Chron

through Staff Secy Peters

96 SEP 26 P3:29

NOACH DEAR
COUNCILMAN, 44TH DISTRICT

☑ District Office:
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THE CITY OF NEW YORK

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Zoning and Franchises

JIM DORSKIND:

Please coordinate
the reply.
with NSC

September 25, 199

PERSONAL AND ~~CONFIDENTIAL~~

Sandy Berger assisted in getting this meeting of Netanyahu per his request

Letter to President

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: OB DATE: 7/19/19
2019-0774-S

The President
The White House
Washington, DC 20500

Dear Mr. President:

I want to report to you on the meeting I had with Prime Minister Netanyahu. It reinforced what you told me regarding your feelings toward him, and I can tell you from my perspective as an outsider that it looks like a good relationship.

One of the things that came out in the meeting is that he definitely wants to cooperate with the United States and to develop a very good relationship with you. Moreover, he believes that you hold no animosity toward him, so there are no obstacles to the two of you getting along.

He also made clear that he will abide by all relevant peace agreements already in place. Please understand that he was elected because he opposed the previous government's peace policies. His support could fall out from under him, as there has already been criticism from people who backed his election regarding his meeting with Yassir Arafat and his abiding by previous agreements. We need to support him.

In the United States, the Jews who supported him are beginning to show disappointment with his policies and may step up the criticism. I told him I would work with poeple here to dispel some of the pressure. It is important from your perspective to understand the degree of help the Prime Minister needs from you.

Prime Minister Netanyahu is someone who comes from the diplomatic corps and understands how to work with others, including Arab countries. He did not rise from the typical channels of party, government and politics. He understands the need to compromise and can work with the Arabs' concerns in mind. Syria, however, must be challenged on the way it treats dignitaries such as Secretary of State Christopher, on the war of nerves it is conducting through its troop buildup, and on the continuing attacks by Hezbollah.

This may be the time for new blood on the Administration's team involved in negotiations to move the peace process along. Regarding Prime Minister Netanyahu's team, some of his staff members have been tainted by the media as hard-liners but most are actually reasonable and understanding. And while the Prime Minister relies on them for advice, he reminds me of the way you govern in that the final decision rests with him.

Because I have been involved in these issues for such a long time, I understand the Arabs' issues and they operate. I have always worked on bringing people together and I am available to help, even with the Arab countries as well.

Sincerely,

Noach

Noach Dear

In light of recent developments in Israel
I would love to take a shot in trying
to resolve the issues
It took a Nixon for China and a Reagan for
U.S.S.R. maybe I can help
Regards
Noach

THE PRESIDENT HAS SEEN
9.20.96

GS / Gene S / Mark

fyi — R

CENTER ON BUDGET AND POLICY PRIORITIES

September 4, 1996

ADDITIONAL INFORMATION ON THE PROPOSED CHILD TAX CREDIT

How the Proposal Differs from Earlier Proposals

Under the child tax credit that Congress passed in 1995, a family would receive a credit of up to $500 per child to be applied against the family's income tax liability. The child credit would be applied *before* the family's eligibility for the earned income tax credit was calculated.

Consider, for example, a married family of four that earns $23,650 a year (and neither itemizes deductions nor reduces its income tax by claiming the Dependent Care Tax Credit, which can be taken by families with out-of-pocket child care costs). This family currently owes $1,005 in income tax. Under the child tax credit that Congress approved in 1995, this family would receive a $1,000 child tax credit — $500 for each of its two children.

Under the Dole plan, however, the family's EITC benefit would first be subtracted from its income tax. This family qualifies for an EITC of $1,023. Subtracting its $1,023 EITC from its $1,005 income tax liability leaves no net income tax liability remaining.[1] The family would consequently be *in*eligible for the child tax credit under the Dole plan.

Yet this family would still owe a substantial amount in federal taxes. This family owes $1,809 in the employee share of the payroll tax. Its overall income and payroll tax burden — when the income tax, the EITC, and the payroll tax are all included — is $1,791. Despite the fact that the family pays this much in federal taxes, however, it would not qualify for the child tax credit because under the Dole plan, the child tax credit can be used only to offset income tax that remains after the EITC is applied — and can *not* be used to offset any part of the payroll tax. More than 70 percent of Americans now pay more in payroll tax than income tax.

[1] The EITC is a *refundable* credit, which means that if a family's EITC exceeds the income tax it otherwise would owe, the IRS sends the family a check for the difference. In this case, the family's EITC of $1,023 exceeds its income tax liability of $1,005 by $18. The family consequently would owe no income tax since its EITC would cancel out the income tax it otherwise would owe. The IRS would send the family a check for the remaining $18 in its earned income credit.

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Proposal	Pre-Tax Income	Income Tax	Payroll Tax	EITC	Child Tax Credit
Republican Budget Reconciliation Bill	$23,650	$1,005	$1,809	-$1,023	-$1,000
Dole Proposal	$23,650	$1,005	$1,809	-$1,023	$0

By contrast, the original version of the child tax credit, contained in the Contract with America, would have allowed the $500-per-child credit to be applied against a family's net tax burden from the income tax, the EITC, *and the payroll tax.* The Contract proposal would have allowed many families that owe no income tax after the EITC is considered but pay hefty payroll taxes to receive the child credit. This aspect of the Contract proposal was removed in the spring of 1995 by the House Ways and Means Committee to free up funds for the addition of a cut in the corporate alternative minimum tax.

Under the child tax credit that Congress passed in 1995, some 24 million low- and moderate-income children would have been denied the credit. Under the Dole proposal, the number of children ineligible for the credit due to low family incomes would rise to 28 million. No comparable data are available for the original Contract version, but the number of children ineligible under that version would be lower than 24 million.

At What Income Level Can Families Receive the Dole Child Credit?

Under the Dole budget plan, families do not receive the child credit until their income tax liability is greater than any earned income credit for which they qualify. The exact income level at which a family's income tax liability will exceed the amount of its earned income credit depends upon several factors:

- *How many members there are in the family.* A family with more children receives additional personal exemptions. In addition, a family with two or more children receives a larger EITC than a family with one child. As a result, larger families begin to have a net income tax liability at a higher level of income than smaller families do. Since a family would not qualify for the child tax credit unless it owed income tax, larger families would have to reach a higher level of income before they could receive the child tax credit than small families would.

- *Whether the family itemizes deductions or takes the Dependent Care Tax Credit to help defray a portion of child care costs it incurs.* If the family itemizes

The Dependent Care Tax Credit

The Dependent Care Tax Credit — or DCTC — is a provision of current tax law which helps families defray a portion of their child care costs. Depending on their income, families can receive a credit against their income tax for 20 percent to 30 percent of the first $2,400 in child care costs for one child and the first $4,800 in child care costs for two or more children. If the family also qualifies for the Earned Income Tax Credit, the DCTC is subtracted from the family's income tax liability before the EITC is applied.

Unlike the EITC, the Dependent Care Tax Credit is not refundable. It cannot be used by families that do not earn enough to owe income tax before the EITC is applied; it consequently is of no value to working families below the poverty line. In addition, if a family's DCTC exceeds the income tax it otherwise owes, the family can use only as much of the DCTC as is needed to reduce its income tax to zero. The IRS does not send the family a check for the unused part of its Dependent Care Tax Credit.

(because, for example, of high medical expenses) or takes the Dependent Care Tax Credit, it will not begin to owe income tax until its income reaches a higher level than the level at which families begin owing income tax if they neither itemize nor claim the Dependent Care Tax Credit.

Two other factors would affect the income level at which a family begins to qualify for the child tax credit under the Dole plan — the amount of the family's income tax and the amount of its EITC. If the EITC is cut, as the Congressional budget resolution proposes, the family will begin to qualify for the child credit at a somewhat lower level of income. (This is because if the EITC is smaller, a family will begin to incur a net income tax liability at a lower level of income.) On the other hand, if income tax rates are cut as Mr. Dole proposes, the family will begin to incur a net income tax liability — and hence will qualify for the child tax credit — at a somewhat *higher* level of income.

The following table shows the income levels at which different types of families would first begin to qualify for the child tax credit that Mr. Dole has proposed. This table does not assume changes in the EITC or income tax rates (see next section). All families in the table are assumed to take the standard deduction rather than to itemize.

	Family does not pay for child care.	Family pays $200 per month for child care.	Family pays $400 per month for child care.
Two-parent family of four.	$23,695	$25,160	$26,490
Two-parent family of five.	24,755	26,155	27,550

Families That Would Face Tax Increases Under the Overall Dole Budget Plan

The Dole plan includes the reductions reflected in the latest Congressional budget resolution. The resolution assumes $18.5 billion in EITC cuts through 2002. In addition, the Dole plan assumes a 15 percent across-the-board reduction in income tax rates.

To assess the combined effect of these changes, we calculated the income and payroll tax burdens, the EITC, and the child credit for families at different income levels under both current law and the Dole plan. For the Dole plan, the full 15 percent reduction in income tax rates is assumed to be in effect. To estimate the effects of the $18.5 billion in EITC reductions, we took the EITC reductions affecting families with children through 2002 in last year's budget reconciliation bill and reduced them proportionately so that these cuts, in conjunction with the elimination of the small EITC for very poor workers without children, would equal $18.5 billion over this period.[2]

The following table shows the results for various types of families that would suffer a net loss because their EITC cut would exceed the benefit, if any, they would derive from the child credit and the income tax rate cut. Most of these families would face a tax increase (i.e., the net amount they would owe the federal government in income and payroll taxes would rise).

These examples do not include any families that receive Social Security, which some working families get because one parent is permanently disabled. Under last year's budget bill, large additional EITC cuts would be imposed on low- and moderate-income working families that receive Social Security. The effect of that particular EITC reduction is not reflected in these tables; families affected by such a reduction would face larger losses than those shown here.

---

[2] Although Congress could achieve the EITC savings in a different manner than it followed in the 1995 reconciliation bill, Congress could not avoid making large numbers of working families with children worse off. The budget resolution calls for $18.5 billion in EITC savings. Since eliminating the EITC for very poor workers without children saves only about $4 billion, and the measures Congress approved last year to reduce EITC errors have already become law as part of the welfare bill, the EITC for working poor families with children would have to be cut more than $14 billion to achieve the $18.5 billion in savings.

Furthermore, the EITC cuts that Congress passed last year were designed so they would not affect the poorest working families. Under last year's proposed EITC cuts, most working families with children that have incomes below the poverty line would not be affected. The number of lower-middle-income working families made worse off under the Dole plan could be reduced somewhat by shifting some of the EITC cuts to poorer families. But that would simply make millions of other working families — primarily the working poor — worse off. And in so doing, it would push millions of working poor families deeper into poverty.

Family Type*	Income and Payroll Tax under Current Law, Including the EITC	Income and Payroll Tax under Dole Plan, Including the EITC and the Child Tax Credit	Amount the Family Loses	Amount of the Family's Tax Increase
Families Who do NOT pay for Child Care				
Two-parent family of four with income of $19,000.[3]	-$239	-$87	$152	—
Two-parent family of four with income of $21,500.	854	1,189	335	335
Two-parent family of five with income of $21,500.	472	864	392	392
Families Who DO pay for Child Care				
Two-parent family of four with income of $21,500 and $400 a month in child care costs.	172	609	437	437
Two-parent family of five with income of $25,000 and $400 a month in child care costs.	1,176	1,734	558	558

*All families are assumed to use the standard deduction.

How to Read the Table: Under current law, a two-parent family with two children that has income of $21,500 pays net income and payroll tax of $854. (In other words, the family's income and payroll tax minus its EITC equals $854.) Under the Dole plan, the family's net tax would rise to $1,159, resulting in a tax increase of $335. (This net tax increase would occur because the family's EITC would be cut $438 while the family would fail to qualify for the child tax credit and would have its income tax reduced only $103 by the change in income tax rates.)

The next table provides additional information. It shows the income ranges in which families would be net losers as a result of the tax changes in the Dole plan. For example, under the Dole plan, a two-parent family of four with no child care costs would be worse off than under current law if it had income between $17,040 and $23,690.

[3] This family has a negative tax liability. Under current law, its EITC exceeds its combined income and payroll tax by $239.

Type of Family	Income Range in Which Family Loses
Families with two children.	
Two-parent families of four; no child care payments.	$17,040 — $23,690
Same family but with $200 a month in child care payments.	$17,040 — $25,155
Same family but with $400 a month in child care payments.	$17,040 — $26,485
Families with three children.	
Two-parent family with three children; no child care payments.	$17,040 — $24,750
Same family but with $200 a month in child care payments.	$17,040 — $26,150
Same family but with $400 a month in child care payments.	$17,040 — $27,505

How Many Children in High-income Families Would Be Ineligible for the Child Credit?

A precise estimate is not available of the number of affluent children who would not qualify for the child credit because their family's income is too high. In 1995, a group of House members developed a child tax credit proposal under which the child credit both for single-parent filers and for married couples filing jointly would begin to phase down when income surpassed $95,000. This version of the child tax credit proposal would have disqualified 3.1 million children from high-income families, about four percent of U.S. children.

The Dole plan differs from this earlier proposal in two ways. First, it sets the income level at which the child credit begins to phase down at $75,000 for single-parent filers and $110,000 for joint filers. Since most high-income children live in married-couple families — and the $110,000 threshold for such filers is higher than the $95,000 threshold under the earlier plan just described — this difference would reduce the number of affluent children disqualified under the Dole plan. On the other hand, the new Dole plan also would restrict eligibility for children whose families pay the alternative minimum tax. That would slightly increase the number of affluent children made ineligible under the Dole plan.

As a result of these changes affecting high-income families, the Dole proposal makes approximately five percent of children ineligible for the credit because of their family's affluence. Since the $75,000 and $110,000 thresholds are not indexed, this proportion would rise modestly over time. By contrast, the Dole plan makes 40 percent of children ineligible for the credit because their income is too low.

THE PRESIDENT HAS SEEN
9.20.96

18 Aug 96

September 10,1996

TO: Hillary Rodham Clinton

FROM: Mary Mel French MMF

This is my letter related to Bosnia. You realize Phil is kidding me about my advice to the President, but his advice is interesting. His address is:

Mr. Phil Herget
206 South 4th Street
Paragould, Arkansas 72450

Phil graduated from Georgetown University at nineteen and went on to get a law degree, there. He retired in 1978 a full Colonel, after a long military career with the Army.

Tony/Sandy
See par. 3
what are we doing
on the "positive
propaganda" front
BC

18 Aug 96

Dear Mel:

I trust your feet are now ok--ok, that is subject to the rule that once a person has passed age 35, everything that goes wrong makes at the very best a 95% recovery--never 100%. Clinton was on 60 Minutes tonight and was asked about certain negatives aimed at him and Hillary at the Republican convention. He did a masterful job in refusing to sink to the low levels of the Republicans whose remarks were highlighted. Incidentally, you need to get the paperback just published by Gene Lyons, Fools for Scandal. I am reading it now. It is an account of the whole Whitewater mess, pointing out the sleaze of the national media as well as the main Republican characters. It is interesting especially for people from Arkansas, and I think you would enjoy it.

The next time Clinton calls you in to ask your advice on what he should do, suggest that he should instruct the Army and enlist the aid of the allies there to initiate major radio and TV programs aimed at the Serbs, Croats and Muslims, reminding them of their history of living peacefully together, highlighting various sacrifices one group has made for the benefit of another and in short fully counter the propaganda that was used to set the three groups at eacn other's throat. It was essentially radio propaganda sponsored by Milosevic's Serbian government that in time convinced Serbs that Muslims were feeding Serb babies to lions at the zoo etc. The Croat leader did much the same to set Croats vs Serbs living in Croatia. If propaganda sponsored by a government can turn civilized people into ethnic cleansers, surely the same media can be used to undo the evil and promote civility and peace. Such a program could be initiated without fanfare (Our Army has an element that is supposed to spedcialize in this, but Clinton might even call on some of the Republican experts who have long experience in propagandizing hate, so should know how to use the media to arouse emotions, even if 180 degrees from hate). Such a program would be relatively inexpensive and could help materially in easing tensions so as to bring his Bosnia initiative to a resounding successful ending.

ME starts back to volunteering at the hospital this coming Tues. She and the others have been off during the summer, relieved by candy-stripers. She dreads arising at 0500 hours to get to the hospital by 0645. You might want to call the weather bureau and tell them that we have not had our share of rain for some time now. It caused a lot of my tomatoes to crack and takes up a lot of time for watering. The new courthouse across the street is coming along fine. They recently put up the outside lights so it wont be long before they start landscaping, I think. Not much else at the moment.

As ever,

SEP-12 96 SEP492 FROM2WOMENFROMFIOEENS-OFF1202-456-73102-456-731TO:66244 TO:66244 456-731 PAGE:02 PAGE:02

13 '96 02:14PM SQUIER KNAPP OCHS COMMUNICATIONS P.2

Sep-11-96 08:41 P.02

Hilary Hill

Fyi — BG

Michigan TV Ad

THE PRESIDENT HAS SEEN
9-20-96

Right to Life
Partial Birth
TV-30 seconds

VIDEO	AUDIO
Various shots of infant in crib	MUSIC: SOFT PIANO FEMALE ANNOUNCER: In America if a child is born head first and her life is taken it's a crime. But with partial birth abortions, babies are turned around, born up to the neck, and their lives are ended. That's why Congress voted to make partial birth abortions illegal unless the mother's life was at risk. But President Clinton vetoed this bill and he was supported by Carl Levin.
"Call Congress at 1-800-862-3524" "Right of Life of Michigan (copyright symbol-1996"	Now only one voice can turn this around. Yours.

fyi

Melanne Verveer

The "partial birth" war is on over the upcoming vote

10/27/00 17:36 FAX

H.R. 1833 would devastate *families like ours.*

The Stella Family

My husband and I were excitedly awaiting the birth of our third child when prenatal testing late in my pregnancy diagnosed nine major anomalies. The little boy we named Anthony had no brain and no chance at life. The doctors told me that, because of the pregnancy's complications and my diabetes, carrying the pregnancy to term threatened my health and future fertility.

We were heartbroken. We looked everywhere for a miracle, but there was none. Finally, we made the difficult decision to end the pregnancy.

I was able to become pregnant again, and recently gave birth to a beautiful son, Nicholas. If Congress had banned the safe abortion procedure I had, this little boy might not be here today.

— Vikki Stella

When my daughter, Erica, was six months pregnant, we learned that her baby suffered from major, fatal anomalies. As a practicing obstetrician for 35 years, I knew that neither I nor any other doctor could fix what was wrong – and that the most important thing was my daughter's health.

I understood the danger Erica faced, and I personally reviewed the evaluations of three different specialists. Based on their medical advice, Erica terminated her pregnancy.

When I discovered that Congress was trying to ban the abortion procedure that protected Erica's health, I was outraged. As a loving father, and as a physician, I know Erica made the right decision.

— Dr. Walter Fox
Fellow, American College of Obstetricians and Gynecologists

Protect our *families.*

President Clinton demonstrated real compassion for families like ours when he vetoed H.R. 1833. Now it's time for Congress to demonstrate that same compassion by upholding the President's veto.

Congress needs to understand – this profoundly moral and ethical decision belongs with a woman, her doctor and her family, not her Member of Congress.

Sustain the President's veto of H.R. 1833.

American Association of University Women • American Civil Liberties Union • Center for Reproductive Law and Policy • National Abortion and Reproductive Rights Action League • National Abortion Federation • National Women's Law Center • People for the American Way Action Fund • Planned Parenthood® Federation of America • ProChoice Resource Center • Religious Coalition for Reproductive Choice • Society of Physicians for Reproductive Choice and Health • Women's Legal Defense Fund

THE PRESIDENT HAS SEEN
9-20-96

CS/Gene S/Ken A.
Interesting esp. p last pg
The 1500 is not true — most was
gas tax
$800 - 1/2 325 n ley

CENTER ON BUDGET AND POLICY PRIORITIES

September 4, 1996

TWISTED TALES: OVERSTATING THE TAXES THE TYPICAL HOUSEHOLD PAYS

By Richard Kogan

In recent weeks, a plethora of syndicated columns, campaign ads, and statements have broadcast a simple, quotable, and disturbing message — taxes have climbed so high in the past few years that the typical family now pays about 40 percent of income in taxes.

For example, in May, the Republican National Committee issued a press release contending "the average family pays 38.2 percent of its income in taxes," a claim reported as fact by Charles Krauthammer in a column on August 23. Three days before Krauthammer's column, James K. Glassman wrote in his *Post* column that the typical family pays more than 40 percent of its income in taxes, citing the Tax Foundation as his source. In addition, at an August 21 press conference held by Women for Tax Reform to unveil a series of anti-Clinton ads, an organization spokeswoman stated that because of this 40 percent tax bite, "an average earner of $30,000 a year gets only $18,000 instead."

These claims are inaccurate. The typical family does not pay anything close to 40 percent of its income in federal, state, and local taxes. A figure of 27 percent is more accurate. Similarly, a family making $30,000 does not pay anything close to $12,000 in taxes. Even the wealthiest one percent of the population — people with incomes averaging $650,000 a year — do not pay as much on average as 40 percent of their income in taxes.

Claims that the average family has seen its taxes rise $1,500 in the past few years also are off base. These various charges appear to be based on one or more of a series of errors and misuses of data.

- Some of the contentions about high tax burdens appear to have been based not on CBO or OMB data on tax collections but on a series of Commerce Department data on government receipts that includes Medicare premiums and certain intragovernmental trust fund transfers as receipts. Those who use the Commerce Department data to claim *tax* burdens are inordinately increasing are counting Medicare premiums and other non-tax receipts as though they were taxes without explaining they are doing so. When more people age and enroll in Medicare, this approach makes it look as though the government has raised the typical family's taxes.

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- Virtually all of the inaccurate or misleading claims use *average* tax burdens as though they represented the amount of tax that a typical family pays. If four middle-income families pay $3,000, $4,000, $5,000, and $6,000, respectively, in taxes, and one very wealthy family pays $82,000 in taxes, the *average* tax paid by these five families is $20,000 ($100,000 in total taxes divided by five families). But four of the five families pay $6,000 or less.

  When average tax burdens are presented as the amount that the "average family" or "typical family" pays, the larger taxes that the wealthy pay are used to make the taxes paid by average or typical middle-class families look much larger than they really are. This is why virtually all analysts without a political axe to grind use the tax burdens of the *median* family (the family in the middle of the income spectrum) rather than average tax burdens when describing the level of taxes that typical middle-class families owe.

Recent Statements About Tax Levels

1. The average family pays 38.2 percent of its income in taxes... (RNC news conference, 5/8/96)

2. Americans on average pay the government at all levels 38 cents on every dollar earned in taxes. (Charles Krauthammer, Washington Post, 8/23/96, page A21.)

3. Total taxes as a percent of income: 34.8% (Tax Foundation, Special Report, 4/15/96, page 4)

4. Currently, the typical family (two parents, two children) pays more than 40 percent of its income in taxes (federal, state, local) according to the Tax Foundation. (James K. Glassman, Washington Post, 8/20/96, page A17.)

5. The federal tax burden under Mr. Clinton stands at 20.5 percent of gross domestic product, the highest it has been in the post-World War II era. (Donald Lambro, Washington Times, 9/2/96, page A17.)

6. We're the ones who see 40 percent of our wages disappear before we get our paycheck. That's what the combined tax bite now represents. That means that an average earner of $30,000 a year gets only $18,000 instead. (Francis B. Smith, *Women for Tax Reform*, Statement at National Press Club, 8/21/96, announcing a series of anti-Clinton adds.)

7. A 15% tax cut is a pay raise of more than $1,600 per year for the average American family. (Dole/Kemp press release, 8/20/96.)

Using averages rather than medians overstates the income of the typical American household by 36 percent. It overstates the proportion of income it pays in federal income tax *by 71 percent.*

Issues Concerning Average Tax Rates

Recent statements create the impression that average families and typical families pay about 40 percent of their income in taxes. In fact:

- CBO and OMB data indicate that total taxes constitute 29.8 percent of total income, not 38 percent or 40 percent. Thus, average tax burdens are 29.8 percent, rather than being close to 40 percent.

- This 29.8 percent figure is slightly higher than it otherwise would be because of the current, unusually high level of corporate profits and capital gains realizations. These high levels of profits and capital gains realizations result in more tax collections, but CBO expects these levels to subside in the years ahead. For these reasons, CBO forecasts that the average tax rate will decline slightly under current law between now and 2002.

- Furthermore, this 29.8 percent figure is an *average*, not a *median*. The tax rate paid by median or typical households — those exactly in the middle of the income spectrum — is lower than the "average" tax rate because the average rate includes the higher tax rates the very wealthy pay. That Bill Gates, Ross Perot, and Malcolm Forbes pay federal income taxes at higher rates does not mean the typical American does. The typical or median household now pays about 27.3 percent of income in federal, state, and local taxes.

- Furthermore, if tax rates are increased on only the wealthy, average tax rates rise, but the tax rates that typical Americans face do not. This is another area where data on average tax burdens can be used in a misleading fashion. For example, if the federal income tax paid by four middle-income families remains unchanged, while the income tax paid by a wealthy family rises $7,500, the average tax burden for these five families has increased $1,500 ($7,500 divided by five families). But to claim the typical family or average family has shouldered a $1,500 tax hike would be misleading. This is another illustration of why median rather than average tax rates and tax burdens should be used in such circumstances.

- The figures cited here include state and local taxes as well as federal taxes. Nearly all of the increase in total taxes since 1980 has been in state and local taxes, not federal taxes. Federal tax rates are *not* the highest in history, or even in peace-time history, although state and local tax rates are at their historical peak. Most of the recent attacks on high tax levels imply that federal taxes have risen sharply.

What is the Average Tax Rate?

The average tax rate that Americans pay is determined by a simple calculation — one divides the total taxes that Americans pay by the total national income. The average tax rate is therefore the same percentage as "revenue as a share of the economy" or "revenues as a percentage of the Gross Domestic Product (GDP)."

Data on average tax rates are available from CBO and OMB. CBO publishes data for federal revenues; OMB publishes estimates for state and local revenues. Here is what the historical data show:

Table 1: Average Tax Rates
(Revenues as a percentage of GDP)

Fiscal Year	Federal	State/local[1]	Total
2002 (current law projection)	18.5%	10.8%*	29.3%
1996 (est.)	19.1	10.8*	29.8
1995	18.9	10.8	29.6
1986	17.6	10.4	28.0
1982	19.2	10.0	29.2
1981	19.7	9.7	29.3
1980	19.0	9.8	28.8
1969	19.7	9.3	29.1
1990-99 avg (est.)	18.4	10.7*	29.1
1980-89 avg	18.4	10.2	28.5
1970-79 avg	18.0	10.3	28.3

NOTES: Figures may not add due to rounding. Federal revenues as a percentage of GDP are from CBO's *Economic and Budget Outlook*, May 1996, pages 37 and 137. State and local revenues as a percentage of GDP are determined by dividing tax levels from OMB's *Historical Tables*, January 1996, p. 256, by GDP levels as published by CBO. (CBO's GDP estimates are used because they reflect the revision to historical GDP estimates completed by the Bureau of Economic Analysis after publication of the OMB tables.)

* No nationwide projections of state and local revenues exist, so for the purposes of this table they are assumed to remain at the 1995 rate of 10.8 percent.

As these data indicate, average federal taxes are not at the highest level in history. Moreover, CBO projects a decline in average federal tax rates even without changes in current tax law. One reason is that the CBO data show an abnormally high level of corporate income tax receipts in 1995 and 1996, based on abnormally high

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[1] Data on state and local tax receipts are collected by the Department of Commerce on a "National Income and Product Accounts," or NIPA, basis. Tax accounting methods vary so greatly among states that it is necessary to use NIPA data to achieve consistency among states, even though the NIPA methodology may include some receipts that are not tax revenue and thus may overstate state and local tax levels.

corporate profits. CBO expects corporate profits to return to more normal levels in the future.

CBO projects average federal tax rates of 18.5 percent of GDP by 2002. This level is only modestly higher than the average of the last two decades and is lower than the average tax burden was in many past years. (It also should be noted that the federal deficit for 1996 is projected to be 1.6 percent of GDP. This is lower than the 1970s average of 2.1 percent of GDP and much lower than the 1980s average of 4.0 percent of GDP.)

Most important for purposes of this analysis, Table 1 shows that average tax rates are not 38 percent to 40 percent, but about 29.8 percent. This raises a question — where do the 38 percent or 40 percent figures come from? None of the individuals or organizations that have cited these figures in recent weeks have provided an explanation for their figures. Those citing such figures appear to have made one or more of the following types of errors.

- ***Counting Medicare premiums and other items as taxes.*** A number of conservative outlets are relying on tax analyses by Bruce Bartlett, a staff member of the conservative National Center for Policy Analysis and a Dole advisor. Bartlett does *not* use the standard definition of federal tax revenues that the Congressional Budget Office and the Office of Management and Budget use. Instead, he relies on estimates of government receipts published by the Commerce Department.

  The Commerce Department data, however, include as government receipts two large items (among others) that are *not* tax revenues. The Commerce data include as revenue the premiums that most elderly people choose to pay to purchase Medicare Part B (physician insurance) from the government. This is no more a tax than any other voluntary purchase, and neither CBO nor OMB treats the income from these premiums as tax revenue. (Since the Medicare bill that Congress passed in 1995 would have increased Medicare premiums, and the bill's supporters said they were not raising taxes, most of them apparently do not consider Medicare premiums a tax, either.)

  The Commerce data also includes as a government receipt the amounts transferred from the Treasury to the Civil Service and Military Retirement Trust Funds. This intra-governmental transfer is a bookkeeping device, not a tax. Neither CBO nor OMB treats it as a tax.

  Using these Commerce Department data as a measure of taxes the federal government collects results in an estimate of total receipts that is substantially higher than the tax revenue figures that CBO and OMB uses. It also produces an estimate that is growing more rapidly than the CBO and OMB data on tax collections. These Commerce Department data are now being used in some quarters to make it appear as though tax burdens are higher and growing more swiftly than is the case.[2]

- ***Some analyses miss income and consequently overstate taxes as a percentage of income.*** If income is understated, taxes as a percentage of income will be overstated. CBO data show that total federal taxes equal 19.1 percent of national income in 1996. At the same time, CBO's estimates of federal tax rates for different types of families at different income levels appear to yield a higher figure for taxes as a percentage of income.

  This seeming anomaly occurs because analyses of tax rates for particular types of families do not rely on aggregate estimates of national income, but rather on reported income from IRS and Census reports. It is well known that the IRS and Census data miss a significant amount of income — some people do not fully report their incomes on these surveys or on their tax returns. That these IRS and Census data understate income is accepted by virtually all reputable analysts, regardless of their political leanings.

  A Tax Foundation estimate that the average federal, state, and local tax rate is 34.8 percent appears to be based on the data for particular types of families — that is, the data that are characterized by significant underreporting of income. The Tax Foundation estimate is five percentage points higher than the 29.8 percent figure cited above based on the CBO estimates of national income — estimates that are *not* flawed by income under-reporting. CBO data also show that the average tax burden figure appears to rise about five percentage points when the less complete IRS and Census data on various types of families are used. This appears to be the source of the overstatement of tax burdens in the Tax Foundation report.

- *Some analyses use types of households that have higher income — and hence higher tax burdens — than the typical U.S. household.* For example, CBO data show that households with children average about $6,000 more in income than households without children. Households without children include many people who are just starting their careers and have small incomes or who have retired and have lower income as a result. It is not appropriate to apply tax figures for one type of household to all U.S. households.

[2] For a more detailed explanation of this issue, see Kathy Larin, *Taxes: The Highest in History?*, CBPP August 5, 1996.

To gain a sense of the degree of distortion in the increasingly cited figure that average Americans pay 40 percent of their income in taxes, consider the following. CBO data suggest that the average federal tax rate of the wealthiest one percent of the population — with average household income of $650,000 — is 26 percent. Data from the Institute of Taxation and Economic Policy suggest average state and local tax rates on the wealthiest one percent of the population may reach nine percent of income.[3] The total is 35 percent. Even the wealthiest one percent of Americans do not pay an average of 40 percent of their income in taxes.

Another way to see the degree of distortion in the 40 percent figure is as follows. In 1995, federal, state, and local revenues totaled $2,128 billion, according to CBO and OMB data. If the average tax rate were 40 percent, then total national income must have been $5,323 billion (since $2,128 billion is 40 percent of $5,323 billion). Yet total national income — GDP — was $7,181 billion in 1995. To claim the average tax rate is 40 percent requires overlooking more than one-fourth of the nation's income.

Averages are Not Typical

Even when computed accurately, averages can be used in a misleading fashion. In analyzing the earnings and taxes of typical middle-class families, one should use *medians*, not averages. (See the box.) The typical American household — one with

The Average American versus The Typical American

Consider a hypothetical example: four families with $25,000 in income each pay $5,000 (or 20 percent of income) in local, state, and federal taxes, and one wealthy family with $500,000 in income pays $180,000 (or 36 percent of income) in taxes. The *average* income of those five families is $120,000 — total income of $600,000 divided by five families. The *average* tax rate for these five families is 33 percent — total income of $600,000 divided by total taxes of $200,000.

Yet four of these five families have incomes of $25,000 rather than $120,000. Those four families pay 20 percent of their income in taxes, not 33 percent. In what sense is a family income of $120,000 and a 33 percent tax rate typical?

Those who use the average tax rate instead of the *median* tax rate, such as the Tax Foundation and others cited here, violate the standard approach that most analysts use and thereby exaggerate the proportion of income the typical family pays in taxes. In the example cited here, the median family — the family that falls in the middle, with half of the families earning more income and half earning less — pays 20 percent of its income in taxes, not 33 percent.

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[3] CBO and ITEP produce estimates of average tax rates by income category, including for the wealthiest one percent of the population. Those estimates are necessarily based on Census and IRS data, which is known to miss some income. If the resulting estimates are then adjusted proportionately to match CBO data on *total* national income, the figures cited here are obtained. Even if *not* adjusted, the CBO and ITEP tax rates reach 40 percent only for the wealthiest one percent of the population.

income higher than half of all households and lower than the other half — pays approximately 27.3 percent of its income in taxes. The *federal* tax rate for such a household, including *all* federal taxes, is approximately 16 percent.

The average tax rate equals total taxes divided by total income. The problem with data on average tax rates is that it gives disproportionate weight to wealthy people. By averaging Bill Gates, Ross Perot, and Malcolm Forbes in with the rest of us, an "average" overstates both the income of a typical American and the amount of taxes the typical American pays.

A sounder approach is to use the *median*, the point at which half the population has higher household income and half lower. Unfortunately, by using an average instead of a median and presenting it as representing the tax burdens of the "average family," various political organizations and columnists have fostered misleading impressions of the tax rates that typical families face, especially with regard to progressive taxes such as the income tax. This approach also *under*states the proportion of income the typical family pays in regressive taxes such as payroll and excise taxes.

The use of averages instead of medians overstates the income of a typical American household by 36 percent. It *overstates the proportion of income the typical household pays in federal income tax by 71 percent*. This approach also understates the rate of payroll and other federal taxes the typical family pays by 14 percent. Combining all federal taxes, use of average tax rates overstates the percentage of income that the typical household pays by 21 percent. Because state and local taxes are generally regressive, use of the average understates by eight percent the percentage of income that the typical family pays in state and local taxes .

Table 2: Typical vs Average Tax Rates
(Typical taxes are those for households with median income)

	Typical	Average
Household income	$35,536	$48,165
Federal tax rates	15.8%	19.1%
State/local tax rates	11.5%	10.8%
Combined tax rates	27.3%	29.8%

NOTES: Figures may not add due to rounding. Household income comes from CBO's 1995 tables on projected 1996 incomes. Those same CBO tables provide data on average effective tax rates for 1996 and averages for the third quintile of households (which is taken as a proxy for the median household). We adjusted the CBO tax rate figures proportionately so that the total (average) tax rate equals federal revenues as a percentage of GDP. Data on state and local tax rates come from a study by the Institute on Taxation & Economic Policy. This study shows income and tax rates by quintiles for all 50 states, the District of Columbia, and the U.S. average for 1995; we adjusted the rates proportionately so the total tax rate equals state and local revenue as a percentage of GDP. This table assumes that the incidence of state and local taxation did not change from 1995 to 1996.

Average Tax Levels, Median Tax Levels, and Tax Cuts

When proposals to cut taxes are discussed, the *average* tax cut is sometimes cited by tax cut proponents. But here, too, use of averages can distort the effects on typical households.

Consider the proposal to cut the federal individual income tax by 15 percent across the board. If a 15 percent cut had been fully effective in the current year, it would have reduced *average* federal taxes from 19.1 percent of income to 17.8 percent of income, a difference of 1.3 percentage points. A household with *median* income, however, would have received a tax cut equal to only nine-tenths of one percent of its income. Not only would a typical family have received a smaller tax cut in dollar terms than a wealthy family, but the typical family also would have had its taxes reduced less as a percentage of income.

A different way to make this point is to imagine a 15 percent reduction in payroll taxes instead of individual income taxes. If in effect in the current year, a 15 percent payroll tax cut would provide a smaller *average* tax cut than a 15 percent cut in income tax rates. But the typical household in the middle of the income spectrum would be $218 better off with the 15 percent payroll tax cut than with the 15 percent income tax cut. Only higher-income households would benefit more from the income tax cut.

These examples further illustrate the problems with using averages rather than medians when assessing the tax burdens of U.S. households and proposals to change the tax code.

Finally, the CBO data on federal tax rates in selected years shows that the median *federal* tax rate is currently much the same as it has been since 1977.

Responses to Misleading Claims

With the foregoing analysis as background, the misleading nature of the claims cited at the start of this paper becomes more apparent. Taken in order:

CLAIM: The average family pays 38.2 percent of its income in taxes... (RNC news conference, 5/8/96)

Americans on average pay the government at all levels 38 cents on every dollar earned in taxes. (Charles Krauthammer, Washington Post, 8/23/96, page A21.)

> FACT: A typical household pays 27.3 percent of its income in taxes, not 38.2 percent. Of that amount, 15.8 percent is federal taxes.

CLAIM: Total taxes as a percent of income: 34.8% (Tax Foundation, Special Report, 4/15/96, page 4)

> FACT: This figure is overstated because some income is not included in the calculations. Total taxes now average about 29.8 percent of income. In addition,

using an average includes the higher tax rates applicable to the very wealthy. Median-income households now pay approximately 27.3 percent of income in taxes.

CLAIM: Currently, the typical family (two parents, two children) pays more than 40 percent of its income in taxes (federal, state, local) according to the Tax Foundation. (James K. Glassman, Washington Post, 8/20/96, page A17.)

FACT: It is not clear that two parents and two children is a "typical" family. In any case, CBO data show that households with children (who have higher income than those without children), pay about two percent more of their income in federal taxes than all median-income households. It is very unlikely they pay state and local taxes at higher rates, since state and local tax rates generally *decrease* as income increases. Therefore, the typical family with children probably pays between 29 percent and 29.5 percent of income in total federal, state, and local taxes — two percentage points more than the median tax rate of 27.3 percent.

Who pays 40 percent of household income in federal, state, and local taxes? As discussed previously, even the wealthiest one percent of U.S. households pay an average of 35 percent of their incomes in taxes.

CLAIM: The federal tax burden under Mr. Clinton stands at 20.5 percent of gross domestic product, the highest it has been in the post-World War II era. (Donald Lambro, Washington Times, 9/2/96, page A17.)

FACT: The figure cited by Mr. Lambro is from Commerce Department data on federal receipts, including non-tax receipts. By characterizing this figure as representing the federal tax burden, Mr. Lambro unwittingly counts Medicare premiums and various intragovernmental transfers as taxes. As explained earlier, using these Commerce figures — instead of CBO data — to measure federal taxes produces misleading results that overstate both the level and the growth in taxes. The CBO data show that federal revenues are 19.1 percent of GDP, which is considerably lower than Mr. Lambro's figure and is not a post-war peak.

CLAIM: We're the ones who see 40 percent of our wages disappear before we get our paycheck. That's what the combined tax bite now represents. That means that an average earner of $30,000 a year gets only $18,000 instead. (Francis B. Smith, *Women for Tax Reform*, Statement at National Press Club, 8/21/96, announcing a series of anti-Clinton adds.)

FACT: Even if the average effective tax rate is 40 percent on some very wealthy subset of the population, it surely is not on those making $30,000 per year. Table 2 showed that tax rates on households making $35,500 per year are about 27.3

percent. The tax rate would be even lower — about 25.5 percent — for those making $30,000.

CLAIM: A 15% tax cut is a pay raise of more than $1,600 per year for the average American family. (Dole/Kemp press release, 8/20/96)

FACT: If a 15 percent cut in individual income tax liability is worth more than $1,600 to the average American family, the average American family must have federal income tax liability of about $10,700 (since 15 percent of $10,700 is about $1,600).

CBO tables show, however, that a household of median income has an average individual income tax liability of $2,165, not $10,700. Furthermore, a household with *average* income (which is higher than the median, as noted) has individual income tax liability of $5,389. Households with income between $75,000 and $100,000 have average income tax liability of $9,758. In reality, the "average American family" of this campaign press release probably has income between the 80th and the 90th percentile — that is, it probably has income higher than at least 80 percent of the U.S. population.

THE PRESIDENT HAS SEEN
9-20-96

CS/Gene S / MPenn
Except for Age limit we do better than they do –

CENTER ON BUDGET AND POLICY PRIORITIES

September 4, 1996

28 MILLION POOR AND LOWER-MIDDLE INCOME CHILDREN WOULD NOT QUALIFY FOR DOLE CHILD TAX CREDIT

Two of Every Five Children Would Be Ineligible for the Credit Because Their Family's Incomes Are Not High Enough

An analysis based on data from the Congressional Budget Office shows that under the child tax credit in the Dole tax proposal, 28 million children — or two of every five — would receive no child tax credit because their incomes are not high enough to make them eligible. The Dole proposal, which Republican Congressional leaders could bring up for consideration this month, denies the credit to four million children from lower-middle-class working families that would have qualified for the version of the child credit Congress approved last year.

The analysis finds that virtually all families with incomes under \$20,000 — and large numbers of families in the \$20,000 to \$30,000 range — would fail to qualify for the Dole version of the child tax credit.

- A family of four with two children that has no out-of-pocket child care costs would fail to receive the credit until its income exceeded \$23,695.[1]
- If the family had child care expenses, it could earn as much as \$26,490 and fail to receive the credit.
- Families that have more than two children — or have high mortgage interest or health care costs and itemize deductions — could have incomes close to \$30,000 and not qualify for the credit.

The families not eligible for the credit include many working families with incomes well above the poverty line. About half of all children made ineligible for the credit would be children in families above the poverty line, primarily children in lower-middle class families, while about half would be children living in poverty.

An additional six percent of children in lower-middle class families would qualify for only a partial credit — that is, a credit less than \$500 per child. As a result, a total of 46 percent of all children — nearly half — would receive no credit or only a partial credit because their family's incomes are not high enough.

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[1] All figures in this analysis are in 1996 dollars.

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Tel: 202-408-1080 Fax: 202-408-1056 center@center.cbpp.org http://www.cbpp.org HN0026

That nearly half of all children would not receive the credit or would get only a partial credit — including many lower-middle class children, as well as children in working poor families — has not been made clear in recent statements by the proposal's supporters. In his speech in San Diego during the Republican convention, Mr. Dole referred to the proposal as "a $500 per child tax credit for low- and middle-income families in America."

Under the Dole plan, a family could receive the child tax credit only if the federal income tax it owes exceeds the earned income tax credit it receives. (The EITC is a refundable tax credit primarily for low- and moderate-income working families with children.) By contrast, under the child credit that Congress passed last year, a family could receive the child credit if it owes federal income tax *before* the earned income credit is taken into account.

For example, under the Dole proposal, a family that pays $800 in federal income tax and receives a $900 EITC would not be eligible for the child credit. Under last year's Congressional proposal, such a family would have qualified.

Proponents of the Dole proposal may contend that families should not receive a child credit if their income tax liability is canceled out by the earned income credit. These families, however, pay large amounts of other federal taxes, especially payroll taxes. Joint Tax Committee data issued last year show that families with incomes below $20,000, virtually none of whom would qualify for the Dole child tax, will pay $241 billion in federal taxes between 1996 and 2000. Families below $30,000 will owe $644 billion in federal taxes during this period, with 90 percent of these tax payments coming from taxes other than the federal income tax, primarily the payroll tax.

How this Analysis Was Conducted

The Center on Budget and Policy Priorities assessed the effects of the proposed child tax credit, using unpublished data from the Congressional Budget Office. The data source and methodology are the same as those the Center used last summer in finding that 33 percent of children would be ineligible for the version of the child tax credit ultimately included in the 1995 budget reconciliation bill.

When the Center issued that analysis last summer, a spokesman for the majority staff of the House Ways and Means Committee confirmed the reliability of the Center's findings. As David Rosenbaum reported in *The New York Times*, when Rosenbaum pointed out the Center's finding to "a staff spokesman for the Committee," the spokesman "said at first he did not believe those statistics. After checking, he called back to say they were basically accurate."[1]

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[1] David Rosenbaum, "With Skepticism and Tax Cuts for All," *The New York Times*, July 2, 1995.

Under the original child tax credit featured in the Contract with America, many low-income working families that have no income tax liability but owe large amounts of payroll tax would have qualified for the child credit. Under the Contract, the child credit would have offset a portion of a family's payroll tax. To free up money for other tax cuts, however, the House of Representatives scaled back the child tax credit in early 1995 by eliminating the credit for working families that earn too little to owe income tax but have large payroll tax obligations. The Dole proposal further scales back the credit, making a still larger number of working families ineligible for it.

Millions of Families Would Face a Tax Increase

The overall Dole budget proposal of which the child tax credit is a part includes the budget cuts contained in the Congressional budget resolution that Congress approved this spring. The budget resolution assumes $18.5 billion in reductions over the next six years in the earned income tax credit for low- and moderate-income working families. As a result, under the Dole plan, millions of families would face a cut in one child-oriented tax credit — the EITC — while being denied the new child tax credit.

Many of these families also would benefit little, if at all, from the proposed 15 percent across-the-board reduction in income tax rates, since they owe little or no income tax.[2] *Those families that would lose more from the EITC cuts than they would gain from the child credit and the income tax rate reduction would be worse off.* Many of these families would owe *more* in total tax to the federal government when income and payroll taxes, the EITC, and the new child tax credit are all considered. In other words, they would face a tax increase.

- A two-parent family with two children that earns $21,500 and incurs no child care costs currently pays $854 in federal income and payroll taxes. (This figure reflects the family's net tax burden, after the earned income tax credit is subtracted from its taxes.) Under the Dole proposal, this family would owe $1,189 in income and payroll tax. Its taxes would *increase $335* as a result of the combined effect of the EITC reductions, the child credit, and the 15 percent income tax rate cut.[3]

- A two-parent family with two children that earns $23,500 and incurs child care expenses of $400 a month now owes $746 in income and payroll tax.

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[2] In addition, only a tiny fraction of these families would derive any benefit from the proposed capital gains tax cut. IRS data show that fewer than three percent of tax filers with incomes below $30,000 report any capital gains income.

[3] These figures include the employee share of the payroll tax.

Under the Dole plan, it would owe $1,252 in taxes. This would represent a $500-a-year tax increase.

Millions of moderate-income working families would be in this situation — that is, they would be worse off overall. Most of these families would face a tax increase. The income ranges in which families would be net losers as a result of the EITC changes, the child credit, and the 15 percent rate reduction in the Dole plan are shown below. (The accompanying Center analysis, "Additional Information on the Proposed Child Tax Credit," provides more information on this issue.)

Type of Family	Income Range In Which Family Loses[4]
Families with two children.	
Two-parent families of four; no child care costs.	$17,040 — $23,690
Same family but with $200 a month in child care costs.	$17,040 — $25,155
Same family but with $400 a month in child care costs.	$17,040 — $26,485
Families with three children.	
Two-parent family with three children; no child care costs.	$17,040 — $24,750
Same family but with $200 a month in child care costs.	$17,040 — $26,150
Same family but with $400 a month in child care costs.	$17,040 — $27,505

Far More Low- and Moderate-Income Children than High-Income Children Denied the Credit

Although 40 percent of children would be denied the child tax credit because their incomes are not high enough, only a very small percentage of children would be denied the credit because their incomes are *too* high.

The proposed child credit is sometimes described as being unavailable to single-parent families with incomes above $75,000 and married families with incomes above $110,000. That is not correct. Many families at higher income levels would qualify as well.

The $75,000 and $110,000 thresholds are the levels above which the full $500-per-child credit begins to phase down, *not* the levels above which families no longer qualify for the credit. Since the credit would phase down slowly, a married couple with children would qualify for a partial child credit until its income reaches about $150,000.

[4] Most families of these types with incomes below these levels would neither gain nor lose from the tax provisions of the Dole plan.

Families with incomes below that level would be ineligible only if they take so many tax deductions, credits, and other write-offs that they pay the alternative minimum tax.

As a result, only about five percent of children would be ineligible for the credit because their family's income is too high.[5] This contrasts with the 40 percent of children who would be ineligible because their family's incomes are too low.

Moreover, high-income families that would not qualify for the credit because their income exceeds $150,000 a year would nevertheless receive very large tax cuts. Large numbers of these families would benefit from the large capital gains tax cut in the Dole plan and the proposed extension to high-income individuals of tax breaks for deposits made in Individual Retirement Accounts. These families also would gain handsomely from the 15 percent income tax rate cut. While being ineligible for the child tax credit, these high-income families would, on average, receive much larger overall tax cuts than families at any other income level.

CHILDREN AND THE CLINTON CHILD TAX CREDIT

Large numbers of low- and moderate-income children also would fail to qualify for the Clinton child tax credit because their incomes are not high enough. To receive the child credit under the Clinton plan, a family must owe federal income tax before the earned income credit is taken into account. (As noted in the text, to receive the child credit under the Dole plan, a family must have income tax liability remaining *after* the EITC is subtracted. The child credit would not be refundable under either version.)

In this respect, the Clinton proposal is like the child tax credit that Congress passed in 1995. The Clinton child credit proposal differs, however, from both the Congressional and the Dole proposals in other respects.

First, the Clinton credit covers children through age 12 . The Republican proposals cover children up to 18. The number of children eligible for the credit is larger under the Republican plan as a result.

The proposals also differ in the extent to which they cover more affluent children. The Clinton child credit begins to phase down at $60,000 of income and phases out entirely at $75,000. The Dole credit begins to phase down at $110,000 for married filers and phases out entirely at $150,000. (The phase-out of the Dole credit starts at $75,000 for non-married filers with dependent children.) The income level up to which families could receive the child tax credit is twice as high under the Dole proposal ($150,000) as under the Clinton proposal ($75,000).

Finally, the overall Clinton tax plan includes no reductions in the earned income credit (other than the modest changes to reduce EITC errors that became law as part of the welfare bill). Accordingly, under the Clinton proposal, families could not lose more under the EITC changes than they would gain through the child tax credit.

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[5] The proportion of children ineligible for the credit because their family's income is too high would grow modestly over time.

Effects on Middle-Class Families

The overall effects of the plan on those middle-class families that would receive a tax cut are difficult to assess. The Dole plan requires $867 billion in budget cuts over six years to reach a balanced budget and pay for the tax cuts it proposes.[6] If the plan's highly optimistic assumptions turn out to be overly sanguine, as most economists expect, still deeper budget cuts would be needed.

The bulk of the federal budget other than defense and interest payments on the debt consists of benefits and services for middle-class households and, to a lesser degree, for low-income households. Under the Dole plan, many of these benefits and services would inevitably have to be cut back if the tax cuts are granted and the budget still has to be balanced.

Since the proposed tax cuts would disproportionately benefit high-income households while the budget cuts would necessarily affect primarily the middle class and the poor, many lower-middle and middle-income households could lose more in benefits and services from the budget cuts than they gain from the tax cuts. In addition, some reductions in federal grants to state and local governments could result in increases in state and local taxes, as state and local governments move to fill certain gaps created by the loss of federal funds. Unlike the federal tax system, state and local tax codes tend to be regressive — that is, they extract a larger share of the income of low- and middle-income households than of affluent households.

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[6] See Richard Kogan, "Budget Reductions Under the Dole Plan: Where and How Much," Center on Budget and Policy Priorities, August 1996. The $867 billion figure differs from the figure in documents issued by the Dole campaign. This is because Kogan uses the standard approach of measuring the size of the proposed cuts by comparing proposed funding levels under the Dole plan to the CBO "capped" baseline. For non-entitlement programs, the CBO baseline uses current funding levels, as adjusted for inflation in future years, except to the extent that the overall spending limits (or "caps") established by federal law constrain these programs to a lower level of funding. The documents issued by the Dole campaign measure the cuts in non-entitlement programs by comparing the funding levels Mr. Dole proposes for these programs to current funding levels with *no* adjustment for inflation for the next six years.

THE PRESIDENT HAS SEEN
9-20-96

CITY OF WATERVILLE

① Leon
I've never seen this
but we need to get update
to Mayor, Go ahead + write
[illegible] concern [illegible] + we can do —
② we need something we can do
We got the shirts + if worn (archives?)
& I can wear them —
Do pictures + send to
Mayor & Joe Brennan
BC

Ruth Joseph
Mayor

August 19, 1996

William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

The City of Waterville and I, as Mayor, want to thank you and the First Lady for your interest in Hathaway Shirt Co., Division of Warnaco, since the announcement on May 6, 1996, that Warnaco would be closing this prestigious, quality shirt-making plant. Hathaway Shirt was founded in Waterville, Maine, one-hundred fifty-nine years ago and presently employs about five hundred workers. The First Lady's remarks and comments to the media at the Maine Democratic Convention May 17, 1996, were much appreciated then and now.

We continue an upward battle to keep Hathaway Shirt operating and the workers working. Until now, because of an exclusive, due diligence agreement between the former Governor John R. McKernan; U.S. Senator Olympia Snowe; and Linda Wachner, President and CEO of Warnaco, progress has been negligible. Recently, however, there has been a flurry of activity as well as a dialogue with the City and the State. It seems no risks will be taken by the investors, but risks including the purchase of the building and equipment by the City will be requested by the McKernan Group, CFH Acquisition, Inc.

We welcome your continuing interest and any resources, advice or comments that might help the City of Waterville and Maine to achieve their goals of retaining jobs, keeping the Hathaway Shirt label as well as production in Maine, and continue to keep a top-quality dress shirt "Made in the U.S.A."

The Maine delegation to the Democratic National Convention in Chicago will all be wearing, on a specified night and time, Hathaway shirts, ties and an eye patch which for many years was the logo of the Hathaway shirt, called "The Man With the Patch". I will be sending to you, Mrs. Clinton, Vice-President Gore and Mrs. Gore, Hathaway shirts delivered by one of those delegates to one of your staff. We hope they are the right size and that you will wear them at the convention on the appointed day.

We thank you and the First Lady for all of your efforts and in particular those associated with Hathaway Shirt.

Sincerely,

Ruth Joseph

Ruth Joseph, Mayor
RJ/ls
c: Hilary Rodham Clinton

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 9/26/96

TO: Gene Sperling

FROM: Staff Secretary

Per your request.

Helen

THE WHITE HOUSE

WASHINGTON

March 9, 1994

MEMORANDUM FOR ALL CABINET SECRETARIES AND AGENCY HEADS

SUBJECT: EARNED INCOME TAX CREDIT DIRECTIVE

Last year, we fought for, and won, a major expansion of the earned income tax credit (EITC) through enactment of the Omnibus Budget Reconciliation Act of 1993. This credit will help millions of workers and is a cornerstone of our effort to reform the welfare system and make work pay.

We must ensure that all workers in America who are eligible to receive the EITC are made aware of the program and of the advance payment option. It has been estimated that approximately 2 million of those eligible for the EITC miss the opportunity to claim it because they do not even realize that the EITC is available to them. Furthermore, less than 1 percent of those who claimed EITC in past years took advantage of the advanced payment option, which would allow some participants to obtain up to 60 percent of their credit in their paychecks rather than waiting until the filing of their tax return to receive it.

In our own departments and agencies, we must begin to spread the word about the EITC and help eligible workers meet the day-to-day expenses of raising a family by claiming the advanced EITC. There are hundreds of thousands of workers within the executive branch alone who are potentially eligible for the EITC. Many personnel and payroll offices within your bureaus and agencies are not aware of the credit, and have not informed Federal employees about the possibility of obtaining the credit in their paychecks under the advance payment option.

You are directed to instruct all bureau heads, personnel, and payroll office managers in your purview to take measures, in cooperation with the Department of the Treasury, the Internal Revenue Service, and the Office of Personnel Management, to ensure that all potentially eligible employees are informed about the EITC and can claim it on an advance basis through their paychecks.

I also strongly encourage you and your bureau heads to join me over the next several weeks in incorporating these important EITC messages into speeches and presentations that you may be making before the public. Your efforts in your organization will complement an Administration campaign to promote the EITC with business leaders, members of Congress, State and local government leaders, and EITC eligibles. Through these actions, we hope to markedly improve the effectiveness of an already successful EITC program, rewarding work, and laying a foundation to end welfare as we know it.

William J. Clinton

cc: Stiglitz
Chron

EMBARGOED UNTIL 9/26/96 10:00 AM

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

THE PRESIDENT HAS SEEN
9-26-96

THE CHAIRMAN

96 SEP 25 P7:23

September 25, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Joseph E. Stiglitz JES

Subject: Income and Poverty Statistics for 1995

The Census Bureau will be releasing its annual report of income and poverty statistics for 1995 tomorrow at 10:00. These statistics are estimated from a supplement to the March Current Population Survey in which roughly 50,000 households are asked about their income last year.

The report indicates that household income rose dramatically, the fraction of the population living in poverty fell sharply, and income inequality fell. Moreover, gains in economic well-being were observed across a broad range of demographic groups. Specific findings include:

BROAD-BASED INCOME GAINS

- **Median household income increased by almost $1,000.** Income for the median household increased from $33,178 to $34,076 (2.7 percent) in 1995 dollars, the largest annual increase since 1986 (see figure 1).

- **Income gains for black and female-headed households were even larger.** After adjusting for inflation, median household income grew by 3.6 percent and 4.5 percent, respectively, for these two groups.

- **Midwestern households received largest gains.** In that region, median household incomes grew 7.2 percent after adjusting for inflation.

LARGE REDUCTION IN POVERTY, ESPECIALLY AMONG HIGH-POVERTY GROUPS

- **The poverty rate fell by 0.7 points.** In 1995, 13.8 percent of individuals lived in households with income below the poverty threshold, compared to 14.5 percent in 1994, the largest decline since 1984 (see figure 2). Coupled with last year's 0.6 point decline, the fall in poverty between 1993 and 1995 is the largest two year decline since 1973.

- **The percentage of children living in poverty fell by one point.** Although the poverty rate for children is still quite high at 20.8 percent, it was 21.8 percent in 1994.

- **The poverty rate for blacks fell 1.3 points.** For blacks, the poverty rate fell from 30.6 percent to 29.3 percent between 1994 and 1995.

REDUCTION IN INCOME INEQUALITY

- **Income inequality fell following two decades of growth.** This fall represents the largest annual reduction in the Gini coefficient, a standard index of income inequality, since 1968 (see figure 3).

- **Income gains for low-income households explains reduction.** Although households at all income levels experienced gains between 1994 and 1995, the 20 percent of households with the lowest incomes experienced almost a five percent increase (see figure 4). Income growth in 1994 was similarly broad-based with large gains at lower incomes.

Figure 1

Median Household Income

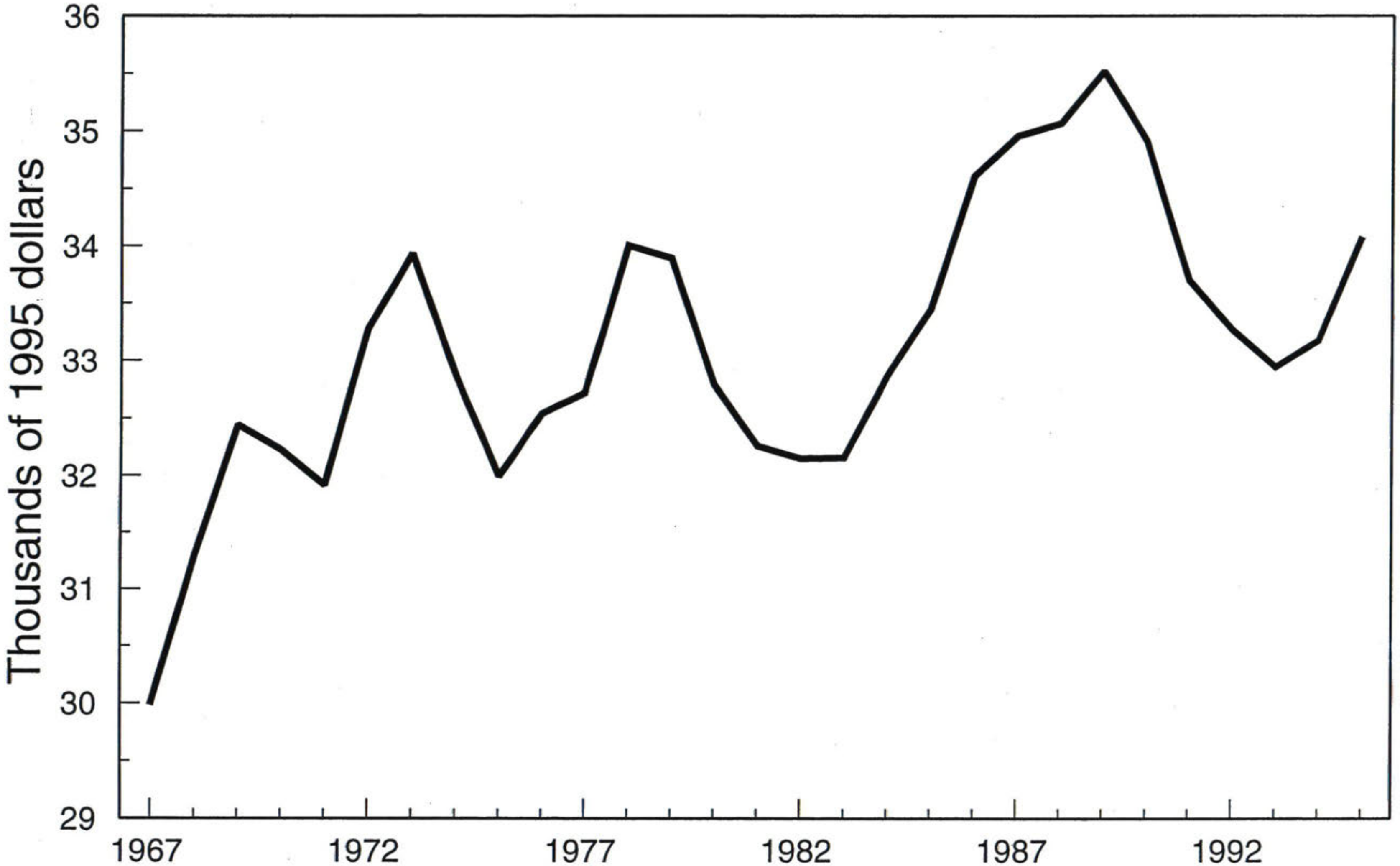


Figure 2

Poverty Rate

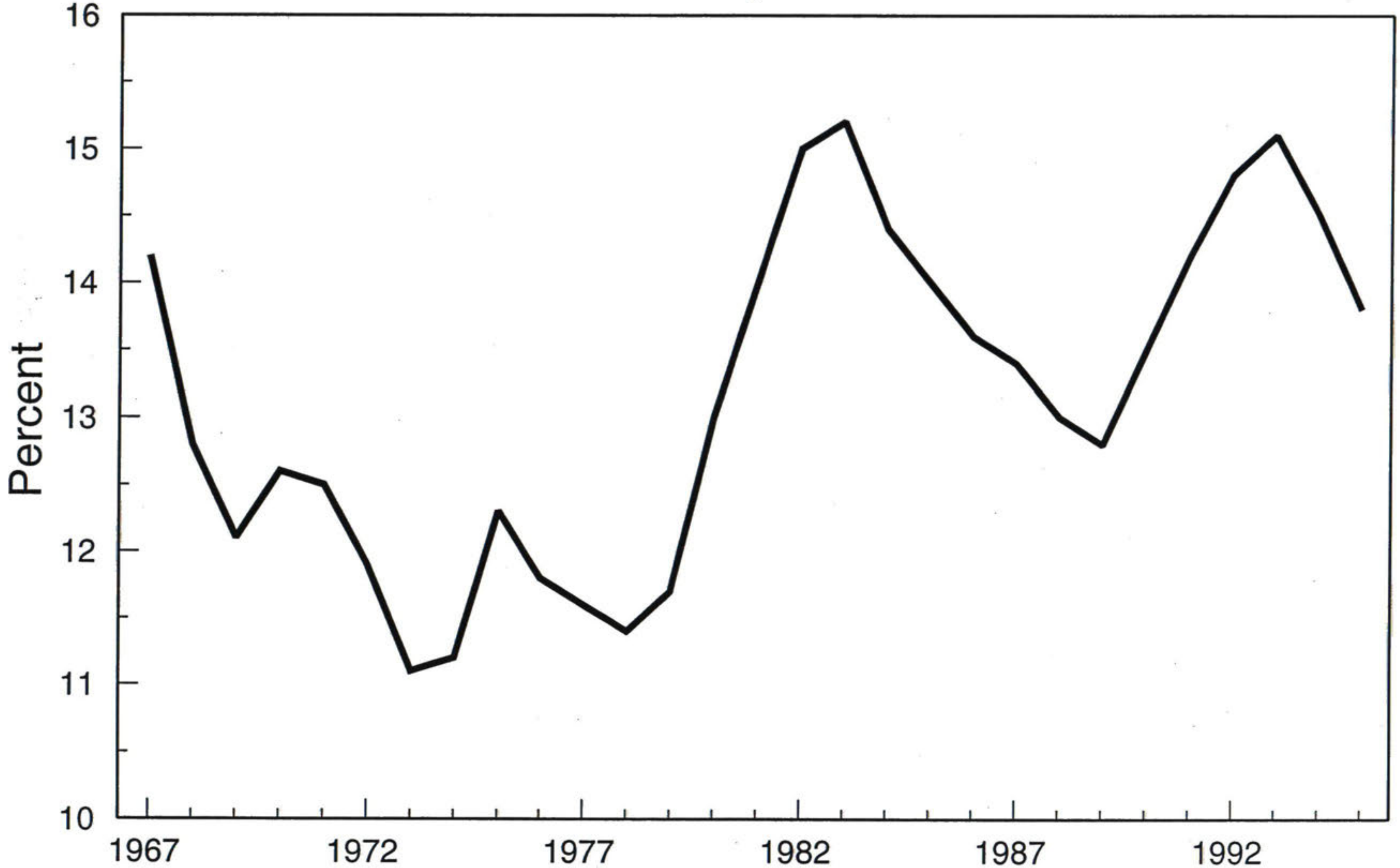


Figure 3

Household Income Inequality

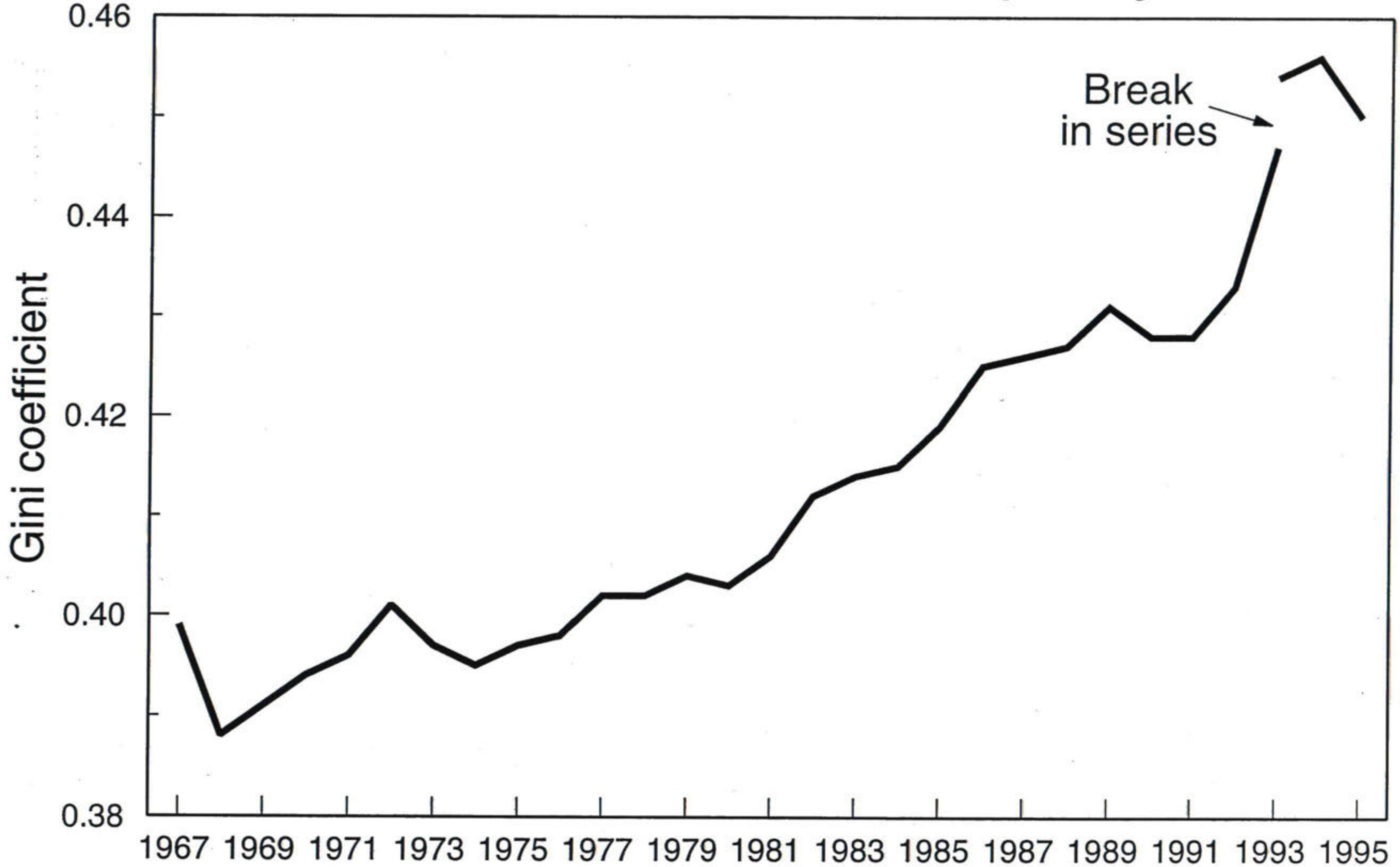
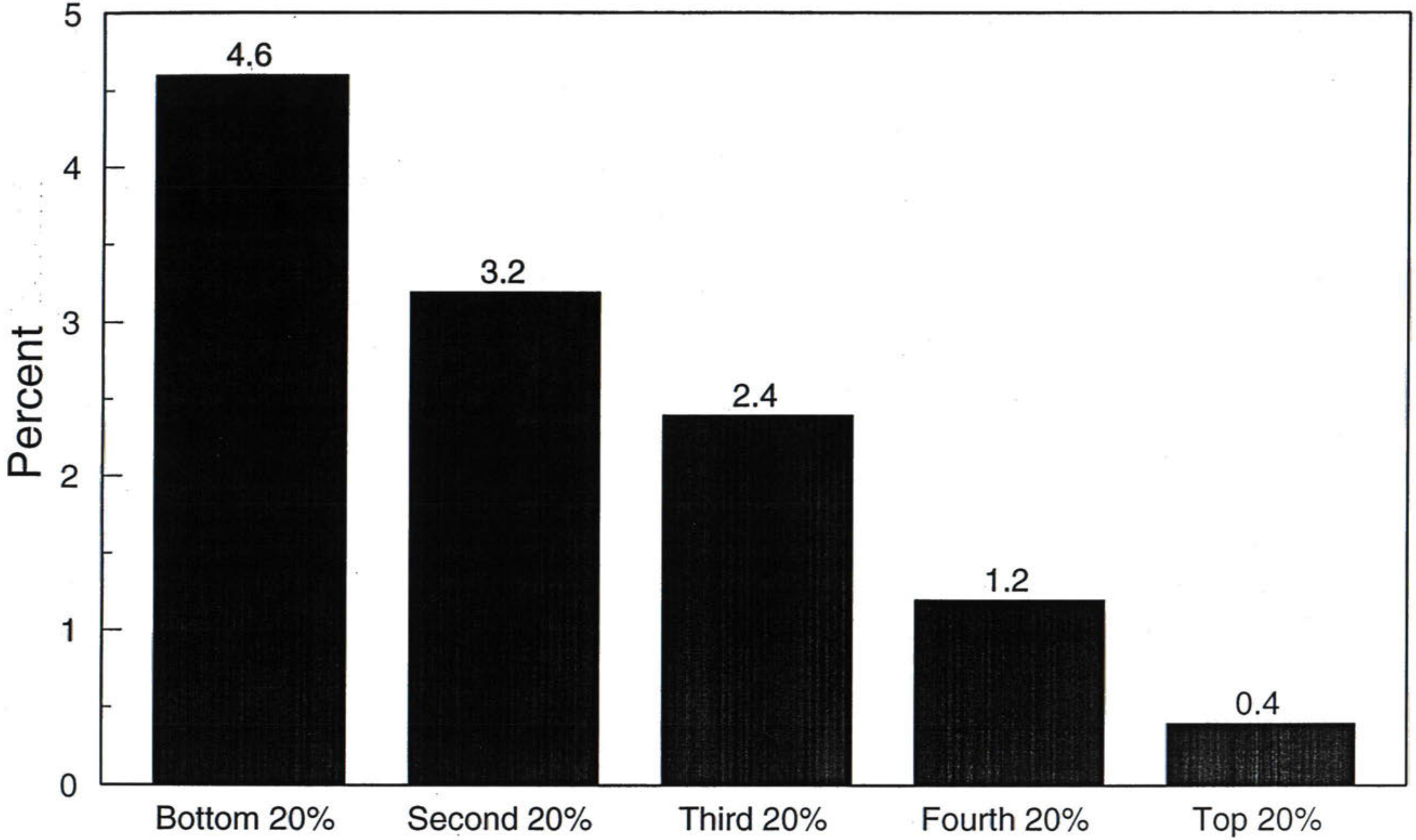


Figure 4

Real Household Income Growth by Quintile 1995



Source: U.S. Census Bureau

September 25, 1996

THE PRESIDENT HAS SEEN
9/26/96

MEMORANDUM

TO: President Clinton

FROM: Nancy Hernreich
Arielle Krebs

RE: Letter from Ambassador Shearer

Thanks for sending Ruth your book for her birthday. He only got her a chocolate cake! They'll be in DC on October 3 & 4 and would love to see you if you have time.

A few thoughts on the debate:

1) On NATO expansion, he recommends a line he uses "Yes, NATO expansion is important and will proceed, but McDonald's expansion is also important" (i.e. the spread of a market economy). he says that the USG and private US firms are spreading the market economy through investment and technical assistance.

2) On reinventing government, consider giving a specific example of a department that you might downsize and restructure in the second term. He gives the Census Department as an example. cc Elaine K.

3) If the organization of the State Department comes up, consider announcing that you'll appoint a bipartisan commission to consider the best way to organize the foreign policy agencies for the 21st century.

4) On how you and your policy of constructive engagement with Russia have made a more peaceful world, use concrete (literally) examples of how Defense Secretary Perry and Russia's defense minister poured concrete into missile silos. Perry tells this story as an example of how the world has changed.

5) On international terrorism, mention the FBI's planned doubling of overseas offices.

If he doesn't see you next week, best of luck in the debate!

Axel Summary

American Embassy

Itainen Puistotie 14A
00140 Helsinki, Finland

Fax Cover Sheet

DATE: September 24, 1996

TO: POTUS c/o Nancy Hernreich
The White House

PHONE:
FAX: 202 456-6703

FROM: Ambassador Derek Shearer

PHONE: 358-0 171-931
FAX: 358-0 174-681

RE:

Number of pages including cover sheet: 3

EMBASSY OF THE
UNITED STATES OF AMERICA

Helsinki, September 24, 1996

OFFICE OF THE AMBASSADOR

The President
The White House
Washington, DC
FAX: 202 456-6703

Dear Mr. President:

Thanks for sending Ruth your book for her birthday. I only got her a chocolate cake.

We'll be in Washington, DC on October 3 and 4, staying at Strobe and Brooke's. I know that you'll be in debate prep most of the time, but if you get any breathing space, especially on Friday or Friday night (a movie to relax?), have Nancy let us know. We'd like to see you.

Re: the debate - a few thoughts:

1. On NATO expansion, a line that I use which is well received - "Yes, NATO expansion is important and will proceed, but McDonald's expansion is also important" (i.e. the spread of a market economy). McDonald's just opened its first store in St. Petersburg, and two stores recently opened in Vilnius (where I was a few weeks ago). The USG and private U.S. firms are spreading the market economy through investment and technical assistance.

2. On reinventing government, consider giving a specific example of a department that you might downsize and restructure in the second term. For example, the Commerce Department could be downsized with the Census Bureau becoming an independent agency (Statistics USA modeled after Statistics Canada), the Weather Service and Ocean Administration could be spun off or even semi-privatized, and a new leaner Department of Trade and Industry created - perhaps, including a merger with USTR.

In the past, there has been bipartisan support for such a restructuring, including creation of new Trade Corps similar to the Foreign Service (Senator Roth of Delaware has been a supporter of a Department of Industry and Marcy Kaptur promoted the trade corps).

3. If the organization of the State Department comes up, consider announcing that you'll appoint a bipartisan commission to consider the best way to organize the foreign policy agencies for the 21st Century, including the possible merger of USIS and ACDA into

State, and conversion of AID into a quasi-private foundation. You can leap frog over Helms and Dole's FP advisers on this one. (I also know from personal experience on the ground that such a reorganization is much needed.)

A related point is that U.S. Government overseas is increasingly on-line. Embassy Helsinki has an internet home page which lets U.S. citizens and Finns know about visas, etc. - and connects them to other USG web sites such as the White House home page.

4. On how you and your policy of constructive engagement with Russia have made a more peaceful world, use concrete (literally) examples of how DefSec Perry and Russia's defense minister poured concrete into missile silos. Perry always tells this story as example of how the world has changed (and should remain changed). We just had Perry in Helsinki for a great weekend visit. His calm manner and clear explanation of U.S. policies - NATO expansion, IFOR, and our actions in Iraq - were very reassuring to the Finns.

5. On international terrorism, mention FBI's planned doubling of overseas offices. I just hosted Deputy Director Kennedy in Helsinki and we worked on coordinating Baltic and Nordic cooperation with the FBI. You can also cite the important work of International/FBI Training Academy in Budapest.

If we don't see you next week, best of luck in the debate.

Best,

Derek

Derek

THE PRESIDENT HAS SEEN
9/26/96

cc: Sosnik / McCurry / Peter Knight
Interesting idea for commercial — Michigan is worth doing w/ all the good news
BC

September 25, 1996

MEMORANDUM

TO: President Clinton

FROM: Nancy Hernreich
Arielle Krebs

RE: Letter from Ambassador Blanchard

In his letter, Ambassador Blanchard thanks you for the letter you sent commenting on his service in Canada, as well as the book. He also thanks you for letting he and his wife participate in the train trip last month and apologizes for missing you last week in Michigan. He encloses Yousef Karsh's new book, "Karsh, a Sixty-Year Retrospective", as well as a memo he discussed with Peter Knight on the need for a special commercial for the Great Lakes states. In the memo he states the following:

1) With 94 electoral votes, most of which we need, we cannot expect to win the presidency without winning two of the three big Great Lakes states (Illinois, Michigan, Ohio) as well as carry Minnesota and Wisconsin;

2) The economy in the region is strong and has improved considerably since the inauguration. However, there has been no systematic public relations campaign to associate you with the economic strength in the region;

3) The Great Lakes states have a regional pride that has been very much overlooked by national political "experts";

4) Keeping our economy moving needs to be emphasized during this Fall campaign;

5) With Pat Choate on the Perot ticket, trade will become a more significant issue. We need also stress our success in opening up markets;

6) It appears that there are an unusually large number of undecided voters in places like Michigan. We need a strong, positive economic message supporting you;

7) There are a significant number of House seats up for grabs in the Great Lakes region. The better we do, the better they will do, and the more likely a Democratic Congress;

8) We can stress the environmental issues in the Great Lakes region. Voters care about the Lakes, and they are a source of pride as well as water;

9) Every Democratic President candidate always spends the last two weeks visiting Michigan and Ohio every other day. Let's make our job easier with one or two targeted commercials.

Same letter attached
10 books

JAMES J. BLANCHARD

Sept 20, 1996.

Dear Mr. President,

Thank you for your wonderful letter of August 25 commenting on my service in Canada. Your words are a wonderful keepsake. It was a double delight for Janet and I to receive the autographed copy of your book and also participate in the train trip through Michigan. Thank you. Thank you.

I am sending to you two items. First, an autographed copy of Yousuf Karsh's new book, "Karsh, a Sixty-Year Retrospective". Janet and I missed your trip to Michigan last Thursday because we promised Karsh we would be with him for a dinner in his honor (a promise made a year ago). You'll especially like the placement of your photograph on page 47!

The second item I am sending to you is a memo I discussed with Peter Knight on the need for a special commercial for the Great Lakes state. Things are going well but we need to be more assertive. Janet and I continue to move around the state giving speeches and doing interviews in your behalf. Thanks. Sincerely, Jim

September 19, 1996

TO: Peter Knight

FROM: Jim Blanchard

RE: **<u>The Vital Great Lakes Region</u>**

I believe the Clinton-Gore Campaign needs at least one specially tailored commercial to be shown in the Great Lakes region. (Or at least in those states in contention.) The number of electoral votes, the toss-up voting history of these states, existing regional attitudes and the robust Clinton-led economic recovery all argue for a commercial that connects the healthy regional economy to the Clinton-Gore economic policies. Indeed, this message is long overdue.

The following points need to be kept in mind:

1. With 94 electoral votes, most of which we need, we cannot expect to win the Presidency without winning two of the three big Great Lakes states (Illinois, Michigan, Ohio), as well as carrying Minnesota and Wisconsin. The recent Reuters poll shows a strong position in these states, but also shows vulnerabilities: Dole's weakness comes from capturing only 65% of Republican voters now. Those voters are traditionally the easiest for a GOP candidate to "bring home," even at the last minute. Our current support from independents and 1992 Perot voters points to a potential "cliff-hanger" election in these three battleground states. While we target TV advertising "buys" in these swing states, we have not as yet targeted a message. I think we need to do so.

2. The economy in the region is strong and has improved considerably since the inauguration of Bill Clinton. However, there has been no systematic public relations campaign to associate the President with the economic strength in the region. All the local governors have been reelected by big margins and all but one (Bayh) are Republicans. Needless to say, none (save Bayh) is willing to give national economic policies any credit, and all of the GOP governors claim their own economic policies are

responsible for their state's strong conditions, not Bill Clinton's. The Clinton economic program, which included deficit reduction resulting in lower interest rates, has been a real boost to the manufacturing base of the Great Lakes states. Car sales, home sales, new plant and equipment investment and refinancing of mortgages have had special impetus from the Clinton economic recovery and have had a disproportionately beneficial impact on the region. Michigan unemployment was 4.5% in August, an all-time low, for example. The Clinton-Gore Administration's efforts to boost manufacturing through research partnerships with the auto industry, promotion of exports and opening of Japanese markets, and through manufacturing extension partnerships have all had impact -- but the Administration is getting no credit. We need to tell the story.

3. The Great Lakes states have a regional pride that has been very much overlooked by national political "experts". I could feel the pride, even during the dark days of 1982 when Michigan had a 17.3% unemployment rate, and Ohio, Illinois and Wisconsin were suffering as well. We Great Lakes governors began meeting and talking about our resurgence. Since then there is a great deal of pride that the Great Lakes region is doing better than the coasts of our country. In the eyes of Midwesterners, national politicians appear to cater to the coasts, or worse yet, to New York, California or the South.

4. Keeping our economy moving needs to be emphasized during this Fall campaign. Otherwise other issues, not necessarily helpful ones, could resonate more effectively.

5. With Pat Choate on the Perot ticket trade will become a more significant issue. We need to inoculate the voters on this issue. We need to stress not only the economic improvements of the Midwest, but our success in opening up markets (i.e. Japan and auto parts).

6. It appears that there are an unusually large number of undecided voters in places like Michigan. We need a strong, positive economic message supporting the President.

7. There are a significant number of House seats up for grabs in the Great Lakes region. The better we do, the better they will do, and the more likely a Democratic Congress.

8. We can even stress the environmental issues in the Great Lakes region such as our Great Lakes initiative to bring uniform environmental standards to the Great Lakes states. Voters care about the Lakes, and they are a source of pride as well as water.

9. Every Democratic Presidential candidate always spends the last two weeks visiting Michigan and Ohio every other day. Let's make our job easier with one or two targeted commercials. Let's not wait until we have a problem.

I will leave the scripts to you, but I have some ideas. Let me know what you think. Thanks for your consideration.

cc: The President
Leon Panetta
Harold Ickes

Smith Worldwide Inc.-New York USA 212-779-2615 09/24/96
2125458652 09/24/96 16:01 P02

THE PRESIDENT HAS SEEN
9/26/96

96 SEP 26 P3:36

Rye Dermatology

Andrew Bronin, MD
Diplomate American Board of Dermatology
Associate Clinical Professor of Dermatology
Yale University School of Medicine

4 Rye Ridge Plaza
Rye Brook, New York 10573-2820
(914) 253-8080

Guy — tell
him I just started
using it a couple of weeks
ago — it does seem to
work better!
BC

September 17, 1996

JIM DORSKIND:

Please coordina
the reply.

Guy Smith IV
Smith World Wide
171 Madison Avenue
New York, N.Y. 10016

Dear Guy:

I'm writing you this note because I know that you're on familiar terms with tho White House.

In the news releases of President Clinton's health records over the weekend, it was reported that for President Clinton's Acne Rosacea (the pimply condition on his nose) he is being treated with a topical medication called Vanoxide-HC.

There is a better medicine. It is a topical gel called Metrogel, which is a topical antibiotic. The generic name is metronidazole. Most cases of acne rosacea are well-controlled by the twice-daily application of this prescription gel. Those that don't respond to Metrogel usually respond to antibiotics by mouth, such as tetracycline.

One other point: the "HC" in Vanoxide-HC stands for "hydrocortisone." Chronic application of hydrocortisone to the face carries with it the risk of thinning out the skin, or producing atrophy, to the point where the tiny blood vessels under the skin can become more obvious.

President Clinton should be using Metrogel, not Vanoxide-HC.

Hope all is well at home,

Warm regards,

Andy

Andy Bronin

URGENT FAX

RUSH TO: Nancy Hernreich, The White House

FAX: 202 456-6703

FROM: Smith Worldwide Inc.-New York

PAGES (INCLUDING THIS COVER) 3

NANCY: I hope this note finds you well. I would be most appreciative if you would give this note to The President when it seems appropriate. Many thanks. Guy L. Smith (Of 212-779-2336; Hm 203-629-1264)

Tuesday, September 24, 1996

cc: Connie
Marianno
? President

Guy Smith's
Dermatologist
friend thinks
you should
change medication

24Sept96

MEMORANDUM

TO: The President

FROM: Guy L. Smith

SUBJ: Your Nose and Acne Rosacea

Dear Mr. President:

This is a bit out of my area of expertise, but a very close friend of mine is a noted dermatologist. He noticed, upon recent release of your medical records, that your acne condition on your nose (Acne Rosacea) was being treated with a topical medication, Vanoxide-HC. He suggests, rather, that it can be better treated with a different, better medicine. I asked him to explain his view in writing, which is attached.

The point he makes about the skin on the nose seems to make sense. I can't speak from a medical perspective, but it certainly makes sense for how you look in front of the camera.

Dr. Andy Bronin is an Associate Clinical Professor of Dermatology at Yale University and President of the Westchester Academy of Medicine.

The campaign looks great. Don't let anybody get over-confident.

If I can be of any help, just let me know.

Sincerely,

Guy

THE WHITE HOUSE
WASHINGTON

96 SEP 26 P1:29

September 26, 1996

THE PRESIDENT HAS SEEN
9/26/96

MEMORANDUM TO THE PRESIDENT

FROM: STEPHANIE STREETT & ANNE HAWLEY

SUBJECT: SCHEDULING DECISIONS

CC: EVELYN LIEBERMAN

ACCEPT

Date of Event:	Description of Event:
9/26/96	Photo Op With Federal Law Enforcement Officers Association (FLEA)
9/28/96	Participate in a National Conference Call Announcing the African Americans For Clinton/Gore '96 Roll Out **This format will be similar to the Adelante con Clinton call.**
10/1/96	Photo / Event to Launch Domestic Violence Awareness Month
10/9/96	Attend Fundraiser For Marion Berry (Ark.), Washington, DC
tbd	Award the Medal of Honor For Seven African Americans Who Served in World War II
tbd	White House Ceremony and Dinner For the National Medal of Arts

PENDING

Date of Event:	Description of Event:
10/1/96 - 10/10/96	Meeting With Group of 100-200 CEOs **These CEOs from various industries and states would release a list of approximately 2000 business leaders from around the country who are endorsing you as "the right CEO for America in the 21st century."**
10/1/96 - 10/10/96	Interactive Satellite Town Hall Meeting With Jewish Leaders
10/1/96 - 10/14/96	Editorial Roundtable With AP Reporters and Editors
Oct.	Meeting With Phil Verveer (5 min.) **He would like to present to you the report of the Public Safety Committee, the Federal Advisory Committee that he chaired.**
Oct.	Attend a National Family Partnership Red Ribbon Kick Off Event

w/ this many, need to do at a school - [illegible] to say they'll keep w/ welf. reform - then need help from media cos - [illegible]

OK

? - [illegible]

OK

OK - [illegible]

REGRET

Date of Event:	Description of Event:
10/5/96	Speech to the National Italian American Foundation Dinner **There will be a surrogate attending this event.**
10/6/96	Attend Red Mass **There will be a surrogate attending this event.**

9/23/96 To: The President

96 SEP 24 P6:04 FYI

Harold

MEMORANDUM

THE PRESIDENT HAS SEEN
9/26/96

TO: Ray Martinez
(cc: Jim Lyons)
FR: Alan Salazar -- Colorado
RE: COLORADO UPDATE
DT: 9/20/96

Ray -- just a few short notes to update you on how we see the Colorado situation shaping up, a review of the past week and a look at our plans for the week ahead:

COLORADO SITUATION: Based on polling we have from other campaigns, the media and our own polling I believe we are probably 5-8 points up in Colorado. I base that in large part on confidence in the Geoff Garin Strickland poll (Geoff knows this state, has extensive experience polling for Romer and Wirth -- and also knows how to avoid sampling errors here). The public perception is that Clinton is significantly ahead in Colorado -- and that the Clinton/Gore campaign intends to play hard for Colorado.

The Dole campaign is not as active as they should be. They had a small group of students holding signs at the morning rush hour downtown one day last week, but aside from that, I can't see that they are trying to engineer free media of any kind.

Ray, we can win this state with one-two key visits by the POTUS and VPOTUS -- AND with paid media that does not neglect key issues like the ENVIRONMENT and EDUCATION. These are also key issues for Tom Strickland to emphasize and we ought to be complimenting each other.

Dole's "MTV-Inhale" ad is running here; our response ad is running. Great stuff if you are running for Drug Czar (as Ed Rollins sarcastically noted about Bob Dole when he spoke to the AP conference in Denver last week), and I understand the need to neutralize this drug debate -- but this is all a side show compared to issues that emphasize key Clinton themes in Colorado (kids, schools, environment).

On balance, I think the President's announcement concerning protection of the Utah wilderness lands is a net plus because it reminds voters about the environment. Coloradans are deeply concerned about the state's population growth and degradation of the environment -- and even though we will get editorial criticism for the way in which the President announced the decision ("War on the West" rhetoric), I think it played reasonably well here.

? I understand there has been some kind of dust kicked up around the Coordinated Campaign. I've encouraged our CC Director, Larry Kallenberger, to provide the DNC staff with greater detail about how we can move our base voters and include targetted persuasion to the burbs. If there are any concerns or problems with the plan I would appreciate knowing.

We really need Al Gore for a Strickland/ CC Fundraiser on October 11 -- with time for a suburban event. I need your help to make that a reality if possible (I've sent a separate memo on this to both you and DuVal).

First CD (Denver) candidate Diana DeGette lost her father last week; the campaign suffered an emotional set-back and lost time. She also has trouble in the African American community of Denver but hopes to make up for that with endorsements by some ministers, a requested visit by JOHN LEWIS (a good idea) in October, and a scheduled visit by Jesse Jackson Jr. on October 27. IF WE CAN HELP THEM WITH JOHN LEWIS I WOULD LIKE TO. They also have ANN RICHARDS out for a funder on October 18.

Strickland is running neck-and-neck with Allard. Allard has more media running (his message is about taxes, less government, frugality). Strickland goes up this week with an ad tying Allard to Newt Gingrich. **Strickland is our anchor in Colorado**. WE NEED TO MAKE HELPING HIM A MAJOR PRIORITY. If he doesn't get more money he will lose beacuse his campaign has a very weak ground program.

Look into

Kantor?

A sleeper in this race is 4th CD (Fort Collins/Eastern Plains) Dem candidate Guy Kelley. His opponent has severely alienated many mainstream Republicans, and many are openly opposing him, including GOP leaders. Because this is a heavily registered GOP district I think Kelley is not getting the resources he needs from the DCCC. Ray, the GOP candidate in this race is a looney -- and I think if Kelley got even a small infusion of help ($5000-10,000) it would go a long way to pick off the seat and help us in Fort Collins/Weld counties. We are going to wake up on election day and feel miserable about this lost opportunity. I've watched this district for many years and this is the best opportunity we have had to elect a Dem. We need to get the Vice President back for a trip to Fort Collins to help.

LAST WEEK: The First lady's visit was a "10" -- it helped us emphasize winning themes like education and kids in a good setting (the burbs), AND we highlighted the Hispanic Chamber visit with our own Adelante kick-off (which the media bought). another announcement with the Chamber (which the media bought), and with a successful visit by the First Lady. Dole's campaign flubbed the announcement (it was on and off again and then back on, but perceived as an afterthought) and so far as our message to Hispanics in the state was concerned I think we won the week.

We also got off a modest hit on crime with Dem Das. Dole's visit was so rushed I think they lost some of the impact. They got a nice front page -- but the First Lady's visit got much better television coverage -- and was stronger on message.

I frankly think the First Lady's visit was a better hit for us than the 15,000 person rally y the President in Pueblo.

NEXT WEEK: We focus next week on Family and Medical Leave with a real person roundtable hosted by the Lt. Governor. We are prepared to roll-out a 100-person business leaders event with Mack McLarty and a Vets/voter registration event as well. The week will end with Henry Cisneros kicking off the Latino Vote 96 effort and a rally with Jesse Jackson.

PARTING SHOTS: I know I have sent the Desk a big wish list. In addition to the request for POTUS and VPOTUS, I'd like to get a "soccer Mom" event scheduled with Tipper -- and if you send me no one else for the rest of the campaign, at least put in a word for:

Stephanopolis (to do a Greek event in Denver, campuses and Strickland or CC $$).
Carville (to do the same sans Greeks).
Ann Richards to help drive our gender gap and do the burbs.