Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **Corporate Issues**

Corporate Citizenship

Issue: Promotion of "high-road" workplace practices -- investment in worker training, labor-management cooperation, family-friendly practices, employment security, and workplace safety -- among the nation's corporations.

Background: In response to a number of highly-publicized "downsizings" at highly profitable companies in 1995 and early 1996, the Administration began focussing on "high road" alternatives. Building on the good citizen actions of other business leaders, like Malden Mills' CEO Aaron Feuerstein, the Administration set out to identify actions to be emulated. The result was a White House Conference on Corporate Citizenship in May of 1996, which highlighted the practices at more than a dozen companies -- including Corning, Starbucks, Republic Engineered Steels, and Cummins Engine -- and was attended by more than 100 CEOs. At that Conference, the creation of the Ron Brown Corporate Citizenship Award was announced, to be awarded for the first time in 1997. As a follow-up to the May Conference, the Office of the Counselor has created a website, called the Corporate Citizenship Resource Center, that contains detailed profiles of more than 100 American companies engaged in "high road" workplace practices.

In the process of reviewing good citizen practices -- from employee participation to innovative compensation systems -- we identified a crucial player in the determination of whether a company takes the "high" or "low" road: investors. As a result, our efforts have branched into the area of "socially responsible investment" and "patient capital" (i.e., stocks held for a longer period of time) as well. To this end, the Counselor's Office has been working with the SEC, socially-responsible investors, and Congress to identify obstacles to "better" investment and to promote more workplace democracy by modifying SEC rules to permit votes on such issues as EEOC compliance and sweatshop prevention.

Current Status: During this proxy season, January through May for most public corporations, we are focussing on the role of the investor in promoting good corporate citizenship. To this end, we are researching the benefits of "patient capital" to companies and both their workers and shareholders. We are also joining in efforts to change an SEC rule -- the "Cracker Barrel" decision -- that prevents employment-related issues from being brought to proxy votes.

Key Constituents: <u>Business.</u> CEOs continue to demonstrate in both polls and statements their concern about corporate citizenship and their desire to isolate the actions of the "bad actors." In addition, business leaders have repeatedly talked of their interest in more patient capital.

Labor. Labor has been supportive of our efforts to promote greater corporate citizenship. In addition, John Sweeney has identified the development of a strong capital investment strategy as a priority.

Social Investors. Large, socially-responsible investors have made a strong case for increasing access to the proxy vote for employment-related issues.

Hill Positions: Various members of the Senate Labor Committee have expressed an interest in promoting greater corporate citizenship. Sen. Bingaman (D-NM), for example, introduced the "A-Corp" Bill, in which corporate tax brackets would be determined by how the company scored on a number of corporate citizenship criteria. Sen. Kennedy (D-MA), similarly, has expressed a long-term interest in promoting new forms of labor-management cooperation, employee participation and employer-provided training. Sen. Dodd (D-CT), finally, introduced a provision into the recently passed Securities Reform Law (signed by the President in October) that called for a review of obstacles to the proxy vote for shareholders on employment-related issues.

Pros/Cons: Even as it recedes from the front pages, corporate citizenship continues to garner substantial public support. Polling consistently demonstrates significant majorities in favor of greater corporate commitment to workers. The support crosses constituency lines. It is not limited to union members. A recent Business Week survey found that even 78% of CEOs and managers viewed corporate responsibility as important. Still, the role of government in promoting citizenship is controversial. Critics allege that these efforts involve undue government intrusion in the market.

The patient capital theme offers a potential wide ranging coalition -- corporate executives fed up with Wall Street short-termism, joined by union leaders who've made capital strategies a priority and the religious and social investor community long committed to equity concerns. Nonetheless, taking on Wall Street is no easy matter and surely will be resisted. The specific SEC matter to permit investor proxy voting rights is popular among some of the key constituencies, but is strongly resisted by the SEC and certain corporations that view workplace matters as "ordinary business."

Other corporate citizenship activities -- such as working with corporations to build investment in training -- generally are supported, though some criticize any government action as superfluous and resist efforts to invest public dollars.

Corporate Citizenship

Issue: Promotion of "high-road" workplace practices -- investment in worker training, labor-management cooperation, family-friendly practices, employment security, and workplace safety -- among the nation's corporations.

Background: In response to a number of highly-publicized "downsizings" at highly profitable companies in 1995 and early 1996, the Administration began focussing on "high road" alternatives. Building on the good citizen actions of other business leaders, like Malden Mills' CEO Aaron Feuerstein, the Administration set out to identify actions to be emulated. The result was a White House Conference on Corporate Citizenship in May of 1996, which highlighted the practices at more than a dozen companies -- including Corning, Starbucks, Republic Engineered Steels, and Cummins Engine -- and was attended by more than 100 CEOs. At that Conference, the creation of the Ron Brown Corporate Citizenship Award was announced, to be awarded for the first time in 1997. As a follow-up to the May Conference, the Office of the Counselor has created a website, called the Corporate Citizenship Resource Center, that contains detailed profiles of more than 100 American companies engaged in "high road" workplace practices.

In the process of reviewing good citizen practices -- from employee participation to innovative compensation systems -- we identified a crucial player in the determination of whether a company takes the "high" or "low" road: investors. As a result, our efforts have branched into the area of "socially responsible investment" and "patient capital" (i.e., stocks held for a longer period of time) as well. To this end, the Counselor's Office has been working with the SEC, socially-responsible investors, and Congress to identify obstacles to "better" investment and to promote more workplace democracy by modifying SEC rules to permit votes on such issues as EEOC compliance and sweatshop prevention.

Current Status: During this proxy season, January through May for most public corporations, we are focussing on the role of the investor in promoting good corporate citizenship. To this end, we are researching the benefits of "patient capital" to companies and both their workers and shareholders. We are also joining in efforts to change an SEC rule -- the "Cracker Barrel" decision -- that prevents employment-related issues from being brought to proxy votes.

Key Constituents: Business. CEOs continue to demonstrate in both polls and statements their concern about corporate citizenship and their desire to isolate the actions of the "bad actors." In addition, business leaders have repeatedly talked of their interest in more patient capital.

Labor. Labor has been supportive of our efforts to promote greater corporate citizenship. In addition, John Sweeney has identified the development of a strong capital investment strategy as a priority.

Social Investors. Large, socially-responsible investors have made a strong case for increasing access to the proxy vote for employment-related issues.

Hill Positions: Various members of the Senate Labor Committee have expressed an interest in promoting greater corporate citizenship. Sen. Bingaman (D-NM), for example, introduced the "A-Corp" Bill, in which corporate tax brackets would be determined by how the company scored on a number of corporate citizenship criteria. Sen. Kennedy (D-MA), similarly, has expressed a long-term interest in promoting new forms of labor-management cooperation, employee participation and employer-provided training. Sen. Dodd (D-CT), finally, introduced a provision into the recently passed Securities Reform Law (signed by the President in October) that called for a review of obstacles to the proxy vote for shareholders on employment-related issues.

Pros/Cons: Even as it recedes from the front pages, corporate citizenship continues to garner substantial public support. Polling consistently demonstrates significant majorities in favor of greater corporate commitment to workers. The support crosses constituency lines. It is not limited to union members. A recent Business Week survey found that even 78% of CEOs and managers viewed corporate responsibility as important. Still, the role of government in promoting citizenship is controversial. Critics allege that these efforts involve undue government intrusion in the market.

The patient capital theme offers a potential wide ranging coalition -- corporate executives fed up with Wall Street short-termism, joined by union leaders who've made capital strategies a priority and the religious and social investor community long committed to equity concerns. Nonetheless, taking on Wall Street is no easy matter and surely will be resisted. The specific SEC matter to permit investor proxy voting rights is popular among some of the key constituencies, but is strongly resisted by the SEC and certain corporations that view workplace matters as "ordinary business."

Other corporate citizenship activities -- such as working with corporations to build investment in training -- generally are supported, though some criticize any government action as superfluous and resist efforts to invest public dollars.

Corporate Welfare

Issue: Repeal of corporate subsidies as a matter of equity in balancing the budget.

Background: "Corporate Welfare" are subsidies that are provided by the Federal government to corporations and wealthy individuals in the form of direct spending programs or tax advantages (subsidies or loopholes). As part of the Administration's effort to reduce the budget deficit, reductions to such subsidies have been proposed and enacted as part of the FY 1997 budget process. About $70 billion of "corporate welfare" has been cut by the Clinton Administration, including about $50 billion in the FY 1997 budget. These "corporate welfare" reductions included those concerning expatriation tax avoidance, foreign trusts, Puerto Rico and possessions tax credit and corporate-owned life insurance policy loans. The Office of the Assistant Secretary for Policy, the Chief Economist, and the Counselor's office has prepared a summary "scorecard" detailing the Administration's record on reducing "corporate welfare".

Current Status: The Administration is continuing its effort to identify more items of "corporate welfare" that can either be reduced or eliminated in the FY 1998 budget. This effort is being driven by the Administration's program to balance the budget over the next five years. The Treasury Department and OMB have the lead on this initiative. The Department may be called upon to weigh in on proposals through its membership on the National Economic Council. In addition, this issue is one that Congressman John Kasich (R-Oh), Chair of the Budget Committee, is interested in pursuing.

Key Constituents: Business groups are opposed to the Administration's continuing effort to reduce "corporate welfare" subsidies, particularly if they benefit from them. Some "think tanks", like the CATO Institute, the Progressive Policy Institute and Ralph Nader's Essential Information are strong proponents of this issue. The AFL-CIO supports an even more aggressive Administration effort to reduce these subsidies.

Hill Positions: Most of the interest in "corporate welfare" comes from members of Congress who are neither on the House Ways and Means Committee or the Senate Finance Committee. In addition to the proposals in the President's budget submission, two other legislative proposals were in play last year. First, Senators McCain and Thompson and Rep. Kasich proposed a "base closure" style commission with a modified "fast track" consideration of recommendation to close "tax loopholes." This proposal did receive a Senate hearing in the Governmental Affairs

Committee and was reported with nominal bi-partisan support. There are many unanswered questions on the details. With Senator Thompson as the new Committee Chair, the proposal may receive additional attention. OMB drafted but never sent a letter suggestion that the Commission would not be very effective.

The second issue is Senator Dorgan's "runaway plant" proposal to limit deferrals of taxation on income of foreign subsidiaries of U.S. firms. The proposal has been rejected on the Senate floor on two occasions. It has the support of the Senate Democratic Leadership, but is opposed by Senator Moynihan. The Treasury Department has expressed serious concerns but the Commerce Department supported the proposal. At some point Senator Dorgan will raise this issue during this Congress

Pros/Cons: Articulating "corporate welfare" issues as a fairness theme does build public capital. However, what qualifies as "corporate welfare" is often in the eye of the beholder. While it is often seen as an attack on the business community, the bipartisan critique alters traditional alliances. Other agencies also often see specific tax proposals as treading on their turf. Attempting to repeal specific "corporate welfare" tax benefits uses political capital as you often end up negotiating arcane tax provisions which were enacted with great effort by the beneficiaries.

Clinton Presidential Records
Digital Records Marker

Divider Title: **CPI**

BUREAU OF LABOR STATISTICS

MISSION STATEMENT

The **Bureau of Labor Statistics** (BLS) is the principle fact-finding agency for the Federal government in the broad field of labor economics and statistics. BLS is an independent national statistical agency that collects, processes, analyzes and disseminates essential statistical data to the American public, Congress, other Federal agencies, State and local governments, business, and labor. BLS also serves as a statistical resource to the Department of Labor.

BLS data must satisfy a number of criteria, including relevance to current social and economic issues, timeliness in reflecting today's rapidly changing economic conditions, accuracy and consistently high statistical quality, and impartiality in both subject matter and presentation.

BUDGET

(dollars in thousands)

FISCAL YEAR	DISCRETIONARY $	MANDATORY $	FTE
1997	$371,700	0	2,552
1998	$391,421	0	2,645

CPI Revision

Issue:

Over the last two years there has been much public debate over the accuracy of the Consumer Price Index (CPI). The CPI, which is produced by the Bureau of Labor Statistics (BLS), is the principal measure of inflation in consumer markets, It has been alleged that the CPI is overstated by anywhere from 0.2 to 2.0 percentage points each year. The purported overstatement has taken on greater significance against the backdrop of the Federal budget deficit, because the CPI, through its use in escalating Social Security benefits and income tax brackets, has a material impact on both Federal expenditures and revenues.

Background:

The CPI is a measure of the average change in the prices paid by urban consumers for a fixed market basket of goods and services (and is not a true "cost-of-living" index). Historically, the market basket has been updated roughly every ten years (and a market basket revision will be done in January 1998). In addition, BLS has introduced numerous refinements to the index on an ongoing basis since the CPI's inception in 1919, and has been in the forefront of published research on price measurement issues.

In testimony delivered in January 1995, Federal Reserve Chairman Greenspan drew attention to the CPI by stressing its impact on the Federal budget. The ensuring heightened interest in the index led the Senate Finance Committee to form an Advisory Commission to Study the CPI. The Commission, chaired by Michael Boskin, issued its report in December 1996, concluding that the CPI overstates the true cost of living by an estimated 1.1 percentage points per year.

In its initial reaction, BLS noted that some of the recommendations bear further investigation, but indicated that others might not be feasible or justifiable from its perspective. The Bureau does intend in early 1997 to begin publishing an experimental index, which eventually will allow for evaluation of one recommendation (concerning the adoption of a "geometric mean" formula in the construction of the CPI).

Current Status:

BLS has been asked to testify before the Senate Finance and Budget Committees during the last week of January 1997 largely in response to the Boskin Commission report, and other Congressional hearings likely will follow. It is also likely that Senator Roth will ask Senator Jeffords (who will be joining the Finance Committee this Congress) to ask the Secretary-designate about this issue at confirmation hearings.

Secretary Reich has continually stressed the importance of preserving the Bureau's independence, and stated that any changes to the CPI should be made on purely technical merits.

It is also important to note that FY 1997 is the third year (and peak budget year) of the Bureau's current six-year CPI Revision effort. One important milestone will be the introduction of updated market basket weights in the CPI for January 1998.

Key Constituents: Congressional action regarding either the revision of the CPI or the use of another measure to determine the cost of living adjustment to Social Security will be of major concern to groups representing the elderly. The CPI is also used to adjust wages in collective bargaining agreements, so these issues will also be watched closely by organized labor.

Hill Positions: The Boskin Commission was created by the Senate Finance Committee and both its chairman, Senator Roth (R-DE) and ranking minority member Senator Moynihan (D-NY) will be pushing for the adoption of the report's recommendations. Other members, such as Sen. Bob Kerrey (D-NE), have argued for a reduction of .5% in the CPI or restricting its use in Cost of Living Adjustments (COLAs) to control entitlement spending.

Pros/Cons: Due to the intense interest of stakeholders on both sides of this issue, it is extremely controversial to comment on. Rather than getting into a discussion of the merits of the Boskin Commission recommendations or the relative merits of a revision in the CPI, the Secretary-designate should continue to stress the importance of the independence of the Bureau of Labor Statistics, that BLS will be reviewing the recommendations, and that any changes to the CPI itself should be based on purely technical merits.

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **GPRA**

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION AND MANAGEMENT

MISSION STATEMENT

The **Office of the Assistant Secretary for Administration and Management** (OASAM) provides timely, high quality, and proactive management and administrative services to program agencies within the Department. OASAM serves as the principal advisor to the Secretary on all budget, administrative, and management matters and is responsible for directing the development, implementation, review and evaluation of Department-wide administrative and management systems, policies, and programs.

OASAM carries out its mission through sub-offices which are organized along functional lines. These offices include the Office of Budget, the Human Resource Center, the Information and Technology Center, the Civil Rights Center, the Business Operations Center (finance, procurement and administrative programs), and OASAM regional offices.

BUDGET

(dollars in thousands)

FISCAL YEAR	DISCRETIONARY $	MANDATORY $	FTE
1997	$13,916	0	114
1998	$14,443	0	114

GPRA Implementation

Issue: Starting with FY 1999, full implementation of the Government Performance and Results Act (GPRA) requires Federal agencies to develop and submit to Congress and OMB strategic plans, annual performance plans and reports which include performance goals and measures/indicators for evaluating the effectiveness of each program or activity.

Background: Implementation of GPRA in the Department is a major initiative for OASAM and we continue to integrate the requirements of GPRA into the existing internal decision-making and budget process for DOL (i.e.; the requirements for strategic planning, performance plans and reporting). In carrying out this initiative, OASAM will provide guidance and assistance to the agencies in developing strategic plans covering six years (base year plus five). OASAM will prepare the Departmental Strategic Plan Summary in cooperation with the Office of Policy which is due at OMB in August, 1997.

In addition to strategic plans, agencies are also required to establish annual performance plans which set specific performance goals for a fiscal year. Performance measures/indicators are required to assess the relevant outputs, service levels, or outcomes. OASAM will continue to provide guidance to the agencies on preparing performance plans with relevant results-oriented measures, compile a Department-wide Performance Plan and establish a system for periodically monitoring each agency's progress in meeting its performance goals.

Current Status: Each agency has prepared a draft strategic plan which, along with a draft Departmental Strategic Plan Summary, has been submitted to OMB. All of the agencies need further work in the development and refinement of performance measures/indicators. An interim draft submission to OMB is required in **March, 1997** with the final submission of strategic plans due to OMB in **August, 1997.** Also, GPRA requires that plans be shared for comment with stakeholders, including the Congress, prior to final submission. The required Congressional Consultation process will be developed in cooperation with OCIA.

Key Constituents: Congress, OMB, DOL customers/beneficiaries..

Hill Positions: GPRA was passed unanimously by both parties. There have been Hill briefings on GPRA. The Republican members of the House, particularly Gingrich, have expressed keen interest in the opportunity for consultation. The House Democrats have expressed little interest. Interest of both parties in the Senate has been unenthusiastic.

Pros/Cons:

Pro: This is an opportunity for agencies to demonstrate and defend the value of the work they do and to refine performance management for the most effective use of taxpayer dollars.

Con: Federal managers are concerned that the Hill may use GPRA as a punitive measure rather than to allow its intended use to promote continuous improvement. GPRA implementation will require a cultural change. Program managers will have to learn not to manage just the process but to manage for outcomes/results.

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **International**

INTERNATIONAL

Fast Track Authority
International Child Labor
NAFTA: Cross-Border Trucking Issue
NAFTA and the Labor Agreement

BUREAU OF INTERNATIONAL LABOR AFFAIRS

MISSION STATEMENT

The **Bureau of International Labor Affairs** (ILAB) carries out the Department's international responsibilities and assists in formulating U.S. international economic, social, trade and immigration policies affecting American workers.

ILAB also promotes respect for international labor standards to protect the economic and physical well-being of workers in the U.S. and around the world; and gathers and disseminates information on domestic and foreign labor markets and programs so that U.S. employment policy formulation might benefit from international experiences.

BUDGET

(dollars in thousands)

FISCAL YEAR	DISCRETIONARY $	MANDATORY $	FTE
1997	$9,000	0	89
1998	$12,000	0	120

FAST TRACK AUTHORITY

Issue: "Fast-Track" legislative authority for concluding trade agreements.

Background: "Fast-track" authority permits the Administration to bring trade agreements to the Congress for an up-or-down vote without amendment. Congress has provided periodic grants of fast track authority since 1974 -- but such authority lapsed in 1994. Fast track was used by the Clinton Administration to enact the North American Free Trade Agreement (NAFTA) and the Uruguay Round agreements of the World Trade Organization (WTO).

Negotiations between the Administration and Congress for the renewal of fast-track authority broke down in 1994 and 1995. The Administration wants fast track authority to explicitly cover inclusion of labor standards (and environmental conditions) as a "negotiating objective" for trade agreements. Republicans, on the other hand, insist that fast track legislation should prohibit the use of trade measures to enforce labor and environmental agreements.

Current Status: The Administration will seek to resume negotiations on fast track when the Congress convenes. The Administration has not determined whether to continue to insist that fast track legislation permit the inclusion of provisions related to labor and environmental standards.

Key Constituents: The AFL-CIO will insist that fast track authority include authority to negotiate provisions on labor standards. Business groups have generally opposed such provisions.

Hill Positions: Republicans have recently opposed including labor standards provisions in fast track authority, while Democrats have supported such provisions.

Pros/Cons: Pro: Continuing to support the inclusion of labor standards as part of fast track authority is that this position is consistent with DOL and Administration (as well as AFL-CIO) support for including provisions on labor standards with trade agreements.

Con: Insisting on this position might undermine enactment of fast track authority for agreements that the Administration wants to negotiate (e.g., Chile, and the broader Free Trade Area of the Americas).

International Child Labor

Issue: The exploitation of children as workers in the international labor force.

Background: Since 1993, the Bureau of International Affairs (ILAB) has undertaken initiatives to respond to the growing concern about exploitative child labor. ILAB's activities have been driven by annual mandates in DOL's Appropriations Acts authored by Senator Tom Harkin. ILAB has published four reports on international child labor, focussing on child labor in American imports, corporate codes of conduct prohibiting child labor, and forced child prostitution.

In addition, the Congress has appropriated a total of $5.1 million to ILAB in FYs 1995-97, to fund child labor elimination activities through the International Labor Organization's (ILO's) International Program for the Elimination of Child Labor ("IPEC"). ILAB has thus far funded programs in Bangladesh, Thailand, Africa, Brazil, and the Philippines.

In 1995, Secretary Reich asked the ILO to hold a meeting of the world's labor ministers to discuss child labor. That meeting occurred in June 1996 at the ILO's annual ministerial conference in Geneva, and the ILO committed to draft a new convention on the abolition of exploitative child labor by 1999. Secretary Reich has also asked the ILO to report on the use of labeling as a tool to inform consumers and help reduce the use of child labor. The Secretary has supported private sector initiatives to combat child labor, including Rugmark (labels placed on carpets indicating no child labor), the Foul Ball Campaign (to educate consumers about child labor in Pakistani soccer ball manufacturing), and the Apparel Industry Partnership launched by President Clinton in August 1996 under which companies, unions and human rights and religious groups are working to agree on acceptable labor standards and ways, such as labels, to inform consumers about the conditions under which products are made. ILAB has provided technical assistance to this group.

Current Status: In FY 1997, ILAB will produce a fourth Congressionally mandated child labor report. It is negotiating with the ILO to administer $3 million for child labor programs, including programs to combat child labor in Pakistan's soccer ball industry, and to prevent girls from being forced into prostitution in Thailand, Nepal and India. ILAB will participate in international conferences on child labor scheduled for

February (the Netherlands) and September 1997 (Norway), and will be preparing the USG contribution to the draft ILO convention on exploitative child labor.

Key Constituents: Senator Tom Harkin and other interested members of Congress, including Reps. Chris Smith, Barney Frank, Jim Moran, George Miller, Joe Kennedy. American consumer and union groups; companies that import products to the United States; and the ILO.

Hill Positions: There is increased bipartisan interest in international child labor -- all supportive of ILAB's work in this area. There has been some criticism that the Administration has not done enough on the issue, and that we have not committed enough resources to the ILO's IPEC program. The President's FY 1998 budget will ask for $2.5 million for IPEC -- the first time the Administration has requested such funding. Staff from approximately 30 congressional offices attended a November 1996 ILAB briefing on international child labor.

Relevant legislative initiatives from the last Congress include:

The Child Labor Deterrence Act. Would prohibit the importation into the U.S. of goods made by child labor. DOL to administer. Sponsors: Sen. Harkin (D-IA) and Rep. Frank (D-MA).

The Child Labor Free Consumer Information Act. Would creates a voluntary labelling system for wearing apparel and sporting goods made without child labor. DOL to administer. Sponsors: Sen. Harkin (D-IA) and Rep. Miller (D-CA)

International Child Labor Elimination Act. Imposes certain foreign aid sanctions on countries that do not prohibit child labor or adequately enforce child labor laws. Authorizes $50 million to the ILO for child labor programs. Sponsors: Reps. Smith (R-NJ), Lantos (D-CA), Hyde (R-IL), Moran (D-VA), Ros-Lehtinen (R-FL) and Kennedy (D-MA).

Pros/Cons: The Department has received overwhelming support from Congress and the American public for its work on international child labor. The Administration -- and thus the Department -- has not taken a position on pending legislation in this area.

NAFTA: Cross-Border Trucking Issue

Issue: NAFTA liberalization of cross-border trucking: Mexican truckers in the U.S.

Background: The North American Free Trade Agreement created a timetable for liberalizing cross-border trucking between the United States and Mexico. A major implementation milestone was to have occurred on December 18, 1995. The United States and Mexico had agreed to begin permitting access to each other's border states (California, Arizona, New Mexico, and Texas for the United States) for trucks of the other country for the delivery and backhaul of cargo. On that date, Secretary of Transportation Peña announced a delay in the NAFTA implementation because of safety and security concerns regarding Mexican trucks. The International Brotherhood of Teamsters (IBT) -- who are strongly opposed to cross-border trucking liberalization -- welcomed the delay.

The Department of Labor has the following enforcement responsibilities regarding Mexican truckers when they begin to operate within the United States: 1) minimum wage provisions of the Fair Labor Standards Act (FLSA); 2) portions of the Occupational Safety and Health Act (OSH Act) dealing with trucks under 10,000 pounds, and hazardous materials operations and training; and 3) provisions of the Surface Transportation Assistance Act that prohibit retaliatory discharge and other discrimination against drivers of commercial motor vehicles and other employees whose work affects the safety of such vehicles because they complain about unsafe vehicles and refuse to operate them on U.S. roads.

Current Status: At an NEC meeting held on December 18, 1996, a decision was made that once consultations were undertaken by the White House staff with interested parties, negotiations would resume between the Department of Transportation and its Mexican counterpart to resolve remaining safety and security concerns in order to implement the trucking liberalization provisions. A delegation from the Department of Transportation went to Mexico City on January 6, 1997 for negotiations, but there has been no final decision on when the border will be opened. It is likely some additional delay in implementation will occur, and another NEC meeting is also possible.

Key Constituents: IBT President Ron Carey wrote on December 20 to Secretary of Transportation-designate Rodney Slater expressing strong opposition to the opening of the border to Mexican trucks on the basis of safety and health concerns and the loss of jobs to lower-wage Mexican truckers. The United Transportation Union (UTU), the union that organizes the bulk of bus drivers operating near the border, is also opposed to similar cross-boarder liberalization proposals for bus service for the same reasons as the Teamsters.

Hill Positions: Congressional views on the liberalization of cross-border trucking and bus service tend to coincide with views on NAFTA. The Governors of California and Texas favor opening of the border as soon as possible as does also the American Trucking Association (ATA).

Pros/Cons: Pro: Implementing the trucker and bus liberalization provisions is that it is required under NAFTA. In addition, other Departments have noted its significance to our foreign policy objectives with Mexico.

Con: Implementing the provisions of the agreement will remain a source of friction with the IBT and UTU, will require additional DOL focus and resources toward effective enforcement of the FLSA and OSH Act provisions.

NAFTA AND THE LABOR AGREEMENT

Issue: North American Free Trade Agreement (NAFTA); North American Agreement on Labor Cooperation (NAALC)

Background: The NAALC is the labor supplemental agreement to NAFTA, signed and implemented at the same time (1994). The Secretary of Labor is responsible for implementing the NAALC (together with the Ministers of Labor of Mexico and Canada). The Bureau of International Labor Affairs (ILAB) handles the implementation of the NAALC on behalf of the Secretary.

Under the NAALC a trinational Commission for Labor Cooperation was established in Dallas, Texas, to assist in the implementation of the agreement. (Under the NAFTA environmental agreement a similar commission was established in Montreal.) The NAALC also required each Party to establish a domestic National Administrative Office (NAO) (an office within ILAB).

Current Status: Annual Session of Labor Ministers The NAALC Council, which is composed of the three labor ministers, will hold its fourth annual meeting in Washington, D.C. in the Spring of 1997.

Public Submissions This is the area that attracts the most public attention. The U.S. NAO has already reviewed four submissions under the NAALC alleging the failure of the Mexican government to enforce its laws protecting the rights of workers to organize and bargain collectively. Two additional submissions are pending before the U.S. NAO raising similar issues of union democracy. Both submissions allege violations of Mexican labor laws regarding freedom of association and the right to organize. A public report is due on the first submission filed by Human Rights Watch and other groups by January 24, 1997. The report on the second submission filed by the Communications Workers of America, and supported by the AFL-CIO, is due in June 1997.

The Mexico NAO has considered one submission alleging the non-enforcement of U.S. labor law, involving the closure of a Sprint telemarketing facility in California in the context of a union organizing drive. Mexico requested consultations on this submission. The case was just decided by the National Labor Relations Board in favor of the workers on December 30, 1996. Sprint will appeal.

Other Pending Activities under the NAALC A conference on child labor is scheduled for February 24-25, 1997 in San Diego.

A conference on Work and Family in the 21st Century hosted by the Mexican NAO is scheduled for the last week in April 1997.

A North American Occupational Safety and Health Week will be recognized by all three NAFTA Parties the week of June 2-6, 1997.

Key Constituents: Organized labor; human rights groups; international business; academia.

Hill Positions: The NAFTA Labor Agreement is the first agreement that links labor law enforcement to a trade agreement. Consequently, it has attracted significant interest from a number of Democrats who want to assure the agreement is used to press Mexico on union and worker rights, and Republicans who think the Department of Labor has stretched the letter of the agreement in terms of the submission and review process.

Both sides recognize that as NAFTA expands to other countries in the Hemisphere (starting with Chile), they will be asked to sign onto the NAALC. The question is whether the agreement will be strengthened so that all areas of labor law can go to full dispute settlement (especially trade union rights) (the view of concerned Democrats), or the agreement will remain just as is (the view of concerned Republicans).

Pros/Cons: The NAALC is recognized as an important precedent in linking labor issues with a trade agreement. Our implementation of the agreement wins grudging support from some human rights groups (Human Rights Watch) and quiet support from the AFL-CIO staff that work with it. At the same time it is seen as too weak since trade union rights are not covered by the full dispute settlement and trade sanctions mechanism. Meanwhile, business organizations will oppose any change to strengthen its coverage. Further, our implementation of the agreement can create delicate issues in bilateral relations with Mexico and Canada.

Divider Title: **MSHA**

MINE SAFETY AND HEALTH ADMINISTRATION

MISSION STATEMENT

The **Mine Safety and Health Administration** (MSHA) works to make the first priority and concern of all in the mining community the health and safety of its most precious resource, the miner. In partnership with the American mining community, MSHA works to eliminate fatalities, reduce the frequency and severity of accidents, and minimize health hazards associated with the mining industry.

This country's miners are the most productive in the world and supply both U.S. industries and overseas markets with high-grade coal, metal and non-metal products. Yet along with this high productivity, many of these men and women daily face the dangers of death, injuries and occupational disease. MSHA will continue to work in partnership with the American mining community to reduce fatalities, reduce the frequency and severity of accidents, and minimize health hazards associated with the mining industry.

BUDGET

(dollars in thousands)

FISCAL YEAR	DISCRETIONARY $	MANDATORY $	FTE
1997	$197,810	0	2,198
1998	$227,559	0	2,418

Merger of MSHA and OSHA

Issue: In the 104th Congress, HR 1834, the Safety and Health Improvement and Regulatory Reform Act of 1995, was introduced by Rep. Cass Ballenger, Chairman of the House Subcommittee on Workforce Protections. The bill contained provisions which essentially would have repealed many of the provisions of the Federal Mine Safety and Health Act of 1977 and merged MSHA with OSHA.

Background: The mining industry has been regulated as a separate industry since 1910. The 1977 Mine Act strengthened the Federal Coal Mine Health and Safety Act of 1969, brought all mines under a single statute, and transferred compliance responsibilities from the Department of the Interior to the Department of Labor. Unlike OSHA, MSHA cannot delegate its responsibilities to the states and must inspect all underground mines a minimum of 4 times annually and all surface operations at least twice annually, cite all violations found during inspections, issue fines for all cited violations, and require that miners receive basic and refresher training. Mining remains a highly dangerous occupation. When miners sustain on-the-job injuries, these injuries are more severe than those in other industries. In addition, the death rate in mining exceeds that of other industrial groups, including the construction industry.

Current Status: Citing the proven success of the Mine Act during the past 25 years, President Clinton, Secretary Reich and the Assistant Secretary for MSHA all publicly opposed the merger and repeal of the Mine Act. In April 1996, Rep. Ballenger dropped the Mine Act provisions of his bill. In November 1996, Rep. Ballenger informed the Assistant Secretary for MSHA that the Subcommittee was considering hearings on MSHA and/or the Mine Act in the 105th Congress and requested statistical information on items ranging from inspector workloads to number of mines and miners. He raised questions about MSHA policies regarding enforcement, compliance assistance and regulatory issues.

Key Constituents: Labor organizations, particularly the United Mine Workers of America, were vigorously opposed to merger and repeal of the Mine Act. Some industry groups and mining companies also indicated that HR 1834 went too far, and supported retaining MSHA as a separate agency. Others, such as the National Mining Association, did not take a definitive position.

Hill Positions: The Democrats on the Subcommittee on Workforce Protections opposed the merger and repeal, while all of the Republican members co-sponsored the bill. Many House and Senate members from mining States (such as West Virginia, Kentucky, Virginia, Ohio, Minnesota, Illinois) also opposed the merger and repeal of the Mine Act.

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **Social Security**

Social Security Reform

Issue: Should the current Social Security system be reformed?

Background: The Secretary of Labor is one of the trustees for the Social Security (Old Age, Survivors and Disability Insurance) Trust Fund.

Between now and 2012 the Social Security system will bring in more money in payroll taxes than it pays out. After 2012, the baby boom begins to retire and the growth in the labor force slows so that costs will exceed payroll tax contributions. If no action is taken, the trust fund will be exhausted in 2029. The exhaustion of the fund does not mean that the fund will not be able to pay any Social Security benefits. Current payroll taxes and benefits will continue to provide enough money to cover 77% of benefits in 2040 and 70% in 2070.

The actuarial deficit is 2.17% of payroll. If the projected shortfall in the Trust Fund were to be solved by just raising payroll taxes today, the current combined employer-employee payroll tax rate of 12.4 percent would have to be raised to 14.6 percent. Alternatively, the shortfall could be covered by a 15 percent reduction of benefits.

Current Status: On Monday, January 6th, the Quadrennial Advisory Council on Social Security will officially release its report on possible approaches for ensuring the long-run solvency of Social Security. Instead of issuing a single set of recommendations, the 13 member panel split and presented 3 different proposals. The three plans include:

<u>A conventional fix</u>. This plan will eliminate the 75-year deficit without any near term tax increase or explicit benefit cuts. Savings are achieved by assuming BLS technical corrections to the CPI; expanding coverage to newly-hired state and local employees; making some benefits taxable, and gradually investing 40 percent of the Social Security surpluses into passively managed stock index funds.

<u>Individual Savings Accounts, ISAs</u>. Employees' payroll tax would increase 1.6 percentage points for government administered individual accounts beginning in 1998. These individual savings accounts, ISAs would be similar to the Federal Employees Thrift Savings Plan. Additional savings come from the same sources as the conventional fix plan. The plan would also increase the retirement age to 67 faster than under current law, index the future retirement age to longevity, and reduce benefits for workers with average and above wages.

Personal Savings Accounts. This plan would require that 5 percentage points of the 12.4 percent payroll tax be put into mandatory private individual accounts. These accounts could be placed with private investment companies that would provide broader choice to individuals. The remaining payroll tax would pay for a flat benefit amount. The transitional costs of this plan would be very large and spread out over 72 years. This process will require the trust fund to borrow roughly $1.2 trillion from the Treasury between now and 2035. The plan will also raise the payroll tax 1.5% percentage points.

The Administration has made it clear that it will not do anything that jeopardizes the financial security afforded by Social Security but has not made any specific comments yet on the proposals outlined in the report. The 1997 Economic Report of the President will have a long discussion on this topic which highlights problems with each of the three proposals.

Key Constituents: There are currently 43.5 million people who receive OASDI benefits and this number will obviously continue to grow. In addition, over 120 million workers and their employers are contributing into the system. Unionized labor supports the first plan and opposes the other two.

Hill Positions: While some have discussed the possibility of forming a bipartisan commission to look at Social Security, no decision has been made by the Administration on such a panel. The National Academy for Social Insurance (a nonprofit research institute) has commissioned a "non-partisan, multi-disciplinary" panel with 18 members headed by Michael Boskin (who chaired the CPI report) and Peter Diamond. This panel is to report on privitization issues in 1998.

Senators Simpson and Kerrey have legislation that includes private accounts. There are other bills that have been introduced as well, but for the most part, members have not yet staked out positions. Hearings are anticipated. In all probability, because the medicare trust fund is in more immediate danger, the medicare debate will take precedence over social security this year.

Pros/Cons: The Personal Savings Accounts represents a dramatic shift away from the country's basic defined benefits retirement system to a defined contribution system. The minimal fixed benefit under a PSA is only 70 percent of the poverty level for a single elderly person and the risk to an individual family associated with their retirement savings would increase dramatically.

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **Year 2000**

Issue: Year 2000 Impact on DOL's Information Technology Environment

Background: Many computer systems of all sizes (mainframe, mini, and micro) and much of our equipment with computer chips inside may not operate properly when the century changes because single years or decades are used in performing calculations. Congress is concerned that major federal systems will fail to perform their mission due to agency failure to identify and take corrective action, or that industries being regulated will fail to change their systems thus also impacting federal programs. OMB is concerned that many agencies have not planned for timely systems transition.

The House Committee on Government Performance and Overnight conducted a survey of executive agencies in summer of 1996 and graded agencies based on the responses. DOL and three other agencies received an "F" grade, which has resulted in ongoing media attention.

Current Status: Based on the House rating, DOL appointed a Year 2000 coordinator, nominated two members to the OMB sponsored interagency committee on Year 2000, briefed executive staff on the issue, polled agencies on their ability to make the transition, and established monthly meetings with the DOL Information Resource Management (IRM) managers, who have direct responsibility for completion of their system changes and hardware replacement. All DOL agencies have or are in the process of completing their transition plans. ETA/UI, concerned that the State Employment Security Agencies (SESAs) who collect data needed for the UI program will not complete their work on time, requested and received $200M in FY 1998 funding to assist the states in timely completion of this effort. States will use this grant funding to modify their UI reporting systems to DOL so their UI funding will continue without disruption into the Year 2000.

DOL will continue to place strong emphasis on Year 2000 activities by putting in place management initiatives to monitor transitional activities, holding monthly IRM manager meetings, and requiring quarterly reports on the topic.

Congressional interest will certainly intensify during the next two years, and additional hearings will be scheduled on this issue. Franklin Raines, OMB Director, has made Year 2000 one of his primary areas of focus. OMB has already announced quarterly reports will be due from agencies starting in calendar year 1997, and visits will be held with each executive agency to emphasize OMB's concerns.

Key Constituents: Beneficiaries of DOL programs and State Agencies will be affected if Year 2000 modifications are not completed. Thorough system testing will be performed by all DOL agencies to ensure transitional changes are in place in order to prevent any negative impact on constituents.

Hill Positions: Congressman Horn, R- Cal., Chairman of the Subcommittee on Government Management, Information and Technology, Committee on Government Reform and Oversight, was critical of DOL's efforts and gave the Department an "F" grade in a August 1996 report of federal agency performance. Congresswoman Morella, R- Md., Chairwoman of the Technology Subcommittee of the House Committee on Science is extremely concerned about the problem government-wide. Senator Daniel Moynihan, D- N.Y., introduced a bill in the 1996 Congress to create a commission to study the Year 2000 problem costs, and requirements government-wide.

Pros/Cons: N/A

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **INDEX**

INDEX OF ISSUES

ISSUE	TAB
Affirmative Action	Labor Standards
Child Labor	Labor Standards
Cooperative Compliance Programs	Safety and Health
Corporate Citizenship	Other Issues/Corporate Issues
Corporate Welfare	Other Issues/Corporate Issues
CPI Revision	Other Issues/CPI
Davis-Bacon Repeal Effort	Labor Standards
Davis-Bacon Helpers Regulation	Labor Standards
Davis-Bacon Wage Determination Reinvention (Inc. Audit of Davis-Bacon Prevailing Wage)	Labor Standards
Economically Targeted Investments (ETIs)	Pensions and Health Care
Employee Choice: Flex Time and FMLA Expansion	Labor Standards
Employer Stock & Employer Real Property to 401(k) Plans	Pensions and Health Care
Employment Service	Employment and Training
Ergonomics	Safety and Health
ERISA Enforcement Improvement Act - Audit Bill	Pensions and Health Care
Fast Track Negotiating Authority	Other Issues/International
Firefighters	Labor Standards
FLSA Enforcement Review	Labor Standards
Garment	Labor Standards
GI Bill - Employment and Training Consolidation	Employment and Training
GPRA Implementation	Other Issues/GPRA
Health Care Commission	Pensions and Health Care
Health Care Coverage for the Unemployed	Pensions and Health Care
Immigration: Employment-Based Permanent Labor Certification Reform	Employment and Training
Indoor Air Quality Rulemaking	Safety and Health
International Child Labor	Other Issues/International

Job Corps	Employment and Training
JTPA - Wagner-Peyser Statutory Waivers	Employment and Training
JTPA Dislocated Worker Program - (Title III - B)	Employment and Training
Kennedy-Kassebaum Health Care Legislation Implementation	Pensions and Health Care
Limits on the Use of Union Dues for Political Purposes	Labor Law
Merger MSHA/OSHA Legislation	Other Issues/MSHA
Methylene Chloride Rulemaking	Safety and Health
Multiple Employer Welfare Arrangements - MEWAs	Pensions and Health Care
NAFTA Cross-Border Trucking	Other Issues/International
NAFTA and the Labor Agreement	Other Issues/International
New OSHA	Safety and Health
One-Stop	Employment and Training
OSHA Reform/Reg Reform Legislation	Safety and Health
OSHA Role in Protecting Workers at DOE "GOCO" Facilities	Safety and Health
Pension Abuse Project	Pensions and Health Care
Prison Labor	Labor Standards
Prop 65: California Hazard Communication/Proposition Standard	Safety and Health
Reauthorization of ISTEA	Labor Standards
Retiree Health	Pensions and Health Care
Retirement Security Act: Sen. Daschle's Pension Bill	Pensions and Health Care
Right to Work Legislation	Labor Law
Safety and Health Program Standard	Safety and Health
School-to-Work	Employment and Training
Section 541 - FLSA Exemption	Labor Standards
Section 13 (c) Transit Employee Protection Program	Labor Standards
Social Security Reform	Other Issues/Social Security
Summer Jobs - (JTPA Title II-B)	Employment and Training
Super Section 127 Tax Credit for Education and Training Work Related Expenses	Employment and Training
TAA and NAFTA/TAA Reauthorization	Employment and Training
TEAM Act	Labor Law

Teamsters Election	Labor Law
Tubercolosis Standard	Safety and Health
Unemployment Insurance	Employment and Training
Welfare-to-Work/Welfare Reform	Employment and Training
Work Opportunity Tax Credit	Employment and Training
Workplace Violence Guidelines	Safety and Health
Year 2000 Impact on DOL's Information Technology Environment	Other Issues/Year 2000
Youth Opportunities Area Grants	Employment and Training