MO) that would be combined with the Reid-Nickles congressional layover proposal. However, the situation is unsettled by an effort by Senator J. Bennett Johnston (D-LA) to attach a revised version of the Dole-Johnston bill and uncertainty by Senator Carl Levin (D-MI) as to whether he should press his alternative which we still do not support. Because of a risk that the legislative situation could get out of control, Senate Minority Leader Tom Daschle (D-SD) has maintained so far that the narrow Bond-Reid-Nickles bill is the best approach.

TIMBER RIDER LEGISLATION

Senator Patty Murray (D-WA) introduced her bill to repeal the timber rider and replace the salvage portion of the rider with an environmentally sound, sustainable title for logging salvage timber. Initial co-sponsors were Senators Dale Bumpers (D-AR), Dianne Feinstein (D-CA), Max Baucus (D-MT), Patrick Leahy (D-VT). Her bill just received the endorsement of 17 national and regional environmental, fishermen and outdoor recreation organizations. The bill is scheduled to be on the floor on Tuesday.

We have been working closely with her staff all week to help make numerous technical improvements in the bill. However, we have yet to come to closure on final policy support for the bill. I believe it is critical to do so before Tuesday.

Why - what's the problem -

One cautionary note - Senator Murray's bill will be an attachment to the omnibus spending bill. As you know, that bill currently carries on it many of the extreme anti-environment measures which caused you to veto earlier appropriations bills. We are hearing that many environmentalists are nervous that we will somehow accept those riders as a trade for passage of the Murray legislation. We need to make it clear to Congress that this would be unacceptable.

Also, for your information, Idaho Democratic U.S. Senate candidate Walter Minnick on February 28th called for an end to the salvage-logging law.

RCRA "RIFLESHOT" REFORMS

On Thursday, the House passed the Senate version of H.R. 2036, the RCRA LDR bill, by unanimous consent (an earlier House vote had been a remarkably bipartisan 402-19). Once enrolled, the bill will be on its way to your desk for signing.

agw CEQ, OMB, and the Office of Legislative Affairs support a signing ceremony for three reasons. First, the bill is one of the two targeted reforms we have been seeking to the Resource Conservation and Recovery Act (RCRA), based on the President's March 16, 1995 commitment, as part of our initiative for Reinventing Environmental Regulation, to seek targeted legislative amendments to modify RCRA provisions that result in high cost, low-benefit regulations that defy common sense. (The signing could be on or about the anniversary of the initiative). This reform, which eliminates a duplicative and costly layer of regulation for situations already regulated under the Clean Water Act or Safe Drinking Water Act, could save half a billion dollars or more in unnecessary compliance costs for industry and makes clear that we are as serious about the "reform, yes" as the "rollback, no" part of our message on these issues.

Second, this is a demonstration of the "right way" for Congress to reform the environmental laws -- through a bipartisan process that includes the administration as well as affected

industry and environmental groups. A coalition of more than 40 companies worked with the Administration to moderate Republican proposals and stave off expansive amendments. The CEOs of these companies have requested a signing as well.

~~Third there are a number of Members of Congress~~ on both sides of the aisle who have requested a signing, including the chairmen and the ranking members in either chamber. Others are Representatives Blanche Lambert Lincoln (D-AR) and Bart Stupak (D-MI), and Senators Dale Bumpers (D-AR) and David Pryor (D-AR).

INDUSTRY GROUP SUPPORTS ACTION TO SLOW GLOBAL WARMING

A group of major corporations announced its support for further international action "to slow the rate of growth of greenhouse gas emissions." This group includes DuPont, Dow, 3M, Allied Signal, General Electric, AT&T, BP America, and others. The statement represents a major break within the business community whose lobbying on this issue has often been dominated by fossil fuel interests opposed to any actions beyond the current voluntary efforts. We will continue to work with this group of companies (which calls itself the International Climate Change Partnership) in developing our position for international negotiations scheduled to conclude in 1997.

WARD VALLEY

In a move that marks a sharp turnaround, Representative Jerry Lewis (R-CA) has now retreated from his prior strong support for the Ward Valley low-level nuclear waste site.

Senators Frank Murkowski (R-AK) and J. Bennett Johnston (D-LA) have introduced a bill to mandate transfer of the Ward Valley site, and will hold hearings on the bill next Wednesday.

AUBURN DAM

For more than 20 years, proposals to build a large dam on the American River above Sacramento have stirred tremendous controversy in California. The intensity of debate has waxed and waned over the years, and is now rising again.

Representative John Doolittle (R-CA) is pushing for construction of a dam. Representatives Vic Fazio (D-CA) and Robert Matsui (D-CA) have pressed for dam construction in the past. Any plan to build the dam will draw intense, united opposition from California environmental groups, and many national organizations. On the other hand, failure to recognize the flood control needs for Sacramento will alienate area residents and open the Administration to criticism.

This has the potential to be the most prominent environmental issue in California, although CEQ, Deputy Secretary John Garamendi, John Emerson, and the involved agencies are working to prevent that outcome.

This week, the Sacramento office of the Army Corps of Engineers released a final EIS recommending construction of a dam and significant levee improvements on the American River to provide flood protection for the Sacramento area. The recommendation has been transmitted to the Chief of Engineers in the Corps' DC headquarters. The Chief, whose reports traditionally affirm regional office recommendations, issued a draft report stating that he does not agree with the recommendation to build the dam, but does agree to proceed with levee improvements and other measures to provide flood protection. The Chief's report reflects consultations with Assistant Secretary of the Army Martin Lancaster.

EPA and the U.S. Fish and Wildlife Service believe that a dam would cause severe environmental damages for which no mitigation is possible. Both agencies have indicated that they intend to ask CEQ to intercede in reviewing the adequacy of the Corps' EIS. The US Geological Survey is set to release a new study showing greater seismic risks at the dam site than previously understood.

The California environmental community is very agitated, convinced that whatever the Chief's report or Administration may say, the Congress, prodded by Representative Doolittle, will order construction of the dam.

CEQ and John Garamendi are working to resolve the interagency disagreements through informal consultations, with the goal of presenting a unified position to the Hill. We are trying to identify a course that will provide Sacramento with needed flood protection, but avoid the intense political and environmental controversy -- and resulting delay in providing flood protection -- associated with the dam.

BUREAU OF RECLAMATION IRRIGATION WATER PRICING REGULATIONS

The Bureau of Reclamation recently issued a final EIS on regulations affecting the pricing and eligibility for receipt of subsidized water from Reclamation's irrigation projects. The regulations become final in roughly a month. Though applicable to all Reclamation projects, the effects are felt most strongly in California's Central Valley because of the number of large farms served by the Central Valley Project. Reclamation's proposed regulations adhere generally to Reagan and Bush administration policies that tend to favor agricultural interests. They are very pleased, as are Representatives Doolittle, Fazio, and Gary Condit (D-CA).

By contrast, the Administration has been severely criticized in the press and by the environmental community, including the Sierra Club and NRDC, and in Bay Area editorials objecting to the regulations as anti-environmental and anti-taxpayer. The opponents of the regulations seem also quite concerned that this action is a signal that the Administration will also agree to measures supported by Central Valley agricultural interests to weaken the environmental protections of the Central Valley Project Improvement Act or Bay-Delta Accord. Representative George Miller (D-CA) has written the Chief of Staff to complain. A Senate letter to you objecting to the regulations arrived today, signed by Senators Richard Lugar (R-IN), William Cohen (R-ME), Judd Gregg (R-NH), Bill Bradley (D-NJ), Patrick Moynihan (D-NY), and Russ Feingold (D-WI).

very time sensitive
push now -

PARKS INITIATIVE

The Department of the Interior (DOI) has proposed an aggressive Presidential campaign on behalf of the National Parks. CEQ is working with DOI to define a range of actions you could take to help the parks, ranging from specific executive orders to broader legislation. CEQ believes that Interior's proposal represents great politics for the Administration, particularly if implemented quickly, before the congressional Republicans can propose their own parks plans, scheduled now for mid to late March.

WILDLIFE REFUGE LEGISLATION AND EXECUTIVE ORDER

CEQ is working with the DOI to prepare a proposed executive order clarifying and reinforcing the policies governing hunting and fishing in national wildlife refuges. The aim of the proposed executive order will be to satisfy concerns by hunting and fishing interests that they will be excluded from refuges. We believe the order will be quite popular within the hunting and fishing community -- a swing voter group (Perot supporters in 1992) -- and not problematic for the vast majority of environmental and conservation groups. We believe the executive order could help stave off much more divisive refuge related legislation being prepared by Congressman Young, with the co-sponsorship of Representative John Dingell (D-MI). We are also working with Representative Dingell to help address his concerns on refuge management.

Because of the political potency of this group, I am urging that you speak to the Outdoor Writers Association (a group with extremely broad reach) and write a piece in Field and Stream or, another outdoor publication expressing your commitment to preserving our natural heritage.

SEA LIONS IN BALLARD LOCKS

Trapping of sea lions in Seattle's Ballard Locks may begin next week. The State of Washington has not formally requested permission to capture the animals, but is expected to do so early next week. The actual trapping may take as long as two weeks, because the animals in question have learned to evade most trapping techniques.

TIMBER SALE PROTEST

An extremely large protest is planned for this weekend in western Washington near the site of one of the old growth sales that we have been forced to release under the timber rider. Estimates from law enforcement officials suggest about 1,000 protesters may be present, along with considerable coverage by the media. This is a sale that Representative Norm Dicks (D-WA), among others, asked us to stop last week. However, under the current law, we have no authority to delay or stop the harvesting of this sale.

Both federal and county law enforcement officers have been working with the Forest Service to minimize direct contact between loggers and the protesters.

PRESIDENT'S COUNCIL ON SUSTAINABLE DEVELOPMENT

The Council members were very pleased with their meeting with you yesterday. They were delighted that the fruit of their hard work was taken seriously and that the Administration was making a commitment to follow through. Officials of the Conference of Mayors and the National Association of Counties are excited by our willingness to support the creation of a Joint Center for Sustainable Communities. In the next two weeks we will be developing a comprehensive plan for the implementation phase.

Press articles have occasionally noted your solicitation of community-building ideas from Dan Coates and others. I would argue you to look instead to this group -- your own creation -- as a source of some very powerful ideas and actions on this front and seize the community agenda as your own, rather than something built from others' ideas.

ENVIRONMENTAL PRESS

The Wall Street Journal reported on the environment and the Republican agenda in an article dated Tuesday, March 5th. This article is particularly noteworthy for the following reasons:

- 1) The by-line is from the West - further underscoring that the environment is a strong issue for us in the West;
- 2) The by-line, furthermore, is from a very conservative place in the West (Colorado Springs) - further underscoring the environment is a swing election issue;
- 3) The article underscores once again that the environment is a terrific issue for us - not only bad for the Republicans overall but internally destabilizing for them as well. Attached is the article for your review.

Aguy

Down to Earth

Environmental Stands Alienate Some Backers Of the GOP's Agenda

Presidential, Congressional
Races May See Backlash
Because of 'Wedge Issue'

One Antidote: Visit the Zoo

By DENNIS FARNEY and TIMOTHY NOAH
Staff Reporters of THE WALL STREET JOURNAL
COLORADO SPRINGS, Colo. — Andrea
Oberschlake, who admires Newt
Gingrich's "guts" and winces at the sound of
Bill Clinton's name, is Republican to the
core. But one thing deeply troubles her
about her party: In her view, it's antienvironment.

"Why even have a government if
you can't have a planet to practice govern-
ment on?" asks the 27-year-old medical-
assistant trainee.

Computer consultant Ron Stone, also 27
and just as Republican, couldn't agree
more. Environmental protection is "a good
function of government," he insists. Even
as the GOP Congress curbs environmental
spending, he argues for increased spend-
ing. "Runoff from mines is producing fish
with three eyes out here!" he says with
some hyperbole.

Republicans don't come more granite-
solid than the party faithful who gathered
here recently for a Lamar Alexander presi-
dential-campaign rally. Colorado Springs
is Republican the way Chicago is Demo-
cratic; it's instinctive, bred in the bone.
But there is a fault line running through
the granite over the environmental issue.
The environment will be one of the con-
cerns at the forefront of GOP primaries
today in Colorado and New England as well
as in Florida and Oregon next Tuesday.

Tension in the GOP

To be sure, there are plenty of people
here like Frances Mathews, a crusty 63-
year-old retiree whose environmental phi-
losophy is encapsulated by the bumper
sticker her car once sported: "If You're
Hungry and Out of Work, Eat an Environ-
mentalist." But what is striking, says Bob
Gardner, the local GOP county chairman,
is "the tension in this community, even
within the Republican Party" over the
environmental issue.

That tension spells election-year trou-
ble for the GOP. The environment is
rapidly developing into a "wedge issue"
that threatens Republican candidates.

"I think we should be honest and
admit that our party hasn't done a very
good job on the environment," says former
Tennessee Gov. Alexander in an interview
here. "We would have been better off
identifying what we're for." Mr. Alexan-
der is the only GOP presidential candidate
to talk much about the environment,
though Sen. Robert Dole has raised it
selectively.

Democratic partisans smell blood.
Steve Jarding, of the Democratic Sena-
torial Campaign Committee, heavily credits
the environmental issue for January's
Democratic victory in Oregon's special
Senate election. And he says the issue is
popping up in states as diverse as Idaho,
Michigan and Georgia. Just yesterday,
congressional Democrats and Environ-
mental Protection Agency chief Carol
Browner attacked a new, watered-down
regulatory-overhaul proposal that Republi-
cans may bring to the House floor today.
Within hours, House GOP leaders were
considering jettisoning a provision of the
bill that environmentalists most oppose—
requiring federal agencies to review all
"major" regulations within five to nine
years or risk court challenges nullifying

A Holy Cause

So the question is, can the Republican
elephant paint itself green? More impor-
tant, do Republicans even want to paint
themselves green? Many of them came to
Washington determined to roll back envi-
ronmental and other regulations—to them,
a holy cause. Furthermore, spokesman
Gordon Hensley of the National Republi-
can Senatorial Committee argues that the
"war on the West" campaign theme that
the GOP used so effectively against Clinton
administration environmental policies in
1994 will resonate this fall as well.

So far, a majority of congressional
Republicans seem loath to go beyond sym-
bolic gestures.

A House Republican Conference memo
warned GOP members in the fall that "the
environmentalist lobby and their friends in
the eco-terrorist underworld" are working
to portray the GOP as "hostile to the
survival of every cuddly critter roaming
God's green earth." As antidotes, the
memo suggested Republican members of
Congress do such things as participate in
tree-planting ceremonies, pick up high-
way litter and "become active in your
local zoo." And do it fast — "before your
opponents can label your efforts 'craven,
election year gimmicks.'"

Most Republicans insist theirs is
merely a "perceptual problem," accord-
ing to GOP pollster Linda DiVall. They
argue that their overriding purpose is
common-sense reforms in such matters as
the Superfund and clean-air programs.

The GOP Contract With America didn't
even contain the word "environment." But
the contract did have sweeping lan-
guage calling for regulatory overhaul,
which inevitably meant cutting environ-
mental regulations. As a result, the House
passed bills requiring extensive cost-ben-
efit analysis of new environmental rules,
compensation when regulations lower
property values and a drastic reduction in

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Continued From First Page
wetlands protection, among other things.
They also attached to an Environmental
Protection Agency spending bill a string of
legislative riders blocking enforcement of
various clean-air and clean-water rules.

Cutting EPA Funds

Almost all major Republican initiatives
have run aground in the more moderate
GOP Senate or been vetoed by Mr. Clinton.
However, the continuing budget impasse
has cut funds for the EPA by 14%. And the
GOP majority persuaded the president to
sign legislation with a rider that makes it
easier for timber companies to cut trees in
"old growth" areas of national forests.

Though GOP legislative results re-
main spotty, the entire legislative culture
changed after the 1994 Republican sweep.
Colorado Democratic Rep. David Skaggs, a
staunch environmentalist, says he could
scarcely believe his ears when one House
appropriations subcommittee held its in-
itial meeting under the GOP majority early
last year. Ideas bandied around that day,
he reported to his constituents, included
transferring great tracts of national forest
land to private landowners, opening the
Arctic National Wildlife Refuge to oil
exploration, ending all federal energy-con-
servation programs and terminating all
land purchases for national parks, wilder-
ness areas and wildlife refuges for five
years.

In entertaining such ideas, drawn from
testimony that day by such conservative
think tanks as the Cato Institute, the
Heritage Foundation and Citizens for a
Sound Economy, the Republicans appar-
ently frightened many voters. As Ms.
DiVall summed it up in a December memo
to industry: "Most disturbing is that
55% of all Republicans do not trust their
party when it comes to protecting the
environment."

Now some Republicans, including presi-
dential candidates, are scrambling to
reposition themselves.

Everglades Restoration

Here in Colorado, Mr. Alexander por-
trays himself as "a champion of the great
American outdoors" — an artfully crafted

phrase that seemed designed to appeal, not
only to environmentalists, but also to Na-
tional Rifle Association members and
sportsmen's groups like Ducks Unlimited,
which tries to preserve duck habitat.
Kansas Sen. Dole, fighting for delegate-
rich Florida, has proposed a \$200 million
measure for Everglades restoration; it
recently cleared both houses of Congress.
(The Clinton administration has proposed
spending more than twice that amount.)

The two other major GOP presidential
contenders have shown little enthusiasm
for the green agenda. Patrick Buchanan
favors eliminating the Endangered Species
Act and opening the Arctic National Wild-
life Refuge for oil drilling. Steve Forbes
backs construction of new nuclear power
plants in the U.S. and questions federal
measures to restrict greenhouse-gas emis-
sions because they are based on "global-
warming theory which is unproven."

But the GOP Senate appropriations
committee is preparing to restore as much
as \$5 billion to environmental and other
high-priority domestic programs. And
New York Republican Rep. Sherwood
Boehlert, a strong supporter of the envi-
ronment, says the number of GOP votes for
legislation rolling back environmental
laws is dwindling. He has hosted a series of
"Green Eggs and Ham" breakfasts during
the past year, bringing environmental
lobbyists and moderate Republicans to-
gether in his office to munch bagels and
plot ways to block antienvironmental
measures.

House Speaker Gingrich, leader of
the Republican revolution, himself dis-
plays streaks of green at times. A member
of the Sierra Club from 1984 to 1990, he has
been a supporter of the Endangered Spe-
cies Act in the past. After a House com-
mittee passed a bill significantly narrowing
that law, the speaker informed Chairman
Don Young, an Alaska Republican, that he
wouldn't permit the measure to go to the
floor. Mr. Gingrich is now trying to broker
a compromise. Just yesterday, he held a
news conference with GOP lawmakers at
Sterling Forest, a large tract in New Jersey
and New York, touting efforts to protect
this "environmentally sensitive water-
shed."

But Mr. Gingrich remains a scourge of
the EPA and has called federal environ-
mental policies in general "absurdly ex-
pensive" and likely to allocate money on
"emotional and public-relations
grounds."

Despite some GOP moderation, the
dominant mood among Republican legisla-
tors remains strongly antienvironmental-
ist, particularly in the House. Recently
Rep. Helen Chenoweth, a Republican fire-
brand from Idaho, attacked Clinton admin-
istration environmental policy as "a gov-
ernment-sponsored religion" based upon
"New Age mysticism, Native American
folklore and primitive Earth worship."

Low Marks on Scorecard

When the League of Conservation
Voters, the environmental movement's po-
litical arm, issued its scorecard for the past
congressional session, it gave a record 135
legislators "zero" rankings. All but one
were Republicans. The League of Conser-
vation Voters hopes to raise and spend
nearly \$2 million in House and Senate
campaigns this fall. "The environment
hadn't been a partisan issue, but the
Republican leadership has made it one,"
League President Deb Callahan says.

The League of Conservation Voters and
the Sierra Club, spending \$215,000 and
running attack ads, weighed in heavily on
the side of Democrat Ron Wyden in Ore-
gon's special Senate election. Mr. Wyden
won by less than 20,000 votes; environmen-
tal groups claimed to have turned out as
many as 50,000 votes for him. The Sierra
Club also will pour money into fall races.

Oregon will again be an environmental
battleground when its voters pick a suc-
cessor to GOP Sen. Mark Hatfield, who is
retiring. So will Colorado, where Republi-
cans must defend the open seat of GOP
Sen. Hank Brown, also retiring.

Here in Colorado, the environmental-
ist particularly the issue of urban sprawl—

promises to be a top election issue. The
battle lines between the two parties could
scarcely be more sharply drawn.

One leading contender for the Colorado
GOP Senate nomination is Rep. Wayne
Allard, whose 1995 House votes drew a
score of eight of a possible 100 from the
League of Conservation Voters. Among
other things, Mr. Allard supports a pro-
posal that could turn about 270 million
acres of Federal Bureau of Land Manage-
ment land — an acreage more than two
times the size of California — back to the
states, at state option. Colorado Sen. Ben
Nighthorse Campbell, a Democrat-turned-
Republican, vows the proposal will pass
"over my dead body."

The other leading GOP contender is
state Attorney General Gale Norton, who
worked under the controversial James
Watt — later to become President Reagan's
Interior Secretary — at Denver's Mountain
States Legal Foundation. The foundation,
the legal spearhead of the "wise use"
movement, challenges environmental regu-
lations and champions the rights of West-
ern landowners.

The two leading Democratic candi-
dates, according to a recent poll, are
attorney Tom Strickland, a former Sierra
Club volunteer, and Denver Councilwoman
Ramona Martinez. Mr. Strickland says he
is running against "the most environmen-
tally hostile Congress in a quarter-centu-
ry." Ms. Martinez argued in a recent
debate that "you can never go too far ...
to protect our environment."

Here in Colorado Springs, there is
no doubt how Mr. Gardner, the El Paso
County GOP chairman, will vote. But even
he worries about uncontrolled develop-
ment beyond the city limits. And he apolo-
gizes to a visitor for a still-healing open pit
that scars the foothills below Pikes Peak.
The pit is a leftover from gravel mining.

"Here I am, the leader of one of the
most conservative Republican Party or-
ganizations in the country," he muses.
"But I want to see that pit remediated."

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3/11/96

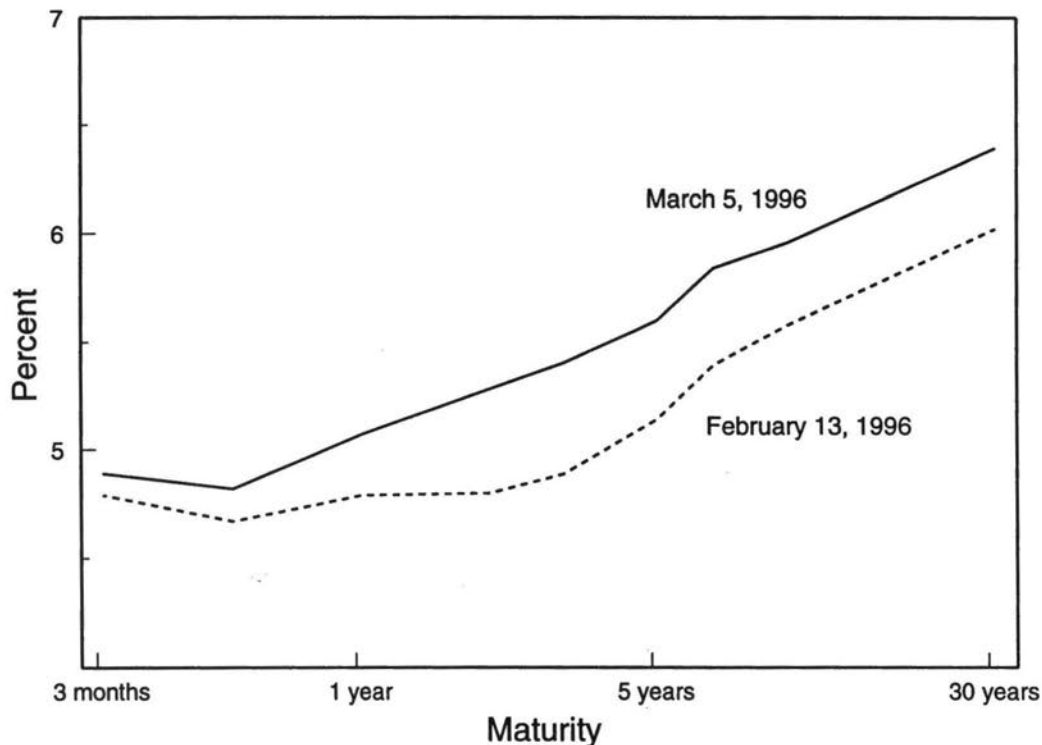
WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

March 8, 1996

CHART OF THE WEEK

The Treasury Yield Curve



The yield curve for government securities has rotated upward during the past month, as interest rates on securities with long maturities have risen by more than interest rates on those with short maturities. A possible reason for the upward tilt to the yield curve is the recent improvement in the outlook for the economy over the rest of this year. A Special Analysis in this issue of the Weekly Economic Briefing discusses the rise in long-term rates.

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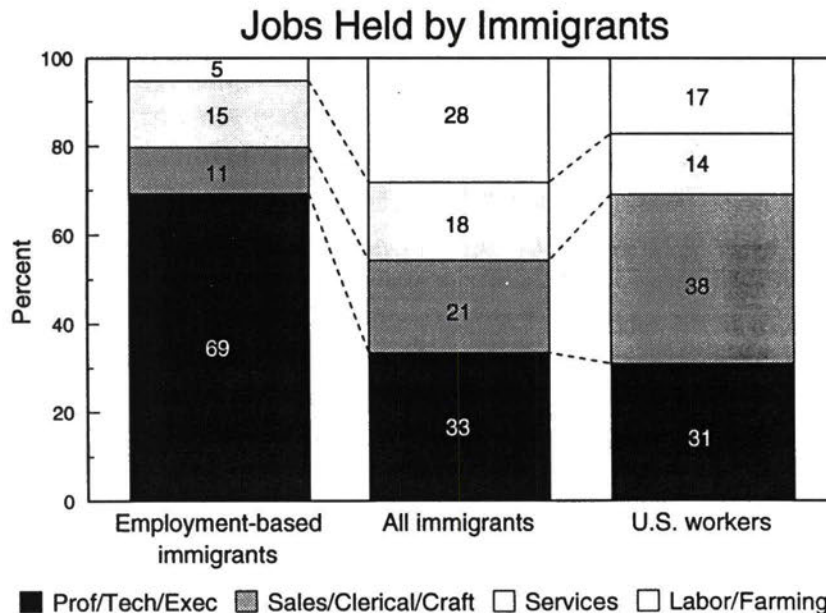
3/11/96

SPECIAL ANALYSIS**What Jobs Do Legal Immigrants Hold?**

Many Americans worry that immigrants take jobs—especially less-skilled jobs—away from those born in this country and exert downward pressure on wages. Employers, on the other hand, claim that legal immigrants admitted under the employment preference category actually create job opportunities for U.S. workers by providing complementary skills that are in short supply. In the face of these conflicting claims, Senator Simpson announced on Thursday that he would drop provisions from his proposed immigration bill that would have restricted legal employment-based immigration and required employers of these immigrants to pay a training fee.

Analysis. In 1994 the United States admitted a total of 580,000 legal immigrants between the ages of 16 and 64. Of these, 98,000 were admitted in the employment-based immigration category. This includes principals, whom the sponsoring U.S. employer hires, and their spouses and children.

Even including working spouses and children of principals, employment-based immigrants admitted during 1994 were more likely than U.S. workers to work in highly paid professional, technical, or executive occupations (see chart). This is in sharp contrast to all working legal immigrants, who as a whole tend to be less skilled than the national profile.



SPECIAL ANALYSIS

Did the Bond Market Anticipate the Employment Report?

The surge in employment for February confirmed what recent evidence had been indicating: economic growth during the first quarter will be faster than previously expected. Bond rates had risen by almost half a percentage point over the past month, sparking some concern households and businesses might restrain spending and dampen economic activity. To the contrary, it now appears likely that the rise in long-term rates reflected a strengthening of the economy during the current quarter and an improved outlook for the remainder of the year.

Analysis. With inflation expected to remain low and stable, the recent jump upward in long-term rates seems to reflect a rise in inflation-adjusted or real long-term rates rather than an increase in the premium for expected inflation. Several explanations for the apparent rise in real long-term rates have made the rounds in recent weeks, though none of them appeared able to completely explain the recent volatility in bond markets.

- Recent data had shown that growth in the current quarter is likely to be faster than had been expected and suggested an economic rebound later this year stronger than had been anticipated. A stronger economy makes it less likely that the Federal Reserve will ease short-term rates. The expectation of little or no further easing by the Fed could have led to the rise in long-term rates because such rates are an average of expected future short-term rates.
- Receding prospects for a budget deal may have led investors to expect a greater amount of future government borrowing in credit markets, forcing rates upward on long-term bonds. The timing of the initial increase and subsequent slight retreat in rates had followed closely the primary election fortunes of Senator Dole, which may have influenced investor perceptions of the likelihood of a budget deal.
- Long-term rates in Germany moved upward before U.S. rates, leading some to speculate that the rise in German rates was responsible for the rise in U.S. rates. Because interest rates among the G-7 countries often move together, it probably was not the case that U.S. rates simply followed German rates. Instead, rates in both countries (along with rates in other G-7 countries) may have risen in response to common factors affecting world financial markets.

The very strong employment report seems to confirm the view that the recent movement upward in long-term rates reflected an increasing belief that economic growth would be stronger than expected, both in the current quarter and later this year.

3/11/96

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

✓ **Study Projects Strong Hiring in Auto Sector due to Aging Population.** A recent study by researchers at the University of Michigan projects that an unprecedented rate of retirement within the aging auto workforce will result in large-scale hiring of new workers in the next few years. Although total employment in the motor vehicle industry is projected to decline, the study estimates that the Big Three (General Motors, Ford and Chrysler) automakers will hire up to 250,000 new workers between 1995 and 2003 as their aging workforce begins retiring in vast numbers. According to the study, 43 percent of workers in the automobile industry in Michigan were 45 years or older in 1993, compared to just 35 percent in 1980. Furthermore, almost 55 percent of hourly autoworkers in Michigan have over 20 years of service and are thus closing in on the 30 years needed to retire with full pension.

Computer Industry Goes Full-Circle: From Mainframes to PCs and Back Again! Ignoring early industry skepticism, California-based Oracle Corporation recently demonstrated a prototype of its Network Computer (NC). Unlike conventional PCs, which require increasingly large and fast hard drives, memory, and processing speed to store and run applications, the NC will download software when needed from central network "servers." Because the NC server would do all hardcore crunching, NCs will not need to be very powerful, meaning they also would not be very expensive: the prototype cost under \$300 to build, and the company hopes the NC will sell for just \$500. If such a system were to take off, it could provide an alternative to the Microsoft-Intel technology, since individuals would no longer need to buy powerful PCs or boxed applications. Interestingly, such a development would bring computer use full-circle: the advent of PCs meant the decline of mainframe-based systems, while the NC could lead to a new era in which, once again, individuals connect to central, powerful computers.

Looking More Like 9 Million Jobs Created. With the release this week of the employment report for February, official statistics now show about 8.4 million jobs have been created since the Administration took office. Counting the estimated increase of about half a million jobs in the forthcoming benchmark revision this June brings the total just shy of 9 million. Moderate economic growth from now through June should easily add an average of 100,000 jobs per month, giving a total likely to exceed 9 million once the revisions are made official.

INTERNATIONAL ROUNDUP

Mexican Labor Market Picks Up After 1995 Contraction. Mexico's dramatic economic downturn during 1995 resulted in a decrease of 7.5 percent in manufacturing employment and a contraction of 6.9 percent in GDP. Per capita earnings in the manufacturing sector also fell sharply, declining by nearly 13 percent in real terms. But conditions are improving. According to a broad measure of unemployment that includes those without jobs who have gone back to school or work in the home, the unemployment rate fell to 6.9 percent in December, down from a 2-year high of 10.1 percent in August. Since then unemployment has increased somewhat, to 8.0 percent in January. The peso devaluation has especially benefited the *maquiladora* export sector, whose contribution to output increased by 10 percent in 1995. Employment in this sector grew by 9.8 percent during the same period.

Chinese Government Announces 15-Year Economic Plan. Nearly 3,000 delegates met in Beijing this week to endorse a blueprint for economic reform through the year 2010. The annual legislative session is occurring at a time when China's economy is at risk of overheating following average annual real GDP growth of more than 11 percent over the past 5 years. Premier Li Peng has supported a slowdown in annual real GDP growth to 8 percent over the next 5 years, with inflation to be reduced from the current 15 percent to 10 percent. Eliminating China's current account deficit is another goal. The growing inequality of incomes across China's regions has become an important policy issue. Although China exhibited strong regional income convergence after the onset of market reforms in 1978, this trend has reversed itself in the past few years. The rapid growth of the coastal regions is now widening the inequality between the relatively rich coastal provinces and relatively poor interior regions. One policy option to counteract increasing regional inequality is to mandate fiscal transfers from the coast to the interior.

Economic Consequences of Colombian Decertification May Be Small. The cutoff of U.S. aid to Colombia may not have serious economic effects, although U.S. opposition could slow or stop as much as \$600 million in multilateral loans up for possible approval this year. The Colombian economy has been one of Latin America's best performers in recent years, growing by more than 5 percent annually since 1993 and set to expand by 4.5 percent this year. ~~Gross domestic investment is expected to remain strong, and now stands at roughly 23 percent of GDP.~~ Foreign direct investment (excluding the petroleum sector) amounted to roughly \$5.8 billion, or 8 percent of GDP in 1994; U.S. investors accounted for 60 percent of this total. The government has issued \$686 million worth of bonds in 1996, including a \$200 million issue of 20-year "Yankee bonds," which are dollar-denominated bonds issued in the U.S. by foreign governments. This made Colombia the first Latin American government to issue Yankee bonds of this maturity. Another sign of continued confidence in the creditworthiness of the Colombian government is the fact that rating agencies' gradings of Colombian debt were not changed as a result of decertification.

RELEASES THIS WEEK

Employment and Unemployment

****Embargoed until 8:30 a.m., Friday, March 8, 1996****

In February, the unemployment rate declined to 5.5 percent from 5.8 percent in January. Nonfarm payroll employment increased by 705,000, to 117.9 million.

Leading Indicators

The index of leading economic indicators decreased 0.5 percent in January to 100.2 (1987=100), following a 0.2 percent increase in December.

Productivity

Nonfarm business productivity decreased 0.5 percent at an annual rate in the fourth quarter of 1995. Manufacturing productivity increased 2.7 percent.

Domestic Auto Sales

Domestic autos were sold at an annual rate of 7.6 million units in February.

MAJOR RELEASES NEXT WEEK

Producer Prices (Thursday)
Industrial Production and Capacity Utilization (Friday)
Consumer Prices (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1995	1995:2	1995:3	1995:4
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	1.4	0.5	3.6	0.9
GDP chain-type price index	5.3	2.6	2.5	2.2	2.2
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	0.8	3.0	1.7	-0.5
Real compensation per hour:					
Using CPI	0.6	1.4	2.0	2.2	0.6
Using NFB deflator	1.3	2.2	3.2	2.4	2.4
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.2	10.2	10.2	10.3
Residential investment	4.5	4.0	3.9	4.0	4.0
Exports	8.2	11.1	11.1	11.1	11.3
Imports	9.2	12.5	12.8	12.5	12.3
Personal saving	5.1	3.3	2.9	3.2	3.6
Federal surplus	-2.7	N.A.	-2.2	-2.2	N.A.
	1970- 1993	1995	Dec. 1995	Jan. 1996	Feb. 1996
Unemployment Rate	6.7**	5.6**	5.6	5.8	5.5
Payroll employment (thousands)					
increase per month			145	-188	705
increase since Jan. 1993					8397
Inflation (percent per period)					
CPI	5.8	2.5	0.2	0.4	N.A.
PPI-Finished goods	5.0	2.2	0.6	0.3	N.A.

**Figures beginning 1994 are not comparable with earlier data.

New or revised data in **boldface**.

Employment and unemployment data **embargoed until 8:30 a.m., Friday, March 8, 1996.**

FINANCIAL STATISTICS

	1994	1995	Jan. 1996	Feb. 1996	March 7, 1996
Dow-Jones Industrial Average	3794	4494	5179	5519	5642
Interest Rates					
3-month T-bill	4.25	5.49	5.00	4.83	4.90
10-year T-bond	7.09	6.57	5.65	5.81	6.07
Mortgage rate, 30-year fixed	8.35	7.95	7.03	7.08	7.38
Prime rate	7.15	8.83	8.50	8.25	8.25

INTERNATIONAL STATISTICS

Exchange Rates	Current level March 7, 1996	Percent Change from	
		Week ago	Year ago
Deutschemark-Dollar	1.479	+0.6	+7.7
Yen-Dollar	105.3	+0.1	+15.9
Multilateral \$ (Mar. 1973=100)	86.58	+0.3	+5.1

International Comparisons	Real GDP growth (last 4 quarters)	Unemployment rate	CPI inflation (last 12 months)
United States	1.4 (Q4)	5.5 (Feb)	2.7 (Jan)
Canada	0.6 (Q4)	9.4 (Dec)	1.7 (Dec)
Japan	-0.2 (Q3)	3.4 (Nov)	-0.3 (Dec)
France	0.7 (Q4)	12.2 (Sept)	2.1 (Dec)
Germany	1.5 (Q3)	6.7 (Nov)	1.5 (Dec)
Italy	2.4 (Q4)	12.0 (Oct)	5.8 (Dec)
United Kingdom	1.9 (Q4)	8.6 (Dec)	3.3 (Dec)

U.S. unemployment data embargoed until 8:30 a.m., Friday,
March 8, 1996.

96 MAR 9 P 3 : 40

2508 Jackson Street
Bellevue, NE 68005
March 9, 1996

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President,

I am a taxpayer in Bellevue, Nebraska. My children attend Betz Elementary School. Several of their friends are from military families. We are a Military Impacted school district. As a parent, I am concerned and want the quality of education to continue for my three children. Please support our district with the necessary Federal support.

Our men and women in the military are defending this nation all over the world. We are educating many of their children. The least we can do is to fund their education. Please sign HR 3019.

Thank you,

Virginia K Corbin
Virginia Corbin
(taxpayer and Mom)
Bellevue, NE 68005.

3-9-96

To Dorskind ?

☒ Yes

☐ No

☐ Other

96 MAR 9 P3:40

3218 Reed Drive
Bellevue, NE 68005
March 9, 1996

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President,

I am a sixth grade teacher in Bellevue Nebraska, a tax payer and a widow whose husband served 25 years in the Military. We are a Military impacted school district. I have dedicated my life to teaching children. Please allow us to continue with the necessary Federal support.

Our men and women in the military are defending this nation all over the world. We are educating many of their children. The least we can do is to fund their education. Please sign HR 3019

Thank you,

Kay P. Corbin
Kay P. Corbin

Grade 6, Twin Ridge School
Bellevue, NE 68005.

Presidencia de la República

3-8-96

Handcarried

96 MAR 10 P 1:19

by Mark Middleton

3/10/96

Send to NSC?

☒ Yes

☐ No

Juan Carlos Wasmosy

PRESIDENTE DE LA REPUBLICA

February 29, 1996

Honorable President Bill Clinton
1600 Pennsylvania Avenue
Washington, D.C.

Dear President Bill Clinton:

We have met on only one occasion, the Summit of the Americas. It was with great pleasure that I spoke with you, but only briefly. It was also a great honor and pleasure to have the First Lady in Paraguay last year and I hope she was able to convey our hope of establishing a better and more complete relationship with the United States of America.

Mister President, the Republic of Paraguay is one of the youngest democracies in the world. We are one of the few countries that established a democracy with our own initiative and effort, not relying upon external forces or intervention. We acted with the support and consent of our citizens with the hope and expectation that the Republic of Paraguay would enter the world of democracies and free economies for once and forever. This occurred fully in the face of many decades of totalitarian rule.

In Paraguay, we have watched with great interest the political process in the United States of America. Your personal resilience, and that of your First Lady is most impressive. Your popularity and the peoples acceptance of your leadership is a tribute to your efforts to bring change and growth to your great country. Surely, the weight of bringing the changes necessary to lead your nation and the world into the next millennium is known to you.

Mister President, you must then know that eliminating the structures of the past is not easy and is certainly not without resistance. Overcoming the thinking of the past and the intransigence of its supporters is even more difficult for us, as we have changed from totalitarianism and act only with the strength of a democratic system energized by the will of our citizens. The only promise we can make to our people and the citizens of the world is that full participation in the political and economic processes of the world will secure for this nation the benefit of being an equal participant in the world. The benefit of that is being firmly established in the mind and



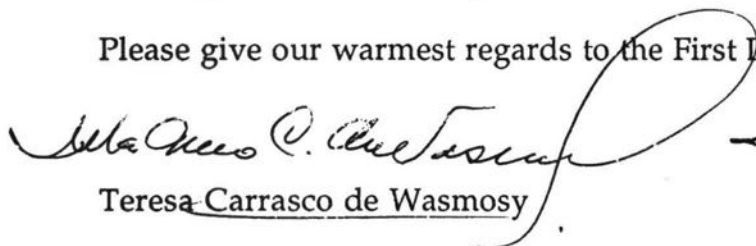
Juan Carlos Wasmosy

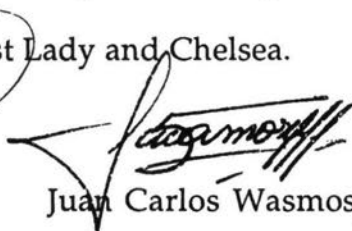
PRESIDENTE DE LA REPUBLICA

hearts of our citizens and their political leaders. The benefit to us as presidents of nations only comes in the stories our children will tell of our efforts to achieve for them a world we would have liked to inherit from our forefathers.

The Republic of Paraguay offers you its friendship and desires your understanding of our efforts to grow this nation through democracy.

Please give our warmest regards to the First Lady and Chelsea.


Teresa Carrasco de Wasmosy


Juan Carlos Wasmosy

✓ (D) **Quinn response on IRS record keeping.** Your question was prompted by WSJ report that the IRS historian resigned to protest IRS record keeping. The National Archives reported in December that IRS already has many elements of an acceptable records management program in place. But the report also found shortcomings and made recommendations. John Carlin has asked the IRS to submit an action plan by mid-March indicating how these recommendations will be implemented.

✓ (E) **Herman memo on corporate social responsibility.** Says she believes a CEO meeting on corporate citizenship "represents an enormous opportunity for you to clarify a vision of a new corporate social contract for the next Century." Alexis gave Laura Tyson a memo on her ideas regarding the substance of the conference, urging that it "provide an action-oriented agenda, provide measurable outcomes, reflect the human side of change." A paper Alexis wrote is attached.

(F) **Ann Lewis interview in Boston Globe.** "This is a year in which people want their president to be president. You don't find a lot of yearning out in the public for more politics, more campaigns."

✓ (G) **James Cramer article "Confessions of a Limousine Neoliberal."** Via Don Baer, from New York Magazine. "To my mind, the Democrats could and should be the party of Wall Street -- not the Wall Street of top hats and cigars...but the new Wall Street, which should be an engine of economic growth for the whole society, from the working poor to the folks laid off by AT&T. The way I've always seen it, the Democrats were the party to go to when you wanted to acquire wealth; the Republicans were your friend when you already had it."

We also received the following items:

✓ *Am have meeting in (bus stop) 7:15 PM (Kathy) watch this*
Rivlin note on March 8 meeting with D.C. task force. "We had a good, frank, cooperative meeting of the D.C. Task Force today with Mayor Barry, introduced Carol Thompson Cole (who will provide new energy for D.C. efforts) and released the report we sent you some weeks ago on D.C. Task Force activities."

✓ **McGinty memo on VERTAC Superfund site.** At a March 6 meeting in Jacksonville, Arkansas, EPA presented a new proposed remedy that would leave more of the waste on-site. The community was unhappy. EPA has assured us that it will work to satisfy the community's concerns, and modify the plan.

✓ **Myers memo on media coverage of women entrepreneurs event.** The January 29 photo-op with the National Women's Business Council and the Interagency Committee on Women's Business Enterprise generated good press coverage across the nation including: CNN, CBS, NBC, National Public Radio, all the top radio networks, The Wall Street Journal, The Washington Post, USA TODAY and regional newspapers. Your participation in the release of the report and your references to the contributions of women-owned businesses is much noted and appreciated by women.



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

March 7, 1996

96 MAR 7 P5:56

MEMORANDUM TO THE PRESIDENT

FROM: KATIE MCGINTY 
RE: VERTAC SUPERFUND SITE

There was a public meeting in Jacksonville, Arkansas yesterday at which EPA presented to the community a new proposed remedy for the VERTAC Superfund site.

The meeting did not go well and the community did not like the proposed new remedy, which would leave more of the waste on-site.

After much conversation with the Mayor, EPA's Regional Administrator has assured the community, EPA and us that we have invested too much in making the community happy to let this wound fester and that they will work with the community to satisfy their concerns. They will make changes in their proposed new plan.